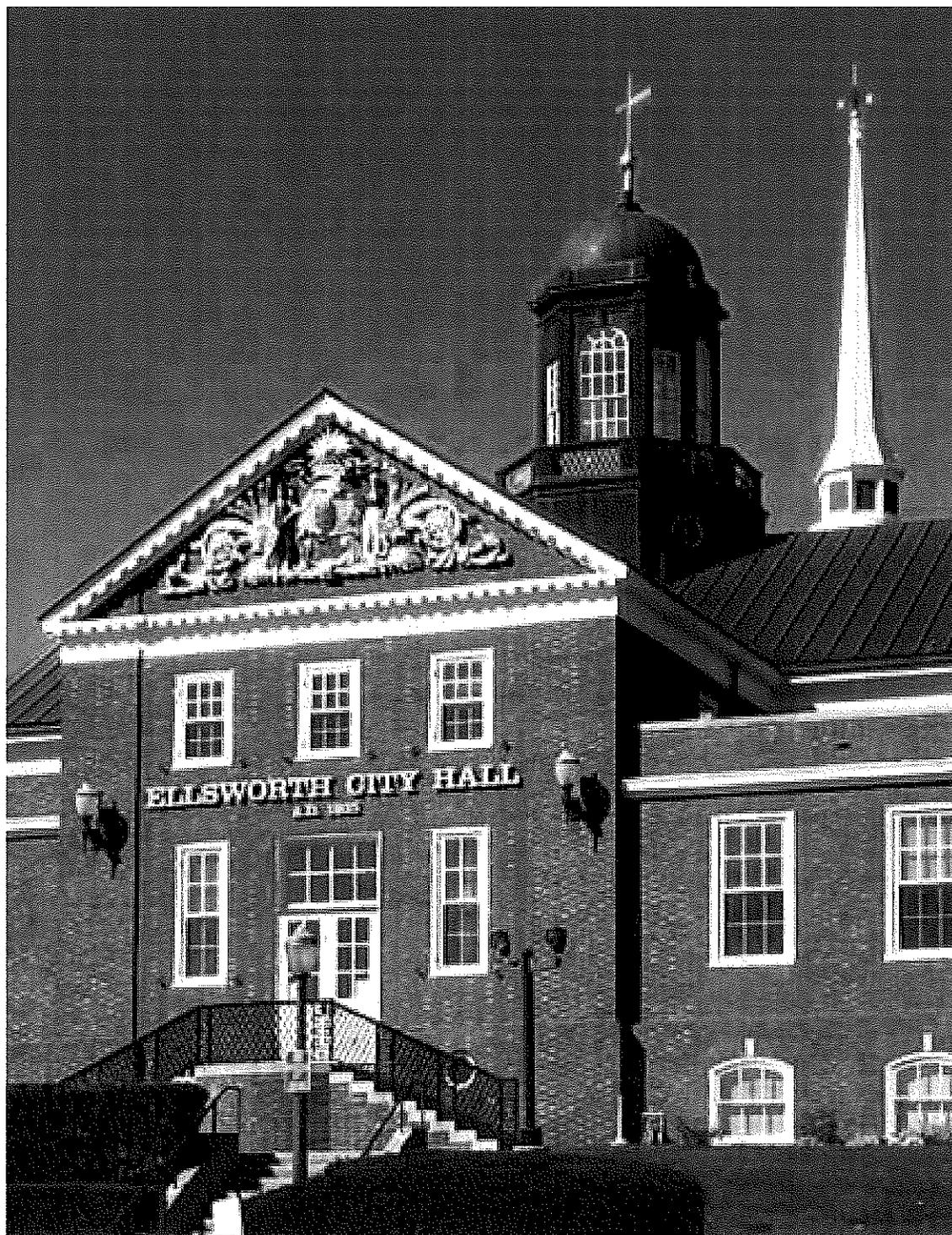


**CITY OF ELLSWORTH, MAINE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**For the Fiscal Year Ending**  
**June 30, 2013**

# **CITY OF ELLSWORTH, MAINE**

## **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2013**

**Prepared by the Finance Department**

**CITY OF ELLSWORTH, MAINE**  
**For the Fiscal Year Ended June 30, 2013**  
**Comprehensive Annual Financial Report**

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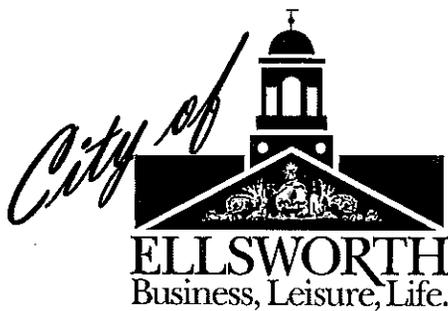
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**CITY OF ELLSWORTH, MAINE**  
**For the Fiscal Year Ended June 30, 2013**  
**Comprehensive Annual Financial Report**

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## Office of the City Treasurer

1 City Hall Plaza ▪ Ellsworth, ME 04605-1942  
Phone (207) 669-6602 ▪ Fax (207) 667-4908  
[www.ellsworthmaine.gov](http://www.ellsworthmaine.gov)

To the Honorable Chairman,  
Members of the Ellsworth City Council, and  
Citizens of Ellsworth

The City of Ellsworth's comprehensive annual financial report for the fiscal year ended June 30, 2013 is hereby submitted in accordance with the requirements of both our City Charter and State Statutes. The Charter and statutes require that the City of Ellsworth issue annually a report of its financial position and activity, and that this report be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all the disclosures, rests with the City of Ellsworth. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the City of Ellsworth on a government wide and fund basis.

The City is responsible for establishing and maintaining an internal control framework designed to ensure that the assets of the City are protected from loss, theft, and misuse and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the costs of control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

The City's financial statements have been audited by Runyon Kersteen Ouellette. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's unmodified opinion is presented as the first component of the financial section of this report.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budgets Circular A-133, Audits of States, Local Government and Non-Profit Organizations. The "Single Audit" is designed to meet the special needs of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information related to this single audit, including a schedule of expenditures of federal awards, findings, questioned costs, recommendations, and the independent auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in a separately issued single audit report.

GASB requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

## **Profile of the Government**

The City of Ellsworth, incorporated in 1869, is located in the center of the County of Hancock in the southeastern coastal region of the State of Maine, also referred to as "Down East". Ellsworth is the only city in Hancock County and has served as its county seat since 1837. Ellsworth is situated at the head of the Union River Bay with the Union River passing southward through the center of the City.

The City of Ellsworth is an urban, commercial, industrial and residential community with some rural characteristics. The City's area includes tracts of forest and farmlands, open space and river front areas. The City is comprised of Rural Residential, Urban Residential, Commercial or Industrial zones, and has the distinction of being the "largest" city in Maine with its 93.37 square miles of area.

The City operates under a charter adopted in 1869, as amended (the "Charter"), providing for a Council-Manager form of government with a seven member City Council elected from the registered voters of the City, at-large, for three year staggered terms. The Charter grants to the Council all powers to enact, amend, or repeal rules, ordinances, orders or resolutions relating to the City's property, affairs and government, to preserve the public peace, health and safety, to establish personnel policies, give effect to any vote of the City authorizing the issuance of debt, and provide for an annual audit of the City's accounts. The City Manager is the chief administrative officer of the City and appointed by the Council, as are the Assessor, City Clerk, Tax Collector, and Treasurer.

The City provides general governmental services for the territory within its boundaries, including police and fire protection, a library, highways, streets and sidewalks, parks and recreational areas, business and economic development, planning, code enforcement, health and welfare, and general administrative services. Public education is provided for grade Kindergarten ("K") through 12 through the City's affiliation with Regional School Unit 24 (RSU). The City operates its own water system and wastewater treatment system and is accounted for in the City's Proprietary Funds.

The City's budgeting process is structured around its fiscal year, which begins on July 1<sup>st</sup> and ends on the following June 30<sup>th</sup>. The City annually adopts budgets for its general fund and two proprietary funds. All departments of the City are required to submit requests for appropriation to the Finance Director in January of each year. The City's Finance Director uses these requests as the starting point for developing a proposed budget. It is then forwarded to the City Manager for any necessary changes and recommendations. The City Charter requires that the City Manager submit a recommended budget to the Council by the second Monday in April. The budget, which must be in balance, contains estimates of all non-tax revenues and receipts expected to be received during the next fiscal year, the expenditures necessary to support City operations, debt service requirements, and the tax levy required to achieve balance between revenues and expenditures. The Council may modify recommended expenditures and the recommended tax levy. If the Appropriation Resolve increases the property tax levy from the prior year by more than a specified Growth Limitation factor then the excess of the appropriation must be approved by a majority of the entire City Council. The school budget is subject to referendum by the voters of the RSU through a Budget Validation process. If the Council fails to adopt a budget by July 1<sup>st</sup>, the Council may make appropriations by a continuing resolution to the various departments and accounts in the amounts sufficient to finance the necessary expenses until the budget resolve is in force. Upon adoption of the budget, a property tax levy is then established and filed with the City Assessor.

The City Manager may transfer any unencumbered appropriation balance or portion thereof from line item to line item within cost centers, but may not expend funds in excess of the cost center appropriation. The Council may, by Council Order, transfer any unencumbered appropriation balance or portion thereof between cost centers. Additional appropriations within the budget may be made by Council order if the Treasurer verifies that there are sufficient unanticipated and unappropriated revenues. Additional appropriations may also be covered by an appropriation from a reserve account or an interfund transfer from the General Fund or other fund.

The annual budget serves as the foundation for the City of Ellsworth's financial planning and control. The City Manager may transfer resources within a department; however, transfers between departments require Council action.

Special revenue funds do not have adopted budgets. Budgetary controls are maintained on other governmental funds through formal authorizations by the City Council and through grant agreements. All budgets are legally adopted by the City Council through the passage of an appropriation resolve.

### **Local Economy**

The City of Ellsworth is the service center for the entire Downeast region of the State of Maine for retail, wholesale, distribution, transportation, banking, legal, medical, recreational, and other major services. Several malls are located throughout the City's commercial areas and its downtown area provides a blend of specialty shops, restaurants and consumer services. A recent market feasibility study was done by a private developer that verified that more than 63,000 people are served by the City for shopping, recreation, and professional services.

Ellsworth has a stable and varied economic base. Major employers include a diversified mix of healthcare, educational, professional, retail, manufacturing, and governmental entities.

The City's assessed value for tax year 2012-2013 is \$1,063,958,739, an approximate decrease of .69 percent from the 2011-2012 tax assessment. Approximately 33 percent of the tax base is commercial and industrial with the remainder being residential (these figures include vacant parcels as well as developed parcels). The City's rate of tax collection remains constant at 95 percent for last year.

The City is committed to preserving its viable economic base while creating new opportunities for future economic growth. In 2007, the Ellsworth City Council adopted an Economic Development Strategy that was recommended by the 2004 Comprehensive Plan. This strategy addresses economic diversification, capital improvements, determination of improvements that are necessary to attract businesses, assessment of future land needs, development criteria for economic development projects, community recommendations, the development of specific strategies on the use of tax increment financing, and staffing needs. After this strategy was approved, City staff and the Ellsworth Economic Development Committee established a long-term economic development road map for the community and highlighted the need for further diversifying the tax base by encouraging a balanced mix of development in residential, retail, office, warehouse, and manufacturing. The City desires to facilitate projects that will meet the sustainable balance and create new employment opportunities to improve the economy.

### **Long-term Financial Planning**

The City maintains an ongoing ten-year capital improvement plan (CIP) that serves as a tool for the City Manager and City Council to make strategic investments in the community. In Fiscal Year 2013, the Capital Improvement budget included \$385,000 to fund street, sidewalk, and drainage improvements; \$92,000 to fund technology improvements; \$10,000 to fund Highway Garage improvements; \$25,000 to fund library improvements; \$258,300 to fund upgrades in police, fire, and highway equipment; and \$57,750 to fund miscellaneous capital improvements.

The City's Water Department, Wastewater Department, and Tax Increment Financing Districts capital improvement plans are designed to be fully self-supporting and are, therefore, presented as separate items in the City's CIP process.

## **Major Initiatives**

The construction of the new K-8 Ellsworth Elementary/Middle School has left the City as the owner of two empty school properties within a two-block radius. A committee was created to evaluate the properties and to create plans for utilizing each property in ways that would be the most advantageous to Ellsworth's citizens. After much debate and consideration, including citizen surveys and public hearings, it was determined that both properties would remain in the ownership of the City.

One of the parcels has been identified as a perfect location for a community park due to the proximity to residential areas, community centers, both schools and the downtown area. The City has formed a Knowlton Community Park Committee that is tasked with finding creative ways of raising \$1.2 million in park funds through grants and private donations.

The second parcel has City Council members voting favorably of moving forward with plans for a \$3.5 million renovation of the historical school site. The renovated building will serve as a senior center as well as a community wide building that will house daycare facilities and a non-profit organization that provides services for senior citizens.

The City of Ellsworth recognizes that senior citizens are a demographic that requires help from the City at this time. The Maine State Housing Authority Agency has the City rated as a 5, on a scale of 1-5, with 5 being the worst, in regards to the availability of low-income senior housing. In an effort to tackle this issue, the City reached an agreement with Penquis Housing, Inc. to convey a 1.87-acre lot for the construction of a 26-unit affordable housing complex. In order to assist the developer, the City also created a low-income housing TIF district so that 50% of the TIF revenues will be reimbursed to the developer through a credit enhancement agreement. The City will retain the other 50% for future projects within the district. This project, along with the aforementioned senior center, will help the City make great strides in better servicing the elderly population.

The Ellsworth residents voted favorably on a petition to withdraw from Regional School Unit #24 (RSU) and become a separate municipal school administrative unit comprised solely of Ellsworth. Representatives were appointed to the withdrawal committee according to state statute and are responsible for negotiating a withdrawal agreement with the RSU. An agreement that addressed the required statutory requirements was reached on March 20, 2013 and approved by the State of Maine Department of Education Commissioner. An election will be held in November 2013 to determine if the voters in Ellsworth are in favor of withdrawing from the RSU subject to the terms and conditions of the withdrawal agreement.

## **Significant Accomplishments of Fiscal Year 2013**

- The City continued its own investment into public infrastructure by improving parking lots, streetscapes, water and sewer mains and local roads throughout the City.
- In order to eliminate discharge violations, improve treatment process reliability and capacity, accommodate current and expected future population growth, and to support the City's goals for development and environmental responsibility, the City decided to build a new wastewater treatment plant. This project costs approximately \$20.7 million. The City has qualified for grants in the amount of \$8.6 million from USDA, DEP, CDBG and a USDA and Clean Water State Revolving Fund loans for approximately \$12.1 million. A contract was awarded in the amount of \$13,975,500 for the construction of the plant and will be completed and was in full operation in December 2013.
- The City of Ellsworth was selected as the host site for the 50<sup>th</sup> Annual Maine State Federation of Firefighters Convention in September 2013. This milestone event is expected to bring a great economic boost to the City from the thousands of participants and fundraising and planning projects are well underway.

- A committee comprised of interested residents was formed to begin preparing for the City's sescentennial (250<sup>th</sup>) celebration in August 2013.
- The City Council authorized the financing of \$862,800 in general obligation bonds to fund additional improvements to the new Wastewater Treatment Plant.
- The City Council approved a parcel of property for the future construction of an intersection to help alleviate traffic congestion near the elementary/middle school and high school.
- The City Council authorized \$380,000 of financing to purchase new municipal software and related hardware. The City has operated the same financial software for over 25 years with minimal upgrades that was not meeting the City's or the taxpayers' technological needs.
- The City continued with Knowlton Park fundraising efforts in building a community park. Construction is expected to begin in May 2014.
- City Council approved the sale of a city-owned, two-acre parcel located at the previous Moore School location. First Atlantic Health Care will construct a nursing home on this location.
- Research has started on the process of bringing natural gas to the City as an alternate source of energy for businesses and residents.
- The City Council has accepted a concept plan of establishing the Ellsworth Business Development Corporation. The purpose of this corporation is to engage in business development activities potentially including fostering new companies, encouraging companies to locate in the Ellsworth area, partnering with existing companies to expand their current operations in Ellsworth, and attempting to enhance the business climate.

### **Relevant Financial Policies**

The City has established a formal Investment Policy. Under its policy, the City's investment practice is to maintain a cash and investment pool that is available for use by all funds and consist of short-term investments. The City is invested principally in direct obligations of the United States government and its agencies. The City is not invested in any obligations typically referred to as derivatives, meaning obligations created from, or whose value depends on or is derived from the value of one or more underlying assets or indexes of asset values in which the municipality owns no direct interest.

The City's Fund Balance Ordinance requires maintaining the City's unassigned fund balance at no less than 10% and no more than 20% of the previous fiscal year's audited gross expenditures. Any fund balance in excess of 20% shall be used to increase designated reserves, the City's appropriated contingency account, or the appropriated capital improvement fund. In the event that the unassigned fund balance is anticipated to fall below 10% prior to appropriating fund balance, the City is required to create a written plan that will replenish the fund balance in a maximum of three fiscal years.

The City's Procurement Policy was recently updated to provide for a more detailed and comprehensive policy for City purchases. The City's new policy provides for a definition section for easy reference; procedures for obtaining purchase orders; field purchases and cooperative purchases; informal and formal bidding processes; procurement procedures for engineering services, professional services; sole sourcing, and emergency purchases.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ellsworth, Maine, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. This was the 2<sup>nd</sup> consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements. However, management has decided not to submit this report to GFOA for determination of its eligibility for another certificate this year. It was determined that the comprehensive annual financial report will be submitted to GFOA every other year to meet our needs.

The preparation of this report would not have been possible without the various departments, as well as members of the Finance Office, providing the necessary information needed to complete this comprehensive annual financial report. Appreciation is also extended to the City Manager and the City Council for their support of the efforts to improve the City's level of financial reporting. I wish to acknowledge the efforts of our independent auditors, Runyon, Kersteen, Ouellette, for the professional audit work they provided and for all their support and assistance.

Respectfully submitted,

A handwritten signature in black ink that reads "Tammy Mote". The signature is written in a cursive, flowing style.

Tammy Mote  
Finance Director  
February 18, 2014



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Ellsworth  
Maine**

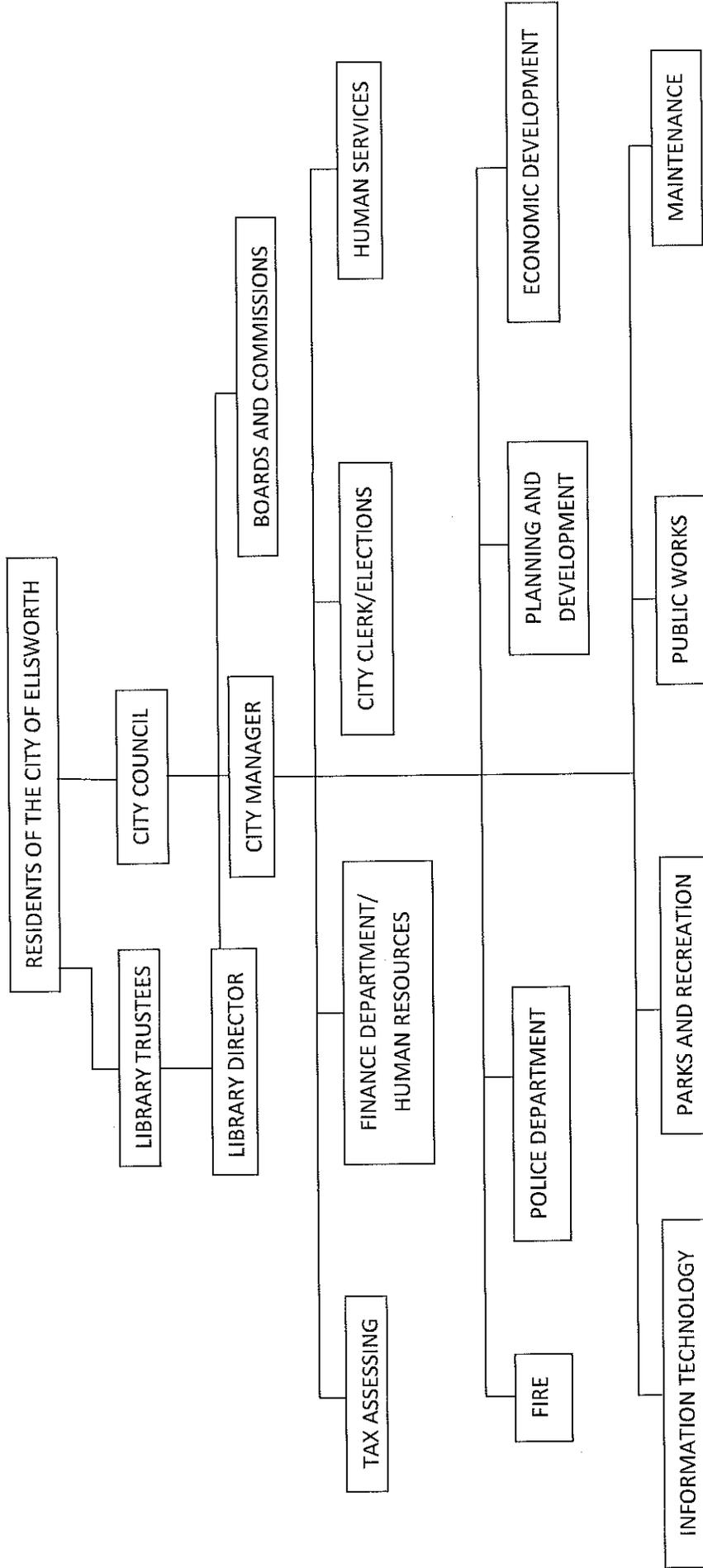
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

# CITY OF ELLSWORTH, MAINE

Organizational Chart



**City of Ellsworth, Maine**

**List of Principal Officials**

**June 30, 2013**

**Elected Officials**

Gary Fortier	City Council Chairperson
Stephen Beathem	City Councilor
Robert Crosthwaite	City Councilor
John Phillips	City Councilor
Marc Blanchette	City Councilor
John Moore	City Councilor
Pamela Perkins	City Councilor

**Appointed Officials and Department Heads**

Michelle Beal, City Manager

Charlene Churchill, Library Director	Jason Ingalls, Technology Coordinator
John Deleo, Chief of Police	Steve Joyal, Maintenance Supervisor
Michele Gagnon, City Planner	Richard Tupper, Fire Chief
Larry Gardner, City Assessor	Tammy Mote, Finance Director
Heidi Noel Grindle, City Clerk	Dwight Tilton, Code Enforcement Officer
Michael Harris, Wastewater Superintendent	Larry Wilson, Public Works Director & Water Superintendent

## Independent Auditors' Report

To the City Council  
City of Ellsworth, Maine

### **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 City of Ellsworth, Maine, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from 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.

City Council  
City of Ellsworth, Maine

***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 City of Ellsworth, Maine, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the 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 the Schedule of Funding Progress on pages 4 and 36, respectively, 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 City of Ellsworth, Maine's basic financial statements. The introductory section, combining and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

City Council  
City of Ellsworth, Maine

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

The introductory and statistical sections have 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 February 18, 2014 on our consideration of the City of Ellsworth, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ellsworth, Maine's internal control over financial reporting and compliance.



February 18, 2014  
South Portland, Maine

## **Management's Discussion and Analysis**

### **City of Ellsworth, Maine**

As management of the City of Ellsworth, Maine we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the financial statements that follow this section.

#### **Financial Highlights**

- The City's assets exceeded liabilities by approximately \$23.7 million as of June 30, 2013, compared to approximately \$21.9 million as of June 30, 2012.
- The City's governmental funds General Fund Balance was \$3.3 million as of June 30, 2013, compared to \$3.6 million as of June 30, 2012.
- The City's Fund Balance Ordinance requires the unassigned fund balance to remain between 10% and 20% of the previous fiscal year's expenditures. At the end of the current fiscal year, the fund balance stands at 8.27%. A plan to replenish fund balance has been submitted to the City Council.
- The City of Ellsworth incurred \$625,120 in additional debt in the most recent fiscal year. Of that amount, \$380,000 was issued for the purchase of financial software and \$245,120 was issued for the new wastewater treatment plant construction.
- At the close of fiscal year 2013, the City of Ellsworth's governmental funds financial statements reported a combined ending fund balance of \$3.7 million, or a 24% decrease from the prior year.

#### **Overview of the Financial Statements**

The Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements. The statements consist of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

#### **Government-wide Financial Statements**

The government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements provide information about the activities of the City as a whole and present both a long-term and short-term view of the City's finances. Financial reporting at this level is similar to the accounting used by most private-sector companies.

The Statement of Net Position includes all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that are accrued but not yet paid or collected but will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee vacation leaves).

## Management's Discussion and Analysis - Continued

### City of Ellsworth, Maine

The Statement of Net Position and the Statement of Activities are divided into two kinds of activities:

- **Governmental activities:** Most of the City's basic services are reported here, including the police, fire, general administration, education, health and welfare, and parks and recreation. These activities are principally supported by taxes and intergovernmental revenues.
- **Business-type activities:** The City operates a water and sewer system that charges a fee to customers to help it cover the cost of the certain services it provides.

#### Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements and GASB Statement No. 54 to define and classify the existing governmental fund types. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- Governmental funds are used to account for mostly the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements are reported using an accounting method called modified accrual accounting that measures cash and all other financial assets that can readily be converted to cash. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate a comparison between governmental funds and governmental activities.

The City of Ellsworth maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and Capital Projects Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements (Schedule B) elsewhere in this report.

The City of Ellsworth adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget (Schedule A-2).

- Proprietary funds are used to account for essentially the same functions reported as business-type activities in the government-wide financial statements. Enterprise funds are the only type of proprietary funds maintained by the City. The proprietary fund statements provide the same type of information as the government-wide statements, only in more detail.

The City maintains two individual proprietary funds: Wastewater and Water. These two funds are considered to be major. The City of Ellsworth adopts annual budgets for each of its proprietary funds.

- Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. Fiduciary fund financial statements report similarly to proprietary funds.

## Management's Discussion and Analysis - Continued

### City of Ellsworth, Maine

#### Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

#### Financial Analysis of the City as a Whole - Government-wide Financial Statements

The following schedule is a summary of net position for the years ended June 30, 2013 and 2012:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>
Current and other assets	\$ 7,784,299	\$ 9,087,133	\$ (1,302,834)	\$ 1,553,364	\$ 1,256,674	\$ 296,690
Capital assets	<u>54,901,172</u>	<u>54,022,736</u>	<u>878,436</u>	<u>33,931,821</u>	<u>32,401,130</u>	<u>1,530,691</u>
<b>Total Assets</b>	<b>62,685,471</b>	<b>63,109,869</b>	<b>(424,398)</b>	<b>35,485,185</b>	<b>33,657,804</b>	<b>1,827,381</b>
Long-term liabilities	34,190,928	37,006,857	(2,815,929)	1,865,424	8,796,308	(6,930,884)
Other liabilities	<u>4,792,207</u>	<u>4,161,207</u>	<u>631,000</u>	<u>12,614,124</u>	<u>7,064,050</u>	<u>5,550,074</u>
<b>Total Liabilities</b>	<b>38,983,135</b>	<b>41,168,064</b>	<b>(2,184,929)</b>	<b>14,479,548</b>	<b>15,860,358</b>	<b>(1,380,810)</b>
Net position:						
Net investment in capital assets	18,480,914	14,627,702	3,853,212	20,181,719	17,889,763	2,291,956
Restricted	1,707,298	636,751	1,070,547	1,318,757	772,877	545,880
Unrestricted	<u>3,514,124</u>	<u>6,677,352</u>	<u>(3,163,228)</u>	<u>(494,839)</u>	<u>(865,194)</u>	<u>370,355</u>
<b>Total Net Position</b>	<b><u>\$ 23,702,336</u></b>	<b><u>\$ 21,941,805</u></b>	<b><u>\$ 1,760,531</u></b>	<b><u>\$ 21,005,637</u></b>	<b><u>\$ 17,797,446</u></b>	<b><u>\$ 3,208,191</u></b>

Governmental activity assets exceeded liabilities by \$23,702,336. Business-type activity assets exceeded liabilities by \$21,005,637 for a City-wide total of net position of \$44,707,973 at the close of the most recent fiscal year.

The largest portion of the City of Ellsworth's net position (86%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Ellsworth uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City of Ellsworth'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.

An additional portion of the City's net position (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position for both governmental and business-type activities (7% or \$3,095,554) may be used to meet the City's ongoing obligations to citizens and creditors.

## Management's Discussion and Analysis - Continued

### City of Ellsworth, Maine

At the end of the current fiscal year, the City of Ellsworth is able to report positive balances in all categories of net position for the governmental activities. However, the business-type activities report a deficit of \$494,839 in the unrestricted net position category. This is due to the Wastewater's operating history where expenses exceeded revenues. The City Council has addressed this issue by increasing the user fee rates.

The following schedule is a summary of the statement of activities for the years ended June 30, 2013 and 2012:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>
Revenues:						
Program revenues:						
Charges for services	\$ 825,037	\$ 810,978	\$ 14,059	\$ 1,898,852	\$ 2,072,436	\$ (173,584)
Operating grants and contributions	3,308,080	3,792,342	(484,262)	-	-	-
Capital grants	212,885	299,052	(86,167)	2,728,752	3,134,313	(405,561)
General revenues						
Taxes	17,879,938	16,977,586	902,352	-	-	-
Intergovernmental	872,243	779,232	93,011	-	-	-
Investment	76,332	109,379	(33,047)	-	-	-
All others	(264,825)	(490,142)	225,317	288,918	528,207	(239,289)
<b>Total Revenues</b>	<b>22,909,690</b>	<b>22,278,427</b>	<b>631,263</b>	<b>4,916,522</b>	<b>5,734,956</b>	<b>(818,434)</b>
Expenses:						
General government	2,195,898	2,166,262	29,636	-	-	-
Public safety	2,552,364	2,518,382	33,982	-	-	-
Municipal buildings	233,972	237,897	(3,925)	-	-	-
Culture and recreation	690,619	690,132	487	-	-	-
General assistance	41,982	51,896	(9,914)	-	-	-
Public works	1,974,312	1,730,295	244,017	-	-	-
County tax	418,665	413,360	5,305	-	-	-
Education	9,676,685	9,043,511	633,174	-	-	-
Unclassified	1,991,840	1,955,864	35,976	-	-	-
Interest on long-term debt	1,307,202	1,624,512	(317,310)	-	-	-
Water and Wastewater	-	-	-	1,737,431	1,692,766	44,665
<b>Total Expenses</b>	<b>21,083,539</b>	<b>20,432,111</b>	<b>651,428</b>	<b>1,737,431</b>	<b>1,692,766</b>	<b>44,665</b>
<b>Change in Net Position</b>	<b>\$ 1,826,151</b>	<b>\$ 1,846,316</b>	<b>\$ (20,165)</b>	<b>\$ 3,179,091</b>	<b>\$ 4,042,190</b>	<b>\$ (863,099)</b>

The cost of all governmental activities was \$21 million. As shown on the Statement of Activities, the total amount financed by the City's taxpayers was \$17.9 million, or 78 percent. Those who directly benefit from an activity provided \$825,037 in payments. Other governments and organizations subsidized certain activities with operating grants and contributions in the amount of \$3,308,080. Capital grants accounted for \$212,885. The City also received \$683,750 in other general revenues such as State Revenue Sharing, homestead exemptions, and interest earnings.

## Management's Discussion and Analysis - Continued

### City of Ellsworth, Maine

#### Financial Analysis of the City's Funds - Fund Financial Statements

**Governmental funds.** The focus of the City of Ellsworth's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. The City implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which primarily establishes a hierarchy of fund balance classifications based on constraints placed on the use of these accounts. The unassigned General Fund Balance of \$2 million may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year after assigning the amount needed for fiscal year 2014.

As of the end of the current fiscal year, the City of Ellsworth governmental funds reported combined ending fund balances at June 30, 2013 of \$3,721,768, a decrease of \$1,168,000. Approximately 19% of this total amount (\$719,102) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance (\$3,002,666) is restricted or assigned to indicate that it is not available for new spending because it has already been committed to account for 1) to liquidate contracts and purchase orders of the prior period (\$5,507), and 2) restricted for non-expendable principal in investments, interfund advances and inventory (\$636,751), or restricted or assigned for capital projects, special revenues, or permanent funds (\$1,070,277).

The decrease in the governmental funds ending fund balance is due to the following reasons: 1) there was a decrease of \$305,608 in the School Construction fund due to the continued construction of the new Ellsworth Elementary/Middle School; 2) there was a decrease of \$171,079 in the other governmental funds mainly attributable to the continued coverage of projects; 3) the Capital Projects fund decreased \$366,951 due to continued construction and capital improvement projects; and 4) the general fund decreased \$324,362 mainly due to the use of fund balance to purchase a parcel of real estate for City use and engineering services for the Moore Community Center.

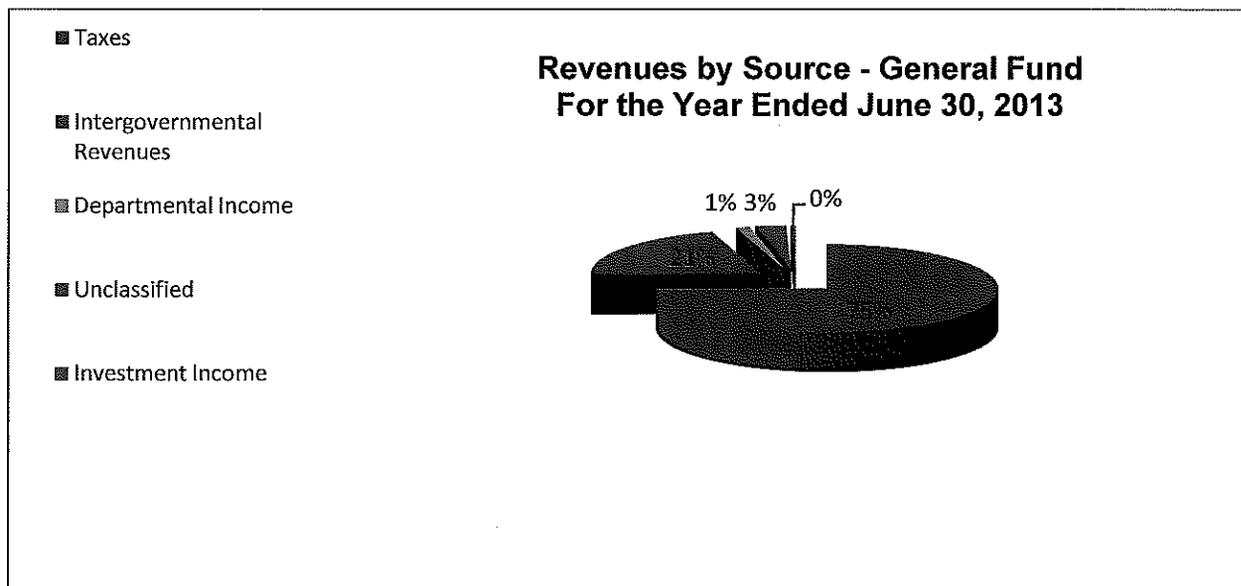
**General fund.** The General Fund is the central operating fund of the City of Ellsworth. As stated earlier, the unassigned General Fund Balance as of June 30, 2013 was \$2,011,503 as compared to the \$2,354,033 of the previous year, or a \$342,530 decrease. This negative change in fund balance is mainly attributable to the use of fund balance to purchase a parcel of real estate for City use and engineering services for the Moore Community Center.

Total expenditures in the General Fund increased \$663,405, or 3.08 percent, mainly due to the increase in the educational assessment. Total revenues in the General Fund increased from the prior year by \$497,745, or 2.23 percent, mainly due to the increase in the tax levy due to decreases in intergovernmental revenues and the recording of local roads debt payment reimbursement from the capital fund to the General Fund.

## Management's Discussion and Analysis - Continued

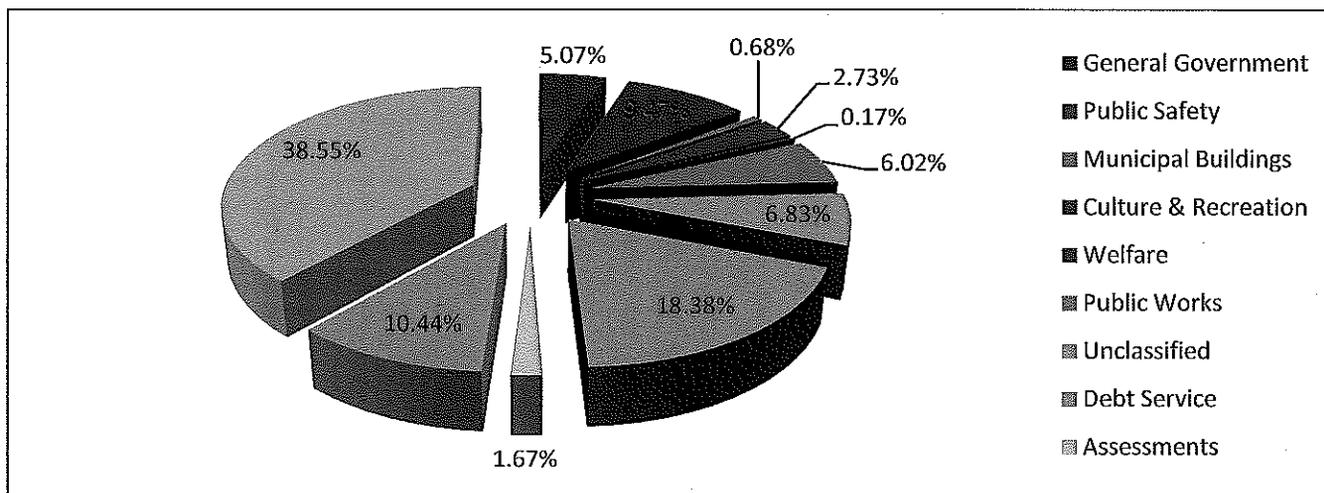
### City of Ellsworth, Maine

The City's General Fund revenues were as follows:



On a budgetary basis, the total general operating revenues increased by \$400,266. The largest single source of revenue continues to be the property tax. There was a decrease in the assessed value by .69 percent which is attributable to the reassessment of commercial property during the prior fiscal year yet an increase in the mill rate. As the Operating Fund Revenue graph demonstrates, 75% of the revenues come from taxes and 21% from intergovernmental revenues. The remaining 4% comes from Departmental Income (1%), Unclassified (3%), and Investment Income (.47%).

The City's General Fund expenditures were as follows:



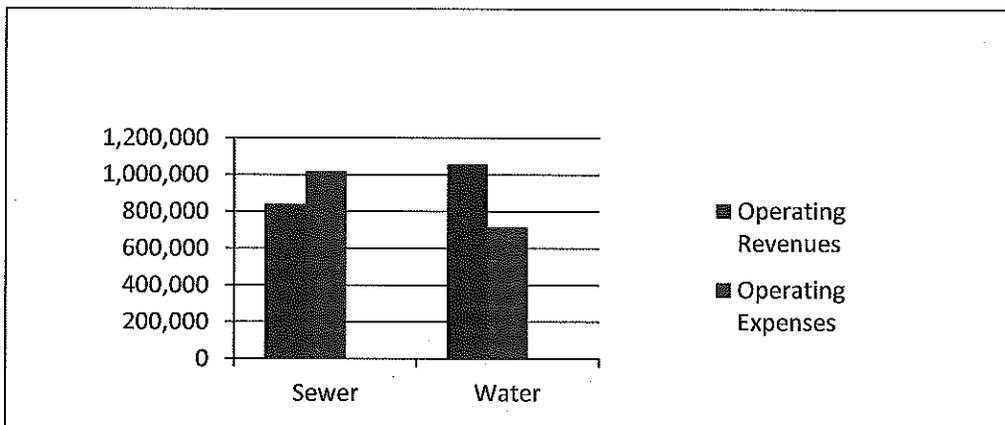
This expenditure graph reflects current year expenditures. Education accounted for 38.55% of the expenditures and Municipal Services represented 61.45% of the expenditures.

## Management's Discussion and Analysis - Continued

### City of Ellsworth, Maine

#### Business-type Activities

The two funds that are classified as proprietary funds are the Wastewater and Water.



Unrestricted net position of the City's Wastewater fund amounted to (\$1,600,444), an increase of \$328,358. The City's Water fund unrestricted net position amounted to \$1,105,605, an increase of \$116,418. The other two categories of net position in these both of these funds also increased.

#### General Fund Budgetary Highlights

The General Fund's revenues represent a variance of \$96,876 between the budget and actual revenues. This is mainly due to the recording of unanticipated intergovernmental revenues.

There is a \$232,290 variance between the original and actual budget of the General Fund's expenditures. The variance is mainly due to the departments not spending all of their appropriated funds due to budget constraints.

The City of Ellsworth has a strong purchase policy to prevent unnecessary departmental over-expenditures. All expenditures are approved by the City Manager and the Finance Committee. Over-expenditures are normally due to overtime and other unavoidable or unanticipated circumstances.

#### Capital Assets

The City of Ellsworth's capital assets for its governmental type activities as of June 30, 2013 amounts to \$67,782,944 and \$44,908,684 for its business-type activities. This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, and infrastructure. The City of Ellsworth maintains a capital improvement fund for the purpose of replacing and acquiring new assets and reconstruction of infrastructure. The City maintains a ten year capital improvement plan for both governmental and business-type activities for budgetary planning of this fund.

Additional information on the City's capital assets can be found in Note C of this report.

## **Management's Discussion and Analysis - Continued**

### **City of Ellsworth, Maine**

#### **Long-term Liabilities**

At the end of the current fiscal year, the City of Ellsworth had total long-term debt of \$50,417,062. Of this amount, \$655,000 is remaining on a bond for construction of the Ellsworth High School; \$3,340,975 is remaining for road construction projects, revaluation, financial software, and fire equipment; \$13,920,802 is for business-type activities. In 2010, the City of Ellsworth issued a School Construction Bond in the amount of \$34,412,065 by Regional School Unit #24 in the name of the City of Ellsworth. The State of Maine Department of Education is responsible for paying 96 percent of the annual principal and interest payments to the Maine Municipal Bond Bank directly. The remaining balance for this school bond is \$32,500,285. The remaining four percent is paid by Regional School Unit #24.

All debt is backed by the full faith and credit of the City.

The City of Ellsworth issued \$625,120 in new long-term debt during the current fiscal year.

State statutes limit the amount of general obligation debt a municipality may issue to 15% of its total state assessed valuation. The current debt limitation for the City of Ellsworth is \$157,305,000, far exceeding the City's outstanding general obligation debt.

Additional information on the City's long-term liabilities can be found in Note F of this report.

#### **Economic Factors and Next Year's Budgets and Rates**

When creating the budget, the primary objective was to provide City services while at the same time attempting to keep the tax rate low.

The City of Ellsworth is the commercial center for the Downeast Region and is responsible for providing services for Hancock County and parts of Washington County. Our economic base is dependent on providing services and retail sales to the people of these regions and on tourism. Because of this, the City is not dependent on a particular business to maintain its tax base. It has been able to see a growing tax base and to experience a stable economy from business development and employment growth. However, there is a fine line between the services demanded and the services the City taxpayers can afford.

According to the 2010 census, the City of Ellsworth was the fastest growing city in the state of Maine. In the past decade, the City grew by 20 percent. The City has worked hard to expand and is always looking for new development opportunities.

Due to the continued uncertainty surrounding the national economy, the City Council and management has been closely following revenues, expenditures, liens, foreclosures, unemployment rates, construction, building permits, and the State of Maine budget projections.

The City continues to monitor the State economic and political climates. Changes in the formulas of State aid to education and municipal revenue sharing along with other State reimbursement programs, can have an impact on the amount of revenue the City receives therefore creating a negative impact on the City's budget.

## **Management's Discussion and Analysis - Continued**

### **City of Ellsworth, Maine**

The City continues the planning and economic development for the completion of the City's business park, traffic and housing studies, and upgrades to the City's water mains. Future projects include a continued partnership with the State of Maine DOT in traffic control, continued upgrades to the City's water mains, reconstruction of local roads, the design of a new community park, and the construction of a senior center.

The City of Ellsworth received a rating review by Standard & Poor's and Moody's in June 2011. The City maintained its' AA- GO bond rating with Standard and Poor's stating that "the City has a seasonal local economy with a strong commercial presence; a strong, diverse tax base and good wealth and income levels; and low debt burden, net of self-supported enterprise and state-subsidized school debt, coupled with manageable capital needs. Moody's also affirmed its rating of Aa3 based upon "...the City's diverse and growing tax base, manageable debt position, and stable financial operations". The City of Ellsworth is committed to fiscal responsibility, planning, and economic development.

For the FY 2014 budget, the City Council's goal was to minimize any tax rate increase. This goal became more challenging due to a 3.75 percent or \$363,204 increase in the Regional School Unit #24's assessment. The City's portion of the budget was able to maintain a small increase of 1.53 percent or \$151,464 from the prior year.

#### **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director, One City Hall Plaza, Ellsworth, Maine 04605.

**CITY OF ELLSWORTH, MAINE**  
**Statement of Net Position**  
**As of June 30, 2013**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$ 1,485,246	\$ 636,631	\$ 2,121,877
Investments	1,833,692	242,407	2,076,099
Receivables:			
Taxes receivable	974,315	-	974,315
Tax liens	181,399	-	181,399
Accounts receivable	397,601	373,868	771,469
Prepaid items	404	-	404
Inventory	10,104	4,482	14,586
Internal balances	1,022,781	(1,022,781)	-
Cash restricted for capital projects	-	314,085	314,085
Accounts receivable restricted for capital projects	-	1,004,672	1,004,672
Receivables for long-term obligations from RSU #24	1,878,754	-	1,878,754
Capital assets not being depreciated	2,876,739	21,708,262	24,585,001
Capital assets, net of accumulated depreciation	52,024,436	12,223,559	64,247,995
<b>Total Assets</b>	<b><u>62,685,471</u></b>	<b><u>35,485,185</u></b>	<b><u>98,170,656</u></b>
<b>Liabilities</b>			
Accounts payable	1,097,231	579,565	1,676,796
Accrued liabilities	310,834	61,551	372,385
Taxes collected in advance	22,669	-	22,669
Escrow deposit	1,700	-	1,700
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	3,359,773	1,224,308	4,584,081
Portion due or payable after one year:			
Bonds payable	33,136,487	12,525,794	45,662,281
Accrued compensated absences	613,712	88,330	702,042
Other postemployment benefits obligation	440,729	-	440,729
<b>Total Liabilities</b>	<b><u>38,983,135</u></b>	<b><u>14,479,548</u></b>	<b><u>53,462,683</u></b>
<b>Net Position</b>			
Net investment in capital assets	18,480,914	20,181,719	38,662,633
Restricted:			
Nonexpendable principal	636,751	-	636,751
Capital projects	640,287	1,318,757	1,959,044
Special revenue funds	201,621	-	201,621
Permanent funds	228,369	-	228,369
Unrestricted	3,514,394	(494,839)	3,019,555
<b>Total Net Position</b>	<b><u>\$ 23,702,336</u></b>	<b><u>\$ 21,005,637</u></b>	<b><u>\$ 44,707,973</u></b>

*See accompanying independent auditors' report and notes to the financial statements.*

**CITY OF ELLSWORTH, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2013**

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Governmental Activities:</b>								
General government	\$ 2,195,898	\$ 293,039	\$ -	\$ -	\$ (1,902,859)		\$ (1,902,859)	
Public safety	2,552,364	165,264	16,352	-	(2,370,748)		(2,370,748)	
Municipal buildings	233,972	2,965	-	-	(231,007)		(231,007)	
Culture and recreation	690,619	3,000	47,800	-	(639,819)		(639,819)	
General assistance	41,982	-	11,872	-	(30,110)		(30,110)	
Public works	1,974,312	253,123	157,596	-	(1,563,593)		(1,563,593)	
County tax	418,665	-	-	-	(418,665)		(418,665)	
Education	9,676,685	-	3,072,975	-	(6,603,710)		(6,603,710)	
Unclassified	1,991,840	107,646	1,485	212,885	(1,669,824)		(1,669,824)	
Interest on long-term debt	1,307,202	-	-	-	(1,307,202)		(1,307,202)	
<b>Total Governmental Activities</b>	<b>21,083,539</b>	<b>825,037</b>	<b>3,308,080</b>	<b>212,885</b>	<b>(16,737,537)</b>		<b>(16,737,537)</b>	
<b>Business-type Activities:</b>								
Wastewater	1,019,298	840,515	-	2,728,752	-	\$ 2,549,969	2,549,969	
Water	718,133	1,058,337	-	-	-	340,204	340,204	
<b>Total Business-type Activities</b>	<b>1,737,431</b>	<b>1,898,852</b>	<b>-</b>	<b>2,728,752</b>	<b>-</b>	<b>2,890,173</b>	<b>2,890,173</b>	
<b>Total Primary Government</b>	<b>\$ 22,820,970</b>	<b>\$ 2,723,889</b>	<b>\$ 3,308,080</b>	<b>\$ 2,941,637</b>	<b>(16,737,537)</b>	<b>2,890,173</b>	<b>(13,847,364)</b>	
General revenues:								
Property taxes, levied for general purposes					16,483,046	-	16,483,046	
Motor vehicle excise taxes					1,302,518	-	1,302,518	
Interest and costs on taxes					94,374	-	94,374	
Grants and contributions not restricted to specific programs:								
State Revenue Sharing					512,600	-	512,600	
Homestead exemption					143,025	-	143,025	
Other State aid					216,618	-	216,618	
Unrestricted investment earnings					76,332	-	76,332	
Miscellaneous revenues					24,093	-	24,093	
Transfers					(288,918)	288,918	-	
Total general revenues					18,563,688	288,918	18,852,606	
					Change in Net Position	1,826,151	3,179,091	5,005,242
					Net Position at Beginning of Year	21,876,185	17,826,546	39,702,731
					<b>Net Position at End of Year</b>	<b>\$ 23,702,336</b>	<b>\$ 21,005,637</b>	<b>\$ 44,707,973</b>

See accompanying independent auditors' report and notes to the financial statements.

**CITY OF ELLSWORTH, MAINE**  
**Balance Sheet - Governmental Funds**  
**As of June 30, 2013**

	General Fund	Capital Projects Fund	School Construction	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash	\$ 1,296,034	\$ -	\$ 9,658	\$ 179,554	\$ 1,485,246
Investments	1,022,560	-	-	811,132	1,833,692
Receivables:					
Taxes receivable	974,315	-	-	-	974,315
Tax liens	181,399	-	-	-	181,399
Accounts receivable	393,501	-	-	4,100	397,601
Prepaid items	404	-	-	-	404
Other assets	10,104	-	-	-	10,104
Due from other funds	2,717,344	715,617	-	41,303	3,474,264
<b>Total Assets</b>	<b>\$ 6,595,661</b>	<b>\$ 715,617</b>	<b>\$ 9,658</b>	<b>\$ 1,036,089</b>	<b>\$ 8,357,025</b>
<b>Liabilities</b>					
Accounts payable	\$ 1,011,933	\$ 84,988	\$ -	\$ 310	\$ 1,097,231
Accrued liabilities	82,174	-	-	-	82,174
Taxes collected in advance	22,669	-	-	-	22,669
Escrow deposit	1,700	-	-	-	1,700
Due to other funds	1,172,280	-	-	1,279,203	2,451,483
<b>Total Liabilities</b>	<b>2,290,756</b>	<b>84,988</b>	<b>-</b>	<b>1,279,513</b>	<b>3,655,257</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - property taxes	980,000	-	-	-	980,000
<b>Total deferred inflows of resources</b>	<b>980,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>980,000</b>
<b>Fund Balances</b>					
Nonspendable					
General fund	10,508	-	-	-	10,508
Permanent	-	-	-	636,751	636,751
Restricted					
Capital projects	-	630,629	9,658	-	640,287
Special revenues	-	-	-	201,621	201,621
Permanent	-	-	-	228,369	228,369
Assigned					
General fund	1,302,894	-	-	-	1,302,894
Unassigned					
General fund	2,011,503	-	-	-	2,011,503
Special revenues	-	-	-	(1,310,165)	(1,310,165)
<b>Total Fund Balances</b>	<b>3,324,905</b>	<b>630,629</b>	<b>9,658</b>	<b>(243,424)</b>	<b>3,721,768</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 6,595,661</b>	<b>\$ 715,617</b>	<b>\$ 9,658</b>	<b>\$ 1,036,089</b>	<b>\$ 8,357,025</b>

*See accompanying independent auditors' report and notes to the financial statements.*

**CITY OF ELLSWORTH, MAINE**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**As of June 30, 2013**

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**Total Fund Balances - Governmental Funds** \$ 3,721,768

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

Property tax revenues are presented on the modified accrual basis of accounting in the governmental funds but in the Statement of Activities, property tax revenue is reported under the accrual method. The balance in unavailable property tax revenue in the governmental funds as a deferred inflow of resources is: 980,000

Long-term assets are not available in the current period and therefore are not reported as assets in the funds. The Receivable for long-term obligations from RSU #24 at year-end was: 1,878,754

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of capital assets, net of accumulated depreciation is: 54,901,175

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term debt and related liabilities at year-end consist of:

Bonds and notes payable	\$ (36,496,260)	
Other postemployment benefits obligation	(440,729)	
Accrued compensated absences	(613,712)	
Accrued interest payable	<u>(228,660)</u>	
		<u>(37,779,361)</u>

**Total Net Position - Governmental Activities** **\$ 23,702,336**

*See accompanying independent auditors' report and notes to the financial statements.*

**CITY OF ELLSWORTH, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2013**

	General Fund	Capital Projects Fund	School Construction	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 17,291,353	\$ -	\$ -	\$ 507,585	\$ 17,798,938
Licenses and permits	114,858	-	-	-	114,858
Intergovernmental revenues	4,841,670	-	-	79,212	4,920,882
Departmental income	319,150	-	-	-	319,150
Unclassified	192,107	113,173	-	272,768	578,048
Investment income	68,153	-	3,782	40,781	112,716
<b>Total Revenues</b>	<u>22,827,291</u>	<u>113,173</u>	<u>3,782</u>	<u>900,346</u>	<u>23,844,592</u>
<b>Expenditures</b>					
Current:					
General government	1,273,963	-	-	-	1,273,963
Public safety	2,333,597	-	-	43,254	2,376,851
Municipal buildings	170,555	-	-	-	170,555
Culture and recreation	685,700	-	-	-	685,700
General assistance	41,982	-	-	-	41,982
Public works	1,510,452	-	-	-	1,510,452
County tax	418,665	-	-	-	418,665
Education	9,676,685	-	-	-	9,676,685
Unclassified	1,507,214	-	-	206,650	1,713,864
Debt service:					
Principal	4,511,951	-	-	-	4,511,951
Interest	101,792	-	-	-	101,792
Capital outlays	-	2,304,957	309,390	6,867	2,621,214
<b>Total Expenditures</b>	<u>22,232,556</u>	<u>2,304,957</u>	<u>309,390</u>	<u>256,771</u>	<u>25,103,674</u>
<b>Revenues Over (Under) Expenditures</b>	<u>594,735</u>	<u>(2,191,784)</u>	<u>(305,608)</u>	<u>643,575</u>	<u>(1,259,082)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	384,600	1,493,751	-	-	1,878,351
Transfers out	(1,303,697)	(48,918)	-	(814,654)	(2,167,269)
Proceeds from debt obligations	-	380,000	-	-	380,000
<b>Total Other Financing Sources (Uses)</b>	<u>(919,097)</u>	<u>1,824,833</u>	<u>-</u>	<u>(814,654)</u>	<u>91,082</u>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>(324,362)</u>	<u>(366,951)</u>	<u>(305,608)</u>	<u>(171,079)</u>	<u>(1,168,000)</u>
Fund balances (deficits) at beginning of year	3,649,267	997,580	315,266	(72,345)	4,889,768
<b>Fund Balances (Deficits) at End of Year</b>	<u>\$ 3,324,905</u>	<u>\$ 630,629</u>	<u>\$ 9,658</u>	<u>\$ (243,424)</u>	<u>\$ 3,721,768</u>

*See accompanying independent auditors' report and notes to the financial statements.*

**CITY OF ELLSWORTH, MAINE**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2013**

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**Net Change in Fund Balances - Total Governmental Funds** **\$ (1,168,000)**

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

Property tax revenues are presented on the modified accrual basis of accounting in the governmental funds but in the Statement of Activities, property tax revenue is reported under the accrual method. The current year change in deferred property tax revenue reported in the governmental funds and not in the Statement of Activities is: 81,000

Governmental funds report the long-term obligation payments made by RSU #24 on behalf of the City as revenues. However, in the Statement of Activities, these amounts are reported as a reduction of the receivable from RSU #24. (726,984)

Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differed from capital asset additions in the current period:

Capital asset additions	\$ 2,428,877	
Depreciation expense	<u>(1,443,702)</u>	
		985,175

Governmental funds report the sale of capital assets as revenues. However, in the Statement of Activities, the sale of those assets is recognized as a gain or loss, depending on the sale and accumulated depreciation amounts.

Gain (loss) on disposal of capital assets	<u>(106,736)</u>	(106,736)
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Bond proceeds, issuance of long-term debt and entering into capital lease obligations provide current resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt and capital lease obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which repayments differed from proceeds and additions to capital lease obligations in the current period:

Bond proceeds	(380,000)	
Principal portion of debt service payments	<u>3,278,774</u>	
		2,898,774

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

Change in OPEB obligation	(88,601)	
Change in accrued compensated absences	(76,244)	
Change in accrued interest payable	<u>27,767</u>	
		<u>(137,078)</u>

**Change in Net Position of Governmental Activities** **\$ 1,826,151**

*See accompanying independent auditors' report and notes to the financial statements.*

**CITY OF ELLSWORTH, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 17,740,813	\$ 17,740,813	\$ 17,798,938	\$ 58,125
Licenses and permits	144,000	144,000	114,858	(29,142)
Intergovernmental revenues	4,752,459	4,782,459	4,841,670	59,211
Departmental income	343,700	343,700	319,150	(24,550)
Unclassified	128,160	147,028	192,107	45,079
Investment income	80,000	80,000	68,153	(11,847)
<b>Total Revenues</b>	<u>23,189,132</u>	<u>23,238,000</u>	<u>23,334,876</u>	<u>96,876</u>
<b>Expenditures</b>				
Current:				
General government	1,289,112	1,380,233	1,273,963	106,270
Public safety	2,279,600	2,371,213	2,333,597	37,616
Municipal buildings	179,724	193,780	170,555	23,225
Culture and recreation	735,958	744,458	685,700	58,758
General assistance	48,038	48,370	41,982	6,388
Public works	1,537,017	1,574,226	1,510,452	63,774
County tax	418,665	418,665	418,665	-
Education	9,676,685	9,676,685	9,676,685	-
Unclassified	1,457,145	1,443,186	1,507,214	(64,028)
Debt service:				
Principal	4,311,951	4,511,951	4,511,951	-
Interest	102,079	102,079	101,792	287
<b>Total Expenditures</b>	<u>22,035,974</u>	<u>22,464,846</u>	<u>22,232,556</u>	<u>232,290</u>
<b>Revenues Over (Under) Expenditures</b>	1,153,158	773,154	1,102,320	329,166
<b>Other Financing Sources (Uses)</b>				
Transfers in	184,600	384,600	384,600	-
Transfers out	(1,337,758)	(1,775,155)	(1,782,932)	(7,777)
Transfers (to) from assigned fund balances	-	617,401	-	(617,401)
Utilization of unassigned fund balance	-	-	(28,350)	(28,350)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,153,158)</u>	<u>(773,154)</u>	<u>(1,426,682)</u>	<u>(653,528)</u>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	\$ -	\$ -	(324,362)	\$ (324,362)
Fund balance at beginning of year			3,649,267	
<b>Fund Balance at End of Year</b>			<u>\$ 3,324,905</u>	

*See accompanying independent auditors' report and notes to the financial statements.*

**CITY OF ELLSWORTH, MAINE**  
**Statement of Net Position**  
**Proprietary Funds - Enterprise Funds**  
**As of June 30, 2013**

	<u>Waste- water</u>	<u>Water</u>	<u>Total</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ -	\$ 636,631	\$ 636,631
Investments	239,993	2,414	242,407
Accounts receivable - trade	300,550	28,962	329,512
Liens receivable	44,356	-	44,356
Inventory	4,482	-	4,482
Due from other funds	-	767,120	767,120
<b>Total Current Assets</b>	<u>589,381</u>	<u>1,435,127</u>	<u>2,024,508</u>
<b>Noncurrent Assets</b>			
Property, plant and equipment, net	23,501,846	10,429,975	33,931,821
Cash restricted for capital projects	314,085	-	314,085
Accounts receivable restricted for capital projects	1,004,672	-	1,004,672
<b>Total Noncurrent Assets</b>	<u>24,820,603</u>	<u>10,429,975</u>	<u>35,250,578</u>
<b>Total Assets</b>	<u><b>25,409,984</b></u>	<u><b>11,865,102</b></u>	<u><b>37,275,086</b></u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	345,445	234,120	579,565
Accrued liabilities	54,479	95,402	149,881
Due to other funds	1,789,901	-	1,789,901
Current portion of bonds and notes payable	822,775	401,533	1,224,308
<b>Total Current Liabilities</b>	<u>3,012,600</u>	<u>731,055</u>	<u>3,743,655</u>
<b>Noncurrent Liabilities</b>			
Bonds and notes payable	9,837,224	2,688,570	12,525,794
<b>Total Noncurrent Liabilities</b>	<u>9,837,224</u>	<u>2,688,570</u>	<u>12,525,794</u>
<b>Total Liabilities</b>	<u><b>12,849,824</b></u>	<u><b>3,419,625</b></u>	<u><b>16,269,449</b></u>
<b>Net Position</b>			
Investment in capital assets	12,841,847	7,339,872	20,181,719
Restricted for capital projects - expendable	1,318,757	-	1,318,757
Unrestricted	(1,600,444)	1,105,605	(494,839)
<b>Total Net Position</b>	<u><b>\$ 12,560,160</b></u>	<u><b>\$ 8,445,477</b></u>	<u><b>\$ 21,005,637</b></u>

*See accompanying independent auditors' report and notes to the financial statements.*

**CITY OF ELLSWORTH, MAINE**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds - Enterprise Funds**  
**For the Year Ended June 30, 2013**

	<u>Waste- water</u>	<u>Water</u>	<u>Total</u>
<b>Operating Revenues</b>			
Charges for services	\$ 848,067	\$ 1,043,633	\$ 1,891,700
Miscellaneous	1,110	8,694	9,804
<b>Total Operating Revenues</b>	<u>849,177</u>	<u>1,052,327</u>	<u>1,901,504</u>
<b>Operating Expenses</b>			
Personnel	315,136	201,159	516,295
Contract services	8,197	52,124	60,321
Supplies, maintenance and repairs	129,723	92,398	222,121
Utilities	189,374	-	189,374
Miscellaneous	20,647	94,871	115,518
Depreciation	181,072	213,969	395,041
<b>Total Operating Expenses</b>	<u>844,149</u>	<u>654,521</u>	<u>1,498,670</u>
<b>Operating Income</b>	5,028	397,806	402,834
<b>Nonoperating Revenues (Expenses)</b>			
Investment gain (loss)	(8,662)	6,010	(2,652)
Interest expense	(175,149)	(63,612)	(238,761)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(183,811)</u>	<u>(57,602)</u>	<u>(241,413)</u>
<b>Income (Loss) Before Other Revenues and Transfers</b>	<u>(178,783)</u>	<u>340,204</u>	<u>161,421</u>
<b>Other Revenues and Transfers</b>			
Capital contributions	2,728,752	-	2,728,752
Transfers	240,000	48,918	288,918
<b>Other Revenues and Transfers</b>	<u>2,968,752</u>	<u>48,918</u>	<u>3,017,670</u>
<b>Change in Net Position</b>	2,789,969	389,122	3,179,091
Net position at beginning of year	9,770,191	8,056,355	17,826,546
<b>Net Position at End of Year</b>	<u>\$ 12,560,160</u>	<u>\$ 8,445,477</u>	<u>\$ 21,005,637</u>

*See accompanying independent auditors' report and notes to the financial statements.*

**CITY OF ELLSWORTH, MAINE**  
**Statement of Cash Flows**  
**Proprietary Funds - Enterprise Funds**  
**For the Year Ended June 30, 2013**

	Waste- water	Water	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 809,412	\$ 1,052,247	\$ 1,861,659
Payments to suppliers	(539,445)	(8,973)	(548,418)
Payments to employees	(390,168)	(197,137)	(587,305)
<b>Net Cash Provided by Operating Activities</b>	<u>(120,201)</u>	<u>846,137</u>	<u>725,936</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of capital assets	(1,811,491)	(85,141)	(1,896,632)
Interest paid on bonds and notes	(175,149)	(63,612)	(238,761)
Advances from (to) other funds	-	48,918	48,918
Proceeds from capital contributions	2,448,933	-	2,448,933
Transfers	240,000	-	240,000
Principal payments on bonds and notes	(285,312)	(401,532)	(686,844)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>416,981</u>	<u>(501,367)</u>	<u>(84,386)</u>
<b>Cash Flows from Investing Activities</b>			
(Purchase) sale of investments	(22,057)	(10)	(22,067)
Investment income	(8,662)	6,010	(2,652)
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(30,719)</u>	<u>6,000</u>	<u>(24,719)</u>
<b>Decrease in Cash</b>	266,061	350,770	616,831
Cash at beginning of year	48,024	285,861	333,885
<b>Cash at End of Year</b>	<u>\$ 314,085</u>	<u>\$ 636,631</u>	<u>\$ 950,716</u>
<b>Summary of Cash Balances Reported in the Statement of Net Position:</b>			
Cash	\$ -	\$ 636,631	\$ 636,631
Cash restricted for capital projects	314,085	-	314,085
	<u>\$ 314,085</u>	<u>\$ 636,631</u>	<u>\$ 950,716</u>
<b>Reconciliation of Operating Income (Loss) to</b>			
<b>Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 5,028	\$ 397,806	\$ 402,834
Adjustment to reconcile changes in operating income to net cash provided by operating activities:			
Depreciation	181,072	213,969	395,041
(Increase) Decrease in operating assets:			
Accounts receivable	(18,638)	(80)	(18,718)
Liens receivable	(21,127)	-	(21,127)
Inventory	(1,283)	-	(1,283)
Due from other funds	-	-	-
Increase (Decrease) in operating liabilities:			
Due to other funds	663,155	-	663,155
Accounts payable	(853,376)	230,420	(622,956)
Accrued liabilities	(75,032)	4,022	(71,010)
<b>Net Cash Provided by Operating Activities</b>	<u>\$ (120,201)</u>	<u>\$ 846,137</u>	<u>\$ 725,936</u>

*See accompanying independent auditors' report and notes to the financial statements.*

**CITY OF ELLSWORTH, MAINE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**As of June 30, 2013**

	Agency Funds	Private-purpose Trusts
<b>Assets</b>		
Cash	\$ -	\$ 10,840
Investments	220,799	723,445
<b>Total Assets</b>	220,799	734,285
<b>Liabilities</b>		
Accounts payable	-	32,502
Held for cemetery association	220,799	-
<b>Total Liabilities</b>	220,799	32,502
<b>Net Position</b>		
Held in trust	-	701,783
<b>Total Net Position</b>	\$ -	\$ 701,783

*See accompanying independent auditors' report and notes to the financial statements.*

**CITY OF ELLSWORTH, MAINE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2013**

	<b>Private-purpose Trusts</b>
<b>Additions:</b>	
Interest income	\$ 35,955
Increase (decrease) in investment fair market value	105,459
Donations and other	42,010
<b>Total Additions</b>	<b>183,424</b>
 <b>Deductions:</b>	
Library	89,074
<b>Total Deductions</b>	<b>89,074</b>
<b>Change in Net Position</b>	<b>94,350</b>
Net position at beginning of year	607,433
<b>Net Position at End of Year</b>	<b>\$ 701,783</b>

*See accompanying independent auditors' report and notes to the financial statements.*

**CITY OF ELLSWORTH, MAINE**  
**Notes to Financial Statements**  
**June 30, 2013**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The City of Ellsworth, Maine (the City) operates under an elected City Council and City Manager form of government. The City's major operations include public safety, culture and recreation, public works, education and general administrative services. In addition, the City operates water and wastewater systems.

The accounting policies of the City conform to United States generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

**Financial Reporting Entity**

The basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in GAAP include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City has no component units.

**Basis of Presentation**

**Government-wide Financial Statements**

The statement of net position and statement of activities report information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services 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. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges 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 as general revenues.

Separate financial statements are provided for governmental 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.

**Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures.

**CITY OF ELLSWORTH, MAINE**  
**Notes to Financial Statements, Continued**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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Governmental Activities

Governmental funds are identified as either general, special revenue, capital projects, or permanent funds based upon the following guidelines.

The *General Fund* is the operating fund of the City and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds* are used to account for the proceeds of specific sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes.

*Capital Projects Funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

*Permanent Funds* are used to account for resources legally held in trust. All resources of the fund, including any earnings on invested resources, may be used to support the organization as stipulated by the specific trust instrument.

Proprietary (Business-type) Activities

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

*Enterprise Funds* are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 revenue of the City's proprietary funds are charges to customers for sales and services; operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Fiduciary Funds (not included in Government-wide statements)

The City's fiduciary funds are presented in the fiduciary fund statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the City, these funds are not incorporated into the Government-wide statements.

*Agency Funds* are used to account for assets held by the City as an agent for individuals, private organizations, and/or other government units. *Private Purpose Trust Funds* report trust arrangements under which principal and income benefit individuals, private organizations or other governments. The reporting focus is on net position for agency funds and the changes in net position for private purpose funds; both are reported using accounting principles similar to proprietary funds. The Board of Trustees of the Ellsworth Public Library has sole discretion over the investment and expenditure of the Library Funds private purpose trust.

**CITY OF ELLSWORTH, MAINE**  
**Notes to Financial Statements, Continued**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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Major Governmental Funds:

The City reports the General Fund as a major fund. This fund reports the operations of the City, essentially all financial resources and activities of the general government.

The City reports the Capital Projects Fund as a major fund. This fund reports all capital outlays of the City, except for those required to be reported in another fund.

The City reports the School Construction Fund as a major capital project fund. This fund reports all capital outlays related to the construction of school facilities.

Major Proprietary Funds:

The City reports the Wastewater Fund as a major fund. This fund reports the operations and capital expenditures of the City sewer system.

The City reports the Water Fund as a major fund. This fund reports the operations and capital expenditures of the City water supply system.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting is related to the timing of the measurements made, regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

Governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Revenues susceptible to accrual include property taxes, excise and other taxes, intergovernmental revenues, investment income, charges for services, and grants. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

**Investments**

The City follows GASBS No. 31, Accounting and Reporting of Certain Investments and External Investment Pools. Under GASBS No. 31, certain investments held by governments are reported at their fair value in the balance sheet. Unrealized gains and losses are included in the statement of revenues, expenditures and changes in fund balance.

**CITY OF ELLSWORTH, MAINE**  
**Notes to Financial Statements, Continued**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**Inventories**

Inventories of supplies are considered to be expenditures at the time of purchase. Inventories consisting of supplies for the General Fund, the Water and Wastewater proprietary funds are accounted for at the lower of cost or market on a first-in, first-out (FIFO) basis.

**Taxes, Liens, and Accounts Receivable**

At June 30, 2013 management has estimated that there was no need for an allowance for uncollectible taxes, liens, and accounts receivable.

**Prepaid items**

Payments made to vendors for services that will benefit periods beyond June 30, 2013 are recorded as prepaid items.

**Capital Assets**

In the government-wide financial statements and in proprietary funds in the fund financial statements, capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line method. Estimated useful lives are as follows: buildings and improvements, 50 years; infrastructure, 25 to 60 years; and vehicles, furniture and equipment, 5 to 20 years.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

**Deferred Inflows of Resources**

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available.

**Long-term Obligations**

In the government-wide financial statements and in proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, if material, are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**CITY OF ELLSWORTH, MAINE**  
**Notes to Financial Statements, Continued**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**Budget**

The City's policy is to adopt an annual budget for the General Fund, which is prepared on a basis consistent with generally accepted accounting principles (GAAP) with modifications as described in Note H. The City does not adopt budgets for special revenue funds. The following procedures are followed in establishing budgetary data reflected in the financial statements:

- Not later than one month before the end of the fiscal year, the City Manager submits to the City Council budget estimates for the ensuing year.
- As early as practicable after the beginning of the fiscal year the City Council passes an annual appropriation resolve. The total amount appropriated shall not exceed estimated revenues.
- Periodically the Council may adopt changes to the originally adopted annual appropriation resolve.

**Interfund Activity**

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund loan receivables and payables as appropriate and are subject to elimination upon consolidation in the government-wide presentation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as a reimbursement. Since not all funds maintain a separate cash account, cash is pooled in the General Fund cash account and activity for individual funds are recorded through the General Fund and each respective individual fund through the recognition of a "due to/due from" as appropriate. The due to/from other funds balances are subject to elimination upon consolidation in the government-wide presentation. All interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**Revenue Recognition - Property Taxes**

The City's property tax for the current year was levied July 30, 2012, on the assessed value listed as of April 1, 2012, for all real and personal property located in the City. Taxes were due September 13, 2012 and March 14, 2013. Interest on unpaid taxes commenced on September 14, 2012 and March 15, 2013, at 5% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as unavailable revenues.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$36,860 for the year ended June 30, 2013.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The City has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

**Government-wide Net Position**

Government-wide net position is divided into three components:

*Net investment in capital assets* - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

*Restricted net position* - consists of net position that is restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

**CITY OF ELLSWORTH, MAINE**  
**Notes to Financial Statements, Continued**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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*Unrestricted* - All other net position is reported in this category.

**Governmental Fund Balances**

In the governmental fund financial statements, fund balances are classified as follows:

- *Nonspendable* - resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* - resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed through constitutional provisions or enabling legislation.
- *Committed* - resources which are subject to limitations the government imposes upon itself at its highest level of design making, the City Council, and that remain binding unless removed in the same manner.
- *Assigned* - resources neither restricted nor committed for which a government has a stated intended use as established by the City Council or a body or official to which the Council has designated the authority to assign amounts for specific purposes.
- *Unassigned* - resources which cannot be properly classified in one of the other four categories.

The City Council has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. Likewise, the City Council, or a body or official delegated by the City Council may assign unspent budgeted amounts to specific purposes in the General Fund at year end based on Department requests.

It is the City's policy that when both restricted and unrestricted resources are available for use, it is the City's intent to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned and unassigned resources are available for use, it is the City's policy to use committed or assigned resources first, and then unassigned resources as they are needed.

**Compensated Absences**

Under the terms of the City's personnel policies, paid leave is granted in varying amounts according to length of service. Employees are entitled to payment for unused vacation upon termination or retirement. The City accrues unpaid vacation and sick leave when earned (or estimated to be earned) by the employee in the government-wide financial statements. Unused vacation is expended in the governmental financial statements when termination or retirement of the employee occurs.

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**NOTE B - CASH AND INVESTMENTS**

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The City conducts all its banking and investment transactions with depository banks and investment firms.

**Custodial Credit Risk**

At June 30, 2013, the carrying amount of the City's deposits was \$2,446,802 and the bank balance was \$3,670,113. The difference between these balances relates to deposits in transit, outstanding checks and cash on hand at year-end. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. In accordance with the City's deposit policy on custodial credit risk all deposits are to be invested with institutions insured by the FDIC or FSLIC. If deposits with these institutions have balances above insurance limits, collateralization agreements are required. At June 30, 2013, \$2,990,559 of the City's bank balance of \$3,670,113 was exposed to credit risk as the balances were uninsured. These balances were collateralized with the collateral held by the pledging bank's trust department in the City's name.

**CITY OF ELLSWORTH, MAINE**  
**Notes to Financial Statements, Continued**

**NOTE B - CASH AND INVESTMENTS, CONTINUED**

**Investments**

Maine statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, certain corporate stocks, bonds and mutual funds.

**Interest Rate Risk**

In accordance with the City's investment policy, excluding reserve and trust investments, investment maturities shall be less than one year. At June 30, 2013, the City had the following investments and maturities:

<u>Investment Types</u>	<u>Fair Value</u>	<u>Not Applicable</u>	<u>Maturity</u>		
			<u>Less than 1 Year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
U.S. Government bonds	\$1,013,123		20,560	663,363	329,200
Corporate bonds	690,522		45,405	503,313	141,804
Common stock	990,723	990,723	-	-	-
Money market	126,552	126,552	-	-	-
Mutual funds	<u>199,423</u>	<u>199,428</u>	-	-	-
Totals	<u>\$3,020,343</u>	<u>1,316,698</u>	<u>65,965</u>	<u>\$1,166,676</u>	<u>\$471,004</u>

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with the City's investment policy, the securities are required to be held by a third party custodian. At June 30, 2013, \$2,952,997 of the City's investments was held by third-party custodians but not in the name of the City.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In accordance with the City's investment policy, credit risk is minimized by only holding investments authorized by State statutes. At June 30, 2013, the City had the following credit quality distribution in debt securities:

<u>Standard &amp; Poor Rating</u>	<u>Fair Value</u>
AA+	\$ 16,385
AA	27,066
AA-	35,234
A+	32,215
A	31,484
A-	15,386
Unrated	<u>532,752</u>
Total debt securities	<u>\$ 690,522</u>

**Concentration of Credit Risk**

In accordance with the City's investment policy, concentration of credit risk is minimized by diversifying investments held. As of June 30, 2013, the City held individually \$193,291 of Camden National Corporation common stock, which represented more than 5% of total investments.

**CITY OF ELLSWORTH, MAINE**  
**Notes to Financial Statements, Continued**

**NOTE C - CAPITAL ASSETS**

A summary of capital assets transactions for the year ended June 30, 2013 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retired/ Completed</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Non-Depreciable Assets:				
Land	\$ 1,737,410	\$ -	\$ 98,200	\$ 1,639,210
Construction in progress	985,883	1,475,971	1,224,325	1,237,529
Depreciable Assets:				
Buildings and improvements	42,012,394	43,285	-	42,055,679
Vehicles, furniture, and equipment	5,306,720	231,863	21,833	5,516,750
Infrastructure	15,431,693	1,902,083	-	17,333,776
Totals at historical cost	65,474,100	3,653,202	1,344,358	67,782,944
Less accumulated depreciation:				
Buildings and improvements	4,107,766	838,586	-	4,946,352
Vehicles, furniture, and equipment	2,090,885	253,134	13,297	2,330,722
Infrastructure	5,252,713	351,982	-	5,604,695
Total accumulated depreciation	11,451,364	1,443,702	13,297	12,881,769
Capital Assets, Net	<u>\$ 54,022,736</u>	<u>\$ 2,209,500</u>	<u>\$ 1,331,061</u>	<u>\$ 54,901,175</u>
<b>Business-type Activities:</b>				
Non-Depreciable Assets:				
Land	\$ 841,463	\$ -	\$ -	\$ 841,463
Conservation easement	851,836	-	-	851,836
Construction in progress	18,069,051	1,945,912	-	20,014,963
Depreciable Assets:				
Wastewater items	11,061,209	-	-	11,061,209
Water items	12,157,481	36,223	54,491	12,139,213
Totals at historical cost	42,981,040	1,982,135	54,491	44,908,684
Less accumulated depreciation:				
Wastewater items	7,314,312	181,072	-	7,495,384
Water items	3,265,598	215,881	-	3,481,479
Total accumulated depreciation	10,579,910	396,953	-	10,976,863
Capital Assets, Net	<u>\$ 32,401,130</u>	<u>\$ 1,585,182</u>	<u>\$ 54,491</u>	<u>\$ 33,931,821</u>

**CITY OF ELLSWORTH, MAINE**  
**Notes to Financial Statements, Continued**

**NOTE C - CAPITAL ASSETS, CONTINUED**

Depreciation expense was charged to the following functions:

**Governmental Activities:**

General government	\$	807,774
Public safety		113,366
Municipal buildings		63,417
Culture and recreation		5,898
Public works		<u>453,247</u>
Total governmental activities depreciation expense	\$	<u><u>1,443,702</u></u>

**Business-type Activities:**

Wastewater	\$	181,072
Water		<u>215,881</u>
Total business-type activities depreciation expense	\$	<u><u>396,953</u></u>

**NOTE D - INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at June 30, 2013 consisted of the following fund receivables and payables:

	<u>Due From</u>	<u>Due To</u>	
<b>Governmental Activities:</b>			
General Fund:			
Capital Projects Fund	\$ -	\$ (715,617)	
Special Revenues	1,279,203	(41,303)	
Wastewater Fund	1,789,901	-	
Water Fund	<u>-</u>	<u>(767,120)</u>	
	<u>3,069,104</u>	<u>(1,524,040)</u>	\$ 1,545,064
Capital Projects Fund:			
General Fund	<u>715,617</u>	<u>-</u>	
	<u>715,617</u>	<u>-</u>	715,617
Special Revenues Fund:			
General Fund	<u>41,303</u>	<u>(1,279,203)</u>	
	<u>41,303</u>	<u>(1,279,203)</u>	<u>(1,237,900)</u>
<b>Net Governmental Activities</b>			<u><u>\$ 1,022,781</u></u>
<b>Business-type Activities:</b>			
Enterprise Funds:			
Wastewater Fund:			
General Fund	\$ -	\$ (1,789,901)	
	<u>-</u>	<u>(1,789,901)</u>	(1,789,901)
Water Fund:			
General Fund	<u>767,120</u>	<u>-</u>	
	<u>767,120</u>	<u>-</u>	767,120
<b>Net Business-type Activities</b>			<u><u>\$ (1,022,781)</u></u>

**CITY OF ELLSWORTH, MAINE**  
**Notes to Financial Statements, Continued**

**NOTE D - INTERFUND RECEIVABLES AND PAYABLES, CONTINUED**

All interfund balances resulted from the City pooling cash in the General Fund for other funds disclosed above, for greater efficiency and physical control, with each fund having an interest in the pooled cash account and reporting its interest in its balance sheet and statement of net position.

**NOTE E - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2013 consisted of the following amounts:

	Transfers In	Transfers Out	
<b>Governmental Activities:</b>			
General Fund:			
Capital Projects Fund	\$ -	\$ (1,275,347)	
Special Revenues	384,600	(28,350)	
	384,600	(1,303,697)	\$ (919,097)
Capital Projects Fund:			
General Fund	1,275,347	-	
Special Revenues	218,404	-	
Water Fund	-	(48,918)	
	1,493,751	(48,918)	1,444,833
Special Revenues Fund:			
General Fund	28,350	(384,600)	
Capital Project Fund	-	(218,404)	
Wastewater Fund	-	(240,000)	
	28,350	(843,004)	(814,654)
<b>Net Governmental Activities</b>			<b>\$ (288,918)</b>
<b>Business-type Activities:</b>			
Enterprise Funds:			
	288,918	-	288,918
<b>Net Business-type Activities</b>			<b>\$ 288,918</b>

Transfers are used to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**CITY OF ELLSWORTH, MAINE**  
**Notes to Financial Statements, Continued**

**NOTE F - LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities:</b>					
General obligation debt	\$ 39,395,034	\$ 380,000	\$ 3,278,774	\$ 36,496,260	\$ 3,359,773
Other postemployment retirement obligations	352,128	88,601	-	440,729	-
Accrued compensated absences	537,468	76,244	-	613,712	-
Total Governmental	<u>\$ 40,284,630</u>	<u>\$ 544,845</u>	<u>\$ 3,278,774</u>	<u>\$ 37,550,701</u>	<u>\$ 3,359,773</u>
<b>Business-type Activities:</b>					
Bonds payable	\$ 14,436,947	\$ 6,945,081	\$ 7,461,226	\$ 13,920,802	\$ 1,224,308
Accrued compensated absences	88,330	-	-	88,330	-
Total Business-type	<u>\$ 14,525,277</u>	<u>\$ 6,945,081</u>	<u>\$ 7,461,226</u>	14,009,132	<u>\$ 1,224,308</u>
Add: Unamortized bond premiums				74,420	
				<u>\$ 14,083,552</u>	

Compensated absences are shown as long-term since the amount due within one year cannot be reasonably estimated.

Long-term Debt:

At June 30, 2013, bonds and notes payable consisted of the following individual issues:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
1993 General Obligation Bond for school construction with U.S. Bank due in annual payments ranging from \$655,000 to \$710,000 through May 2014 with interest ranging from 4.75% to 5.25%.	\$ 655,000	-
2006 General Obligation Bond for Myrick Street construction, High Street construction, revaluation, and wastewater improvements with Bank of New York due in annual principal payments of \$290,000 plus interest ranging from 3.5% - 4.0% through April 2016.	772,500	97,500
2006 General Obligation Water Bond with Maine Municipal Bond Bank due in annual principal payments of \$8,486 through April 2025. Non-interest bearing.	-	101,826
2008 General Obligation Water Bond with Maine Municipal Bond Bank due in annual principal payments of \$16,083 through October 2017. Non-interest bearing.	-	80,413

**CITY OF ELLSWORTH, MAINE**  
**Notes to Financial Statements, Continued**

**NOTE F - LONG-TERM LIABILITIES, CONTINUED**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2008 General Obligation Water Bond with Maine Municipal Bond Bank due in annual principal payments of \$14,956 through April 2028. Non-interest bearing.	\$ -	224,340
2009 General Obligation Wastewater Bond with Maine Municipal Bond Bank due in semi-annual principal payments of \$29,843 and administration and management fees of \$16,942 through April 2029. Non-interest bearing. In addition, \$806,266 was forgiven at closing.	-	954,987
2010 General Obligation Bonds due in annual principal payments beginning at \$474,000 plus interest ranging from 2.00% to 2.75% through April 2020.	678,476	1,471,524
2010 General Obligation Bonds with Maine Municipal Bond Bank due in annual principal payments of \$151,500 plus interest at 1% through October 2020.	-	1,212,000
2010 General Obligation Bonds with Maine Municipal Bond Bank due in annual principal payments of \$71,985 plus interest ranging from 5.61% to 2.11% through November 2029.	1,223,753	-
2010 General Obligation Bonds with Maine Municipal Bond Bank due in annual principal payments of \$1,839,796 plus interest at 6% through November 2029.	31,276,531	-
2013 USDA Loan due December 2039 plus interest at 3.5% .	-	824,961
2013 USDA Loan due December 2039 plus interest at 3.5%.	-	5,875,000
2011 General Obligation Bonds due in annual principal payments ranging from \$185,000 to \$192,000 plus interest ranging from 1.50% to 2.65% through April 2021.	1,510,000	-
2011 General Obligation Bonds with Maine Municipal Bond Bank due in annual principal payments ranging from \$68,507 to \$268,507 plus interest ranging from 0.00% to 1.22% and fees ranging from \$3,446 to \$65,925 through October 2030.	-	2,833,131

**CITY OF ELLSWORTH, MAINE**  
**Notes to Financial Statements, Continued**

**NOTE F - LONG-TERM LIABILITIES, CONTINUED**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2012 General Obligation Note with Maine Municipal Bond Bank due in annual principal payments of \$76,000 plus interest of 1.45% through October 2017.	\$ 380,000	-
2012 General Obligation Bonds with Maine Municipal Bond Bank due in annual principal payments of \$12,256 plus interest of 1% through October 2032. In addition, \$617,680 was forgiven at closing.	-	245,120
Total bonds payable outstanding	\$ 36,496,260	\$ 13,920,802

The annual requirements to amortize bonds payable are as follows:

Year ending June 30,	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2014	\$ 3,359,773	\$ 1,291,270	\$ 908,785	\$ 331,430	\$ 5,891,258
2015	2,709,773	1,158,950	913,486	312,954	5,095,163
2016	2,569,773	1,077,180	937,210	323,187	4,907,350
2017	2,177,781	1,019,184	909,898	303,191	4,410,054
2018	2,177,781	946,391	915,792	284,306	4,324,270
2019-2023	10,118,907	3,120,848	3,261,451	1,135,134	17,636,340
2024-2028	9,558,907	1,075,090	1,943,079	839,790	13,416,866
2029-2033	3,823,565	80,677	1,691,234	582,614	6,178,090
2034-2038	-	-	1,620,889	317,416	1,938,305
2039-2043	-	-	818,978	47,927	866,905
	\$ 36,496,260	\$ 9,769,590	\$ 13,920,802	\$ 4,477,949	\$ 64,664,601

Overlapping Debt

The City is contingently responsible for the following overlapping debt as of June 30, 2013:

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Applicable to Ellsworth</u>	<u>Ellsworth's Share of Debt</u>
Hancock County	\$1,800,000	7.90%	142,200

Other Postemployment Benefits

Under Government Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions* (GASB Statement No. 45), the long term cost of retirement health care and obligations for other postemployment benefits are reported on the accrual basis of accounting in the Government-wide financial statements. Under this method future postemployment benefits are recognized as an expense in the period earned by future retirees. The amount of expense recognized is determined on an actuarial basis and accumulates as a liability to the extent the City does not fund the actuarially required contribution.

**CITY OF ELLSWORTH, MAINE**  
**Notes to Financial Statements, Continued**

**NOTE F - LONG-TERM LIABILITIES, CONTINUED**

*Plan Description*

The City contributes to the Maine Municipal Employees Health Trust, an agent multiple-employer defined benefit post-retirement healthcare plan that provides health and life insurance to retiring employees. Retirees that are eligible (reach age 55 with 5 years of continuous service) in the plan pay 100% of the coverage premium. The plan does not issue stand-alone or combined financial reports.

*Funding Policy and Annual Other Postemployment Benefits (OPEB) Cost*

GASB Statement No. 45 does not mandate the prefunding of the postemployment benefits liability. The City currently plans to fund these benefits on a "pay-as-you-go" basis. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize the unfunded actuarial liabilities of the plan over a period not to exceed thirty years. Calculations are based on the benefits provided under the terms of the plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members at that point.

The following table shows the components of the City's annual OPEB cost for the years ended June 30, the amounts contributed to the plan and the change in the net OPEB obligation based on an actuarial valuation as of January 1:

Normal cost	\$ 37,748
Amortization of unfunded liability	50,285
Interest	<u>14,085</u>
Annual required contribution	102,118
City contributions (ARC offset - implicit subsidy)	<u>(13,517)</u>
Increase (decrease) in net OPEB obligation	88,601
Net OPEB Obligation at beginning of year	<u>352,128</u>
Net OPEB Obligation at End of Year	<u>\$ 440,729</u>

**Net OPEB Obligation** – The City's net OPEB obligations were calculated as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
OPEB liability, July 1	\$ 352,128	266,102	189,626
Annual required contribution	102,118	98,677	89,776
Less: Actual contributions	<u>(13,517)</u>	<u>(12,651)</u>	<u>(13,300)</u>
OPEB Liability, June 30	<u>\$ 440,729</u>	<u>352,128</u>	<u>266,102</u>

**CITY OF ELLSWORTH, MAINE**  
**Notes to Financial Statements, Continued**

**NOTE F - LONG-TERM LIABILITIES, CONTINUED**

*Funding Status and Funding Progress*

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation were as follows:

Fiscal Year <u>Ended</u>	Annual OPEB <u>Cost</u>	Percentage of OPEB Costs <u>Contributed</u>	Net OPEB <u>Obligation</u>
2009	\$ 108,053	12.73%	\$ 94,297
2010	106,372	10.38%	189,626
2011	89,776	14.82%	266,102
2012	98,677	12.82%	352,128
2013	102,118	13.24%	440,729

The unfunded actuarial accrued liability as a percentage of covered payroll for the year ended June 30, 2013 is as follows:

Actuarial accrued liability (AAL)	\$ 904,318
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 904,318</u>
 Funded ratio (Actuarial value of plan assets/AAL)	 <u>0%</u>
 Covered payroll	 <u>\$ 3,479,771</u>
 UAAL as a percentage of covered payroll	 <u>25.99%</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events in the future and reflect a long-term perspective. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, which is required supplementary information, presents trend information (only one year is available) that will show whether the actual value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

*Actuarial Methods and Assumptions*

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the City and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**CITY OF ELLSWORTH, MAINE**  
**Notes to Financial Statements, Continued**

**NOTE F - LONG-TERM LIABILITIES, CONTINUED**

Actuarial valuation date	January 1, 2011
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level dollar
Remaining amortization period	30 years, open
Actuarial assumptions:	
Investment rate of return	4%
Participation	95.40% of eligible employees
Healthcare cost trend	7.6% for pre-Medicare and 8.7% for Medicare eligible

**NOTE G - SHORT-TERM LIABILITIES**

The City obtained short-term borrowing in the form of a tax anticipation note for immediate cash flow needs. Short-term debt activity for the year ended June 30, 2013 was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>
<b>Governmental Activities</b>				
Tax Anticipation Note	\$ -	\$ 1,200,000	\$ 1,200,000	\$ -

**NOTE H - FUND BALANCES**

At June 30, 2013, the nonspendable fund balance consisted of the following:

	<u>General Fund</u>	<u>Permanent Funds</u>
Prepaid expenses and inventory	\$ 10,508	-
Cemetery Fund	-	551,450
Higgins Fund	-	85,301
	<u>\$ 10,508</u>	<u>636,751</u>

At June 30, 2013, the restricted fund balance consisted of the following:

	<u>Permanent Funds</u>	<u>Special Revenues</u>
Cemetery Fund	\$ 66,391	\$ -
Higgins Fund	161,978	-
Other Grants	-	116,403
Conservation Easement	-	29,395
Knowlton Park	-	10,730
Shellfish Operating	-	45,093
	<u>\$ 228,369</u>	<u>201,621</u>

**CITY OF ELLSWORTH, MAINE**  
**Notes to Financial Statements, Continued**

**NOTE H - FUND BALANCES, CONTINUED**

At June 30, 2013, the assigned general fund balance consisted of the following:

	Balance at <u>7/1/2012</u>	<u>Appropriated</u>	<u>Additions</u>	<u>Reductions</u>	Balance at <u>6/30/2013</u>
Capital Reserve Funds	\$ 991,457	-	-	72,130	919,562
Library Operating	250,843	606,408	51,594	565,320	343,525
Municipal Revenue Sharing	21,935	(500,000)	512,600	-	34,535
Encumbrances	<u>20,895</u>	<u>-</u>	<u>5,507</u>	<u>20,895</u>	<u>5,507</u>
	<u>\$ 1,285,130</u>	<u>106,408</u>	<u>569,701</u>	<u>658,345</u>	<u>1,302,894</u>

**NOTE I - DEFICIT FUND BALANCES**

At June 30, 2013, the following funds had deficit fund balances which are expected to be funded by future charges for service and tax increment revenues:

Development Fees	\$ 875,481
CDBG Business Assistance Grant	1,500
Homeland security grant	25,162
Safe routes to schools grant	1,820
US Fish and Wildlife	736
TIF District	405,466

**NOTE J - TAX INCREMENT FINANCING DISTRICT**

Under Maine law, the City has established two Tax Increment Financing District Development Programs.

**Beckwith Hill Municipal Development and Financing District**

The acquisitions and improvements made by the Development Program will result in an estimated investment of approximately \$19,850,000 creating additional tax base within the City.

The City will make available 67% of the captured tax increment revenues from the District for the tax years 2009 through 2026. Beginning with the tax year 2027 and continuing through 2031, the amount available will begin at 60% and phase down to 20%. The captured tax increment revenues will be used to fund a municipal development sinking fund account, a municipal project cost account and a developer project cost account.

During the year ended June 30, 2013 approximately \$507,585 was made available.

**Leonard Lake Senior Housing Tax Increment Financing District**

The District is an affordable housing district and associated affordable housing program for the District. It was established on October 20, 2011 with an original assessed value of \$789,500 as of March 31, 2011.

**CITY OF ELLSWORTH, MAINE**  
**Notes to Financial Statements, Continued**

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**NOTE J - TAX INCREMENT FINANCING DISTRICT, CONTINUED**

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The City is authorized to retain as captured assessed value 100% of the increased value beginning in municipal fiscal year 2013 and continuing until municipal fiscal year 2033. Up to 50% of the tax increment revenues from the District claimed by the City as captured assessed value are to be paid to the owner of a 26-unit affordable senior housing project proposed to be developed in the District.

During the year ended June 30, 2013, none was made available.

**NOTE K - DEFERRED COMPENSATION PLAN**

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The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by the International City Management Association Retirement Corporation (ICMARC) and authority for establishing or amending the Plan's provisions or contribution requirements rests with the City.

The plan, available to all full-time and permanent part-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the participants. All assets are protected by a trust arrangement from any claims on the City and from any use by the City other than paying benefits to employees and their beneficiaries in accordance with the plan.

The City's deferred compensation plan contribution for the employees for the year ended June 30, 2013 was approximately \$183,080, which was charged to the general fund.

**NOTE L - PENSION PLAN**

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**Maine Public Employees Retirement System**

City employees contribute to the Maine Public Employees Retirement System ("System"), a cost-sharing multiple-employer public employee retirement system that acts as a common investment and administrative agent for public school teachers, state employees (except as members of the judiciary and legislature who are covered under the Judicial and Legislative Retirement Systems) and political subdivisions.

Benefits vest after five years of service. Employees who retire at or after age sixty with one year of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to two percent of the average of their highest three years earnings per year of service. The system also provides death and disability benefits. These benefits provisions and all other requirements are established by state statute.

**CITY OF ELLSWORTH, MAINE**  
**Notes to Financial Statements, Continued**

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**NOTE L - PENSION PLAN, CONTINUED**

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The System allows maintenance, support workers, and custodial support staff to participate voluntarily in the System. Participants are required to contribute 6.5% of their annual gross salary to the plan and the City is required to make a contribution based on an historical assessment of the plan by the System. Vesting of benefits occurs after five years of service. Disability, pre-retirement and death benefits are provided under the City's plan. A cost of living increase is provided under the City's plan. Upon retirement at or after age sixty, the participant is entitled to an annual retirement benefit of two-percent of the average of their three highest years earnings multiplied by the number of years of credited service. The City's required and actual contribution as a participating local district for the years ended June 30, 2013 and 2012 was \$45,639 and \$38,377, respectively.

Effective July 1, 1995 the City's Participating Local District (PLD) joined with other PLD's forming a consolidated PLD. All PLD's that enter the Consolidated Plan cease to be individual sponsors of a "Single - Employer Defined Benefit Pension Plan" and instead become participants in a "Cost-Sharing Multiple - Employer Defined Benefit Pension Plan." As such, the disclosures made by individual PLD's reflect the assets and liabilities under the Consolidated Plan in which the PLD participates and not those of the PLD itself. A complete report is available by contacting the Maine Public Employees Retirement System at 46 State House Station, Augusta, ME 04333.

**NOTE M - RISK MANAGEMENT**

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The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City either carries commercial insurance, or is effectively self-insured. Currently, the City carries commercial insurance for any risks of loss to which it may be exposed. In none of the past three years have claims exceeded the City's insurance coverage.

Based on the coverage provided by commercial insurance, the City is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2013.

**NOTE N - LITIGATION**

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The City is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City. The City has vigorously defended these claims and believes an unfavorable outcome is unlikely. An estimate of the possible loss cannot be made.

**NOTE O - SUBSEQUENT EVENTS**

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Subsequent to year end, the Ellsworth residents voted favorably on a petition to withdraw from Regional School Unit #24 (RSU) and become a separate municipal school administrative unit comprised solely of Ellsworth. Representatives were appointed to the withdrawal committee according to state statute and are responsible for negotiating a withdrawal agreement with the RSU. An agreement that addressed the required statutory requirements was reached on March 20, 2013 and approved by the State of Maine Department of Education Commissioner. An election will be held in November 2013 to determine if the voters in Ellsworth are in favor of withdrawing from the RSU subject to the terms and conditions of the withdrawal agreement.

**CITY OF ELLSWORTH, MAINE**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Funding Progress**

<b>Fiscal Year</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
2009	1/1/2009	\$ -	\$ 937,368	\$ 937,368	0.00%	\$ 3,716,675	25.22%
2010	1/1/2010	-	937,368	937,368	0.00%	3,353,729	27.95%
2011	1/1/2011	-	904,318	904,318	0.00%	3,339,613	27.08%
2012	1/1/2011	-	904,318	904,318	0.00%	3,479,791	25.99%

**CITY OF ELLSWORTH, MAINE**  
**Comparative Balance Sheet - General Fund**  
**As of June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash	\$ 1,296,034	\$ 2,275,745
Investments	1,022,560	1,227,625
Receivables:		
Taxes receivable	974,315	725,688
Tax liens	181,399	332,461
Accounts receivable	393,501	360,843
Prepaid items	404	-
Inventory	10,104	10,104
Due from other funds	<u>2,717,344</u>	<u>2,075,122</u>
<b>Total Assets</b>	<b><u>\$ 6,595,661</u></b>	<b><u>\$ 7,007,588</u></b>
<b>Liabilities</b>		
Accounts payable	\$ 1,011,933	\$ 258,795
Accrued liabilities	82,174	81,424
Taxes collected in advance	22,669	85,450
Escrow deposit	1,700	1,700
Due to other funds	<u>1,172,280</u>	<u>2,031,952</u>
<b>Total Liabilities</b>	<b><u>2,290,756</u></b>	<b><u>2,459,321</u></b>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue - property taxes	<u>980,000</u>	<u>899,000</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>980,000</u></b>	<b><u>899,000</u></b>
<b>Fund Balances</b>		
Nonspendable	10,508	10,104
Assigned	1,302,894	1,285,130
Unassigned	<u>2,011,503</u>	<u>2,354,033</u>
<b>Total Fund Balances</b>	<b><u>3,324,905</u></b>	<b><u>3,649,267</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 6,595,661</u></b>	<b><u>\$ 7,007,588</u></b>

See accompanying independent auditors' report.

**CITY OF ELLSWORTH, MAINE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2013**

Revenues	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)	2012 Actual
Taxes:					
Property taxes	\$ 16,407,813	\$ 16,407,813	\$ 16,377,263	\$ (30,550)	\$ 15,518,751
Supplemental	-	-	24,783	24,783	28,985
Boat excise	13,000	13,000	12,238	(762)	13,653
Auto excise	1,200,000	1,200,000	1,290,280	90,280	1,239,035
Interest on taxes	85,000	85,000	62,970	(22,030)	68,036
Lien costs and notices	35,000	35,000	31,404	(3,596)	30,126
	<u>17,740,813</u>	<u>17,740,813</u>	<u>17,798,938</u>	<u>58,125</u>	<u>16,898,586</u>
Licenses and permits:					
City clerk fees	35,000	35,000	25,134	(9,866)	27,097
Motor vehicle fees	16,000	16,000	17,268	1,268	16,714
State and City licenses	6,000	6,000	9,676	3,676	9,818
Animal control fees	2,000	2,000	1,465	(535)	1,313
Dog fees	500	500	825	325	650
Building permits and maps	40,000	40,000	22,220	(17,780)	30,856
Electrical permits	12,000	12,000	5,392	(6,608)	10,529
Planning Board fees	5,000	5,000	3,310	(1,690)	2,778
Plumbing permit fees	8,000	8,000	10,313	2,313	11,890
Mooring and docking fees	19,500	19,500	19,255	(245)	20,145
	<u>144,000</u>	<u>144,000</u>	<u>114,858</u>	<u>(29,142)</u>	<u>131,790</u>
Intergovernmental revenues:					
Urban rural initiative program	175,000	175,000	157,596	(17,404)	107,397
State revenue sharing	500,000	500,000	512,600	12,600	470,124
Tree growth reimbursement	90,000	90,000	99,849	9,849	102,047
Veterans reimbursement	3,400	3,400	5,369	1,969	8,215
Homestead exemption	135,000	135,000	143,025	8,025	137,811
BETE reimbursement	26,000	26,000	24,576	(1,424)	32,845
Shellfish revenues	3,200	3,200	3,200	-	3,200
Snowmobile refund	1,500	1,500	940	(560)	1,635
Welfare reimbursement	12,000	12,000	11,872	(128)	17,221
Park fee share	6,400	6,400	7,326	926	7,343
Other grants	-	30,000	75,358	45,358	16,012
RSU debt and lease payments	3,799,959	3,799,959	3,799,959	-	4,067,598
	<u>4,752,459</u>	<u>4,782,459</u>	<u>4,841,670</u>	<u>59,211</u>	<u>4,971,448</u>

See accompanying independent auditors' report.

**CITY OF ELLSWORTH, MAINE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund, Continued**  
**For the Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)	2012 Actual
Departmental income:					
Highway department	\$ 3,000	\$ 3,000	\$ 8,981	\$ 5,981	\$ 9,568
Fire department	10,000	10,000	11,823	1,823	9,453
Financial services income	32,100	32,100	32,000	(100)	32,090
Police department	19,000	19,000	18,204	(796)	18,650
Dispatch services	3,000	3,000	3,000	-	3,000
Recycling	56,000	56,000	34,643	(21,357)	54,648
Solid waste billings	55,000	55,000	47,883	(7,117)	50,438
Solid waste miscellaneous	30,600	30,600	30,600	-	30,600
Resident stickers	134,000	134,000	131,016	(2,984)	131,215
Recreation	1,000	1,000	1,000	-	1,000
	<u>343,700</u>	<u>343,700</u>	<u>319,150</u>	<u>(24,550)</u>	<u>340,662</u>
Unclassified:					
District court fees	6,000	6,000	7,638	1,638	7,582
Alewife sales	13,000	13,000	31,816	18,816	58,799
Cable TV franchise	65,000	65,000	67,431	2,431	66,515
Payment in lieu of taxes	15,000	15,000	17,378	2,378	17,509
Building rental	3,060	3,060	2,295	(765)	2,550
Property rental	100	100	670	570	100
Photocopies	500	500	245	(255)	218
Sale of surplus property	-	-	175	175	-
Sale of City property	25,000	25,000	40,753	15,753	20,002
Revenue in reserve accounts	-	-	-	-	66,233
Reserve transfers	-	18,868	18,868	-	5,343
Local roads debt revenue	-	-	-	-	219,974
Miscellaneous	500	500	4,838	4,338	17,920
	<u>128,160</u>	<u>147,028</u>	<u>192,107</u>	<u>45,079</u>	<u>482,745</u>
Investment income	<u>80,000</u>	<u>80,000</u>	<u>68,153</u>	<u>(11,847)</u>	<u>109,379</u>
<b>Total Revenues</b>	<b><u>23,189,132</u></b>	<b><u>23,238,000</u></b>	<b><u>23,334,876</u></b>	<b><u>96,876</u></b>	<b><u>22,934,610</u></b>

See accompanying independent auditors' report.

**CITY OF ELLSWORTH, MAINE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund, Continued**  
**For the Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)	2012 Actual
<b>Expenditures</b>					
General government:					
Legislative	\$ 39,400	\$ 39,400	\$ 39,372	\$ 28	\$ 18,202
Administration	138,425	140,917	133,478	7,439	141,125
City clerk	81,156	82,924	78,070	4,854	74,435
Finance and tax collector	224,364	232,807	229,485	3,322	221,702
Assessment	105,680	107,681	104,926	2,755	113,447
Code enforcement	121,263	123,605	123,190	415	122,966
Planning	101,453	103,267	96,090	7,177	109,213
Legal	39,500	59,500	54,461	5,039	48,316
Elections	15,689	15,689	11,194	4,495	21,414
Economic development	74,600	108,241	77,422	30,819	86,297
Technology	167,840	180,460	147,087	33,373	129,227
Joint office services	71,500	77,500	77,456	44	69,327
Insurance	73,870	73,870	67,011	6,859	86,485
Miscellaneous	34,372	34,372	34,721	(349)	29,060
	<u>1,289,112</u>	<u>1,380,233</u>	<u>1,273,963</u>	<u>106,270</u>	<u>1,271,216</u>
Public safety:					
Police department	957,370	1,010,098	1,003,140	6,958	907,738
Fire department	692,455	725,707	708,976	16,731	685,697
Dispatching	185,575	185,575	182,090	3,485	192,633
Hydrant rental	312,000	312,000	312,000	-	312,000
Street lights	105,000	94,133	83,839	10,294	93,353
Traffic signals	27,200	43,700	43,552	148	48,038
	<u>2,279,600</u>	<u>2,371,213</u>	<u>2,333,597</u>	<u>37,616</u>	<u>2,239,459</u>
Municipal buildings:					
City Hall	174,224	178,076	167,397	10,679	172,867
Miscellaneous City property	5,500	15,704	3,158	12,546	1,613
	<u>179,724</u>	<u>193,780</u>	<u>170,555</u>	<u>23,225</u>	<u>174,480</u>

See accompanying independent auditors' report.

**CITY OF ELLSWORTH, MAINE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund, Continued**  
**For the Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)	2012 Actual
Culture and recreation					
Recreation	\$ 129,550	\$ 129,550	\$ 120,380	\$ 9,170	\$ 116,247
Library	606,408	614,908	565,320	49,588	569,538
	<u>735,958</u>	<u>744,458</u>	<u>685,700</u>	<u>58,758</u>	<u>685,785</u>
General assistance	<u>48,038</u>	<u>48,370</u>	<u>41,982</u>	<u>6,388</u>	<u>52,148</u>
Public works:					
Public works	1,099,405	1,121,613	1,108,277	13,336	918,465
Public works garage	51,650	51,650	40,524	11,126	40,656
Solid waste disposal	338,414	339,769	320,459	19,310	343,518
Parks trees and cemeteries	28,600	31,100	22,005	9,095	21,369
Water supply commission	18,948	30,094	19,187	10,907	15,730
	<u>1,537,017</u>	<u>1,574,226</u>	<u>1,510,452</u>	<u>63,774</u>	<u>1,339,738</u>
County tax	<u>418,665</u>	<u>418,665</u>	<u>418,665</u>	<u>-</u>	<u>413,360</u>
Education:					
Education assessment	9,676,685	9,676,685	9,676,685	-	9,043,511
	<u>9,676,685</u>	<u>9,676,685</u>	<u>9,676,685</u>	<u>-</u>	<u>9,043,511</u>
Unclassified:					
Employee benefits	1,393,828	1,378,292	1,356,506	21,786	1,282,380
Ellsworth Harbor	46,067	47,644	41,108	6,536	36,518
Health and social services	14,750	14,750	14,750	-	14,000
Historical preservation	500	500	106	394	95
Historical society	2,000	2,000	2,000	-	2,000
Abatements	-	-	92,744	(92,744)	38,446
	<u>1,457,145</u>	<u>1,443,186</u>	<u>1,507,214</u>	<u>(64,028)</u>	<u>1,373,439</u>
Debt service:					
Principal	4,311,951	4,511,951	4,511,951	-	3,360,772
Interest	102,079	102,079	101,792	287	1,652,085
	<u>4,414,030</u>	<u>4,614,030</u>	<u>4,613,743</u>	<u>287</u>	<u>5,012,857</u>
<b>Total Expenditures</b>	<u>22,035,974</u>	<u>22,464,846</u>	<u>22,232,556</u>	<u>232,290</u>	<u>21,605,993</u>
<b>Revenues Over Expenditures</b>	<u>1,153,158</u>	<u>773,154</u>	<u>1,102,320</u>	<u>329,166</u>	<u>1,328,617</u>

See accompanying independent auditors' report.

**CITY OF ELLSWORTH, MAINE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund, Continued**  
**For the Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)	2012 Actual
<b>Other Financing Sources (Uses)</b>					
Transfers in:					
TIF District	\$ 184,600	\$ 184,600	\$ 184,600	\$ -	\$ 228,513
Development fees	-	200,000	200,000	-	200,000
	<u>184,600</u>	<u>384,600</u>	<u>384,600</u>	<u>-</u>	<u>428,513</u>
Transfers out:					
Capital improvements	(828,050)	(1,265,447)	(1,275,347)	(9,900)	(1,514,385)
TIF District	(509,708)	(509,708)	(507,585)	2,123	(605,064)
	<u>(1,337,758)</u>	<u>(1,775,155)</u>	<u>(1,782,932)</u>	<u>(7,777)</u>	<u>(2,119,449)</u>
Transfer (to) from assigned fund balances:					
Library	-	-	-	-	24,421
Accrued salaries	-	-	-	-	56,842
Fund balance	-	617,401	-	(617,401)	-
Capital reserve funds	-	-	-	-	(20,000)
	<u>-</u>	<u>617,401</u>	<u>-</u>	<u>(617,401)</u>	<u>61,263</u>
Utilization of fund balances:					
Assigned	-	-	(28,350)	(28,350)	(24,421)
	<u>-</u>	<u>-</u>	<u>(28,350)</u>	<u>(28,350)</u>	<u>(24,421)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(1,153,158)</u>	<u>(773,154)</u>	<u>(1,426,682)</u>	<u>(653,528)</u>	<u>(1,654,094)</u>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(324,362)</b>	<b>\$ (324,362)</b>	<b>\$ (325,477)</b>
Fund balance at beginning of year			<u>3,649,267</u>		
			<b><u>\$ 3,324,905</u></b>		

*See accompanying independent auditors' report.*

**CITY OF ELLSWORTH, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**As of June 30, 2013**

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash	\$ 125,566	\$ 53,988	\$ 179,554
Investments	-	811,132	811,132
Accounts receivable	4,100	-	4,100
Due from other funds	41,303	-	41,303
	<u>41,303</u>	<u>-</u>	<u>41,303</u>
<b>Total Assets</b>	<b><u>\$ 170,969</u></b>	<b><u>\$ 865,120</u></b>	<b><u>\$ 1,036,089</u></b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 310	\$ -	\$ 310
Due to other funds	1,279,203	-	1,279,203
	<u>1,279,203</u>	<u>-</u>	<u>1,279,203</u>
<b>Total Liabilities</b>	<b><u>1,279,513</u></b>	<b><u>-</u></b>	<b><u>1,279,513</u></b>
<b>Fund Balances (Deficits)</b>			
Nonspendable	-	636,751	636,751
Restricted	201,621	228,369	429,990
Unassigned	(1,310,165)	-	(1,310,165)
	<u>(1,310,165)</u>	<u>-</u>	<u>(1,310,165)</u>
<b>Total Fund Balances (Deficits)</b>	<b><u>(1,108,544)</u></b>	<b><u>865,120</u></b>	<b><u>(243,424)</u></b>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b><u>\$ 170,969</u></b>	<b><u>\$ 865,120</u></b>	<b><u>\$ 1,036,089</u></b>

See accompanying independent auditors' report.

**CITY OF ELLSWORTH, MAINE**  
**Combining Schedule of Revenues, Expenditures and Changes in**  
**Fund Balances - Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2013**

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Property taxes	\$ 507,585	\$ -	\$ 507,585
Intergovernmental	79,212	-	79,212
Other income	272,768	-	272,768
Investment income	827	39,954	40,781
<b>Total Revenues</b>	<u>860,392</u>	<u>39,954</u>	<u>900,346</u>
<b>Expenditures</b>			
Current			
Public safety	43,254	-	43,254
Unclassified	185,750	20,900	206,650
Capital outlay	6,867	-	6,867
<b>Total Expenditures</b>	<u>235,871</u>	<u>20,900</u>	<u>256,771</u>
<b>Revenues Over Expenditures</b>	624,521	19,054	643,575
<b>Other Financing Uses</b>			
Transfers out	(814,654)	-	(814,654)
<b>Total Other Uses</b>	<u>(814,654)</u>	<u>-</u>	<u>(814,654)</u>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	(190,133)	19,054	(171,079)
Fund balances (deficits) at beginning of year	(918,411)	846,066	(72,345)
<b>Fund Balances (Deficits) at End of Year</b>	<u>\$ (1,108,544)</u>	<u>\$ 865,120</u>	<u>\$ (243,424)</u>

See accompanying independent auditors' report.

**CITY OF ELLSWORTH, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**As of June 30, 2013**

	Other Grants	TIF District	Conservation Easement Reserve	Knowlton Park	Shellfish Operating	Total
<b>Assets</b>						
Cash	\$ -	\$ -	\$ 29,395	\$ 96,171	\$ -	\$ 125,566
Accounts receivable	-	-	-	-	4,100	4,100
Due from other funds	-	-	-	-	41,303	41,303
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 29,395</b>	<b>\$ 96,171</b>	<b>\$ 45,403</b>	<b>\$ 170,969</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 310	\$ 310
Due to other funds	788,296	405,466	-	85,441	-	1,279,203
<b>Total Liabilities</b>	<b>788,296</b>	<b>405,466</b>	<b>-</b>	<b>85,441</b>	<b>310</b>	<b>1,279,513</b>
<b>Fund Balances (Deficits)</b>						
Restricted	116,403	-	29,395	10,730	45,093	201,621
Unassigned	(904,699)	(405,466)	-	-	-	(1,310,165)
<b>Total Fund Balances (Deficits)</b>	<b>(788,296)</b>	<b>(405,466)</b>	<b>29,395</b>	<b>10,730</b>	<b>45,093</b>	<b>(1,108,544)</b>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 29,395</b>	<b>\$ 96,171</b>	<b>\$ 45,403</b>	<b>\$ 170,969</b>

*See accompanying independent auditors' report.*

**CITY OF ELLSWORTH, MAINE**  
**Combining Schedule of Revenues, Expenditures and Changes in**  
**Fund Balances - Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2013**

	Other Grants	TIF District	Conservation Easement Reserve	Knowlton Park	Shellfish Operating	Total
<b>Revenues</b>						
Property taxes	\$ -	\$ 507,585	\$ -	\$ -	\$ -	\$ 507,585
Intergovernmental	61,212	-	-	-	18,000	79,212
Other income	139,124	8,179	-	95,540	29,925	272,768
Investment income	-	-	437	390	-	827
<b>Total Revenues</b>	<u>200,336</u>	<u>515,764</u>	<u>437</u>	<u>95,930</u>	<u>47,925</u>	<u>860,392</u>
<b>Expenditures</b>						
Current						
Public safety	43,254	-	-	-	-	43,254
Unclassified	132,364	-	-	-	53,386	185,750
Capital outlay	-	-	-	6,867	-	6,867
<b>Total Expenditures</b>	<u>175,618</u>	<u>-</u>	<u>-</u>	<u>6,867</u>	<u>53,386</u>	<u>235,871</u>
<b>Revenues Over (Under) Expenditures</b>	24,718	515,764	437	89,063	(5,461)	624,521
<b>Other Financing Uses</b>						
Transfers out	(200,000)	(526,080)	-	(88,574)	-	(814,654)
<b>Total Other Uses</b>	<u>(200,000)</u>	<u>(526,080)</u>	<u>-</u>	<u>(88,574)</u>	<u>-</u>	<u>(814,654)</u>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	(175,282)	(10,316)	437	489	(5,461)	(190,133)
Fund balances (deficits) at beginning of year	(613,014)	(395,150)	28,958	10,241	50,554	(918,411)
<b>Fund Balances (Deficits) at End of Year</b>	<u>\$ (788,296)</u>	<u>\$ (405,466)</u>	<u>\$ 29,395</u>	<u>\$ 10,730</u>	<u>\$ 45,093</u>	<u>\$ (1,108,544)</u>

See accompanying independent auditors' report.

**CITY OF ELLSWORTH, MAINE**  
**Combining Schedule of Revenues, Expenditures and Changes in**  
**Fund Balances - Nonmajor Special Revenue Fund -**  
**Other Grants**  
**For the Year Ended June 30, 2013**

	Fund	Revenues			Expenditures	Net Transfers in (out)	Fund
	Balances (Deficits)	Inter- governmental	Other				Balances (Deficits)
	beginning of year						at end of year
Bangor Hydro Pole	\$ 5,000	-	-	-	-	\$	5,000
Branch Lake Access Imp Grant	(18,170)	45,000	-	25,816	-		1,014
Bulletproof Vest Grant	(348)	1,030	-	295	-		387
CDBG Business Assistance Grant	(1,500)	-	-	-	-		(1,500)
Development Fees	(675,943)	-	462	-	(200,000)		(875,481)
DOT Feasibility Grant	11,000	-	-	-	-		11,000
EFD/SHHC Convention	24,488	-	97,317	97,889	-		23,916
Fire Assistance Grant	(1,435)	1,435	-	-	-		-
Fire Training Grant	564	-	-	-	-		564
Fire Training Site	43,973	-	29,990	15,492	-		58,471
Fireworks Donations	755	-	4,425	4,000	-		1,180
Hancock County Byrne JAG	312	-	-	312	-		-
Hancock County Byrne JAG	-	10,897	-	9,029	-		1,868
Hancock County Byrne JAG	472	-	-	472	-		-
Homeland Security Grant	(7,508)	-	-	17,654	-		(25,162)
K-9 Program	1,115	-	610	-	-		1,725
Lakes Environment Grant	-	2,800	-	-	-		2,800
Maine Community Foundation	155	-	-	-	-		155
Rails with Trail Connector	5,000	-	-	-	-		5,000
Safe Routes to School	(1,820)	-	-	-	-		(1,820)
SHHS Color Guard Tshirt Sales	339	-	4,320	4,659	-		-
Supplemental Environmental Program	1,323	-	2,000	-	-		3,323
US Fish and Wildlife	(786)	50	-	-	-		(736)
	<u>\$ (613,014)</u>	<u>\$ 61,212</u>	<u>\$ 139,124</u>	<u>\$ 175,618</u>	<u>\$ (200,000)</u>		<u>\$ (788,296)</u>

See accompanying independent auditors' report.

**CITY OF ELLSWORTH, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
**As of June 30, 2013**

	Cemetery Fund	Higgins Fund	Total
<b>Assets</b>			
Cash	\$ -	\$ 53,988	\$ 53,988
Investments	<u>617,841</u>	<u>193,291</u>	<u>811,132</u>
<b>Total Assets</b>	<b><u>\$ 617,841</u></b>	<b><u>\$ 247,279</u></b>	<b><u>\$ 865,120</u></b>
<b>Fund Balances</b>			
Nonspendable	551,450	85,301	636,751
Restricted	<u>66,391</u>	<u>161,978</u>	<u>228,369</u>
<b>Total Fund Balances</b>	<b><u>617,841</u></b>	<b><u>247,279</u></b>	<b><u>865,120</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 617,841</u></b>	<b><u>\$ 247,279</u></b>	<b><u>\$ 865,120</u></b>

*See accompanying independent auditors' report.*

**CITY OF ELLSWORTH, MAINE**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Nonmajor Permanent Funds**  
**For the Year Ended June 30, 2013**

	<u>Cemetery Fund</u>	<u>Higgins Fund</u>	<u>Total</u>
<b>Revenues</b>			
Investment income			
Interest income	\$ 17,526	\$ 4,013	\$ 21,539
Realized and unrealized gain (loss) on investments	<u>19,210</u>	<u>(795)</u>	<u>18,415</u>
<b>Total Revenues</b>	<u>36,736</u>	<u>3,218</u>	<u>39,954</u>
<b>Expenditures</b>			
Unclassified	<u>20,900</u>	<u>-</u>	<u>20,900</u>
<b>Total Expenditures</b>	<u>20,900</u>	<u>-</u>	<u>20,900</u>
<b>Revenues Over Expenditures</b>	15,836	3,218	19,054
Fund balances at beginning of year	<u>602,005</u>	<u>244,061</u>	<u>846,066</u>
<b>Fund Balances at End of Year</b>	<u><b>\$ 617,841</b></u>	<u><b>\$ 247,279</b></u>	<u><b>\$ 865,120</b></u>

*See accompanying independent auditors' report.*

**CITY OF ELLSWORTH, MAINE**  
**Schedule of Fiduciary Net Position**  
**Fiduciary Funds - Private-purpose Trusts**  
**As of June 30, 2013**

	<u>Private-purpose Trusts</u>
	<u>Library Funds</u>
<b>Assets</b>	
Cash	\$ 10,840
Investments	723,445
<b>Total Assets</b>	<b>734,285</b>
 <b>Liabilities</b>	
Accounts payable	32,502
<b>Total Liabilities</b>	<b>32,502</b>
 <b>Net Position</b>	
Held in trust	701,783
<b>Total Net Position</b>	<b>\$ 701,783</b>

*See accompanying independent auditors' report.*

**CITY OF ELLSWORTH, MAINE**  
**Schedule of Changes in Fiduciary Net Position**  
**Fiduciary Funds - Private-purpose Trusts**  
**For the Year Ended June 30, 2013**

	<u>Private-purpose Trusts</u>	
	<u>Library Funds</u>	
<b>Additions:</b>		
Interest income	\$	35,955
Increase in investment fair market value		105,459
Donations and other		42,010
<b>Total Additions</b>		<u>183,424</u>
<b>Deductions:</b>		
Library		89,074
<b>Total Deductions</b>		<u>89,074</u>
<b>Change in Net Position</b>		94,350
Net position at beginning of year		<u>607,433</u>
<b>Net Position at End of Year</b>	<b>\$</b>	<u><u>701,783</u></u>

*See accompanying independent auditors' report.*

**CITY OF ELLSWORTH, MAINE**  
**Statement of Changes in Assets and Liabilities**  
**Fiduciary Funds - Agency Funds**  
**For the Year Ended June 30, 2013**

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Assets</b>				
Investments	\$ 215,140	\$ 5,659	\$ -	\$ 220,799
<b>Total Assets</b>	<b><u>\$ 215,140</u></b>	<b><u>\$ 5,659</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 220,799</u></b>
<b>Liabilities</b>				
Held for cemetery association	\$ 215,140	\$ 5,659	\$ -	\$ 220,799
<b>Total Liabilities</b>	<b><u>\$ 215,140</u></b>	<b><u>\$ 5,659</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 220,799</u></b>

*See accompanying independent auditors' report.*

**CITY OF ELLSWORTH, MAINE**  
**Schedule of Capital Projects**  
**For the Year Ended June 30, 2013**

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<b>Project</b>		
Road improvement	\$	1,086,513
City Hall improvements		56,320
Information technology		176,244
Highway equipment		205,054
Police cruiser		30,595
Highway garage		9,528
Fire equipment		21,336
Recreational improvements		17,368
Library improvements		2,276
Grant application funds		(359)
Branch Lake Improvements		2,168
Wastewater Plant Clean Up		32,145
Police Equipment replace		18,657
New Branch Lake boat		14,313
Downtown street lights		33,782
Harbor crib work		1,938
Harbor engineering		1,955
Knowlton asbestos abatement		400
Beechland Road preliminary		70,042
Knowlton fundraising		59,563
Moore Community Center design		261,650
Purchase of State Street		157,897
Knowlton Park design		45,572
		<hr/>
<b>Total Capital Project Fund Capital Outlays</b>	<b>\$</b>	<b><u>2,304,957</u></b>

*See accompanying independent auditors' report.*

CITY OF ELLSWORTH, MAINE  
 Schedule of Changes in Assigned Fund Balances  
 General Fund - Capital Reserve Funds  
 City of Ellsworth, Maine  
 For the Year Ended June 30, 2013

	Fund Balances beginning of year	Appropriated	Additions	Reductions	Fund Balances at end of year
<b>Revenues</b>					
General	\$ 317,999	\$ 20,000	\$ 9,077	\$ 98,210	\$ 248,866
Industrial Park	1,256	-	42	43	1,255
City Hall	74,323	-	2,509	2,848	73,984
Highway equipment	46,107	-	1,383	10,609	36,881
School	133,652	-	4,515	5,698	132,469
Employee benefits	60,349	-	2,037	2,317	60,069
Jump playground	21,796	-	736	838	21,694
Cable TV	7,352	-	248	279	7,321
Fire Department rescue	4,951	-	2,392	210	7,133
Fire Department site reserve	-	5,000	97	32	5,065
City bonds	3,440	-	45	3,446	39
Federally forfeited property	12,672	-	276	10,425	2,523
Road improvement reserve	244,606	-	8,256	9,400	243,462
Capital equipment reserve	62,954	-	13,334	2,487	73,801
	<u>\$ 991,457</u>	<u>\$ 25,000</u>	<u>\$ 44,947</u>	<u>\$ 146,842</u>	<u>\$ 914,562</u>

See accompanying independent auditors' report.

**CITY OF ELLSWORTH, MAINE**  
**Schedule of Valuation, Assessment and Collection of Taxes**  
**For the Year Ended June 30, 2013**

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**Valuation**

Real estate	\$ 1,030,333,239
Personal property	<u>33,625,500</u>
<b>Total Valuation</b>	<b><u>\$ 1,063,958,739</u></b>

**Assessment**

Valuation x Rate: \$1,063,958,739 x .01545	\$ 16,438,163
Supplemental taxes	<u>24,783</u>
<b>Total Assessment Charged to Collector</b>	<b>\$ 16,462,946</b>

**Collection and Credits**

Cash collections	15,631,220
Tax abatements	<u>92,744</u>
<b>Total Collection and Credits</b>	<b><u>15,723,964</u></b>

<b>Taxes Receivable and Tax Liens as of June 30, 2013</b>	<b><u>\$ 738,982</u></b>
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*See accompanying independent auditors' report.*

# STATISTICAL SECTION

This part of the City of Ellsworth's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Page

## **Financial Trends**

The schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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## **Revenue Capacity**

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

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## **Debt Capacity**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the ability to issue additional debt in the future.

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## **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

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## **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the service the City provides and the activities it performs.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF ELLSWORTH**  
**NET POSITION BY COMPONENT**  
 Last Ten Fiscal Years

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 18,480,914	14,627,702	10,294,469	9,113,455	13,460,163	8,494,924	11,918,308	7,125,659	8,891,052	9,320,402
Restricted	1,707,028	636,751	636,751	636,751	636,751	636,751	636,751	654,492	654,492	654,492
Unrestricted	3,514,394	6,677,352	9,164,269	9,225,626	9,240,977	12,897,502	6,504,866	7,819,991	5,126,180	3,697,890
<b>Total Governmental Activities Net Position</b>	<b>23,702,336</b>	<b>21,941,805</b>	<b>20,095,489</b>	<b>18,975,832</b>	<b>23,337,891</b>	<b>22,029,177</b>	<b>19,059,925</b>	<b>15,600,142</b>	<b>14,671,724</b>	<b>13,672,784</b>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	20,181,719	17,889,763	6,730,821	10,781,659	8,897,641	8,629,198	8,141,023	7,810,372	7,140,243	6,231,842
Restricted	1,318,757	772,877	7,958,749	1,929,223	-	-	-	-	-	-
Unrestricted	(494,839)	(865,194)	(934,314)	112,258	1,668,821	(898,213)	(379,100)	(294,798)	363,375	261,773
<b>Total Business-type Activities Net Position</b>	<b>21,005,637</b>	<b>17,797,446</b>	<b>13,755,256</b>	<b>12,823,140</b>	<b>10,566,462</b>	<b>7,730,985</b>	<b>7,761,923</b>	<b>7,515,574</b>	<b>7,503,618</b>	<b>6,495,615</b>
<b>Primary Government</b>										
Net Investment in Capital Assets	38,662,633	32,517,465	17,025,290	19,895,114	22,357,804	17,124,122	20,059,331	14,936,031	16,031,295	15,552,244
Restricted	3,025,785	1,409,628	8,595,500	2,565,974	636,751	636,751	636,751	654,492	654,492	654,492
Unrestricted	3,019,555	5,812,158	8,229,955	9,337,884	10,909,798	11,999,289	6,125,766	7,525,193	5,489,555	3,959,663
<b>Total Primary Government Net Position</b>	<b>\$ 44,707,973</b>	<b>39,739,251</b>	<b>33,850,745</b>	<b>31,798,972</b>	<b>33,904,353</b>	<b>29,760,162</b>	<b>26,821,848</b>	<b>23,115,716</b>	<b>22,175,342</b>	<b>20,166,399</b>

**CITY OF ELLSWORTH**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

TABLE 2

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses</b>										
<b>Governmental Activities</b>										
General Government	\$ 2,195,898	2,166,262	1,277,144	1,293,243	1,281,672	1,331,318	1,332,789	1,039,070	1,094,007	949,269
Public Safety	2,552,364	2,518,382	2,584,403	2,436,340	2,160,191	1,971,390	1,883,321	1,775,235	1,754,989	1,660,986
Municipal Buildings	233,972	237,897	231,336	218,875	147,938	147,470	150,196	161,658	198,490	304,617
Culture and Recreation	690,619	690,132	662,864	665,768	664,952	714,202	574,618	634,223	550,866	542,053
General Assistance	41,982	51,896	43,780	36,818	33,204	37,868	34,669	41,614	34,604	35,871
Public Works	1,974,312	1,730,295	1,874,784	1,762,455	1,671,531	1,594,259	1,493,185	1,320,073	1,309,323	1,173,259
County Tax	418,665	413,360	390,328	385,325	399,485	575,555	401,535	399,076	388,476	381,293
Education	9,676,685	9,043,511	8,980,058	8,799,458	15,187,627	15,101,268	15,255,071	14,248,440	13,610,190	12,298,969
State Retirement Contributions	-	-	-	-	1,291,410	1,328,608	1,273,446	1,169,874	1,036,745	978,249
Unclassified	1,991,840	1,955,864	1,800,548	1,450,934	2,509,814	1,490,367	2,021,242	1,693,452	934,804	782,968
Capital Outlay	-	-	-	-	-	-	464,866	1,510,811	532,527	710,173
Interest on Long-term Debt	1,307,202	1,624,512	1,865,947	791,791	371,332	959,938	422,491	447,225	345,116	301,694
<b>Total Governmental Activities Expenses</b>	<b>21,083,539</b>	<b>20,432,111</b>	<b>19,711,192</b>	<b>17,841,007</b>	<b>25,719,156</b>	<b>25,252,243</b>	<b>25,307,429</b>	<b>24,440,751</b>	<b>21,790,137</b>	<b>20,119,401</b>
<b>Business-type Activities</b>										
Wastewater	1,019,298	917,373	784,013	775,893	772,809	965,277	1,089,411	873,947	800,619	749,558
Water	718,133	775,393	695,249	698,819	709,896	769,050	735,924	694,399	652,180	665,506
<b>Total Business-type Activities Expenses</b>	<b>1,737,431</b>	<b>1,692,766</b>	<b>1,479,262</b>	<b>1,474,712</b>	<b>1,482,705</b>	<b>1,734,327</b>	<b>1,825,335</b>	<b>1,568,346</b>	<b>1,452,799</b>	<b>1,415,064</b>
<b>Total Primary Government Expenses</b>	<b>\$ 22,820,970</b>	<b>22,124,877</b>	<b>21,190,454</b>	<b>19,315,719</b>	<b>27,201,861</b>	<b>26,986,570</b>	<b>27,132,764</b>	<b>26,009,097</b>	<b>23,242,936</b>	<b>21,534,465</b>

TABLE 2 (Continued)

CITY OF ELLSWORTH  
 CHANGES IN NET POSITION  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
<i>Charges for Service</i>										
General Government	\$ 293,039	314,360	298,317	166,425	165,524	222,294	182,688	146,536	143,711	131,513
Public Safety	165,264	31,103	152,107	44,760	29,368	33,675	49,913	48,764	32,292	31,884
Culture and Recreation	3,000	1,000	1,200	1,000	700	54,747	52,388	49,993	56,088	53,493
Public Works	253,123	276,469	157,830	227,762	240,517	404,859	369,361	363,717	327,702	346,372
Unclassified	110,611	188,046	-	-	-	440,819	131,065	138,964	71,161	161,459
Education	-	-	-	-	2,799,086	3,047,727	2,754,943	2,555,722	2,522,236	2,350,529
Operating Grants and Contributions	3,308,080	3,792,342	112,263	236,591	6,822,102	7,885,564	9,352,209	8,871,231	7,704,030	6,605,600
Capital Grants and Contributions	212,885	299,052	778,544	1,000	595,000	-	-	-	-	-
<b>Total Governmental Activities Program Revenues</b>	<b>4,346,002</b>	<b>4,902,372</b>	<b>1,500,261</b>	<b>677,538</b>	<b>10,652,297</b>	<b>12,089,685</b>	<b>12,892,567</b>	<b>12,174,927</b>	<b>10,857,220</b>	<b>9,680,850</b>
<b>Business-type Activities</b>										
<i>Charges for Service</i>										
Wastewater	840,515	1,004,627	847,683	658,320	721,941	805,397	729,206	610,043	621,248	598,888
Water	1,058,337	1,067,809	1,054,262	1,032,305	952,760	882,089	886,461	883,206	866,672	892,653
Capital Grants and Contributions	2,728,752	3,134,313	508,691	1,975,431	2,004,428	-	322,082	-	556,410	-
<b>Total Business-type Activities Program Revenues</b>	<b>4,627,604</b>	<b>5,206,749</b>	<b>2,410,636</b>	<b>3,666,056</b>	<b>3,679,129</b>	<b>1,687,486</b>	<b>1,937,749</b>	<b>1,493,249</b>	<b>2,044,330</b>	<b>1,491,541</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 8,973,606</b>	<b>10,109,121</b>	<b>3,910,897</b>	<b>4,343,594</b>	<b>14,331,426</b>	<b>13,777,171</b>	<b>14,830,316</b>	<b>13,668,176</b>	<b>12,901,550</b>	<b>11,172,391</b>

**CITY OF ELLSWORTH  
CHANGES IN NET POSITION  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (16,737,537)	(15,529,739)	(18,210,931)	(17,163,469)	(15,066,859)	(13,162,558)	(12,414,862)	(12,265,824)	(10,932,917)	(10,438,551)
Business-type Activities	2,890,173	3,513,983	931,374	2,191,344	2,196,424	(46,841)	112,414	(75,097)	591,531	76,477
Total Primary Government Expense	(13,847,364)	(12,015,756)	(17,279,557)	(14,972,125)	(12,870,435)	(13,209,399)	(12,302,448)	(12,340,921)	(10,341,386)	(10,362,074)
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities</b>										
Property Taxes	16,483,046	15,626,736	14,982,086	13,983,917	13,773,783	13,462,417	11,283,093	10,381,448	10,215,710	9,590,193
Excise Taxes	1,302,518	1,252,688	1,228,531	1,228,909	1,267,737	1,316,865	1,309,962	1,321,575	1,245,455	1,227,554
Interest and Costs on Taxes	94,374	98,162	142,451	135,690	120,839	87,633	62,426	46,646	50,330	56,255
Franchise Fees	67,431	66,515	64,781	60,734	55,662	51,231	50,202	47,339	43,229	39,965
Unrestricted Grants and Contributions	804,812	712,717	3,125,819	1,210,184	882,968	774,281	761,265	843,198	799,455	787,481
Unrestricted Investment Earnings	76,332	109,379	264,559	281,724	353,311	155,210	233,550	196,229	86,535	83,167
Miscellaneous Revenues	24,093	38,065	127,459	744,239	304,768	284,180	56,706	69,307	47,604	42,124
Transfers	(288,918)	(528,207)	-	(118,974)	-	-	-	-	-	-
Special Item: Transfer of Funds to RSU #24	-	-	-	(4,725,013)	(427,734)	-	-	-	(288,500)	-
Total Governmental Activities	18,563,688	17,376,055	19,935,686	12,801,410	16,331,334	16,131,817	13,757,204	12,905,742	12,199,818	11,826,739
<b>Business-type Activities</b>										
Unrestricted Investment Earnings	-	-	(50,776)	(70,258)	(35,283)	13,281	13,031	15,763	10,164	9,737
Miscellaneous Revenues	-	-	51,518	16,618	16,791	2,622	120,904	359,790	119,808	134,500
Transfers	288,918	528,207	-	118,974	427,734	-	-	-	288,500	-
Total Business-type Activities	288,918	528,207	742	65,334	409,242	15,903	133,935	375,553	418,472	144,237
Total Primary Government	18,852,606	17,904,262	19,936,428	12,866,744	16,740,576	16,147,720	13,891,139	13,281,295	12,618,290	11,970,976
<b>Change in Net Position</b>										
Governmental Activities	1,826,151	1,846,316	1,724,755	(4,362,059)	1,264,475	2,969,259	1,342,342	639,918	1,266,901	1,388,188
Business-type Activities	3,179,091	4,042,190	932,116	2,256,678	2,605,666	(30,938)	246,349	300,456	1,010,003	220,714
Total Primary Government	\$ 5,005,242	5,888,506	2,656,871	(2,105,381)	3,870,141	2,938,321	1,588,691	940,374	2,276,904	1,608,902

**CITY OF ELLSWORTH**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>General Fund:</b>										
Nonspendable	\$ 10,508	10,104	41,687							
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	1,302,894	1,285,130	1,434,729							
Unassigned	2,011,503	2,354,033	2,498,328							
Reserved	-	-	-	74,515	109,420	130,745	110,819	127,901	105,337	30,261
Unreserved	-	-	-	2,856,108	2,195,511	2,305,467	2,003,675	2,174,986	1,664,161	1,626,339
<b>Total General Fund</b>	<b>3,324,905</b>	<b>3,649,267</b>	<b>3,974,744</b>	<b>2,930,623</b>	<b>2,304,931</b>	<b>2,436,212</b>	<b>2,114,494</b>	<b>2,302,887</b>	<b>1,769,498</b>	<b>1,656,600</b>
<b>All Other Governmental Funds:</b>										
Nonspendable	636,751	636,751	636,751							
Restricted	1,070,277	1,706,410	2,884,140							
Unassigned Special Revenues	(1,310,165)	(1,037,040)	(737,009)							
Reserved	-	-	-	636,751	636,751	1,029,969	842,889	5,303,405	748,486	667,936
Unreserved, reported in										
Special Revenue Funds	-	-	-	127,191	999,608	1,641,611	1,516,316	1,287,945	1,657,798	1,461,077
Capital Projects	-	-	-	2,231,018	5,605,789	(1,002,026)	2,823,728	(183,908)	1,623,467	599,401
Permanent Funds	-	-	-	105,700	111,899	83,026	44,341	15,592	61,197	52,895
<b>Total All Other Governmental Funds</b>	<b>\$ 396,863</b>	<b>1,306,121</b>	<b>2,783,882</b>	<b>3,100,660</b>	<b>7,354,047</b>	<b>1,752,580</b>	<b>5,227,274</b>	<b>6,423,034</b>	<b>4,090,948</b>	<b>2,781,309</b>

Due to the implementation of GASB Statement No. 54, the reclassification of fund balance is stated in year 2011. Information for the restatement of prior years is unavailable.

**CITY OF ELLSWORTH, MAINE**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

TABLE 4

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues:</b>										
General Property and Other Taxes	\$ 17,798,938	16,898,586	16,370,617	15,348,516	15,162,359	14,310,715	12,655,481	11,749,669	11,480,895	10,826,202
Licenses and Permits	114,858	131,790	132,375	100,358	128,423	190,229	150,668	114,491	111,676	99,488
Intergovernmental Revenues	4,920,882	5,263,356	4,724,450	2,171,691	9,235,500	10,883,330	11,817,684	11,669,292	10,482,523	9,237,879
Departmental Income	319,150	340,662	477,079	436,109	446,109	472,799	453,294	446,926	394,429	399,023
Unclassified	578,048	689,043	338,691	644,749	2,219,382	1,386,446	1,310,692	853,156	723,760	789,314
Investment Income	112,716	172,955	264,559	281,724	353,311	421,783	261,952	220,237	111,655	107,883
<b>Total Revenues</b>	<b>23,844,592</b>	<b>23,496,392</b>	<b>22,307,771</b>	<b>18,986,985</b>	<b>27,535,084</b>	<b>27,665,302</b>	<b>26,649,771</b>	<b>25,053,771</b>	<b>23,314,938</b>	<b>21,459,789</b>
<b>Expenditures</b>										
General Government	1,273,963	1,271,216	1,192,398	1,222,988	1,136,630	1,177,356	1,209,521	1,050,756	946,216	859,957
Public Safety	2,376,851	2,427,548	2,443,188	2,369,347	2,078,589	1,892,245	1,826,339	1,757,629	1,680,088	1,594,120
Municipal Buildings	170,555	174,480	167,919	157,693	147,078	147,470	150,196	161,658	198,490	304,617
Culture and Recreation	685,700	685,785	651,533	662,532	653,472	710,905	683,512	695,749	604,663	587,797
General Assistance	41,982	52,148	43,780	36,818	33,204	37,868	34,669	41,614	34,604	35,871
Public Works	1,510,452	1,340,238	1,377,158	1,416,749	1,416,163	1,404,106	1,280,044	1,214,660	1,152,780	1,048,136
Unclassified	1,713,864	2,045,577	1,540,250	1,371,185	1,375,542	1,810,778	2,018,617	1,681,096	931,406	778,865
Debt Principal	4,511,951	3,360,772	1,255,991	2,031,839	1,482,772	1,383,586	1,450,715	1,731,500	1,155,000	1,043,824
Debt Interest	101,792	1,652,085	2,121,947	306,444	387,524	391,886	469,929	316,406	345,116	407,870
Assessments	418,665	413,360	390,325	385,325	399,485	575,555	401,535	399,076	388,476	381,293
State Retirement Contributions	-	-	-	-	1,291,410	1,328,608	1,273,446	1,169,874	1,036,745	978,249
Education	9,676,685	9,043,511	8,303,154	8,863,374	15,064,466	15,271,460	14,949,329	14,141,833	13,153,803	12,749,566
Capital Outlay	2,621,214	2,504,703	3,984,782	11,740,530	26,208,789	4,870,805	2,286,072	1,714,843	1,101,514	710,173
<b>Total Expenditures</b>	<b>25,103,674</b>	<b>24,771,423</b>	<b>23,472,428</b>	<b>30,564,824</b>	<b>51,675,124</b>	<b>31,002,628</b>	<b>28,033,924</b>	<b>26,076,694</b>	<b>22,728,901</b>	<b>20,980,338</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(1,259,082)</b>	<b>(1,275,031)</b>	<b>(1,164,657)</b>	<b>(11,577,839)</b>	<b>(24,140,040)</b>	<b>(3,337,326)</b>	<b>(1,384,153)</b>	<b>(1,022,923)</b>	<b>586,037</b>	<b>479,451</b>
<b>Other Financing Sources (Uses):</b>										
Proceeds from Borrowing	380,000	-	1,892,000	7,794,798	30,000,000	-	-	3,864,500	1,125,000	-
Proceeds from Capital Leases	-	-	-	-	37,960	184,350	-	-	-	-
Premium on Debt	-	-	-	-	-	-	-	26,898	-	-
Transfers In	1,878,351	2,238,911	1,901,340	3,702,234	12,114,821	10,865,651	9,024,790	7,742,761	8,436,575	7,442,147
Transfers Out	(2,167,269)	(2,767,118)	(1,901,340)	(3,546,888)	(12,542,555)	(10,865,651)	(9,024,790)	(7,742,761)	(8,725,075)	(7,442,147)
<b>Total Other Financing Sources (Uses)</b>	<b>91,082</b>	<b>(528,207)</b>	<b>1,892,000</b>	<b>7,950,144</b>	<b>29,610,226</b>	<b>184,350</b>	<b>-</b>	<b>3,888,398</b>	<b>836,500</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,168,000)</b>	<b>(1,803,238)</b>	<b>727,343</b>	<b>(3,627,695)</b>	<b>5,470,186</b>	<b>(3,152,976)</b>	<b>(1,384,153)</b>	<b>2,865,475</b>	<b>1,422,537</b>	<b>479,451</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>20.07%</b>	<b>14.96%</b>	<b>6.45%</b>	<b>10.79%</b>	<b>5.82%</b>	<b>5.29%</b>	<b>5.63%</b>	<b>7.11%</b>	<b>5.34%</b>	<b>5.15%</b>

**CITY OF ELLSWORTH, ME**  
**TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Excise Tax</u>	<u>Total</u>
2013	\$ 16,402,046	1,302,518	17,704,564
2012	15,547,736	1,252,688	16,800,424
2011	14,999,635	1,228,531	16,228,166
2010	13,983,917	1,228,909	15,212,826
2009	13,773,783	1,267,737	15,041,520
2008	13,462,417	1,316,865	14,779,282
2007	11,283,093	1,309,962	12,593,055
2006	10,381,448	1,321,575	11,703,023
2005	10,215,710	1,245,455	11,461,165
2004	9,590,193	1,227,554	10,817,747
Percent Change 2004-2013	71.03%	6.11%	63.66%

CITY OF ELLSWORTH, ME  
 STATE AID REVENUES BY SOURCE  
 LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>State Revenue Sharing</u>	<u>School Aid</u>	<u>Welfare Assistance</u>	<u>Other State Aid</u>	<u>Total</u>
2013	\$ 512,600	-	11,872	4,446,976	4,971,448
2012	470,124	-	17,221	4,484,103	4,971,448
2011	480,237	-	14,263	3,154,215	3,648,715
2010	505,574	-	12,096	1,521,122	2,038,792
2009	578,348	3,466,169	10,418	410,800	4,465,735
2008	546,715	4,246,937	12,227	354,145	5,160,024
2007	546,982	4,662,450	10,394	340,243	5,560,069
2006	601,666	4,820,004	12,582	372,134	5,806,386
2005	580,192	4,267,879	12,007	359,928	5,220,006
2004	534,756	3,804,559	12,323	362,323	4,713,961

**CITY OF ELLSWORTH, ME**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Real Property</u>				<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Assessed Value as a Percentage of Actual Value</u>
	<u>Residential</u>	<u>Commercial</u>	<u>Personal Property*</u>	<u>Assessed Value</u>			
2013	\$ 681,756,939	351,208,120	34,183,300	1,067,148,359	15.45	100%	
2012	702,973,943	330,811,267	37,489,600	1,071,274,810	14.56	100%	
2011	711,254,840	321,442,770	36,158,700	1,068,856,310	13.85	100%	
2010	716,765,880	299,814,930	37,486,660	1,054,067,470	13.35	100%	
2009	697,479,074	291,168,796	37,056,650	1,025,704,520	13.35	100%	
2008	676,191,694	283,685,676	34,522,180	994,399,550	13.15	100%	
2007	435,829,047	169,957,722	35,138,300	640,925,069	17.55	69%	
2006	401,284,853	146,246,998	34,040,400	581,572,251	17.78	75%	
2005	393,578,065	143,548,828	33,276,100	570,402,993	17.84	82%	
2004	379,451,011	137,399,390	33,078,600	549,929,001	17.27	100%	

\* Personal Property consists of machinery and equipment.

Source: City Tax Assessor

**CITY OF ELLSWORTH, ME**  
**PROPERTY TAX RATE - DIRECT AND OVERLAPPING GOVERNMENTS**  
 (per \$1,000 of assessed value)  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General City Government</u>	<u>Education</u>	<u>Hancock County</u>	<u>Total</u>
2013	6.06	9.00	0.39	15.45
2012	5.81	8.37	0.38	14.56
2011	6.08	7.41	0.36	13.85
2010	6.05	6.93	0.37	13.35
2009	5.27	7.69	0.39	13.35
2008	5.25	7.49	0.41	13.15
2007	7.36	9.59	0.60	17.55
2006	7.59	9.54	0.65	17.78
2005	6.96	10.17	0.71	17.84
2004	6.39	10.19	0.69	17.27

CITY OF ELLSWORTH, ME  
 PRINCIPAL PROPERTY TAXPAYERS\*  
 Current Year and Nine Years Ago

Taxpayer	Business	2013			2004		
		Assessed Value	Rank	% of Total Tax Base	Assessed Value	Rank	% of Total Tax Base
Bangor Hydro Electric Co	Electric Utility	\$ 26,460,800	1	2.49%	13,717,400	2	2.44%
Wal-Mart	Retail Sales	20,399,100	2	1.92%	6,945,800	5	1.24%
Lowe's	Retail Sales	16,038,300	3	1.51%	-	-	-
Union River Associates Realty	Shopping Center	14,037,000	4	1.32%	-	-	-
Home Depot	Retail Sales	11,202,600	5	1.05%	8,640,800	4	1.54%
Black Bear Hydro Partners LLC	Dam	10,000,000	6	0.94%	-	-	-
Ellsworth Shopping Center Inc.	Shopping Center	7,374,500	7	0.69%	6,891,300	6	1.23%
Ellsworth No. 1 LLC	Lodging	6,876,300	8	0.65%	-	-	-
Hancock County Homes Foundation	Multi-Family Apartments	5,514,600	9	0.52%	3,858,400	8	0.69%
Ellsworth RI LLC	Lodging	5,366,200	10	0.50%	-	-	-
Union River Yacht Club	Lodging	-	-	-	4,528,700	7	0.81%
Mill Mall	Shopping Center	-	-	-	2,577,000	10	0.46%
Henrietta T. MacQuinn Trustee	Shopping Center	-	-	-	9,842,500	3	1.75%
Union Trust Company	Bank	-	-	-	2,767,000	9	0.49%
Penobscot Hydro	Dam	-	-	-	21,203,900	1	3.78%

\*Source - City of Ellsworth Tax Commitment

CITY OF ELLSWORTH, ME  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

TABLE 10

Collected within the Fiscal Year of the Levy

<u>Fiscal Year</u>	<u>Gross Tax Levy</u>	<u>Abatements</u>	<u>Net Tax Levy</u>	<u>Amount</u>	<u>% of Net Levy</u>	<u>Subsequent Year Collections</u>	<u>Total Tax Collections</u>	<u>% of Total Tax Collection to Net Levy</u>
2004	\$ 9,590,193	19,425	9,570,768	9,227,551	96.41%	170,316	9,397,867	98.19%
2005	10,215,709	18,919	10,196,790	9,933,801	97.42%	126,825	10,060,626	98.66%
2006	10,381,447	22,362	10,359,085	10,088,149	97.38%	156,782	10,244,931	98.90%
2007	11,283,078	15,277	11,267,801	10,926,446	96.97%	34,411	10,960,857	97.28%
2008	13,615,548	136,808	13,478,740	12,796,107	94.94%	228,566	13,024,673	96.63%
2009	13,615,548	215,226	13,400,322	12,649,490	94.40%	438,925	13,088,416	97.67%
2010	14,093,900	39,704	14,054,196	13,274,749	94.45%	434,540	13,709,289	97.55%
2011	14,839,634	30,942	14,808,692	14,218,576	96.02%	409,308	14,627,884	98.78%
2012	15,626,746	38,446	15,588,300	14,973,049	96.05%	286,313	15,259,362	97.89%
2013	16,462,946	92,744	16,370,202	15,631,220	95.49%	-	15,631,220	95.49%

CITY OF ELLSWORTH, ME  
 RATIO OF OUTSTANDING DEBT BY TYPE  
 LAST TEN FISCAL YEARS

TABLE 11

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary</u>		<u>Per Capita</u>		<u>Per Personal Income</u>	
	<u>General Obligation Bonds</u>		<u>General Obligation Bonds</u>		<u>Government</u>					
2004	\$ 9,186,177		3,241,585		12,427,762		1,837.61		5.11%	
2005	9,092,942		2,756,296		11,849,238		1,727.04		4.81%	
2006	10,865,324		2,643,764		13,509,088		1,954.44		5.44%	
2007	9,302,609		2,172,903		11,475,512		1,641.23		4.57%	
2008	7,839,611		1,649,194		9,488,805		1,343.26		3.74%	
2009	36,356,839		2,583,587		38,940,426		5,479.94		15.25%	
2010	42,119,798		12,506,247		54,626,045		7,650.71		21.29%	
2011	42,755,807		15,289,174		58,044,981		7,498.38		14.74%	
2012	39,395,034		14,436,947		53,831,981		6,933.54		14.77%	
2013	36,496,260		13,920,802		50,417,062		6,443.90		13.48%	

\*\* In 2009, the City of Ellsworth issued a School Construction Bond by Regional School Unit #24 in the name of the City of Ellsworth, Maine. The State of Maine Department of Education is responsible for paying 96 percent of the annual principal and interest to the Maine Municipal Bond Bank directly. The remaining four percent is paid by the Regional School Unit #24. The GOB is backed by the full faith and credit of the City of Ellsworth.

**CITY OF ELLSWORTH, ME**  
**RATIO OF GENERAL OBLIGATION DEBT TO ASSESSED VALUE AND**  
**NET GENERAL OBLIGATION DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population*</u>	<u>Assessed Value</u>	<u>GO Debt</u>	<u>Ratio of Net Bonded Debt</u>	
				<u>Assessed Value</u>	<u>Per Capita</u>
2004	6763	\$ 549,929,001	9,186,177	1.67%	1,358.30
2005	6861	570,402,993	9,092,942	1.59%	1,325.31
2006	6912	584,572,250	10,865,324	1.86%	1,571.95
2007	6992	640,949,659	9,302,609	1.45%	1,330.46
2008	7064	1,006,045,800	7,839,611	0.78%	1,109.80
2009	7106	1,025,704,520	36,356,839	3.54%	5,116.36
2010	7140	1,054,067,470	42,119,798	4.00%	5,899.13
2011	7741	1,068,856,310	42,755,807	4.00%	5,523.29
2012	7764	1,071,274,810	39,395,034	3.68%	5,074.06
2013	7824	1,063,958,739	36,496,260	3.43%	4,664.65

\*Source: US Census Bureau

\*\* In 2009, the City of Ellsworth issued a School Construction Bond by Regional School Unit #24 in the name of the City of Ellsworth, Maine. The State of Maine Department of Education is responsible for paying 96 percent of the annual principal and interest to the Maine Municipal Bond Bank directly. The remaining four percent is paid by the Regional School Unit #24. The GOB is backed by the full faith and credit of the City of Ellsworth.

CITY OF ELLSWORTH, ME  
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
 June 30, 2013

	<u>Total Debt</u> <u>Outstanding</u>	<u>% Applicable to</u> <u>Ellsworth</u>	<u>Amount Applicable to</u> <u>Ellsworth</u>
Direct Debt			
City of Ellsworth			
General Obligation Bonds	\$ 50,417,062	100%	50,417,062
Overlapping Debt			
Hancock County	1,800,000	7.90%	142,200
<b>Total Debt</b>	<b>\$ 52,217,062</b>		<b>50,559,262</b>

CITY OF ELLSWORTH, ME  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Assessed Value</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Percentage of Net Debt to Debt Limit</u>
2004	\$ 84,352,500	562,350,000	12,427,762	71,924,738	14.73%
2005	97,687,500	651,250,000	11,849,238	85,838,262	12.13%
2006	117,247,500	781,650,000	13,509,088	103,738,412	11.52%
2007	140,805,000	938,700,000	11,475,512	129,329,488	8.15%
2008	151,128,000	1,007,520,000	9,488,805	141,639,195	6.28%
2009	155,175,000	1,034,500,000	38,940,426	116,234,574	25.09%
2010	158,595,000	1,057,300,000	54,626,045	103,968,955	34.44%
2011	162,975,000	1,086,500,000	58,044,981	104,930,019	35.62%
2012	158,872,500	1,059,150,000	53,831,981	105,040,519	33.88%
2013	157,305,000	1,048,700,000	50,417,062	106,887,938	32.05%

**Legal Debt Margin Calculation for Fiscal Year 2013**

Total State Valuation	1,048,700,000
Debt Limitation: 15% of State Valuation	157,305,000
Debt Applicable to Debt Limitation:	
General Obligation Bonds:	
Municipal	\$ 3,340,975
Water	3,090,103
School	33,155,285
Sewer	10,829,737
Total Debt Applicable to Limit:	50,416,100
<b>Legal Debt Margin</b>	<b>106,888,900</b>

CITY OF ELLSWORTH, ME  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population*</u>	<u>Median Household Income*</u>	<u>Per Capita Income*</u>	<u>Median Age*</u>	<u>Public School Enrollment**</u>	<u>Unemployment Rate***</u>
2004	6763	\$ 35,938	21,049	40.5	1,236	5.70%
2005	6861	35,938	21,049	40.5	1,346	6.10%
2006	6912	35,938	21,049	40.5	1,314	5.60%
2007	6992	35,938	21,049	40.5	1,337	6.20%
2008	7064	35,938	21,049	40.5	1,333	6.20%
2009	7106	35,938	21,049	40.5	1,243	8.60%
2010	7140	35,938	21,049	40.5	1,377	7.50%
2011	7741	50,884	26,638	42.2	1,348	7.50%
2012	7764	46,953	27,094	41.9	1,357	7.40%
2013	7824	47,799	27,850	46.4	1,301	7.10%

\*Source: US Census Bureau

\*\*Source: Maine Department of Education

\*\*\*Source: Maine Department of Labor

**CITY OF ELLSWORTH, MAINE  
PRINCIPAL EMPLOYEES  
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2013</u>		<u>2004</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Maine Coast Memorial Hospital	633	1	430	1
RSU #24	314	2		
Wal-Mart Stores	299	3	230	3
Hannaford Bros.	289	4	171	4
Shaw's Supermarket	147	5	116	7
Kidspace National Centers	123	6	170	5
Lowe's	104	7		
Home Depot	98	8		
Union Trust Company	94	9		8
North Country Associates	92	10	91	9
City of Ellsworth			352	2
State of Maine, Dept of Transportation			132	6
United States Postal Service			90	10

\*Source - City of Ellsworth

**CITY OF ELLSWORTH, MAINE  
OPERATING INDICATORS BY FUNCTION\*  
LAST TEN FISCAL YEARS**

Function	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Code Enforcement										
Building Permits	139	167	190	213	190	259	223	239	289	311
Police										
Calls for Service	7,330	8,005	7,309	7,010	6,337	4,885	5,243	4,861	4,641	5,252
Fire										
Calls for Service	413	405	382	397	385	345	355	299	277	329
Sewer										
Treated flow (millions of gallons)	227	124	148	213	190	259	223	217	317	357
Biosolids (cubic yards)	503	777	610	716	622	697	680	908	829	559

\*Source - City of Ellsworth Departmental Records

**CITY OF ELLSWORTH, MAINE  
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

<b>Function</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Administration	18	18	18	18	17	16	16	16	16	13
Police	16	16	16	15	14	14	14	14	14	13
Fire	12	10	10	10	10	9	9	8	8	8
Dispatch	4	4	4	3	3	3	4	4	4	4
Highway	12	11	11	11	11	11	10	9	9	9
Transfer Station	2	2	2	2	2	2	2	2	1	0
Wastewater Department	4	4	4	4	4	4	4	4	3	3
Water Department	4	4	4	4	4	4	4	3	3	3
Library	11	11	11	9	9	9	9	9	9	9
Recreation	1	1	1	1	1	1	1	1	1	1
Custodial	2	2	2	3	3	2	2	2	2	2
School Department**	0	0	0	0	320	320	318	317	291	291
<b>Totals</b>	<b>86</b>	<b>83</b>	<b>83</b>	<b>80</b>	<b>398</b>	<b>395</b>	<b>393</b>	<b>389</b>	<b>361</b>	<b>356</b>

\*Source - City of Ellsworth Departmental Records

\*\*In 2010, the Ellsworth School Department was reorganized and became part of Regional School Unit 24.

**CITY OF ELLSWORTH, MAINE  
CAPITAL ASSETS STATISTICS BY FUNCTION\*  
LAST TEN FISCAL YEARS**

TABLE 19

Function	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	8	8	8	7	7	7	7	7	7	6
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	9	9	9	7	9	9	9	9	9	9
Public Works										
Paved Streets/Roads (miles)	38.29	37.79	37.79	37.79	37.79	37.79	35.86	35.86	35.86	35.86
Unpaved Streets/Roads (miles)	14.91	14.91	14.91	14.91	14.91	14.91	14.91	14.91	14.91	14.91
Sidewalks (miles)	4.21	4.21	4.21	4.21	4.21	4.21	4.21	4.21	4.21	4.21
Parks and Recreation										
Parks	1	1	1	1	1	2	2	2	2	2
Park Acreage	1.25	1.25	1.25	1.25	1.25	1.40	1.40	1.40	1.40	1.40
Harbors	1	1	1	1	1	1	1	1	1	1
Harbor Moorings	42	42	42	43	42	41	33	33	35	36
Ball Fields	4	4	4	4	4	4	4	4	4	3
Ball Field Acreage	10.70	10.70	10.70	10.70	10.70	10.70	10.70	10.70	10.70	9.70
Sewer										
Sanitary Sewers (miles)	23.40	22.40	22.40	22.40	22.40	22.40	22.40	22.40	22.40	22.40
Storm Sewers (miles)	17.90	17.90	17.90	17.90	17.90	17.90	17.90	17.90	17.90	17.90
Pump Stations	8	8	8	7	7	7	7	7	4	4
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Water										
Transmission & Distribution (miles)	33.80	33.80	33.80	31.53	31.50	31.50	31.50	30.60	30.60	30.60
Public Fire Hydrants	235	235	235	222	192	192	192	192	181	176

\*Source - City of Ellsworth Departmental Records