

2010

# Town of Southwest Harbor Annual Report 2010

Southwest Harbor (Me.)

Follow this and additional works at: <http://digitalcommons.library.umaine.edu/towndocs>

---

## Repository Citation

Southwest Harbor (Me.), "Town of Southwest Harbor Annual Report 2010" (2010). *Maine Town Documents*. Paper 1038.  
<http://digitalcommons.library.umaine.edu/towndocs/1038>

This Report is brought to you for free and open access by the Maine Government Documents at DigitalCommons@UMaine. It has been accepted for inclusion in Maine Town Documents by an authorized administrator of DigitalCommons@UMaine.

# Town of Southwest Harbor



**Annual Report  
2010**

## IN MEMORIAM

Priscilla Trafton



This year saw the passing of Priscilla Trafton. Priscilla and her husband Joe both worked and raised their son, Paul, in Southwest Harbor among friends and family, participating in church and community functions on a regular basis. If ever anyone were an “Institution” in our Town, Priscilla earned that title at the Pemetic School. Generations of students at both the Elementary School, and, yes, the Pemetic High School knew Priscilla as the “Hot Lunch Lady”. Priscilla’s devotion to the students, the lunch program and to the school was obvious after she retired, when she simply missed the job so much she returned within a couple of years. In total, she spent 52 years doing what she loved. She never missed an opportunity to ask parents about their grown children, and, at some point in the conversation she’d say, ‘I love the children’. It would be a good guess that the feeling was mutual.

## DEDICATION

Berten Willey



Last year, when Bert Willey’s term as Selectmen for the Town of Southwest Harbor ended, he decided not to run for office again. Bert served as Selectman some decades ago, then as a Warrant Committee member for many years during the 1990’s. Bert’s second period as Selectman for the Town ended in 2010 with two additional terms served. For over 35 years, Bert also played an integral part in the Southwest Harbor Fire Department, holding a variety of positions, most recently as Chief Engineer. When he retired from that as well, he also gave up the position of Forestry Warden. Our thanks and affection is extended to Bert Willey for his many years of public service. Bert and his wife raised their family here in Southwest Harbor, and in that process, taught by example the value of community service. While Bert enjoys his retirement, his children, grandchildren nieces and nephews carry on the family tradition. Thanks, Bert!



2010

ANNUAL REPORT  
TOWN OF  
SOUTHWEST HARBOR

Incorporated 1905

For the fiscal year July 1, 2009 – June 30, 2010

Including

The Proposed Warrant

Photographs courtesy of Mary Ellen Reed Martel, Lydia Goetze and Dennis Dever  
unless otherwise noted

## GENERAL INFORMATION

Cable Company	Time Warner Cable	207-774-0000
Transfer Station & Recycling	EMR, INC.	207-244-4347
Homestead Exemptions	Contact the Assessors	207-244-7915
Veteran's Exemptions	Contact the Assessors	207-244-7915
Property Tax Refund Program	Rent Rebate Program	ME Revenue Service

## TOWN CLERK INFORMATION

**MOTOR VEHICLE REGISTRATION:** You must show proof of current insurance. Bring your current insurance card and current mileage along with your registration form. The excise tax payable on vehicles and boats is tax deductible. Save your registration receipts for one year. For **New Vehicle Registrations** the MSRP [Manufacturer's Suggested Retail Price] for your new vehicle should now appear on your application for Certificate of Title [the blue form], which should accompany the Sales Tax form [green] and current insurance on the new vehicle when you come in. If you are going to **transfer your plates** from your old vehicle to your new vehicle, be sure to bring the yellow registration form for the old vehicle, even though you may have sold it, and the old plates. Do not give your yellow registration form for your old vehicle to the new buyer! You are responsible for surrendering that registration.

**BOATS:** Boats that will be used in fresh water are now required to show a Lake and River Protection Sticker. You may purchase one at the Town Office.

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

**DOG LICENSES:** Dogs must be registered by January 31<sup>st</sup> each year. You need to bring proof of current rabies vaccination and any neutering/spaying information when you initially register your pet. For renewals, only current rabies certificates are required. Registration renewals after January 31<sup>st</sup> each year will be subject to a \$25.00 late fee per dog by State Law.

**HUNTING/FISHING:** The State allows a lifetime license for hunting, fishing or a combination of both if you are 5 years of age or younger, or 65 years of age or older. Maine residents over age 70 are eligible for a lifetime license for a one-time fee of \$8.00.

**VOTER REGISTRATION:** This may be done anytime during the year, including the day of elections. You must provide proof of residency in Southwest Harbor and forgo your voting rights anywhere else in the United States at the time of registration here. Voter registration cards are available anytime at the Town Office.

**ABSENTEE BALLOTS:** This may be done thirty (30) days prior to elections. Contact the Southwest Harbor Town Clerk at 244-5404 for further information on this easy process.

# TABLE OF CONTENTS

	Page Number
Acadia Disposal District .....	29
AOS School System.....	35
Audit Report.....	57
Board of Selectmen.....	12
Boards and Committees .....	5
Budget [proposed].....	54
Capital Improvement Plan .....	55
Chamber of Commerce .....	48
Code Enforcement Officer .....	15
Comprehensive Plan Committee.....	25
Conservation Commission.....	26
Fire Department .....	20
General Information Town Clerk.....	2
Harbor Master .....	19
Memoriam and Dedication .....	Inside Front Cover
Pemetic Elementary School .....	32
Planning Board.....	23
Police Department.....	17
Property Tax [delinquent] .....	51
Public Works .....	21
Shellfish Commission .....	27
Southwest Harbor Public Library .....	46
Southwest Harbor/Tremont Nursing Association .....	37
State & Federal Elected Officials.....	7
Town Manager .....	13
Warrant Committee .....	53
Water/Sewer User [delinquent].....	49

## **MUNICIPAL OFFICERS AND OFFICIALS**

### **Selectmen and Overseers of the Poor**

Ralph Dunbar, Jr., Chairman  
Dorr Wilson, Vice-Chair  
Trudy Bickford  
George Jellison, Jr.  
David Minctons

### **Town Manager, Tax Collector, Treasurer & Road Commissioner**

Robin M. Bennett

### **Town Clerk & Registrar of Voters**

Beatrice D. Grinnell

### **Bookkeeper, Deputy Treasurer & Deputy Clerk**

Linda Corson

### **Administrative Assistant & Deputy Clerk**

Carol Reed Walsh

### **Water/Sewer Clerk, Deputy Clerk & Deputy Tax Collector**

Tabbatha M. Newenham

### **Code Enforcement Officer, Licensed Plumbing Inspector & Planning Assistant**

Donald Lagrange

### **Police Chief & Constable**

David Chapais

### **Public Works Director**

Patricia C. Biegler

### **Harbormaster**

Adam Thurston

### **Southwest Harbor Fire Chief**

Samuel Chisholm

### **Emergency Management Director**

Patricia C. Biegler

# BOARDS AND COMMITTEES

## Board of Appeals

Lunn Sawyer, Chairman  
Theodore Fletcher, Secretary  
James Geary, Vice Chairman  
Charles Morrill  
Gretchen Strong

## Comprehensive Plan Implementation Committee

Lydia Goetze  
Donald Lodge

## Conservation Commission

James Geary, Chairman  
Susan Allen  
Jane Ayers  
Ingrid Kachmar, Associate Member  
Joseph F. Dutra, Tree Warden  
Ann Ratcliff, Associate Member  
Sid Salvatore, Associate Member  
Ann Judd, Associate Member  
Whitney Granholm, Associate Member  
Kathleen Slack, Associate Member

## Harbor Committee

James Snow, Chairman  
Nicholas Madeira  
Andy Mays  
Jeff Reed  
Daniel Bartlett, Vice Chair  
Corey Pettegrow  
Vaughn Clark  
John Seavey

## Planning Board

Lee Worcester, Chairman  
Michael Magnani  
Ryan Donahue, Secretary  
Mike Mansolilli  
Chris Rawls, Vice Chair  
Gordon Wissinger  
Eric Davis

## Shellfish Commission

Jim Colquhoun, Chairman  
Mike Mansolilli  
Andy Mays  
Clayton Strout

## Waste Prevention Committee

Susan Covino Buell  
Dianne Helprin  
Mary Ann Perlman, Chairman  
Lisa Wissinger  
Bonnie Burns  
Bill Helprin  
Ben C. Worcester, III

## Webmaster

Kristin Hutchins

## Warrant Committee

Maryann Griffin  
William Ratcliff  
Melissa Berry  
Susan Allen  
Sandra Johnson  
Debra Sanner  
Michael Young



**Southwest Harbor Housing Authority**

Terrance Kelley, Executive Director      Lee Worcester, Chairman  
Bruce Bicknell                                      Patricia Benedetti  
Karen Craig    Sandra Murphy, Tenants Rep.

**A.O.S. #91**

**Superintendent of Schools**

Robert Liebow

**Pemetic Elementary School Principal**

Diane Helprin

**School Committee**

Eric Henry    Prentice Strong, III  
Ingrid Kashmar                                      Amy Young  
Erica Lindquist

**STATE REPRESENTATIVES**

**State Senator**

Brian D. Langley  
11 South Street  
Ellsworth, ME 04605  
The Maine Senate, District 5  
3 State House Station,  
Augusta, ME 04333  
Phone: 207-287-1505

**Rep. to the Legislature, District 35**

Elsbeth Flemings  
25 Eden Street  
Bar Harbor, ME 04609  
House of Representatives  
2 State House Station,  
Augusta, ME 04333  
Phone: 207-287-1400

**FEDERAL GOVERNMENT REPRESENTATIVES**

**U.S. Senate**

Susan Collins  
413 Dirksen Senate Office Building  
Washington, DC 20510  
Phone: 202-244-2523  
Fax: 202-244-2693

**U.S. House of Representatives**

Michael Michaud  
U.S. House of Representatives  
1724 Longworth HOB  
Washington, DC 20515 – 1902  
Fax: 202-255-2943

SUSAN M. COLLINS  
MAINE

113 DIRKSEN SENATE OFFICE BUILDING  
WASHINGTON, DC 20510-1904  
A/21 224-2523  
2021 224-2993 FAX

# United States Senate

WASHINGTON, DC 20510-1904

COMMITTEES  
HOMELAND SECURITY AND  
GOVERNMENTAL AFFAIRS  
RANKING MEMBER  
APPROPRIATIONS  
ARMED SERVICES  
SPECIAL COMMITTEE  
ON AGING

January 14, 2011

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

Dear Town of Southwest Harbor:

As the new session of Congress began, I was honored to become the longest, currently serving member of the U.S. Senate to have never missed a roll call vote. As the 111<sup>th</sup> Congress ended, I cast my 4,563<sup>rd</sup> consecutive vote. It is a privilege to represent you in Washington, D.C. and I appreciate this opportunity to share some of my recent work as we look forward to the opportunities and challenges that lie ahead in the 112<sup>th</sup> Congress.

Creating jobs and strengthening our economy remain our nation's most pressing challenges. Far too many families and individuals throughout Maine and our nation are still suffering from a sluggish economy and high unemployment. That is why it was so vital for Congress to extend the 2001 and 2003 tax relief laws. I strongly supported a two-year extension because allowing these laws to expire would have resulted in one of the largest tax increases in our nation's history, and job killing tax hikes could well have plunged our economy deeper into recession.

Last year, I spoke to small business owners throughout Maine who told me that a tax increase could result in a loss of jobs and threaten the viability of their businesses. It is good news that Congress passed the two-year extension of these tax relief laws before 2010 came to a close, providing more certainty to businesses and relief for all taxpayers.

After years of repeated but unsuccessful attempts by the Maine delegation to address the federal truck weights law, I authored a successful truck weights pilot program in 2009 that was in effect for one year. The pilot program permitted trucks weighing up to 100,000 pounds to travel on Maine's federal interstates, where these trucks belong, rather than being diverted to secondary roads, through small communities, downtown areas, and school zones. The benefits have been evident: improved safety, lower costs, reduced energy use, and reduced emissions. I was disappointed that the U.S. House of Representatives failed to take action either to extend the pilot program or to make it permanent. Making the truck weights program permanent will be one of my top priorities this year and will be the first bill I introduce in the new Congress.

The President signed into law a number of bills that I authored or coauthored. I was proud to join Senator Joe Lieberman in leading the effort to repeal the so-called "Don't Ask, Don't Tell" law that applied to our armed forces. This long-overdue repeal enables the U.S. to join 35 of our closest allies in welcoming the military service of any qualified individual who is willing and capable of serving our country.

My efforts to counter the smuggling of illegal drugs across the Canadian border into Maine, and vice versa, were advanced when the President signed the "Northern Border Counternarcotics Strategy Act." I was the lead Republican sponsor of this law, which requires the Office of National Drug Control Policy to develop a counternarcotics strategy similar to that of the Southwestern border in collaboration with our Canadian partners. The Senate Homeland Security Committee also conducted an extensive investigation into the Fort Hood terrorist attack. We will soon release a report with recommendations on how to reduce the possibility of such an attack in the future.

Former Senator Evan Bayh and I authored a new law that establishes a new Advisory Council to develop a national plan for combating Alzheimer's disease. For the first time, this law charges federal agencies to develop a strategy to advance efforts to fight this devastating disease, at no additional cost to taxpayers. As far too many people know, Alzheimer's disease inflicts pain and hardship on families, and costs Medicare and Medicaid billions, yet our nation has been lacking a national strategy to focus on this disease.

Maine's natural resource industries are essential to our prosperity. Last October, along with other Delegation members, I testified at an International Trade Commission hearing that resulted in a ruling that Chinese and Indonesian paper companies had been engaging in illegal trade that is unfair to our domestic industry. During the debate on the Food Safety Modernization Act, I successfully advocated for an amendment, backed by Maine's small and organic farmers, to protect our small farms from excessive regulation.

In my ongoing efforts to save jobs in Maine, I succeeded in convincing the EPA to rework regulations known as "boiler MACT" in a manner that protects the environment and public health without jeopardizing jobs in the forest products industry. I also authored successful legislation to provide small contractors more time to comply with EPA lead-based paint regulations. The high fines for non-compliance would have put many small contractors in Maine out of business.

Working with the University of Maine, I helped advance the development of deep water, off-shore wind energy. Last summer, Energy Secretary Steven Chu visited UMaine at my request, which resulted in an announcement that the Department would dedicate \$20 million to develop and test deepwater offshore wind technologies. UMaine remains on the cutting edge of this work, which has the potential to create 15,000 jobs.

I secured funding for a number of important transportation projects in 2010. For example, following my request, U.S. Transportation Secretary Ray LaHood announced that the Department would award \$10.5 million for Maine's effort to save freight railroad service in Northern Maine, and \$20 million for the rehabilitation of the Memorial Bridge between Kittery and Portsmouth.

As a member of the Senate Armed Services Committee, I worked to ensure that our men and women in uniform have the resources and support they need to protect our freedom. In 2010, I supported efforts to improve health care and other services for our military personnel and veterans, and authored key provisions to strengthen our national defense by supporting the vital work at Bath Iron Works, the Portsmouth Naval Shipyard, Pratt & Whitney, the Maine Military Authority, and other Maine industries. Following my letter last year to the President's top budget official urging him to include increased funding for the DDG-51 program in next year's budget, Defense Secretary Gates recently announced that the Pentagon would seek an additional DDG-51 in its five-year budget.

The 112<sup>th</sup> Congress will bring extraordinary challenges as we work to improve the economy, lower the unemployment rate, seek ways to reduce federal spending to bring the federal debt under control, and debate a host of other important issues. I am grateful for the opportunity to serve Southwest Harbor and Maine in the United States Senate. If ever I can be of assistance to you, please contact my Bangor Office at (207) 945-0417, or visit my website at <http://collins.senate.gov>. May 2011 be a good year for your family, your community, our state and our nation.

Sincerely,



Susan M. Collins  
United States Senator

WASHINGTON OFFICE  
1724 LONGWORTH HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
PHONE: (202) 225-6306  
FAX: (202) 225-2943  
[www.michaud.house.gov](http://www.michaud.house.gov)

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

COMMITTEES:  
**VETERANS' AFFAIRS**  
SUBCOMMITTEE ON HEALTH  
CHAIRMAN  
**TRANSPORTATION AND INFRASTRUCTURE**  
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT  
SUBCOMMITTEE ON RAILROAD, PIPELINES  
AND HAZARDOUS MATERIALS  
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT,  
PUBLIC BUILDINGS AND  
EMERGENCY MANAGEMENT  
**SMALL BUSINESS**  
SUBCOMMITTEE ON RURAL AND URBAN  
ENTERPRENEURSHIP  
SUBCOMMITTEE ON FINANCE AND TAX

January 18<sup>th</sup>, 2011

Dear Southwest Harbor residents and friends,

Maine continues to face many challenges. As I travel across our state, I am inspired by stories of innovation and entrepreneurship, yet there is much more we need to do to improve our economy and create jobs.

That is why I am working so hard to improve our nation's trade policies and ensure that Mainers are competing on a level playing field. I was especially pleased that the International Trade Commission found in favor of U.S. paper manufacturers and their workers who filed a petition against Chinese and Indonesian companies that illegally dumped subsidized paper into our market. I worked hard to support this petition, and the tariffs that now apply to these imports will help keep Maine companies competitive and allow them to create and retain good paying jobs.

Our state is also making important strides in developing the types of jobs and economic opportunities that can only be done here in Maine. For example, when Eastport partnered with a U.S.-based company to act as an embarkation port for 500 dairy heifers heading to Turkey, congressional efforts were able to help cut through red tape and bureaucratic challenges. Moreover, the entire bipartisan congressional delegation has successfully urged the federal permitting agency to begin the process for a long-term certification of the Port of Eastport as a livestock exportation facility.

To that end, I cosponsored and helped pass into law last year the "America COMPETES Act," which will create jobs through innovative technology loan guarantees for small and mid-sized manufacturers. I was pleased that two amendments I offered also made it into the final bill ensuring that when implementing the bill federal agencies work together to prioritize the needs of small businesses and that those communities most hurt by our trade agreements will be given special consideration. There are too many small businesses that are struggling to survive, and we must listen to these independent owners when they tell us what they need to grow and create jobs.

However, my biggest commitment is to quality constituent services. Please do not hesitate to contact me at my Bangor office at 207-942-6935 or by emailing me through my website at [www.house.gov/michaud](http://www.house.gov/michaud). While on my website, I also encourage you to sign up for occasional e-mail updates on issues important to Mainers and to join me on Facebook or 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:**  
443 MAIN STREET  
PRESQUE ISLE, ME 04769  
PHONE: (207) 764-1036  
FAX: (207) 764-1060

**WATERVILLE:**  
16 COMMON STREET  
WATERVILLE, ME 04901  
PHONE: (207) 873-5713  
FAX: (207) 873-5717



## **Annual Report to the Town of Southwest Harbor**

A Message from Senator Brian D. Langley

Dear Friends and Neighbors:

It is an honor to represent you in the Maine Senate, and I am grateful for the trust you have placed in me to work for the betterment of this community and our region.

The State of Maine, like many of us, is experiencing tough economic times. Currently the state is facing an estimated \$800 million revenue shortfall for the next two-year budget. In order to bring the budget into balance, the Governor, along with the Legislature, must make some significant changes in the way state services are delivered and how taxpayer money is spent. Republicans are committed to crafting a budget that reins in the unsustainable growth of state government, prioritizes core services like public health and safety, education, a safety net for our most vulnerable citizens, and our transportation infrastructure. Despite the challenges we face, this is an opportunity to retool state government, reduce the size of the bureaucracy, carefully review the effectiveness of current programs, and set Maine on the right course.

One of our first orders of business when the 125<sup>th</sup> Legislature convened in December was the passage of LD 1, *An Act To Ensure Regulatory Fairness and Reform*. The bill recognizes that one of the biggest impediments to job creation and keeping our young people in Maine is the regulatory burden the state currently imposes on business. Given this, LD 1 proposes to reach out to businesses and workers to identify duplicative and unnecessary regulations and eliminate or propose changes to these regulations in order to improve the business climate and encourage job creation and retention and expand opportunities for Maine people.

I am hopeful that by reining in state spending, prioritizing our wants and needs and developing strategies for improving our business environment, we can put Maine back on track toward prosperity and create the opportunities that will keep our young people here in Maine.

Again, thank you for entrusting me to represent you in Augusta. Please feel free to contact me if you ever need my help in navigating the state bureaucracy. I would be happy to help in any way that I can. I can be reached in Augusta at 287-1505 or by e-mail at [info@lobsterpot.com](mailto:info@lobsterpot.com) .

Sincerely,

Brian Langley  
Maine State Senator



## MESSAGE TO THE CITIZENS OF SOUTHWEST HARBOR

Dear Friends and Neighbors,

It is an honor and privilege to represent Southwest Harbor as your Maine State Representative in Augusta. During the 124<sup>th</sup> legislature we continued to face challenges in Augusta and at home. The slow economic recovery has been felt across the country and here in Maine. This has meant all of us, at home, in our jobs and in Augusta have had to do more with less.

It will come as no surprise that during the current Session one of our greatest challenges again will be crafting a budget that meets the needs of our communities with what continue to be limited resources. In the previous legislature, Maine had access to federal stimulus funds, but those funds will likely not be available again. We are facing many challenging decisions with no easy answers, as we work to bring the state budget into balance. After eight years of budget cutting and creative solutions to meet shrinking revenues, this has become an ever more difficult task.

In the last year, in spite of our difficult state conditions, we made it our priority to protect the most vulnerable of in our communities and to invest in important infrastructure, services, and education to promote a strong economy and to ensure that all Mainers have the opportunity to reach their potential. We protected Maine's rural critical access hospitals and continued the effort begun in 2003 to pay back the MaineCare debts owed to our hospitals.

In the coming years I will continue to work hard with my colleagues to represent the needs and interests of our communities, to protect what we value, from our environment to our high quality schools, and to promote the change we need to ensure a strong economy and vibrant communities.

I encourage you to contact me with any questions or concerns, and I look forward to continuing to serve you and work with you in the years to come.

Best,

A handwritten signature in cursive script that reads 'Elsie Flemings'.

Elsie Flemings  
State Representative

## BOARD OF SELECTMEN

To the Townspeople:

Let us start by thanking all of the volunteers and employees who service our community. Without their help and support, we would not be the vibrant Town that is Southwest Harbor.

The past year has been a very busy one for the Board, trying to find the balance between improving and maintaining our community while at the same time controlling the budget.

The Board of Selectmen welcomes two new members, George Jellison, Jr., and David Minctons, along with a new Harbormaster, Adam Thurston. Several other Town employees have moved on and replacements welcomed aboard. We wish them all the best in the future.

The Town has seen improvements to the Manset Dock which includes new finger floats and fender pilings, and the completion of the Lower Town Dock project. Several small repaving projects were completed as well, such as some of the Shore Road and Ocean House Hill.

The Town has also voted to undertake upgrading Wesley Avenue and Mansell Lane with all new utilities and road work. With the help of a newly completed infrastructure plan (done by Olver Associates), the Board has a resource to help plan for future upgrades over the next 20 years. Improvements to the sidewalk from Town to Manset Corner were also made this year. Though somewhat controversial, this will allow a usable passage way until such time that the State rebuilds the road with its specifications. Also a Comprehensive Plan was concluded and adopted by the voters to use as a long term vision for the Town.

The Board of Selectmen, acting as Water and Sewer Board, had to deal with the fact that both entities had been losing money since the last increase in 2004. Though a tough reality, rates had to be increased to get these budgets back in line so we could move forward with the need for upgrades to these systems. As we move forward with new water meters, we hope the expense will be more adequately billed to offset the cost and help maintain better control on problematic areas. Also, an agreement was met with Eastern Maine Recycling (EMR) to continue our trash and recycling needs into the future.

In closing, I'd like to wish everyone a bright and prosperous future and hope that anyone with ideas or concerns will feel free to attend the meetings or contact a Board member.

Respectfully Submitted,

Ralph L. Dunbar, Jr.  
Chairman  
Board of Selectmen



## TOWN MANAGER

As another Annual Town Meeting rapidly approaches, it is time to reflect on what has happened in the past year. I am pleased to report the Town has continued to accomplish many goals and address many issues in spite of often difficult circumstances.

Over the past year, we have welcomed several new employees. Pat Beigler came on board as our new Public Works Director. Her experience and willingness to roll up her sleeves and tackle some long standing issues has been a great asset to the Public Works Department. Speaking of the Public Works Department, we welcomed Chad Erwin as the Assistant Water Operator, Dean Tozier moved from the Highway Department to become the Assistant Sewer Operator and recently Mike Faulkingham joined us in the Highway Department. Last fall, Adam Thurston came on board as our new Harbormaster. In addition to welcoming new employees, we welcomed two new members to the Board of Selectmen, George Jellison, Jr. and David Minctons. All these new additions will help in our efforts to move the Town in a forward direction.

The Town tackled a number of infrastructure projects and issues in the past year. They include the following:

- Completion of the Lower Town Dock Extension
- Completion of upgrades to the water filtration plant
- Extension of the intake pipe on Long Pond
- Installation of two emergency generators at the water filtration plant and pump house
- Replacement of pilings at the Manset Dock
- Replacement of the floats at the Manset Dock
- Filling and grading of the Manset Dock Parking Lot
- Main St. sidewalk improvements
- Post Office Parking Lot paving and improvements
- Clark Point Rd. culvert replacement
- Shore Rd. and Ocean House Rd. paving and improvements

The Town also tackled a number of financial issues this past year. Sewer rates were increased to more accurately reflect the cost of providing this service to its users. These increases are never popular but are necessary to provide the funds for this valuable service. We also refinanced 6 water and sewer bonds in order to save on interest costs. The savings to the Town was in the hundreds of thousands over the life time of those bonds. The Town also ended the FY 09-10 with a fund balance that was the healthiest it has been in many years.

Last spring, the Board of Selectmen selected Olver Associates to conduct an infrastructure study for the Town. The plan was to include all facets of water, sewer, storm water, and road infrastructure. As a result of this, the Town has a road map to addressing its infrastructure needs and we will be using this document for years to come to guide us in addressing the many and often competing needs.



Another large achievement was the adoption of the 2010 Comprehensive Plan. In November 2010, the Town voted to approve this important plan. The plan provides guidance to the Selectmen, the Town's many Boards and Committees, and to the staff in planning what happens in the Town of Southwest Harbor over the next five to ten years. Many thanks goes to the volunteers who contributed to this document over the last few years. A special thanks to Lydia Goetze and Kristin Hutchins on their tireless dedication to the project!

Moving forward, the Town has several large infrastructure projects on its immediate horizon. The largest project includes a complete upgrade of the sewer, water, storm water, and roads of Mansell Lane and Wesley Avenue. At a Special Town Meeting in August, the voters approved this project. The Town applied for and received funding under the American Recovery and Reinvestment Act. This Recovery Zone Economic Development Bond saves the Town 45% off the interest costs of the bond. Beginning in the near future, we will begin the first phase of our meter replacement program. In this first phase we will be replacing 300 meters and installing a remote reading system. The remote reading system will allow for greater efficiency of staff time as well as notifying the department of issues within the system. The project will be implemented over the course of the next three years until complete. The clarifiers in the Sewer Treatment Plant are in dire need of replacement. The voters approved a bond to replace these clarifiers in a Special Town Meeting in February 2011 and installation will occur later this year. The Town's 300,000 gallon water tank has significant deficiencies. Last year the Water Department repaired some of the immediate issues, however, recently the tank has sprung yet another leak which will be patched once conditions permit. These are not long term solutions and the tank needs to be replaced. The Board of Selectmen will be addressing this issue in the upcoming months. The Chamber of Commerce approached the Selectmen about constructing year round public restroom facilities in the same location as our existing seasonal facilities. The Board agreed to the concept and will be working with the Chamber on finalizing plans and seeing this project come to fruition. These projects and more will keep us busy in the year ahead!

As always, I would like to take this opportunity to thank the Board of Selectmen, the employees, and the numerous volunteers for all their hard work and dedication to the Town of Southwest Harbor. I look forward to working with everyone in the upcoming year to make Southwest Harbor a better place to live, work and visit!

Respectfully Submitted,

Robin M. Bennett  
Town Manager



## CODE ENFORCEMENT OFFICE

This is an annual reminder that Southwest Harbor participates in the National Flood Insurance Program (NFIP). Changes to structures or properties in flood prone areas, and especially along the coast line, may need to comply to flood zone requirements with special permitting. We report annually to the Insurance Services Office relative to the Towns' efforts to maintain the necessary documentation for activities in these zones as well as public awareness to improved safety and construction compliance. Many lenders require flood insurance in the areas depicted on a flood insurance rate map (a copy is available to view in the Code Enforcement Office or at the Public Library). If you are not located in a flood zone, there may be other factors causing water damage that many insurers would not cover. Check with your insurance carrier for more information.

Our commitment to participate in the FEMA program provides a level of protection for the Town, from disastrous events, provided by Federal and State agencies.

Two wind turbines have been permitted and assembled this past year. A fifty foot turbine behind the school on Maple Lane and the second, a 70 foot turbine serving a duplex unit in the Coast Guard residential area off Herrick Road. A graph in the school lobby presented by the students depicts the energy usage from both solar and wind turbine collectors.

High on the agenda of State biologists is the replacement of a culvert crossing Main Street into Norwood Cove at the turn-around just before Fernald Point Road. Installed prior to environmental and flooding concerns, the State DOT does not share the same sentiment as the biologists for correcting the passage of fish and other species for spawning purposes due to a huge price tag associated with the project. There are also some flooding implications from this culvert up Mitchell Stream to abutting properties. There is, however, some flexibility to replace the culvert at the bottom of Long Hill on the Bass Harbor Road due to the stagnation being created on one side, which has serious environmental consequences.

Permitting activity during the past year is reflective of the economic slide felt by most other regions, and Southwest Harbor was not immune to this down turn. A permitting value of \$2,458,713 through 58 permits totaled \$10,126 in permitting fees compared to the prior three year average of 84 permits annually. Breakdown of permit categories as follows:

Garages/Barns	8
Misc	8
Cottages	1
Remodeling	5
Additions	8
Signs	5
Sheds	6
Decks/Porches	6
Single Family homes	5
Accessory Dwellings	3
Wind Turbines	2
Apartments (5 units)	1

Thirty eight (38) plumbing permits were issued during calendar 2010 for total fees of \$2,412. There were thirteen (13) permits issued for installation of septic systems and (23) permits issued for interior plumbing projects. The dollar amount is slightly higher than 2008 fees but there was a 25% drop from 2009.

For Planning Board application review and preparation, or other permitting questions, feel free to contact this office at 244-7915. Appointments 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



## **SOUTHWEST HARBOR 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, Jason Blocker and Traci Patton along with officers Lieutenant Mike Miller, Allen Smith, Aaron Arsenaault and Rick Graham for their continued dedication and hard work.

Thanks to Reserve Officers, Nick Hardwick, Shawn Murphy, Ryan Haines, Michael Allen, John Walsh and Sarah Exley, along with the part time dispatchers, Rod O'Connor, Dave Robertson, and Michael Allen, for again covering shifts due to vacations, sick days, holidays and training.

We welcome new part time officer Sarah Exley who joined us on June 9, 2010. Sarah completed the 100 hour pre-service training on September 25, 2009 at the Maine Criminal Justice Academy. Upon completion of departmental training Sarah began working patrol in August 2010.

On December 9<sup>th</sup>, we observed our one year anniversary in your new renovated police department. We continue to enjoy the added space and service the citizens in this very professional setting. If you haven't had an opportunity to see your new police department please stop by for a visit.

Community outreach continues with the D.A.R.E. (Drug Abuse Resistance Education) program, which continues to be an important part of the curriculum presented at Pemetec Elementary School. It is by-far one of the most rewarding and enjoyable programs that I have the pleasure of participating in each year. Thanks to the teachers and staff for their continued support of this important program. The annual bike rodeo was held in 2010 and was again very successful with many young riders learning the importance of wearing a helmet as they maneuvered their two and three wheeled bicycles through the obstacle course. Thanks to the Kiwanis for their donation of hot dogs and soda and for the bicycle they donated as a giveaway prize to one lucky participant. Also thank you to Rick Graham for organizing this event. In October, Officer Allen Smith provided Halloween safety tips to the Pemetec K-4 students along with two Daycares, just before their Trick or Treat adventures. Officer Smith also demonstrated to the Pemetec students how to call 911 in an emergency. This was done using a mock up phone donated by the Kiwanis.

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, Human Trafficking, Community Policing, Drug Overdoses and Death Investigation Protocols, Legal Issues-Roadside Stops, Active Shooter and CPR. In-house training will continue throughout the upcoming year.

A decrease in nearly all types of complaints was noted this past year. Below is a chart showing a break down of various complaints for 2010:

	2009	2010
Total complaints	1663	1791
In Person Visits	3179	4000+
• Fire Permits Issued	781	841
Arrests	40	31
Traffic Summons	73	58
Domestic Assaults	8	5
Thefts	44	34
Noise Complaints	33	20
OUI	10	6
Assists		
• EMS	128	78
• Fire	22	24
• Other Law Enforcement	66	56
House/Business Alarm Responses	78	69
Drug Complaints/Arrests	2	1
• Possession Marijuana		
• Other Scheduled Drugs		
Other:		
• Lost and Found		73
• Vandalism	10	8
• E-911 hang-ups	49	14
• Scams/Fraud	4	3
• Phone Harassment	8	3
• Traffic Accidents	88	43
• Animal/Dog at Large		66

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. With this said, I would like to remind citizens of the informational website called *Nixle* which is being used by the department on a regular basis. This website provides valuable real-time information about happenings in our Town such as, road closures, traffic accidents, detours due to fire, maintenance, severe weather, etc. It is maintained by members of the Southwest Harbor Police Dispatch and the Southwest Harbor Fire Department, thank you to Kim Chisholm for entering timely updates to the website. Just log on to [www.nixle.com](http://www.nixle.com) and sign up, you can opt to receive messages via text to your cell phone or sent to an email address. Along with this, 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](http://www.swhpolice.com). The site now has a new fresh look. 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. 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 in the future.

Respectfully Submitted,

David Chapais  
Chief of Police

## HARBORMASTER

This year has seen many changes in the Harbor, including a new Lower Town Dock, an increased number of moorings and a new Harbormaster. We are always looking for ways to improve the Harbor experience. Updated facilities and infrastructure are vital pieces of the Harbor that enable smooth transitions for both commercial and recreational users.

The Lower Town Dock project was completed this fall enabling high and low tide usage on both sides of the dock. This will relieve some of the congestion at Manset Town Dock and it creates a more accessible facility. Along with the dock, one new float was constructed and the other two existing floats were revamped to fit the facility. We also added a finger float for dingy tie ups.

Manset Town Dock saw many improvements in 2010, one of which was a new electrical conduit. Paired with new tubing and wiring, an improved, more durable, breaker system was installed. This scheme is capable of withstanding the strong winds and substantial seas of the more exposed Manset Dock. Eleven new finger floats and six steel piles were correspondingly set this spring at Manset. We also removed and replaced twenty piles on the west side of the dock. Boat owners will be able to safely beach their vessels without worrying about the piles breaking at Manset.

The Lower Town Dock received a set of lights at the head of it to help illuminate the floats and ramp. More thought is being put in to giving the Upper Town Dock a face lift in the coming years to help facilitate its increased use. The dingy floats at Upper Town Dock are currently overcrowded and in need of more floats to help relieve the situation.

In closing, I am very excited about the upcoming boating season. I have lived and worked in Southwest Harbor my whole life, and in this time I have seen the Harbor grow substantially. I have been lucky enough to experience the Harbor through industry and tourism, both as a commercial lobster fishermen, and working with Manset Yacht Service. I will continue to help the Harbor prosper through commercial and recreational use. It is my purpose as Harbormaster to ensure that when you live, work, and play in Southwest Harbor you have a safe and fulfilling voyage.

Respectfully Submitted,

Adam Thurston  
Harbormaster



## **SOUTHWEST HARBOR FIRE DEPARTMENT**

2010 proved to be a record breaking year for your Fire Department. Responding 128 times with an average of 12 members in less than 5 minutes to calls for assistance, we broke the long standing record of 124. We faced 23 building fires, 23 hazardous incidents, 21 emergencies resulting from severe weather and a variety of other calls from water rescues and traffic accidents, to emergency medical aid.

Two calls could have been far worse had the fire not been called in quickly allowing for the Fire Department to respond with the right equipment to contain the damage to a single building. In one case, while the family did lose a lot of memories when their garage burned, their quick report allowed us to get protection from our ladder truck between the garage and the house just as the siding was beginning to melt. Damage to the house was minimal and the owners were able to stay in their home that night. Once again, at the historic Moorings Restaurant, quick reporting allowed for a fast response by the Fire Department giving us a chance to get protection in place by using both SW Harbor and Mt Desert's ladder trucks to protect the adjacent buildings resulting in no damage to either structure even though they were within 25 feet of the restaurant. The lesson here, when faced with a fire emergency, get yourself to a safe place and call 911. Any delay trying to deal with the dangers yourself, will not only delay the fire departments arrival but can lead to a tragedy. Progress, while making our lives better, also makes fires that much more deadly. We train weekly to keep up with new hazards, so please, no matter how badly your instincts urge you to fight, protect yourselves and call us to do what we are trained to do.

Two more of our members completed the Maine State Fire Academy last year gaining the National Certification of Fire Fighter 2 Pro board. With Paul Davis and Jillian Sanner completing their training, we now have an even dozen highly trained members who have reached this prestigious ranking. On behalf of the Town and the Fire Department, I extend thanks to Paul and Jill for enduring more than 300 hours of grueling training to reach this important milestone. You have the right to be proud, congratulations.

We also saw the retirement of two of our veteran fire fighters this year. Captain Scott Willey, with more than 20 years of service and Assistant Chief Bert Willey with more than 30 years of service retired with honors. Jeff Thomas took the reigns as Assistant Chief and Forestry Warden, and Tommy Chisholm was appointed as Captain of the Operations Division. Bert and Scott enjoy your retirement with the heartfelt thanks of the crew for your leadership and dedication. Jeff and Tommy, congratulations on your promotions and we look forward to working with you in your new jobs.

Quite a bit of media attention has been given lately to the plight of some Hancock County communities facing a shortage of volunteers. Southwest Harbor does NOT have this problem. Our Department is a strong, well trained and dedicated service with more than 50 First responders and support members who provided the community with over 1,550 hours of emergency and almost 2,500 hours of training last year as volunteer force. Rest assured we will continue to be there when you call for our help to provide you with the highest quality of protection that you may need and do deserve. Please join with me in extending the deepest gratitude to the men and women that staff our Fire Department for putting their lives on hold to help their neighbors.

Respectfully Submitted,

Samuel T. Chisholm  
Chief, Southwest Harbor Fire Department

## PUBLIC WORKS

During the past year, we've seen a number of changes and improvements around Town.

Both Shore Road and Ocean House Road were resurfaced and drainage improvements made to provide greater safety during winter months and to help them last longer. The sidewalks and shoulders on Main Street were repaved from Wesley Avenue to Robinson Lane. The faded “No Parking” signs were replaced and a warning to watch for pedestrians was added. The Post Office and improved parking lot was repaved and the adjacent sidewalk and curbing along Clark Point Road were also rebuilt. The dirt lot adjacent to the Manset Town Dock was re-graded

Public Works received two badly needed pieces of equipment – a new Case Backhoe, which has allowed us to make repairs to drainage, water and sewer lines more quickly and effectively and a new Bobcat with attachments for sidewalk snow removal, sweeping and digging. The street sweeper purchased last year has proven effective in cleaning our winter sand and fall leaves out of the storm drains as well as keeping our streets cleaner throughout the summer months.

We contracted for a study of all of our infrastructure, to include water, sewer, roads and drainage. It also includes a Master Plan to help us prioritize larger projects. We've received the report and it contains very valuable information in terms of cost, condition and needs for future planning.

Voters approved financing for a project to replace the infrastructure along Mansell Lane and Wesley Avenue. Design is underway and we expect to see construction this year.

The Water Department staff continues to work with Olver Associates to improve our water quality. We've seen improvements in the levels of THMs (Trihalomethanes) and HAAs (Haloacetic Acids) and will continue to make adjustments and monitor. We also began a program to repaint all our fire hydrants. We should complete that undertaking this next summer.

A sewer rate increase went into effect this past fall, which will allow us to cover the cost of operations and allow us to handle our finances in a more businesslike way, as well as pay back the Town and start planning for future needs.

We applied for and received a safety grant of \$1,723.05 for fall protection in the sewer plant tank room from the Maine Municipal Association.

Respectfully Submitted,

Patrica C. Biegler, P.E.  
Director of Public Works





**Town Clerk's Vital Records Report  
January 1, 2010 to December 31, 2010**

**BIRTHS-13**

**MARRIAGES-18**

**DEATHS-23**

Juanita E. Savage	January 12
Mary Jo E. Bury	January 18
Bernita Marjory Larson	February 8
Leslie Frank White	February 18
Cara J. Nichols	March 9
Julia Mary Ham	March 26
Zygmunt Walter Bartinowski	March 30
Douglas Scott Holmes	April 25
Gertrude Adele Schmidt	May 15
Robert Raymond Maynard	May 23
Ralph Lewis Dunbar	May 24
George Chester Sawyer	July 11
Harry H. Beers	July 22
Shirley Milford Willey	August 4
Priscilla Mitchell Trafton	August 17
Elmer L. Beal, Sr.	August 18
Carl Roscoe Johnson	August 26
Gwen Shirley Mack	September 17
Roland Stanford Stanley	November 6
Eugene Carlton Olsen	November 23
Michael Vietti, Jr.	December 7
Walter V. Hanscom	December 10
David Alan Sanner	December 13
Winona Dorothy Reed	December 20
Joyce Webster Norwood	December 28

Respectfully Submitted,

Beatrice D. Grinnell  
Town Clerk

## PLANNING BOARD

In addition to existing members Ben C. Worcester, III (Chairman), Chris Rawls (Vice Chairman), Eric Davis, Ryan Donahue, Michael Magnani and Gordon Wissinger, the Board of Selectmen appointed Michael Mansolilli to serve on the Planning Board and fill the unexpired term of Robert Bosserman. I would like to take this opportunity to thank Bob Bosserman for his advice and counsel and his thoughtful participation at our Planning Board meetings.

The following applications reviewed by the Planning Board during 2010 have been approved:

1. Islandscaoping/Jeff Dutra Changes in ingress and egress parking and elimination of some greenhouses
2. Moorings Restaurant Accessory dwelling unit and boat sales, charter and rental
3. Great Harbor Marina Location of diesel fuel tank on pier
4. Dunbar/McLaughlin Division of lots of a previously approved subdivision
5. Merle Cousins Residence with home occupation
6. Pemetic Elementary Wind Turbine
7. Maren Anderson Replace existing foundation to garage and residence
8. Anna's Quietside Cottages Began deliberations for Phase Two
9. Henry and Alice Dean Frost wall under existing structure
10. Robinette and White 204 Main Street – Coffee Shop
11. Billy and Shirley Soukup Fill permit in excess of 500 cubic yards
12. Kingsleigh Inn Extend a Deck

The Planning Board at its many workshops has developed several Land Use Ordinance changes to be approved by the legislative body throughout the year. Since November, with the approval of the SWH Comprehensive Plan by the Town, the Planning Board has begun the process, which will continue for the next few years, to propose changes to the SWH Land Use and Subdivision ordinances for legislative approval which will bring the Land Use and Subdivision ordinances into conformity with the SWH Comprehensive Plan.

The following Land Use Ordinance changes have been reviewed and approved by the Planning Board for legislative approval at the Town Meeting:

**Article 50: Section VII, (E) (2) (f):** Campsite. This change refers to an area of land which is NOT associated with a campground. Currently a recreational vehicle, tent or similar shelter may be placed on-site for no more than 30 consecutive days per year before requirements for residential structures shall be met, including either a State approved subsurface sewage disposal system or public sewage facilities. This ordinance change proposes 180 consecutive days, and 120 days in the Shoreland zones.

**Article 51:** Zone B: Currently the lot standards for Zone B are 20,000 square feet for lots with public sewer, and 40,000 square feet for lots without public sewer. The proposed change would permit the following minimum lot areas based on the utilities available to the lot: 40,000 square feet for lots with private well and private septic system; 30,000 square feet for lots with public water and private septic system; 20,000 square feet for lots with private water and public sewer, and 15,000 square feet for lots with both public water and public sewer. The Southwest Harbor Water and Sewer plants can manage this type of change, and the increased allowable density would be in areas that have appropriate utility service. Lot coverage would change as follows: 10% coverage if the lot is serviced by private well and private septic; 12% if the lot is serviced by public water, but private septic; 15% if the lot is serviced by private water, but public sewer, and 3,000 square feet, or 20%, whichever is greater, if the lot is serviced by both public water and public sewer. The exception would be that lot coverage would be 20% within 250' of the normal high-water line of a water body. Lot coverage is the building footprint percentage of the lot area. Based on approval of the above changes to Zone B, Zone C would be deleted from the Land Use Ordinance since the criteria for Zone C has been included in Zone B.

**Article 52:** Section VIII: Site Plan Review terminology is changed to Permit Review in this section. Additionally, an 80 square foot expansion of a detached structure with no permanent foundation does not require a building permit except in shoreland or floodplain zones. The remaining changes are re-lettering, re-numbering, or removal of redundant or repetitious language.

**Article 53:** Section III (E) (2) (c): Built Lots: This proposed change allows a small accessory structure to have a height of 10 feet, rather than 8 feet as now allowed in the ordinance. This would provide for 8' walls with a pitched roof. All other setbacks and conditions would have to be met.

**Article 54:** Section II (B) (1) (c) (1) General Regulations & Standards: This change removes the terminology "commercial, industrial, governmental, institutional and principal residential dwelling unit" and simply addresses a "structure" in common ownership. This would allow more than one use on a lot as long as the standards for the zone are met. Previously each use had to be considered separately and meet individual standards even though on the same lot in common ownership. In the shore land zone, however, this change includes minimum lot area per dwelling unit or use and amends Section XIII Definitions. If this Article passes the definitions for "Principal Structure" and "Accessory Structure" will be deleted.

**Article 55:** Residential Shoreland Zone Map Changes: The written description of the Residential Shoreland Zone in the current SWH LUO was not accurately depicted on the zoning map, for whatever reason. This question simply asks that the zoning map be changed to agree with the already-voted-upon zone description in the LUO. Upon advice from the Maine Municipal Association Legal Department, it has been determined that the written description in the Land Use Ordinance takes precedence over the depiction on the Zoning Map.

I would like to take this opportunity to thank the SWH Planning Board, Donald LaGrange (Code Enforcement Officer) and Carol Walsh for all their efforts to make this another productive year.

Respectfully Submitted,

Ben C. Worcester, III  
Chairman

## **COMPREHENSIVE PLAN COMMITTEE**

The Comprehensive Plan Committee began 2010 with several forums to inform the public about different sections of the plan and to solicit feedback. We were fortunate to have an intern from COA, Noah Hodgetts, who worked with us to put our tax maps into GIS format, so that tax parcels can be viewed on maps layered in combination with other information such as roads, water system, sewer system, etc. At the same time, we appreciate the volunteers (about 30 in all) who read and gave us feedback on various sections of the Plan. College of the Atlantic students in Isabel Mancinelli and Gordon Longworth's Land Use Planning class worked with several people in Town to create additional maps, of which several appear in the plan. Sydney Kase, a COA student from MDI, coordinated much of their work and completed the maps during the summer. We are grateful to all of these people for their interest and assistance in completing the Plan.

The first full draft of the Plan was on the Town web site and available in the Town Office and the Library in early May. We also worked briefly with a planning consultant, Stacey Benjamin, who helped us edit the Plan to contain specific language as required by the State for certification. The final draft was available in mid-August, the Selectmen held a public hearing in mid-September, and put the Plan on the ballot for November. In the meantime, the State Planning Office certified the Plan, which provides legal grounding for our Land Use Ordinance and improves our likelihood of receiving State and Federal grants when we apply for them.

Voters accepted the Plan by a vote of 389 – 330 in November. At their last meeting of 2010, the Selectmen disbanded the Comprehensive Plan Committee and created the Comprehensive Plan Implementation Committee, whose charge is to assist the Selectmen and other Town boards in considering the recommendations of the Plan and action that might be appropriate for each. Residents are encouraged to volunteer for this committee.

Copies of the Plan are on the Town's web site ([www.southwestharbor.org](http://www.southwestharbor.org)) and in the Town Office and the Library. More printed copies should be available soon.

Respectfully Submitted,

Lydia Goetze  
Comprehensive Plan Committee

## CONSERVATION COMMISSION

The Conservation Commission of Southwest Harbor meets regularly throughout the year at the Town Office. Presently there are three voting members and five associate members. Subcommittees of the Commission are the SW Harbor Beautification Committee, The Rhoades Park and House Committee, Buffering Committee, Chris' Pond Committee, Monarch Waystation Group, Tree Program of which Jeff Dutra is the warden and Finance Committee.

The Commission wishes to express thanks and appreciation to Sid Salvatore, who retired as Chair in June 2010. At present voting members are Jim Geary, Chair, Susan Reiff Allen, and Jane Ayers. New members are always welcome and should call the Town Office if interested in serving on the Commission or one of its subcommittees.

In 2010, Master Gardeners and community members volunteered approximately 40 hours each week between June and the end of September at the Butterfly Garden in Charlotte Rhoades Park. Free gardening classes were offered to the public for 6 weeks from early May until mid-June. The popular annual Butterfly Release on July 29<sup>th</sup> had about 200 guests in attendance. During the second week in September, volunteers hosted elementary school field trips from Southwest Harbor, Trenton, Tremont, Surry and Deer Isle. A wedding was also held at the park in September.

The Conservation Commission initiated a new community project called Monarch Waystation in 2010 in conjunction with a nationwide program from the University of Kansas. About 30 volunteers from Southwest Harbor and Hancock County raised Monarch caterpillars through their stages of metamorphosis, and released the adult butterflies into the Butterfly Garden during July, August, and September. Over 200 butterflies were raised and released. During the same period of time, asclepias (milkweed) plants were grown to increase the existing larval food source at the Butterfly Garden. This resulted in a large increase in the migrating population of Monarchs from Mt. Desert in late August and September.

Memorial plantings in memory of Bernita Larson were placed by the new entrance path to the Butterfly Garden.

The park has a website: [www.rhoadesbutterflygarden.org](http://www.rhoadesbutterflygarden.org) - please visit! Many thanks to all of the supporters of this beautiful and educational garden.

Respectfully Submitted,

Ann Judd  
Secretary



## SHELLFISH CONSERVATION COMMITTEE

Due to heavy rains and resulting bacterial runoff, our clam flats were closed for a total of 48 days this year. Widespread red tide approached us and caused some brief closures for mussels, but did not affect clams this summer in spite of dire early predictions.

We did conduct a very interesting clam survey at the end of the school year with Mrs. Burne's Pemetic science classes. We surveyed the closed part of Southwest Harbor on the tidal flats off of the Clark Point Road facility of Morris Yachts. While we understand and accept that these flats will not be open to local digging and consumption due to the close proximity of the sewage treatment plant, the long history of closure did offer us the opportunity to survey a local clam population with no recent history of legal digging. We reasoned that these results would provide us a frame of reference against which we could evaluate other survey results. We were gratified by the results on two counts: 1) the kids produced reliable results and learned about natural resource management, and 2) the results indicated that clam populations in Connor Cove, Fernald Point, and historic Fernald Cove are quite comparable. We can also see that the harbor clam populations are quite healthy and are likely to be producing significant spat which can help repopulate open local clam flats in the vicinity.

We also conducted the third year of a test of use of 3/8" polyethylene mesh to try to enhance clam spat-set in Fernald Cove. Four 15' X 30' nets were deployed in the spring at locations along the upper east shore of Fernald Cove and pulled in October. Fairly good clam populations were found both inside and outside of the netted area, but it appeared to us that there were fewer green crabs and therefore less predation under the nets than outside.

License sales increased slightly in 2010, probably due to the perception of increased potential for digging associated with improved clam populations. This year, 21 resident licenses were sold for \$20 each and one junior license was issued for free, resulting in income of \$420. Warden expenses were \$262.44 and we spent \$43.20 for required newspaper public notices resulting in total expenses of 305.64. This produced a surplus of \$114.36 which will be placed in the reserve account with previous years' surpluses earmarked for shellfish management. Thus, \$2891.55 will be available to supplement future licenses sales.

Once again the Shellfish Conservation Committee thanks the staff at the Town Office for their continued cheerful and capable assistance.

Finally, we note with regret that due to George Jellison Jr.'s election to the Town Board, he can not continue to serve on this committee, but we also note with gratitude that he has volunteered to be our *ex-officio* representative and he continues to assist us in our projects. Thank you, George!! Note that we have two vacancies and would be grateful for some help!

For the committee (Clayton Strout, Andy Mays, Michael Mansolilli, William Carroll, and Jim Colquhoun):

Respectfully Submitted,

Jim Colquhoun  
Chair

## WASTE PREVENTION COMMITTEE

This has been a year of outstanding growth and accomplishment for the Waste Prevention Committee (WPC).

In two short years, the Committee has made the transfer station thrift shop a reality. When the shop opened its doors in early September, it was an immediate success. Operating out of a large green tent at the EMR Transfer Station, the shop began to serve the purpose of taking in useful items that had been brought to the transfer station to be discarded. As the idea caught on, people stopped by to donate items or purchase new treasures for their homes. By the end of November, when the shop closed for the season, the thrift shop was well on its way to achieving a monthly goal of saving one-to-two tons of useful things from ending up in the waste stream.

Throughout the year the Committee was involved in a variety of projects. A WPC representative worked with the Bar Harbor Conservation Committee to provide compost bins and rain barrels for sale at a greatly reduced cost to year round and seasonal residents. The Committee inspired Fiddler's Green restaurant's efforts to compost their food waste and encourage other restaurants to do the same and, in spring, the WPC sponsored "Organic Gardening Without Money," a program designed to help gardening families grow chemical-free produce while spending less time and money on their gardens.

The WPC participated in "The Greening of Southwest Harbor," a program for local businesses on environmental sustainability that was sponsored by the Southwest Harbor-Tremont Chamber of Commerce. WPC provided information and tips on recycling, composting, environmentally friendly cleaning and gardening products, and alternatives to using take-out containers polystyrene (Styrofoam), which is not biodegradable. The WPC worked with students at Pemetie School to develop a brochure on recycling, and continues to work with the students on the goal of banning polystyrene on MDI.

For 2011, the Committee will concentrate on the growth of the thrift shop, increasing the staff of volunteers and the hours of operation, and continue to work on increasing the recycling rate to 50%.

Committee members Susan Buell, Bonnie Burne, Billy Helprin, Diane Helprin, Mary Ann Perlman, Lisa Wissinger and Lee Worcester would like to thank area businesses EBS, McEachern & Hutchins, and John W. Goodwin, Jr., for their generous donations of materials for the thrift shop tent, and to all the volunteers who worked tirelessly to make the project a great success.

Respectfully Submitted,

Mary Ann Perlman  
Chair



## ACADIA DISPOSAL DISTRICT (ADD)

### Board of Directors

In conformance with the interlocal agreements, the Board of Directors consists of one representative per member town. Each director has one vote regardless of the population of the town they represent. We encourage anyone with solid waste related questions or comments to contact their local director. They are:

Cranberry Isles:	Cynthia Lief: <a href="mailto:cynthia@ubuntufund.org">cynthia@ubuntufund.org</a>
Frenchboro:	Bob Roxby: <a href="mailto:rroxby@maine.edu">rroxby@maine.edu</a>
Mount Desert:	Tony Smith, Chairman: <a href="mailto:director@mtdesert.org">director@mtdesert.org</a>
Southwest Harbor:	Pat Biegler: <a href="mailto:pbiegler@southwestharbor.org">pbiegler@southwestharbor.org</a>
Tremont:	Elliott Spiker, Treasurer: <a href="mailto:espiker@islescape.net">espiker@islescape.net</a>
Trenton:	Peter Rees: <a href="mailto:rees909@roadrunner.com">rees909@roadrunner.com</a>
Clerk:	Vacant

**With Regret:** Longtime friend and consultant Lee Yeaton of Addison passed away in May 2010 at the age of 77 of progressive supranuclear palsy, a terrible disease. Lee was instrumental in the success of the ADD. The ADD made a financial contribution to the Harrington Family Health Center in his memory. Lee's sense of humor and knowledge of solid waste issues is missed.

### ADD Accomplishments in 2010

**EMR Contract:** The ADD successfully negotiated a new five-year solid waste contract with EMR, Inc. of Southwest Harbor. Negotiations began early in 2007 prior to the expiration date of June 30, 2007 for the contract in effect at that time. All member towns finally signed their respective contracts in 2010 with the terms and conditions retroactive to July 1, 2009. No retroactive payments were required or made.

**Ellsworth Recycling:** Our EMR contract negotiations found us investigating the option of recycling with the City of Ellsworth. Ellsworth informally offered the ADD a very attractive proposal that is not only less costly than the EMR contract but provides the opportunity to share in the revenues which, depending on the market, could be significant. After cost-benefit analyses were completed and formal details of an agreement between the ADD and Ellsworth were finalized, representatives of the ADD attended meetings of the Boards of Selectmen of the member towns to present and discuss it. As a result, the towns of Frenchboro, Mount Desert, Tremont and Trenton opted to recycle with Ellsworth. As such, these four towns of the six ADD towns invoked the recycling opt out clause in the EMR contract, thereby allowing them out of their commitment to EMR and to go to Ellsworth. The ADD hired an individual as a pseudo-employee/consultant to assist us with implementation of the Ellsworth recycling program.



Advantages of going to Ellsworth versus staying with EMR include:

- **Reduced access/gate fee:** Ellsworth is charging the ADD towns a flat fee of \$26,000 to recycle at their facility. The four towns will divide this amount between themselves based on net MSW per town versus gross MSW generated by the four towns. This is the same formula used to allocate the ADD annual operating budget. This fee is similar to the recycling center fee charged by EMR. Ellsworth will use the monies to modify their building and/or their operations or to hire additional staff to handle what we envision as a great increase in the volume of materials recycled.
- **Tipping fees:** Unlike EMR, Ellsworth will not be charging the ADD towns a tipping fee e.g. fee per ton of materials dropped off at the facility. At EMR, a tipping fee of \$51 per ton plus fuel costs per ton are charged to drop off materials. Ellsworth does not have such a charge.
- **Revenue sharing:** Ellsworth will pay the ADD towns 75% of all revenue generated from the sale of their recyclables. There is no such revenue sharing with EMR.
- **The change to Ellsworth allowed one town to add to their list of acceptable recyclable materials, e.g. Ellsworth accepts mixed office paper and envelopes commingled with newspapers and magazines and they accept #1 to # 7 plastics, not just #2.**

Swap Shop: The Southwest Harbor Waste Prevention Committee worked with EMR to locate a swap shop at EMR. Members of the Committee made a presentation to the ADD Board of Directors describing their project. As such, a financial contribution was made to them by the ADD to assist in the development costs of the project. The facility is open to residents of all the ADD towns.

HHW & UW Collection Day: A very successful collection day was held on October 23, 2010 at the MDI high school. Members of the ADD coordinated the event; the League of Towns once again provided set-up funds and Gott's Disposal provided two roll-off containers to us at no charge to the event. Thank you to both the League and Gott's for their contributions to the success of the event.

Centralized information: A volunteer from Trenton is compiling solid waste and recycling information on a monthly basis per town for us. The information is being entered into a spreadsheet that will be useful as a tracking and planning tool.

Student Grant Guidelines: The ADD established a student grant program for schools located in ADD member towns. The grant must be applied for before implementation of a project and, there is no deadline for our receipt of an application. We do not have a formal application form but the request for a grant must be made to us in writing.

Reserve Account: A reserve account was established for our use. We will make every effort to prepare an annual budget that accurately meets our needs. If there is money remaining at the end of any given year, we will decide whether to use those monies to offset the next year's budget demands, to put it into the reserve account or both.

PERC and GAT: Towns that dispose of trash at the trash to energy plant in Orrington, aka PERC, are required to send the plant a certain tonnage of trash. This amount is known as the GAT or, Guaranteed Annual Tonnage. If a town does not meet its GAT, it is required to make up the difference in a monetary payment to PERC e.g. a payment of an amount of money per ton shortfall. In 2009, most of the PERC towns fell short of their GAT's due to the state of the economy. PERC opted to not require the towns to pay the penalties since so many towns were affected. It appears the collective GAT for 2010 will not be met either. The ADD will keep abreast of what is happening and address the situation with PERC and the ADD towns as needed.

### Summary

In summary, the Board of Directors would like to encourage all residents and taxpayers in our member towns to become active in learning about solid waste issues. We particularly encourage our municipal officials and officers to do so. Our meetings are open to the general public and are usually held at 9:30 A.M. on the third Thursday of the month at the Somesville fire station.



## PEMETIC ELEMENTARY SCHOOL

It is a pleasure to be given the opportunity to inform you about all of the positives going on at Pemetice 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 Pemetice and creating a caring and safe environment for all of our students. Our middle school students this year were able to choose from a variety of different activities offered by our staff each Monday. These activities helped students learn lifelong skills and interests, such as spinning, yoga, cake decorating, pottery, photography, guitar lessons, just to name a few. Students were excited to come to school on Mondays! We also recognize students 'caught' following the Golden Rule, treating others as they would want to be treated, on our bulletin board in the central hallway. Our full-time guidance counselor, Carolyn Todd, follows our No Bullying Policy and meets with classes to offer support when needed, as well as meet individually with students. We also continue to look for activities to pair our older students up with our younger students for benefits to all! We are one of the few schools able to continue the D.A.R.E. program for our 5<sup>th</sup> graders. This program is taught by our Chief Dave Chapais and teaches children how to make good choices as they grow older.

We are fortunate to have such an outstanding staff at Pemetice. We have several Master Teachers and Golden Apple recipients recognized for their outstanding skills. Bob Sattler was most recently honored with a Rotary Club Golden Apple and Bonnie Burne was nominated for the Presidential Award for Excellence in Mathematics and Science Teaching. Please check out our teachers' websites to see the latest in what our students are doing in their classrooms. The websites can be accessed through our school website at <http://www.u98.k12.me.us/pemetic2/>.

We are continuing to work toward having our students be responsible and motivated in their learning. We were selected and excited about serving as a pilot "College Town". We hope to celebrate the opportunity of higher education, with engagement from the entire community. The goal is to help more students make more of the opportunity of higher education. We are planning parent nights to help educate parents and students about the various scholarships, grants and loans available and having guest speakers come back to talk to students about their experience, taking students to different colleges in Maine as part of field trips or conducting virtual tours with our new Tanberg technology. We would also like to continue our program of offering college scholarship money to students through an essay contest. We hope to have students invested in their education and excited about their futures before entering high school.

We want to continue to encourage parent support by expanding our parent volunteer program and participation in the PTO. The PTO has again this year been a huge financial support to our school, sponsoring a Thanksgiving pie sale and catalog sale that raised money for classroom 'wish lists'. Carol Null, our librarian, organized the PTO Book Fair, raising almost \$2000 for books and materials for our library. Our many parent and

community volunteers are recognized in May with a Volunteer Brunch organized by the staff and students.

The teachers are all working closely with the AOS staff to develop and follow a consistent and aligned curriculum for all subjects. A continued goal for us this year was to focus on the essential standards in our AOS Curriculum. Bonnie Burne, Skip Strong and our middle school students completed a five-year goal of getting a wind turbine erected and running to supply wind power for Pemetic! This was part of our focus on service learning, which incorporates school/community needs with student problem solving and academic goals. Students will now monitor the energy produced with our wind turbine and the solar panels. Students in the building class are working on finishing a snack shack for the ball field for use during games.

We have worked to differentiate our instruction to meet the individual needs of our students. Plans are designed by our Student Assistance Teams and are constantly revised and updated with data to determine if we are seeing progress with our strategies. We use several computer programs that help us deliver instruction at individual levels for students, including Lexia, Fastmath Aleks and the SRC reading program.

We use the Northwest Evaluation Assessment with our students to get beginning, middle and end of the year assessment data to measure yearly growth in math and reading. We use this information to help us improve our instruction. Our NECAP scores (state standardized tests for 3<sup>rd</sup> through 8<sup>th</sup> graders) taken this year were well above the state averages and exceeded the target scores for making adequate yearly progress.

Our students have many extracurricular activities to choose from and we are proud to have 92% of our middle school students involved in one or more of these programs. Our Jazz Band took 3<sup>rd</sup> in the state at the State Jazz Music Festival and our Show Choir placed second in the state last year with an individual award recognizing Peter Jacobson. We also perform at least one play each year. Our cross-country team won the league championship this year and William Fletcher was undefeated. Last year our girls' basketball team won the Coastal Athletic League Championship and the boys' took 2<sup>nd</sup> place. We also have a chess club, a robotics club and a sewing club for students available after school.

The Cathrine Johnson grants provided many arts experiences for our students this year, which included: woodworking classes after school, cultural arts trip for all 6<sup>th</sup> graders to Portland, after-school furniture painting workshop, digital photo workshop, embroidery in 2<sup>nd</sup> grade with Karen Ressel, animation/flipbook to digital using laptops, song writing with Frank Gotwals, "Spamalot" at the Collins Center in Orono, visiting authors and workshops in partnership with the SWH Library, visited Ashley Bryant on Little Cranberry, just to name a few!

Nurse Pilar was able to offer several clinics for flu vaccinations. Our recess-walking program continues and includes all kindergarten through fifth grade students with parent volunteers led by Nurse Pilar. We have also added a 'Walk to School' program once a

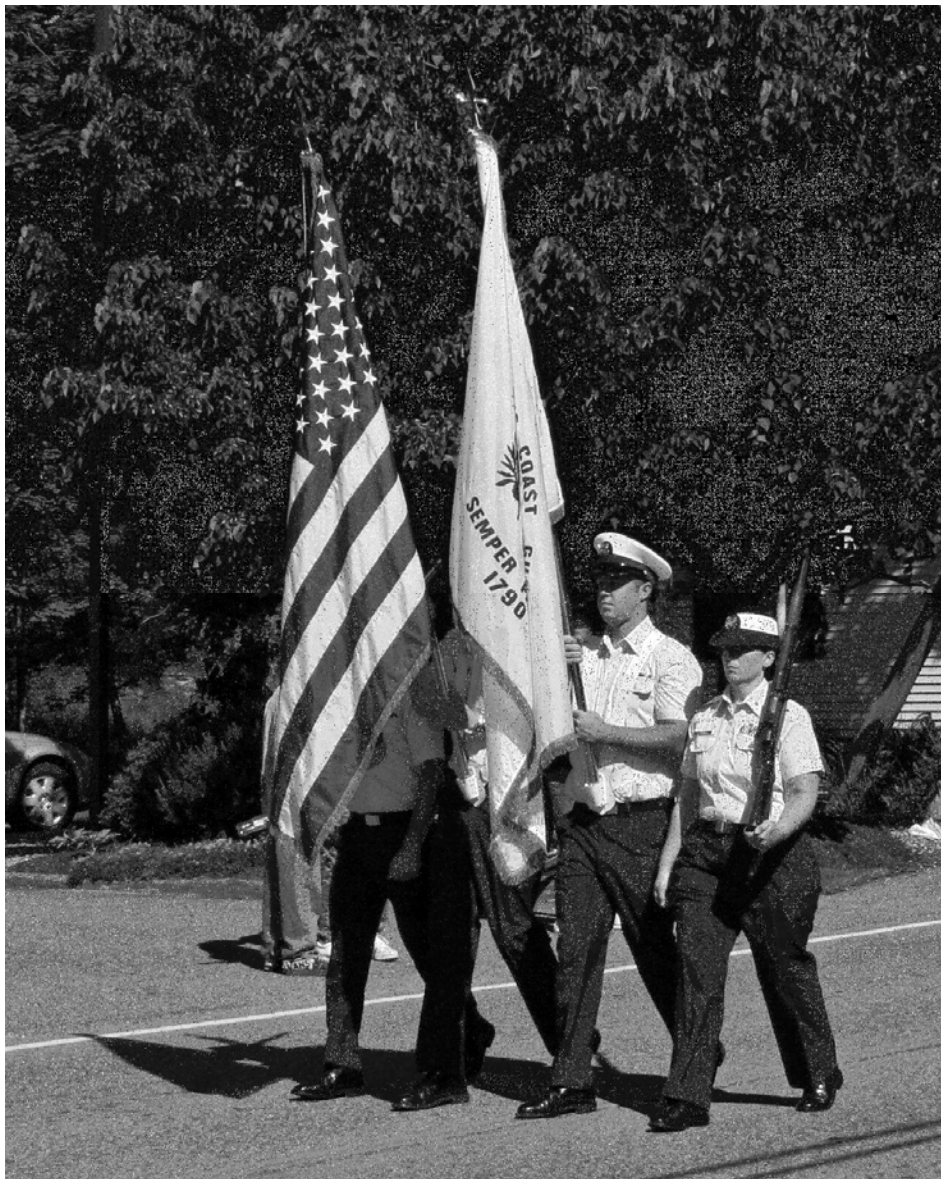
month. Our lunch program consists of a daily vegetable and fruit bar for students to choose from in addition to the daily entrée. Check out their web page!

We continue to enjoy our beautiful facility and the added parking in the back has allowed more parking in the front for parents and visitors.

Thank you all for your continued support and help in educating our children!

Respectfully submitted,

Dianne Helprin  
Principal, Pemetic Elementary



## **MT. DESERT ISLAND REGIONAL SCHOOL SYSTEM**

Once again it is rewarding to have this opportunity to showcase our accomplishments and highlight the challenges we have faced over the last year in the Mount Desert Island Regional School System.

### **Vision and Mission work:**

Our administrative team worked together again this summer continuing to refine the key components of our educational vision framework—the document in which we articulate important goals that we keep at the heart of our individual and collective efforts. This framework has served as a centerpiece for district-wide and school improvement planning since fall, 2006. This year, our objectives will focus first and foremost on knowing each student in terms of their interests, best learning modalities, and their readiness for specific content and skills. Secondly, we are committed to focusing on essential standards as the focus of our instructional efforts. Thirdly, we are developing our capacity to connect students with these standards through instruction that is designed with student's individual interests, learning modalities and readiness in mind. Lastly, we are developing our ability to understand student's individual progress toward mastery of the standards through the use of ongoing and meaningful assessment.

### **Curriculum and Instruction:**

We have begun the work of refining our learning standards. This work was the result of a great deal of philosophy building that has taken place over the past several years among our administrators and teacher leaders. This thinking has resulted in the development of our Teaching and Learning Cycle that has been used to help our school community understand how all the moving parts fit together in our educational system. In recognizing that there are too many standards to address well—we have begun a process to thoughtfully select those that are absolutely essential for students to learn. This will ensure transparency and connectedness from grade to grade. From there it is our plan to create and begin sharing rigorous units of study that will facilitate greater depth of student learning around those learning essentials. The need for teachers to develop a more transparent approach to teaching and learning is stronger than ever before. Developing a shared understanding of the essential standards, and sharing pedagogical expertise and insights about students, resources, and methods is the key to student success.

### **Staff Development:**

The 2009-10 plans for professional development focused on developing our collective capacity to meet students' needs by focusing on how to address the gaps in their academic learning and social/emotional skills. This focus provided training and insights that many found helpful in their work with our young people. In addition, we organized a two-day summit in mid-winter for middle school teachers and a one-day workshop for other K-8 teachers in June to help them develop a shared understanding of what standards-based/learner-centered instruction entails, revisit our collective understanding of the relationship between curriculum, instruction, assessment and communication in standards-based education, and enter a new era of planning for improving the outcomes of schooling. This year we are continuing to provide opportunities for mission-driven professional development that helps teachers develop skills with standards-based instructional practices.

### **Service-Learning:**

Service-Learning programming continues to have a strong presence in our schools. The Service-Learning Leadership Team has developed an action plan for 2010-11 that is focused on

- Strengthening the academic integrity of our service-learning experiences in schools,
- Connecting teachers, essential standards and high quality service learning experiences,
- Improving teachers' individual understanding of high quality service-learning practice, and
- Strengthening student voice on the service-learning leadership team.

**Special Services:**

Our Special Education and Title I programs have had incredible opportunities over the last year thanks to the influx of federal stimulus funding. The greatest impact has been in the areas of professional development, assistive technology and consolidated staffing (Occupational Therapy). The most significant changes at the start of this school year have been the addition of a school social worker, funded through federal grants and a consultant to serve our English Language Learners (ELL). Edith DuBois, our social worker, is a tremendous resource to school staff and students in crisis. In this new role, Edith is providing ongoing support to our guidance counselors and helping us to better coordinate the services of contracted therapists. We are able to respond quickly to crisis situations and follow up with referrals to community-based-services. Student mental health needs continue to increase in incidence and urgency and frequently interfere with student success and classroom dynamics. We are also working with our ELL consultant, Ben Hale, to establish coordinated identification and programming for students. The Schools we serve will continue to be faced with the challenge of responding to these diverse needs in order to succeed in educating all students. We must provide support for students whose unique needs require flexible instruction or targeted intervention. To intervene most effectively, we must be more systematic in using the pieces that are already in place to produce an expanded and refined process.

**Trenton Transition:**

The Trenton School is entering their second year of participation in the Mount Desert Island Regional School System. All stakeholders have devoted significant time and effort in synchronizing our policies, updating our curriculum and standardizing our classroom practices. In addition, work has begun to integrate both the teaching and support staff policies and procedures with the contractual language and salary provisions of the other member schools in our district. We are pleased with the progress of this new partnership and believe strongly that this relationship will lead to a stronger and more level educational playing field when students from Trenton attend Mount Desert Island High School.

**New Administrative Staff:**

We welcome Deb Metzler to our administrative team as the new principal of the Tremont Consolidated School. Deb comes to us from neighboring RSU 24 with a wealth of knowledge in curriculum and assessment and has made tremendous contributions to our efforts during her short tenure with us. Dianne Waters has moved into her new role as the principal of the Trenton School and has invigorated the staff and brought many positive changes to the culture of the school.

**Ongoing Challenges:**

These past few years have been marked by difficult economic times. During that time we have worked hard to present budgets to our communities that reflect those times but that maintain our standards of excellence in our schools. It appears that our enrollments are now stabilizing in all of our schools after several years of declining student numbers. However, it will continue to be a major challenge to attract and maintain stable numbers of tuition students at the secondary level due to the pressures created by the formation of new school districts in our area through the consolidation process.

We feel very honored to serve all of our schools in our leadership capacities. We work daily with dedicated staff members to support the eager young minds of our students. With your continued support and partnership we will work together to provide the best education for our students.

Robert Liebow  
Superintendent

Joanne Harriman  
Assistant Superintendent

Kelley Sanborn  
Director of Special Services



---

## Southwest Harbor / Tremont Nursing Service, Inc.

### Southwest Harbor / Tremont Ambulance Service

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

Phone (207) 244-3521

December 30, 2010

To Our Friends and Neighbors in Southwest Harbor

The Southwest Harbor-Tremont Nursing Service is proud to have served the Town of Southwest Harbor since World War One. Over time, the needs of the community have changed and the Nursing Service has changed with them. We now provide 24 hour ambulance services to the towns of Southwest Harbor and Tremont. If you dial 911 we will help you, whether you need emergency medical care and an ambulance ride to the hospital, or if you have simply fallen and need assistance getting up. Our staff is highly trained to serve you.

Through November 2010 we responded to 345 calls, 28 more than in 2009. 280 of these calls required ambulance transportation to one of our local hospitals.

We don't just respond to emergencies. Last year we helped the local hospitals by administering H1N1 flu shots when demand was so high. We also initiated a house number sign program. You have probably seen them around town. Please participate in this program. You can pick up applications for the house number signs at the town office. They are very reasonably priced.

We hope you never need our services.

Mike Smith, Treasurer  
Southwest Harbor-Tremont Nursing Service, Inc.



## **Some of the ways Eastern Area Agency on Aging serves seniors in Southwest Harbor Annual Report**

Eastern Area Agency on Aging (EAAA), incorporated in 1973 and has been the best source of information, options and services for seniors and their families ever since.

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.

“We depend on the support of municipalities to help with the costs of serving their residents.” said Noëlle Merrill, executive director at Eastern Area Agency on Aging. “Southwest Harbor has shown appreciation of our efforts and we are grateful.”

Last year, Eastern Area Agency on Aging provided services valued at \$9,287.68 to 46 seniors in Southwest Harbor. These services helped elderly citizens remain independent, feel financially secure, be well nourished, have access to health care and to make informed decisions on benefits, including Medicare part D, the prescription drug program.

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. To qualify for Meals on Wheels, a senior must be unable to leave his or her home without assistance, be unable to prepare a meal and have no one available to get his or her 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 Specialist, who covers Hancock county works with Southwest Harbor seniors, providing them with information and help in matters such as: MaineCare, Medicare and other insurances, Social Security, food stamps, low cost drug cards, tax and rent refund applications, 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,” said Merrill. “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.



*Neighbors helping Neighbors  
on Mount Desert Island  
and Outer Islands*

December 29, 2010

Report to the people of Southwest Harbor on Island Connections services:

Island Connections provides free services to Elder and Disabled residents:

A) Transportation: to medical, dental, job-training, other appointments; rides to and deliveries from drug stores, food stores, food pantries, Common Good Soup Kitchen; delivery of meals to homes 5 days a week; rides to Straus Center, community centers (Harbor House, YMCA, and libraries).

We now have the ability to transport wheelchair bound residents with our wheelchair accessible minivan.

B) Friend-to-Friend visits and Telephone CareCalls.

C) Social Events: lunches, picnics, movies, bingo, school plays.

During the past 12 months, Island Connections provided 3750 appointment trips, 740 meal runs (approximately 7200 meals), organized and collaborated on events attended by 1000 people, conducted approximately 125 telephone CareCalls and 350 Friend-to-Friend visits.

Our mission seeks to provide these services to the elderly and those with disabilities on Mount Desert Island and the surrounding islands that will enable them to live independently and with a strong quality of life.

We thank the people of Southwest Harbor for their support.

Anne Heisey  
President  
Southwest Harbor

## WASHINGTON HANCOCK COMMUNITY AGENCY

During the last fiscal year WHCA provided \$97,840.93 in services to your community. The residents of Southwest Harbor requested the following services:

Service Provided	No. Households	Amount Expended
The Heating and Warmth Fund (THAW)	7	\$ 2,068.17
LI HEAP (fuel assistance)	57	\$ 50,171.00
PUC (Energy Conservation Program)	3	\$ 1,981.67
Homeless Prevention Program	1	\$ 1,151.16
Child & Adult Care Food Program	4	\$ 1,164.23
Weatherization	3	\$ 4,845.44
Central Heating Improvement Program	2	\$ 8,715.17
1703 rides were provided by our transportation division		\$ 27,744.09
<b>Total Households served: 77</b>	<b>Value expended:</b>	<b>\$ 97,840.93</b>

Thank you for your support.

Patsy Woodbury  
SEED Coordinator



## HANCOCK COUNTY HOMECARE & HOSPICE

Hancock County HomeCare & Hospice, formerly Bar Harbor Public Health, made 14,817 patient visits last fiscal year. Five hundred eighty-three of them were in Southwest Harbor. Your friends and neighbors needed wound care, rehabilitation services, hospice care, pain management, intravenous therapy and nutritional assessments. These services were provided by skilled nurses, certified home health aids, physical, occupational, and speech therapists, and medical social workers. We are very grateful for your continued support with a gift of \$1,870.

## W I C

Women, Infants and Children (WIC) is a federal nutrition program. Downeast Health Services holds the contract for 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 5<sup>th</sup> birthday.

The checks are for 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 59 clients in 2010 from Southwest Harbor was \$37,524.00. There was no cost to the client.

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

Trudy Lunt, LPN  
Local WIC Director  
Downeast Health Services





Town of Southwest Harbor

MDI Community Campfire Coalition

The MDI Community Campfire Coalition is a united group of non-profits, churches, towns and community and civic organizations that have come together to address the winter heating needs of our neighbors on Mount Desert Island. The Coalition's goal is to provide heating and weatherization assistance, education and a helpline for those that may struggle to stay warm through the harsh winter months. Harbor House Community Service Center, a participating agency, has provided programming, services and fellowship to the "Quietside" of Mount Desert Island for 45 years. On behalf of the MDI Community Campfire Coalition, we ask the Town of Southwest Harbor for its support in the amount of **\$2,500** to aid us in providing fuel assistance to residents of Southwest Harbor, Maine next winter.

### **History Background**

In 2008 as fuel prices sky rocketed, many people across the state began to worry about how Mainers were going to stay warm. The Harbor House Community Service Center had the same concerns and set out to find a solution by spearheading a meeting of other nonprofits, churches, civic and social service organizations to come up with an action-oriented plan. The Maine Sea Coast Mission, as the fiduciary agent, qualifies applicants, collects and disburses funds and sends acknowledgements for donations and the Neighborhood House and Harbor House provide phone information help lines, educational resources, on site application facilitation and fundraising. Additional support from many churches and civic organizations is offered printing flyers, fundraising and volunteering their time to make sure our neighbors stay warm.

Many of our friends and neighbors on Mount Desert Island rely on seasonal work, such as fishing and tourism, to make ends meet. The fishing industry has been hard-hit by plummeting prices and recently, many layoffs have occurred in economically hard-hit industries. Our Campfire Coalition partners at the two Island food pantries have seen a steady increase in need over the past years. All of which indicates an even greater need and potential demand for the Campfire Coalition's help.

All team members are charged with raising funds. The Lions and Rotary have contributed, Harbor House and Neighborhood House have participated in joint fundraising activities, many individuals in the community and local towns with discretionary funds have contributed to this initiative. Last winter the Town of Southwest Harbor was able to contribute \$2500.00 restricted for the residents of Southwest Harbor. In 2010 the Town of Tremont also contributed \$2,500.00 and in 2011 the Coalition will be requesting funding from all islands communities as residents from each town benefit from this collaborative effort. Free advertisements on local radio stations and in newspapers, as well as a listing with Maine211 heighten awareness. All costs associated with this initiative are being absorbed by participating Campfire Coalition members. One hundred percent of all funds raised go directly to heating assistance or weatherization with no administrative costs charged by any of the participants.

### **Results**

Ours is a true island-wide effort which helped a total of 88 families from January to December 2010: 31 from Southwest Harbor, 31 from Bar Harbor, 11 from Mount Desert, 14 from Tremont and 1 from the Outer Islands. This heating season we have already received 47 applications which in all likelihood indicates an increased need. Each applicant who qualifies will receive 100 gallons of fuel or equivalent in electric, wood or propane. Applicants will complete an application process and show proof of income. Income guidelines are set on a sliding scale 15% higher than LIHEAP requirements, with limits of \$26,000 per individual or \$42,700 for a family of four +. This ensures that no one is left in the cold.

Fifty-one percent of last year's applicants qualified for assistance through LIHEAP and 45% percent of applicants were 15% higher than government guidelines but qualified through our sliding fee scale. So our goal "to fill the gap" is working! This winter the Coalition will continue its weatherization program for those that qualified for assistance and can benefit from this service.

With winter in full swing and economic needs continuing to swell it is important to plan ahead to make sure our neighbors and friends are safe and cared for next season. We ask the Town of Southwest Harbor to assist us with **\$2,500** to ensure that the Coalition will once again be able to respond to those in need next winter.





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

~ *Volunteer service since 1980* ~

December 23, 2010

To the residents of the Town of Southwest Harbor:

Thank you very much for your support for Hospice Volunteers of Hancock County over the past year!

During our 30<sup>th</sup> year of service, we conducted extensive outreach to the communities we serve to help make more people aware of the availability of these free support services. Our efforts were highly successful and we are awed by the expressions of support that we have received from our neighbors and colleagues – thank you very much for your partnership in these efforts!

At the 30-year mark, our Board of Directors made the decision to clarify who we are and our relationship with the medical hospice providers in the area by adding the word “volunteers” to our name, making us *Hospice Volunteers of Hancock County*. This slightly new name points directly back to the same compassionate mission we have had since our founding: serving patients living at the end of life and their families free of charge.; along with support for those grieving the loss of a loved one, and education for the community we serve on end-of-life issues. The feedback we have received about this change has been entirely positive.

In the past year, Hospice Volunteers of Hancock County provided:

- Service to 131 patients and their families, including 7 residents of Southwest Harbor;
- approximately 1200 gestures of bereavement support to those grieving the loss of a loved one, including services to 10 Southwest Harbor residents;
- Our Evensong singers have sung at the bedsides of 37 patients in the last year; a service that is unique and very well-received by the families we serve.

Again, we thank the residents of Southwest Harbor for your support for our work, and for joining with us in service to those living at the end of life and their families.

Best wishes!

Sincerely,

Jody Wolford-Tucker  
Executive Director





Serving our community has been a fundamental value of Harbor House since its inception when a handful of concerned neighbors from Southwest Harbor and Tremont decided to work together to keep kids off the street and out of trouble after school hours. Neighbors helping neighbor is at the core of what Harbor House does and that is the spirit that has kept it alive and well for nearly 45 years. Residents, neighbors and friends all for the love of their community, giving of their time, ideas, enthusiasm, and resources to keep the community together and vibrant, generation after generation. Can you imagine community life in Southwest Harbor without Harbor House?

Without Harbor House the community would lose valuable enriching programs such as the first licensed child care center on MDI, youth basketball, soccer, t-ball, tennis, summer sports camps and explorer camps, the free after-school "Underground", the Health and Fitness Center with its various fitness classes as well as things that are just plain fun like Bon Appetit, the Holiday Christmas celebration, Touch-a-Truck, Quitside Flamingo Festival, Westside Rides, and the Great Harbor Shootout - the largest post-season basketball tournament in the state.

Harbor House also collaborates with the Maine Seacoast Mission, the Neighborhood House and other area non-profits, churches and civic service organizations as a member of the MDI Community Campfire Coalition, a heat and weatherization initiative which assists neighbors in need of fuel assistance on MDI and the surrounding outer islands.

While all of these high quality programs and services come with built-in costs, Harbor House is committed to keeping our programs affordable while providing the best quality programming that we can. We recognize that many of our friends and neighbors work hard and still struggle financially and we are stubborn and resolute in our commitment that no one ever be turned away from Harbor House. We are able to stand behind this commitment because of the support we receive from the citizens of our communities.

#### **Youth Sports & Sports Camps**

We strongly believe in offering our young sports enthusiasts the opportunity to practice and hone their skills in a safe, fun and affordable place close to home. Total attendance for all our sports programs this year reached 1,200.

The Town appropriation is vital to the integrity and consistency of the Youth Sports Program as it defrays 43% of the total annual expense for this program and Harbor House works hard to cover the rest. We are grateful for Town taxpayer support because, most importantly, it allows us to keep registration fees to a minimal \$45.00.

#### **The Underground**

The number of children that frequent the youth center has remained steady. We find we have the best attendance when specific programming is taking place. In response to this, we have piloted a few programs which have met with great success. In 2010 we created the OAK (Outdoor Adventure Kids) program in conjunction with Darith James. OAK's purpose is to get kids outside being physically active and having fun. OAK strives to encourage the development of healthy lifestyle habits in children by engaging them in various outdoor activities. This program has been hugely successful and we will be expanding it to two days a week in 2011. We also launched a Chess Club which has enabled children to sharpen their games skills and participate in some tournaments. In 2011 we will be piloting a HAM radio program to see what kind of interest that generates. As always, 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. The Underground is also proud to continue to serve as a facilitation site for Big Brothers and Big Sisters.

Our main goal for 2011 remains the same: to continue to provide and improve these invaluable services for the residents of Southwest Harbor while keeping our costs as low as possible so no one is ever turned away from Harbor House.

Thank you to every resident of Southwest Harbor for your friendship, community involvement and support: it is what allows Harbor House to continue to serve our community.

Respectfully submitted,

Ingrid Wilbur Kachmar  
Executive Director



Southwest Harbor Public Library  
Annual Report 2010

2010 was the year Southwest Harbor Public Library increased its collection without expanding its shelves.

For several years the Southwest Harbor Public Library has partnered with the Maine InfoNet Download Library to offer a constantly growing collection of downloadable AudioBooks. Recently the library added eBooks. These eBooks are compatible with most eReaders including Apple products like the iPad. They work much the same way the AudioBooks work. Use your library card barcode to download titles to your personal computer, transfer them to a portable device and start reading.

Thanks to a generous patron, the library was given four Kindles. They can be borrowed just like books; they circulate for three weeks and can be renewed if no one is waiting for them. At the moment they have about 25 titles loaded on them. Economically they are a great help to the library. The same title can be loaded onto all four Kindles, which means we only have to purchase the title once rather than four times. Our Kindles are proving to be quite popular.

It was also the year the library increased its communications without expanding its paper use.

We have started to send out email invitations to programs, events, and happenings at the library. They come through your email like postcards; they are short, attractive and to the point. Patrons can sign up for these email blasts anytime by filling out a slip at the circulation desk. If at anytime you decide you no longer want to get them there is always an "opt-out" option available. But beware, once you have opted out you truly are out.

We have also added a Donate Now button to our website. The library has partnered with Network for Good to securely process all online credit card donations, which can be made to the Annual Appeal or to the Endowment. This transaction will appear on your credit card statement as "Network for Good;" however your tax appropriate thank you letter will come from the library. If you donate this way you will not have to write a check, find an envelope or buy a stamp. But of course we appreciate all donations anyway they are made!

All of these electronic embellishments are an addition to what we offer and to how we communicate; choices are fun and this gives our patrons different ways to be part of the library community. Wonder what next year will bring?

Respectfully submitted,

Candy Emlen  
Director



People Helping People

**ANNUAL REPORT TO TOWN OF SOUTHWEST HARBOR  
December 31, 2010**

Downeast Horizons (DEH), founded in 1975, 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 mental retardation; Autism and Asperger Syndrome; Down Syndrome; and some have multiple disabilities including physical handicaps. We currently provide services to 2 direct consumers and indirect services to 6 family members from the town of Southwest Harbor.

**PROGRAMS AND SERVICES**

Downeast Horizons (DEH) takes great pride in the quality of its care and service to the developmentally disabled. Our reputation as a premier service provider in Hancock County is stable and growing. Currently DEH serves 78 developmentally disabled adults at its community supports facilities in Ellsworth and Bar Harbor and at its eight assisted living homes. Recently, DEH expanded its adult services to include Community Supports Services in Deer Isle and Bangor. Between 2006 and 2008, the number of developmentally disabled adults served by DEH has increased by 40 percent. Over the past two years, two new and exciting programs have been instituted: Children's Services and a Community Supports Evening Program.

For the first time in its 34 year history, DEH launched a children's program in the spring of 2007, serving children aged 3 to 21 with diagnoses of Autism Spectrum Disorders and Mental Retardation. Currently, 34 children from Hancock and Penobscot counties are served by this program. DEH, working with the Maine Department of Health and Human Services, will continue to develop this program through increased marketing, public relations and public education.

Our Evening Program, one of few in Hancock County, was initiated in 2007 and has become a great success: 12 adults currently attend these evening social and educational sessions at our Ellsworth Center from 2 to 7pm weekdays. The added evening hours are enjoyed not only by clients but also by family members of developmentally disabled adults who can now utilize these hours for work or recreation.

**FACILITIES**

Downeast Horizons' two community supports facilities in Bar Harbor and Ellsworth, as well as its eight assisted living homes throughout Hancock County have been in great need of care and maintenance for some time now. Thanks to the generous support of our donors, over the past two years, significant repairs to the MDI facility have occurred, including the conversion of our 1976 oil heating system to a modern ultra-energy-efficient gas system. During this same period, DEH invested a tremendous amount of resources into maintaining and upgrading its eight residential sites. Over the next two years, the administration and staff will continue to focus on property maintenance, safety, and long-term energy efficiency.

**STAFF TRAINING**

Downeast Horizons is also committing significant time and energy in making sure our staff is the best service providers they can be in the field of developmental disability care. Over the past two years, DEH has instituted in-house training for First Aid, CPR, MANDT and a 40-hour Direct Service Training. Over the next two years, DEH will expand and hone its training programs and encourage continuing education for all employees.

The \$2,250.00 generously given by the citizens of Southwest Harbor in 2009 assisted in paying for safety/health building maintenance and repairs; staff training; and client motivation activities. In 2010, 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 FY2011.

## CHAMBER OF COMMERCE

Recent financial industry events at the national level and their affect on the Maine economy are being felt here on the Quietside of Mt. Desert Island. This fact has increased the SW Harbor/Tremont Chamber of Commerce's Board of Directors commitment to the virtues of cooperation, organization and long term planning. As a Board we see the need to understand the regional economy as well as the Chamber and Town roles in addressing the issues this financial crisis impacts.

The retirement of long time Director, Bruce Carlson has added one more challenge to this organization as it considers its position in a slowly improving economy.

Mt. Desert Island with its many volunteer and not-for-profit organizations, four separate town governments, schools and fire departments, three separate chambers plus the Mt. Desert Island Regional Chamber is a highly organized community. Accepting the interplay of all island organizations the Board has asked itself: Are we well organized to meet new challenges? Are we producing results? Can we deliver better services? How can the Chamber function more efficiently?

In this last year, the Chamber reduced operating expenses through cuts in office and payroll and we are looking forward to making cost reductions in rent and utility expenses. We have increased community visibility and service to our members through a newly designed website and entered into a cooperative relationship with the newly formed SW Harbor/Tremont Business Association, a move that makes sense given our common cause in making a living and providing services to our neighbors and visitors. We have increased our reliance on community involvement and volunteerism. Most significantly, we have earned the support of both boards of selectmen in our respective towns. The Chamber will continue to work with Downeast Acadia Regional Tourism (DART) to promote the Island as a visitors' destination and at the local level we will be working more closely and cooperatively with the Towns and local organizations.

The Acadia Gateway has recently finished Phase I of its development. In Phase III, the Park will build a new visitors' welcome center. The SW Harbor/Tremont Chamber of Commerce, and the MDI Regional Chamber, will actively promote the Quietside's interests in being effectively represented at that location. The eventuality of this move, the cooperation it will require, and the economies it will create will be a great benefit to our local economies and will be a major focus of this organization in the immediate future. The Island's location and circumstances, including the presence of its dominant neighbor, Acadia National Park, ensure that we will always likely be a resources based economy. It is in our interests to manage our resources as well as our position and relationships with the Park and other local and regional chambers and to continue to look for ways to cooperate and expand our influence in support of business development and prosperity.

Respectfully Submitted,

Marty Williams  
President of the Board of Directors  
Southwest Harbor/Tremont Chamber of Commerce

**Town of Southwest Harbor  
Water/Sewer Past Due Balances  
As of December 31, 2010**

<u>NAME</u>	<u>Water Due</u>	<u>Sewer Due</u>
Alley, Mary E.	\$68.90	\$111.82
Alley, Mary E.	\$68.90	\$142.80
Alley, Mary E.		\$111.82
Auclair, Armand JR.	\$68.90	\$111.82
Baker, Christy & David	\$68.90	\$111.82
Bartlett, Daniel	\$149.22	
Beker, Dirk	\$68.90	\$111.82
Berzinis, Michael	\$126.20	
Bill, Bear	\$68.90	
Black, Frederick	\$68.90	
Bracy, Barbara	\$69.66	\$12,920.69
Brodsky, Claudia	\$69.41	
Brown, Lynn	\$68.90	
Bundy, Margaret	\$68.90	
Cadillac Land Development	\$957.87	
Chipman, Staci	\$68.90	
Crossman, Elizabeth		\$6,615.77
Day, Debbie	\$56.43	
Dead River Company	\$337.02	\$672.14
DeGraca, John	\$11.40	\$15.32
Dempsey, Mary Jo		\$209.46
Drummond, Carol Cramer	\$68.90	\$111.82
Dunbar, Susan L.	\$68.90	\$524.31
Dunbar, Susan L.	\$68.90	\$456.67
Dysart, Timothy	\$68.90	\$111.82
Dysart, Timothy	\$68.90	\$111.82
Emery Commons, LLC		\$8,361.70
Eugene M. Norwood Post 69	\$68.90	\$111.82
Field, Sonia		\$223.65
G.C. Management		\$140.87
Genrich, Michael	\$152.86	
Gill, Charlotte	\$33.67	\$112.12
Gillespie, Edmund		\$223.65
Gilley, Debra	\$73.92	
Gilley, Glenn	\$15.90	\$26.82
Gilley, Glenn		\$49.96
Gilley, Jeremy	\$72.34	\$111.82
Gilley, Sharon	\$434.70	\$905.32
Gilley, Sharon	\$330.62	\$675.32
Goett, James	\$7.22	\$172.75
Goodwin, Korey	\$72.34	
Griffen, Richard D.		\$223.65
Haley, Andrew	\$68.90	
Hefter, Lawrence		\$68.90
Kaplan, Dan		\$68.90
Kari, David	\$68.90	\$111.82
Kelleher, Johanna	\$74.32	\$153.32
Kelley, Nahum & Melissa		\$4,786.97
Kidder, Ann	\$78.94	\$334.28
Korhonen, Adam	\$68.90	

**Town of Southwest Harbor**  
**Water/Sewer Past Due Balances**  
**As of December 31, 2010**

<u>NAME</u>	<u>Water Due</u>	<u>Sewer Due</u>
Leies, Ian	\$34.45	
Lewis, Chet		\$180.82
Lewis, Edna	\$68.98	
Lewis, Stacy	\$13.10	\$344.69
Liebow, Charles	\$114.08	\$215.32
Lyman, Steven	\$68.90	\$485.66
Madeira, Nicholas E.	\$68.90	\$112.75
Maxwell, John Q.	\$105.19	\$193.07
Maynard, Kathleen	\$68.90	
Meserve, David	\$68.90	
Moran, Wanda		\$484.03
Murphy, Patricia A.	\$68.90	\$112.15
Murphy, Robert	\$134.16	\$261.32
Napier, Anne H. Trustee		\$63.43
Norwood, Dan	\$104.04	
Palmer, Randy	\$110.33	
Patterson, Elizabeth	\$68.90	\$111.82
Phelps, Scott M.		\$112.46
Pilz, Michael & Marsha	\$104.04	
Reed, Ronda L.		\$767.33
Sargent, Jennifer	\$137.80	\$172.75
Sawyer, Michael	\$139.18	
Sawyer, Nancy	\$68.90	
Sawyer, Robert F.	\$103.59	\$190.52
Sawyer, Ronald	\$68.90	
Schuman, Alan		\$68.33
SIPS Restaurant	\$478.21	\$997.32
Smith, Mark M.	\$114.92	
Thomas, Timothy	\$378.76	\$535.55
Tom Cat Variety	\$72.34	\$111.82
Train, Cuthbert	\$67.23	\$111.82
Travis, David	\$68.90	\$111.82
Tremont Lodge Association	\$72.34	\$111.82
Tremont Lodge Association	\$72.34	\$111.82
Twigg, Eric	\$68.90	
Verizon/Fairpoint	\$99.53	\$62.03
Village Wash Tub		\$1,328.77
Waldron, Ann S.	\$319.90	
Ward, Georgia	\$68.90	\$111.82
Weg, Kenneth	\$68.90	
Welton, Theodore H.	\$33.94	\$705.42
Willey, Alberta	\$68.90	\$172.75
Willey, Alberta		\$184.23
Wright, Frederick		\$78.94
Young, James	\$433.59	
Zawacki, Joseph A.	<u>\$139.18</u>	<u>\$272.82</u>
<b>Total Due Over 97 Accounts:</b>	<b>\$8,780.06</b>	<b>\$48,200.56</b>

**Grand Total: \$56,980.62**

**Town of Southwest Harbor  
Real Estate Taxes Due for FY 2009-2010  
As of July 1, 2010**

<u>Name</u>	<u>Amount Due</u>
Beal, H.R. & Son*	\$ 11,150.67
Black, Frederick	\$ 2,043.50
Bracy, Barbara	\$ 2,705.17
Brown, Robert M.*	\$ 2,945.69
Brown, Robert M.*	\$ 131.07
Brown, Robert M.*	\$ 5,756.44
Butler, Carl E., JR.	\$ 958.99
Butler, Carl E., JR.	\$ 945.98
Butler, Carl E., JR.	\$ 1,138.31
Cadillac Land Development	\$ 2,123.97
Campbell Real Estate Trust	\$ 2,884.50
Clements, Shawn P. & Beth Gronos	\$ 3,191.17
Dunbar, Susan	\$ 1,561.06
Emery Commons, LLC. (Multiple Accounts)	\$ 5,960.39
Fletcher, Theodore & Ann Kidder	\$ 3,096.38
Forbes, Peter*	\$ 13,401.58
Gilley, Jack H. JR. & Debra J.	\$ 2,615.92
Gilley, Jack H. JR.*	\$ 1,385.54
Goodwin, Howard L.*	\$ 1,822.60
Goodwin, John W., JR. & Korey J.	\$ 1,710.78
Goodwin, Korey J.	\$ 1,629.92
Higgins, Heath E.*	\$ 1,792.55
Higgins, Heath E.*	\$ 11,056.94
Hulbert, Thomas	\$ 3,721.81
Island Land Corp.* (Multiple Accounts)	\$ 3,845.89
Kachmar, Ingrid*	\$ 2,077.96
Kelley, Nahum & Melissa*	\$ 737.12
Lapierre, Pat F. & Michael Levesque	\$ 1,438.48
Lawson, Tina Louise	\$ 1,983.09
Levesque, Michael D.	\$ 2,080.63
Lewis, Timothy & Bonnie	\$ 1,302.86
Lewis, Timothy & Bonnie	\$ 1,406.91
Lewis, Timothy & Bonnie	\$ 76.20
Lewis, Timothy	\$ 1,172.73
Lyle, Dorrie A. & Danny S. Jacobs	\$ 2,166.17
Lyman, Steven J. & Molly H.*	\$ 2,670.78
MacLeod, Landry & Virginia Snowdeal*	\$ 3,407.70
Mayhew, John E., JR. & Francine F.	\$ 3,699.51
Mcenroe, Michael E. & Dencie T.*	\$ 2,565.75

\*Balance paid after July 1, 2010

**Town of Southwest Harbor  
Real Estate Taxes Due for FY 2009-2010  
As of July 1, 2010**

<u>Name</u>	<u>Amount Due</u>
Middleton, Shawna T.	\$ 2,698.63
Murphy, Patricia A.*	\$ 2,340.65
Not Mine, LLC	\$ 66.50
Rand, Roger & Lorraine	\$ 777.68
Reed, Ronda L.	\$ 1,542.60
Sawyer, Ronald & Carole Pinkham	\$ 1,181.10
Sawyer, Ronald & Carole Pinkham	\$ 81.71
Seawall, LLC	\$ 16,690.46
See Shore, LLC*	\$ 328.14
Tainter, Travis c/o Karen M. Kelley*	\$ 2,994.16
Thomas, Jeffrey S. & Doris L.	\$ 745.21
Thomas, Timothy J.	\$ 3,959.72
Tracey, Christopher P.	\$ 1,388.29
Twigg, Eric W.	\$ 1,541.67
Twigg, Eric W. & Darryl & Sean Twigg	\$ 1,732.18
Voke, Robert JR.*	\$ 548.60
Williams, Doris E.*	\$ 2,098.67
Wilson, Michael*	\$ 1,834.37
Worcester, B.C. JR.*	\$ 4,085.21
Worcester, B.C. JR.*	\$ 1,292.61
<b>Total for 77 Accounts:</b>	<b>\$ 164,290.87</b>

**Town of Southwest Harbor  
Personal Property Taxes Due for FY 2009-2010  
As of July 1, 2010**

<u>Name</u>	<u>Amount Due</u>
The Deck House	\$ 152.78
MDI Concrete	\$ 270.54
ME State Sea Kayak Guide Service	\$ 54.33
Tom Cat Variety, Inc.	\$ 118.05
Village Wash Tub	\$ 117.24
<b>Total for 5 Accounts:</b>	<b>\$ 712.94</b>

\*Balance paid after July 1, 2010

## **SOUTHWEST HARBOR WARRANT COMMITTEE**

To the Voters of Southwest Harbor:

The goal of the Warrant Committee was to make recommendations for the 2011/2012 Budget that keep tax increases as low as possible and, at the same time, meet the needs of the community in a balanced, reasonable and prudent way. The Committee began its budget review knowing the following:

- The Town's share of the High School Budget is \$1,252,592 which is an increase of 1.60%;
- The Town's share of the County Budget is \$285,395 which is a decrease of -1.55%.

The Committee held a series of meetings on this year's budget requests beginning in late-January, and spoke with the Town Manager and members of each Town department, the Pemetec School Committee, AOS 91, and various Community Service Organizations. As always, the Committee held a Public Hearing for all interested parties in order to broaden the input to this process before finalizing its recommendations.

Based on the above, the Committee recommends a Municipal budget of \$3,432,000 which represents an increase of 5.47% over the 2010/2011 budget. It also includes an appropriation of \$426,300 to be provided for capital improvements.

The Committee also recommends a Pemetec School appropriation of \$2,882,928 that represents a decrease of 2.41% over the 2010/2011 budget.

When the Committee's recommendations for the Municipal Budget and the Pemetec Budget are combined with the High School and County Budget allocations and then offset with the budgeted municipal revenues, the total amount to be raised by taxes comes to \$7,268,675 which represents an increase of 1.96%. The estimated mil rate based on this level of taxation is \$11.06 per \$1,000 of property value, or \$1,106 per \$100,000 of value. With a current mil rate of \$10.85, this represents an increase of 1.96% or \$21 per \$100,000 of value.

The Warrant Committee's recommendations are largely the same as those of the Board of Selectmen with the following exception:

- The Warrant Committee recommends \$30,670 more funding to the Capital Improvement Plan.

We strongly urge your participation at Town Meeting, beginning at 6 PM, Monday, May 2nd at the Pemetec School gymnasium. As large an attendance as possible is needed to insure that the Town's decision on each warrant article reflects broad input from its taxpayers.

### **2011/2012 Warrant Committee**

Sandy Johnson-Chair, Will Ratcliff-Vice Chair, Susan Allen-Secretary, Mary Anne Griffin, Michael Young, Debra Sanner, Melissa Berry



## Town of Southwest Harbor Proposed Budget Summary

### FY 11-12

	FY 09-10	FY 10-11	Proposed FY 11-12	Difference	Percentage Difference	BOS	Warrant
<b>Income</b>	<b>699,890</b>	<b>699,240</b>	<b>708,000</b>	<b>8,760</b>	<b>1%</b>	<b>708,000</b>	<b>708,000</b>
<b>Expense:</b>							
Administration	355,575	362,040	378,665	16,625	5%	378,665	378,665
Assessor/Planning/CEO	147,320	148,895	151,295	2,400	2%	151,295	151,295
Police	429,940	428,660	446,065	17,405	4%	445,565	445,565
Dispatch	236,885	246,955	256,360	9,405	4%	256,360	256,360
Highway	299,915	309,160	322,175	13,015	4%	322,175	322,175
Fire	72,340	72,340	76,775	4,435	6%	76,975	76,975
Harbor	94,460	94,680	108,200	13,520	14%	108,200	108,200
Municipal Office	28,075	28,075	26,515	-1,560	-6%	26,515	26,515
General Assistance	5,000	5,000	5,000	0	0%	5,000	5,000
Boards & Committees	8,575	12,075	10,075	-2,000	-17%	10,075	10,075
Contracted Services	653,770	686,710	680,570	-6,140	-1%	680,570	680,570
Insurance	34,755	32,935	36,850	3,915	12%	36,850	36,850
Debt Service	221,050	212,150	374,320	162,170	76%	320,320	320,320
Community Services	165,110	173,267	173,265	-2	0%	177,135	177,135
<b>Total:</b>	<b>2,752,770</b>	<b>2,812,942</b>	<b>3,046,130</b>	<b>233,188</b>	<b>8%</b>	<b>2,995,700</b>	<b>2,995,700</b>
<b>Capital Improvement Plan</b>	<b>416,300</b>	<b>428,800</b>	<b>428,800</b>	<b>0</b>	<b>0%</b>	<b>395,630</b>	<b>426,300</b>
<b>Unemployment Reserve</b>	<b>0</b>	<b>0</b>	<b>10,000</b>	<b>10,000</b>	<b>100%</b>	<b>10,000</b>	<b>10,000</b>
<b>Total Municipal Budget</b>	<b>3,169,070</b>	<b>3,241,742</b>	<b>3,474,930</b>	<b>233,188</b>	<b>7.2%</b>	<b>3,401,330</b>	<b>3,432,000</b>

### ESTIMATED MIL RATE

	BOS	Warrant
County Appropriation	285,395	285,395
Municipal Appropriation	3,401,330	3,432,000
Pemetic School	2,882,928	2,882,928
MDIRSS	1,252,592	1,252,592
Overlay	115,000	115,000
<b>Total Appropriations</b>	<b>7,937,245</b>	<b>7,967,915</b>
<b>Total Revenue</b>	<b>699,240</b>	<b>699,240</b>
<b>Net to be Raised</b>	<b>7,258,945</b>	<b>7,289,615</b>
<b>Total Value Base</b>	<b>657,060,624</b>	<b>657,060,624</b>
<b>Estimated Mil Rate:</b>	<b>11.02</b>	<b>11.06</b>
	1.6% Increase	1.9% Increase


Note: Detailed budgets are available at the Town Office or at [www.southwestharbor.org](http://www.southwestharbor.org)

**Town of Southwest Harbor  
Capital Improvement Plan  
Proposed  
FY 11-12**

<b>Department</b>	<b>FY 10-11</b>	<b>Proposed FY 11-12</b>	<b>Difference</b>	<b>BOS</b>	<b>Warrant</b>
Administration	28,350	28,350	0%	25,850	25,850
Municipal Building	25,000	25,000	0%	25,000	25,000
Police	20,490	18,230	-11%	18,230	18,230
Dispatch	3,000	3,000	0%	3,000	3,000
Fire	49,425	31,960	-35%	31,960	31,960
Harbor	67,990	64,090	-6%	64,090	64,090
Highway	234,545	258,170	10%	227,500	258,170
<b>Total:</b>	<b>428,800</b>	<b>428,800</b>	<b>0%</b>	<b>395,630</b>	<b>426,300</b>





	<b>The Warrant Annual Town Meeting May 2 &amp; 3, 2011 Town of Southwest Harbor</b>	<b>County of Hancock, ss.</b>
		<b>State of Maine</b>

### Introduction

In an effort to make the Warrant more understandable and easier to follow, the Board of Selectmen has placed the related articles in sequence. Each **article is underlined**. Each article can be discussed and amended by motion as voters see fit.

This year the Town Meeting will be held on Monday, May 2, 2011 beginning at 6:00 p.m. at the Pemetic Elementary School; voting by secret ballot will be held on Tuesday May 3, 2011 at the Southwest Harbor Fire Station. Town Meeting will promptly begin at 6:00 p.m.

At 5:00 p.m. until 5:45 p.m. on Monday, May 2, 2011 there will be a questions and answer session regarding articles 50 through 66 at the Pemetic Elementary School. There will be a Public Hearing for articles 50 through 66 on April 19, 2011 at the Southwest Harbor Fire Station.

To: Chief David Chapais, a Constable of the Town of Southwest Harbor

Greetings:

In the name of the State of Maine you are hereby required to notify and warn the voters of the Town of Southwest Harbor, Hancock County, qualified by law to vote in Town affairs to meet in the Pemetic Elementary School, First Floor Auditorium, in said Town, **Monday, the 2nd day of May, 2011 A.D. at six o'clock in the evening**, then and there to act on Articles numbered one [1] through forty-nine [49]

And to notify and warn said voters to meet in the Southwest Harbor Fire Station Meeting Room on **Tuesday, the 3rd day of May, A.D. 2011 at ten o'clock in the forenoon**, then and there to act on Articles numbered fifty [50] through sixty-seven [67] by secret ballot, voting to begin at ten o'clock in the forenoon and to continue until eight o'clock in the evening when the polls will close.

**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 choose such other municipal officers as the voters shall deem appropriate.**

## **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, 2011 to June 30, 2012.

School Committee recommends	\$1,103,687
Board of Selectmen recommends	\$1,103,687
Warrant Committee recommends	\$1,103,687

**Article 5:** To see what sum the School Committee is authorized to expend for **Special Education** for the fiscal year beginning July 1, 2011 to June 30, 2012.

School Committee recommends	\$442,404
Board of Selectmen recommends	\$442,404
Warrant Committee recommends	\$442,404

**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, 2011 to June 30, 2012.

School Committee recommends	\$0
Board of Selectmen recommends	\$0
Warrant Committee recommends	\$0

**Article 7:** To see what sum the School Committee is authorized to expend for **Other Instruction** for the fiscal year beginning July 1, 2011 to June 30, 2012.

School Committee recommends	\$72,805
Board of Selectmen recommends	\$72,805
Warrant Committee recommends	\$72,805

**Article 8:** To see what sum the School Committee is authorized to expend for **Student & Staff Support** for the fiscal year beginning July 1, 2011 to June 30, 2012.

School Committee recommends	\$300,791
Board of Selectmen recommends	\$300,791
Warrant Committee recommends	\$300,791

**Article 9:** To see what sum the School Committee is authorized to expend for **System Administration** for the fiscal year beginning July 1, 2011 to June 30, 2012.

School Committee recommends	\$55,958
Board of Selectmen recommends	\$55,958
Warrant Committee recommends	\$55,958

**Article 10:** To see what sum the School Committee is authorized to expend for **School Administration** for the fiscal year beginning July 1, 2011 to June 30, 2012.

School Committee recommends	\$198,619
Board of Selectmen recommends	\$198,619
Warrant Committee recommends	\$198,619

**Article 11:** To see what sum the School Committee is authorized to expend for **Transportation & Buses** for the fiscal year beginning July 1, 2011 to June 30, 2012.

School Committee recommends	\$128,426
Board of Selectmen recommends	\$128,426
Warrant Committee recommends	\$128,426

**Article 12:** To see what sum the School Committee is authorized to expend for **Facilities Maintenance** for the fiscal year beginning July 1, 2011 to June 30, 2012.

School Committee recommends	\$379,602
Board of Selectmen recommends	\$379,602
Warrant Committee recommends	\$379,602

**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, 2011 to June 30, 2012.

School Committee recommends	\$407,443
Board of Selectmen recommends	\$407,443
Warrant Committee recommends	\$407,443

**Article 14:** To see what sum the School Committee is authorized to expend for **All Other Expenditures** for the fiscal year beginning July 1, 2011 to June 30, 2012.

School Committee recommends	\$48,000
Board of Selectmen recommends	\$48,000
Warrant Committee recommends	\$48,000

**Note:** Articles 4 – 14 authorize a total budget of \$3,137,735

**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 \$1,569,731) 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, 2011 to June 30, 2012.

School Committee recommends	\$1,430,756
Board of Selectmen recommends	\$1,430,756
Warrant Committee recommends	\$1,430,756

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, 2011 to June 30, 2012.

School Board recommends:	\$407,443
Board of Selectmen recommends:	\$407,443
Warrant Committee recommends:	\$407,443

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.

**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: \$1,044,729**) for the period July 1, 2011 to June 30, 2012, which exceeds the State's Essential Programs and Services allocation model by (**Recommend: \$1,012,982**) as required to fund the budget recommended by the School Committee.

#### **Written Ballot Vote Required**

The School Committee recommends: **\$1,044,729** for additional local funds and gives the following reasons for exceeding the State's Essential Programs and Services funding model by **\$1,012,982**: The State funding model underestimates the actual costs to fully fund the 2011-2012 budget.

The Board of Selectmen recommends: **\$1,044,729** for additional local funds and gives the following reasons for exceeding the State's Essential Programs and Services funding model by **\$1,012,982**: The State funding model underestimates the actual costs to fully fund the 2011-2012 budget.

The Warrant Committee recommends: **\$1,044,729** for additional local funds and gives the following reasons for exceeding the State's Essential Programs and Services funding model by **\$1,012,982**: The State funding model underestimates the actual costs to fully fund the 2011-2012 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 \$2,882,928.**

**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, 2011 and ending June 30, 2012 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.

School Committee recommends:	\$3,137,735
Board of Selectmen recommends:	\$3,137,735
Warrant Committee recommends:	\$3,137,735

**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 2011-2012 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: \$144,937 School Committee recommends passage.

## **GENERAL GOVERNMENT**

**Article 20:** To see what sum the Town will vote to raise and appropriate for **Administration** for the period July 1, 2011 to June 30, 2012.

Requested:	\$378,665
Source: Payment In Lieu of Taxes	\$ 20,800
Fees & Licenses	\$ 26,500
State & Federal Assistance	\$ 64,000
Fines & Penalties	\$ 20,000
Service Revenue	\$ 20,000
Miscellaneous Income	\$ 25,000
Taxation	<u>\$202,365</u>
Total:	\$378,665
Board of Selectmen recommends	\$378,665
Warrant Committee recommends	\$378,665

**Article 21:** To see what sum the Town will vote to raise and appropriate for **Debt Service** for the period July 1, 2011 to June 30, 2012.

Requested:	\$320,320
Source: Taxation	\$320,320
Board of Selectmen recommends	\$320,320
Warrant Committee recommends	\$320,320



**Summary of Debt Service:**

Fire Station	\$ 82,570
Parking Lot	\$ 1,000
Tax Abatements	\$ 20,000
Legette Property	\$ 22,830
Police Station	\$ 22,375
Lower Town Dock	\$ 30,000
Sewer Clarifiers	\$ 31,500
Wesley-Mansell Project	<u>\$110,045</u>
TOTAL:	\$320,320

**Article 22:** To see what sum of money the Town will vote to raise and appropriate for the **Municipal Offices** for the period July 1, 2011 to June 30, 2012.

Requested:	\$26,515
Source: Miscellaneous Income	\$ 500
Taxation	<u>\$26,015</u>
Total:	\$26,515
Board of Selectmen recommends	\$26,515
Warrant Committee recommends	\$26,515

**Article 23:** To see what sum of money the Town will vote to raise and appropriate for **General Assistance** for the period July 1, 2011 to June 30, 2012.

Requested:	\$5,000
Source: Taxation	\$5,000
Board of Selectmen recommends	\$5,000
Warrant Committee recommends	\$5,000

**Article 24:** To see what sum of money the Town will vote to raise and appropriate for **Insurance Purposes** for various Town properties and activities for the period July 1, 2011 to June 30, 2012.

Requested:	\$36,850
Source: Taxation	\$36,850
Board of Selectmen recommends	\$36,850
Warrant Committee recommends	\$36,850

**Article 25:** To see what sum of money the Town will vote to raise and appropriate for **Southwest Harbor Boards and Committees** for the period July 1, 2011 to June 30, 2012.

Requested:	\$10,075
Source: Fees & Licenses	\$ 1,000
Taxation	<u>\$ 9,075</u>
Total:	\$10,075
Board of Selectmen recommends	\$10,075
Warrant Committee recommends	\$10,075

**Article 26:** To see what sum of money the Town will vote to raise and appropriate for Contracted Services for the period July 1, 2011 to June 30, 2012.

Requested:	\$680,570
Source: Miscellaneous Income	\$ 50,000
Taxation	<u>\$630,570</u>
Total:	\$680,570
Board of Selectmen recommends	\$680,570
Warrant Committee recommends	\$680,570

**Article 27:** To see what sum of money the Town will vote to raise and appropriate for the Unemployment Reserve for the period of July 1, 2011 to June 30, 2012.

Requested:	\$10,000
Source: Taxation	\$10,000
Board of Selectmen recommends	\$10,000
Warrant Committee recommends	\$10,000

## **ASSESSING, PLANNING, AND CODE ENFORCEMENT**

**Article 28:** To see what sum of money the Town will vote to raise and appropriate for the Assessing, Planning, and Code Enforcement Department for the period July 1, 2011 to June 30, 2012.

Requested:	\$151,295
Source: Fees & Licenses	\$ 17,300
Taxation	<u>\$133,995</u>
Total:	\$151,295
Board of Selectmen recommends	\$151,295
Warrant Committee recommends	\$151,295

## **PUBLIC SAFETY**

**Article 29:** To see what sum of money the Town will vote to raise and appropriate for the Southwest Harbor Police Department for the period July 1, 2011 to June 30, 2012.

Requested:	\$445,565
Source: Fees & Licenses	\$ 2,400
Fines & Penalties	\$ 4,000
Taxation:	<u>\$439,165</u>
Total:	\$445,565
Board of Selectmen recommends	\$445,565
Warrant Committee recommends	\$445,565

**Article 30: To see what sum of money the Town will vote to raise and appropriate for the Southwest Harbor Dispatch Department for the period July 1, 2011 to June 30, 2012.**

Requested:	\$256,360
Source: Service Revenue	\$ 40,000
Taxation	<u>\$216,360</u>
Total:	\$256,360
Board of Selectmen recommends	\$256,360
Warrant Committee recommends	\$256,360

**Article 31: To see what sum of money the Town will vote to raise and appropriate for the Southwest Harbor Fire Department for the period July 1, 2011 to June 30, 2012.**

Requested:	\$76,975
Source: Taxation	\$76,975
Board of Selectmen recommends	\$76,975
Warrant Committee recommends	\$76,975

**PUBLIC WORKS**

**Article 32: To see what sum of money the Town will vote to raise and appropriate for the Southwest Harbor Highway Department for the period July 1, 2011 to June 30, 2012.**

Requested:	\$322,175
Source: Excise Tax	\$309,175
State & Federal Assistance	<u>\$ 13,000</u>
Total:	\$322,175
Board of Selectmen recommends	\$322,175
Warrant Committee recommends	\$322,175

**Article 33: To see what sum of money the Town will vote to raise and appropriate for the Southwest Harbor Town Docks and Floats for the period July 1, 2011 to June 30, 2012.**

Requested:	\$108,200
Source: Fees & Licenses	\$ 81,700
Taxation	<u>\$ 26,500</u>
Total:	\$108,200
Board of Selectmen recommends	\$108,200
Warrant Committee recommends	\$108,200

## CAPITAL IMPROVEMENTS

**Article 34:** To see what sum of money the Town will vote to raise and appropriate for the Capital Improvement Plan Reserve for the period July 1, 2011 to June 30, 2012.

Requested:	\$395,630
Source: Excise Tax	\$ 10,825
Taxation	<u>\$384,805</u>
Total:	\$395,630
Board of Selectmen recommends	\$395,630
Warrant Committee recommends	\$426,300
Capital Improvement Plan Summary:	
Administration	\$ 25,850
Municipal Building	\$ 25,000
Police	\$ 18,230
Dispatch	\$ 3,000
Fire	\$ 31,960
Harbor	\$ 64,090
Highway	<u>\$227,500</u>
Total:	\$395,630

**Note:** This article replaces the reserve accounts formerly contained in individual departmental articles.

## NON-GOVERNMENTAL EXPENDITURE REQUESTS

**Article 35:** To see what sum of money the Town will vote to raise and appropriate for the Community Service Organizations for the period July 1, 2011 to June 30, 2012.

Requested:	\$15,097
Source: Taxation	\$15,097
Board of Selectmen recommends:	\$12,505
Warrant Committee recommends:	\$12,505
<b>Summary of Community Service Organizations:</b>	
Bar Harbor Food Pantry	\$ 2,500
Downeast Health Services	\$ 900
Eastern Area on Aging	\$ 1,500
Hancock Home Care	\$ 1,870
Hospice Volunteers of Hancock County	\$ 600
Island Connections	\$ 2,000
MDI Community Campfire Coalition	\$ 2,500
Washington/Hancock Community Agency	<u>\$ 635</u>
Total:	\$12,505

**Article 36:** To see what sum of money the Town will vote to raise and appropriate for the Southwest Harbor Public Library for the period July 1, 2011 to June 30, 2012.

Requested:	\$55,000
Source: Taxation	\$55,000
Board of Selectmen recommends:	\$45,000
Warrant Committee recommends:	\$45,000

**Article 37:** To see what sum of money the Town will vote to raise and appropriate for the MDI Explorer Bus System for the period July 1, 2011 to June 30, 2012.

Requested:	\$10,000
Source: Taxation	\$10,000
Board of Selectmen recommends:	\$10,000
Warrant Committee recommends:	\$10,000

**Article 38:** To see what sum of money the Town will vote to raise and appropriate for a Harbor House Youth Center and Recreation Programs for the period July 1, 2011 to June 30, 2012.

Requested:	\$56,340
Source: Taxation	\$56,340
Board of Selectmen recommends:	\$56,340
Warrant Committee recommends:	\$56,340

**Article 39:** To see what sum of money the Town will vote to raise and appropriate for the Southwest Harbor / Tremont Nursing Service for the period July 1, 2011 to June 30, 2012.

Requested:	\$55,366
Source: Taxation	\$55,366
Board of Selectmen recommends:	\$53,290
Warrant Committee recommends:	\$53,290

**Article 40:** To see if the Town will vote to accept gifts, donations and sales receipts to be used to operate and fund a swap shop operated by the Southwest Harbor Waste Prevention Committee?

Board of Selectmen recommends passage.

**Article 41:** To see if the Town will vote to increase the property tax levy limit of \$2,946,383 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.

**Written Ballot Vote Required**

Board of Selectmen recommends passage.

**Article 42:** To see if the Town will vote to allow the first half of taxes shall be due and payable on or before September 1, 2011 and that the second half of taxes shall be due and payable on or before February 1, 2012 and that interest shall be charged at the annual rate of 7% on any unpaid taxes due on September 1, 2011 beginning September 2, 2011 and on any unpaid taxes due February 1, 2012 beginning February 2, 2012. That also 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 43:** 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, 2011 to June 30, 2012.

*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 2011-2012
Payment In Lieu of Taxes	22,300
Fees & Licenses	449,200
State & Federal Assistance	77,000
Fines & Penalties	24,000
Service Revenue	60,000
Miscellaneous	75,500
<b>Estimated Revenue Total</b>	<b>\$708,000</b>

### **NON-EXPENDITURE ARTICLES**

**Article 44:** 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	\$ 64,000	Est.
Local Road Assistance	\$ 13,000	Est.
State Aid to Education	\$125,000	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 or Federal Grants which may be available at any time during the coming year.

Board of Selectmen recommends passage.

**Article 45:** To see if the Town will vote to accept all **Trust Funds** as received by the Town of Southwest Harbor Trust Officer during 2011-2012.

Board of Selectmen recommends passage.

**Article 46:** To see if the Town will vote to have unexpended balances and overdrafts in the Town 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/from the **Surplus Account** as deemed advisable by the Board of Selectmen.

Board of Selectmen recommends passage.

Article 47: To see if the Town will vote to authorize the Selectmen, on behalf of the Town, to sell or dispose of any real estate acquired by the Town for **Non Payment of Taxes** thereon, on terms as the Selectmen may deem advisable, and to execute Quit-Claim Deeds for such property.

Board of Selectmen recommends passage.

Article 48: To see if the Town will vote to authorize the municipal officers to dispose of Town-owned personal property with a value of \$10,000 or less under such terms and conditions as they deem advisable.

Board of Selectmen recommends passage.

Article 49: 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 3, 2011.**

### **ORDINANCE AMENDMENTS**

**Note:** Additions to the existing ordinances are underscored and deletions are ~~struck out~~.

Article 50: Shall an ordinance entitled “Southwest Harbor Land Use Ordinance” be amended as follows:

#### **SECTION VII: STANDARDS FOR SPECIAL ACTIVITIES**

##### **E. CAMPSITE**

1. A campsite is defined as an area of land which is not associated with a campground, but which is developed for repeated camping by only one group not to exceed 10 individuals and which involves site improvements which may include but may not be limited to a gravel pad, parking area, fireplace or tent platform.
2. The following must be met.
  - a. One campsite per lot existing on the effective date of this Ordinance, or thirty thousand (30,000) square feet of lot area within the shoreland zone.
  - b. Campsite placement on any lot, including the area intended for a recreational vehicle or tent platform, shall be set back One Hundred feet (100') feet from the normal high-water line of a great pond and Seventy Five feet (75') feet from the normal high-water line of other water bodies, tributary streams, or the upland edge of a wetland.
  - c. Only one recreational vehicle shall be allowed on a campsite. The recreational vehicles shall not be located on any type of permanent foundation except a gravel pad, and no structure except a canopy shall be attached to the recreational vehicle.
  - d. The clearing of vegetation for the setting of the recreational vehicle, tent or similar shelter in a Resource Protection Zone shall be limited to 1000 square feet.
  - e. A plan describing the proposed method and location of sewage disposal shall be required for each campsite and shall be approved by the Local Plumbing Inspector. Where disposal is off-site, written authorization

- from the receiving facility or land owner is required.
- f. When a recreational vehicle, tent or similar shelter is placed on-site for more than ~~30~~ One Hundred-Eighty (180) consecutive days per year, all requirements for residential structures shall be met, including either a State approved subsurface sewage disposal system or public sewage facilities. Areas in shore land zones limited to One Hundred-Twenty (120) days.

**Article 51:** Shall an ordinance entitled “Southwest Harbor Land Use Ordinance” be amended as follows:

**SECTION V: STANDARDS FOR THE ZONES**

**ZONE B** (See applicable General Regulations and Standards)

**A. LAND USE STANDARDS**

All uses are permitted.

**B. MINIMUM LOT STANDARDS AREA**

Note: Minimum lot area requirements based on availability of utilities to the site

1. Minimum lot size:

- a. ~~20,000 sq. ft. on sewer~~ed lots  
40,000 sq. ft. (Private Well and Private Septic System)
- b. ~~40,000 sq. ft. on unsewered~~ lots  
30,000 sq. ft. (Public Water and Private Septic System)
- c. 20,000 sq. ft. (Private Water and Public Sewerage)
- d. 15,000 sq. ft. (Public Water and Public Sewerage)

~~EXCEPTION: For multi family developments on a single lot, the minimum lot area for the first unit is 20,000 sq. ft. The minimum lot area for each additional unit is 10,000 sq. ft. for each additional unit on sewer and/or 20,000 sq. ft for each additional unit off sewer. 6-8-10~~

**C. STRUCTURE STANDARDS**

1. Minimum set-backs for all structures except antennae, boundary walls, driveways, parking lots, roads, sidewalks and signs:

- a) lot lines – 15’
- b) State road – 55’ from the centerline
- c) Town road – 20’ from the edge of the right-of-way but not less than 35’ from the centerline
- d) Private road – same as Town road if service to three or more lots

~~EXCEPTION: A 6’ minimum setback from the edge of a lane-vehicular way which provides access to a single family residential unit on a driveway second lot.~~

- (I) For traffic safety reasons, the area between the edge of the right-of-way and the structure setback line must include a vegetated strip with a minimum depth of 6 feet along the nearest edge of the right-of-way. Access driveways shall be permitted to cross the vegetative strip.
- (II) If parking lots for multi-family residential or for any non-residential uses are placed within the setback area, the vegetative strip shall be densely planted with shrubs or bushes, or a berm constructed, so that the height of the buffer shall be of at least three feet but shall not obstruct the vision of vehicles at any access driveway.



- (III) Any requirement for landscaped buffering required in SECTION VI. A. is a separate requirement and is in addition to the vegetative strip noted above.
2. Other Minimum set-backs for all structures:
    - a) Upland edge of a wetland – 75’
    - b) Intermittent stream (NHL) – 25’
    - c) Perennial stream (NHL) – 75’ (if sustained slopes exceed 20%, a 100’ setback of undisturbed vegetation shall be maintained).
    - d) Tributary Stream (NHL) – 75’
  3. Height: ~~40’ maximum~~
    - a) 30’ maximum within 250’ of the normal high-water line
    - b) 40’ maximum within the rest of the zone
  4. Individual Lot coverage\*: Includes structures only
    - a. 10% if lot serviced by private well and private septic system
    - b. 12% if lot serviced by public water and private septic system
    - c. 15% if lot serviced by private water and public sewerage
    - d. 3,000 sq ft or 20%, whichever is greater, if lots serviced by public water and public sewerage

\* Corresponding to minimum lot size  
~~20% EXCEPTION: Single family residential lots of 20,000 sq. ft. or less: 2,000 sq ft. plus 10% of the lot area.~~

    - a) 20% within 250’ of the normal high-water line of a water body (includes structures and non-vegetated surfaces)
  5. Minimum Shore Frontage
    - A) Residential Use - 150’
    - B) Non-Residential Use - 200’

## ZONE C

Delete Zone C from the Land Use Ordinance: Replaced by above ordinance.

Article 52: Shall an ordinance entitled “Southwest Harbor Land Use Ordinance” be amended as follows:

## SECTION VIII: SITE PLAN PERMIT REVIEW

### A. APPLICABILITY

1. The property owner must secure approval for the following activities from either the Planning Board or the Code Enforcement Officer subject to the appropriate standards of this Ordinance, unless a variance is obtained:
  - a. any building, structure or part thereof to be erected, constructed, reconstructed, externally enlarged, converted, moved, or demolished;
  - b. any area for a road or driveway, or area for parking or loading, to be established or ~~substantially changed~~ expanded;
  - c. any fill and/or excavation of over 100 cubic yards;
  - d. any sign to be erected or ~~replaced~~ enlarged;
  - e. any new use, expansion of an existing use, or change of use; and
  - f. ~~a permit is necessary for a seasonal use and such permit shall remain valid until May 1st of the following year. The permit may be extended for an additional one year period, provided the CEO receives notice prior to the expiration of the permit.~~

2. No local building permit is needed for the following activities, but they must be performed in conformance with the provisions of this Ordinance:
  - a. repair, maintenance, and alterations to a structure which do NOT affect its footprint, location, height, or use;
  - b. a weekend use such as garage sales and yard sales provided the use occurs only once in any month;
  - c. occasional activities, such as children=s roadside stands, school fund raisers;
  - d. detached structures, such as dog kennels, tool sheds, which are less than ~~40~~ eighty (80) square feet, except in shoreland or floodplain zone; and No permanent foundation allowed however must be anchored to the location
  - e. clearing for development or timber harvesting which is compliant with the Performance Standards, except in the shoreland; and
  - f. a track”, an access formed for brush clearing and such purposes with no stone or gravel material introduced and which does not give access to a separate lot.

**B. REVIEW AUTHORITY**

1. The Code Enforcement Officer (CEO) will have the authority to review the following:
  - a. All single family or two family residential construction
  - b. All commercial additions of 250 sq.ft. of total floor area or less
  - c. Creation or expansion of driveways up to 200 ft. In length
  - d. Placement of signs
  - e. Demolition of buildings and structures
  - f. Relocation of residential buildings and structures
  - g. The moving or excavation of 100 – 500 cubic yards of inert fill, except within 75 feet, horizontal distance, of the shoreline of a stream or within the Resource Protection Zone where planning board review is required.
  - h. Piers, docks, and wharfs serving a residential use
2. The Planning Board will have the authority to review the following:
  - a. Multi-family residential construction
  - b. All commercial principal buildings and additions greater than 250 square feet
  - c. Relocation of non-residential buildings and structures
  - d. Piers, docks, wharves, etc. For non-residential uses
  - e. Institutional and governmental activities
  - f. Creation or expansion of roads, and driveways over 200 feet in length
  - g. Changes of use
  - h. The moving or excavation of more than 500 cubic yards of inert fill
  - i. Any land use or building activity not specified. (5-4-10)
3. The CEO may request the advice and concurrence of the Planning Board on any application which raises unusual questions, and shall refer any application to the Board for decision, which in the CEO’s judgment requires a public hearing or otherwise requires action by the Planning Board.

**C. SITE PLAN PERMIT APPLICATION**

1. Application forms:
  - a. The form shall be as prescribed by the Town.
  - b. Review by the Code Enforcement Officer: the original application shall be retained by the Town and filed with a copy of the permit.
  - c. Review by the Planning Board:

- 1) The original application form and eight copies shall be submitted with the plans for the project.
  - 2) The original application shall be retained by the Town and filed with a copy of the permit.
2. All applications shall be signed by an owner or individual who can show evidence or right, title or interest in the property or by an agent, representative, tenant, or contractor of the owner with authorization from the owner to apply for a permit hereunder, certifying that the information in the application is complete and correct.
3. Applications for approval under this Ordinance must include evidence that all appropriate local, State, and Federal agencies have been requested to determine if additional permits must be sought from them. Final approval may be given conditionally upon receipt of these permits if they are required.
4. Plans:
- a. The applicant shall submit a project key plan and a site plan. Plans for new buildings and/or structures are also required. These may be preliminary or final plans. In addition, eight (8) copies of the plan(s) reduced to a size of 8 2 by 11 inches or 11 by 17 inches shall be submitted with applications to the Planning Board.
  - b. A key map must show the entire project; its relation to surrounding properties; and names of the property owners. A copy of the assessing map showing the property is available in the Town Office.
  - c. A site plan, drawn to a scale of not less than one (1) inch equals forty (40) feet, or a scale acceptable to the CEO or Planning Board, shall include the following, as applicable:
    - 1) scale, north arrow, and names of abutting property owners
    - 2) dimensions and area of each lot to be built upon or otherwise used
    - 3) location of any wells on the lot or within 100' of property lines
    - 4) name and location of any abutting water body
    - 5) location of any streams, brooks, and wetlands
    - 6) areas to be cleared and areas of any cut, fill, grading, or other earthmoving activity
    - 7) size, shape and location of existing and proposed buildings and/or structures including dumpsters, piers, docks and floats, noting setbacks from lot lines, rights of ways, water bodies, etc.
    - 8) outdoor lighting and signs: existing and proposed locations
    - 9) sewer & water facilities & connections: existing and proposed
    - 10) location and layout of parking areas, and all existing and proposed parking spaces (including spaces for commercial vehicles) measured to the standards in the Ordinance. Legally non-conforming spaces must be noted.
    - 11) location of existing and proposed roads/driveways and the distance of each from nearest lot lines
    - 12) name and location of existing or proposed rights of way and easements on the site, or abutting the property
    - 13) existing grades and any proposed changes in grades
    - 14) a soil erosion and sedimentation control plan.
  - d. ~~Plans required:~~
    - 1) ~~All plans for any proposed structure plans must show access and dimensions;~~
    - 2) ~~An elevation plan showing the height of the structure; and~~
    - 3) ~~Plans of all floors for any proposed project.~~
  - e.d. Structure plans must show access, height, and dimensions

- ~~f.e.~~ A buffering/landscape plan if required as described in SECTION VI. A
  - ~~g.f.~~ A map of the property showing any freshwater wetlands and hydric soils on the site (available on the Southwest Harbor GIS Maps).
  - ~~h.g.~~ Any additional information requested by the CEO or Planning Board for determining whether the proposed structure and uses of the site conform to the requirements and objectives of this Ordinance, including but not limited to sketch plans or renderings of proposed structures.
5. The CEO and the Planning Board shall ensure that the drawings and specifications meet all applicable codes and ordinances.
  6. The Planning Board may also require the following:
    - a. Bonds, letters of credit, or other securities to insure the installation of improvements.
    - b. Agreement in writing by the applicant to all conditions of approval.

D. SITE PLAN PERMIT APPROVAL PROCEDURE

1. Upon receiving an application, the Town shall note the date of receipt on the application, issue a dated receipt to the applicant if requested, and direct the application to the appropriate review authority.
2. The CEO shall act upon applications according to the following procedure:
  - a. Within 35 days from the date of receipt of the application, the CEO shall notify the applicant in writing either that the application is a complete application, or, if the application is incomplete, that specified additional material is needed to make the application complete.
  - b. When the CEO has determined that the application is complete, the date shall be so noted on the application form. A dated receipt may be issued if so requested.
  - c. Within 7 days after the application has been accepted as complete, the CEO shall direct the Town to notify the abutters of the project.
  - d. No sooner than 7 days from the date of notification (except as noted below) and within 35 days from receiving a complete application, the CEO shall approve, approve with conditions, or deny in writing on the conformity of those uses established in Section VIII.B.1. to the land use, structure, and performance standards within this Ordinance.

EXCEPTIONS:

- 1) For applications for a deck, shed, garage or similar accessory residential structures and/or the addition to or other improvement of a conforming residential structure, the total size of which is no more than 600 square feet of floor area, the CEO may act without waiting 7 days for the required notification to be effective. This exception would not apply to new dwelling units or driveways.
  - 2) For applications for the demolition of a building or structure, the CEO must wait fourteen (14) days for the required notification to be effective, unless for health and safety reasons the building or structure should be removed immediately.
3. The Planning Board shall act on applications presented to it according to the following procedure:
    - a. Upon receipt of the application, the Town will decide whether the information in the application is sufficient for review. If the application is insufficient or inadequate, the Town will notify the applicant within fifteen (15) business days, in writing, of additional information required. Once all necessary information is provided, as determined by the Town, the application will be issued a date of receipt. Within thirty-five (35)

days from the date of receipt of the application, the Town shall have notified the applicant of the date, time and place of the Public Hearing on this application and cause this information to be published in a newspaper of local circulation at least seven (7) days in advance of the Hearing and similarly notify the abutters to the applicant by mail. A copy of the stamped envelopes to the abutters and the printed newspaper notification shall be maintained in the file of the applicant.

- b. The applicant, or his duly authorized representative, shall attend the meeting of the Board to discuss the application. The applicant shall have the burden of proving that the proposed land use activity is in conformity with the purposes and provisions of this Ordinance.
  - c. At the Hearing, the Planning Board shall first determine if the application is a complete application or specify the additional material needed to make it complete. When requested additional material is delivered to the Town Office, the Hearing will be rescheduled.
  - d. After submission of a complete application, the Planning Board shall either approve, approve with conditions, or deny the application in writing within thirty-five (35) days from the Public Hearing at which the application was ruled complete, or within another time limit as may be otherwise mutually agreed to by the Board and the Applicant ~~based on the information presented that the proposed use:~~
    - (1) ~~Will maintain safe and healthful conditions;~~
    - (2) ~~Will not result in water pollution, erosion or sedimentation to surface waters;~~
    - (3) ~~Will adequately provide for the disposal of all wastewater;~~
    - (4) ~~Will not have an adverse impact on spawning grounds, fish, aquatic life, bird or other wildlife habitat;~~
    - (5) ~~Will conserve shore cover and visual, as well as actual, points of access to inland and coastal waters;~~
    - (6) ~~Will protect archaeological and historic resources as designated in the comprehensive plan;~~
    - (7) ~~Will not adversely affect existing commercial fishing or maritime activities in a Commercial Fisheries/Maritime Activities district;~~
    - (8) ~~Will avoid problems associated with flood plain development and use; and~~
    - (9) ~~Is in conformance with the provisions of Performance Standards, Section VI and Standards for Special Activities, Section VII of the Land Use Ordinance.~~
  - e. If the permit is denied, the denial shall include a written statement of Findings of Fact and of reasons in support of the decision
  - f. Completed applications shall be approved only by a decision of the majority of the full Board that the proposed use is in conformance with the land use, structure, and performance standards of this Ordinance. The approval ~~may~~ shall include a statement of Findings of Fact.
  - g. ~~If the permit is denied, the denial shall include a statement of Findings of Fact and of reasons in support of the decision.~~
- 4. In issuing approval, the CEO/Planning Board may attach such restrictions and conditions as it deems necessary to ensure compliance with the Ordinance.
  - 5. An appeal to the Board of Appeals from an approval or denial of a permit application shall be made within 30 days of the approval or denial.

E. MODIFICATION to an APPROVED PERMIT

- 1. The permit shall have been approved within the last eighteen months.

2. The modification shall be minor (as determined by the CEO); if the CEO determines that the modification is not minor, the applicant shall apply to the appropriate review authority with a new application.
3. The CEO shall be the permitting authority for the modification. The CEO will request the advice and concurrence of the Planning Board if the modification raises unusual questions or if, in the CEO's judgment, a public hearing should occur.
4. The procedure for a modification shall be the same as for the original permit except that the scope of review shall be limited to those portions of the plan which are proposed to be changed.

F. RECONSIDERATION/REVOICATION

1. Reconsideration

- ~~1~~.a. This is a procedural rule to get a subject back onto the table for substantive discussion.
- ~~2~~.b. A motion to reconsider a previous decision shall only be made by a Board Member voting on the prevailing side of the original decision. The motion must be offered either at the Meeting at which the original decision was made or at the next regularly scheduled Board Meeting (unless the Board calls a Special Meeting for the reconsideration prior to the regularly scheduled time), but in no case more than 30 days from the date of the original decision.
- ~~3~~.c. The applicant and any one offering verbal or written testimony at the Board's original hearing on the original application shall be given direct notice of the proposed reconsideration.

2. Revocation

- ~~1~~.a. This is a jurisdictional rule and deals with the substance of the issues and vested rights.
- ~~2~~.b. Any decision to revoke approval must be made by the Board or Official who granted the approval. The decision must be preceded by written notice and opportunity for a Hearing.
- ~~3~~.c. The revocation process may occur upon discovery that the Board or Official granted approval without authority or that the applicant made false statements material to the decision to approve the application, provided the applicant has not acquired a vested right.
- ~~4~~.d. To determine whether a vested right exists, the Planning Board or Official must make a positive finding on each of the following criteria:
  - ~~a~~.1. applicant exercised due diligence to comply with the law;
  - ~~b~~.2. applicant demonstrated good faith throughout the proceedings;
  - ~~e~~.3. applicant expended substantial unrecoverable funds in reliance on the Board's (or Official's) approval;
  - ~~d~~.4. appeal period has expired; and
  - ~~e~~.5. insufficient evidence to prove that individual property rights or public health, safety or welfare would be adversely affected by the project as approved.

G. FEES

1. Each application for site plan review shall be accompanied by an administrative fee and a public notice fee, if applicable. These fees shall, from time to time, be set by the Southwest Harbor Board of Selectmen. No application for review shall be deemed complete until the applicant has paid all fees as required.
2. An approved application shall become subject to permit fees. These fees shall be set, from time to time, by the Southwest Harbor Board of Selectmen. A fee schedule is available in the Town Office.

3. Each After-the-Fact application submitted for review shall be accompanied by a late fee which shall, from time to time, be set by the Southwest Harbor Board of Selectmen.
- H. **ISSUANCE of the BUILDING PERMIT and the LIFE of the PERMIT**
1. The CEO shall issue a Building Permit upon Site Plan approval.
  2. The Permit shall be effective from the date of approval for a period of two (2) years.
    - a. If no substantial start is made in construction or in use of the property within one (1) year, the permit shall lapse and become void.
    - b. If the approved construction and/or site operations are not completed within two (2) years, a new permit must be obtained.
    - c. At the end of the two (2) year period the applicant must have his project in compliance with the standards of the Ordinance.
  3. An appeal may be made to the Board of Appeals for a permit extension of one year, but not to exceed two extensions. Any extension shall be granted only upon a finding that the applicant has made progress toward completion or that progress has been prevented by reasons beyond the control of the applicant.

**Article 53:** Shall an ordinance entitled “Southwest Harbor Land Use Ordinance” be amended as follows:

### **SECTION III NON-CONFORMANCE**

#### **E. NON-CONFORMING LOTS**

##### **2. BUILT LOTS**

A non-conforming lot of record that was built upon prior to the enactment or subsequent amendment of this Ordinance is subject to the following restrictions:

- a. The structure may be maintained or repaired, and may be enlarged in conformity with the standards of this Ordinance.
- b. If the proposed enlargement cannot meet the dimensional requirements of this Ordinance, relief from the denial may be sought from the Board of Appeals (see SECTION IX).
- c. If the primary use of a non-conforming lot is residential, and the residential lot is non-conforming because of its size, the CEO may issue a permit for one and only one accessory structure within three (3) feet of the lot line if all other LUO Performance Standards are met in addition to the following standards:
  - 1) The accessory structure may be used for storage only and the use of the structure may not be changed.
  - 2) The accessory structure shall be no greater than eighty (80) square feet in footprint area.
  - 3) The height of the building shall be no greater than ~~eight (8)~~ ten (10) feet and there shall be no utilities in the structure.

- 4) No noise shall be allowed to emanate from the accessory structure other than what would be considered residential in nature.
- 5) It shall be located as far from the shoreline or tributary stream as practical and shall meet all other applicable standards, including lot coverage and vegetation clearing limitations in the shoreland zone. In no case shall the structure be located closer to the shore line or tributary stream than the principle structure or required set back, whichever is closer.

**Article 54:** Shall an ordinance entitled “Southwest Harbor Land Use Ordinance” be amended as follows:

## **SECTION II: GENERAL REGULATIONS AND STANDARDS**

### **B. GENERAL STANDARDS**

#### **c. Principal sStructures and uses**

- 1) If more than one ~~principal commercial, industrial, governmental, or institutional structure or principal residential dwelling unit~~, or use, or combination thereof, is constructed, established or placed on a single parcel in common ownership, all dimensional requirements structure standards shall be met for each ~~one principal structure, dwelling unit or use~~ except in shore land zones which shall include minimum lot area per dwelling unit or use.

~~EXCEPTION: one accessory residential unit, at least 30% smaller than the principal residential dwelling unit in both volume and floor area, may be constructed as an accessory residential unit to the principal unit if the state subsurface wastewater laws can be satisfied. The principal unit and the accessory unit(s) must remain in common ownership. Performance standards and all dimensional requirements except lot size must be met for each unit.~~

## **Section XIII: DEFINITIONS**

### **B. WORDS and TERMS DEFINED**

~~ACCESSORY STRUCTURE: A structure which is customarily both incidental and subordinate to the principal structure on the same lot only. The term “incidental” in reference to the principal structure shall mean both a) subordinate and minor in significance to the principal structure, and b) attendant to the principal structure. A deck or similar extension of the principal structure or a garage attached to the principal structure by a roof or a common wall is considered part of the principal structure.~~

~~PRINCIPAL STRUCTURE: The structure in which the primary use of the lot is conducted.~~

**Article 55:** Shall the Residential Shoreland Zone as depicted on the Town map be changed to agree with the written description of Residential Shoreland Zone in Section XII of the Land Use Ordinance in accordance with State Statute 30-A § 4352 (3)?



**Article 56:** Shall an ordinance entitled “Southwest Harbor Water Ordinance” be amended?  
(Due to the length of the ordinance the text is not incorporated into this warrant article. Attested copies of the proposed amended ordinance are available from the Town Clerk)

**Article 57:** Shall an ordinance entitled “Southwest Harbor Water Ordinance” be amended as follows:

## **XVI. FUNDING SOURCES**

- A. Capital and Infrastructure Expenses - Debt service incurred on or after May 4, 2010 for Capital Expenditures and Infrastructure Expenditures shall be financed using the Town's general fund. All debt service existing prior to May 4, 2010, as well as any debt service incurred on or after May 4, 2010 for purposes other than Capital Expenditures and Infrastructure Expenditures shall be financed through a water service charge.
- B. Operational Expenses - The source of revenues needed for Operational Expenditures shall be a water service charge.

For purposes of this section, the following definitions shall apply:

1. Capital Expenditures: An outlay of funds for the acquisition or improvement of a fixed asset with an expected useful life of at least twenty (20) years which extends the life or increases the productivity of the asset, and for which the expense is generally capitalized and depreciated over the estimated useful life of the asset.
2. Infrastructure Expenditures: An outlay of funds for the basic facilities, equipment, installations and appurtenances (e.g. distribution lines) needed for the functioning of the Water Department and having an expected useful life of at least twenty (20) years.
3. Operational Expenditures: An outlay of funds required to allow the Water Department to meet expenses incurred in the ordinary course of operating the Water Department and the public water system.

**Article 58:** Shall an ordinance entitled “Southwest Harbor Sewer Ordinance” be amended?  
(Due to the length of the ordinance the text is not incorporated into this warrant article. Attested copies of the proposed amended ordinance are available from the Town Clerk)

**Article 59:** Shall an ordinance entitled “Southwest Harbor Sewer Ordinance” be amended as follows:

## **SECTION 12-SEWER SERVICE CHARGE**

~~12.1 **Source of Revenues**—The source of the revenues needed for retiring debt service, capital expenditures, operation and maintenance of the public sewerage works shall be a sewer service charge assigned to owners of all properties located within the public sewer works service area having or required to have sanitary facilities, whether actually connected to the public sewer system or not.~~ **Funding Sources**

12.1 (a) Capital and Infrastructure Expenses - Debt service incurred on or after May 4, 2010 for Capital Expenditures and Infrastructure Expenditures shall be financed using the Town's general fund. All debt service existing prior to May 4, 2010, as well as any debt service incurred on or after May 4, 2010 for purposes other than Capital Expenditures and Infrastructure Expenditures shall be financed through a sewer service charge assigned to all owners of all properties located within the public sewer service area having or required to have sanitary facilities, whether actually connected to the public sewer system or not.

12.1 (b) Operational Expenses: The source of revenues needed for Operational Expenditures shall be a sewer service charge assigned to owners of all properties located within the public sewer works service area having or required to have sanitary facilities, whether actually connected to the public sewer system or not.

For purposes of this section, the following definitions shall apply:

(1) Capital Expenditures: An outlay of funds for the acquisition or improvement of a fixed asset with an expected useful life of at least twenty (20) years which extends the life or increases the productivity of the asset, and for which the expense is capitalized and depreciated over the estimated useful life of the asset.

(2) Infrastructure Expenditures: An outlay of funds for the basic facilities, equipment, installations and appurtenances (e.g. distribution lines) needed for the functioning of the Publicly Owned Treatment Works and having an expected useful life of at least twenty (20) years.

(3) Operational Expenditures: An outlay of funds required to allow the Sewer Department to meet expenses incurred in the ordinary course of operating the Sewer Department and the Publicly Owned Treatment Works.

Article 60: Shall an ordinance entitled “Coastal Waters and Harbor Ordinance for the Town of Southwest Harbor” be amended as follows:

## **SECTION I. GENERAL REGULATIONS**

### **F. Public Notice**

1. Any project which is to be discussed at a Harbor Committee Meeting must be placed on the Agenda fourteen (14) days before the meeting and the Agenda posted in two (2) places – one of which must be in the Town Office – at least ~~five (5) business~~ seven (7) days before the Meeting.
2. Any applicant with a project to be discussed by the Harbor Committee must return a completed application at least ~~ten (10) business~~ fourteen (14) days before the Harbor Committee’s regular meeting.

Article 61: Shall an ordinance entitled “Coastal Waters and Harbor Ordinance for the Town of Southwest Harbor” be amended as follows:

## **SECTION III. REGULATIONS CONCERNING MOORINGS, DOCKS, & MARINAS**

### **B. Docks/floats**

1. Docking time at all Town floats ~~will be no longer than~~ shall not exceed two (2) hours within a twenty-four (24) hour period. The Harbormaster may permit longer docking time on a case by case basis due to extenuating circumstances. The burden to notify the Harbor Master regarding extenuating circumstances lies on the owner of the docked boat. ~~otherwise on a bona fide emergency basis.~~

Article 62: Shall an ordinance entitled “Coastal Waters and Harbor Ordinance for the Town of Southwest Harbor” be amended as follows:

**SECTION III. REGULATIONS CONCERNING MOORINGS, DOCKS, & MARINAS**

**C. Use of Docks and Floats**

3. Commercial Use of Town docks, piers

- A. The point of embarkation at the Manset Town Pier, the Lower Town Dock or the Upper Town Dock or any floats for passengers to any vessel for hire such as a tour boat, day sailer or a charter vessel shall not be permitted. Such vessels shall not originate or operate from any municipal pier or float, which also includes ferrying passengers from the municipal pier or float to a vessel for hire moored in the Harbor.
- B. Ferry service on a regular schedule may be permitted with approval from Selectmen however it will be limited to the Upper Town Dock. A seasonal fee will be assessed and must be paid prior to the use of facility. The Selectmen reserve the right to approve or deny any application after receiving comments from the Harbor Committee, the Harbormaster and the general public.

Article 63: Shall an ordinance entitled “Coastal Waters and Harbor Ordinance for the Town of Southwest Harbor” be amended as follows:

**SECTION IV. PROHIBITED ACTS**

M. No craft in the Inner Harbor shall exceed ~~five (5) miles per hours~~ a reasonable and prudent speed, or cause excessive wake.

Article 64: Shall an ordinance entitled “Board of Appeals Ordinance for the Town of Southwest Harbor” be amended as follows:

**SECTION V: POWERS AND LIMITATIONS**

E. The Board shall have the power to hear and decide, using an appellate review standard, and not using the de novo review standard, all appeals by any person directly or indirectly affected by any decision, action or failure to act with respect to any license, permit variance or other required approval, or any application therefore, including, the grant, conditional grant, denial, suspension, or revocation of any such license, permit variance or other approval (hereinafter a “Decision”) where it is alleged that there is an error in any order, requirement, decision, or determination made by or failure to act by:

- a. The Planning Board pursuant to the Land Use Ordinance;
- b. the Selectmen pursuant to the Special Amusement Permit Ordinance or Title 28-A M.R.S.A. ~~Section~~ § 1054 (also relating thereto);
- c. the Selectmen or the Road Commissioner pursuant to the Road Ordinance;
- d. the Planning Board pursuant to the Floodplain Management Ordinance;

- e. ~~the Harbor Committee or the Harbormaster pursuant to the Coastal Waters and Harbor Ordinance.~~
- f.e. the Selectmen pursuant to the Policy on Warning Sign Requests;
- g.f. the Selectmen pursuant to the Road Opening Permit Ordinance;
- h.g. the Town Manager (or other designated Hearing Officer) or the Selectmen pursuant to Section 14 of the Town Personnel Rules and Regulations relating to grievances with respect to Town employees and officers.

- F. The Board shall have the power to hear and decide, using a de novo standard, and not using an appellate standard, all appeals by any person where it is alleged that there is an error in any decision, or determination made by or failure to act by:
- a. the Selectmen or the Assessor pursuant to M.R.S.A. 36 § 841 et seq. (relating to the abatement of taxes);
  - b. the Code Enforcement Officer pursuant to the Land Use Ordinance.
  - c. the Code Enforcement Officer pursuant to the Flood Plain Management Ordinance.
  - d. Plumbing Inspector pursuant to the Maine State Plumbing Code.
  - e. The Harbormaster pursuant to the Coastal Waters and Harbor Ordinance.

**Article 65:** Shall an ordinance entitled “Board of Appeals Ordinance for the Town of Southwest Harbor” be amended as follows:

**SECTION X: DECISIONS**

- A. The Board shall decide all administrative appeals and variance appeals within thirty (30) days from the date of the final Hearing and shall issued a written decision on all appeals.
- B. The final decision on any matter before the Board shall be made by written order signed by the Chairperson. The transcript or tape recording of testimony, if such a transcript or tape recording has been prepared by the Board, and the exhibits, together with all papers and requests filed in the proceedings, shall constitute the public record.
- C. The Board, in reaching said decision, shall be guided by standards specified in the applicable State Laws, Local Ordinances, policies specified in the Comprehensive Plan and by Findings of Fact by the Board in each case.
- D. In reviewing an application on any matter, the standards in any applicable local ordinance or statute shall take precedence over the standards of these rules whenever a conflict occurs. In all other instances, the more restrictive rule shall apply.
- E. When the Board of Appeals reviews a decision of the Code Enforcement Officer, the Board of Appeals shall hold a “de novo” hearing which allows the Board to receive and consider new evidence and testimony, be it oral or written. When acting in a “de novo” capacity, the Board of Appeals shall hear and decide the

When acting in an appellate capacity, the Board of Appeals may reverse the decision of the Planning Board, or other applicable administrative board, but only upon a finding that the decision was contrary to specific provisions of the Ordinance under review before the Planning Board, or other applicable administrative board, or contrary to the facts presented to the Planning Board, or other applicable administrative board. Alternatively, the Board of Appeals may remand the matter to the Planning Board, or other applicable administrative board for further consideration.

- F. The Board shall cause written notice of its decision to be mailed or hand-delivered to the applicant within seven (7) days of the Board's decision. Any decisions affecting the Shoreland Zone shall be mailed or hand-delivered to the Department of Environmental Protection within seven (7) days. Copies of written decision of the Board of Appeals shall be given to the Planning Board, Code Enforcement Officer and the municipal officers.
- G. Decisions of the Board shall be filed in the office of the Town Clerk and shall be made public record. The date of filing of each decision shall be entered in the official records and minutes of the Board.
- H. A copy of all variances granted by the Board of Appeals shall be submitted to the Department of Environmental Protection within fourteen (14) days of the decision.
- I. Variances granted must be recorded by certificate in the Hancock County Registry of Deeds within ~~thirty (30)~~ Ninety (90) days of final approval as allowed in M.R.S.A. 30-A § 4353. (Variances not recorded within this time shall be invalid.) The certificate must be prepared in recordable form and provided to the applicant. It must indicate the name of the current property owner, identify the property by reference to the last recorded owner, identify the property by reference to the last recorded deed or deeds of ownership in its chain of title, and indicate the fact that a variance including any conditions on the variance, has been granted and the date of the granting.
- J. Unless otherwise specified, any order of decision of the Board for a permitted use shall expire if building permit for the use is not obtained by the applicant within ~~ninety (90)~~ One Hundred Eighty (180) days from the date of the decision; however, the Board may extend this time an additional ~~ninety (90)~~ One Hundred Eighty (180) days upon written request from the appellant within the original ~~ninety (90)~~ One Hundred Eighty (180) day period.

**Article 66:** Shall the voters of the Town of Southwest Harbor appropriate and authorize a majority of the municipal officers of the Town to borrow on behalf of the Town a principal amount not to exceed \$750,000 through the issuance of general obligation bonds or notes of the Town of Southwest Harbor which may be callable bonds or notes, the proceeds to be used to finance the purchase of a new fire truck and further to authorize the Municipal Officers to apply for and accept Federal or State grants and do any and all things and execute any and all contracts or documents necessary or convenient to issue the bonds or notes of the Town and to purchase the fire truck.

or documents necessary or convenient to issue the bonds or notes of the Town and to purchase the fire truck.

### Financial Statement

1. Total Town Indebtedness\*

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
A. Bonds outstanding and unpaid	\$8,974,498	\$2,814,592	\$11,789,090
B. Bonds authorized and unissued	\$ 0	\$ 0	\$ 0
C. Bonds to be issued if this question is approved:	\$ 750,000	\$ 185,625	\$ 935,625
TOTAL	\$9,724,498	\$3,000,217	\$12,724,715

\*As of April 1, 2011

2. Costs

At an estimated interest rate of 4.5% plus fees for a term of 10 years, the estimated costs of this bond issue will be:

Principal	\$750,000
Interest & Fees	\$185,625
Total Debt Service	\$935,625

1. Validity. The validity of the bonds and of the voters' ratification of the bonds may not be affected by any errors in the above estimates. If the actual amount of the total debt service or bond varies from the estimate, the ratification by the electors is nevertheless conclusive and the validity of the bond issue is not affected by reason of the variance.

---

Robin M. Bennett, Treasurer  
Town of Southwest Harbor, Maine

**Article 67: 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 3, 2011 for the election of Town Officers and referendum balloting.

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, April 29, 2011 from 9:00 a.m. until 5:00 p.m. for the purpose of correcting the list of voters.

Given under our hands this 30<sup>th</sup> day of March, 2011.

\_\_\_\_\_  
Ralph Dunbar, Jr., Chair

\_\_\_\_\_  
Dorr Wilson

\_\_\_\_\_  
George Jellison, Jr.

\_\_\_\_\_  
David Minctons

\_\_\_\_\_  
Trudy Bickford

***INDEPENDENT AUDITOR'S REPORT***

February 8, 2011

To the Board of Selectmen  
Town of Southwest Harbor  
Southwest Harbor, Maine 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, as of and for fiscal year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Southwest Harbor's management. 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% and 56%, respectively, of the assets and revenues of the proprietary fund types. Those statements were audited by other auditors whose report has been furnished to us. Our opinion, in so far as it relates to the amounts included for the Water Department, is based solely on the report of other auditors. The financial statements of the Town of Southwest Harbor Water Department are presented as of December 31, 2009 and for the year then ended.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Town of Southwest Harbor, Maine as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated February 8, 2011, on our consideration of the Town of Southwest Harbor's internal control over financial reporting and our test 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The management's discussion and analysis on pages 3 – 6 and budgetary comparison information on page 27, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Southwest Harbor's basic financial statements. The introductory section and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

Respectfully submitted,

*James W. Wadman, C.P.A.*

James W. Wadman, CPA

**TOWN OF SOUTHWEST HARBOR, MAINE**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2010**

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, 2010. 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 Assets* – The assets of the Town exceeded its liabilities at the fiscal year ending June 30, 2010 by \$14,958,256 (presented as “net assets”). Of this amount, \$2,808,842 was reported as “unrestricted net assets”. Unrestricted net assets represent the amount available to be used to meet the Town's ongoing obligations to citizens and creditors.

*Changes in Net Assets* – The Town's total net assets increased by \$856,753 (a 6.1% increase) for the fiscal year ended June 30, 2010. Net assets of governmental activities increased by \$733,670 (a 6.5% increase), while net assets of the business-type activities showed an increase of \$123,083 (a 4.5% increase).

**Fund Highlights:**

*Governmental Funds – Fund Balances* – As of the close of the fiscal year ended June 30, 2010, the Town's governmental funds reported a combined ending fund balance of \$2,825,667, an increase of \$398,098 in comparison with the prior year. Of this total fund balance, \$888,291 represents general undesignated fund balance. This undesignated fund balance represents approximately 13% of the total general fund expenditures for the year.

**Long-term Debt:**

The Town's total long-term debt obligations had a net increase of \$765,593 (11.7%) during the current fiscal year. There were new debt obligations of \$380,000 for police station renovation, \$125,000 for lower town dock improvements, and \$673,628 for water system improvements issued during the year. 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 assets 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 assets. The statement of activities shows how the Town's net assets changed during the year, regardless of the timing of related cash flows. The government-wide financial statements can be found on pages 7-8 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 9-10 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 11-13 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 page 14-15 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 16-26 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 27 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Assets**

The largest portion of the Town's net assets (81.2%) 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 2010	Total 2009
Current Assets	\$ 3,542,309	\$ 724,440	\$ 4,266,749	\$ 3,400,542
Capital Assets	\$13,448,149	\$ 6,047,063	\$19,495,212	\$18,367,507
<i>Total Assets</i>	\$16,990,458	\$ 6,771,503	\$23,761,961	\$21,768,049
Current Liabilities	\$ 797,583	\$ 185,960	\$ 983,543	\$ 873,809
Other Liabilities	\$ 4,093,050	\$ 3,727,112	\$ 7,820,162	\$ 6,904,962
Net Assets;				
Invested in Capital Assets	\$ 9,084,691	\$ 3,064,723	\$12,149,414	\$11,806,362
Restricted	\$ 0	\$ 0	\$ 0	\$ 0
Unrestricted	\$ 3,015,133	\$ (206,291)	\$ 2,808,842	\$ 2,182,917
<i>Total Liabilities and Net Assets</i>	\$16,990,458	\$ 6,771,503	\$23,761,961	\$21,768,049

The remaining balance of unrestricted net assets (18.8%) may be used to meet the government's ongoing obligations to citizens and creditors.

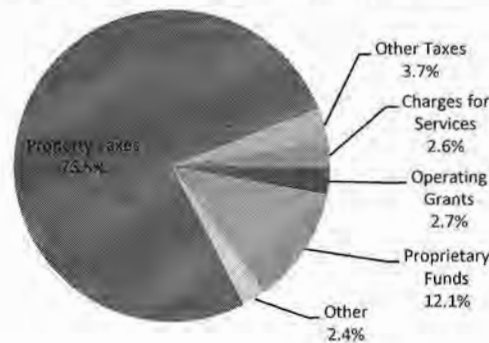
**Changes in Net Assets**

Governmental activities increased the Town’s net assets by \$733,670, or 85.6% of the total increase in the net assets of the Town. This increase was primarily due to conservative budgeting of revenues and the controlling of expenditures.

Business-type activities increased the Town’s net assets by \$123,083, or 14.4% of the total increase in the net assets of the Town. This increase is primarily due to a significant portion of the debt incurred for water system improvements being forgiven plus a water rate increase during the year doing a better job of funding the water department expenses.

	Governmental Activities	Business-like Activities	Total 2010	Total 2009
<i>Revenues;</i>				
Tax Revenues	\$ 7,305,325	\$ 0	\$ 7,305,325	\$ 7,039,724
Program Revenues	\$ 482,305	\$ 1,103,417	\$ 1,585,722	\$ 1,197,333
Investments	\$ 29,269	\$ 610	\$ 29,879	\$ 51,489
Revenue Sharing	\$ 77,442	\$ 0	\$ 77,442	\$ 99,834
Other	\$ 100,460	\$ 13,269	\$ 113,729	\$ 92,570
<i>Total Revenues</i>	\$ 7,994,801	\$ 1,117,296	\$ 9,112,097	\$ 8,480,949
<i>Expenses;</i>				
General Government	\$ 490,024	\$ 0	\$ 490,024	\$ 469,877
Protection	\$ 1,071,699	\$ 0	\$ 1,071,699	\$ 1,002,972
Health/Sanitation	\$ 371,037	\$ 0	\$ 371,037	\$ 351,304
Transportation	\$ 626,896	\$ 0	\$ 626,896	\$ 632,105
Education	\$ 4,157,194	\$ 0	\$ 4,157,194	\$ 4,094,103
Unclassified	\$ 208,003	\$ 0	\$ 208,003	\$ 214,131
Assessments and Debt Service	\$ 336,277	\$ 0	\$ 336,277	\$ 335,346
Water System	\$ 0	\$ 464,958	\$ 464,958	\$ 469,863
Sewer System	\$ 0	\$ 529,255	\$ 529,255	\$ 563,119
<i>Total Expenses</i>	\$ 7,261,130	\$ 994,213	\$ 8,255,543	\$ 7,814,162
Changes in Net Assets	\$ 733,670	\$ 123,083	\$ 856,753	\$ 382,528

**Revenues by Source - Governmental Activities**



**FINANCIAL ANALYSIS OF THE TOWN’S INDIVIDUAL FUNDS**

**Governmental Funds**

The focus of the Town’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, undesignated

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 \$2,825,667, an increase of \$398,098 in comparison with the prior year. Approximately 31 percent of this total amount constitutes undesignated 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.

### **Proprietary Funds**

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

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

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

- \$25,288 negative variance in real estate and personal property tax. Actual collections were 97.6% of the levy as compared to 97.9% in the prior year. There was an increase in the deferred tax revenue due to this reduced collection rate.
- \$75,779 positive variance in other revenues. This is primarily due to conservative budgeting.
- \$56,311 positive variance in general government expenditures. This is due to controlled administrative costs.
- \$64,738 positive variance in health/sanitation expenditures. This is primarily due to the conservative budgeting.
- \$174,788 positive variance in assessments/debt service expenditures. This is primarily due to overlay and projected debt service for police station renovations and lower town dock improvements that did not happen in current year.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

The Town's investment in capital assets for its governmental and business-type activities amounts to \$30,944,444, net of accumulated depreciation of \$11,449,232, leaving a net book value of \$19,495,212. Current year additions include \$432,925 for police station renovations, \$23,408 for school department capital additions, \$127,900 for a public works truck, \$40,000 for a backhoe/loader, \$9,400 for police department equipment, \$196,903 for lower town dock improvements, \$41,767 for Manset docks/floats, \$122,741 for town roads and sidewalks, \$35,075 for sewer department capital additions and \$807,621 for water department capital additions. There was a current year retirement of an older backhoe/loader 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 21-22 of this report.

#### **Debt**

The Town has total bonded debt outstanding of \$7,310,945 that is backed by the full faith and credit of the Town. The outstanding debt had a net increase of \$765,593 during the current fiscal year. The Town issued \$380,000 for police station renovations, \$125,000 for lower town dock improvements, and \$673,628 for water system improvements. Additional information on the Town's long-term debt can be found in Note 6 of the notes to the financial statements on pages 23-25 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**

(Exhibit I)

**STATEMENT OF NET ASSETS****JUNE 30, 2010**

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
<i>Assets</i>			
Cash and Cash Equivalents	\$1,642,518	\$330,224	\$1,972,742
Investments at Fair Market Value	\$633,509	\$0	\$633,509
Accounts Receivable - Net of Bad Debt Provision	\$248,172	\$361,549	\$609,720
Inventory of Materials and Supplies	\$6,044	\$3,186	\$9,230
Accrued Revenue	\$0	\$10,000	\$10,000
Deferred Charges	\$3,287	\$13,323	\$16,610
Due from Other Funds	\$698,580	\$6,159	\$704,739
Property Taxes Receivable	\$37,071	\$0	\$37,071
Tax Liens and Tax Acquired Property	\$273,129	\$0	\$273,129
Capital Assets, net of Accumulated Depreciation	\$13,448,149	\$6,047,063	\$19,495,212
<i>Total Assets</i>	<u>\$16,990,458</u>	<u>\$6,771,503</u>	<u>\$23,761,961</u>
<i>Liabilities and Net Assets</i>			
<i>Liabilities</i>			
Obligation Under Contracted Salaries	\$194,370	\$0	\$194,370
Prepaid Property Taxes	\$11,520	\$0	\$11,520
Accounts Payable	\$223,960	\$31,955	\$255,914
Accrued Interest	\$0	\$9,691	\$9,691
Due to Other Funds	\$34,483	\$872,359	\$906,842
Compensated Absences	\$62,843	\$16,727	\$79,571
<i>Bonds and Notes Payable</i>			
Due within one year	\$333,250	\$144,314	\$477,564
Due in more than one year	\$4,030,207	\$2,838,026	\$6,868,233
<i>Total Liabilities</i>	<u>\$4,890,634</u>	<u>\$3,913,071</u>	<u>\$8,803,705</u>
<i>Net Assets</i>			
Investment in Capital Assets, net of Related Debt	\$9,084,691	\$3,064,723	\$12,149,414
Unrestricted	\$3,015,133	(\$206,291)	\$2,808,842
<i>Total Net Assets</i>	<u>\$12,099,824</u>	<u>\$2,858,432</u>	<u>\$14,958,256</u>
<i>Total Liabilities and Net Assets</i>	<u>\$16,990,458</u>	<u>\$6,771,503</u>	<u>\$23,761,961</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, 2010**

Functions/Programs Primary Government	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	Total
<i>Governmental Activities</i>						
General Government Protection	\$490,024	\$35,140		(\$454,884)		(\$454,884)
Health & Sanitation	\$1,071,699	\$26,314		(\$1,045,385)		(\$1,045,385)
Transportation	\$371,037	\$58,360	\$94,944	(\$312,677)		(\$312,677)
Education	\$626,896	\$82,596		(\$449,356)		(\$449,356)
Unclassified	\$4,157,194	\$31,908	\$153,043	(\$3,972,243)		(\$3,972,243)
Assessments and Debt Service	\$208,003			(\$208,003)		(\$208,003)
	\$336,277	(\$336,277)		(\$336,277)		(\$336,277)
<b>Total Governmental Activities</b>	<b>\$7,261,130</b>	<b>\$234,318</b>	<b>\$247,987</b>	<b>(\$6,778,825)</b>	<b>\$0</b>	<b>(\$6,778,825)</b>
<i>Business Type Activities</i>						
Sewer Department	\$529,255	\$360,890			(\$168,365)	(\$168,365)
Water Department	\$464,958	\$477,249	\$265,278		\$277,569	\$277,569
<b>Total Business-Type Activities</b>	<b>\$994,213</b>	<b>\$838,139</b>	<b>\$265,278</b>	<b>\$0</b>	<b>\$109,204</b>	<b>\$109,204</b>
<b>Total Primary Government</b>	<b>\$8,255,343</b>	<b>\$1,072,457</b>	<b>\$513,265</b>	<b>(\$6,778,825)</b>	<b>\$109,204</b>	<b>(\$6,669,621)</b>
<i>General Revenues</i>						
Tax Revenues				\$6,934,069		\$6,934,069
Excise Taxes				\$336,548		\$336,548
State Revenue Sharing				\$77,442		\$77,442
Investment Earnings				\$29,269	\$610	\$29,879
Interest on Delinquent Taxes				\$34,708		\$34,708
Water and Sewer Management Fees				\$20,000		\$20,000
Permits, Fees and Other Revenues				\$80,460	\$13,269	\$93,729
<b>Total Revenues and Transfers</b>				<b>\$7,512,495</b>	<b>\$13,879</b>	<b>\$7,526,375</b>
<b>Changes in Net Assets</b>				<b>\$733,670</b>	<b>\$123,083</b>	<b>\$856,753</b>
<b>Net Assets - Beginning</b>				<b>\$11,366,154</b>	<b>\$2,735,349</b>	<b>\$14,101,503</b>
<b>Net Assets - Ending</b>				<b>\$12,099,824</b>	<b>\$2,858,432</b>	<b>\$14,958,256</b>

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

**TOWN OF SOUTHWEST HARBOR, MAINE**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

(Exhibit III)

<i>Assets</i>	<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>
Cash and Cash Equivalents	\$1,393,573	\$247,971	\$974		\$1,642,518
Investments at Fair Market Value	\$462,979	\$59,315		\$111,214	\$633,509
Accounts Receivable - Net of Bad Debt Provision	\$247,181	\$991			\$248,172
Inventory of Materials and Supplies	\$3,631	\$2,413			\$6,044
Deferred Charges	\$3,287				\$3,287
Due From Other Funds	\$698,580	\$865,121	\$596		\$1,564,298
Property Taxes Receivable	\$37,071				\$37,071
Tax Liens and Tax Acquired Property	\$273,129				\$273,129
<b>Total Assets</b>	<b>\$3,119,431</b>	<b>\$1,175,811</b>	<b>\$1,570</b>	<b>\$111,214</b>	<b>\$4,408,026</b>
<i>Liabilities &amp; Fund Balances</i>					
<i>Liabilities.</i>					
Obligation Under Contracted Salaries	\$194,370				\$194,370
Prepaid Property Taxes	\$11,520				\$11,520
Accounts Payable	\$221,640	\$2,319			\$223,960
Due to Other Funds	\$900,200				\$900,200
Deferred Revenues	\$252,309				\$252,309
<b>Total Liabilities</b>	<b>\$1,580,040</b>	<b>\$2,319</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,582,359</b>
<i>Fund Balance:</i>					
Designated for Subsequent Years Expenditures	\$122,181	\$1,173,492	\$1,570	\$111,214	\$1,408,457
Restriction due to Non-Current Assets	\$28,920				\$28,920
Undesignated Fund Balance	\$888,291				\$888,291
<b>Total Fund Balances</b>	<b>\$1,539,391</b>	<b>\$1,173,492</b>	<b>\$1,570</b>	<b>\$111,214</b>	<b>\$2,825,667</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$3,119,431</b>	<b>\$1,175,811</b>	<b>\$1,570</b>	<b>\$111,214</b>	<b>\$4,408,026</b>
<i>Total Fund Balance - Governmental Funds</i>					
<i>Net assets reported for governmental activities in the statement of nets assets are different because:</i>					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds					\$13,448,149
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					\$252,309
Some liabilities are not due and payable in the current period and therefore, are not reported in the funds, including:					(\$4,363,457)
Bonds Payable					(\$62,843)
Compensated Absences					\$12,099,824
<b>Net Assets of Governmental Activities</b>					<b>\$12,099,824</b>

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, 2010**

(Exhibit IV)

	<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>
<b>Revenues:</b>					
Tax Revenues	\$6,894,609				\$6,894,609
Local Road Assistance		\$17,596			\$17,596
Excise Taxes	\$336,548				\$336,548
State Revenue Sharing		\$77,442			\$77,442
Investment Earnings	\$19,869	\$5,979	\$76	\$3,346	\$29,269
Interest on Delinquent Taxes	\$34,708				\$34,708
Docks & Floats	\$82,396				\$82,396
Water & Sewer Management Fees	\$20,000				\$20,000
Solid Waste Revenue	\$58,360				\$58,360
Permits, Fees & Other Revenues	\$99,392	\$175,949			\$275,341
<b>Total Revenues</b>	<u>\$7,545,881</u>	<u>\$276,966</u>	<u>\$76</u>	<u>\$3,346</u>	<u>\$7,826,269</u>
<b>Expenditures (Net of Governmental Revenues):</b>					
General Government	\$474,734	\$3,512			\$478,245
Protection	\$979,307	\$798	\$7,108		\$987,213
Health & Sanitation	\$371,037				\$371,037
Transportation	\$360,180	\$7,850			\$368,030
Education	\$4,042,121	\$95,676			\$4,137,798
Unclassified	\$174,323	\$15,849		\$4,355	\$194,527
Assessments and Debt Service	\$401,277		\$377,867		\$779,144
Capital Outlay, net of Retirements	\$44,884	\$545,001	\$405,159		\$995,044
<b>Total Expenditures</b>	<u>\$6,847,862</u>	<u>\$668,687</u>	<u>\$790,134</u>	<u>\$4,355</u>	<u>\$8,311,038</u>
<b>Excess Revenues Over Expenditures</b>	\$698,018	(\$391,721)	(\$790,057)	(\$1,009)	(\$484,769)
<b>Other Financing Sources (Uses):</b>					
Bond Proceeds		\$125,000	\$380,000		\$505,000
Construction Credit Line Proceeds			\$377,867		\$377,867
Operating Transfers In	\$147,229	\$511,904	\$26,076		\$685,209
Operating Transfers Out	(\$511,904)	(\$173,305)			(\$685,209)
<b>Total Other Financing Sources (Uses)</b>	<u>(\$364,674)</u>	<u>\$463,598</u>	<u>\$783,943</u>	<u>\$0</u>	<u>\$882,867</u>
<b>Excess Revenues and Other Sources Over Expenditures and Other Uses</b>	\$333,344	\$71,878	(\$6,114)	(\$1,009)	\$398,098
<b>Beginning Fund Balances</b>	<u>\$1,206,047</u>	<u>\$1,101,614</u>	<u>\$7,684</u>	<u>\$112,224</u>	<u>\$2,427,569</u>
<b>Ending Fund Balances</b>	<u>\$1,539,391</u>	<u>\$1,173,492</u>	<u>\$1,570</u>	<u>\$111,214</u>	<u>\$2,825,667</u>
<b>Reconciliation to Statement of Activities, change in Net Assets</b>					
Net Change in Fund Balances - Above					\$398,098
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					\$39,460
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					(\$10,356)
Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets. Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Assets					
This amount represents long-term debt proceeds					(\$882,867)
This amount represents long-term debt payments					\$703,917
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					\$995,044
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					(\$509,626)
<b>Changes in Net Assets of Governmental Activities</b>					<u>\$733,670</u>

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

**TOWN OF SOUTHWEST HARBOR, MAINE**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**JUNE 30, 2010**

(Exhibit V)

<u>Assets</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total Proprietary Funds</u>
<u>Current Assets</u>			
Cash and Cash Equivalents	\$305,113	\$25,111	\$330,224
Accounts Receivable - Net of Bad Debt Provision	\$233,288	\$128,261	\$361,549
Inventory of Materials and Supplies	\$3,186	\$0	\$3,186
Accrued Revenue	\$10,000	\$0	\$10,000
Deferred Charges	\$13,323	\$0	\$13,323
Due from General Fund	\$0	\$6,159	\$6,159
<u>Total Current Assets</u>	<u>\$564,910</u>	<u>\$159,530</u>	<u>\$724,440</u>
<u>Non-Current Assets</u>			
Utility Plant, net of Accumulated Depreciation	\$3,719,976	\$2,327,087	\$6,047,063
<u>Total Non-Current Assets</u>	<u>\$3,719,976</u>	<u>\$2,327,087</u>	<u>\$6,047,063</u>
<u>Total Assets</u>	<u>\$4,284,886</u>	<u>\$2,486,617</u>	<u>\$6,771,503</u>
<u>Liabilities and Net Assets</u>			
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts Payables	\$17,288	\$14,667	\$31,955
Accrued Interest	\$9,691	\$0	\$9,691
Current Portion of Long-Term Debt	\$112,594	\$31,719	\$144,314
Due to General Fund	\$393,181	\$479,178	\$872,359
<u>Total Current Liabilities</u>	<u>\$532,754</u>	<u>\$525,564</u>	<u>\$1,058,318</u>
<u>Non-Current Liabilities</u>			
Bonds and Notes Payable, net of Current Portion	\$1,661,926	\$1,176,100	\$2,838,026
<u>Total Non-Current Liabilities</u>	<u>\$1,661,926</u>	<u>\$1,176,100</u>	<u>\$2,838,026</u>
<u>Total Liabilities</u>	<u>\$2,194,680</u>	<u>\$1,701,664</u>	<u>\$3,896,344</u>
<u>Net Assets</u>			
Investment in Capital Assets, net of related debt	\$1,945,456	\$1,119,267	\$3,064,723
Unrestricted (Deficit)	\$144,750	(\$334,314)	(\$189,564)
<u>Total Net Assets</u>	<u>\$2,090,206</u>	<u>\$784,954</u>	<u>\$2,875,160</u>
<u>Total Liabilities and Net Assets</u>	<u>\$4,284,886</u>	<u>\$2,486,617</u>	<u>\$6,771,503</u>
<u>Total Fund Balance - Governmental Funds</u>			<u>\$2,875,160</u>
<i>Net assets reported for governmental activities in the statement of nets assets are different because:</i>			
Some liabilities are not due and payable in the current period and therefore, are not reported in the funds, including compensated absences			(\$16,727)
<u>Net Assets of Governmental Activities</u>			<u>\$2,858,433</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 ASSETS - PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(Exhibit VI)

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total Proprietary Funds</u>
<i>Operating Revenues</i>			
Charges for Services	\$477,249	\$360,890	\$838,139
Other Revenues	\$1,069	\$12,200	\$13,269
<i>Total Operating Revenues</i>	<u>\$478,318</u>	<u>\$373,090</u>	<u>\$851,408</u>
<i>Operating Expenses</i>			
Consulting	\$22,216	\$0	\$22,216
Salaries & Benefits	\$163,389	\$179,230	\$342,619
Utilities	\$56,780	\$43,197	\$99,977
Purification and Sludge Disposal	\$0	\$58,893	\$58,893
Repairs & Maintenance	\$56,258	\$26,338	\$82,596
Depreciation and Amortization	\$64,327	\$136,082	\$200,409
Office Supplies	\$0	\$2,997	\$2,997
Transportation	\$6,754	\$206	\$6,960
Insurance	\$10,444	\$4,106	\$14,550
Legal & Audit	\$3,250	\$6,542	\$9,792
Miscellaneous	\$16,805	\$6,969	\$23,774
Administrative Fees	\$10,000	\$10,000	\$20,000
<i>Total Operating Expenses</i>	<u>\$410,223</u>	<u>\$474,562</u>	<u>\$884,785</u>
<i>Operating Profit</i>	<u>\$68,095</u>	<u>(\$101,471)</u>	<u>(\$33,376)</u>
<i>Non-Operating Revenues (Expenses)</i>			
Interest Earned	\$525	\$85	\$610
Interest Expense	(\$57,060)	(\$57,392)	(\$114,452)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(\$56,535)</u>	<u>(\$57,308)</u>	<u>(\$113,843)</u>
<i>Income (Loss) before Capital Contributions</i>	\$11,560	(\$158,779)	(\$147,219)
<i>Capital Contributions</i>	<u>\$265,278</u>	<u>\$0</u>	<u>\$265,278</u>
<i>Change in Net Assets</i>	\$276,838	(\$158,779)	\$118,059
<i>Net Assets - Beginning</i>	<u>\$1,813,368</u>	<u>\$943,733</u>	<u>\$2,757,101</u>
<i>Net Assets - Ending</i>	<u>\$2,090,206</u>	<u>\$784,954</u>	<u>\$2,875,160</u>
<i>Reconciliation to Statement of Activities, change in Net Assets</i>			\$118,059
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			\$5,024
<i>Changes in Net Assets of Governmental Activities</i>			<u>\$123,083</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, 2010**

(Exhibit VII)

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total Proprietary Funds</u>
<u>Cash Flows from Operating Activities</u>			
Received from Customers	\$515,110	\$355,884	\$870,994
Payments to Suppliers for Goods and Services	(\$65,350)	(\$160,292)	(\$225,641)
Payments to Employees for Services	(\$93,754)	(\$122,307)	(\$216,061)
	<u>\$356,006</u>	<u>\$73,285</u>	<u>\$429,291</u>
<u>Cash Flows from Investing Activities</u>			
Interest Earned	\$525	\$85	\$610
	<u>\$525</u>	<u>\$85</u>	<u>\$610</u>
<u>Cash Flows from Financing Activities</u>			
Acquisition and Construction of Fixed Assets	(\$807,621)	(\$35,075)	(\$842,696)
Proceeds from Long-Term Borrowings	\$573,889	\$0	\$573,889
Capital Contributions	\$265,278	\$0	\$265,278
Debt Retired	(\$54,858)	(\$30,341)	(\$85,199)
Interest Paid	(\$57,060)	(\$57,392)	(\$114,452)
	<u>(\$80,372)</u>	<u>(\$122,808)</u>	<u>(\$203,180)</u>
<u>Net Cash Flow</u>	\$276,159	(\$49,438)	\$226,721
<u>Beginning Cash Balance</u>	\$28,954	\$74,548	\$103,502
<u>Ending Cash Balance</u>	<u>\$305,113</u>	<u>\$25,111</u>	<u>\$330,224</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</u>			
Operating Income (Loss)	\$68,095	(\$101,471)	(\$33,376)
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u>			
Depreciation	\$64,327	\$136,082	\$200,409
Bad Debt Allowance	\$0	(\$5,995)	(\$5,995)
<u>Changes in Assets and Liabilities</u>			
Receivables, net	\$14,442	(\$11,211)	\$3,231
Inventory	\$1,061	\$0	\$1,061
Accrued Revenue	\$23,419	\$0	\$23,419
Deferred Charges	\$77,814	\$0	\$77,814
Accounts Payable	\$106,848	\$55,881	\$162,729
	<u>\$356,006</u>	<u>\$73,285</u>	<u>\$429,291</u>

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

(Exhibit VIII)

**TOWN OF SOUTHWEST HARBOR, MAINE**  
**STATEMENT OF NET ASSETS - FIDUCIARY FUNDS**  
**JUNE 30, 2019**

	Dickey Fund	Johnson Fund	Student Activities	Peder-Fick Scholarship	6th Grade Boston Trip	PTO	Music Boosters	Tree Fund	Elem Schl 8th Grade	Sports Boosters	Agency Fund General Trust	Total Fiduciary Funds
<i>Assets</i>												
Cash and Cash Equivalents	\$29,469	\$92,702	\$7,416	\$4,329	\$342	\$4,192	\$4,719	\$184	\$541	\$303	\$35,530	\$114,728
Investments at Fair Market Value												\$64,999
<b>Total Assets</b>	<b>\$29,469</b>	<b>\$92,702</b>	<b>\$7,416</b>	<b>\$4,329</b>	<b>\$342</b>	<b>\$4,192</b>	<b>\$4,719</b>	<b>\$184</b>	<b>\$541</b>	<b>\$303</b>	<b>\$35,530</b>	<b>\$179,727</b>
<i>Net Assets</i>												
Reserve for Endowments Unrestricted	\$29,469	\$92,702	\$7,416	\$4,329	\$342	\$4,192	\$4,719	\$184	\$541	\$303	\$35,530	\$92,702
<b>Total Net Assets</b>	<b>\$29,469</b>	<b>\$92,702</b>	<b>\$7,416</b>	<b>\$4,329</b>	<b>\$342</b>	<b>\$4,192</b>	<b>\$4,719</b>	<b>\$184</b>	<b>\$541</b>	<b>\$303</b>	<b>\$35,530</b>	<b>\$179,727</b>

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

**TOWN OF SOUTHWEST HARBOR, MAINE**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(Exhibit D)

	Dickey Fund	Johnson Fund	Student Activities	Peder Fick Scholarship	6th Grade Boston Trip	PTO	Music Boosters	Tree Fund	Elem Schl 8th Grade	Sports Boosters	Agency Fund General Trust	Total Fiduciary Funds
<b>Additions</b>												
Trust Fund Income		\$24,287										\$24,287
Student Activities	\$3,032	\$207	\$32,267	\$18		\$8,801	\$11,761	\$1	\$2	\$1,978	\$3,788	\$54,807
Investment Earnings												\$7,047
<b>Total Additions</b>	\$3,032	\$24,494	\$32,267	\$18	\$0	\$8,801	\$11,761	\$1	\$2	\$1,978	\$3,788	\$86,141
<b>Reductions</b>												
Miscellaneous	\$252											\$637
School Activities		\$21,819	\$33,310		\$437	\$5,579	\$11,949			\$1,957		\$75,052
<b>Total Reductions</b>	\$252	\$21,819	\$33,310	\$0	\$437	\$5,579	\$11,949	\$0	\$0	\$1,957	\$385	\$75,688
<b>Change in Net Assets</b>	\$2,780	\$2,675	(\$1,044)	\$18	(\$437)	\$3,222	(\$189)	\$1	\$2	\$21	\$3,403	\$10,452
<b>Beginning Net Assets</b>	\$26,688	\$90,027	\$8,459	\$4,311	\$778	\$970	\$4,908	\$184	\$539	\$282	\$32,127	\$169,274
<b>Ending Net Assets</b>	\$29,469	\$92,702	\$7,416	\$4,329	\$342	\$4,192	\$4,719	\$184	\$541	\$303	\$35,530	\$179,727

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, 2010**

**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, 2010. 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, 2009. The amounts included in the Town's 2010 financial statements for the Water Department are amounts as of and for the year ended December 31, 2009.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net assets 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.

**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.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict pronouncements of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for the business-type activities and enterprise funds, subject to this same limitation. The Town of Southwest Harbor's Sewer and Water Departments have elected to follow subsequent private-sector guidance.

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 Assets 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.

#### Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of unrestricted fund balance represent tentative management plans that are subject to change.

#### Net Assets

Net assets are required to be classified into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

*Invested in capital assets, net of related debt* - This component of net assets 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 assets consists of restrictions placed on net assets 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 assets reports \$0 of restricted net assets, of which enabling legislation restricts \$0.

*Unrestricted* - This component consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

#### 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 \$92,702 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, 2010, all noninterest bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account. For interest bearing cash accounts, the Town's cash deposits, including certificates of deposit, are insured up to \$250,000 by the FDIC. Any cash deposits, including certificates of deposit, in excess of the \$250,000 FDIC limits are covered by collateral held in a Federal Reserve pledge account and thus no custodial risk exists.

At year end, the carrying value of the Town's deposits was \$2,087,470 and the bank balance was \$1,892,123. The Town has no uninsured and uncollateralized deposits as of June 30, 2010.

Investments

At June 30, 2010, the Town's Governmental Fund investments balances were as follows:

	<i>Fair Market Value</i>	<i>Maturities (yrs)</i>		
		<i>Less than 1 yr</i>	<i>1-5 yrs</i>	<i>Long-term</i>
Mutual Funds	\$56,012	\$56,012		
U.S. Government Bonds	\$60,831	\$40,685	\$20,146	
Certificates of Deposit	\$25,862		\$25,862	
U.S. Treasury Securities - Agencies	\$462,979	\$462,979		
Money Markets	\$27,824	\$27,824		
	<u>\$633,509</u>	<u>\$587,500</u>	<u>\$46,008</u>	<u>\$0</u>

At June 30, 2010, the Town's Fiduciary Fund investments balances were as follows:

	<i>Fair Market Value</i>	<i>Maturities (yrs)</i>		
		<i>Less than 1 yr</i>	<i>1-5 yrs</i>	<i>Long-term</i>
Mutual Funds	\$61,428	\$61,428		
Money Markets	\$3,571	\$3,571		
	<u>\$64,999</u>	<u>\$64,999</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, 2009 and committed on July 13, 2009. Interest of 9.0% 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, \$252,309 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, 2010 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Governmental Activities:</i>				
<i>Capital assets not being depreciated</i>				
Land	\$459,693			\$459,693
<i>Capital assets being depreciated</i>				
Land Improvements	\$200,930	\$18,238		\$219,168
Buildings	\$7,275,498	\$438,095		\$7,713,593
Equipment	\$1,787,604	\$415,969	\$56,750	\$2,146,823
Infrastructure	\$10,546,346	\$122,741		\$10,669,086
<i>Total capital assets being depreciated</i>	<u>\$19,810,377</u>	<u>\$995,044</u>	<u>\$56,750</u>	<u>\$20,748,671</u>

<i>Less accumulated depreciation for</i>				
Land Improvements	\$54,577	\$14,209		\$68,786
Buildings	\$1,424,908	\$146,587		\$1,571,494
Equipment	\$910,367	\$131,827	\$56,750	\$985,445
Infrastructure	\$4,917,488	\$217,003		\$5,134,490
<i>Total accumulated depreciation</i>	<u>\$7,307,339</u>	<u>\$509,626</u>	<u>\$56,750</u>	<u>\$7,760,215</u>
<i>Net capital assets being depreciated</i>	<u>\$12,503,038</u>	<u>\$485,418</u>	<u>\$0</u>	<u>\$12,988,456</u>
<i>Governmental Activities, Capital Assets, net</i>	<u>\$12,962,731</u>	<u>\$485,418</u>	<u>\$0</u>	<u>\$13,448,149</u>
	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Business-type Activities:</i>				
<i>Capital assets being depreciated</i>				
Water System	\$4,230,272	\$807,621		\$5,037,893
Sewer System	\$4,663,112	\$35,075		\$4,698,187
<i>Total capital assets being depreciated</i>	<u>\$8,893,384</u>	<u>\$842,696</u>	<u>\$0</u>	<u>\$9,736,080</u>
<i>Less accumulated depreciation for</i>				
Water System	\$1,253,590	\$64,327		\$1,317,917
Sewer System	\$2,235,018	\$136,082		\$2,371,100
<i>Total accumulated depreciation</i>	<u>\$3,488,608</u>	<u>\$200,409</u>	<u>\$0</u>	<u>\$3,689,017</u>
<i>Net capital assets being depreciated</i>	<u>\$5,404,777</u>	<u>\$642,287</u>	<u>\$0</u>	<u>\$6,047,063</u>
<i>Business-type Activities, Capital Assets, net</i>	<u>\$5,404,777</u>	<u>\$642,287</u>	<u>\$0</u>	<u>\$6,047,063</u>

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

Governmental Activities

General Government	\$8,340
Protection	\$82,395
Education	\$147,180
Transportation, including depreciation of general infrastructure assets	\$258,235
Unclassified	\$13,476
Total Depreciation Expense - Governmental Activities	<u>\$509,626</u>

Business-Type Activities

Water Department	\$64,327
Sewer Department	\$136,082
	<u>\$200,409</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, 2010, the due to/from balances consisted of the following:

Due to	Due from				
	General Fund	Special Revenue	Capital Projects	Water Department	Sewer Department
General Fund	\$0	\$0	\$0	\$219,403	\$479,178
Special Revenue	\$865,121	\$0	\$0	\$0	\$0
Capital Projects	\$596	\$0	\$0	\$0	\$0
Water Department	\$28,324	\$0	\$0	\$0	\$0
Sewer Department	\$6,159	\$0	\$0	\$0	\$0
	<u>\$900,200</u>	<u>\$0</u>	<u>\$0</u>	<u>\$219,403</u>	<u>\$479,178</u>

On the proprietary fund statement of net assets, the Water Department due from the general fund balance is \$0 and the due to the general fund balance is \$393,181. The amounts reported on the proprietary fund statement of net assets for the Water Department are as of its year-ended December 31, 2009. The amounts listed above are as of June 30, 2010 and correspond to the amounts reported on the governmental fund statement of net assets.

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 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 lunch program and school department reserves, close out of reserve funds to general fund surplus per approved town meeting vote and transfer of funds from reserve funds to the capital project funds for the police station renovation.

**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, 2010:

<u>Current Year Debt Activity:</u>	<u>General Fund</u>	<u>Enterprise Funds</u>	<u>Total</u>
<u>Debt Outstanding at July 1, 2009</u>	\$4,184,507	\$2,360,845	\$6,545,353
<u>New Debt Issued</u>	\$882,867	\$954,000	\$1,836,867
<u>Retirements and repayments</u>	(\$703,917)	(\$367,357)	(\$1,071,274)
<u>Debt Outstanding at June 30, 2010</u>	<u>\$4,363,457</u>	<u>\$2,947,488</u>	<u>\$7,310,945</u>

<u>Purpose</u>	<u>Dated</u>	<u>Payments</u>	<u>Interest Rate</u>	<u>Balance</u>
<b><u>General Long-Term Debt</u></b>				
<u>School Construction:</u> Maine Municipal Bond Bank	5/1/2000	Principal Payment \$261,050	5.028%-5.903%	\$2,871,550
<u>Legette Property Purchase:</u> First National Bank	12/6/2002	Principal Payment \$21,025	4.35%	\$62,907
<u>New Fire Station</u> Maine Municipal Bond Bank	5/26/2005	Principal Payment \$44,000	4.75%	\$924,000
<u>Police Station Renovation</u> U.S.D.A. Rural Development	3/24/2010	Fixed Payment \$22,375	4.00%	\$380,000
<u>Lower Town Dock</u> Bar Harbor Bank & Trust	11/15/2010	Principal Payment \$25,000	3.23%	\$125,000
<b><u>Enterprise Funds</u></b>				
<u>Sewer Department:</u> <u>Wastewater Treatment Facility</u> U.S.D.A. Rural Development	11/17/2004	Fixed Payment \$39,199	4.50%	\$554,448
<u>Downtown Sewer Construction</u> U.S.D.A. Rural Development	11/20/2003	Fixed Payment \$37,233	4.75%	\$501,243
<u>Downtown Sewer Construction</u> U.S.D.A. Rural Development	11/20/2003	Fixed Payment \$11,301	4.75%	\$152,129
<u>Water Department:</u> U.S.D.A. Rural Development	12/9/1998	Fixed Payment \$55,352	4.75%	\$555,599
U.S.D.A. Rural Development	12/9/1998	Fixed Payment \$26,259	4.75%	\$301,029
U.S.D.A. Rural Development	6/20/1990	Fixed Payment \$31,198	6.00%	\$209,413
<u>Drinking Water</u> Maine Municipal Bond Bank	7/21/2009	Principal Payment \$12,404	0.00%	\$241,878
<u>Drinking Water</u> Maine Municipal Bond Bank	7/21/2009	Principal Payment \$22,141	0.00%	\$431,750
				<u><u>\$7,310,945</u></u>

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

<u>Governmental Activities</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$358,250	\$215,531	\$573,781
2012	\$358,537	\$200,949	\$559,486
2013	\$358,668	\$182,944	\$541,611
2014	\$338,121	\$164,058	\$502,178
2015	\$338,444	\$145,931	\$484,375
2016-2020	\$1,572,532	\$473,272	\$2,045,804
2021-2025	\$538,575	\$169,285	\$707,860
2026-2030	\$289,988	\$104,198	\$394,186
2030-2035	\$129,152	\$28,555	\$157,707
2036-2039	\$81,191	\$8,276	\$89,467
<u>Totals</u>	<u>\$4,363,457</u>	<u>\$1,692,998</u>	<u>\$6,056,456</u>

Business-Type Activities			
<i>Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2011	\$144,314	\$125,312	\$269,626
2012	\$147,369	\$119,976	\$267,344
2013	\$150,751	\$113,608	\$264,358
2014	\$153,989	\$106,910	\$260,899
2015	\$157,546	\$99,138	\$256,684
2016-2020	\$813,397	\$386,300	\$1,199,698
2021-2025	\$703,366	\$188,713	\$892,080
2026-2030	\$476,334	\$53,612	\$529,946
2030-2035	\$200,423	\$2,337	\$202,759
<i>Totals</i>	<u>\$2,947,488</u>	<u>\$1,195,906</u>	<u>\$4,143,394</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, 2010, the Town is obligated for July and August 2010 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 17.78%. 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 State 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 \$16,500 in 2009 and 2010. The Town's cost totaled \$30,771 for the fiscal year ended June 30, 2010.

**Note 9 - Deficit Net Assets**

The Sewer Department enterprise fund had a net asset deficit as of June 30, 2010 of \$(334,314). This deficit is expected to be reduced through future fee collections. The Town has significantly increased the sewer rates in 2010-2011 to start funding the deficit.

**Note 10 - 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 11 - 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, 2010.

**Note 12 - 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, 2010**

(Exhibit X)

	<u>Original Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<i>Revenues:</i>				
Tax Revenues, Including Homestead Exemption	\$6,919,897	\$6,919,897	\$6,894,609	(\$25,288)
Excise Taxes	\$340,000	\$340,000	\$336,548	(\$3,452)
Interest Earned	\$25,000	\$25,000	\$19,869	(\$5,131)
Interest on Delinquent Taxes	\$20,000	\$20,000	\$34,708	\$14,708
Docks & Floats Rentals	\$60,000	\$60,000	\$82,396	\$22,396
Water & Sewer Department Management Fees	\$20,000	\$20,000	\$20,000	\$0
Solid Waste Revenue	\$45,000	\$45,000	\$58,360	\$13,360
Permits, Fees & Other Revenues	\$65,493	\$65,493	\$99,392	\$33,898
<u>Total Revenues</u>	<u>\$7,495,390</u>	<u>\$7,495,390</u>	<u>\$7,545,881</u>	<u>\$50,491</u>
<i>Expenditures:</i>				
General Government	\$531,045	\$531,045	\$474,734	\$56,311
Protection	\$991,915	\$991,915	\$988,707	\$3,208
Health & Sanitation	\$435,775	\$435,775	\$371,037	\$64,738
Highways & Bridges	\$395,375	\$395,375	\$372,256	\$23,119
Education	\$4,075,305	\$4,075,305	\$4,065,529	\$9,776
Unclassified	\$178,610	\$178,610	\$174,323	\$4,287
Assessments	\$576,065	\$576,065	\$401,277	\$174,788
<u>Total Expenditures</u>	<u>\$7,184,090</u>	<u>\$7,184,090</u>	<u>\$6,847,862</u>	<u>\$336,228</u>
<u>Excess Revenues Over Expenditures</u>	<u>\$311,300</u>	<u>\$311,300</u>	<u>\$698,018</u>	<u>\$386,718</u>
<i>Other Financing Sources (Uses):</i>				
Operating Transfers In	\$105,000	\$105,000	\$147,229	\$42,229
Operating Transfers Out	(\$416,300)	(\$416,300)	(\$511,904)	(\$95,604)
<u>Total Other Financing Sources (Uses)</u>	<u>(\$311,300)</u>	<u>(\$311,300)</u>	<u>(\$364,674)</u>	<u>(\$53,374)</u>
<u>Excess Revenues and Other Sources Over Expenditures and Other Uses</u>	<u>(\$0)</u>	<u>(\$0)</u>	<u>\$333,344</u>	<u>\$333,344</u>
<u>Beginning Fund Balances</u>	<u>\$1,206,047</u>	<u>\$1,206,047</u>	<u>\$1,206,047</u>	<u>\$0</u>
<u>Ending Fund Balances</u>	<u>\$1,206,047</u>	<u>\$1,206,047</u>	<u>\$1,539,391</u>	<u>\$333,344</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, 2010**

(Exhibit A-1, Page 1 of 3)

Department	Beginning Balance	Budget	Operating Transfers In	Total Available	General Fund Expenditures		Operating Transfers Out	Lapsed Unexpended (Overdraft)	Ending Balance
					General Fund Expenditures	Operating Transfers Out			
<b><u>General Government:</u></b>									
Administration	\$0	\$355,575	\$0	\$355,575	\$313,614	\$0	\$0	\$41,961	\$0
Assessing & Planning	\$0	\$147,320	\$0	\$147,320	\$139,606	\$0	\$0	\$7,714	\$0
Copier Reserve	\$0	\$9,000	\$0	\$9,000	\$0	\$9,000	\$0	\$0	\$0
Vote Counter Reserve	\$0	\$7,000	\$0	\$7,000	\$0	\$7,000	\$0	\$0	\$0
Revaluation Reserve	\$0	\$10,000	\$0	\$10,000	\$0	\$10,000	\$0	\$0	\$0
Cable Access Reserve	\$0	\$2,000	\$0	\$2,000	\$0	\$2,000	\$0	\$0	\$0
Computer Reserve	\$0	\$8,650	\$0	\$8,650	\$0	\$8,650	\$0	\$0	\$0
Record Preservation Reserve	\$0	\$5,000	\$0	\$5,000	\$0	\$5,000	\$0	\$0	\$0
Municipal Offices	\$0	\$27,075	\$0	\$27,075	\$20,709	\$0	\$0	\$6,366	\$0
Building Renovation Reserve	\$0	\$25,000	\$0	\$25,000	\$0	\$25,000	\$0	\$0	\$0
Conservation Commission	\$0	\$1,075	\$0	\$1,075	\$805	\$0	\$0	\$270	\$0
	\$0	\$597,695	\$0	\$597,695	\$474,734	\$66,650	\$0	\$56,311	\$0
<b><u>Protection:</u></b>									
Fire Department	\$0	\$72,340	\$0	\$72,340	\$70,201	\$0	\$0	\$2,139	\$0
Explosive Monitor Reserve	\$0	\$3,000	\$0	\$3,000	\$0	\$3,000	\$0	\$0	\$0
Jaws of Life Reserve	\$0	\$6,000	\$0	\$6,000	\$0	\$6,000	\$0	\$0	\$0
SCBA Reserve	\$0	\$3,425	\$0	\$3,425	\$0	\$3,425	\$0	\$0	\$0
Quint Pumper Reserve	\$0	\$40,000	\$0	\$40,000	\$0	\$40,000	\$0	\$0	\$0
Dispatch Service	\$0	\$236,885	\$0	\$236,885	\$258,953	\$0	\$0	(\$22,068)	\$0
Dispatch Console Reserve	\$0	\$5,000	\$0	\$5,000	\$0	\$5,000	\$0	\$0	\$0
Dispatch Communication Reserve	\$0	\$1,500	\$0	\$1,500	\$0	\$1,500	\$0	\$0	\$0
Hydrant Rental	\$0	\$188,100	\$0	\$188,100	\$193,476	\$0	\$0	(\$5,376)	\$0
Police Protection	\$0	\$429,940	\$0	\$429,940	\$412,829	\$0	\$0	\$17,111	\$0
Police Cruiser Reserve	\$0	\$7,500	\$0	\$7,500	\$0	\$7,500	\$0	\$0	\$0
Police 07 Ford Expedition Reserve	\$0	\$9,020	\$0	\$9,020	\$0	\$9,020	\$0	\$0	\$0
Police In-Car Camera Reserve	\$0	\$4,755	\$0	\$4,755	\$0	\$4,755	\$0	\$0	\$0
Street Lights	\$0	\$29,895	\$0	\$29,895	\$23,376	\$0	\$0	\$6,519	\$0
Insurance	\$0	\$34,755	\$0	\$34,755	\$29,872	\$0	\$0	\$4,883	\$0
	\$0	\$1,072,115	\$0	\$1,072,115	\$988,707	\$80,200	\$0	\$3,208	\$0
<b><u>Health &amp; Sanitation:</u></b>									
Solid Waste / Recycling	\$0	\$426,600	\$0	\$426,600	\$360,896	\$0	\$0	\$65,704	\$0
Acadia Disposal District	\$0	\$9,175	\$0	\$9,175	\$10,141	\$0	\$0	(\$966)	\$0
	\$0	\$435,775	\$0	\$435,775	\$371,037	\$0	\$0	\$64,738	\$0

**TOWN OF SOUTHWEST HARBOR, MAINE**  
**SCHEDULE OF DEPARTMENTAL OPERATIONS - CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(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>
<b>Highways &amp; Bridges:</b>								
Highway Department	\$0	\$299,915	\$0	\$299,915	\$268,767	\$0	\$31,148	\$0
Parking Lot Maintenance	\$0	\$1,000	\$0	\$1,000	\$0	\$0	\$1,000	\$0
Highway 1 Ton Pickup Reserve	\$0	\$10,585	\$0	\$10,585	\$0	\$10,585	\$0	\$0
Highway #1 Plow Truck Reserve	\$0	\$7,685	\$0	\$7,685	\$0	\$7,685	\$0	\$0
Highway #2 Plow Truck Reserve	\$0	\$11,820	\$0	\$11,820	\$0	\$11,820	\$0	\$0
Highway Loader Reserve	\$0	\$10,000	\$0	\$10,000	\$0	\$10,000	\$0	\$0
Highway Garage Reserve	\$0	\$20,000	\$0	\$20,000	\$0	\$20,000	\$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	\$6,820	\$0	\$6,820	\$0	\$6,820	\$0	\$0
Parking Lot Reserve	\$0	\$10,000	\$0	\$10,000	\$0	\$10,000	\$0	\$0
Storm Water Management Reserve	\$0	\$7,000	\$0	\$7,000	\$0	\$7,000	\$0	\$0
Docks & Floats	\$0	\$94,460	\$0	\$94,460	\$103,489	\$0	(\$9,029)	\$0
Harbor Master Boat Motor Reserve	\$0	\$7,000	\$0	\$7,000	\$0	\$7,000	\$0	\$0
Hoist Upgrade Reserve	\$0	\$5,000	\$0	\$5,000	\$0	\$5,000	\$0	\$0
Pilings/Wall Replacement Reserve	\$0	\$15,800	\$0	\$15,800	\$0	\$15,800	\$0	\$0
Manset Float Bridge Reserve	\$0	\$1,150	\$0	\$1,150	\$0	\$1,150	\$0	\$0
Cross Bracing Reserve	\$0	\$1,840	\$0	\$1,840	\$0	\$1,840	\$0	\$0
Lower Town Dock Parking Reserve	\$0	\$9,550	\$0	\$9,550	\$0	\$9,550	\$0	\$0
Ladder Replacement Reserve	\$0	\$5,200	\$0	\$5,200	\$0	\$5,200	\$0	\$0
Harbor Master Office Reserve	\$0	\$10,000	\$0	\$10,000	\$0	\$10,000	\$0	\$0
	\$0	\$664,825	\$0	\$664,825	\$372,256	\$269,450	\$23,119	\$0
<b>Education:</b>								
Elementary School	\$198,883	\$2,941,312	\$0	\$3,140,195	\$3,018,014	\$0	\$0	\$122,181
School Union #98	\$0	\$1,133,993	\$0	\$1,133,993	\$1,133,993	\$0	\$0	\$0
	\$198,883	\$4,075,305	\$0	\$4,274,188	\$4,152,007	\$0	\$0	\$122,181
<b>Assessments and Debt Service:</b>								
New Fire Station Debt	\$0	\$87,575	\$0	\$87,575	\$87,571	\$0	\$4	\$0
Legette Property Bond	\$0	\$25,575	\$0	\$25,575	\$24,647	\$0	\$928	\$0
Lower Town Dock Bond	\$0	\$30,500	\$0	\$30,500	\$0	\$0	\$30,500	\$0
Police Station Renovation Bond Overlay	\$0	\$51,400	\$0	\$51,400	\$0	\$0	\$51,400	\$0
Hancock County Taxes	\$0	\$289,059	\$0	\$289,059	\$289,059	\$0	\$0	\$0
	\$0	\$576,065	\$0	\$576,065	\$401,277	\$0	\$174,788	\$0

TOWN OF SOUTHWEST HARBOR, MAINE  
SCHEDULE OF DEPARTMENTAL OPERATIONS - CONTINUED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Exhibit A-1, Page 3 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>
<i>Unclassified:</i>								
Board of Appeals	\$0	\$1,000	\$0	\$1,000	\$2,173	\$0	(\$1,173)	\$0
Comprehensive Plan Committee	\$0	\$500	\$0	\$500	\$788	\$0	(\$288)	\$0
Harbor Committee	\$0	\$1,000	\$0	\$1,000	\$721	\$0	\$279	\$0
Planning Board	\$0	\$3,000	\$0	\$3,000	\$2,196	\$0	\$804	\$0
Shellfish Committee	\$0	\$500	\$0	\$500	\$229	\$0	\$271	\$0
Tree Fund	\$0	\$1,000	\$0	\$1,000	\$1,000	\$0	\$0	\$0
Warrant Committee	\$0	\$500	\$0	\$500	\$25	\$0	\$475	\$0
Generator	\$0	\$1,000	\$0	\$1,000	\$607	\$0	\$393	\$0
General Assistance	\$0	\$5,000	\$0	\$5,000	\$1,474	\$0	\$3,526	\$0
Downeast Health Service	\$0	\$900	\$0	\$900	\$900	\$0	\$0	\$0
Downeast Horizons	\$0	\$2,250	\$0	\$2,250	\$2,250	\$0	\$0	\$0
Downeast Transportation	\$0	\$825	\$0	\$825	\$825	\$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	\$56,345	\$0	\$56,345	\$56,345	\$0	\$0	\$0
Hospice of Hancock County	\$0	\$600	\$0	\$600	\$600	\$0	\$0	\$0
Island Connections	\$0	\$1,500	\$0	\$1,500	\$1,500	\$0	\$0	\$0
Island Explorer	\$0	\$10,000	\$0	\$10,000	\$10,000	\$0	\$0	\$0
Library	\$0	\$45,000	\$0	\$45,000	\$45,000	\$0	\$0	\$0
Nursing Service	\$0	\$44,320	\$0	\$44,320	\$44,320	\$0	\$0	\$0
	\$0	\$178,610	\$0	\$178,610	\$174,323	\$0	\$4,287	\$0
<b>TOTALS</b>	<b>\$198,883</b>	<b>\$7,600,390</b>	<b>\$0</b>	<b>\$7,799,273</b>	<b>\$6,934,340</b>	<b>\$416,300</b>	<b>\$326,452</b>	<b>\$122,181</b>

**TOWN OF SOUTHWEST HARBOR, MAINE**  
**SCHEDULE OF RESERVE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(Exhibit A-2, Page 1 of 2)

<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>
Public Work Truck	\$115,047	\$0	\$0	\$93	\$115,139	\$0	\$0
State Revenue Sharing	\$0	\$77,442	\$7,558	\$0	\$0	\$85,000	\$0
Docks & Floats	\$20,394	\$0	\$0	\$102	\$20,479	\$0	\$17
Advertising Signs	\$847	\$0	\$0	\$4	\$0	\$851	\$0
Street Signs	\$4	\$0	\$0	\$0	\$0	\$4	\$0
Legal and Accounting	\$22,835	\$0	\$0	\$114	\$0	\$0	\$22,949
Highway Garage	\$37,042	\$0	\$0	\$185	\$0	\$0	\$37,228
Parking Lot Maintenance	\$10,478	\$0	\$0	\$52	\$0	\$0	\$10,530
Community Relations	\$0	\$0	\$0	\$0	\$0	\$0	\$0
D.A.R.E. Program	\$731	\$32	\$0	\$3	\$733	\$0	\$33
Elm Tree	\$4	\$0	\$0	\$0	\$0	\$4	\$0
Public Safety Site	\$1	\$0	\$0	\$0	\$0	\$0	\$1
Comprehensive Planning	\$1,530	\$0	\$0	\$8	\$0	\$0	\$1,538
Herrick Sidewalk	\$26	\$0	\$0	\$0	\$0	\$26	(\$0)
Unemployment	\$7,475	\$0	\$0	\$35	\$1,195	\$0	\$6,315
Loader & Snow Equipment	\$5,168	\$0	\$0	\$4	\$5,170	\$0	\$3
Revaluation	\$15,024	\$0	\$0	\$75	\$0	\$0	\$15,100
Shellfish	\$2,411	\$0	\$0	\$12	\$0	\$0	\$2,423
State Highway Aid	\$832	\$17,596	\$1,568	\$5	\$0	\$20,000	\$0
Storm Drains	\$5,204	\$0	\$0	\$23	\$1,200	\$0	\$4,026
New Fire Station Operations	\$2,984	\$0	\$0	\$14	\$0	\$2,998	\$0
Junior Fire Department	\$125	\$0	\$0	\$1	\$0	\$0	\$125
Dispatch	\$24	\$0	\$0	\$0	\$0	\$24	\$0
Sidewalk Fund	\$93,514	\$0	\$0	\$447	\$57,085	\$0	\$36,876
Municipal Building Improvements	\$15,302	\$0	\$0	\$77	\$0	\$0	\$15,379
Mapping Update	\$4	\$0	\$0	\$0	\$0	\$4	\$0
Police Cruiser	\$4	\$0	\$0	\$0	\$0	\$0	\$4
Police Equipment	\$4,516	\$0	\$0	\$23	\$0	\$0	\$4,538
Public Safety Land	\$35,899	\$0	\$0	\$166	\$0	\$36,065	\$0
Harbor Master Office	\$19,064	\$0	\$0	\$95	\$0	\$0	\$19,159
Historical Inventory	\$1,905	\$0	\$0	\$9	\$0	\$1,914	\$0
Floats, Finger Float	\$9,234	\$0	\$0	\$46	\$9,273	\$0	\$8
Harbor Master Boat	\$796	\$0	\$0	\$4	\$0	\$0	\$800
Public Works Bathroom	\$13,829	\$0	\$0	\$69	\$0	\$0	\$13,898
Dispatch Equipment	\$4,123	\$0	\$0	\$21	\$0	\$0	\$4,144
Town Hall Painting	\$2	\$0	\$0	\$0	\$0	\$2	\$0
Veteran's Memorial	\$316	\$0	\$0	\$1	\$0	\$317	\$0
Swap Shop	\$0	\$2,784	\$0	\$2	\$493	\$0	\$2,293
Manset Dock	\$19	\$0	\$0	\$0	\$0	\$19	\$0
Lower Town Dock	\$3,072	\$0	\$0	\$9	\$1,250	\$0	\$1,832
Radio Communication	\$2,558	\$0	\$0	\$13	\$0	\$0	\$2,571
Antenna Relocation, etc.	\$2,658	\$0	\$0	\$13	\$0	\$0	\$2,671
Cable	\$2	\$0	\$0	\$0	\$0	\$2	\$0
Emergency Maintenance	\$8,490	\$0	\$0	\$42	\$0	\$0	\$8,533
Fire Truck	\$42,592	\$0	\$0	\$213	\$0	\$0	\$42,805
Police Grant	\$0	\$938	\$0	\$0	\$938	\$0	\$0
SHIP Grant	(\$12,192)	\$206,998	\$0	\$0	\$194,806	\$0	\$0
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
Conservation Commission	\$56,847	\$33,037	\$0	\$211	\$15,356	\$0	\$74,739
Police	\$1,312	\$479	\$0	\$4	\$50	\$0	\$1,746
School Playground	\$770	\$536	\$0	\$0	\$158	\$0	\$1,148
<b><i>Total Town Funds</i></b>	<b>\$567,241</b>	<b>\$339,841</b>	<b>\$9,126</b>	<b>\$2,196</b>	<b>\$423,326</b>	<b>\$147,229</b>	<b>\$347,849</b>

**TOWN OF SOUTHWEST HARBOR, MAINE**  
**SCHEDULE OF RESERVE FUNDS - CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(Exhibit A-2, Page 2 of 2)

	<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>
<i>CIP Funds</i>							
Municipal Software	\$26,218	\$0	\$0	\$132	\$0	\$0	\$26,350
Computer	\$4,976	\$0	\$8,650	\$35	\$1,377	\$0	\$12,284
Record Preservation	\$5,011	\$0	\$5,000	\$28	\$940	\$0	\$9,099
Municipal Building Engineering	\$68,146	\$0	\$0	\$341	\$0	\$0	\$68,487
Building Renovations	\$13,028	\$0	\$25,000	\$96	\$0	\$0	\$38,124
Police Cruiser	\$7,630	\$0	\$7,500	\$48	\$0	\$0	\$15,178
Police Station Engineering	\$35,320	\$596	\$0	\$143	\$34,422	\$0	\$1,638
Police Station Construction	\$19,017	\$1,025	\$0	\$77	\$20,119	\$0	\$0
Dispatch Console	\$852	\$0	\$5,000	\$21	\$0	\$0	\$5,873
Dispatch Security Cameras	\$501	\$0	\$0	\$3	\$0	\$0	\$504
Thermal Imaging Camera	\$19	\$0	\$0	\$0	\$0	\$0	\$19
Harbor Master Boat Motor	\$0	\$0	\$7,000	\$9	\$0	\$0	\$7,009
Manset Float	\$2,506	\$0	\$0	\$13	\$2,518	\$0	\$0
Lower Town Dock Pier	\$10,018	\$0	\$0	\$50	\$0	\$0	\$10,068
Highway 1 Ton Pickup	\$7,516	\$0	\$10,585	\$51	\$0	\$0	\$18,152
Highway #1 Plow Truck	\$7,682	\$0	\$7,685	\$36	\$7,591	\$0	\$7,811
Highway #2 Plow Truck	\$7,682	\$0	\$11,820	\$53	\$0	\$0	\$19,555
Highway Loader	\$35,075	\$0	\$10,000	\$154	\$40,000	\$0	\$5,230
Highway Garage	\$5,011	\$0	\$20,000	\$50	\$0	\$0	\$25,061
Road Projects	\$66,554	\$632	\$120,000	\$320	\$54,491	\$0	\$133,014
Sidewalks Projects	\$10,018	\$0	\$10,000	\$84	\$0	\$0	\$20,101
Harbor Hoists Upgrade	\$0	\$0	\$5,000	\$8	\$2,519	\$0	\$2,489
Pilings/Wall Replacement	\$0	\$0	\$15,800	\$45	\$14,195	\$0	\$1,650
Manset Dock Float Bridge	\$0	\$0	\$1,150	\$4	\$0	\$0	\$1,154
Cross Bracing Replacement	\$0	\$0	\$1,840	\$6	\$0	\$0	\$1,846
Lower Town Dock Parking Lot	\$0	\$0	\$9,550	\$32	\$0	\$0	\$9,582
Ladder Replacement	\$0	\$0	\$5,200	\$17	\$0	\$0	\$5,217
Town Office Copier	\$0	\$0	\$9,000	\$11	\$0	\$0	\$9,011
Vote Counter	\$0	\$0	\$7,000	\$9	\$0	\$0	\$7,009
Revaluation	\$0	\$0	\$10,000	\$12	\$0	\$0	\$10,012
Cable Access Equipment	\$0	\$0	\$2,000	\$2	\$0	\$0	\$2,002
Police 2007 Ford Expedition	\$0	\$0	\$9,020	\$11	\$0	\$0	\$9,031
Police In-Car Camera	\$0	\$0	\$4,755	\$6	\$0	\$0	\$4,761
Town Wide Communication	\$0	\$0	\$1,500	\$2	\$0	\$0	\$1,502
Explosive & Hazard Gas Monitor	\$0	\$0	\$3,000	\$4	\$0	\$0	\$3,004
Jaws of Life	\$0	\$0	\$6,000	\$7	\$0	\$0	\$6,007
SCBA	\$0	\$0	\$3,425	\$4	\$0	\$0	\$3,429
Quint Pumper	\$0	\$0	\$40,000	\$50	\$0	\$0	\$40,050
Manset Harbormaster Office	\$0	\$0	\$10,000	\$12	\$0	\$0	\$10,012
John Deere 4x4 Tractor	\$0	\$0	\$6,820	\$9	\$0	\$0	\$6,829
Parking Lot Improvement	\$0	\$0	\$10,000	\$12	\$0	\$0	\$10,012
Storm Water Management	\$0	\$0	\$7,000	\$9	\$0	\$0	\$7,009
<b><u>Total CIP Funds</u></b>	<b><u>\$332,779</u></b>	<b><u>\$2,253</u></b>	<b><u>\$416,300</u></b>	<b><u>\$2,016</u></b>	<b><u>\$178,172</u></b>	<b><u>\$0</u></b>	<b><u>\$575,176</u></b>
<i>School Funds</i>							
Bus Purchase	\$13,543	\$0	\$18,000	\$127	\$0	\$0	\$31,669
Emergency	\$168,005	\$0	\$19,729	\$1,428	\$0	\$0	\$189,162
Maintenance	\$24,589	\$0	\$3,750	\$212	\$0	\$0	\$28,550
<b><u>Total School Funds</u></b>	<b><u>\$206,136</u></b>	<b><u>\$0</u></b>	<b><u>\$41,479</u></b>	<b><u>\$1,767</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$249,382</u></b>
<b><u>Total Special Revenue Funds</u></b>	<b><u>\$1,106,156</u></b>	<b><u>\$342,095</u></b>	<b><u>\$466,905</u></b>	<b><u>\$5,979</u></b>	<b><u>\$601,498</u></b>	<b><u>\$147,229</u></b>	<b><u>\$1,172,407</u></b>

**TOWN OF SOUTHWEST HARBOR, MAINE**  
**SCHEDULE OF CHANGES IN GENERAL UNDESIGNATED FUND BALANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(Exhibit A-3)

Undesignated Fund Balance July 1, 2009 \$399,358

Increases:

Lapsed Balances - Exhibit A-1	\$326,452
Reserve Transfers	\$42,229
Decrease in Restriction due to Non-current Assets	\$78,886
Supplemental Taxes	\$3,191
Abatements (Net of Appropriation)	\$351
In Lieu of Tax Revenues ( Net of Appropriation)	\$10,630
Interest on Taxes & Liens (Net of Appropriation)	\$14,708
Solid Waste Revenues ( Net of Appropriation)	\$13,360
Licenses, Fees, Registrations & Miscellaneous (Net of Appropriation)	\$19,191
Cable Franchise Fee (Net of Appropriation)	\$15,794
Docks & Floats Revenues (Net of Appropriation)	\$22,396

Total Increases \$547,187

Decreases:

Increase in Deferred Tax Revenue	\$39,460
Excise Taxes (Net of Appropriation)	\$3,452
State Revenue Sharing (Net of Appropriation)	\$7,558
Local Road Assistance (Net of Appropriation)	\$1,568
Interest Earned (Net of Appropriation)	\$5,131
Police Department/Dispatch Revenues (Net of Appropriation)	\$1,086

Total Decreases \$58,255

Undesignated Fund Balance June 30, 2010 \$888,291



**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**

*To the Board of Selectmen  
Town of Southwest Harbor  
Southwest Harbor, Maine 04679*

We have audited the financial statements of the Town of Southwest Harbor, Maine as of and for the year ended June 30, 2010, and have issued our report thereon dated February 8, 2011. 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Southwest Harbor, Maine'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 result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards".

**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 opinion 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 internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

*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 a combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness (2010-1).

We noted certain matters that we reported to management of the Town of Southwest Harbor in a separate letter dated February 8, 2011.

The Town of Southwest Harbor's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Town of Southwest's Harbor response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, federal awarding agencies, pass-through entities, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted

*James W. Wadman, C.P.A.*

James W. Wadman, C.P.A.  
February 8, 2011

**TOWN OF SOUTHWEST HARBOR, MAINE**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**2010-1 Financial Statement Preparation**

Based on auditing standards, inadequate design of internal control over the preparation of the audited financial statements is deemed to be a material weakness in the internal control structure. The material weakness in the internal control is due to the inability to effectively prepare and evaluate the audited financial statements and detect material misstatements in those financial statements.

**Town of Southwest Harbor's response**

Management consents and agrees to continue working with the auditor and to do more formal training in order to try to gain more understanding of the financial statement preparation and how to evaluate them in order to identify any potential material misstatements done during the financial statement preparation.





## IMPORTANT TELEPHONE NUMBERS

To Report a Fire.....	911
Police Emergency.....	911
Ambulance .....	911
Police and Fire.....	244-7911
Town Office.....	244-5404
Public Works.....	244-7742
Water Department.....	244-3948
Sewer Department.....	244-7919
Transfer Station (EMR, Inc.).....	244-4347
Harbormaster.....	244-7913
Code Enforcement.....	244-7915
Chamber of Commerce.....	244-9264
Public Library.....	244-7065
Pemetic Elementary School.....	244-5502
US Post Office, Southwest Harbor.....	244-3456