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Town of Southwest Harbor



Annual Report 2014

DEDICATION



The 2014 Town Report is dedicated to **David Chapais**. In 1995, after retiring from a 20 year career in the US Coast Guard, “Shep-E” came to work for the Southwest Harbor Police Department. In 1998 he was promoted to Lieutenant and became our beloved Chief in 2003. He spent a great deal of time in the community, working with children and at the Pemetec School teaching the D.A.R.E. program. He truly loves our little town and dedicated himself to making it a better and safer place for families.



He retired as police chief in October of 2014 to take a trip cross country and spend more time with his family. He is greatly missed at the Police Department, by the students of Pemetec, and by the community as a whole.



Photos: Courtesy of David Chapais & the Mount Desert Islander

MEMORIUM



Esther E. Rodick was born on July 2nd, 1936. Esther graduated from Bar Harbor High School in 1953. September 8, 1954 she married Clarence Rodick and enjoyed 59 years of marriage with him. After traveling with her husband during his 21 years in the Coast Guard they moved home to Southwest Harbor in 1970. Esther served as administrative assistant for the Town of Southwest Harbor from 1971 to 1992 and often took on the role of acting Town Manager. After her retirement, she and Clarence enjoyed their winters in Florida.

Photo: Courtesy of Clarence Rodick

2014

ANNUAL REPORT

TOWN OF

SOUTHWEST HARBOR

Incorporated 1905

For the fiscal year July 1, 2013 – June 30, 2014

Including

The Proposed Warrant

For the fiscal year July 1, 2015 – June 30, 2016

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MUNICIPAL OFFICERS AND OFFICIALS

Board of Selectmen

Dan C. Norwood, Chairman
George Jellison, Jr., Vice Chairman
Thomas Benson
David Minctons
Lydia Goetze

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

Donald R. Lagrange

Town Clerk, Registrar of Voters

Marilyn J. Lowell

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

Tabbatha M. Newenham

Administrative Assistant, Deputy Clerk

Chelsea M. Black

Police Chief & Constable

Michael Miller

Harbor Master

Adam Thurston

Fire Chief, Emergency Management Director

Samuel Chisholm

BOARDS AND COMMITTEES

Board of Appeals

James Geary
Lunn Sawyer, Chair
Paul Slainwhite

Charles Morrill
Theodore Fletcher

Comprehensive Plan Implementation Committee

Carolyn Ball

Donald Lodge

Conservation Commission

Susan Allen
Jeff Dutra, Tree Warden
Ann Judd
Natalia Pajor

Jane Ayres Peabody
Melissa Frost, Chair
Ann Ratcliff, Buffering

Harbor Committee

Corey Pettegrow, Chair
Joel Harper
Nicholas Madeira
John Seavey

Brian Walls
Andrew Mays
Anne Napier

Planning Board

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

Ryan Donahue, Chair
Michael Mansolilli
Chad Terry

Shellfish Conservation Committee

Jim Colquhoun, Chair
Andy Mays, Warden
Glenn Greenlaw

William Carroll
Adam Thurston, Warden

Warrant Committee

Carolyn Ball
Eric Novella
Donald Lodge
Chad Terry
Jesse Dunbar

Michael Magnani
Chuck Bowers
Nancy Weingarten, Chair
Anne Napier
Ryan Donahue

Southwest Harbor Housing Authority

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

Karen Craig
Henry Barendse, Tenants Rep.
Sonia Field
Susi Homer

STATE REPRESENTATIVES

State Senator, District 7

Brian Langley
11 South Street
Ellsworth, ME 04605
Phone: 207-667-0625
Alt. Phone: 207-287-1505

State Governor

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

Representative to the Legislature, District 134

Walter A. Kumiega
House of Representatives
36 Cedar Lane
Little Deer Isle, ME 04650
Phone: 207-479-5459
Alt. Phone: 800-423-2900

Walter.Kumiega@legislature.maine.gov



FEDERAL GOVERNMENT REPRESENTATIVES

U.S. Senate

Susan Collins
413 Dirksen Senate Office Building
Washington, DC 20510
Phone: 202-224-2523
<http://collins.senate.gov>

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

U.S. House of Representatives, District 2

Bruce Poliquin
426 Cannon House Office Building
Washington, DC 20515
Phone: 202-225-6306 or 207-942-0583
<https://poliquin.house.gov/>



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

Paul R. LePage
GOVERNOR

March 30, 2015

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

Dear Citizens of Southwest Harbor,

Maine has a long tradition of civil participation in both state and local government, and I thank you for being informed and involved citizens.

My vision for Maine is prosperity, not poverty. For this reason, one of my top priorities is the reduction and eventual elimination of the income tax. Not only does an income tax cut put more money back in your pockets, but it will attract businesses that can offer good paying careers to keep our young people here in Maine. Further, this tax cut maximizes one of our existing resources — tourism — and ensures the millions of visitors who come to Vacationland each year contribute their small part to our economy.

Simply put, this proposal results in an immediate pay raise for all of you hard-working Mainers. It creates stronger and even more vibrant communities as we show people that we are serious about wanting people and businesses to come — and stay — in Maine.

If we are to make Maine prosperous, we must also work hard to reduce our heating and energy costs. I am committed to lowering the cost of energy, not only to attract job creators, but also to allow Maine people to affordably and effectively heat and power their homes.

And finally, it is of utmost importance that we begin to address the growing drug problem in our state. Maine's people are its most precious commodity, and our safety is being threatened by the drugs that are entering our state each and every day. My goal is to face the problem head on by employing more drug agents, prosecutors and judges before the epidemic destroys our communities.

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

Sincerely,

Paul R. LePage
Governor





Annual Report to the Town of Southwest Harbor

A Message from Senator Brian D. Langley

Dear Friends and Neighbors:

I am honored to represent the residents of Southwest Harbor in Senate District 7 during the 127th Legislature. I appreciate the trust you have placed in me, and I will work tirelessly for the betterment of you and your neighbors, as well as for the entire state of Maine.

There is a great deal to accomplish during the 127th Legislature. The most important item on our to-do list is clear: our state needs more jobs at all levels of the pay scale, so we must work to expand economic opportunity for all Mainers. Growing our economy and increasing the number of jobs available to Mainers will be a challenge, but I am confident that our ongoing commitment to addressing our outrageous energy costs and the needs of our aging population will continue to move our state in the right direction.

Private sector gains remain the best vehicle to spur robust economic growth, and I am focused on ensuring that traditional industries and small businesses have their needs met so Maine will continue to create jobs. In the same sense, innovation is critical to providing a path forward for Maine's economy – and my colleagues and I are excited to encourage the ideas of entrepreneurial minds young and old.

Another essential component of a robust economy is a skilled workforce. I have spent the last four years working on the Bridge Year Program which enables high school students to earn college credits while attending the technical center. Students graduate high school having completed 30 college credits at an affordable cost. Hancock County is in its first year with the Bridge Year. The focus now is on scaling it to all regions in the state in the next few years. I am pleased to be returning to the Education and Cultural Affairs Committee once again, and as its chair this session, to help advance this initiative.

Please feel free to contact me if you ever need my assistance in navigating the state bureaucracy. I would be happy to help in any way that I can. I may be reached in Augusta at 287-1505 or by e-mail at langley4legislature@myfairpoint.net.

Sincerely,

Brian D. Langley
State Senator



HOUSE OF REPRESENTATIVES

2 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0002

(207) 287-1400

TTY: (207) 287-4469

Walter A. Kumiega III

36 Cedar Lane

Little Deer Isle, ME 04650

Residence: (207) 348-2548

Cell Phone: (207) 479-5459

Walter.Kumiega@legislature.maine.gov

Dear Southwest Harbor Residents,

It is an honor to serve as your State Representative. I intend to work hard to retain your trust and build upon the work I've done representing Maine's island communities over the past four years.

We are going to take on a number of big issues in Augusta this year, from the state budget, to strengthening our schools, supporting senior citizens, property tax relief, jobs, wages, entrepreneurship, veterans, agriculture, the social safety net, access to affordable health care, energy costs, student debt, the environment and many more.

I'm also happy to report that I have been reappointed as the House chair of the Legislature's Marine Resources Committee. As someone who represents Maine's island communities, I want to make sure Maine manages its resources in a way that better balances harvesting and sustainability and also puts more emphasis on maximizing the economic gains for harvesters. A lot of people depend on marine life to make a living, and it's important to be a voice for them in Augusta. The committee clerk maintains a list of interested parties that get email notification of the committee schedule. Please let me know if you would like to be added to that list.

Whether we are dealing with the above issues or any other topic, I stand ready to work with all of my colleagues, regardless of party affiliation, to make sure we're doing the best work we can for the people of our district and all the people of Maine.

Please contact me if I can be of any help or if you want to discuss or testify on any legislation. My email is wkumiega36@gmail.com. My cellphone is 207-479-5459 for voice or text message. I also send out e-newsletters from time to time. Let me know if you would like to receive them.

Respectfully,

A handwritten signature in black ink that reads "Walter A. Kumiega III".

Walter Kumiega
State Representative

Dear Friends:

In November, the people of Maine entrusted me to serve another term in the United States Senate. I am deeply honored to serve you and will continue to work to bridge the partisan divide and to forge bipartisan solutions to the many challenges our nation faces. With the New Year just beginning, I welcome this opportunity to reflect on some of my work from this past year and to highlight some of my priorities for the year ahead.

The biggest challenge facing our State remains the need for more jobs so that Mainers can stay in our great State to live, work, and raise their families. Since small businesses create the vast majority of jobs, we must help them to start up, grow, and succeed. We must update our tax code to encourage small business investment in equipment and other assets, cut the red tape that is hampering job creators, build the transportation and energy infrastructure to support an expanding economy. We must also foster opportunities for key industries, from agriculture to defense. We must ensure that our workers have the skills they need for the jobs of today and tomorrow. These initiatives will remain my top priorities in the new Congress.

I am pleased to report a number of successes from this past year, including provisions from my “Seven Point Plan for Maine Jobs.” My proposals to streamline job training programs and better match workers’ skills with employers’ needs were enacted as part of a workforce investment act. I helped secure promising manufacturing opportunities for our state—from requiring the military to buy American-made athletic footwear for new recruits, just as it does for other uniform items, to an additional Department of Energy investment in the deepwater, offshore wind power project being developed by the University of Maine, Maine Maritime Academy, and private companies. For Maine agriculture, I succeeded in including the fresh, white potato in a federal nutrition program from which it has been the only vegetable to be excluded.

Also last year, I was pleased to join in the christening of the *USS Zumwalt* at Bath Iron Works, a Navy ship for the 21st Century that will help protect our nation and strengthen one of Maine’s most vital industries. And, for Veterans living in rural areas, I secured a two-year extension of the successful Access Received Closer to Home program, which is improving access to health care for Veterans in northern Maine. Finally, after several years in the making, I am delighted that Congress has approved my legislation to form a commission – at no cost to taxpayers – on the creation of a National Women’s History Museum. A museum recognizing the contributions of American women is long overdue, and this bill is an important first step toward that goal.

In the new Congress, I will serve as Chairman of the Transportation Appropriations Subcommittee. This position will allow me to continue working to ensure investments are made in critical transportation infrastructure, which is essential for our safety and economic growth. To date, Maine has received more than \$90 million for highway, bridge, airport, rail, and port projects through the successful TIGER grant program.

I will also serve at the helm of the Senate Special Committee on Aging in the 114th Congress, a position I sought because Maine has the highest median age in the nation. Working to address pressing issues facing our seniors, from long-term care and retirement security to the vast potential of biomedical research, will be on our agenda. Preventing and effectively treating Alzheimer’s should be an urgent national priority as this devastating disease continues to take such a personal and economic toll on more than five million Americans and their families. The Committee will also continue to focus on the scams and frauds targeting our senior citizens and has a toll-free hotline (1-855-303-9470) where seniors and their loved ones can report suspected fraud.

A Maine value that always guides me is our unsurpassed work ethic. As 2014 ended, I continued my record of never missing a roll-call vote since my Senate service began in 1997; a tally that now stands at more than 5,700 consecutive votes.

I am grateful for the opportunity to serve the great State of Maine and the people of Southwest Harbor. If ever I can be of assistance to you, please contact my Augusta Constituent Services Center at (207) 622-8414, or visit my website at www.collins.senate.gov.

Sincerely,



Susan M. Collins
United States Senator

ANGUS S. KING, JR.
MAINE

259 DENISON SQUARE OFFICE BUILDING
(207) 224-5344
Washington, DC 20510

United States Senate
WASHINGTON, DC 20510

COMMITTEES:
ARMED SERVICES
BUDGET
INTELLIGENCE
RULES AND ADMINISTRATION

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

Dear Friends,

It has been a privilege to serve the State of Maine since being sworn into the U.S. Senate in January of 2013. First off, I want to make sure you know how to reach my offices, as I welcome your thoughts, questions, or concerns. You can call our toll-free, in-state line at **1-800-432-1599**. In addition, our local numbers are as follows: Augusta (207) 622-8292, Presque Isle (207) 764-5124, Scarborough (207) 883-1588, and Washington D.C. (202) 224-5344. You can also provide your input on our website at www.king.senate.gov.

Maine is a large state; I know that traveling to our offices can present logistical and financial challenges, which is why our team implemented an outreach program, **Your Government Your Neighborhood**. My staff has been traveling to communities throughout the state for two years now, hosting office hours for local residents. Since we began, we have made over 400 trips and plan to increase that throughout 2015.

If we haven't yet been to your town office, community library, or school, or hosted an information table at a local non-profit, please let us know!

My work in Washington this year has been broad reaching, and I am committed to continue this work in a transparent and nonpartisan manner.

My projects have included:

- Overseeing national security and defense issues from ISIS to cybersecurity
- Continuing efforts to simplify student loans and make higher education more affordable
- Easing the regulatory burdens facing Maine businesses, farms, and schools
- Co-sponsoring budget initiatives for a smarter economic direction
- Supporting vital infrastructure and highway investments
- Tackling climate change mitigation and its long-term impacts
- Ensuring financial transparency in politics through campaign finance reform
- Promoting the growth of rural internet access
- Co-sponsoring legislation to help working families get paid leave to care for loved ones

I am tremendously grateful for the opportunity to serve you and will keep you informed of my activities in Maine and Washington.

Sincerely,



ANGUS S. KING, JR.
UNITED STATES SENATOR

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

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

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

In Maine call 1-800-432-1599
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DISTRICT 2, U.S. HOUSE REPRESENTATIVE, BRUCE POLIQUIN

Dear Friends,

Since being sworn in, I have been working to help solve our most important issues such as creating more jobs, lowering the cost to heat our homes and balancing the national budget.

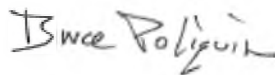
In Congress, I will work to give job creators the confidence they need to start new businesses and create more jobs. It is important for Congress to continue to pass jobs bills, like the Keystone XL Pipeline Act, to get our hard-working Mainers back to work so they can put more food on the kitchen table. As your representative, I will always support legislation that will balance our national budget, reduce the high cost of energy and help create more jobs.

Secondly, I have been working, with Republicans and Democrats, to help lower the cost of energy for our small businesses and hard-working families in Maine. One of my first votes, as a member of Congress, was in support of the Keystone XL Pipeline Act and the Natural Gas Pipeline Permitting Reform Act. These bills will help increase the production and create a reliable flow of natural gas to Maine, especially the Second District.

For my first House floor speech, I asked my Republican and Democrat colleagues to join me in support of the Balanced Budget Constitutional Amendment. This Constitutional amendment will require Washington to, finally, live within their means, just like our hard-working families in Southwest Harbor. Balancing the national budget will help end wasteful spending and help secure financial security for our kids and grandkids.

I'm honored and grateful to serve you and represent the hard-working people of Maine's Second Congressional District. If you need any help, please visit my website (Poliquin.house.gov) or call any of my offices: Lewiston (207) 784-0768, Bangor (207) 942-0583, Presque Isle (207) 764-1968 and Washington, D.C. (202) 225-6306.

Sincerely,

A handwritten signature in black ink that reads "Bruce Poliquin". The signature is written in a cursive style with a stylized "P" and "Q".

Bruce Poliquin

BOARD OF SELECTMEN

Fellow Residents of Southwest Harbor,

Southwest Harbor is made up of a diverse group of people, multi-generation families, and visitors who love our Town and choose to make a life here. The natural beauty of our landscape, our great school system, and business-friendly atmosphere continue to attract people to our town. Our vibrant summer community contributes greatly to our way of life and the Board is working on ways to make the town affordable and attractive to young families.

The Board of Selectmen would like to express our gratitude to all town employees for providing needed services to help our town operate smoothly. Thank you also to our Firefighters, Police, and Emergency Service personnel for their continued service in keeping our Town safe and protected. Thanks to Town Manager, Don LaGrange and his office staff for carrying out the business of the Town with professionalism and responsiveness to the public. They all do a great job and always have the Town's best interest at heart. Continued thanks to all volunteer boards and committees for your service. We would like to encourage any resident interested in Town affairs to participate and attend board meetings.

2014 has been a trying year for all with the Main Street construction! Your patience and understanding with delays, interruptions, noise, and mess will be rewarded in June with the completion of this important phase of Southwest Harbor's 20 yr. Infrastructure Improvement Plan. Businesses and residents alike have felt the pain of this drawn out process but the end is in sight. This project has improved water supply, fire protection, drainage, sewer system components, and road surface for the most challenging section of Town.

The Town has made good progress in recent years on the infrastructure plan. There are many projects remaining to complete and our office staff continues to search for grants that will help fund future improvements. Southwest Harbor has been recognized by the State of Maine with a "Business Friendly Certification" due to our favorable financial position and strong infrastructure program.

2016 marks the centennial of Acadia National Park and the Town will be looking great for this important event. There will be many fun events all over the Island during the celebration as we "Celebrate our past! Inspire our future!"

The Board continues to provide responsible oversight of budgets and Town operations while searching for efficiencies and savings as we manage Town affairs. The Town's finances remain in a strong position with a surplus in excess of 29 % of the municipal budget. We hope this report gives you a good snap shot of town activities.

We invite all residents to share thoughts and concerns with the board. We meet every 2nd and 4th Tuesday of the month at the town office. We look forward to a prosperous and happy 2015 for all.

Sincerely yours,

Dan C. Norwood, Chairman

TOWN MANAGER REPORT

Let's keep this report simple: Main Street, Main Street and Main Street.

The Town went through quite a transformation during 2014 with the construction activities through the only entrance into Town. We realize the many sacrifices made by our residents regarding waiting in traffic, timetables and just plain aggravation. Suffice it to say, as of the writing of this report, the end is near.

We are anticipating project completion by June 30, 2015. However, we are still working on schedule adjustments to finish earlier. No promises! All the trench work was completed last year and a base asphalt laid for the winter. With the spring melt, we will analyze all areas requiring adjustment. The final asphalt on sidewalks, the shim coat between Herrick Road and Wesley and then the final finish asphalt from Seal Cove to Wesley will be done in May or June. There are many other areas for completion, but minor in comparison to recent endeavors.

I personally want to thank all Southwest Harbor residents for their understanding, perseverance and patience during a time when we all grit our teeth traveling into or out of Town. You really made coping with the issues more tolerable. A big, hearty thank you to all!

In other matters, we have a huge infrastructure project, i.e. the Town, which will need careful planning including sewer and water line replacements and several road reconstructions for the future. An infrastructure report by Olver Engineering in 2011 identified the numerous areas requiring urgent attention. Over the past 5 years we have replaced the water tank on Freeman Ridge, rebuilt Wesley Avenue and Mansell Lane and nearly finished Main Street. We have also resurfaced North Causeway Lane, Alder Lane, Ocean House Road, Long Pond Road and a portion of Shore Road. We have completed reconstruction of Seal Cove Road from the Freeman intersection to the highway garage and rebuilt, with huge concrete culverts, the east and west branch of Marshall Brook which created a nice little trout pond on the west branch. We are making progress.

In the hopper to be suggested to the Selectmen and the Town are the repaving of half of Freeman Ridge, repaving East Ridge Road and Wood Street. Forest Avenue is desperate for attention and our finance director, Tabbetha Newenham, is working toward getting a 75% grant and if approved, construction would take place in the 2016 season.

Our financial condition improved comfortably due to budget management resulting in a favorable surplus even after paying off the Police Department Debt and the lower town dock debt, as well as the additional Main Street construction funds for the change order stopping construction during July and August. We have a 29% surplus of the municipal budget, of which \$554,884 or 7% of the municipal budget is a frozen asset due to the Sewer Department debt service to the Town.

Special thanks to our administrative support staff including Finance Director, Tabbetha Newenham, Town Clerk, Marilyn Lowell and our newest member, Chelsea Black, Administrative Assistant. The highway, water and sewer departments have given their all to keep things in good working order. Thanks to the Planning Board for their efforts, to the Board of Appeals, Conservation Committee, Harbor Committee and all those volunteers helping in the well-being of the Town. A special thanks for the commitment of the Board of Selectmen for their diligence in overseeing the trials and tribulations of this past year and their visions for the future.

Respectfully Submitted,

Donald R. Lagrange
Town Manager

FINANCE DIRECTOR

In my third year as Southwest Harbors Finance Director I still find I am learning new things. As I mentioned last year, I'm not out in the front office anymore but I'm still here working very hard for all of you. Feel free to stop by anytime, my door is always open.

The past year has presented many challenges, rewards and improvements. Some notable improvements in the past year include the following:

In November, 2014 we hired Chelsea Black as Administrative Assistant. She is new to municipal government but is learning quickly and has become a valuable asset to our team in her short time with us. If you have not met Chelsea yet, please come by and introduce yourself.

We have the public computer set up in the lobby for use by residents and realtors to view the current Tax Maps, Commitments, Transfers and Property Cards. These items are also now on our web site. We continue to make progress with scanning old records to make them available as well. The goal is to have an electronic file for each map and lot searchable from the public computer and possibly from the website.

This is our third year of in-house production of the Town Report. We saved \$1,096 over the cost of the 2012 Report doing last year's report in-house and this year we were able to lower the budgeted amount once again from \$2,500 to \$2,000. This was our projected goal for annual cost when making the change in 2012 to producing the annual report in house. The 2012 budget for the report was \$4,000. I hope you are all pleased with our efforts to save costs while still providing a quality product to you. If you have any feedback, comments or concerns please let me know.

Water department finances are finally on track. The water department has re-paid the entire debt to the Town and is now able to set aside a small amount each year for repair and replacement of less than 20 year life capital items.

The Sewer department will have a small rate increase (7%), in the coming year, in order to provide sufficient revenue to cover operating expenses. Our goal with the sewer budget is to provide a small repayment to the town in each of the next two years and to increase that payment once the clarifier debt obligation is paid off.

Overall Revenues for the 13/14 Fiscal Year were 1% up from the 12/13 Fiscal Year and Expenses were 1% down. We continue to work diligently to save costs where we can to keep the tax base as low as possible.

Respectfully Submitted,

Tabbatha M. Newenham
Finance Director

TOWN CLERK'S REPORT

Marilyn J. Lowell

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

The Town Office is now offering these services on line: Go to the Town website, [www.townofhills.com](#), for the links.

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

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

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

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

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

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

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

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

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

TOWN CLERK'S REPORT CONTINUED

For the year 2014, the following licenses were issued:

Hunting and Fishing Licenses Issued: 325

Dog Licenses Issued:

Males/Females	6	Neutered/Spayed	81
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Recreation Vehicle Licenses Issued:

Boats: 374	ATV's: 67	Snowmobiles: 61
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I also receive and file all birth, marriage and death records for the Town of Southwest Harbor. Certified copies of these records are available at the Town Office for \$15.00, with additional certified copies, purchased at the same time, for \$6.00 each.

Marriage Licenses Issued: 16

Birth Records Received: 12

Town Officials and Staff would like to express their condolences to the families and loved ones of the 28 beloved Southwest Harbor residents we lost in 2014.

Esther Rodick	1/9/2014	Elizabeth Marler	6/18/2014
William Fleming	1/11/2014	Stephen Gross	6/29/2014
Barbara Godwin	1/11/2014	Polly Weaver	7/10/2014
Robert Raphael	1/28/2014	Bernice Cousins	8/26/2014
Anne Clark	1/30/2014	Dorothy Lauriat	9/14/2014
Thomas Miller	2/17/2014	Arthur Moody	9/15/2014
Danny Jacobs	3/5/2014	Nathan Booker	9/20/2014
Simeon Michaud	3/12/2014	Scott Phelps	10/11/2014
Rosetta Seavey	3/25/2014	Miles Weaver	10/22/2014
Carol Hall	3/30/2014	Judith Obbard	10/30/2014
George Higgins	4/4/2014	Leslie Thurston	11/16/2014
Paula Reed	4/9/2014	Paul Kessler	11/20/2014
Bessie Gray	4/23/2014	Carol Murphy	12/19/2014
Richard Church	5/30/2014	Elwell Farley	12/20/2014

POLICE DEPARTMENT

As everyone is aware, Chief Chapais retired on October 17, 2014. He is now following his dream of traveling the country in his Chevy Camaro pulling his camper. We wish Chief Chapais the best and want him to know how much we, the Southwest Harbor Police Department, appreciated his leadership as well as his friendship during the many years of his tenure here. He is and will continue to be missed by all of us. Chief Chapais...job well done!!!

I would also like to thank both Allen Smith and Bryan Dow, both for their committed service to the Southwest Harbor Police Department. Bryan Dow resigned in November of 2014 and Allen Smith stepped down from a full-time position to part-time status in January 2015. Both had job offers that they could not refuse and I am a strong supporter of anyone who wants to better themselves and their careers. Good luck and thank you both for all your hard work to the Southwest Harbor Police Department. Both of you have been a huge asset to the department.

I would like to continue by thanking the staff of the Southwest Harbor Police Department for their continued dedication and patience while we work through this transition. It has been a challenge, but who doesn't like a good challenge every now and again. Special thanks to Nick Hardwick for filling in patrol where needed, dispatcher Rod O'Connor who is filling vacant dispatch shifts where needed, Ben Harper and Traci Patton, who both have worked unspeakable overtime covering open shifts. Officer Shawn Merchant, who is now senior officer of the Southwest Harbor Police Department, for stepping up and taking on more responsibility and a larger work load. Part-time Officer Ryan Haines who took vacation time from his full time job to fill shifts here. Without everyone pitching in and helping where they could we would not have been able to keep the Police Department running as smoothly as it has been for these last three months. Hats off to everyone.

Congratulations to Toni Ryan who was hired as a dispatcher but has since passed her physical and a written test to become a patrolman. Toni is currently at the academy to become certified as a part-time police officer. Her aspiration is to become a full time police officer and we are going to work with her to make that a reality for her.

Eben Richardson is our latest hire as a part-time officer. He has been in law enforcement for over 10 years and has been a great addition to our staff. Welcome Eben. We will be hiring another full time officer to get us closer to full staff. Several applicants have applied and it will take weeks before anyone is selected.

I especially want to thank the citizens of Southwest Harbor who have been great and very supportive of their Police Department. I want everyone to know that it has not gone unnoticed. The people of Southwest Harbor are amongst the best there is and I just want to thank each and every one of you. You make our jobs much easier and it's a pleasure to serve you. We are continuing our community outreach programs with DARE, Tip-A-Cop and Fueling Dream for Special Olympics and our annual Bike Rodeo.

Unfortunately DARE will not be taught at Pemetec this year, but we will certify a DARE Instructor who will be continuing it next year and will combine the 5th and 6th grades so no child in Southwest Harbor is overlooked. We consider DARE a very important and effective program for our youth to keep them off drugs and form positive relationships between them and police.

POLICE DEPARTMENT CONTINUED

Thanks to Brandon and Laura's Café for once again hosting the Tip-A-Cop event for Special Olympics. We are proud to say that the owner's, Brandon and Laura Hodgdon, were presented a plaque this summer for 5 consecutive years of hosting the Tip-A-Cop event. They have helped us raise thousands of dollars through the years for Special Olympics. We truly value their partnership. Fueling Dreams is a one day event where police, and in some locations, Special Olympians, pump gas, wash windshields and have a bunch of fun. Circle K and Irving stores around New England participate and it's the single largest fund raiser for Special Olympics so it's very humbling to be part of it. Circle K right here in Southwest Harbor has hosted the event for two years and we look forward to many more seasons of Fueling Dreams here in Southwest Harbor. All Southwest Harbor Officers have completed all their mandatory training online through the Maine Criminal Justice Academy.

This year consisted of:

- Methamphetamine Awareness
- Responding to Methamphetamine Labs
- 2014 U.S. Supreme Court Case Law Updates
- 2014 First Circuit Court of Appeals Case Law Updates
- 2014 Maine Supreme Judicial Court Case Law Updates
- 2014 Maine Law Updates
- ODARA – Ontario Domestic Abuse Risk Assessment
- Elder Abuse – Financial or Material Exploitation
- Brady/Giglio – Laws pertaining to discovery for the defense team

We remain pro-active in assuring all officers are trained in the most up to date information available. This gives us an advantage and makes us effective public servants.

Respectfully Submitted,

Michael W. Miller
Acting Chief of Police



PUBLIC WORKS – HIGHWAY DEPARTMENT

Many times next winter, the Highway Department will be called upon to clear the Southwest Harbor's road system of snow. Most times, the job will be equal to plowing snow from a two lane highway stretching from Southwest Harbor to Bangor, twice plus an additional 100 miles. Highway, water and sewer staff do not get a shift change if a storm is of long duration, continuing around the clock until the job is done. Just as certain as the storm is the certainty that we will displease some property owners because we will be plowing their already cleared driveways full of snow again. Actually, we wish we could leave each driveway meticulously clean but to do this would mean that we would never finish the plowing in a reasonable time. During a storm, our plowing must keep the pavement, or traveled right-of-way cleared. After the storm and pavement has cleared, we must 'widen-out' and clear the shoulder during the next phase.

It is especially during this time where most driveways already have been shoveled out, the driveways are again blocked with more snow. We clearly recognized this must discouraging and irritating, however, with your help this could be minimized with the following practices. You should shovel snow in the direction of travel and also make a pocket next to your driveway to help snow accumulation on the plow drop into that pocket, reducing the impact of the snow throw.

Damaged mailboxes and posts have been another source of conflict although our drivers are required to take all precautions possible in order not to hit them. Experience has shown that with reduced visibility during a storm, it is not always possible for the driver to see the post in time to avoid striking it with the wing of the plow. As any installation of this nature within the right of way, it is placed at the owner's risk. However, if the posts are placed at a maximum usage distance from the roadway and at a proper height, this will minimize the risk. Rotted or weak posts must be replaced because the weight of the snow rolling off the plow creates too much impact.

At the end of the snow season, there is nothing to show for the great expenditure in snow removal during the past winter except that the roads were made as safe as possible for everyone to enjoy. These are just a few thoughts presented as we again prepare for the months ahead and another, hopefully less harsh, winter. We invite your cooperation and assure you of our desire to minimize any winter inconvenience due to snow plowing.

Scott Alley
Road Foreman

WATER DEPARTMENT

The Water Department has had a busy year. The 12" main on Main Street has been completely replaced and now provides a much more reliable and steady flow of water for services and fire protection. I would like to thank Olver Associates and R.F. Jordan for all of their work on this project. I would also like to thank the citizens of Southwest Harbor for their patience and understanding.

The meter replacement project has had a few delays. The demands of the Main Street project took up a substantial amount of our time. Also, we have switched providers from Datamatic out of Texas to Zenner based here in New England.

I would also like to thank the Sewer Department for helping this winter while I have been out on medical leave.

Respectfully Submitted,

Allen "Snap" Willey
Chief Water Operator

SEWER DEPARTMENT

Our efforts to maintain the Sewer treatment plant and the three pump stations located at Norwood Cove, Clark Point and Shore Road have been recognized by the Department of Environmental Protection (DEP) for overall outstanding conditions considering the age of the structure. The cleanliness of our lab and plant maintenance are vital to achieving a longer duration from the existing facility.

This past year, we again passed the toxicity testing and priority pollutants which are necessary to obtain a new discharge permit. Due to our testing being constantly positive, we are not required the frequency of reporting as in the past which saves several thousand dollars. We are pleased to report that we have received a new discharge permit that is good for another five years.

This past year, we installed a new energy saving furnace which has a lifetime warranty. A forced main from the Norwood Pump station to Herrick Road was completed with the Main Street construction project. This was very important since the older forced main was collapsing and could have resulted in serious consequences.

Again, we need to remind all sewer customers not to flush any baby wipes or similar products into the system which plug up the pumps and increases maintenance costs and parts replacements. We would appreciate all your efforts in this regard.

Respectfully Submitted,

Randy Dunbar
Chief Sewer Operator

FIRE DEPARTMENT



The Southwest Harbor Fire Department responded 129 times to your calls for assistance during 2014.

Over 10,000 Personnel hours were spent by our members taking care of:

15 Structure Fires	14 Motor vehicle Accidents
4 Hazardous material incidents	8 Emergency Medical Calls
10 Vegetation related fires	15 Public Service Calls
19 Automatic alarms	44 Other calls for assistance.

One of the more interesting calls that brought the County's mutual aid community together involved more than 12 departments battling a major structure fire in the center of downtown Bar Harbor. This fire had the potential of devastating a large portion of the Town's densely populated properties, however the overwhelming response from Bar Harbor's neighboring towns successfully confined the fire to the building of origin preventing a catastrophe. This call validated the hard work and training both from within our own departments as well as between our departments showing that the thousands of hours we spend preparing for such emergencies proves our training motto:

“train as you will do and you will do as you train”.

As a part of our goal is to provide you with volunteer firefighters as skilled as their counter parts who provide these services as a profession. Having graduated the County's Fire Fighter Academy, I am pleased to welcome to the ranks of the nationally certified Firefighter 1 and 2 roster, Firefighter's Derrick Zozzaro and William Shepherd. Derrick and Will bring Southwest Harbor the good fortune of now having 14 certified members to provide the services you deserve. I must recognize at this point an extremely important partner that this Town has to deliver the services we do.

The United States Coast Guard has a long standing tradition of providing lifesaving services to the citizens and visitors that use our waterways throughout the country. What you may not know, is that the Coast Guard also has a deep seated commitment to be good citizens to the communities where they serve. This commitment shows by the willingness of the Coast Guard Members to become involved in so many of our Town's projects and activities as volunteer participants. The Fire Department is so fortunate to have 10 US Coast Guard members giving their time to be volunteer firefighters. While the working hours during the week sees many of our members out of Town where they can find work, the USCG members are close at hand and so many times, the first responders to your emergency are members of the crew at the Coast Guard Base. Please join me the next time you see a US Coast Guard Member to thank them for not only their Military Service but for the service they give to our community.

Would you all please join me in giving thanks to the men and women of your Fire Department, including the members of the US Coast Guard, and the SW Harbor Fire Association, along with the dedicated first responders that staff our Ambulance service, Police Department and Dispatch service that serve our community as volunteers. Our Town is blessed to have so many who are willing to set aside their own needs for the needs of the community.

Respectfully Submitted,

Sam Chisholm, Chief
Southwest Harbor Fire Department

HARBORMASTER

The 2014 boating season started off with a bang this year with an early tropical storm on the 4th of July. Arthur came in with North West winds of 40 knots with gusts that reached over 50 knots. The south side of the harbor took the worst of it with severe winds and a heavy chop. When all was said and done we lost two small boats, both which had succumbed to the heavy rain and chop. The harbor had been at capacity in preparation of the Independence Day festivities which were postponed to take place the following weekend during the Flamingo Festival. The Southwest Harbor Chamber still managed to put on a great show for the Town which has become a new tradition in Southwest Harbor.

I assisted multiple disabled vessels and extracted two people from the water this past summer. One of the disabled vessels was a small sail boat that was hard aground on the Greenings Island ledge. I was able to get the passengers off of the boat and safely to shore, but the situation could have been much worse. The Greenings Island ledge can be difficult to identify, especially when approaching from the north. Please remember to stay vigilant on the water so this situation does not happen to you. The first man overboard that I witnessed was an inexperienced kayaker that was attempting to cross the channel in the outer harbor. I had noticed him earlier while I was on patrol in the harbormasters boat and decided to keep an eye on him. Sure enough he capsized the kayak and was unable to get back in. I pulled him aboard my boat and brought him to shore. Inexperience and kayaks on the ocean do not mix. If you do decide to kayak on our waters be sure to let a friend or family member know where you are going and when you plan on returning. It is also important to wear a properly fitting life jacket, and remember a life jacket will not save you sitting next to your feet; you must wear it for it to be effective. The other man I pulled from the water had fallen off of his sailboat while trying to get into his tender. Luckily for him there was another person on board who was able to wrap a life sling around him and contact me with his radio. There was a storm approaching and the wind had picked up to 20 knots. The person on board was not able to lift the man out of the water because of the wave action so I grabbed him and pulled him aboard my boat. The man was cold and wet but otherwise unscathed. It is important to remember to always have some sort of ladder or rope available to easily access your vessel if you fall over board and are not able to climb back over the rails. Please take safety precautions on the water very seriously and learn from other peoples' mistakes.

Over all we had a very successful year on the water with many people visiting our harbor for the first time. Southwest Harbor was the destination of several group cruises, two of which were the New York City Yacht Club and the Cruising Club of America.

Our harbor is growing in popularity every year and it will always be a great vacation destination. If anyone ever has any questions please call or stop by the Harbormaster office at the Manset dock, I can be reached at 244-7913. Have a safe and enjoyable 2015 boating season.

Respectfully Submitted,

Adam Thurston
Harbormaster

CODE ENFORCEMENT REPORT

Flood Insurance

The Federal Emergency Management Agency (FEMA) is revising the flood map and it was scheduled to take effect July, 2015. However, several appeals in Hancock County have delayed the revisions until 2016. The accuracy of these maps have eliminated some properties from the flood zone and added others that may have previously not been included. Flood insurance is not just for those who live near water. We suggest contacting your insurance agent and being well informed of the costs and benefits of this supplemental insurance coverage. Southwest Harbor is an active participant in the National Flood Insurance Program (NFIP). Flood Zone Maps are available in the Town office.

Permit Activity

Plumbing Permits:

The same number of plumbing permits (47) were issued in 2014 for a total permit value of \$7,505, an increase over the previous year by \$1,500. The reason for increased revenue is the number of single family structures for which plumbing permits were issued. Plumbing permits include interior plumbing as well as septic systems.

Building Permits:

A considerable amount of activity in three categories including garages/barns, single family structures and additions contributed to a significant increase in permit value as well as permit fees, even though there was a substantial decrease in the number of permits issued during 2014. Only 59 building permits were issued, but the value of permits increased nearly \$2,000,000 from the previous year to \$4,704,300. Also, building fees for 2014 increased over 2013 by \$6,200 to a total of \$19,668.

A sampling of the type of permits issued as follows:

Garages/Barns	7	Misc	9
Fill	3	Remodeling	1
Additions	11	Signs	2
Sheds	2	Decks/Porches	5
Single Family homes	12	Accessory Dwellings	2
Driveways/roads	3	Piers	1
Mobile Homes	0	Commercial	1

For Planning Board application review and preparation or other permitting questions, feel free to contact this office at 244-7915. Appointments are not necessary but we do recommend calling ahead of your arrival. We are here to help you get your project off the ground.

Respectfully Submitted,

Donald R. Lagrange
Code Enforcement Officer

PLANNING BOARD

The current Planning Board is comprised of the following volunteers:

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

The Planning Board has been very active to support any application that is presented for review, without causing any unnecessary delays to the applicant, so they may proceed with their projects provided all performance standards of the Land Use Ordinance are met. This is a very important function that is taken seriously and I would like to express my gratitude for all the members of the Board for their active participation.

The Planning Board has reviewed the following applications during 2014 which were all approved according to the land use requirements and performance standards as presented:

- 1) Lynne M. Birlem, Map 6, Lot 5, 65 Freeman Ridge Road requested clarification of a setback requirement for a driveway shared with abutter. Board agreed no setback requirement was necessary.
- 2) Howland Properties of 471 Main Street received approval for a 19' x 11' gazebo for commercial purposes on land in the Harbor Zone more fully described at Map 2, Lot 45. Jeff Crafts acted as agent for Howland Properties.
- 3) The Sublime Development Co. of 386 Main Street and more accurately identified as Map 3, Lot 33 of the Southwest Harbor tax maps received approval for change of use to add 24 seats to existing lounge to be placed on the front outside patio.
- 4) Stephen Johnston of 26 Wesley Avenue to replace an existing 14'6" x 25'2" garage which is non-conforming due to set back to the westerly property line with a 14'6" x 35'2" garage decreasing the non-conformity from 25'2" to approximately 12' was approved.
- 5) The Planning Board approved an amendment to the Road Ordinance which provides acceptance of a road built to road standards as a town road. This has been placed on the May ballot for voter approval.
- 6) Karen Roper and Aaron Sprague of 200 Seal Cove Road, Map 13, Lot 28 was given the nod for eight (8) rental cabins, a multi-purpose building and a two (2) bedroom house.
- 7) The Planning Board started a review of the road ordinance standards to update specifications with the help of Olver Engineers. Should be ready for voter approval in November, 2015.
- 8) Dan Chalmers at 298 Seawall Road received approval to construct a new access way within the property to the float storage and construction facility at the rear of the property.

It should be acknowledged that all of Southwest Harbor's volunteer committees and boards give a great deal of personal time to town matters. The Planning Board would like to thank everyone that assists us in the application process, and especially to the town office staff.

Respectfully Submitted,

Ryan A. Donahue
Chairman

CONSERVATION COMMISSION

The 2014 Conservation Commission consists of a Chair, two Voting Members, an Affiliate Member, and the Southwest Harbor Tree Warden. Any resident of Southwest Harbor who is interested in the oversight and protection of our Town's natural resources is invited to participate in the work of the Commission, and can contact the Town Office for meeting dates and times.

The Tree Warden works with the Commission to supervise plantings of new trees and schedule the annual inspection of existing shade trees located on Town property and on the Town's principal streets. A continuing effort has been made over many years to protect the large Elm trees in the center of Town because of their aesthetic impact. If a resident has a question about any of the Town trees or would like to plant a tree to honor or memorialize a loved one, please contact the Tree Warden through the Town Office.

Through its Beautification and Rhoades Park sub-Committees, The Conservation Commission oversees two small parks, the Veterans Park in the middle of Town, and the Charlotte Rhoades Park a short distance away on Main Street. The Veterans Park is heavily visited during the summer months, and the Charlotte Rhoades Park and Butterfly Garden have had a steady rise in visitation over the past 10 years.

More recently, the Conservation Commission has paid increasing attention to the imperiled Monarch Butterfly at the Charlotte Rhoades Park. In partnering with the University of Kansas' *Monarch Watch* program, particular effort has been made to educate the visiting public about the Monarch life cycle, demonstrate Monarch migration tagging, and exhibit how to create a Monarch Waystation. Additionally, observation studies have been conducted on the various milkweed varieties at the park to determine which milkweed is most effective in attracting Monarch caterpillars in this area of coastal Maine. The Monarch Migration Tagging Program operates with participating area schools, libraries and individuals who have reared caterpillars for migration in August and September. In 2014 about 275 Monarch Butterflies were tagged and their numbers were reported to *Monarch Watch*.

More information about the Charlotte Rhoades Park can be found on the web site at [www.southwestharbor.com](#) or on the Rhoades Butterfly Garden Facebook page. The annual Butterfly Release Fundraiser has been scheduled for July 30th, 2015. Tickets are available through the Chamber of Commerce in Southwest Harbor.

The Conservation Commission is grateful for the support of its projects from resident volunteers, Master Gardeners and the Southwest Harbor Public Works Department and for guidance and direction from Town Manager, Donald LaGrange.

Respectfully Submitted,

Ann Judd, Secretary

SHELLFISH CONSERVATION COMMITTEE

In 2014, the committee met 3 times in regular sessions, scheduled for 5:30 PM on the second Monday of each month at the Town Office. With the capable and excited assistance of Bonnie Burne's, Pemetic school science students, we also conducted a survey of the open habitat in Fernald Cove in June. Results of this survey were very interesting in that they confirmed our subjective assessment that the Fernald Cove population of soft shell clams has increased significantly since the last time that we surveyed it in 2006 and is approximately equivalent to other open flats in the town but markedly less than the closed population at the head of the harbor which represents an unexploited population.

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

In response to the new and significant public attention to the status and impact of invasive green crab populations, committee members have done some preliminary surveys of these animals this year with the following general results: 1) some local areas of coastal habitat have significant populations of green crabs, and traps designed to catch them will do so, 2) when these traps are set in areas with juvenile lobsters, lobsters will be caught preferentially – thus the green crab traps are not as selective as supposed and should be used with care in lobster habitat, and 3) green crabs, especially when crushed, make excellent lobster bait. We should note that coast-wide green crab populations were depressed in 2014, probably due to a return to slightly colder ocean water temperatures, and therefore, a survey in a warmer year might disclose a more significant threat than we observed. We intend to revisit this issue in 2015.

We sold 31 resident (@ \$20 each) and 1 non-residential license (@ \$40) licenses for 2014 bringing in \$660 for use for shellfish management purposes. We expended no money in calendar year 2014 which created \$660 in surplus funds, producing \$4858.99 in our operating account. According to the terms of the ordinance, these funds must be used for shellfish management purposes.

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

Respectfully Submitted,

Jim Colquhoun, Chair

PEMETIC ELEMENTARY SCHOOL

This is always such a great opportunity to share with you all of the wonderful things going on at Pemeti. 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. Our enrollment has remained steady for about the last 7 years, holding at around 150 students. Our current middle school population is relatively small right now, but our primary and intermediate grades have expanded.

We continue to work on building a **sense of community** at Pemeti and creating a caring and safe environment for all of our students. There is nothing more important for learning than having our students feel safe and respected. Children are able to see our full-time guidance counselor, Carolyn Todd, any time throughout the day when they are struggling socially or emotionally. She goes into classrooms to teach students the skills they will need to be resilient and she leads our middle school Civil Rights team, training students how to be leaders and help their peers. Our older students are paired with our younger students on the first day of school so that there is a connection built throughout the year. We often see our older students stop to give hugs to their younger 'buddies' while walking through the primary wing.

We are fortunate to have such an **outstanding staff** at Pemeti. We had several highly respected veteran teachers retire last year, leaving huge shoes to fill, but our new teachers are stepping up and already doing an amazing job making sure that our students are able to work to their best potential. New to our teaching staff this year are: Katie Bears, 2nd grade and Shannon Snurkowski and Molly Young, both 1st grade.

We want to continue to encourage **parent support**. We have a strong group of parents who worked this past year to rebuild our Parent Teacher Organization (PTO). Their mission is to build a spirit of community and cooperation among the parents, school and general population of Southwest Harbor in order to support the educational pursuits and personal development of the children in our community. This year they hosted the first annual Blizzard Bash at Camp Beech Cliff, which was a resounding success and perfectly timed in between blizzards! The goal was not just to raise money, but to provide an opportunity for parents to get together socially and have an opportunity for fun and connection with each other.

The teachers are all working closely with the AOS staff to develop and follow a **consistent and aligned curriculum** for all subjects and transition to a proficiency-based system. Described simply, this system makes learning objectives clear to students, staff and parents. Once those are clearly written out, students are assessed on how well they show mastery of the objectives on tests designed to assess those particular goals. Behavioral objectives are reported out separately, such as work turned in on time, attendance, class participation, etc. The focus really becomes learning the specific curricular and performance tasks for each subject area. Students should be able to clearly describe what it is they need to work on and do to show mastery of these goals. This also helps students to **be responsible and motivated** in their learning.

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

PEMETIC ELEMENTARY SCHOOL CONTINUED

We have used the **assessment data** that we receive to help us plan and improve our instruction. We use the NWEA nationally normed test in grades first through eighth in reading and math to measure student growth. We give these tests in the fall and spring. Pemetiic was awarded the national title of being a Title 1 Distinguished School due to our achievement. This year we will be switching to the Smarter Balanced Assessment as a federal mandate of No Child Left Behind. This test is going to be administered in the spring and is a computer-based assessment that is more focused on higher level thinking skills. This will be a pilot test for this year to achieve baseline data scores.

Our students have many **extracurricular activities** to choose from and we are proud to have 85% of our middle school students involved in one or more of these programs. In addition, we have activity periods once a week for 80 minutes where students in grades 5th-8th can choose from a variety of fun activities. This allows middle school students some social time to develop relationships with their peers and teachers that are based on common interests or hobbies. Our show choir and jazz bands have historically received top awards at the state level of competition. Our show choir this year just received a #1 rating at the district competition.

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

We have two nurses sharing the position that we contract with through the hospital. Emily Brown and Barb Logue job share and are both nurse practioners with a wealth of experience and knowledge that they have shared with us. There are more and more challenging needs for children physically that our nurses are able to help us manage with individual health plans that they write and oversee.

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

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

Dianne Helprin
Principal, Pemetiic Elementary

A.O.S. #91

We are pleased to share that educators across the district are working diligently to improve teaching and learning for our students. We also recognize the challenges we face and are committed to improving student engagement, reducing dropout rates and ensuring quality implementation of new initiatives.

Big Picture

Looking Back (Dec. 2013 to Dec. 2014)	Looking Ahead (Dec. 2014 to Dec. 2015)
<ul style="list-style-type: none"> • Hired Joshua Young as MDIRSS educational technology coordinator • Highlighted progress, established future objectives and updated three-year school/district improvement plan • State and federal grants submitted and approved • Renewed commitment and effort to strategically use resources • Successfully recruited and provided targeted support for a large cohort of high quality new teachers across the district • Initiated work on new Supervision and Evaluation process 	<ul style="list-style-type: none"> • Complete revisions to the Supervision and Evaluation process for Teachers/Principals; submit plan for approval to State DOE • Continue to strengthen standards-based curriculum, assessment, instruction and reporting initiatives leading to a Proficiency-based Diploma • Continue to explore changes to the AOS structure, cooperative initiatives among towns, and opportunities to improve efficiency and effectiveness

Goal 1: Improve Student Achievement and Engagement in School

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

Looking Back (Dec. 2013 to Dec. 2014)	Looking Ahead (Dec. 2014 to Dec. 2015)
<ul style="list-style-type: none"> • Created alternatives to expulsion for certain misconduct • Implemented new curricula in the areas of math and writing and established a new standards-based scope and sequence for Science and Social Studies • Refined process for Gifted and Talented identification for Art and Music • Worked to ensure that Special Education and Title 1 plans align with the proficiency standards while maintaining the focus on individual student needs • Increased collaboration with local organizations to create community based learning opportunities that benefited our students and communities 	<p>Ongoing focus to improve <u>student achievement</u> through:</p> <ul style="list-style-type: none"> • Development of standards-based reporting system that provides clear, useful feedback to students, parents and teachers • Improved use of data and technology to support differentiated instruction • Clarification of the importance of foundation and essential standards to guide decision making in the areas of curriculum and instruction <p>Ongoing focus to improve <u>student engagement</u> through:</p> <ul style="list-style-type: none"> • Expanding alternative pathways toward high school Graduation

	<ul style="list-style-type: none"> • Implementing comprehensive, targeted intervention process • Continuing ongoing efforts to meet the academic and emotional needs of ALL students
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Goal 2: Improve Teaching and Learning

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

Looking Back (Dec. 2013 to Dec. 2014)	Looking Ahead (Dec. 2014 to Dec. 2015)
<ul style="list-style-type: none"> • Offered well attended summer and school year opportunities for professional development for teachers, staff and administrators • Continued to provide support to teachers on improving student writing and writing instruction • Increased number of trained teacher mentors • Confirmed essential standards in all content areas and identified foundation and focus Standards • Increased the number of teacher leaders across grade levels and content areas in order to: <ul style="list-style-type: none"> -maximize opportunities for professional learning -widen teacher engagement in decision making -improve consistency and calibration of practices to ensure quality instruction across the district • Increased emphasis on instructional leadership by building level administrators, including more time in classrooms and prompt feedback for teachers 	<ul style="list-style-type: none"> • Pilot and then submit plan to the state for revised MDIRSS teacher/principal supervision and evaluation process; begin full implementation in Fall 2016-17 • Continue to explore more flexible instructional delivery options system wide K-12 <p>Provide professional development opportunities to:</p> <ul style="list-style-type: none"> • Focus on use of high impact instructional practices to improve instruction K-12 in all content areas • Focus on how to explicitly teach and integrate complex reasoning skills into all content area instruction • Strengthen systematic teaching of executive functioning skills K-12

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

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

Looking Back (December 2013 to December 2014)	Looking Ahead (December 2014 to December 2015)
<ul style="list-style-type: none"> • Achieved positive audits for all 10 budgets • Studies underway of alternative organizational structure (AOS), possible advantages and drawbacks to forming a common middle school, single employer option for insurance savings, and options for student transportation • Completed capital improvements for specific schools (Conners Emerson and Cranberry Isles) • Improved consensus and collaboration among schools regarding wellness policy and food services program • Adjusted “specialists” positions in response to declining enrollment • Redesigned Social Worker position to address specific needs while allowing crisis access for all schools 	<ul style="list-style-type: none"> • Complete renovations for specific schools (Longfellow, Frenchboro, MDIHS paving) • Explore feasibility of additional technology systems to improve efficiency across the district • Continue to explore collaborative practices to responsibly manage fiscal impact on our communities (examples: heating oil, insurance, transportation) • Engage in negotiations with teachers and Bar Harbor support staff for successor Agreements • Begin the search for new Superintendent

Howard Colter,
Superintendent of Schools

Julie Meltzer,
Director of Curriculum,
Assessment and Instruction

Kelley Rush Sanborn,
Director of Special Services



Town Report Letter

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

Serving our community's children and youth has been a fundamental value of Harbor House since its inception. We believe in offering our young sports enthusiasts the opportunity to learn sports, practice and hone their skills in a safe, fun and affordable place close to home. Over the past year we provided instruction and game play in soccer, basketball, tee-ball and tennis. This fall we created a new gymnastics program which has been extremely successful.

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

Programming at the Underground includes activities such as Café Book, (a collaborative program with the SWH Library) chess, art projects and a new children produced literary magazine offered by island artist Mike Duffy, monthly movie nights, and various community holiday celebrations. We are constantly adding activities to the program roster and we will continue to improve this invaluable community service by continuing to promote healthy social interaction, leadership skills and provide greater creative, educational and athletic outlets for our community's youth.

There are other great events and programs run by the Youth Sports Department at Harbor House which the appropriation does not support, but which contributes to the lives of our youngsters. We continue to offer Camp MAX, a summer camp providing sports and island adventure weeks. We partnered with the UMaine baseball program for our baseball camp and we again participated in the island wide Future Trojans basketball camp. These types of partnerships enhance the children's sports experience plus provide an all day camp option for those who need a full day option for their campers.

The 22nd Annual 2014 Great Harbor Shoot Out was once again very successful. 89 teams from all over the state participated in this 3 day junior high and high school tournament which has now grown to become Maine's largest post-season basketball tournament for boys and girls. Somewhere between 4,000- 5,000 people attended this tournament bringing business to our local communities during the slowest time of the year.

Town appropriations are vital to the integrity and consistency of the Youth Sports Program and the Underground Youth Center and cover approximately 70% of the total annual expense for these programs. We are grateful for Town taxpayer support because, most importantly, it helps us keep the direct cost of sports registration fees to between \$30.00- \$45.00 depending on the sport.

Sincerely,

Ingrid Wilbur Kachmar
Executive Director

Southwest Harbor Public Library
Annual Report 2014

As you probably know by now, for the fourth year in a row, your little local library has been awarded a five star rating from the prestigious *Library Journal*. Only about 1% of public libraries in the country receive this honor. It is your support and patronage that make it possible for us to receive this recognition. The *Library Journal* looks at statistics like circulation numbers, the quality, quantity and attendance of programs, library visits, Internet use, and fiscal responsibility. Thank you for keeping us busy and relevant!

One area that has grown tremendously for the Library over the year is its digital offerings. Our downloadable audio and eBooks statistics continue to increase. These items can be borrowed for up to two weeks. We also offer downloadable music, which you keep forever. With your Library patron card you can download up to three songs a week for free – in a few weeks you own the whole album.

We have gone way beyond lending books and Kindles; you can now borrow the Library's telescope, iPads and laptops. In fact our digital and technology offerings have become so popular we offer regular tech and computer help four days a week. And if you are not sure which technology you want to jump into, we sponsor a Technology Petting Zoo several times a year. The Zoo is on loan from the Maine State Library and comes with an assortment of devices. It is set up near the circulation desk where everyone is invited to play with the equipment. There is always someone available to help with the devices you may not be familiar with. The Zoo is constantly being updated with the newest gadgets.

We have become an international library. With this new world of digitization, the Library is able to serve patrons around the world. This summer, Mirjana, a young worker from Serbia, got a Library card. While here, she used our WiFi service, borrowed our laptop, and used the resources in MARVEL! (an online database containing thousands of magazines, newspapers, and reference books free to anyone holding a Maine library card) to continue her work towards her PhD, which involves translating music for her village. When it was time for her to go home, she was thrilled to learn she could still be a patron and continue to use the Library's digital resources from so far away.

But digitization is not everything; it is community that matters most, from the oldest to the youngest.

A new outreach opportunity for the Library this year for older members of the community is At Home Southwest Harbor, a non-profit, member based, volunteer supported program that provides older residents with essential services, empowering them to continue to live independently in their homes as they age.

For younger members of the community the Library continues to offer a variety of programs for babies, for home schooled children, for Harbor House's day care and after school programs, for the students of Pemetic Elementary School, which includes the library service we continue to provide to the school. Susan Plimpton, Children's Librarian, is constantly promoting early literacy through education for families and fun, innovative programs like our free literacy camp, Summer Story Camp.

For everyone, all library services are free and are available to all equally. Thank you for continuing to make the Southwest Harbor Public Library an integral part of the community.

Respectfully submitted,

Candy Emlen, Director

Southwest Harbor / Tremont Ambulance



Southwest Harbor / Tremont Nursing Service
P.O. Box 437 • Southwest Harbor • Maine 04679
swht-ambulance.org • Phone (207) 244-3521

November, 2014

To Our Friends and Neighbors in Southwest Harbor,

You need us and we need you! It's as simple as that!

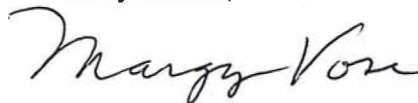
The crew and Board of the Southwest Harbor / Tremont Ambulance Service welcome the opportunity to serve you. We are a private, non-profit organization started more than 50 years ago by people who believed our towns needed an ambulance.

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

1. We are not a department of the towns of Southwest Harbor and Tremont.
2. We have an Emergency Medical Technician on duty in Southwest Harbor 24/7 to serve everyone who lives in or passes through our two communities.
3. We respond to an average of 365 calls a year. This is a small number when you think in terms of sustaining a full time ambulance service.
4. **If we were not here to respond to your 911 call, you would have to wait for an ambulance to come from a neighboring service; at least 30 minutes away.**
5. We replace our primary ambulance every five to six years at a cost of approximately \$155,000.
6. Medicare and MaineCare reimbursements are at all time lows.
7. Many of our patients cannot afford health insurance and are also unable to pay ambulance fees.
8. We are an excellent service. Ask anyone who has made a 911 call to us.

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

Many thanks,



Margy Vose
Board President, Ambulance Driver, EMT
Southwest Harbor / Tremont Ambulance Service

Southwest Harbor-Tremont Nursing Service is a 501(c) non-profit organization

November 14, 2014

To the residents of Southwest Harbor:

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

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

The work we do is essential to the livelihood of our neighbors and we appreciate Southwest Harbor's ongoing support as we look to improve upon our services each year. We are currently serving over 150 families each month, with as many as 35-40 of those being SWH households. As we all know, the cost of food and living is difficult for many families and we are proud to be able to offer this service to our neighbors.

We thank you for your ongoing support.



Kate Sebelin

Executive Director





People Helping People

**ANNUAL REPORT TO TOWN OF SOUTHWEST HARBOR
December 2, 2014**

Downeast Horizons (DEH), founded in 1974, is an organization that assists adults and children with disabilities to find support for their individual needs and to exercise choices whenever possible that result in growth toward increasing and maintaining independence. All individuals supported by DEH have developmental disabilities including cognitive disabilities; Autism and Asperger Syndrome; Down Syndrome; and some have multiple disabilities including physical handicaps. We currently provide services to 10 individuals from the town of Southwest Harbor.

PROGRAMS AND SERVICES

Downeast Horizons has been serving adults and children with developmental disabilities from Bar Harbor to Bangor for 40 years! Downeast Horizons now employs over 150 people, providing supportive care to individuals throughout Hancock, Penobscot, Piscataquis and Waldo counties.

In 2013 Downeast Horizons enjoyed a significant increase in the number of participants in our Community and Day support programs in Ellsworth, MDI, Bangor, and Deere Isle. This increase is a true indication of the high quality of services we provide. Our programs are specially tailored to provide high-quality, supportive services in our facilities and within the community. Each activity is carefully planned and implemented to provide real, consistent teaching and modeling of the skills our clients need to possess to be safe and successful in the towns and cities we serve.

2013 marked the resurrection of Downeast Horizons Employment Development Supports Services. This program had been discontinued almost 20 years ago, but with a recent increase in interest and need, the BOD and management team applied for a license to provide this service again. After meeting all of the necessary requirements with the Maine Department of Labor Vocational Rehabilitation Division, DEHI received a one-year, provisional license and began providing this service. We conscientiously started slowly, serving only those individuals we felt could successfully have their needs met, choosing to emphasize quality over quantity. During our first year, Downeast Horizons carefully and thoughtfully served 27 individuals with employment development support. This program continues to expand as more and more individuals hear of our accomplishments and about those who have successfully gained the necessary skills to acquire and retain employment.

CAPITAL IMPROVEMENTS

Downeast Horizons continues to maintain and enhance our facilities to make them as safe as possible. Every maintenance project is carefully planned to ensure lasting durability and usefulness. Each year, all of Downeast Horizons' facilities receive a thorough review to ensure all maintenances needs are identified and prioritized. This year our Foster and Knox homes received major renovations. Both homes had all of the carpeting removed and replaced with over 10,000 square feet of hardwood flooring. We also installed new energy efficient windows, siding, wheel chair accessible showers, driveways, propane furnaces and decks. It is the goal of the management and BOD of Downeast Horizons to maintain each and every facility in ways that we would be proud of, should our own loved ones live or attend program there. Over the next two years, we will continue to focus on improving long-term energy efficiency, staying current with maintenance and enhancing property safety at all of our locations.

EMPLOYEE RETENTION

Downeast Horizons realizes that the majority of the care given to its program participants comes directly from our direct-care employees. Therefore, DEHI has continued to invest in this portion of our workforce. Over the past seven years, DEHI has given our direct-care employees up to 4 percent raises. DEHI has continued to increase pay for our valuable employees while simultaneously receiving numerous rate reductions for the services we provide. DEHI has been able to do this by staying true to the philosophy that we should operate within our current funding and not borrow on the future. Thus, as an agency, Downeast Horizons has very little long-term debt and continues to have the resources to invest in our employees. Downeast Horizons' full-time employees receive the following benefits: Annual, performance-based raises, ten paid holidays per year, a retirement plan with matching contributions of up to 5%, dental and life insurance, and paid time off. Our commitment to our employees has enabled DEHI to have one of the lowest employee turnover rates in our area.

The \$1,800.00 generously given by the citizens of Southwest Harbor in 2014 assisted in paying for safety/health building maintenance and repairs; staff training; and client motivation activities. In 2015, DEH will continue to target funds from the towns and individuals for these items.

DEHI is grateful to the town of Southwest Harbor for its long-time support and respectfully requests a continuation of that support in FY2015.



Eastern Area Agency on Aging

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

Town of Southwest Harbor
26 Village Green Way
PO Box 745
Southwest Harbor ME 04679

Dear Residents of Southwest Harbor:

Eastern Area Agency on Aging wants to take this time to thank Southwest Harbor for your continued support to our agency in the amount of \$1,500 each year, for the past several years. We are committed to improving the lives of seniors, adults with disabilities and caregivers in eastern Maine. We have been serving Hancock, Penobscot, Piscataquis and Washington counties for over 40 years. We know our services wouldn't be possible without such support.

We cannot thank you enough for your continued support to our organization and would love the opportunity to serve in other capacities. Last year, in Southwest Harbor, we provided general information and assistance, health insurance information, meals on wheels, supplemental food to help sustain elders in need, linked seniors to farmers who grow produce for them, supplemented pet food to aid in feeding their pets, conducted minor home repairs, supported and provided education to families caring for loved ones (specializing in Alzheimer's and/or dementia) and legal services for the elderly. We offer many other services that have not been requested in Southwest Harbor. If there is a time when we could come to your town to present all the programs and services we offer, we would be happy to do so.

Please let me know if this would be beneficial to your town.

Sincerely,

Noëlle Merrill

Executive Director

November 7, 2014

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

Dear Selectman and Residents of Southwest Harbor:

Thank you very much for your ongoing support of Hancock County Homecare & Hospice. Our patients, their families and our staff appreciate your dedication to our mission of providing the highest standard of home care to the people in our communities, always treating them with dignity, compassion and respect.

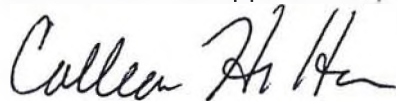
2014 has been a very busy year for homecare providers in the Eastern Maine Healthcare System, EMHS. In addition to caring for your residents, we have been undergoing some organizational changes. As a member of EMHS and Eastern Maine Homecare, we will now be merged with our partners in South Portland. The combined organizations' service area covers a significant portion of Maine with offices in Bangor, Caribou, Houlton, Ellsworth and South Portland. We will soon announce a new name, but the management, staff, and clinicians in your area will remain the same as will our commitment to you.

Our commitment includes improved homecare models and a continuum of care structure that will ensure the people of Maine access to the right care, at the right time, and in the right place. According to Maine AARP and the Portland Press Herald, "Maine has the highest proportion of baby boomers and they are turning 65 at a rate of 18,250 each year until 2030 when 25% of Mainers will be 65 or older, magnifying the already serious challenges facing seniors and their communities." As homecare providers we are part of the solution and will be there to care for you and your residents.

Last year our clinicians made 15,954 homecare and hospice visits to patients in Hancock County, an increase of just over 3%. We made an additional 4,473 remote Telehealth visits to those managing one or more chronic illnesses at home. In the town of Southwest Harbor our staff of skilled nurses, rehabilitation therapists, home health aides and medical social workers made 854 visits providing care to 46 residents.

Your 2014 contribution of \$1,870.00 helped us provide care to those without sufficient health insurance. I am writing to request that same amount for 2015. As the newly appointed CEO, please know that I am available to answer your questions as is Board member Claire Connor of Brooklin. I look forward to getting to know you.

With thanks and appreciation,



Colleen Hilton
CEO

Serving northern, eastern
and central Maine

Patient Referral Line:
1.866.591.8843

EMHC Office Locations

Bangor Area Visiting Nurses
Hospice of Eastern Maine
885 Union Street,
Suite 220
Bangor, Maine 04401
207.973.6550
Fax 207.973.6555

Hancock County HomeCare &
Hospice
P.O. Box 655
441 Main Street Suite 2
Ellsworth, Maine 04605
207.664.5170
Fax 207.664.5176

Visiting Nurses of Aroostook
Hospice of Aroostook:
VNA Caribou
EMHC Corporate
14 Access Highway
Caribou, Maine 04736
207.498.2578
Fax 207.493.3111

VNA Houlton
2 Water Street, Suite 1
Houlton, Maine 04730
207.532.9261
Fax 207.532.1341



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

~ *Volunteer Service Since 1980* ~

November 21, 2014

To the Residents of the Town of Southwest Harbor:

It is with our gratitude that this report is submitted to the residents of Southwest Harbor for your support for Hospice Volunteers of Hancock County! Thank you for helping us reach those who need our care.

Your town's support over the past year has helped Hospice Volunteers of Hancock County provide the following services:

- Patient Care Support free of charge for those living at the end of life and their loved ones; with service to 169 patients, including 9 in Southwest Harbor;
- Bereavement Support to those who are grieving the loss of a loved one, also without charge; with nearly 1000 gestures of support provided, including to 18 residents of Southwest Harbor.

Additional components of our program that enhance our ability to fully serve our community include:

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

We sincerely appreciate the partnership with our community that makes these services possible. Thank you again!

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

Sincerely,

M. J. Wolford-Tucker

Jody Wolford-Tucker, Ph.D.
Executive Director





November 28, 2014

Report

Dear Residents of Southwest Harbor:

Seventeen years making connections together!

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

Southwest Harbor residents have helped Island Connections to provide 315 neighbors with 3,523 rides to doctors' offices, adult day services, chemotherapy treatments, dialysis appointments, physical therapy, and for dental services during the last 12 months.

In addition to providing many, many rides during the last year, Island Connections' volunteers delivered 13,000 meals to MDI's elderly, disabled, and homebound. That averages 250 meals weekly!

We thank the people of Southwest Harbor.

With gratitude,

Carrie Limeburner

Executive Director, Island Connections

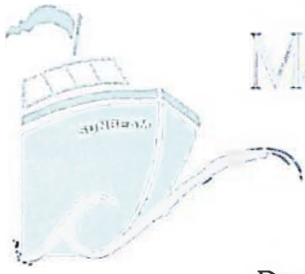
15 Eagle Lake Road

Bar Harbor, Maine 04609



2014 Island Explorer Report Southwest Harbor

During the 2014 season, Island Explorer carried 503,224 passengers. As a result, nearly 1,800 cars per day were removed from the road. Island Explorer is a partnership operated by Downeast Transportation, Inc. with municipalities contributing roughly 5% of the funding, rider and local donations 2%, LL Bean 17%, and our federal and state partners 17%. The lion's share of Island Explorer funding comes from Acadia National Park which provides about 60% through park entry fees.



Maine Sea Coast Mission

Dear Residents of Southwest Harbor:

The MDI Community Campfire Coalition, overseen by the Maine Sea Coast Mission and in partnership with the Neighborhood House and Harbor House, wishes to thank you for your financial support of \$3,000 during the 2014/15 fiscal year. The Campfire Coalition's goal is to provide heating assistance, education, and a resource helpline for our MDI and outer island neighbors who struggle to stay warm through the harsh winter months due to financial need.

Board of Directors

Patsy E. Fogarty,
Chairman

Gavin H. Watson, Jr.,
Vice Chairman

Joseph M. Murphy,
Treasurer

Chadborn H. Smith,
Secretary / Clerk

Edward L. Allen

Roger S. Clapp

Lester L. Coleman

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Jill M. Goldthwait

J. Clark Grew, II

Nancy K. Ho

Linda Lewis

Tony C. McKim

Timothy P. Schieffelin

C. Stacey Smith

John M. Williams

Background

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

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

Results

During the past heating season from November 1, 2013 to April 30, 2014, the Campfire Coalition was able to help 158 families: 57 from Southwest Harbor, 16 from Mount Desert, 28 from Tremont, 42 from Bar Harbor, and 15 from the outer islands. Each applicant who qualified received 100 gallons of fuel oil, or the equivalent in electricity, kerosene, or propane. In addition to completing an application, each applicant is asked to show proof of income. Currently, income guidelines are set on a sliding scale with limits of \$24,500 per individual or \$50,700 for a family of four or more. Most applicants for heating assistance are near the poverty line of \$11,490 for an individual and \$23,550 for a family of four or more.

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

Sincerely,

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

Honorary Directors

Charles B. Alexander

Alan L. Baker

Comelia Greaves Bates

Curtis L. Blake

Monika A. Heimbald

Christopher Hutchins

H. Lee Judd

Philip B. Lape

Justine M. Morris

Chester E. Norris, Jr.

John E. Parker, Jr.

Henry L.P. Schmelzer

Linda B. Thompson

Ansley C. Throckmorton

Lynda Z. Tyson

Douglas Williams

Rev. C. Scott Planting
President

MDI & ELLSWORTH HOUSING AUTHORITIES

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

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

Executive Director, *Terrance J. Kelley*

Town of Southwest Harbor Housing Authority

The Town of Southwest Harbor Housing Authority provided housing units and rental assistance through its **Public Housing Program** for over seventy elderly and disabled individuals and/or families in our community during 2014. All units are occupied, and there is a waiting list of individuals who wish to become tenants.

Regionally, through its Public Housing and Section 8 Programs, the MDI & Ellsworth Housing Authorities assisted over seven hundred individuals and families with rent and utilities, in the amount of \$3,482,537.00 in 2014.

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

Payment in lieu of taxes to the Town of Southwest Harbor for 2014 is \$9,107.48

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

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

Respectfully Submitted,



Ben C. Worcester III, Chairman
Southwest Harbor Housing Authority

Mount Height Cemetery Association

PO Box 861
Southwest Harbor, ME 04679

October 30, 2014

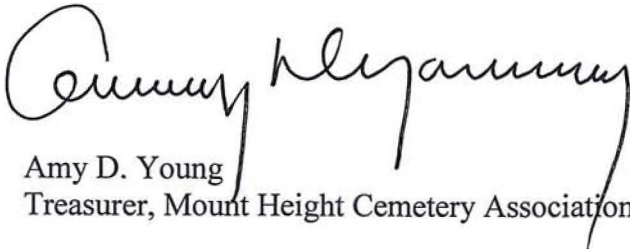
To the Citizens of Southwest Harbor,

In addition to the sales of cemetery plots to the residents of Southwest Harbor, the Association takes as its charge and responsibility the maintenance and upkeep of the entire Cemetery. It is the desire of the Association that anyone visiting any grave at any time feels the Cemetery, as a whole, is in good condition, pleasing and comfortable to the visitor, and no plot is overlooked. Barring individual arrangements for memorials, plantings and care, no grave is to be untended and the entire Cemetery is to be kept mown and in good repair, within the resources of the Association to provide.

The Association dedicates the funds it receives from the good townspeople of Southwest Harbor to that very responsibility - that we may continue to be able to meet the standards of care we have set for the Cemetery and the experience of the people who visit. It is our wish to provide a quiet, beautiful setting for friends and family to care for those who have passed from us, in service to the commitment of community we as townspeople make with each other.

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

Sincerely,



Amy D. Young
Treasurer, Mount Height Cemetery Association



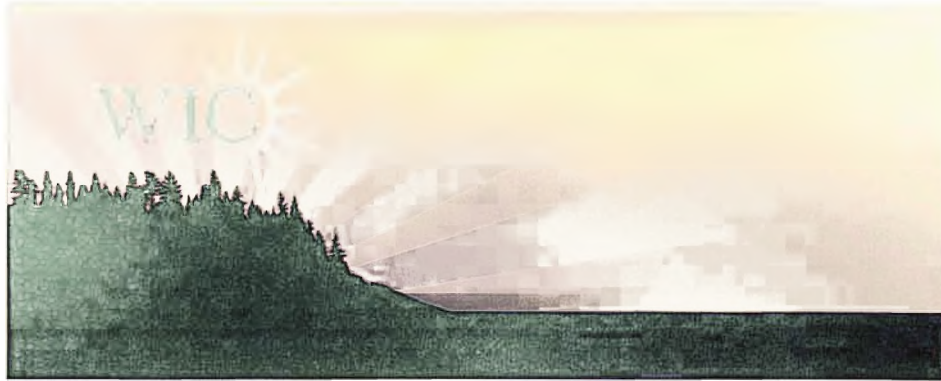
Washington Hancock Community Agency
248 Bucksport Road
Ellsworth, ME 04605

To: The Residents of Southwest Harbor

From: The Washington Hancock Community Agency

Date: December 2, 2014

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



WIC Report

To the residents of Southwest Harbor,

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

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

The checks are for healthy foods such as: low-fat 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 27 clients in 2014 from Southwest Harbor was \$19,440.00. There is no cost to the clients.

Outreach services are provided in Southwest Harbor at the St. John's Episcopal Church. We receive matching funds up to \$2,000.

Thank you for your past support of our program.

Trudy Lunt LPN

A handwritten signature in black ink that reads 'Trudy Lunt'. The signature is written in a cursive, flowing style.

Local WIC Director

52 Christian Ridge Road

Ellsworth, Me 04605

Phone 667-5304 Ext 222

Email tlunt@fpam.org



**Town Meeting Warrant
And
Secret Ballot Election**

**Monday, May 4, 2015
And
Tuesday, May 5, 2015**

County of Hancock, ss.

State of Maine

To: Chief Michael Miller, a Constable of the Town of Southwest Harbor, in the County of Hancock, State of Maine.

Greeting:

In the name of the State of Maine you are hereby required to notify and warn the inhabitants of the Town of Southwest Harbor, in said county and state, qualified by law to vote in Town affairs, to meet in the Pemetic Elementary School, First Floor Auditorium, in said Town, on **Monday, the 4th day of May, 2015 A.D. at seven o'clock in the evening**, then and there to act on Articles numbered one [1] through fifty-three [53].

And to notify and warn said inhabitants to meet in the Southwest Harbor Fire Station Meeting Room on **Tuesday, the 5th day of May, 2015 A.D. at ten o'clock in the forenoon**, then and there to act upon Articles numbered fifty-four [54] through fifty-eight [58] by secret ballot, the polling hours therefore to be from 10:00 a.m. to 8:00 p.m.

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

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

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

SOUTHWEST HARBOR SCHOOL DEPARTMENT

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

Article 4: To see what sum the School Committee is authorized to expend for Regular Instruction for the fiscal year beginning July 1, 2015 and ending June 30, 2016.

<i>School Board recommends</i>	<i>\$ 1,061,900</i>
<i>Board of Selectmen recommends</i>	<i>\$ 1,061,900</i>
<i>Warrant Committee recommends</i>	<i>\$ 1,061,900</i>

Note: 2014-15 Amount was \$1,057,699

Article 5: To see what sum the School Committee is authorized to expend for **Special Education** for the fiscal year beginning July 1, 2015 and ending June 30, 2016.

<i>School Board recommends</i>	\$ 658,745
<i>Board of Selectmen recommends</i>	\$ 658,745
<i>Warrant Committee recommends</i>	\$ 658,745

Note: 2014-15 Amount was \$ 639,794

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, 2015 and ending June 30, 2016.

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

Note: 2014-15 Amount was \$ -0-

Article 7: To see what sum the School Committee is authorized to expend for **Other Instruction** for the fiscal year beginning July 1, 2015 and ending June 30, 2016.

<i>School Board recommends</i>	\$ 51,470
<i>Board of Selectmen recommends</i>	\$ 51,470
<i>Warrant Committee recommends</i>	\$ 51,470

Note: 2014-15 Amount was \$ 54,042

Article 8: To see what sum the School Committee is authorized to expend for **Student & Staff Support** for the fiscal year beginning July 1, 2015 and ending June 30, 2016.

<i>School Board recommends</i>	\$ 329,041
<i>Board of Selectmen recommends</i>	\$ 329,041
<i>Warrant Committee recommends</i>	\$ 329,041

Note: 2014-15 Amount was \$ 309,398

Article 9: To see what sum the School Committee is authorized to expend for **System Administration** for the fiscal year beginning July 1, 2015 and ending June 30, 2016.

<i>School Board recommends</i>	\$ 59,625
<i>Board of Selectmen recommends</i>	\$ 59,625
<i>Warrant Committee recommends</i>	\$ 59,625

Note: 2014-15 Amount was \$ 57,110

Article 10: To see what sum the School Committee is authorized to expend for **School Administration** for the fiscal year beginning July 1, 2015 and ending June 30, 2016.

<i>School Board recommends</i>	\$ 217,713
<i>Board of Selectmen recommends</i>	\$ 217,713
<i>Warrant Committee recommends</i>	\$ 217,713

Note: 2014-15 Amount was \$ 211,983

Article 11: To see what sum the School Committee is authorized to expend for **Transportation & Buses** for the fiscal year beginning July 1, 2015 and ending June 30, 2016.

<i>School Board recommends</i>	\$ 142,661
<i>Board of Selectmen recommends</i>	\$ 142,661
<i>Warrant Committee recommends</i>	\$ 142,661

Note: 2014-15 Amount was \$ 138,570

Article 12: To see what sum the School Committee is authorized to expend for **Facilities Maintenance** for the fiscal year beginning July 1, 2015 and ending June 30, 2016.

<i>School Board recommends</i>	\$ 398,547
<i>Board of Selectmen recommends</i>	\$ 398,547
<i>Warrant Committee recommends</i>	\$ 398,547

Note: 2014-15 Amount was \$ 400,843

Article 13: To see what sum the School Committee is authorized to expend for **Debt Service and Other Commitments** for the fiscal year beginning July 1, 2015 and ending June 30, 2016.

<i>School Board recommends</i>	\$ 342,658
<i>Board of Selectmen recommends</i>	\$ 342,658
<i>Warrant Committee recommends</i>	\$ 342,658

Note: 2014-15 Amount was \$ 361,214

Article 14: To see what sum the School Committee is authorized to expend for **all Other Expenditures** for the fiscal year beginning July 1, 2015 and ending June 30, 2016.

<i>School Board recommends</i>	\$ 62,000
<i>Board of Selectmen recommends</i>	\$ 62,000
<i>Warrant Committee recommends</i>	\$ 62,000

Note: 2014-15 Amount was \$57,000

Note: **Articles 4 – 14 authorize a total budget of \$ 3,324,360**

Note: 2014-15 Amount was \$3,287,653

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

Article 15: To see what sum the voters of the Town of Southwest Harbor will appropriate for the total cost of funding public education from kindergarten to grade 12 as described in the essential Programs and Services Funding Act (Recommend \$1,637,390) 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, 2015 to June 30, 2016.

<i>School Board recommends</i>	\$1,489,499
<i>Board of Selectmen recommends</i>	\$1,489,499
<i>Warrant Committee recommends</i>	\$1,489,499

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, 2015 to June 30, 2016.

<i>School Board recommends</i>	\$ 342,658
<i>Board of Selectmen recommends</i>	\$ 342,658
<i>Warrant Committee recommends</i>	\$ 342,658

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

Written Ballot Vote Required

Article 17: To see what sum the voters of the Town of Southwest Harbor will raise and appropriate in additional local funds for school purposes (Recommend: \$1,289,091) for the period July 1, 2015 to June 30, 2016, which exceeds the State’s Essential Programs and Services allocation model (Recommend: \$1,258,426) as required to fund the budget recommended by the school committee.

The School Committee recommends \$ 1,289,091 for additional local funds and gives the following reasons for exceeding the State’s Essential Programs and Services funding model by \$ 1,258,426: The State funding model underestimates the actual costs to fully fund the 2015-2016 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: 2014-15 Total Town Appropriation was \$3,124,605

Note: Articles 15, 16, & 17 raise a total town appropriation of \$3,121,248

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, 2015 and ending June 30, 2016 from the Town's contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act, non-state-funded school construction projects, additional local funds for school purposes under the Maine Revised Statutes, Title 20-A, section 15690, unexpended balances, tuition receipts, state subsidy and other receipts for the support of schools.

<i>School Board recommends</i>	\$3,324,360
<i>Board of Selectmen recommends</i>	\$3,324,360
<i>Warrant Committee recommends</i>	\$3,324,360

Note: 2014-15 Total Budget was \$3,287,653

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 2015-2016 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: \$90,022

<i>School Board recommends passage</i>
<i>Board of Selectmen recommends passage</i>
<i>Warrant Committee recommends passage</i>

GENERAL GOVERNMENT

Article 20: To see what sum the Town will vote to raise and appropriate for **Administration** for the period July 1, 2015 to June 30, 2016.

Requested:	\$ 243,497
Source: Payment in Lieu of Taxes	\$ 22,500
Fees & Licenses	\$ 40,050
State & Federal Assistance	\$ 79,950
Fines & Penalties	\$ 24,000
Miscellaneous Income	\$ 12,500
Taxation	\$ 64,497
Total:	\$ 243,497
<i>Board of Selectmen recommends</i>	\$ 243,497
<i>Warrant Committee recommends</i>	\$ 243,497

Article 21: To see what sum the Town will vote to raise and appropriate for Code Enforcement /LPI for the period July 1, 2015 to June 30, 2016.

Requested:	\$ 41,501
Source: Fees & Licenses	\$ 22,000
Taxation	<u>\$ 19,501</u>
Total:	\$ 41,501
<i>Board of Selectmen recommends</i>	<i>\$ 41,501</i>
<i>Warrant Committee recommends</i>	<i>\$ 41,501</i>

Article 22: To see what sum the Town will vote to raise and appropriate for Southwest Harbor Boards and Committees for the period July 1, 2015 to June 30, 2016.

Requested:	\$ 4,000
Source: Fees & Licenses	\$ 500
Taxation	<u>\$ 3,500</u>
Total:	\$ 4,000
<i>Board of Selectmen recommends</i>	<i>\$ 4,000</i>
<i>Warrant Committee recommends</i>	<i>\$ 4,000</i>

Article 23: To see what sum the Town will vote to raise and appropriate for Contracted Services for the period July 1, 2015 to June 30, 2016.

Requested:	\$ 636,200
Source: Miscellaneous Income	\$ 40,500
Taxation	<u>\$ 595,700</u>
Total:	\$ 636,200
<i>Board of Selectmen recommends</i>	<i>\$ 636,200</i>
<i>Warrant Committee recommends</i>	<i>\$ 636,200</i>

Article 24: To see what sum the Town will vote to raise and appropriate for Debt Service for the period July 1, 2015 to June 30, 2016.

Requested:	\$ 419,470
Source: Taxation	\$ 419,470
<i>Board of Selectmen recommends</i>	<i>\$ 419,470</i>
<i>Warrant Committee recommends</i>	<i>\$ 419,470</i>

Summary of Debt Service:

Fire Station	\$ 78,000
Water Tank	\$ 18,570
Main Street	\$ 136,000
Wesley-Mansell	\$ 100,500
Ferrero Fire Truck	<u>\$ 86,400</u>
Total:	<i>\$ 419,470</i>

Article 25: To see what sum the Town will vote to raise and appropriate for Insurance Purposes for various Town properties and activities for the period July 1, 2015 to June 30, 2016.

Requested:	\$ 35,700
Source: Taxation	\$ 35,700
<i>Board of Selectmen recommends</i>	\$ 35,700
<i>Warrant Committee recommends</i>	\$ 35,700

Article 26: To see what sum the Town will vote to raise and appropriate for the Municipal Offices for the period July 1, 2015 to June 30, 2016.

Requested:	\$ 25,990
Source: Fees & Licenses	\$ 500
Taxation	\$ 25,490
Total:	\$ 25,990
<i>Board of Selectmen recommends</i>	\$ 25,990
<i>Warrant Committee recommends</i>	\$ 25,900

Article 27: To see what sum the Town will vote to raise and appropriate for Community Service Organizations for the period July 1, 2015 to June 30, 2016.

Requested:	\$ 31,824
Source: Taxation	\$ 31,824
<i>Board of Selectmen recommends</i>	\$ 31,824
<i>Warrant Committee recommends</i>	\$ 31,824

Summary of Community Service Organizations:

Bar Harbor Food Pantry	\$ 2,500
Downeast Health Services	\$ 1,080
Downeast Horizons	\$ 1,800
Eastern Area on Aging	\$ 1,500
Hancock Home Care	\$ 1,870
Hospice of Hancock County	\$ 1,000
Island Connections	\$ 2,000
Island Explorer Bus Service	\$ 10,000
MDI Campfire Coalition	\$ 3,000
Mt Height Cemetery	\$ 3,500
Washington/Hancock Community Agency	\$ 3,574
<i>Total:</i>	\$ 31,824

Article 28: To see what sum the Town will vote to raise and appropriate for the Southwest Harbor Public Library for the period July 1, 2015 to June 30, 2016.

Requested:	\$ 55,000
Source: Taxation	\$ 55,000
<i>Board of Selectmen recommends:</i>	<i>\$ 55,000</i>
<i>Warrant Committee recommends</i>	<i>\$ 55,000</i>

Article 29: To see what sum the Town will vote to raise and appropriate for Harbor House Youth Center and Recreation Programs for the period July 1, 2015 to June 30, 2016.

Requested:	\$ 56,340
Source: Taxation	\$ 56,340
<i>Board of Selectmen recommends</i>	<i>\$ 56,340</i>
<i>Warrant Committee recommends</i>	<i>\$ 56,340</i>

Article 30: To see what sum the Town will vote to raise and appropriate for the Southwest Harbor / Tremont Nursing Service for the period July 1, 2015 to June 30, 2016.

Requested:	\$ 58,000
Source: Taxation	\$ 58,000
<i>Board of Selectmen recommends</i>	<i>\$ 58,000</i>
<i>Warrant Committee recommends</i>	<i>\$ 58,000</i>

Article 31: To see what sum the Town will vote to raise and appropriate for the Southwest Harbor Highway Department for the period July 1, 2015 to June 30, 2016.

Requested:	\$ 328,929
Source: Excise Tax	\$ 309,729
Fees & Licenses	\$ 200
State & Federal Assistance	<u>\$ 19,000</u>
Total:	\$ 328,929
<i>Board of Selectmen recommends</i>	<i>\$ 328,929</i>
<i>Warrant Committee recommends</i>	<i>\$ 328,929</i>

Article 32: To see what sum the Town will vote to raise and appropriate for the Southwest Harbor Police Department for the period July 1, 2015 to June 30, 2016.

Requested:	\$ 455,097
Source: Fees & Licenses	\$ 2,100
Fines & Penalties	\$ 3,000
Taxation:	<u>\$ 449,997</u>
Total:	\$ 455,097
<i>Board of Selectmen recommends</i>	<i>\$ 455,097</i>
<i>Warrant Committee recommends</i>	<i>\$ 455,097</i>

Article 33: To see what sum the Town will vote to raise and appropriate for the Southwest Harbor Dispatch Department for the period July 1, 2015 to June 30, 2016.

Requested:	\$ 260,188
Source: Service Revenue	\$ 44,000
Taxation	<u>\$ 216,188</u>
Total:	\$ 260,188
<i>Board of Selectmen recommends</i>	\$ 260,188
<i>Warrant Committee recommends</i>	\$ 260,188

Article 34: To see what sum the Town will vote to raise and appropriate for the Southwest Harbor Fire Department for the period July 1, 2015 to June 30, 2016.

Requested:	\$ 83,970
Source: Taxation	\$ 83,970
<i>Board of Selectmen recommends</i>	\$ 83,970
<i>Warrant Committee recommends</i>	\$ 83,970

Article 35: To see what sum the Town will vote to raise and appropriate for the Harbor Department of Southwest Harbor for the period July 1, 2015 to June 30, 2016.

Requested:	\$ 106,501
Source: Fees & Licenses	\$ 98,300
Taxation	<u>\$ 8,201</u>
Total:	\$ 106,501
<i>Board of Selectmen recommends</i>	\$ 106,501
<i>Warrant Committee recommends</i>	\$ 106,501

CAPITAL IMPROVEMENTS & RESERVES

Article 36: To see what sum the Town will vote to raise and appropriate for the **Capital Improvement Plan** for the period July 1, 2015 to June 30, 2016 with the Select Board being authorized to draw funds from these accounts to be used in accordance with the purpose of the account.

Requested:	\$ 308,211
Source: Excise Tax	\$ 20,271
Taxation	<u>\$ 287,940</u>
Total:	\$ 308,211
<i>Board of Selectmen recommends</i>	<i>\$ 308,211</i>
<i>Warrant Committee recommends</i>	<i>\$ 308,211</i>

Capital Improvement Plan Summary:

Administration	\$ 5,750
Municipal Building	\$ -0-
Police	\$ 10,001
Dispatch	\$ 1,617
Fire	\$ 13,213
Harbor	\$ 37,260
Highway	\$ 165,370
Water/Sewer Infrastructure	<u>\$ 75,000</u>
Total:	\$ 308,211

Article 37: To see what sum the Town will vote to raise and appropriate for the **Wage and Benefit Reserve** for the period July 1, 2015 to June 30, 2016 with the Select Board being authorized to draw funds from the reserve account to be used in accordance with the purpose of the account.

Requested:	\$ 10,000
Source: Taxation	\$ 10,000
<i>Board of Selectmen recommends</i>	<i>\$ 10,000</i>
<i>Warrant Committee recommends</i>	<i>\$ 10,000</i>

Article 38: To see what sum the Town will vote to raise and appropriate for the **Legal & Accounting Reserve** for the period July 1, 2015 to June 30, 2016 with the Select Board being authorized to draw funds from the reserve account to be used in accordance with the purpose of the account.

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

Article 39: To see what sum the Town will vote to raise and appropriate for the **Professional Development Reserve** for the period July 1, 2015 to June 30, 2016 with the Select Board being authorized to draw funds from the reserve account to be used in accordance with the purpose of the account.

Requested:	\$ 9,000
Source: Taxation	\$ 9,000
<i>Board of Selectmen recommends</i>	<i>\$ 9,000</i>
<i>Warrant Committee recommends</i>	<i>\$ 9,000</i>

Article 40: To see what sum the Town will vote to raise and appropriate for the **Unemployment Reserve** for the period July 1, 2015 to June 30, 2016 with the Select Board being authorized to draw funds from the reserve account to be used in accordance with the purpose of the account.

Requested:	\$ -0-
Source: Taxation	\$ -0-
<i>Board of Selectmen recommends</i>	<i>\$ -0-</i>
<i>Warrant Committee recommends</i>	<i>\$ -0-</i>

Article 41: To see what sum the Town will vote to reduce the **Tax Abatement Reserve** for the period July 1, 2015 to June 30, 2016 with the Select Board being authorized to draw funds from the reserve account to be used in accordance with the purpose of the account.

Requested: Reduction of:	(\$ 2,734)
<i>Board of Selectmen recommends</i>	<i>(\$ 2,734)</i>
<i>Warrant Committee recommends</i>	<i>(\$ 2,734)</i>

Article 42: To see what sum the Town will vote to raise and appropriate for the **General Assistance Reserve** for the period July 1, 2015 to June 30, 2016 with the Select Board being authorized to draw funds from the reserve account to be used in accordance with the purpose of the account.

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

Article 43: To see what sum the Town will vote to raise and appropriate for the **Mapping Update Reserve** for the period July 1, 2015 to June 30, 2016 with the Select Board being authorized to draw funds from the reserve account to be used in accordance with the purpose of the account.

Requested:	\$ 60
Source: Taxation	\$ 60
<i>Board of Selectmen recommends</i>	<i>\$ 60</i>
<i>Warrant Committee recommends</i>	<i>\$ 60</i>

Article 44: To see if the Town will vote to increase the property tax levy limit of \$3,491,185.37 established for Southwest Harbor by State Law in the event that the municipal budget approved under the preceding articles will result in a tax commitment that is greater than that property tax levy limit.

Board of Selectmen recommends passage.

Article 45: To see if the Town will vote to authorize the Tax Collector to enter into a standard “tax club” agreement with taxpayers whereby: 1) the taxpayer agrees to pay specified monthly payments to the Town based on the taxpayer’s estimated and actual tax obligation for the current year property taxes; 2) the Town agrees to waive interest on timely payments; 3) the Town authorizes the Tax Collector to accept payment of taxes which may be due prior to commitment of those taxes; 4) the agreement automatically terminates if two consecutive payments are missed and thereupon the taxpayer becomes subject to the same due date and interest rate as other nonparticipating taxpayers; 5) only taxpayers who are current on their property tax obligations may participate; and 6) interested taxpayers shall annually apply for participation by the date shown on the application. date and application format to be determined by the Tax Collector; this authorization shall stay in place unless rescinded by a future vote of the legislative body.

Board of Selectmen recommends passage.

Article 46: To see if the Town will vote to allow that the first half of taxes shall be due and payable on or before September 1, 2015 and that the second half of taxes shall be due and payable on or before February 1, 2016 and that interest shall be charged at the annual rate of 7% on any unpaid taxes due on September 1, 2015 beginning September 2, 2015 and on any unpaid taxes due February 1, 2016 beginning February 2, 2016. Also, that a rate of 3% interest per annum is paid for refund of property tax collected in accordance to state statute. (Tax Club members are exempt within the terms and conditions of the Town’s Tax Club Agreement.)

Board of Selectmen recommends passage.

Article 47: 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, 2015 to June 30, 2016.

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 2015-2016
Payment in Lieu of Taxes	\$ 22,500
Fees & Licenses	\$ 515,650
State & Federal Assistance	\$ 77,950
Fines & Penalties	\$ 24,000
Service Revenue	\$ 44,000
Miscellaneous	<u>\$ 53,000</u>
Estimated Revenue Total	\$ 737,100

NON-EXPENDITURE ARTICLES

Article 48: To see if the Town will vote to authorize the Select board 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	\$ 50,000	Est.
Local Road Assistance	\$ 19,000	Est.
State Aid to Education	\$ 110,000	Est.
Public Library State Aid per Capita	\$ 100	Est.
Civil Emergency Funds	\$ 100	Est.
Snowmobile Registration Monies	\$ 300	Est.
Tree Growth Reimbursements	\$ 1,500	Est.
General Assistance Reimbursements	\$ 2,500	Est.
State Grants and Other Funds	Unknown	

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

Board of Selectmen recommends passage.

Article 49: To see if the Town will vote to accept all Trust Funds as received by the Town of Southwest Harbor Trust Officer during the fiscal year of July 1, 2015 to June 30, 2016.

Board of Selectmen recommends passage.

Article 50: To see if the Town will vote to have unexpended balances in the Town's accounts at the end of the fiscal year, except those which remain by law or are deemed necessary by the Board of Selectmen, transferred to the Surplus Account or to any specified reserve fund, as deemed advisable by the Board of Selectmen, and to fund overdrafts in the Town's accounts from such unexpended balances, as deemed advisable by the Board of Selectmen.

Board of Selectmen recommends passage.

Article 51: To see if the Town will vote to authorize the Selectmen to sell and/or dispose of any property acquired by tax liens after first offering the property to the previous owners for payment of all back taxes, fees and interest, and if they decline, advertising for sealed bids on same, and stating the lowest bid acceptable, and to allow the Selectmen to authorize the Treasurer to waive automatic lien foreclosures when it is in the best interest of the Town.

Board of Selectmen recommends passage.

Article 52: To see if the Town will vote to authorize the municipal officers to dispose of town owned personal property with a value of \$20,000 or less under such terms and conditions as they deem advisable.

Board of Selectmen recommends passage.

Article 53: 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 5, 2015**

Article 54: Election of Officers – To elect all necessary Town Officers as are required to be elected by secret ballot:

One [1] member 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.

Article 55: Question 1 –

Shall the Town of Southwest Harbor accept an easement from the Southwest Harbor Public Library for the Town to control and maintain the parking area between Village Green Way and the Library for public use?

Article 56: Question 2 –

Shall the Town of Southwest Harbor amend the Road Ordinance, Section IV, subsection A as follows: (Strike thru is to delete; underline is to add)

~~The Board of Selectmen shall not lay out a road as a Town Way, nor shall it submit a warrant containing an article to a Town meeting for the purpose of acceptance of a road as a Town Way until and unless the road has been designed and constructed in accordance with the provisions of this Ordinance.~~

1) Any road built to town standards per the Road Ordinance will be accepted by the Board of Selectmen, subject to inspection by the Town and certification from designing engineer the road meets or exceeds the standards and requirements of the road ordinance for roads built to town road standards.

2) The Board of Selectman will not accept any road not built to town standards per the Southwest Harbor Road Ordinance.

Article 57: Question 3 –

Shall the Town of Southwest Harbor appropriate a sufficient sum up to \$84,000 from undesignated surplus to be placed in the Municipal Building Capital Improvement Plan for the purpose of replacing the public bathrooms?

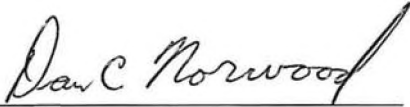
Article 58: Question 4 –

Shall the Select Board of the Town of Southwest Harbor be authorized to convey an easement to Great Harbor Marina, Inc. for the construction of a breakwater on a ledge in the harbor on terms that the Select Board deems appropriate, and be authorized to execute any and all deeds or documents necessary to accomplish the conveyance?

The polls will be open from 10:00 a.m. until 8:00 p.m. on Tuesday, May 5, 2015 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, May 1, 2015 from 8:30 a.m. until 5:00 p.m. for the purpose of registering new voters.

Given under our hands this 24th day of March, 2015



Dan Norwood, Chairman



George Jellison, Jr., Vice-Chair



Thomas Benson



David Minctons



Lydia Goetze

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

Budget Summary

		Budget FY 12-13	Actual FY 12-13	Budget FY 13-14	Budget FY 14-15	Budget FY 15-16	\$ Difference	% Difference
Revenue:		709,800	797,100	736,300	725,000	737,100	12,100	2%
Expense:								
	Administration	313,630	282,652	270,115	242,437	243,497	1,061	0%
	Assessor/Planning/CEO	83,306	66,377	76,399	73,294	41,501	-31,793	-43%
	Boards & Committees	8,575	4,417	6,225	5,500	4,000	-1,500	-27%
	Contracted Services	617,920	579,004	605,825	595,300	636,200	40,900	7%
	Debt Service	418,302	393,920	403,324	424,434	419,470	-4,964	-1%
	Insurance	36,972	29,283	37,527	33,950	35,700	1,750	5%
	Municipal Office	31,407	22,739	30,364	23,780	25,990	2,210	9%
	General Assistance	5,000	4,710	5,000	5,000	0	-5,000	-100%
	Community Services	192,585	192,585	202,460	201,019	201,164	145	0%
	Highway	335,516	330,372	306,946	300,734	328,929	28,194	9%
	Police	449,501	428,945	452,618	448,466	455,097	6,632	1%
	Dispatch	260,866	232,074	261,331	258,442	260,188	1,746	1%
	Fire	83,832	79,074	80,120	82,605	83,970	1,365	2%
	Harbor	107,500	92,020	105,422	103,831	106,501	2,670	3%
	Total:	2,944,913	2,738,171	2,843,676	2,798,790	2,842,207	43,417	2%
Capital Improvement Plan		400,965	400,965	308,375	308,375	308,211	-164	0%
Reserve Accounts		42,004	42,004	38,000	38,000	26,326	-11,674	-31%
Total Municipal Budget		3,387,882	3,181,140	3,190,051	3,145,165	3,176,744	31,579	1%

REAL ESTATE TAXES DUE FOR FY 2013-2014

Total Outstanding as of July 1st, 2014 is \$119,649.46 over 132 accounts

Current Outstanding as of April 1st, 2015 are as follows:

<u>Name</u>	<u>Amount Due</u>
Brouty, Tammy	\$2,398.77
Brown, Robert (6 Accounts)	\$3,849.11
Donovan, Kathy	\$2,786.58
Fletcher, Theodore & Ann Kidder	\$3,281.88
Gilley, Debra J.	\$2,870.62
Gilley, Jack H. JR.	\$1,556.03
Goodwin, Howard	\$218.89
Goodwin, John W. JR. & Korey	\$1,839.52
Goodwin, Korey	\$1,746.30
Hinckley, Henry & Theo	\$1,654.58
Jenkins, F. Ronald	\$7.14
Kelley, Nahum & Melissa	\$1,172.20
Lewis, Peggy	\$1,804.57
Middleton, Shawna T.	\$2,898.27
Murphy, Ernest	\$1,081.93
Murrell, David & Amanda	\$1,048.40
Quigley, John	\$6.37
Rabineau, Monaa	\$3,081.25
Reed, Ronda L.	\$1,754.47
Rodick, Eric A. & Terri-Jo	\$866.55
Saint Peters Church	\$19.29
Sawyer, Nancy	\$1,602.64
Sawyer, Ronald & Carole Pinkham (2 Accounts)	\$1,355.48
Simon, James & Robyn	\$4.58
Skeate, Marcia	\$0.64
Stanley, Lucah (2 Accounts)	\$2,574.04
Thomas, Jeffrey S. & Doris L.	\$832.72
Thomas, Timothy	\$1,667.36
Village Wash Tub, LLC	<u>\$4,353.87</u>
Total for 36 Accounts:	\$48,334.05

REAL ESTATE TAXES DUE FOR FY 2012-2013

Total Outstanding as of July 1st, 2014 is \$25,133.18 over 18 accounts

Current Outstanding as of April 1st, 2015 are as follows:

<u>Name</u>	<u>Amount Due</u>
Gilley, Jack H. JR.	\$1,703.85
Sawyer, Nancy J.	\$899.81
Sawyer, Ronald & Pinkham, Carole (2 Accounts)	\$1,498.25
Thomas, Jeffrey & Doris	<u>\$959.30</u>
Total for 5 Accounts:	\$5,061.21

PERSONAL PROPERTY TAXES DUE FOR FY 2013-2014

Total Outstanding as of July 1st, 2014 is \$1,365.99 over 22 accounts

Current Outstanding as of April 1st, 2015 are as follows:

<u>Name</u>	<u>Amount Due</u>
Hamilton Marine	\$6.19
Marsh, Inc.	\$8.41
Muzak, LLC	\$43.72
SW Harbor Veterinary Clinic	\$16.72
Southwest Lobster	\$3.95
Tom Cat Variety, Inc.	\$21.86
US Physical Therapy, Inc.	\$4.60
Village Wash Tub	<u>\$207.05</u>
Total for 8 Accounts:	\$312.50

PERSONAL PROPERTY TAXES DUE FOR FY 2012-2013

Total Outstanding as of July 1st, 2014 is \$269.27 over 4 accounts

Current Outstanding as of April 1st, 2015 are as follows:

<u>Name</u>	<u>Amount Due</u>
Coastline Construction	\$13.40
SW Harbor Veterinary Clinic	\$17.35
Tom Cat Variety, Inc.	\$22.78
Village Wash Tub	<u>\$215.74</u>
Total for 4 Accounts:	\$269.27

SOUTHWEST HARBOR

SCHOOL DEPARTMENT BUDGET

For the fiscal year July 1, 2015 – June 30, 2016



SOUTHWEST HARBOR SCHOOL DEPARTMENT							
	13-14	14-15	14-15	15-16			School Committee Approved
	Actual	Current	Anticipated	Proposed	\$	%	3/11/2015
	Receipts	Budget	Receipts	Budget	Difference	Difference	Explanation
Fund Balance							
Carryover	107,814	51,548	97,772	71,612	20,064	38.92%	Estimate
Revenues							
Miscellaneous	441	-	-	-	-	#DIV/0!	
P.L. 874 (Impact Aid)	6,062	5,000	5,000	5,000	-	0.00%	Estimate
Tuition	1,500	1,500	1,500	1,500	-	0.00%	3 Students at \$500 each
Transfers from Reserves	-	-	-	-	-	#DIV/0!	
State Subsidy	127,448	105,000	119,406	125,000	20,000	19.05%	Estimate
Property Taxes							
Town Appropriation	2,602,837	2,763,391	2,763,391	2,778,590	15,200	0.55%	Appropri. Incr. w/o Debt Svc.
Articles 15 & 17	EPS & Additional Local Funds Articles			\$ 2,778,590			
Debt Service Appropri.	373,883	361,214	361,214	342,658	(18,556)	-5.14%	
Article 16	Debt Service Appropriation			\$ 342,658			
<i>Total Revenues</i>	3,219,985	3,287,653	3,348,283	3,324,360	36,707	1.12%	
							<i>Difference per \$100,000 valuation</i>
	Total Town Appropriation w Debt Service =				(3,357)	-0.11%	-\$0.62

SOUTHWEST HARBOR SCHOOL DEPARTMENT

	13-14	14-15	14-15	15-16			
	Actual	Current	Anticipated	Proposed	\$	%	
Regular Instruction	Expend.	Budget	Expend.	Budget	Difference	Difference	Explanation
Regular Instruction							
Teacher's Salaries: 3-8	542,939	523,321	524,022	550,326	27,005	5.16%	10.2 teachers w/20% algebra added
Ed. Tech. Salaries	77,338	18,147	18,147	19,366	1,219	6.72%	1 ed tech
Substitutes	60,531	23,000	25,000	25,000	2,000	8.70%	\$75/day unless long-term sub (teacher pay)
Medicare/Retire- Tchrs. 3-8	23,538	20,138	21,485	26,471	6,333	31.45%	
Medicare/Retire- Ed. Techs.	2,474	744	744	932	188	25.27%	
SS/Med/Ret - Subs	3,310	1,400	1,400	1,600	200	14.29%	Most subs now under soc sec
BC/BS: Tchrs. 3-8	122,336	132,538	123,268	135,594	3,056	2.31%	10% increase & changes in plans
BC/BS: Ed. Techs.	19,302	-	18,941	19,610	19,610	#DIV/0!	10% increase & changes in plans
Tuition Reimb - Taxable	6,331	-	7,000	7,000	7,000	#DIV/0!	
Tuition Reimb - Non-Taxable	-	17,000	8,000	8,000	(9,000)	-52.94%	college courses for teachers & ed techs
Unemployment	562	5,000	1,000	5,000	-	0.00%	
Worker's Comp. Insurance	11,724	17,500	13,500	15,500	(2,000)	-11.43%	
Other Prof. Svcs: 504 Stude	-	500	500	500	-	0.00%	
Prof. Svcs.: Counsel/ESL/504	350	-	-	-	-	#DIV/0!	
Special Academic Programs	49	-	-	-	-	#DIV/0!	Funded with Grants
Repair & Maint. - Equipment	-	-	-	-	-	#DIV/0!	
Tuition - Charter Schools	-	-	12,856	-	-	#DIV/0!	State to Fund in 2015-16
Staff Travel	1,524	1,500	1,500	1,500	-	0.00%	includes mileage, lodging & food
Teaching Supplies 3-8	11,019	14,500	14,000	14,500	-	0.00%	\$600/teacher & Lam & Copy Paper
Textbooks/Workbooks 3-8	1,422	5,000	4,500	5,000	-	0.00%	New programs with workbooks/class books
Periodicals	249	600	600	600	-	0.00%	Specific Requests
Replace/Purch of Equip.	6,132	5,000	5,000	5,000	-	0.00%	Mostly PE, art and music equipment
Dues, Fees, Conf. 3-8	1,497	2,500	2,500	2,000	(500)	-20.00%	\$200/conference (AOS formula)
Safety Factor Contingency	-	15,000	15,000	15,000	-	0.00%	
Teacher's Salaries: K-2	164,868	196,544	150,850	156,178	(40,366)	-20.54%	4 teachers: contract increase
Medicare/Retire- Tchrs. K-2	7,547	8,058	6,185	7,512	(546)	-6.78%	
BC/BS: Tchrs. K-2	21,397	43,409	29,374	32,311	(11,098)	-25.57%	10% rate increase
Teaching Supplies K-2	2,422	1,800	2,200	2,400	600	33.33%	\$600/teacher
Textbooks/Workbooks K-2	1,404	3,000	2,500	3,000	-	0.00%	classroom books, workbooks
Replace/Purch of Equip.	1,312	900	900	1,200	300	33.33%	
Dues, Fees, Conf. K-2	-	600	600	800	200	33.33%	\$200/conference (AOS formula)
<i>Total Regular Instruction</i>	1,091,578	1,057,699	1,011,572	1,061,900	4,201	0.40%	
Article 4	Regular Instruction			\$ 1,061,900			

SOUTHWEST HARBOR SCHOOL DEPARTMENT							
	13-14	14-15	14-15	15-16			
	Actual	Current	Anticipated	Proposed	\$	%	
Special Education	Expend.	Budget	Expend.	Budget	Difference	Difference	Explanation
Special Education							
Res. Rm. - Tchr. Salaries	91,294	93,888	107,004	96,598	2,710	2.89%	2 teachers
Res. Rm. - Ed. Tech. Sal.	135,997	145,812	176,004	135,919	(9,893)	-6.78%	8 Ed. Techs.
Benefits - Teachers - Res Rm	3,860	3,850	4,388	4,646	796	20.68%	
Benefits - Ed. Tech.	4,770	5,978	7,217	6,538	560	9.37%	
BC/BS: Tchr. - Res. Rm.	36,038	37,884	34,634	41,672	3,788	10.00%	10% incr., changes in staff/plans
BC/BS: Ed. Techs.	75,195	86,563	86,752	80,469	(6,094)	-7.04%	10% incr., changes in staff/plans
Repair & Maint. - Equipment	-	-	-	-	-	#DIV/0!	
Staff Travel	354	240	250	400	160	66.67%	includes mileage, lodging & food
Res. Rm. - Teach. Supplies	759	1,200	1,200	1,200	-	0.00%	specific requests
Testing Supplies	880	1,000	1,000	1,000	-	0.00%	
Textbooks	516	600	500	500	(100)	-16.67%	
Software	2,175	-	-	2,000	2,000	#DIV/0!	communication software
Replace/Purchase of Equip.	4,937	1,000	1,000	3,000	2,000	200.00%	more requests based on needs
Dues, Fees, Conference	2,586	400	400	400	-	0.00%	
Fund Transfers-Spec Ed Res	2,044	2,044	2,044	2,044	-	0.00%	Our Share of the MDIRSS Reserve
Dues & Fees - Medicaid Bill	659	1,200	1,000	1,200	-	0.00%	
Spec Svcs Assessment	49,531	49,987	53,403	51,552	1,565	3.13%	Moved from Supt's Office
Prof.Svcs:Therap/Coun	4,661	6,000	6,000	6,000	-	0.00%	
Teacher Salary: Speech	37,992	39,265	39,265	40,596	1,331	3.39%	
Salary - Interpreter	-	46,963	46,963	48,137	1,174	2.50%	
Medicare/Retirem - Speech	1,534	1,610	1,610	1,953	343	21.30%	
Medicare/Retirem - Interpr	-	1,925	1,925	2,316	391	20.31%	
BC/BS: Speech	12,889	15,562	15,562	17,118	1,556	10.00%	10% Increase & change in plan
BC/BS: Interpreter	-	18,942	18,942	19,610	668	3.53%	
Other Prof Svcs.:Speech	5,591	2,000	2,000	6,000	4,000	200.00%	Consultants & increased needs
Other Prof Svcs: Interpr Svcs	-	6,480	5,000	6,500	20	0.31%	Consultant & increased needs
Speech - Supplies	500	600	600	600	-	0.00%	
Speech - Testing Supplies	1,213	1,000	1,000	1,000	-	0.00%	DIAL, CELF, TAPS assessments
Speech - Equipment	30	500	500	500	-	0.00%	
Speech - Dues/Fees/Conf.	310	200	200	200	-	0.00%	
Other Prof Svcs.: OT	25,508	22,000	26,000	27,000	5,000	22.73%	
Other Prof. Svcs.: PT	21,683	20,000	22,000	23,000	3,000	15.00%	
Summer Schl: Tchr.	7,850	5,000	8,000	8,000	3,000	60.00%	
Summer Schl: Benefits	158	205	402	200	(5)	-2.44%	
Teacher Salary: G & T	12,383	12,769	12,769	13,172	403	3.16%	20% Teacher plus 10 days
Medicare/Retirem - G & T	500	524	524	634	110	20.99%	
BC/BS: G & T	5,036	5,683	5,683	6,251	568	9.99%	
Teaching Supplies - G & T	243	300	300	300	-	0.00%	
Books&Periodicals- G&T	110	300	300	200	(100)	-33.33%	
G & T: Dues/Fees/Conf.	238	320	320	320	-	0.00%	
<i>Total Special Education</i>	550,026	639,794	692,661	658,745	18,951	2.96%	
Article 5	Special Education			\$ 658,745			

SOUTHWEST HARBOR SCHOOL DEPARTMENT							
	13-14	14-15	14-15	15-16	\$	%	
	Actual	Current	Anticipated	Proposed			
	Expend.	Budget	Expend.	Budget	Difference	Difference	Explanation
Article 6	Career & Technical Education			\$ -			
Other Instruction							
Co-Curricular							
Co-Curric.: Stipends	18,834	17,000	16,000	17,000	-	0.00%	(Music - Co-Curric out)
Co-Curric.: Benefits	1,040	375	750	818	443	118.13%	
Co-Curric.: Fine Arts Perform	2,491	1,500	1,500	1,500	-	0.00%	show choir: set, costumes, CD's, materials
Co-Curric.: Gen. Supplies	264	300	300	300	-	0.00%	band supplies
Co-Curric.: Books	-	1,500	1,000	1,000	(500)	-33.33%	Jazz band music books
Co-Curric.: Equipment	1,008	1,800	1,800	1,800	-	0.00%	music equipment/repair
Co-Curric.:Dues and Fees	178	425	425	425	-	0.00%	festival fees and registration
Co-Curric.: Transportation	-	-	-	-	-	#DIV/0!	
Athletic: Stipends	8,287	18,500	15,000	16,000	(2,500)	-13.51%	coaches, AD, intramural coordinator
Athletic: Stipends - Officials	2,400	3,500	3,000	3,000	(500)	-14.29%	
Athletic: Benefits - Stipends	299	500	750	770	270	54.00%	
Athletic: Benefits - Officials	20	140	100	-	(140)		
Athletic: Other Prof Svcs	-	-	-	-	-	#DIV/0!	
Athletic: Supplies	-	-	-	-	-	#DIV/0!	
Athletic: Books	-	-	-	-	-	#DIV/0!	
Athletic: Equipment	300	1,200	1,200	1,200	-	0.00%	uniforms
Athletic: Dues/Fees/Conf.	613	200	200	320	120	60.00%	sports conference
Athletic: Transportation	-	-	-	-	-	#DIV/0!	
<i>Total Co-Curricular</i>	35,734	46,940	42,025	44,133	(2,807)	-5.98%	
Other Instruction							
Summer School							
Summer Schl./Learning Labs	5,761	7,000	5,500	7,000	-	0.00%	Before/After school homework help
Benefits - Summ Schl/LL	234	102	226	337	235	230.39%	
Other Prof. Svcs.-Summ Schl	-	1,000	-	1,000	-	0.00%	For Summer Programming - SWH Library
<i>Total Summer School</i>	5,994	7,102	5,726	7,337	235	3.31%	
Article 7	Other Instruction			\$ 51,470			
Student & Staff Support							
Guidance							
Salaries: Guidance Counsel.	55,752	58,946	58,946	60,319	1,373	2.33%	Contract Increase
Medicare/Retirement	2,514	2,417	2,417	2,902	485	20.07%	
Blue Cross/Blue Shield	18,039	18,942	18,942	20,836	1,894	10.00%	10% Increase in insurance
Prof. Svcs.	-	-	-	-	-	#DIV/0!	
Staff Travel	165	125	125	125	-	0.00%	
Supplies	289	600	550	600	-	0.00%	includes Civil Rights materials
Books	210	200	150	200	-	0.00%	
Periodicals	-	-	-	-	-	#DIV/0!	
Dues / Fees / Conferences	461	200	300	200	-	0.00%	
<i>Total Guidance</i>	77,430	81,430	81,430	85,182	3,752	4.61%	

SOUTHWEST HARBOR SCHOOL DEPARTMENT							
	13-14	14-15	14-15	15-16			
Student & Staff Support	Actual	Current	Anticipated	Proposed	\$	%	
	Expend.	Budget	Expend.	Budget	Difference	Difference	Explanation
Health Services							
Physician & Physicals	55,323	57,304	57,304	58,389	1,085	1.89%	contractual agreement w/hospital
Contr. Svcs.:Equip. Repair	110	-	110	150	150	#DIV/0!	
Supplies	1,104	1,000	1,000	1,000	-	0.00%	
Books	-	-	-	-	-	#DIV/0!	
Periodicals	-	100	100	-	(100)	-100.00%	
Replace/Purch. Equipment	-	200	200	200	-	0.00%	
Dues / Fees / Conferences	87	325	325	325	-	0.00%	includes travel
<i>Total Health Services</i>	56,624	58,929	59,039	60,064	1,135	1.93%	
Improvement of Instruction							
Assess.: Curric. & Techn.	32,421	31,177	31,177	35,182	4,005	12.85%	Moved fr Supt's. Office
Instructional Grants	1,157	3,000	3,200	3,000	-	0.00%	\$333/teacher for summer work for AOS
Stipends - Cert Com/Mentors	2,000	3,000	3,000	3,000	-	0.00%	
Benefits: Stipends	28	123	131	145	22	17.89%	
Benefits: Teachers	47	123	123	145	22	17.89%	
AOS Workshops/Speakers	-	-	-	-	-	#DIV/0!	
Local W.S./Speakers	71	300	250	500	200	66.67%	Used for books, after schl work & leadership
Reading Recovery Cont. Hrs.	2,000	2,000	2,000	2,000	-	0.00%	AOS Requested Amount
Supplies/Books/Period	-	-	-	-	-	#DIV/0!	
Curriculum Work	608	900	900	900	-	0.00%	AOS Request
NWEA	1,930	2,000	1,835	2,000	-	0.00%	Formula/ Student K-8 now
<i>Total Improve. Of Instruction</i>	40,261	42,623	42,616	46,872	4,249	9.97%	
Library & Audio Visual							
Salaries: Librarian	8,255	8,513	8,512	8,781	268	3.15%	20% Librarian
Medicare/ Retirement	333	349	349	423	74	21.20%	
Blue Cross / Blue Shield	5,111	3,788	3,788	4,167	379	10.01%	10% Insurance Rate Incr / 20% Ben
Other Prof Svcs-Library Svcs	12,000	12,000	12,000	13,000	1,000	8.33%	Increase requested by Library
Supplies	151	650	500	650	-	0.00%	
Computer Supplies	-	-	-	-	-	#DIV/0!	
Books	4,454	3,500	3,500	3,500	-	0.00%	Sharing Service/Books w SWH Library
Periodicals	45	500	500	500	-	0.00%	
AV Material/Software	-	-	-	-	-	#DIV/0!	
Replace/Purchase Equipment	-	-	-	-	-	#DIV/0!	
Dues / Fees / Conferences	75	325	325	325	-	0.00%	
<i>Total Library & AV</i>	30,424	29,625	29,474	31,346	1,721	5.81%	

SOUTHWEST HARBOR SCHOOL DEPARTMENT							
	13-14	14-15	14-15	15-16			
	Actual	Current	Anticipated	Proposed	\$	%	
Student & Staff Support	Expend.	Budget	Expend.	Budget	Difference	Difference	Explanation
Technology							
Technology Integrator	21,948	27,111	27,013	46,532	19,421	71.64%	Changed to 100% for 2015-16
Technology Coordinator	18,171	24,395	24,395	6,311	(18,084)	-74.13%	5 hrs./week per AOS plan
Benefits: Tech. Integrator	960	1,112	1,108	2,239	1,127	101.35%	
Benefits: Tech. Coord.	3,143	1,866	1,866	483	(1,383)	-74.12%	
BC/BS: Tech. Integrator	-	4,143	4,143	7,597	3,454	83.37%	10% Rate Incr. & Incr in % of time
BC/BS: Tech. Coord.	6,098	6,314	6,925	2,140	(4,174)	-66.11%	10% Rate Increase
Repair & Maint.	206	3,000	3,000	3,000	-	0.00%	To Self-Insure Laptops
Staff Travel	73	250	250	250	-	0.00%	
Supplies	500	700	700	700	-	0.00%	cartridges/bulbs etc.
Software	4,344	-	4,000	4,000	4,000	#DIV/0!	
Software/Site Lic - AOS 91	4,382	17,000	13,000	17,000	-	0.00%	AOS Software Sharing
Equipment	14,765	10,400	10,400	15,000	4,600	44.23%	Rental for Gr. 5 & 6@\$55/ea, Ceiling Mounts
Dues, Fees, Conf., Travel	265	500	500	325	(175)	-35.00%	
<i>Total Technology</i>	74,856	96,791	97,300	105,577	8,786	9.08%	
Article 8	Student & Staff Support			\$ 329,041			
System Administration							
Office of Superintendent							
Assessment: Administration	46,701	47,668	47,668	49,683	2,015	4.23%	AOS Formula/ SWH's % = 10.26%
<i>Total Office of Supt.</i>	46,701	47,668	47,668	49,683	2,015	4.23%	
<i>Note: Total Office of Superintendent Assessment for SWH = \$ 126,758</i>							
System Administration							
School Committee							
Salaries: School Committee	1,215	2,500	2,500	2,500	-	0.00%	\$500 each board member
Soc. Sec. / Medicare	38	192	192	192	-	0.00%	
Prof. Svcs.: Legal & Audit	6,725	6,000	10,000	6,500	500	8.33%	
Dues / Fees / Conferences	574	750	750	750	-	0.00%	
<i>Total School Committee</i>	8,552	9,442	13,442	9,942	500	5.30%	
Article 9	System Administration			\$ 59,625			

SOUTHWEST HARBOR SCHOOL DEPARTMENT							
	13-14	14-15	14-15	15-16			
School Administration	Actual	Proposed	Anticipated	Proposed	\$	%	
	Expend.	Budget	Expend.	Budget	Difference	Difference	Explanation
Office of Principal							
Salaries: Principal	85,749	87,035	87,035	88,776	1,741	2.00%	
Salaries: Secretaries	49,586	56,093	54,623	57,933	1,840	3.28%	
Benefits: Principal	3,490	3,569	3,569	4,270	701	19.64%	
Benefits: Secretaries	3,590	4,292	4,179	4,432	140	3.26%	
BC/BS: Principal	6,576	7,102	6,906	7,150	48	0.68%	10% rate increase
BC/BS: Secretaries	33,072	37,884	37,884	39,219	1,335	3.52%	10% rate increase
Svc. Agreem./Equip. Repair	-	1,200	500	1,000	(200)	-16.67%	
Copier Lease/Purchase	5,708	5,708	5,708	5,708	-	0.00%	
Advertising	3,028	1,000	1,000	1,000	-	0.00%	
Staff Travel	10	-	-	125	125	#DIV/0!	
Office Supplies / Postage	3,860	5,000	5,000	5,000	-	0.00%	
Books & Periodicals	100	100	100	100	-	0.00%	
Software	-	-	-	-	-	#DIV/0!	
Replace/Purchase Equipment	-	-	-	-	-	#DIV/0!	
Dues / Fees / Conferences	1,493	1,500	1,500	1,500	-	0.00%	Includes Prof. Fees & card services
Miscellaneous	1,521	1,500	1,500	1,500	-	0.00%	Graduation, Volunteer Apprec., bdays, "
<i>Total Office of Principal</i>	197,784	211,983	209,504	217,713	5,730	2.70%	
Article 10	School Administration			\$ 217,713			
Transportation and Buses							
Student Transportation							
Salaries: Bus Drivers	40,279	62,943	62,943	66,163	3,220	5.12%	1.5 Drivers & Co-Curric
Soc.Sec./Medicare	2,946	4,815	4,815	5,062	247	5.13%	
BC/BS: Bus Drivers	14,821	15,562	15,562	16,111	549	3.53%	10% rate increase
Physicals & Drug Testing	660	750	750	750	-	0.00%	Incl. Extra Drivers
Contr. Svcs.: Bus Repairs	7,930	16,000	12,000	16,000	-	0.00%	Buses older with longer replac cycle
Transp. Purchased fr Private	-	-	-	-	-	#DIV/0!	
Insurance: Bus	1,320	2,000	1,041	1,750	(250)	-12.50%	On 3 buses & increase cost
Supplies	727	500	500	500	-	0.00%	
Fuel	13,547	18,000	16,500	18,000	-	0.00%	5300 gallons approx.
Replace/Purch. Of Equipment	-	-	-	-	-	#DIV/0!	
Purch of SchlBus/ Reserve	18,000	18,000	18,000	18,000	-	0.00%	Incr cost of buses \$80K, 5 year cycle: '17-18
Dues/ Fees/ Conference	216	-	-	325	325	#DIV/0!	
<i>Total Transportation</i>	100,447	138,570	132,111	142,661	4,091	2.95%	
Article 11	Transportation & Buses			\$ 142,661			

SOUTHWEST HARBOR SCHOOL DEPARTMENT

	13-14	14-15	14-15	15-16			
	Actual	Current	Anticipated	Proposed	\$	%	
Facilities Maintenance	Expend.	Budget	Expend.	Budget	Difference	Difference	Explanation
Operation & Maint. Of Plant							
Salaries: Custodians	163,279	145,848	145,848	148,964	3,116	2.14%	Reduction of Overtime Hrs.
Soc. Sec./ Medicare	12,245	11,158	11,158	11,396	238	2.13%	
Blue Cross / Blue Shield	30,126	34,687	34,688	35,912	1,225	3.53%	10% rate increase
Utility Svcs.: Sewer / Water	3,282	7,000	5,500	7,000	-	0.00%	
Insurance: Build/Equip/Comp	7,574	8,000	9,121	9,500	1,500	18.75%	Building/Liability
Telephone	5,506	6,000	6,000	17,000	11,000	183.33%	need updated system
Supplies	7,031	10,000	10,000	10,000	-	0.00%	Cleaning & Paper Supplies
Electricity	34,668	40,000	38,000	40,000	-	0.00%	Bangor Hydro
L.P. Gas - Cafeteria	466	3,000	2,500	2,500	(500)	-16.67%	Hot Water bill
Heating Oil	46,701	57,000	50,000	43,000	(14,000)	-24.56%	Approx. 15,400 Gal.from \$3.75/gal to \$2.65!
Replace/Purchase Equipment	6,816	7,000	7,000	7,000	-	0.00%	Water Softener/Mixer in Kitchen
Dues / Fees / Conferences	188	400	400	325	(75)	-18.75%	
Rubbish Removal	1,368	1,500	1,500	2,200	700	46.67%	Gotts - 114/mo. & Richard's truck \$800
Contr. Svcs. : Building	31,003	27,000	27,000	27,000	-	0.00%	Heating/Air Mechan. Svcs, Inspect., etc
Contr. Svcs. : Grounds	-	2,500	2,500	2,500	-	0.00%	Hodgdon Lawn \$1,800 Scalls spraying \$650
Contr. Svcs.: Equip. Repair	1,730	5,000	7,500	5,000	-	0.00%	Electric,Plumb., Elevator,WtrFilter
<i>Total Oper. & Maint.</i>	351,983	366,093	358,715	369,297	3,204	0.88%	
Facilities Maintenance							
Capital Outlay							
Land & Improvements	-	28,000	26,000	2,000	(26,000)	-92.86%	Playgr. Maint.
Buildings	19,992	3,000	2,500	23,500	20,500	683.33%	LED Emer Lights Repl/Building Audit
Transfer to Maint. Reserve	3,750	3,750	3,750	3,750	-	0.00%	Transfer to Reserve - Now @ \$47K
Equipment	1,195	-	3,025	-	-	#DIV/0!	
<i>Total Capital Outlay</i>	24,937	34,750	35,275	29,250	(5,500)	-15.83%	
Article 12	Facilities Maintenance			\$ 398,547			
Debt Service							
Debt Service							
Debt Service: Interest	112,832	100,164	97,063	81,608	(18,556)	-18.53%	Debt Retires 11/2020
Debt Service: Principal	261,050	261,050	261,050	261,050	-	0.00%	Payment #15 of 20 (Principal)
<i>Total Debt Service</i>	373,882	361,214	358,113	342,658	(18,556)	-5.14%	
Article 13	Debt Service & Other Commitments			\$ 342,658			
All Other Expenditures							
Food Services							
Food Services Transfer	55,000	57,000	60,000	62,000	5,000	8.77%	
<i>Total Food Services</i>	55,000	57,000	60,000	62,000	5,000	8.77%	
Article 14	All Other Expenditures			\$ 62,000			
Grand Totals:	3,122,213	3,287,653	3,276,671	3,324,360	36,707	1.12%	
	Total Budget Increase w/o Debt Service =				55,263	1.89%	
Article 18	Total Expenditures (Summary Article)			\$ 3,324,360			

Town of Southwest Harbor							
Water Department							
Budget - 2015							
		2012-Actual	2013-Actual	2014-Budget	2014-Actual	2015-Budget	% Difference 2014 Budget
Revenues							
	Residential	\$ 302,164.03	\$ 316,078.47	\$ 300,000.00	\$ 324,769.20	\$ 308,000.00	2.67%
	Commercial	\$ 80,046.94	\$ 81,754.78	\$ 82,500.00	\$ 71,063.40	\$ 82,500.00	0.00%
	Public Authorities	\$ 28,500.22	\$ 25,840.50	\$ 28,000.00	\$ 25,917.94	\$ 26,000.00	-7.14%
	Public Fire Protection	\$ 201,025.00	\$ 201,025.00	\$ 201,025.00	\$ 201,025.00	\$ 201,025.00	0.00%
	Private Fire Protection	\$ 23,302.00	\$ 23,302.00	\$ 23,000.00	\$ 22,729.00	\$ 23,000.00	0.00%
	Misc. Revenue	\$ 5,030.53	\$ 1,642.70	\$ -	\$ 2,792.04		
	Interest	\$ 167.34	\$ 34.95	\$ 150.00	\$ 11.99	\$ 50.00	-66.67%
	Unrestricted Surplus	\$ -	\$ 34,000.00	\$ -	\$ -		
	Total Revenue:	\$ 640,236.06	\$ 683,678.40	\$ 634,675.00	\$ 648,308.57	\$ 640,575.00	0.93%
Expenses							
Personnel & Benefits							
	Salaries	\$ 153,358.85	\$ 167,061.23	\$ 130,721.15	\$ 136,861.21	\$ 178,980.84	36.92%
	<i>Pension & Benefits</i>	\$ 52,369.16					
	FICA/Med		\$ 12,263.53	\$ 9,411.92	\$ 9,889.60	\$ 12,886.62	36.92%
	Health Insurance		\$ 38,327.73	\$ 43,218.44	\$ 39,760.71	\$ 53,621.57	24.07%
	401K		\$ 6,394.97	\$ 6,977.62	\$ 6,213.38	\$ 9,859.26	41.30%
	Income Protection		\$ 3,175.34	\$ 1,748.69	\$ 1,716.98	\$ 2,423.08	38.57%
	Workers Comp	\$ 2,758.46	\$ 3,425.64	\$ 3,921.63	\$ 2,756.07	\$ 5,369.43	36.92%
	Professional Development	\$ 862.30	\$ 685.00	\$ 1,000.00	\$ 590.00	\$ 750.00	-25.00%
	Drug & Alcohol Testing	\$ 120.90	\$ 181.35	\$ 250.00	\$ 118.78	\$ 250.00	0.00%
Professional Services							
	Audit	\$ 3,985.00	\$ 4,675.00	\$ 5,000.00	\$ 5,900.00	\$ 5,000.00	0.00%
	Legal	\$ 225.00	\$ 4,279.38	\$ 2,500.00	\$ 3,564.44	\$ 3,000.00	20.00%
	Personnel	\$ -	\$ -	\$ -			
	IT	\$ 570.00	\$ -				
	Engineering	\$ 5,267.34	\$ 5,493.45	\$ 5,000.00		\$ 5,000.00	0.00%
Utilities							
	Electricity	\$ 58,295.48	\$ 50,344.57	\$ 58,500.00	\$ 55,663.43	\$ 58,500.00	0.00%
	Telephone	\$ 4,214.58	\$ 3,617.51	\$ 3,500.00	\$ 3,096.01	\$ 3,250.00	-7.14%
	Propane	\$ 17,330.48	\$ 13,305.09	\$ 13,500.00	\$ 9,860.59	\$ 14,000.00	3.70%
	Water	\$ 46.15	\$ 80.80	\$ 100.00	\$ 40.20	\$ 80.00	-20.00%
	Internet/Cable	\$ -	\$ 625.76	\$ 500.00	\$ 441.21	\$ 450.00	-10.00%
Insurance							
	Auto	\$ 586.14	\$ 376.02	\$ 700.00	\$ 558.01	\$ 700.00	0.00%
	Property & Liability	\$ 2,781.78	\$ 2,088.24	\$ 2,250.00	\$ 2,952.86	\$ 3,000.00	33.33%
Vehicles							
	Repair & Maintenance	\$ 2,270.34	\$ 5,563.04	\$ 2,500.00	\$ 3,647.73	\$ 2,500.00	0.00%
	Mileage Reimbursement	\$ 3,942.09	\$ 200.65	\$ 1,000.00	\$ 367.88	\$ 650.00	-35.00%
	Gas	\$ 6,053.46	\$ 7,171.70	\$ 6,000.00	\$ 5,916.31	\$ 6,500.00	8.33%
	Oil	\$ 91.49	\$ 34.06	\$ 200.00	\$ -	\$ 100.00	-50.00%
	Truck Purchase		\$ 33,808.48				
Facility							
	Plant Maintenance	\$ 5,257.43	\$ 10,798.55	\$ 6,000.00	\$ 4,413.25	\$ 6,500.00	8.33%
	Pump Station Maintenance	\$ 20.08	\$ 4,196.66	\$ 5,000.00	\$ 2,571.79	\$ 5,000.00	0.00%
	Distribution Lines	\$ 1,361.79	\$ 6,308.83	\$ 10,000.00	\$ 9,820.23	\$ 10,000.00	0.00%

Town of Southwest Harbor							
Water Department							
Budget - 2015							
		<u>2012-Actual</u>	<u>2013-Actual</u>	<u>2014-Budget</u>	<u>2014-Actual</u>	<u>2015-Budget</u>	<u>% Difference 2014 Budget</u>
Fees/Licensing							
	Bank Fees	\$ 0.37	\$ -	\$ -			
	Computer Licenses		\$ 3,376.20	\$ 3,500.00	\$ 571.23	\$ 3,000.00	-14.29%
	Permits and Licenses				\$ -		
	State/Federal				\$ 50.00		
Dept/Office							
	Office Supplies	\$ 1,352.78	\$ 2,424.99	\$ 1,350.00	\$ 1,958.98	\$ 2,000.00	48.15%
	Chlorine	\$ 8,086.86	\$ 6,427.10	\$ 6,000.00	\$ 5,681.42	\$ 6,000.00	0.00%
	Flouride	\$ 565.00	\$ 5.00				
	Caustic Soda	\$ 23,927.27	\$ 13,097.55	\$ 20,000.00	\$ 6,290.00	\$ 15,000.00	-25.00%
	Equipment		\$ 3,739.07	\$ 30,000.00	\$ 15,497.04	\$ 25,000.00	-16.67%
	Equipment Rental		\$ -		\$ 967.64		
	Postage	\$ 1,379.25	\$ 1,766.97	\$ 1,800.00	\$ 1,519.96	\$ 1,800.00	0.00%
	Safety Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	
	Uniforms	\$ -	\$ 1,299.03	\$ 1,600.00	\$ 1,402.48	\$ 1,600.00	0.00%
	Advertising	\$ 221.60	\$ 301.56	\$ 300.00	\$ 212.73	\$ 300.00	0.00%
	Dues	\$ 2,501.32	\$ 1,931.23	\$ 2,000.00	\$ 1,255.00	\$ 2,000.00	0.00%
Lien Fees							
	Liens	\$312.00	\$208.00	\$200.00	\$266.00	\$300.00	50.00%
	Discharges		\$198.00	\$200.00	\$228.00	\$300.00	50.00%
Water Department							
	Regulatory	\$6,741.22	\$4,278.00	\$7,000.00	\$4,306.00	\$5,000.00	-28.57%
	Rate Case	\$0.00	\$0.00	\$0.00		\$0.00	
	Flushing		\$0.00			\$0.00	
	Materials	\$29,295.31	\$9,891.41	\$10,000.00	\$11,496.79	\$12,500.00	25.00%
	Meter Project	\$30,000.00	\$36,711.66	\$25,000.00	\$10,141.05	\$0.00	-100.00%
	Lab Testing	\$17,146.92	\$9,055.26	\$10,000.00	\$5,179.85	\$7,500.00	-25.00%
Misc.							
	Contingency	\$8,586.07	\$328.35	\$10,000.00	\$1,993.02	\$10,000.00	0.00%
Debt Service							
	Repayment	\$73,202.64	\$51,378.79	\$30,000.00	\$42,375.61	\$0.00	-100.00%
	2009 ARRA	\$13,024.20	\$13,024.20	\$13,025.00	\$13,024.20	\$13,025.00	0.00%
	2009 FR	\$20,718.66	\$23,248.06	\$23,249.00	\$23,248.06	\$23,249.00	0.00%
	2010 Refinance	\$108,525.62	\$104,089.22	\$108,526.00	\$99,652.80	\$104,090.00	-4.09%
Reserves							
	Reserve			\$11,425.54	\$11,426.00	\$19,540.20	71.02%
Total Expenses:		\$667,355.39	\$671,262.23	\$634,675.00	\$565,464.53	\$640,575.00	0.93%

Town of Southwest Harbor						
Sewer Department						
Budget FY 15-16						
	Budget	Actual	Budget	Budget	\$ Difference	% Difference
<u>Revenues</u>	<u>FY 13-14</u>	<u>FY 13-14</u>	<u>FY 14-15</u>	<u>FY 15-16</u>	<u>14-15 Budget</u>	<u>14-15 Budget</u>
User Fees	522,000	512,732	522,000	551,050	\$29,050	5.57%
Interest-User Fees	3,000	7,168	3,000	5,000	\$2,000	66.67%
Entrance Fees	3,225	7,525	3,225	3,225	\$0	0.00%
Misc. Income	0		0	0	\$0	
Interest-Bank	0	50	0	0	\$0	
Lien Costs	300	1,802	500	500	\$0	0.00%
Septic Disposal	3,000	576	2,800	2,500		-10.71%
Total Revenue:	531,525	529,853	531,525	562,275	\$30,750	5.79%
<u>Expenses</u>						
Personnel & Benefits						
Salaries	126,467	146,363	127,697	136,726	\$9,029	7.07%
FICA/MED	9,674	10,403	9,194	10,460	\$1,265	13.76%
Health Insurance	40,286	41,055	39,127	48,249	\$9,122	23.31%
401(k) Contributions	6,388	4,349	6,385	7,984	\$1,598	25.03%
Income Protection	1,384	1,454	1,540	1,914	\$374	24.28%
Workers Comp	3,434	2,441	3,781	4,787	\$1,006	26.60%
Professional Development	500	1,110	750	500		-33.33%
Drug & Alcohol Testing	150	58	100	100	\$0	0.00%
Professional Services						
Audit	3,500	4,767	4,500	4,800	\$300	6.67%
Legal	1,000	6,776	2,000	3,000	\$1,000	50.00%
IT	500		500	250		-50.00%
Engineering	1,500		4,500	4,000		-11.11%
Utilities						
Electricity	25,000	23,900	23,500	25,000	\$1,500	6.38%
Telephone	1,100	1,394	1,250	1,500	\$250	20.00%
Propane	2,900	1,002	1,900	1,500		-21.05%
Heating Oil	10,000	10,830	11,000	11,500	\$500	4.55%
Water	2,000	2,737	3,200	3,200	\$0	0.00%
Insurance						
Auto	600	513	800	850	\$50	6.25%
Property & Liability	6,000	5,791	7,250	7,500	\$250	3.45%
Vehicles						
Repair & Maintenance	1,000	1,297	1,000	1,000	\$0	0.00%
Mileage Reimbursement	500	90	250	250	\$0	0.00%
Gasoline	6,000	4,942	5,000	5,250	\$250	5.00%
Oil	150		0	0	\$0	
Radio Maintenance	0		0	0	\$0	
Facility						
Plant Maintenance	7,000	13,581	10,000	11,500	\$1,500	15.00%
Pump Station Maintenance	5,000	5,272	5,000	5,500	\$500	10.00%
Fees/Licensing						
Bank Fees	0	5	0	0	\$0	
Computer Licenses	1,000	498	600	650	\$50	8.33%
Permits and Licenses	300		0	200	\$200	
State/Fed. Reg Fee/License	150	923	950	950	\$0	0.00%

Town of Southwest Harbor							
Sewer Department							
Budget FY 15-16							
	Budget	Actual	Budget	Budget	\$ Difference	% Difference	
	<u>FY 13-14</u>	<u>FY 13-14</u>	<u>FY 14-15</u>	<u>FY 15-16</u>	<u>14-15 Budget</u>	<u>14-15 Budget</u>	
Dept/Office							
Office Supplies	1,200	3,561	1,500	1,500	\$0	0.00%	
Chemicals	5,000	3,837	5,000	4,500		-10.00%	
Equipment Repairs and Mai	5,000	2,516	4,000	3,500		-12.50%	
Postage/Shipping	1,400	1,267	1,500	1,500	\$0	0.00%	
Safety Equipment	1,500	921	1,200	1,200	\$0	0.00%	
Uniforms	1,200	1,083	1,450	1,450	\$0	0.00%	
Advertising	0	212	0	0	\$0		
Dues	750	83	250	250	\$0	0.00%	
Lien Fees							
Liens	200	340	250	250	\$0	0.00%	
Discharges	200	235	250	250	\$0	0.00%	
Sludge Disposal							
Trucking	37,625	38,250	38,500	40,000	\$1,500	3.90%	
Bar Harbor	25,879	27,057	26,750	28,000	\$1,250	4.67%	
Septic Disposal	3,000	1,770	2,800	2,500		-10.71%	
Meter Project	7,500	7,500			\$0		
Distribution Line Repair	2,500	604	2,000	2,000	\$0	0.00%	
Plumbing Equipment					\$0	#DIV/0!	
Lab Testing	4,500	5,842	5,000	5,000	\$0	0.00%	
Contingencies	5,000	2,792	5,000	5,000	\$0	0.00%	
Debt Service							
Clarifiers	30,200	29,373	29,400	29,400	\$0	0.00%	
Refinance	88,600	85,473	83,400	85,473	\$2,073	2.49%	
Repayment to Town	13,768	13,672	26,345	17,923		-31.97%	
Capital Improvement Plan	33,020	33,020	24,325	33,460	\$9,135	37.55%	
Total Expense:	531,525	550,958	530,695	562,275	\$31,581	5.95%	

WATER/SEWER (90 Day) PAST DUE BALANCES

As of December 31, 2014

<u>NAME</u>	<u>Water Due</u>	<u>Sewer Due</u>
Button Box Partners	\$4.60	
Carr, Susan	\$2.91	
Chalfoun, Anita	\$68.90	\$59.54
Chalfoun, Marc	\$68.90	\$111.82
Chandler, Ken		\$1.57
Clark, Devin	\$142.82	\$168.00
Community Health Center	\$30.31	
Crock, Adelheid L.	\$5.88	
Damon, Ronda L.		\$1,111.77
Dunbar, Guy		\$2.78
Erhart, Sylvia	\$276.83	
Fairwinds Management	\$68.90	\$111.82
Fletcher, Theodore	\$14.66	
Gilley, Debra	\$1,320.89	
Goodwin, Korey	\$300.69	
Griffin, Richard		\$670.95
Harbor House	\$16.41	
Hart, Jaqueline	\$324.02	\$447.28
Hinckley Mews, LLC	\$169.30	
Jenkins, F. Ronald	\$349.39	
Kelley, Nahum & Melissa	\$643.10	\$4,545.68
Lewis, Stacy	\$556.23	\$918.86
Lewis, Timothy	\$154.24	
Lyman, Steven	\$68.90	\$369.96
Martel, John	\$68.90	\$111.82
Mceachern, Leslie	\$14.75	
Miller, Judson	\$47.46	\$85.70
Morris Yachts	\$0.59	\$223.64
Murphy, Robert	\$0.28	\$14.19
Murray, Mary Kate	\$89.18	
Nichols, Marie-Heirs	\$129.12	
Phelps, Margaret M.	\$1,861.05	\$2,922.26
Picurro, Mark & Suzanne	\$235.41	\$419.14
Pitts, William Read III	\$68.90	\$111.82
Pomroy, Ronald	\$223.13	\$335.46
Rabineau, Mona L.	\$211.72	
Stettner, Laurence	\$9.16	
The Dockside Inn, LLC	\$340.04	\$237.97
The Talaria Co., LLC	\$68.90	\$111.82
Tom Cat Variety	\$424.93	\$621.02
Twigg, Eric	\$557.36	
Ulbrich, William	\$139.03	\$223.64
Verizon/Fairpoint	\$78.14	\$113.52
Village Wash Tub	\$1,656.18	\$4,941.97
Vose, George	\$275.60	
Williams, Elizabeth		\$447.29
Williams Family Trust	\$275.59	
Total Due Over 47 Accounts:	\$11,363.30	\$19,441.29
Grand Total:	\$30,804.59	

TOWN OF SOUTHWEST HARBOR, MAINE

*FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT*

*FOR THE FISCAL YEAR
ENDED JUNE 30, 2014*

TOWN OF SOUTHWEST HARBOR, MAINE
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Southwest Harbor, Maine (the Town) as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Town of Southwest Harbor Water Department, which represents 63%, 77%, and 55%, respectively, of the assets, net position and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Southwest Harbor Water Department, is based solely on the report of the other auditors. The financial statements of the Town of Southwest Harbor Water Department are presented as of December 31, 2013 and for the year than ended. This represents the year end for the Town of Southwest Harbor Water Department. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Southwest Harbor, Maine, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2015 on our consideration of the Town of Southwest Harbor, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The

purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That reports is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Southwest Harbor, Maine's internal control over financial reporting and compliance.

Respectfully Submitted,

James W. Wadman, C.P.A.

James W. Wadman, C.P.A.
January 20, 2015

TOWN OF SOUTHWEST HARBOR, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

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, 2014. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights:

Net Position – The assets of the Town exceeded its liabilities at the fiscal year ending June 30, 2014 by \$17,923,668 (presented as “net position”). Of this amount, \$2,963,453 was reported as “unrestricted net position”. Unrestricted net position represents the amount available to be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Position – The Town's total net position increased by \$811,703 (a 4.7% increase) for the fiscal year ended June 30, 2014. Net position of governmental activities increased by \$550,160 (a 3.8% increase), while net position of the business-type activities increased \$261,544 (a 9.6% increase).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2014, the Town's governmental funds reported a combined ending fund balance of \$4,849,400, an increase of \$155,585 in comparison with the prior year. Of this total fund balance, \$1,662,991 represents general unassigned fund balance. This unassigned fund balance represents approximately 22% of the total general fund expenditures for the year.

Long-term Debt:

The Town's total long-term debt obligations increased \$1,556,740 (18.0%) during the current fiscal year. There was new debt obligations totaling \$2,638,182 for the Main Street project. The Town approved paying off the police station renovation debt obligation of \$357,603 early and the lower town dock debt obligation of \$50,000 early. Other existing debt obligations were retired according to schedule.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

Fund Financial Statements

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

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

outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to explain the differences between the governmental funds and governmental activities. The basic governmental fund financial statements can be found on pages 11 – 12 of this report.

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on pages 18 - 29 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 30 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

The largest portion of the Town’s net position (74.4%) 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 2014	Total 2013
Current Assets	\$ 5,579,180	\$ 775,287	\$ 6,354,467	\$ 5,702,109
Capital Assets	\$14,686,586	\$ 7,628,415	\$22,315,001	\$21,280,395
Deferred Outflows	\$ 0	\$ 17,058	\$ 17,058	\$ 0
<i>Total Assets</i>	\$20,265,766	\$ 8,420,760	\$28,686,525	\$26,982,505
Current Liabilities	\$ 1,068,730	\$ 899,163	\$ 1,967,893	\$ 1,150,928
Deferred Inflows	\$ 28,644	\$ 0	\$ 28,644	\$ 23,712
Other Liabilities	\$ 4,241,893	\$ 4,524,426	\$ 8,766,319	\$ 8,695,902
Net Position;				
Invested in Capital Assets	\$10,046,403	\$ 3,283,701	\$13,330,104	\$12,618,812
Restricted	\$ 1,630,112	\$ 0	\$ 1,630,112	\$ 869,973
Unrestricted	\$ 3,249,983	\$ (286,530)	\$ 2,963,453	\$ 3,623,181
<i>Total Liabilities and Net Position</i>	\$20,265,766	\$ 8,420,760	\$28,686,525	\$26,982,505

An additional portion of the Town's net position (9.1%) represents resources that are subject to external restrictions on their use. The remaining balance of unrestricted net position (16.5%) may be used to meet the government's ongoing obligations to citizens and creditors.

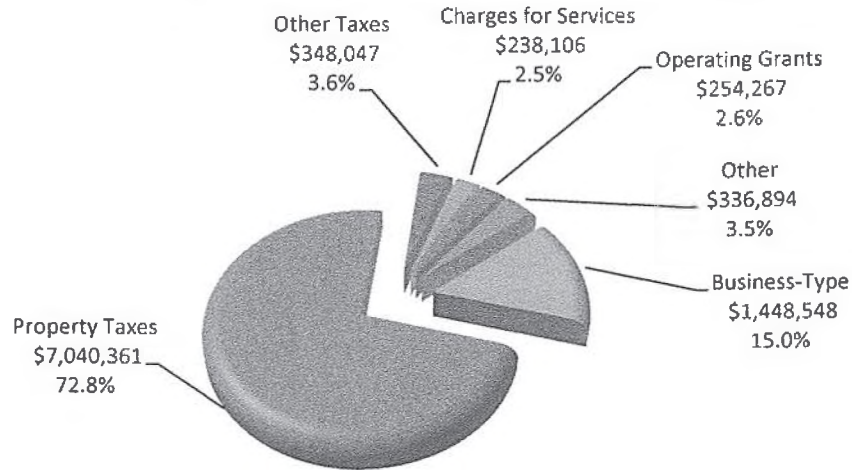
Changes in Net Position

Governmental activities increased the Town's net position by \$550,160, or 67.8% of the total increase in the net position of the Town. This increase was primarily due to conservative budgeting of revenues, grant funded capital asset additions and the controlling of expenditures.

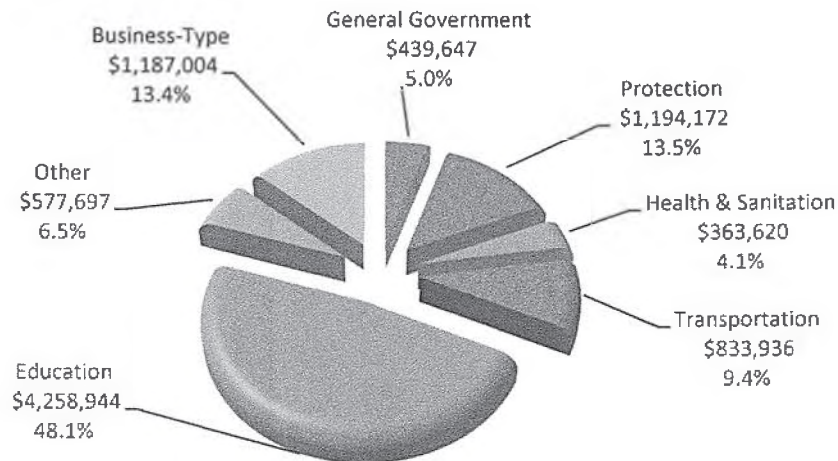
Business-type activities increased the Town's net position by \$261,544, or 32.2% of the total increase in the net position of the Town. This increase is primarily due to the rate increases done a few years ago doing a better job of funding the department's expenses, but not enough to fully fund them, particularly in the sewer department. Also, the Water Department had grant funded capital asset additions.

	Governmental Activities	Business-like Activities	Total 2014	Total 2013
<i>Revenues:</i>				
Tax Revenues	\$ 7,388,408	\$ 0	\$ 7,388,408	\$ 7,598,745
Program Revenues	\$ 492,873	\$ 1,262,361	\$ 1,755,234	\$ 1,719,157
Investments	\$ 32,751	\$ 86	\$ 32,837	\$ 27,228
Revenue Sharing	\$ 54,861	\$ 0	\$ 54,861	\$ 79,154
Transfers	\$ (927)	\$ 163,564	\$ 162,637	\$ (35,462)
Other	\$ 250,209	\$ 22,537	\$ 272,746	\$ 100,577
<i>Total Revenues</i>	\$ 8,218,176	\$ 1,448,548	\$ 9,666,723	\$ 9,489,399
<i>Expenses:</i>				
General Government	\$ 439,647	\$ 0	\$ 439,647	\$ 428,069
Protection	\$ 1,194,172	\$ 0	\$ 1,194,172	\$ 1,130,603
Health/Sanitation	\$ 363,620	\$ 0	\$ 363,620	\$ 353,712
Transportation	\$ 833,936	\$ 0	\$ 833,936	\$ 665,806
Education	\$ 4,258,944	\$ 0	\$ 4,258,944	\$ 4,256,853
Unclassified	\$ 224,112	\$ 0	\$ 224,112	\$ 247,514
Assessments and Debt Service	\$ 353,585	\$ 0	\$ 353,585	\$ 358,327
Water System	\$ 0	\$ 608,579	\$ 608,579	\$ 573,328
Sewer System	\$ 0	\$ 578,425	\$ 578,425	\$ 575,245
<i>Total Expenses</i>	\$ 7,668,016	\$ 1,187,004	\$ 8,855,020	\$ 8,589,457
Changes in Net Position	\$ 550,160	\$ 261,544	\$ 811,703	\$ 899,942

Revenues by Source - Governmental and Business-Type



Expenditures by Source - Governmental and Business-Type



FINANCIAL ANALYSIS OF THE TOWN'S INDIVIDUAL FUNDS

Governmental Funds

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

At the end of the fiscal year, the Town's governmental funds reported ending fund balances of \$4,849,400, an increase of \$155,585 in comparison with the prior year. Approximately 34 percent of this total amount constitutes unassigned fund balance. The remainder is reserved to indicate that it is not available for new spending because it has been committed to liquidate contracts and commitments of the prior fiscal year or for a variety of other purposes.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- \$35,133 positive variance in real estate and personal property tax. Actual collections were 98.4% of the levy as compared to 98.4% in the prior year. There was a decrease in the deferred tax revenue due to this and better collections of prior year's unpaid tax balances.
- \$29,713 positive variance in all other revenues. This is primarily due to conservative budgeting.
- \$40,424 positive variance in general government expenditures. This is primarily due to conservative budgeting and controlled expenditures.
- \$15,813 positive variance in protection expenditures. This is primarily due to conservative budgeting and controlled expenditures.
- \$5,198 positive variance in transportation expenditures. This is primarily due to conservative budgeting and controlled expenditures.
- \$15,227 negative variance in education expenditures. This is primarily due to a large portion of the budget being funded by prior year fund balance surplus.
- \$194,219 positive variance in assessment and debt service expenditures. This is primarily due overlay and conservative budgeting of debt expenditures.
- \$22,634 positive variance in all other expenditures. This is due to conservative budgeting and costs being controlled and maintained within budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities amounts to \$37,365,635, net of accumulated depreciation of \$15,050,634, leaving a net book value of \$22,315,001. Current year additions include \$12,519 for school building security, \$6,854 for transportation equipment, \$7,990 for police department equipment, \$10,830 for school department capital additions, \$988,231 for town road work, \$194,767 for sewer department capital additions, and \$769,545 for water department capital additions. There were no current year retirements or impairments. Additional information on the Town's capital assets can be found in Note 4 of the notes to the financial statements on pages 24 - 25 of this report.

Debt

The Town has total bonded debt outstanding of \$10,171,605 and \$10,877 of capital leases that are backed by the full faith and credit of the Town. The outstanding debt increased \$1,556,740 during the current fiscal year. The Town issued a total of \$2,638,182 of debt obligations for the Main Street project. \$1,418,182 of this new debt obligation is temporary financing until the project is complete. Once complete, that portion will be secured with permanent financing that will include debt forgiveness of \$638,182. Additional information on the Town's long-term debt can be found in Note 6 of the notes to the financial statements on pages 26 - 27 of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all citizens, taxpayers, investors and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Southwest Harbor, P.O. Box 745, Southwest Harbor, ME 04679.

TOWN OF SOUTHWEST HARBOR, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2014

(Exhibit I)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets and Deferred Outflows</u>			
<u>Assets</u>			
Cash and Cash Equivalents	\$2,296,879	\$67,717	\$2,364,596
Investments at Fair Market Value	\$2,455,427	\$0	\$2,455,427
Accounts Receivable - Net of Bad Debt Provision	\$82,999	\$562,885	\$645,884
Accrued Revenues	\$0	\$144,684	\$144,684
Inventory of Materials and Supplies	\$6,109	\$0	\$6,109
Prepaid Expenses	\$4,204	\$0	\$4,204
Due from Other Funds	\$582,259	\$0	\$582,259
Property Taxes Receivable	\$10,138	\$0	\$10,138
Tax Liens and Tax Acquired Property	\$141,164	\$0	\$141,164
<u>Capital Assets</u>			
Land	\$461,164	\$52,805	\$513,969
Other Capital Assets, net of Accumulated Depreciation	\$14,225,422	\$7,575,610	\$21,801,033
Total Capital Assets	<u>\$14,686,586</u>	<u>\$7,628,415</u>	<u>\$22,315,001</u>
<u>Total Assets</u>	<u>\$20,265,766</u>	<u>\$8,403,702</u>	<u>\$28,669,467</u>
<u>Deferred Outflows of Resources</u>			
Unamortized Bond Issue Costs	\$0	\$10,281	\$10,281
Deferred Engineering Studies	\$0	\$6,777	\$6,777
<u>Total Deferred Outflows of Resources</u>	<u>\$0</u>	<u>\$17,058</u>	<u>\$17,058</u>
<u>Total Assets and Deferred Outflows</u>	<u>\$20,265,766</u>	<u>\$8,420,760</u>	<u>\$28,686,525</u>
<u>Liabilities, Deferred Inflows and Net Position</u>			
<u>Liabilities</u>			
Obligation Under Contracted Salaries	\$198,341	\$14,497	\$212,838
Accounts Payable	\$407,291	\$56,229	\$463,520
Accrued Interest	\$0	\$4,541	\$4,541
Short-Term Debt	\$0	\$554,736	\$554,736
Due to Other Funds	\$558	\$610,398	\$610,956
Compensated Absences	\$64,250	\$23,230	\$87,481
<u>Capital Leases Payable</u>			
Due within one year	\$5,350	\$0	\$5,350
Due in more than one year	\$5,526	\$0	\$5,526
<u>Bonds and Notes Payable</u>			
Due within one year	\$457,190	\$269,160	\$726,350
Due in more than one year	\$4,172,117	\$3,890,798	\$8,062,914
<u>Total Liabilities</u>	<u>\$5,310,624</u>	<u>\$5,423,589</u>	<u>\$10,734,213</u>
<u>Deferred Inflows of Resources</u>			
Prepaid Property Taxes	\$28,644	\$0	\$28,644
<u>Total Deferred Inflows of Resources</u>	<u>\$28,644</u>	<u>\$0</u>	<u>\$28,644</u>
<u>Net Position</u>			
Net Investment in Capital Assets	\$10,046,403	\$3,283,701	\$13,330,104
Restricted	\$1,630,112	\$0	\$1,630,112
Unrestricted	\$3,249,983	(\$286,530)	\$2,963,453
<u>Total Net Position</u>	<u>\$14,926,498</u>	<u>\$2,997,171</u>	<u>\$17,923,668</u>
<u>Total Liabilities, Deferred Inflows and Net Position</u>	<u>\$20,265,766</u>	<u>\$8,420,760</u>	<u>\$28,686,525</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, 2014

(Exhibit II)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Primary Government</u>						
<u>Governmental Activities</u>						
General Government	\$439,647	\$34,357		(\$405,290)		(\$405,290)
Protection	\$1,194,172	\$44,060		(\$1,150,112)		(\$1,150,112)
Health & Sanitation	\$363,620	\$47,992		(\$315,628)		(\$315,628)
Transportation	\$833,936	\$80,677	\$28,084	(\$725,175)		(\$725,175)
Education	\$4,258,944	\$30,421	\$226,683	(\$4,001,841)		(\$4,001,841)
Unclassified	\$224,112	\$600		(\$223,512)		(\$223,512)
Assessments and Debt Service	\$353,585			(\$353,585)		(\$353,585)
<u>Total Governmental Activities</u>	<u>\$7,668,016</u>	<u>\$238,106</u>	<u>\$254,767</u>	<u>(\$7,175,143)</u>	<u>\$0</u>	<u>(\$7,175,143)</u>
<u>Business Type Activities</u>						
Sewer Department	\$578,425	\$522,735			(\$55,689)	(\$55,689)
Water Department	\$608,579	\$654,244	\$85,382		\$131,047	\$131,047
<u>Total Business-Type Activities</u>	<u>\$1,187,004</u>	<u>\$1,176,979</u>	<u>\$85,382</u>	<u>\$0</u>	<u>\$75,357</u>	<u>\$75,357</u>
<u>Total Primary Government</u>	<u>\$8,855,020</u>	<u>\$1,415,085</u>	<u>\$340,149</u>	<u>(\$7,175,143)</u>	<u>\$75,357</u>	<u>(\$7,099,786)</u>
<u>General Revenues</u>						
Tax Revenues				\$7,010,270		\$7,010,270
Excise Taxes				\$348,047		\$348,047
State Revenue Sharing				\$54,861		\$54,861
Investment Earnings				\$32,751	\$86	\$32,837
Interest on Delinquent Taxes				\$30,091		\$30,091
Permits, Fees and Other Revenues				\$250,209	\$22,537	\$272,746
Transfers to Proprietary Funds				(\$927)	\$163,564	\$162,637
<u>Total Revenues and Transfers</u>				<u>\$7,725,303</u>	<u>\$186,187</u>	<u>\$7,911,489</u>
<u>Changes in Net Position</u>				<u>\$550,160</u>	<u>\$261,544</u>	<u>\$811,703</u>
<u>Net Position - Beginning</u>				<u>\$14,376,338</u>	<u>\$2,735,627</u>	<u>\$17,111,965</u>
<u>Net Position - Ending</u>				<u>\$14,926,498</u>	<u>\$2,997,171</u>	<u>\$17,923,668</u>

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

TOWN OF SOUTHWEST HARBOR, MAINE
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

(Exhibit III)

<u>Assets</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Permanent Fund - Cemetery Trust</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$1,238,072	\$279,104	\$779,703		\$2,296,879
Investments at Fair Market Value	\$2,249,837	\$100,809		\$104,781	\$2,455,427
Accounts Receivable - Net of Bad Debt Provision	\$82,999				\$82,999
Inventory of Materials and Supplies, at Cost	\$6,109				\$6,109
Prepaid Expenses	\$4,204				\$4,204
Due From Other Funds	\$602,175	\$1,255,555	\$31,005		\$1,888,736
Property Taxes Receivable	\$10,138				\$10,138
Tax Liens and Tax Acquired Property	\$141,164				\$141,164
<u>Total Assets</u>	<u>\$4,334,699</u>	<u>\$1,635,468</u>	<u>\$810,708</u>	<u>\$104,781</u>	<u>\$6,885,656</u>
<u>Liabilities, Deferred Inflows & Fund Balances</u>					
<u>Liabilities:</u>					
Obligation Under Contracted Salaries	\$198,341				\$198,341
Accounts Payable	\$407,291				\$407,291
Due to Other Funds	\$1,287,118	\$19,916			\$1,307,034
<u>Total Liabilities</u>	<u>\$1,892,751</u>	<u>\$19,916</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,912,667</u>
<u>Deferred Inflows of Resources</u>					
Prepaid Property Taxes	\$28,644				\$28,644
Unearned Property Tax Revenue	\$94,945				\$94,945
<u>Total Deferred Inflows of Resources</u>	<u>\$123,590</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$123,590</u>
<u>Fund Balance:</u>					
Nonspendable	\$6,109				\$6,109
Restricted	\$649,258	\$164,036	\$810,708		\$1,624,003
Committed		\$1,411,353			\$1,411,353
Assigned		\$40,163		\$104,781	\$144,944
Unassigned	\$1,662,991				\$1,662,991
<u>Total Fund Balances</u>	<u>\$2,318,359</u>	<u>\$1,615,552</u>	<u>\$810,708</u>	<u>\$104,781</u>	<u>\$4,849,400</u>
<u>Total Liabilities, Deferred Inflows & Fund Balances</u>	<u>\$4,334,699</u>	<u>\$1,635,468</u>	<u>\$810,708</u>	<u>\$104,781</u>	<u>\$6,885,656</u>
<u>Total Fund Balance - Governmental Funds</u>					<u>\$4,849,400</u>
<i>Net position reported for governmental activities in the statement of net position are different because:</i>					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds					\$14,686,586
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					\$94,945
Some liabilities are not due and payable in the current period and therefore, are not reported in the funds, including:					
Bonds Payable					(\$4,629,307)
Capital Leases Payable					(\$10,877)
Compensated Absences					(\$64,250)
<u>Net Position of Governmental Activities</u>					<u>\$14,926,498</u>

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

TOWN OF SOUTHWEST HARBOR, MAINE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(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>
<u>Revenues:</u>					
Tax Revenues	\$7,059,447				\$7,059,447
Local Road Assistance		\$19,084			\$19,084
Excise Taxes	\$348,047				\$348,047
State Revenue Sharing		\$54,861			\$54,861
Investment Earnings	\$11,841	\$17,961	\$3	\$2,948	\$32,751
Interest on Delinquent Taxes	\$30,091				\$30,091
Docks & Floats	\$80,677				\$80,677
Solid Waste Revenue	\$47,992				\$47,992
Permits, Fees & Other Revenues	\$115,539	\$222,687			\$338,226
<u>Total Revenues</u>	<u>\$7,693,633</u>	<u>\$314,592</u>	<u>\$3</u>	<u>\$2,948</u>	<u>\$8,011,176</u>
<u>Expenditures (Net of Governmental Revenues):</u>					
General Government	\$336,929	\$103,812			\$440,742
Protection	\$1,037,954	\$23,145			\$1,061,098
Health & Sanitation	\$363,620				\$363,620
Transportation	\$432,170	\$68,938			\$501,108
Education	\$4,111,793	\$249			\$4,112,042
Unclassified	\$208,756	\$375		\$1,505	\$210,636
Assessments and Debt Service	\$918,995				\$918,995
Capital Outlay, net of Retirements	\$17,684	\$617,218	\$391,522		\$1,026,424
<u>Total Expenditures</u>	<u>\$7,427,901</u>	<u>\$813,737</u>	<u>\$391,522</u>	<u>\$1,505</u>	<u>\$8,634,664</u>
<u>Excess Revenues Over Expenditures</u>	<u>\$265,733</u>	<u>(\$499,144)</u>	<u>(\$391,520)</u>	<u>\$1,443</u>	<u>(\$623,489)</u>
<u>Other Financing Sources (Uses):</u>					
Bond Proceeds			\$780,000		\$780,000
Operating Transfers In	\$93,624	\$414,961	\$1,008,610		\$1,517,195
Operating Transfers Out	(\$711,247)	(\$93,624)	(\$713,252)		(\$1,518,122)
<u>Total Other Financing Sources (Uses)</u>	<u>(\$617,623)</u>	<u>\$321,338</u>	<u>\$1,075,358</u>	<u>\$0</u>	<u>\$779,073</u>
<u>Excess Revenues and Other Sources Over Expenditures and Other Uses</u>	<u>(\$351,890)</u>	<u>(\$177,807)</u>	<u>\$683,839</u>	<u>\$1,443</u>	<u>\$155,585</u>
<u>Beginning Fund Balances</u>	<u>\$2,670,249</u>	<u>\$1,793,359</u>	<u>\$126,870</u>	<u>\$103,338</u>	<u>\$4,693,815</u>
<u>Ending Fund Balances</u>	<u>\$2,318,359</u>	<u>\$1,615,552</u>	<u>\$810,708</u>	<u>\$104,781</u>	<u>\$4,849,400</u>
<u>Reconciliation to Statement of Activities, change in Net Position</u>					
Net Change in Fund Balances - Above					\$155,585
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					(\$49,177)
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					\$22
Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Position					
This amount represents long-term debt proceeds					(\$780,000)
This amount represents long-term debt payments					\$831,639
Governmental funds report capital outlays as expenditures, while in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. The following is the capital expenditure activity:					
Capital Outlay					\$1,026,424
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					(\$634,333)
<u>Changes in Net Position of Governmental Activities</u>					<u>\$550,160</u>

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

TOWN OF SOUTHWEST HARBOR, MAINE
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2014

(Exhibit V)

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total Proprietary Funds</u>
<i>Assets and Deferred Outflows</i>			
<i>Current Assets</i>			
Cash and Cash Equivalents	\$34,560	\$33,157	\$67,717
Accounts Receivable - Net of Bad Debt Provision	\$28,098	\$534,787	\$562,885
Accrued Revenue	\$144,684	\$0	\$144,684
<i>Total Current Assets</i>	<u>\$207,342</u>	<u>\$567,944</u>	<u>\$775,286</u>
<i>Non-Current Assets</i>			
Utility Plant, net of Accumulated Depreciation	\$5,040,204	\$2,588,211	\$7,628,415
<i>Total Non-Current Assets</i>	<u>\$5,040,204</u>	<u>\$2,588,211</u>	<u>\$7,628,415</u>
<i>Deferred Outflows of Resources</i>			
Unamortized Bond Issue Costs	\$10,281	\$0	\$10,281
Deferred Engineering Studies	\$6,777	\$0	\$6,777
<i>Total Deferred Outflows of Resources</i>	<u>\$17,058</u>	<u>\$0</u>	<u>\$17,058</u>
<i>Total Assets and Deferred Outflows</i>	<u>\$5,264,604</u>	<u>\$3,156,156</u>	<u>\$8,420,760</u>
<i>Liabilities and Net Position</i>			
<i>Liabilities</i>			
<i>Current Liabilities</i>			
Accounts Payable	\$38,737	\$17,492	\$56,229
Accrued Interest	\$4,541	\$0	\$4,541
Accrued Salaries and Benefits	\$14,497	\$0	\$14,497
Current Portion of Long-Term Debt	\$152,253	\$116,907	\$269,160
Short-Term Debt	\$554,736	\$0	\$554,736
Due to General Fund	\$55,514	\$554,884	\$610,398
<i>Total Current Liabilities</i>	<u>\$820,278</u>	<u>\$689,283</u>	<u>\$1,509,561</u>
<i>Non-Current Liabilities</i>			
Bonds and Notes Payable, net of Current Portion	\$2,129,285	\$1,761,513	\$3,890,798
<i>Total Non-Current Liabilities</i>	<u>\$2,129,285</u>	<u>\$1,761,513</u>	<u>\$3,890,798</u>
<i>Total Liabilities</i>	<u>\$2,949,563</u>	<u>\$2,450,796</u>	<u>\$5,400,359</u>
<i>Net Position</i>			
Investment in Capital Assets, net of related debt	\$2,203,930	\$1,079,771	\$3,283,701
Unrestricted (Deficit)	\$111,111	(\$374,411)	(\$263,300)
<i>Total Net Position</i>	<u>\$2,315,041</u>	<u>\$705,360</u>	<u>\$3,020,401</u>
<i>Total Liabilities and Net Position</i>	<u>\$5,264,604</u>	<u>\$3,156,156</u>	<u>\$8,420,760</u>
<i>Total Fund Balance - Governmental Funds</i>			\$3,020,401
<i>Net position reported for governmental activities in the statement of net position 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			(\$23,230)
<i>Net Position of Governmental Activities</i>			<u>\$2,997,171</u>

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

TOWN OF SOUTHWEST HARBOR, MAINE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(Exhibit VI)

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total Proprietary Funds</u>
<u>Operating Revenues</u>			
Charges for Services	\$654,244	\$522,735	\$1,176,979
Other Revenues	\$3,227	\$19,310	\$22,537
<u>Total Operating Revenues</u>	<u>\$657,471</u>	<u>\$542,045</u>	<u>\$1,199,516</u>
<u>Operating Expenses</u>			
Consulting	\$50,904	\$0	\$50,904
Salaries & Benefits	\$228,522	\$207,221	\$435,743
Utilities	\$63,730	\$40,184	\$103,914
Purification and Sludge Disposal	\$0	\$67,077	\$67,077
Repairs & Maintenance	\$33,613	\$19,707	\$53,320
Depreciation and Amortization	\$159,710	\$162,087	\$321,797
Office Supplies	\$0	\$11,077	\$11,077
Transportation	\$12,969	\$6,387	\$19,356
Insurance	\$5,890	\$6,305	\$12,195
Professional Services	\$4,675	\$11,543	\$16,218
Miscellaneous	\$15,731	\$4,908	\$20,639
<u>Total Operating Expenses</u>	<u>\$575,744</u>	<u>\$536,496</u>	<u>\$1,112,240</u>
<u>Operating Profit</u>	<u>\$81,727</u>	<u>\$5,549</u>	<u>\$87,276</u>
<u>Non-Operating Revenues (Expenses)</u>			
Interest Earned	\$35	\$51	\$86
Interest Expense	(\$33,486)	(\$41,733)	(\$75,219)
Transfer from General Fund	\$50,313	\$113,251	\$163,564
<u>Total Non-Operating Revenues (Expenses)</u>	<u>\$16,862</u>	<u>\$71,569</u>	<u>\$88,431</u>
<u>Change in Net Position Before Construction Contributions</u>	<u>\$98,589</u>	<u>\$77,118</u>	<u>\$175,707</u>
Contributions in Aid of Construction	\$85,382	\$0	\$85,382
<u>Change in Net Position</u>	<u>\$183,971</u>	<u>\$77,118</u>	<u>\$261,089</u>
<u>Net Position - Beginning</u>	<u>\$2,131,070</u>	<u>\$628,242</u>	<u>\$2,759,312</u>
<u>Net Position - Ending</u>	<u>\$2,315,041</u>	<u>\$705,360</u>	<u>\$3,020,401</u>
<u>Reconciliation to Statement of Activities. change in Net Position</u>			\$261,089
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			\$455
<u>Changes in Net Position of Governmental Activities</u>			<u>\$261,544</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, 2014

(Exhibit VII)

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total Proprietary Funds</u>
<i>Cash Flows from Operating Activities</i>			
Received from Customers	\$658,619	\$541,250	\$1,199,869
Payments to Suppliers for Goods and Services	(\$150,091)	(\$164,053)	(\$314,144)
Payments to Employees for Services	(\$227,208)	(\$236,324)	(\$463,532)
<i>Cash Flows from Operations</i>	<u>\$281,320</u>	<u>\$140,873</u>	<u>\$422,193</u>
<i>Cash Flows from Investing Activities</i>			
Interest Earned	\$35	\$51	\$86
<i>Cash Flows from Investing Activities</i>	<u>\$35</u>	<u>\$51</u>	<u>\$86</u>
<i>Cash Flows from Financing Activities</i>			
Acquisition and Construction of Fixed Assets	(\$124,411)	(\$194,767)	(\$319,178)
Proceeds from Long-Term Borrowings	\$0	\$70,021	\$70,021
Debt Retired	(\$115,207)	(\$97,711)	(\$212,918)
Debt Service Transfer from Town	\$0	\$113,251	\$113,251
Interest Paid	(\$25,156)	(\$41,733)	(\$66,889)
<i>Cash Flows from Financing Activities</i>	<u>(\$264,774)</u>	<u>(\$150,939)</u>	<u>(\$415,713)</u>
<i>Net Cash Flow</i>	\$16,581	(\$10,016)	\$6,565
<i>Beginning Cash Balance</i>	<u>\$17,979</u>	<u>\$43,173</u>	<u>\$61,152</u>
<i>Ending Cash Balance</i>	<u>\$34,560</u>	<u>\$33,157</u>	<u>\$67,717</u>
<i>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</i>			
Operating Income (Loss)	\$81,727	\$5,549	\$87,276
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</i>			
Depreciation	\$159,710	\$162,087	\$321,797
Bad Debt Allowance	\$0	(\$8,005)	(\$8,005)
<i>Changes in Assets and Liabilities</i>			
Receivables, net	\$6,970	\$7,210	\$14,180
Other Outflows of Resources	\$3,390	\$0	\$3,390
Accrued Revenue	(\$5,822)	\$0	(\$5,822)
Deferred Charges	\$0	\$300	\$300
Accounts Payable	\$35,345	(\$26,268)	\$9,077
<i>Cash Flows from Operations</i>	<u>\$281,320</u>	<u>\$140,873</u>	<u>\$422,193</u>

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

TOWN OF SOUTHWEST HARBOR, MAINE
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2014

(Exhibit VIII)

	<u>Dickey Fund</u>	<u>Johnson Fund</u>	<u>Student Activities</u>	<u>PTO</u>	<u>Agency Fund General Trust</u>	<u>Total Fiduciary Funds</u>
<u>Assets</u>						
Cash and Cash Equivalents		\$75,401	\$12,399	\$6,854		\$94,653
Investments at Fair Market Value	\$43,617				\$52,847	\$96,464
<u>Total Assets</u>	<u>\$43,617</u>	<u>\$75,401</u>	<u>\$12,399</u>	<u>\$6,854</u>	<u>\$52,847</u>	<u>\$191,116</u>
<u>Net Position</u>						
Reserve for Endowments		\$75,401				\$75,401
Unrestricted	\$43,617		\$12,399	\$6,854	\$52,847	\$115,716
<u>Total Net Position</u>	<u>\$43,617</u>	<u>\$75,401</u>	<u>\$12,399</u>	<u>\$6,854</u>	<u>\$52,847</u>	<u>\$191,116</u>

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

TOWN OF SOUTHWEST HARBOR, MAINE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(Exhibit IX)

	<u>Dickey Fund</u>	<u>Johnson Fund</u>	<u>Student Activities</u>	<u>PTO</u>	<u>Agency Fund General Trust</u>	<u>Total Fiduciary Funds</u>
<u>Additions</u>						
Trust Fund Income		\$23,497				\$23,497
Student Activities			\$27,338	\$10,742		\$38,080
Investment Earnings	\$1,748	\$126			\$2,169	\$4,043
Unrealized Gain (Loss)	\$4,147				\$5,146	\$9,293
<u>Total Additions</u>	<u>\$5,895</u>	<u>\$23,623</u>	<u>\$27,338</u>	<u>\$10,742</u>	<u>\$7,314</u>	<u>\$74,912</u>
<u>Reductions</u>						
Miscellaneous	\$327				\$463	\$791
School Activities		\$26,388	\$22,440	\$9,296		\$58,125
<u>Total Reductions</u>	<u>\$327</u>	<u>\$26,388</u>	<u>\$22,440</u>	<u>\$9,296</u>	<u>\$463</u>	<u>\$58,915</u>
<u>Change in Net Position</u>	<u>\$5,567</u>	<u>(\$2,765)</u>	<u>\$4,898</u>	<u>\$1,446</u>	<u>\$6,851</u>	<u>\$15,997</u>
<u>Beginning Net Position</u>	<u>\$38,049</u>	<u>\$78,166</u>	<u>\$7,501</u>	<u>\$5,407</u>	<u>\$45,996</u>	<u>\$175,119</u>
<u>Ending Net Position</u>	<u>\$43,617</u>	<u>\$75,401</u>	<u>\$12,399</u>	<u>\$6,854</u>	<u>\$52,847</u>	<u>\$191,116</u>

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

TOWN OF SOUTHWEST HARBOR, MAINE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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, 2014. 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, 2013. The amounts included in the Town's 2014 financial statements for the Water Department are amounts as of and for the year ended December 31, 2013.

B. Government-wide and Fund Financial Statements

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

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

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

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

The Town reports the following major governmental funds:

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

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

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

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

The Town reports the following major proprietary funds:

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

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

Additionally, the Town reports the following fund types:

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

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

Proprietary funds distinguish operating revenues and expenses for nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal

ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for goods and services. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, Liabilities and Net Position or Fund Equity

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of one year or less from the date of acquisition. These investments are not specifically identified with any one fund.

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

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

Accounts Receivable and Payable

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

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

Inventories and Prepaid Items

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

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

Capital Assets

Capital assets, which property, plant, equipment and infrastructure (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

Interfund Transactions

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

Compensated Absences

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

Long-Term Obligations

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

Governmental Fund Balances

The Town has applied GASB Statement No 54, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of its resources reported in governmental funds. As such, the Town has identified June 30, 2014 fund balances on the balance sheet as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Permanent Fund</u>	<u>Total</u>
<u>Nonspendable</u>					
Gas/Oil Inventory	\$3,494				\$3,494
School Lunch Inventory	\$2,615				\$2,615
<u>Restricted</u>					
School Department	\$80,649				\$80,649
Restriction Due to Non-Current Assets	\$568,609				\$568,609
Conservation Commission		\$128,711			\$128,711
Police Reserves		\$1,574			\$1,574
Pemetic Playground		\$3,203			\$3,203
State Revenue Sharing		\$16,129			\$16,129
Safe Routes to School Grant		\$9,886			\$9,886
Trail Grant		\$4,276			\$4,276
Septic Tank Grant		\$131			\$131
Wellness Grant		\$125			\$125
CIP - Police Station Construction			\$816		\$816
Wesley Ave/Mansell Lane Project			\$30,184		\$30,184
Main Street Project			\$779,708		\$779,708

Committed

School Maintenance Reserve	\$44,073			\$44,073
School Bus Purchase Reserve	\$29,466			\$29,466
School Special Education Reserve	\$152,969			\$152,969
Legal & Accounting Reserve	\$21,378			\$21,378
Comprehensive Plan Committee	\$594			\$594
Unemployment Reserve	\$17,714			\$17,714
Shellfish Reserve	\$4,317			\$4,317
Map Update	\$1,438			\$1,438
Police Equipment Reserve	\$0			\$0
Lower Town Dock Reserve	\$6			\$6
Antenna Relocation Reserve	\$8,235			\$8,235
School Security	(\$514)			(\$514)
CIP Funds (see Exhibit A-2)	\$1,131,678			\$1,131,678

Assigned

Wage/Benefit	\$12,878			\$12,878
Abatement	\$16,557			\$16,557
Professional Development	\$6,704			\$6,704
Dare Program	\$190			\$190
Junior Fire Department	\$128			\$128
Police Drug Enforcement	\$0			\$0
Swap Shop	\$3,707			\$3,707
Cemetery Trust			\$104,781	\$104,781

Unassigned

\$1,662,991				\$1,662,991
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Total Fund Balances

<u>\$2,318,359</u>	<u>\$1,615,552</u>	<u>\$810,708</u>	<u>\$104,781</u>	<u>\$4,849,400</u>
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In accordance with GASB Statement 34, the Town classifies governmental fund balances as follows:

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

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

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Town through formal action at the highest level of decision making authority and does not lapse at the end of the year.

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered Restricted or Committed.

Unassigned - includes fund balance amounts that are not considered to be Non-spendable, Restricted, Committed or Assigned.

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

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

Net Position

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

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted - This component of net position consists of restrictions placed on net position use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$1,630,112 of restricted net position, of which enabling legislation restricts \$0.

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

E. Budgetary Accounting

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

F. Endowments

In the fiduciary funds, there are established endowment funds of \$75,401 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, all accounts, including noninterest bearing accounts, are aggregated and are insured up to \$250,000 in total by the FDIC. Any cash deposits, including certificates of deposit, in excess of the \$250,000 FDIC limits are not covered by collateral and thus custodial credit risk could exist. In order to protect deposits in excess of the \$250,000 FDIC limits, the Town deposits excess funds into an ICS account, which the bank uses the funds to deposit into certificates of deposit in various banks. These certificates of deposit at an amount under the \$250,000 level. The Town has also had the financial institution invest in additional collateral to protect the excess deposits.

At year end, the carrying value of the Town's deposits was \$2,470,675 and the bank balance was \$2,625,076. The Town has no uninsured and uncollateralized deposits as of June 30, 2014.

Investments

At June 30, 2014, the Town's Governmental Fund investments balances were as follows:

	<i>Fair Market</i>	<i>Maturities (yrs)</i>		
	<u><i>Value</i></u>	<u><i>Less than 1 yr</i></u>	<u><i>1-5 yrs</i></u>	<u><i>Long-term</i></u>
Equities	\$65,093	\$65,093		
Fixed Funds	\$136,400	\$38,509	\$49,519	\$48,373
Certificates of Deposit	\$2,249,837	\$2,249,837		
Money Markets	\$4,097	\$4,097		
	<u>\$2,455,427</u>	<u>\$2,357,536</u>	<u>\$49,519</u>	<u>\$48,373</u>

At June 30, 2014, the Town's Fiduciary Fund investments balances were as follows:

	<i>Fair Market</i>	<i>Maturities (yrs)</i>		
	<u><i>Value</i></u>	<u><i>Less than 1 yr</i></u>	<u><i>1-5 yrs</i></u>	<u><i>Long-term</i></u>
Fixed Funds	\$32,099	\$32,099		
Equity Funds	\$62,349	\$62,349		
Money Markets	\$2,016	\$2,016		
	<u>\$96,464</u>	<u>\$96,464</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, 2013 and committed on July 1, 2013. Interest of 7.0% per annum is charged on delinquent taxes. Tax liens are recorded on property taxes remaining unpaid twelve months after the commitment date. Tax liens unpaid for a period of eighteen months expire and the property becomes tax acquired by the Town. For governmental funds, only property taxes which are intended to finance the current fiscal year and collected within 60 days subsequent to year-end are recorded as revenue. Accordingly, \$94,945 of the property taxes receivable have been classified as unearned property tax revenue on the general fund balance sheet.

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental Activities:</i>				
<i>Capital assets not being depreciated</i>				
Land	\$461,164			\$461,164
<i>Capital assets being depreciated</i>				
Land Improvements	\$252,831			\$252,831
Buildings	\$7,876,708	\$23,349		\$7,900,057
Equipment	\$3,113,073	\$14,844		\$3,127,918
Infrastructure	\$11,938,817	\$988,231		\$12,927,048
<i>Total capital assets being depreciated</i>	<u>\$23,181,430</u>	<u>\$1,026,424</u>	<u>\$0</u>	<u>\$24,207,854</u>
<i>Less accumulated depreciation for</i>				
Land Improvements	\$115,846	\$15,965		\$131,812
Buildings	\$2,042,605	\$162,267		\$2,204,872
Equipment	\$1,345,609	\$183,554		\$1,529,163
Infrastructure	\$5,844,038	\$272,547		\$6,116,585
<i>Total accumulated depreciation</i>	<u>\$9,348,099</u>	<u>\$634,333</u>	<u>\$0</u>	<u>\$9,982,431</u>
<i>Net capital assets being depreciated</i>	<u>\$13,833,331</u>	<u>\$392,091</u>	<u>\$0</u>	<u>\$14,225,423</u>
<i>Governmental Activities, Capital Assets, net</i>	<u>\$14,294,495</u>	<u>\$392,091</u>	<u>\$0</u>	<u>\$14,686,586</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Business-type Activities:</i>				
<i>Capital assets not being depreciated</i>				
Land	\$52,805			\$52,805
<i>Capital assets being depreciated</i>				
Water System	\$6,335,945	\$769,545		\$7,105,490
Sewer System	\$5,343,555	\$194,767		\$5,538,322
<i>Total capital assets being depreciated</i>	<u>\$11,679,500</u>	<u>\$964,312</u>	<u>\$0</u>	<u>\$12,643,812</u>
<i>Less accumulated depreciation for</i>				
Water System	\$1,937,590	\$159,710		\$2,097,300
Sewer System	\$2,808,815	\$162,087		\$2,970,901
<i>Total accumulated depreciation</i>	<u>\$4,746,405</u>	<u>\$321,797</u>	<u>\$0</u>	<u>\$5,068,201</u>
<i>Net capital assets being depreciated</i>	<u>\$6,933,095</u>	<u>\$642,516</u>	<u>\$0</u>	<u>\$7,575,610</u>
<i>Business-type Activities, Capital Assets, net</i>	<u>\$6,985,900</u>	<u>\$642,516</u>	<u>\$0</u>	<u>\$7,628,415</u>

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

Governmental Activities

General Government	\$8,120
Protection	\$126,855
Education	\$154,416
Transportation, including depreciation of general infrastructure assets	\$331,467
Unclassified	\$13,476
Total Depreciation Expense - Governmental Activities	<u>\$634,333</u>

Business-Type Activities

Water Department	\$159,710
Sewer Department	\$162,087
	<u>\$321,797</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, 2014, 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	\$19,916	\$0	\$27,376	\$554,884
Special Revenue	\$1,255,555	\$0	\$0	\$0	\$0
Capital Projects	\$31,005	\$0	\$0	\$0	\$0
Water Department	\$0	\$0	\$0	\$0	\$0
Sewer Department	\$0	\$0	\$0	\$0	\$0
	<u>\$1,286,560</u>	<u>\$19,916</u>	<u>\$0</u>	<u>\$27,376</u>	<u>\$554,884</u>

On the proprietary fund statement of net position, the Water Department due from the general fund balance is \$0 and the due to the general fund balance is \$55,514. The amounts reported on the proprietary fund statement of net position for the Water Department are as of its year-ended December 31, 2013. The amounts listed above are as of June 30, 2014 and correspond to the amounts reported on the governmental fund statement of net position.

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

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

Note 6 - Long-Term Debt

General obligation bonds and notes are direct obligations and pledge the full faith and credit of the Town of Southwest Harbor, Maine. The following is a summary of the Town's long-term debt transactions for the year ended June 30, 2014:

<u>Current Year Debt Activity:</u>	<u>General Fund</u>	<u>Enterprise Funds</u>	<u>Total</u>
<u>Debt Outstanding at July 1, 2013</u>	\$4,691,822	\$3,933,919	\$8,625,741
<u>New Debt Issued</u>	\$780,000	\$1,858,182	\$2,638,182
<u>Debt Forgiven</u>	\$0	\$0	\$0
<u>Retirements and repayments</u>	(\$831,639)	(\$249,803)	(\$1,081,442)
<u>Debt Outstanding at June 30, 2014</u>	<u>\$4,640,183</u>	<u>\$5,542,298</u>	<u>\$10,182,482</u>

<u>Purpose</u>	<u>Dated</u>	<u>Payments</u>	<u>Interest Rate</u>	<u>Balance</u>
<u>General Long-Term Debt</u>				
<u>School Construction:</u>	5/1/2000	Principal Payment	5.028%-5.903%	\$1,827,350
Maine Municipal Bond Bank		\$261,050		
<u>New Fire Station</u>	5/26/2005	Principal Payment	4.75%	\$748,000
Maine Municipal Bond Bank		\$44,000		
<u>Wesley Ave/Mansell Lane Project</u>	10/28/2010	Varies	0.831% - 5.094%	\$756,005
Maine Municipal Bond Bank				

<u>Main Street Project</u>	10/24/2013	Principal Payment	0.45% - 4.57%	\$780,000
Maine Municipal Bond Bank		\$39,000		
<u>Fire Truck</u>	9/20/2011	Principal Payment	3.08%	\$517,951
Androscoggin Bank		\$75,000		
<u>School Department Copier Lease (Capital Lease)</u>	5/1/2011	Varies	3.29%	\$10,877
Gorham Leasing				
<u>Enterprise Funds</u>				
<u>Sewer Department:</u>	10/28/2010	Principal Payment	2.000%-5.500%	\$1,046,405
Maine Municipal Bond Bank		\$53,805		
<u>Sewer Department Clarifiers</u>	3/4/2011	Principal Payment	2.89%-3.89%	\$54,000
Bar Harbor Bank & Trust		\$27,000		
<u>Sewer Department Wesley Ave/Mansell Lane Project</u>	10/28/2010	Varies	0.831%-5.094%	\$366,245
Maine Municipal Bond Bank				
<u>Sewer Department Clean Water State Revolving Loan</u>	10/24/2013	Varies	0.00%-1.49%	\$440,000
Maine Municipal Bond Bank				
<u>Water Department:</u>	10/28/2010	Varies	2.000%-5.500%	\$824,060
Maine Municipal Bond Bank				
<u>Drinking Water</u>	7/21/2009	Principal Payment	0.00%	\$192,262
Maine Municipal Bond Bank		\$12,404		
<u>Drinking Water</u>	7/21/2009	Principal Payment	0.00%	\$343,186
Maine Municipal Bond Bank		\$22,141		
<u>Drinking Water</u>	11/1/2013	One-Time	0.00%	\$1,418,182
Maine Municipal Bond Bank				
<u>Water Department Wesley Ave/Mansell Lane Project</u>	10/28/2010	Varies	0.831%-5.094%	\$338,015
Maine Municipal Bond Bank				
<u>Water Department Water Tank</u>	9/5/2012	Principal Payment	0.00%	\$519,944
Maine Municipal Bond Bank		\$18,569		
				\$10,182,482

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

Governmental Activities			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$462,540	\$190,014	\$652,554
2016	\$463,113	\$168,929	\$632,043
2017	\$458,062	\$148,915	\$606,977
2018	\$458,662	\$130,399	\$589,061
2019	\$459,358	\$111,647	\$571,004
2020-2024	\$1,294,163	\$315,497	\$1,609,659
2025-2029	\$655,464	\$170,321	\$825,785
2030-2034	\$388,821	\$32,203	\$421,023
Totals	\$4,640,183	\$1,267,924	\$5,908,108

Business-Type Activities			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$1,687,342	\$65,479	\$1,752,821
2016	\$269,814	\$61,476	\$331,290
2017	\$243,544	\$56,979	\$300,523
2018	\$244,396	\$52,215	\$296,611
2019	\$245,341	\$49,381	\$294,721
2020-2024	\$1,149,949	\$198,432	\$1,348,381
2025-2029	\$982,892	\$116,048	\$1,098,940
2030-2034	\$570,465	\$34,733	\$605,198
2035-2039	\$92,847	\$0	\$92,847
2040-2042	\$55,708	\$0	\$55,708
Totals	\$5,542,298	\$634,742	\$6,177,041

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, 2014, the Town is obligated for July and August 2014 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 13.03%. A financial report for the Maine Public Employees Retirement System can be obtained at Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046.

Full time municipal employees, not covered under the Maine Public Employees Retirement System can elect to participate in Internal Revenue Code Section 401 and 457 pension plans. The plans are covered by ICMA Retirement Corporation. Employees who elect coverage under the 401 plan contribute 6% of their salary to the plan. The Town contributes 6% to the plan. Employees who elect coverage under the Section 457 plan can contribute up to \$17,500 in 2014 and \$17,500 in 2013. The Town's costs totaled \$19,182 for the fiscal year ended June 30, 2014.

Note 9 - Restricted Net Position

The Town reports restricted net position totaling \$1,630,112 on its statements of net position. This restricted net position represents the nonspendable and restricted fund balances detailed in the Governmental Fund Balances note above.

Note 10 - Deficit Net Position

The Sewer Department enterprise fund had a net position deficit as of June 30, 2014 of \$(374,411). This deficit is expected to be reduced through future fee collections. The Town significantly increased the sewer rates in 2010-2011 to start funding the deficit.

Note 11 - Commitment and Contingencies

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

Note 12 - Participation in Public Entity Risk Pool

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

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters for which the Town carries municipal and commercial insurance. Based on the coverage

provided by this insurance, the Town is not aware of any material actual and potential claim liabilities which should be recorded at June 30, 2014.

Note 13 - Pending Litigation

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

TOWN OF SOUTHWEST HARBOR, MAINE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(Exhibit X)

	<u>Original Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>				
Tax Revenues, Including Homestead Exemption	\$7,024,314	\$7,024,314	\$7,059,447	\$35,133
Excise Taxes	\$335,000	\$335,000	\$348,047	\$13,047
Interest Earned	\$16,000	\$16,000	\$11,841	(\$4,159)
Interest on Delinquent Taxes	\$24,000	\$24,000	\$30,091	\$6,091
Docks & Floats Rentals	\$73,600	\$73,600	\$80,677	\$7,077
Solid Waste Revenue	\$55,000	\$55,000	\$47,992	(\$7,008)
Permits, Fees & Other Revenues	\$104,368	\$104,368	\$115,539	\$11,171
<u>Total Revenues</u>	<u>\$7,632,282</u>	<u>\$7,632,282</u>	<u>\$7,693,633</u>	<u>\$61,351</u>
<u>Expenditures:</u>				
General Government	\$377,353	\$377,353	\$336,929	\$40,424
Protection	\$1,060,621	\$1,060,621	\$1,044,808	\$15,813
Health & Sanitation	\$382,050	\$382,050	\$363,620	\$18,430
Highways & Bridges	\$437,368	\$437,368	\$432,170	\$5,198
Education	\$4,107,396	\$4,107,396	\$4,122,623	(\$15,227)
Unclassified	\$212,960	\$212,960	\$208,756	\$4,204
Assessments	\$1,183,029	\$1,183,029	\$918,995	\$264,034
<u>Total Expenditures</u>	<u>\$7,760,777</u>	<u>\$7,760,777</u>	<u>\$7,427,901</u>	<u>\$332,876</u>
<u>Excess Revenues Over Expenditures</u>	<u>(\$128,495)</u>	<u>(\$128,495)</u>	<u>\$265,733</u>	<u>\$394,227</u>
<u>Other Financing Sources (Uses):</u>				
Operating Transfers In	\$90,129	\$90,129	\$93,624	\$3,495
Operating Transfers Out	(\$641,431)	(\$641,431)	(\$711,247)	(\$69,815)
<u>Total Other Financing Sources (Uses)</u>	<u>(\$551,302)</u>	<u>(\$551,302)</u>	<u>(\$617,623)</u>	<u>(\$66,320)</u>
<u>Excess Revenues and Other Sources Over Expenditures and Other Uses</u>	<u>(\$679,797)</u>	<u>(\$679,797)</u>	<u>(\$351,890)</u>	<u>\$327,907</u>
<u>Beginning Fund Balances</u>	<u>\$2,670,249</u>	<u>\$2,670,249</u>	<u>\$2,670,249</u>	<u>\$0</u>
<u>Ending Fund Balances</u>	<u>\$1,990,452</u>	<u>\$1,990,452</u>	<u>\$2,318,359</u>	<u>\$327,907</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, 2014

<i>Department</i>	<i>Beginning Balance</i>	<i>Budget</i>	<i>Operating Transfers In</i>
<i>General Government:</i>			
Administration	\$0	\$270,115	\$0
Assessing & Planning	\$0	\$76,399	\$0
Wage & Benefit Reserve	\$0	\$10,000	\$0
Legal & Accounting Reserve	\$0	\$20,000	\$0
Professional Development Reserve	\$0	\$12,000	\$0
Comprehensive Plan Reserve	\$0	\$593	\$0
Municipal Software Reserve	\$0	\$2,849	\$0
Computers, Printers Reserve	\$0	\$1,510	\$0
Revaluation Reserve	\$0	\$1,000	\$0
Municipal Offices	\$0	\$29,864	\$0
Municipal Reserves	\$0	\$1,000	\$0
Unemployment Reserve	\$0	\$7,500	\$0
Conservation Commission	\$0	\$975	\$0
	<u>\$0</u>	<u>\$433,805</u>	<u>\$0</u>
<i>Protection:</i>			
Fire Department	\$0	\$80,120	\$0
SCBA Reserve	\$0	\$3,425	\$0
Ford Rescue/Mini Pumper	\$0	\$9,181	\$0
Ford Pick Up Reserve	\$0	\$2,904	\$0
Dispatch Service	\$0	\$261,331	\$0
Dispatch Console Reserve	\$0	\$1,333	\$0
Hydrant Rental	\$0	\$201,025	\$0
Police Protection	\$0	\$457,618	\$0
Police Cruiser Reserve	\$0	\$5,000	\$0
Police 07 Ford Expedition Reserve	\$0	\$6,991	\$0
Police Speed Trailer Reserve	\$0	\$5,000	\$0
Street Lights	\$0	\$23,000	\$0
Insurance	\$0	\$37,527	\$0
	<u>\$0</u>	<u>\$1,094,455</u>	<u>\$0</u>
<i>Health & Sanitation:</i>			
Solid Waste / Recycling	\$0	\$380,000	\$0
Waste Prevention Committee	\$0	\$250	\$0
Acadia Disposal District	\$0	\$1,800	\$0
	<u>\$0</u>	<u>\$382,050</u>	<u>\$0</u>

<i>Total Available</i>	<i>General Fund Expenditures</i>	<i>Operating Transfers Out</i>	<i>Lapsed Unexpended (Overdraft)</i>	<i>Ending Balance</i>
\$270,115	\$237,290	\$0	\$32,825	\$0
\$76,399	\$76,376	\$0	\$23	\$0
\$10,000	\$0	\$10,000	\$0	\$0
\$20,000	\$0	\$20,000	\$0	\$0
\$12,000	\$0	\$12,000	\$0	\$0
\$593	\$0	\$593	\$0	\$0
\$2,849	\$0	\$2,849	\$0	\$0
\$1,510	\$0	\$1,510	\$0	\$0
\$1,000	\$0	\$1,000	\$0	\$0
\$29,864	\$22,857	\$0	\$7,007	\$0
\$1,000	\$0	\$1,000	\$0	\$0
\$7,500	\$0	\$7,500	\$0	\$0
\$975	\$407	\$0	\$568	\$0
<u>\$433,805</u>	<u>\$336,929</u>	<u>\$56,452</u>	<u>\$40,424</u>	<u>\$0</u>
\$80,120	\$79,379	\$0	\$741	\$0
\$3,425	\$0	\$3,425	\$0	\$0
\$9,181	\$0	\$9,181	\$0	\$0
\$2,904	\$0	\$2,904	\$0	\$0
\$261,331	\$255,726	\$0	\$5,605	\$0
\$1,333	\$0	\$1,333	\$0	\$0
\$201,025	\$201,025	\$0	\$0	\$0
\$457,618	\$455,528	\$0	\$2,090	\$0
\$5,000	\$0	\$5,000	\$0	\$0
\$6,991	\$0	\$6,991	\$0	\$0
\$5,000	\$0	\$5,000	\$0	\$0
\$23,000	\$22,937	\$0	\$63	\$0
\$37,527	\$30,214	\$0	\$7,313	\$0
<u>\$1,094,455</u>	<u>\$1,044,808</u>	<u>\$33,834</u>	<u>\$15,813</u>	<u>\$0</u>
\$380,000	\$361,583	\$0	\$18,417	\$0
\$250	\$0	\$0	\$250	\$0
\$1,800	\$2,037	\$0	(\$237)	\$0
<u>\$382,050</u>	<u>\$363,620</u>	<u>\$0</u>	<u>\$18,430</u>	<u>\$0</u>

TOWN OF SOUTHWEST HARBOR, MAINE
SCHEDULE OF DEPARTMENTAL OPERATIONS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<i>Department</i>	<i>Beginning Balance</i>	<i>Budget</i>	<i>Operating Transfers In</i>
<i>Highways & Bridges:</i>			
Highway Department	\$0	\$331,946	\$0
Highway 1 Ton Pickup Reserve	\$0	\$0	\$206
Highway #1 Plow Truck Reserve	\$0	\$8,760	\$0
Highway #2 Plow Truck Reserve	\$0	\$10,798	\$0
John Deere Loader Reserve	\$0	\$9,251	\$0
Highway Garage Reserve	\$0	\$6,484	\$0
Road Projects Reserve	\$0	\$100,000	\$0
Sidewalks Projects Reserve	\$0	\$10,000	\$0
John Deere Tractor Reserve	\$0	\$9,937	\$0
Parking Lot Reserve	\$0	\$5,989	\$0
Sidewalk Plow/Blower Reserve	\$0	\$6,000	\$0
John Deere Lawn Mower Reserve	\$0	\$500	\$0
Sup Pile Reserve	\$0	\$6,310	\$0
Sil Pile Reserve	\$0	\$388	\$0
Water/Sewer Infrastructure Reserve	\$0	\$75,000	\$0
Street Sweeper Reserve	\$0	\$4,489	\$0
Pressurized Line Striper Reserve	\$0	\$1,100	\$0
Pressure Washer Reserve	\$0	\$2,000	\$0
Docks & Floats	\$0	\$105,422	\$0
Boat Motor Reserve	\$0	\$650	\$0
4 x 16 Spruce Maset Reserve	\$0	\$2,467	\$0
Pilings/Wall Replacement Reserve	\$0	\$2,200	\$0
Harbor Master Office Reserve	\$0	\$0	\$1,823
Cross Bracing Replacement	\$0	\$4,159	\$0
Boat Trailer Reserve	\$0	\$129	\$0
Trap Slides	\$0	\$1,014	\$0
Maset Electrical Conduit Reserve	\$0	\$488	\$0
Upper Town Dock Light Post Reserve	\$0	\$543	\$0
16 x 24 Floats Lower Dock Reserve	\$0	\$1,730	\$0
6 x 20 Finger Floats Lower Town Dock Reserve	\$0	\$300	\$0
Harbor Reserves	\$0	\$12,805	\$0
Deck Planking Reserve	\$0	\$7,355	\$0
Ramp Resurfacing Reserve	\$0	\$3,655	\$0
Catwalk/Step Replacement	\$0	\$2,700	\$0
	<u>\$0</u>	<u>\$734,569</u>	<u>\$2,029</u>
<i>Education:</i>			
Elementary School	\$98,293	\$2,976,720	\$0
School Union #98	\$0	\$1,152,426	\$0
	<u>\$98,293</u>	<u>\$4,129,146</u>	<u>\$0</u>

<i>Total Available</i>	<i>General Fund Expenditures</i>	<i>Operating Transfers Out</i>	<i>Lapsed Unexpended (Overdraft)</i>	<i>Ending Balance</i>
\$331,946	\$327,726	\$0	\$4,220	\$0
\$206	\$206	\$0	\$0	\$0
\$8,760	\$0	\$8,760	\$0	\$0
\$10,798	\$0	\$10,798	\$0	\$0
\$9,251	\$0	\$9,251	\$0	\$0
\$6,484	\$0	\$6,484	\$0	\$0
\$100,000	\$0	\$100,000	\$0	\$0
\$10,000	\$0	\$10,000	\$0	\$0
\$9,937	\$0	\$9,937	\$0	\$0
\$5,989	\$0	\$5,989	\$0	\$0
\$6,000	\$0	\$6,000	\$0	\$0
\$500	\$0	\$500	\$0	\$0
\$6,310	\$0	\$6,310	\$0	\$0
\$388	\$0	\$388	\$0	\$0
\$75,000	\$0	\$75,000	\$0	\$0
\$4,489	\$0	\$4,489	\$0	\$0
\$1,100	\$0	\$1,100	\$0	\$0
\$2,000	\$0	\$2,000	\$0	\$0
\$105,422	\$104,445	\$0	\$977	\$0
\$650	\$0	\$650	\$0	\$0
\$2,467	\$0	\$2,467	\$0	\$0
\$2,200	\$0	\$2,200	\$0	\$0
\$1,823	\$1,823	\$0	\$0	\$0
\$4,159	\$0	\$4,159	\$0	\$0
\$129	\$0	\$129	\$0	\$0
\$1,014	\$0	\$1,014	\$0	\$0
\$488	\$0	\$488	\$0	\$0
\$543	\$0	\$543	\$0	\$0
\$1,730	\$0	\$1,730	\$0	\$0
\$300	\$0	\$300	\$0	\$0
\$12,805	\$0	\$12,805	\$0	\$0
\$7,355	\$0	\$7,355	\$0	\$0
\$3,655	\$0	\$3,655	\$0	\$0
\$2,700	\$0	\$2,700	\$0	\$0
<u>\$736,598</u>	<u>\$434,199</u>	<u>\$297,201</u>	<u>\$5,198</u>	<u>\$0</u>
\$3,075,013	\$2,969,999	\$21,750	\$0	\$83,264
<u>\$1,152,426</u>	<u>\$1,152,624</u>	<u>\$0</u>	<u>(\$198)</u>	<u>\$0</u>
<u>\$4,227,439</u>	<u>\$4,122,623</u>	<u>\$21,750</u>	<u>(\$198)</u>	<u>\$83,264</u>

TOWN OF SOUTHWEST HARBOR, MAINE
SCHEDULE OF DEPARTMENTAL OPERATIONS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<i>Department</i>	<i>Beginning Balance</i>	<i>Budget</i>	<i>Operating Transfers In</i>
<i>Assessments and Debt Service:</i>			
New Fire Station Debt	\$0	\$77,975	\$0
Main Street Bond	\$0	\$104,736	\$0
Lower Town Dock Bond	\$0	\$50,000	\$0
Fire Truck Bond	\$0	\$95,790	\$0
Police Station Renovation Bond	\$0	\$357,603	\$0
Wesley-Mansell Project Bond	\$0	\$106,253	\$0
Water Tank Bond	\$0	\$18,570	\$0
Overlay	\$0	\$110,596	\$0
Hancock County Taxes	\$0	\$261,506	\$0
	<u>\$0</u>	<u>\$1,183,029</u>	<u>\$0</u>
<i>Unclassified:</i>			
Board of Appeals	\$0	\$500	\$0
Comprehensive Plan Committee	\$0	\$250	\$0
Harbor Committee	\$0	\$500	\$0
Planning Board	\$0	\$1,500	\$0
Tree Fund	\$0	\$2,000	\$0
Warrant Committee	\$0	\$250	\$0
Boards & Committees	\$0	\$0	\$0
Shellfish Reserve	\$0	\$124	\$600
Abatement Reserve	\$0	\$5,000	\$0
Generator	\$0	\$500	\$0
General Assistance	\$0	\$5,000	\$0
Bar Harbor Food Pantry	\$0	\$2,500	\$0
Downeast Health Services	\$0	\$1,750	\$0
Downeast Horizons	\$0	\$1,800	\$0
Eastern Area on Aging	\$0	\$1,500	\$0
Hancock County Homecare	\$0	\$1,870	\$0
Harbor House	\$0	\$56,340	\$0
Hospice of Hancock County	\$0	\$1,000	\$0
Island Connections	\$0	\$2,000	\$0
Island Explorer	\$0	\$10,000	\$0
Mt Heights Cemetery	\$0	\$5,000	\$0
Library	\$0	\$55,000	\$0
Nursing Service	\$0	\$58,997	\$0
WHCA	\$0	\$2,203	\$0
MDI Comm. Campfire Coalition	\$0	\$2,500	\$0
	<u>\$0</u>	<u>\$218,084</u>	<u>\$600</u>
<u>TOTALS</u>	<u>\$98,293</u>	<u>\$8,175,138</u>	<u>\$2,629</u>

<i>Total Available</i>	<i>General Fund Expenditures</i>	<i>Operating Transfers Out</i>	<i>Lapsed Unexpended (Overdraft)</i>	<i>Ending Balance</i>
\$77,975	\$76,081	\$0	\$1,894	\$0
\$104,736	\$15,397	\$0	\$89,339	\$0
\$50,000	\$51,161	\$0	(\$1,161)	\$0
\$95,790	\$95,646	\$0	\$144	\$0
\$357,603	\$362,344	\$0	(\$4,742)	\$0
\$106,253	\$108,104	\$0	(\$1,851)	\$0
\$18,570	\$18,569	\$0	\$1	\$0
\$110,596	\$0	\$0	\$110,596	\$0
\$261,506	\$261,507	\$0	(\$1)	\$0
<u>\$1,183,029</u>	<u>\$988,810</u>	<u>\$0</u>	<u>\$194,219</u>	<u>\$0</u>
\$500	\$96	\$0	\$404	\$0
\$250	\$0	\$0	\$250	\$0
\$500	\$0	\$0	\$500	\$0
\$1,500	\$333	\$0	\$1,167	\$0
\$2,000	\$2,000	\$0	\$0	\$0
\$250	\$0	\$0	\$250	\$0
\$0	\$17	\$0	(\$17)	\$0
\$724	\$0	\$724	\$0	\$0
\$5,000	\$0	\$5,000	\$0	\$0
\$500	\$2,213	\$0	(\$1,713)	\$0
\$5,000	\$1,637	\$0	\$3,363	\$0
\$2,500	\$2,500	\$0	\$0	\$0
\$1,750	\$1,750	\$0	\$0	\$0
\$1,800	\$1,800	\$0	\$0	\$0
\$1,500	\$1,500	\$0	\$0	\$0
\$1,870	\$1,870	\$0	\$0	\$0
\$56,340	\$56,340	\$0	\$0	\$0
\$1,000	\$1,000	\$0	\$0	\$0
\$2,000	\$2,000	\$0	\$0	\$0
\$10,000	\$10,000	\$0	\$0	\$0
\$5,000	\$5,000	\$0	\$0	\$0
\$55,000	\$55,000	\$0	\$0	\$0
\$58,997	\$58,997	\$0	\$0	\$0
\$2,203	\$2,203	\$0	\$0	\$0
\$2,500	\$2,500	\$0	\$0	\$0
<u>\$218,684</u>	<u>\$208,756</u>	<u>\$5,724</u>	<u>\$4,204</u>	<u>\$0</u>
<u>\$8,276,060</u>	<u>\$7,499,745</u>	<u>\$414,961</u>	<u>\$278,090</u>	<u>\$83,264</u>

TOWN OF SOUTHWEST HARBOR, MAINE
SCHEDULE OF RESERVE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(Exhibit A-2, Page 1 of 3)

<i>Town Funds</i>	<i>Beginning Balance</i>	<i>Revenues</i>	<i>Transfers from Funds</i>	<i>Investment Earnings</i>	<i>Expenditures</i>	<i>Transfers to Funds</i>	<i>Ending Balance</i>
State Revenue Sharing	\$31,269	\$54,861	\$0	\$0	\$0	\$70,000	\$16,129
Wage & Benefit	\$10,019	\$0	\$10,000	\$50	\$7,191	\$0	\$12,878
Abatements	\$15,000	\$0	\$5,000	\$52	\$3,495	\$0	\$16,557
Legal and Accounting	\$28,944	\$1,604	\$20,000	\$77	\$29,247	\$0	\$21,378
Professional Development	\$4,957	\$0	\$12,000	\$34	\$10,288	\$0	\$6,704
D.A.R.E. Program	\$164	\$25	\$0	\$1	\$0	\$0	\$190
Comprehensive Planning	\$0	\$0	\$593	\$1	\$0	\$0	\$594
Unemployment	\$19,242	\$0	\$7,500	\$76	\$9,104	\$0	\$17,714
Shellfish	\$3,961	\$600	\$724	\$14	\$383	\$600	\$4,317
Junior Fire Department	\$127	\$0	\$0	\$0	\$0	\$0	\$128
School Safety	\$12,000	\$0	\$0	\$5	\$12,519	\$0	(\$514)
Map Update	\$1,503	\$0	\$0	\$5	\$70	\$0	\$1,438
Police Drug Enforcement	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Police Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Swap Shop	\$3,183	\$529	\$0	\$12	\$17	\$0	\$3,707
Lower Town Dock	\$6	\$0	\$0	\$0	\$0	\$0	\$6
Antenna Relocation, etc.	\$9,792	\$0	\$0	\$29	\$1,586	\$0	\$8,235
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
Fire Department Gear Grant	\$0	\$9,000	\$0	\$0	\$9,000	\$0	\$0
Conservation Commission	\$115,636	\$30,869	\$0	\$12,709	\$30,503	\$0	\$128,711
Police	\$1,753	\$0	\$0	\$1	\$180	\$0	\$1,574
School Playground	\$2,556	\$896	\$0	\$0	\$249	\$0	\$3,203
Total Town Funds	\$274,532	\$98,384	\$55,817	\$13,065	\$113,832	\$70,600	\$257,366
CIP Funds							
Municipal Software	\$29,698	\$0	\$2,849	\$105	\$1,570	\$0	\$31,082
Computer	\$22,969	\$0	\$1,510	\$60	\$12,774	\$0	\$11,765
Record Preservation	\$12,811	\$0	\$0	\$42	\$0	\$0	\$12,853
Municipal Building Engineering	\$11,091	\$0	\$0	\$34	\$2,604	\$0	\$8,521
Building Renovations	\$66,593	\$0	\$0	\$220	\$0	\$0	\$66,813
Police Cruiser	(\$1,839)	\$0	\$5,000	\$6	\$0	\$0	\$3,168
Police Station Engineering	\$838	\$0	\$0	\$3	\$0	\$0	\$841
Dispatch Console	\$3,675	\$0	\$1,333	\$15	\$0	\$0	\$5,024
Dispatch Security Cameras	(\$709)	\$0	\$0	(\$3)	\$814	\$0	(\$1,526)
Thermal Imaging Camera	\$20	\$0	\$0	\$0	\$0	\$0	\$20
Harbor Master Boat Motor	\$9,451	\$0	\$650	\$33	\$0	\$0	\$10,133
4 x 16 Spruce - Manset	\$6,598	\$0	\$2,467	\$28	\$0	\$0	\$9,093
Lower Town Dock Pier	\$4,544	\$0	\$0	\$15	\$0	\$0	\$4,559
Highway 1 Ton Pickup	\$57,535	\$0	\$0	\$189	\$0	\$206	\$57,518
Highway #1 Plow Truck	\$16,145	\$0	\$8,760	\$75	\$0	\$0	\$24,980
Highway #2 Plow Truck	\$54,561	\$0	\$10,798	\$207	\$0	\$0	\$65,566
Highway Loader	\$15,228	\$0	\$9,251	\$73	\$0	\$0	\$24,552
Highway Garage	\$106,925	\$0	\$6,484	\$369	\$0	\$0	\$113,778
Road Projects	\$291,033	\$180,222	\$100,000	\$519	\$590,190	\$17,500	(\$35,916)
Sidewalks Projects	\$30,087	\$0	\$10,000	\$124	\$0	\$0	\$40,211
Harbor Hoists Upgrade	\$12,272	\$0	\$0	\$38	\$1,100	\$0	\$11,210
Pilings/Wall Replacement	\$16,507	\$0	\$2,200	\$60	\$0	\$0	\$18,767
Manset Dock Float Bridge	\$2,843	\$0	\$0	\$8	\$1,800	\$0	\$1,051
Cross Bracing Replacement	\$5,153	\$0	\$4,159	\$27	\$0	\$0	\$9,339
Lower Town Dock Parking Lot	\$3	\$0	\$0	\$0	\$0	\$0	\$3
Ladder Replacement	\$5,300	\$0	\$0	\$18	\$0	\$0	\$5,317
Town Office Copier	\$4,187	\$0	\$0	\$14	\$0	\$0	\$4,201
Vote Counter	\$6,126	\$0	\$0	\$20	\$0	\$0	\$6,146
Revaluation	\$43,163	\$0	\$1,000	\$145	\$0	\$0	\$44,308

TOWN OF SOUTHWEST HARBOR, MAINE
SCHEDULE OF RESERVE FUNDS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(Exhibit A-2, Page 2 of 3)

	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Transfers from Funds</u>	<u>Investment Earnings</u>	<u>Expenditures</u>	<u>Transfers to Funds</u>	<u>Ending Balance</u>
<i>CIP Funds (cont'd)</i>							
Cable Access Equipment	\$2,672	\$0	\$0	\$6	\$2,065	\$0	\$613
Police 2007 Ford Expedition	\$11,051	\$0	\$6,991	\$54	\$0	\$0	\$18,096
Police In-Car Camera	\$5,030	\$0	\$0	\$17	\$0	\$0	\$5,047
Town Wide Communication	\$3,849	\$0	\$0	\$5	\$2,992	\$0	\$861
Explosive & Hazard Gas Monitor	\$1,537	\$0	\$0	\$5	\$417	\$0	\$1,125
Jaws of Life	\$5,108	\$0	\$0	\$17	\$0	\$0	\$5,125
SCBA	\$12,389	\$0	\$3,425	\$47	\$3,437	\$0	\$12,423
Quint Pumper	\$23	\$0	\$0	\$0	\$0	\$0	\$23
Manset Harbormaster Office	\$50,604	\$0	\$0	\$161	\$745	\$1,823	\$48,196
John Deere 4x4 Tractor	\$45,555	\$0	\$9,937	\$175	\$0	\$0	\$55,667
Parking Lot Improvement	\$24,094	\$0	\$5,989	\$94	\$0	\$0	\$30,178
Storm Water Management	\$16,418	\$0	\$0	\$54	\$0	\$0	\$16,472
Boat Trailer	\$213	\$0	\$129	\$1	\$0	\$0	\$343
Trap Slides	\$0	\$0	\$1,014	\$2	\$0	\$0	\$1,016
Electrical Conduit - Manset Dock	\$889	\$0	\$488	\$4	\$0	\$0	\$1,381
Light Post - Upper Town Dock	\$711	\$0	\$543	\$4	\$0	\$0	\$1,258
Mooring Plan Update	\$9,568	\$0	\$0	\$32	\$0	\$0	\$9,599
Sidewalk Plow/Blower	\$288	\$0	\$6,000	\$7	\$4,921	\$0	\$1,375
Infrastructure Feasibility	(\$1)	\$0	\$0	\$0	\$0	\$0	(\$1)
John Deere Lawn Mower	\$914	\$0	\$500	\$4	\$0	\$0	\$1,418
16 x 24 Floats Lower Town Dock	\$0	\$0	\$1,730	\$4	\$0	\$0	\$1,734
Sup Pile	\$6,984	\$0	\$6,310	\$39	\$0	\$0	\$13,333
Stl Pile	\$451	\$0	\$388	\$2	\$0	\$0	\$841
Street Sweeper	\$28,664	\$0	\$4,489	\$106	\$0	\$0	\$33,259
6 x 20 Finger Floats Lower Dock	\$0	\$0	\$300	\$1	\$0	\$0	\$301
Water/Sewer Infrastructure	\$76,467	\$17,685	\$75,000	\$258	\$65,404	\$0	\$104,005
Water Tank Replacement	(\$485)	\$1,970	\$0	\$2	\$1,487	\$0	\$0
Harbor	\$3,845	\$0	\$3,840	\$22	\$0	\$0	\$7,707
Ford Pick Up - Chief's Truck	\$14,710	\$0	\$2,904	\$56	\$0	\$0	\$17,670
Deck Planking	\$16,354	\$0	\$7,355	\$72	\$0	\$0	\$23,781
Ramp Resurfacing	\$11,167	\$0	\$3,655	\$46	\$0	\$0	\$14,867
Catwalk/Step Replacement	\$10,837	\$0	\$2,700	\$42	\$0	\$0	\$13,579
Pressurized Line Striper	\$2,206	\$0	\$1,100	\$10	\$0	\$0	\$3,316
Ford Rescue/Mini Pumper	\$72,232	\$0	\$9,181	\$261	\$0	\$0	\$81,674
Speed Trailer	\$5,014	\$0	\$5,000	\$27	\$7,990	\$0	\$2,050
Harbor	\$1,489	\$0	\$1,735	\$9	\$0	\$0	\$3,233
Municipal	\$1,001	\$0	\$1,000	\$6	\$0	\$0	\$2,007
Harbor	\$1,762	\$0	\$1,760	\$10	\$0	\$0	\$3,533
Harbor	\$1,923	\$0	\$0	\$6	\$0	\$0	\$1,929
Administration	\$2,158	\$0	\$0	\$7	\$0	\$0	\$2,165
Highway	\$0	\$0	\$2,000	\$5	\$0	\$0	\$2,005
Harbor	\$8,252	\$0	\$4,115	\$37	\$0	\$0	\$12,405
Harbor	\$1,314	\$0	\$1,355	\$8	\$0	\$0	\$2,676
Municipal	\$15,118	\$0	\$0	\$50	\$0	\$0	\$15,168
Dispatch	\$9,536	\$0	\$0	\$28	\$4,718	\$0	\$4,847
<u>Total CIP Funds</u>	<u>\$1,314,719</u>	<u>\$199,876</u>	<u>\$337,394</u>	<u>\$4,245</u>	<u>\$705,028</u>	<u>\$19,529</u>	<u>\$1,131,678</u>
<i>School Funds</i>							
Bus Purchase	\$11,435	\$0	\$18,000	\$30	\$0	\$0	\$29,466
Emergency	\$152,456	\$0	\$0	\$514	\$0	\$0	\$152,969
Maintenance	\$40,217	\$0	\$3,750	\$106	\$0	\$0	\$44,073
<u>Total School Funds</u>	<u>\$204,108</u>	<u>\$0</u>	<u>\$21,750</u>	<u>\$651</u>	<u>\$0</u>	<u>\$0</u>	<u>\$226,508</u>
<u>Total Special Revenue Funds</u>	<u>\$1,793,359</u>	<u>\$298,260</u>	<u>\$414,961</u>	<u>\$17,961</u>	<u>\$818,860</u>	<u>\$90,129</u>	<u>\$1,615,552</u>

TOWN OF SOUTHWEST HARBOR, MAINE
SCHEDULE OF CHANGES IN GENERAL UNASSIGNED FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(Exhibit A-3)

<u>Unassigned Fund Balance July 1, 2013</u>		\$2,092,778
<u>Increases:</u>		
Lapsed Balances - Exhibit A-1	\$278,090	
Decrease in Unearned Property Tax Revenue	\$49,177	
Decrease in Gas/Diesel Inventory	\$1,617	
Licenses, Fees, Registrations & Miscellaneous (Net of Appropriation)	\$1,313	
Docks & Floats Revenues (Net of Appropriation)	\$7,077	
Interest on Taxes & Liens (Net of Appropriation)	\$6,091	
Cable Franchise Fee (Net of Appropriation)	\$12,198	
Excise Taxes (Net of Appropriation)	\$13,047	
	<hr/>	
<u>Total Increases</u>		\$368,609
<u>Decreases:</u>		
Appropriation from Fund Balance	\$634,797	
Increase in Restriction due to Non-current Assets	\$94,543	
In Lieu of Tax Revenues (Net of Appropriation)	\$10,549	
Police Department/Dispatch Revenues (Net of Appropriation)	\$2,340	
Abatements (Net of Appropriation)	\$45,000	
Solid Waste Revenues (Net of Appropriation)	\$7,008	
Interest Earned (Net of Appropriation)	\$4,159	
	<hr/>	
<u>Total Decreases</u>		<hr/> \$798,396
<u>Unassigned Fund Balance June 30, 2014</u>		<hr/> <hr/> \$1,662,991

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

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

We have audited, in accordance with the 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, the 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 the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Southwest Harbor, Maine's basic financial statements and have issued our report thereon dated January 20, 2015.

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 (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's, internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify and significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our

audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Southwest Harbor, Maine's Response to Findings

The Town of Southwest Harbor, Maine's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Southwest Harbor, Maine's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully Submitted,

James W. Wadman, C.P.A.

James W. Wadman, C.P.A.
January 20, 2015

***INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133***

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Southwest Harbor, Maine's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Southwest Harbor, Maine's major federal programs for the year ended June 30, 2014. The Town of Southwest Harbor, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Southwest Harbor, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Southwest Harbor, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Southwest Harbor, Maine's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Southwest Harbor, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Town of Southwest Harbor, Maine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Southwest Harbor, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Southwest Harbor, Maine's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is suitable for any other purpose.

Respectfully Submitted,

James W. Wadman, C. P.A.

James W. Wadman, C. P.A.
January 20, 2015

TOWN OF SOUTHWEST HARBOR, MAINE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(Schedule I)

Findings - Financial Statement Audit

2013-01 - Financial Statement Preparation

Criteria:

Based on auditing standards, inadequate design of internal control over the preparation of the financial statements being audited is deemed to be a material weakness in the internal control structure.

Condition:

Due to financial and time constraints to effectively prepare and evaluate the audited financial statements and detect material misstatements in those financial statements, the Board and management approve the auditors to prepare the financial statements.

Current year condition:

The auditors have prepared the financial statements. Management continues to understand and take responsibility for the financial statements.

Findings & Questioned Costs - Major Federal Award Program Audit

None to Report

TOWN OF SOUTHWEST HARBOR, MAINE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(Schedule II)

A. Summary of Audit Results:

- 1.) The auditor's report expresses an unqualified opinion on the financial statements of the Town of Southwest Harbor, Maine.
- 2.) Material weaknesses relating to the audit of the financial statements are reported in the *Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* (if applicable).
- 3.) No instances of noncompliance material to the financial statements of the Town of Southwest Harbor, Maine were disclosed during the audit.
- 4.) No material weaknesses disclosed during the audit of the major federal award programs are reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133*.
- 5.) The auditor's report on compliance for the major award programs for the Town of Southwest Harbor, Maine expresses an unqualified opinion.
- 6.) There are no audit findings relative to the major federal award programs for the Town of Southwest, Maine.
- 7.) The program tested as a major program included; EPA Drinking Water State Revolving Fund - CFDA #66.468
- 8.) The threshold for determining type A and type B programs is \$300,000.
- 9.) The Town of Southwest Harbor, Maine was not determined to be a low risk auditee.

B. Findings - Financial Statement Audit

- 1.) *Criteria:* Based on auditing standards, inadequate design of internal control over the preparation of the financial statements being audited is deemed to be a material weakness in the internal control structure.

Condition: Due to financial and time constraints to effectively prepare and evaluate the audited financial statements and detect material misstatements in those financial statements, the board and management approved the auditors to prepare the financial statements.

Effect: The auditor prepared financial statements are deemed to be a material weakness.

Recommendation: The board and management understand and take responsibility for the financial statements.

Management's Response: Management concurs with the finding.

C. Findings & Questioned Costs - Major Federal Award Program Audit

None to report

TOWN OF SOUTHWEST HARBOR, MAINE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(Exhibit A-4)

<u>Federal Grantor/Pass-Through</u>			<u>Program</u>	
<u>Grantor/Program Title</u>	<u>CFDA #</u>	<u>Grantor Pass-Through Number</u>	<u>Award Amount</u>	<u>Expenditures</u>
<u>U.S. Department of Education:</u>				
<i>Passed through State of Maine</i>				
<u>Department of Education</u>				
Title IA - Disadvantaged	84.010	013-05A-3057-13	\$22,507	\$22,507
Title VI - Part B - Local Entitlement	84.027	013-05A-3046-12	\$39,154	\$39,154
Title VI - Part B - Local Entitlement Preschool	84.173	013-05A-6241-23	\$362	\$362
Title VI - Rural & Low Income Grants	84.358	013-05A-3005-03	\$5,229	\$5,229
<u>Total U.S. Department of Education</u>			<u>\$67,252</u>	<u>\$67,252</u>
<u>U.S. Department of Environmental Protection</u>				
* Drinking Water State Revolving Fund	66.468	-	\$1,794,498	\$712,119
Clean Water State Revolving Fund	66.458	-	\$366,652	\$70,021
			<u>\$2,161,150</u>	<u>\$782,140</u>
<u>U.S. Department of Agriculture:</u>				
<i>Passed through State of Maine</i>				
<u>Department of Education</u>				
National School Lunch Program	10.555	-	\$15,893	\$15,893
School Breakfast Program	10.556	-	\$335	\$335
Food Distribution - Donated Commodities	10.550	-	\$3,909	\$3,909
<u>Total U.S. Department of Agriculture</u>			<u>\$20,137</u>	<u>\$20,137</u>
<u>Totals</u>			<u>\$2,248,539</u>	<u>\$869,529</u>

* Denotes major program

TOWN OF SOUTHWEST HARBOR, MAINE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting whereby transactions are presented in the same manner as they are included in the general purpose financial statements of the Town of Southwest Harbor, Maine. The general purpose financial statements and the Schedule of Expenditures of Federal Awards are prepared in accordance with Generally Accepted Accounting Principles.

Note B - Nonmonetary Assistance

Nonmonetary assistance is reported on the Schedule of Expenditures of Federal Awards totaling \$3,909. This assistance consists of U.S.D.A. Donated Commodities which are reported at their fair market value.



Photo: Courtesy of Paula Dowsland

IMPORTANT CONTACTS

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