

CITY OF ELLSWORTH, MAINE

Annual Financial Report

For the Year Ended June 30, 2018

CITY OF ELLSWORTH, MAINE
Annual Financial Report
June 30, 2018

Table of Contents

	<u>Statements</u>	<u>Page</u>
Independent Auditor's Report		1-3
Management's Discussion and Analysis		4-12
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	15
Statement of Activities	2	16
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	4	18
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	5	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	20
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Budgetary Basis – General Fund	7	21
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Budgetary Basis – School Operations Fund	7.1	22
Statement of Net Position – Proprietary Funds	8	23
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	9	24
Statement of Cash Flows – Proprietary Funds	10	25
Statement of Fiduciary Net Position – Fiduciary Funds	11	26
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	12	27
Notes to Basic Financial Statements		28-57
Required Supplementary Information		58-61
Notes to Required Supplementary Information		62
Combining and Individual Fund Financial Statements and Schedules:		
	<u>Exhibit</u>	
General Fund:		
Comparative Balance Sheets	A-1	65
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	A-2	66-70
Nonmajor Governmental Funds:		
Combining Balance Sheet	B-1	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B-2	74

CITY OF ELLSWORTH, MAINE
Annual Financial Report
June 30, 2018

Table of Contents, Continued

	<u>Exhibit</u>	<u>Page</u>
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	C-1	77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	C-2	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – City Grants	C-3	79
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – School Grants	C-3.1	80
Nonmajor Permanent Funds:		
Combining Balance Sheet	D-1	83
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	D-2	84
Fiduciary Funds:		
Statement of Changes in Assets and Liabilities – Agency Funds	E	87
	<u>Schedule</u>	
Schedule of Capital Projects	1	91
Schedule of Changes in Assigned Balances – General Fund – Capital Reserve Funds	2	92
Schedule of Valuation, Assessments, and Collection of Taxes	3	93

Independent Auditor's 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, 2018, and the related notes to the financial statements, which collectively comprise the City of Ellsworth, Maine'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.

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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and School Operations Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principal

As described in the notes to the financial statements, in 2018, the City adopted new accounting guidance, *GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the required supplementary information related to the net pension liability, and the required supplementary information related to the OPEB liabilities, 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 combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules 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 fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2019 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 the effectiveness of the City of Ellsworth, Maine's 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.



April 26, 2019
South Portland, Maine

CITY OF ELLSWORTH, MAINE
Management's Discussion and Analysis
June 30, 2018

As management of the City of Ellsworth, 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, 2018. 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 and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$60,560,185 as of June 30, 2018, compared to \$59,326,911 as of June 30, 2017. Of the \$60,560,185, \$39,416,965 relates to the City's governmental activities and \$21,143,220 relates to its business-type activities (Water and Wastewater).
- The City's General Fund - fund balance was \$5,576,021 as of June 30, 2018, compared to \$5,679,263 as of June 30, 2017, a decrease of \$103,242.
- The City's Fund Balance Ordinance requires general fund unassigned fund balance to remain between 10% and 20% of the previous fiscal year's total gross expenditures. At the end of the current fiscal year, unassigned fund balance as a percentage of the prior fiscal year's total gross expenditures stands at 19.83%.
- The City did not issue any new long-term debt during the fiscal year; however, the School Department entered into three capital leases for the purchase of two new school buses and technology equipment for \$408,252.
- At the close of fiscal year 2018, the City of Ellsworth's governmental funds financial statements reported a combined ending fund balance of \$3,146,754, which is a decrease of \$1,105,515 from the prior year's combined ending fund balance of \$4,252,269.

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 basic 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 (Statement 1) and a Statement of Activities (Statement 2). 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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them 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 and sick leave).

CITY OF ELLSWORTH, MAINE
Management's Discussion and Analysis, Continued

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 general government, public safety, public works, culture and recreation, education, and general assistance. 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 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 (Statement 3) and the governmental fund statement of revenues, expenditures, and changes in fund balances (Statement 4) provide a reconciliation to facilitate a comparison between governmental funds and governmental activities.
- The City of Ellsworth reports three major 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, School Operations Fund, and Capital Projects Fund. All other funds are considered to be nonmajor and are combined into a single aggregated presentation as "Other Governmental Funds". Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements (Exhibit B) elsewhere in this report.
- The City of Ellsworth adopts an annual budget for its General Fund and School Operations Fund. A budgetary comparison statement has been provided for the General Fund and School Operations Fund to demonstrate compliance with this budget (Statement 7 and Statement 7.1, respectively). Additionally, the City's General Fund is further broken down into the individual elements comprising each budget category (Exhibit A-2).
- Proprietary funds are used to account for the operations of the Water and Wastewater funds. Enterprise funds are the only type of proprietary funds maintained by the City. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Both the Water and Wastewater funds are considered major funds. The City of Ellsworth adopts annual budgets for each fund.
- Fiduciary funds are reported in the fiduciary fund financial statements (Statements 11 and 12), 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. The City reports two types of fiduciary funds, agency funds and private-purpose trusts.

Notes to the Basic Financial Statements

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

CITY OF ELLSWORTH, MAINE
Management's Discussion and Analysis, Continued

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, 2018 and 2017:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2018</u>	<u>2017</u> <u>(restated)</u>	<u>Change</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>
Current and other assets	\$ 10,092,425	\$ 10,040,327	52,098	(1,732,134)	(1,140,178)	(591,956)
Capital assets	69,741,432	69,641,313	100,119	33,248,871	33,419,527	(170,656)
Total Assets	79,833,857	79,681,640	152,217	31,516,737	32,279,349	(762,612)
Deferred outflows of resources - pensions	1,030,442	1,905,750	(875,308)	-	-	-
Deferred outflows of resources - OPEB	100,300	-	100,300	-	-	-
Total Deferred Outflows	1,130,742	1,905,750	(775,008)	-	-	-
Current liabilities	6,031,826	4,637,216	1,394,610	1,054,578	762,027	292,551
Noncurrent liabilities	35,312,730	38,679,527	(3,366,797)	9,318,939	10,357,299	(1,038,360)
Total Liabilities	41,344,556	43,316,743	(1,972,187)	10,373,517	11,119,326	(745,809)
Deferred inflows of resources - pensions	146,626	103,759	42,867	-	-	-
Deferred inflows of resources - OPEB	56,452	-	56,452	-	-	-
Total Deferred Inflows	203,078	103,759	99,319	-	-	-
Net investment in capital assets	38,691,433	35,614,294	3,077,139	24,006,772	23,170,113	836,659
Restricted	4,134,018	3,849,594	284,424	430,044	425,090	4,954
Unrestricted	(3,408,486)	(1,297,000)	(2,111,486)	(3,293,596)	(2,435,180)	(858,416)
Total Net Position	\$ 39,416,965	38,166,888	1,250,077	21,143,220	21,160,023	(16,803)

Governmental activity assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$39,416,965. Business-type activity assets exceeded liabilities by \$21,143,220 for a City-wide total net position of \$60,560,185 at the close of the most recent fiscal year.

The largest portion of the City of Ellsworth's net position (103.5%) 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, and adding back any unspent bond proceeds.

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. The remaining portion of the City's net position (-3.5%) represents resources that are subject to external restrictions and a portion used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Ellsworth is able to report positive balances in all categories of net position except in unrestricted. The governmental activities negative unrestricted net position represents -8.6% of the total governmental activities net position. The City Council will be addressing this in future budget years to bring unrestricted net position to a positive balance. The business-type activities negative balance is due to the Wastewater's operating history where expenses exceeded revenues. Additionally, interest on debt used to pay

CITY OF ELLSWORTH, MAINE
Management's Discussion and Analysis, Continued

for the new plant and depreciation expense on capital assets are significant annual expenses to the Wastewater Fund. The City Council has addressed this issue by significantly increasing the user fee rates.

The following schedule is a summary of the statement of activities for the years ended June 30, 2018 and 2017:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>
Revenues:						
Program revenues:						
Charges for services	\$ 3,739,468	3,832,542	(93,074)	2,575,224	2,997,359	(422,135)
Operating grants and contributions	9,295,927	8,632,679	663,248	-	-	-
Capital grants and contributions	225,112	300,846	(75,734)	468,984	-	468,984
General revenues:						
Taxes	21,352,436	21,059,830	292,606	-	-	-
Intergovernmental	969,623	808,950	160,673	-	-	-
Investments	158,992	165,433	(6,441)	17,814	23,832	(6,018)
All others	38,040	206,531	(168,491)	-	-	-
Total revenues	35,779,598	35,006,811	772,787	3,062,022	3,021,191	40,831
Expenses:						
General government	4,712,916	4,550,811	162,105	-	-	-
Public safety	3,269,491	3,069,311	200,180	-	-	-
Municipal buildings	358,829	316,069	42,760	-	-	-
Culture and recreation	906,847	846,493	60,354	-	-	-
General assistance	64,057	46,188	17,869	-	-	-
Public works	2,368,098	2,049,629	318,469	-	-	-
County tax	448,320	436,056	12,264	-	-	-
Education	20,530,989	20,081,377	449,612	-	-	-
Investment fees	4,843	3,876	967	-	-	-
Unclassified	68,270	217,784	(149,514)	-	-	-
Capital maintenance	779,835	95,190	684,645	-	-	-
Interest on long-term debt	1,049,526	1,031,292	18,234	-	-	-
Wastewater	-	-	-	2,060,120	2,005,611	54,509
Water	-	-	-	986,205	916,188	70,017
Total expenses	34,562,021	32,744,076	1,817,945	3,046,325	2,921,799	124,526
Change in net position before transfers	1,217,577	2,262,735	(1,045,158)	15,697	99,392	(83,695)
Transfers	32,500	-	32,500	(32,500)	-	(32,500)
Change in net position	1,250,077	2,262,735	(1,012,658)	(16,803)	99,392	(116,195)
Net position, beginning of year - as restated	38,166,888	36,606,250	1,560,638	21,160,023	21,060,631	99,392
Net position, end of year	\$ 39,416,965	38,868,985	547,980	21,143,220	21,160,023	(16,803)

CITY OF ELLSWORTH, MAINE
Management's Discussion and Analysis, Continued

The cost of all governmental activities was \$34,562,021. As shown on the Statement of Activities, the total amount financed by the City's taxpayers was \$21,352,436, or 59.7% of total revenues. Those who directly benefit from an activity provided \$3,739,468 in revenue. Other governments and organizations subsidized certain activities with operating grants and contributions in the amount of \$9,295,927. Capital grants and contributions accounted for \$225,112. All other revenues accounted for \$1,166,655, which includes miscellaneous revenues, intergovernmental revenues not restricted to a specific program, investment earnings, and the sale of property held for resale.

Total governmental activities revenues (\$35,779,598) increased by \$772,787, or 2.2% over fiscal year 2017. This was driven by growth in property and excise taxes, as well as intergovernmental revenues not restricted to specific programs.

Total governmental activities expenses (\$34,562,021) increased by \$1,817,945, or 5.6% from fiscal year 2017. This was driven by increases in general government, public safety, education, capital maintenance, and public works.

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 – fund balance of \$4,444,696 (Statement 3) 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 2018.

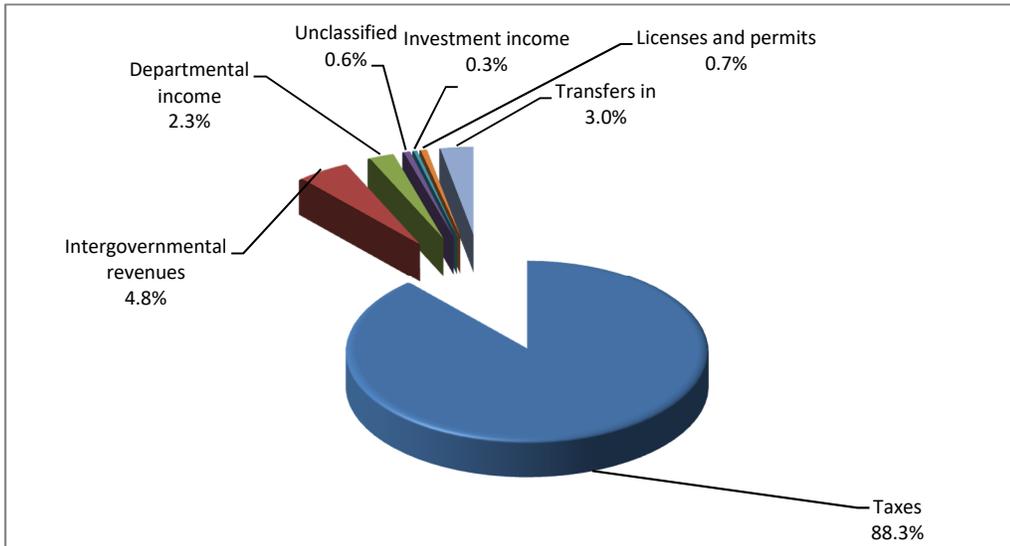
As of the end of the current fiscal year, the City of Ellsworth's governmental funds reported combined ending fund balances of \$3,146,754, a decrease of \$1,105,515. Of this total, a portion is not available for new spending because it is either in a non-spendable form (\$653,267), has been restricted for special revenues, permanent funds or education (\$3,480,751), or has been assigned to liquidate contracts and purchase orders of the prior period (\$1,131,325). The remaining unassigned fund deficit is \$2,118,589. This deficit is driven primarily from the negative fund balance in the Capital Projects Fund of \$6,463,928. This deficit will be funded by future revenues, bond issuances, or transfers from the General Fund.

General Fund - The General Fund is the central operating fund of the City of Ellsworth. As stated earlier, the unassigned General Fund – fund balance as of June 30, 2018 was \$4,444,696 as compared to \$4,493,026 of the previous year, which is a decrease of \$48,330, or 1.08%.

Total expenditures in the General Fund (\$24,566,507, Statement 7), which includes other financing uses, increased by \$2,161,248, or 9.6%. Total revenues in the General Fund (\$24,463,265 Statement 7), which includes other financing sources, increased from the prior year by \$929,707, or 3.9%, mainly due to the increases in taxation, intergovernmental revenues, and unclassified revenues.

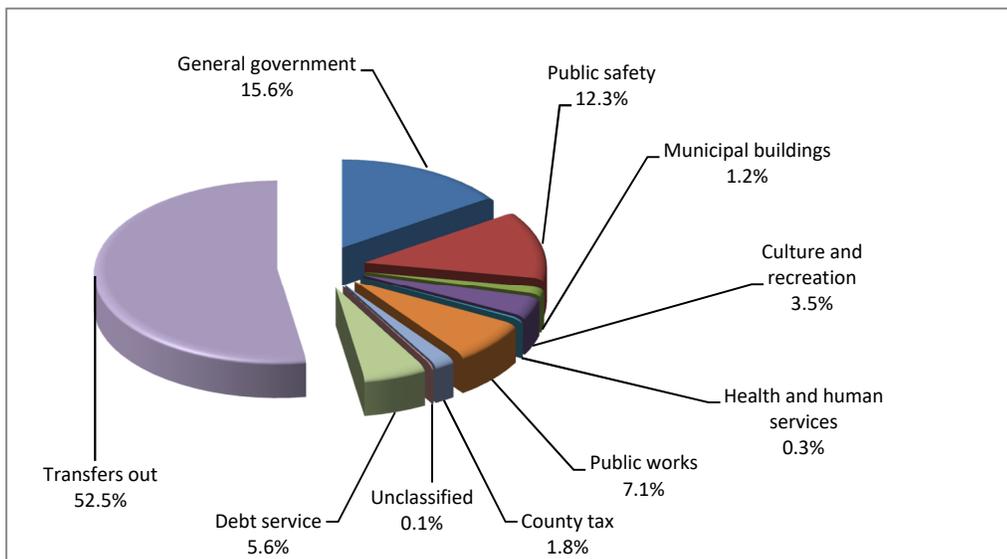
CITY OF ELLSWORTH, MAINE
Management's Discussion and Analysis, Continued

The City's General Fund revenues were as follows (Statement 7):



The largest single source of revenue continues to be taxes, which includes property taxes, excise taxes, and interest and lien costs. Tax revenues in total increased by \$639,306 or 3.0%, from the prior year. The portion of total revenues attributed to tax revenues (88.3%) decreased from the prior year by 0.6%. All other revenues account for 11.7% of total revenues.

The City's General Fund expenditures were as follows (Statement 7):

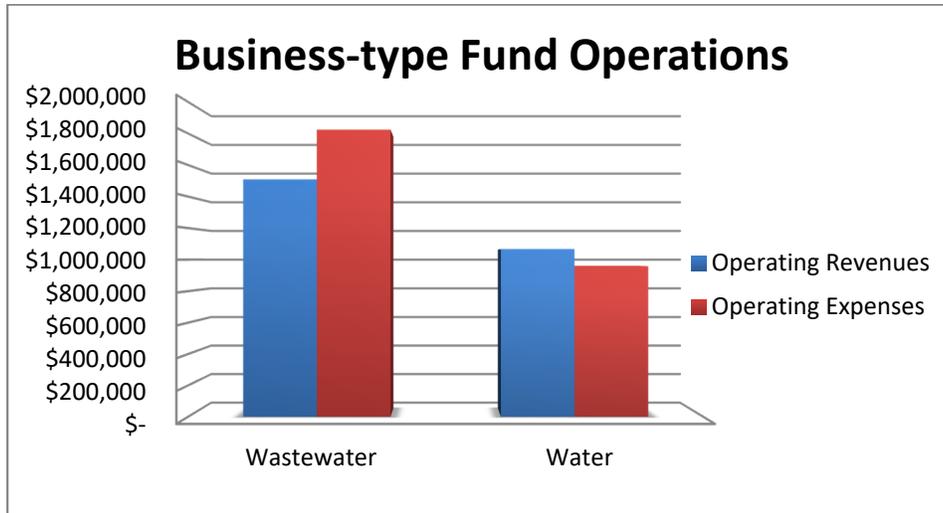


Transfers out account for the largest percentage of total expenditures at 52.5%. This accounts for the City's budgeted education allocation (\$10,892,202), adult education allocation (\$228,575), TIF District allocation (\$867,894), and capital projects (\$909,600). General government expenditures account for 15.6% of total expenditures and public safety accounts for 12.3%. All other expenditure categories comprise 19.6% of total expenditures.

CITY OF ELLSWORTH, MAINE
Management's Discussion and Analysis, Continued

Business-type Activities

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



Unrestricted net position of the City's Wastewater fund amounted to (\$2,911,167) a decrease of \$345,236. The City's Water fund unrestricted net position amounted to (\$382,429), a decrease of \$513,180.

General Fund Budgetary Highlights

Actual revenues exceeded budgeted revenues by \$301,418 (Statement 7). This is primarily due to higher-than-expected revenues from real estate and excise taxes, licenses and permits, as well as the receipt of unbudgeted miscellaneous revenues.

Actual expenditures were higher than budgeted expenditures by \$240,962 (Statement 7). This is primarily due to higher than-expected costs for general government, municipal buildings, debt service and unclassified expenditures.

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, if any, are normally due to overtime and other unavoidable or unanticipated circumstances.

School Operations Fund Budgetary Highlights

Actual revenues were over budget by \$104,656 (Statement 7.1). This was due to higher than expected State agency client, tuition, and miscellaneous revenues.

Actual expenditures were under budget by \$926,041 (Statement 7.1). This was due to lower-than-expected costs related to regular and special education instruction, career and technical education, student and staff support, and facilities maintenance.

CITY OF ELLSWORTH, MAINE
Management's Discussion and Analysis, Continued

Capital Assets

The City of Ellsworth's capital assets, net of accumulated depreciation, for its governmental activities and business-type activities as of June 30, 2018 amounts to \$69,741,432 and \$33,248,871, respectively. Accumulated depreciation as of June 30, 2018 amounts to \$24,264,178 for governmental activities and \$14,973,495 for 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.

Capital asset additions for governmental activities amounted to \$2,443,288. Major capital asset additions for governmental activities for fiscal year 2018 include new police cruisers, highway equipment, and new road, sidewalk, culvert, and drainage improvements.

Capital asset additions for business-type activities amounted to \$912,952. Most of the additions were attributed to construction in progress and infrastructure improvements related to water distribution mains.

Additional information on the City's capital assets can be found in the notes to the financial statements of this report.

Long-term Liabilities

At the end of the current fiscal year, the City of Ellsworth had total long-term debt (bonds/notes) outstanding of \$39,816,557. Of this amount, \$7,275,733 is remaining for road construction projects, Moore Community Center construction, Knowlton Park construction, financial software, and development fees; \$9,119,447 for business-type activities; and \$23,421,377 for the School Department.

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

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 \$159,615,000, far exceeding the City's outstanding general obligation debt.

Additional information on the City's long-term liabilities can be found in the notes 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.

The City 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.

CITY OF ELLSWORTH, MAINE
Management's Discussion and Analysis, Continued

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 have 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.

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 and drainage systems, broadband expansion, and a concept design for a public safety building.

The City of Ellsworth received a rating review by Standard & Poor's and Moody's in August 2015. The City maintained its AA- General Obligation 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.

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.

BASIC FINANCIAL STATEMENTS

CITY OF ELLSWORTH, MAINE
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,739,756	100	1,739,856
Investments	1,988,439	382,757	2,371,196
Receivables:			
Taxes - current year	1,350,430	-	1,350,430
Accounts	127,685	801,170	928,855
Due from other governments	1,517,220	-	1,517,220
Internal balances	3,352,379	(3,352,379)	-
Prepaid expenses	6,746	-	6,746
Inventory	9,770	6,174	15,944
Cash restricted for capital projects	-	332,949	332,949
Accounts receivable restricted for capital projects	-	97,095	97,095
Capital assets, not being depreciated	3,315,140	2,365,264	5,680,404
Capital assets, net of accumulated depreciation	66,426,292	30,883,607	97,309,899
Total assets	79,833,857	31,516,737	111,350,594
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	1,030,442	-	1,030,442
Deferred outflows of resources related to OPEB	100,300	-	100,300
Total deferred outflows of resources	1,130,742	-	1,130,742
LIABILITIES			
Accounts payable	981,026	316,336	1,297,362
Accrued liabilities	1,664,519	15,099	1,679,618
Taxes collected in advance	193,526	-	193,526
Escrow deposit	1,700	-	1,700
Bond anticipation note	3,055,400	689,617	3,745,017
Accrued interest	135,655	33,526	169,181
Noncurrent liabilities:			
Due within one year	2,883,150	991,232	3,874,382
Due in more than one year	32,429,580	8,327,707	40,757,287
Total liabilities	41,344,556	10,373,517	51,718,073
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	146,626	-	146,626
Deferred inflows of resources related to OPEB	56,452	-	56,452
Total deferred inflows of resources	203,078	-	203,078
NET POSITION			
Net investment in capital assets	38,691,433	24,006,772	62,698,205
Restricted for:			
Permanent funds - Nonexpendable principal	636,751	-	636,751
Capital projects	-	430,044	430,044
Special revenue funds	1,392,601	-	1,392,601
Permanent funds	390,914	-	390,914
Education	1,713,752	-	1,713,752
Unrestricted	(3,408,486)	(3,293,596)	(6,702,082)
Total net position	\$ 39,416,965	21,143,220	60,560,185

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Activities
For the Year Ended June 30, 2018

Function/Program	Expenses	Program Revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business -type activities	
Primary government							
Governmental activities:							
General government	\$ 4,712,916	386,901	193,999	225,112	(3,906,904)	-	(3,906,904)
Public safety	3,269,491	27,195	101,265	-	(3,141,031)	-	(3,141,031)
Municipal buildings	358,829	-	-	-	(358,829)	-	(358,829)
Culture and recreation	906,847	53,822	5,464	-	(847,561)	-	(847,561)
General assistance	64,057	-	18,822	-	(45,235)	-	(45,235)
Public works	2,368,098	342,091	182,816	-	(1,843,191)	-	(1,843,191)
County tax	448,320	-	-	-	(448,320)	-	(448,320)
Education	20,530,989	2,825,390	8,773,561	-	(8,932,038)	-	(8,932,038)
Investment fees	4,843	-	-	-	(4,843)	-	(4,843)
Unclassified	68,270	104,069	20,000	-	55,799	-	55,799
Capital maintenance	779,835	-	-	-	(779,835)	-	(779,835)
Interest on long-term debt	1,049,526	-	-	-	(1,049,526)	-	(1,049,526)
Total governmental activities	34,562,021	3,739,468	9,295,927	225,112	(21,301,514)	-	(21,301,514)
Business-type activities:							
Wastewater	2,060,120	1,508,253	-	-	-	(551,867)	(551,867)
Water	986,205	1,066,971	-	468,984	-	549,750	549,750
Total business-type activities	3,046,325	2,575,224	-	468,984	-	(2,117)	(2,117)
Total primary government	\$ 37,608,346	6,314,692	9,295,927	694,096	(21,301,514)	(2,117)	(21,303,631)
General revenues:							
Property taxes, levied for general purposes					\$ 19,486,817	-	19,486,817
Motor vehicle excise taxes					1,743,481	-	1,743,481
Interest and costs on taxes					122,138	-	122,138
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					445,349	-	445,349
Homestead exemption					342,429	-	342,429
Other State aid					181,845	-	181,845
Unrestricted investment earnings					158,992	17,814	176,806
Sale of properties held for resale					3,500	-	3,500
Miscellaneous revenues					34,540	-	34,540
Transfers					32,500	(32,500)	-
Total general revenues					22,551,591	(14,686)	22,536,905
Change in net position					1,250,077	(16,803)	1,233,274
Net position, beginning of year, restated					38,166,888	21,160,023	59,326,911
Net position, end of year					\$ 39,416,965	21,143,220	60,560,185

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	School Operations Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	1,248,519	355,490	-	135,747	1,739,756
Investments	1,048,943	-	-	939,496	1,988,439
Receivables:					
Taxes - current year	46,237	-	-	-	46,237
Taxes - prior years	112,058	-	-	-	112,058
Tax liens - current year	804,012	-	-	-	804,012
Tax liens - prior years	388,123	-	-	-	388,123
Accounts	104,071	14,987	-	6,000	125,058
Due from other governments	176,832	660,999	-	679,389	1,517,220
Due from students	-	-	-	2,627	2,627
Prepaid expenditures	-	5,896	-	850	6,746
Inventory	-	-	-	9,770	9,770
Interfund receivable	3,375,392	2,521,262	-	943,852	6,840,506
Total assets	7,304,187	3,558,634	-	2,717,731	13,580,552
LIABILITIES					
Accounts payable	372,721	199,907	218,035	120,680	911,343
Accrued liabilities	110,719	1,447,129	12,593	94,078	1,664,519
Taxes collected in advance	193,526	-	-	-	193,526
Escrow deposit	1,700	-	-	-	1,700
Bond anticipation note	-	-	3,055,400	-	3,055,400
Interfund payable	-	197,846	3,177,900	182,064	3,557,810
Total liabilities	678,666	1,844,882	6,463,928	396,822	9,384,298
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	1,049,500	-	-	-	1,049,500
Total deferred inflows of resources	1,049,500	-	-	-	1,049,500
FUND BALANCES (DEFICIT)					
Nonspendable	-	5,896	-	647,371	653,267
Restricted	-	1,707,856	-	1,772,895	3,480,751
Assigned	1,131,325	-	-	-	1,131,325
Unassigned	4,444,696	-	(6,463,928)	(99,357)	(2,118,589)
Total fund balances (deficit)	5,576,021	1,713,752	(6,463,928)	2,320,909	3,146,754
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,304,187	3,558,634	-	2,717,731	13,580,552

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General Fund	School Operations Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 21,612,036	-	-	-	21,612,036
Licenses and permits	143,603	-	-	29,152	172,755
Intergovernmental revenues	1,171,261	7,131,294	-	1,924,515	10,227,070
Departmental income	560,747	-	-	-	560,747
Charges for services	-	2,537,261	-	323,328	2,860,589
Donations and fundraising	-	-	-	53,123	53,123
Other grants	-	-	-	40,461	40,461
Unclassified	147,490	169,558	14,825	21,552	353,425
Investment income	84,048	3,511	-	71,433	158,992
Total revenues	23,719,185	9,841,624	14,825	2,463,564	36,039,198
Expenditures					
Current:					
General government	3,814,993	-	-	291,581	4,106,574
Public safety	3,019,657	-	-	82,900	3,102,557
Public works	1,748,383	-	-	-	1,748,383
Health and human services	64,057	-	-	-	64,057
Culture and recreation	865,565	-	-	39,963	905,528
Municipal buildings	306,301	-	-	-	306,301
County tax	448,320	-	-	-	448,320
Education	-	16,591,667	-	1,091,853	17,683,520
Maine PERS on-behalf payments	-	1,094,153	-	-	1,094,153
Unclassified	33,479	-	-	10,643	44,122
Adult education	-	-	-	313,747	313,747
School lunch	-	-	-	679,834	679,834
Investment fees	-	-	-	4,843	4,843
Debt service:					
Principal	990,267	2,071,832	-	-	3,062,099
Interest	377,214	692,530	12,593	-	1,082,337
Capital outlays	-	408,252	2,523,513	7,325	2,939,090
Total expenditures	11,668,236	20,858,434	2,536,106	2,522,689	37,585,465
Excess (deficiency) of revenues over (under) expenditures	12,050,949	(11,016,810)	(2,521,281)	(59,125)	(1,546,267)
Other financing sources (uses)					
Capital lease proceeds	-	408,252	-	-	408,252
Transfers in	744,080	10,892,203	942,100	1,250,486	13,828,869
Transfers out	(12,898,271)	(154,018)	-	(744,080)	(13,796,369)
Total other financing sources (uses)	(12,154,191)	11,146,437	942,100	506,406	440,752
Net change in fund balances	(103,242)	129,627	(1,579,181)	447,281	(1,105,515)
Fund balances (deficit), beginning of year	5,679,263	1,584,125	(4,884,747)	1,873,628	4,252,269
Fund balances (deficit), end of year	\$ 5,576,021	1,713,752	(6,463,928)	2,320,909	3,146,754

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2018

Total fund balances - governmental funds (from Statement 3)	\$	3,146,754
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 of unavailable property taxes in the governmental funds is:		
		1,049,500
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:		
		69,741,432
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
Bonds and notes payable	(30,697,110)	
Capital leases payable	(374,247)	
Premium on bonds payable	(136,147)	
Other postemployment benefits (OPEB)	(1,419,709)	
Deferred outflows and inflows related to OPEB	43,848	
Accrued compensated absences	(529,983)	
Accrued interest	(135,655)	
Net pension liability	(2,155,534)	
Deferred outflows and inflows related to the net pension liability	883,816	
		(34,520,721)
Total net position - governmental activities (see Statement 1)		\$ 39,416,965

See accompanying notes to basic 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, 2018

Net change in fund balances - total governmental funds (from Statement 4)		\$ (1,105,515)
Amounts reported for governmental activities in the statement of activities are different because:		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This represents the change in unavailable revenue - property taxes.		(259,600)
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 capital asset additions exceeded depreciation expense and the net book value of disposed assets.		
Capital asset additions	2,443,288	
Depreciation expense and net book value of disposed assets	(2,343,169)	
		100,119
Bond and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and note 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 of bond and note repayments.		3,062,048
Capital lease proceeds provide current financial resources to governmental funds, but issuing capital leases increases long-term liabilities in the statement of net position. Repayment of capital lease 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 capital lease proceeds (\$408,252) exceeded repayments (\$155,460).		(252,792)
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. The following are changes in the long-term liabilities:		
OPEB liability	(85,318)	
Deferred outflows and inflows related to OPEB	43,848	
Unamortized debt premiums	10,259	
Accrued compensated absences	41,972	
Accrued interest payable	22,603	
Net pension liability	590,628	
Deferred outflows and inflows related to the net pension liability	(918,175)	
		(294,183)
Change in net position of governmental activities (see Statement 2)		\$ 1,250,077

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Budgetary Basis
General Fund
For the Year Ended June 30, 2018

	General Fund				Variance with final budget positive (negative)
	Budget		Actual		
	Original	Final			
Revenues					
Taxes	\$ 21,009,732	21,259,732	21,612,036		352,304
Licenses and permits	119,700	119,700	143,603		23,903
Intergovernmental revenues	1,216,497	1,216,497	1,171,261		(45,236)
Departmental income	601,484	601,484	560,747		(40,737)
Unclassified	140,350	140,354	147,490		7,136
Investment income	80,000	80,000	84,048		4,048
Total revenues	23,167,763	23,417,767	23,719,185		301,418
Expenditures					
Current:					
General government	3,640,639	3,649,938	3,814,993		(165,055)
Public safety	2,929,378	3,082,454	3,019,657		62,797
Public works	1,705,478	1,822,868	1,748,383		74,485
Health and human services	71,780	73,354	64,057		9,297
Culture and recreation	852,918	893,334	865,565		27,769
Municipal buildings	238,497	284,397	306,301		(21,904)
County tax	448,320	448,320	448,320		-
Unclassified	1,200	1,200	33,479		(32,279)
Debt service:					
Principal	990,267	990,267	990,267		-
Interest	181,142	181,142	377,214		(196,072)
Total expenditures	11,059,619	11,427,274	11,668,236		(240,962)
Excess (deficiency) of revenues over (under) expenditures	12,108,144	11,990,493	12,050,949		60,456
Other financing sources (uses)					
Transfers in	797,101	797,101	744,080		(53,021)
Transfers out	(12,905,245)	(12,905,245)	(12,898,271)		6,974
Use of carryforwards	-	87,318	-		(87,318)
Use of assigned fund balance	-	30,333	-		(30,333)
Total other financing sources (uses)	(12,108,144)	(11,990,493)	(12,154,191)		(163,698)
Net change in fund balance	-	-	(103,242)		(103,242)
Fund balance, beginning of year			5,679,263		
Fund balance, end of year			\$ 5,576,021		

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Budgetary Basis
School Operations Fund
For the Year Ended June 30, 2018

	Budgeted Special Revenue Fund				Variance with final budget positive (negative)
	School Operations Fund				
	Budget		Actual		
Original	Final				
Revenues					
Intergovernmental:					
State EPS allocation	\$ 5,562,028	5,895,315	5,895,315	-	
State agency clients	116,000	116,000	137,866	21,866	
Other State aid	-	-	3,960	3,960	
Other local revenues:					
Tuition	2,497,500	2,497,500	2,537,261	39,761	
Miscellaneous	134,000	134,000	169,558	35,558	
Interest income	-	-	3,511	3,511	
Total revenues	8,309,528	8,642,815	8,747,471	104,656	
Expenditures					
Current:					
Regular instruction	5,831,857	5,835,180	5,596,822	238,358	
Special education instruction	3,366,458	3,366,458	3,188,483	177,975	
Career and technical education	1,624,302	1,659,302	1,506,099	153,203	
Other instruction	568,050	568,050	534,467	33,583	
Student and staff support	1,672,029	1,672,029	1,527,954	144,075	
System administration	528,132	528,132	512,094	16,038	
School administration	825,483	825,483	814,161	11,322	
Facilities maintenance	2,129,226	2,129,226	2,005,432	123,794	
Transportation	936,920	936,920	909,177	27,743	
Debt service	2,764,312	2,764,312	2,764,362	(50)	
Total expenditures	20,246,769	20,285,092	19,359,051	926,041	
Excess (deficiency) of revenues over (under) expenditures	(11,937,241)	(11,642,277)	(10,611,580)	1,030,697	
Other financing sources (uses)					
Use of surplus	900,000	900,000	-	(900,000)	
Transfer in for local appropriation:					
EPS allocation	11,187,167	10,892,203	10,892,203	-	
Transfer out	(149,926)	(149,926)	(154,018)	(4,092)	
Total other financing sources (uses)	11,937,241	11,642,277	10,738,185	(904,092)	
Net change in fund balance - budgetary basis	-	-	126,605	126,605	
Reconciliation to GAAP basis:					
Grant expenditures covered by the General Fund and not budgeted			(12,297)		
Change in accrued teacher summer benefits			15,319		
Net change in fund balance - GAAP basis			129,627		
Fund balance, beginning of year			1,584,125		
Fund balance, end of year			\$ 1,713,752		

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2018

	Wastewater Fund	Water Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	-	100	100
Investments	367,033	15,724	382,757
Accounts receivable - trade	509,039	210,547	719,586
Liens receivable	81,584	-	81,584
Inventory	6,174	-	6,174
Interfund receivable	-	408,570	408,570
Total current assets	963,830	634,941	1,598,771
Noncurrent assets:			
Restricted:			
Cash restricted for capital projects	332,949	-	332,949
Accounts receivable restricted for capital projects	97,095	-	97,095
Total restricted	430,044	-	430,044
Capital assets:			
Land and easement	-	1,693,299	1,693,299
Construction in progress	-	671,965	671,965
Capital assets, being depreciated	32,002,568	13,854,534	45,857,102
Accumulated depreciation	(10,412,183)	(4,561,312)	(14,973,495)
Total capital assets, net	21,590,385	11,658,486	33,248,871
Total noncurrent assets	22,020,429	11,658,486	33,678,915
Total assets	22,984,259	12,293,427	35,277,686
LIABILITIES			
Current liabilities:			
Accounts payable	40,700	275,636	316,336
Accrued payroll and related liabilities	7,569	7,530	15,099
Bond anticipation note	-	689,617	689,617
Accrued interest	29,633	3,893	33,526
Interfund payable	3,760,949	-	3,760,949
Current portion premium on bonds payable	5,841	-	5,841
Current portion of bonds and notes payable	600,450	384,941	985,391
Total current liabilities	4,445,142	1,361,617	5,806,759
Noncurrent liabilities:			
Accrued compensated absences	36,146	40,694	76,840
Premium on bonds payable	116,811	-	116,811
Bonds and notes payable	7,435,538	698,518	8,134,056
Total noncurrent liabilities	7,588,495	739,212	8,327,707
Total liabilities \$	12,033,637	2,100,829	14,134,466
NET POSITION			
Net investment in capital assets	13,431,745	10,575,027	24,006,772
Restricted for capital projects	430,044	-	430,044
Unrestricted	(2,911,167)	(382,429)	(3,293,596)
Total net position \$	10,950,622	10,192,598	21,143,220

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	Wastewater Fund	Water Fund	Total
Operating revenues:			
Charges for services	1,507,278	1,066,134	2,573,412
Miscellaneous	975	837	1,812
Total operating revenues	1,508,253	1,066,971	2,575,224
Operating expenses:			
Personnel	278,417	316,162	594,579
Contract services	299,007	145,688	444,695
Supplies, maintenance and repairs	116,279	126,563	242,842
Utilities	269,036	95,065	364,101
Miscellaneous	1,665	51,165	52,830
Depreciation	859,865	223,743	1,083,608
Total operating expenses	1,824,269	958,386	2,782,655
Operating income (loss)	(316,016)	108,585	(207,431)
Nonoperating revenues (expenses):			
Interest revenue	17,664	150	17,814
Interest expense	(235,851)	(27,819)	(263,670)
Total nonoperating revenues (expenses)	(218,187)	(27,669)	(245,856)
Income (loss) before capital contributions and transfers	(534,203)	80,916	(453,287)
Capital contributions	-	468,984	468,984
Transfers out	-	(32,500)	(32,500)
Change in net position	(534,203)	517,400	(16,803)
Net position, beginning of year	11,484,825	9,675,198	21,160,023
Net position, end of year	\$ 10,950,622	10,192,598	21,143,220

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Wastewater Fund	Water Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 1,440,310	1,054,426	2,494,736
Payments to suppliers	(659,966)	(411,347)	(1,071,313)
Payments to employees	(272,614)	(347,938)	(620,552)
Net cash provided by (used in) operating activities	507,730	295,141	802,871
Cash flows from noncapital financing activities:			
Net change in interfunds	376,568	270,118	646,686
Net cash provided by (used in) noncapital financing activities	376,568	270,118	646,686
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(59,653)	(603,808)	(663,461)
Principal payments on bonds and notes	(600,450)	(401,025)	(1,001,475)
Interest paid on bonds and notes	(233,582)	(29,418)	(263,000)
Proceeds from capital contributions	-	468,984	468,984
Net cash provided by (used in) capital and related financing activities	(893,685)	(565,267)	(1,458,952)
Cash flows from investing activities:			
Purchase of investments	(3,323)	(142)	(3,465)
Investment income	17,664	150	17,814
Net cash provided by (used in) investing activities	14,341	8	14,349
Net change in cash and cash equivalents	4,954	-	4,954
Cash and cash equivalents, beginning of year	327,995	100	328,095
Cash and cash equivalents, end of year	\$ 332,949	100	333,049
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (316,016)	108,585	(207,431)
Adjustment to reconcile changes in operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	859,865	223,743	1,083,608
Decrease (increase) in assets:			
Accounts receivable	(54,066)	(12,545)	(66,611)
Liens receivable	(13,877)	-	(13,877)
Inventory	1,677	-	1,677
Increase (decrease) in liabilities:			
Accounts payable	24,344	7,134	31,478
Accrued liabilities	2,427	2,645	5,072
Accrued compensated absences	3,376	(34,421)	(31,045)
Net cash provided by (used in) operating activities	\$ 507,730	295,141	802,871

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Agency Funds	Private-purpose Trusts
ASSETS		
Cash and cash equivalents	\$ 160,472	-
Investments	27,795	1,042,869
Interfund receivable	-	69,683
Total assets	188,267	1,112,552
LIABILITIES		
Accounts payable	-	4,195
Held for student activities	160,472	-
Held for cemetery association	27,795	-
Total liabilities	188,267	4,195
NET POSITION		
Held in trust	\$ -	1,108,357

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2018

	Private-purpose Trusts
ADDITIONS	
Interest income	1,233
Increase (decrease) in investment fair market value	67,439
Donations and other	44,781
Total additions	113,453
DEDUCTIONS	
Library expenses	63,309
Total deductions	63,309
Change in net position	50,144
Net position, beginning of year	1,058,213
Net position, end of year	\$ 1,108,357

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

This report includes all funds of the City of Ellsworth, Maine. An analysis of certain criteria was made to determine if other governmental units should be included in this report. In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointing of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of the type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens.

It is the City's judgment, based on all pertinent facts derived from the analysis of these criteria, that there are no entities that would be considered potential component units within the City of Ellsworth, Maine that should be included as part of these financial statements.

Basis of Presentation and Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund 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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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.

Governmental Activities

Governmental funds are identified as 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 or committed to expenditures for specified purposes. The School Operations Fund is considered a special revenue fund of the City.

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Agency Funds are used to account for assets held by the City as an agent for individuals, school groups, 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 Fund private purpose trust.

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 School Operations Fund as a major fund. This fund reports the operations of the School Department including all financial resources and activities related to education.

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.

Major Proprietary Funds:

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

The City reports the Water Fund as a major fund. This fund reports the operations and capital expenditures of the City's 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, regardless of the timing of cash flows.

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Investments are stated at fair value. Pursuant to the City's investment policy, the maturity date of new investments shall not be further than the time the City anticipates that it will need the funds. To maintain liquidity, new investments, excluding reserve and trust investments, shall have a maturity of one year or less for City operating funds.

Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories (consisting of food and supplies) include the value of government surplus items donated to the school lunch fund. The costs of all other governmental fund type inventories are recorded as expenditures when purchased rather than when consumed.

Prepaid items

Payments made to vendors for services that will benefit periods beyond June 30, 2018 are recorded as prepaid items. The City utilizes the consumption method for prepaid items in which items purchased are recorded as an asset and the recognition of the expenditure is deferred until the period the prepaid item is actually consumed or used.

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 acquisition 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Depreciation on all assets is calculated 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.

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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Deferred Inflows and Outflows of Resources

In addition to assets and liabilities, the statement of net position and balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental funds only report one deferred inflow of resources, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental activities have deferred outflows and inflows that relate to the net pension liability and OPEB liabilities, which include the City's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability or OPEB liabilities in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between City contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on plan investments, which is deferred and amortized over a five-year period.

Budget

Budgets are adopted for the General Fund, School Operations Fund, Water, and Wastewater Proprietary Funds, and are adopted on a basis consistent with generally accepted accounting principles (GAAP) except as shown below. The level of control (level at which expenditures may not exceed budget) is the Department for the General Fund and Proprietary Funds and the budget cost centers for the School Operations Fund. With Council authorization, mid-year budget adjustments between departments can be made. The School Board may transfer an amount not exceeding 5% of the total appropriation for any budget category without voter approval. The budget as presented reflects these changes. At the close of the fiscal year all unexpended budgetary accounts generally lapse. However, the City can elect to carry forward these unexpended balances to be used towards future capital purchases. These amounts are shown as assigned fund balance in the General Fund at year-end.

Budgetary vs. GAAP Accounting

Through June 30, 2018, the City of Ellsworth, Maine School Department did not budget for expenditures relating to teacher summer benefits on an accrual basis as required by generally accepted accounting principles (GAAP). In addition, the School Department had to pay for certain expenditures that were originally supposed to be paid out of grant funds and therefore, were not budgeted. The following is a reconciliation of the GAAP and budgetary fund balances for the School Operations Fund.

Fund balance - June 30, 2018 - GAAP basis	\$ 1,713,752
Accrued teacher summer benefits	232,284
<hr/>	
Total fund balance, June 30, 2018 - budgetary basis	\$ 1,946,036

As required by U.S. generally accepted accounting principles (GAAP), the City has recorded a revenue and expenditure for Maine Public Employees Retirement contributions made by the State of Maine on behalf of the City of Ellsworth, Maine School Department. These amounts have not been budgeted in the School Operations Fund and result in a difference in reporting on a budgetary basis of accounting versus reporting under accounting principles generally accepted in the United States of America of \$1,094,153.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

These amounts have been included as an intergovernmental revenue and an education expense/expenditure in the governmental activities on Statement 2 and the School Operations Fund on Statement 4 (GAAP basis).

Overspent Appropriations

The following appropriations were overspent for the year ended June 30, 2018:

General government	\$ 165,055
Municipal buildings	21,904
Debt service	196,072
Unclassified	32,279
Debt service – school department	50

Pensions and Other Post-employment Benefits (OPEB)

For purposes of measuring the net pension liability, OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, pension expense, and OPEB expense, information about the fiduciary net positions of the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan) for pensions and group term life insurance, and Maine Public Employees Retirement System State Employee and Teacher Plan for pensions (SET Plan), and additions to/deductions from the plans' fiduciary net positions have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 an interfund receivable/payable as appropriate. The interfund receivable/payable 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 August 2, 2017, on the assessed value listed as of April 1, 2017, for all real and personal property located in the City. Taxes were due September 15, 2017 and March 9, 2018. Interest on unpaid taxes commenced on September 15, 2017 and March 9, 2018, 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 \$1,200 for the year ended June 30, 2018.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 outstanding debt, and adding back any unspent bond proceeds.

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.

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 General Fund is the only fund that can have a positive unassigned balance.

The government's highest level of decision-making authority, City Council, has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. Both actions, committing or un-committing fund balance, require the Council to adopt an ordinance prior to year-end. Likewise, management or City Council may assign unspent budgeted amounts to specific purposes in the General Fund at year-end based on department requests. Unlike commitments, assignments do not need formal action to be taken for the removal of an assignment.

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

It is the policy of the City to maintain a minimum unassigned fund balance in its General Fund ranging from 10% to 20% of the previous fiscal year's actual gross expenditures. This minimum fund balance is used to maintain a budget stabilization commitment. Should the fund balance fall below the minimum 10% range, a written plan to replenish the fund balance in a maximum of three fiscal years would be submitted to the City Council for approval as part of the annual budget process. Should the unassigned fund balance of the General Fund exceed the maximum 20% range, the City Council would consider increasing assigned reserves, the City's appropriated contingency account, or the appropriated capital improvement account.

Compensated Absences

Under the terms of the City's personnel policies, vacation, and sick leave are granted in varying amounts according to length of service. Employees are entitled to payment for unused vacation and sick leave 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. In the fund financial statements, no amount is recorded unless the amount is to be paid out shortly after year-end. The full liability is recorded in the government-wide financial statements.

CASH AND INVESTMENTS

Custodial Credit Risk

At June 30, 2018, the carrying amount of the City's deposits was \$2,233,277 and the bank balance was \$2,854,115. 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. If deposits with these institutions have balances above insurance limits, collateralization agreements are required. At June 30, 2018, none of the City's bank balance was exposed to custodial credit risk as it was either covered by the FDIC or by additional protection purchased on behalf of the City by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$ 1,739,756
Reported in proprietary funds	333,049
Reported in fiduciary funds	<u>160,472</u>
Total deposits	<u>\$ 2,233,277</u>

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.

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

CASH AND INVESTMENTS, CONTINUED

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, 2018, 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	\$ 349,001	-	-	87,958	261,043
Corporate bonds	1,044,167	-	134,585	850,267	59,315
Municipal bonds	80,646	-	-	80,646	-
Common stock	1,408,709	1,408,709	-	-	-
Money market	45,944	45,944	-	-	-
Mutual funds	513,393	513,393	-	-	-
Totals	\$ 3,441,860	1,968,046	134,585	1,018,871	320,358

Investments have been reported as follows:

Reported in governmental funds	\$ 1,988,439
Reported in proprietary funds	382,757
Reported in fiduciary funds	1,070,664
<u>Total investments</u>	<u>\$ 3,441,860</u>

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, 2018, the City had the following credit quality distribution in corporate and municipal bonds:

<u>Standard & Poor Rating</u>	<u>Fair Value</u>
AAA	\$ 80,646
AA+	63,805
AA-	156,550
A+	59,476
A	147,782
A-	132,078
BBB+	305,230
BBB	119,316
Unrated	<u>59,930</u>
Total corporate and municipal bonds	<u>\$ 1,124,813</u>

Concentration of Credit Risk

In accordance with the City's investment policy, concentration of credit risk is minimized by diversifying investments held.

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

CASH AND INVESTMENTS, CONTINUED

As of June 30, 2018, the City held individually \$242,263 of Camden National Corporation common stock, which represented more than 5% of total investments.

Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the City's investments at June 30, 2018 are level 1 inputs.

INTERFUND LOANS AND TRANSFERS

Individual interfund receivables, payables, and transfer balances at June 30, 2018 were as follows:

<u>Fund</u>	<u>Interfund receivables</u>	<u>Interfund payables</u>	<u>Interfund transfers</u>
General Fund	\$ 3,375,392	-	(12,154,191)
School Operations	2,521,262	197,846	10,738,185
Capital Projects	-	3,177,900	942,100
Nonmajor Governmental Funds			
School Grants	-	91,851	4,500
Adult Education	145,915	-	228,575
School Lunch	143,782	-	149,518
City Grants	-	11,382	-
TIF Districts	-	76,726	123,813
Union River Center for Innovation	102,825	-	-
Knowlton Park	551,330	-	-
Shellfish Operating	-	2,105	-
Total nonmajor governmental funds	943,852	182,064	506,406
Wastewater Fund	-	3,760,949	-
Water Fund	408,570	-	(32,500)
Private-purpose Trust Funds	69,683	-	-
Total	\$ 7,318,759	7,318,759	-

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

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

CAPITAL ASSETS

A summary of capital asset transactions for the year ended June 30, 2018 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 2,781,507	-	-	2,781,507
Construction in progress	1,564,212	1,565,175	2,595,754	533,633
Total capital assets, not being depreciated	4,345,719	1,565,175	2,595,754	3,315,140
Capital assets, being depreciated				
Buildings and improvements	55,918,403	30,589	-	55,948,992
Vehicles, furniture, and equipment	10,917,067	1,210,480	436,942	11,690,605
Infrastructure	20,818,075	2,232,798	-	23,050,873
Total capital assets, being depreciated	87,653,545	3,473,867	436,942	90,690,470
Less accumulated depreciation for:				
Buildings and improvements	10,106,992	1,180,223	-	11,287,215
Vehicles, furniture, and equipment	5,221,168	672,708	325,881	5,567,995
Infrastructure	7,029,791	379,177	-	7,408,968
Total accumulated depreciation	22,357,951	2,232,108	325,881	24,264,178
Total capital assets, being depreciated, net	65,295,594	1,241,759	111,061	66,426,292
Governmental activities capital assets, net	\$ 69,641,313	2,806,934	2,706,815	69,741,432
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 841,463	-	-	841,463
Conservation easement	851,836	-	-	851,836
Construction in progress	167,823	824,349	320,207	671,965
Total capital assets, not being depreciated	1,861,122	824,349	320,207	2,365,264
Capital assets, being depreciated				
Wastewater	31,942,915	59,653	-	32,002,568
Water	13,505,377	349,157	-	13,854,534
Total capital assets, being depreciated	45,448,292	408,810	-	45,857,102
Less accumulated depreciation for:				
Wastewater	9,552,318	859,865	-	10,412,183
Water	4,337,569	223,743	-	4,561,312
Total accumulated depreciation	13,889,887	1,083,608	-	14,973,495
Total capital assets, being depreciated, net	31,558,405	(674,798)	-	30,883,607
Business-type activities capital assets, net	\$ 33,419,527	149,551	320,207	33,248,871

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

CAPITAL ASSETS, CONTINUED

Depreciation expense was charged to the following functions:

Governmental activities:

General government	\$	279,297
Public safety		156,374
Municipal buildings		52,528
Public works		519,214
Culture and recreation		1,319
Education		1,199,228
Unclassified		24,148
Total governmental activities depreciation expense	\$	2,232,108

Business-type activities:

Wastewater	\$	859,865
Water		223,743
Total business-type activities depreciation expense	\$	1,083,608

LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2018 was as follows:

		Restated Beginning		Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:		<u>Balance</u>		<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Bonds and notes payable	\$	33,759,158	-	3,062,048	30,697,110	2,731,781	
Premium on bonds payable		146,406	-	10,259	136,147	10,259	
Capital leases payable		121,455	408,252	155,460	374,247	141,110	
Other postemployment benefits		1,334,391	85,318	-	1,419,709	-	
Net pension liability		2,746,162	-	590,628	2,155,534	-	
Accrued compensated absences		571,955	-	41,972	529,983	-	
Total governmental activities	\$	38,679,527	493,570	3,860,367	35,312,730	2,883,150	
Business-type activities:							
Bonds and notes payable	\$	10,120,921	-	1,001,474	9,119,447	985,391	
Premium on bonds payable		128,493	-	5,841	122,652	5,841	
Accrued compensated absences		107,885	-	31,045	76,840	-	
Total business-type activities	\$	10,357,299	-	1,038,360	9,318,939	991,232	

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

LONG-TERM LIABILITIES, CONTINUED

Long-term Debt:

At June 30, 2018, bonds and notes payable consisted of the following individual issues:

	<u>Governmental activities</u>	<u>Business-type activities</u>
2006 General Obligation Water Bond with Maine Municipal Bond Bank due in annual principal payments of \$8,486 through April 2025. Non-interest bearing. Original issuance was \$169,710.	\$ -	59,398
2008 General Obligation Water Bond with Maine Municipal Bond Bank due in annual principal payments of \$14,956 through April 2028. Non-interest bearing. Original issuance was \$271,208.	-	149,560
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. Original issuance was \$1,193,734.	-	656,553
2010 General Obligation Bonds due in annual principal payments beginning at \$480,000 plus interest ranging from 2.00% to 2.75% through April 2020. Original issuance was \$2,103,050.	-	420,000
2010 General Obligation Bonds with Maine Municipal Bond Bank due in annual principal payments of \$151,500 plus interest at 1% through October 2020. Original issuance was \$1,515,000.	-	454,500
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. Original issuance was \$1,367,724.	863,826	-
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. Original issuance was \$34,956,123.	22,077,551	-
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. Original issuance was \$1,892,000.	560,000	-

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

LONG-TERM LIABILITIES, CONTINUED

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
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. Original issuance was \$3,370,145.	\$ -	1,490,596
2012 General Obligation Bonds with Maine Municipal Bond Bank due in annual principal payments of \$12,256 plus interest of 1% through October 2032. Original issuance was \$862,800, however, \$617,680 was forgiven at closing, leaving \$245,120 principal to be repaid.	-	183,840
2015 General Obligation Bond with BOSC, Inc due in annual principal payments of \$160,000 plus interest ranging from 2.00% to 3.00% through September 2020. Original issuance was \$800,000.	480,000	-
2015 General Obligation Bonds with Maine Municipal Bond Bank due in annual principal payments ranging from \$259,000 to \$736,000 plus interest ranging from 2.00% to 4.00% through December 2039. Original issuance was \$13,476,000.	5,570,000	5,705,000
2016 General Obligation Bonds with First National Bank due in annual principal payments ranging from \$125,553 to \$155,157 plus interest of 2.34% through June 2026. Original issuance was \$1,400,000.	1,145,733	-
Total bonds and notes payable	\$ 30,697,110	9,119,447

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

LONG-TERM LIABILITIES, CONTINUED

The annual requirements to amortize bonds payable are as follows:

Year ending June 30,	Governmental activities		Business-type activities		Total
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2019	\$ 2,731,781	769,892	985,391	216,749	4,703,813
2020	2,858,549	779,419	985,391	195,924	4,819,283
2021	2,861,609	563,055	775,392	174,835	4,374,891
2022	2,519,874	432,175	423,892	161,499	3,537,440
2023	2,518,150	348,637	423,892	152,741	3,443,420
2024-2028	11,778,584	662,140	2,094,000	657,355	15,192,079
2029-2033	4,973,563	170,475	1,626,489	442,993	7,213,520
2034-2038	455,000	15,838	1,295,000	220,700	1,986,538
2039-2040	-	-	510,000	20,400	530,400
	<u>\$ 30,697,110</u>	<u>3,741,631</u>	<u>9,119,447</u>	<u>2,243,196</u>	<u>45,801,384</u>

Capital Leases Payable

The City has entered into lease agreements as lessee for financing the acquisition of vehicles and technology equipment. These leases qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of future minimum lease payments as of the date of its inception. As of June 30, 2018, the amount capitalized under capital leases totals \$338,210.

The following is a schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payment at June 30, 2018.

	<u>Governmental Activities</u>
2019	\$ 158,760
2020	158,760
2021	53,644
2022	34,900
Total minimum lease payments	406,064
Less: amount representing interest	(31,817)
Present value of future minimum Lease payments	<u>\$ 374,247</u>

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

SHORT-TERM LIABILITIES

The City's Wastewater Fund and the Capital Projects Fund obtained short-term borrowing in the form of bond anticipation notes for the financing of water, sewer, and other capital improvements. During the year, the banks that held the 2017 bond anticipation notes issued allonges that extended the terms of the bond anticipation notes. Short-term liability transactions for the year ended June 30, 2018 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental activities				
Tax anticipation note	\$ -	2,000,000	2,000,000	-
Bond anticipation note	1,955,400	-	-	1,955,400
Bond anticipation note	-	1,100,000	-	1,100,000
	\$ 1,955,400	3,100,000	2,000,000	3,055,400
Business-type activities				
Bond anticipation note	689,617	-	-	689,617
	\$ 689,617	-	-	689,617

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plans

Plan Description - The City sponsors two post-retirement benefit plans providing group term life insurance to retiring employees. For municipal employees, the City contributes to the Group Life Insurance Plan for Participating Local District (PLD). Teachers also participate in the Group Term Life Insurance Plan for State Employees and Teachers (SET). Both plans are a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS). The MPERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements for each plan. MPERS issues a publicly available financial report that is available at www.maineopers.org.

Additionally, the City sponsors a post-retirement benefit plan providing health insurance to retiring employees (hereafter referred to as the Health Plan). The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The City Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Health Plan OPEB

Benefits Provided - Under the Health Plan, MMEHT provides healthcare and life insurance benefits for retirees and their dependents. City employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. Retirees that are designated in a plan pay 100% of the single coverage premium and 100% of the family coverage premium. For those City employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B.

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

Employees Covered by Benefit Terms – At June 30, 2018, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	19
Inactive employee entitled to but not yet receiving benefits	-
Active employees	85
Total	104

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

The City's total Health Plan OPEB liability of \$1,261,987 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

Changes in the Total Health Plan OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2017	\$ 1,115,146
Changes for the year:	
Service Cost	34,906
Interest	42,658
Changes of benefit terms	-
Differences between expected and actual experience	97,550
Changes in assumptions or other inputs	15,223
Benefit payments	(43,496)
Net changes	146,841
Balance at June 30, 2018	\$ 1,261,987

Change in assumptions reflects a change in the discount rate from 3.78% to 3.44% and a change in valuation method from Projected Unit Credit funding to the Entry Age Normal funding method.

For the year ended June 30, 2018, The City recognized OPEB expense of \$50,179 related to the Health Plan. At June 30, 2018, The City reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 83,614	-
Changes in assumptions	13,048	-
Total	\$ 96,662	-

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

Deferred outflows of resources and deferred inflows of resources related to the Health Plan will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ 16,111
2020	16,111
2021	16,111
2022	16,111
2023	16,111
Thereafter	16,107

Actuarial Assumptions - Health Plan - The total OPEB liability in the January 1, 2018 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per annum
Salary increases	2.75% per annum
Discount rate	3.44% per annum
Healthcare cost trend rates	8.27% for 2018, decreasing to 4.00% for 2032
Retirees' share of the benefit related costs	100% of projected health insurance premiums

Mortality rates for the Health Plan were based on the RP2014 Total Dataset Healthy Annuity Mortality Table, for males and females.

The actuarial assumptions used in the January 1, 2018 valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

Discount Rate - Health Plan - The rate used to measure the total OPEB liability for the Health plan was 3.44% per annum. Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year tax-exempt general obligation municipal bond index. The rate is assumed to be an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

Sensitivity of the Total OPEB Liabilities to Changes in the Discount Rates - The following presents the City's total OPEB liability related to the Health Plan calculated using the discount rate, as well as what the City's total OPEB liabilities would be if they were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease	Discount Rate	1% Increase
Health Plan OPEB (2.44% - 4.44%)	\$ 1,439,348	1,261,987	1,116,394

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the City's total OPEB liability related to the Health Plan calculated using the healthcare cost trend rates of 8.27%, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower (7.27%) or 1 percentage-point higher (9.27%) than the current healthcare cost trend rates:

		1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$	1,111,773	1,261,987	1,447,476

Group Term Life (GTL) OPEB

Benefits Provided - Under the GTL Plans, MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plans prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees' average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Contributions – Premium rates are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims.

PLD OPEB Plan - The City is required to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retirement period. Contributions to the PLD OPEB plan from the City were \$3,638 for the year ended June 30, 2018. Employees are not required to contribute to the PLD OPEB plan.

SET OPEB Plan - The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the City were \$22,591 for the year ended June 30, 2018. Employers and employees are not required to contribute to the OPEB plan.

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

The net OPEB liability for each plan was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating employers, actuarially determined.

PLD OPEB Plan – At June 30, 2018, the City reported a liability of \$157,722 for its proportionate share of the net OPEB liability. At June 30, 2017, the City's proportion was 0.9432%.

SET OPEB Plan – At June 30, 2018, the City reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the City was \$249,271 as of June 30, 2018. At June 30, 2017, the City's proportion was 0.00%.

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

For the year ended June 30, 2018, the City recognized a gain of (\$5,071) related to the GTL Consolidated PLD. For the year ended June 30, 2018, the City recognized OPEB expense of \$22,591 and also revenues of \$22,591 for support provided by the State related to the SET OPEB plan. At June 30, 2018, the City reported no deferred outflows of resources nor deferred inflows of resources related to the SET OPEB plan. At June 30, 2018, The City reported deferred outflows of resources and deferred inflows of resources related to the GTL Plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	-	43,948
Net difference between projected and actual earnings on OPEB plan investments	-	7,551
Changes in proportion and differences between City contributions and proportionate share of contributions	-	4,953
Contributions after the measurement date	3,638	-
Total	\$ 3,638	56,452

\$3,638 is reported as deferred outflows of resources related to the PLD OPEB plan resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019. Deferred outflows of resources and deferred inflows of resources related to the GTL Plan will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (11,668)
2020	(11,668)
2021	(11,668)
2022	(11,668)
2023	(9,780)

Actuarial Assumptions - GTL Plans - The total OPEB liabilities in the June 30, 2017 actuarial valuation for the GTL Plans were determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases SET	2.75% - 14.50%
Salary increases PLD	2.75% - 9.00%
Investment rate of return	6.875%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuity Mortality Table, for males and females, with adjustments ranging 104% to 120% based on actuarially determined demographic differences.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

The long-term expected rate of return on OPEB plans' investments was determined using a building-block method which best estimates ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.0%	6.0%
Real estate	5.0%	5.2%
Traditional credit	16.0%	3.0%
US Government Securities	9.0%	2.3%

Discount Rate - The rate used to measure the total OPEB liability for the PLD OPEB plan was 5.41% which is a blend of the assumed long-term expected rate of return of 6.875% and a municipal bond index rate of 3.58%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2017. Projections of the plan's fiduciary net position indicate that it is not expected to be sufficient to make projected benefit payments for current members beyond 2052. Therefore, the portion of the future projected benefit payments after 2052 are discounted at the municipal bond index rate. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

The rate used to measure the total OPEB liability for the SET OPEB plan was 6.875%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plans fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rates - The following presents the City's Net OPEB liability related to the PLD Plan calculated using the discount rate, as well as what the City's total OPEB liabilities would be if they were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease	Discount Rate	1% Increase
GTL Consolidated PLD (4.41% - 6.41%)	211,673	157,722	115,130

OPEB Plan Fiduciary Net Position - Detailed information about the GTL Plans' fiduciary net position is available in a separately issued MPERS financial report.

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

NET PENSION LIABILITIES

Plan Description - Employees of the City are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan) and teaching-certified employees of the City are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan), cost-sharing multiple-employer defined benefit pension plans, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute. MPERS issues a publicly available financial report that can be obtained at www.maineopers.org.

Benefits Provided - The PLD and SET Plans provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e. eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age.

For PLD members, normal retirement age is 60 or 65. For SET Plan members, normal retirement age is 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD Plan) or by statute (SET Plan).

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. The contractually required contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

PLD Plan - Employees are required to contribute 8.0% for the AC plan and 9.0% for the 4C plan of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2018, was 9.6% and 8.4% of annual payroll for the AC and 4C plans, respectively. Contributions to the pension plan from the City were \$242,752 for the year ended June 30, 2018.

SET Plan - Maine statute requires the State to contribute a portion of the City's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2018 was 15.05% of annual payroll, of which 3.97% of payroll was required from the City and 11.08% was required from the State. Contributions to the pension plan from the City were \$325,085 for the year ended June 30, 2018.

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

The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The City's proportion of the net pension liabilities were based on projections of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

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

NET PENSION LIABILITIES, CONTINUED

PLD Plan - At June 30, 2018, the City reported a liability of \$1,797,150 for its proportionate share of the net pension liability. At June 30, 2017, the City's proportion of the PLD Plan was 0.4389%.

SET Plan - At June 30, 2018, the City reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ 358,384
State's proportionate share of the net pension liability associated with the City	9,282,899
Total	\$ 9,641,283

At June 30, 2017, the City's proportion of the SET Plan was 0.0247%.

For the year ended June 30, 2018, the City recognized pension expense of \$512,660 for the PLD Plan and pension expense of \$1,290,015 and revenue of \$907,291 for support provided by the State for the SET Plan.

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the PLD pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	86,340
Changes of assumptions	152,927	-
Net difference between projected and actual earnings on pension plan investments	-	49,418
Changes in proportion and differences between City contributions and proportionate share of contributions	284,748	-
City contributions subsequent to the measurement date	242,752	-
Total	\$ 680,427	135,758

\$242,752 is reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

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

NET PENSION LIABILITIES, CONTINUED

Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2019	\$ 181,268
2020	230,949
2021	12,057
2022	(122,357)

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the SET pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,073	-
Changes of assumptions	-	5,598
Net difference between projected and actual earnings on pension plan investments	-	5,270
Changes in proportion and differences between City contributions and proportionate share of contributions	9,857	-
City contributions subsequent to the measurement date	325,085	-
Total	\$ 350,015	10,868

\$325,085 is reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2019	\$ 41,591
2020	(10,741)
2021	2,396
2022	(19,184)

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

NET PENSION LIABILITIES, CONTINUED

Actuarial Assumptions - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	2.75%	2.75%
Salary increases, per year	2.75% to 9.0%	2.75% to 14.5%
Investment return, per annum, compound annually	6.875%	6.875%
Cost of living benefit increases, per annum	2.20%	2.20%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
US government	7.5%	2.3%
Private equity	15.0%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%
<u>Total</u>	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.875% for the PLD Plan and the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

NET PENSION LIABILITIES, CONTINUED

Sensitivity of the City's Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate -

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.875% for the PLD Plan and the SET Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875% for the PLD Plan and the SET Plan) or 1 percentage-point higher (7.875% for the PLD Plan and the SET Plan) than the current rate:

	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
City's proportionate share of the net pension liability – PLD	\$ 3,605,636	\$ 1,797,150	\$ 435,641
City's proportionate share of the net pension liability – SET	\$ 628,858	\$ 358,384	\$ 135,070

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

Payables to the Pension Plan - None as of June 30, 2018.

DEFERRED COMPENSATION PLAN

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. For each non-union employee in the pension plan, the City is required to contribute 2.0% to 8.0% of an employee's compensation for the year based on that employee's longevity with the City. For each union employee in the pension plan, the City is required to contribute 7.25% of an employee's compensation for the year. Non-union employees are required to match the City's contribution percentage, but can contribute up to applicable Internal Revenue Code limits. Union employees are required to contribute no less than 6.5% of their annual pay but are permitted to contribute up to applicable Internal Revenue Code limits. For the year ended June 30, 2018, employees contributed \$232,626 and the City's contribution to the deferred compensation plans of its employees was \$217,552.

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.

Employees are immediately vested in their own contributions and earnings on those contributions. However, the vesting period for City contributions is five years. Employees that terminate employment prior to five years of uninterrupted employment forfeit 100% of City contributions. For the year ended June 30, 2018, \$4,418 was forfeited by employees whose employment was terminated prior to the five-year vesting period.

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

FUND BALANCES

As of June 30, 2018, fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>
General fund:			
Assigned for:			
Administration – training	\$ -	-	4,000
Administration – professional services	-	-	5,000
Planning – professional services	-	-	1,000
Planning – LMI study	-	-	7,600
Technology – training	-	-	8,000
Employee benefits – merit raises	-	-	16,192
Parks, trees and cemeteries	-	-	4,000
Library – capital outlay	-	-	6,127
Library – Capital outlay reserved	-	-	2,759
Harbor – dock/float repairs	-	-	5,000
Miscellaneous city property	-	-	8,472
Encumbrance carryforwards	-	-	72,077
Capital reserves	-	-	799,848
Library operating	-	-	191,250
Total general fund	-	-	<u>1,131,325</u>
School operations fund:			
Prepaid expenditures	5,896	-	-
Education	-	1,707,856	-
Total school operations fund	<u>5,896</u>	<u>1,707,856</u>	<u>-</u>
Other governmental funds:			
School grants – prepaid expenditures	850	-	-
School grants	-	150,754	-
Adult education	-	139,196	-
School lunch – inventory	9,770	-	-
School lunch	-	174,977	-
City grants	-	231,236	-
Union River center for innovation	-	100,523	-
Conservation easement reserve	-	31,683	-
Knowlton park	-	551,330	-
Shellfish operating	-	2,282	-
Cemetery fund – principal	551,450	-	-
Cemetery fund – unexpended income	-	145,783	-
Higgins fund – principal	85,301	-	-
Higgins fund – unexpended income	-	245,131	-
Total other governmental funds	<u>647,371</u>	<u>1,772,895</u>	<u>-</u>
Total fund balances	<u>\$ 653,267</u>	<u>3,480,751</u>	<u>1,131,325</u>

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

DEFICIT FUND BALANCES

The following funds had deficit fund balance at June 30, 2018:

Capital Projects	\$ 6,463,928
TIF District	76,726

Additionally, within the Nonmajor City Grants Special Revenue Fund and School Grants Special Revenue Fund, the following grants and programs had deficit fund balances at June 30, 2018:

City Grants:		School Grants:	
Broadband	\$ 2,316	Local entitlement	\$ 971
CDBG business assistance	1,500	Title 1C - Perkins	2,491
Assistance to firefighters	3,647	EHS unified grant	28
BHS equipment	1,142	Proficiency based education	902
COPS	6,422	Momentum grant	731
Safe routes to school	1,820		
Volunteer fire assistance	661		

The deficits in these funds will be funded with future grant revenues or transfers from the general fund.

NET POSITION

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. The City's net investment in capital assets was calculated as follows at June 30, 2018:

	Governmental activities	Business-type activities
Capital assets, net of depreciation	\$ 69,741,432	33,248,871
Bonds and notes payable	(30,697,110)	(9,119,447)
Capital leases payable	(374,247)	-
Premium on bonds payable	(136,147)	(122,652)
Leases that are not capital in nature	157,505	-
Total net investment in capital assets	\$ 38,691,433	24,006,772

TAX INCREMENT FINANCING DISTRICTS

Under the State of Maine Title 30-A M.R.S., the City has established two Tax Increment Financing Districts (TIFs) to finance development programs located in the City of Ellsworth. Additionally, the City has entered into a Credit Enhancement Agreement (CEA) with Penquis Community Action Program, as permitted under the State of Maine Title 30-A. The individual CEA outlines the conditions for reimbursement of a percentage of tax revenues generated through the increased value of a certain parcel with the District. Based on the terms of the agreement, and the calculation methods established in the CEA, the City returns to the Association a portion of the taxes paid. For the year ended June 30, 2018, the City remitted a total of \$52,901 in credit enhancement payments, all of which were remitted to Penquis Community Action Program.

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

TAX INCREMENT FINANCING DISTRICTS, CONTINUED

The following is a summary of the two TIF districts:

	<u>Original</u> <u>value</u>	<u>Increase in</u> <u>value</u>	<u>Percent</u> <u>captured</u>	<u>Captured</u> <u>value</u>	<u>Captured</u> <u>taxes</u>
Beckwith Hill (TIF 1)	\$ 21,509,555	55,402,864	67%	37,119,919	667,045
Leonard Lake Senior Housing (TIF 2)	789,500	13,124,100	100%	13,124,100	235,840

GASB Statement 77, *Tax Abatements Disclosures*, defines a tax abatement, for financial reporting purposes, as a reduction in tax revenue resulting from “an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments”.

RISK MANAGEMENT

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. Claims have not exceeded the City’s insurance coverage in any of the past three years.

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, 2018.

COMMITMENTS

As of June 30, 2018, the City had commitments for ongoing projects, including stormwater expansion, a library expansion project, and water department improvements.

NEW PRONOUNCEMENT AND RESTATEMENT OF NET POSITION

For the fiscal year ended June 30, 2018, the City has elected to implement Statement No. 75 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. As a result of implementing GASB Statement No. 75, the City has restated beginning net position in the government-wide statement of net position to account for the addition of the City’s net OPEB liability, which effectively decreased the City’s net position as of July 1, 2017 by \$702,097.

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

SUBSEQUENT EVENTS

The City of Ellsworth issued a tax anticipation note for the value of \$2,000,000 on July 3, 2018. The tax anticipation note bears an interest rate of 2.34% per annum.

On January 14, 2019, the City Council approved the lease purchase agreement with Gorham Leasing Group of \$236,399, for the purchase of self-contained breathing apparatus and an air fill station. The lease term is for five years with annual payments of \$52,100.

On January 14, 2019, the City Council approved the issuance of \$3,055,400 in general obligation bonds. The bonds will be issued through KeyBank, with an interest rate of 3.061%. The bonds are a combination of bond issuances that were authorized originally in 2016 (\$1,955,400) and 2018 (\$1,100,000) and will be used to replace two outstanding bond anticipation notes.

CITY OF ELLSWORTH, MAINE
Required Supplementary Information

Schedule of Changes in the City's Total Health Plan OPEB Liability and Related Ratios
Last 10 Fiscal Years*

	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 34,906
Interest	42,658
Changes of benefit terms	-
Differences between expected and actual experience	97,550
Changes of assumptions or other inputs	15,223
Benefit payments	<u>(14,496)</u>
Net change in total OPEB Liability	146,841
Total OPEB liability - beginning	1,115,146
Total OPEB liability - ending	<u>\$ 1,261,987</u>
Covered-employee payroll	\$ 3,999,898
Total OPEB liability as a percentage of covered-employee payroll	31.55%

* Only one year of information available.

CITY OF ELLSWORTH, MAINE
Required Supplementary Information, Continued

Schedule of City's Proportionate Share of the Net OPEB Liability
Last 10 Fiscal Years*

	2018
<u>PLD OPEB Plan</u>	
City's proportion of the net OPEB liability	0.9432%
City's proportionate share of the net OPEB liability	\$ 157,722
City's covered-employee payroll	1,766,115
City's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	8.9%
Plan fiduciary net position as a percentage of the total OPEB liability	47.42%
<u>SET OPEB Plan</u>	
City's proportion of the net OPEB liability	0.00%
City's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the City	249,271
Total	249,271
Plan fiduciary net position as a percentage of the total OPEB liability	47.29%

* Only one year of information available. Amounts presented for each fiscal year were determined as of the end of the previous fiscal year.

Schedule of City OPEB Contributions
Last 10 Fiscal Years*

	2018
<u>PLD OPEB Plan</u>	
Contractually required contribution	\$ 3,638
Contributions in relation to the contractually required contribution	(3,638)
Contribution deficiency (excess)	\$ -
City's covered-employee payroll	\$ 1,766,115
Contributions as a percentage of covered-employee payroll	0.21%

* Only one year of information available.

CITY OF ELLSWORTH, MAINE
Required Supplementary Information, Continued

Schedule of City's Proportionate Share of the Net Pension Liability
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and
Teacher Plan (SET)

Last 10 Fiscal Years*

	<u>2018**</u>	<u>2017**</u>	<u>2016**</u>	<u>2015**</u>
<u>PLD Plan</u>				
City's proportion of the net pension liability	0.4389%	0.4099%	0.3733%	0.1742%
City's proportionate share of the				
Net pension liability	\$ 1,797,150	2,177,845	1,191,097	268,039
City's covered payroll	2,566,234	2,311,378	1,135,874	820,022
City's proportionate share of the net pension				
liability as a percentage of its covered payroll	70.03%	94.22%	104.86%	32.69%
Plan fiduciary net position as a percentage of				
of the total pension liability	86.43%	81.61%	88.27%	94.10%
<u>SET Plan</u>				
City's proportion of the net pension liability	0.0247%	0.0322%	0.0143%	-
City's proportionate share of the net pension				
liability	358,384	568,317	193,553	-
State's proportionate share of the net pension				
liability associated with the City	9,282,899	11,415,889	7,461,868	-
Total	\$ 9,641,283	11,984,206	7,655,421	-
City's covered payroll	\$ 8,026,292	7,964,228	-	-
City's proportion share of the net pension				
liability as a percentage of its covered payroll	4.47%	7.14%	0.00%	-
Plan fiduciary net position as a percentage of				
of the total pension liability	80.78%	76.21%	81.18%	-

* Only four years of information available.

** The amounts presented for each fiscal year were determined as of the prior fiscal year.

*** The School Department joined the City of Ellsworth as of July 1, 2014. As a result, only three years of information is available.

CITY OF ELLSWORTH, MAINE
Required Supplementary Information, Continued

Schedule of City Contributions
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and
Teacher Plan (SET)

Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan</u>					
Contractually required contribution	\$ 242,752	224,280	192,804	83,371	55,812
Contributions in relation to the contractually required contribution	(242,752)	(224,280)	(192,804)	(83,371)	(55,812)
<u>Contribution deficiency (excess)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$ 2,668,091	2,566,234	2,311,378	1,135,874	820,022
Contributions as a percentage of covered payroll	9.10%	8.74%	8.34%	7.34%	6.81%
<u>SET Plan</u>					
Contractually required contribution	\$ 325,085	269,683	267,598	-	-
Contributions in relation to the contractually required contribution	(325,085)	(269,683)	(267,598)	-	-
<u>Contribution deficiency (excess)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$ 8,188,549	8,026,292	7,964,228	-	-
Contributions as a percentage of covered payroll	3.97%	3.36%	3.36%	-	-

* Only five years of information available for the PLD Plan and three years for the SET Plan.

CITY OF ELLSWORTH, MAINE
Notes to Required Supplementary Information

Net Pension Liability

Changes of Benefit Terms - None

Changes of Assumptions - The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate	6.875%	7.125%	7.250%
Inflation rate	2.75%	3.50%	N/A
Salary increases	2.75% to 9.00%	3.50% to 9.50%	N/A
Cost of living increase	2.20%	2.55%	3.12%

Mortality rates:

In 2015 mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

In 2016 and going forward, mortality rates were based on the RP2014 Total Data Set Health Annuitant Mortality Table.

Total OPEB Liability

Changes of Benefit Terms - None

Changes of Assumptions - Under the Health Plan, changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Discount Rate</u>
2018	3.44%
2017	3.78%

**This schedule is intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.*

GENERAL FUND

CITY OF ELLSWORTH, MAINE
Comparative Balance Sheets - General Fund
June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 1,248,519	1,637,997
Investments	1,048,943	1,041,391
Receivables:		
Taxes - current year	46,237	47,947
Taxes - prior years	112,058	90,693
Tax liens - current year	804,012	806,179
Tax liens - prior years	388,123	465,275
Accounts	104,071	157,354
Due from other governments	176,832	-
Interfund receivable	3,375,392	3,214,941
Total assets	7,304,187	7,461,777
LIABILITIES		
Accounts payable	372,721	257,466
Accrued liabilities	110,719	91,573
Taxes collected in advance	193,526	122,675
Escrow deposit	1,700	1,700
Total liabilities	678,666	473,414
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	1,049,500	1,309,100
Total deferred inflows of resources	1,049,500	1,309,100
FUND BALANCES		
Assigned	1,131,325	1,186,237
Unassigned	4,444,696	4,493,026
Total fund balances	5,576,021	5,679,263
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,304,187	7,461,777

CITY OF ELLSWORTH, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2018

	Budget		Actual	Variance with final budget	2017 Actual
	Original	Final		positive (negative)	
Revenues					
Taxes:					
Property taxes	\$ 19,421,732	19,421,732	19,666,478	244,746	19,103,797
Supplemental taxes	-	-	79,939	79,939	36,169
Boat excise	13,000	13,000	16,003	3,003	13,981
Auto excise	1,450,000	1,700,000	1,727,478	27,478	1,665,639
Interest on taxes	85,000	85,000	73,740	(11,260)	84,100
Lien costs and notices	40,000	40,000	48,398	8,398	69,044
Total taxes	21,009,732	21,259,732	21,612,036	352,304	20,972,730
Licenses and permits:					
City clerk fees	25,000	25,000	28,679	3,679	31,250
Motor vehicle fees	20,000	20,000	18,614	(1,386)	18,966
State and City licenses	10,000	10,000	10,347	347	12,607
Animal control fees	1,500	1,500	1,002	(498)	1,011
Dog fees	500	500	148	(352)	475
Building permits and maps	35,000	35,000	41,932	6,932	91,717
Shellfish revenues	3,200	3,200	3,200	-	3,200
Electrical permits	7,500	7,500	16,046	8,546	41,278
Planning board fees	5,000	5,000	7,000	2,000	14,748
Plumbing permit fees	12,000	12,000	16,635	4,635	13,125
Total licenses and permits	119,700	119,700	143,603	23,903	228,377
Intergovernmental revenues:					
Urban rural initiative program	180,000	180,000	182,816	2,816	180,100
State revenue sharing	441,478	441,478	445,349	3,871	392,804
Tree growth reimbursement	90,000	90,000	90,205	205	89,397
Veterans reimbursement	6,000	6,000	6,910	910	6,127
Homestead exemption	342,429	342,429	342,429	-	235,229
BETE reimbursement	83,020	83,020	83,300	280	73,481
Snowmobile refund	1,400	1,400	1,430	30	1,119
General assistance	22,000	22,000	18,822	(3,178)	21,661
Park fee share	8,500	8,500	-	(8,500)	10,793
Public safety grants	41,670	41,670	-	(41,670)	-
Total intergovernmental revenues	1,216,497	1,216,497	1,171,261	(45,236)	1,010,711

CITY OF ELLSWORTH, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund, Continued
For the Year Ended June 30, 2018

	Budget		Actual	Variance with final budget	2017
	Original	Final		positive (negative)	Actual
Departmental income:					
Public works	\$ 5,000	5,000	2,505	(2,495)	7,722
Water supply protection	21,534	21,534	24,654	3,120	28,791
Fire department	10,000	10,000	8,601	(1,399)	6,122
Financial services income	32,100	32,100	32,000	(100)	32,000
Police department	17,000	17,000	17,094	94	15,405
Dispatch services	1,500	1,500	1,500	-	1,500
Recycling	35,000	35,000	35,150	150	35,060
Harbor	30,750	30,750	52,861	22,111	48,823
Solid waste billings	45,000	45,000	44,173	(827)	40,971
Solid waste miscellaneous	30,600	30,600	34,848	4,248	31,420
Resident stickers	195,000	195,000	200,761	5,761	191,754
Technology	37,000	37,000	52,778	15,778	45,385
Library	140,000	140,000	53,822	(86,178)	56,397
Recreation	1,000	1,000	-	(1,000)	1,497
Total departmental income	601,484	601,484	560,747	(40,737)	542,847
Unclassified:					
District court fees	2,500	2,500	1,985	(515)	2,539
Alewife sales	20,000	20,000	25,540	5,540	45,028
Cable TV franchise	70,000	70,000	73,284	3,284	72,179
Payment in lieu of taxes	18,000	18,000	22,446	4,446	21,726
Building rental	100	100	-	(100)	20
Photocopies	250	250	66	(184)	83
Sale of surplus property	-	-	3,500	3,500	-
Sale of city property	15,000	15,000	-	(15,000)	11,040
Development fees	10,000	10,000	404	(9,596)	-
Plan review	4,000	4,000	100	(3,900)	-
Reserve donations	-	-	450	450	-
Miscellaneous	500	504	19,715	19,211	195,491
Total unclassified	140,350	140,354	147,490	7,136	348,106
Investment income	80,000	80,000	84,048	4,048	108,987
Total revenues	23,167,763	23,417,767	23,719,185	301,418	23,211,758

CITY OF ELLSWORTH, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund, Continued
For the Year Ended June 30, 2018

	Budget		Actual	Variance with final budget	2017
	Original	Final		positive (negative)	Actual
Expenditures					
General government:					
Legislative	\$ 18,300	18,300	16,124	2,176	16,054
Administration	225,160	232,331	277,884	(45,553)	221,193
City clerk	91,173	94,204	94,465	(261)	87,524
Finance and tax collector	352,004	401,831	409,122	(7,291)	367,065
Assessment	120,632	122,906	114,384	8,522	110,626
Code enforcement	119,665	122,071	120,839	1,232	115,296
Planning	110,304	120,084	103,020	17,064	105,379
Legal	42,000	63,331	70,342	(7,011)	46,569
Elections	21,184	21,184	20,812	372	17,683
Economic development	132,846	134,145	167,910	(33,765)	102,449
Technology	285,586	295,089	282,699	12,390	269,404
COBI	21,100	21,100	16,109	4,991	-
Joint office services	78,500	78,500	63,050	15,450	65,860
Insurance	87,220	87,220	75,927	11,293	84,299
Employee benefits	1,898,780	1,792,577	1,937,108	(144,531)	1,803,219
Miscellaneous	36,185	45,065	45,198	(133)	38,033
Total general government	3,640,639	3,649,938	3,814,993	(165,055)	3,450,653
Public safety:					
Police department	1,263,371	1,341,745	1,303,421	38,324	1,197,038
Fire department	1,056,086	1,129,329	1,117,231	12,098	1,024,322
Dispatching	188,921	188,921	177,296	11,625	201,118
Hydrant rental	312,000	312,000	312,000	-	312,000
Street lights	82,000	82,000	83,045	(1,045)	84,827
Traffic signals	27,000	28,459	26,664	1,795	24,558
Total public safety	2,929,378	3,082,454	3,019,657	62,797	2,843,863
Public works:					
Public works	1,231,993	1,368,784	1,354,446	14,338	1,090,655
Public works garage	29,500	29,500	29,242	258	24,738
Solid waste disposal	366,417	338,111	295,779	42,332	340,102
Parks trees and cemeteries	34,500	41,319	31,413	9,906	27,717
Water supply commission	43,068	45,154	37,503	7,651	37,742
Total public works	1,705,478	1,822,868	1,748,383	74,485	1,520,954

CITY OF ELLSWORTH, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund, Continued
For the Year Ended June 30, 2018

	Budget		Actual	Variance with final budget positive (negative)	2017 Actual
	Original	Final			
Health and human services:					
General assistance	\$ 53,880	55,454	46,657	8,797	46,188
Health and social services	17,900	17,900	17,400	500	16,900
Total health and human services	71,780	73,354	64,057	9,297	63,088
Culture and recreation:					
Library	694,224	726,440	676,644	49,796	648,915
Historical preservation	400	400	156	244	720
Historical society	2,000	2,000	2,000	-	2,000
Recreation	108,000	108,000	109,900	(1,900)	122,572
Ellsworth harbor	48,294	56,494	76,865	(20,371)	45,902
Total culture and recreation	852,918	893,334	865,565	27,769	820,109
Municipal buildings:					
City hall	186,247	190,203	187,379	2,824	180,633
Miscellaneous city property	52,250	94,194	118,922	(24,728)	82,909
Total municipal buildings	238,497	284,397	306,301	(21,904)	263,542
County tax	448,320	448,320	448,320	-	436,056
Unclassified:					
Overlay/abatements	1,200	1,200	33,479	(32,279)	123,274
Total unclassified	1,200	1,200	33,479	(32,279)	123,274
Debt service:					
Principal	990,267	990,267	990,267	-	741,000
Interest	156,142	156,142	314,708	(158,566)	230,953
TAN interest	25,000	25,000	62,506	(37,506)	25,094
Total debt service	1,171,409	1,171,409	1,367,481	(196,072)	997,047
Total expenditures	11,059,619	11,427,274	11,668,236	(240,962)	10,518,586
Excess (deficiency) of revenues over (under) expenditures	12,108,144	11,990,493	12,050,949	60,456	12,693,172

CITY OF ELLSWORTH, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund, Continued
For the Year Ended June 30, 2018

	Budget		Actual	Variance with final budget positive (negative)	2017 Actual
	Original	Final			
Other financing sources (uses)					
Transfers in:					
TIF District	797,101	797,101	744,080	(53,021)	374,701
Total transfers in	797,101	797,101	744,080	(53,021)	374,701
Transfer out:					
TIF District	(874,868)	(874,868)	(867,894)	6,974	(789,730)
School operations	(10,892,202)	(10,892,202)	(10,892,202)	-	(10,847,991)
Adult education	(228,575)	(228,575)	(228,575)	-	(219,402)
Special revenues	-	-	-	-	(25,000)
Capital projects	(909,600)	(909,600)	(909,600)	-	(4,550)
Total transfers out	(12,905,245)	(12,905,245)	(12,898,271)	6,974	(11,886,673)
Use of carryforwards	-	87,318	-	(87,318)	-
Use of assigned fund balance	-	30,333	-	(30,333)	-
Total use of carryforwards and fund balance	-	117,651	-	(117,651)	-
Total other financing sources (uses)	(12,108,144)	(11,990,493)	(12,154,191)	(163,698)	(11,511,972)
Net change in fund balance	-	-	(103,242)	(103,242)	1,181,200
Fund balance, beginning of year			5,679,263		4,498,063
Fund balance, end of year			\$ 5,576,021		5,679,263

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ELLSWORTH, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 47,578	88,169	135,747
Investments	-	939,496	939,496
Accounts receivable	6,000	-	6,000
Due from other governments	679,389	-	679,389
Due from students	2,627	-	2,627
Prepaid expenditures	850	-	850
Inventory	9,770	-	9,770
Interfund receivable	943,852	-	943,852
Total assets	1,690,066	1,027,665	2,717,731
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	120,680	-	120,680
Accrued liabilities	94,078	-	94,078
Interfund payable	182,064	-	182,064
Total liabilities	396,822	-	396,822
Fund balances:			
Nonspendable	10,620	636,751	647,371
Restricted	1,381,981	390,914	1,772,895
Unassigned	(99,357)	-	(99,357)
Total fund balances	1,293,244	1,027,665	2,320,909
Total liabilities and fund balances	\$ 1,690,066	1,027,665	2,717,731

CITY OF ELLSWORTH, MAINE
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
Revenues:			
Licenses and permits	\$ 29,152	-	29,152
Intergovernmental revenues	1,924,515	-	1,924,515
Charges for services	323,328	-	323,328
Donations and fundraising	53,123	-	53,123
Other grants	40,461	-	40,461
Unclassified	21,552	-	21,552
Investment income	474	70,959	71,433
Total revenues	2,392,605	70,959	2,463,564
Expenditures:			
Current			
General government	291,581	-	291,581
Public safety	82,900	-	82,900
Culture and recreation	39,963	-	39,963
Unclassified	-	10,643	10,643
Education	1,091,853	-	1,091,853
Adult education	313,747	-	313,747
School lunch	679,834	-	679,834
Investment fees	-	4,843	4,843
Capital outlay	7,325	-	7,325
Total expenditures	2,507,203	15,486	2,522,689
Excess (deficiency) of revenues over (under) expenditures	(114,598)	55,473	(59,125)
Other financing sources (uses)			
Transfers in	1,250,486	-	1,250,486
Transfers out	(744,080)	-	(744,080)
Total other financing sources (uses)	506,406	-	506,406
Net change in fund balances	391,808	55,473	447,281
Fund balances, beginning of year	901,436	972,192	1,873,628
Fund balances, end of year	\$ 1,293,244	1,027,665	2,320,909

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

CITY OF ELLSWORTH, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

	School Grants	Adult Education	School Lunch Fund	City Grants	TIF Districts	Union River Center for Innovation	Conservation Easement Reserve	Knowlton Park	Shellfish Operating	Total
ASSETS										
Cash and cash equivalents	-	-	15,895	-	-	-	31,683	-	-	47,578
Accounts receivable	-	-	-	-	-	-	-	-	6,000	6,000
Due from other governments	347,183	10,194	22,419	299,593	-	-	-	-	-	679,389
Due from students	-	-	2,627	-	-	-	-	-	-	2,627
Prepaid expenditures	850	-	-	-	-	-	-	-	-	850
Inventory	-	-	9,770	-	-	-	-	-	-	9,770
Interfund receivable	-	145,915	143,782	-	-	102,825	-	551,330	-	943,852
Total assets	348,033	156,109	194,493	299,593	-	102,825	31,683	551,330	6,000	1,690,066
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	36,275	3,059	4,138	74,483	-	2,302	-	-	423	120,680
Accrued liabilities	73,426	13,854	5,608	-	-	-	-	-	1,190	94,078
Interfund payable	91,851	-	-	11,382	76,726	-	-	-	2,105	182,064
Total liabilities	201,552	16,913	9,746	85,865	76,726	2,302	-	-	3,718	396,822
Fund balances (deficits):										
Nonspendable	850	-	9,770	-	-	-	-	-	-	10,620
Restricted	150,754	139,196	174,977	231,236	-	100,523	31,683	551,330	2,282	1,381,981
Unassigned	(5,123)	-	-	(17,508)	(76,726)	-	-	-	-	(99,357)
Total fund balances (deficits)	146,481	139,196	184,747	213,728	(76,726)	100,523	31,683	551,330	2,282	1,293,244
Total liabilities and fund balances	\$ 348,033	156,109	194,493	299,593	-	102,825	31,683	551,330	6,000	1,690,066

CITY OF ELLSWORTH, MAINE
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

	School Grants	Adult Education	School Lunch Fund	City Grants	TIF Districts	Union River Center for Innovation	Conservation Easement Reserve	Knowlton Park	Shellfish Operating	Total
Revenues:										
Licenses and permits	\$ -	-	-	-	-	-	-	-	29,152	29,152
Intergovernmental revenues	1,025,013	77,537	335,159	422,971	-	45,835	-	-	18,000	1,924,515
Charges for services	-	53,150	234,979	-	-	35,199	-	-	-	323,328
Donations and fundraising	-	-	-	35,823	-	15,750	-	1,550	-	53,123
Other grants	35,000	-	-	5,461	-	-	-	-	-	40,461
Unclassified	-	-	-	21,552	-	-	-	-	-	21,552
Investment income	-	-	-	-	-	-	472	2	-	474
Total revenues	1,060,013	130,687	570,138	485,807	-	96,784	472	1,552	47,152	2,392,605
Expenditures:										
Current										
General government	-	-	-	175,267	52,901	63,413	-	-	-	291,581
Public safety	-	-	-	82,900	-	-	-	-	-	82,900
Culture and recreation	-	-	-	221	-	-	-	-	39,742	39,963
Education	1,091,853	-	-	-	-	-	-	-	-	1,091,853
Adult education	-	313,747	-	-	-	-	-	-	-	313,747
School lunch	-	-	679,834	-	-	-	-	-	-	679,834
Capital outlay	-	-	-	-	-	7,325	-	-	-	7,325
Total expenditures	1,091,853	313,747	679,834	258,388	52,901	70,738	-	-	39,742	2,507,203
Excess (deficiency) of revenues over (under) expenditures	(31,840)	(183,060)	(109,696)	227,419	(52,901)	26,046	472	1,552	7,410	(114,598)
Other financing sources (uses)										
Transfers in	4,500	228,575	149,518	-	867,893	-	-	-	-	1,250,486
Transfers out	-	-	-	-	(744,080)	-	-	-	-	(744,080)
Total other financing sources (uses)	4,500	228,575	149,518	-	123,813	-	-	-	-	506,406
Net change in fund balances	(27,340)	45,515	39,822	227,419	70,912	26,046	472	1,552	7,410	391,808
Fund balances (deficits), beginning of year	173,821	93,681	144,925	(13,691)	(147,638)	74,477	31,211	549,778	(5,128)	901,436
Fund balances (deficits), end of year	\$ 146,481	139,196	184,747	213,728	(76,726)	100,523	31,683	551,330	2,282	1,293,244

CITY OF ELLSWORTH, MAINE
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Special Revenue Funds
City Grants
For the Year Ended June 30, 2018

	Fund balances (deficits) beginning of year	Revenues			Expenditures	Fund balances (deficits) end of year
		Inter- governmental	Other			
General government:						
Branch Lake Access Improvement	\$ 1,014	-	-	-	1,014	
Broadband	(57,211)	54,895	-	-	(2,316)	
CDBG Business Assistance	(1,500)	-	-	-	(1,500)	
CDBG Housing Assistance Program	-	74,481	-	74,481	-	
Enviro	58,670	-	-	36,578	22,092	
Façade	3,168	-	-	3,168	-	
Railroad Crossing	(165,098)	225,112	-	60,014	-	
Wellness	1,713	-	3,038	1,026	3,725	
Public safety:						
Assistance to Firefighters	(3,647)	-	-	-	(3,647)	
BHS Equipment	(1,142)	-	-	-	(1,142)	
Bulletproof Vest	6,336	-	-	-	6,336	
COPS	(6,422)	42,528	-	42,528	(6,422)	
DARE	848	-	100	124	824	
Distracted Driving	-	1,888	-	1,888	-	
EFD/SHHC Convention	9,757	-	-	-	9,757	
FD - Christmas is for Kids	2,715	-	1,000	1,512	2,203	
Fire Training	564	-	-	-	564	
Fire Training Site	55,057	-	30,259	12,566	72,750	
Hancock County Byrne JAG 3	784	-	-	-	784	
Homeland Security	7,320	-	-	-	7,320	
K-9 Program	6,835	3,685	-	2,500	8,020	
OUI	1,128	9,088	-	9,418	798	
Project Hope	5,869	-	1,423	1,511	5,781	
Safe Routes to School	(1,820)	-	-	-	(1,820)	
Seatbelt	9,259	-	-	-	9,259	
Speed	5,070	5,948	-	6,094	4,924	
Under Age Drinking	-	1,888	-	1,888	-	
Volunteer Fire Assistance	(1,382)	1,592	-	871	(661)	
Safety	2,000	1,866	-	2,000	1,866	
Culture and recreation:						
Fireworks Donations	1,386	-	5,025	15	6,396	
Harbor Donations	673	-	439	-	1,112	
Lakes Environment	12,225	-	-	-	12,225	
Maine Community Foundation	100	-	-	-	100	
Rails with Trail Connector	4,550	-	-	-	4,550	
Supplemental Environmental Program	3,323	-	-	206	3,117	
Fish and Wildlife	50	-	-	-	50	
Public works:						
Bangor Hydro Pole	5,000	-	-	-	5,000	
Debt service:						
Development Fees	19,117	-	21,552	-	40,669	
	\$ (13,691)	422,971	62,836	258,388	213,728	

CITY OF ELLSWORTH, MAINE
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Special Revenue Funds
School Grants
For the Year Ended June 30, 2018

	Fund balances (deficits) beginning of year	Revenues			Expenditures	Transfers	Fund balances (deficits) end of year
		Inter- governmental	Other				
Federal programs:							
Title IA	\$ -	297,929	-	292,177	-	-	5,752
Program Improvement	-	4,741	-	4,741	-	-	-
Title IV	-	4,035	-	4,035	-	-	-
Local Entitlement	-	353,740	-	354,711	-	-	(971)
Local Entitlement - Preschool	-	1,298	-	1,298	-	-	-
Title VI - Rural and Low Income	-	7,595	-	7,595	-	-	-
Title IIA	-	71,953	-	71,953	-	-	-
Title IC - Perkins	-	89,448	-	91,939	-	-	(2,491)
Total federal programs	-	830,739	-	828,449	-	-	2,290
Other programs:							
ConnectME	12	-	-	-	-	-	12
EHS 15 Minute Grant	9,558	-	-	2,894	-	-	6,664
MELMAC	5,967	-	13,500	13,552	4,500	-	10,415
CTE MELMAC	13,758	-	14,000	8,759	-	-	18,999
Dollar General Literacy	-	-	5,000	4,848	-	-	152
Walking School Bus	123	-	500	148	-	-	475
EHS Unified Grant	(28)	-	2,000	2,000	-	-	(28)
Bicycle Coalition of Maine Grant	2,500	-	-	-	-	-	2,500
Garden Network Grant	2,000	-	-	2,000	-	-	-
CTE Program Update Grant	625	36,636	-	32,056	-	-	5,205
CTE Early College Grant	139,819	107,515	-	146,216	-	-	101,118
Maine College Transitions Grant	-	13,759	-	13,759	-	-	-
Proficiency Based Education	(451)	-	-	451	-	-	(902)
PEPG Grant	312	-	-	-	-	-	312
MLTI Grant	-	12,400	-	12,400	-	-	-
Momentum Grant	-	23,590	-	24,321	-	-	(731)
Adult Education IET Grant	(374)	374	-	-	-	-	-
Total other programs	173,821	194,274	35,000	263,404	4,500	-	144,191
Total	\$ 173,821	1,025,013	35,000	1,091,853	4,500	-	146,481

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

CITY OF ELLSWORTH, MAINE
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2018

	Cemetery Fund	Higgins Fund	Total
ASSETS			
Cash and cash equivalents	\$ -	88,169	88,169
Investments	697,233	242,263	939,496
Total assets	\$ 697,233	330,432	1,027,665
FUND BALANCES			
Nonspendable	551,450	85,301	636,751
Restricted	145,783	245,131	390,914
Total fund balances	\$ 697,233	330,432	1,027,665

CITY OF ELLSWORTH, MAINE
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Permanent Funds
For the Year Ended June 30, 2018

	Cemetery Fund	Higgins Fund	Total
Revenues:			
Investment income:			
Interest income	\$ 18,423	9,105	27,528
Realized and unrealized gain (loss) on investments	27,373	16,058	43,431
Total revenues	45,796	25,163	70,959
Expenditures:			
Investment fees	4,843	-	4,843
Unclassified	10,643	-	10,643
Total expenditures	15,486	-	15,486
Net change in fund balances	30,310	25,163	55,473
Fund balances, beginning of year	666,923	305,269	972,192
Fund balances, end of year	\$ 697,233	330,432	1,027,665

FIDUCIARY FUNDS

AGENCY FUNDS

CITY OF ELLSWORTH, MAINE
Statement of Changes in Assets and Liabilities
Fiduciary Funds - Agency Funds
For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
ASSETS				
Cash and cash equivalents:				
Student activities:				
Ellsworth High School	\$ 61,393	220,673	217,242	64,824
Ellsworth Middle School	47,537	61,361	53,548	55,350
Ellsworth Elementary School	7,787	14,028	11,641	10,174
Hancock County Technical Center	18,833	82,426	81,341	19,918
Adult education	4,966	50,299	45,059	10,206
Investments:				
Cemetery association	26,587	1,825	617	27,795
Total assets	167,103	430,612	409,448	188,267
LIABILITIES				
Held for student activities:				
Ellsworth High School	61,393	220,673	217,242	64,824
Ellsworth Middle School	47,537	61,361	53,548	55,350
Ellsworth Elementary School	7,787	14,028	11,641	10,174
Hancock County Technical Center	18,833	82,426	81,341	19,918
Adult education	4,966	50,299	45,059	10,206
Held for cemetery association	26,587	1,825	617	27,795
Total liabilities \$	167,103	430,612	409,448	188,267

SCHEDULES

CITY OF ELLSWORTH, MAINE
Schedule of Capital Projects
For the Year Ended June 30, 2018

Project		
Road improvements	\$	1,852,256
City Hall improvements		30,424
Information technology		18,818
Highway equipment		170,906
Police cruiser		105,247
Demeyer renovation		71,603
Recreational improvements		1,823
Library improvements		33,350
Branch Lake improvements		316
Transfer station		1,447
Police equipment replacement		15,335
Traffic camera replacement		5,800
Traffic management system		101,508
City Hall cameras		7,331
Computer replacement		24,101
Server replacement		18,248
Public safety building		65,000
		<hr/>
	Total capital project fund capital outlays \$	2,523,513
		<hr/>

CITY OF ELLSWORTH, MAINE
Schedule of Changes in Assigned Fund Balances
General Fund - Capital Reserve Funds
For the Year Ended June 30, 2018

	Fund Balances, beginning of year	Additions	Reductions	Fund Balances, end of year
School District	\$ 5,821	136	82	5,875
Industrial Park	1,351	31	19	1,363
General	194,424	4,524	2,748	196,200
Hancock Technical Center	399	10	6	403
Highway equipment	39,205	912	554	39,563
Harbor	4,150	97	59	4,188
City Hall	78,783	1,834	1,114	79,503
Cable TV	7,804	182	110	7,876
Jump playground	23,094	537	326	23,305
Employee benefits	63,952	1,488	904	64,536
Fire Department rescue	2,336	896	42	3,190
Federally forfeited property	1,682	39	24	1,697
City bonds	106	2	1	107
Road improvement	259,173	6,031	3,663	261,541
Capital equipment	78,517	1,827	1,110	79,234
Fire Department site	5,735	82	80	5,737
Police reserve	1,474	3,964	46	5,392
Basketball court	8,267	192	116	8,343
Moore Community Center	13,392	203	6,731	6,864
Knowlton Park	4,886	114	69	4,931
	\$ 794,551	23,101	17,804	799,848

CITY OF ELLSWORTH, MAINE
Schedule of Valuation, Assessments, and Collection of Taxes
For the Year Ended June 30, 2018

Valuation

Real estate	\$ 1,044,871,140
Personal property	<u>35,915,300</u>
Total valuation	<u><u>1,080,786,440</u></u>

Assessment

Valuation x Rate: \$1,080,786,440 x 0.01797%	19,421,732
Supplemental taxes	<u>79,939</u>
Total assessment charged to collector	19,501,671

Collections and credits

Cash collections	18,617,943
Tax abatements	<u>33,479</u>
Total collections and credits	<u>18,651,422</u>

Taxes receivable and tax liens as of June 30, 2018	<u><u>\$ 850,249</u></u>
---	--------------------------