



Town of Brunswick, Maine

**Fiscal Year Ended
June 30, 2019**

Popular Annual Financial Report

Popular Annual Financial Report

2018-19 Fiscal Year

Dear Citizens of the Town of Brunswick,



We are pleased to present the Town of Brunswick's third annual Popular Financial Report (PAFR), for the fiscal year ended June 30, 2019. This report is intended to provide a reader-friendly version of the Town's Comprehensive Annual Financial Report (CAFR), and data from the Town's annual General Fund Budget.

The CAFR is a detailed account of the Town's financial statements, notes, schedules and statistics. Prepared in conformance with Generally Accepted Accounting Principles (GAAP), the report is audited by Runyon Kersteen Ouellette CPAs. You may find CAFRs from this and previous years on the Town's website.

This PAFR is designed to provide citizens with an overview of the Town's financials in a simplified interpretation of the CAFR. The bulk of the financial data presented in the PAFR is derived from the CAFR, but because it provides selected and summary information, the PAFR is not expected to comply with GAAP requirements.

The Town has received the Government Finance Officers Association (GFOA) Award for Outstanding Achievement in Popular Annual Financial Reporting to the Town of Brunswick for our past two PAFRs. In order to receive this award, a government unit must publish a PAFR conforming to program standards of creativity, presentation, understandability and reader appeal. We believe our current report continues to conform to Popular Annual Financial Reporting requirements, and it will also be submitted to the GFOA.

We hope to communicate important financial information in a manner that is meaningful, helping you to understand how your tax dollars support our Town services and facilities. Please give us suggestions on how we can improve this report and make the Town's financial information more accessible and understandable to you, the citizens of Brunswick.

Sincerely,

Julia Henze
Finance Director



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

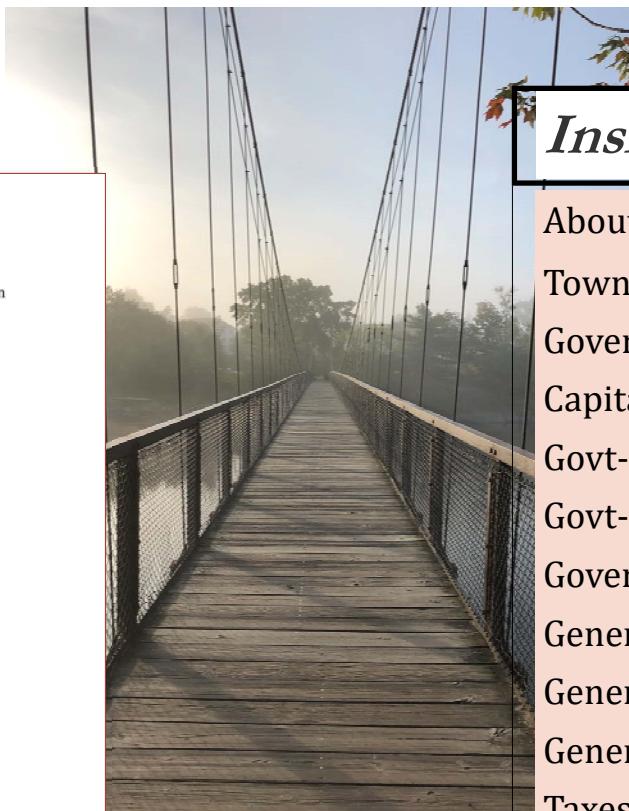
Presented to

Town of Brunswick
Maine

For its Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Monell
Executive Director/CEO



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The Town of Brunswick, incorporated February 1739, is situated on the coast of Maine in Cumberland County, the state's most populous county. Brunswick is a state-designated service-center community, located between Maine's major population centers. The Town's geographic boundaries encompass approximately 49.73 square miles and the population was listed at 20,278 in the 2010 census.



Brunswick is a commercial, industrial, educational, health care, and cultural center for the southern section of mid-coast Maine.

Bath Iron Works, Mid Coast-Parkview Health, Bowdoin College, Wayfair and L.L.Bean are the Town's largest employers.

The Brunswick Naval Air Station (BNAS), once one of the state's largest employers, was closed in May 2011. The operation of the base was turned over to the Mid-coast Regional Redevelopment Authority (MRRA), the state-appointed agency responsible for the management and disposition of Navy property and the implementation of the "Master Reuse Plan for BNAS".

Brunswick Landing is the name given to the former BNAS property. Brunswick Executive Airport (BXM) was established on the airport portion of the property.

The Navy has conveyed parcels to the Maine Community College and University of Maine Systems, and many programs and classes are now being offered at the Southern Maine Community College Midcoast Campus at Brunswick Landing.

GENERAL DYNAMICS
Bath Iron Works

L.L.Bean

Bowdoin

 **MID COAST-PARKVIEW
HEALTH**

 **wayfair**

MRRA

**Midcoast Regional
Redevelopment Authority**


Brunswick Landing
MAINE'S CENTER FOR INNOVATION

Brunswick
EXECUTIVE AIRPORT

Properties identified for manufacturing and commercial uses have been conveyed to MRRA for development. A number of facilities have been sold to incoming entities, and others have been renovated or constructed, attracting a variety of businesses. The Master Plan along with information regarding the impact of BNAS's closure, and MRRA's redevelopment statistics can be found on MRRA's website at www.mrra.us.

The Town of Brunswick operates under a charter that provides for a council-manager form of government with a nine-member town council elected on a non-partisan basis to three-year staggered terms. The charter grants to the town council all powers to enact, amend, or repeal ordinances, orders, resolutions, policies, and rules relating to the Town's property and affairs. The town council appoints the town manager who in turn appoints the municipal department heads, subject to confirmation by the town council.

A nine-member elected school board is responsible for the operation of all facets of a school department that provides K-12 education. The school board appoints the superintendent of schools, who administers the department and carries out the policies of the board. In consultation with the superintendent, the school board also proposes an educational budget for consideration by the Town Council and inclusion in the Town's annual budget.



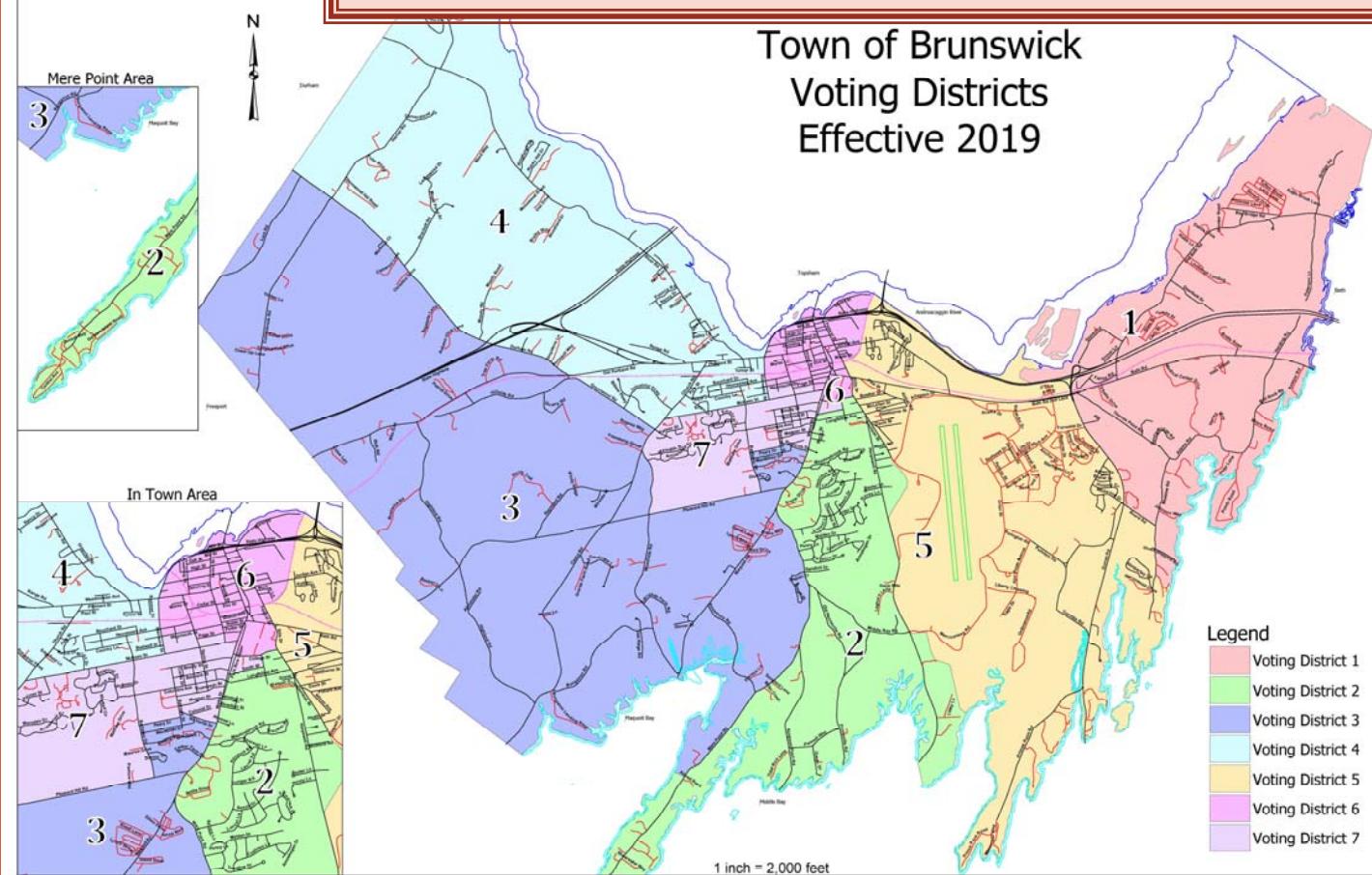
Town of Brunswick Elected Officials 2019

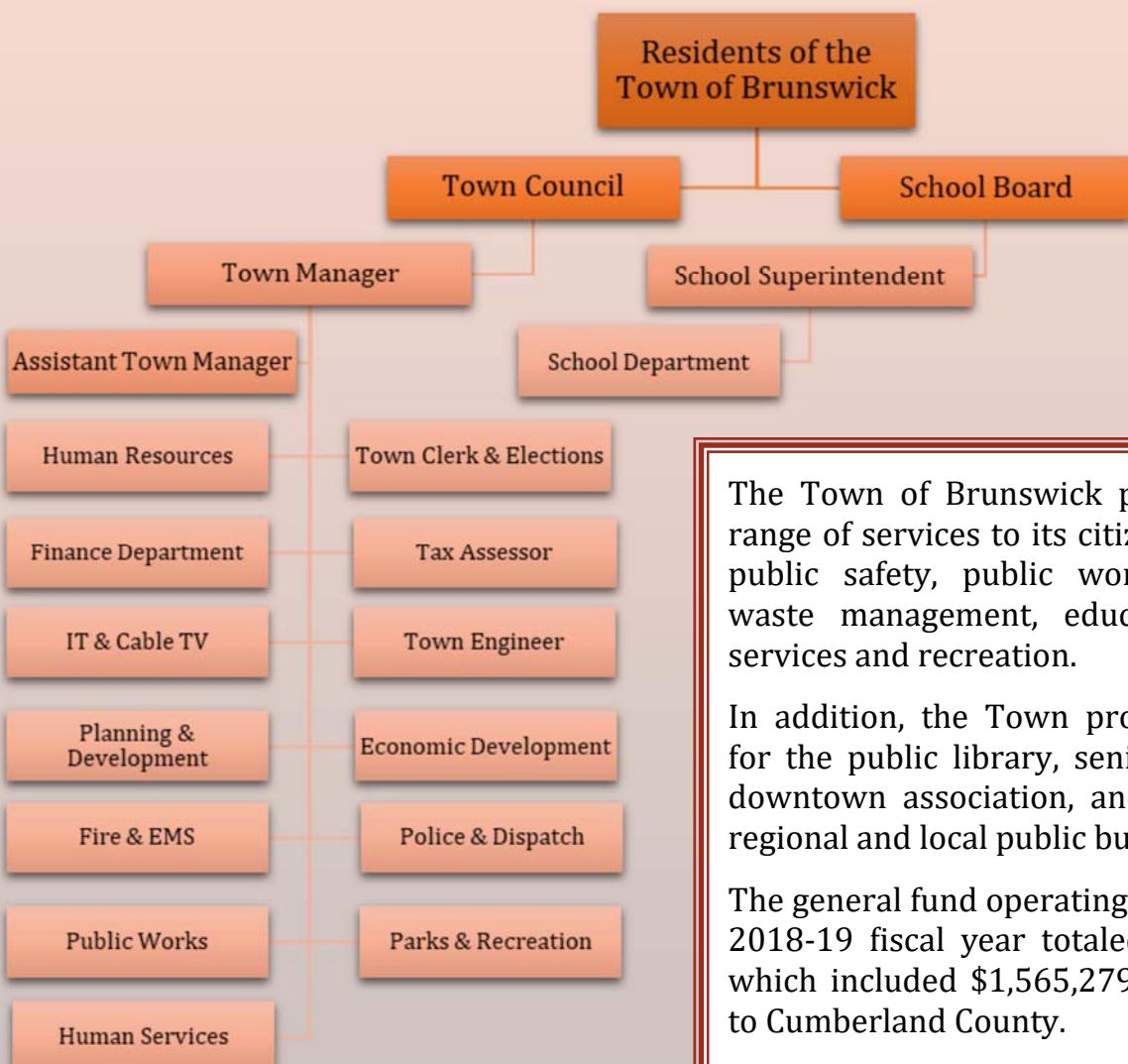
Town Council

School Board

District 1	David Watson	Mandy Merrill
District 2	Stephen Walker	Benjamin Tucker (vice chair)
District 3	Daniel Jenkins	Teresa Gillis
District 4	John Perreault (chair)	Celina Harris
District 5	Christopher Watkinson	James Grant (chair)
District 6	Jane Millett	Elizabeth Sokoloff
District 7	James Mason (vice chair)	Sarah Singer
At Large	Daniel Ankeles	Joy Prescott
At Large	Kathy Wilson	William Thompson

Town of Brunswick Voting Districts Effective 2019





The Town of Brunswick provides a full range of services to its citizens, including public safety, public works and solid waste management, education, human services and recreation.

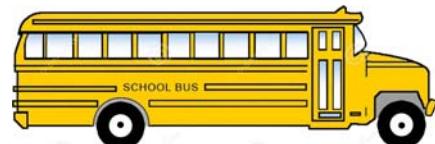
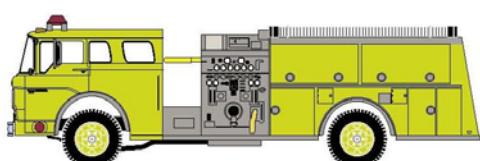
In addition, the Town provides funding for the public library, senior center and downtown association, and subsidies to regional and local public bus services.

The general fund operating budget for the 2018-19 fiscal year totaled \$63,986,336 which included \$1,565,279 in taxes paid to Cumberland County.

In the 2018-19 school year, Brunswick school department provided education to resident and non-resident students in kindergarten through grade 12. The Town is also a participant, along with RSU 5 and RSU 75. in the Maine Region 10 Technical High School.

School	Grade	October 1, 2018 Enrollment
Coffin School	K - 1	393
Harriet Beecher Stowe	2 - 5	660
Brunswick Junior High	6 - 8	550
Brunswick High School	9 - 12	724
		2,327

The Town is responsible for capital assets including more than 140 miles of roads, over 1,500 acres of recreational land, a solid waste landfill, multiple buildings including Town Hall, two fire stations, a police station, a public works facility, a recreation center, five school dept buildings, and fleets of vehicles for education, public safety, public works, etc.



Town of Brunswick—Net Position

Government-wide Financial Analysis

For the fiscal year ended June 30, 2019, the Town of Brunswick's total net position increased by \$6,044,755 to total \$64,685,251. Net investment in capital assets increased by \$12,408,787, while restricted net position decreased by \$656,843 and unrestricted net position decreased by \$5,707,189.

The **governmental activities** of the Town include general government, public safety, public works, human services, education, recreation/culture, and county tax.

The **business-type activities** of the Town include the solid waste facilities, the pay-per-bag program, the Mere Point Wastewater District and the train station/visitors center.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u> (as restated)	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u> (as restated)
Current & other assets	\$20,905,829	\$28,766,448	\$5,735,766	\$4,637,640	\$26,641,595	\$33,404,088
Capital assets	<u>88,799,554</u>	<u>78,153,802</u>	<u>1,192,654</u>	<u>1,528,890</u>	<u>89,992,208</u>	<u>79,682,692</u>
Total assets	<u>109,705,383</u>	<u>106,920,250</u>	<u>6,928,420</u>	<u>6,166,530</u>	<u>116,633,803</u>	<u>113,086,780</u>
Deferred Outflows	<u>3,490,379</u>	<u>6,285,595</u>	<u>-</u>	<u>-</u>	<u>3,490,379</u>	<u>6,285,595</u>
Long-term liabilities	35,403,984	41,219,696	9,179,947	8,789,877	44,583,931	50,018,573
Other liabilities	<u>8,197,279</u>	<u>6,204,295</u>	<u>100,497</u>	<u>54,183</u>	<u>8,297,776</u>	<u>6,258,478</u>
Total liabilities	43,601,263	47,423,991	9,280,444	8,844,060	52,881,707	56,277,051
Deferred Inflows	2,557,224	4,463,828	-	-	2,557,224	4,463,828
Net Position						
Net capital assets	68,970,333	56,225,310	1,192,654	1,528,890	70,162,987	57,754,200
Restricted	4,914,572	5,571,415	-	-	4,914,572	5,571,415
Unrestricted	(6,847,630)	478,699	(3,544,678)	(4,206,420)	(10,392,308)	(4,685,119)
Total Net Pos.	\$67,037,275	\$61,318,026	\$ (2,352,024)	\$ (2,677,530)	\$64,685,251	\$58,640,496

The government-wide financial statements are designed to provide a broad overview of the Town's finances, in a manner similar to a private-sector business. As well as capital assets and long-term liabilities such as general obligation debt and pension obligations, this view includes elements called deferred outflows and inflows which reflect consumption and acquisition of net position that will apply to future periods.

Government-wide: Capital Assets

<u>Asset Class</u> (Net of Accumulated Depreciation)	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
	\$ 6,274,408	\$ 6,252,708	\$115,000	\$115,000	6,389,408	6,367,708
Land						
Construction in progress	13,481,435	2,731,484	-	-	13,481,435	2,731,484
Intangibles	200,000	200,000	-	-	200,000	200,000
Buildings	38,731,581	40,283,780	-	-	38,731,581	40,283,720
Improvements	908,334	1,123,976	691,193	972,295	1,599,527	2,096,271
Machinery & equipment	1,662,594	1,638,058	349,757	397,224	2,012,351	2,035,282
Vehicles	3,846,242	3,241,781	-	-	3,846,242	3,241,781
Intangibles	245,283	320,952	7,447	9,433	252,730	330,385
Infrastructure	23,449,677	22,361,123	29,257	34,938	23,478,934	22,396,061
Total	\$88,799,554	\$78,153,802	\$1,192,654	\$1,528,890	\$89,992,208	\$79,682,692

Construction in Progress represents projects which were underway, but not complete as of the end of the fiscal year. The largest of these, at \$11,339,700 expended as of June 30, 2019, was the Kate Furbish Elementary School being constructed on the site of the former Jordan Acres School.

Government-wide: Longterm Debt

<u>Bond Issue & Purpose</u>	<u>Issue Date</u>	<u>Amount Issued</u>	<u>Final Maturity Date</u>	<u>6/30/19 Amount Outstanding</u>
		<u>Outstanding</u>		
2006 GO Bonds (Fire Station & Truck)	2006	\$ 3,125,000	2021	\$ 400,000
2010 Elementary School—HBS	2010	21,462,250	2031	12,877,350
2011 GO Bonds (seven projects)	2011	4,120,000	2021	540,000
2013 Police Station	2013	5,500,000	2033	3,850,000
2016 School Revolving Renovation	2016	772,862	2027	501,208
2017 School Revolving Renovation	2017	87,038	2022	29,271
2017 GO Bonds (five projects)	2017	1,781,000	2033	<u>1,525,000</u>
				<u>\$19,722,829</u>

The amount of principal debt retired during the year totaled \$2,112,806. The Town's outstanding debt is rated Aa2 by Moody's Investors Service and AA+ by Standard & Poor's.

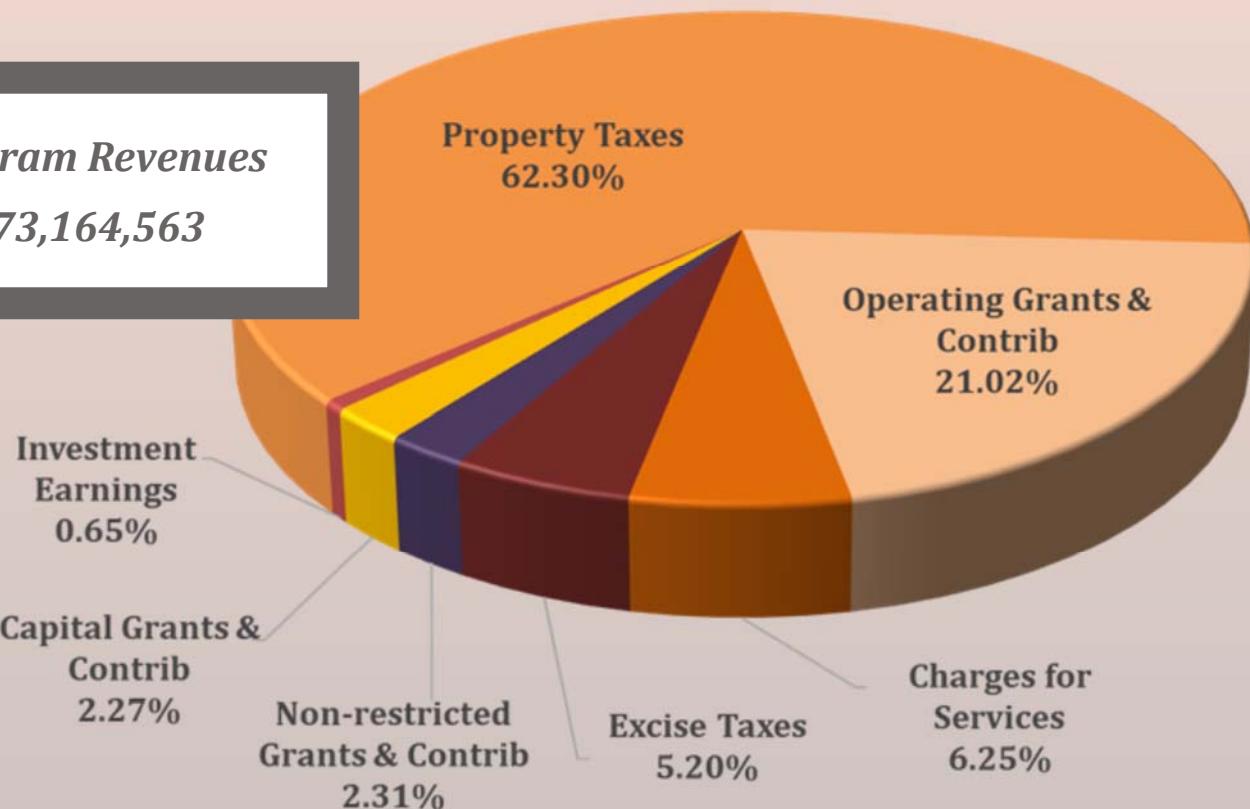
Additional debt authorized, but not yet issued, includes: up to \$28,000,000 for the new elementary school, up to \$1,200,000 as part of the funding for Landing Drive—the new connector road in the Cook's Corner area, and \$13,500,000 for a new central fire station.

Bonds for the new elementary school are expected to be issued in January, 2020, with the first debt service payments due in the 2020-21 fiscal year.

Government-Wide: Governmental Activities

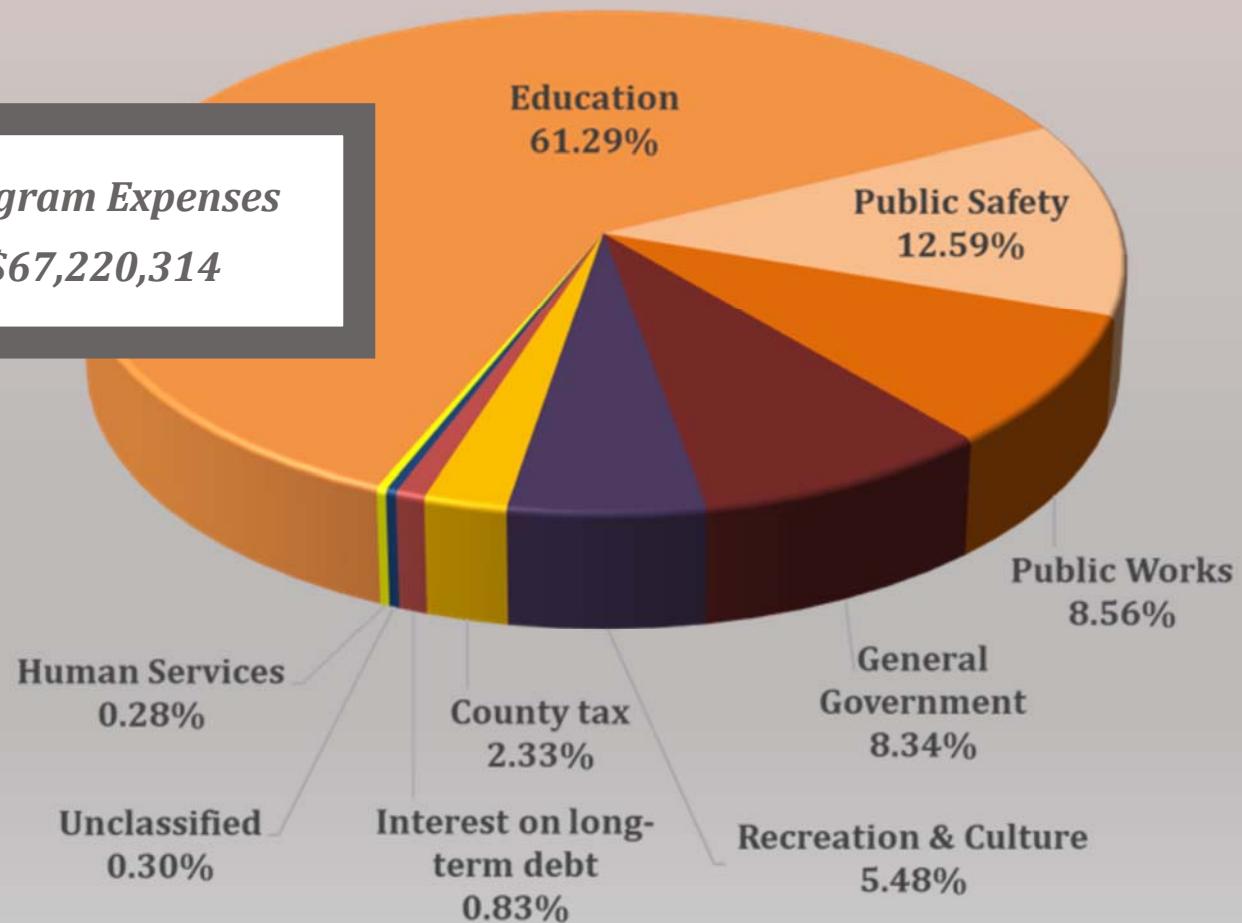
Program Revenues

\$73,164,563

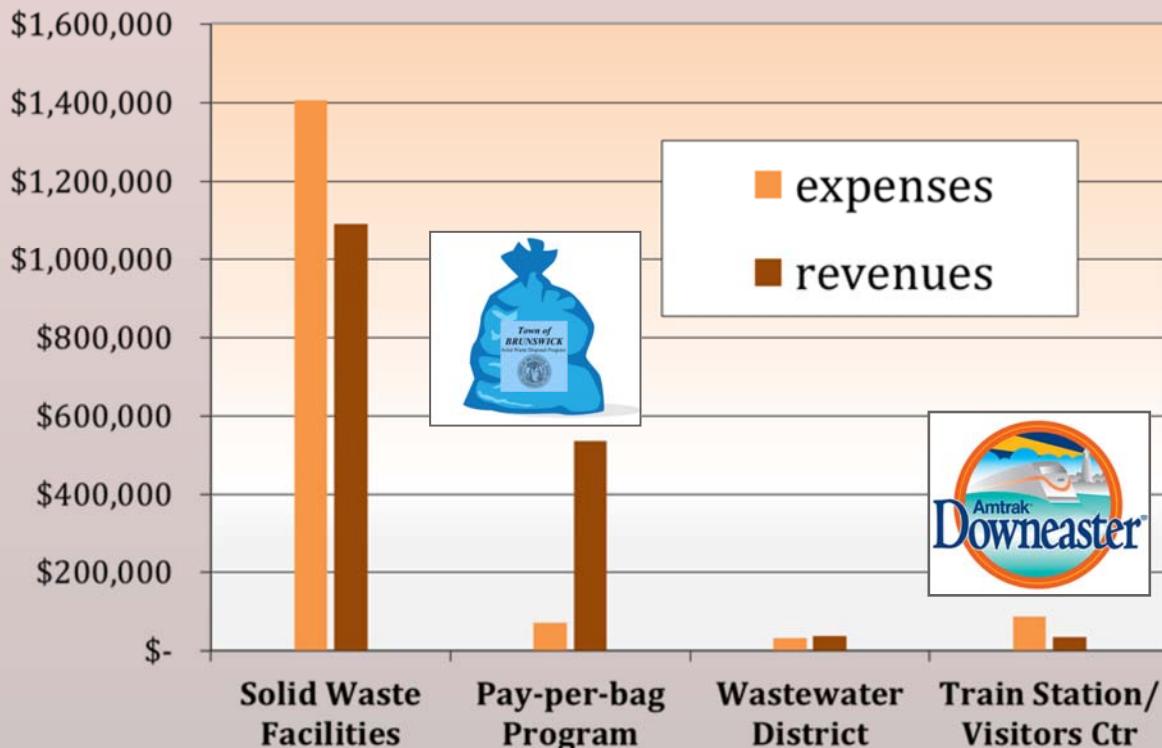


Program Expenses

\$67,220,314



Government-Wide: Business-type Activities



The Town's business-type activities increased the Town's total net position by \$325,506. This was a result of decreases in the Solid Waste Facilities Fund of \$164,711, offset by increases in the Pay-per-bag Program, the Train Station/Visitors Center and the Mere Point Wastewater Fund of \$463,767, \$21,324 and \$5,126, respectively.

Both the Train Station/Visitors Center and Solid Waste Facilities funds receive subsidies from the general fund, as operating revenues are not expected to cover expenses.

At the Train Station the Town pays to maintain the train platform and to lease space for the Visitors Center. Revenues come from parking fees and two small subleases.

Mere Point Wastewater is a community sewage disposal serving 35 residences on Mere Point. User fees are collected to pay for operation and maintenance of the facility.

The deficit in the Solid Waste Facilities reflects the liability recognized for the cost of the eventual closure of the Graham Road Landfill, as well as estimated postclosure costs. At this time, the Town expects to close the landfill in 2021. The proceeds from the Pay-per-bag Program fund will be used toward funding the closure.

	<u>Solid Waste Facilities</u>	<u>Pay-Per-Bag Program</u>	<u>Mere Point Wastewater</u>	<u>Train Station/Visitors Center</u>	<u>Totals</u>
NET POSITION					
Net investment in Unrestricted	\$ 1,157,283 (\$6,955,244)	\$ - 3,332,052	\$ 29,257 7,174	\$ 6,114 71,340	\$ 1,192,654 (\$3,544,678)
Total net position	<u>\$(5,797,961)</u>	<u>\$ 3,332,052</u>	<u>\$ 36,431</u>	<u>\$ 77,454</u>	<u>\$(2,352,024)</u>

GOVERNMENTAL FUNDS

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. The focus of the Town of Brunswick's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources.

The Town of Brunswick maintains sixteen individual governmental funds. For the 2018-19 fiscal year, the General Fund, Tax Increment Financing Fund and New Elementary School Bond Fund are considered major funds, and the other governmental funds are combined into a single, aggregated presentation.

The Tax Increment Financing Fund reflects the activity in the Town's five TIF Districts. The incremental tax revenue captured in these districts may be used in accordance with the development programs approved by the Town and the State.

	<u>General Fund</u>	<u>Tax Increment Financing</u>	<u>New Elem School Bond</u>	<u>Other Govt Funds</u>	<u>Total Govt Funds</u>
Revenues	\$ 65,228,364	\$ 2,016,503	\$ 450,000	\$ 5,178,197	\$ 72,873,064
Expenditures	<u>62,150,186</u>	<u>1,036,313</u>	<u>10,220,163</u>	<u>9,035,501</u>	<u>82,442,163</u>
Revenues over/(under) expenditures	3,078,178	980,190	(9,770,163)	(3,857,304)	(9,569,099)
Other financing sources (uses)	<u>(2,506,118)</u>	<u>(685,000)</u>	<u>—</u>	<u>2,966,118</u>	<u>(225,000)</u>
Net change in fund balance	572,060	295,190	(9,770,163)	(891,186)	(9,794,099)
Fund balances, beginning of year	<u>18,805,256</u>	<u>439,045</u>	<u>(1,119,537)</u>	<u>3,391,204</u>	<u>21,515,968</u>
Fund balances, end of year	<u>\$19,377,316</u>	<u>\$ 734,235</u>	<u>\$(10,889,700)</u>	<u>\$ 2,500,018</u>	<u>\$ 11,721,869</u>



The other governmental funds include:

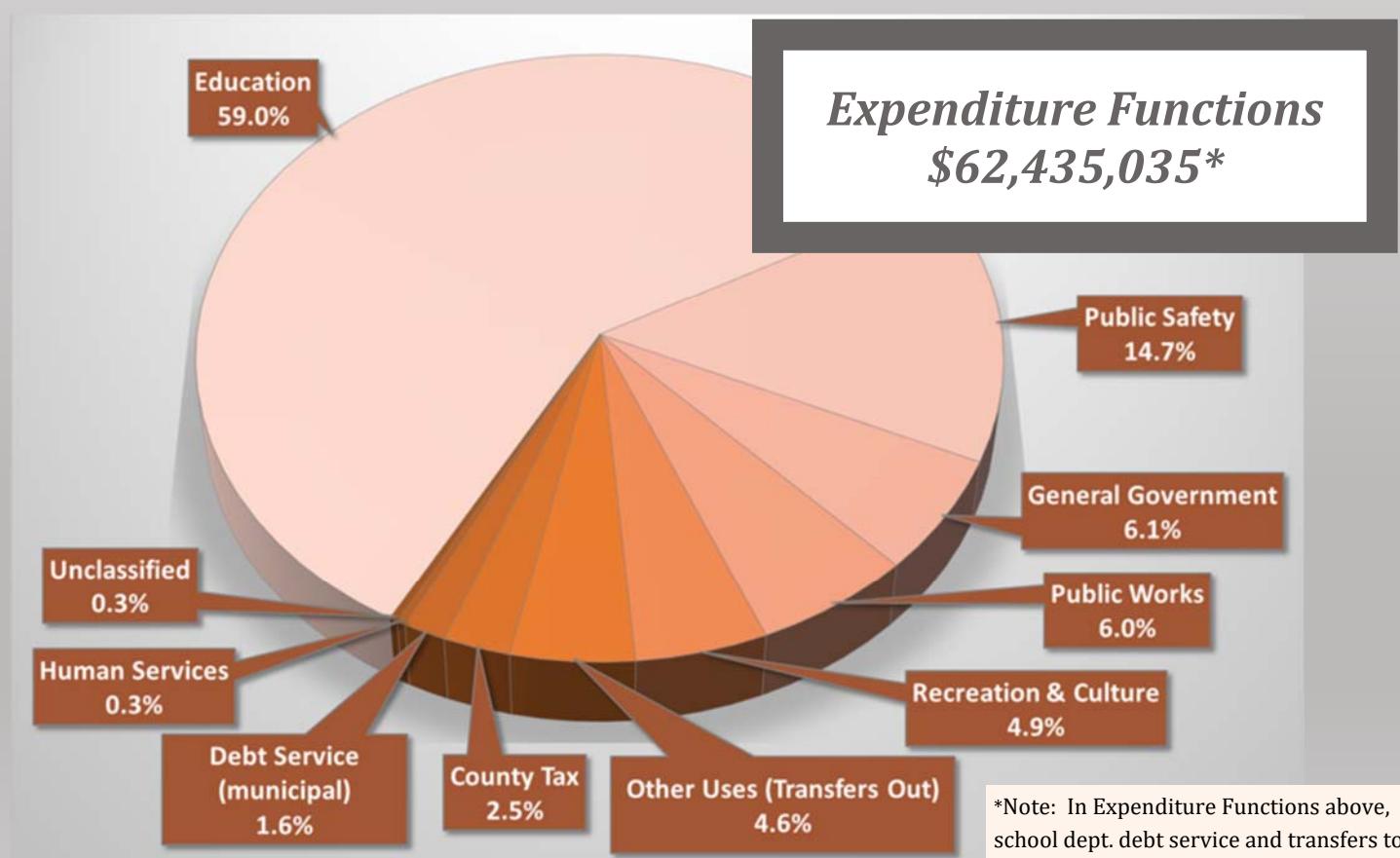
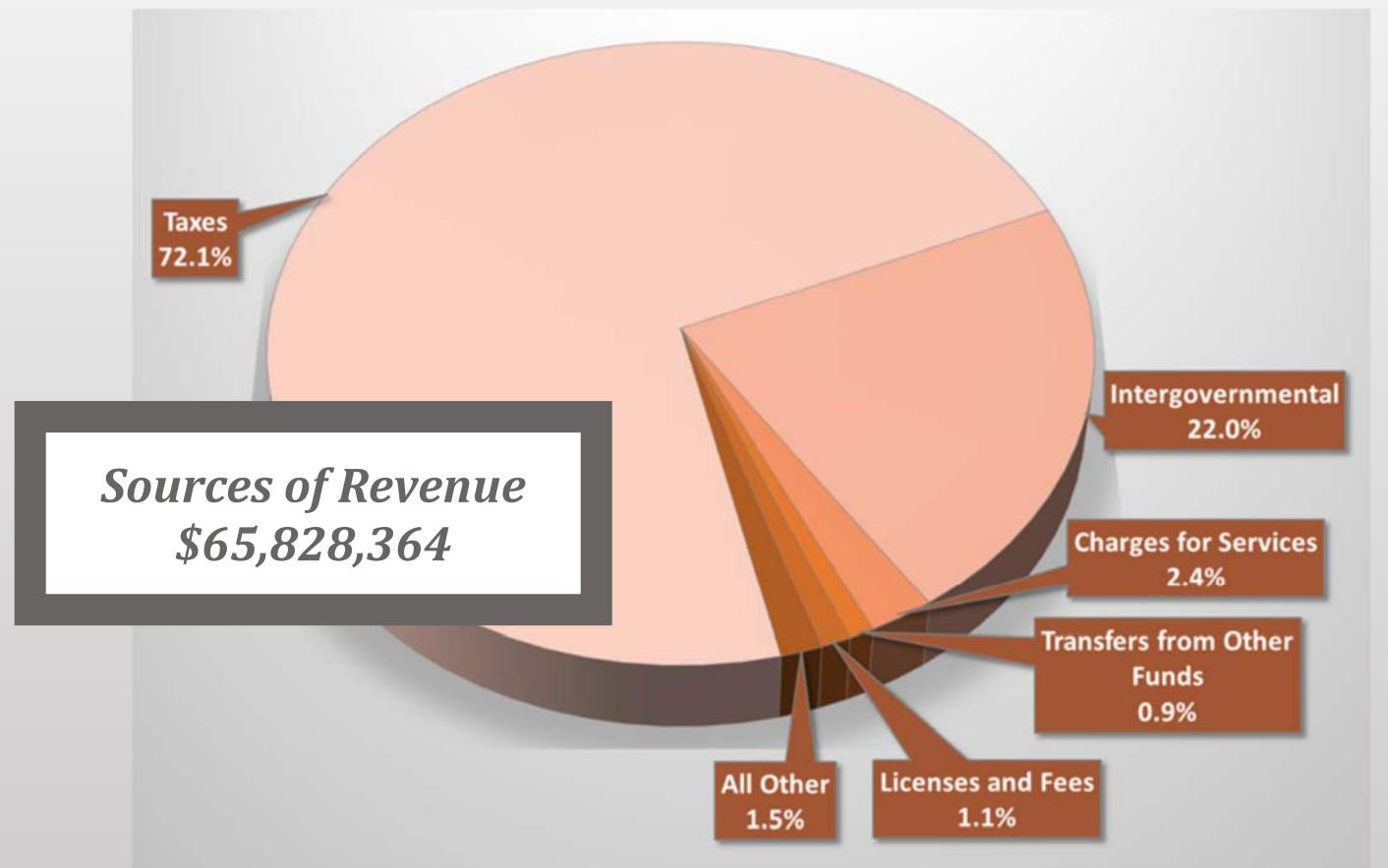
Three **Special Revenue funds** to account for revenue sources that are legally restricted or committed to expenditure for specific purposes (not including permanent funds or major capital projects).

Five **Capital Projects funds** to account for the acquisition of capital assets or construction of major capital projects not financed by the Town's major capital improvement funds, proprietary funds or permanent funds.

Five **Permanent funds** to account for resources where principal is legally restricted by a formal trust agreement and only earnings may be used for purposes that benefit the Town or its citizenry.

GENERAL FUND

2018-19 Actual Revenues/Other Sources and Expenditures/Other Uses



*Note: In Expenditure Functions above, school dept. debt service and transfers to other funds are reported as Education expenditures. In the CAFR these are reported as debt service and other uses.

GENERAL FUND BUDGET

The chief operating fund of the Town of Brunswick

Despite a planned and budgeted reduction of \$3,211,364, plus additional reductions in the form of 2018 carry-forward encumbrances of \$43,344, capital budget of \$1,075,500 and supplemental appropriations of \$280,000, the total fund balance of the Town of Brunswick's General Fund actually increased by \$572,060 during the 2018-19 fiscal year.

<u>Revenues - by Source</u>	<u>2018-19 Budget</u>	<u>2018-19 Actual</u>	<u>Over/(Under) Budget</u>
Taxes	\$46,461,532	\$47,471,712	\$1,010,180
Licenses and Fees	467,065	722,963	255,898
Intergovernmental	14,100,184	14,466,298	366,114
Charges for Services	1,321,565	1,574,280	252,715
Fines and Penalties	39,495	43,224	3,729
Interest	215,000	425,712	210,712
Donations and Contributions	25,000	25,000	-
Unclassified	366,400	493,711	127,311
Sale of Assets	-	5,464	5,464
Transfers from Other Funds	600,000	600,000	-
Decr/(Incr) Fund Balance	3,211,364	(572,060)	(3,783,424)
	\$66,807,605	\$65,256,304	\$(1,551,301)

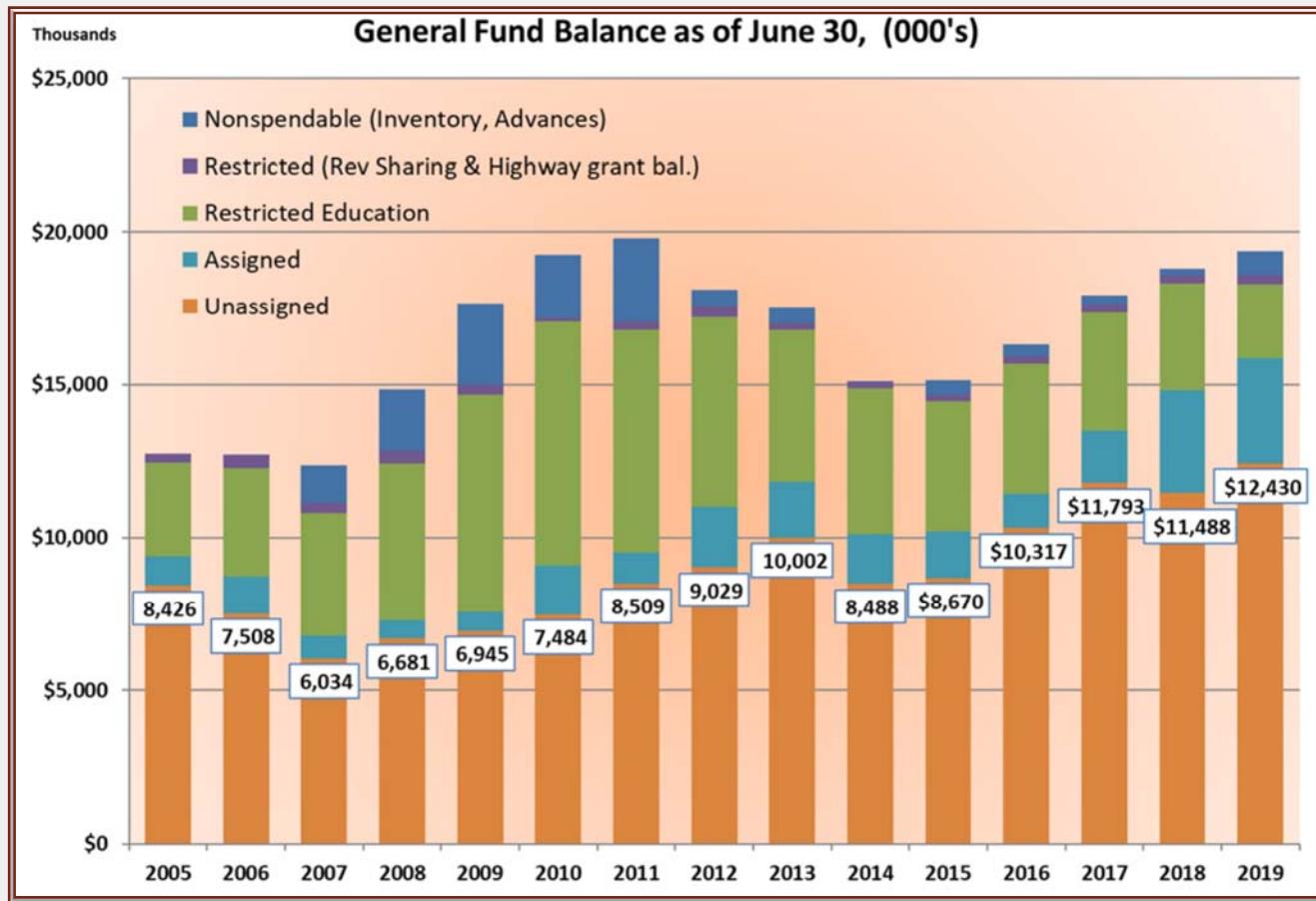


<u>Expenditures—by Function</u>	<u>2018-19 Budget</u>	<u>2018-19 Actual</u>	<u>(Over)/Under Budget</u>
General Government	\$4,004,947	\$3,797,725	\$207,222
Public Safety	9,565,594	9,160,603	404,991
Public Works	4,165,022	3,732,136	432,886
Human Services	183,825	202,823	(18,998)
Education*	38,132,210	36,811,767	1,320,443
Recreation & Culture	3,197,541	3,083,440	114,101
County Tax	1,565,279	1,565,279	-
Unclassified	478,502	199,922	278,580
Debt Service (municipal)	992,458	992,458	-
Other Uses (Transfers Out)	1,700,958	2,888,882	(1,187,924)
	\$63,986,336	\$62,435,035	\$1,551,301

*Note: In the annual budget and in the Expenditure table above, school department debt service and transfers to other funds are reported as Education expenditures. In the CAFR these are reported as debt service and other uses.

GENERAL FUND BALANCE

- **Nonspendable** cannot be spent.
- **Restricted** reflects resources that are subject to externally enforceable legal restrictions, typically imposed by parties outside of the government.
- **Committed** represents resources whose use is constrained by limitations the government imposes on itself at its highest level of decision making (i.e., the Town Council), that remain binding unless removed in the same manner.
- **Assigned** reflects a government's intended use of resources.
- **Unassigned** represents the net resources in excess of what can be properly classified in one of the other four categories.



The Town's policy for its general fund targets the unassigned fund balance at 16.67% of its GAAP revenues. For the year ended June 30, 2019, the target was \$10,873,568. The actual balance, at 19.06% of GAAP revenues, is \$1,556,571 above the target.

This is the fourth consecutive year the balance was above the target, and was anticipated, as the Town had experienced balances below the target in previous years, and has made efforts to maintain the balance above the target level. The Town has restored the fund balance largely through continued reductions in the amount of fund balance used in the budget.

In accordance with the fund balance policy, amounts above the target have been allocated for capital improvements, or other one-time expenditures.

TAXES

Tax Revenue makes up 72.1% of General Fund Revenues

<u>Taxes</u>	<u>2018-19 Actual</u>
Property Taxes/Interest/Lien Costs	\$43,271,422
Payments In Lieu Of Taxes (PILOT)	395,066
Excise Taxes	3,805,224
	<hr/>
	\$47,471,712



Property Taxes are the largest single source of revenue for the Town. In 2018-19 the tax rate was \$18.92 per \$1,000 of taxable assessed property value. This was an increase of 2.99% over the 2017-18 rate of \$18.37 per \$1,000.

As of April 1, 2018, Brunswick had 1,135 personal property accounts and 9,402 real property parcels, of which 8,396 were taxable. The median taxable value of the Town's residential properties was \$200,100.

Distribution of the 2018-19 tax

Education
\$0.59

Municipal
\$0.38

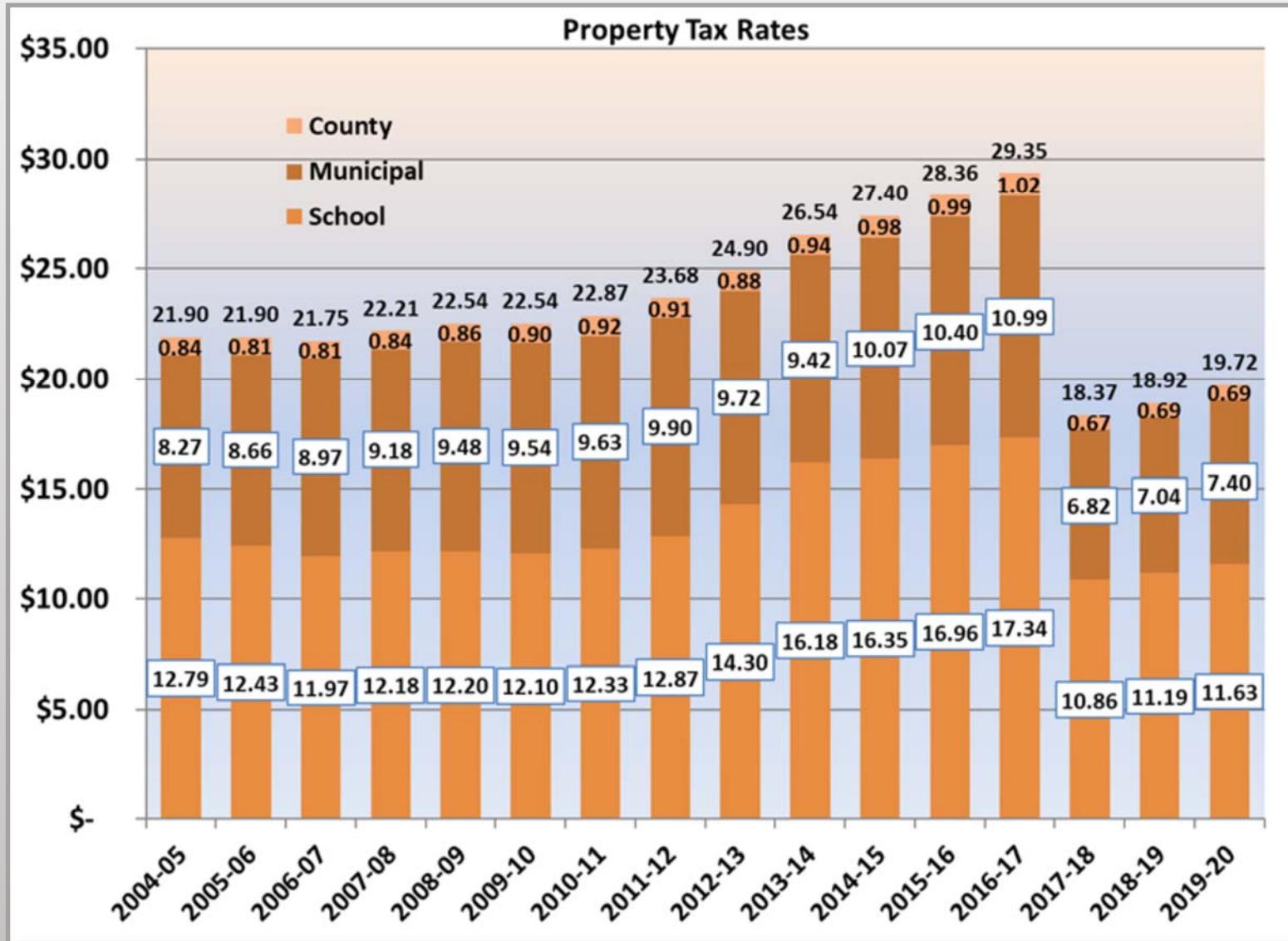
County
\$0.03



BRUNSWICK TAX RATES

Per \$1000 of taxable
assessed value

Historical Data—16 years



During 2016-17, the Town conducted a Revaluation and Equalization project to update the assessed values of all real property in the Town of Brunswick, bringing the assessment ratio up to 100% of market value. The updated assessed values resulted in a decrease in the tax rate in the 2017-18 fiscal year.

Taxes for the 2019-20 fiscal year were committed on August 28, 2019 and are due in two installments—October 15, 2019 and April 15, 2020.

Taxes unpaid as of the due dates are assessed interest. Tax liens are placed on real property of delinquent tax accounts within eight to twelve months following the date the taxes were committed.

For More Information ~

**Please visit the
Town's website at:**

<http://www.brunswickme.org/>



For detailed financial information:

The Annual General Fund Budget and the Comprehensive Annual Financial Statements (CAFRs) can be found on the Finance Department page:

<http://www.brunswickme.org/35/departments/finance/>

Or call us:



<u>Department</u>	<u>Phone</u>
Assessing	725-6650
Codes Enforcement	725-6651
Economic Development	721-0292
Engineering	725-6658
Finance	725-6652
Fire Department	725-5541
Human Resources	725-6653
Human Services	725-6661
Marine Resources	721-4300
Parks & Recreation	725-6656
Planning & Development	725-6660
Police Department	725-5521
Public Works	725-6654
School Department	319-1900
Town Clerk	725-6658
Town Manager	725-6659