

CITY OF ELLSWORTH, MAINE

Annual Financial Report

For the Year Ended June 30, 2017

CITY OF ELLSWORTH, MAINE
Annual Financial Report
June 30, 2017

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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, 2017, 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, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress for the retiree healthcare plan, the schedule of the City's proportionate share of the net pension liability, and the schedule of City contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ellsworth, Maine's basic financial statements. The introductory section, combining and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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 January 18, 2018 on our consideration of the City of Ellsworth, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ellsworth, Maine's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Remyon Kristen Ouellette". The signature is written in a cursive style with a large initial 'R'.

January 18, 2018
South Portland, Maine

CITY OF ELLSWORTH, MAINE
Management's Discussion and Analysis
June 30, 2017

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, 2017. 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 \$60,029,008 as of June 30, 2017, compared to \$57,666,881 as of June 30, 2016. Of the \$60,029,008, \$38,868,985 relates to the City's governmental activities and \$21,160,023 relates to its business-type activities (Water and Wastewater).
- The City's General Fund - fund balance was \$5,679,263 as of June 30, 2017, compared to \$4,498,063 as of June 30, 2016, an increase of \$1,181,200.
- 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 19.84%.
- The City did not issue any new long-term debt during the fiscal year; however, the School Department entered into one capital lease for the purchase of a new school bus for \$88,900.
- At the close of fiscal year 2017, the City of Ellsworth's governmental funds financial statements reported a combined ending fund balance of \$4,252,269, which is an increase of \$846,534 over the prior year's combined ending fund balance of \$3,405,735.

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.

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

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).

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.

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

- 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.

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, 2017 and 2016:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2017</u>	<u>2016</u> <u>(restated)</u>	<u>Change</u>	<u>2017</u>	<u>2016</u>	<u>Change</u>
Current and other assets	\$ 10,040,327	\$ 11,872,677	(1,832,350)	(1,140,178)	(719,061)	(421,117)
Capital assets	69,641,313	70,516,050	(874,737)	33,419,527	33,572,424	(152,897)
Total Assets	79,681,640	82,388,727	(2,707,087)	32,279,349	32,853,363	(574,014)
Deferred outflows of resources - pensions	1,905,750	1,141,554	764,196	-	-	-
Current liabilities	4,637,216	7,399,422	(2,762,206)	762,027	412,186	349,841
Noncurrent liabilities	37,977,430	39,319,641	(1,342,211)	10,357,299	11,380,546	(1,023,247)
Total Liabilities	42,614,646	46,719,063	(4,104,417)	11,119,326	11,792,732	(673,406)
Deferred inflows of resources - pensions	103,759	204,968	(101,209)	-	-	-
Net investment in capital assets	35,614,294	33,715,894	1,898,400	23,170,113	22,315,695	854,418
Restricted	3,849,594	3,389,446	460,148	425,090	421,071	4,019
Unrestricted	(594,903)	(499,090)	(95,813)	(2,435,180)	(1,676,135)	(759,045)
Total Net Position	\$ 38,868,985	36,606,250	2,262,735	21,160,023	21,060,631	99,392

Governmental activity assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$38,868,985. Business-type activity assets exceeded liabilities by \$21,160,023 for a City-wide total net position of \$60,029,008 at the close of the most recent fiscal year.

The largest portion of the City of Ellsworth's net position (97.93%) 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 (2.07%) represents resources that are subject to external restrictions and a portion used to meet the City's ongoing obligations to citizens and creditors.

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

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 only represents 1.53% 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 that resulted from the construction of a new plant. Additionally, interest on debt used to pay for the new plant and depreciation expense on capital assets is a significant annual expense 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, 2017 and 2016:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2017</u>	<u>2016</u> <u>(restated)</u>	<u>Change</u>	<u>2017</u>	<u>2016</u>	<u>Change</u>
Revenues:						
Program revenues:						
Charges for services	\$ 3,832,542	3,630,486	202,056	2,997,359	2,081,850	915,509
Operating grants and contributions	8,632,679	8,149,818	482,861	-	-	-
Capital grants and contributions	300,846	320,705	(19,859)	-	-	-
General revenues:						
Taxes	21,059,830	21,014,611	45,219	-	-	-
Intergovernmental	808,950	717,360	91,590	-	-	-
Investments	165,433	128,304	37,129	23,832	24,524	(692)
All others	206,531	352,863	(146,332)	-	230,694	(230,694)
Total revenues	<u>35,006,811</u>	<u>34,314,147</u>	<u>692,664</u>	<u>3,021,191</u>	<u>2,337,068</u>	<u>684,123</u>
Expenses:						
General government	4,550,811	3,946,545	604,266	-	-	-
Public safety	3,069,311	2,928,714	140,597	-	-	-
Municipal buildings	316,069	280,346	35,723	-	-	-
Culture and recreation	846,493	798,259	48,234	-	-	-
General assistance	46,188	53,225	(7,037)	-	-	-
Public works	2,049,629	1,978,275	71,354	-	-	-
County tax	436,056	424,927	11,129	-	-	-
Education	20,081,377	20,040,164	41,213	-	-	-
Unclassified	316,850	585,429	(268,579)	-	-	-
Interest on long-term debt	1,031,292	1,375,744	(344,452)	-	-	-
Wastewater	-	-	-	2,005,611	2,037,459	(31,848)
Water	-	-	-	916,188	778,271	137,917
Total expenses	<u>32,744,076</u>	<u>32,411,628</u>	<u>332,448</u>	<u>2,921,799</u>	<u>2,815,730</u>	<u>106,069</u>
Change in net position	2,262,735	1,902,519	360,216	99,392	(478,662)	578,054
Net position, beginning of year - as restated	<u>36,606,250</u>	<u>34,703,731</u>	<u>1,902,519</u>	<u>21,060,631</u>	<u>21,539,293</u>	<u>(478,662)</u>
Net position, end of year	<u>\$ 38,868,985</u>	<u>36,606,250</u>	<u>2,262,735</u>	<u>21,160,023</u>	<u>21,060,631</u>	<u>99,392</u>

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

The cost of all governmental activities was \$32,744,076. As shown on the Statement of Activities, the total amount financed by the City's taxpayers was \$21,059,830, or 60.16% of total revenues. Those who directly benefit from an activity provided \$3,832,542 in revenue. Other governments and organizations subsidized certain activities with operating grants and contributions in the amount of \$8,632,679. Capital grants and contributions accounted for \$300,846. All other revenues accounted for \$1,180,914, 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 (\$35,006,811) increased by \$692,664, or 2.02% over fiscal year 2016. This was driven by growth in charges for services, operating grants and contributions, and intergovernmental revenues not restricted to specific programs.

Total governmental activities expenses (\$32,744,076) increased by \$332,448, or 1.03% from fiscal year 2016. This was driven by increases in general government and public safety, however, those increases and others were partially offset by significant decreases in unclassified expenses and interest on long-term debt.

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 \$4,493,026 (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.

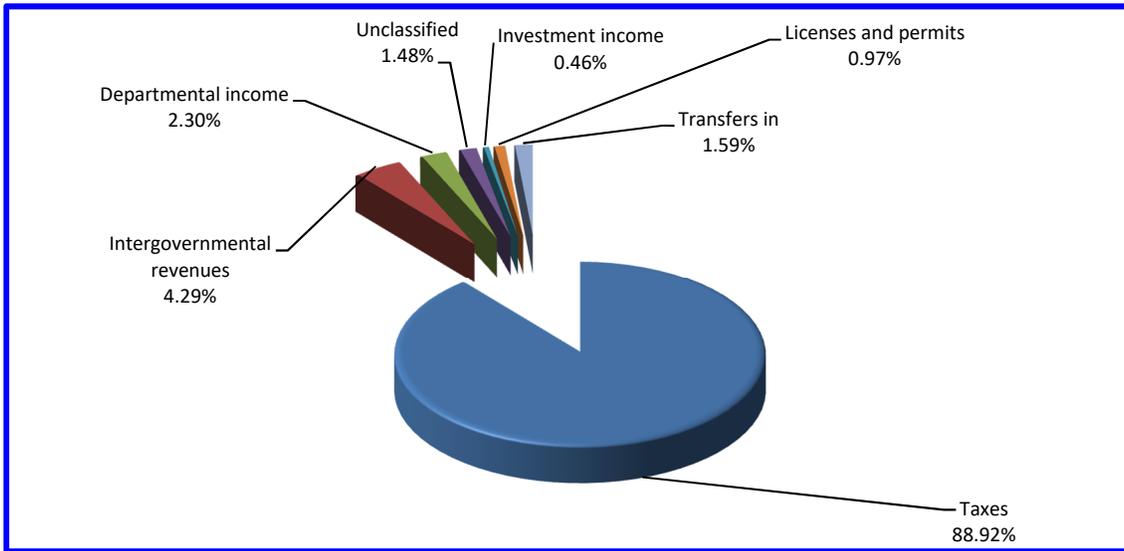
As of the end of the current fiscal year, the City of Ellsworth's governmental funds reported combined ending fund balances of \$4,252,269, an increase of \$846,534. Of this total, a portion is not available for new spending because it is either in a non-spendable form (\$771,557), has been restricted for special revenues, permanent funds or education (\$3,078,037), or has been assigned to liquidate contracts and purchase orders of the prior period (\$1,186,237). The remaining unassigned fund deficit is \$783,562. This deficit is driven primarily from the negative fund balance in the Capital Projects Fund of \$4,884,747. 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, 2017 was \$4,493,026 as compared to \$2,960,011 of the previous year, which is an increase of \$1,533,015, or 51.79%.

Total expenditures in the General Fund (\$22,405,259, Statement 7), which includes other financing uses, decreased by \$239,248, or 1.06%. Total revenues in the General Fund (\$23,586,459 Statement 7), which includes other financing sources, decreased from the prior year by \$363,306, or 1.52%, mainly due to the decrease in the transfer in of TIF revenues to support budgeted economic development within the City's TIF districts. Additionally, unclassified revenues were substantially higher in the prior fiscal year due to the sale of the City's old police station.

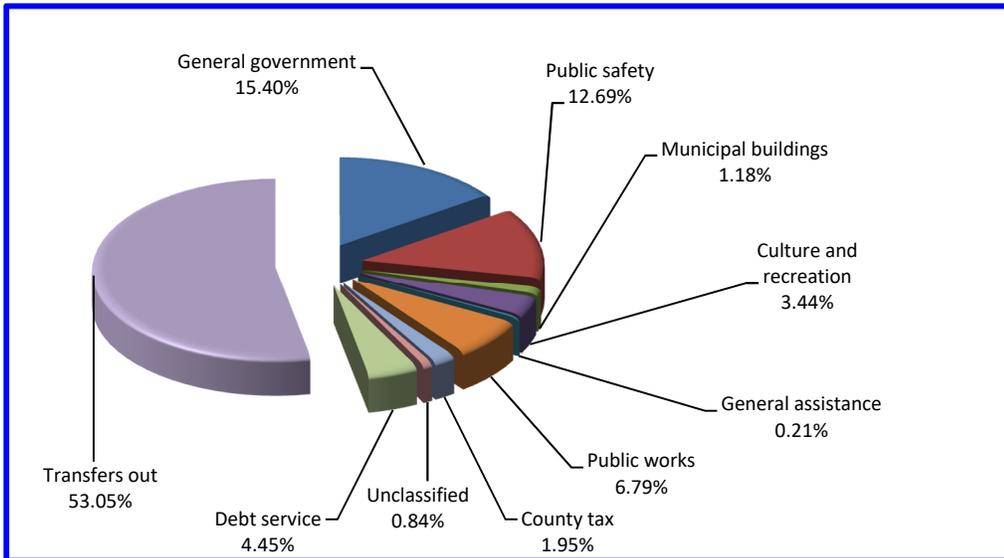
CITY OF ELLSWORTH, MAINE
Management's Discussion and Analysis, Continued

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 \$100,919, or 0.48%, from the prior year. The portion of total revenues attributed to tax revenues (88.92%) increased from the prior year by 1.77%. All other revenues account for 11.08% of total revenues.

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

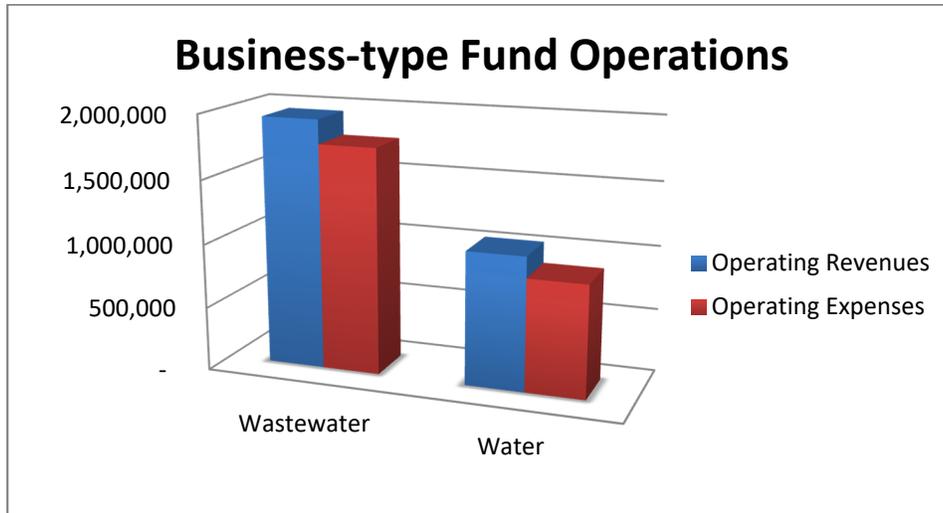


Transfers out account for the largest percentage of total expenditures at 53.05%. This accounts for the City's budgeted education allocation (\$10,847,991), adult education allocation (\$219,402), TIF District allocation (\$789,730), capital projects (\$4,550), and special revenue funds (\$25,000). General government expenditures account for 15.40% of total expenditures and public safety accounts for 12.69%. All other expenditure categories comprise 18.86% 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 (\$2,565,931) an increase of \$220,307. The City's Water fund unrestricted net position amounted to \$130,751, a decrease of \$979,352.

General Fund Budgetary Highlights

Actual revenues exceeded budgeted revenues by \$416,442 (Statement 7). This is primarily due to higher-than-expected revenues from licenses and permits, as well as the receipt of unbudgeted miscellaneous revenues.

Actual expenditures were less than budgeted expenditures by \$454,592 (Statement 7). This is primarily due to lower-than-expected costs for general government, public safety, and public works.

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 under budget by \$9,503 (Statement 7.1). This was due to a lower-than-expected State Subsidy and miscellaneous revenues; however, these were almost completely offset by higher-than-expected tuitions and State agency client revenues.

Actual expenditures were under budget by \$1,113,011 (Statement 7.1). This was due to lower-than-expected costs related to wages and benefits, repairs and maintenance, heating and diesel fuels, transportation, and debt service.

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, 2017 amounts to \$69,641,313 and \$33,419,527, respectively. Accumulated depreciation as of June 30, 2017 amounts to \$22,357,951 for governmental activities and \$13,889,887 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 \$1,428,848. Major capital asset additions for governmental activities for fiscal year 2017 included four new police cruisers (\$102,373), a new school bus (\$88,900), traffic light upgrades (\$50,230), completion of the broadband infrastructure project (\$171,817), and road, sidewalk, culvert, and drainage improvements (\$702,326).

Capital asset additions for business-type activities amounted to \$928,231. 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 Note D 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 \$43,880,079. Of this amount, \$8,266,000 is remaining for road construction projects, Moore Community Center construction, Knowlton Park construction, financial software, and development fees; \$10,120,921 for business-type activities; and \$25,493,158 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 \$156,675,000, far exceeding the City's outstanding general obligation debt.

Additional information on the City's long-term liabilities can be found in Note E 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, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,152,980	100	2,153,080
Investments	1,934,518	379,292	2,313,810
Receivables:			
Taxes - current year	47,947	-	47,947
Taxes - prior years	90,693	-	90,693
Tax liens - current year	806,179	-	806,179
Tax liens - prior years	465,275	-	465,275
Accounts	1,734,736	720,682	2,455,418
Internal balances	2,673,193	(2,673,193)	-
Prepaid expenses	125,036	-	125,036
Inventory	9,770	7,851	17,621
Cash restricted for capital projects	-	327,995	327,995
Accounts receivable restricted for capital projects	-	97,095	97,095
Capital assets, not being depreciated	4,345,719	1,861,122	6,206,841
Capital assets, net of accumulated depreciation	65,295,594	31,558,405	96,853,999
Total assets	<u>79,681,640</u>	<u>32,279,349</u>	<u>111,960,989</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - related to pensions	1,905,750	-	1,905,750
Total deferred outflows of resources	<u>1,905,750</u>	<u>-</u>	<u>1,905,750</u>
LIABILITIES			
Accounts payable	814,077	35,368	849,445
Accrued liabilities	1,581,087	10,027	1,591,114
Taxes collected in advance	122,675	-	122,675
Escrow deposit	1,700	-	1,700
Bond anticipation note	1,955,400	689,617	2,645,017
Unearned revenue	4,019	-	4,019
Accrued interest	158,258	27,015	185,273
Noncurrent liabilities:			
Due within one year	2,977,140	1,007,314	3,984,454
Due in more than one year	35,000,290	9,349,985	44,350,275
Total liabilities	<u>42,614,646</u>	<u>11,119,326</u>	<u>53,733,972</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - related to pensions	103,759	-	103,759
Total deferred inflows of resources	<u>103,759</u>	<u>-</u>	<u>103,759</u>
NET POSITION			
Net investment in capital assets	35,614,294	23,170,113	58,784,407
Restricted for:			
Permanent funds - Nonexpendable principal	636,751	-	636,751
Capital projects	-	425,090	425,090
Special revenue funds	1,293,277	-	1,293,277
Permanent funds	335,441	-	335,441
Education	1,584,125	-	1,584,125
Unrestricted	(594,903)	(2,435,180)	(3,030,083)
Total net position	<u>\$ 38,868,985</u>	<u>21,160,023</u>	<u>60,029,008</u>

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Activities
For the Year Ended June 30, 2017

Function/Program	Program Revenues				Net (expense) revenue and changes in net position		
	Expenses	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	\$ 4,550,811	465,581	131,700	70,213	(3,883,317)	-	(3,883,317)
Public safety	3,069,311	23,027	85,877	-	(2,960,407)	-	(2,960,407)
Municipal buildings	316,069	20	-	-	(316,049)	-	(316,049)
Culture and recreation	846,493	57,894	2,173	-	(786,426)	-	(786,426)
General assistance	46,188	-	21,661	-	(24,527)	-	(24,527)
Public works	2,049,629	335,718	180,100	216,354	(1,317,457)	-	(1,317,457)
County tax	436,056	-	-	-	(436,056)	-	(436,056)
Education	20,081,377	2,868,578	8,191,778	-	(9,021,021)	-	(9,021,021)
Investment fees	3,876	-	-	-	(3,876)	-	(3,876)
Unclassified	217,784	81,724	19,390	14,279	(102,391)	-	(102,391)
Capital maintenance	95,190	-	-	-	(95,190)	-	(95,190)
Interest on long-term debt	1,031,292	-	-	-	(1,031,292)	-	(1,031,292)
Total governmental activities	<u>32,744,076</u>	<u>3,832,542</u>	<u>8,632,679</u>	<u>300,846</u>	<u>(19,978,009)</u>	<u>-</u>	<u>(19,978,009)</u>
Business-type activities:							
Wastewater	2,005,611	1,952,413	-	-	-	(53,198)	(53,198)
Water	916,188	1,044,946	-	-	-	128,758	128,758
Total business-type activities	<u>2,921,799</u>	<u>2,997,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,560</u>	<u>75,560</u>
Total primary government	\$ <u>35,665,875</u>	<u>6,829,901</u>	<u>8,632,679</u>	<u>300,846</u>	<u>(19,978,009)</u>	<u>75,560</u>	<u>(19,902,449)</u>
General revenues:							
Property taxes, levied for general purposes					\$ 19,227,066	-	19,227,066
Motor vehicle excise taxes					1,679,620	-	1,679,620
Interest and costs on taxes					153,144	-	153,144
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					392,804	-	392,804
Homestead exemption					235,229	-	235,229
Other State aid					180,917	-	180,917
Unrestricted investment earnings					165,433	23,832	189,265
Sale of properties held for resale					11,040	-	11,040
Miscellaneous revenues					195,491	-	195,491
Total general revenues					<u>22,240,744</u>	<u>23,832</u>	<u>22,264,576</u>
Change in net position					2,262,735	99,392	2,362,127
Net position, beginning of year, as restated					<u>36,606,250</u>	<u>21,060,631</u>	<u>57,666,881</u>
Net position, end of year	\$ <u>38,868,985</u>				<u>21,160,023</u>	<u>60,029,008</u>	

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	School Operations Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,637,997	404,707	-	110,276	2,152,980
Investments	1,041,391	-	-	893,127	1,934,518
Receivables:					
Taxes - current year	47,947	-	-	-	47,947
Taxes - prior years	90,693	-	-	-	90,693
Tax liens - current year	806,179	-	-	-	806,179
Tax liens - prior years	465,275	-	-	-	465,275
Accounts	157,354	938,258	-	639,124	1,734,736
Prepaid expenditures	-	121,757	-	3,279	125,036
Inventory	-	-	-	9,770	9,770
Interfund receivable	3,214,941	1,726,696	-	952,632	5,894,269
	<u>7,461,777</u>	<u>3,191,418</u>	<u>-</u>	<u>2,608,208</u>	<u>13,261,403</u>
Total assets					
LIABILITIES					
Accounts payable	257,466	188,156	90,987	191,813	728,422
Accrued liabilities	91,573	1,419,137	-	70,377	1,581,087
Taxes collected in advance	122,675	-	-	-	122,675
Escrow deposit	1,700	-	-	-	1,700
Bond anticipation note	-	-	1,955,400	-	1,955,400
Unearned revenue	-	-	-	4,019	4,019
Interfund payable	-	-	2,838,360	468,371	3,306,731
	<u>473,414</u>	<u>1,607,293</u>	<u>4,884,747</u>	<u>734,580</u>	<u>7,700,034</u>
Total liabilities					
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	1,309,100	-	-	-	1,309,100
Total deferred inflows of resources	<u>1,309,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,309,100</u>
FUND BALANCES (DEFICIT)					
Nonspendable	-	121,757	-	649,800	771,557
Restricted for:					
Special revenues	-	-	-	1,280,228	1,280,228
Permanent funds	-	-	-	335,441	335,441
Education	-	1,462,368	-	-	1,462,368
Assigned					
General fund	1,186,237	-	-	-	1,186,237
Unassigned					
General fund	4,493,026	-	-	-	4,493,026
Capital projects	-	-	(4,884,747)	-	(4,884,747)
Special revenues	-	-	-	(391,841)	(391,841)
	<u>5,679,263</u>	<u>1,584,125</u>	<u>(4,884,747)</u>	<u>1,873,628</u>	<u>4,252,269</u>
Total fund balances (deficit)					
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ 7,461,777</u>	<u>3,191,418</u>	<u>-</u>	<u>2,608,208</u>	<u>13,261,403</u>

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, 2017

	General Fund	School Operations Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 20,972,730	-	-	-	20,972,730
Licenses and permits	228,377	-	-	32,901	261,278
Intergovernmental revenues	1,010,711	6,615,640	216,354	1,620,758	9,463,463
Departmental income	542,847	-	-	-	542,847
Charges for services	-	2,589,475	-	297,367	2,886,842
Donations and fundraising	-	-	-	71,349	71,349
Other grants	-	-	-	48,137	48,137
Unclassified	348,106	151,336	-	8,190	507,632
Investment income	108,987	3,170	-	53,276	165,433
Total revenues	<u>23,211,758</u>	<u>9,359,621</u>	<u>216,354</u>	<u>2,131,978</u>	<u>34,919,711</u>
Expenditures					
Current:					
General government	3,450,653	-	-	474,526	3,925,179
Public safety	2,843,863	-	-	65,013	2,908,876
Municipal buildings	263,542	-	-	-	263,542
Culture and recreation	771,487	-	-	77,586	849,073
General assistance	46,188	-	-	-	46,188
Public works	1,520,954	-	-	-	1,520,954
County tax	436,056	-	-	-	436,056
Education	-	15,945,696	-	944,001	16,889,697
Maine PERS on-behalf payments	-	979,625	-	-	979,625
Unclassified	188,796	-	-	7,695	196,491
Adult education	-	-	-	307,204	307,204
School lunch	-	-	-	670,953	670,953
Investment fees	-	-	-	3,876	3,876
Debt service:					
Principal	741,000	2,853,507	-	-	3,594,507
Interest	256,047	-	-	-	256,047
Capital outlays	-	88,900	1,195,925	28,984	1,313,809
Total expenditures	<u>10,518,586</u>	<u>19,867,728</u>	<u>1,195,925</u>	<u>2,579,838</u>	<u>34,162,077</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,693,172</u>	<u>(10,508,107)</u>	<u>(979,571)</u>	<u>(447,860)</u>	<u>757,634</u>
Other financing sources (uses)					
Capital lease proceeds	-	88,900	-	-	88,900
Transfers in	374,701	10,847,991	4,550	1,205,542	12,432,784
Transfers out	<u>(11,886,673)</u>	<u>(171,410)</u>	<u>-</u>	<u>(374,701)</u>	<u>(12,432,784)</u>
Total other financing sources (uses)	<u>(11,511,972)</u>	<u>10,765,481</u>	<u>4,550</u>	<u>830,841</u>	<u>88,900</u>
Net change in fund balances	1,181,200	257,374	(975,021)	382,981	846,534
Fund balances (deficit), beginning of year, as restated	<u>4,498,063</u>	<u>1,326,751</u>	<u>(3,909,726)</u>	<u>1,490,647</u>	<u>3,405,735</u>
Fund balances (deficit), end of year	<u>\$ 5,679,263</u>	<u>1,584,125</u>	<u>(4,884,747)</u>	<u>1,873,628</u>	<u>4,252,269</u>

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, 2017

Total fund balances - governmental funds (from Statement 3) \$ 4,252,269

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:

1,309,100

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:

69,641,313

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	(33,759,158)
Capital leases payable	(121,455)
Premium on bonds payable	(146,406)
Other postemployment benefits	(632,294)
Accrued compensated absences	(571,955)
Accrued interest	(158,258)
Net pension liability with related deferred inflows and outflows	(944,171)

(36,333,697)

Total net position - governmental activities (see Statement 1)

\$ 38,868,985

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, 2017

Net change in fund balances - total governmental funds (from Statement 4)		\$ 846,534
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.		
		87,100
Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense and the net book value of disposed assets exceeded capital asset additions.		
Capital asset additions	1,428,848	
Depreciation expense and net book value of disposed assets	<u>(2,303,585)</u>	
		(874,737)
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.		
		2,812,782
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 (\$88,900) exceeded repayments (\$38,997).		
		(49,903)
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Change in OPEB obligation	(41,828)	
Change in unamortized debt premiums	10,258	
Change in accrued compensated absences	(27,586)	
Change in accrued interest payable	(3,778)	
Change in net pension liability, with related deferred inflows and outflows	<u>(496,107)</u>	
		<u>(559,041)</u>
Change in net position of governmental activities (see Statement 2)		<u>\$ 2,262,735</u>

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, 2017

	General Fund			Variance with final budget positive (negative)
	Budget		Actual	
	Original	Final		
Revenues				
Taxes	\$ 20,714,922	20,940,172	20,972,730	32,558
Licenses and permits	119,700	119,700	228,377	108,677
Intergovernmental revenues	999,007	999,007	1,010,711	11,704
Departmental income	532,087	532,087	542,847	10,760
Unclassified	124,350	124,350	348,106	223,756
Investment income	80,000	80,000	108,987	28,987
Total revenues	<u>22,570,066</u>	<u>22,795,316</u>	<u>23,211,758</u>	<u>416,442</u>
Expenditures				
Current:				
General government	3,476,222	3,591,615	3,450,653	140,962
Public safety	2,840,979	2,961,294	2,843,863	117,431
Municipal buildings	240,547	280,813	263,542	17,271
Culture and recreation	782,469	849,937	771,487	78,450
General assistance	53,412	54,971	46,188	8,783
Public works	1,642,181	1,698,281	1,520,954	177,327
County tax	436,056	436,056	436,056	-
Unclassified	98,932	101,093	188,796	(87,703)
Debt service:				
Principal	744,318	744,318	741,000	3,318
Interest	254,800	254,800	256,047	(1,247)
Total expenditures	<u>10,569,916</u>	<u>10,973,178</u>	<u>10,518,586</u>	<u>454,592</u>
Excess (deficiency) of revenues over (under) expenditures	12,000,150	11,822,138	12,693,172	871,034
Other financing sources (uses)				
Transfers in	374,701	374,701	374,701	-
Transfers out	(12,434,851)	(12,434,851)	(11,886,673)	548,178
Use of carryforwards	-	178,012	-	(178,012)
Use of fund balance	60,000	60,000	-	(60,000)
Total other financing sources (uses)	<u>(12,000,150)</u>	<u>(11,822,138)</u>	<u>(11,511,972)</u>	<u>310,166</u>
Net change in fund balance	-	-	1,181,200	1,181,200
Fund balance, beginning of year, as restated			<u>4,498,063</u>	
Fund balance, end of year			<u>\$ 5,679,263</u>	

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, 2017

	Budgeted Special Revenue Fund			Variance with final budget positive (negative)
	School Operations Fund			
	Budget		Actual	
Original	Final			
Revenues				
Intergovernmental:				
State EPS allocation	\$ 5,709,249	5,709,249	5,494,980	(214,269)
State agency clients	121,705	121,705	138,035	16,330
Other State aid	-	-	3,000	3,000
Other local revenues:				
Tuition	2,444,750	2,444,750	2,589,475	144,725
Miscellaneous	113,795	113,795	151,336	37,541
Interest income	-	-	3,170	3,170
Total revenues	<u>8,389,499</u>	<u>8,389,499</u>	<u>8,379,996</u>	<u>(9,503)</u>
Expenditures				
Current:				
Regular instruction	5,824,067	5,824,067	5,622,158	201,909
Special education instruction	3,138,286	3,138,286	3,064,214	74,072
Career and technical education	1,293,840	1,293,840	1,166,494	127,346
Other instruction	551,811	551,811	494,393	57,418
Student and staff support	1,692,543	1,692,543	1,580,853	111,690
System administration	514,847	514,847	488,809	26,038
School administration	780,586	780,586	778,580	2,006
Facilities maintenance	2,130,740	2,130,740	1,930,914	199,826
Transportation	902,449	902,449	823,147	79,302
Debt service	3,086,911	3,086,911	2,853,507	233,404
Total expenditures	<u>19,916,080</u>	<u>19,916,080</u>	<u>18,803,069</u>	<u>1,113,011</u>
Excess (deficiency) of revenues over (under) expenditures	(11,526,581)	(11,526,581)	(10,423,073)	1,103,508
Other financing sources (uses)				
Use of surplus	850,000	850,000	-	(850,000)
Transfer in for local appropriation:				
EPS allocation	8,765,092	8,765,092	8,765,092	-
Additional allocation	1,973,353	1,973,353	1,973,353	-
Local debt service allocation	109,546	109,546	109,546	-
Transfer out	(171,410)	(171,410)	(171,410)	-
Total other financing sources (uses)	<u>11,526,581</u>	<u>11,526,581</u>	<u>10,676,581</u>	<u>(850,000)</u>
Net change in fund balance - budgetary basis	-	-	253,508	253,508
Fund balance, beginning of year - budgetary basis			1,578,220	
Fund balance, end of year - budgetary basis			1,831,728	
Reconciliation to GAAP basis:				
Change in accrued teacher summer benefits			3,866	
Fund balance, beginning of year			1,326,751	
Fund balance, end of year			<u>\$ 1,584,125</u>	

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2017

	Wastewater Fund	Water Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	100	100
Investments	363,710	15,582	379,292
Accounts receivable - trade	454,973	198,002	652,975
Liens receivable	67,707	-	67,707
Inventory	7,851	-	7,851
Interfund receivable	-	711,188	711,188
Total current assets	<u>894,241</u>	<u>924,872</u>	<u>1,819,113</u>
Noncurrent assets:			
Restricted:			
Cash restricted for capital projects	327,995	-	327,995
Accounts receivable restricted for capital projects	97,095	-	97,095
Total restricted	<u>425,090</u>	<u>-</u>	<u>425,090</u>
Capital assets:			
Construction in progress	-	167,823	167,823
Land and easement	-	1,693,299	1,693,299
Capital assets, being depreciated	31,942,915	13,505,377	45,448,292
Accumulated depreciation	(9,552,318)	(4,337,569)	(13,889,887)
Total capital assets, net	<u>22,390,597</u>	<u>11,028,930</u>	<u>33,419,527</u>
Total noncurrent assets	<u>22,815,687</u>	<u>11,028,930</u>	<u>33,844,617</u>
Total assets	<u>23,709,928</u>	<u>11,953,802</u>	<u>35,663,730</u>
LIABILITIES			
Current liabilities:			
Accounts payable	16,356	19,012	35,368
Accrued payroll and related liabilities	5,142	4,885	10,027
Bond anticipation note	-	689,617	689,617
Accrued interest	21,523	5,492	27,015
Interfund payable	3,384,381	-	3,384,381
Current portion of bonds and notes payable	606,290	401,024	1,007,314
Total current liabilities	<u>4,033,692</u>	<u>1,120,030</u>	<u>5,153,722</u>
Noncurrent liabilities:			
Accrued compensated absences	32,770	75,115	107,885
Premium on bonds payable	122,653	-	122,653
Bonds and notes payable	8,035,988	1,083,459	9,119,447
Total noncurrent liabilities	<u>8,191,411</u>	<u>1,158,574</u>	<u>9,349,985</u>
Total liabilities	<u>12,225,103</u>	<u>2,278,604</u>	<u>14,503,707</u>
NET POSITION			
Net investment in capital assets	13,625,666	9,544,447	23,170,113
Restricted for capital projects	425,090	-	425,090
Unrestricted	(2,565,931)	130,751	(2,435,180)
Total net position	<u>\$ 11,484,825</u>	<u>9,675,198</u>	<u>21,160,023</u>

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, 2017

	Wastewater Fund	Water Fund	Total
Operating revenues:			
Charges for services	\$ 1,623,692	1,008,753	2,632,445
Miscellaneous	<u>328,721</u>	<u>36,193</u>	<u>364,914</u>
Total operating revenues	<u>1,952,413</u>	<u>1,044,946</u>	<u>2,997,359</u>
Operating expenses:			
Personnel	247,127	306,043	553,170
Contract services	282,570	113,913	396,483
Supplies, maintenance and repairs	97,777	102,182	199,959
Utilities	276,363	83,707	360,070
Miscellaneous	1,737	55,004	56,741
Depreciation	<u>859,988</u>	<u>220,565</u>	<u>1,080,553</u>
Total operating expenses	<u>1,765,562</u>	<u>881,414</u>	<u>2,646,976</u>
Operating income (loss)	186,851	163,532	350,383
Nonoperating revenues (expenses):			
Interest revenue	23,826	6	23,832
Interest expense	(240,049)	(34,199)	(274,248)
Loss on disposal of capital assets	<u>-</u>	<u>(575)</u>	<u>(575)</u>
Total nonoperating revenues (expenses)	<u>(216,223)</u>	<u>(34,768)</u>	<u>(250,991)</u>
Change in net position	(29,372)	128,764	99,392
Net position, beginning of year	<u>11,514,197</u>	<u>9,546,434</u>	<u>21,060,631</u>
Net position, end of year	<u>\$ 11,484,825</u>	<u>9,675,198</u>	<u>21,160,023</u>

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

	Wastewater Fund	Water Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 1,864,367	1,101,730	2,966,097
Payments to suppliers	(990,993)	(356,928)	(1,347,921)
Payments to employees	(258,673)	(316,293)	(574,966)
Net cash provided (used) by operating activities	<u>614,701</u>	<u>428,509</u>	<u>1,043,210</u>
Cash flows from noncapital financing activities:			
Net change in interfunds	<u>253,750</u>	<u>262,422</u>	<u>516,172</u>
Net cash provided (used) by noncapital financing activities	<u>253,750</u>	<u>262,422</u>	<u>516,172</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	(928,231)	(928,231)
Proceeds from bond anticipation note	-	689,617	689,617
Principal payments on bonds and notes	(600,450)	(401,024)	(1,001,474)
Interest paid on bonds and notes	(247,549)	(35,735)	(283,284)
Proceeds from capital contributions	66,620	-	66,620
Net cash provided (used) by capital and related financing activities	<u>(781,379)</u>	<u>(675,373)</u>	<u>(1,456,752)</u>
Cash flows from investing activities:			
Purchase of investments	(40,259)	(15,564)	(55,823)
Investment income	23,826	6	23,832
Net cash provided (used) by investing activities	<u>(16,433)</u>	<u>(15,558)</u>	<u>(31,991)</u>
Net increase (decrease) in cash	70,639	-	70,639
Cash and cash equivalents, beginning of year	<u>257,356</u>	<u>100</u>	<u>257,456</u>
Cash and cash equivalents, end of year	<u>\$ 327,995</u>	<u>100</u>	<u>328,095</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 186,851	163,532	350,383
Adjustment to reconcile changes in operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	859,988	220,565	1,080,553
(Increase) decrease in accounts receivable	(63,249)	56,784	(6,465)
(Increase) decrease in liens receivable	(24,797)	-	(24,797)
(Increase) decrease in inventory	(3,951)	-	(3,951)
Increase (decrease) in accounts payable	(328,595)	(2,122)	(330,717)
Increase (decrease) in accrued liabilities	(3,305)	(2,559)	(5,864)
Increase (decrease) in accrued compensated absences	(8,241)	(7,691)	(15,932)
Net cash provided (used) by operating activities	<u>\$ 614,701</u>	<u>428,509</u>	<u>1,043,210</u>

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Agency Funds	Private-purpose Trusts
ASSETS		
Cash and cash equivalents	\$ 140,516	-
Investments	26,587	975,430
Interfund receivable	-	85,655
Total assets	167,103	1,061,085
LIABILITIES		
Accounts payable	-	2,872
Held for student activities	140,516	-
Held for cemetery association	26,587	-
Total liabilities	167,103	2,872
NET POSITION		
Held in trust	\$ -	1,058,213

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, 2017

	Private-purpose Trusts
ADDITIONS	
Interest income	\$ 35,582
Increase (decrease) in investment fair market value	122,146
Donations and other	32,748
Total additions	190,476
DEDUCTIONS	
Library expenses	53,084
Total deductions	53,084
Change in net position	137,392
Net position, beginning of year	920,821
Net position, end of year	\$ 1,058,213

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements

NOTE A - 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

NOTE A - 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

NOTE A - 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

NOTE A - 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, 2017 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

NOTE A - 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 a 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, which include the City's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability 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 pension 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, 2017, 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). The following is a reconciliation of the GAAP and budgetary fund balances for the School Operations Fund.

Fund balance - June 30, 2017 - GAAP basis	\$ 1,584,125
<u>Accrued teacher summer benefits</u>	<u>247,603</u>
<u>Total fund balance, June 30, 2017 - budgetary basis</u>	<u>\$ 1,831,728</u>

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 \$979,625. 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).

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Overspent Appropriations

The following appropriations were overspent for the year ended June 30, 2017:

Overlay/abatements	\$ 90,661
Debt service - interest	1,247

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan) and Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan) and additions to/deductions from the Plan's fiduciary net position 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 July 31, 2016, on the assessed value listed as of April 1, 2016, for all real and personal property located in the City. Taxes were due September 8, 2016 and March 9, 2017. Interest on unpaid taxes commenced on September 9, 2016 and March 10, 2017, 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 \$32,613 for the year ended June 30, 2017.

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.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

On October 17, 2011, the City adopted a Fund Balance Policy. 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.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

NOTE B - CASH AND INVESTMENTS

Custodial Credit Risk

At June 30, 2017, the carrying amount of the City's deposits was \$2,621,591 and the bank balance was \$2,913,184. 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, 2017, 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	\$ 2,152,980
Reported in proprietary funds	328,095
Reported in fiduciary funds	<u>140,516</u>
Total deposits	<u>\$ 2,621,591</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.

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, 2017, 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	\$ 405,068	-	160,466	-	244,602
Corporate bonds	488,637	-	250,939	237,698	-
Municipal bonds	121,805	-	-	121,805	-
Common stock	1,307,165	1,307,165	-	-	-
Money market	306,609	306,609	-	-	-
Mutual funds	<u>686,543</u>	<u>686,543</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 3,315,827</u>	<u>2,300,317</u>	<u>411,405</u>	<u>359,503</u>	<u>244,602</u>

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

NOTE B - CASH AND INVESTMENTS, CONTINUED

Investments have been reported as follows:

Reported in governmental funds	\$ 1,934,518
Reported in proprietary funds	379,292
Reported in fiduciary funds	<u>1,002,017</u>
<u>Total investments</u>	<u>\$ 3,315,827</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, 2017, the City had the following credit quality distribution in corporate bonds:

<u>Standard & Poor Rating</u>	<u>Fair Value</u>
A+	\$ 20,103
A-	105,900
BBB+	272,632
BBB	<u>90,002</u>
Total corporate bonds	<u>\$ 488,637</u>

Concentration of Credit Risk

In accordance with the City's investment policy, concentration of credit risk is minimized by diversifying investments held. As of June 30, 2017, the City held individually \$226,204 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, 2017 are level 1 inputs.

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

NOTE C - INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2017 is as follows:

	Interfund <u>Receivables</u>	Interfund <u>Payables</u>	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund	\$ 3,214,941	-	374,701	11,886,673
School Operations Fund	1,726,696	-	10,847,991	171,410
Capital Projects Fund	-	2,838,360	4,550	-
Nonmajor Special Revenue Funds:				
School Grants	-	316,572	-	-
Adult Education	108,603	-	219,402	-
School Lunch Fund	87,317	-	171,410	-
City Grants	130,806	-	-	-
TIF District	-	147,638	789,730	374,701
Union River Center for Innovation	76,128	-	25,000	-
Knowlton Park	549,778	-	-	-
Shellfish Operating	-	4,161	-	-
Enterprise Funds:				
Wastewater Fund	-	3,384,381	-	-
Water Fund	711,188	-	-	-
Fiduciary funds:				
Private-purpose Trusts	85,655	-	-	-
Totals	\$ 6,691,112	6,691,112	12,432,784	12,432,784

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

NOTE D - CAPITAL ASSETS

A summary of capital asset transactions for the year ended June 30, 2017 follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 2,781,507	-	-	2,781,507
Construction in progress	1,141,402	881,092	458,282	1,564,212
Total capital assets, not being depreciated	3,922,909	881,092	458,282	4,345,719
Capital assets, being depreciated				
Buildings and improvements	55,826,821	91,582	-	55,918,403
Vehicles, furniture, and equipment	10,673,955	456,174	213,062	10,917,067
Infrastructure	20,359,793	458,282	-	20,818,075
Total capital assets, being depreciated	86,860,569	1,006,038	213,062	87,653,545
Less accumulated depreciation for:				
Buildings and improvements	8,926,579	1,180,413	-	10,106,992
Vehicles, furniture, and equipment	4,711,706	663,802	154,340	5,221,168
Infrastructure	6,629,143	400,648	-	7,029,791
Total accumulated depreciation	20,267,428	2,244,863	154,340	22,357,951
Total capital assets, being depreciated, net	66,593,141	(1,238,825)	58,722	65,295,594
Governmental activities capital assets, net	<u>\$ 70,516,050</u>	<u>(357,733)</u>	<u>517,004</u>	<u>69,641,313</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 841,463	-	-	841,463
Conservation easement	851,836	-	-	851,836
Construction in progress	-	167,823	-	167,823
Total capital assets, not being depreciated	1,693,299	167,823	-	1,861,122
Capital assets, being depreciated				
Wastewater	31,942,915	-	-	31,942,915
Water	12,745,601	760,408	632	13,505,377
Total capital assets, being depreciated	44,688,516	760,408	632	45,448,292
Less accumulated depreciation for:				
Wastewater	8,692,330	859,988	-	9,552,318
Water	4,117,061	220,565	57	4,337,569
Total accumulated depreciation	12,809,391	1,080,553	57	13,889,887
Total capital assets, being depreciated, net	31,879,125	(320,145)	575	31,558,405
Business-type activities capital assets, net	<u>\$ 33,572,424</u>	<u>(152,322)</u>	<u>575</u>	<u>33,419,527</u>

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

NOTE D - CAPITAL ASSETS, CONTINUED

Depreciation expense was charged to the following functions:

Governmental activities:

General government	\$	251,854
Public safety		151,209
Municipal buildings		52,527
Public works		537,677
Culture and recreation		1,610
Education		1,228,693
Unclassified		21,293
Total governmental activities depreciation expense	\$	<u>2,244,863</u>

Business-type activities:

Wastewater	\$	859,988
Water		<u>220,565</u>
Total business-type activities depreciation expense	\$	<u>1,080,553</u>

NOTE E - LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2017 was as follows:

	Beginning			Ending	Amounts
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due Within</u>
					<u>One Year</u>
Governmental activities:					
Bonds and notes payable	\$ 36,571,940	-	2,812,782	33,759,158	2,933,334
Premium on bonds payable	156,664	-	10,258	146,406	10,258
Capital leases payable	71,552	88,900	38,997	121,455	33,548
Other postemployment benefits	590,466	79,786	37,958	632,294	-
Net pension liability	1,384,650	1,361,512	-	2,746,162	-
Accrued compensated absences	544,369	41,980	14,394	571,955	-
Total governmental activities	<u>\$ 39,319,641</u>	<u>1,572,178</u>	<u>2,914,389</u>	<u>37,977,430</u>	<u>2,977,140</u>
Business-type activities:					
Bonds and notes payable	\$ 11,122,395	-	1,001,474	10,120,921	1,001,474
Premium on bonds payable	134,334	-	5,841	128,493	5,840
Accrued compensated absences	123,817	727	16,659	107,885	-
Total business-type activities	<u>\$ 11,380,546</u>	<u>727</u>	<u>1,023,974</u>	<u>10,357,299</u>	<u>1,007,314</u>

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

NOTE E - LONG-TERM LIABILITIES, CONTINUED

Long-term Debt:

At June 30, 2017, 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.	\$ -	67,884
2008 General Obligation Water Bond with Maine Municipal Bond Bank due in annual principal payments of \$16,083 through October 2017. Non-interest bearing. Original issuance was \$160,826.	-	16,083
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.	-	164,516
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.	-	716,240
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.	-	630,000
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.	-	606,000
2010 General Obligation Bonds with Maine Municipal Bond Bank due in annual principal payments of \$71,985 plus interest ranging from 5.61% to 2.11% through November 2029. Original issuance was \$1,367,724.	935,811	-
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.	23,917,347	-
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.	750,000	-

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

NOTE E - 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.	\$ -	1,759,102
2012 General Obligation Note with Bangor Savings Bank due in annual principal payments of \$76,000 plus interest of 1.45% through October 2017. Original issuance was \$380,000.	76,000	-
2012 General Obligation Bonds with Maine Municipal Bond Bank due in annual principal payments of \$12,256 plus interest of 1% through October 2032. Original issuance was \$862,800, however, \$617,680 was forgiven at closing, leaving \$245,120 principal to be repaid.	-	196,096
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.	640,000	-
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.	6,040,000	5,965,000
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.	1,400,000	-
Total bonds and notes payable	\$ <u>33,759,158</u>	<u>10,120,921</u>

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

NOTE E - LONG-TERM LIABILITIES, CONTINUED

The annual requirements to amortize bonds payable are as follows:

Year ending June 30,	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2018	\$ 2,933,334	930,289	1,001,474	237,050	5,102,147
2019	2,860,495	800,128	985,391	216,750	4,862,764
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
2023-2027	12,154,953	955,752	2,102,486	695,297	15,908,488
2028-2032	6,885,344	205,837	1,769,639	486,506	9,347,326
2033-2037	685,000	35,500	1,312,256	266,486	2,299,242
2038-2040	-	-	765,000	45,900	810,900
	<u>\$ 33,759,158</u>	<u>4,702,155</u>	<u>10,120,921</u>	<u>2,480,247</u>	<u>51,062,481</u>

Overlapping Debt

The City is contingently responsible for the following overlapping debt as of June 30, 2017:

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Applicable to Ellsworth</u>	<u>Ellsworth's Share of Debt</u>
Hancock County	\$ 600,000	8.09%	\$ 48,540

Other Postemployment Benefits

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

Plan Description

The City contributes to the Maine Municipal Employees Health Trust, an agent multiple-employer defined benefit post-retirement healthcare plan that provides health and life insurance to retiring employees. Retirees that are eligible (reach age 55 with 5 years of continuous service) in the plan pay 100% of the coverage premium. MMEHT issues a publicly available financial report that can be obtained by requesting a copy by writing: Employees of Municipal & Other Public Employers of Maine Health Trust, 60 Community Drive, Augusta, ME 04330-9486.

Funding Policy and Annual Other Postemployment Benefits (OPEB) Cost

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

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

NOTE E - LONG-TERM LIABILITIES, CONTINUED

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

Normal cost	\$ 33,101
Amortization of unfunded liability	55,459
Interest	25,372
Adjustment to ARC	<u>(34,146)</u>
Annual required contribution	79,786
City contributions (ARC offset - implicit subsidy)	<u>(37,958)</u>
Increase in net OPEB obligation	41,828
Net OPEB Obligation at beginning of year	<u>590,466</u>
Net OPEB obligation at end of year	<u>\$ 632,294</u>

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
OPEB liability, July 1	\$ 590,466	542,407	492,226
Annual required contribution	79,786	62,927	63,821
Less: Actual contributions	<u>(37,958)</u>	<u>(14,868)</u>	<u>(13,640)</u>
OPEB Liability, June 30	<u>\$ 632,294</u>	<u>590,466</u>	<u>542,407</u>

Funding Status and Funding Progress

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

Fiscal Year <u>Ended</u>	Annual OPEB <u>Cost</u>	Percentage of OPEB Costs <u>Contributed</u>	Net OPEB <u>Obligation</u>
2014	\$ 64,740	20.46%	492,226
2015	63,821	21.37%	542,407
2016	62,927	23.63%	590,466
2017	79,786	47.57%	632,294

The unfunded actuarial liability as a percentage of covered payroll for the year ended June 30, 2017 is as follows:

Actuarial liability (AL)	\$ 997,367
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial liability (UAL)	<u>\$ 997,367</u>
Funded ratio (Actuarial value of plan assets/AL)	<u>0%</u>
Covered payroll	<u>\$ 4,897,241</u>
UAL as a percentage of covered payroll	<u>20.37%</u>

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

NOTE E - LONG-TERM LIABILITIES, CONTINUED

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

Actuarial Methods and Assumptions

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

Actuarial valuation date	January 1, 2017
Actuarial cost method	Entry age normal
Amortization method	Level dollar open
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4%
Rate of salary increases	2.75%
Ultimate rate of medical inflation	4%

Maine Public Employees Retirement System (Maine PERS)

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.mainebers.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).

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

NOTE E - LONG-TERM LIABILITIES, CONTINUED

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, 2017, was 9.50% and 7.70% of annual payroll for the AC and 4C plans, respectively. Contributions to the pension plan from the City were \$224,280 for the year ended June 30, 2017.

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, 2017 was 13.38% of annual payroll, of which 3.36% of payroll was required from the City and 10.02% was required from the State. Contributions to the pension plan from the City were \$269,683 for the year ended June 30, 2017.

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, 2016, 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.

PLD Plan - At June 30, 2017, the City reported a liability of \$2,177,845 for its proportionate share of the net pension liability. At June 30, 2016, the City's proportion of the PLD Plan was 0.4099%.

SET Plan - At June 30, 2017, 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	\$ 568,317
State's proportionate share of the net pension liability associated with the City	<u>11,415,889</u>
Total	<u>\$ 11,984,206</u>

At June 30, 2016, the City's proportion of the SET Plan was 0.0322%.

For the year ended June 30, 2017, the City recognized pension expense of \$549,228 for the PLD Plan and pension expense of \$1,245,077 and revenue of \$804,234 for support provided by the State for the SET Plan. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

NOTE E - LONG-TERM LIABILITIES, CONTINUED

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	103,759
Changes of assumptions	218,874	-
Net difference between projected and actual earnings on pension plan investments	576,960	-
Changes in proportion and differences between City contributions and proportionate share of contributions	615,953	-
City contributions subsequent to the measurement date	493,963	-
Total	\$ 1,905,750	103,759

\$493,963 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, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 445,729
2019	357,658
2020	350,986
2021	153,655

Actuarial Assumptions - The total pension liability in the June 30, 2016 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, 2016 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, 2016 are summarized in the following table:

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

NOTE E - LONG-TERM LIABILITIES, CONTINUED

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	5.7%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	5.2%
Infrastructure	10%	5.3%
Hard assets	5%	5.0%
<u>Fixed income</u>	<u>25%</u>	<u>2.9%</u>
<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.

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:

<u>PLD Plan</u>	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	\$ 3,614,830	\$ 2,177,845	\$ 824,975
 <u>SET Plan</u>	 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	\$ 910,021	\$ 568,317	\$ 283,510

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, 2017.

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

NOTE E - LONG-TERM LIABILITIES, CONTINUED

Capital Leases Payable

The City has entered into lease agreements as lessee for financing the acquisition of vehicles. 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, 2017, the amount capitalized under capital leases totals \$178,340.

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, 2017.

	Governmental Activities
2018	\$ 36,629
2019	36,629
2020	36,629
2021	18,741
Total minimum lease payments	128,628
Less: amount representing interest	(7,173)
Present value of future minimum Lease payments	\$ 121,455

NOTE F - SHORT-TERM LIABILITIES

The City's Wastewater Fund obtained short-term borrowing in the form of a bond anticipation note for the financing of water and sewer improvements. Short-term liability transactions for the year ended June 30, 2017 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
Tax anticipation note	\$ 2,500,000	-	2,500,000	-
Bond anticipation note	1,955,400	-	-	1,955,400
	<u>\$ 4,455,400</u>	<u>-</u>	<u>2,500,000</u>	<u>1,955,400</u>
Business-type activities				
Bond anticipation note	-	689,617	-	689,617
	<u>\$ -</u>	<u>689,617</u>	<u>-</u>	<u>689,617</u>

NOTE G - FUND BALANCES

The General Fund unassigned fund balance total of \$4,493,026 represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. Unassigned fund balances (deficits) totaling (\$4,884,747) and (\$391,841) are also reported for the Capital Projects Fund and several nonmajor special revenue funds, respectively, that have negative fund balances as of June 30, 2017, as shown on Statement 3.

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

NOTE G - FUND BALANCES, CONTINUED

As of June 30, 2017, fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>
General fund:			
Assigned for:			
Administration - training	\$ -	-	3,000
Planning - LMI study	-	-	7,600
Technology - training and equipment	-	-	7,000
Employee benefits - merit raises	-	-	16,192
Parks, trees and cemeteries	-	-	4,000
Library - elevator repairs	-	-	31,468
Library - capital outlay	-	-	7,096
Library - Capital outlay reserved	-	-	24,714
Harbor - dock/float repairs	-	-	7,000
City hall - brick repairs	-	-	2,000
Miscellaneous city property	-	-	8,716
Encumbrance carryforwards	-	-	30,503
Capital reserves	-	-	794,551
Library operating	-	-	242,397
Total general fund	-	-	1,186,237
School operations fund:			
Prepaid expenditures	121,757	-	-
Education	-	1,462,368	-
Total school operations fund	121,757	1,462,368	-
Other governmental funds:			
School grants - prepaid expenditures	1,656	-	-
School grants	-	173,018	-
Adult education - prepaid expenditures	1,623	-	-
Adult education	-	92,058	-
School lunch - inventory	9,770	-	-
School lunch	-	135,155	-
City grants	-	224,531	-
Union River Center for Innovation	-	74,477	-
Conservation easement reserve	-	31,211	-
Knowlton Park	-	549,778	-
Cemetery fund - principal	551,450	-	-
Cemetery fund - unexpended income	-	115,473	-
Higgins fund - principal	85,301	-	-
Higgins fund - unexpended income	-	219,968	-
Total other governmental funds	649,800	1,615,669	-
Total fund balances	\$ 771,557	3,078,037	1,186,237

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

NOTE H - DEFICIT FUND BALANCES

The following funds had deficit fund balance at June 30, 2017:

Capital Projects	\$ 4,884,747
TIF District	147,638
Shellfish Operating	5,128
City Grants	13,691

These deficits will be funded with future revenues or transfers from the general fund.

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, 2017:

City Grants:		School Grants:	
Assistance to Firefighters Grant	\$ 3,647	EHS Unified Grant	\$ 28
BHS Equipment Grant	1,142	Proficiency Based Education	451
Broadband	57,211	Adult Education IET Grant	374
CDBG Business Assistance Grant	1,500		
COPS Grant	6,422		
Railroad Crossing Grant	165,098		
Safe Routes to Schools	1,820		
Volunteer Fire Assistance Grant	1,382		

These deficits, totaling \$238,222 and \$853 for the City Grants Special Revenue Fund and School Grants Special Revenue Fund, respectively, are shown as unassigned fund balance. The deficits in these funds will be funded with future grant revenues or transfers from the general fund.

NOTE I - TAX INCREMENT FINANCING DISTRICTS

Under Maine law, the City has established two Tax Increment Financing District Development Programs. Additionally, the City has entered into a Credit Enhancement Agreement (CEA) with Leonard Lake Senior Housing Associates, 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, 2017, the City remitted a total of \$26,817 in credit enhancement payments, all of which were remitted to Leonard Lake Senior Housing Associates.

Beckwith Hill Municipal Development and Financing District

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

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

During the year ended June 30, 2017, \$593,048 was made available.

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

NOTE I - TAX INCREMENT FINANCING DISTRICTS, CONTINUED

Leonard Lake Senior Housing Tax Increment Financing District

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

The City is authorized to retain as captured assessed value 100% of the increased value beginning in municipal fiscal year 2014 and continuing until municipal fiscal year 2033. Up to 50% of the tax increment revenues from the District claimed by the City as captured assessed value are paid to the owner of the 26-unit affordable senior housing development in the District based upon the individual credit enhancement agreement.

During the year ended June 30, 2017, \$196,682 was made available.

NOTE J - 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, 2017, employees contributed \$261,826 and the City's contribution to the deferred compensation plans of its employees was \$212,670.

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, 2017, \$14,462 was forfeited by employees whose employment was terminated prior to the five-year vesting period.

NOTE K - 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, 2017.

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

NOTE L – 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, 2017:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets, net of depreciation	\$ 69,641,313	33,419,527
Bonds and notes payable	(33,759,158)	(10,120,921)
Capital leases payable	(121,455)	-
Premium on bonds payable	(146,406)	(128,493)
<u>Total net investment in capital assets</u>	<u>\$ 35,614,294</u>	<u>23,170,113</u>

NOTE M – PRIOR PERIOD ADJUSTMENTS

At the end of the prior fiscal year, the City failed to recognize certain expenditures in accounts payable at year-end. In order to recognize these expenditures in the correct fiscal year, the City has opted to record a prior period adjustment to account for these expenditures.

Governmental activities net position and the General Fund's fund balance as of July 1, 2016 have been restated as follows:

	<u>Governmental Activities</u>	<u>General Fund</u>
Net position/fund balance as previously reported	\$ 36,805,054	4,696,867
<u>Accounts payable not recorded</u>	<u>(198,804)</u>	<u>(198,804)</u>
<u>Net position/fund balance, as restated</u>	<u>\$ 36,606,250</u>	<u>4,498,063</u>

CITY OF ELLSWORTH, MAINE
Required Supplementary Information

Retiree Healthcare Plan
Schedule of Funding Progress

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AL) – Entry Age (b)	Unfunded AL (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll [(b-a) / c]
2011	1/1/2011	\$ -	904,318	904,318	-	3,339,613	27.08%
2012	1/1/2011	-	904,318	904,318	-	3,683,266	24.55%
2013	1/1/2011	-	904,318	904,318	-	3,479,771	25.99%
2014	1/1/2014	-	671,867	671,867	-	3,990,475	16.84%
2015	1/1/2014	-	671,867	671,867	-	4,158,333	16.16%
2016	1/1/2014	-	671,867	671,867	-	4,530,028	14.83%
2017	1/1/2017	-	997,367	997,367	-	4,897,241	20.37%

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>2017**</u>	<u>2016**</u>	<u>2015**</u>
<u>PLD Plan</u>			
City's proportion of the net pension liability	0.4099%	0.3733%	0.1742%
City's proportionate share of the net pension liability	\$ 2,177,845	1,191,097	268,039
City's covered payroll	2,311,378	1,135,874	820,022
City's proportionate share of the net pension liability as a percentage of its covered payroll	94.22%	104.86%	32.69%
Plan fiduciary net position as a percentage of the total pension liability	81.61%	88.27%	94.10%
<u>SET Plan</u>			
City's proportion of the net pension liability	0.0322%	0.0143%	-
City's proportionate share of the net pension liability	568,317	193,553	-
State's proportionate share of the net pension liability Associated with the City	11,415,889	7,461,868	-
Total	\$ 11,984,206	7,655,421	-
City's covered payroll	\$ 7,964,228	-	-
City's proportion share of the net pension liability as a percentage of its covered payroll	7.14%	0.00%	-
Plan fiduciary net position as a percentage of the total pension liability	76.21%	81.18%	-

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

* Only four years of information available for the PLD Plan and two years for the SET Plan.

CITY OF ELLSWORTH, MAINE
Notes to Required Supplementary Information

Changes of Benefit Terms - None

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

	<u>2017</u>	<u>2016</u>
Discount rate	6.875%	7.125%
Inflation rate	2.75%	3.5%
Salary increases – PLD Plan	2.75% to 9.0%	3.5% to 9.5%
Salary increases – SET Plan	2.75% to 14.5%	3.5% to 13.5%
Cost of living increase	2.20%	2.55%
Long-term expected real rate of return on assets:		
US equities	5.7%	5.2%
Real estate	5.2%	3.7%
Infrastructure	5.3%	4.0%
Hard assets	5.0%	4.8%
Fixed income	2.9%	0.7%

In addition, mortality rates were previously based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA, which, in the most recent valuation, changed to mortality rates that were based on the RP2014 Total Data Set Healthy Annuitant Mortality Table.

GENERAL FUND

CITY OF ELLSWORTH, MAINE
Comparative Balance Sheets - General Fund
June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 1,637,997	4,287,440
Investments	1,041,391	1,029,885
Receivables:		
Taxes - current year	47,947	59,913
Taxes - prior years	90,693	69,045
Tax liens - current year	806,179	903,702
Tax liens - prior years	465,275	512,790
Accounts	157,354	209,717
Prepaid expenditures	-	250
Interfund receivable	3,214,941	1,811,850
	<u>7,461,777</u>	<u>8,884,592</u>
Total assets	7,461,777	8,884,592
LIABILITIES		
Accounts payable	257,466	410,356
Accrued liabilities	91,573	133,216
Taxes collected in advance	122,675	119,257
Escrow deposit	1,700	1,700
Tax anticipation note	-	2,500,000
	<u>473,414</u>	<u>3,164,529</u>
Total liabilities	473,414	3,164,529
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	1,309,100	1,222,000
Total deferred inflows of resources	<u>1,309,100</u>	<u>1,222,000</u>
FUND BALANCES		
Nonspendable	-	250
Assigned	1,186,237	1,537,802
Unassigned	4,493,026	2,960,011
	<u>5,679,263</u>	<u>4,498,063</u>
Total fund balances	5,679,263	4,498,063
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,461,777	8,884,592

CITY OF ELLSWORTH, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2017

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>	<u>2016</u>
	<u>Original</u>	<u>Final</u>		<u>final budget</u>	
				<u>positive</u>	
				<u>(negative)</u>	
Revenues					
Taxes:					
Property taxes	\$ 19,171,922	19,171,922	19,103,797	(68,125)	19,150,748
Supplemental taxes	-	-	36,169	36,169	-
Boat excise	13,000	13,000	13,981	981	13,976
Auto excise	1,425,000	1,650,250	1,665,639	15,389	1,578,060
Interest on taxes	70,000	70,000	84,100	14,100	85,920
Lien costs and notices	35,000	35,000	69,044	34,044	43,107
Total taxes	<u>20,714,922</u>	<u>20,940,172</u>	<u>20,972,730</u>	<u>32,558</u>	<u>20,871,811</u>
Licenses and permits:					
City clerk fees	25,000	25,000	31,250	6,250	26,519
Motor vehicle fees	20,000	20,000	18,966	(1,034)	22,730
State and City licenses	10,000	10,000	12,607	2,607	10,180
Animal control fees	1,500	1,500	1,011	(489)	1,032
Dog fees	500	500	475	(25)	1,475
Building permits and maps	35,000	35,000	91,717	56,717	33,716
Shellfish revenues	3,200	3,200	3,200	-	3,200
Electrical permits	7,500	7,500	41,278	33,778	6,543
Planning Board fees	5,000	5,000	14,748	9,748	5,085
Plumbing permit fees	12,000	12,000	13,125	1,125	13,005
Total licenses and permits	<u>119,700</u>	<u>119,700</u>	<u>228,377</u>	<u>108,677</u>	<u>123,485</u>
Intergovernmental revenues:					
Urban rural initiative program	180,000	180,000	180,100	100	180,740
State revenue sharing	388,631	388,631	392,804	4,173	404,012
Tree growth reimbursement	90,000	90,000	89,397	(603)	89,397
Veterans reimbursement	5,000	5,000	6,127	1,127	6,399
Homestead exemption	235,228	235,228	235,229	1	157,148
BETE reimbursement	73,248	73,248	73,481	233	50,560
Snowmobile refund	1,400	1,400	1,119	(281)	1,582
Welfare reimbursement	17,000	17,000	21,661	4,661	22,326
Park fee share	8,500	8,500	10,793	2,293	8,262
Total intergovernmental revenues	<u>999,007</u>	<u>999,007</u>	<u>1,010,711</u>	<u>11,704</u>	<u>920,426</u>

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, 2017

	Budget		Actual	Variance with	2016
	Original	Final		final budget positive (negative)	
Departmental income:					
Highway department	\$ 5,000	5,000	7,722	2,722	27,121
Water supply protection	27,327	27,327	28,791	1,464	-
Fire department	10,000	10,000	6,122	(3,878)	13,821
Financial services income	32,100	32,100	32,000	(100)	32,000
Police department	19,000	19,000	15,405	(3,595)	17,549
Dispatch services	1,500	1,500	1,500	-	3,000
Recycling	35,000	35,000	35,060	60	25,140
Harbor	26,060	26,060	48,823	22,763	56,599
Solid waste billings	45,000	45,000	40,971	(4,029)	33,643
Solid waste miscellaneous	30,600	30,600	31,420	820	32,920
Resident stickers	195,000	195,000	191,754	(3,246)	186,116
Technology	49,500	49,500	45,385	(4,115)	39,125
Library	55,000	55,000	56,397	1,397	67,159
Recreation	1,000	1,000	1,497	497	1,100
Total departmental income	<u>532,087</u>	<u>532,087</u>	<u>542,847</u>	<u>10,760</u>	<u>535,293</u>
Unclassified:					
District court fees	2,500	2,500	2,539	39	3,550
Alewife sales	20,000	20,000	45,028	25,028	21,618
Cable TV franchise	70,000	70,000	72,179	2,179	70,176
Payment in lieu of taxes	18,000	18,000	21,726	3,726	20,234
Building rental	100	100	20	(80)	-
Photocopies	250	250	83	(167)	205
Sale of surplus property	-	-	-	-	9,298
Sale of City property	13,000	13,000	11,040	(1,960)	552,528
Miscellaneous	500	500	195,491	194,991	21,731
Total unclassified	<u>124,350</u>	<u>124,350</u>	<u>348,106</u>	<u>223,756</u>	<u>699,340</u>
Investment income	<u>80,000</u>	<u>80,000</u>	<u>108,987</u>	<u>28,987</u>	<u>106,937</u>
Total revenues	<u>22,570,066</u>	<u>22,795,316</u>	<u>23,211,758</u>	<u>416,442</u>	<u>23,257,292</u>

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, 2017

	Budget		Actual	Variance with final budget positive (negative)	2016 Actual
	Original	Final			
Expenditures					
General government:					
Legislative	\$ 18,300	18,868	16,054	2,814	24,213
Administration	220,840	227,931	221,193	6,738	142,528
City clerk	87,441	89,153	87,524	1,629	87,354
Finance and tax collector	314,012	378,952	367,065	11,887	362,709
Assessment	118,216	120,396	110,626	9,770	113,288
Code enforcement	115,220	119,582	115,296	4,286	112,410
Planning	110,414	116,728	105,379	11,349	106,891
Legal	49,500	49,500	46,569	2,931	66,131
Elections	19,317	19,317	17,683	1,634	15,125
Economic development	132,972	137,958	102,449	35,509	157,981
Technology	274,550	289,141	269,404	19,737	240,859
Joint office services	71,500	71,500	65,860	5,640	62,486
Insurance	81,120	84,320	84,299	21	76,177
Employee benefits	1,823,430	1,824,329	1,803,219	21,110	1,764,180
Miscellaneous	39,390	43,940	38,033	5,907	53,934
Total general government	<u>3,476,222</u>	<u>3,591,615</u>	<u>3,450,653</u>	<u>140,962</u>	<u>3,386,266</u>
Public safety:					
Police department	1,201,827	1,253,752	1,197,038	56,714	1,178,930
Fire department	1,004,516	1,070,406	1,024,322	46,084	928,642
Dispatching	212,636	212,636	201,118	11,518	214,023
Hydrant rental	312,000	312,000	312,000	-	312,000
Street lights	85,000	85,000	84,827	173	82,674
Traffic signals	25,000	27,500	24,558	2,942	23,987
Total public safety	<u>2,840,979</u>	<u>2,961,294</u>	<u>2,843,863</u>	<u>117,431</u>	<u>2,740,256</u>
Municipal buildings:					
City Hall	184,697	186,247	180,633	5,614	188,330
Miscellaneous city property	55,850	94,566	82,909	11,657	41,320
Total municipal buildings	<u>240,547</u>	<u>280,813</u>	<u>263,542</u>	<u>17,271</u>	<u>229,650</u>

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, 2017

	Budget		Actual	Variance with	2016
	Original	Final		final budget positive (negative)	
Culture and recreation:					
Recreation	\$ 132,300	132,300	122,572	9,728	131,496
Library	650,169	717,637	648,915	68,722	597,555
Total culture and recreation	<u>782,469</u>	<u>849,937</u>	<u>771,487</u>	<u>78,450</u>	<u>729,051</u>
General assistance	<u>53,412</u>	<u>54,971</u>	<u>46,188</u>	<u>8,783</u>	<u>53,225</u>
Public works:					
Public works	1,170,246	1,217,018	1,090,655	126,363	1,055,913
Public works garage	32,000	32,000	24,738	7,262	29,255
Solid waste disposal	369,832	371,311	340,102	31,209	352,997
Parks trees and cemeteries	32,650	38,419	27,717	10,702	25,975
Water supply commission	37,453	39,533	37,742	1,791	36,124
Total public works	<u>1,642,181</u>	<u>1,698,281</u>	<u>1,520,954</u>	<u>177,327</u>	<u>1,500,264</u>
County tax	<u>436,056</u>	<u>436,056</u>	<u>436,056</u>	<u>-</u>	<u>424,927</u>
Unclassified:					
Ellsworth Harbor	46,619	48,780	45,902	2,878	54,512
Health and social services	16,900	16,900	16,900	-	13,700
Historical preservation	800	800	720	80	384
Historical society	2,000	2,000	2,000	-	2,000
School department start-up costs	-	-	-	-	12,576
Overlay/abatements	32,613	32,613	123,274	(90,661)	98,363
Total unclassified	<u>98,932</u>	<u>101,093</u>	<u>188,796</u>	<u>(87,703)</u>	<u>181,535</u>
Debt service:					
Principal	744,318	744,318	741,000	3,318	932,992
Interest	254,800	254,800	256,047	(1,247)	419,034
Total debt service	<u>999,118</u>	<u>999,118</u>	<u>997,047</u>	<u>2,071</u>	<u>1,352,026</u>
Total expenditures	<u>10,569,916</u>	<u>10,973,178</u>	<u>10,518,586</u>	<u>454,592</u>	<u>10,597,200</u>
Excess of revenues over expenditures	<u>12,000,150</u>	<u>11,822,138</u>	<u>12,693,172</u>	<u>871,034</u>	<u>12,660,092</u>

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, 2017

	<u>Budget</u>		<u>Actual</u>	Variance with	<u>2016</u>
	<u>Original</u>	<u>Final</u>		final budget	
				positive	
				(negative)	
Other financing sources (uses)					
Transfers in:					
TIF District	374,701	374,701	374,701	-	666,076
Water Fund	-	-	-	-	26,397
Total transfers in	<u>374,701</u>	<u>374,701</u>	<u>374,701</u>	<u>-</u>	<u>692,473</u>
Transfer out:					
Wastewater Fund	-	-	-	-	(33,000)
TIF District	(790,624)	(790,624)	(789,730)	894	(791,914)
School operations	(10,847,991)	(10,847,991)	(10,847,991)	-	(10,801,842)
Adult education	(219,402)	(219,402)	(219,402)	-	(265,551)
Special revenues	-	-	(25,000)	(25,000)	(155,000)
Capital projects	(576,834)	(576,834)	(4,550)	572,284	-
Total transfers out	<u>(12,434,851)</u>	<u>(12,434,851)</u>	<u>(11,886,673)</u>	<u>548,178</u>	<u>(12,047,307)</u>
Use of carryforwards	-	178,012	-	(178,012)	-
Use of fund balance	60,000	60,000	-	(60,000)	-
Total use of carryforwards and fund balance	<u>60,000</u>	<u>238,012</u>	<u>-</u>	<u>(238,012)</u>	<u>-</u>
Total other financing sources (uses)	<u>(12,000,150)</u>	<u>(11,822,138)</u>	<u>(11,511,972)</u>	<u>310,166</u>	<u>(11,354,834)</u>
Net change in fund balance	-	-	1,181,200	1,181,200	1,305,258
Fund balance, beginning of year, as restated			<u>4,498,063</u>		
Fund balance, end of year			<u>\$ 5,679,263</u>		

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ELLSWORTH, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 31,211	79,065	110,276
Investments	-	893,127	893,127
Accounts receivable	639,124	-	639,124
Prepaid expenditures	3,279	-	3,279
Inventory	9,770	-	9,770
Interfund receivable	952,632	-	952,632
Total assets	<u>1,636,016</u>	<u>972,192</u>	<u>2,608,208</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	191,813	-	191,813
Accrued liabilities	70,377	-	70,377
Unearned revenue	4,019	-	4,019
Interfund payable	468,371	-	468,371
Total liabilities	<u>734,580</u>	<u>-</u>	<u>734,580</u>
Fund balances:			
Nonspendable	13,049	636,751	649,800
Restricted	1,280,228	335,441	1,615,669
Unassigned	(391,841)	-	(391,841)
Total fund balances	<u>901,436</u>	<u>972,192</u>	<u>1,873,628</u>
Total liabilities and fund balances	<u>\$ 1,636,016</u>	<u>972,192</u>	<u>2,608,208</u>

CITY OF ELLSWORTH, MAINE
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
Revenues:			
Licenses and permits	\$ 32,901	-	32,901
Intergovernmental revenues	1,620,758	-	1,620,758
Charges for services	297,367	-	297,367
Donations and fundraising	71,349	-	71,349
Other grants	48,137	-	48,137
Unclassified	8,190	-	8,190
Investment income	2,850	50,426	53,276
Total revenues	<u>2,081,552</u>	<u>50,426</u>	<u>2,131,978</u>
Expenditures:			
Current			
General government	474,526	-	474,526
Public safety	65,013	-	65,013
Culture and recreation	77,586	-	77,586
Unclassified	-	7,695	7,695
Education	944,001	-	944,001
Adult education	307,204	-	307,204
School lunch	670,953	-	670,953
Investment fees	-	3,876	3,876
Capital outlay	28,984	-	28,984
Total expenditures	<u>2,568,267</u>	<u>11,571</u>	<u>2,579,838</u>
Excess (deficiency) of revenues over (under) expenditures	(486,715)	38,855	(447,860)
Other financing sources (uses)			
Transfers in	1,205,542	-	1,205,542
Transfers out	(374,701)	-	(374,701)
Total other financing sources (uses)	<u>830,841</u>	<u>-</u>	<u>830,841</u>
Net change in fund balances	344,126	38,855	382,981
Fund balances, beginning of year	<u>557,310</u>	<u>933,337</u>	<u>1,490,647</u>
Fund balances, end of year	<u>\$ 901,436</u>	<u>972,192</u>	<u>1,873,628</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

CITY OF ELLSWORTH, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

	School Grants	Adult Education	School Lunch Fund	City Grants	TIF District	Union River Center for Innovation	Conservation Easement Reserve	Knowlton Park	Shellfish Operating	Total
ASSETS										
Cash and cash equivalents	\$ -	-	-	-	-	-	31,211	-	-	31,211
Accounts receivable	578,671	4,955	55,498	-	-	-	-	-	-	639,124
Prepaid expenditures	1,656	1,623	-	-	-	-	-	-	-	3,279
Inventory	-	-	9,770	-	-	-	-	-	-	9,770
Interfund receivable	-	108,603	87,317	130,806	-	76,128	-	549,778	-	952,632
Total assets	<u>580,327</u>	<u>115,181</u>	<u>152,585</u>	<u>130,806</u>	<u>-</u>	<u>76,128</u>	<u>31,211</u>	<u>549,778</u>	<u>-</u>	<u>1,636,016</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	41,010	3,193	1,171	144,497	-	1,651	-	-	291	191,813
Accrued liabilities	48,924	18,307	2,470	-	-	-	-	-	676	70,377
Unearned revenue	-	-	4,019	-	-	-	-	-	-	4,019
Interfund payable	<u>316,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>147,638</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,161</u>	<u>468,371</u>
Total liabilities	<u>406,506</u>	<u>21,500</u>	<u>7,660</u>	<u>144,497</u>	<u>147,638</u>	<u>1,651</u>	<u>-</u>	<u>-</u>	<u>5,128</u>	<u>734,580</u>
Fund balances (deficits):										
Nonspendable	1,656	1,623	9,770	-	-	-	-	-	-	13,049
Restricted	173,018	92,058	135,155	224,531	-	74,477	31,211	549,778	-	1,280,228
Unassigned	<u>(853)</u>	<u>-</u>	<u>-</u>	<u>(238,222)</u>	<u>(147,638)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,128)</u>	<u>(391,841)</u>
Total fund balances (deficits)	<u>173,821</u>	<u>93,681</u>	<u>144,925</u>	<u>(13,691)</u>	<u>(147,638)</u>	<u>74,477</u>	<u>31,211</u>	<u>549,778</u>	<u>(5,128)</u>	<u>901,436</u>
Total liabilities and fund balances	<u>\$ 580,327</u>	<u>115,181</u>	<u>152,585</u>	<u>130,806</u>	<u>-</u>	<u>76,128</u>	<u>31,211</u>	<u>549,778</u>	<u>-</u>	<u>1,636,016</u>

CITY OF ELLSWORTH, MAINE
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

	School Grants	Adult Education	School Lunch Fund	City Grants	TIF District	Union River Center for Innovation	Conservation Easement Reserve	Knowlton Park	Shellfish Operating	Total
Revenues:										
Licenses and permits	\$ -	-	-	-	-	-	-	-	32,901	32,901
Intergovernmental revenues	1,010,753	55,120	321,429	122,559	-	98,897	-	-	12,000	1,620,758
Charges for services	-	50,920	228,183	-	-	18,264	-	-	-	297,367
Donations and fundraising	-	-	-	56,320	-	750	-	14,279	-	71,349
Other grants	37,500	-	-	10,637	-	-	-	-	-	48,137
Unclassified	-	-	-	7,390	-	800	-	-	-	8,190
Investment income	-	-	-	-	-	-	463	2,387	-	2,850
Total revenues	1,048,253	106,040	549,612	196,906	-	118,711	463	16,666	44,901	2,081,552
Expenditures:										
Current										
General government	-	-	-	414,396	-	60,130	-	-	-	474,526
Public safety	-	-	-	65,013	-	-	-	-	-	65,013
Culture and recreation	-	-	-	4,000	-	-	-	2,337	71,249	77,586
Education	944,001	-	-	-	-	-	-	-	-	944,001
Adult education	-	307,204	-	-	-	-	-	-	-	307,204
School lunch	-	-	670,953	-	-	-	-	-	-	670,953
Capital outlay	-	-	-	-	-	24,484	-	-	4,500	28,984
Total expenditures	944,001	307,204	670,953	483,409	-	84,614	-	2,337	75,749	2,568,267
Excess (deficiency) of revenues over (under) expenditures	104,252	(201,164)	(121,341)	(286,503)	-	34,097	463	14,329	(30,848)	(486,715)
Other financing sources (uses)										
Transfers in	-	219,402	171,410	-	789,730	25,000	-	-	-	1,205,542
Transfers out	-	-	-	-	(374,701)	-	-	-	-	(374,701)
Total other financing sources (uses)	-	219,402	171,410	-	415,029	25,000	-	-	-	830,841
Net change in fund balances	104,252	18,238	50,069	(286,503)	415,029	59,097	463	14,329	(30,848)	344,126
Fund balances (deficits), beginning of year	69,569	75,443	94,856	272,812	(562,667)	15,380	30,748	535,449	25,720	557,310
Fund balances (deficits), end of year	\$ 173,821	93,681	144,925	(13,691)	(147,638)	74,477	31,211	549,778	(5,128)	901,436

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, 2017

	Fund Balances (Deficits) beginning of year	Revenues			Expenditures	Fund Balances (Deficits) end of year
		Inter- governmental	Other			
Assistance to Firefighters Grant	\$ (3,647)	-	-	-	(3,647)	
Bangor Hydro Pole	5,000	-	-	-	5,000	
BHS Equipment Grant	(1,142)	-	-	-	(1,142)	
Branch Lake Access Imp Grant	1,014	-	-	-	1,014	
Broadband	44,393	70,213	-	171,817	(57,211)	
Bulletproof Vest Grant	2,941	3,395	-	-	6,336	
CDBG Business Assistance Grant	(1,500)	-	-	-	(1,500)	
COPS Grant	-	-	-	6,422	(6,422)	
Development Fees	11,727	-	7,390	-	19,117	
DARE	-	-	2,126	1,278	848	
EFD/SHHC Convention	9,757	-	-	-	9,757	
Enviro Grant	105,731	-	-	47,061	58,670	
Façade Grant	3,168	-	-	-	3,168	
FD - Christmas is for Kids	-	-	3,836	1,121	2,715	
Fire Training Grant	564	-	-	-	564	
Fire Training Site	43,990	-	49,685	38,618	55,057	
Fireworks Donations	5,386	-	-	4,000	1,386	
Hancock County Byrne JAG Grants	(608)	1,392	-	-	784	
Harbor Donations	-	-	673	-	673	
Homeland Security Grants	7,320	-	-	-	7,320	
K-9 Program	6,185	650	-	-	6,835	
Lakes Environment Grant	10,725	1,500	-	-	12,225	
Maine Community Foundation	100	-	-	-	100	
OUI Grant	1,128	5,264	-	5,264	1,128	
Operation First Light - USMS	-	-	400	400	-	
Project Hope Grant	-	-	7,478	1,609	5,869	
Rails with Trail Connector	4,550	-	-	-	4,550	
Railroad Crossing Grant	-	28,494	-	193,592	(165,098)	
Safe Routes to School	(1,820)	-	-	-	(1,820)	
Safety Grant	2,000	230	-	230	2,000	
Seatbelt Grant	7,003	6,392	-	4,136	9,259	
Speed Grant	5,258	5,029	-	5,217	5,070	
Supplemental Environmental Program	3,323	-	-	-	3,323	
Fish and Wildlife	50	-	-	-	50	
Volunteer Fire Assistance Grant	(664)	-	-	718	(1,382)	
Wellness Grant	880	-	2,759	1,926	1,713	
	\$ 272,812	122,559	74,347	483,409	(13,691)	

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, 2017

	Fund Balances, beginning of year	Revenues		Expenditures	Fund Balances, end of year
		Inter- governmental	Other		
Federal programs:					
Title IA	\$ -	320,596	-	320,596	-
CIPS - FF	-	3,547	-	3,547	-
Local Entitlement	-	346,179	-	346,179	-
Local Entitlement - Preschool	-	3,266	-	3,266	-
Title VI - Rural and Low Income	-	28,568	-	28,568	-
Title IIA	-	36,123	-	36,123	-
Title IC - Perkins	-	84,751	-	84,751	-
Total federal programs	<u>-</u>	<u>823,030</u>	<u>-</u>	<u>823,030</u>	<u>-</u>
Other programs:					
ConnectME	12	-	-	-	12
EHS 15 Minute Grant	9,558	-	-	-	9,558
MELMAC	907	-	13,500	8,440	5,967
CTE MELMAC	5,990	-	14,000	6,232	13,758
Walking School Bus	2,823	-	2,000	4,700	123
EHS Unified Grant	-	-	3,500	3,528	(28)
Bicycle Coalition of Maine Grant	-	-	2,500	-	2,500
Garden Network Grant	-	-	2,000	-	2,000
CTE Program Update Grant	12	31,287	-	30,674	625
CTE Early College Grant	44,131	117,665	-	21,977	139,819
Maine College Transitions Grant	-	10,427	-	10,427	-
Proficiency Based Education	1,778	15,370	-	17,599	(451)
PEPG Grant	4,358	-	-	4,046	312
Momentum Grant	-	12,974	-	12,974	-
Adult Education IET Grant	-	-	-	374	(374)
Total other programs	<u>69,569</u>	<u>187,723</u>	<u>37,500</u>	<u>120,971</u>	<u>173,821</u>
Total	\$ <u>69,569</u>	<u>1,010,753</u>	<u>37,500</u>	<u>944,001</u>	<u>173,821</u>

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

CITY OF ELLSWORTH, MAINE
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2017

	<u>Cemetery Fund</u>	<u>Higgins Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	79,065	79,065
Investments	666,923	226,204	893,127
Total assets	<u>\$ 666,923</u>	<u>305,269</u>	<u>972,192</u>
FUND BALANCES			
Nonspendable	551,450	85,301	636,751
Restricted	115,473	219,968	335,441
Total fund balances	<u>\$ 666,923</u>	<u>305,269</u>	<u>972,192</u>

CITY OF ELLSWORTH, MAINE
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Permanent Funds
For the Year Ended June 30, 2017

	Cemetery Fund	Higgins Fund	Total
Revenues:			
Investment income:			
Interest income	\$ 15,305	6,875	22,180
Realized and unrealized gain (loss) on investments	<u>24,642</u>	<u>3,604</u>	<u>28,246</u>
Total revenues	<u>39,947</u>	<u>10,479</u>	<u>50,426</u>
Expenditures:			
Investment fees	3,876	-	3,876
Unclassified	<u>7,677</u>	<u>18</u>	<u>7,695</u>
Total expenditures	<u>11,553</u>	<u>18</u>	<u>11,571</u>
Net change in fund balances	28,394	10,461	38,855
Fund balances, beginning of year	<u>638,529</u>	<u>294,808</u>	<u>933,337</u>
Fund balances, end of year	<u><u>\$ 666,923</u></u>	<u><u>305,269</u></u>	<u><u>972,192</u></u>

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, 2017

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
ASSETS				
Cash and cash equivalents:				
Student activities:				
Ellsworth High School	\$ 30,850	217,193	186,650	61,393
Ellsworth Middle School	41,909	71,950	66,322	47,537
Ellsworth Elementary School	7,000	23,333	22,546	7,787
Hancock County Technical Center	12,173	61,913	55,253	18,833
Adult education	22,854	53,505	71,393	4,966
Investments:				
Cemetery association	253,638	2,372	229,423	26,587
Total assets	<u>368,424</u>	<u>430,266</u>	<u>631,587</u>	<u>167,103</u>
LIABILITIES				
Held for student activities:				
Ellsworth High School	30,850	217,193	186,650	61,393
Ellsworth Middle School	41,909	71,950	66,322	47,537
Ellsworth Elementary School	7,000	23,333	22,546	7,787
Hancock County Technical Center	12,173	61,913	55,253	18,833
Adult education	22,854	53,505	71,393	4,966
Held for cemetery association	253,638	2,372	229,423	26,587
Total liabilities	<u>\$ 368,424</u>	<u>430,266</u>	<u>631,587</u>	<u>167,103</u>

SCHEDULES

CITY OF ELLSWORTH, MAINE
Schedule of Capital Projects
For the Year Ended June 30, 2017

Project		
Road improvements	\$	818,608
City Hall improvements		60,998
Information technology		4,399
Oak Street courts		273
Police cruiser		148,884
Fire equipment		5,062
Recreational improvements		440
Library improvements		43,170
Wastewater plant clean-up		7,297
Moore School engineering		13,354
Branch Lake boat launch		4,565
Knowlton Park asbestos abatement		2,411
Water treatment plant evaluation		14,022
Water treatment plant		1,497
Knowlton Park fundraising		6,042
Basketball court construction		7,961
Computer software upgrade		26,851
Computer replacement		25,541
Harbor capital improvements		<u>4,550</u>
Total capital project fund capital outlays	\$	<u>1,195,925</u>

CITY OF ELLSWORTH, MAINE
Schedule of Changes in Assigned Fund Balances
General Fund - Capital Reserve Funds
For the Year Ended June 30, 2017

	Fund Balances, beginning of year	Additions	Reductions	Fund Balances, end of year
General	\$ 194,706	12,018	12,300	194,424
Industrial Park	1,353	84	86	1,351
City Hall	78,898	4,869	4,984	78,783
Highway equipment	39,262	2,423	2,480	39,205
School district	5,830	359	368	5,821
Employee benefits	64,045	3,953	4,046	63,952
Jump playground	23,127	1,428	1,461	23,094
Cable TV	7,816	481	493	7,804
Fire Department rescue	6,988	436	5,088	2,336
Fire Department site	5,693	402	360	5,735
City bonds	107	6	7	106
Federally forfeited property	1,684	105	107	1,682
Road improvement	259,550	16,019	16,396	259,173
Hancock Technical Center	400	24	25	399
Police reserve	10,442	205	9,173	1,474
Harbor	4,155	257	262	4,150
Capital equipment	78,631	4,854	4,968	78,517
Basketball court	-	8,277	10	8,267
Moore Community Center	-	13,408	16	13,392
Knowlton Park	-	4,896	10	4,886
	<u>\$ 782,687</u>	<u>74,504</u>	<u>62,640</u>	<u>794,551</u>

CITY OF ELLSWORTH, MAINE
Schedule of Valuation, Assessments, and Collection of Taxes
For the Year Ended June 30, 2017

Valuation

Real estate	\$ 1,048,327,560
Personal property	<u>35,843,800</u>
Total valuation	<u><u>1,084,171,360</u></u>

Assessment

Valuation x Rate: \$1,084,171,360 x 0.01768%	19,168,150
Supplemental taxes	<u>36,169</u>
Total assessment charged to collector	19,204,319

Collections and credits

Cash collections	18,226,919
Tax abatements	<u>123,274</u>
Total collections and credits	<u>18,350,193</u>

Taxes receivable and tax liens as of June 30, 2017	<u><u>\$ 854,126</u></u>
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