

CITY OF ELLSWORTH, MAINE

Annual Financial Report

For the Year Ended June 30, 2019

CITY OF ELLSWORTH, MAINE
Annual Financial Report
June 30, 2019

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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, 2019, 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, 2019, 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 required supplementary information related to the net pension liability and the OPEB liabilities, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 29, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Ellsworth, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Ellsworth, Maine's internal control over financial reporting and compliance.



April 29, 2020
South Portland, Maine

BASIC FINANCIAL STATEMENTS

CITY OF ELLSWORTH, MAINE
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,814,851	100	2,814,951
Investments	1,839,755	370,875	2,210,630
Receivables:			
Taxes - current year	1,444,182	-	1,444,182
Accounts	743,233	849,686	1,592,919
Due from other governments	455,370	-	455,370
Internal balances	3,654,689	(3,654,689)	-
Prepaid expenses	3,668	-	3,668
Amounts held in escrow	11,000	-	11,000
Inventory	13,458	5,458	18,916
Cash restricted for capital projects	-	355,341	355,341
Accounts receivable restricted for capital projects	-	80,824	80,824
Capital assets, not being depreciated	2,980,731	1,985,701	4,966,432
Capital assets, net of accumulated depreciation	65,989,176	30,474,522	96,463,698
Total assets	79,950,113	30,467,818	110,417,931
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	917,958	-	917,958
Deferred outflows of resources related to OPEB	190,846	-	190,846
Total deferred outflows of resources	1,108,804	-	1,108,804
LIABILITIES			
Accounts payable	1,005,097	220,435	1,225,532
Accrued liabilities	1,825,962	15,399	1,841,361
Taxes collected in advance	173,000	-	173,000
Customer deposits	-	110,143	110,143
Accrued interest	191,417	22,097	213,514
Noncurrent liabilities:			
Due within one year	3,397,142	1,043,042	4,440,184
Due in more than one year	34,869,661	8,264,272	43,133,933
Total liabilities	41,462,279	9,675,388	51,137,667
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	351,171	-	351,171
Deferred inflows of resources related to OPEB	228,167	-	228,167
Total deferred inflows of resources	579,338	-	579,338
NET POSITION			
Net investment in capital assets	37,316,081	23,224,962	60,541,043
Restricted for:			
Permanent funds - Nonexpendable principal	636,751	-	636,751
Capital projects	-	436,165	436,165
Special revenue funds	1,564,502	-	1,564,502
Permanent funds	415,381	-	415,381
Education	1,996,851	-	1,996,851
Unrestricted	(2,912,266)	(2,868,697)	(5,780,963)
Total net position	\$ 39,017,300	20,792,430	59,809,730

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Activities
For the Year Ended June 30, 2019

Function/Program	Expenses	Program Revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business -type activities	
Primary government							
Governmental activities:							
General government	\$ 4,736,965	555,458	348,050	-	(3,833,457)	-	(3,833,457)
Public safety	3,393,396	83,380	164,175	-	(3,145,841)	-	(3,145,841)
Municipal buildings	309,429	-	-	-	(309,429)	-	(309,429)
Culture and recreation	960,551	88,906	4,067	-	(867,578)	-	(867,578)
General assistance	54,260	-	10,431	-	(43,829)	-	(43,829)
Public works	2,416,425	327,759	183,448	116,800	(1,788,418)	-	(1,788,418)
Education	21,704,886	2,270,998	9,878,475	-	(9,555,413)	-	(9,555,413)
Investment fees	4,806	-	-	-	(4,806)	-	(4,806)
Unclassified	155,264	136,298	33,000	-	14,034	-	14,034
Capital maintenance	82,034	-	-	-	(82,034)	-	(82,034)
Interest on long-term debt	917,194	-	-	-	(917,194)	-	(917,194)
Total governmental activities	34,735,210	3,462,799	10,621,646	116,800	(20,533,965)	-	(20,533,965)
Business-type activities:							
Wastewater	2,017,615	1,470,663	-	-	-	(546,952)	(546,952)
Water	1,033,244	1,156,511	-	41,105	-	164,372	164,372
Total business-type activities	3,050,859	2,627,174	-	41,105	-	(382,580)	(382,580)
Total primary government	\$ 37,786,069	6,089,973	10,621,646	157,905	(20,533,965)	(382,580)	(20,916,545)
General revenues:							
Property taxes, levied for general purposes					\$ 19,782,850	-	19,782,850
Motor vehicle excise taxes					1,736,460	-	1,736,460
Interest and costs on taxes					120,481	-	120,481
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					471,783	-	471,783
Homestead exemption					429,915	-	429,915
Other State aid					194,552	-	194,552
Unrestricted investment earnings					183,173	31,790	214,963
Sale of properties held for resale					67,063	-	67,063
Miscellaneous revenues					168,442	-	168,442
Total general revenues					23,154,719	31,790	23,186,509
Change in net position					2,620,754	(350,790)	2,269,964
Net position, beginning of year, restated					36,396,546	21,143,220	57,539,766
Net position, end of year					\$ 39,017,300	20,792,430	59,809,730

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	School Operations Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	2,342,217	2,446	-	470,188	2,814,851
Investments	938,542	-	-	901,213	1,839,755
Receivables:					
Taxes - current year	932,268	-	-	-	932,268
Taxes - prior years	110,847	-	-	-	110,847
Tax liens - current year	331,603	-	-	-	331,603
Tax liens - prior years	69,464	-	-	-	69,464
Accounts	230,916	441,975	-	53,667	726,558
Due from other governments	-	-	-	455,370	455,370
Due from students	-	-	-	16,675	16,675
Due to/from school department	-	10,802	-	-	10,802
Amount held in escrow	-	-	11,000	-	11,000
Prepaid expenditures	-	3,668	-	-	3,668
Inventory	-	-	-	13,458	13,458
Interfund receivable	2,936,235	3,426,178	-	1,118,351	7,480,764
Total assets	7,892,092	3,885,069	11,000	3,028,922	14,817,083
LIABILITIES					
Accounts payable	354,757	244,358	91,612	222,291	913,018
Due to/from school department	10,802	-	-	-	10,802
Accrued liabilities	194,020	1,529,237	-	102,705	1,825,962
Taxes collected in advance	173,000	-	-	-	173,000
Interfund payable	-	114,623	3,602,896	200,635	3,918,154
Total liabilities	732,579	1,888,218	3,694,508	525,631	6,840,936
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	1,322,800	-	-	-	1,322,800
Total deferred inflows of resources	1,322,800	-	-	-	1,322,800
FUND BALANCES (DEFICIT)					
Nonspendable	-	3,668	-	650,209	653,877
Restricted	-	1,993,183	-	1,966,425	3,959,608
Assigned	1,056,754	-	-	-	1,056,754
Unassigned	4,779,959	-	(3,683,508)	(113,343)	983,108
Total fund balances (deficit)	5,836,713	1,996,851	(3,683,508)	2,503,291	6,653,347
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,892,092	3,885,069	11,000	3,028,922	14,817,083

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, 2019

	General Fund	School Operations Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 21,366,491	-	-	-	21,366,491
Licenses and permits	341,662	-	-	38,972	380,634
Intergovernmental revenues	1,290,129	8,363,581	-	1,921,667	11,575,377
Departmental income	642,798	-	-	-	642,798
Charges for services	-	1,985,044	-	310,029	2,295,073
Donations and fundraising	-	-	-	94,509	94,509
Other grants	-	-	-	22,727	22,727
Unclassified	258,673	24,833	102,652	18,924	405,082
Investment income	136,079	4,240	-	42,854	183,173
Total revenues	24,035,832	10,377,698	102,652	2,449,682	36,965,864
Expenditures					
Current:					
General government	3,878,204	-	-	386,541	4,264,745
Public safety	3,095,319	-	-	105,926	3,201,245
Public works	1,839,690	-	-	-	1,839,690
Health and human services	54,260	-	-	-	54,260
Culture and recreation	885,790	-	-	73,160	958,950
Municipal buildings	253,956	-	-	-	253,956
County tax	471,280	-	-	-	471,280
Education	-	17,252,818	-	994,867	18,247,685
Maine PERS on-behalf payments	-	1,181,935	-	-	1,181,935
Unclassified	114,854	-	-	13,006	127,860
Adult education	-	-	-	342,434	342,434
School lunch	-	-	-	705,361	705,361
Investment fees	-	-	-	4,806	4,806
Debt service:					
Principal	886,664	2,071,781	-	-	2,958,445
Interest	55,794	589,232	-	-	645,026
Capital outlays	-	-	1,645,101	-	1,645,101
Total expenditures	11,535,811	21,095,766	1,645,101	2,626,101	36,902,779
Excess (deficiency) of revenues over (under) expenditures	12,500,021	(10,718,068)	(1,542,449)	(176,419)	63,085
Other financing sources (uses)					
Issuance of long-term debt	-	-	3,055,400	-	3,055,400
Capital lease proceeds	-	-	388,108	-	388,108
Transfers in	576,960	11,129,015	879,361	935,760	13,521,096
Transfers out	(12,816,289)	(127,848)	-	(576,959)	(13,521,096)
Total other financing sources (uses)	(12,239,329)	11,001,167	4,322,869	358,801	3,443,508
Net change in fund balances	260,692	283,099	2,780,420	182,382	3,506,593
Fund balances (deficit), beginning of year	5,576,021	1,713,752	(6,463,928)	2,320,909	3,146,754
Fund balances (deficit), end of year	\$ 5,836,713	1,996,851	(3,683,508)	2,503,291	6,653,347

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, 2019

Total fund balances - governmental funds (from Statement 3) \$ 6,653,347

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:

1,322,800

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:

68,969,907

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	(31,020,729)
Capital leases payable	(588,658)
Premium on bonds payable	(125,889)
Other postemployment benefits (OPEB)	(4,418,354)
Deferred outflows and inflows related to OPEB	(37,321)
Accrued compensated absences	(510,724)
Accrued interest	(191,417)
Net pension liability	(1,602,449)
Deferred outflows and inflows related to the net pension liability	566,787

(37,928,754)

Total net position - governmental activities (see Statement 1) \$ 39,017,300

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, 2019

Net change in fund balances - total governmental funds (from Statement 4)		\$ 3,506,593
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.		
		273,300
Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceeded depreciation expense and the net book value of disposed assets.		
Capital asset additions	1,679,867	
Depreciation expense and net book value of disposed assets	(2,451,392)	
		(771,525)
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. The following are changes related to long term debt:		
Bond and note proceeds		(3,055,400)
Principal payments on bonds and notes		2,731,781
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 (\$388,108) exceeded repayments (\$173,697).		
		(214,411)
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The following are changes in the long-term liabilities:		
OPEB liability	80,089	
Deferred outflows and inflows related to OPEB	(139,484)	
Unamortized debt premiums	10,258	
Accrued compensated absences	19,259	
Accrued interest payable	(55,762)	
Net pension liability	553,085	
Deferred outflows and inflows related to the net pension liability	(317,029)	
		150,416
Change in net position of governmental activities (see Statement 2)		\$ 2,620,754

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, 2019

	General Fund			Variance with final budget positive (negative)
	Budget		Actual	
	Original	Final		
Revenues				
Taxes	\$ 21,481,180	21,481,180	21,366,491	(114,689)
Licenses and permits	126,700	126,700	341,662	214,962
Intergovernmental revenues	1,336,510	1,336,510	1,290,129	(46,381)
Departmental income	553,164	553,164	642,798	89,634
Unclassified	160,850	160,850	258,673	97,823
Investment income	80,000	80,000	136,079	56,079
Total revenues	23,738,404	23,738,404	24,035,832	297,428
Expenditures				
Current:				
General government	3,810,997	3,846,944	3,878,204	(31,260)
Public safety	3,127,361	3,146,147	3,095,319	50,828
Public works	1,731,481	1,763,596	1,839,690	(76,094)
Health and human services	70,674	72,639	54,260	18,379
Culture and recreation	875,189	913,303	885,790	27,513
Municipal buildings	250,903	283,283	253,956	29,327
County tax	471,281	471,281	471,280	1
Unclassified	89,889	89,889	114,854	(24,965)
Debt service:				
Principal	887,349	887,349	886,664	685
Interest	183,950	183,950	55,794	128,156
Total expenditures	11,499,074	11,658,381	11,535,811	122,570
Excess (deficiency) of revenues over (under) expenditures	12,239,330	12,080,023	12,500,021	419,998
Other financing sources (uses)				
Transfers in	576,959	576,959	576,960	1
Transfers out	(12,816,289)	(12,816,289)	(12,816,289)	-
Use of carryforwards	-	88,150	-	(88,150)
Use of assigned fund balance	-	71,157	-	(71,157)
Total other financing sources (uses)	(12,239,330)	(12,080,023)	(12,239,329)	(159,306)
Net change in fund balance	-	-	260,692	260,692
Fund balance, beginning of year			5,576,021	
Fund balance, end of year			\$ 5,836,713	

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, 2019

	Budgeted Special Revenue Fund			Variance with final budget positive (negative)
	School Operations Fund			
	Budget		Actual	
Original	Final			
Revenues				
Intergovernmental:				
State EPS allocation	\$ 6,889,793	7,029,368	7,029,368	-
State agency clients	100,000	100,000	149,397	49,397
Other State aid	-	-	2,881	2,881
Charges for services:				
Tuition	1,770,000	1,770,000	1,654,734	(115,266)
CTE assessment	252,410	171,132	201,582	30,450
Other services	105,000	105,000	128,728	23,728
Other revenues:				
Miscellaneous	11,000	11,000	24,833	13,833
Interest income	-	-	4,240	4,240
Total revenues	9,128,203	9,186,500	9,195,763	9,263
Expenditures				
Current:				
Regular instruction	5,988,889	5,943,889	5,649,537	294,352
Special education instruction	3,552,792	3,552,792	3,144,889	407,903
Career and technical education	1,615,482	1,615,482	1,529,962	85,520
Other instruction	689,596	689,596	616,936	72,660
Student and staff support	1,849,422	1,849,422	1,741,514	107,908
System administration	533,202	558,202	535,646	22,556
School administration	841,448	841,448	809,342	32,106
Facilities maintenance	2,352,455	2,352,455	2,198,808	153,647
Transportation	952,719	972,719	952,926	19,793
Debt service	2,661,013	2,661,013	2,661,013	-
Total expenditures	21,037,018	21,037,018	19,840,573	1,196,445
Excess (deficiency) of revenues over (under) expenditures	(11,908,815)	(11,850,518)	(10,644,810)	1,205,708
Other financing sources (uses)				
Use of surplus	850,000	850,000	-	(850,000)
Transfer in for local appropriation:				
EPS allocation	11,187,312	11,129,015	11,129,015	-
Transfer out	(128,497)	(128,497)	(127,848)	649
Total other financing sources (uses)	11,908,815	11,850,518	11,001,167	(849,351)
Net change in fund balance - budgetary basis	-	-	356,357	356,357
Reconciliation to GAAP basis:				
Grant expenditures covered by the General Fund and not budgeted			(32,077)	
Change in accrued teacher summer benefits			(41,181)	
Net change in fund balance - GAAP basis			283,099	
Fund balance, beginning of year			1,713,752	
Fund balance, end of year			\$ 1,996,851	

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-type Activities - Enterprise Funds		
	Wastewater	Water	Total
	Fund	Fund	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	100	100
Investments	354,502	16,373	370,875
Accounts receivable - trade	403,643	365,059	768,702
Liens receivable	80,984	-	80,984
Inventory	5,458	-	5,458
Interfund receivable	-	291,078	291,078
Total current assets	844,587	672,610	1,517,197
Noncurrent assets:			
Restricted:			
Cash restricted for capital projects	355,341	-	355,341
Accounts receivable restricted for capital projects	80,824	-	80,824
Total restricted	436,165	-	436,165
Capital assets:			
Land and easement	-	1,693,299	1,693,299
Construction in progress	-	292,402	292,402
Capital assets, being depreciated	32,038,747	14,485,896	46,524,643
Accumulated depreciation	(11,273,628)	(4,776,493)	(16,050,121)
Total capital assets, net	20,765,119	11,695,104	32,460,223
Total noncurrent assets	21,201,284	11,695,104	32,896,388
Total assets	22,045,871	12,367,714	34,413,585
LIABILITIES			
Current liabilities:			
Accounts payable	48,805	171,630	220,435
Accrued payroll and related liabilities	7,685	7,714	15,399
Accrued interest	18,204	3,893	22,097
Customer deposits	-	110,143	110,143
Interfund payable	3,945,767	-	3,945,767
Current portion premium on bonds payable	5,841	-	5,841
Current portion of bonds and loans payable	600,450	436,751	1,037,201
Total current liabilities	4,626,752	730,131	5,356,883
Noncurrent liabilities:			
Accrued compensated absences	38,257	33,796	72,053
Premium on bonds payable	110,971	-	110,971
Bonds and loans payable	6,835,088	1,246,160	8,081,248
Total noncurrent liabilities	6,984,316	1,279,956	8,264,272
Total liabilities \$	11,611,068	2,010,087	13,621,155
NET POSITION			
Net investment in capital assets	13,212,769	10,012,193	23,224,962
Restricted for capital projects	436,165	-	436,165
Unrestricted	(3,214,131)	345,434	(2,868,697)
Total net position \$	10,434,803	10,357,627	20,792,430

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, 2019

	Business-type Activities - Enterprise Funds		
	Wastewater Fund	Water Fund	Total
Operating revenues:			
Charges for services	\$ 1,467,793	1,100,632	2,568,425
Miscellaneous	2,870	55,879	58,749
Total operating revenues	1,470,663	1,156,511	2,627,174
Operating expenses:			
Personnel	291,660	300,956	592,616
Contract services	298,514	110,836	409,350
Supplies, maintenance and repairs	126,874	167,544	294,418
Utilities	234,345	85,509	319,854
Miscellaneous	2,434	72,340	74,774
Depreciation	861,445	233,352	1,094,797
Total operating expenses	1,815,272	970,537	2,785,809
Operating income (loss)	(344,609)	185,974	(158,635)
Nonoperating revenues (expenses):			
Interest revenue	31,133	657	31,790
Interest expense	(202,343)	(62,707)	(265,050)
Total nonoperating revenues (expenses)	(171,210)	(62,050)	(233,260)
Income (loss) before capital contributions	(515,819)	123,924	(391,895)
Capital contributions	-	41,105	41,105
Change in net position	(515,819)	165,029	(350,790)
Net position, beginning of year	10,950,622	10,192,598	21,143,220
Net position, end of year	\$ 10,434,803	10,357,627	20,792,430

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds		
	Wastewater Fund	Water Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 1,592,930	1,112,141	2,705,071
Payments to suppliers	(653,346)	(540,235)	(1,193,581)
Payments to employees	(289,433)	(307,670)	(597,103)
Net cash provided by (used in) operating activities	650,151	264,236	914,387
Cash flows from noncapital financing activities:			
Net change in interfunds	184,818	117,492	302,310
Net cash provided by (used in) noncapital financing activities	184,818	117,492	302,310
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(36,179)	(228,864)	(265,043)
Principal payments on bonds and notes	(600,450)	(389,941)	(990,391)
Principal payment on BAN	-	(689,617)	(689,617)
Interest paid on bonds and notes	(219,612)	(62,708)	(282,320)
Proceeds from bond issuance	-	989,394	989,394
Net cash provided by (used in) capital and related financing activities	(856,241)	(381,736)	(1,237,977)
Cash flows from investing activities:			
Purchase of investments	-	(649)	(649)
Investment income	43,664	657	44,321
Net cash provided by (used in) investing activities	43,664	8	43,672
Net change in cash and cash equivalents	22,392	-	22,392
Cash and cash equivalents, beginning of year	332,949	100	333,049
Cash and cash equivalents, end of year	\$ 355,341	100	355,441
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	(344,609)	185,974	(158,635)
Adjustment to reconcile changes in operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	861,445	233,352	1,094,797
Decrease (increase) in assets:			
Accounts receivable - trade	121,667	(154,513)	(32,846)
Liens receivable	600	-	600
Inventory	716	-	716
Increase (decrease) in liabilities:			
Accounts payable	8,105	(104,006)	(95,901)
Accrued liabilities	116	184	300
Accrued compensated absences	2,111	(6,898)	(4,787)
Customer deposits	-	110,143	110,143
Net cash provided by (used in) operating activities	\$ 650,151	264,236	914,387

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Agency Funds (School and Cemetery)	Private-purpose Trusts (Library)
ASSETS		
Cash and cash equivalents	\$ 178,436	19,766
Investments	28,588	1,048,744
Interfund receivable	-	92,079
Total assets	207,024	1,160,589
LIABILITIES		
Accounts payable	-	1,778
Held for student activities	178,436	-
Held for cemetery association	28,588	-
Total liabilities	207,024	1,778
NET POSITION		
Held in trust	\$ -	1,158,811

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, 2019

	Private-purpose Trusts (Library)
ADDITIONS	
Interest income	\$ 47,679
Increase (decrease) in investment fair market value	25,641
Donations and other	39,311
Total additions	112,631
DEDUCTIONS	
Library expenses	62,177
Total deductions	62,177
Change in net position	50,454
Net position, beginning of year	1,108,357
Net position, end of year	\$ 1,158,811

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

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.

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.

B. Government-wide and Fund 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.

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

C. Measurement Focus, Basis of Accounting, and Basis of Presentation

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers tax revenues to be available in the fund financial statements if they are collected within 60 days of the end of the current fiscal period. A one-year period is used for revenue recognition for all other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as certain compensated absences and claims and judgments, are recorded only when the payment is due.

Those revenues susceptible to accrual are property taxes, interest revenue, and charges for services. All other revenue items are considered to be measurable and available only when the cash is received by the City.

The City reports the following major governmental funds:

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.

The School Operations Fund reports the operations of the School Department including all financial resources and activities related to education.

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

The City reports the following major proprietary funds:

The Wastewater Fund reports the operations and capital expenditures of the City's sewer system.

The Water Fund reports the operations and capital expenditures of the City's water supply system.

Additionally, the City reports the following fiduciary fund types:

Private Purpose Trust Funds report trust arrangements under which principal and income benefit individuals, private organizations or other governments. The Board of Trustees of the Ellsworth Public Library has sole discretion over the investment and expenditure of the Library Fund private purpose trust.

Agency Funds are used to account for assets held by the City as an agent for the Cemetery Association, as well as school groups.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

As a general rule, the effects of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's general and enterprise funds and other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

1. 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.

2. 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.

3. Interfund Receivables/Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund loans or as interfund advances. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

4. 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.

5. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year end 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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

6. 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. 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
Vehicles, furniture and equipment	5 to 20 years

7. Deferred Inflows and Outflows of Resources

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

8. 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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

9. 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.

10. Pensions and Other Post-employment Benefits (OPEB)

For purposes of measuring the net pension liability, OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, pension expense, and OPEB expense, information about the fiduciary net positions of the plans, and additions to/deductions from the plans' fiduciary net positions have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. 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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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.

12. 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.

13. Comparative Data

Comparative data for the prior years have been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. 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.

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

B. Overspent Appropriations

The following appropriations were overspent for the year ended June 30, 2019:

General government	\$ 31,260
Public works	76,094
Unclassified	24,965

C. Deficit Fund Balances

The following funds had deficit fund balance at June 30, 2019:

Capital Projects	\$ 3,683,508
TIFS 1-2 Development	93,119

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, 2019:

City Grants:		School Grants:	
CDBG business assistance	\$ 1,500	Title 1A	\$ 3,099
CDBG housing assistance	67	Local entitlement	1,116
Assistance to firefighters	3,647	EHS unified grant	28
BHS equipment	1,142	Maine college transition grant	777
COPS	1,322	Proficiency based education	902
OUI	858	Momentum grant	2,205
Safe routes to school	1,820		
Underage drinking	1,080		
Volunteer fire assistance	661		

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

CASH AND INVESTMENTS

A. Deposits

Custodial Credit Risk - 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, 2019, the City reported deposits of \$3,368,494 with a bank balance of \$5,552,922. At June 30, 2019, 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.

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

CASH AND INVESTMENTS, CONTINUED

Deposits have been reported as follows:

Reported in governmental funds	\$ 2,814,851
Reported in proprietary funds	355,441
Reported in fiduciary funds	198,202

Total deposits	\$ 3,368,494
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B. Investments

At June 30, 2019, 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	\$ 315,209	-	-	145,663	169,546
Corporate bonds	1,001,029	-	194,108	679,882	127,039
Municipal bonds	83,911	-	-	83,911	-
Common stock	971,307	971,307	-	-	-
Mutual funds	916,506	916,506	-	-	-
Totals	\$ 3,287,962	1,887,813	194,108	909,456	296,585

Investments have been reported as follows:

Reported in governmental funds	\$ 1,839,755
Reported in proprietary funds	370,875
Reported in fiduciary funds	1,077,332

Total investments	\$ 3,287,962
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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, 2019 are level 1 inputs.

Interest Rate Risk - In accordance with the City's investment policy, excluding reserve and trust investments, investment maturities shall be less than one year.

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.

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

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

CASH AND INVESTMENTS, CONTINUED

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.

At June 30, 2019, the City had the following credit quality distribution in corporate and municipal bonds:

<u>Standard & Poor Rating</u>	<u>Fair Value</u>
AAA	\$ 83,911
AA+	64,965
AA-	160,157
A+	39,932
A	136,013
A-	222,997
BBB+	236,923
BBB	89,952
BBB-	<u>50,090</u>
Total corporate and municipal bonds	<u>\$ 1,084,940</u>

As of June 30, 2019, the City held individually \$243,111 of Camden National Corporation common stock, which represented more than 5% of total investments.

PROPERTY TAX

The City's property tax for the current year was levied August 6, 2018, on the assessed value listed as of April 1, 2018, for all real and personal property located in the City. Taxes were due September 13, 2018 and March 14, 2019. Interest on unpaid taxes commenced on September 15, 2018 and March 9, 2019, at 6% per annum.

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 \$89,889 for the year ended June 30, 2019.

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.

INTERFUND LOANS AND TRANSFERS

Individual interfund receivables, payables, and transfer balances at June 30, 2019 were as follows:

<u>Fund</u>	<u>Interfund receivables</u>	<u>Interfund payables</u>	<u>Interfund transfers</u>
General Fund	\$ 2,936,235	-	(12,239,329)
School Operations	3,426,178	114,623	11,001,167

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

INTERFUND LOANS AND TRANSFERS, CONTINUED

<u>Capital Projects</u>	\$ -	3,602,896	879,361
Nonmajor Governmental Funds			
School Grants	90,406	-	-
Adult Education	126,879	-	206,176
School Lunch	-	102,662	127,848
City Grants	264,397	-	-
TIFS 1-2 Development	-	93,119	10,297
TIF 3 Oriole Way	7,240	-	14,480
Union River Center for Innovation	78,094	-	-
Knowlton Park	551,335	-	-
Shellfish Operating	-	4,854	-
<u>Total nonmajor governmental funds</u>	<u>1,118,351</u>	<u>200,635</u>	<u>358,801</u>
<u>Wastewater Fund</u>	<u>-</u>	<u>3,945,767</u>	<u>-</u>
<u>Water Fund</u>	<u>291,078</u>	<u>-</u>	<u>-</u>
<u>Private-purpose Trust Funds</u>	<u>92,079</u>	<u>-</u>	<u>-</u>
<u>Total</u>	<u>\$ 7,863,921</u>	<u>7,863,921</u>	<u>-</u>

Many of the interfund balances resulted from the City pooling cash in the General Fund for other funds disclosed above, with each fund 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.

CAPITAL ASSETS

A summary of capital asset transactions for the year ended June 30, 2019 follows:

	Balance July 1, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2019</u>
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 533,633	115,856	450,265	199,224
Land	2,781,507	-	-	2,781,507
<u>Total capital assets, not being depreciated</u>	<u>3,315,140</u>	<u>115,856</u>	<u>450,265</u>	<u>2,980,731</u>
Capital assets, being depreciated:				
Buildings and improvements	55,948,992	249,147	-	56,198,139
Vehicles, furniture and equipment	11,690,605	1,243,168	374,280	12,559,493
Infrastructure	23,050,873	521,961	-	23,572,834
<u>Total capital assets being depreciated</u>	<u>90,690,470</u>	<u>2,014,276</u>	<u>374,280</u>	<u>92,330,466</u>

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

LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2019 was as follows:

	<u>Beginning balance restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds	\$ 6,610,000	-	820,000	5,790,000	815,000
Notes from direct borrowings	24,087,110	3,055,400	1,911,781	25,230,729	2,349,089
Unamortized bond premium	136,147	-	10,258	125,889	10,259
Capital leases payable	374,247	388,108	173,697	588,658	222,794
Accrued compensated absences	529,983	-	19,259	510,724	-
Net pension liability	2,155,534	-	553,085	1,602,449	-
Other postemployment benefits	4,498,443	-	80,089	4,418,354	-
Total governmental activity					
long-term liabilities	\$ 38,391,464	3,443,508	3,568,169	38,266,803	3,397,142

The net pension liabilities, and the other postemployment benefits liabilities are normally fully liquidated by the General Fund.

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Business-type activities:					
Bonds payable	\$ 6,125,000	-	470,000	5,655,000	470,000
Notes from direct borrowings	2,994,446	989,394	520,391	3,463,449	567,201
Unamortized bond premium	122,652	-	5,840	116,812	5,841
Accrued compensated absences	76,841	-	4,788	72,053	-
Total business-type activity					
long-term liabilities	\$ 9,318,939	989,394	1,001,019	9,307,314	1,043,042

LONG-TERM DEBT

Bonds and Notes Payable

Bonds and Notes payable at June 30, 2019 are comprised of the following:

	<u>Originally Issued</u>	<u>Date of issue</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance</u>
Bonds payable:					
Governmental activities:					
2015 School bonds	800,000	5/01/2015	9/01/2020	2.00-3.00%	320,000
2011 Road projects	1,892,000	6/15/2011	4/1/2021	1.50-2.65%	370,000
2015 Moore community center	4,631,000	5/01/2015	12/1/2034	2.00-4.00%	3,690,000
2015 Beechland road project	1,509,000	5/01/2015	12/1/2024	2.00-4.00%	900,000
2015 Knowlton park project	850,000	5/01/2015	12/1/2024	2.00-4.00%	510,000
Total governmental activities bonds payable					5,790,000

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

LONG-TERM LIABILITIES, CONTINUED

	<u>Originally Issued</u>	<u>Date of issue</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance</u>
Notes from direct borrowings:					
Governmental activities:					
2010 School general	\$ 1,367,724	11/1/2010	11/1/2029	2.11-5.61%	791,841
2019 School notes	34,956,123	1/14/2020	11/1/2029	2.11-5.61%	20,237,755
2016 General obligation	1,400,000	6/30/2016	6/30/2026	2.34%	1,145,733
<u>2019 General obligation</u>	<u>3,055,400</u>	<u>1/25/2019</u>	<u>10/1/2028</u>	<u>3.061%</u>	<u>3,055,400</u>
Total governmental activities notes payable					<u>25,230,729</u>
Bonds payable:					
Business-type activities:					
2010 Water project bonds	2,103,050	6/05/2010	4/01/2020	2.00-2.75%	210,000
<u>USDA refunding</u>	<u>6,486,000</u>	<u>5/01/2015</u>	<u>12/1/2039</u>	<u>2.00-4.00%</u>	<u>5,445,000</u>
Total business-type activity bonds					<u>5,655,000</u>
Notes from direct borrowings:					
Business-type activities:					
Drinking water revolving ⁽¹⁾	169,710	1/17/2006	4/01/2025	0.00%	50,913
Drinking water revolving	271,208	7/25/2008	4/01/2028	0.00%	134,604
2010 Water conservation	1,515,000	8/20/2010	10/1/2020	1.00%	303,000
Drinking water revolving ⁽²⁾	989,394	2/07/2019	8/01/2037	1.00%	984,394
Clean water revolving loan ⁽³⁾	1,193,734	6/17/2009	4/01/2029	0.00%	596,867
2011 Wastewater ⁽⁴⁾	3,370,145	3/01/2011	10/1/2030	1.22%	1,222,087
<u>Clean water revolving ⁽⁵⁾</u>	<u>245,120</u>	<u>10/1/2012</u>	<u>10/1/2032</u>	<u>1.00%</u>	<u>171,584</u>
Total business-type activity notes					<u>3,463,449</u>

- (1) The original amount of this note was \$237,821, of which \$68,111 in principal was forgiven on issuance.
- (2) The original amount of this note was \$1,041,467, of which \$52,073 in principal was forgiven on issuance.
- (3) The original amount of this note was \$2,000,000, of which \$806,266 in principal was forgiven on issuance.
- (4) The original amount of this note was \$3,500,000, of which \$129,855 in principal was forgiven on issuance.
- (5) The original amount of this note was \$862,800, of which \$617,680 in principal was forgiven on issuance.

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

LONG-TERM LIABILITIES, CONTINUED

The annual requirements to amortize governmental activities debt outstanding as of June 30, 2019 are as follows:

<u>June 30,</u>	<u>Governmental Activities Bonds</u>		<u>Governmental Activities Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 815,000	164,880	2,349,089	680,267
2021	815,000	136,840	2,352,149	510,389
2022	470,000	110,738	2,355,414	396,258
2023	465,000	96,688	2,358,690	317,418
2024	465,000	87,388	2,362,044	241,584
2025-2029	1,385,000	311,406	11,541,561	266,291
2030-2034	1,150,000	134,250	1,911,782	-
2035	225,000	3,936	-	-
Total	\$ 5,790,000	1,046,126	25,230,729	2,412,207

<u>June 30,</u>	<u>Business-type Activities Bonds</u>		<u>Business-type Activities Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 470,000	178,725	567,201	26,783
2021	260,000	162,550	567,201	21,352
2022	260,000	152,150	215,701	17,898
2023	260,000	144,350	215,701	16,422
2024	260,000	139,150	215,701	14,945
2025-2029	1,300,000	594,025	1,029,610	52,579
2030-2034	1,300,000	396,750	445,090	19,490
2035-2039	1,290,000	173,550	207,244	4,059
2040	255,000	5,100	-	-
Total	\$ 5,655,000	1,946,350	3,463,449	173,528

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

CAPITAL LEASES

The City has entered into lease agreements as lessee for financing the acquisition of vehicles, technology equipment, and public safety equipment. These leases qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of future minimum lease payments as of the date of its inception. As of June 30, 2019, the amount capitalized under capital leases totals \$974,700.

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, 2019.

	Governmental Activities
2020	\$ 243,289
2021	138,173
2022	119,429
2023	83,529
2024	51,943
Total minimum lease payments	636,363
Less: amount representing interest	(47,705)
Present value of future minimum	
Lease payments	\$ 588,658

SHORT-TERM LIABILITIES

The City's Wastewater Fund and the Capital Projects Fund obtained short-term borrowing in the form of bond anticipation notes for the financing of water, sewer, and other capital improvements. Short-term liability transactions for the year ended June 30, 2019 were as follows:

		Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:	\$				
Tax anticipation note		-	2,000,000	2,000,000	-
Bond anticipation note		1,955,400	-	1,955,400	-
Bond anticipation note		1,100,000	-	1,100,000	-
Total governmental activities	\$	3,055,400	2,000,000	5,055,400	-
Business-type activities					
Bond anticipation note	\$	689,617	-	-	689,617
Total business-type activities	\$	689,617	-	-	689,617

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

BUDGETARY V. GAAP-BASIS ACCOUNTING

Through June 30, 2019, the City of Ellsworth, Maine School Department did not budget for expenditures relating to teacher summer benefits on an accrual basis as required by generally accepted accounting principles (GAAP). In addition, the School Department had to pay for certain expenditures that were originally supposed to be paid out of grant funds and therefore, were not budgeted. The following is a reconciliation of the GAAP and budgetary fund balances for the School Operations Fund.

Fund balance - June 30, 2019 - GAAP basis	\$ 1,996,851
Grant expenditures covered by the school general fund	32,077
Accrued teacher summer benefits	273,465
<u>Total fund balance, June 30, 2019 - budgetary basis</u>	<u>\$ 2,302,393</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 \$1,181,935.

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).

FUND BALANCES

As of June 30, 2019, fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>
General fund:			
Assigned for:			
Administration – training	\$ -	-	1,500
Administration – professional services	-	-	2,700
Planning – professional services	-	-	1,560
Planning – LMI study	-	-	7,600
Technology – training	-	-	8,000
Employee benefits – merit raises	-	-	16,192
Parks, trees and cemeteries	-	-	5,000
Library – capital outlay	-	-	8,916
Library – capital outlay reserved	-	-	1,043
Harbor – dock/float repairs	-	-	4,000
Miscellaneous city property	-	-	4,945
Encumbrance carryforwards	-	-	50,840
Capital reserves	-	-	755,123
Library operating	-	-	189,335
<u>Total general fund</u>	<u>-</u>	<u>-</u>	<u>1,056,754</u>
School operations fund:			
Prepaid expenditures	3,668	-	-
Education	-	1,993,183	-
<u>Total school operations fund</u>	<u>3,668</u>	<u>1,993,183</u>	<u>-</u>

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

FUND BALANCES

Other governmental funds:

School grants	\$ -	234,539	-
Adult education	-	130,979	-
School lunch – inventory	13,458	-	-
School lunch	-	166,952	-
City grants	-	303,152	-
TIF 3 Oriole Way – education	-	7,240	-
Union River center for innovation	-	118,725	-
Conservation easement reserve	-	32,253	-
Knowlton park	-	551,335	-
Shellfish operating	-	5,869	-
Cemetery fund – principal	551,450	-	-
Cemetery fund – unexpended income	-	159,815	-
Higgins fund – principal	85,301	-	-
Higgins fund – unexpended income	-	255,566	-
Total other governmental funds	650,209	1,966,425	-
Total fund balances	\$ 653,877	3,959,608	1,056,754

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, 2019:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets, net of depreciation	\$ 68,969,907	32,460,223
Bonds and notes payable	(31,020,729)	(9,118,449)
Capital leases payable	(588,658)	-
Premium on bonds payable	(125,889)	(116,812)
Leases that are not capital in nature	81,450	-
Total net investment in capital assets	\$ 37,316,081	23,224,962

TAX INCREMENT FINANCING DISTRICTS

Under the State of Maine Title 30-A M.R.S., the City has established three Tax Increment Financing Districts (TIFs) to finance development programs located in the City of Ellsworth. Additionally, the City has entered into Credit Enhancement Agreements (CEA's) with Penquis Community Action Program and MANX Development, LLC, as permitted under the State of Maine Title 30-A. The individual CEA's outline the conditions for reimbursement of a percentage of tax revenues generated through the increased value of a certain parcels with the Districts. Based on the terms of the agreement, and the calculation methods established in the CEA's, the City returns to the project owners a portion of the taxes paid. For the year ended June 30, 2019, the City remitted a total of \$33,930 in credit enhancement payments.

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

TAX INCREMENT FINANCING DISTRICTS, CONTINUED

The following is a summary of the three TIF districts:

	<u>Original</u> <u>value</u>	<u>Increase in</u> <u>value</u>	<u>Percent</u> <u>captured</u>	<u>Captured</u> <u>value</u>	<u>Captured</u> <u>taxes</u>
Beckwith Hill (TIF 1) \$	21,509,555	47,472,400	40%	18,968,560	345,986
Leonard Lake Senior Housing (TIF 2)	789,500	13,227,500	100%	13,227,500	241,270
Oriole Way Workforce Housing (TIF 3)	568,042	793,858	100%	793,858	14,480

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

RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City either carries commercial insurance, or is effectively self-insured. Currently, the City carries commercial insurance for any risks of loss to which it may be exposed. Claims have not exceeded the City’s insurance coverage in any of the past three years.

Based on the coverage provided by commercial insurance, the City is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2019.

COMMITMENTS

As of June 30, 2019, the City had commitments for ongoing projects, the largest of which were for a storm water drainage project and water storage tanks.

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CITY HEALTH INSURANCE

General Information about the OPEB Plans

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

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CITY HEALTH INSURANCE, CONTINUED

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

Employees Covered by Benefit Terms – At June 30, 2019, the following employees were covered by the Health Plan benefit terms:

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

Contributions – Eligible retirees are required to pay 100% of health insurance premiums to receive health benefits coverage and therefore, the City makes no actual contributions. Contributions are determined on an actuarial basis.

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

The City's total Health Plan OPEB liability of \$1,183,989 was measured as of January 1, 2019, and was determined by an actuarial valuation as of that date.

Changes in the Total CITY Health Plan OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2018	\$ 1,261,987
Changes for the year:	
Service Cost	37,595
Interest	43,704
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(100,568)
Benefit payments	(58,729)
Net changes	(77,998)
Balance at June 30, 2018	\$ 1,183,989

Change in assumptions reflects a change in the discount rate from 3.44% to 4.10%.

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CITY HEALTH INSURANCE, CONTINUED

For the year ended June 30, 2019, The City recognized OPEB expense of \$24,314 related to the Health Plan. At June 30, 2019, The City reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$	69,678	-
Changes in assumptions		-	75,328
Contributions after the measurement date		29,365	
Total	\$	99,043	75,328

An amount of \$29,365 is reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Health Plan OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ 1,744
2021	1,744
2022	1,744
2023	1,744
2024	1,740
Thereafter	(14,366)

Actuarial Assumptions and Other Inputs - The total OPEB liability in the January 1, 2019 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per annum
Salary increases	2.75% per annum
Discount rate	4.10% per annum
Healthcare cost trend rates	8.27% for 2018, decreasing to 4.00% for 2032
Retirees' share of the benefit related costs	100% of projected health insurance premiums

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

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

Discount Rate - The rate used to measure the total OPEB liability for the Health plan was 4.10% per annum. Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year tax-exempt general obligation municipal bond index. The rate is assumed to be an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CITY HEALTH INSURANCE, CONTINUED

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

	1% Decrease	Discount Rate	1% Increase
Health Plan OPEB (3.10% - 5.10%)	\$ 1,341,675	1,183,989	1,053,866

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 1,039,879	1,183,989	1,361,440

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – SCHOOL DEPARTMENT HEALTH INSURANCE

General Information about the OPEB Plan

Plan Description - The School Department sponsors a post-retirement benefit plan providing health insurance to retiring employees. The plan is a single-employer defined benefit OPEB plan administered by the Maine Education Association Benefits Trust (MEABT). The State Legislature has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

Benefits Provided - MEABT provides healthcare insurance benefits for retirees and their dependents. The employee must have participated in the MEABT health plan for the 12 months prior to retirement and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits. The retiree is eligible for a State subsidy of 45% of the blended single premium for the retiree only. Under State laws, the blended premium is determined by blending rates for active members and retired members. The retiree pays 55% of the blended premium rate for coverage selected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree and or spouse.

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

Inactive employees or beneficiaries currently receiving benefits	45
Inactive employee entitled to but not yet receiving benefits	-
Active employees	214
Total	259

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – SCHOOL DEPARTMENT HEALTH INSURANCE, CONTINUED

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

The City's total OPEB liability of \$3,028,437 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Changes in the Total OPEB Liability

Balance at June 30, 2018	\$ 3,078,734
Changes for the year:	
Service Cost	34,378
Interest	110,415
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(136,775)
Benefit payments	(58,315)
Net changes	<u>(50,297)</u>
Balance at June 30, 2019	<u>\$ 3,028,437</u>

Change in assumptions reflects a change in the discount rate from 3.58% to 3.87%.

For the year ended June 30, 2019, The City recognized OPEB expense of \$125,254. At June 30, 2019, The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumption or other inputs	\$ -	117,236
Contributions subsequent to measurement date	60,403	-
Total	<u>\$ 60,403</u>	<u>117,236</u>

\$60,403 is reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ (19,539)
2021	(19,539)
2022	(19,539)
2023	(19,539)
2024	(19,539)
Thereafter	(19,541)

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – SCHOOL DEPARTMENT HEALTH INSURANCE, CONTINUED

Actuarial Assumptions - The total OPEB liability in the June 30, 2018 actuarial valuation for the total OPEB liability was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Not reported
Salary increases	2.75% - 14.50% per year
Discount rate	3.87% per annum
Healthcare cost trend rates - Pre-Medicare	5.55% for 2018 grading over 15 years to 3.73%
Healthcare cost trend rates - Medicare	3.72% for 2018 grading over 15 years to 2.81%
Retirees' share of the benefit related costs	55% of the blended premium rate with a State subsidy for the remaining 45% of the blended premium rate

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

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

Discount Rate - The rate used to measure the total OPEB liability was 3.87% per annum. Since the plan is pay as you go and is not funded, the discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the City's total OPEB liability calculated using the discount rate of 3.87%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.87%) or 1 percentage-point higher (4.87%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB liability	\$ 3,540,062	3,028,437	2,617,689

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 2,590,935	3,028,437	3,576,256

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE

General Information about the OPEB Plans

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

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

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

PLD OPEB Plan - The City is required to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retirement period. Contributions to the PLD OPEB plan from the City were \$3,905 for the year ended June 30, 2019. Employees are not required to contribute to the PLD OPEB plan.

SET OPEB Plan - The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the City were \$23,448 for the year ended June 30, 2019. Employers and employees are not required to contribute to the OPEB plan.

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

The net OPEB liability for each plan was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating employers, actuarially determined.

PLD OPEB Plan – At June 30, 2019, the City reported a liability of \$205,928 for its proportionate share of the net OPEB liability. At June 30, 2018, the City's proportion was 1.0194%.

SET OPEB Plan – At June 30, 2019, the City reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the City was \$256,964 as of June 30, 2019. At June 30, 2018, the City's proportion was 0.00%.

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

For the year ended June 30, 2019, the City recognized an expense of \$3,500 related to the GTL Consolidated PLD. For the year ended June 30, 2019, the City recognized OPEB expense of \$23,448 and also revenues of \$23,448 for support provided by the State related to the SET OPEB plan. At June 30, 2019, the City reported no deferred outflows of resources nor deferred inflows of resources related to the SET OPEB plan. At June 30, 2019, The City reported deferred outflows of resources and deferred inflows of resources related to the GTL Plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	24,796
Differences between expected and actual experience	17,378	
Net difference between projected and actual earnings on OPEB plan investments	-	10,807
Changes in proportion and differences between City contributions and proportionate share of contributions	10,117	-
Contributions after the measurement date	3,905	-
Total	\$ 31,400	35,603

\$3,905 is reported as deferred outflows of resources related to the PLD OPEB plan resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended June 30, 2020.

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

Year ended June 30:	
2020	\$ (4,770)
2021	(4,770)
2022	(4,770)
2023	(2,730)
2024	8,932

Actuarial Assumptions - GTL Plans - The total OPEB liabilities in the June 30, 2018 actuarial valuation for the GTL Plans were determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases SET	2.75% - 14.50%
Salary increases PLD	2.75% - 9.00%
Investment rate of return	6.75%

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

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

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

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

Discount Rate - The rate used to measure the total OPEB liability for the PLD OPEB plan was 5.13% which is a blend of the assumed long-term expected rate of return of 6.75% and a municipal bond index rate of 3.87%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2018. Projections of the plan's fiduciary net position indicate that it is not expected to be sufficient to make projected benefit payments for current members beyond 2047. Therefore, the portion of the future projected benefit payments after 2047 are discounted at the municipal bond index rate. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

The rate used to measure the total OPEB liability for the SET OPEB plan was 6.85%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plans fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	1% Decrease	Discount Rate	1% Increase
GTL Consolidated PLD (4.13% - 6.13%)	\$ 272,061	205,928	153,786

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

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

NET PENSION LIABILITIES

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

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

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

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

PLD Plan - Employees are required to contribute 8.0% for the AC plan and 9.0% for the 4C plan of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2019, was 10.0% and 8.7% of annual payroll for the AC and 4C plans, respectively. Contributions to the pension plan from the City were \$281,259 for the year ended June 30, 2019.

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, 2019 was 15.05% of annual payroll, of which 3.97% of payroll was required from the City and 11.08% was required from the State. Contributions to the pension plan from the City were \$328,437 for the year ended June 30, 2019.

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, 2018, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The City's proportion of the net pension liabilities were based on projections of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

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

NET PENSION LIABILITIES, CONTINUED

PLD Plan - At June 30, 2019, the City reported a liability of \$1,197,306 for its proportionate share of the net pension liability. At June 30, 2018, the City's proportion of the PLD Plan was 0.4375%.

SET Plan - At June 30, 2019, 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	\$ 405,143
State's proportionate share of the net pension liability associated with the City	8,596,643
Total	\$ 9,001,786

At June 30, 2018, the City's proportion of the SET Plan was 0.0300%.

For the year ended June 30, 2019, the City recognized pension gain of (\$12,062) for the PLD Plan and pension expense of \$1,302,347 and revenue of \$916,645 for support provided by the State for the SET Plan.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the PLD pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	9,401
Changes of assumptions	191,098	-
Net difference between projected and actual earnings on pension plan investments	-	289,102
Changes in proportion and differences between City contributions and proportionate share of contributions	64,292	-
City contributions subsequent to the measurement date	281,259	-
Total	\$ 536,649	298,503

\$281,259 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, 2020.

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

NET PENSION LIABILITIES, CONTINUED

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

<u>Year ended June 30:</u>	
2020	\$ 223,339
2021	4,943
2022	(196,675)
2023	(74,720)

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the SET pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 12,374	-
Changes of assumptions	25,484	-
Net difference between projected and actual earnings on pension plan investments	-	52,668
Changes in proportion and differences between City contributions and proportionate share of contributions	15,014	-
City contributions subsequent to the measurement date	328,437	-
Total	\$ 381,309	52,668

\$328,437 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, 2020.

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

<u>Year ended June 30:</u>	
2020	\$ 21,855
2021	29,992
2022	(37,494)
2023	(14,149)

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

NET PENSION LIABILITIES, CONTINUED

Actuarial Assumptions - The total pension liability in the June 30, 2018 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	6.75%	6.75%
Cost of living benefit increases, per annum	1.91%	2.20%

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

The actuarial assumptions used in the June 30, 2018 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, 2018 are summarized in the following table:

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

Discount Rate - The discount rate used to measure the total pension liability was 6.75% for the PLD Plan and the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

NET PENSION LIABILITIES, CONTINUED

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.75% 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 (5.75% for the PLD Plan and the SET Plan) or 1 percentage-point higher (7.75% for the PLD Plan and the SET Plan) than the current rate:

	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
City's proportionate share of the net pension liability – PLD	\$ 2,821,890	\$ 1,197,306	\$ (321,253)
City's proportionate share of the net pension liability – SET	748,704	405,143	119,012

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, 2019.

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 6.0% of their annual pay but are permitted to contribute up to applicable Internal Revenue Code limits. For the years ended June 30, 2019 and 2018, the City's contribution to the deferred compensation plans of its employees were \$206,850 and \$217,552, respectively.

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, 2019, \$4,418 was forfeited by employees whose employment was terminated prior to the five-year vesting period.

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

SUBSEQUENT EVENTS

On Jun 17, 2019, the City Council approved the issuance of a Tax Anticipation Note (TAN) with a face value of \$2,000,000 and an interest rate of 2.13%.

On October 21, 2019, the City Council approved the issuance of \$3,068,992 in general obligation bonds to finance the acquisition of vehicles, equipment and other municipal infrastructure improvements.

On October 21, 2019, the City Council approved the issuance of \$460,000 in general obligation bonds to finance Branch Lake dam improvements and upgrades and the acquisition of meter reading equipment.

In November 2019, the City issued a Bond Anticipation Note (BAN) with a face value of \$3,148,992 and an interest rate of 1.73%.

RESTATEMENT OF NET POSITION

The City has restated beginning net position in the government-wide Statement of Net Position to account for the addition of the City's total OPEB liability for an implicit liability related to retiree health insurance through the Maine Education Association Benefits Trust (MEABT). The City's net position was decreased as of July 1, 2019 by \$3,020,519.

CITY OF ELLSWORTH, MAINE
Required Supplementary Information

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

	2019	2018
Total OPEB Liability		
Service cost	\$ 37,595	34,906
Interest	43,704	42,658
Changes of benefit terms	-	-
Differences between expected and actual experience	-	97,550
Changes of assumptions or other inputs	(100,568)	15,223
Benefit payments	(58,729)	(43,496)
Net change in total OPEB Liability	(77,998)	146,841
Total OPEB liability - beginning	1,261,987	1,115,146
Total OPEB liability - ending	\$ 1,183,989	1,261,987
Covered-employee payroll	\$ 3,999,898	3,999,898
Total OPEB liability as a percentage of covered-employee payroll	29.60%	31.55%

* Only two years of information available.

CITY OF ELLSWORTH, MAINE
Required Supplementary Information, Continued

Schedule of Changes in the School Department's Total OPEB Liability and Related Ratios
Last 10 Fiscal Years*

		<u>2019</u>
Total OPEB Liability		
Service cost	\$	34,378
Interest		110,415
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes of assumptions or other inputs		(136,775)
Benefit payments		<u>(58,315)</u>
Net change in total OPEB Liability		<u>(50,297)</u>
Total OPEB liability - beginning		<u>3,078,734</u>
Total OPEB liability - ending	\$	<u>3,028,437</u>
Covered-employee payroll	\$	10,023,677
Total OPEB liability as a percentage of covered-employee payroll		30.21%

* Only one year of information available.

CITY OF ELLSWORTH, MAINE
Required Supplementary Information, Continued

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

	<u>2019</u>	<u>2018</u>
<u>PLD OPEB Plan</u>		
City's proportion of the net OPEB liability	1.0194%	0.9432%
City's proportionate share of the net OPEB liability	\$ 205,928	157,722
City's covered-employee payroll	1,781,295	1,766,115
City's proportionate share as a percentage of covered-employee payroll	11.6%	8.9%
Plan fiduciary net position as a percentage of the total OPEB liability	78.32%	47.42%
<u>SET OPEB Plan</u>		
City's proportion of the net OPEB liability	0.00%	0.00%
City's proportionate share of the net OPEB liability	\$ -	-
State's proportionate share of the net OPEB liability associated with the City	256,964	249,271
Total	<u>256,964</u>	<u>249,271</u>
Plan fiduciary net position as a percentage of the total OPEB liability	48.04%	47.29%

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

CITY OF ELLSWORTH, MAINE
Required Supplementary Information, Continued

Schedule of City OPEB – Life Insurance Contributions
 Last 10 Fiscal Years*

		2019	2018
<u>PLD OPEB Plan</u>			
Contractually required contribution	\$	3,905	3,638
Contributions in relation to the contractually required contribution		(3,905)	(3,638)
Contribution deficiency (excess)	\$	-	-
City's covered-employee payroll	\$	1,781,295	1,766,115
Contributions as a percentage of covered-employee payroll		0.22%	0.21%

* Only two years of information available.

CITY OF ELLSWORTH, MAINE
Required Supplementary Information, Continued

**Schedule of City's Proportionate Share of the Net Pension Liability
Maine Public Employees Retirement System State Employee and Teacher Plan
Last 10 Fiscal Years***

	<u>2019**</u>	<u>2018**</u>	<u>2017**</u>	<u>2016**</u>	<u>2015**</u>
PLD Plan					
City's proportion of the net pension liability	0.4375%	0.4389%	0.4099%	0.3733%	0.1742%
City's proportionate share of net pension liability	\$ 1,197,306	1,797,150	2,177,845	1,191,097	268,039
City's covered payroll	2,668,091	2,566,234	2,311,378	1,135,874	820,022
City's proportionate share of the net pension liability as a percentage of covered payroll	44.88%	70.03%	94.22%	104.86%	32.69%
Plan fiduciary net position as a percentage of the total pension liability	91.14%	86.43%	81.61%	88.27%	94.10%
SET Plan					
City's proportion of the net pension liability	0.0300%	0.0247%	0.0322%	0.0143%	-
City's proportionate share of the net pension liability	\$405,143	358,384	568,317	193,553	-
State's proportionate share of the net pension liability associated with the City	8,596,643	9,282,899	11,415,889	7,461,868	-
Total	\$9,001,786	9,641,283	11,984,206	7,655,421	-
City's covered payroll	8,188,549	8,026,292	7,964,228	-	-
City's proportion share of the net pension liability as a percentage of its covered payroll	4.95%	4.47%	7.14%	0.00%	-
Plan fiduciary net position as a percentage of the total pension liability	82.90%	80.78%	76.21%	81.18%	-

* Only five 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 four years of information is available.

CITY OF ELLSWORTH, MAINE
Required Supplementary Information, Continued

Schedule of City Contributions
Maine Public Employees Retirement System State Employee and Teacher Plan
 Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan</u>					
Contractually required contribution	\$281,259	242,752	224,280	192,804	83,371
Contributions in relation to the contractually required contribution	(281,259)	(242,752)	(224,280)	(192,804)	(83,371)
<u>Contribution deficiency (excess)</u>	\$ -	-	-	-	-
City's covered payroll	3,006,435	2,668,091	2,566,234	2,311,378	1,135,874
Contributions as a percentage of covered payroll	9.36%	9.10%	8.74%	8.34%	7.34%
<u>SET Plan</u>					
Contractually required contribution	\$ 328,437	325,085	269,683	267,598	-
Contributions in relation to the contractually required contribution	(328,437)	(325,085)	(269,683)	(267,598)	-
<u>Contribution deficiency (excess)</u>	\$ -	-	-	-	-
City's covered payroll	8,272,966	8,188,549	8,026,292	7,964,228	-
Contributions as a percentage of covered payroll	3.97%	3.97%	3.36%	3.36%	-

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

CITY OF ELLSWORTH, MAINE
Notes to Required Supplementary Information

Total City Health Insurance OPEB Liability

Changes of Benefit Terms - None

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

<u>Fiscal Year</u>	<u>Discount Rate</u>
2019	4.10%
2018	3.44%
2017	3.78%

Total School Department Health Insurance Liability

Changes of Benefit Terms - None

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

<u>Fiscal Year</u>	<u>Discount Rate</u>
2019	3.87%
2018	3.58%

Net OPEB Liability – Group Term Life Insurance

Changes of Benefit Terms - None

Changes of Assumptions - None

<u>Fiscal Year</u>	<u>Discount Rate - PLD</u>
2019	5.13%
2018	5.41%

CITY OF ELLSWORTH, MAINE
Notes to Required Supplementary Information, Continued

Net Pension Liability

Changes of Benefit Terms - None

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Discount rate	6.75%	6.875%	6.875%	7.125%
Inflation rate	2.75%	2.75%	3.50%	N/A
Salary increases PLD	2.75 – 9.00%	2.75 – 9.00%	2.75 – 9.00%	3.50 – 9.50%
Salary increases SET	2.75 – 14.50%	2.75 – 14.50%	2.75 – 14.50%	3.50 – 13.50%
Cost of living increases PLD	1.91%	2.20%	2.55%	3.12%
Cost of living increases SET	2.20%	2.20%	2.55%	3.12%

Mortality rates:

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

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

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

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND
SCHEDULES**

GENERAL FUND

CITY OF ELLSWORTH, MAINE
Comparative Balance Sheets - General Fund
June 30, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 2,342,217	1,248,519
Investments	938,542	1,048,943
Receivables:		
Taxes - current year	932,268	46,237
Taxes - prior years	110,847	112,058
Tax liens - current year	331,603	804,012
Tax liens - prior years	69,464	388,123
Accounts	230,916	104,071
Due from other governments	-	176,832
Interfund receivable	2,936,235	3,375,392
Total assets	7,892,092	7,304,187
LIABILITIES		
Accounts payable	365,559	372,721
Accrued liabilities	194,020	110,719
Taxes collected in advance	173,000	193,526
Escrow deposit	-	1,700
Total liabilities	732,579	678,666
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	1,322,800	1,049,500
Total deferred inflows of resources	1,322,800	1,049,500
FUND BALANCES		
Assigned	1,056,754	1,131,325
Unassigned	4,779,959	4,444,696
Total fund balances	5,836,713	5,576,021
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,892,092	7,304,187

CITY OF ELLSWORTH, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2019

	Budget		Actual	Variance with final budget	2018 Actual
	Original	Final		positive (negative)	
Revenues					
Taxes:					
Property taxes	\$ 19,782,180	19,782,180	19,764,292	(17,888)	19,406,798
Change in unavailable taxes	-	-	(273,300)	(273,300)	259,680
Supplemental taxes	-	-	18,558	18,558	79,939
Boat excise	14,000	14,000	12,989	(1,011)	16,003
Auto excise	1,550,000	1,550,000	1,723,471	173,471	1,727,478
Interest on taxes	85,000	85,000	84,997	(3)	73,740
Lien costs and notices	50,000	50,000	35,484	(14,516)	48,398
Total taxes	21,481,180	21,481,180	21,366,491	(114,689)	21,612,036
Licenses and permits:					
City clerk fees	25,000	25,000	23,941	(1,059)	28,679
Motor vehicle fees	20,000	20,000	18,304	(1,696)	18,614
State and City licenses	10,000	10,000	9,170	(830)	10,347
Animal control fees	1,000	1,000	962	(38)	1,002
Dog fees	500	500	400	(100)	148
Building permits and maps	40,000	40,000	107,026	67,026	41,932
Shellfish revenues	3,200	3,200	3,200	-	3,200
Electrical permits	10,000	10,000	37,868	27,868	16,046
Planning board fees	4,000	4,000	2,290	(1,710)	7,000
Plumbing permit fees	13,000	13,000	138,501	125,501	16,635
Total licenses and permits	126,700	126,700	341,662	214,962	143,603
Intergovernmental revenues:					
Urban rural initiative program	181,354	181,354	183,448	2,094	182,816
State revenue sharing	452,817	452,817	471,783	18,966	445,349
Tree growth reimbursement	90,000	90,000	91,017	1,017	90,205
Veterans reimbursement	6,000	6,000	-	(6,000)	6,910
Homestead exemption	429,371	429,371	429,915	544	342,429
BETE reimbursement	101,898	101,898	102,138	240	83,300
Snowmobile refund	1,400	1,400	1,397	(3)	1,430
General assistance	22,000	22,000	10,431	(11,569)	18,822
Park fee share	10,000	10,000	-	(10,000)	-
Public safety grants	41,670	41,670	-	(41,670)	-
Total intergovernmental revenues	1,336,510	1,336,510	1,290,129	(46,381)	1,171,261

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, 2019

	Budget		Actual	Variance with	2018
	Original	Final		final budget positive (negative)	
Departmental income:					
Public works	\$ 5,000	5,000	9,456	4,456	2,505
Water supply protection	24,314	24,314	27,564	3,250	24,654
Fire department	10,000	10,000	38,750	28,750	8,601
Financial services income	32,000	32,000	32,000	-	32,000
Planning miscellaneous	5,000	5,000	-	(5,000)	-
Police department	17,500	17,500	43,130	25,630	17,094
Dispatch services	1,500	1,500	1,500	-	1,500
Recycling	35,000	35,000	16,986	(18,014)	35,150
Harbor	29,250	29,250	63,753	34,503	52,861
Solid waste billings	40,000	40,000	34,626	(5,374)	44,173
Solid waste miscellaneous	30,600	30,600	31,321	721	34,848
Resident stickers	195,000	195,000	207,806	12,806	200,761
Technology	37,000	37,000	47,000	10,000	52,778
Library	90,000	90,000	88,906	(1,094)	53,822
Recreation	1,000	1,000	-	(1,000)	-
Total departmental income	553,164	553,164	642,798	89,634	560,747
Unclassified:					
District court fees	-	-	1,076	1,076	1,985
Alewife sales	20,000	20,000	6,105	(13,895)	25,540
Cable TV franchise	70,000	70,000	82,227	12,227	73,284
Payment in lieu of taxes	40,000	40,000	21,311	(18,689)	22,446
Building rental	100	100	-	(100)	-
Photocopies	250	250	2	(248)	66
Sale of surplus property	-	-	43,175	43,175	3,500
Sale of city property	15,000	15,000	23,888	8,888	-
Development fees	10,000	10,000	7,084	(2,916)	404
Plan review	-	-	8,015	8,015	100
Reserve donations	-	-	-	-	450
Miscellaneous	5,500	5,500	65,790	60,290	19,715
Total unclassified	160,850	160,850	258,673	97,823	147,490
Investment income	80,000	80,000	136,079	56,079	84,048
Total revenues	23,738,404	23,738,404	24,035,832	297,428	23,719,185

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, 2019

	Budget		Actual	Variance with final budget	2018
	Original	Final		positive (negative)	Actual
Expenditures					
General government:					
Legislative	\$ 23,300	23,300	14,349	8,951	16,124
Administration	275,615	288,038	288,042	(4)	277,884
City clerk	93,530	95,373	96,673	(1,300)	94,465
Finance and tax collector	316,616	320,870	311,549	9,321	409,122
Assessment	122,676	124,966	114,281	10,685	114,384
Code enforcement	123,493	126,202	121,806	4,396	120,839
Planning	116,636	128,833	106,833	22,000	103,020
Legal	42,000	42,000	115,476	(73,476)	70,342
Elections	27,158	27,158	19,900	7,258	20,812
Economic development	131,345	133,742	110,849	22,893	167,910
Technology	308,319	325,382	279,092	46,290	282,699
COBI	21,100	21,228	19,315	1,913	16,109
Joint office services	74,500	74,500	66,168	8,332	63,050
Insurance	86,920	86,920	94,605	(7,685)	75,927
Employee benefits	2,011,389	1,992,005	2,071,056	(79,051)	1,937,108
Miscellaneous	36,400	36,427	48,210	(11,783)	45,198
Total general government	3,810,997	3,846,944	3,878,204	(31,260)	3,814,993
Public safety:					
Police department	1,308,534	1,315,114	1,333,275	(18,161)	1,303,421
Fire department	1,206,287	1,218,340	1,146,840	71,500	1,117,231
Dispatching	191,540	191,693	192,194	(501)	177,296
Hydrant rental	312,000	312,000	312,000	-	312,000
Street lights	82,000	82,000	89,461	(7,461)	83,045
Traffic signals	27,000	27,000	21,549	5,451	26,664
Total public safety	3,127,361	3,146,147	3,095,319	50,828	3,019,657
Public works:					
Public works	1,246,094	1,263,225	1,405,388	(142,163)	1,354,446
Public works garage	34,500	34,500	30,711	3,789	29,242
Solid waste disposal	365,259	366,711	333,332	33,379	295,779
Parks trees and cemeteries	37,000	48,443	33,715	14,728	31,413
Water supply commission	48,628	50,717	36,544	14,173	37,503
Total public works	1,731,481	1,763,596	1,839,690	(76,094)	1,748,383

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, 2019

	Budget		Actual	Variance with	2018
	Original	Final		final budget positive (negative)	
Health and human services:					
General assistance	\$ 54,274	56,239	39,360	16,879	46,657
Health and social services	16,400	16,400	14,900	1,500	17,400
Total health and human services	70,674	72,639	54,260	18,379	64,057
Culture and recreation:					
Library	709,495	740,519	692,864	47,655	676,644
Historical preservation	400	400	368	32	156
Historical society	2,000	2,000	2,000	-	2,000
Recreation	112,000	112,000	107,711	4,289	109,900
Ellsworth harbor	51,294	58,384	82,847	(24,463)	76,865
Total culture and recreation	875,189	913,303	885,790	27,513	865,565
Municipal buildings:					
City hall	197,153	200,562	177,103	23,459	187,379
Miscellaneous city property	53,750	82,721	76,853	5,868	118,922
Total municipal buildings	250,903	283,283	253,956	29,327	306,301
County tax	471,281	471,281	471,280	1	448,320
Unclassified:					
Reserves	-	-	76,800	(76,800)	-
Overlay/abatements	89,889	89,889	38,054	51,835	33,479
Total unclassified	89,889	89,889	114,854	(24,965)	33,479
Debt service:					
Principal	887,349	887,349	886,664	685	990,267
Interest	158,950	158,950	-	158,950	314,708
TAN interest	25,000	25,000	55,794	(30,794)	62,506
Total debt service	1,071,299	1,071,299	942,458	128,841	1,367,481
Total expenditures	11,499,074	11,658,381	11,535,811	122,570	11,668,236
Excess (deficiency) of revenues over (under) expenditures	12,239,330	12,080,023	12,500,021	419,998	12,050,949

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, 2019

	Budget		Actual	Variance with final budget positive (negative)	2018 Actual
	Original	Final			
Other financing sources (uses)					
Transfers in:					
TIF District	576,959	576,959	576,960	1	744,080
Total transfers in	576,959	576,959	576,960	1	744,080
Transfer out:					
TIF District	(601,737)	(601,737)	(601,737)	-	(867,894)
School operations	(11,129,015)	(11,129,015)	(11,129,015)	-	(10,892,202)
Adult education	(206,176)	(206,176)	(206,176)	-	(228,575)
Capital projects	(879,361)	(879,361)	(879,361)	-	(909,600)
Total transfers out	(12,816,289)	(12,816,289)	(12,816,289)	-	(12,898,271)
Use of carryforwards	-	88,150	-	(88,150)	-
Use of assigned fund balance	-	71,157	-	(71,157)	-
Total use of carryforwards and fund balance	-	159,307	-	(159,307)	-
Total other financing sources (uses)	(12,239,330)	(12,080,023)	(12,239,329)	(159,306)	(12,154,191)
Net change in fund balance	-	-	260,692	260,692	(103,242)
Fund balance, beginning of year			5,576,021		5,679,263
Fund balance, end of year			\$ 5,836,713		5,576,021

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ELLSWORTH, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 319,269	150,919	470,188
Investments	-	901,213	901,213
Accounts receivable	53,667	-	53,667
Due from other governments	455,370	-	455,370
Due from students	16,675	-	16,675
Inventory	13,458	-	13,458
Interfund receivable	1,118,351	-	1,118,351
Total assets	1,976,790	1,052,132	3,028,922
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	222,291	-	222,291
Accrued liabilities	102,705	-	102,705
Interfund payable	200,635	-	200,635
Total liabilities	525,631	-	525,631
Fund balances:			
Nonspendable	13,458	636,751	650,209
Restricted	1,551,044	415,381	1,966,425
Unassigned	(113,343)	-	(113,343)
Total fund balances	1,451,159	1,052,132	2,503,291
Total liabilities and fund balances	\$ 1,976,790	1,052,132	3,028,922

CITY OF ELLSWORTH, MAINE
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
Revenues:			
Licenses and permits	\$ 38,972	-	38,972
Intergovernmental revenues	1,921,667	-	1,921,667
Charges for services	310,029	-	310,029
Donations and fundraising	94,509	-	94,509
Other grants	22,727	-	22,727
Unclassified	18,924	-	18,924
Investment income	575	42,279	42,854
Total revenues	2,407,403	42,279	2,449,682
Expenditures:			
Current			
General government	386,541	-	386,541
Public safety	105,926	-	105,926
Culture and recreation	73,160	-	73,160
Unclassified	-	13,006	13,006
Education	994,867	-	994,867
Adult education	342,434	-	342,434
School lunch	705,361	-	705,361
Investment fees	-	4,806	4,806
Total expenditures	2,608,289	17,812	2,626,101
Excess (deficiency) of revenues over (under) expenditures	(200,886)	24,467	(176,419)
Other financing sources (uses)			
Transfers in	935,760	-	935,760
Transfers out	(576,959)	-	(576,959)
Total other financing sources (uses)	358,801	-	358,801
Net change in fund balances	157,915	24,467	182,382
Fund balances, beginning of year	1,293,244	1,027,665	2,320,909
Fund balances, end of year	\$ 1,451,159	1,052,132	2,503,291

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

CITY OF ELLSWORTH, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019

	School Grants	Adult Education	School Lunch Fund	City Grants	TIF Districts		Union River Center for Innovation	Conservation Easement Reserve	Knowlton Park	Shellfish Operating	Total
					TIFS 1-2 Development	TIF 3 Oriole Way					
ASSETS											
Cash and cash equivalents	-	33,004	254,012	-	-	-	-	32,253	-	-	319,269
Accounts receivable	-	-	-	-	-	-	41,667	-	-	12,000	53,667
Due from other governments	249,591	475	24,795	180,509	-	-	-	-	-	-	455,370
Due from students	-	-	16,675	-	-	-	-	-	-	-	16,675
Inventory	-	-	13,458	-	-	-	-	-	-	-	13,458
Interfund receivable	90,406	126,879	-	264,397	-	7,240	78,094	-	551,335	-	1,118,351
Total assets	339,997	160,358	308,940	444,906	-	7,240	119,761	32,253	551,335	12,000	1,976,790
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	41,766	5,975	19,308	153,851	-	-	1,036	-	-	355	222,291
Accrued liabilities	71,819	23,404	6,560	-	-	-	-	-	-	922	102,705
Interfund payable	-	-	102,662	-	93,119	-	-	-	-	4,854	200,635
Total liabilities	113,585	29,379	128,530	153,851	93,119	-	1,036	-	-	6,131	525,631
Fund balances (deficits):											
Nonspendable	-	-	13,458	-	-	-	-	-	-	-	13,458
Restricted	234,539	130,979	166,952	303,152	-	7,240	118,725	32,253	551,335	5,869	1,551,044
Unassigned	(8,127)	-	-	(12,097)	(93,119)	-	-	-	-	-	(113,343)
Total fund balances (deficits)	226,412	130,979	180,410	291,055	(93,119)	7,240	118,725	32,253	551,335	5,869	1,451,159
Total liabilities and fund balances	\$ 339,997	160,358	308,940	444,906	-	7,240	119,761	32,253	551,335	12,000	1,976,790

CITY OF ELLSWORTH, MAINE
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019

	School Grants	Adult Education	School Lunch Fund	City Grants	TIF Districts		Union River Center for Innovation	Conservation Easement Reserve	Knowlton Park	Shellfish Operating	Total
					TIFS 1-2 Development	TIF 3 Oriole Way					
Revenues:											
Licenses and permits	\$ -	-	-	-	-	-	-	-	-	38,972	38,972
Intergovernmental revenues	1,058,268	93,760	321,053	366,419	-	-	49,167	-	-	33,000	1,921,667
Charges for services	-	33,831	252,123	-	-	-	24,075	-	-	-	310,029
Donations and fundraising	-	-	-	79,509	-	-	15,000	-	-	-	94,509
Other grants	16,530	-	-	6,197	-	-	-	-	-	-	22,727
Unclassified	-	450	-	18,474	-	-	-	-	-	-	18,924
Investment income	-	-	-	-	-	-	-	570	5	-	575
Total revenues	1,074,798	128,041	573,176	470,599	-	-	88,242	570	5	71,972	2,407,403
Expenditures:											
Current											
General government	-	-	-	282,571	26,690	7,240	70,040	-	-	-	386,541
Public safety	-	-	-	105,926	-	-	-	-	-	-	105,926
Culture and recreation	-	-	-	4,775	-	-	-	-	-	68,385	73,160
Education	994,867	-	-	-	-	-	-	-	-	-	994,867
Adult education	-	342,434	-	-	-	-	-	-	-	-	342,434
School lunch	-	-	705,361	-	-	-	-	-	-	-	705,361
Total expenditures	994,867	342,434	705,361	393,272	26,690	7,240	70,040	-	-	68,385	2,608,289
Excess (deficiency) of revenues over (under) expenditures	79,931	(214,393)	(132,185)	77,327	(26,690)	(7,240)	18,202	570	5	3,587	(200,886)
Other financing sources (uses)											
Transfers in	-	206,176	127,848	-	587,256	14,480	-	-	-	-	935,760
Transfers out	-	-	-	-	(576,959)	-	-	-	-	-	(576,959)
Total other financing sources (uses)	-	206,176	127,848	-	10,297	14,480	-	-	-	-	358,801
Net change in fund balances	79,931	(8,217)	(4,337)	77,327	(16,393)	7,240	18,202	570	5	3,587	157,915
Fund balances (deficits), beginning of year	146,481	139,196	184,747	213,728	(76,726)	-	100,523	31,683	551,330	2,282	1,293,244
Fund balances (deficits), end of year	\$ 226,412	130,979	180,410	291,055	(93,119)	7,240	118,725	32,253	551,335	5,869	1,451,159

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, 2019

	Fund balances (deficits) beginning of year	Revenues			Expenditures	Fund balances (deficits) end of year
		Inter- governmental	Other			
General government:						
Branch Lake Access Improvement	\$ 1,014	-	-	-	-	1,014
Broadband	(2,316)	2,316	-	-	-	-
CDBG Business Assistance	(1,500)	-	-	-	-	(1,500)
CDBG Housing Assistance Program	-	225,519	-	225,586	-	(67)
Enviro	22,092	54,535	-	54,535	-	22,092
Wellness	3,725	-	1,513	2,450	-	2,788
Public safety:						
Assistance to Firefighters	(3,647)	-	-	-	-	(3,647)
BHS Equipment	(1,142)	-	-	-	-	(1,142)
Bulletproof Vest	6,336	799	-	-	-	7,135
Power DMS grant	-	-	3,200	3,200	-	-
COPS	(6,422)	50,289	-	45,189	-	(1,322)
DARE	824	-	1,500	1,380	-	944
Distracted Driving	-	7,935	-	7,935	-	-
EFD/SHHC Convention	9,757	-	-	-	-	9,757
FD - Christmas is for Kids	2,203	-	1,434	-	-	3,637
Gear Extractor Grant	-	-	20,000	-	-	20,000
Fire Training	564	-	-	-	-	564
Fire Training Site	72,750	-	53,942	22,467	-	104,225
Hancock County Byrne JAG 3	784	-	-	-	-	784
Homeland Security	7,320	-	-	-	-	7,320
K-9 Program	8,020	-	-	-	-	8,020
OUI	798	4,838	-	6,494	-	(858)
Project Hope	5,781	-	50	-	-	5,831
Safe Routes to School	(1,820)	-	-	-	-	(1,820)
Seatbelt	9,259	5,664	-	5,644	-	9,279
Speed	4,924	3,511	-	3,511	-	4,924
Underage Drinking	-	6,848	-	7,928	-	(1,080)
Volunteer Fire Assistance	(661)	2,178	-	2,178	-	(661)
Safety	1,866	1,987	-	-	-	3,853
Culture and recreation:						
Fireworks Donations	6,396	-	-	4,500	-	1,896
Harbor Donations	1,112	-	842	-	-	1,954
Lakes Environment	12,225	-	-	-	-	12,225
Maine Community Foundation	100	-	-	-	-	100
Museum in the Streets	-	-	3,225	-	-	3,225
Rails with Trail Connector	4,550	-	-	-	-	4,550
Supplemental Environmental Program	3,117	-	-	275	-	2,842
Fish and Wildlife	50	-	-	-	-	50
Public works:						
Bangor Hydro Pole	5,000	-	-	-	-	5,000
Debt service:						
Development Fees	40,669	-	18,474	-	-	59,143
	\$ 213,728	366,419	104,180	393,272		291,055

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, 2019

	Fund balances (deficits) beginning of year	Revenues		Expenditures	Fund balances (deficits) end of year
		Inter- governmental	Other		
Federal programs:					
Title IA	\$ 5,752	263,692	-	272,543	(3,099)
Title IV	-	26,972	-	26,972	-
Local Entitlement	(971)	333,888	-	334,033	(1,116)
Local Entitlement - Preschool	-	4,826	-	4,826	-
Title VI - Rural and Low Income	-	29,812	-	29,812	-
Title IIA	-	54,769	-	54,769	-
Title IC - Perkins	(2,491)	81,044	-	78,548	5
Perkins Alignment Grant	-	7,060	-	7,060	-
Perkins Middle School Grant	-	9,647	-	9,500	147
Total federal programs	2,290	811,710	-	818,063	(4,063)
Other programs:					
ConnectME	12	-	-	-	12
EHS 15 Minute Grant	6,664	-	-	-	6,664
MELMAC	10,415	-	-	10,374	41
CTE MELMAC	18,999	-	14,000	13,089	19,910
Dollar General Literacy	152	-	-	-	152
Walking School Bus	475	-	-	-	475
EHS Unified Grant	(28)	-	-	-	(28)
Cole Family Reading Recovery Grant	-	-	2,000	2,000	-
Lunchbox Donation	-	-	30	-	30
MEABT Wellness Grant	-	-	500	-	500
Bicycle Coalition of Maine Grant	2,500	-	-	-	2,500
Garden Network Grant	-	-	-	-	-
CTE Program Update Grant	5,205	67,686	-	67,660	5,231
CTE Early College Grant	101,118	107,515	-	10,073	198,560
National Board Certification	-	1,900	-	1,900	-
Maine College Transitions Grant	-	15,973	-	16,750	(777)
Proficiency Based Education	(902)	-	-	-	(902)
PEPG Grant	312	-	-	-	312
MLTI Grant	-	12,400	-	12,400	-
Momentum Grant	(731)	41,084	-	42,558	(2,205)
Adult Education IET Grant	-	-	-	-	-
Total other programs	144,191	246,558	16,530	176,804	230,475
Total	\$ 146,481	1,058,268	16,530	994,867	226,412

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

CITY OF ELLSWORTH, MAINE
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2019

	Cemetery Fund	Higgins Fund	Total
ASSETS			
Cash and cash equivalents	\$ 53,163	97,756	150,919
Investments	658,102	243,111	901,213
Total assets	\$ 711,265	340,867	1,052,132
FUND BALANCES			
Nonspendable	551,450	85,301	636,751
Restricted	159,815	255,566	415,381
Total fund balances	\$ 711,265	340,867	1,052,132

CITY OF ELLSWORTH, MAINE
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Permanent Funds
For the Year Ended June 30, 2019

	Cemetery Fund	Higgins Fund	Total
Revenues:			
Investment income:			
Interest income	\$ 15,365	9,587	24,952
Realized and unrealized gain (loss) on investments	16,479	848	17,327
Total revenues	31,844	10,435	42,279
Expenditures:			
Investment fees	4,806	-	4,806
Unclassified	13,006	-	13,006
Total expenditures	17,812	-	17,812
Net change in fund balances	14,032	10,435	24,467
Fund balances, beginning of year	697,233	330,432	1,027,665
Fund balances, end of year	\$ 711,265	340,867	1,052,132

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, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
ASSETS				
Cash and cash equivalents:				
Student activities:				
Ellsworth High School	\$ 64,824	163,055	151,095	76,784
Ellsworth Middle School	55,350	68,601	59,169	64,782
Ellsworth Elementary School	10,174	2,864	3,393	9,645
Hancock County Technical Center	19,918	72,648	65,341	27,225
Adult education	10,206	-	10,206	-
Investments:				
Cemetery association	27,795	1,254	461	28,588
Total assets	188,267	308,422	289,665	207,024
LIABILITIES				
Held for student activities:				
Ellsworth High School	64,824	163,055	151,095	76,784
Ellsworth Middle School	55,350	68,601	59,169	64,782
Ellsworth Elementary School	10,174	2,864	3,393	9,645
Hancock County Technical Center	19,918	72,648	65,341	27,225
Adult education	10,206	-	10,206	-
Held for cemetery association	27,795	1,254	461	28,588
Total liabilities \$	188,267	308,422	289,665	207,024

SCHEDULES

CITY OF ELLSWORTH, MAINE
Schedule of Capital Projects
For the Year Ended June 30, 2019

Project		
Road improvements	\$	638,802
City Hall improvements		6,282
Information technology		151,709
Highway equipment		250,834
Police cruiser		80,804
Fire equipment		236,416
Recreational improvements		13,850
Library improvements		43,272
Branch Lake improvements		500
Transfer station		141,513
Police equipment replacement		9,219
Branch Lake boat launch		4,800
Software upgrades		455
Computer replacement		10,005
Server replacement		32,130
Public safety building		7,125
Voting booths		10,000
Fiber network upgrades		4,302
Council chamber cameras		3,083
Total capital project fund capital outlays \$		1,645,101

CITY OF ELLSWORTH, MAINE
Schedule of Changes in Assigned Fund Balances
General Fund - Capital Reserve Funds
For the Year Ended June 30, 2019

	Fund Balances, beginning of year	Additions	Reductions	Fund Balances, end of year
School District	\$ 5,875	284	42	6,117
Industrial Park	1,363	66	10	1,419
General	196,200	6,385	77,941	124,644
Hancock Technical Center	403	19	2	420
Highway equipment	39,563	1,913	280	41,196
Harbor	4,188	202	30	4,360
City Hall	79,503	3,843	562	82,784
Cable TV	7,876	381	56	8,201
Jump playground	23,305	1,126	165	24,266
Employee benefits	64,536	3,119	455	67,200
Fire Department rescue	3,190	1,064	23	4,231
Federally forfeited property	1,697	82	12	1,767
City bonds	107	5	-	112
Road improvement	261,541	12,642	1,848	272,335
Capital equipment	79,234	3,830	560	82,504
Fire Department site	5,737	277	40	5,974
Police reserve	5,392	1,273	40	6,625
Basketball court	8,343	403	59	8,687
Moore Community Center	6,864	332	49	7,147
Knowlton Park	4,931	238	35	5,134
	\$ 799,848	37,484	82,209	755,123

CITY OF ELLSWORTH, MAINE
Schedule of Valuation, Assessments, and Collection of Taxes
For the Year Ended June 30, 2019

Valuation

Real estate	\$ 1,052,835,040
Personal property	<u>31,714,300</u>
Total valuation	<u><u>1,084,549,340</u></u>

Assessment

Valuation x Rate: \$1,084,549,340 x 0.01824%	19,782,180
Supplemental taxes	<u>18,558</u>
Total assessment charged to collector	19,800,738

Collections and credits

Cash collections	18,498,813
Tax abatements	<u>38,054</u>
Total collections and credits	<u>18,536,867</u>

Taxes receivable and tax liens as of June 30, 2019	<u><u>\$ 1,263,871</u></u>
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