

CITY OF ELLSWORTH, MAINE

Annual Financial Report

For the Year Ended June 30, 2020

CITY OF ELLSWORTH, MAINE
Annual Financial Report
June 30, 2020

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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, 2020, 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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof 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 management's discussion and analysis, the net pension liability and the OPEB liabilities, and the City and School Operations Fund budget to actual schedules, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2021 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.



September 20, 2021
South Portland, Maine

CITY OF ELLSWORTH, MAINE
Management's Discussion and Analysis
June 30, 2020

As management of the City of Ellsworth, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here and the financial statements that follow this section.

Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$62,983,159 as of June 30, 2020, compared to \$59,809,730 as of June 30, 2019. Of the \$62,983,159, \$42,576,973 relates to the City's governmental activities and \$20,406,186 relates to its business-type activities (Water and Wastewater).
- The City's General Fund - fund balance was \$6,020,665 as of June 30, 2020, compared to \$5,836,713 as of June 30, 2019, an increase of \$183,952.
- At the close of fiscal year 2020, the City of Ellsworth's governmental funds financial statements reported a combined ending fund balance of \$7,422,079, which is an increase of \$768,732 from the prior year's combined ending fund balance of \$6,653,347.

Overview of the Financial Statements

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

Government-wide Financial Statements

The *government-wide financial statements* include a Statement of Net Position (Statement 1) and a Statement of Activities (Statement 2). These statements provide information about the activities of the City as a whole and present both a long-term and short-term view of the City's finances. Financial reporting at this level is similar to the accounting used by most private-sector companies.

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

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

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

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

- Governmental activities: Most of the City's basic services are reported here, including general government, public safety, public works, culture and recreation, education, and general assistance. These activities are principally supported by taxes and intergovernmental revenues.
- Business-type activities: The City operates a water and sewer system that charges a fee to customers to help it cover the cost of certain services it provides.

Fund Financial Statements

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

- Governmental funds are used to account for mostly the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements are reported using an accounting method called modified accrual accounting that measures cash and all other financial assets that can readily be converted to cash. Both the governmental fund balance sheet (Statement 3) and the governmental fund statement of revenues, expenditures, and changes in fund balances (Statement 4) provide a reconciliation to facilitate a comparison between governmental funds and governmental activities.
- The City of Ellsworth reports three major individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, School Operations Fund, and Capital Projects Fund. All other funds are considered to be non-major and are combined into a single aggregated presentation as "Other Governmental Funds". Individual fund data for each of these non-major governmental funds is provided in the form of combining statements (Exhibits B-1 and B-2) elsewhere in this report.
- The City of Ellsworth adopts an annual budget for its General Fund and School Operations Fund. Required Supplementary Information has been provided for the General Fund and School Operations Fund to demonstrate compliance with this budget. Additionally, the City's General Fund is further broken down into the individual elements comprising each budget category (Exhibit A-2).
- Proprietary funds are used to account for the operations of the Water and Wastewater funds. Enterprise funds are the only type of proprietary funds maintained by the City. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Both the Water and Wastewater funds are considered major funds. The City of Ellsworth adopts annual budgets for each fund.
- Fiduciary funds are reported in the fiduciary fund financial statements (Statements 10 and 11), but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. Fiduciary fund financial statements report similarly to proprietary funds. The City reports two types of fiduciary funds: agency funds and private-purpose trusts.

Notes to the Basic Financial Statements

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

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

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

The following schedule is a summary of net position for the years ended June 30, 2020 and 2019:

	Governmental Activities			Business-type Activities		
	2020	2019	Change	2020	2019	Change
Current and other assets	\$ 12,388,115	10,980,206	1,407,909	(2,385,608)	(1,992,405)	(393,203)
Capital assets, net	68,790,534	68,969,907	(179,373)	32,207,920	32,460,223	(252,303)
Total assets	81,178,649	79,950,113	1,228,536	29,822,312	30,467,818	(645,506)
Deferred outflows of resources related to pensions	982,180	917,958	64,222	-	-	-
Deferred outflows of resources related to OPEB	347,561	190,846	156,715	-	-	-
Total deferred outflows	1,329,741	1,108,804	220,937	-	-	-
Current liabilities	3,654,452	3,195,476	458,976	190,125	368,074	(177,949)
Noncurrent liabilities	35,851,020	38,266,803	(2,415,783)	9,226,001	9,307,314	(81,313)
Total liabilities	39,505,472	41,462,279	(1,956,807)	9,416,126	9,675,388	(259,262)
Deferred inflows of resources related to pensions	405,165	351,171	53,994	-	-	-
Deferred inflows of resources related to OPEB	20,780	228,167	(207,387)	-	-	-
Total deferred inflows	425,945	579,338	(153,393)	-	-	-
Net investments in capital assets	40,221,562	37,316,081	2,905,481	23,062,825	23,224,962	(162,137)
Restricted	5,923,596	4,613,485	1,310,111	441,566	436,165	5,401
Unrestricted	(3,568,185)	(2,912,266)	(655,919)	(3,098,205)	(2,868,697)	(229,508)
Total net position	\$ 42,576,973	39,017,300	3,559,673	20,406,186	20,792,430	(386,244)

Governmental activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$42,576,973. Business-type activities assets exceeded liabilities by \$20,406,186 for a City-wide total net position of \$62,983,159 at the close of the most recent fiscal year.

The largest portion of the City of Ellsworth's net position (100.5%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding, and adding back any unspent bond proceeds.

The City of Ellsworth uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City of Ellsworth's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining portion of the City's net position (-0.5%) represents resources that are subject to external restrictions and a portion used to meet the City's ongoing obligations to citizens and creditors.

At the end of fiscal year 2020, the City of Ellsworth is able to report positive balances in all categories of net position except in unrestricted for both governmental and business-type activities. The governmental activities negative unrestricted net position represents -8.4% of the total governmental activities net position. The City Council will be addressing this in future budget years to bring unrestricted net position to a positive balance. The business-type activities negative balance is due to the Wastewater department's operating history where expenses have exceeded revenues.

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

Additionally, interest on debt used to pay for the new plant and depreciation expense on capital assets are significant annual expenses to the Wastewater Fund. The City Council has addressed this issue in the past by increasing user fee rates and additional increases will be explored going forward.

The following schedule is a summary of the statement of activities for the years ended June 30, 2020 and 2019:

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues						
Program revenues:						
Charges for services	\$ 3,433,878	3,462,799	(28,921)	2,697,576	2,627,174	70,402
Oper. grants & contributions	11,568,489	10,621,646	946,843	-	-	-
Capital grants & contributions	43,014	116,800	(73,786)	65,152	41,105	24,047
General revenues:						
Taxes	22,470,947	21,639,791	831,156	-	-	-
Intergovernmental	1,403,150	1,096,250	306,900	-	-	-
Investments	92,675	183,173	(90,498)	30,953	31,790	(837)
All others	188,417	235,505	(47,088)	-	-	-
Total revenues	39,200,570	37,355,964	1,844,606	2,793,681	2,700,069	93,612
Expenses:						
General government	5,243,666	4,736,965	506,701	-	-	-
Public safety	3,404,974	3,393,396	11,578	-	-	-
Municipal buildings	291,478	309,429	(17,951)	-	-	-
Culture and recreation	922,573	960,551	(37,978)	-	-	-
General assistance	57,262	54,260	3,002	-	-	-
Public works	2,448,509	2,416,425	32,084	-	-	-
Education	22,137,837	21,704,886	432,951	-	-	-
Investment fees	4,953	4,806	147	-	-	-
Unclassified	84,060	155,264	(71,204)	-	-	-
Capital maintenance	111,355	82,034	29,321	-	-	-
Interest on long-term debt	934,230	917,194	17,036	-	-	-
Wastewater	-	-	-	2,067,112	2,017,615	49,497
Water	-	-	-	1,112,813	1,033,244	79,569
Total expenses	35,640,897	34,735,210	905,687	3,179,925	3,050,859	129,066
Change in net position	3,559,673	2,620,754	938,919	(386,244)	(350,790)	(35,454)
Net position, beginning of year	39,017,300	36,396,546	2,620,754	20,792,430	21,143,220	(350,790)
Net position, end of year	\$ 42,576,973	39,017,300	3,559,673	20,406,186	20,792,430	(386,244)

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

The cost of all governmental activities in fiscal year 2020 was \$35,640,897, an increase of \$905,687, or 2.5%, from fiscal year 2019. The increase was due primarily to education and general government spending. As shown on the Statement of Activities, the total amount financed by the City's taxpayers was \$22,470,947, or 57.3% of total revenues. Those who directly benefit from an activity provided \$3,433,878 in revenue. Other governments and organizations subsidized certain activities with operating grants and contributions in the amount of \$11,568,489. Capital grants and contributions accounted for \$43,014. All other revenues accounted for \$1,684,242, which includes miscellaneous revenues, intergovernmental revenues not restricted to a specific program, investment earnings, and the sale of property held for resale.

Total governmental activities revenues of \$39,200,570 increased by \$1,844,606, or 4.7%, over fiscal year 2019. This was driven by moderate growth in property and excise taxes, as well as increased grants to education and an increase in State Revenue Sharing.

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

Governmental funds - The focus of the City of Ellsworth's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. The City implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which primarily establishes a hierarchy of fund balance classifications based on constraints placed on the use of these accounts. The unassigned General Fund – fund balance of \$4,655,300 (Statement 3) may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year after assigning the amount needed for fiscal year 2020.

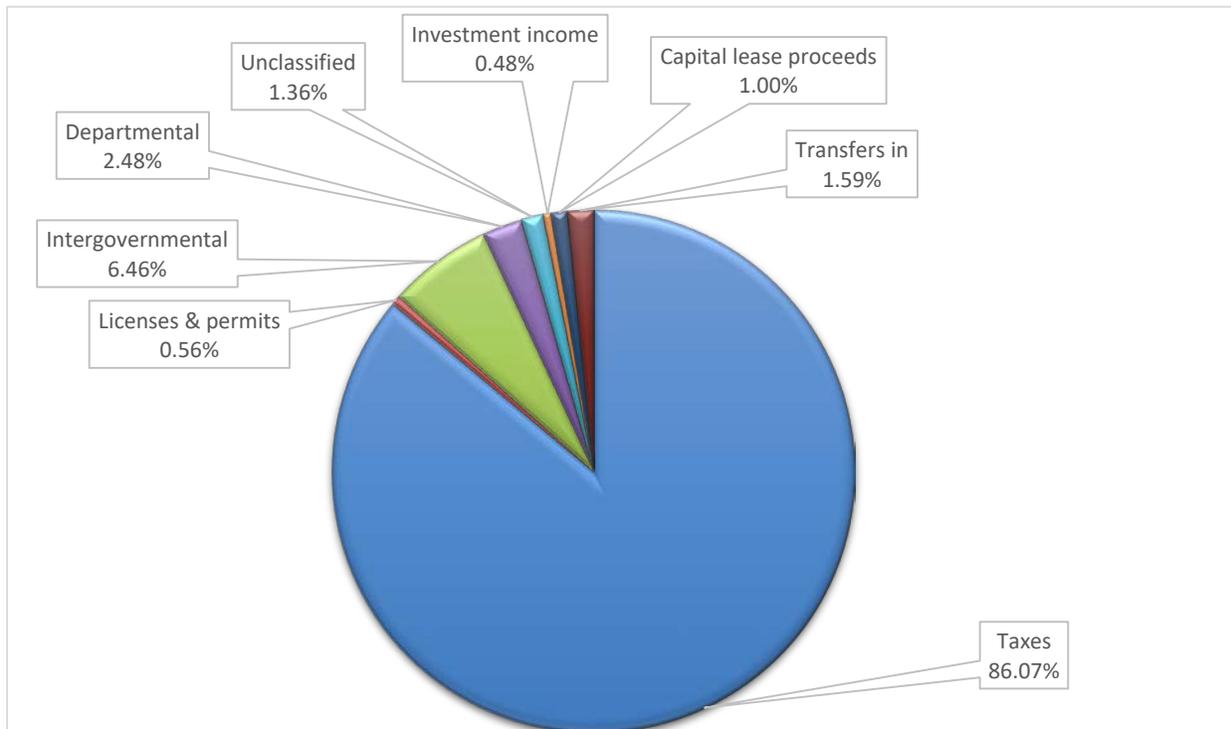
As of the end of 2020, the City of Ellsworth's governmental funds reported combined ending fund balances of \$7,422,079, an increase of \$768,732. Of this total, a portion is not available for new spending because it is either in a non-spendable form (\$703,843), has been restricted for special revenues, permanent funds or education (\$5,219,753), or has been assigned to liquidate contracts and purchase orders of the prior period (\$1,365,365). The remaining unassigned fund balance is \$133,118 which is driven primarily from a General Fund surplus offsetting the negative fund balance in the Capital Projects Fund of \$4,480,173.

General Fund - The General Fund is the central operating fund of the City of Ellsworth. As stated above, the unassigned General Fund – fund balance as of June 30, 2020 was \$4,655,300 as compared to \$4,779,959 the previous year, which is a decrease of \$124,659, or 2.6%.

Total expenditures in the General Fund (\$24,643,263, Statement 4), which includes other financing uses, increased by \$291,163, or 1.2%. Total revenues in the General Fund (\$24,827,215 Statement 4), which includes other financing sources, increased from the prior year by \$214,423, or 0.9%, mainly due to the increases in intergovernmental revenues.

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

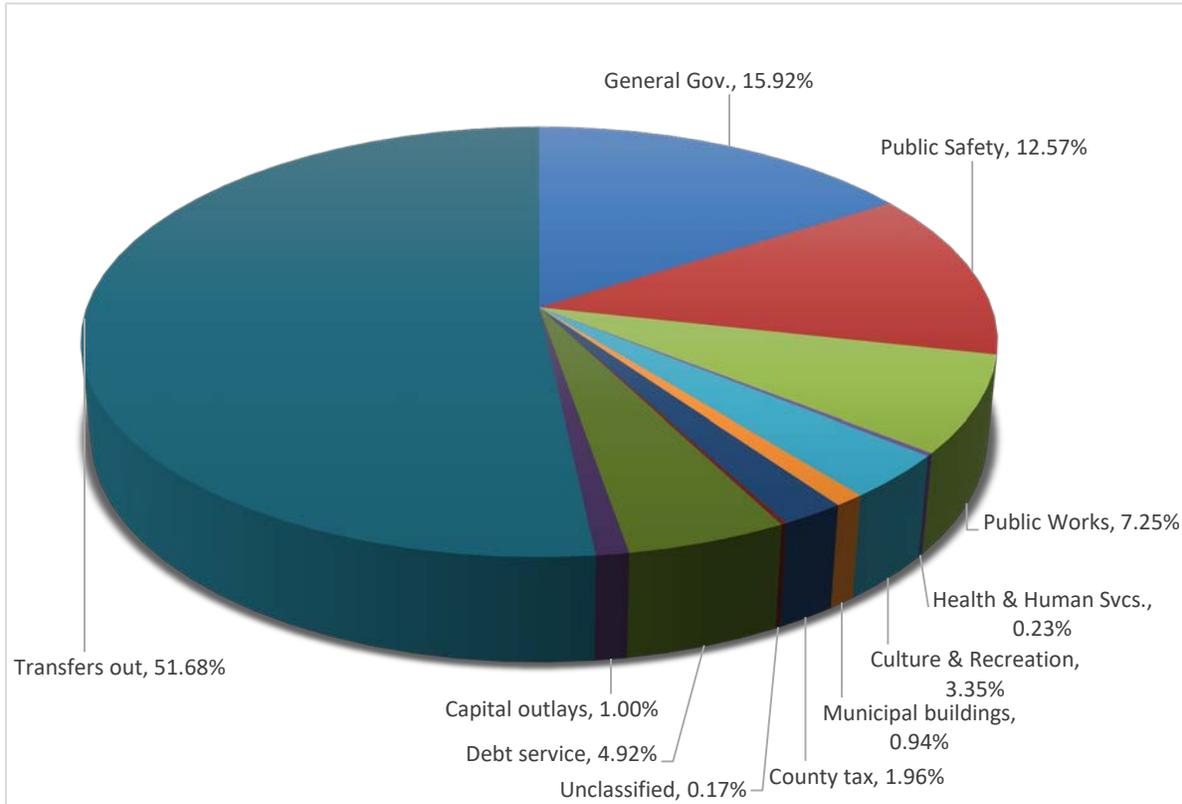
The distribution of the City's General Fund revenues was as follows (Statement 4):



The largest single source of revenue continues to be taxes, which includes property taxes, excise taxes, and interest and lien costs. Tax revenues in total increased by \$2,149 or 0.01%, from the prior year. The portion of total revenues attributed to tax revenues (86.07%) decreased from the prior year by 0.74%. All other revenues and other financing sources account for 13.93% of total revenues.

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

The City's General Fund expenditures were as follows (Statement 4):

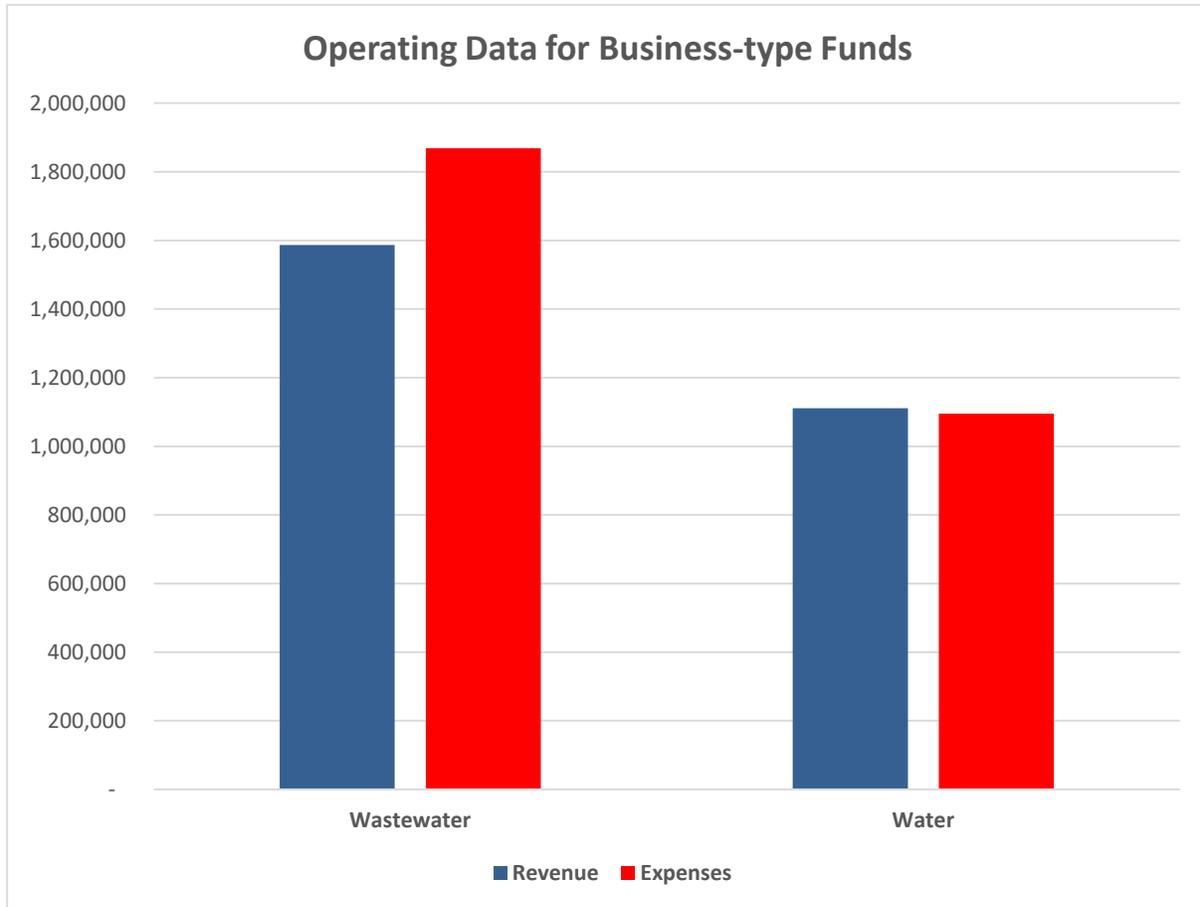


Transfers out account for the largest percentage of total expenditures at 51.7%. This accounts for the City's budgeted education allocation (\$11,452,670), adult education allocation (\$210,877), and capital projects (\$1,072,446). General government expenditures account for 15.9% of total expenditures and public safety accounts for 12.6%. All other expenditure categories comprise 19.8% of total expenditures.

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

Business-type Activities

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



Wastewater operating loss was (\$282,406) for fiscal year 2020 while the Water fund operating income was \$15,362. Ending unrestricted net position of the City's Wastewater fund amounted to (\$3,422,037) a decrease of \$207,906. The City's Water fund unrestricted net position amounted to \$323,832, a decrease of \$21,602.

General Fund Budgetary Highlights

Actual revenues exceeded budgeted revenues by \$155,387 (Required Supplementary Information). This is primarily due to higher-than- expected revenues from investments as well as the receipt of unbudgeted miscellaneous revenues, including the sale of city property.

Actual expenditures were lower than budgeted expenditures by \$346,249. Higher general government costs were offset by lower than budgeted expenditures for Public Safety, Public Works, and other categories. The onset of COVID-19 late in the fiscal year curtailed some spending or delayed projects until the next fiscal year.

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

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

School Operations Fund Budgetary Highlights

Actual revenues were over budget by \$450,936. This was due to higher than expected tuition payments, State agency clients, and the State EPS allocation.

Actual expenditures were significantly under budget by \$1,726,255 primarily due to the COVID-19 pandemic. Spending in all categories were below budgeted levels, with facilities maintenance and instruction showing the biggest difference.

Capital Assets

The City of Ellsworth's capital assets, net of accumulated depreciation, for its governmental activities and business-type activities as of June 30, 2020 amounted to \$68,790,534 and \$32,207,919, respectively. Accumulated depreciation as of June 30, 2020 amounts to \$28,296,591 for governmental activities and \$17,132,689 for business-type activities. This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, and infrastructure. The City of Ellsworth maintains a capital improvement fund for the purpose of replacing and acquiring new assets and reconstruction of infrastructure. The City maintains a ten-year capital improvement plan for both governmental and business-type activities for budgetary planning of this fund.

Capital asset additions for governmental activities amounted to \$2,358,578. Major capital asset additions for governmental activities for fiscal year 2020 include new police cruisers, building improvements, highway equipment, and new road, sidewalk, culvert, and drainage improvements.

Capital asset additions for business-type activities amounted to \$830,264. Most of the additions were attributed to construction in progress and infrastructure improvements related to water distribution mains.

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

Long-term Debt

At the end of the fiscal year, the City of Ellsworth had total long-term debt (bonds/notes) outstanding of \$36,890,765. Of this amount, \$8,578,826 is remaining for road construction projects, Moore Community Center construction, Knowlton Park construction, and other general purposes; \$9,034,124 for business-type activities; and \$19,277,815 for the School Department.

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

State statutes limit the amount of general obligation debt a municipality may issue to 15% of its total state assessed valuation. The debt limitation in fiscal year 2020 for the City of Ellsworth was \$164,987,000, far exceeding the City's outstanding general obligation debt.

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

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

Economic Factors and Next Year's Budgets and Rates

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

The City of Ellsworth is the commercial center for the Downeast Region and is responsible for providing services for Hancock County and parts of Washington County. Our economic base is dependent on providing services and retail sales to the people of these regions and on tourism. Because of this, the City is not dependent on a particular business to maintain its tax base. Accordingly, even though the region suffered a significant downturn in tourism at the end of fiscal year 2020 due to the pandemic, the City's finances remained stable. However, close attention to developments in the economy due to COVID-19 will be monitored closely going forward and adjustments will be made accordingly.

The City has been able to see a growing tax base and to experience a stable economy from business development and employment growth. However, there is a fine line between the services demanded and the services the City taxpayers can afford.

According to the 2010 census, the City of Ellsworth was the fastest growing city in the State of Maine. In the past decade, the City grew by 20 percent and above-average growth is expected for the 2010-2020 period when the next census results are announced. The City has worked hard to expand and is always looking for new development opportunities.

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

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

The City continues the planning and economic development for the completion of the City's business park, traffic and housing studies, and upgrades to the City's water mains. Future projects include a continued partnership with the State of Maine DOT in traffic control, continued upgrades to the City's water mains, reconstruction of local roads and drainage systems, broadband expansion, and a concept design for a public safety building.

The City of Ellsworth received a rating review by Standard & Poor's and Moody's in August 2015. The City maintained its AA- General Obligation bond rating with Standard and Poor's stating that "the City has a seasonal local economy with a strong commercial presence; a strong, diverse tax base and good wealth and income levels; and low debt burden, net of self-supported enterprise and state-subsidized school debt, coupled with manageable capital needs". Moody's also affirmed its rating of Aa3 based upon "...the City's diverse and growing tax base, manageable debt position, and stable financial operations". The City of Ellsworth is committed to fiscal responsibility, planning, and economic development.

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

CITY OF ELLSWORTH, MAINE
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,157,751	100	3,157,851
Investments	1,783,528	389,356	2,172,884
Receivables:			
Taxes	1,928,383	-	1,928,383
Accounts	985,309	792,435	1,777,744
Due from other governments	450,088	-	450,088
Internal balances	4,015,964	(4,015,964)	-
Prepaid expenses	55,000	-	55,000
Inventory	12,092	6,899	18,991
Cash restricted for capital projects	-	430,180	430,180
Accounts receivable restricted for capital projects	-	11,386	11,386
Capital assets, not being depreciated	3,486,524	2,805,401	6,291,925
Capital assets, net of accumulated depreciation	65,304,010	29,402,519	94,706,529
Total assets	81,178,649	29,822,312	111,000,961
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	982,180	-	982,180
Deferred outflows of resources related to OPEB	347,561	-	347,561
Total deferred outflows of resources	1,329,741	-	1,329,741
LIABILITIES			
Accounts payable	805,691	42,268	847,959
Accrued liabilities	1,983,385	14,903	1,998,288
Unearned revenue	5,502	-	5,502
Customer deposits	-	112,989	112,989
Bond anticipation notes	699,847	-	699,847
Accrued interest	160,027	19,965	179,992
Noncurrent liabilities:			
Due within one year	3,350,215	880,685	4,230,900
Due in more than one year	32,500,805	8,345,316	40,846,121
Total liabilities	39,505,472	9,416,126	48,921,598
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	405,165	-	405,165
Deferred inflows of resources related to OPEB	20,780	-	20,780
Total deferred inflows of resources	425,945	-	425,945
NET POSITION			
Net investment in capital assets	40,221,562	23,062,825	63,284,387
Restricted for:			
Permanent funds - Nonexpendable principal	636,751	-	636,751
Capital projects	-	441,566	441,566
Special revenue funds	1,708,038	-	1,708,038
Permanent funds	365,800	-	365,800
Education	3,213,007	-	3,213,007
Unrestricted	(3,568,185)	(3,098,205)	(6,666,390)
Total net position	\$ 42,576,973	20,406,186	62,983,159

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Activities
For the Year Ended June 30, 2020

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	\$ 5,243,666	371,404	171,564	-	(4,700,698)	-	(4,700,698)
Public safety	3,404,974	73,597	87,982	-	(3,243,395)	-	(3,243,395)
Municipal buildings	291,478	-	-	-	(291,478)	-	(291,478)
Culture and recreation	922,573	89,658	11,007	43,014	(778,894)	-	(778,894)
General assistance	57,262	-	11,339	-	(45,923)	-	(45,923)
Public works	2,448,509	324,215	188,584	-	(1,935,710)	-	(1,935,710)
Education	22,137,837	2,457,503	11,080,013	-	(8,600,321)	-	(8,600,321)
Investment fees	4,953	-	-	-	(4,953)	-	(4,953)
Unclassified	84,060	117,501	18,000	-	51,441	-	51,441
Capital maintenance	111,355	-	-	-	(111,355)	-	(111,355)
Interest on long-term debt	934,230	-	-	-	(934,230)	-	(934,230)
Total governmental activities	35,640,897	3,433,878	11,568,489	43,014	(20,595,516)	-	(20,595,516)
Business-type activities:							
Wastewater	2,067,112	1,586,561	-	-	-	(480,551)	(480,551)
Water	1,112,813	1,111,015	-	65,152	-	63,354	63,354
Total business-type activities	3,179,925	2,697,576	-	65,152	-	(417,197)	(417,197)
Total primary government	\$ 38,820,822	6,131,454	11,568,489	108,166	(20,595,516)	(417,197)	(21,012,713)
General revenues:							
Property taxes, levied for general purposes					\$ 20,734,675	-	20,734,675
Motor vehicle excise taxes					1,698,544	-	1,698,544
Interest and costs on taxes					37,728	-	37,728
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					734,707	-	734,707
Homestead exemption					454,050	-	454,050
Other State aid					214,393	-	214,393
Unrestricted investment earnings					92,675	30,953	123,628
Sale of properties held for resale					120,884	-	120,884
Miscellaneous revenues					67,533	-	67,533
Total general revenues					24,155,189	30,953	24,186,142
Change in net position					3,559,673	(386,244)	3,173,429
Net position, beginning of year					39,017,300	20,792,430	59,809,730
Net position, end of year					\$ 42,576,973	20,406,186	62,983,159

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	School Operations Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,956,411	9,613	-	191,727	3,157,751
Investments	905,818	-	-	877,710	1,783,528
Receivables:					
Taxes - current year	1,301,696	-	-	-	1,301,696
Taxes - prior years	143,497	-	-	-	143,497
Tax liens - current year	23,883	-	-	-	23,883
Tax liens - prior years	459,307	-	-	-	459,307
Accounts	258,538	698,587	-	3,009	960,134
Due from other governments	-	29,198	-	410,088	439,286
Due from students	-	-	-	25,175	25,175
Due to/from school department	-	10,802	-	-	10,802
Prepaid expenditures	-	-	-	55,000	55,000
Inventory	-	-	-	12,092	12,092
Interfund receivable	1,807,411	4,507,925	-	1,294,113	7,609,449
Total assets	\$ 7,856,561	5,256,125	-	2,868,914	15,981,600
LIABILITIES					
Accounts payable	125,784	167,574	235,127	92,773	621,258
Due to/from school department	10,802	-	-	-	10,802
Accrued liabilities	227,699	1,648,125	-	107,561	1,983,385
Bond anticipation notes	-	-	699,847	-	699,847
Unearned revenue	-	5,502	-	-	5,502
Interfund payable	-	221,917	3,545,199	-	3,767,116
Total liabilities	364,285	2,043,118	4,480,173	200,334	7,087,910
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	1,471,611	-	-	-	1,471,611
Total deferred inflows of resources	1,471,611	-	-	-	1,471,611
FUND BALANCES (DEFICIT)					
Nonspendable	-	-	-	703,843	703,843
Restricted	-	3,213,007	-	2,006,746	5,219,753
Assigned	1,365,365	-	-	-	1,365,365
Unassigned	4,655,300	-	(4,480,173)	(42,009)	133,118
Total fund balances (deficit)	6,020,665	3,213,007	(4,480,173)	2,668,580	7,422,079
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,856,561	5,256,125	-	2,868,914	15,981,600

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, 2020

	General Fund	School Operations Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 21,368,640	-	-	953,496	22,322,136
Licenses and permits	139,997	-	-	45,390	185,387
Intergovernmental revenues	1,603,073	9,649,299	-	1,660,338	12,912,710
Departmental income	616,651	-	-	-	616,651
Charges for services	-	2,231,847	-	249,477	2,481,324
Donations and fundraising	-	-	-	51,072	51,072
Other grants	-	-	-	14,439	14,439
Unclassified	338,451	33,752	50	3,112	375,365
Investment income (loss)	118,341	3,972	-	(29,638)	92,675
Total revenues	24,185,153	11,918,870	50	2,947,686	39,051,759
Expenditures					
Current:					
General government	3,923,513	-	-	244,722	4,168,235
Public safety	3,097,546	-	-	84,753	3,182,299
Public works	1,786,431	-	-	-	1,786,431
Health and human services	57,262	-	-	-	57,262
Culture and recreation	826,495	-	-	94,477	920,972
Municipal buildings	230,520	-	-	-	230,520
County tax	483,884	-	-	-	483,884
Education	-	17,821,119	-	945,725	18,766,844
Maine PERS on-behalf payments	-	1,507,826	-	-	1,507,826
Adult education	-	-	-	332,747	332,747
School lunch	-	-	-	694,671	694,671
Investment fees	-	-	-	4,953	4,953
Unclassified	41,209	-	-	14,486	55,695
Debt service:					
Principal	1,092,307	2,071,781	-	-	3,164,088
Interest	120,915	594,557	-	256,443	971,915
Capital outlays	247,188	-	1,912,986	41,699	2,201,873
Total expenditures	11,907,270	21,995,283	1,912,986	2,714,676	38,530,215
Excess (deficiency) of revenues over (under) expenditures	12,277,883	(10,076,413)	(1,912,936)	233,010	521,544
Other financing sources (uses):					
Capital lease proceeds	247,188	-	-	-	247,188
Transfers in	394,874	11,452,670	1,116,271	395,978	13,359,793
Transfers out	(12,735,993)	(160,101)	-	(463,699)	(13,359,793)
Total other financing sources (uses)	(12,093,931)	11,292,569	1,116,271	(67,721)	247,188
Net change in fund balances	183,952	1,216,156	(796,665)	165,289	768,732
Fund balances (deficit), beginning of year	5,836,713	1,996,851	(3,683,508)	2,503,291	6,653,347
Fund balances (deficit), end of year	\$ 6,020,665	3,213,007	(4,480,173)	2,668,580	7,422,079

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
For the year ended June 30, 2020

Total fund balances - governmental funds (from Statement 3)		\$ 7,422,079
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>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:</p>		
		1,471,611
<p>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:</p>		
		68,790,534
<p>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:</p>		
Bonds and notes payable	(27,856,641)	
Capital leases payable	(592,737)	
Premium on bonds payable	(119,594)	
Other postemployment benefits (OPEB)	(4,848,580)	
Deferred outflows and inflows related to OPEB	326,781	
Accrued compensated absences	(629,297)	
Accrued interest	(160,027)	
Net pension liability	(1,804,171)	
Deferred outflows and inflows related to the net pension liability	577,015	
		(35,107,251)
<hr/>		
Total net position - governmental activities (see Statement 1)		\$ 42,576,973

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, 2020

Net change in fund balances - total governmental funds (from Statement 4)	\$	768,732
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.		
		148,811
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. These are the changes in capital assets:		
Capital asset additions		2,358,578
Depreciation expense		(2,408,464)
Net book value of disposed assets		(129,487)
		(179,373)
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:		
Principal payments on bonds and notes		3,164,088
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. These are the changes in capital leases:		
Lease proceeds		(247,188)
Principal payments on leases		243,109
		(4,079)
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		(430,226)
Deferred outflows and inflows related to OPEB		364,102
Unamortized debt premiums		6,295
Accrued compensated absences		(118,573)
Accrued interest payable		31,390
Net pension liability		(201,722)
Deferred outflows and inflows related to the net pension liability		10,228
		(338,506)
Change in net position of governmental activities (see Statement 2)		\$ 3,559,673

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-type Activities - Enterprise Funds		
	Wastewater	Water	Total
	Fund	Fund	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	100	100
Investments	372,167	17,189	389,356
Accounts receivable - trade	343,589	378,318	721,907
Liens receivable	70,528	-	70,528
Inventory	6,899	-	6,899
Interfund receivable	-	114,845	114,845
Total current assets	793,183	510,452	1,303,635
Noncurrent assets:			
Restricted:			
Cash restricted for capital projects	430,180	-	430,180
Accounts receivable restricted for capital projects	11,386	-	11,386
Total restricted	441,566	-	441,566
Capital assets:			
Land and easement	-	1,693,299	1,693,299
Construction in progress	-	1,112,102	1,112,102
Capital assets, being depreciated	32,038,747	14,496,461	46,535,208
Accumulated depreciation	(12,127,833)	(5,004,856)	(17,132,689)
Total capital assets, net	19,910,914	12,297,006	32,207,920
Total noncurrent assets	20,352,480	12,297,006	32,649,486
Total assets	21,145,663	12,807,458	33,953,121
LIABILITIES			
Current liabilities:			
Accounts payable	22,421	19,847	42,268
Accrued payroll and related liabilities	7,189	7,714	14,903
Accrued interest	16,544	3,421	19,965
Customer deposits	-	112,989	112,989
Interfund payable	4,130,809	-	4,130,809
Current portion premium on bonds payable	5,840	-	5,840
Current portion of bonds and loans payable	600,450	274,395	874,845
Total current liabilities	4,783,253	418,366	5,201,619
Noncurrent liabilities:			
Accrued compensated absences	38,257	42,649	80,906
Premium on bonds payable	105,131	-	105,131
Bonds and loans payable	6,234,638	1,924,641	8,159,279
Total noncurrent liabilities	6,378,026	1,967,290	8,345,316
Total liabilities	\$ 11,161,279	2,385,656	13,546,935
NET POSITION			
Net investment in capital assets	12,964,855	10,097,970	23,062,825
Restricted for capital projects	441,566	-	441,566
Unrestricted	(3,422,037)	323,832	(3,098,205)
Total net position	\$ 9,984,384	10,421,802	20,406,186

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, 2020

	Business-type Activities - Enterprise Funds		
	Wastewater Fund	Water Fund	Total
Operating revenues:			
Charges for services	\$ 1,580,066	1,093,676	2,673,742
Miscellaneous	6,495	17,339	23,834
Total operating revenues	1,586,561	1,111,015	2,697,576
Operating expenses:			
Personnel	294,412	366,819	661,231
Contract services	306,971	129,380	436,351
Supplies, maintenance and repairs	195,710	191,645	387,355
Utilities	214,054	80,476	294,530
Miscellaneous	3,615	98,970	102,585
Depreciation	854,205	228,363	1,082,568
Total operating expenses	1,868,967	1,095,653	2,964,620
Operating income (loss)	(282,406)	15,362	(267,044)
Nonoperating revenues (expenses):			
Interest revenue	30,132	821	30,953
Interest expense	(198,145)	(17,160)	(215,305)
Total nonoperating revenues (expenses)	(168,013)	(16,339)	(184,352)
Income (loss) before capital contributions	(450,419)	(977)	(451,396)
Capital contributions	-	65,152	65,152
Change in net position	(450,419)	64,175	(386,244)
Net position, beginning of year	10,434,803	10,357,627	20,792,430
Net position, end of year	\$ 9,984,384	10,421,802	20,406,186

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds		
	Wastewater Fund	Water Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 1,726,509	1,100,602	2,827,111
Payments to suppliers	(748,175)	(652,254)	(1,400,429)
Payments to employees	(294,908)	(357,966)	(652,874)
Net cash provided by (used in) operating activities	683,426	90,382	773,808
Cash flows from noncapital financing activities:			
Net change in interfunds	185,042	176,233	361,275
Net cash provided by (used in) noncapital financing activities	185,042	176,233	361,275
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	(815,265)	(815,265)
Principal payments on bonds and notes	(600,450)	(436,751)	(1,037,201)
Interest paid on bonds and notes	(205,646)	(17,632)	(223,278)
Proceeds from bond issuance	-	1,003,030	1,003,030
Net cash provided by (used in) capital and related financing activities	(806,096)	(266,618)	(1,072,714)
Cash flows from investing activities:			
Purchase of investments	-	(818)	(818)
Investment income	12,467	821	13,288
Net cash provided by (used in) investing activities	12,467	3	12,470
Net change in cash and cash equivalents	74,839	-	74,839
Cash and cash equivalents, beginning of year	355,341	100	355,441
Cash and cash equivalents, end of year	\$ 430,180	100	430,280
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	(282,406)	15,362	(267,044)
Adjustment to reconcile changes in operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	854,205	228,363	1,082,568
Decrease (increase) in assets:			
Accounts receivable	129,492	(13,259)	116,233
Liens receivable	10,456	-	10,456
Inventory	(1,441)	-	(1,441)
Increase (decrease) in liabilities:			
Accounts payable	(26,384)	(151,783)	(178,167)
Accrued liabilities	(496)	-	(496)
Accrued compensated absences	-	8,853	8,853
Customer deposits	-	2,846	2,846
Net cash provided by (used in) operating activities	\$ 683,426	90,382	773,808

See accompanying notes to basic financial statements.

CITY OF ELLSWORTH, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Agency Funds (School and Cemetery)	Private-purpose Trusts (Library)
ASSETS		
Cash and cash equivalents	\$ 214,207	22,852
Investments	28,515	1,069,770
Interfund receivable	-	173,631
Total assets	\$ 242,722	1,266,253
LIABILITIES		
Accounts payable	-	140
Held for student activities	214,207	-
Held for cemetery association	28,515	-
Total liabilities	242,722	140
NET POSITION		
Held in trust	\$ -	1,266,113

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, 2020

	Private-purpose Trusts (Library)
ADDITIONS	
Interest income	\$ 1,688
Increase (decrease) in investment fair market value	24,112
Donations and other	93,794
Total additions	119,594
DEDUCTIONS	
Library expenses	12,292
Total deductions	12,292
Change in net position	107,302
Net position, beginning of year	1,158,811
Net position, end of year	\$ 1,266,113

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, 2020:

General government	\$ 164,845
Unclassified	35,183
Debt service	13,064

C. Deficit Fund Balances

The following funds had deficit fund balance at June 30, 2020:

Capital projects	\$ 4,480,173
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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, 2020:

City Grants:		School Grants:	
Keep Maine healthy	\$ 11,120	Program improvement	31
Byrne/JAG	232	Local entitlement	1,116
Dare	293	X-mas fund	1,000
Gear extractor grant	87	EHS unified grant	28
OUI	858	Maine college transitions grant	262
Underage drinking	1,080	Proficiency based education	902
Bike/pedestrian feasibility study	25,000		

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, 2020, the City reported deposits of \$ 3,825,090 with a bank balance of \$6,034,244. At June 30, 2020, 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	\$ 3,157,751
Reported in proprietary funds	430,280
Reported in fiduciary funds	237,059
Total deposits	\$ 3,825,090

B. Investments

At June 30, 2020, 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	\$ 360,215	-	40,253	-	319,962
Corporate bonds	815,945	-	413,075	159,852	243,018
Municipal bonds	85,545	-	-	85,545	-
Common stock	1,264,890	1,264,890	-	-	-
Mutual funds	744,574	744,600	-	-	-
Totals	\$ 3,271,169	2,009,490	453,328	245,397	562,980

Investments have been reported as follows:

Reported in governmental funds	\$ 1,783,528
Reported in proprietary funds	389,356
Reported in fiduciary funds	1,098,285
Total investments	\$ 3,271,169

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, 2020 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, 2020, the City had the following credit quality distribution in corporate and municipal bonds:

<u>Standard & Poor Rating</u>	<u>Fair Value</u>
AAA	\$ 85,545
AA+	65,413
AA-	161,031
A-	203,295
BBB+	81,347
BBB	142,695
BBB-	<u>162,163</u>
Total corporate and municipal bonds	<u>\$ 901,489</u>

As of June 30, 2020, the City held individually \$179,405 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 October 31, 2019, on the assessed value listed as of April 1, 2019, for all real and personal property located in the City. Taxes were due September 12, 2019 and March 12, 2020. Interest on unpaid taxes commenced on September 12, 2019 and March 12, 2020, 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 \$6,026 for the year ended June 30, 2020.

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, 2020 were as follows:

<u>Fund</u>	<u>Interfund receivables</u>	<u>Interfund payables</u>	<u>Interfund transfers</u>
<u>General Fund</u>	<u>\$ 1,807,411</u>	-	<u>(12,341,119)</u>
<u>School Operations</u>	<u>4,507,925</u>	<u>221,917</u>	<u>11,292,569</u>

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

INTERFUND LOANS AND TRANSFERS, CONTINUED

<u>Capital Projects</u>	\$ -	3,545,199	1,116,271
 Nonmajor Governmental Funds			
School Grants	41,229	-	-
Adult Education	135,631	-	210,877
School Lunch	45,057	-	160,101
City Grants	297,229	-	(35,431)
TIFS 1 Development	64,074	-	(200,538)
TIF 2 Housing	29,930	-	(199,176)
TIF 3 Oriole Way	12,792	-	(28,554)
Union River Center for Innovation	99,155	-	25,000
Knowlton Park	551,338	-	-
Shellfish Operating	17,678	-	-
<u>Total nonmajor governmental funds</u>	<u>1,294,113</u>	<u>-</u>	<u>(67,721)</u>
 <u>Wastewater Fund</u>	 -	 4,130,809	 -
 <u>Water Fund</u>	 114,845	 -	 -
 <u>Private-purpose Trust Funds</u>	 173,631	 -	 -
 <u>Total</u>	 <u>\$ 7,897,925</u>	 <u>7,897,925</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, 2020 follows:

	Balance July 1, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2020</u>
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 199,224	505,793	-	705,017
Land	2,781,507	-	-	2,781,507
<u>Total capital assets, not being depreciated</u>	<u>2,980,731</u>	<u>505,793</u>	<u>-</u>	<u>3,486,524</u>
Capital assets, being depreciated:				
Buildings and improvements	56,198,139	202,403	-	56,400,542
Vehicles, furniture and equipment	12,559,493	1,141,994	582,650	13,118,837
Infrastructure	23,572,834	508,388	-	23,572,834
<u>Total capital assets being depreciated</u>	<u>92,330,466</u>	<u>1,852,785</u>	<u>582,650</u>	<u>93,600,601</u>

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

LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2020 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds	\$ 5,790,000	-	815,000	4,975,000	815,000
Notes from direct borrowings	25,230,729	-	2,349,088	22,881,641	2,352,149
Unamortized bond premium	125,889	-	6,295	119,594	6,295
Capital leases payable	588,658	247,188	243,109	592,737	176,771
Accrued compensated absences	510,724	629,297	510,724	629,297	-
Net pension liability	1,602,449	201,722	-	1,804,171	-
Other postemployment benefits	4,418,354	430,226	-	4,848,580	-
Total governmental activity					
long-term liabilities	\$ 38,266,803	1,508,433	3,924,216	35,851,020	3,350,215

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	\$ 5,655,000	-	470,000	5,185,000	260,000
Notes from direct borrowings (1)	3,463,449	1,003,030	617,355	3,849,124	614,845
Unamortized bond premium	116,812	-	5,841	110,971	5,840
Accrued compensated absences	72,053	80,906	72,053	80,906	-
Total business-type activity					
long-term liabilities	\$ 9,307,314	1,083,936	1,165,249	9,226,001	880,685

(1) Notes from direct borrowings reductions include \$50,152 forgiveness of principal for the Drinking Water State Revolving Fund debt issued in FY 2020.

Bonds and Notes Payable

Bonds and Notes payable at June 30, 2020 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%	160,000
2011 Road projects	1,892,000	6/15/2011	4/1/2021	1.50-2.65%	185,000
2015 Moore community center	4,631,000	5/01/2015	12/1/2034	2.00-4.00%	3,455,000
2015 Beechland road project	1,509,000	5/01/2015	12/1/2024	2.00-4.00%	750,000
2015 Knowlton park project	850,000	5/01/2015	12/1/2024	2.00-4.00%	425,000
Total governmental activities bonds payable					4,975,000

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

LONG-TERM LIABILITIES, CONTINUED

	Originally <u>Issued</u>	Date of <u>issue</u>	Date of <u>maturity</u>	Interest <u>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%	719,856
2019 School notes	34,956,123	1/14/2020	11/1/2029	2.11-5.61%	18,397,959
2016 General obligation	1,400,000	6/30/2016	6/30/2026	2.34%	1,013,966
<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>2,749,860</u>
Total governmental activities notes payable					<u>22,881,641</u>
Bonds payable:					
Business-type activities:					
<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>5,185,000</u>
Total business-type activity bonds					<u>5,185,000</u>
Notes from direct borrowings:					
Business-type activities:					
Drinking water revolving ⁽¹⁾	169,710	1/17/2006	4/01/2025	0.00%	42,428
Drinking water revolving	271,208	7/25/2008	4/01/2028	0.00%	119,648
2010 Water conservation	1,515,000	8/20/2010	10/1/2020	1.00%	151,500
Drinking water revolving ⁽²⁾	989,394	2/07/2019	8/01/2037	1.00%	932,582
Clean water revolving loan ⁽³⁾	1,193,734	6/17/2009	4/01/2029	0.00%	537,180
2011 Wastewater ⁽⁴⁾	3,370,145	3/01/2011	10/1/2030	1.22%	953,580
Clean water revolving ⁽⁵⁾	245,120	10/1/2012	10/1/2032	1.00%	159,328
<u>Drinking water revolving ⁽⁶⁾</u>	<u>952,879</u>	<u>6/1/2020</u>	<u>10/1/2039</u>	<u>1.00%</u>	<u>952,878</u>
Total business-type activity notes					<u>3,849,124</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.
- (6) The original amount of this note was \$1,003,030, of which \$50,152 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, 2020 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>
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	465,000	77,506	2,365,448	135,617
2026-2030	1,150,000	275,125	11,087,896	130,674
2031-2035	1,145,000	96,963	-	-
Total	\$ 4,975,000	881,248	22,881,641	1,731,940

<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>
2021	\$ 260,000	162,550	614,845	29,054
2022	260,000	152,150	263,345	26,712
2023	260,000	144,350	263,345	24,759
2024	260,000	139,150	263,345	22,806
2025	260,000	133,625	263,345	20,854
2026-2030	1,300,000	556,000	1,184,700	74,974
2031-2035	1,300,000	354,500	602,547	33,085
2036-2040	1,285,000	125,300	393,655	8,201
Total	\$ 5,185,000	1,767,625	3,849,127	240,445

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, 2020, the amount capitalized under capital leases totals \$498,822.

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, 2020.

	Governmental Activities
2021	\$ 192,184
2022	171,602
2023	136,920
2024	105,335
<u>2025</u>	<u>33,472</u>
Total minimum lease payments	639,513
<u>Less: amount representing interest</u>	<u>(46,776)</u>
Present value of future minimum	
<u>Lease payments</u>	<u>\$ 592,737</u>

SHORT-TERM LIABILITIES

The City's Capital Projects Fund obtained short-term borrowing in the form of bond anticipation notes for the financing of capital improvements. The 2019 Bond Anticipation Note was issued November 6, 2019, bearing an interest rate of 1.73% and maturing on December 6, 2021. The 2020 Bond Anticipation Note was issued February 28, 2020, bearing an interest rate of 1.73% and maturing on December 12, 2021. In addition, the City issued a Tax Anticipation Note in FY 2020 to meet short-term cash flows needs. Short-term liability transactions for the year ended June 30, 2020 were as follows:

		Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:	\$				
Tax anticipation note		-	2,000,000	2,000,000	-
Bond anticipation note 2020		-	50,001	-	50,001
Bond anticipation notes 2019		-	649,846	-	649,846
Total governmental activities	\$	-	2,699,847	2,000,000	699,847

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

BUDGETARY V. GAAP-BASIS ACCOUNTING

Through June 30, 2020, 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, 2020 - GAAP basis	\$ 3,213,007
<u>Accrued teacher summer benefits</u>	<u>261,999</u>
 <u>Total fund balance, June 30, 2020 - budgetary basis</u>	 <u>\$ 3,475,006</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 \$1,507,826.

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, 2020, fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>
General fund:			
Assigned for:			
Code enforcement services	\$ -	-	4,000
Planning miscellaneous	-	-	12,042
Elections operating	-	-	6,000
Technology training	-	-	13,925
Joint office printing and advertising	-	-	8,500
Police department supplies	-	-	10,000
Fire department stipends	-	-	13,000
Public works capital and rentals	-	-	39,100
Solid waste disposal	-	-	17,500
Parks, trees and cemeteries supplies	-	-	15,750
General assistance heat	-	-	5,369
City hall power	-	-	10,000
Misc. city property	-	-	3,068
Encumbrance carryforwards	-	-	84,359
Capital reserves	-	-	767,557
Library operating	-	-	355,195
<u>Total general fund</u>	<u>-</u>	<u>-</u>	<u>1,365,365</u>
School operations fund:			
Education	-	3,213,007	-
<u>Total school operations fund</u>	<u>-</u>	<u>3,213,007</u>	<u>-</u>

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

FUND BALANCES

Other governmental funds:

School grants - prepaid expenditures	\$ 55,000	-	-
School grants	-	246,944	-
Adult education	-	136,576	-
School lunch – inventory	12,092	-	-
School lunch	-	69,282	-
City grants	-	378,440	-
TIF 1 Development	-	64,074	-
TIF 2 Housing	-	29,930	-
TIF 3 Oriole Way – education	-	12,792	-
Union River center for innovation	-	99,060	-
Conservation easement reserve	-	32,754	-
Knowlton park	-	551,338	-
Shellfish operating	-	19,756	-
Cemetery fund – principal	551,450	-	-
Cemetery fund – unexpended income	-	163,853	-
Higgins fund – principal	85,301	-	-
Higgins fund – unexpended income	-	201,947	-
Total other governmental funds	703,843	2,006,746	-
Total fund balances	\$ 703,843	5,219,753	1,365,365

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, 2020:

	Governmental activities	Business-type activities
Capital assets, net of depreciation	\$ 68,790,534	32,207,920
Bonds and notes payable	(27,856,641)	(9,034,124)
Capital leases payable	(592,737)	-
Premium on bonds payable	(119,594)	(110,971)
Total net investment in capital assets	\$ 40,221,562	23,062,825

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.

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

TAX INCREMENT FINANCING DISTRICTS, CONTINUED

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, 2020, the City remitted a total of \$41,346 in credit enhancement payments.

The following is a summary of the three TIF districts:

	<u>Original value</u>	<u>Increase in value</u>	<u>Percent captured</u>	<u>Captured value</u>	<u>Captured taxes</u>
Beckwith Hill (TIF 1)	\$ 21,509,555	48,733,560	67%	32,651,485	614,174
Leonard Lake Senior Housing (TIF 2)	789,500	13,643,300	100%	13,643,300	256,630
Oriole Way Workforce Housing (TIF 3)	568,042	4,396,158	100%	4,396,158	82,692

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, 2020.

COMMITMENTS

As of June 30, 2020, 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 January 1, 2020, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	21
Inactive employee entitled to but not yet receiving benefits	-
Active employees	84
Total	105

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 \$1,329,835 was measured as of January 1, 2020, and was determined by an actuarial valuation as of that date.

Changes in the Total CITY Health Plan OPEB Liability

		Total OPEB Liability
Balance at June 30, 2019	\$	1,183,989
Changes for the year:		
Service Cost		33,459
Interest		48,676
Changes of benefit terms		(28,293)
Differences between expected and actual experience		(45,023)
Changes in assumptions or other inputs		198,105
Benefit payments		(61,078)
Net changes		145,846
Balance at June 30, 2020	\$	1,329,835

Change in assumptions reflects a change in the discount rate from 4.10% to 2.74%. In addition, the changes of benefit terms reflect the elimination of the ACA’s Cadillac tax.

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

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

For the year ended June 30, 2020, The City recognized OPEB expense of \$43,008 related to the Health Plan. At June 30, 2020, 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	\$	16,347	-
Changes in assumptions		110,206	-
Contributions after the measurement date		32,391	-
Total	\$	158,944	-

An amount of \$32,391 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, 2021. 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:	
2021	\$ 20,879
2022	20,879
2023	20,879
2024	20,879
2025	4,769
Thereafter	38,268

Actuarial Assumptions and Other Inputs - The total OPEB liability in the January 1, 2020 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	2.00% per annum
Salary increases	2.75% per annum
Discount rate	2.74% per annum
Healthcare cost trend rates	8.55% for 2020, decreasing to 3.53% for 2040
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, 2020 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 2.74% 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 (1.74% - 3.74%)	\$ 1,517,595	1,329,835	1,175,292

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 8.55%, 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 (7.55%) or 1 percentage-point higher (9.55%) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 1,169,023	1,329,835	1,529,045

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 \$3,293,207 was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018.

Changes in the Total OPEB Liability

Balance at June 30, 2019		\$ 3,028,437
Changes for the year:		
Service Cost		31,932
Interest		117,279
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions or other inputs		175,962
Benefit payments		<u>(60,403)</u>
Net changes		<u>264,770</u>
Balance at June 30, 2020		<u>\$ 3,293,207</u>

Change in assumptions reflects a change in the discount rate from 3.87% to 3.50%.

For the year ended June 30, 2020, the City recognized OPEB expense of \$154,809. At June 30, 2020, 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	\$ 53,128	-
Contributions subsequent to measurement date	102,550	-
Total	<u>\$ 155,678</u>	<u>-</u>

\$102,550 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, 2021. 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:	
2021	\$ 5,598
2022	5,598
2023	5,598
2024	5,598
2025	5,596
Thereafter	25,140

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 roll forward 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	3.50% 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 3.50% 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 (2.50%) or 1 percentage-point higher (4.50%) than the current rate:

	<u>1%</u>	<u>Discount</u>	<u>1%</u>
	<u>Decrease</u>	<u>Rate</u>	<u>Increase</u>
Total OPEB liability	\$ 3,848,811	3,293,207	2,848,343

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:

	<u>1% Decrease</u>	<u>Healthcare Cost</u>	<u>1% Increase</u>
	<u>Trend Rates</u>	<u>Trend Rates</u>	<u>Increase</u>
Total OPEB liability	\$ 2,794,081	3,293,207	3,922,609

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 \$3,924 for the year ended June 30, 2020. 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 \$24,245 for the year ended June 30, 2020. 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, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. 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, 2020, the City reported a liability of \$225,538 for its proportionate share of the net OPEB liability. At June 30, 2019, the City's proportion was 1.0540%.

SET OPEB Plan – At June 30, 2020, 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 \$263,404 as of June 30, 2020. At June 30, 2019, 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, 2020, the City recognized an expense of \$7,172 related to the GTL Consolidated PLD. For the year ended June 30, 2020, the City recognized OPEB expense of \$24,245 and also revenues of \$24,245 for support provided by the State related to the SET OPEB plan. At June 30, 2020, the City reported no deferred outflows of resources nor deferred inflows of resources related to the SET OPEB plan. At June 30, 2020, 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	\$ -	10,696
Differences between expected and actual experience	14,375	-
Net difference between projected and actual earnings on OPEB plan investments	-	10,084
Changes in proportion and differences between City contributions and proportionate share of contributions	14,640	-
Contributions after the measurement date	3,924	-
Total	\$ 32,939	20,780

\$3,924 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, 2021. 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:	
2021	\$(2,712)
2022	(2,712)
2023	(602)
2024	11,421
2025	2,840

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 4.98% which is a blend of the assumed long-term expected rate of return of 6.75% and a municipal bond index rate of 3.5%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2019. 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 2050. 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 6.75%. 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 (3.98% - 5.98%)	\$ 297,844	225,538	168,535

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 8.1% for the AC plan and 8.9% for the 4C plan of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2020 was 10.0% and 8.9% of annual payroll for the AC and 4C plans, respectively. Contributions to the pension plan from the City were \$303,018 for the year ended June 30, 2020.

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, 2020 was 18.49% of annual payroll, of which 4.16% of payroll was required from the City and 14.33% was required from the State. Contributions to the pension plan from the City were \$356,325 for the year ended June 30, 2020.

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, 2019, 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, 2020, the City reported a liability of \$1,376,663 for its proportionate share of the net pension liability. At June 30, 2019, the City's proportion of the PLD Plan was 0.4504%.

SET Plan - At June 30, 2020, 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	\$ 427,508
State's proportionate share of the net pension liability associated with the City	9,062,233
Total	\$ 9,489,741

At June 30, 2019, the City's proportion of the SET Plan was 0.0292%.

For the year ended June 30, 2020, the City recognized pension expense of \$502,707 for the PLD Plan and pension expense of \$1,575,567 and revenue of \$1,227,437 for support provided by the State for the SET Plan.

At June 30, 2020, 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	\$ 163,001	-
Changes of assumptions	69,719	-
Net difference between projected and actual earnings on pension plan investments	-	344,820
Changes in proportion and differences between City contributions and proportionate share of contributions	26,896	-
City contributions subsequent to the measurement date	303,018	-
Total	\$ 562,634	344,820

\$303,018 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, 2021.

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>	
2021	\$ 68,234
2022	(139,384)
2023	(13,835)
2024	(219)

At June 30, 2020, 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	\$ 33,255	-
Changes of assumptions	12,377	-
Net difference between projected and actual earnings on pension plan investments	-	60,345
Changes in proportion and differences between City contributions and proportionate share of contributions	17,589	-
City contributions subsequent to the measurement date	356,325	-
Total	\$ 419,546	60,345

\$356,325 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, 2021.

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>	
2021	\$ 41,271
2022	(25,018)
2023	(13,561)
2024	184

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

NET PENSION LIABILITIES, CONTINUED

Actuarial Assumptions - The total pension liability in the June 30, 2019 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, 2019 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, 2019 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	\$ 3,135,949	1,376,663	(268,981)
City's proportionate share of the net pension liability – SET	772,924	427,508	139,667

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, 2020.

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, 2020 and 2019, the City's contribution to the deferred compensation plans of its employees were \$207,540 and \$206,850, 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.

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

SUBSEQUENT EVENTS

In May 2021, the School Board approved a lease purchase agreement for Chromebook computer equipment in the amount of \$199,400.

In June 2021, the City Council approved a \$2,000,000 Tax Anticipation Note (TAN) through Key Bank at an interest rate of 0.50%.

CITY OF ELLSWORTH, MAINE
Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Budgetary Basis
General Fund
For the Year Ended June 30, 2020

	General Fund			Variance with final budget positive (negative)
	Budget		Actual	
	Original	Final		
Revenues				
Taxes	\$ 21,485,901	21,485,901	21,368,640	(117,261)
Licenses and permits	129,700	129,700	139,997	10,297
Intergovernmental revenues	1,619,320	1,619,320	1,603,073	(16,247)
Departmental income	571,511	571,511	616,651	45,140
Unclassified	138,334	138,334	338,451	200,117
Investment income	85,000	85,000	118,341	33,341
Total revenues	24,029,766	24,029,766	24,185,153	155,387
Expenditures				
Current:				
General government	3,727,985	3,758,668	3,923,513	(164,845)
Public safety	3,333,198	3,349,701	3,097,546	252,155
Public works	1,935,510	1,953,770	1,786,431	167,339
Health and human services	73,504	74,909	57,262	17,647
Culture and recreation	880,103	895,373	826,495	68,878
Municipal buildings	253,666	283,841	230,520	53,321
County tax	483,885	483,885	483,884	1
Unclassified	6,026	6,026	41,209	(35,183)
Debt service:				
Principal	1,092,307	1,092,307	1,092,307	-
Interest	107,851	107,851	120,915	(13,064)
Total expenditures	11,894,035	12,006,331	11,660,082	346,249
Excess (deficiency) of revenues over (under) expenditures	12,135,731	12,023,435	12,525,071	501,636
Other financing sources (uses)				
Transfers in	678,694	678,694	394,874	(283,820)
Transfers out	(12,814,425)	(12,814,425)	(12,735,993)	78,432
Use of carryforwards	-	61,456	-	(61,456)
Use of assigned fund balance	-	50,840	-	(50,840)
Total other financing sources (uses)	(12,135,731)	(12,023,435)	(12,341,119)	(317,684)
Net change in fund balance	-	-	183,952	183,952
Fund balance, beginning of year			5,836,713	
Fund balance, end of year			\$ 6,020,665	

CITY OF ELLSWORTH, MAINE
Required Supplementary Information, Continued

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Budgetary Basis
School Operations Fund
For the Year Ended June 30, 2020

	Budgeted Special Revenue Fund			Variance with final budget positive (negative)
	School Operations Fund			
	Budget		Actual	
Original	Final			
Revenues				
Intergovernmental:				
State EPS allocation	\$ 7,930,225	7,930,225	7,959,292	29,067
State agency clients	103,000	103,000	179,062	76,062
Other State aid	-	-	3,119	3,119
Charges for services:				
Tuition	1,631,238	1,631,238	1,933,799	302,561
CTE assessment	178,645	178,645	192,361	13,716
Transportation	10,000	10,000	16,779	6,779
Other services	97,000	97,000	88,908	(8,092)
Other revenues:				
Miscellaneous	10,000	10,000	33,752	23,752
Interest income	-	-	3,972	3,972
Total revenues	9,960,108	9,960,108	10,411,044	450,936
Expenditures				
Current:				
Regular instruction	6,483,018	6,483,018	6,106,719	376,299
Special education instruction	3,722,685	3,722,685	3,341,435	381,250
Career and technical education	1,881,786	1,881,786	1,675,990	205,796
Other instruction	708,641	708,641	566,363	142,278
Student and staff support	1,890,623	1,890,623	1,749,110	141,513
System administration	547,940	547,940	538,897	9,043
School administration	850,051	850,051	832,037	18,014
Facilities maintenance	2,504,910	2,504,910	2,074,371	430,539
Transportation	969,185	969,185	947,662	21,523
Debt service	2,666,338	2,666,338	2,666,338	-
Total expenditures	22,225,177	22,225,177	20,498,922	1,726,255
Excess (deficiency) of revenues over (under) expenditures	(12,265,069)	(12,265,069)	(10,087,878)	2,177,191
Other financing sources (uses)				
Use of surplus	955,000	955,000	-	(955,000)
Transfer in for local appropriation:				
EPS allocation	11,452,670	11,452,670	11,452,670	-
Transfer out	(142,601)	(142,601)	(160,101)	(17,500)
Total other financing sources (uses)	12,265,069	12,265,069	11,292,569	(972,500)
Net change in fund balance - budgetary basis	-	-	1,204,691	1,204,691
Reconciliation to GAAP basis:				
Change in accrued teacher summer benefits			11,465	
Net change in fund balance - GAAP basis			1,216,156	
Fund balance, beginning of year			1,996,851	
Fund balance, end of year			\$ 3,213,007	

CITY OF ELLSWORTH, MAINE
Required Supplementary Information, Continued

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 33,459	37,595	34,906
Interest	48,676	43,704	42,658
Changes of benefit terms	(28,293)	-	-
Differences between expected and actual experience	(45,023)	-	97,550
Changes of assumptions or other inputs	198,105	(100,568)	15,223
Benefit payments	<u>(61,078)</u>	<u>(58,729)</u>	<u>(43,496)</u>
Net change in total OPEB Liability	145,846	(77,998)	146,841
Total OPEB liability - beginning	<u>1,183,989</u>	<u>1,261,987</u>	<u>1,115,146</u>
Total OPEB liability - ending	\$ <u>1,329,835</u>	<u>1,183,989</u>	<u>1,261,987</u>
Covered-employee payroll	\$ 4,212,717	3,999,898	3,999,898
Total OPEB liability as a percent of covered-employee payroll	31.57%	29.60%	31.55%

**Only three years of information available.*

CITY OF ELLSWORTH, MAINE
Required Supplementary Information, Continued

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

	<u>2020</u>	<u>2019</u>
Total OPEB Liability		
Service cost	\$ 31,932	34,378
Interest	117,279	110,415
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions or other inputs	175,962	(136,775)
Benefit payments	<u>(60,403)</u>	<u>(58,315)</u>
Net change in total OPEB Liability	264,770	(50,297)
Total OPEB liability - beginning	<u>3,028,437</u>	<u>3,078,734</u>
Total OPEB liability - ending	<u>\$ 3,293,207</u>	<u>3,028,437</u>
Covered-employee payroll	\$ 10,299,328	10,023,677
Total OPEB liability as a percent of covered-employee payroll	31.97%	30.21%

**Only two years of information available.*

CITY OF ELLSWORTH, MAINE
Required Supplementary Information, Continued

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

<u>PLD OPEB Plan</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net OPEB liability	1.0540%	1.0194%	0.9432%
City's proportionate share of the net OPEB liability	\$ 225,538	205,928	157,722
City's covered-employee payroll	1,781,295	1,766,115	1,766,115
City's proportionate share of the net OPEB liability as percentage of its covered payroll	12.66%	11.66%	8.93%
Plan fiduciary net position as a percentage of the total OPEB liability	43.18%	43.92%	47.42%
 <u>SET OPEB Plan</u>			
City's proportion of the net OPEB liability	0.00%	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	<u>263,404</u>	<u>256,965</u>	<u>249,271</u>
Total	<u>\$ 263,404</u>	<u>256,965</u>	<u>249,271</u>
Plan fiduciary net position as a percentage of the total OPEB liability	49.22%	48.04%	47.29%

Schedule City's Contributions - Net OPEB Liability - Life Insurance
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>PLD OPEB Plan</u>			
Contractually required contribution	\$ 3,924	3,905	3,638
Contributions in relation to the contractually required contribution	<u>(3,924)</u>	<u>(3,905)</u>	<u>(3,638)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	\$ 1,801,541	1,781,295	1,766,115
Contributions as a percentage of covered-employee payroll	0.22%	0.22%	0.21%

* Only three 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 Consolidated Plan (PLD) and State Employee
and Teacher Plan (SET)

Last 10 Fiscal Years**

	<u>2020</u>	<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	\$ 0.4504%	0.4375%	0.4389%	0.4099%	37.3300%	0.1742%
City's proportionate share of the net pension liability	1,376,663	1,197,306	1,797,150	2,177,845	1,191,097	268,039
City's covered payroll	3,006,435	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 its covered payroll	45.79%	44.88%	70.03%	94.22%	104.86%	32.69%
Plan fiduciary net position as a percentage of the total pension liability	90.62%	91.14%	86.43%	81.61%	88.27%	94.01%
SET Plan						
City's proportion of the net pension liability	0.0292%	0.0300%	0.0247%	0.0322%	0.0143%	0.0000%
City's proportionate share of the net pension liability	427,508	405,143	358,384	568,317	193,553	-
State's proportionate share of the net pension liability associated with the City	9,062,233	8,596,643	9,282,899	11,415,889	7,461,868	-
Total	\$ 9,489,741	9,001,786	9,641,283	11,984,206	7,655,421	-
City's covered payroll	\$ 8,272,966	8,188,549	8,026,292	7,964,228	-	-
City's proportionate share of the net pension liability as a percentage of its covered payroll	5.17%	4.95%	4.47%	7.14%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	82.73%	82.90%	80.78%	76.21%	81.18%	0.00%

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

**Only six years of information available.

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

CITY OF ELLSWORTH, MAINE
Required Supplementary Information, Continued

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

Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PLD Plan						
Contractually required contribution	\$ 303,018	281,259	242,752	224,280	192,804	83,371
Contributions in relation to the contractually required contribution	(303,018)	(281,259)	(242,752)	(224,280)	(192,804)	(83,371)
Contribution deficiency (excess)	\$ -	-	-	-	-	-
City's covered payroll	\$ 3,388,693	3,006,435	2,668,091	2,566,234	2,311,378	1,135,874
Contributions as a percentage of covered payroll	8.94%	9.36%	9.10%	8.74%	8.34%	7.34%
SET Plan						
Contractually required contribution	\$ 356,325	328,437	325,085	269,683	267,598	-
Contributions in relation to the contractually required contribution	(356,325)	(328,437)	(325,085)	(269,683)	(267,598)	-
Contribution deficiency (excess)	\$ -	-	-	-	-	-
City's covered payroll	\$ 8,565,508	8,272,966	8,188,549	8,026,292	7,964,228	-
Contributions as a percentage of covered payroll	4.16%	3.97%	3.97%	3.36%	3.36%	0.00%

* Only six years of information available.

CITY OF ELLSWORTH, MAINE
Notes to Required Supplementary Information

Net Pension Liabilities

Changes of Benefit Terms (Pension) - None

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

	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate - PLD	6.750%	6.875%	7.125%	7.250%
Discount rate - SET	6.750%	6.875%	7.125%	7.125%
Inflation rate	2.75%	2.75%	3.50%	3.50%
Salary increases - PLD	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%
Salary increases - SET	2.75-14.50%	2.75-14.50%	3.50-13.50%	3.50-13.50%
Cost of living increases - PLD	1.91%	2.20%	2.55%	3.12%
Cost of living increases	2.20%	2.20%	2.55%	2.55%

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.

City Health Insurance OPEB Liability

Changes of Benefit Terms (OPEB – City Health):

In 2019, the Affordable Care Act's Cadillac tax was repealed. The elimination is reflected in the 2020 changes in benefits.

Changes of Assumptions (OPEB – City Health) - The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate	2.74%	4.10%	3.44%	3.78%

CITY OF ELLSWORTH, MAINE
Notes to Required Supplementary Information

School Department Health Insurance OPEB Liability

Changes of Benefit Terms (OPEB – Life Insurance) - None

Changes of Assumptions (OPEB – Life Insurance) - The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discount rate	3.50%	3.87%	3.58%

Net OPEB Liabilities - Group Term Life

Changes of Benefit Terms - None

Changes of Assumptions (OPEB

<u>Discount Rate</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
PLD Plan	4.98%	5.13%	5.41%
SET Plan	6.75%	6.75%	6.88%

* These schedules are 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, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 2,956,411	2,342,217
Investments	905,818	938,542
Receivables:		
Taxes - current year	1,301,696	932,268
Taxes - prior years	143,497	110,847
Tax liens - current year	23,883	331,603
Tax liens - prior years	459,307	69,464
Accounts	258,538	230,916
Interfund receivable	1,807,411	2,936,235
Total assets	7,856,561	7,892,092
LIABILITIES		
Accounts payable	136,586	365,559
Accrued liabilities	227,699	194,020
Taxes collected in advance	-	173,000
Total liabilities	364,285	732,579
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	1,471,611	1,322,800
Total deferred inflows of resources	1,471,611	1,322,800
FUND BALANCES		
Assigned	1,365,365	1,056,754
Unassigned	4,655,300	4,779,959
Total fund balances	6,020,665	5,836,713
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,856,561	7,892,092

CITY OF ELLSWORTH, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2020

	Budget		Actual	Variance with final budget	2019 Actual
	Original	Final		positive (negative)	
Revenues					
Taxes:					
Property taxes	\$ 19,735,901	19,735,901	19,744,939	9,038	19,764,292
Change in unavailable taxes	-	-	(148,811)	(148,811)	(273,300)
Supplemental taxes	-	-	36,240	36,240	18,558
Boat excise	15,000	15,000	13,805	(1,195)	12,989
Auto excise	1,600,000	1,600,000	1,684,739	84,739	1,723,471
Interest on taxes	85,000	85,000	37,728	(47,272)	84,997
Lien costs and notices	50,000	50,000	-	(50,000)	35,484
Total taxes	21,485,901	21,485,901	21,368,640	(117,261)	21,366,491
Licenses and permits:					
City clerk fees	25,000	25,000	20,933	(4,067)	23,941
Motor vehicle fees	20,000	20,000	22,886	2,886	18,304
State and City licenses	10,000	10,000	8,382	(1,618)	9,170
Animal control fees	1,000	1,000	592	(408)	962
Dog fees	500	500	368	(132)	400
Building permits and maps	40,000	40,000	50,415	10,415	107,026
Shellfish revenues	3,200	3,200	3,200	-	3,200
Electrical permits	12,000	12,000	7,676	(4,324)	37,868
Planning board fees	5,000	5,000	13,830	8,830	2,290
Plumbing permit fees	13,000	13,000	11,715	(1,285)	138,501
Total licenses and permits	129,700	129,700	139,997	10,297	341,662
Intergovernmental revenues:					
Urban rural initiative program	180,000	180,000	188,584	8,584	183,448
State revenue sharing	695,205	695,205	734,707	39,502	471,783
Tree growth reimbursement	90,000	90,000	89,146	(854)	91,017
Veterans reimbursement	6,000	6,000	5,849	(151)	-
Homestead exemption	454,050	454,050	454,050	-	429,915
BETE reimbursement	130,995	130,995	117,869	(13,126)	102,138
Snowmobile refund	1,400	1,400	1,529	129	1,397
General assistance	20,000	20,000	11,339	(8,661)	10,431
Public safety grants	41,670	41,670	-	(41,670)	-
Total intergovernmental revenues	1,619,320	1,619,320	1,603,073	(16,247)	1,290,129

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, 2020

	Budget		Actual	Variance with	2019
	Original	Final		final budget positive (negative)	
Departmental income:					
Public works	\$ 5,000	5,000	4,391	(609)	9,456
Water supply protection	25,811	25,811	29,269	3,458	27,564
Fire department	10,000	10,000	20,206	10,206	38,750
Financial services income	32,000	32,000	32,000	-	32,000
Planning miscellaneous	7,000	7,000	-	(7,000)	-
Police department	18,000	18,000	35,098	17,098	44,206
Dispatch services	-	-	-	-	1,500
Recycling	35,000	35,000	10,755	(24,245)	16,986
Harbor	29,100	29,100	68,474	39,374	63,753
Solid waste billings	30,000	30,000	-	(30,000)	34,626
Solid waste miscellaneous	30,600	30,600	31,184	584	31,321
Resident stickers	200,000	200,000	248,616	48,616	207,806
Technology	47,000	47,000	47,000	-	47,000
Library	101,000	101,000	89,658	(11,342)	88,906
Recreation	1,000	1,000	-	(1,000)	-
Total departmental income	571,511	571,511	616,651	45,140	643,874
Unclassified:					
Alewife sales	20,000	20,000	18,798	(1,202)	6,105
Cable TV franchise	70,000	70,000	84,747	14,747	82,227
Payment in lieu of taxes	20,000	20,000	24,458	4,458	21,311
Photocopies	100	100	83	(17)	2
Sale of surplus property	-	-	7,800	7,800	43,175
Sale of city property	-	-	113,084	113,084	23,888
Development fees	10,000	10,000	-	(10,000)	7,084
Plan review	-	-	888	888	8,015
Reserve donations	-	-	500	500	-
Miscellaneous	18,234	18,234	88,093	69,859	65,790
Total unclassified	138,334	138,334	338,451	200,117	257,597
Investment income	85,000	85,000	118,341	33,341	136,079
Total revenues	24,029,766	24,029,766	24,185,153	155,387	24,035,832

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, 2020

	Budget		Actual	Variance with final budget	2019 Actual
	Original	Final		positive (negative)	
Expenditures					
General government:					
Legislative	\$ 17,000	17,000	100,793	(83,793)	14,349
Administration	288,096	297,708	341,611	(43,903)	288,042
City clerk	97,754	100,122	101,983	(1,861)	96,673
Finance and tax collector	308,462	312,970	324,081	(11,111)	311,549
Assessment	116,711	119,116	115,895	3,221	114,281
Code enforcement	124,244	127,350	121,253	6,097	121,806
Planning	119,803	134,558	82,865	51,693	106,833
Legal	39,000	39,000	71,500	(32,500)	115,476
Elections	28,685	28,685	21,387	7,298	19,900
Economic development	126,400	127,680	107,798	19,882	110,849
Technology	325,882	336,409	319,023	17,386	279,092
COBI	22,100	23,260	16,346	6,914	19,315
Joint office services	77,500	80,534	66,773	13,761	66,168
Insurance	88,050	88,050	104,471	(16,421)	94,605
Employee benefits	1,911,898	1,889,826	1,992,230	(102,404)	2,071,056
Miscellaneous	36,400	36,400	35,504	896	48,210
Total general government	3,727,985	3,758,668	3,923,513	(164,845)	3,878,204
Public safety:					
Police department	1,427,290	1,433,283	1,308,990	124,293	1,333,275
Fire department	1,276,831	1,285,445	1,151,772	133,673	1,146,840
Dispatching	203,577	204,265	200,394	3,871	192,194
Hydrant rental	312,000	312,000	331,000	(19,000)	312,000
Street lights	86,500	86,500	83,895	2,605	89,461
Traffic signals	27,000	28,208	21,495	6,713	21,549
Total public safety	3,333,198	3,349,701	3,097,546	252,155	3,095,319
Public works:					
Public works	1,431,548	1,435,223	1,356,183	79,040	1,405,388
Public works garage	37,000	37,367	32,103	5,264	30,711
Solid waste disposal	377,841	379,496	331,903	47,593	333,332
Parks trees and cemeteries	37,500	47,970	29,393	18,577	33,715
Water supply commission	51,621	53,714	36,849	16,865	36,544
Total public works	1,935,510	1,953,770	1,786,431	167,339	1,839,690

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, 2020

	Budget		Actual	Variance with final budget	2019 Actual
	Original	Final		positive (negative)	
Health and human services:					
General assistance	\$ 57,104	58,509	50,562	7,947	39,360
Health and social services	16,400	16,400	6,700	9,700	14,900
Total health and human services	73,504	74,909	57,262	17,647	54,260
Culture and recreation:					
Library	697,033	706,992	620,832	86,160	692,864
Historical preservation	600	600	190	410	368
Historical society	2,000	2,000	2,000	-	2,000
Recreation	123,800	123,800	114,332	9,468	107,711
Ellsworth harbor	56,670	61,981	89,141	(27,160)	82,847
Total culture and recreation	880,103	895,373	826,495	68,878	885,790
Municipal buildings:					
City hall	199,916	205,146	175,844	29,302	177,103
Miscellaneous city property	53,750	78,695	54,676	24,019	76,853
Total municipal buildings	253,666	283,841	230,520	53,321	253,956
County tax	483,885	483,885	483,884	1	471,280
Unclassified:					
Reserves	-	-	-	-	76,800
Overlay/abatements	6,026	6,026	41,209	(35,183)	38,054
Total unclassified	6,026	6,026	41,209	(35,183)	114,854
Debt service:					
Principal	1,092,307	1,092,307	1,092,307	-	886,664
Interest	65,251	65,251	79,015	(13,764)	-
TAN interest	42,600	42,600	41,900	700	55,794
Total debt service	1,200,158	1,200,158	1,213,222	(13,064)	942,458
Total expenditures	11,894,035	12,006,331	11,660,082	346,249	11,535,811
Excess (deficiency) of revenues over (under) expenditures	12,135,731	12,023,435	12,525,071	501,636	12,500,021

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, 2020

	Budget		Actual	Variance with final budget positive (negative)	2019 Actual
	Original	Final			
Other financing sources (uses)					
Transfers in:					
TIF District	\$ 678,694	678,694	384,443	(294,251)	576,960
Special revenue funds	-	-	10,431	10,431	-
Total transfers in	678,694	678,694	394,874	(283,820)	576,960
Transfer out:					
TIF District	(78,432)	(78,432)	-	78,432	(601,737)
School operations	(11,452,670)	(11,452,670)	(11,452,670)	-	(11,129,015)
Adult education	(210,877)	(210,877)	(210,877)	-	(206,176)
Capital projects	(1,072,446)	(1,072,446)	(1,072,446)	-	(879,361)
Total transfers out	(12,814,425)	(12,814,425)	(12,735,993)	78,432	(12,816,289)
Use of carryforwards	-	61,456	-	(61,456)	-
Use of assigned fund balance	-	50,840	-	(50,840)	-
Total use of carryforwards and fund balance	-	112,296	-	(112,296)	-
Total other financing sources (uses)	(12,135,731)	(12,023,435)	(12,341,119)	(317,684)	(12,239,329)
Net change in fund balance	-	-	183,952	183,952	260,692
Fund balance, beginning of year			5,836,713		5,576,021
Fund balance, end of year			\$ 6,020,665		5,836,713

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

CITY OF ELLSWORTH, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 66,886	124,841	191,727
Investments	-	877,710	877,710
Accounts receivable	3,009	-	3,009
Due from other governments	410,088	-	410,088
Due from students	25,175	-	25,175
Prepaid expenditures	55,000	-	55,000
Inventory	12,092	-	12,092
Interfund receivable	1,294,113	-	1,294,113
Total assets	1,866,363	1,002,551	2,868,914
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	92,773	-	92,773
Accrued liabilities	107,561	-	107,561
Total liabilities	200,334	-	200,334
Fund balances:			
Nonspendable	67,092	636,751	703,843
Restricted	1,640,946	365,800	2,006,746
Unassigned	(42,009)	-	(42,009)
Total fund balances	1,666,029	1,002,551	2,668,580
Total liabilities and fund balances	\$ 1,866,363	1,002,551	2,868,914

CITY OF ELLSWORTH, MAINE
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$ 953,496		953,496
Licenses and permits	45,390	-	45,390
Intergovernmental revenues	1,660,338	-	1,660,338
Charges for services	249,477	-	249,477
Donations and fundraising	51,072	-	51,072
Other grants	14,439	-	14,439
Unclassified	3,112	-	3,112
Investment income (loss)	504	(30,142)	(29,638)
Total revenues	2,977,828	(30,142)	2,947,686
Expenditures:			
Current			
General government	244,722	-	244,722
Public safety	84,753	-	84,753
Culture and recreation	94,477	-	94,477
Unclassified	-	14,486	14,486
Education	945,725	-	945,725
Adult education	332,747	-	332,747
School lunch	694,671	-	694,671
Investment fees	-	4,953	4,953
Capital outlay	41,699	-	41,699
Debt service	256,443	-	256,443
Total expenditures	2,695,237	19,439	2,714,676
Excess (deficiency) of revenues over (under) expenditures	282,591	(49,581)	233,010
Other financing sources (uses)			
Transfers in	395,978	-	395,978
Transfers out	(463,699)	-	(463,699)
Total other financing sources (uses)	(67,721)	-	(67,721)
Net change in fund balances	214,870	(49,581)	165,289
Fund balances, beginning of year	1,451,159	1,052,132	2,503,291
Fund balances, end of year	\$ 1,666,029	1,002,551	2,668,580

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ELLSWORTH, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020

	School Grants	Adult Education	School Lunch Fund	City Grants	TIF Districts			Union River Center for Innovation	Conservation Easement Reserve	Knowlton Park	Shellfish Operating	Total
					TIF 1 Development	TIF 2 Housing	TIF 3 Oriole Way					
ASSETS												
Cash and cash equivalents	\$ -	26,361	7,771	-	-	-	-	-	32,754	-	-	66,886
Accounts receivable	-	9	-	-	-	-	-	-	-	-	3,000	3,009
Due from other governments	356,837	-	7,498	45,753	-	-	-	-	-	-	-	410,088
Due from students	-	-	25,175	-	-	-	-	-	-	-	-	25,175
Prepaid expenditures	55,000	-	-	-	-	-	-	-	-	-	-	55,000
Inventory	-	-	12,092	-	-	-	-	-	-	-	-	12,092
Interfund receivable	41,229	135,631	45,057	297,229	64,074	29,930	12,792	99,155	-	551,338	17,678	1,294,113
Total assets	453,066	162,001	97,593	342,982	64,074	29,930	12,792	99,155	32,754	551,338	20,678	1,866,363
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable	86,432	665	2,369	3,212	-	-	-	95	-	-	-	92,773
Accrued liabilities	68,029	24,760	13,850	-	-	-	-	-	-	-	922	107,561
Total liabilities	154,461	25,425	16,219	3,212	-	-	-	95	-	-	922	200,334
Fund balances (deficits):												
Nonspendable	55,000	-	12,092	-	-	-	-	-	-	-	-	67,092
Restricted	246,944	136,576	69,282	378,440	64,074	29,930	12,792	99,060	32,754	551,338	19,756	1,640,946
Unassigned	(3,339)	-	-	(38,670)	-	-	-	-	-	-	-	(42,009)
Total fund balances (deficits)	298,605	136,576	81,374	339,770	64,074	29,930	12,792	99,060	32,754	551,338	19,756	1,666,029
Total liabilities and fund balances	\$ 453,066	162,001	97,593	342,982	64,074	29,930	12,792	99,155	32,754	551,338	20,678	1,866,363

CITY OF ELLSWORTH, MAINE
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Special Revenue Funds
For the Year Ended June 30, 2020

	School Grants	Adult Education	School Lunch Fund	City Grants	TIF Districts			Union River Center for Innovation	Conservation Easement Reserve	Knowlton Park	Shellfish Operating	Total
					TIF 1 Development	TIF 2 Housing	TIF 3 Oriole Way					
Revenues:												
Taxes	\$ -	-	-	-	614,174	256,630	82,692	-	-	-	-	953,496
Licenses and permits	-	-	-	-	-	-	-	-	-	-	45,390	45,390
Intergovernmental revenues	1,010,306	93,851	274,810	253,121	-	-	-	10,250	-	-	18,000	1,660,338
Charges for services	-	33,253	192,403	-	-	-	-	23,821	-	-	-	249,477
Donations and fundraising	-	-	10,020	29,552	-	-	-	11,500	-	-	-	51,072
Other grants	7,612	-	-	6,827	-	-	-	-	-	-	-	14,439
Unclassified	-	363	-	2,749	-	-	-	-	-	-	-	3,112
Investment income	-	-	-	-	-	-	-	-	501	3	-	504
Total revenues	1,017,918	127,467	477,233	292,249	614,174	256,630	82,692	45,571	501	3	63,390	2,977,828
Expenditures:												
Current												
General government	-	-	-	78,376	-	27,524	48,586	90,236	-	-	-	244,722
Public safety	-	-	-	84,753	-	-	-	-	-	-	-	84,753
Culture and recreation	-	-	-	44,974	-	-	-	-	-	-	49,503	94,477
Education	945,725	-	-	-	-	-	-	-	-	-	-	945,725
Adult education	-	332,747	-	-	-	-	-	-	-	-	-	332,747
School lunch	-	-	694,671	-	-	-	-	-	-	-	-	694,671
Capital outlay	-	-	41,699	-	-	-	-	-	-	-	-	41,699
Debt service	-	-	-	-	256,443	-	-	-	-	-	-	256,443
Total expenditures	945,725	332,747	736,370	208,103	256,443	27,524	48,586	90,236	-	-	49,503	2,695,237
Excess (deficiency) of revenues over (under) expenditures	72,193	(205,280)	(259,137)	84,146	357,731	229,106	34,106	(44,665)	501	3	13,887	282,591
Other financing sources (uses)												
Transfers in	-	210,877	160,101	-	-	-	-	25,000	-	-	-	395,978
Transfers out	-	-	-	(35,431)	(200,538)	(199,176)	(28,554)	-	-	-	-	(463,699)
Total other financing sources (uses)	-	210,877	160,101	(35,431)	(200,538)	(199,176)	(28,554)	25,000	-	-	-	(67,721)
Net change in fund balances	72,193	5,597	(99,036)	48,715	157,193	29,930	5,552	(19,665)	501	3	13,887	214,870
Fund balances (deficits), beginning 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
Fund balances (deficits), end of year	\$ 298,605	136,576	81,374	339,770	64,074	29,930	12,792	99,060	32,754	551,338	19,756	1,666,029

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, 2020

	Fund balances (deficits) beginning of year	Revenues		Expenditures	Other financing sources (uses)	Fund balances (deficits) end of year
		Inter- governmental	Other			
General government:						
Branch Lake Access Improvement	\$ 1,014	-	-	-	-	1,014
Broadband	-	-	-	-	-	-
CDBG Business Assistance	(1,500)	1,500	-	-	-	-
CDBG Housing Assistance Program	(67)	67	-	-	-	-
Enviro	22,092	145,465	-	63,434	-	104,123
Wellness	2,788	-	2,762	3,802	-	1,748
Keep Maine healthy	-	20	-	11,140	-	(11,120)
Public safety:						
Assistance to Firefighters	(3,647)	3,647	-	-	-	-
BHS Equipment	(1,142)	1,142	-	-	-	-
Bryne/JAG Grant	-	5,497	-	5,729	-	(232)
Bulletproof Vest	7,135	-	-	7,135	-	-
Power DMS grant	-	-	-	-	-	-
COPS	(1,322)	32,184	-	20,431	(10,431)	-
DARE	944	-	252	1,489	-	(293)
Distracted Driving	-	-	-	-	-	-
EFD/SHHC Convention	9,757	-	-	-	-	9,757
FD - Christmas is for Kids	3,637	-	250	1,101	-	2,786
Gear Extractor Grant	20,000	-	-	20,087	-	(87)
Fire Training	564	-	-	450	-	114
Fire Training Site	104,225	-	18,293	6,952	-	115,566
Hancock County Byrne JAG 3	784	-	-	-	-	784
Homeland Security	7,320	-	-	-	-	7,320
K-9 Program	8,020	-	-	-	-	8,020
OUI	(858)	6,675	-	6,675	-	(858)
Project Hope	5,831	-	309	174	-	5,966
Safe Routes to School	(1,820)	1,820	-	-	-	-
Seatbelt	9,279	-	-	-	-	9,279
Speed	4,924	5,173	-	5,173	-	4,924
Underage Drinking	(1,080)	6,256	-	6,256	-	(1,080)
Volunteer Fire Assistance	(661)	661	-	-	-	-
Safety	3,853	-	1,506	1,506	-	3,853
Walmart Grant	-	-	2,000	1,595	-	405
Culture and recreation:						
Bike/pedestrian Feasibility Study	-	-	-	-	(25,000)	(25,000)
Fireworks Donations	1,896	-	-	-	-	1,896
Harbor Donations	1,954	-	237	1,960	-	231
Harbor Walk Trail Connection	-	43,014	-	43,014	-	-
Lakes Environment	12,225	-	-	-	-	12,225
Maine Community Foundation	100	-	-	-	-	100
Museum in the Streets	3,225	-	10,770	-	-	13,995
Rails with Trail Connector	4,550	-	-	-	-	4,550
Supplemental Environmental Program	2,842	-	-	-	-	2,842
Fish and Wildlife	50	-	-	-	-	50
Public works:						
Bangor Hydro Pole	5,000	-	-	-	-	5,000
Debt service:						
Development Fees	59,143	-	2,749	-	-	61,892
	\$ 291,055	253,121	39,128	208,103	(35,431)	339,770

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, 2020

	Fund balances (deficits) beginning of year	Revenues			Expenditures	Fund balances (deficits) end of year
		Inter- governmental	Other			
Federal programs:						
Title IA	\$ (3,099)	224,223	-		221,042	82
Program improvement	-	-	-		31	(31)
Title IV	-	11,296	-		11,296	-
Local Entitlement	(1,116)	334,653	-		334,653	(1,116)
Local Entitlement - Preschool	-	5,647	-		5,647	-
Cares Relief Fund	-	12,659	-		12,659	-
Title V - Rural and Low Income	-	22,182	-		22,182	-
Title IIA	-	36,632	-		36,632	-
Title IC - Perkins	5	72,258	-		70,301	1,962
Perkins Middle School Grant	147	-	-		147	-
AEFLA	-	3,869	-		3,869	-
Total federal programs	(4,063)	723,419	-		718,459	897
Other programs:						
ConnectME	12	-	-		-	12
EHS 15 Minute Grant	6,664	-	-		-	6,664
MELMAC	41	14,000	-		10,177	3,864
CTE MELMAC	19,910	20,000	-		-	39,910
Dollar General Literacy	152	-	-		-	152
X-mas Fund	-	-	-		1,000	(1,000)
Walking School Bus	475	-	-		-	475
EHS Unified Grant	(28)	-	-		-	(28)
Lunchbox Donation	30	-	1,612		-	1,642
Invest in ME Kindergarten	-	-	500		-	500
MEABT Wellness Grant	500	-	500		248	752
Small Business Academy Grant	-	-	5,000		3,575	1,425
Bicycle Coalition of Maine Grant	2,500	-	-		-	2,500
CTE Program Update Grant	5,231	63,818	-		63,304	5,745
CTE Early College Grant	198,560	112,000	-		74,613	235,947
National Board Certification	-	1,900	-		1,900	-
Maine College Transitions Grant	(777)	20,091	-		19,576	(262)
Proficiency Based Education	(902)	-	-		-	(902)
PEPG Grant	312	-	-		-	312
MLTI Grant	-	12,400	-		12,400	-
Momentum Grant	(2,205)	41,145	-		38,940	-
Middle School CTE	-	1,533	-		1,533	-
Total other programs	230,475	286,887	7,612		227,266	297,708
Total	\$ 226,412	1,010,306	7,612		945,725	298,605

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

CITY OF ELLSWORTH, MAINE
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2020

	Cemetery Fund	Higgins Fund	Total
ASSETS			
Cash and cash equivalents	\$ 16,998	107,843	124,841
Investments	698,305	179,405	877,710
Total assets	\$ 715,303	287,248	1,002,551
FUND BALANCES			
Nonspendable	551,450	85,301	636,751
Restricted	163,853	201,947	365,800
Total fund balances	\$ 715,303	287,248	1,002,551

CITY OF ELLSWORTH, MAINE
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Permanent Funds
For the Year Ended June 30, 2020

	Cemetery Fund	Higgins Fund	Total
Revenues:			
Investment income:			
Interest income	\$ 16,989	10,087	27,076
Realized and unrealized gain (loss) on investments	6,488	(63,706)	(57,218)
Total revenues	23,477	(53,619)	(30,142)
Expenditures:			
Investment fees	4,953	-	4,953
Unclassified	14,486	-	14,486
Total expenditures	19,439	-	19,439
Net change in fund balances	4,038	(53,619)	(49,581)
Fund balances, beginning of year	711,265	340,867	1,052,132
Fund balances, end of year	\$ 715,303	287,248	1,002,551

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, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
ASSETS				
Cash and cash equivalents:				
Student activities:				
Ellsworth High School	\$ 76,784	129,908	117,987	88,705
Ellsworth Middle School	64,782	39,249	24,487	79,544
Ellsworth Elementary School	9,645	3,066	5,214	7,497
Hancock County Technical Center	27,225	47,930	36,694	38,461
Investments:				
Cemetery association	28,588	904	977	28,515
Total assets	\$ 207,024	221,057	185,359	242,722
LIABILITIES				
Held for student activities:				
Ellsworth High School	76,784	129,908	117,987	88,705
Ellsworth Middle School	64,782	39,249	24,487	79,544
Ellsworth Elementary School	9,645	3,066	5,214	7,497
Hancock County Technical Center	27,225	47,930	36,694	38,461
Held for cemetery association	28,588	904	977	28,515
Total liabilities	\$ 207,024	221,057	185,359	242,722

SCHEDULES

CITY OF ELLSWORTH, MAINE
Schedule of Capital Projects
For the Year Ended June 30, 2020

Project		
Road improvements	\$	511,553
City Hall improvements		45,236
Highway equipment		570,723
Police cruiser		98,749
Library improvements		16,108
Transfer station		51,856
Police equipment replacement		11,140
Branch Lake boat launch		381
Orthoimagery project		18,825
Traffic camera replacement		14,626
Computer replacement		7,459
Harbor capital improvements		15,106
Fiber network upgrades		551
Vision software upgrade		21,250
Council chamber cameras		14,544
WWTP bobcat		39,661
Radio tower project		137,597
Harbor trail		11,004
Harbor tank project		299,015
Channel grinder		27,602
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Total capital project fund capital outlays	\$	1,912,986

CITY OF ELLSWORTH, MAINE
Schedule of Changes in Assigned Fund Balances
General Fund - Capital Reserve Funds
For the Year Ended June 30, 2020

	Fund Balances, beginning of year	Additions	Reductions	Transfer in (out)	Fund Balances, end of year
School District	\$ 6,117	349	44	-	6,422
Industrial Park	1,419	81	10	-	1,490
General	124,644	6,798	880	(25,000)	105,562
Hancock Technical Center	420	24	3	-	441
Highway equipment	41,196	2,349	296	-	43,249
Harbor	4,360	249	31	-	4,578
City Hall	82,784	4,719	594	-	86,909
Cable TV	8,201	468	59	-	8,610
Jump playground	24,266	1,384	174	-	25,476
Employee benefits	67,200	3,832	482	-	70,550
Fire Department rescue	4,231	341	30	-	4,542
Federally forfeited property	1,767	101	13	-	1,855
City bonds	112	6	1	-	117
Road improvement	272,335	15,526	1,955	-	285,906
Capital equipment	82,504	4,703	592	-	86,615
Fire Department site	5,974	340	43	-	6,271
Police reserve	6,625	378	50	-	6,953
Basketball court	8,687	495	62	-	9,120
Moore Community Center	7,147	407	51	-	7,503
Knowlton Park	5,134	293	37	-	5,390
	\$ 755,123	42,843	5,407	(25,000)	767,559

CITY OF ELLSWORTH, MAINE
Schedule of Valuation, Assessments, and Collection of Taxes
For the Year Ended June 30, 2020

Valuation

Real estate	\$ 1,068,287,640
Personal property	<u>31,627,200</u>

Total valuation	<u><u>1,099,914,840</u></u>
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Assessment

Valuation x Rate: \$1,099,914,840 x 0.01881%	20,689,398
Supplemental taxes	

Total assessment charged to collector	20,689,398
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Collections and credits

Cash collections	19,322,610
Tax abatements	<u>41,209</u>

Total collections and credits	<u>19,363,819</u>
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Taxes receivable and tax liens as of June 30, 2020	<u><u>\$ 1,325,579</u></u>
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