



**MOORS & CABOT**  
INVESTMENTS

**Banking & Advisory Group**

OFFICIAL STATEMENT DATED JANUARY 14, 2020

**NEW ISSUE**  
**Moody's: Aa2**  
**S&P: AA+**

In the opinion of Bernstein Shur Sawyer & Nelson, P.A., Bond Counsel, ("Bond Counsel") and assuming compliance with certain tax covenants, under existing statutes, regulations and court decisions, interest on the Bonds (as defined below) is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, such interest is not an item of tax preference for purposes of calculating the alternative minimum tax under the Code. Bond Counsel is also of the opinion that pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended, the interest paid on the Bonds is exempt from income tax within the State of Maine (the "State") under existing statutes, regulations and judicial decisions. **The Town will not designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.** See "THE BONDS—TAX MATTERS" and "APPENDIX B" herein.

**TOWN OF BRUNSWICK, MAINE**  
**\$24,450,000**  
**2020 GENERAL OBLIGATION BONDS**

**Dated: Date of Delivery**

**Due: November 1, as shown below**

<b>Year of</b>		<b>Interest</b>	<b>Yield or</b>	<b>Year of</b>		<b>Interest</b>	<b>Yield or</b>
<b>Maturity</b>	<b>Amount</b>	<b>Rate</b>	<b>Price</b>	<b>Maturity</b>	<b>Amount</b>	<b>Rate</b>	<b>Price</b>
2020	\$420,000	5.00%	0.90	2033	\$1,170,000	2.00%	2.10
2021	690,000	5.00	0.90	2034	1,195,000	2.125	2.20
2022	725,000	5.00	0.90	2035	1,065,000	2.25	2.30
2023	765,000	5.00	0.92	2036	1,065,000	2.375	2.40
2024	805,000	5.00	0.96	2037	1,065,000	2.375	2.45
2025	845,000	5.00	1.00	2038	1,065,000	2.50	2.48 <sup>(†)</sup>
2026	890,000	5.00	1.08	2039	1,065,000	2.50	2.53
2027	935,000	5.00	1.15	2040	1,065,000	2.375	2.50
2028	980,000	5.00	1.24	2041	1,065,000	2.50	2.55
2029	1,030,000	5.00	1.30	2042	1,065,000	2.50	2.58
2030	1,085,000	5.00	1.38	2043	1,065,000	2.50	2.62
2031	1,120,000	2.00	1.95 <sup>(†)</sup>	2044	1,065,000	2.625	2.66
2032	1,145,000	2.00	100				

The Town of Brunswick, Maine 2020 General Obligation Bonds (the "Bonds") will be issued as fully-registered certificates without coupons and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the minimum denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. See "THE BONDS—BOOK-ENTRY-ONLY SYSTEM" herein. Principal and interest on the Bonds will be paid to DTC by U.S. Bank National Association, Boston, Massachusetts, as Paying Agent. Interest on the Bonds will be payable on November 1, 2020 and semi-annually on each May 1 and November 1 thereafter until maturity, or redemption prior to maturity.

The legal opinion of Bond Counsel will be provided to the original purchaser and will indicate that the Bonds are valid general obligations of the Town of Brunswick, Maine (the "Town") and, unless paid from other sources are payable as to both principal and interest from ad valorem taxes that are subject to limitation unless certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, are met, in which case such ad valorem taxes may then be levied, without limit as to rate or amount upon all the property within the territorial limits of the Town and taxable by it (see "THE BONDS—SOURCE OF PAYMENTS AND REMEDIES - Limitation on Municipal Property Tax Levy" herein), except to the extent that the Town may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality and except to the extent that the Town establishes or has established development districts either as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may or may not be available for payment of debt service on the Bonds (see "TOWN FINANCES—TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS" herein). Bonds issued for school improvements that will be included in the school budget, governed by and appropriated in accordance with Title 20-A, Chapter 606-B of the Maine Revised Statutes, as amended, such as the School Project, are not subject to the property tax limit set forth in Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended. The Town's Treasurer has certified that the Town has no agreements under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share assessed valuation with another municipality. The Town has established certain tax increment financing districts and elected to retain a portion of the tax increment on the captured assessed value of the property in the districts to pay costs of the economic development projects and programs described in the development programs adopted with respect to the districts. Within the limits established by statute, the Town has the right to designate additional development districts pursuant to Title 30-A, Chapter 206 of the Maine Revised Statutes, as amended. Bond Counsel's opinion will indicate that the enforceability of the obligations of the Town, including the Bonds, is subject to and may be limited by bankruptcy, insolvency, moratorium and other laws affecting the rights and remedies of creditors generally, and are subject to general principles of equity. The opinion will be dated and given on and will speak as of the date of original delivery of the Bonds to the original purchasers.

Bonds maturing on and before November 1, 2030 are not subject to redemption prior to their stated dates of maturity. The Bonds maturing on and after November 1, 2031 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after November 1, 2030 as more fully set forth herein (see "THE BONDS—OPTIONAL REDEMPTION PRIOR TO MATURITY" herein).

The Bonds are offered when, as and if issued, subject to the approval of legality by Bernstein Shur Sawyer & Nelson, P.A. of Portland, Maine, Bond Counsel. It is expected that the Bonds in definitive form will be available for delivery to DTC on or about January 30, 2020.

**Raymond James & Associates, Inc.**

NOTE: <sup>(†)</sup> Priced at stated yield to the November 1, 2030 optional redemption date at a redemption price of 100% (see "THE BONDS—OPTIONAL REDEMPTION PRIOR TO MATURITY").

No dealer, broker, salesman or other person has been authorized by the Town or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Town and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, any party other than the Town. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the condition or affairs of the Town since the date hereof.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NONE OF THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The CUSIP numbers set forth in this Official Statement have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. Neither the Town nor the Underwriter makes any representation with respect to the accuracy of such CUSIP numbers set forth in this Official Statement or undertakes any responsibility for the selection of the CUSIP numbers or their accuracy now or at any time in the future. The Town is not responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Bonds or as set forth in this Official Statement. The CUSIP number for a specific maturity of the Bonds is subject to change after the issuance of the Bonds and as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of certain maturities of the Bonds.

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**CERTIFICATE  
CONCERNING OFFICIAL STATEMENT**

The information contained herein has been prepared by the Town of Brunswick, Maine with the assistance of Moors & Cabot, Inc., its Municipal Advisor, from the records of the Town and from various other public documents and sources which are believed to be reliable. There has been no independent investigation of such information by the Municipal Advisor, by Bernstein Shur Sawyer & Nelson, P.A., Bond Counsel, and such information is not guaranteed as to accuracy or completeness and is not intended to be a representation by the Municipal Advisor or Bond Counsel.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town or its agencies and authorities, since the date hereof.

To the best of the knowledge and belief of the Treasurer of the Town, this Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made herein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the Town is not guaranteed as to accuracy, completeness or fairness, the Treasurer has no reason to believe that such information is materially inaccurate or misleading. A certificate to this effect, with such if any corrections, changes and additions as may be necessary, will be signed by the Treasurer and furnished at the closing.

This Official Statement is in a form “deemed final” by the Town for purposes of Securities and Exchange Commission’s Rule 15c2-12(b) [17 C.F.R. §240.15c2-12(b)] except for the omission from the Preliminary Official Statement of such information as is permitted by such Rule.

Julia A.C. Henze  
Treasurer  
Town of Brunswick, Maine

**OFFICIAL STATEMENT  
TOWN OF BRUNSWICK, MAINE  
\$24,450,000  
2020 GENERAL OBLIGATION BONDS**

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Brunswick, Maine (the “Town” or “Brunswick”) in connection with the sale of its 2020 General Obligation Bonds (the “Bonds”).

**THE BONDS**

**DESCRIPTION OF THE BONDS**

The Bonds will be issued only as fully-registered bonds without coupons, one certificate per maturity, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York City, New York (“DTC” or the “Securities Depository”). DTC will act as the securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the minimum denomination of \$5,000, or any integral multiple thereof. The Bonds will be dated on the date of delivery and will bear interest (accrued on the basis of a 360-day year with twelve 30-day months) payable on November 1, 2020, and semi-annually thereafter on May 1 and November 1 of each year until maturity, or redemption prior to maturity. The Bonds will mature as follows:

<u>Amount</u>	<u>November 1,</u>	<u>CUSIP</u>	<u>Amount</u>	<u>November 1,</u>	<u>CUSIP</u>
\$420,000	2020	117205MV3	1,170,000	2033	117205NJ9
690,000	2021	117205MW1	1,195,000	2034	117205NK6
725,000	2022	117205MX9	1,065,000	2035	117205NL4
765,000	2023	117205MY7	1,065,000	2036	117205NM2
805,000	2024	117205MZ4	1,065,000	2037	117205NN0
845,000	2025	117205NA8	1,065,000	2038	117205NP5
890,000	2026	117205NB6	1,065,000	2039	117205NQ3
935,000	2027	117205NC4	1,065,000	2040	117205NR1
980,000	2028	117205ND2	1,065,000	2041	117205NS9
1,030,000	2029	117205NE0	1,065,000	2042	117205NT7
1,085,000	2030	117205NF7	1,065,000	2043	117205NU4
1,120,000	2031	117205NG5	1,065,000	2044	117205NV2
1,145,000	2032	117205NH3			

It is expected that the Bonds will be available for delivery at DTC on or about January 30, 2020.

Principal of and interest on the Bonds will be payable in Clearing House Funds to DTC, or its nominee, as registered owner of the Bonds by U.S. Bank National Association, Boston, Massachusetts, as paying agent (the “Paying Agent”). Transfer of principal and interest payments to Participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners (as hereinafter defined) will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. See “THE BONDS - BOOK-ENTRY-ONLY SYSTEM” herein.

**OPTIONAL REDEMPTION PRIOR TO MATURITY**

Bonds maturing on and before November 1, 2030 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on or after November 1, 2031 are subject to redemption prior to their

stated dates of maturity, at the option of the Town, on and after November 1, 2030, as a whole or in part at any time, in such order of maturity as the Town, in its discretion, may determine at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

## **GENERAL PROVISIONS REGARDING REDEMPTION**

### **Notice of Redemption**

In the case of every redemption of the Bonds, the Town shall cause notice of such redemption to be given to the registered owner of any Bonds designated for redemption in whole or in part, at his or her address as the same shall last appear upon the registration books kept by the Paying Agent by mailing a copy of the redemption notice by first class mail not less than thirty (30) days prior to the redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the Bondholder actually receives notice. The failure of the Town to give notice to a Bondholder or any defect in such notice shall not affect the validity of the redemption of any Bond of any other owner. Each notice of redemption shall specify the date fixed for redemption, the place or places of payment, that payment will be made upon presentation and surrender of the Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Bonds outstanding are to be redeemed, the notice of redemption shall specify the numbers of the Bonds or portions thereof (in denominations of \$5,000 or any integral multiple thereof) to be redeemed. The Town shall notify the Securities Depository (see "THE BONDS - BOOK-ENTRY-ONLY SYSTEM" herein) in the same manner as the Bondholders, with a request that the Securities Depository notify its Participants who in turn notify the beneficial owners of such Bonds. Any failure on the part of the Securities Depository, or failure on the part of a nominee of a Beneficial Owner (having received notice from the Town, a Participant or otherwise) to notify the Beneficial Owner so affected, shall not affect the validity of the redemption of such Bond.

### **Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue**

On any redemption date, the principal amount of each Bond to be redeemed, together with the premium, if any, and accrued interest thereon to such date, shall become due and payable. Funds shall be deposited with the Paying Agent to pay, and the Paying Agent is authorized and directed to apply such funds to the payment of the Bonds called for redemption, together with accrued interest thereon to the redemption date and redemption premium, if any. After such redemption date, notice having been given and funds deposited in the manner described above, then, notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any of such Bonds. From and after such date of redemption (such notice having been given and funds deposited), the Bonds to be redeemed shall not be deemed to be outstanding.

### **Cancellation**

All Bonds that have been redeemed shall be canceled by the Paying Agent and either destroyed by the Paying Agent with counterparts of a certificate of destruction evidencing such destruction furnished by the Paying Agent to the Town or returned to the Town at its request.

### **Partial Redemption of Bonds**

Bonds or portions of Bonds to be redeemed in part shall be selected when held by a Securities Depository by lot and when not held by a Securities Depository, by the Town by lot or in such other manner as the Town in its discretion may deem appropriate.

## **RECORD DATE; PAYMENT**

The principal of the Bonds is payable upon surrender thereof at the principal Corporate Trust Office of the Paying Agent. Payment of the interest on the Bonds will be made to the person appearing on the registration books of the Paying Agent as the registered owner thereof at the close of business on the 15<sup>th</sup> day of the month preceding each interest payment date for the Bonds, and if such day is not a regular business day of the Paying Agent the next day preceding which is a regular business day of the Paying Agent, by check, wire or draft mailed to each registered owner at such person's address as it appears on the registration books, or at another address as is furnished to the Paying Agent in writing by the owner. Interest that is not timely paid or provided for shall cease to be payable to the registered owner as of the regular record date and shall be payable to the registered owner at the close of business on a special record date to be fixed by the Paying Agent.

## **AUTHORIZATION AND PURPOSE**

The Bonds are being issued to provide funds to finance the Planning, Design and Construction of a New Elementary School on the Site of the Former Jordan Acres School, with total project costs not to exceed \$28,000,000 (the "School Project") pursuant to bond ordinances of the Town Council adopted at its meeting held February 21, 2017 and approval of the voters of the Town at its Special Municipal Election, held on June 13, 2017. This authority is granted to the Town by Title 30-A, Section 5772 of the Maine Revised Statutes, as amended; and by Section 512 of the Town's Charter (as defined herein).

A portion of the proceeds of the Bonds, in the amount of \$20,000,000, will be used to refund, on a current basis, the outstanding portion of the Town's 2019 General Obligation Bond Anticipation Notes, dated September 5, 2019 and maturing on February 12, 2020, without the option to prepay, to provide a portion of the funds to finance the School Project.

The Town reasonably expects that the project will cost what is being borrowed to fund it. However, in the unlikely event unforeseen circumstances result in unspent bond proceeds upon completion of the School Project, or the Town abandons the School Project, the Town reserves the right to reallocate unspent proceeds to the costs of other qualified projects approved, or to be approved, by the Town Council, or to apply unspent proceeds to the payment of debt service on the Bonds.

## **SOURCE OF PAYMENT AND REMEDIES**

### **General**

The Bonds are general obligations of the Town and their payment is not limited to a particular fund or revenue source. Municipalities in the State of Maine (the "State") have the right to tax their inhabitants to pay municipal indebtedness. The Bonds are payable as to both principal and interest from ad valorem taxes that are subject to limitation unless the Town follows certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, in which case the Town has the power to levy such ad valorem taxes without limit as to rate or amount upon all the taxable property within its territorial limits (see "THE BONDS – SOURCE OF PAYMENT AND REMEDIES – Limitation on Municipal Property Tax Levy" herein), except to the extent that the Town may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality, and except to the extent that the Town establishes or has established development districts as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may or may not be available for payment of debt service on the Bonds (see "TOWN FINANCES - TAX INCREMENT FINANCING DISTRICTS AND



AFFORDABLE HOUSING DEVELOPMENT DISTRICTS” herein). The Treasurer of the Town has certified that no tax base sharing agreement now exists. The Town has established certain tax increment financing districts and elected to retain a portion of the tax increment on the captured assessed value of the property in these districts to pay costs of the economic development projects and programs described in the development programs for the districts. Within the limits established by statute, the Town has the right to designate additional development districts pursuant to Title 30-A, Chapter 206 of the Maine Revised Statutes, as amended. There is no statutory provision for a lien on any portion of the tax levy to secure bonds or notes, or judgments thereon, in priority to other claims.

The Town is subject to suit on the Bonds. Title 14, Section 4951 of the Maine Revised Statutes, as amended, provides that executions against a town shall be issued against the personal property of the residents of that town and real estate within its boundaries, whether or not owned by the town. Only town real estate not used for public purposes, however, is subject to such execution. In addition, Title 30-A, Section 5701 of the Maine Revised Statutes, as amended, provides that the personal property of the residents and the real estate within the boundaries of a municipality may be taken to pay any debt due from the municipality. There has been no judicial determination as to whether the statutory remedy of taking property of residents to satisfy debts of or judgments against, a municipality is constitutional under current due process and equal protection standards and Bond Counsel expresses no opinion thereon. There has been no judicial determination as to whether statutory remedies available against towns are applicable to cities and Bond Counsel expresses no opinion thereon.

Funds to meet Town expenses, including debt service, are not included in the tax levy to the extent they are expected to be met with other non-tax revenues. Amounts necessary to repay sums borrowed temporarily in anticipation of bonds or grants are similarly excluded because they would normally be expected to be paid from the anticipated bond proceeds or grants. Enforcement of a claim for payment of principal of or interest on bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of statutes, if any, hereafter enacted by the Congress or the State Legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. The Bonds are not guaranteed by the State.

### **Limitation on Municipal Property Tax Levy**

Effective July 1, 2005, the Legislature enacted LD 1, codified in part as Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, which, subject to certain procedural overrides, establishes a limit on municipal property tax levies. This limit is referred to as the “Property Tax Levy Limit”. With certain exceptions, a municipality may not adopt a property tax levy that exceeds its Property Tax Levy Limit from one year to the next by more than a specified growth limitation factor. Therefore, in cases where the amount of the prior year’s Property Tax Levy Limit exceeds the amount of the Town’s actual property tax levy, the Town may carry-forward that difference in establishing its future years’ property tax levy. See “TOWN FINANCES - Property Tax Levy Limit” herein.

The growth limitation factor is the average personal income growth as defined by Title 5, Section 1531 of the Maine Revised Statutes, as amended, plus the property growth factor. The property growth factor is a percentage equivalent to a fraction established by a municipality whose denominator is the total valuation of the municipality, and whose numerator is the amount of increase in the assessed value of any real or personal property in the municipality that becomes subject to taxation for the first time, or taxed as a separate parcel for the first time for the most recent property tax year for which information is available, or that has had an increase in its assessed valuation over the prior year's valuation as a result of improvements to or expansion of the property. For municipalities that qualify as a result of a relatively larger percentage of personal property, personal property can be incorporated into the property growth factor calculation. In addition, a municipality is required to lower its Property Tax Levy Limit in any year by an amount equal to

net new funds provided by the State for existing services funded in whole or in part by the property tax levy. The Town may increase the Property Tax Levy by a majority vote of the entire Town Council on a separate article that specifically identifies the intent to exceed the Property Tax Levy Limit. Pursuant to Title 30-A, Section 5721-A(7)(B) of the Maine Revised Statutes, as amended, this action, however, is subject to override by initiative upon a petition signed by at least 10% of the number of voters voting in the last gubernatorial election in the municipality submitted within 30 days of the Council's vote. However, the opportunity for the voters to petition for a referendum vote on the Council's decision is not provided if the municipal charter "prohibits a petition and referendum process".

In lieu of increasing the Property Tax Levy Limit, the Town Council may vote to exceed the Property Tax Levy Limit for extraordinary circumstances. Exceeding the Property Tax Levy Limit permits the property tax levy to exceed the Property Tax Levy Limit only for the year in which the extraordinary circumstance occurs and does not increase the base for purposes of calculating the Property Tax Levy Limit for future years. Extraordinary circumstances are circumstances outside the control of the Town Council and include:

- (1) Catastrophic events such as natural disaster, terrorism, fire, war or riot;
- (2) Unfunded or underfunded State or federal mandates;
- (3) Citizens' initiatives or other referenda;
- (4) Court orders or decrees; or
- (5) Loss of State or federal funding.

Extraordinary circumstances do not include changes in economic conditions, revenue shortfalls, increases in salaries or benefits, new programs or program expansions that go beyond existing program criteria and operation.

Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, does not limit the amount of taxes which may be raised by a municipality to pay items included in the school budget, governed by and appropriated in accordance with Title 20-A, Chapter 606-B of the Maine Revised Statutes, as amended. Debt service on school improvements, such as the School Project financed by the Bonds, is includable in the school budget and the Town is therefore able to levy ad valorem property taxes without limit as to rate or amount to pay the debt service on that portion of the Bonds.

The Town does not expect that the Property Tax Levy Limit will have a material adverse effect on the Town's financial condition or on the ability of the Town to pay the principal of, and premiums, if any, and interest on the Bonds when due.

## **TAX MATTERS**

### **The Bonds**

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes pursuant to section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use, investment and expenditure of bond proceeds and the requirement that certain earnings be rebated to the federal government. Failure of the Town to comply with such requirements may cause interest on the Bonds to be included in the gross income of the holders thereof for purposes of federal income taxation retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs or is ascertained.

The Town will make certain representations with respect to the use of the proceeds of the Bonds and the projects and improvements financed by the Bonds and will covenant (i) to comply with the provisions and

procedures of the Code applicable to the Bonds and (ii) not to take any action or permit any action that would cause the interest paid on the Bonds to be included in gross income for purposes of federal income taxation pursuant to section 103 of the Code.

In the opinion of Bond Counsel and assuming compliance with certain tax covenants, under existing statutes, regulations and court decisions interest on the Bonds is excludable from the gross income of the owners of the Bonds for federal income tax purposes pursuant to Section 103 of the Code. In addition, such interest is not an item of tax preference under the Code. In rendering its opinion, Bond Counsel will rely upon the Town's representations made with respect to the use of the proceeds of the Bonds, and the projects financed with the Bonds, and the Town's covenant that it will comply with the Code.

### **Exemption of Interest on the Bonds from Taxation Within the State of Maine**

In the opinion of Bond Counsel, interest paid on the Bonds is exempt from income taxation within the State pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended. See "PROPOSED FORM OF LEGAL OPINION" in APPENDIX B herein.

### **Designated as Qualified Tax-Exempt Obligations**

The Town ***will not*** designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

### **Original Issue Discount**

Certain maturities of the Bonds (the "Discount Bonds") may be sold at an issue price that is less than the stated redemption price of the Discount Bonds at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates). The difference between the issue price at which each of the Discount Bonds is sold and the stated redemption price at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) of each of the Discount Bonds constitutes original issue discount ("OID"). Pursuant to Section 1288 of the Code, OID on the Discount Bonds accrues on the basis of economic accrual under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on the Discount Bonds, as applicable. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bond will be increased by the amount of such accrued OID for purposes of determining gain or loss on the sale, exchange, or other disposition of such Bond. Bond Counsel is of the opinion that the appropriate portion of the OID properly allocable to the original and each subsequent owner of the Discount Bonds will be treated as interest excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code to the same extent as stated interest on the Discount Bonds .

Prospective purchasers of the Discount Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the OID properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

### **Original Issue Premium**

Certain maturities of the Bonds may be sold at a purchase price in excess of the amount payable on such Bonds after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) (the "Premium Bonds "). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, stock

in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner’s tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner’s original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the “constant yield method” described in regulations interpreting Section 1272 of the Code.

Prospective purchasers of the Premium Bonds should consult their tax advisors with respect to the calculation of the amount of bond premium which will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds .

### **Additional Federal Income Tax Consequences**

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should consult their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

The Internal Revenue Service (the “IRS”) has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Bonds will be audited. If an audit is commenced, under current IRS procedures holders of the Bonds may not be permitted to participate in the audit process and the value and liquidity of the Bonds may be adversely affected.

### **Changes in Federal Tax Law**

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax exempt status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their tax and financial advisors regarding such matters.

### **Opinions of Bond Counsel**

The legal opinions of Bond Counsel will be furnished to the original purchaser of the Bonds. The opinions will be dated and given on and will speak only as of the date of original delivery of the Bonds to the original purchaser of the Bonds. See APPENDIX B herein.

## **Extent of Opinion**

Bond Counsel expresses no opinion regarding any tax consequences of holding the Bonds other than its opinion with regard to (a) the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code, (b) interest on the Bonds not constituting an item of tax preference pursuant to Section 57 of the Code and (c) the exemption of interest on the Bonds from taxation within the State pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including but not limited to those described above) of holding the Bonds.

## **BOOK-ENTRY-ONLY SYSTEM**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC’s records. The ownership interest of each actual purchaser of each security deposited with DTC (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

## RATINGS

The Bonds are rated “Aa2” by Moody’s Investors Service (“Moody’s”) and “AA+” by S&P Global Ratings (“S&P”). The Town has furnished the rating agencies certain information and materials, some of which may not have been included in this Official Statement. The ratings, if obtained, will reflect only the view of Moody’s or S&P at the time such rating is assigned and will be subject to revision or withdrawal, which could affect the market price of the Bonds. Moody’s or S&P should be contacted directly for its rating on the Bonds and its explanation of such rating. A rating is not a recommendation to buy, sell or hold the Bonds, and such rating should be evaluated independently.

Except as set forth in the Continuing Disclosure Agreement set forth in APPENDIX C and referred to under “THE BONDS – CONTINUING DISCLOSURE” herein, the Town has not undertaken any responsibility either to bring to the attention of the owners of the Bonds any proposed change in, or withdrawal of, any rating of the Bonds or to oppose any such change or withdrawal.

## CONTINUING DISCLOSURE

In order to assist the underwriter of the Bonds in complying with the Securities and Exchange Commission’s (“SEC”) Rule 15c2-12 (the “Rule”), the Town will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the Rule by not later than 270 days after the end of each fiscal year (the “Annual Report”) and to provide notices of the occurrence of certain enumerated events, if material. Pursuant to the Rule, such filings will be made with the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access System (“EMMA”). The covenants will be contained in a “Continuing Disclosure Agreement” (the “Agreement”), the proposed form of which is provided in APPENDIX C. The Agreement will be executed by the Treasurer of the Town, and incorporated by reference in the Bonds. Except for a late filing in 2004 (see below), the Town has never failed to comply in all material respects with any previous undertakings to provide financial information or notices of material events in accordance with the Rule. In the most recent five years the Town has not failed to comply with the Rule, as follows:

<b>FY ended</b> <b><u>June 30,</u></b>	<b><u>Date Filed</u></b>		<b>Days after Fiscal</b> <b><u>Period end</u></b>
	<b><u>Financial</u></b> <b><u>Statements</u></b>	<b><u>Operating Data</u></b>	
2019	December 3, 2019	January __, 2020 <sup>(2)</sup>	156/__( <sup>(2)</sup> )
2018	December 31, 2018	March 19, 2019	184/262
2017	December 27, 2017	December 27, 2017	180/180
2016	January 24, 2017 <sup>(1)</sup>	March 24, 2017	208/267
2015	December 23, 2015	December 23, 2015	176/176
2014	March 26, 2015	March 26, 2015	269/269

NOTE: <sup>(1)</sup> In prior years, the Town has filed a comprehensive Continuing Disclosure Statement that included both annual financial information and operating data simultaneously. In anticipation of the financing of the Town’s 2017 Bonds, dated March 15, 2017, the Town filed its financial statements separately from its annual operating data, which was filed following the closing of the 2017 Bonds.

<sup>(2)</sup> As the date of the sale of the Bonds, in anticipation of the financing of its 2020 Bonds, the Town has only filed its financial statements. Following the financing of the 2020 Bonds, the final Official Statement for the 2020 Bonds will be submitted to EMMA prior to 270 days following the fiscal year end as its *Financial Statements and Operating Data* filing.

## **Assurances of Future Compliance**

The Town adopted a post-issuance compliance policy on July 29, 2013 that, among other things, provides for timely filings with EMMA or its successor repository, if any, with respect to its existing and future continuing disclosure undertakings. Furthermore, the Town has registered with the EMMA reminder system to receive e-mail reminders to help ensure timely annual filing of required financial and operating data.

## **CUSIP IDENTIFICATION NUMBERS**

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds will be paid for by the Town provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

## **MUNICIPAL ADVISOR**

Moors & Cabot, Inc. is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board and has acted as Municipal Advisor to the Town with respect to the issuance of the Bonds pursuant to MSRB Rule G-23. Moors & Cabot, Inc. does not intend to submit its bid on, or participate in an underwriting syndicate for the public distribution of, the Bonds.

## **STATUTORY REFERENCES**

All quotations from and summaries and explanations of laws herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

## **CONDITIONS PRECEDENT TO DELIVERY**

The following, among other things, are conditions precedent to the delivery of the Bonds to the original purchasers thereof.

### **No Litigation**

Upon delivery of the Bonds, the Town shall deliver or cause to be delivered a certificate of the Treasurer, and attested to by the Town Clerk, dated the date of delivery of the Bonds, to the effect that there is no litigation pending or, to the knowledge of such official, threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, and that neither the corporate existence nor boundaries of the Town, nor the title of any of said officers to their respective offices, is being contested.

### **Approval of Legality**

The legality of the Bonds will be approved by Bernstein Shur Sawyer & Nelson, Bond Counsel. The approving opinion of such counsel with respect to the Bonds in substantially the form attached to this Official Statement as APPENDIX B will be delivered at the time of original delivery of the Bonds and a copy of the opinion will be provided to the original purchasers. Bond Counsel are not passing upon, and do not assume responsibility for, the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion) and make no representations that they have independently verified the same. See also "PROPOSED FORM OF LEGAL OPINION" in APPENDIX B herein.



### **Certification of the Bonds**

The Bonds will be certified as to their genuineness by U.S. Bank National Association, Boston, Massachusetts, which certificate will appear on the Bonds.

### **Certificate With Respect to Official Statement**

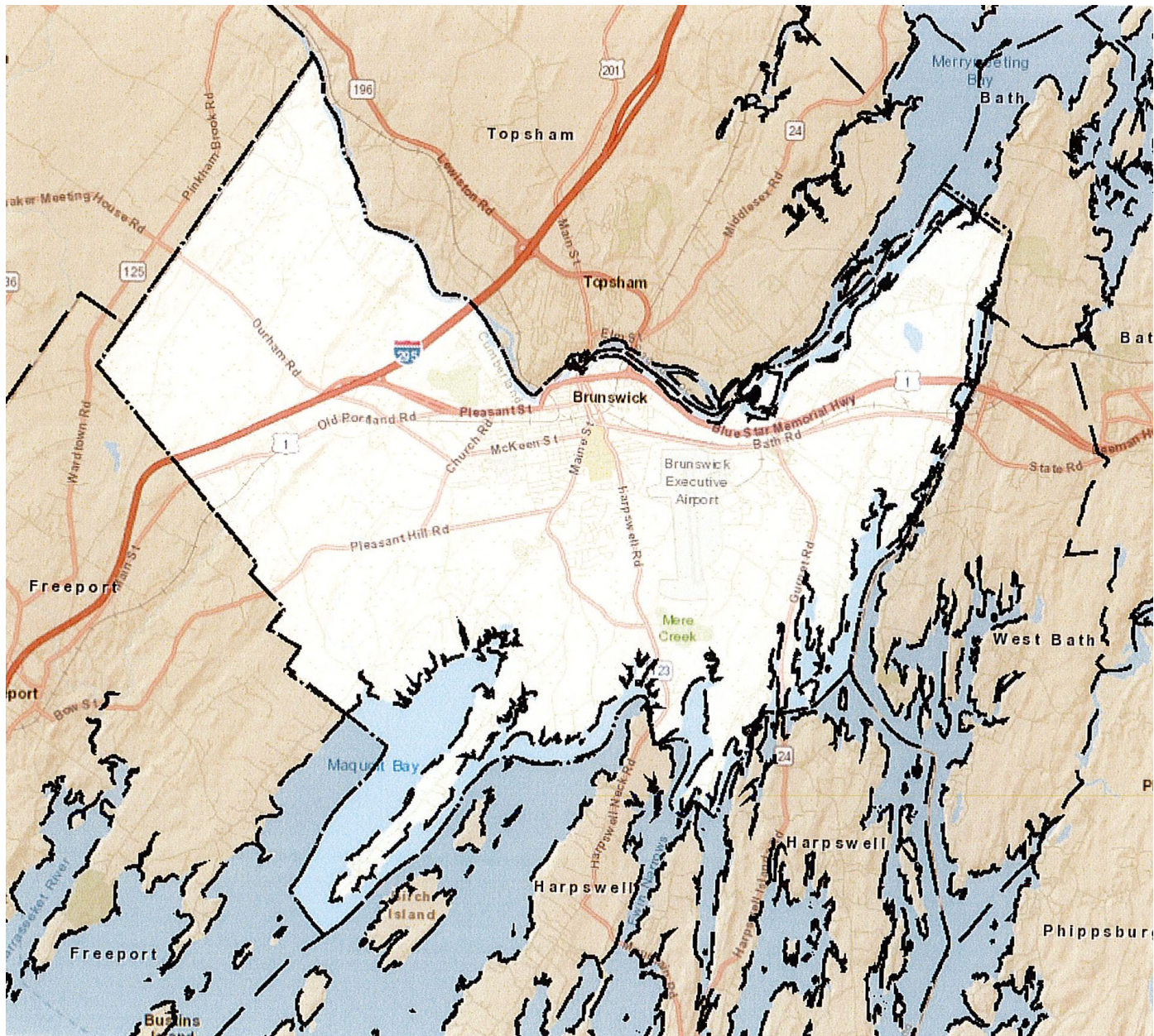
At the time of the original delivery of, and payment for, the Bonds, the Town will deliver a certificate of the Treasurer to the effect that she has examined this Official Statement and the financial and other data contained therein and that, to the best of her knowledge and belief, both as of its date and as of the date of delivery of the Bonds, the Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the Town is not guaranteed as to accuracy, completeness or fairness, she has no reason to believe that such information is materially inaccurate or misleading.

### **Certificate With Respect to Debt Limits**

At the time of the original delivery of and payment for the Bonds, the Town will deliver a certificate of the Treasurer of the Town which certifies that the Town has not exceeded its debt limitations and that issuance of the Bonds will not cause the Town to exceed the debt limit.

### **Certificate With Respect to Shared Valuation**

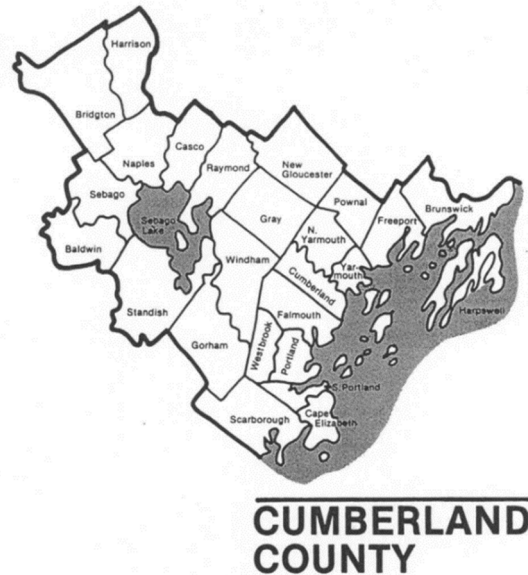
At the time of the original delivery of and payment for the Bonds, the Town will deliver a certificate of the Treasurer of the Town which certifies that no agreements under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality, now exist.



## TOWN OF BRUNSWICK

### GENERAL

Brunswick is located on the coast of the State of Maine in the northeastern section of the county of Cumberland, the State's most populous county. The Androscoggin River separates Brunswick from the town of Topsham, forming Brunswick's northern border. The city of Bath and the town of West Bath are each contiguous to Brunswick's east. The towns of Harpswell and Freeport form Brunswick's southeastern and southwestern border, respectively. Brunswick also encompasses and is bordered by various bays that flow directly into the Atlantic Ocean. The town of Durham borders Brunswick on its northwest perimeter. The Town is strategically located between Maine's major population centers being 25 miles northeast of Portland, Maine's largest city, 18 miles southeast of Lewiston - Auburn, 30 miles south of the city of Augusta, the State's capital, and eight miles west of the city of Bath. Convenient access to Brunswick is provided by U.S. Interstate Route 295 that diagonally bisects the Town's northwestern plain and by U.S. Route 1 that flows through the center of Brunswick and then through its northeastern border in a west-east direction.



The area that encompasses the town was first settled by Europeans in 1628 as Pejepscot, named for the Pejepscot Indians of the Anasagunticook tribe. On September 14, 1715, the proprietors of the Pejepscot Company voted to lay out a township. On May 3, 1717, the township was approved by the General Court of Massachusetts and named in honor of the House of Brunswick to which family the King of England belonged. Brunswick became incorporated as a town on February 6, 1739. The first dam across the Androscoggin River, highly important in Brunswick's industrial growth, was built in 1753, and has been replaced many times since then. Blessed with water on three of its sides, the Androscoggin River, the New Meadows River and the Atlantic Ocean, Brunswick developed simultaneously as a mill town, a lumbering and shipbuilding center, and as a sea-going port.

Today, Brunswick is an industrial, commercial and cultural center for a large spread of coastal villages and resort regions in its area. Bowdoin College is located in the town, as is Mid Coast – Parkview Health, with a June 2015 consolidation of Mid Coast Hospital and Parkview Hospital. Brunswick Landing and Brunswick Executive Airport (both at the former Brunswick Naval Air Station which was closed in 2011 as part of a Base Realignment and Closure) are home to a growing number of businesses and manufacturing facilities including Wayfair and Molnlycke, as well as a campus of Southern Maine Community College and TechPlace, a business incubator. Bath Iron Works, and L.L. Bean, one of the nation's most successful mail-order enterprises headquartered in Freeport, all have facilities in Brunswick.

Brunswick is a suburban-urban coastal community with highly developed shorefront areas. According to the 2010 Census, the Town's residents live in predominantly single-family dwellings of which 68% are owner occupied. The land area of the Town is comprised of residential, mixed use, commercial, industrial, college use, coastal protection, medical overlay and resource protection zones, open space, coastal and woodland areas with a total area embracing approximately 49.73 square miles.

## **GOVERNMENT**

There are two basic forms of local government in Maine: the “Direct” form, often referred to as town meeting government, in which the town meeting serves as the legislative body, passing laws, approving the spending of monies; and the “Representational” form, in which an elected council serves as the legislative body.

The Town operates under a charter that initially became effective January 2, 1970, as amended and supplemented, most recently in November 2005, effective January 1, 2006 (the “Charter”), providing for a council-manager form of government with a nine-member Town Council, each serving three-year staggered terms. Seven council members are elected by district and two are elected at-large. The Charter grants to the Town Council all powers to enact, amend, or repeal rules, ordinances and resolutions relating to the Town’s property, affairs and government, to preserve the public peace, health and safety, to establish personnel policies and give effect to any vote of the Town and to authorize the issuance of debt. The Town Manager is the chief administrative officer of the Town.

## **MUNICIPAL SERVICES**

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, highways, streets and sidewalks, parks and recreation, and coastal areas. Public education is provided for grades Kindergarten (“K”) through 12. Beginning with the 2020-21 school year, the Town will also provide pre-K education for 4-year-old students.

Water service is provided by the Brunswick & Topsham Water District, a wholly separate quasi-municipal entity whose operation and obligations are not part of the Town. Sewer service is provided by the Brunswick Sewer District, a wholly separate quasi-municipal entity whose operation and obligations are not part of the Town.

### **General Government and Administrative Services**

General government and administrative services are located at 85 Union Street. Offices in the Town Hall building include the Town Manager’s office, the Assessing, Clerks, Economic Development, Finance/Tax, Human Resources, Human Services, IT & Cable TV and Planning & Codes Departments and the Town Engineer’s office. Centrally located, the Town Hall also serves as a meeting facility, housing the Town Council Chambers and other conference rooms for Town boards and committees. As part of the Town’s building acquisition agreement in 2014, Bowdoin continues to occupy the top floor of the building for up to ten years.

### **Public Safety**

The Police Department is staffed by a Police Chief, two Commanders, four Lieutenants, one Detective Sergeant, three patrol Sergeants, and 19 Patrol Officers. The roster also includes three Detectives, two School Resource Officers, a Marine Patrol Officer, an Animal Control Officer, a Parking Enforcement Officer, ten Communications Officers and a Communications Officer Supervisor. There is an Executive Secretary, one Bookkeeper, two part-time custodians, and two School Crossing Guards. New to the Police Department in 2018 is a Dutch Shepherd K-9 unit, Jack. Beginning in 2019, Brunswick entered into a one-year agreement with the Town of Freeport to share the services of the Animal Control Officer for a pro-rated share of that employee’s wages. Brunswick is a designated public safety answering point (“PSAP”), meaning that 911 calls from Brunswick and certain surrounding communities are directed to the Brunswick dispatch center. Under a five-year agreement reached in July, 2016, Brunswick provides emergency services dispatch and communications for the Town of Freeport.



The Department maintains 20 vehicles, an airboat, a 20 ft. fiberglass boat with outboard, one equipment trailer and one electronic sign board, all of which are in good repair. The Police Department is currently headquartered at 85 Pleasant St in a building constructed in 2013. The police station building project was funded with the issuance of bonds on June 27, 2013. See “INDEBTEDNESS – DEBT SUMMARY” herein.

The Fire Department is staffed by a Fire Chief, two Deputy Chiefs, four Captains, four Lieutenants, 28 Firefighters, an Inspector, and one Administrative Assistant. The captains, lieutenants and firefighters also serve as Emergency Medical Technicians and Paramedics for the Department’s rescue services. The Fire Department is currently housed in two fire stations, with one station located in downtown Brunswick, Central Station, and a second, Emerson Station, located in the Cook’s Corner area. The Department maintains one aerial platform truck, three pumper vehicles, one tank truck, two brush trucks, four ambulance/rescue units, a special operations unit for Haz Mat, confined space and high angle rescue, two utility pickup trucks, three command SUVs, and one boat.

The Fire Department’s Central Station is 100 years old, and studies in 2000 and 2002 identified numerous deficiencies in the structure and functionality of the facility. In 2006 the Town acquired land near Central Station to accommodate the option for a major renovation and expansion of the station. More recently, significant repair requirements brought the building issues to the forefront once again, and based on changes in traffic flow downtown, the Town recognized the need to consider other locations for a central station. In 2017 the Town Council established a Fire Station Task Force composed of citizens, Councilors and staff, and appropriated \$100,000 to fund programming analysis, site investigations and preliminary building design. Based upon the work of the Task Force, on April 1, 2019, the Town Council adopted “An Ordinance Authorizing The Purchase of Property For And Construction Of A New Central Fire Station With Total Project Costs Of Up To \$13,500,000, And the Issuance of Bonds of Up To \$13,500,000.” The Town is currently acquiring the property for the future fire station and is contracting with an architect/design firm for the final design, construction bidding and management. It is anticipated that construction may begin in May, 2020, with completion estimated for 2021. See “INDEBTEDNESS – FUTURE FINANCING” herein.

## **Public Works**

The Public Works Department is responsible for maintenance of the Town’s roads and storm drainage system, the operation of a secure solid waste landfill and the oversight of residential refuse collection and recycling collection. The department is staffed by one Public Works Director, one Operations Manager, two support staff, one part-time employee and 20 full-time staff. The Public Works Department maintains 42 vehicles and various pieces of equipment. The Town Engineer and Assistant Town Engineer, formerly part of the Public Works Department, now have offices in Town Hall under the supervision of the Town Manager, where the engineers interface with several municipal departments in addition to Public Works.

The Town operates a solid waste landfill. In 2004, the Town created an enterprise fund to record the activities of its solid waste landfills. Operations at the Town’s wood and masonry landfill were discontinued in 2005 and the Town has closed that facility in accordance with applicable laws and regulations. In January 2007, the Town initiated pay-by-the-bag and single sort recycling programs, both with intent of extending the useful life of the solid waste landfill. The Town has hoped to fund eventual closure and post-closure costs from tipping fees and net proceeds from the pay-by-the-bag program. Within the past two years, the Town learned from the Maine Department of Environmental Protection (“DEP”), that due to groundwater conditions, landfill closure costs are eligible for state cost-sharing through the Landfill Closure and Remediation Program, though reimbursement from program funds is based on availability. Currently the Town is actively pursuing a plan for closure in spring/summer 2021, including accepting additional waste to fill the remaining capacity and to bring in additional revenues. At June 30, 2019, the Town had filled 91.2% of the landfill capacity, and is on schedule for closure beginning in April 2021. Based on available reserves and projected revenues, the Town estimates that it will not be necessary to issue debt to fund the landfill closure. See “ENVIRONMENTAL MATTERS” section herein.

## **Parks and Recreation**

The Town's Department of Parks and Recreation offers a full calendar of recreational programs and maintains a number of parks as well as active and passive recreational facilities throughout the Town. The Department is staffed by a Director and Deputy Director, one Program Assistant, a Parks & Facilities Manager, a Parks Foreman, six maintenance workers, two office support staff, and a number of part-time and seasonal personnel. In November 2013, the Parks and Recreation Department moved from its downtown location to a large multi-purpose recreation facility at the former Naval Air Station ("NASB"), now called Brunswick Landing. The building was transferred to the Town from the Navy through the public conveyance process associated with the NASB closure. Also conveyed was a 591-acre parcel designated as passive recreation/conservation land, now named the Kate Furbish Preserve, and the former 66-acre Navy radio transmitter site, now called the Capt. William A. Fitzgerald Recreation and Conservation Area. The Parks division currently is responsible for 50 parks, facilities and public spaces, constituting over 1,500 acres.

## **Train Station/Visitors Center**

The Town leases approximately 2,125 square feet of space in a building located at Brunswick Station. The space serves as the Town's train station/visitors center and is managed under an agreement with the Brunswick Downtown Association ("BDA"). The Maine Department of Transportation ("MDOT") constructed a permanent station platform, located behind the train station/visitors center. The Town was not required to contribute to the construction of the platform but is responsible to maintain it at Town expense.

Following the 2010 approval of \$35 million in federal stimulus money, and \$3 million in State funds, approximately 28 miles of rail track between Brunswick and Portland were rehabilitated and Amtrak was able to extend train service to Brunswick. In November 2012 the Amtrak Downeaster train began operating from the station. In 2011, the Northern New England Rail Passenger Authority ("NNEPRA") announced its plan to construct a layover facility in Brunswick to service the Amtrak Downeaster trains. Construction on the 650 foot by 70 foot layover facility – large enough to hold three full trains – was completed late summer, 2016. The facility allows for late-night trains arriving in Brunswick to remain overnight and head south again the following morning, rather than returning to Portland overnight. Prior to construction, daily service consisted of two round trips between Brunswick and Boston. With the opening of the layover facility in November 2016, service increased to three round trips per day.

Passenger rail service between Boston and Brunswick expanded again in November of 2018 with the completion of a critical rail project south of Brunswick. The \$9.4 million construction of a secondary passing rail line in Falmouth and Cumberland enabled Amtrak's Downeaster to operate five round trips per day on its entire line.

Additionally, NNEPRA has explored the possibility of extending train service from Brunswick north to Rockland. Risk assessments of the 58 miles of track between Brunswick and Rockland are necessary before service could resume. This seasonal service would follow the route operated by Maine Eastern Railroad until the end of 2015.

The center also serves as a bus stop for both local and long distance service. Concord Coach Lines has used the station since it opened for the Brunswick stop on its Midcoast Maine route from Orono, ME to Boston and Logan Airport. In 2010 the Brunswick Explorer began providing local bus service throughout Brunswick. In August 2017, the Metro Breez extended its regional express bus service between Brunswick and Portland, with stops in Freeport and Yarmouth.

## **Curtis Memorial Library**

The Curtis Memorial Library (the “Library”) is located at 23 Pleasant Street. The original 5,400 square foot building, built with a gift from William Curtis in memory of his father Captain John Curtis, opened in 1904. A 10,600 square foot addition was added to the original building in November 1972. A major renovation and refurbishing of the 1904 building, along with a 38,000 square foot addition, were completed and opened to the public in October 1999. While the Town owns the building, the Library is managed by the Brunswick Public Library Association, a private non-profit association founded in 1883.

A 12-member Board of Directors manages the Association with a staff comprised of approximately 20 full-time equivalent personnel including nine professional librarians. At June 30, 2019, the Library’s collections included approximately 143,000 items. The Library is operated by funds generated from endowments, restricted book funds, fund raising activities and funds provided by the Towns of Brunswick and Harpswell, at their pleasure. The circulation for the year ended June 30, 2019 was 379,673 items loaned, with yearly active cardholders numbering 10,333, of which 73.5% reside in Brunswick. There were 280,593 visits to the library during the year.

## **PUBLIC EDUCATION**

### **Supervision of Educational Programs**

The Town operates an educational program for grades K through 12 under Individual Supervision. Beginning in the 2019-20 school year, one classroom of pre-K was added in a pilot program, with the intention to increase to four classrooms in 2020-21. Article IX of the Town’s Charter, provides that the Department of Education (“DOE”) for the Town be administered by a School Board comprised of nine members, each serving three-year staggered terms. Seven School Board members are elected by district and two are elected at large. The School Board performs all duties and functions related to the care and management of the public schools of the Town. The School Board prepares and submits its budget to the Town Manager, who includes it in the budget process. See also “TOWN FINANCES – BUDGETARY PROCESS” section herein. The School Department’s staff consists of a Superintendent, one Assistant Superintendent, one Director of Special Education, one Business Manager, four full-time principals, three assistant principals, the equivalent of 250 full-time teaching positions, and various other professional and non-professional staff. Brunswick’s school population is shown in the following table:

		<b>October 1, 2019</b>
<b><u>School</u></b>	<b><u>Grade</u></b>	<b><u>Population<sup>(1)</sup></u></b>
Coffin School <sup>(2)</sup>	K – 1	436
Harriet Beecher Stowe	2 – 5	690
Brunswick Junior High <sup>(2)</sup>	6 – 8	532
Brunswick High	9 – 12	719

SOURCE: Town of Brunswick School Department.

NOTES: <sup>(1)</sup> As of *October 1, 2019 Enrollment Reports*. This includes Brunswick residents and non-resident students attending Brunswick schools.

<sup>(2)</sup> Modular classrooms in use. The new elementary school being constructed will replace Coffin School, and serve grades Pre-K to 2. For more information on the Junior High School, see also “CAPITAL IMPROVEMENT PROGRAM” section.

The following table illustrates the ten-year enrollment trends for Brunswick's schools:

<u>October 1,</u>	<b>Brunswick Residents</b>			<b>Resident</b>	<b>Non-Resident</b>	<b>Total</b>
	<b>Grades</b>	<b>Grades</b>	<b>Grades</b>			
<u>October 1,</u>	<u>Pre-K-5</u>	<u>6-8</u>	<u>9-12</u>	<u>Enrollment</u>	<u>Enrollment</u>	<u>Enrollment</u>
2019 <sup>(1)</sup>	1,114	528	701	2,343	72	2,415
2018	1,034	537	672	2,243	84	2,327
2017	1,059	544	676	2,279	70	2,349
2016	1,048	517	681	2,246	67	2,313
2015	1,075	685	541	2,301	35	2,336
2014	1,076	471	778	2,325	33	2,358
2013	1,038	502	813	2,353	37	2,390
2012	973	523	807	2,303	60	2,363
2011	1,029	539	845	2,413	50	2,463
2010	1,022	572	884	2,478	78	2,556

SOURCE: State of Maine, Dept of Education, "October 1 Census of Students Educated at Public Expense".

NOTE: <sup>(1)</sup> Beginning with the *October 1, 2019 Enrollment Reports*, Brunswick began offering Pre-K education services. All enrollment report figures for years before 2019 do not include amounts for Pre-K enrollments.

With the closure of Brunswick Naval Air Station, Brunswick has experienced a loss of student population. Further, with the creation of RSU 5, high school students from the Town of Durham now attend Freeport High School. At one time, nearly 200 Durham students attended Brunswick High School. The reduction in enrollment and the loss of federal and state aid, plus the loss of tuition revenue has caused the Department to adjust its budgets accordingly. However, given certain fixed costs, budget adjustments have been difficult.

In August, 2011, the Town opened the Harriet Beecher Stowe School for grades 2 through 5, replacing the former Longfellow and Jordan Acres Schools (both educating grades K through 5), and reconfigured the grades at the Coffin School (formerly grades K through 5 and now serving grades K through 1). Construction of Harriet Beecher Stowe School was funded by the issuance of \$21,462,250 in school construction bonds. The Town elected to issue these bonds through the Maine Municipal Bond Bank ("MMBB") and bonds were issued on October 28, 2010. Based on the funding approval received from the State DOE, approximately 87% of the annual net debt service cost on these bonds has been included in the State education subsidy formula. The formula is used to determine the total annual State education subsidy provided to the Brunswick. While the percentage of debt service included in the calculation is expected to remain constant throughout the twenty-year amortization of the bonds, other factors in the formula will change annually and the education subsidy formula could be changed by the Maine Legislature. See "REVENUES FROM THE STATE" for an explanation about funding of State approved school construction projects.

Over approximately six years, the School Department engaged in the development of a comprehensive facilities master plan, with the goal of identifying the facilities required to support the department's programs as well as the costs associated with constructing and operating the required facilities. The planning and certain options were included in the Capital Improvement Program (CIP) for several years.

In 2016 and 2017 the school department applied for and received eligibility certificates for twelve school repair projects under the State DOE School Revolving Renovation Fund. This qualified the Town for borrowing funds through the MMBB at zero percent interest, and with a percentage of the total "forgiven" by DOE as a grant. The School Department was able to make repairs and access improvements to the Coffin School and the Brunswick Junior High School totaling \$1,171,136. In November, 2016, responding



to the aging Junior High and Coffin Schools, the school department proposed a course of action involving major repairs to the Junior High School and construction of a new elementary school. Based on the status and timing of the of the State DOE's Major Capital School Construction program, the department believed that both projects were not likely to qualify for state participation, and proposed that the new elementary school be funded locally through the issuance of debt. The school department submitted an application to the state Major Capital School Construction program for the Junior High School in March, 2017. With the release of the DOE's program priority listing, it became clear that the BJHS could not expect state funding assistance, and attention was turned to addressing the repair needs over time. See "TOWN FINANCES – CAPITAL IMPROVEMENT PROGRAM" herein.

Beginning with the 2016-17 school year, the Brunswick School Department took over management of the REAL School program from Regional School Unit ("RSU") 14. The REAL School's name stands for "Relevant, Experiential, Authentic, Learning", and the school provides two programs. These are an alternative school program serves students who have not been successful in a traditional setting, and a special education program, which serves students who require specialized instruction and mental health treatment though their school days. Funding is through tuition from the school districts sending the students. The REAL School continued to operate in its Falmouth location for the 2016-17 school year, and moved to leased space on Brunswick Landing for the school year beginning in September 2017.

### **Maine Region 10 Technical High School**

The Town is a member of the Maine Region 10 Technical High School ("Region 10"), a school charged with delivering applied technology programs. Region 10 is established in a cooperative agreement, ( the "Cooperative Agreement") by the school administrative units from the Town of Brunswick, RSU 75 (Bowdoin, Bowdoinham, Harpswell, and Topsham), and RSU 5 (Freeport, Durham, and Pownal). The Cooperative Agreement provides for a nine-member Board of Directors (the "Region 10 Board") with four members from Brunswick; three from RSU 75; and two from RSU 5.

Each school administrative unit is responsible for its proportionate share of the Region's operating expenses, including debt repayment, which is included in the respective unit's annual assessment. On December 16, 2019 the Region 10 Board authorized \$3,580,664 through a 15-year lease/purchase with Androscoggin Bank for air quality and energy conservation equipment at the school facility at 68 Church Road in Brunswick. The Region 10 Board is investigating the possibility of converting Region 10 into a Comprehensive High School, seeking the advantage of a four-year, all-day comprehensive high school offering academics as well as career and technical education programming for the students. Plans are being formed for a new school at the Brunswick Landing where future workers could be trained for technical, in-demand jobs.

Of the 263 students enrolled in Region 10 on October 1, 2018, 54 were residents of Brunswick. The Town is responsible for its proportionate share of Region 10's operating expenses, including debt service, which is assessed to the Town annually. See "INDEBTEDNESS – OVERLAPPING DEBT – Maine Region 10" herein.

Public Law Chapter 171, "An Act To Enable Earlier Introduction of Career and Technical Education in Maine Schools," was enacted in June, 2017 to expand career and technical education opportunities by requiring Maine schools to provide access to developmentally-appropriate career and technical education for middle school students (grades 6-8). DOE is developing a funding plan to present to the Legislature designed to ensure adequate resources for this expansion. Beginning with the 2018-19 budget, the State adopted a new state funding model for Career and Technical Education ("CTE"), and state funding for Region 10 no longer is included in the funding formulas for the member school districts. For Brunswick, this resulted in a reduction in pass-through state aid of approximately \$772,000 in 2018-19.

## EMPLOYEE RELATIONS

The Town employs approximately 600 full and part-time employees. Approximately 400 of those are employed by the School Department. The following table lists the various contracts for employees represented by a union:

<u>Union</u> <sup>(1)</sup>	<u>Covered Positions</u>	<u>Bargaining Unit</u>	<u>Date of Contract</u>	
			<u>Effective</u>	<u>Expiration</u>
Teamsters (Local #340)	19	Public Works Employees	7/01/19	6/30/22
Teamsters (Local #340)	6	Parks & Recreation	7/01/16	6/30/19
Brunswick Police Benevolent Assoc.	31	Police Officers	7/01/17	6/30/20
Brunswick Professional Firefighters.	32	Firefighters/EMS	7/01/18	6/30/21
Brunswick Emerg. Comm. Off. Assoc.	10	Police Dispatchers	7/01/17	6/30/20
AFSCME, Town departments	23	Clerical workers & other	7/01/19	6/30/22
BEA/MEA - Teachers	242	School Teachers	9/01/19	8/31/22
BEA/MEA – Educational Technicians	67	Educational Technicians	8/01/17	7/31/20
AFSCME, School department	47	Bus Drivers & Custodians	7/01/19	6/30/22

NOTES: <sup>(1)</sup> “AFSCME” indicates the American Federation of State, County and Municipal Employees, affiliated with the American Federation of Labor & Congress of Industrial Organizations (“AFL-CIO”), as separate bargaining units; “MEA” indicates the Maine Education Association of which the various components of the Brunswick Educational Association (“BEA”) are affiliated, as separate bargaining units.

## ECONOMIC CHARACTERISTICS

<u>Population</u>	<u>Year</u>	<u>Town of Brunswick</u>	<u>% Change from Prior Census</u>		
			<u>Town</u>	<u>State</u>	<u>USA</u>
	2010	20,278	(4.2)%	4.2%	9.7%
	2000	21,172	1.3	3.8	13.2
	1990	20,906	20.4	9.2	9.8
	1980	17,366	7.2	13.4	11.4
	1970	16,195	2.5	2.4	13.4
	1960	15,797			

<u>Population Characteristics</u>	<u>Town of Brunswick</u>	<u>Cumberland County</u>	<u>State of Maine</u>	<u>USA</u>
Median age (years)	41.4	41.0	42.7	37.2
% Under 5 years	4.9%	5.2%	5.2%	6.5%
% 5-19 years	19.3%	18.5%	18.1%	20.4%
% 20-64 years	57.5%	62.0%	60.7%	60.0%
% 65 years and over	18.1%	14.2%	15.9%	13.1%
Avg. household size	2.19	2.32	2.32	2.58

<u>Housing</u>				
Total housing units	9,599	138,657	721,830	131,704,730
Occupied housing units	8,469	117,339	557,219	116,716,292
% Occupied housing units	88.2%	84.6%	77.2%	88.6%
Owner-occupied housing units	5,735	78,545	397,417	75,986,074
% Owner-occupied	67.7%	66.9%	71.3%	65.1%
Avg. household size owner-occupied	2.32	2.49	2.43	2.65

<u>Income</u>				
Median household income	\$50,117	\$55,658	\$46,933	\$51,914
Median family income	\$72,755	\$71,335	\$58,185	\$62,982
Per capita income	\$27,453	\$31,041	\$25,385	\$27,334
% Below poverty level (individuals)	11.0%	10.5%	12.6%	13.8%

SOURCE: 2010 Census; U.S. Department of Commerce, Bureau of the Census.

## Building Permits

<b>Fiscal Yr. End</b> <b>June 30,</b>	<b>Residential</b>		<b>Commercial &amp; Industrial</b>	
	<b># Permits</b>	<b>Est. Cost Const.</b>	<b># Permits</b>	<b>Est. Cost Const.</b>
2019	344	\$25,699,942	49	\$85,219,400 <sup>(1)</sup>
2018	351	20,874,350	73	21,895,845 <sup>(2)</sup>
2017	310	17,715,313	70	28,725,779 <sup>(3)</sup>
2016	288	12,191,609	51	18,578,907 <sup>(4)</sup>
2015	265	10,485,364	59	22,441,015 <sup>(5)</sup>
2014	291	16,370,912	59	20,672,370 <sup>(6)</sup>
2013	247	12,938,533	54	9,918,226 <sup>(7)</sup>
2012	247	11,345,444	55	17,227,286 <sup>(8)</sup>
2011	258	7,683,897	34	10,128,789 <sup>(9)</sup>
2010	291	12,784,450	39	25,538,418 <sup>(10)</sup>

NOTES: Estimated construction costs are included for both taxable and tax-exempt properties.

<sup>(1)</sup> Includes \$24,850,000 for Bowdoin College's Harpswell Apartments which includes three residence halls, \$20,000,000 for the construction of the Kate Furbish elementary school, \$16,127,000 for construction of Bowdoin College's Park Row Apartments comprised of four residence halls, \$7,500,000 for expansion of waste to the Village Green energy plant, and \$4,200,000 for a 7,000 square foot addition to Mid Coast Senior Health.

<sup>(2)</sup> Includes \$3,750,000 for construction of the Roman Catholic Bishop of Portland's All Saints multi-purpose facility, \$3,700,000 for construction of Bath Iron Works' replacement blast & paint facility, \$2,500,000 for a 79,970 square foot ground-mounted solar array constructed by MRRRA, \$1,549,768 for an office & maintenance structure at SaviLinx, \$1,160,000 for construction of the Center for Diagnostic Imaging, and \$1,100,000 for a new Cumberland Farms facility in Cooks Corner.

<sup>(3)</sup> Includes \$12,900,000 for construction of Bowdoin College's Roux Center for the Environment, \$2,200,000 for the Rusty Lantern Irving Station, \$2,200,000 for construction of two apartment buildings, and \$1,220,000 for office renovations to Nature Conservancy.

<sup>(4)</sup> Includes \$8,168,011 for a 60-unit senior housing facility, \$1,350,000 for a snow removal equipment building, both at Brunswick Landing, and \$1,200,000 for renovations to a retail unit in Merrymeeting Plaza.

<sup>(5)</sup> Includes \$4,225,000 for construction of CEI headquarters, \$6,250,000 for an anaerobic digester at Brunswick Landing, and \$2,500,000 for two 4,950 square foot maintenance garages for Brunswick Sewer District.

<sup>(6)</sup> Includes \$6,000,000 for commercial development at Brunswick Landing, \$2,500,000 for an administration building for Bowdoin College, \$1,800,000 for a church on Middle Street, \$1,306,000 for a solar array for Bowdoin College and \$1,100,000 for a retail building at Cooks Corner.

<sup>(7)</sup> Includes \$4,800,000 for the Police Station, \$1,992,441 for renovation of the former Longfellow School by Bowdoin College and \$1,200,000 for a manufacturing facility at Brunswick Landing.

<sup>(8)</sup> Includes \$12,000,000 for construction of a manufacturing facility at Brunswick Landing.

<sup>(9)</sup> Includes \$9,622,529 for construction of an inn and \$2,272,200 for a medical office building.

<sup>(10)</sup> Includes \$14,000,000 for construction of an elementary school and \$6,000,000 for a nursing home.

## Retail Sales

The Town is a center for retail, wholesale, distribution, transportation, banking, legal, medical, recreational, and other major services for its own base market, plus an area of the State encompassing Sagadahoc, Lincoln, southern Androscoggin and northeastern Cumberland counties. The following table displays the growth in certain sectors of the Town's economy, as measured by retail sales, by product group and by consumer sales:

### Retail Sales by Product Group and Consumer Sales (000)

<u>Year</u>	<u>Personal Consumption</u>						<u>Business/</u> <u>Operating</u>	<u>Personal &amp;</u> <u>Business</u>
	<u>Building</u> <u>Supply</u>	<u>Food Stores/</u> <u>Gen. Mdse.</u>	<u>Other</u> <u>Retail</u>	<u>Auto/</u> <u>Transp.</u>	<u>Restaurant/</u> <u>Lodging</u>	<u>Personal</u> <u>Consumption</u>		
2018	\$95,948	\$133,619	\$30,035	\$84,082	\$66,181	\$409,865	\$19,699	\$429,564
2017	89,343	136,669	29,443	85,297	65,293	406,045	17,691	423,736
2016	83,931	133,647	27,620	79,409	64,412	389,019	17,867	406,886
2015	74,868	116,212	25,510	77,064	60,195	353,849	16,971	370,820
2014	71,350	115,568	26,383	68,584	57,660	339,545	18,173	357,718
2013	66,784	115,075	26,638	65,575	55,658	329,730	17,564	347,294
2012	60,363	115,665	26,930	56,531	52,710	312,199	15,853	328,052
2011	65,998	114,600	28,832	51,997	50,522	311,949	13,782	325,731
2010	65,269	116,748	29,566	46,321	47,763	305,667	16,104	321,771
2009	64,574	118,416	30,184	50,220	48,055	311,449	14,631	326,080

SOURCE: State of Maine, Department of Taxation, Sales Tax Section.

## Brunswick Labor Market Area

Starting with January 2005 data, total employment and unemployment estimates developed by the Maine Department of Labor, Labor Market Information Services, are based on redefined labor market areas ("LMA") in Maine. Labor market areas are the basic substate geographic area used to develop employment and unemployment estimates. The Metropolitan and Micropolitan Areas defined by the Office of Management and Budget are the major labor market areas. The smaller labor market areas are defined independently by the U. S. Department of Labor, Bureau of Labor Statistics.

The Brunswick LMA includes Brunswick, Harpswell, Dresden, Westport, Wiscasset, Arrowsic, Bath, Bowdoin, Bowdoinham, Georgetown, Phippsburg, Topsham, West Bath, and Woolwich.



## Unemployment

<u>Calendar Year</u>	<u>Town of Brunswick</u>	<u>Cumberland County</u>	<u>State of Maine</u>	<u>USA</u>
2018	2.8%	2.7%	3.4%	3.9%
2017	2.7	2.5	3.3	4.4
2016	3.0	2.9	3.8	4.9
2015	3.5	3.4	4.4	5.3
2014	4.9	4.4	5.6	6.2
2013	6.0	5.4	6.8	7.4
2012	6.9	5.8	7.3	8.1
2011	6.7	6.0	7.5	8.9
2010	6.8	6.3	7.9	9.6
2009	7.0	6.5	8.0	9.3

SOURCE: State of Maine, Department of Labor, Division of Economic Analysis and Research

## EMPLOYMENT AND EMPLOYERS

### Commuter Patterns

The following table displays the residential component of the Town's workforce, the respective component of its workers as a percentage of their local (i.e., home) workforce; and the geographic place of employment for the Town's residents:

<u>Work in Brunswick, but live in:</u>	<u>Number of Workers</u>	<u>% Town's Workforce</u>	<u>Live in Brunswick, but work in:</u>	<u>Number of Workers</u>	<u>% Town's Workers</u>
Brunswick	5,553	36.22%	Brunswick	5,553	54.94%
Topsham	1,157	7.55	Topsham	652	6.45
Bath	1,126	7.34	Bath	636	6.29
Lisbon	755	4.92	Portland	569	5.63
Harpowell	596	3.89	Freeport	547	5.41
Bowdoinham	460	3.00	Augusta	200	1.98
Woolwich	353	2.30	South Portland	158	1.56
Bowdoin	348	2.27	Yarmouth	141	1.39
Wiscasset	339	2.21	Lewiston	134	1.33
Portland	309	2.02	Lisbon	121	1.20
Durham	296	1.93	Falmouth	121	1.20
Freeport	256	1.67	Scarborough	101	1.00
Lewiston	253	1.65	Wiscasset	75	0.74
All Other	<u>3,530</u>	<u>23.03</u>	All Other	<u>1,100</u>	<u>10.88</u>
	<u>15,331</u>	<u>100.00%</u>		<u>10,108</u>	<u>100.00%</u>

SOURCE: State of Maine, Department of Labor, Labor Market Information Services; U.S. Department of Commerce, Bureau of Census, 2010 Census.

The following table displays the ten largest employers in the Town of Brunswick:

<b>Representative Employers</b>		<b>Approximate Average # of Employees</b>
<b><u>Name</u></b>	<b><u>Business</u></b>	
Bath Iron Works	Ship Building	1,300
Mid Coast-Parkview Health	Hospital, Health Care, Retire.	1,060
Bowdoin College	College	961
Town of Brunswick	Municipality	578
Wayfair	Online Retail	529
LL Bean Inc., Mfg. Div.	Outdoor Equip/Sporting Goods	342
Wal-Mart Stores, Inc.	Retail	270
Hannaford Bros.	Groceries/Pharmacy	160
Savilinx	Business Process & Marketing	140
Pathways (formerly Providence Service Corp)	Social Services	128

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SOURCE: Survey of Employers and/or Review of Employer Websites. The employee counts were determined by the employers and do not represent full-time equivalents (FTEs) in all cases.

### **Bath Iron Works**

Bath Iron Works (“BIW”) was founded on the banks of the Kennebec River in Bath, Maine in 1884. Founder, Thomas W. Hyde, leased a small iron foundry on the site of the current day shipyard. When Hyde took over the business, he patented a revolutionary windlass known as the Hyde Windlass. On November 28, 1884, Hyde incorporated Bath Iron Works, Ltd. In 1890, a passenger steamer for the Maine Steamship Co., Cottage City, was the first ship launched from the facility. Later, in 1893, BIW delivered Machias, its first US Navy vessel. It was also the first steel-hulled ship built in Maine. Since that time, BIW has designed and constructed more than 200 surface combatants for the United States Navy (“US Navy”).

BIW is owned by General Dynamics, headquartered in Reston, Virginia (NYSE: GD). It is part of part of General Dynamics’ Marine Systems Group business. BIW is one of the largest private employers in the State of Maine with approximately 6,700 employees in the state. There are two principal manufacturing facilities: (1) the main shipyard plant in Bath and (2) the Structural Fabrication Facility and the Outfit Fabrication Facility/Consolidated Warehouse in Brunswick. Additionally, BIW has a facility in Brunswick for design and for fleet support. Approximately 5,000 employees work at the Bath facility; approximately 1,300 are employed across the Brunswick facilities.

BIW is heavily dependent on contracts to build surface combatants for the US Navy. In 1985 the US Navy awarded to BIW the Lead Ship Design and Construction contract for the Arleigh Burke (“DDG 51”) class, and 34 ships were delivered under that program, the last being the USS Michael Murphy (DDG-112) in 2012. In 2011, the Navy restarted procurement in the Arleigh Burke program. BIW and a competitor are each building ships in the restarted program. BIW delivered the first two of these ships to the Navy in 2017 and 2018, and has five ships in production. In the fall of 2018 the Navy awarded BIW a \$3.9 billion contract to build four additional ships. In December 2018 BIW was awarded the contract for a fifth ship. As the lead designer of the DDG 51 class, BIW is considered the “planning yard” as the ships already delivered to the Navy are upgraded and modernized. Currently supporting 67 Arleigh Burke-class ships, BIW was recently awarded a modernization contract extension, as well as continuation of its Lead Yard Services and design upgrade contract.

The Zumwalt (“DDG 1000”) class had been planned as the US Navy’s next generation surface combatant.

Originally, a competitor was designated as the lead designer and builder of the DDG 1000, with that competitor and BIW each building one of the first two ships in this class. Cost has always been a concern regarding the DDG 1000 and the Navy decided to limit production to three ships, assigning responsibility for the design and construction of the DDG 1000 to BIW. In October 2016, the USS Zumwalt (DDG 1000), the first of the class was commissioned, and in January 2019, the USS Michael Monsoor (DDG 1001) was commissioned. The remaining ship of the DDG 1000 class, the USS Lyndon B. Johnson (DDG 1002), is currently under construction at BIW. In December, 2018, BIW was awarded an \$85 million Planning Yard Services contract for the DDG 1000 class ships. BIW currently also has the maintenance and modernization contract for the class, which is handled out of the Brunswick design/support facility.

The US Navy's procurement plans are always subject to change and any changes could affect employment levels at BIW. BIW continues to look for opportunities to diversify its work beyond Navy contracts.

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SOURCE: Bath Iron Works. While the Town believes these sources to be reliable, the Town has not made any independent evaluation as to the accuracy or completeness of the above information.

### **Mid Coast-Parkview Health Services**

Mid Coast-Parkview Health Services is a community, non-profit, health care organization providing a continuum of care through its affiliated organizations. Mid Coast-Parkview Health Services' greater Bath-Brunswick-Topsham service area includes more than 80,000 residents. Mid Coast-Parkview Health Services is the second largest employer in Brunswick and the third largest employer in the region with more than 2,000 employees in total.

Mid Coast-Parkview Health Services affiliates include:

- **Mid Coast Hospital**, built on 155 acres with room for additional medical facilities on the campus, the hospital has an active medical staff of more than 200 physicians and advanced practice professionals, and is licensed for 93 inpatient beds.
- **Mid Coast Medical Group**, community-based healthcare comprised of primary care and specialty care physicians located in Bath, Topsham and Brunswick.
- **Mid Coast Senior Health Center**, including Mere Point Skilled Nursing, Bodwell Subacute Nursing and Rehabilitation, Thornton Hall Assisted Living, *The Garden* Memory Impairment Unit, and *Lifeline* Personal Response System.
- **CHANS Home Health Care**, recognized as the community leader in home health care and hospice, which has provided licensed non-profit nursing services to Midcoast area residents since 1947. CHANS also offers private duty care.
- **Thornton Oaks Retirement Community**, a community of 46 private homes and 98 apartments, nestled in 29 wooded acres in Brunswick.

The new Mid Coast Hospital opened in Brunswick in 2001. A medical office building adjoins the hospital. Construction costs on both projects totaled \$46 million. The hospital opened with a complete diagnostics suite including State-of-the-art MRI, CT, ultrasound, mammography, bone densitometry, x-ray, and angiography cardiac catheterization. The hospital is part of the Maine Heart Center network. A mobile PET Scan is available at the hospital several times each month. Diagnostics services are accredited by the American College of Radiology. The hospital offers a full range of care including in- and outpatient surgery, cardiac and pulmonary rehabilitation, sleep lab, and wound care center. The hospital laboratory serves the hospital as well as healthcare facilities and doctors' offices in the area. Mid Coast Medical Group, a department of the hospital, is comprised of primary care and specialist physicians in Brunswick, Bath, and Topsham.

As a foundation of excellence, the hospital has been accredited by the Joint Commission since 1960. In 2009, Mid Coast Hospital became the first community hospital in Maine to be recognized as a Magnet hospital for excellence in nursing and patient care by the American Nurses Credentialing Center. It is also accredited by the Commission on Cancer. Mid Coast Medical Group practices are NCQA Level 3 designation. Mid Coast Hospital is a Joint Commission accredited Primary Stroke Center, one of only five in the State of Maine. Mid Coast Hospital is continually among the lowest cost and most efficient hospitals in Maine.

A major expansion of the hospital, including a new emergency department and medical-surgical wing, was completed in September of 2009. In addition, Mid Coast Health Services constructed a new medical office building on the hospital campus, and in August 2011, it opened the Mid Coast Primary Care and Walk-In Clinic, Downtown at Brunswick Station.

In 2015, Parkview Adventist Medical Center filed a petition for relief under Chapter 11 of the United States Bankruptcy Code. The hospital presented the Court with a proposed prepackaged bankruptcy plan that included entering into an arrangement with Mid Coast Health Services. The proposal was approved by a bankruptcy judge—allowing the two hospitals to merge. The plan specified that all Parkview full and part-time employees would be invited to continue with Mid Coast–Parkview Health. Parkview’s emergency room closed in June 2015 and on September 8, 2015, walk-in clinic services were redirected to the Mid Coast Walk-In Clinic at Brunswick Station.

In June, 2018, a \$6.2 million renovation at the 44,000- square foot Parkview campus was completed. This includes the 10,000-square foot Mid Coast Medical Group-Family Practice at Parkview, the 9,000-square foot Center for Community Health & Wellness, and the new cancer care center, fully integrated with the MaineHealth Cancer Care Network.

In June, 2019, the Mid Coast-Parkview Health board of directors voted to proceed with joining MaineHealth. This regional network of local healthcare organizations includes Maine Medical Center and several midcoast Maine hospitals. The board concluded that it is in the best interests of Mid Coast–Parkview Health and its community to merge with MaineHealth in order to ensure a sustainable, affordable model for the delivery of high-quality healthcare in the Midcoast region long-term. The two organizations will pursue necessary legal due diligence and regulatory approvals. In addition, the integration will be subject to a vote of Mid Coast–Parkview Health’s corporators. More information about Mid Coast-Parkview Health and MaineHealth may be viewed at <http://www.midcoasthealth.com> and <https://mainehealth.org>.

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SOURCE: <http://www.midcoasthealth.com> and from Mid Coast Health Services, Dept of Communications Relations and Outreach. While the Town believes these sources to be reliable the Town has not made any independent evaluation as to the accuracy or completeness of the above information.

## **Bowdoin College**

Bowdoin College (“Bowdoin” or the “College”) is a private, undergraduate liberal arts college located in Brunswick. Founded in 1794, the College was named to honor James Bowdoin II, a distinguished past governor of the Commonwealth of Massachusetts, at the request of his son James Bowdoin III, the College’s first patron. The College is a residential, nonsectarian institution and has been coeducational since 1970. Bowdoin College offers bachelor of arts degree programs in more than forty defined majors including interdisciplinary programs. The on-campus student enrollment for the fall of 2019 was 1,835 full-time equivalent (FTE) students, and the College maintains a 9:1 student-faculty ratio. Bowdoin’s admissions standards are among the most selective in the nation and its enrollment trend is stable. Bowdoin employs approximately 961 FTE employees, including 211 FTE faculty members. Bowdoin’s payroll totaled \$86.5 million for the fiscal year ending on June 30, 2019, with approximately sixty-seven percent



of that amount paid to Brunswick labor market area residents. In addition to taxes and fees, the College also makes annual financial contributions to the Town of Brunswick. In FY 2019, these voluntary unrestricted payments totaled \$311,800, and the College has indicated it will increase its contribution by \$150,000 in FY 2020. The College contributed \$450,000 for a Discovery Classroom at the new elementary school.

In 2019 the College completed Phase II of the Whittier Field Improvements, which included construction of a one-story 8,780 square foot support facility that houses locker, training, and equipment rooms and public restrooms. Also included was the completion of the east end of the bleacher system installed fall 2017. The College broke ground for the new building in June 2018 and it opened in February 2019.

Also in 2019, Bowdoin expanded its student housing with three new housing projects. These include a set of new apartments on Park Row and a renovation of Boody Johnson House on Maine Street, both of which were finished in August of 2019 and ready for students in the fall of 2019. Construction on the new Harpswell apartments started in June 2019 and will finish late summer 2020. The three residential projects will provide more on-campus housing for students at an estimated cost of \$45 million.

Two new buildings, Barry Mills Hall and a Center for Arctic Studies, are planned for construction beginning in the summer of 2020, to provide state-of-the-art academic facilities, a new home for Bowdoin's Peary-MacMillan Arctic Museum, and new event space. Mills Hall will honor Bowdoin's fourteenth president, Barry Mills. Mills Hall and the Center for Arctic Studies will be constructed adjacent to each other on a portion of the former Dayton Arena site and across from the new Roux Center for the Environment. Once the new buildings are completed, the nearby Dudley Coe Infirmary building will be taken down, opening up a new quadrangle and vistas toward Bowdoin's main quadrangle.

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SOURCE: <https://www.bowdoin.edu> and from Bowdoin College. The Town has not made any independent evaluation as to the accuracy or completeness of the above information.

### **Brunswick Landing – Maine's Center for Innovation**

Brunswick Landing – Maine's Center for Innovation ("Brunswick Landing") is the name given to the redevelopment of Naval Air Station, Brunswick ("NASB" a.k.a. "Brunswick Naval Air Station" or "BNAS" or the "Base") a facility covering approximately 3,300 acres and located near the geographic center of Brunswick. Redevelopment is occurring under the direction of the Midcoast Regional Redevelopment Authority ("MRRA"), a public municipal corporation established by the Maine Legislature to implement the NASB Reuse Master Plan as set forth by the Brunswick Local Redevelopment Authority ("BLRA").

NASB was a military facility which closed in May 2011 as the result of the 2005 Base Realignment and Closure ("BRAC") process. In 2006, NASB officials claimed the Base was Maine's second largest single-site employer, at that time employing 4,710 full-time military and civilian personnel, of which 713 were civilians.

#### **The Impact of NASB's Closure**

Soon after the 2005 BRAC closure announcement, the Defense Employment and Transitions Steering ("DETS") Committee, a subcommittee of the Coastal Counties Workforce Board, Inc., commissioned a study that resulted in the report entitled, *The Impact of the BRAC Ordered Closure of the Brunswick Naval Air Station: A Regional Community Audit and Strategic Implications for the Coastal Economy, Business and Workers*, and dated March 31, 2006 (the "CCW Report"). The CCW Report, projected the loss of 3,435 direct jobs and 1,441 indirect jobs with the closure of the Base.

In 2004, the Navy engaged with a private developer under the Navy Military Housing Privatization Initiative to privatize family housing units at NAS Brunswick. The resulting ownership entity, Northeast Family Housing LLC assumed ownership of housing assets previously owned by the Navy, including 573 housing units in Brunswick. These units were sold in 2010 to Affordable Midcoast Housing (AMH) and on May 3, 2011, MRRA sold the underlying land to AMH. To date, Affordable Mid Coast Housing (AMH) has sold all of the 231 housing units in the McKeen Street neighborhood to individual homeowners, and in June 2017 sold the Brunswick Landing housing of 332 units to Brunswick Landing Ventures, LLC.

### **The Response to NASB's Closure**

In response to the recommended closure of NASB, the Town of Brunswick and the State of Maine formed the Brunswick Local Redevelopment Authority ("BLRA"). In December 2007, the BLRA completed its *Reuse Master Plan for BNAS*. (the "Master Plan") The Master Plan retains aviation uses at the base and incorporates a mix of land uses including: a professional business park; academic and research facilities; governmental and public facilities; housing; and recreational uses and open space. The Town has zoned the land at NASB consistent with the Town's economic and land-use goals. The BLRA was succeeded by the Midcoast Regional Redevelopment Authority ("MRRA"), a governmental agency established by the Maine Legislature to implement the Master Plan and manage the former NASB properties.

Several programs exist to assist in the redevelopment of NASB, and MRRA and the Town of Brunswick have continued to pursue those resources. The Town has and will continue to assess the economic impact of the closure and the closure's impact on the Town's operating budgets and capital improvement program. The Town fully expects to make adjustments accordingly.

### **Development at Brunswick Landing**

The United States government transfers properties to MRRA through Public Benefit Conveyances ("PBC") and Economic Development Conveyances ("EDC"). Only properties that are determined to be "clean" through a Finding of Suitability to Transfer ("FOST") can be transferred. The covenants of the Economic Development Conveyance from the United States government require all sales and leases of property be at market rate. MRRA is also required to pay the United States government 25% of its sales and lease revenues after receipt of the first \$7 million. To date, MRRA has paid the United States Government over \$8.38 million.

Since the first Public Benefit Conveyance for the airfield on March 28, 2011 and the Economic Development Conveyance Purchase and Sale Agreement signed on September 28, 2011, the Navy has transferred 2,859 acres of the total former Base of 3,372 acres. MRRA has now received approximately 1,823 of the approximately 2,114 acres MRRA is slated to receive. Of the non-airport property received, MRRA has sold over 415 acres and 45 buildings, leaving over 1,300 acres and over 780,000 of building space under management. As of April 1, 2019, within the three Tax Increment Financing ("TIF") districts on the former Base in Brunswick, \$83.5 million in taxable real property value had been created from the previously exempted Navy facilities.

The Navy has also conveyed properties to the Maine Community College System ("MCCS"). MCCS and its partner, the University of Maine System ("UMS") have established associate, baccalaureate, certificate and training programs at Brunswick Landing. The renovated campus buildings include state-of-the-art classrooms and laboratories that support studies in pre-engineering, composites, business, health care, liberal arts and sciences and more. The combined Southern Maine Community College ("SMCC") and UMS campus now has an enrollment of nearly 1,125 students. The Navy has also conveyed properties to Bowdoin College and the Town of Brunswick, with approximately 1,100 acres reserved for conservation and recreation purposes.

According to MRRA, there are now over 135 public and private entities, with approximately 2,000 jobs, at Brunswick Landing and the Topsham Commerce Park, and those entities are in the process of creating additional jobs, well exceeding the statutory short term economic development goal of replacing the 713 civilian employees at Naval Air Station Brunswick. In addition, there are 120 Maine Army National Guard members and 124 Marine Corps Reservists assigned to their units at Brunswick Landing.

MRRA in partnership with the Maine Manufacturing Extension Partnership (“MMEP”) and Coastal Counties Workforce, Inc. (“CCWI”), received a \$2,425,000 grant from the Economic Development Administration, Department of Labor and National Institute of Standards and Technology to establish and fit-up a portion of the 95,000 square foot *TechPlace*, an Advanced Manufacturing, Science and Technology Business Accelerator on the campus of Brunswick Landing. The BDC and DECD/Town of Brunswick contributed \$250,000 each. Completed in 2015, and expanded by an additional 25,000 square feet in 2016, with a shared composite layup facility and new paint booth added in 2017-18, *TechPlace* supports 37 early stage businesses in the sectors of aerospace, advanced materials, information technology, cleantech, life science and education. 90% of the building is now occupied, yielding nearly \$450,000 in rent. Two companies which have ‘graduated’ from *TechPlace* and relocated into other buildings on Brunswick Landing now have 99 employees between them.

Since it opened over eight years ago, BXM has seen significant increases in air traffic, with an estimated 26,000 flight operations in 2019, a 20% growth over 2018. Approximately 45 resident aircraft owners are based at BXM. Brunswick Executive Airport participates in the FAA’s Military Airport Program (MAP). This program provides special funding to assist airport authorities to convert former military airfields into civilian airports. The airport is currently in the midst of a 10-year, \$40 million investment program of safety upgrades and improvements. In 2019, a new \$3.5 million hangar was constructed to help draw more businesses to the airport.

In September, 2019, the Town of Brunswick completed Landing Drive, a new road connecting Admiral Fitch Avenue, Brunswick Landing’s main artery, to Gurnet Road in Cooks Corner. The Town, MRRA, and certain property owners and developers cooperated on the plan, and the road adds another entry way into Brunswick Landing from the east, to improve traffic flow, ease congestion and facilitate further development on Brunswick Landing and in the Cook’s Corner area. In July, 2018 the Town Council adopted an ordinance authorizing the project at a cost not to exceed \$2,550,000, funded through a combination of grants, contributions, impact fees and the issuance of up to \$1,200,000 in long-term debt. In May 2019 the Town appropriated \$560,000 in TIF revenues from the Brunswick Landing and Brunswick Executive Airport TIF Districts, reducing the potential amount to be borrowed to approximately \$625,000.

The Town Council also adopted a Cook’s Corner Municipal TIF District and Development Program to capture the increased property values from projected development in the Cook’s Corner area. Tax revenues captured in this TIF district, along with those in the Brunswick Landing and Brunswick Executive Airport TIF Districts, may be used to fund the new road and other infrastructure improvements in the vicinity. See also “INDEBTEDNESS – FUTURE FINANCING” and “PROPERTY TAXATION – TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS”.

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SOURCE: *Information contained herein was obtained from:*

- *BRAC Preparedness Strategy, Town of Brunswick, Maine, RKG Associates Inc. dated May 12, 2005;*
- *The Impact of the BRAC Ordered Closure of the Brunswick Naval Air Station: A Regional Community Audit* by Planning Decisions, Inc., and Career Prospects, Inc.;
- *Strategic Implications for the Coastal Economy, Business and Workers*, Coastal Counties Workforce, Inc., 3/31/06;
- <http://www.mrra.us>; and <http://mrra.us/wp-content/uploads/Letter-to-Governor-Janet-T.-Mills-Annual-Report-2018.pdf>.

NOTE: While the Town believes these sources to be reliable no independent investigation or inquiry has been made by the Town as to the accuracy or completeness of the above information.

## TOWN FINANCES

### BUDGETARY PROCESS

Article V of the Town's Charter provides for a budget process. The fiscal year (or "budget year") of the Town begins on the first day of July and ends on the thirtieth day of June of the following year. The charter provides that the Town Manager submit a budget to the council by May 1st of each budget year. The proposed budget is made available to the general public not later than two weeks after its submission to the council, which then orders a public hearing. The charter further directs the council to adopt a budget not later than June 15th. If the appropriation resolve establishes a property tax levy that exceeds the property tax levy limit, as defined in Maine law, then the excess of the appropriation must be approved in a separate article by a majority of the entire Town Council. The property tax levy limit of one year may not exceed the property tax levy limit from the prior year by more than a specified growth limitation factor (see "TOWN FINANCES – PROPERTY TAX LEVY LIMIT" herein). State law also requires that the education portion of the budget, approved by the Town Council, is subject to a budget validation ratification referendum of the voters. Upon adoption of the budget, a property tax levy is then established and filed with the town assessor.

#### General Fund Budget for Fiscal Years Ending June 30, (000's)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>REVENUES</b>					
Property Taxes	\$ 38,550	\$ 39,985	\$ 41,347	\$ 42,783	\$ 44,727
Vehicle Excise Taxes	2,865	2,965	3,240	3,300	3,490
Other Taxes	294	348	354	379	503
Licenses, Fees, & Permits	360	387	443	467	584
Intergovernmental	11,190	12,378	11,924	11,279	13,155
Charges for Service	1,305	1,286	1,277	1,361	1,497
Interest on Investments	20	60	150	215	220
Other	950	867	930	991	1,031
Transfers and Use of Balances	4,062	3,200	3,161	3,211	2,723
<b>TOTAL REVENUES</b>	<b>\$ 59,596</b>	<b>\$ 61,476</b>	<b>\$ 62,826</b>	<b>\$ 63,986</b>	<b>\$ 67,930</b>
<b>EXPENDITURES</b>					
General Government	\$ 3,753	\$ 3,892	\$ 4,001	\$ 4,005	\$ 4,454
Public Safety	8,722	8,902	9,232	9,566	10,306
Public Works	3,795	3,899	4,027	4,165	4,121
Human Services	183	176	181	184	198
Education	34,728	36,174	36,138	36,897	38,566
Recreation & Culture	2,771	2,843	3,013	3,198	3,393
Debt Service	2,698	2,378	2,613	2,227	2,559
County Tax	1,360	1,411	1,518	1,565	1,590
Unclassified	218	347	415	478	550
Transfers Out	1,368	1,454	1,688	1,701	2,193
<b>TOTAL EXPENDITURES</b>	<b>\$ 59,596</b>	<b>\$ 61,476</b>	<b>\$ 62,826</b>	<b>\$ 63,986</b>	<b>\$ 67,930</b>

NOTES: This table is prepared on the Budgetary Basis. It reflects the adopted budget as amended, not the final budget. Further, (a) Debt service and education appropriations have been reclassified for comparative purposes. Previously, debt service for school construction projects was reported as part of the educational appropriation. It is now included with debt service in the table above. The education appropriation has been reduced by the corresponding amount; (b) The State of Maine reimburses the Town for a portion of the Homestead Exemptions provided to resident property taxpayers of the Town of Brunswick and the Business Equipment Tax Exemption provided to businesses. The Town budgets the reimbursements as property tax revenue.

## Budget Commentary

The original adopted 2019-20 municipal budget estimated a property tax rate increase of 4.97%. Subsequent to the adoption of the Town's budget, the State adopted its biennial budget for fiscal 2020-2021, which included Revenue Sharing at \$350,000 more than the Town had budgeted. The Town Council chose to amend the Town's 2019-20 budget, resulting in an estimated property tax increase of 4.49%. With the tax commitment in August, the final tax rate was \$19.72/\$1,000, an increase of \$0.80, or 4.23% over the previous year's rate. This increase exceeded the previous year's increase of 2.99%.

Budgets for the past several years have been strongly affected by changes in state aid, and the 2020-21 budget, in the second year of the State's biennial budget, will be no different. See also "REVENUES FROM THE STATE" herein, and APPENDIX A – TOWN OF BRUNSWICK, MAINE, COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2019", pages 29-30, herein.

Revenue Sharing is program by which, since 1972, the State has shared a portion of its income and sales tax revenues with municipalities in order to provide a measure of property tax reduction. Since FY 06 the State has annually transferred funds out of the revenue sharing pool to its general fund, with the percentage transferred increasing significantly in FY 10. For the year ended June 30, 2014, approximately 53% of the pool's fund was transferred, and this was increased to nearly 59% in FY 15 and FY 16. The 2016 State budget bill revised the revenue sharing law for the next four fiscal years (FY 16 – FY 19) to require the distribution to be 2% of state sales and income tax receipts rather than 5% as has been required by law for the last several decades. The 5% requirement was scheduled to be reinstated for FY 20 and thereafter, but the State's biennial budget again delayed the reinstatement, changing the distribution to 3% in FY 20 and to 3.75% in FY 21. For the year ended June 30, 2019, Brunswick received \$1,258,491 in revenue sharing, and is anticipating an increase to \$1,800,000 for FY 20. An additional 0.75% could result in an increase of nearly \$450,000 for Brunswick in FY 21.

In 2016, the State also changed the value of the homestead property tax exemption. Previously, the law provided for a homestead exemption in the amount of \$10,000 with the State reimbursing municipalities at a rate of 50% of the lost revenue. Beginning in 2016 (FY 17), the homestead exemption increased to \$15,000 with the State reimbursement continuing at 50%. In 2017 (FY 18), the homestead exemption increased to \$20,000, but the State reimbursement rate, which was originally projected to increase to 62.5% that year, was maintained at 50% in FY 18, and only increased to 62.5% in FY 19. In the State's biennial budget adopted in June 2019, the exemption amount and reimbursement rate are maintained for FY 20, but for FY 21 the homestead exemption to taxpayers is increased to \$25,000, and the State reimbursement to municipalities is increased to 70%. The exemption increase will benefit the property taxpayer, and with the increased reimbursement rate, is estimated to have a net neutral effect for the Town.

The State of Maine budget contains several initiatives which have significant implications for the School Department as well. Beginning with the FY 13 – FY 15 biennial budget the State budget required that school units pay the normal cost of the teacher plan administered by the Maine Public Employees Retirement System (as defined herein). Teacher plan retirement costs have historically been funded by the State. With this change, the State budget did increase the level of state aid to cover the cost, though no assurances can be made that the State's subsidy program will continue in its present form.

More recent changes to the Essential Programs and Services (as defined herein) formula included the removal of certain administrative costs from the formula, and calculating the Town's state valuation based on an average of two years rather than three, which increased the local required contribution. Offsetting this, in FY 20 the State provided start-up funding for new and expanded preschool classrooms, and funding

for two replacement school buses, with funding for an additional two buses anticipated in FY 21. The School Department is anticipating an increase of nearly \$1.2 million in State Aid for FY 20 over FY 19.

The 2019-20 municipal budget was developed with the awareness that the Town had made significant use of reserves and one-time revenues in previous budgets. The Town Council decided to continue allocating some fund balance to the budget, but to maintain the amount used at \$500,000. With this level of fund balance used in the budget each year, the Town has been able to restore its unassigned fund balance to the target level established in the Town's Fund Balance Policy. In the past three years, budget surpluses have enabled the Town to use unassigned fund balance for capital projects through the Capital Improvement Program.

To anticipate future service requirements and develop sustainable budgets, the Town Finance Committee regularly works with five-year operating revenue and expenditure forecasts, and coordinates these with the Capital Improvement Program. The Town expects to face significant pressure on its property tax rates over the next five years, particularly beginning in fiscal 2020-21 when debt service payments on the new elementary school are scheduled to begin. Also being considered is the operational costs of adding preschool classrooms in fiscal 2020-21, and debt service on a new central fire station in the following year. Additionally, the Town has certain unanticipated costs associated with welcoming a number of new families in Brunswick. These are approximately 100 asylum seekers who arrived in Brunswick in August and September. To provide the necessary services, the Town has hired additional employees in both school and municipal departments, and expects to provide ongoing general assistance as needed. With the forecasting exercise, the Finance Committee and Town Council continue to review the status of unassigned fund balance, the allowable uses of TIF revenues, and the opportunities for savings in budgeted expenditures and capital outlays.

## PROPERTY TAX LEVY LIMIT

As previously discussed, unless the Town follows certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, the Town is limited to an increase in the Town's property tax levy from one year to the next to an amount not more than its Municipal Property Tax Levy Limit (see "THE BONDS – SOURCE OF PAYMENT AND REMEDIES – Limitation on Municipal Property Tax Levy" herein). The Municipal Property Tax Limit for subsequent fiscal years is the Municipal Property Tax Levy Limit for the preceding year multiplied by the Growth Limitation Factor. Therefore, in cases where the amount of the prior year's Municipal Property Tax Levy Limit exceeds the amount of the Town's actual property tax levy ("Municipal Property Tax Levy"), the Town may carry-forward that difference in establishing its future years' property tax levy. The following table displays the Town's limitation on Municipal Property Tax Levy:

Growth Limitation Factor	3.51%	4.51%	4.94%	4.03%	3.99%
Property Tax Levy Limit	\$15,381,455	\$16,075,159	\$16,805,659	\$17,482,928	\$18,180,486
Property Tax Levy	<u>12,869,599</u>	<u>13,300,972</u>	<u>13,862,157</u>	<u>13,979,744</u>	<u>14,443,227</u>
Over/(below) Prop Tax Levy Limit	(\$2,511,856)	(\$2,774,187)	(\$2,943,502)	(\$3,503,184)	(\$3,737,259)

## FUND BALANCE – GENERAL FUND

The Town has a formal fund balance policy for its General Fund. The policy, adopted in 2010, targets unassigned General Fund balance at 16.67% of generally accepted accounting principles ("GAAP") revenues. The adopted policy and fund balance targets are based on the Government Finance Officer Association's ("GFOA") recommended best practice, updated in 2009. In developing the target, the Town considered a number of factors, including the property tax base, non-property tax revenues, exposure to

significant outlays, debt profile, liquidity, budget management, future uses, and the employment base. The policy calls for an annual review of these factors and a report indicating compliance with the policy as well as identification of any new factors to be considered. Should the Town fall below the targeted balance, the policy mandates the development of a three-year plan to reach the target. Amounts in excess of the target shall first be used for capital improvements, or other one-time expenditures, as recommended by the Town Manager and approved by the Town Council. The following displays the Town's Unrestricted and Unassigned General Fund Balances for its five most recently audited fiscal years:

#### **Fund Balance as % Revenues – General Fund**

	<u><b>2015</b></u>	<u><b>2016</b></u>	<u><b>2017</b></u>	<u><b>2018</b></u>	<u><b>2019</b></u>
Unrestricted General Fund Balance	\$ 10,195,567	\$ 11,447,392	\$ 13,493,551	\$ 14,812,789	\$ 15,875,333
Total Revenues	56,991,482	58,833,107	61,517,380	62,944,607	65,228,364
<b>As a % of Revenues</b>	<b>17.89%</b>	<b>19.46%</b>	<b>21.93%</b>	<b>23.53%</b>	<b>24.34%</b>
Unassigned General Fund Balance	\$ 8,670,334	\$ 10,316,602	\$ 11,792,687	\$ 11,488,110	\$ 12,430,139
Total Revenues	56,991,482	58,833,107	61,517,380	62,944,607	65,228,364
<b>As a % of Revenues</b>	<b>15.21%</b>	<b>17.54%</b>	<b>19.17%</b>	<b>18.25%</b>	<b>19.06%</b>

For the year ended June 30, 2019 the target unassigned fund balance was \$10,873,568. The actual balance, at 19.06% of GAAP revenues, is \$1,556,571 above the target. This was anticipated, as the Town had experienced balances below the target in FY 2013 and FY 2014, and followed its plan to bring the balance above the target level. The Town has continued its effort to limit the use of fund balance to offset operating expenditures, maintaining the use of fund balance in the 2019-20 municipal budget at \$500,000. Amounts in excess of the target unassigned fund balance as of June 30, 2018 were used for one-time expenditures or capital improvements, and additional expenditures are being recommended through the Town's Capital Improvement Program, currently in development. See the TOWN FINANCES – CAPITAL IMPROVEMENT PROGRAM" following.

#### **CAPITAL IMPROVEMENT PROGRAM**

Article VI, Section 601 of the Town's Charter requires that the Town Manager prepare and submit a five-year Capital Improvement Program ("CIP") at the same time as the annual budget is submitted. The CIP includes a list of all capital improvements proposed over the next five fiscal years, methods of financing, time schedules and annual cost to support the proposed program. The CIP is a plan; it does not fund any projects. Project funding can be authorized in a variety of formats, all of which involve a separate action by the Town Council. The Town's Charter requires any project over \$1,000,000 or to be financed with debt be approved by ordinance, the process for which includes a public hearing.

The Town's current CIP policy, procedures and format were adopted by the Council in February 2013, and updated in December 2018. The annual CIP is now developed in the fall each year, and finalized in early spring for submittal to the Council. The policy establishes the content and format of the Town's capital improvement planning and provides guidelines for funding methods. For clarity in planning, the policy specifies that projects be grouped in one of four classifications:

*Projects Recommended for Funding* - Projects and acquisitions included shall have been sufficiently developed and defined as to clearly identify the scope and cost of the project and the recommended funding sources. It is highly likely that projects in this class will eventually be authorized for completion and funding.

Projects In Development - Projects and acquisitions of this class are under active consideration but have not been sufficiently developed or defined to clearly identify the scope or cost of the project. Typically, projects in this category are being evaluated from several alternatives, or there is not sufficient confidence in the cost estimates to determine whether the project should be recommended for funding.

Projects Not Recommended - Projects and acquisitions of this class have been identified or requested by departments or others but are either insufficiently developed or defined, or have been deemed to be beyond the funding capacity of the Town. These projects may receive consideration at a future date should circumstances warrant.

Projects Non-Town Funded - Projects to be completed and funded solely by entities other than the Town, with an estimated operational cost impact to the Town of more than \$25,000, are of interest to the Town in its planning efforts. However, as they have a minimal, or no, impact on Town finances, they are shown separately from Town funded projects.

The CIP Policy also recommends certain principles with regard to financing methods:

Debt Financing – Projects or acquisitions to be funded wholly or partially with debt issued by the Town of Brunswick should have a cost to the Town of at least of \$325,000 and a life expectancy of five years or greater. However, the Town Council may authorize the issuance of debt for projects and acquisitions that have a cost to the Town of at least \$100,000. Debt shall never be issued for a term longer than the life expectancy of the project or acquisition.

General Revenues – Projects or acquisitions funded from general revenues or property taxation. Annual funding from this source should represent 4-7% of the total operating budget.

Fund Balances – Projects to be funded with fund balances shall be those that meet the purpose and intent of the fund. Funding from the unassigned general fund balance should be consistent with the Town's General Fund Policy.

Reserves – Projects to be funded from reserves should be those that meet the purpose and intent of the reserve.

Non-Town Sources – Projects to be funded from non-town sources should meet the restrictions requirements of the funding provider.

Beginning with its establishment in August 2014, the Finance Committee assumed the duties of the CIP Committee, and has followed the new CIP policy and procedures in the development of the CIP. On May 13, 2019, the Town Council adopted a CIP for fiscal years ending 2020-2024. This document, previous CIPs, and current drafts are available on the Town's website:  
<http://www.brunswickme.org/161/Capital-Improvement-Program>

On November 7, 2019, the Town Manager submitted a preliminary CIP for fiscal years ending 2021-2025 to the Finance Committee for review and recommendations. The Finance Committee held several workshops and meetings in November and December, and will continue work in February, with the Town Manager scheduled to present a recommended CIP to the Town Council on March 2, 2020. The Town Council will review the CIP in conjunction with its development of the 2020-21 budget, and it is anticipated that the 2021-25 CIP will be adopted by the Town Council at the same time as the 2020-21 budget in May 2020. Adoption of the CIP does not constitute funding of capital projects. Appropriation of funds, or authorization of the issuance of bonds, occurs with the adoption of the capital budget or in a separate action of the Town Council.



Information from the Manager's DRAFT 2021-2025 CIP is as follows.

**CIP Projects Recommended for Funding (Manager's DRAFT November 2020)**

**DRAFT -- For Fiscal Years Ending 2021-2025 -- DRAFT**

<b>PROJECTS</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>TOTALS</b>
Facilities - Improvements	\$ 762,000	\$ 8,300,650	\$ -	\$ -	\$ -	\$ 9,062,650
Infrastructure	4,321,000	5,235,000	4,390,000	2,200,000	1,395,000	17,541,000
Capital Acquisitions	415,000	214,500	-	-	180,000	809,500
Municipal vehicle/equip/facilities	1,011,960	1,076,199	1,115,723	1,155,538	1,170,648	5,530,068
Municipal annual work programs	1,265,000	1,410,000	1,560,000	1,695,000	1,815,000	7,745,000
School vehicle replacement	190,962	196,691	202,592	208,670	214,930	1,013,845
School annual work programs	1,044,550	714,700	781,150	452,150	441,300	3,433,850
<b>TOTALS</b>	<b>\$ 9,010,472</b>	<b>\$ 17,147,740</b>	<b>\$ 8,049,465</b>	<b>\$ 5,711,358</b>	<b>\$ 5,216,878</b>	<b>\$ 45,135,913</b>

**FUNDING SOURCES**

General Obligation Bonds	\$ 817,000	\$ 300,650	\$ -	\$ -	\$ -	\$ 1,117,650
GO Bonds - TIF funded	1,520,000	1,000,000	2,148,333	-	-	4,668,333
General Fund Balance	651,000	1,589,500	460,000	425,000	502,500	3,628,000
Municipal Revenues - Annual Prog	2,276,960	2,486,199	2,675,723	2,850,538	2,985,648	13,275,068
School Revenues	1,235,512	911,391	983,742	660,820	656,230	4,447,695
State of Maine	1,716,667	2,932,000	1,616,667	1,505,000	922,500	8,692,834
Donations/Grants	335,000	200,000	-	-	-	535,000
TIF Revenues	338,333	238,000	165,000	270,000	150,000	1,161,333
Reserves	-	7,490,000	-	-	-	7,490,000
Other	120,000	-	-	-	-	120,000
<b>TOTALS</b>	<b>\$ 9,010,472</b>	<b>\$ 17,147,740</b>	<b>\$ 8,049,465</b>	<b>\$ 5,711,358</b>	<b>\$ 5,216,878</b>	<b>\$ 45,135,913</b>

Within the *Projects Recommended for Funding*, the following projects, if pursued, were proposed to be funded with long-term debt:

**2021-25 CIP - Recommended for Funding with General Obligation Bonds -- DRAFT November 2019**

<b>PROJECTS</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>TOTALS</b>
Brunswick Junior High School	\$ 402,000	\$ 300,650	\$ -	\$ -	\$ -	\$ 702,650
Pleasant St Corridor - PPI	-	-	2,148,333	-	-	2,148,333
Downtown Improvements	1,520,000	1,000,000	-	-	-	2,520,000
Tank 2 Replacement	415,000	-	-	-	-	415,000
<b>RECOMMENDED TOTALS</b>	<b>\$ 2,337,000</b>	<b>\$ 1,300,650</b>	<b>\$ 2,148,333</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,785,983</b>

**Junior High School Repairs** - The School Department facilities planning process involved extensive analysis of the Brunswick Junior High School ("BJHS"), identifying repair needs of \$5,711,088. Originally included in the School Department's request for funding along with the new elementary school project mentioned above, the BJHS project was subsequently separated out to be considered independently, and the Brunswick School Department submitted an application to the Major Capital School Construction Program with the Maine DOE for the school. With the release of the DOE's program priority listing, it became clear that the BJHS could not expect state funding assistance, and attention was turned to addressing the repair needs over time. The current draft of the CIP includes two years of repairs totaling \$709,650, to be funded through the issuance of debt.

**Pleasant Street Corridor – PPI** - The Town of Brunswick has entered into an agreement with the Maine Department of Transportation, under the Planning Partnership Initiative (“PPI”) program, to complete a study of the Pleasant Street corridor. This study will evaluate, plan and scope transportation projects along the entire length of Pleasant Street. The draft CIP project anticipates several infrastructure projects which will follow the study, along with potential costs and sources of funding. The largest of these projects, the possible Turner Street Extension, is projected for 2022-23, with the Town’s share of \$2,148,333 to be funded through the issuance of debt.

**Downtown Improvements** - Brunswick’s downtown area consists primarily of Maine Street from the Frank Wood Bridge to the First Parish Church, and the adjoining side streets. Sidewalks on Maine Street are pavers, the majority of which were installed between 1990 to 2001 and are now aging significantly. Ornamental light poles along Maine Street were also installed in the 1990’s and are in need of upgrade. The Town is currently putting together a downtown streetscape enhancement plan to upgrade the sidewalks and lighting, along with addressing the health and location of trees along Maine Street. The project will be consistent with the Downtown Master Plan, and revenues from the Downtown and Transit-Oriented TIF District may be used to fund the project. On May 13, 2019 the Town Council appropriated \$400,000 in TIF revenues for this project, and the Town completed a survey of the area. The Town has contracted with a firm to conduct public forums and develop the project design. The draft CIP indicates additional funding through the issuance of debt, with the debt service to be paid with TIF revenues.

**Tank 2 Replacement** - Fire Department Tank 2 is a 1994 Ford/Central States 1500-gal Tanker/Pumper. Based on the Fire Department’s vehicle replacement schedule, the truck is scheduled to be retired in 2020-21. The Fire Department estimates the cost of replacement at \$415,000, and in accordance with the CIP policy, funding is proposed as bonds. Alternatively, the Town may choose to use unassigned general fund balance for this purchase, depending upon the amount available above the fund balance target.

### **CIP Projects in Development**

The CIP includes several major projects that are under active consideration, but which have not been sufficiently developed or defined to clearly identify their scope or cost. These projects have been catalogued to allow the Town to consider its ability to afford the potential capital and operating costs. If pursued, these projects, with the cost estimates shown in the following table, would most likely be financed with the issuance of debt.

#### **CIP - In Development for Funding with General Obligation Bonds -- DRAFT November 2019**

<b>PROJECTS</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>TOTAL</b>
Public Works Facility	\$ -	\$ -	\$ -	\$ -	\$ 12,000,000	\$ 12,000,000
Town Hall HVAC	-	-	400,000	-	-	400,000
Downtown Parking Facility	-	-	-	-	5,000,000	5,000,000
Bunganuc Road Culvert	-	350,000	-	-	-	350,000
<b>IN DEVELOPMENT TOTALS</b>	<b>\$ -</b>	<b>\$ 350,000</b>	<b>\$ 400,000</b>	<b>\$ -</b>	<b>\$ 17,000,000</b>	<b>\$ 17,750,000</b>

**Public Works Facility** - This project is for a new 40,000 square foot public works facility on Industry Road. The existing public works facility is 16,972 square feet and is undersized for the 26.5 FTE employees, 22 vehicles and 34 pieces of equipment in the department. The main building (offices and repair bays) was constructed in 1956 and lacks insulation and proper ventilation, as well as adequate storage space. The proposal is based on an initial \$300/ft construction estimate, and as plans develop the cost estimate will be refined.

**Town Hall HVAC** - This project is being carried in the CIP with an estimate of \$400,000, and represents projected work that was identified during the renovations of 85 Union Street when municipal offices were

relocated to the building in 2014. The project is not currently being actively pursued, and it is expected that further investigation and design of the system will result in a more precise cost estimate.

**Downtown Parking Facility** - Over the past several years, the Town has looked at a number of options to relieve the parking issues in its downtown area. In July, 2018, in order to have a parking structure option ‘shovel ready’ for potential federal funding resources, the Town Council approved the use of up to \$75,000 in Downtown TIF revenues to fund a site selection/feasibility study for a parking structure in downtown Brunswick. Becker Structural Engineers were selected to conduct the study, and in the fall they delivered their report, including the preferred site as the Bank St municipal lot. With the understanding that a parking garage/structure would require an external funding source such as a grant, the project is included in the CIP as partially funded through debt. Any long-term debt issued for this project could be repaid with the use of Downtown TIF revenues.

**Bunganuc Road Culvert** - An existing 17 linear foot, 16 foot inch diameter pipe arch that crosses Bunganuc Road at Bunganuc Brook has been identified by a recent MaineDOT inspection as being in poor condition. As the culvert is under the Army Corps of Engineers jurisdiction, the Town will need to apply for a permit to do the work, and is considering initial funding for the design and permitting of the culvert replacement. The \$350,000 currently carried in the CIP for construction is an estimate, and based on the amount, is proposed to be funded through the issuance of debt.

**Other Debt Supported Projects** - Departments have submitted a variety of projects, including infrastructure improvements, building improvements, vehicle and equipment acquisitions, and other items to be assessed in the CIP process. Though currently not recommended, the total of the other debt-funded projects proposed to be included in the CIP process is estimated at \$3.83 million. The Town has a number of other plans and reports that call for projects that, if undertaken, would most likely be funded with long-term debt. While it is the Town’s intent to bring all capital requests through the CIP process, no assurances can be given that projects not included in the CIP will not ultimately be funded, and that the source of that funding may be long-term debt.

## INVESTMENT POLICY

In October, 2016, the Town adopted a revised Investment Policy, replacing a 1985 policy. Pursuant to its policy and applicable Maine law (Title 30-A, Section 5706 *et seq.* of the Maine Revised Statutes, as amended (the “Act”) all investments of the Town must be made with the judgment and care that persons of prudence, discretion and intelligence, exercise in the management of their own affairs, not for speculation but for investment considering (i) safety of principal and preservation of capital, (ii) maintenance of sufficient liquidity to meet all operating and cash requirements that may be reasonably anticipated, and (iii) return of income commensurate with avoidance of unreasonable risk. The Town’s investment practice is to maintain a cash and investment pool that is available for use by all funds and consists of short-term investments. The Town is invested principally in bank certificates of deposit, repurchase agreements, money market mutual funds, and direct obligations of the United States government and its agencies. The Town is not invested in any obligations typically referred to as derivatives, meaning obligations created from, or whose value depends on or is derived from, the value of one or more underlying assets or indexes of asset values in which the municipality owns no direct interest.

## FINANCIAL STATEMENTS

Title 30-A, Chapter 223, Subchapter VIII of the Maine Revised Statutes, as amended, and Article II Section 213 of the Town’s Charter provide for independent annual audits of the Town’s accounts and establishes procedures for such audits. The Town, in conformance with this statute and its Charter at present engages the services of Runyon Kersteen Ouellette, Certified Public Accountants. The audited basic financial statements, as included in the Town’s Comprehensive Annual Financial Report (“CAFR”), for the fiscal

year ended June 30, 2019 are presented as APPENDIX A to this Continuing Disclosure Statement. Runyon Kersteen and Ouellette has not reviewed this Continuing Disclosure Statement nor taken any part in its preparation.

The Town also produces a Popular Annual Financial Report (“PAFR”) under a Government Finance Officers Association (“GFOA”) certificate program. With this report, the Town has extracted information from the CAFR to produce a financial report specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance. The PAFR is made available on the Town’s website and in printed form in Town Hall and the library. It is intended to promote interest, questions and further understanding of the Town’s finances.

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is operated and accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures.

**Governmental Funds** are used to account for the Town’s general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

- The **General Fund** is the Town’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Special Revenue Funds** account for revenue sources that are legally restricted to expenditure for specific purposes (not including permanent funds or major capital projects).
- **Debt Service Funds** account for resources accumulated and payments made for principal and interest on general obligation debt of governmental funds.
- **Capital Projects Funds** account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or permanent funds.
- **Permanent Funds** account for resources where principal is legally restricted by a formal trust agreement and only earnings may be used for purposes that benefit the government or its citizenry.

**Proprietary Funds** are accounted for using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Town’s proprietary funds include the following types:

- **Enterprise Funds** are used to account for those operations that are financed and operated in a manner similar to private business or where management has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.
- **Internal Service Funds** are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component units.

**Fiduciary Funds** account for assets held by the government in a trustee capacity or as an agent on behalf of others. The Town’s fiduciary funds include the following fund types:

- **Private-Purpose Trust Funds** account for resources where principal is legally restricted by a formal trust agreement and only earnings may be used for purposes that benefit individuals, private organizations, or other governments.
- **Agency Funds** are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds account for assets that the government holds for others in an agency capacity.

Following are 5-year comparative statements for the Town's General Fund.

**Town of Brunswick, Maine**  
**Comparative Balance Sheets - General Fund**  
**For the Year Ended June 30,**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>ASSETS</b>					
Cash & Investments	\$ 19,102,967	\$ 19,822,700	\$ 23,560,748	\$ 23,966,484	\$ 16,170,103
Taxes Receivable	1,026,639	851,719	838,933	968,616	863,629
Tax Liens & Acq. Property	308,611	338,931	327,212	299,537	294,929
Accounts Receivable	949,147	744,149	725,531	812,679	873,255
Due from Other Funds	-	-	-	-	6,360,945
Advances to Other Funds	454,080	363,264	272,448	181,632	727,778
Other	37,711	26,753	26,523	28,015	39,392
<b>TOTAL ASSETS</b>	<u>\$ 21,879,155</u>	<u>\$ 22,147,516</u>	<u>\$ 25,751,395</u>	<u>\$ 26,256,963</u>	<u>\$ 25,330,031</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 744,923	\$ 916,388	\$ 544,066	\$ 612,151	\$ 841,707
Accrued Payroll	3,113,766	3,170,965	3,550,909	3,731,016	3,820,607
Due to Other Funds	1,535,250	410,666	2,342,999	1,452,771	-
Other	301,832	335,980	362,191	597,833	309,791
<b>TOTAL LIABILITIES</b>	<u>5,695,771</u>	<u>4,833,999</u>	<u>6,800,165</u>	<u>6,393,771</u>	<u>4,972,105</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Property Taxes	781,503	726,061	779,093	821,353	716,262
Unavailable Revenues	263,097	269,321	240,892	236,583	264,348
<b>TOTAL DEFERRED INFLOWS</b>	<u>1,044,600</u>	<u>995,382</u>	<u>1,019,985</u>	<u>1,057,936</u>	<u>980,610</u>
<b>FUND BALANCES</b>					
Nonspendable	491,791	388,484	298,971	209,647	767,170
Restricted	4,451,426	4,482,259	4,138,723	3,782,820	2,734,813
Assigned	1,525,233	1,130,790	1,700,864	3,324,678	3,445,194
Unassigned	8,670,334	10,316,602	11,792,687	11,488,111	12,430,139
<b>TOTAL FUND BALANCES</b>	<u>15,138,784</u>	<u>16,318,135</u>	<u>17,931,245</u>	<u>18,805,256</u>	<u>19,377,316</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<u>\$ 21,879,155</u>	<u>\$ 22,147,516</u>	<u>\$ 25,751,395</u>	<u>\$ 26,256,963</u>	<u>\$ 25,330,031</u>

NOTES: Prepared from Audited Financial Statements. Items may have been restated for comparative purposes.  
The Town has a fund balance policy. See "TOWN FINANCES – FUND BALANCE – GENERAL FUND" herein.

**Town of Brunswick, Maine**  
**Comparative Statements of Revenues, Expenditures and**  
**Changes in Fund Balances for the General Fund – GAAP Basis**  
**For the Years Ended June 30,**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>REVENUES</b>					
Taxes	\$ 40,582,907	\$ 42,531,410	\$ 44,215,165	\$ 45,343,860	\$ 47,471,712
Licenses, Fees & Permits	387,127	438,731	497,091	542,223	722,963
Intergovernmental	13,869,293	13,810,564	14,612,707	14,507,450	14,466,298
Charges for Services	1,405,404	1,495,659	1,470,469	1,569,433	1,617,504
Interest on Investments	10,156	37,482	146,700	339,454	425,712
Other	<u>736,595</u>	<u>519,261</u>	<u>575,248</u>	<u>642,187</u>	<u>524,175</u>
<b>TOTAL REVENUES</b>	<u>56,991,482</u>	<u>58,833,107</u>	<u>61,517,380</u>	<u>62,944,607</u>	<u>65,228,364</u>
<b>EXPENDITURES</b>					
General Government	3,517,191	3,548,096	3,724,978	3,646,187	3,797,725
Public Safety	8,295,800	8,372,964	8,560,448	8,811,980	9,160,603
Public Works	4,110,190	3,558,509	3,693,270	3,833,995	3,732,136
Human Services	171,606	176,406	139,921	163,348	202,823
Education	33,989,089	34,092,968	36,034,705	36,445,089	37,779,553
Recreation & Culture	2,669,911	2,650,179	2,771,480	3,017,995	3,083,440
Debt Service	2,744,750	2,696,785	2,373,601	2,536,928	2,628,705
County Tax	1,333,350	1,360,042	1,410,855	1,517,700	1,565,279
Unclassified	<u>8,683</u>	<u>29,082</u>	<u>29,868</u>	<u>130,537</u>	<u>199,922</u>
<b>TOTAL EXPENDITURES</b>	<u>56,840,570</u>	<u>56,485,031</u>	<u>58,739,126</u>	<u>60,103,759</u>	<u>62,150,186</u>
<b>OTHER SOURCES (USES)</b>					
Transfers In	1,052,000	620,942	514,000	506,389	600,000
Transfers Out	<u>(1,189,360)</u>	<u>(1,789,667)</u>	<u>(1,679,144)</u>	<u>(2,473,226)</u>	<u>(3,106,118)</u>
<b>TOTAL OTHER SOURCES (USES)</b>	<u>(137,360)</u>	<u>(1,168,725)</u>	<u>(1,165,144)</u>	<u>(1,966,837)</u>	<u>(2,506,118)</u>
<b>NET CHANGES IN</b>					
<b>FUND BALANCE</b>	<u>13,552</u>	<u>1,179,351</u>	<u>1,613,110</u>	<u>874,011</u>	<u>572,060</u>
<b>BEGINNING FUND BALANCE</b>	15,125,232	15,138,784	16,318,135	17,931,245	18,805,256
<b>ENDING FUND BALANCE</b>	<u>\$ 15,138,784</u>	<u>\$ 16,318,135</u>	<u>\$ 17,931,245</u>	<u>\$ 18,805,256</u>	<u>\$ 19,377,316</u>

NOTES: Prepared from Audited Financial Statements.

This statement is produced using generally accepted accounting principles (GAAP Basis). To reconcile the GAAP basis to the basis used for budget purposes (Budget Basis), it is necessary to subtract from the GAAP basis the amount the State of Maine contributes to the Maine Public Employees Retirement System (MainePERS) for employees enrolled in the MainePERS Teacher Retirement Plan. The amounts to be subtracted for the fiscal years ending June 30, 2019, 2018, 2017, 2016 and 2015 are \$2,821,269, \$2,507,000, \$2,213,000, \$2,025,000 and \$2,455,000, respectively.

The Town has a fund balance policy. See “TOWN FINANCES – FUND BALANCE – GENERAL FUND” herein.

## **PROPERTY TAXATION**

### **GENERAL**

The principal revenue source of the Town is the tax on real and personal property. A single tax applies for each fiscal year to the assessed value of the taxable real or personal property. The Town's tax collector receives the tax commitment from the town assessor, with assessed values as of April 1 of each year, after which time the tax bills are mailed. For fiscal 2019-20 personal property taxes were due by October 15, 2019. Real estate taxes are due in two installments with one-half due October 15, 2019 and one-half due April 15, 2020. All taxes paid after the due dates will be subject to interest at a rate established by the Town under Title 36, Section 505(4) of the Maine Revised Statutes, as amended, currently set by the Town at the rate of 9.0% per annum.

Maine law permits town's to levy taxes up to 105% of its net property tax requirement (budgeted expenditures less budgeted non-property tax revenues) for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$708,330 for the year ending June 30, 2020.

### **Real Estate Tax**

Collection of real estate taxes is ordinarily enforced in the Town by the "tax lien" procedure as provided in the Maine Revised Statutes, as amended, to the collection of delinquent real estate taxes. Real estate tax lien mortgages are recorded against the individual property at the County Registry of Deeds. This lien has priority over all mortgages, liens, attachments and encumbrances of any nature, subject to any paramount federal tax lien and subject to bankruptcy and insolvency laws. If the account is not satisfied within 18 months, the property becomes tax acquired and may be disposed of by the Town.

### **Business Personal Property Tax**

In accordance with Title 36, Chapter 105, Subchapter 4-C of the Maine Revised Statutes, as amended (the "BETE Act"), most types of tangible business personal property subject to an allowance for depreciation, and some specialty types of real property improvements, are exempt from personal property taxation. Municipalities receive State reimbursement for a portion of the lost property tax revenue under a program known as the Business Equipment Tax Exemption ("BETE"). In order for any personal property to be exempt from taxation, the property owner must file a complete list of that property with the municipal assessor by May 1 every year. If the owner fails to file for the exemption in a timely manner or fails to follow other statutory procedures in the legislation, the property in question is not exempt from taxation for that year.

The State reimburses municipalities with respect to the lost property taxes associated with the BETE exemption through one of two formulas, whichever is most beneficial to the municipality, as follows:

1. Basic reimbursement formula - For all municipalities in the first year after the exemption, and for a majority of the municipalities thereafter, the reimbursement would be 100% for the lost property taxes in the first tax year after the exemption takes effect (i.e., FY 2009), 90% in the second year after the exemption takes effect (i.e., FY 2010), 80% in FY 2011, 70% in 2012, 60% in 2013, and 50% in 2014 and every subsequent year. The State Constitution requires a minimum reimbursement of at least 50%.
2. Enhanced formula - Municipalities that have a total property tax base that is made up of at least 5% personal property will be eligible for an alternative reimbursement formula any year in which the alternative reimbursement formula provides a higher level of reimbursement than the basic

reimbursement formula. Those municipalities will be eligible to receive the 50% minimum reimbursement plus 50% of their tax base percentage that is made up of personal property. For example, if a town's tax base is 64% personal property, it would be eligible for a reimbursement rate of 82%, which is a combination of the minimum 50% reimbursement *plus* one-half of that municipality's 64% "personal property factor".

3. Municipal Retention TIF Districts (pre 2008) – Certain TIF districts that were designated prior to April 1, 2008 entitle a municipality to receive reimbursement at a rate of up to 100% for exempt business equipment that is TIF exempt business equipment as defined in Title 36, Section 691(1)(G) of the Maine Revised Statutes, as amended. The increased reimbursement percentage is based on the tax increment percentage allocated to the municipality, as provided in Title 36, Section 694(2)(C) of the Maine Revised Statutes, as amended.

For the purposes of identifying the municipality's valuation for determining the local property tax rate, the value of all property in the municipality made exempt by the BETE Act must be considered part of that municipality's local valuation to the extent the municipality is being reimbursed for its lost property taxes by the State other than property located in, and the assessed value of which is retained in, a tax increment financing district authorized prior to April 1, 2008.

<u>Fiscal Year</u> <u>ended June 30,</u>	<u>BETE</u> <u>Exempt Value</u>	<u>State</u> <u>Reimbursement</u>
2019	\$70,456,600	\$704,814
2018	57,403,800	556,479
2017	40,393,800	628,627
2016	37,686,900	565,974
2015	28,619,600	413,833

The value of all property in the municipality made exempt by the BETE Act will also be considered part of that municipality's equalized State Valuation to the extent the municipality is being reimbursed for its lost property taxes by the State with an additional adjustment for property in a tax increment financing district authorized prior to April 1, 2008.

## LARGEST TAXPAYERS

<u>Taxpayer</u>	<u>Type of</u> <u>Business</u>	<u>Real</u> <u>Estate</u>	<u>As of April 1, 2019</u>			
			<u>Personal</u> <u>Property</u>	<u>Assessed</u> <u>Total</u>	<u>Property</u> <u>Tax</u>	<u>% of</u> <u>Levy</u>
Brookfield White Pine Hydro LLC	Utility	\$ 33,154,600	\$ -	\$ 33,154,600	\$ 655,135	1.42%
Bath Iron Works Corp	Shipbuilding	25,148,600	7,047,200	32,195,800	636,189	1.38%
MRRA	Development	30,212,512	3,300	30,215,812	597,064	1.30%
Central Maine Power	Utility	26,158,000	1,217,800	27,375,800	540,946	1.18%
Brunswick Landing Venture LLC	Housing	24,227,900	40,600	24,268,500	479,546	1.04%
Brunswick MZL LLC	Shopping Ctr	22,678,300	-	22,678,300	448,123	0.97%
Walmart RE Business Trust	Retail	17,842,600	3,722,800	21,565,400	426,132	0.93%
Maine Natural Gas	Utility	15,727,100	481,300	16,208,400	320,278	0.70%
Thornton Oaks Homeowners	Housing	14,893,700	267,100	15,160,800	299,577	0.65%
W/S Brunswick Properties	Shopping Ctr	13,640,100	-	13,640,100	269,528	0.59%
						10.16%

NOTE: Per the tax commitment on August 28, 2019, the total taxable assessed value of the Town was \$2,327,111,266, which includes \$118,982,473 of total taxable valuation in the Town's TIF Districts and excludes all exemptions.



## TAX COLLECTIONS

The following table displays tax levy and tax collection information for the Town for the last ten audited fiscal years and the current fiscal year.

<b>Fiscal</b>	<b>State</b>	<b>Assessed</b>	<b>Tax</b>	<b>Tax</b>	<b>(after Supplements / Abatements)</b>		
<b>Yr. End</b>	<b>Valuation</b>	<b>Valuation</b>	<b>Rate</b>	<b>Levy</b>	<b>Year End</b>	<b>% of</b>	<b>% of Levy</b>
<b><u>June</u></b>	<b><u>(000)</u></b>	<b><u>(000)</u></b>	<b><u>(000)</u></b>	<b><u>(000)</u></b>	<b><u>(000)</u></b>	<b><u>Levy</u></b>	<b><u>a/o 6/30/19</u></b>
<b>30,</b>							
2020	\$2,319,900	\$2,304,034	\$19.72	\$45,436	-----In Process-----		
2019	2,252,400	2,276,234	18.92	43,066	\$42,467	97.67%	97.67%
2018	2,184,050	2,266,215	18.37	41,630	41,102	97.68	99.31
2017	2,082,600	1,382,600	29.35	40,579	40,117	97.60	99.95
2016	2,000,400	1,374,997	28.36	38,995	37,590	96.40	99.98
2015	2,026,250	1,359,621	27.40	37,254	35,856	96.25	99.99
2014	1,983,450	1,335,461	26.54	35,443	34,464	97.24	99.99
2013	2,028,050	1,337,807	24.90	33,311	32,321	97.03	99.99
2012	2,141,500	1,302,514	23.68	30,844	29,935	97.05	99.99
2011	2,204,800	1,278,493	22.87	29,239	28,529	97.57	99.99
2010	2,172,000	1,280,191	22.54	28,856	27,997	97.03	100.00
<b>(Notes: 1,2&amp;3)</b>			<b>(Notes: 1&amp;2)</b>				

NOTES: <sup>(1)</sup> Information is for the General Fund and does not include TIF valuation, tax levy, or collections.

<sup>(2)</sup> Effective for the 2018-19 fiscal year, the State reimburses the Town for 62.5% of Homestead Exemptions provided to resident property taxpayers of the Town. In prior years the State reimbursed the Town for 50% of the taxes exempted through the Homestead Exemption program. The Town budgets the reimbursement as property tax revenue. The Assessed Valuation has been adjusted to add back a corresponding percentage of the Homestead Exemption value. The Gross Levy has also been adjusted to include the amount of tax reimbursement.

<sup>(3)</sup> The State reimburses the Town for a percentage of the Business Equipment Tax Exemption. See "PROPERTY TAXATION – Business Personal Property Tax" herein. The Assessed Valuation and Gross Levy have been adjusted to add back the amount of exempt value and the taxes being reimbursed.

## TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS

Chapter 206 and former 207 (now repealed) of Title 30-A of the Maine Revised Statutes, as amended, enables a municipality to finance qualified development by borrowing against the future increased property tax receipts attributable to that development. Under the statutory framework, the municipality designates a tax increment financing ("TIF") district or an affordable housing development district (a "housing district") and adopts a development program (the "Development Program") stating the means and objectives for the development of that district. The municipality may designate, or "capture", all or a portion of the increase in assessed value resulting from development within the district and dedicate the increased property taxes it receives in future years generated by the "captured" assessed value to payment of the costs of the Development Program, which may include debt service on borrowing to fund such costs.

TIF districts are subject to statutory limits on their size, including the following limitations: (a) the total area of a single district may not exceed 2% of the total acreage of the municipality, (b) the total area of all TIF districts or housing districts within a municipality each may not exceed 5% of the total acreage of the municipality, and (c) the aggregate original assessed value of property of all TIF districts and the aggregate

original assessed value of property of all housing development districts within the municipality as of the April 1<sup>st</sup> preceding the date the Commissioner of the Department of Economic and Community Development (“DECD”) or the Maine State Housing Authority (“MSHA”), as appropriate approves the designation of each such district, cannot each exceed 5% of the municipality’s total value of taxable property.

Excluded from the limitations is any district excluded from the calculation under former section 5253, subsection 1, paragraph C and any district that meets the following criteria:

- (1) The development program contains project costs, authorized by section 5225, subsection 1, paragraph A, that exceed \$10,000,000;
- (2) The geographic area consists entirely of contiguous property owned by a single taxpayer;
- (3) The assessed value exceeds 10% of the total value of taxable property within the municipality or plantation; and
- (4) The development program does not contain project costs authorized by section 5225, subsection 1, paragraph C.

The foregoing limitations do not apply to approved downtown TIF districts, TIF districts included within Pine Tree Development Zones, transit districts, or TIF districts that consist solely of one or more community wind power generation facilities owned by a community wind power generator that has been certified by the Public Utilities Commission pursuant to Title 35-A, Section 3403, Subsection 3 of Maine Revised Statutes, as amended.

The Seahawk (formerly Molnlycke) TIF District, the Brunswick Landing TIF District and the Brunswick Executive Airport TIF District are all exempt from the foregoing limitations because the entire military redevelopment zone was designated to be considered a Pine Tree Development Zone pursuant to Title 30-A, Section 5250-J(3-A) of Maine Revised Statutes, as amended. The Downtown Transit-Oriented TIF District is also exempt from the limitations, under the transit district qualification.

The new, or incremental, assessed valuation and related tax revenue in the TIF district is not available to the Town’s General Fund. The increase in assessed value captured by the municipality is excluded from the municipality’s equalized just value for each year’s State valuation filed with the Secretary of State in accordance with Title 36, Sections 208 and 305 of Maine Revised Statutes, as amended, and is therefore not included in calculating that municipality’s share of State educational aid, State municipal revenue sharing, the county tax or the 15% debt limitation for the municipality pursuant to Title 30-A, Section 5257 of the Maine Revised Statutes, as amended.

For the year ended June 30, 2020, the Town has a total of \$118,982,473 in captured valuation within five TIF districts. This includes \$5,299,200 of value captured in the Cook’s Corner Omnibus Municipal Development TIF District. This district was adopted during the 2017-18 fiscal year, and no incremental value was captured in the 2018-19 fiscal year. Of the other TIF districts, three are on the site of the former Brunswick Naval Air Station and one is the Downtown Development and Transit-Oriented TIF District. The tax revenue captured in these districts totals \$2,346,334 for the year.

In November, 2019, the Town Council and DECD approved an amendment to the Molnlycke TIF District: 1) to rename the District the Seahawk Omnibus Municipal Development and Tax Increment Financing District, 2) to add omnibus capacity to the District which allows for additional credit enhancement agreements to be used to attract new business and encourage business expansion, and 3) to authorize the Town Manager to enter into a new credit enhancement agreement (“CEA”) with Natural Selection Inc., DBA Wild Oats.

As described above, the Town's districts do not exceed the statutory limitation of total area and aggregate equalized value within all districts, determined as of their date of designation. The Town has not designated and is not currently considering any affordable housing districts.

## **REVENUES FROM THE STATE**

The State provides aid to the Town in a number of areas including education, welfare assistance, road maintenance and revenue sharing. The amount of aid in each category is based upon a number of formulas, many of which contain variables that change annually. Further, most categories of State aid are governed by laws that may be changed by the State Legislature and are subject to appropriation by the State Legislature in its budgetary process.

In accordance with the provisions of applicable Maine law, the State subsidizes most local school administrative units. By law, Maine calculates and distributes State education aid to school units using a model referred to as Essential Programs and Services ("EPS"). All education subsidies, including subsidy for State approved debt service, flow through the EPS model. EPS utilizes a number of factors that are subject to change each year. In addition, the EPS model itself is subject to change by the Legislature. Furthermore, subsidies for school administrative units are an annual item in the State's budgetary process and are subject to legislative appropriation in that process. No assurance can be given that future legislation will not have an adverse impact on school funding in Maine. Because of these uncertainties, it is not possible to predict the level of State subsidy to local units in future years or whether the State's subsidy program will continue in its present form.

The following table displays State aid received by the Town for the last five audited fiscal periods:

<b><u>Yr. End June 30,</u></b>	<b><u>School Subsidy</u></b>	<b><u>Revenue Sharing</u></b>	<b><u>Homestead Reimbursement</u></b>	<b><u>Other State Aid</u></b>	<b><u>Total State Aid</u></b>
2019	\$9,973,197	\$1,258,491	\$1,052,581	\$3,154,278	\$15,438,547
2018	10,542,828	1,159,148	792,753	2,805,474	15,300,203
2017	10,976,255	1,122,790	670,521	2,494,494	15,264,060
2016	10,327,499	1,163,162	436,751	2,307,504	14,234,916
2015	9,961,610	1,047,789	424,496	2,735,438	14,169,333

### **Recent Events Regarding State Aid**

*School Subsidy* provides the bulk of Brunswick's State aid, and there have been many changes to the appropriation formulas over the past several years. Though not all the changes to the EPS (as defined herein) model proposed by Governor LePage have been adopted in the final State biennial budgets, the Brunswick School Department has been faced with uncertainty during the past several budget cycles. The changes have included adjustments to the calculation of municipal valuations and pupil counts, and the exclusion of certain administrative costs from the EPS formula.

Beginning with the FY 14 budget, school units are now required to fund the normal cost of the Maine Public Employees Retirement System ("MainePERS") Teacher Plan retirement. Though the State initially increased Aid to Education with this change, it can not be assumed that future increases in the normal cost will be covered by increases in State aid.

Beginning with the FY 19 budget, the state funding for Career and Technical Education ("CTE") was made directly to the CTE Centers, rather than through the sending schools. This reduced the amount of state aid allocated to Brunswick by approximately \$770,000, but also reduced the amount Brunswick is responsible to pay to Maine Region 10 Technical High School ("MR10") correspondingly.

The 2020-2021 State biennial budget, the first for Governor Mills, includes additional funding for education resulting in an estimated increase of nearly \$1.2 million, or 12.2%, in State education aid to Brunswick from the previous year. This increase includes grant funds approved by the State Legislature to provide start-up funding for new or expanded preschool classrooms. For the 2019-20 school year, the Brunswick School Department provided preschool for the first time, adding one preschool classroom, and funding for this was included in the EPS formula. With the opening of the new elementary school in September, 2020, the School Department will increase its preschool capacity to four classrooms.

Historically *State Revenue Sharing* to municipalities has been distributed from a pool of funds comprised of roughly 5% of State sales and income taxes. As those State revenues increased or decreased, the pool to be distributed increased or decreased. Population and tax effort are the two major factors used in the formula that distributes State revenue sharing to municipalities. Brunswick's population loss, stemming from the closure of the Brunswick Naval Air Station, and as reflected in the 2010 census, negatively impacted its revenue sharing receipts.

Additionally, since 2010, the State has ordered transfers from the pool to the State's General Fund, thus reducing the amount to be distributed to municipalities. Beginning in FY 16 the State changed the annual transfer into the revenue sharing pool to 2% of State sales and income taxes, with the 5% allocation to resume in FY 20. With the adopted 2020-2021 biennial budget, the State's allocation to revenue sharing was increased, but only to 3.0% in FY 20 and 3.75% in FY 21. At these levels, the Town anticipates an increase of over \$500,000 from FY 19 to FY 20, and an additional increase of \$450,000 in FY 21. In FY 20, the State transfer to the pool of 3% of income and sales tax revenues is estimated at approximately \$106M, or an estimated \$35M more than in FY 2019.

The Maine *Homestead Exemption* program is established through state law, and is administered locally. The State annually estimates State aid but actual payments may vary from the estimate. Since the beginning of the program, the State has frequently modified both the exemption amount and the amount it reimburses municipalities. Originally the exemption amount was \$10,000 and the State reimbursed municipalities for 100% of the property tax lost because of the exemption. Beginning in 2005, and through the 2015-16 fiscal year, the State changed the reimbursement to 50% of the property tax reduction. For the fiscal year ending June 30, 2017, the maximum amount of the exemption increased to \$15,000, and effective with the 2017-18 fiscal year, the exemption increased to \$20,000, with the reimbursement rate continuing at 50% for both years. For the 2018-19 fiscal year, the exemption remained at \$20,000, and the reimbursement rate increased to 62.5%. With the State 2020-2021 biennial budget, the homestead exemption to property taxpayers is proposed to increase to \$25,000, and the reimbursement to municipalities will increase to 70%.

Though the Homestead reimbursement amounts increased beginning in 2016-17, the Town estimates that the increases in exemption with no increase in reimbursement rate resulted in an annual reduction of over \$350,000 in net revenue received by the Town of Brunswick for two years. For 2018-19, with the State homestead exemption reimbursement rate increase to 62.5%, Brunswick received \$259,828 more reimbursement than in the 2017-18 fiscal year. With the changes proposed for the 2020-21 fiscal year, the increased exemption amount and increased reimbursement rate are expected to result in no change in net revenue for the Town.

For a discussion of the Town's response to state aid changes, see "TOWN FINANCES - BUDGETARY PROCESS - Budget Commentary".

### **School Construction Projects and State Subsidy**

In Maine, subsidized school construction projects must receive both local and State approval. To be eligible for State assistance (sometimes referred to as State subsidy), school units first submit projects for evaluation by the Maine DOE through the Major Capital School Construction program. DOE then ranks the projects

and determines those that will be eligible for State subsidy based upon DOE's capacity to subsidize them. Projects approved for State subsidy then move to concept approval stage, where an initial project budget is established. The total budget is broken out into a "local only" portion, not eligible for State subsidy, and the portion "eligible for State assistance." A local referendum is then required. At the referendum, voters are asked to approve both the project and the bonds proposed to be issued to fund the project. The project then proceeds through final design. At the conclusion of this phase, the DOE issues a design and funding approval, after which the project is put out to bid. Once bids are received, the DOE and the school unit establish a final project budget and DOE issues its final funding approval.

School construction bonds are obligations of the local school unit and the State does not guarantee their repayment. The annual debt service on bonds issued to fund the portion of the project eligible for State subsidy is included in the State's education subsidy model, currently referred to as the Essential Programs and Services ("EPS") model. The debt service on bonds issued to fund the portion of project categorized as "local only" is not eligible for State subsidy and is not included in the debt service allocation of the EPS model. Under the current EPS model, eligible debt service is only one component of a school unit's annual education subsidy. In order to receive full State subsidy, a local unit must raise its required local share as determined by the EPS model. The required local share is largely a calculation that uses a State mandated education mil rate and the school unit's equalized property tax valuation.

The DOE determined that approximately 87% of the debt service on Brunswick's 2010 elementary school project (the Harriet Beecher Stowe School) is eligible for subsidy and is included in the Town's debt service allocation in the EPS model. Based on the current EPS model, and the current variables included in the EPS funding formula, Brunswick has received State subsidy equal to the entire amount deemed eligible for subsidy. However, it is important to note that the variables included in the EPS funding formula change from year to year. Further, the EPS funding model is, itself, subject to change by the State legislature. Finally, the State level of funding for EPS is subject to the State budget process. Therefore, while the Town continues to budget the 87% level of subsidy on the elementary school project debt service, no assurance can be given regarding the actual amount of future debt service subsidy it will receive.

In June, 2017, Brunswick voters authorized bonds for up to \$28,000,000 for the design and construction of a new elementary school at the site of the former Jordan Acres School. This project is entirely locally funded. The Brunswick School Department submitted an application to the DOE Major Capital School Construction program for major renovations or replacement of the Brunswick Junior High School, but when the results of the 2017-18 Rating Cycle were issued in August, 2018, Brunswick's project was ranked 44<sup>th</sup> on the DOE'S final priority list of projects. The School Department is currently planning repairs to the Junior High School, to be scheduled through the Capital Improvement Program.

## **INDEBTEDNESS**

### **LIMITATIONS AND EXCLUSIONS**

In accordance with Title 30-A, Section 5702 of the Maine Revised Statutes, as amended, "No municipality shall incur debt which would cause its total debt outstanding at any time, exclusive of debt incurred for school purposes, for storm or sanitary sewer purposes, for energy facility purposes or for municipal airport purposes to exceed 7.5% of its last full State valuation, or any lower percentage or amount that a municipality may set. A municipality may incur debt for school purposes to an amount outstanding at any time not exceeding 10% of its last full State valuation, or any lower percentage or amount that a municipality may set, for storm and sewer purposes to an amount outstanding at any time not exceeding 7.5% of its last full State valuation, or any lower percentage or amount that a municipality may set, and for municipal airport and special district purposes to an amount outstanding at any time not exceeding 3% of its last full State valuation, or any lower percentage or amount that a municipality may set; provided, however, that in no event shall any municipality incur debt which would cause its total debt outstanding at

any time to exceed 15% of its last full State valuation, or any lower percentage or amount that a municipality may set.”

Title 30-A, Section 5703 of the Maine Revised Statutes, as amended, provides that the limitations on municipal debt contained in Section 5702 do not apply “... to any funds received in trust by any municipality, any loan which has been funded or refunded, notes issued in anticipation of federal or State aid or revenue sharing money, tax anticipation loans, notes maturing in the current municipal year, indebtedness of entities other than municipalities, indebtedness of any municipality to the Maine School Building Authority, debt issued under Chapter 235 and Title 10, chapter 110, subchapter IV, obligations payable from revenues of the current municipal year or from other revenues previously appropriated by or committed to the municipality, and the State reimbursable portion of school debt.”

The Town of Brunswick’s 2019 equalized State valuation (“Equalized State Valuation”) for use in the fiscal year ended June 30, 2019 was \$2,319,900,000 making the 15% debt limit \$347,985,000.

## DEBT SUMMARY

General obligation debt payable at fiscal year-end June 30, 2019 (audited) and projected for fiscal year-end June 30, 2020 (projected), are comprised of the following individual issues:

<u>Year Issued</u>	<u>Purpose</u>	<u>Authorized and Issued</u>	<u>Final Maturity</u>	<u>Balance as of June 30,</u>	
				<u>2019</u>	<u>2020</u>
2006	Capital Improvements	\$3,125,000	11/01/20	\$400,000	\$200,000
2010	Elementary School (BABs) <sup>(1)</sup>	21,462,250	11/01/30	12,877,350	11,804,237
2011	Capital Improvements	4,120,000	11/01/20	540,000	270,000
2013	Police Station	5,500,000	11/01/32	3,850,000	3,575,000
2016	School Renovation (SRRF) <sup>(2)</sup>	655,781	09/01/26	501,208	438,557
2017	School Renovation (SRRF) <sup>(2)</sup>	64,086	09/01/22	29,271	19,514
2017	Capital Improvements	1,781,000	11/01/32	1,525,000	1,325,000
<b>Sub-total June 30, 2019</b>				<b>\$19,722,829</b>	<b>\$17,632,308</b>
2020	Elementary School	24,450,000	11/01/44	-	24,450,000
<b>Projected Total June 30, 2020</b>				<b>\$19,722,829</b>	<b>\$42,082,308</b>

NOTES: <sup>(1)</sup> A portion of the Town’s \$21,462,250 school construction bonds were issued in 2010 with MMBB, taxable Build America Bonds (“BABs”). “Total Budgeted Debt Service” is net of the BABs subsidy the Town anticipates MMBB will file for and receive. The Town is responsible for the full payment whether the subsidy is received in full, or reduced to a lesser amount by Federal sequestration reduced the BABs subsidy by approximately 6.2% in the fiscal year ended June 30, 2019. For future years the reduction is estimated to be approximately 6.2% of the subsidy.

<sup>(2)</sup> Indicates State Revolving Renovation Fund Program (the “SRRF”) administered jointly by the MMBB and the State of Maine, acting by and through its DEP. For the 2016 SRRF, an amount of \$408,971 of the original funding was forgiven, with the remainder to be paid in ten annual installments at 0% interest. For the 2017 SRRF, \$42,298 was forgiven, with the remainder to be paid in five annual installments at 0% interest. The amounts listed here as Authorized and Issued represent the totals the Town is obligated to pay.

# PROJECTED ANNUAL PRINCIPAL PAYMENTS BY ISSUE

Yr. End June 30,	Issued prior to June 30, 2019					2017 Bonds	As of 6/30/19	2020 Bonds	Total Debt
	2006	2010	2011	2013	SRRF				
2020	\$200,000	\$1,073,112	\$270,000	\$275,000	\$72,408	\$200,000	\$2,090,520	\$0	\$2,090,520
2021	200,000	1,073,113	270,000	275,000	72,408	200,000	2,090,521	420,000	2,510,521
2022	-	1,073,112	-	275,000	72,408	200,000	1,620,520	690,000	2,310,520
2023	-	1,073,113	-	275,000	62,651	200,000	1,610,764	725,000	2,335,764
2024	-	1,073,112	-	275,000	62,651	120,000	1,530,763	765,000	2,295,763
2025	-	1,073,113	-	275,000	62,651	120,000	1,530,764	805,000	2,335,764
2026	-	1,073,112	-	275,000	62,651	120,000	1,530,763	845,000	2,375,763
2027	-	1,073,113	-	275,000	62,651	120,000	1,530,764	890,000	2,420,764
2028	-	1,073,112	-	275,000	-	65,000	1,413,112	935,000	2,348,112
2029	-	1,073,113	-	275,000	-	35,000	1,383,113	980,000	2,363,113
2030	-	1,073,112	-	275,000	-	35,000	1,383,112	1,030,000	2,413,112
2031	-	1,073,113	-	275,000	-	35,000	1,383,113	1,085,000	2,468,113
2032	-	-	-	275,000	-	35,000	310,000	1,120,000	1,430,000
2033	-	-	-	275,000	-	40,000	315,000	1,145,000	1,460,000
2034	-	-	-	-	-	-	-	1,170,000	1,170,000
2035	-	-	-	-	-	-	-	1,195,000	1,195,000
2036	-	-	-	-	-	-	-	1,065,000	1,065,000
2037	-	-	-	-	-	-	-	1,065,000	1,065,000
2038	-	-	-	-	-	-	-	1,065,000	1,065,000
2039	-	-	-	-	-	-	-	1,065,000	1,065,000
2040	-	-	-	-	-	-	-	1,065,000	1,065,000
2041	-	-	-	-	-	-	-	1,065,000	1,065,000
2042	-	-	-	-	-	-	-	1,065,000	1,065,000
2043	-	-	-	-	-	-	-	1,065,000	1,065,000
2044	-	-	-	-	-	-	-	1,065,000	1,065,000
2045	-	-	-	-	-	-	-	1,065,000	1,065,000
6/30/19	\$400,000	\$12,877,350	\$540,000	\$3,850,000	\$530,479	\$1,525,000	\$19,722,829	\$24,450,000	\$44,172,829
Payments	(200,000)	(1,073,112)	(270,000)	(275,000)	(72,408)	(200,000)	(2,090,520)	-	(2,090,520)
6/30/20	\$200,000	\$11,804,238	\$270,000	\$3,575,000	\$458,071	\$1,325,000	\$17,632,309	\$24,450,000	\$42,082,309

## DEBT SERVICE COMPONENT OF BUDGETED EXPENDITURES

	2016	2017	2018	2019	2020
Total Budgeted Debt Service	\$2,779,760	\$2,459,022	\$2,613,101	\$2,704,655	\$2,630,751
(less TIF Paid Debt)	(82,060)	(80,315)	(76,245)	(74,175)	(72,105)
(less School Debt Service Subsidy) <sup>(1)</sup>	(1,340,251)	(1,323,889)	(1,305,329)	(1,283,224)	(1,262,480)
Net Tax-backed Debt Service	\$1,357,449	\$1,054,818	\$1,231,527	\$1,347,256	\$1,296,166
Budgeted Operating Expenditure	\$59,596,486	\$61,475,961	\$62,425,885	\$63,986,336	\$67,929,606
Debt Service as % of Expenditures	4.66%	4.00%	4.19%	4.23%	3.87%
Net Debt Service as % of Expenditure	2.28%	1.72%	1.97%	2.11%	1.91%

NOTE: <sup>(1)</sup>“School Debt Service Subsidy” is an estimate based on the current State law governing school funding, and debt service subsidy on school construction projects. See ‘REVENUES FROM THE STATE – School Construction Projects and State Subsidy’ herein for a detailed an explanation of School Debt Service Subsidy.

## PROJECTED DEBT SERVICE

Fiscal Yr End June 30,	Prior Debt					Projected Debt (The Bonds) (Pro Forma)			Projected
	Annual Principal	Annual Interest	Annual Total	BABs Subsidy (1)	Sub-total Debt Service	Principal	Interest	Total	Total Debt Service
2020	\$2,090,520	\$712,594	\$2,803,114	(\$174,409)	\$2,628,705	\$0	\$0	\$0	\$2,628,705
2021	2,090,521	647,929	2,738,450	(162,195)	2,576,255	420,000	1,008,658	1,428,658	4,004,913
2022	1,620,520	589,991	2,210,511	(149,628)	2,060,883	690,000	775,269	1,465,269	3,526,152
2023	1,610,764	538,150	2,148,914	(136,533)	2,012,381	725,000	739,894	1,464,894	3,477,275
2024	1,530,763	485,277	2,016,040	(123,086)	1,892,954	765,000	702,644	1,467,644	3,360,598
2025	1,530,764	431,124	1,961,888	(109,198)	1,852,690	805,000	663,394	1,468,394	3,321,084
2026	1,530,763	374,965	1,905,728	(94,870)	1,810,858	845,000	622,144	1,467,144	3,278,002
2027	1,530,764	313,267	1,844,031	(78,856)	1,765,175	890,000	578,769	1,468,769	3,233,944
2028	1,413,112	247,415	1,660,527	(61,333)	1,599,194	935,000	533,144	1,468,144	3,067,338
2029	1,383,113	182,553	1,565,666	(43,809)	1,521,857	980,000	485,269	1,465,269	2,987,126
2030	1,383,112	118,179	1,501,291	(26,285)	1,475,006	1,030,000	435,019	1,465,019	2,940,025
2031	1,383,113	53,590	1,436,703	(8,762)	1,427,941	1,085,000	382,144	1,467,144	2,895,085
2032	310,000	16,106	326,106	-	326,106	1,120,000	343,819	1,463,819	1,789,925
2033	315,000	5,513	320,513	-	320,513	1,145,000	321,169	1,466,169	1,786,682
2034	-	-	-	-	-	1,170,000	298,019	1,468,019	1,468,019
2035	-	-	-	-	-	1,195,000	273,622	1,468,622	1,468,622
2036	-	-	-	-	-	1,065,000	248,944	1,313,944	1,313,944
2037	-	-	-	-	-	1,065,000	224,316	1,289,316	1,289,316
2038	-	-	-	-	-	1,065,000	199,022	1,264,022	1,264,022
2039	-	-	-	-	-	1,065,000	173,063	1,238,063	1,238,063
2040	-	-	-	-	-	1,065,000	146,438	1,211,438	1,211,438
2041	-	-	-	-	-	1,065,000	120,478	1,185,478	1,185,478
2042	-	-	-	-	-	1,065,000	94,519	1,159,519	1,159,519
2043	-	-	-	-	-	1,065,000	67,894	1,132,894	1,132,894
2044	-	-	-	-	-	1,065,000	41,269	1,106,269	1,106,269
2045	-	-	-	-	-	1,065,000	13,978	1,078,978	1,078,978
	<u>\$19,722,829</u>	<u>\$4,716,653</u>	<u>\$24,439,482</u>	<u>(\$1,168,964)</u>	<u>\$23,270,518</u>	<u>\$24,450,000</u>	<u>\$9,492,893</u>	<u>\$33,942,893</u>	<u>\$57,213,411</u>

## DEBT RATIOS

The following table sets forth the ratio of bonded debt to equalized State Valuation and per capita debt ratios for the end of the ten most recent fiscal years (2020 projected):

Fiscal Yr. End June 30,	Population	Equalized State Val. (000)	Assessed Valuation <sup>(1)</sup> (000)	Total Debt <sup>(2)</sup> (000)	Debt as % Eq. Val	Per Capita <sup>(2)</sup> Debt
2020	20,278	\$2,319,900	\$2,304,034	\$42,082	1.81%	\$2,075.25
2019	20,278	2,252,400	2,276,234	19,723	0.88%	972.63
2018	20,278	2,184,050	2,266,215	21,836	1.00%	1,076.83
2017	20,278	2,082,600	1,382,600	23,944	1.15%	1,180.79
2016	20,278	2,000,400	1,374,997	23,122	1.16%	1,140.25
2015	20,278	2,026,250	1,359,621	25,220	1.24%	1,243.71
2014	20,278	1,983,450	1,335,461	27,323	1.38%	1,347.42
2013	20,278	2,028,050	1,337,807	30,211	1.49%	1,489.84
2012	20,278	2,141,500	1,302,514	27,439	1.28%	1,353.14
2011	20,278	2,204,800	1,278,493	30,177	1.37%	1,488.16
2010	21,172	2,172,000	1,280,191	5,715	0.26%	269.93

NOTES: <sup>(1)</sup> Valuation has been adjusted to add back 50% of Homestead Exemption and BETE values. Valuation excludes value in TIF Districts.

<sup>(2)</sup> Total debt and per capita debt as of June 30, 2020 is projected.



## **OVERLAPPING DEBT**

### **County of Cumberland**

The Town is subject to an annual assessment of its proportional share of the County of Cumberland's expenses, including debt repayment, as determined by the percentage of the Town's equalized State Valuation to the County's equalized State Valuation. At June 30, 2019 the Town's equalized State Valuation of \$2,319,900,000 was 4.95% of the County's equalized State Valuation of \$46,892,350,000. The Town's share was 4.95%, or \$1,874,726 of the County's \$37,893,997 debt obligations outstanding as of June 30, 2019.

### **Maine Region 10 Technical High School**

The Town is a participant, along with the Regional School Unit 5 (RSU 5) and Regional School Unit 75 (RSU 75), in a joint venture to operate Maine Region 10 Technical High School ("Region 10"). Region 10 was established by a cooperative agreement pursuant to Maine law to deliver a program of vocational education to students of the member units. As of June 30, 2019, Region 10 held no outstanding debt obligations; but, on December 16, 2019, the Region 10 Board authorized a lease/purchase through Androscoggin Bank for air quality and energy conservation equipment at the school facility. According to the meeting minutes, the agreement is \$3,580,664 for 15 years at an interest rate of 4.01%. The Town's share of Region 10's debt, including lease obligations, is 38.29%. See "PUBLIC EDUCATION – Maine Region 10 Technical High School" for additional information.

## **CONTINGENT DEBT**

The Town has no debt or obligations for which it is responsible for on a Contingent Basis.

## **FUTURE FINANCING**

On July 17, 2017, the Town Council adopted "An Ordinance Authorizing the Funding and Acquisition of a New Fire Engine, With Total Project Costs Not to Exceed \$650,000 (plus any other costs authorized hereunder), and Further Authorizing Issuance of Bonds and Notes in an Amount not to Exceed \$650,000 (plus cost of issuance), plus any Additional Appropriation Authorized Hereunder." The fire engine was ordered in October, 2017 and delivered in October, 2018, with the total cost to put the engine in service totaling \$636,710. The ordinance as adopted provided for the advance of funds from the general fund to a capital fund, and the engine was purchased with such an advance. On May 13, 2019 the Town Council appropriated \$240,000 in TIF revenues from the Brunswick Landing and Brunswick Executive Airport TIF Districts to repay the advance, and intends to repay the balance of the advance with future TIF revenue appropriations. As of June 30, 2019, the Town Treasurer declared the bond authorization abandoned.

On March 19, 2018, the Town Council adopted "An Ordinance Authorizing the Planning, Construction and Funding of a New Connector Road at Cooks Corner Between Admiral Fitch Avenue and Gurnet Road, with Total Project Costs Not to Exceed \$2,550,000 (plus any other costs authorized hereunder), and Further Authorizing Issuance of Bonds and Notes in an Amount not to Exceed \$1,200,000 (plus cost of issuance), plus any Additional Appropriation Authorized Hereunder." Construction began in September, 2018, and Landing Drive was opened in September, 2019. On May 13, 2019 the Town Council appropriated \$560,000 in TIF revenues for the project, leaving approximately \$625,000 which could be funded through the issuance of debt. TIF revenues from the Cook's Corner TIF District or the Brunswick Landing and Brunswick Executive Airport TIF Districts may be used to pay the debt service, or to fund the project directly over several years.

On April 1, 2019, the Town Council adopted an Ordinance authorizing the purchase of property for, and construction of, a new Central Fire Station with project costs not to exceed \$13,500,000, and the issuance of bonds not to exceed \$13,500,000 thereon. The current Central Fire Station was built in 1919, with an addition constructed in 1966. Since 2000, numerous structural deficiencies of the building have been identified, and at 9,100 square feet, the capacity of the facility is inadequate for fire service operations. Of particular concern is that the department's ladder truck must be garaged at Emerson Station, several miles from the downtown area where it is most used. Additionally, increased business activity and parking around the station have made the location problematic. A Task Force was formed in 2017 to conduct a programmatic analysis, site evaluation and preliminary design. The preferred site is on the corner of Pleasant Street and Webster Street, with access to downtown areas and improved access to west Brunswick. The Town has acquired three of the eight parcels, and is currently in negotiations for the remaining five. It is anticipated that construction could begin as early as May, 2020, with completion in 2021. The Town expects to provide funds for this project through a future bond financing.

Readers are encouraged to read the remainder of this document including the section "TOWN FINANCES – CAPITAL IMPROVEMENT PROGRAM." The Capital Improvement Program ("CIP") of the Town contemplates a number of projects which, if undertaken, are planned to be funded with long-term debt. However, the CIP does not authorize the issuance of debt. Debt issuance is subject to the prior review and approval of a Bond Ordinance by the Town Council. Debt related to State subsidized school construction projects requires the approval of the voters in a local referendum. The Town Council may choose to send bond approval to voters in a local referendum even when not required to do so by State statute.

## **RETIREMENT**

### **DEFINED BENEFIT PENSION PLANS**

*Plan descriptions:* For its participating municipal employees and certain participating School Department employees, the Town of Brunswick contributes to the Consolidated Plan for Participating Local Districts (the "PLD Plan") a cost-sharing multiple-employer, defined benefit pension plan administered by the MainePERS. Teachers and certain other School Department employees also participate in MainePERS through the State Employee and Teacher Plan (the "SET Plan"), a cost-sharing multiple-employer, defined benefit pension plan with a special funding situation established by the Maine Legislature.

The MainePERS is established and administered under Maine law, and the authority to establish and amend benefit provisions rests with the State legislature. The MainePERS issues a publicly available financial report which may be obtained by writing the Maine Public Employees Retirement System, 46 State House Station, Augusta, ME 04333-0046 or at [www.maineopers.org](http://www.maineopers.org).

The Town reports on the benefits provided and the contributions to the pension plans, associated pension liabilities, pension expense, deferred outflows and deferred inflows of resources related to pensions, as well as the actuarial methodology and assumptions in its Comprehensive Annual Financial Report (CAFR). Please see "APPENDIX A – TOWN OF BRUNSWICK, MAINE, COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2019", pages 66-70 herein.

### **DEFERRED COMPENSATION PLAN**

The Town offers its non-school employees a deferred compensation plan (the "Plan"), created in accordance with Internal Revenue Code Section 457. The Plan, available to all non-school employees, permits the employees to defer a portion of their salary until future years. All assets and income of the Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

## **OTHER RETIREMENT**

Most municipal and some school employees participate in the Social Security Retirement Program (“FICA”). The Town and the School department contribute to FICA. The School Department also offers its employees a variety of tax-sheltered annuity plans. The School Department makes no contributions to these plans.

## **OTHER POST EMPLOYMENT BENEFITS**

*Plan Descriptions:* The Town sponsors two post-retirement benefit plans providing group term life insurance to retiring employees. For municipal employees and certain School Department employees the Town 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 (MainePERS). The MainePERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements for each plan. MainePERS issues a publicly available financial report, available at [www.maineopers.org](http://www.maineopers.org).

Additionally, the Town offers two post-retirement benefit plans providing health insurance to retiring employees. For municipal employees, the Town sponsors a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (hereafter referred to as the MMEHT Health Plan). The Town 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.

For school department personnel, the State 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 (hereafter referred to as MEABT Health Plan). 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.

The Town reports on the benefits provided and the contributions to the OPEB plans, associated OPEB liabilities, OPEB expense, deferred outflows and deferred inflows of resources related to OPEB, as well as the actuarial methodology and assumptions in its Comprehensive Annual Financial Report (CAFR). Please see “APPENDIX A – TOWN OF BRUNSWICK, MAINE, COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2019”, pages 70-76 herein.

## **ENVIRONMENTAL MATTERS**

The Town is subject to a wide variety of federal and State laws and regulations relating to land use, water resources, sewage disposal, the use, storage, discharge, emission and disposal of wastes and other environmental matters.

The landfill operates under strict environmental regulations and its operation is dependent on continued compliance with existing and future regulations. The facility’s wastewater discharge license was renewed in August 2011. For several years, the Town has worked with the Maine DEP to comply with, or seek waivers from, certain discharge parameters set by the United States Environmental Protection Agency (“EPA”). Based on an experimental treatment program in constructed in late 2012, ongoing discussions with DEP, and reports from the engineering consultant, the Town has concluded that treatment options to meet the discharge parameters would be cost prohibitive.

In 2014, while the Town was working on resolving issues with its wastewater license, the Maine DEP Bureau of Remediation and Waste Management notified the Town of concerns about groundwater contamination trends at the landfill. The recorded trends make the Town eligible for landfill closure funding from the State's Landfill Closure and Remediation Program. In October 2016, DEP indicated that provided the Town complies with the requirements for closure to be outlined in a Schedule of Closure ("SOC"), the Town will be eligible for a 75% cost share of closure costs. However, reimbursement depends upon the availability of funds in the Program. Based on its collaboration with DEP, the cost of wastewater and groundwater treatment options, and other factors, the Town is actively pursuing the plan to close the landfill, and finalized an SOC with DEP in June, 2017, with closure scheduled for 2021. In December, 2017, the Town Council decided to maximize use of the available space in the landfill through acceptance of waste from out-of-town sources. The Town has negotiated an agreement with Pine Tree Waste haulers to accept an additional 20,000 tons per year, and this combined with the Town's regular tonnage, is predicted to fill the available capacity by April 2021.

While the Town faces potential fines for its failure to comply with wastewater discharge limits and other violations, the scale of the fines is not expected to be significant. Please see "APPENDIX A – TOWN OF BRUNSWICK, MAINE, COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2019", pages 76-77 herein.

With the possible exception of its solid waste landfill, the Town believes that its properties and operations are presently in material compliance with all land use and environmental laws that, failure to comply with such laws, could result in the imposition of severe penalties on operations by government agencies or courts that could adversely affect the Town. The Town is not aware of any other environmental conditions or non-compliance, the remediation or correction of which the Town believes would have a material adverse impact on the financial condition of the Town. The Town is not subject to any pending or threatened proceedings or actions involving environmental matters that, if adversely decided, would have a material adverse impact upon the Town's financial condition or ability to pay debt service on the Bonds as and when due.

## **LITIGATION**

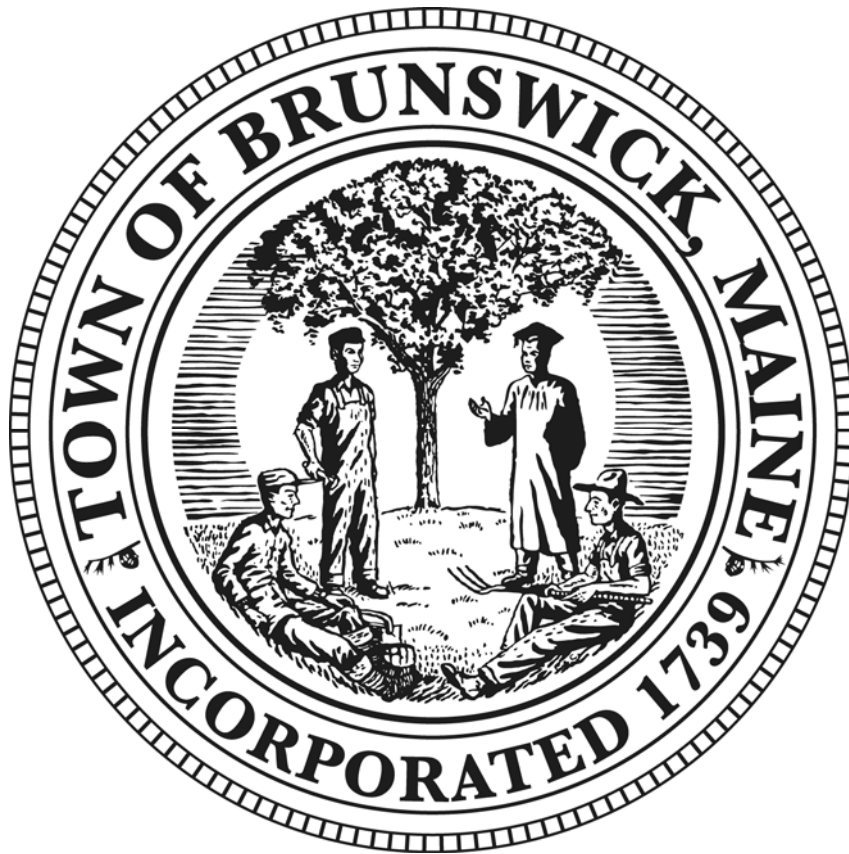
There are various claims and suits pending against the Town that arise in the normal course of the Town's activities. In the opinion of Town officials there is no litigation pending against the Town which, either individually or in the aggregate, would result in judgments that would have a materially adverse effect on the Town's financial position or its ability to meet its debt service obligations.

**APPENDIX A**

**TOWN OF BRUNSWICK, MAINE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE  
YEAR ENDED JUNE 30, 2019  
(With Report of Independent Auditors' Thereon)**

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# **TOWN OF BRUNSWICK, MAINE**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

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**TOWN OF BRUNSWICK, MAINE**  
**Comprehensive Annual Financial Report**  
**Year ended June 30, 2019**



Prepared by:  
Town of Brunswick  
Department of Finance

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Town of Brunswick, Maine  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2019

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## INTRODUCTORY SECTION



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# Town of Brunswick, Maine

INCORPORATED 1739

OFFICE OF THE FINANCE DIRECTOR

85 UNION STREET

BRUNSWICK, MAINE 04011-2418

TELEPHONE 207-725-6652

FAX 207-725-4107

November 15, 2019

To the Brunswick Town Council and Citizens of the Town of Brunswick, Maine:

The Town of Brunswick is required by its charter and the laws of Maine to prepare a set of audited financial statements. The audited basic financial statements, contained within this larger comprehensive annual financial report (CAFR), are intended to meet those requirements. The Town of Brunswick chooses to go beyond the minimum reporting requirements and prepare this CAFR in an effort to provide greater detail regarding the financial condition of the Town and its financial operations.

This CAFR consists of management's representations concerning the finances of the Town of Brunswick. The responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. The Town of Brunswick has established a comprehensive framework of internal controls in order to provide a reasonable basis for making these representations. The Town recognizes that the costs of a control should not exceed the benefits to be derived, and the objective of its internal controls is to provide reasonable, rather than absolute, assurance that its financial reporting is free of material misstatements.

Runyon Kersteen Ouellette, a licensed firm of certified public accountants, has audited the Town of Brunswick's basic financial statements for the year ended June 30, 2019. The goal of an independent audit is to provide reasonable assurance that the basic financial statements are free of material misstatement. Runyon Kersteen Ouellette has issued an unmodified opinion on the Town of Brunswick's basic financial statements indicating that, in its opinion, the basic financial statements are fairly presented in all material respects, in conformity with accounting principles generally accepted in the United States. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## ***Profile of the Government***

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 2010 Census listed Brunswick's population at 20,278.

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. Seven council members are elected from districts and two are elected at-large. 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. Members are elected for three-year staggered terms with seven elected from districts and two elected at-large. 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.

The town manager is required to propose an annual budget to the town council by May 1st. The budget includes the municipal departments and activities. It also includes an education budget approved by the school board. The town council must adopt an annual budget by June 15th. State law also requires that voters, in a budget validation referendum, approve the school budget adopted by the town council. Once the budget is adopted, the charter allows for the transfer of resources within departments. However, transfers between departments require town council approval. State law also has special requirements for changes to the education budget.

The Town of Brunswick provides a full range of services including public safety, public works, education, human services, and recreation. The Brunswick Sewer District, a separate legal entity, provides sanitary sewer services. The Brunswick-Topsham Water District, also a separate legal entity, provides water services. These districts are not part of the Town of Brunswick so their financial statements are not included in this report. The financial statements for these districts can be obtained directly from the districts.

### ***Local economy***

Brunswick is a commercial, industrial, educational, health care, and cultural center for the southern section of mid-coast Maine. Bath Iron Works (BIW), along with Mid Coast – Parkview Health, and Bowdoin College are the area's largest employers.

*Bath Iron Works.* Bath Iron Works (BIW) is a shipbuilder headquartered in Bath, Maine, which is heavily dependent on contracts to build surface combatants for the US Navy. As a consequence, the Navy's procurement plans are always a concern for BIW and its employees. Since 1985, BIW has been the lead contractor and has delivered ships of the Arleigh Burke (DDG 51) class. As BIW was nearing the completion of the ships it had contracted to deliver, the Navy decided to restart procurement of the DDG 51s. BIW has built two ships in the restarted program, currently has four of these ships under construction with six more in the backlog. Further, as the lead designer of the DDG 51, BIW is considered the "planning yard" as ships already delivered to the Navy are upgraded and modernized. In June 2018 BIW was awarded a contract for lead yard services valued at \$49.8 million for the first year, with four option years for a total contract value of \$304.8 million.

The Zumwalt (DDG 1000) class had been planned as the US Navy's next generation surface combatant. Originally, a competitor was designated as the lead designer and builder of the DDG 1000, with that competitor and BIW each building one of the first two ships in this class. Cost concerns for this class caused the Navy to limit production to three ships, and BIW has assumed responsibility for the ships' design and construction. The US Navy accepted delivery of the USS Zumwalt (DDG 1000) in May 2016, and the USS Michael Monsoor (DDG-1001) in April, 2018. The USS Lyndon B. Johnson, the third ship of the DDG 1000 class is now under construction at BIW.

Given the restart of the DDG-51 program and changes related to the DDG-1000 program, BIW had increased its hiring of new employees in 2015, mainly in trades including electrical, machinist, shipfitters, tinsmiths, welders, pipefitters and more, as well as supervisory positions. However, the US Navy's procurement plans are always subject to change and those changes could adversely impact BIW and its employees. Though BIW is continually seeking to diversify its production capabilities, the Navy's procurement decisions may result in workforce layoffs.

*Mid Coast – Parkview Health.* Mid Coast – Parkview Health (MCPH) is a community, non-profit, health care organization providing a continuum of care through its affiliated organizations, which include Mid Coast Hospital, Mid Coast Medical Group, Mid Coast Senior Health Center and CHANS Home Health & Hospice. With more than 1,000 employees, MCPH is the second largest employer in Brunswick. Previously named Mid Coast Health Services (MCHS), the organization operated Mid Coast Hospital. The hospital moved into a new facility within Brunswick in 2001, and completed a major expansion that added approximately 50,000 square feet to the hospital in 2009. In 2011, MCHS opened a primary care and walk-in clinic facility in leased space at Brunswick Station in downtown Brunswick.

Beginning in August 2015, Mid Coast Health Services integrated with another hospital in Brunswick, Parkview Adventist Medical Center. The consolidated entity is called Mid Coast – Parkview Health (MCPH), and has moved inpatient and emergency services to Mid Coast Hospital, while utilizing the Parkview campus for community health and wellness programs, physician practices and outpatient services.

***Bowdoin College.*** Bowdoin College (Bowdoin or College) is an undergraduate liberal arts college located in Brunswick. Bowdoin employs approximately 941 full-time equivalent (FTE) employees, including 208 FTE faculty members. Over the past year, Bowdoin has completed a number of building and facilities improvements, including completion of a multi-phase renovation/expansion of Whittier Field, and associated construction of a 8,780 square foot facility housing locker, training and equipment rooms and public restrooms. This building was facilitated by the Town's discontinuance of a section of Pine Street. During the summer of 2018, Bowdoin College replaced the discontinued section of street with a new connecting road between Bath Road and the remaining Pine Street. In August 2019 the College completed construction of four 22-bed upperclass residence halls along Park Row. Each structure is three stories high and approximately 11,000 square feet. Also in August, the College completed the renovation of the Boody-Johnson House, a historic building housing 26 students. Additional information can be found on Bowdoin's website at [www.bowdoin.edu](http://www.bowdoin.edu).

***Brunswick Landing, Maine's Center for Innovation.*** Brunswick Landing is the name given to the former Naval Air Station Brunswick (NASB) property. NASB, closed in May 2011, was once one of the state's largest employers. The operation of the base was turned over to the Midcoast Regional Redevelopment Authority (MRRA). MRRA is a state-appointed agency responsible for the management and disposition of NASB property and the implementation of the "Master Reuse Plan for BNAS" (Master Plan).

The Master Plan recommended that portions of the base continue operating aviation facilities and Brunswick Executive Airport (BXM) was established on the airport portion of the property. Other components of the plan envisioned educational uses by the University of Maine system and Southern Maine Community College. The Navy has conveyed parcels to the Maine Community College System (MCCS), facilities have been renovated or constructed and many programs and classes are now being offered by the community college and university system. Other properties were identified for manufacturing and commercial uses and have been conveyed to MRRA for development. MRRA is ahead of schedule with the Master Plan, and has renovated or constructed a number of facilities, and sold or leased properties to incoming entities. The Master Plan along with information regarding the impact of NASB's closure, and MRRA's redevelopment statistics can be found on MRRA's website at [www.mrra.us](http://www.mrra.us).

### ***Long-term financial planning***

The charter of the Town of Brunswick requires the annual preparation of a five-year Capital Improvement Program (CIP). The CIP identifies capital improvements and addresses financing those improvements, and the annual cost of supporting them. The CIP is a plan; it does not fund any projects. Project funding can be authorized in a variety of formats.

The Town's CIP policy requires that items included in the CIP have a value greater than \$100,000. Those recommended to be funded with debt are required to have a value greater than \$325,000. All items require a minimum life of five years. Further, the policy established a mechanism for the annual funding of reserves for routine but substantial repairs and replacements, such as the replacement of vehicles and equipment, certain facilities maintenance projects, and certain information technology upgrades. Finally, the policy requires that the CIP be developed and completed ahead of the development of the annual municipal budget. When adopting the current policy, in 2013, the Town understood that many of its goals, including funding of the reserves, will need to be accomplished over a period of time in a phased approach.

The CIP for fiscal years ending 2020-24 was adopted on May 13, 2019, and recommended funding projects totaling \$34,464,489, with \$4,469,650 to be financed with debt. Projects in development (those that may eventually be considered for funding) totaled \$19,996,580. With the 2020-24 CIP, the Downtown Improvement Project, totaling \$2,735,000, moved from the projects in development section to the recommended section, while the Central Fire Station project was approved for funding and no longer is

counted in the CIP recommended totals. The Town continues to recognize that the health and diversity of Brunswick's property tax base, the continued pressure on annual operating budgets, and the continued desire to minimize property tax increases, will impact the Town's capacity to finance capital projects and the related operating costs outlined in the CIP.

Beginning in 2015, the Town Council's Finance Committee began looking at five-year projections of the operating budget in conjunction with work on the Capital Improvement Program. While not a formal long-term financial plan, the projection model provides a vehicle to explore the major drivers of the Town's budget, and the effects of capital projects in future years. It is expected that this process will continue to be used to inform the development of the annual budget.

### ***Relevant financial policies***

The Town of Brunswick has an established fund balance policy that targets its unassigned general fund balance at 16.67% of its general fund revenues. The policy, adopted in 2010, is based on the Government Finance Officer Association's (GFOA's) recommended best practice regarding appropriate levels of fund balance. In developing the target, the Town considered a number of factors, including the diversity of its property tax base, the reliability and volatility of its non-property tax revenues, and the potential of incurring significant one-time expenditures. The policy requires that funds in excess of the target to be used for capital or other one-time expenditures.

For the year ended June 30, 2019, the amount of unassigned fund balance was \$12,430,139 or 19.06% of general fund revenues. A balance above the target was anticipated, as after several previous years with unassigned fund balance below the target, and considering the capital needs outlined in the Capital Improvement Program, the Town has continued to reduce its use of fund balance in the annual budget. Other contributors to the increase in the balance included strong revenues such as vehicle excise taxes and charges for emergency medical services, interest revenue higher than anticipated in the budget, and continued efforts to realize efficiencies and reduce expenditures.

During the fiscal year ended June 30, 2019, the Finance Committee adopted a Federal Procurement Manual to govern the purchase of property, goods and services using any federal award, and a Debt Disclosure Policy and Procedures Manual to establish a framework for compliance with disclosure obligations associated with the Town's issued debt.

The Finance Committee, which was established in 2014, consists of three Town Councilors and meets at least monthly. In addition to its work on the CIP and financial policies, the Committee's activities include reviewing and updating Town fees, review of the annual disclosure for bonds, and review of the annual financial reports and the work of the independent auditors.

### ***Major initiatives***

*School Construction Project – Kate Furbish Elementary School.* With the opening of the new Harriet Beecher Stowe School in 2011, the school department turned its attention to examining its other facilities and program needs. The primary area of concern was with the aging Coffin Elementary and Brunswick Junior High Schools. The planning and certain options were included in the Capital Improvement Program (CIP) for several years.

In November, 2016, the school department proposed a course of action involving major repairs to the Junior High School and construction of a new elementary school. Based on the status and timing of the of the state Department of Education's Major Capital School Construction program, the department believed that both projects were not likely to qualify for state participation, and proposed that the new elementary school be funded locally through the issuance of debt. The Town Council approved the question to be put forward to referendum, and in June 2017, the voters approved an ordinance authorizing the construction of a new elementary school, and bond issuance up to \$28,000,000. A construction contract for the new elementary school was signed in September 2018 and construction of the Kate Furbish Elementary School is currently underway. The project is on schedule for completion in time for the 2020-21 school year. The Town

borrowed \$20,000,000 in a bond anticipation note (BAN) on September 5, 2019, which will be retired with the issuance of general obligations bonds in January 2020.

*Brunswick Station - Amtrak Downeaster train service.* With work completed on a project to upgrade 28 miles of rail track between Brunswick and Portland, and construction of a train platform in Brunswick, the Downeaster began operating two trips per day into Brunswick Station on November 1, 2012. The Northern New England Passenger Rail Authority (NNEPRA) completed construction on a train layover facility in November 2016, making possible the addition of one scheduled service. In November 2018, with the completion of a 4-mile passing track south of Brunswick, NNEPRA increased the schedule by an additional two trips, to five round-trips daily between Brunswick and Boston.

Over several years, the Town petitioned the Federal Rail Authority to establish Quiet Zones in order to limit the routine use of train horns at grade road crossings, and lessen the effect of train noise on residential neighborhoods in Brunswick. In late 2018, with the addition of alternative safety measures consisting of lane separation structures at certain crossings, the Town's application was approved, and a Quiet Zone went into effect from the Freeport town line through the Union Street crossing.

*Brunswick Station – Metro Breez regional bus service.* Beginning in August 2017, Portland METRO regional bus service from Portland was expanded to Brunswick in year two of a three-year pilot program. The Town Council authorized payment of up to \$89,478 over three years, with Bowdoin College contributing an additional \$20,000 over the same period. The pilot program concluded in June 2019, and the Town Council authorized the continuance of bus service through December 2019. To continue the service beyond December, the Council will consider becoming a member municipality of Portland METRO. Bus service currently includes approximately fourteen roundtrip runs between Portland and Brunswick on weekdays, and six or seven runs on Saturdays.

*Cooks Corner - Landing Drive.* The Town, Midcoast Regional Redevelopment Authority (MRRA) and neighboring landowners/developers have continued collaborative approaches for the redevelopment of Naval Air Station Brunswick (NASB) and surrounding area. The Cooks Corner Omnibus Municipal TIF District was approved by the Maine Department of Economic and Community Development (DECD) in February 2018. On March 19, 2018, the Town Council approved a project to build a new road to connect Admiral Fitch Avenue on Brunswick Landing to Gurnet Road in Cooks Corner, thereby improving traffic conditions to facilitate economic growth in the area. Construction of the road began in November 2018, and Landing Drive opened in September 2019. Project funding is from a Business Partnership Initiative grant from the Maine Department of Transportation, contributions of land and funds from MRRA and local developers, and the issuance of debt. As an alternative to issuing bonds, the Town may choose to repay the general fund advance with TIF revenues allocated over several years.

*Central Fire Station.* The Town's downtown fire station is nearing 100 years old, and has been included in the CIP for many years. In 2017, the Town Council created a task force, and appropriated funds for programming, site evaluation and preliminary design services. On April 1, 2019 the Town Council adopted an ordinance authorizing the purchase of property for, and construction of, a new central fire station, and the issuance of up to \$13,500,000 in bonds. The Town has selected a site on Pleasant and Webster Streets, and has issued a Request for Proposals for architectural design services.

*Graham Road Landfill.* As described in the notes to the financial statements, the Graham Road Landfill operates under strict environmental regulations and its operation is dependent on continued compliance with existing and future regulations. For several years, the Town has worked with the Maine Department of Environmental Protection (DEP) to comply with, or seek waivers from, certain discharge parameters set by the United States Environmental Protection Agency (EPA). For the most part, the parties agree the Town has had technical violations, with little to no impact on water quality. In 2012, the Town and DEP agreed to pursue a cooperative approach by constructing an experimental treatment facility.

In April 2014, the Town learned that DEP's Remediation and Waste Bureau had concerns about groundwater trends at the landfill. While not a situation requiring immediate remediation, the groundwater questions presented an opportunity for the Town to be eligible for closure funding from the State through

the Maine Municipal Landfill Closure and Remediation Program (Closure Program). Established in 1988 with 38 MRSA §1310-C, the program provides cost sharing for the closure of municipal landfills, and remediation of hazards posed by the closed landfills. Participation in the program is based on eligibility and written agreements with DEP, including a Schedule of Compliance outlining the closure steps and timeline. In most cases, the state has paid 75% of closure costs, with the payments dependent on the availability of funding in the program.

In October 2016, the DEP determined that the closure of Brunswick's Graham Road landfill meets the requirements for cost sharing under the state Closure Program. Based on the analysis provided by the consultant and the opportunity for state cost sharing, the Town Council began steps toward landfill closure, including negotiating a closure agreement with DEP, arranging to accept additional waste into the landfill to fully use the available space, and beginning to plan for alternative solid waste disposal solutions. The Schedule of Compliance between the Town and DEP was finalized in June 2017, and outlines the timeline and tasks for the projected closure of the landfill in 2021.

Beginning in the 2018-19 fiscal year, the Town contracted with Pine Tree Waste to accept up to 20,000 additional tons of waste, accelerating filling the available space in the landfill. Effective July 1, 2018, the Town also increased the cost of the Town trash bags, the proceeds of which are planned to go toward the closure of the landfill. Currently, the Town is looking toward closing the landfill in 2021, and is preparing a Request for Proposals for an alternative solid waste solution.

*Bond Issues and Debt Authorization.* During the fiscal year ended June 30, 2019, the Town Council authorized the issuance of up to \$13,500,000 in bonds for a new Central Fire Station. In 2018, up to \$1,200,000 in debt was authorized for the Cook's Corner connector road, though the Town Council has indicated that the funds advanced from the general fund may be repaid with TIF revenues over several years. Also authorized, but not yet issued, is up to \$28,000,000 in bonds for the new elementary school. The final amount for this project will be determined and bonds issued in January 2020. The Town continues to enjoy an Aa2 rating with Moody's Investors Service, and AA+ with Standard's & Poor's.

### ***Awards and acknowledgements***

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Brunswick for its comprehensive annual financial report for the year ended June 30, 2018. The certificate recognizes that Brunswick published an easily readable and efficiently organized comprehensive annual financial report that satisfied both generally accepted accounting principles and applicable legal requirements. The Town of Brunswick has received this prestigious award every year since 1999. A Certificate of Achievement is valid for a period of one year. We believe this year's comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the Government Finance Officers Association to determine its eligibility for a certificate.

Finally, this report could not have been completed without the cooperation and assistance of all the Town departments. Especially appreciated are the efficient and dedicated services of the entire Finance Department, with special recognition due to Branden Perreault, Deputy Finance Director, for his dedication and effort in preparing this report. Also appreciated is the assistance of Runyon Kersteen Ouellette, in their review of this report.

Respectfully submitted,

*Julia Henze*

Julia Henze, CPFO  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Town of Brunswick  
Maine**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

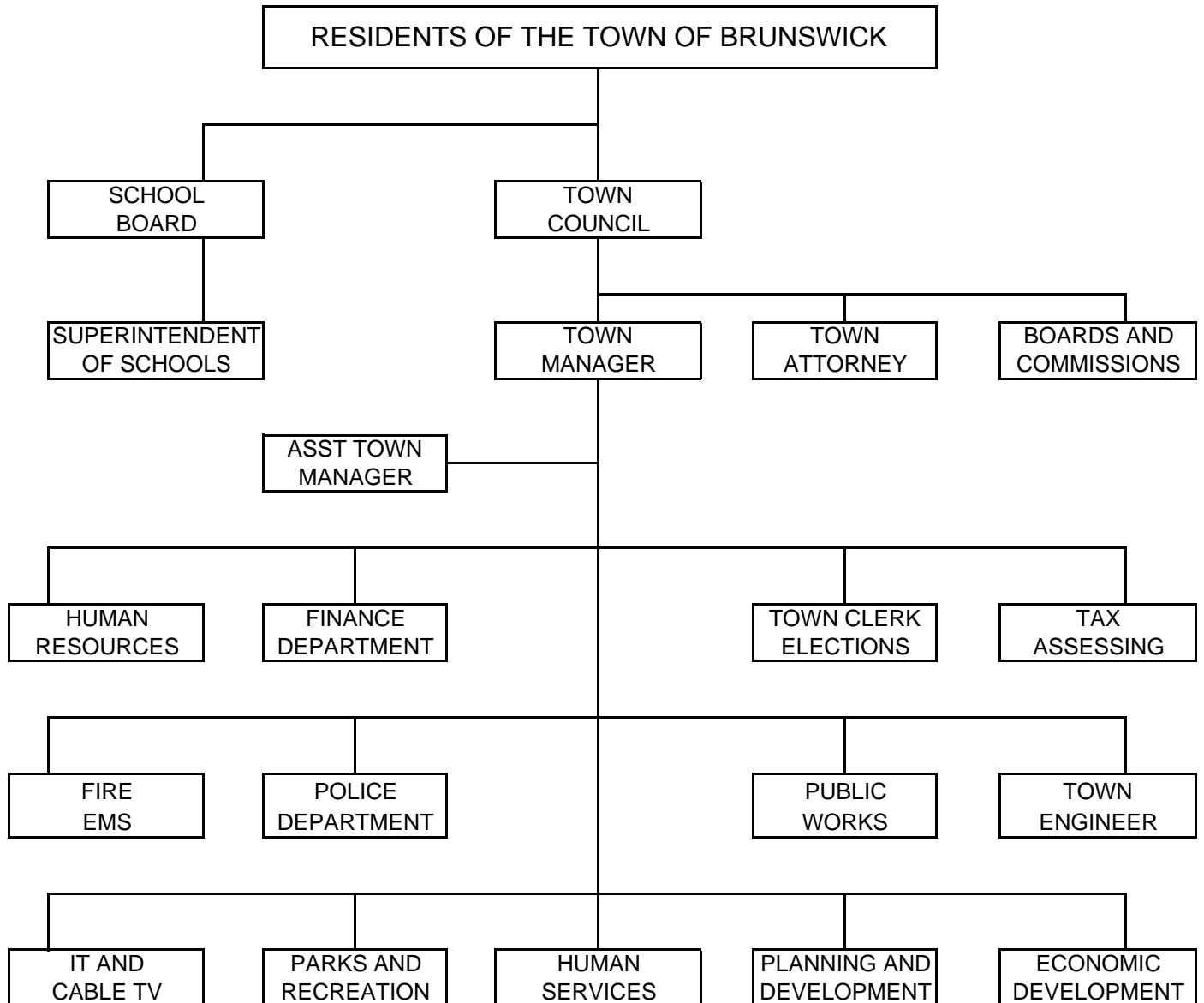
*Christopher P. Morrell*

Executive Director/CEO

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## Town of Brunswick, Maine Organizational Chart



TOWN OF BRUNSWICK, MAINE  
ELECTED AND APPOINTED OFFICIALS

June 30, 2019

Elected Officials

Council Member - District 4	Chair	John M. Perreault
Council Member - District 7	Vice Chair	James Mason
Council Member - District 1		W. David Watson
Council Member - District 2		Stephen S. Walker
Council Member - District 3		Daniel Jenkins
Council Member - District 5		Christopher Watkinson
Council Member - District 6		Jane F. Millett
Council Member - At large		Daniel Ankeles
Council Member - At large		Kathy Wilson

Appointed Officials

Town Manager	John S. Eldridge
Town Attorney	Stephen E. F. Langsdorf
Director of Finance	Julia A.C. Henze
Assessor	Nicholas Cloutier
Town Clerk	Frances M. Smith
Director of Planning and Development	Matthew Panfil
Fire Chief	Kenneth A. Brilliant
Police Chief	Richard J. Rizzo
Director of Public Works	Jay Astle
Director of Parks and Recreation	Thomas M. Farrell
Superintendent of Schools	Paul Perzanoski

## FINANCIAL SECTION



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## Independent Auditors' Report

Finance Committee  
Town of Brunswick, 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 Town of Brunswick, Maine, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town'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 Town of Brunswick, Maine as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of Proportionate Share of Net Pension Liability, the Schedule of Pension Contributions, the Schedule of Changes in Total Health Plan OPEB Liability and Related Ratios, the Schedule of Proportionate Share of the Net OPEB Liability, and the Schedule of OPEB Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019 on our consideration of the Town of Brunswick, 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 Town of Brunswick, 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 Town of Brunswick, Maine's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Remya Hurston Ouellette". The signature is written in a cursive, flowing style.

November 15, 2019  
South Portland, Maine

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## Management's Discussion and Analysis

As the Town of Brunswick's management, we offer readers of the Town of Brunswick's financial statements this narrative overview and analysis of the financial activities of the Town of Brunswick for the fiscal year ended June 30, 2019. This overview and analysis is referred to as Management's Discussion and Analysis (MD&A). We encourage readers to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found in the introductory section of this comprehensive annual financial report (CAFR).

### Financial Highlights

- For the fiscal year ended June 30, 2019, the Town of Brunswick's total net position increased by \$6,044,755 from the previous year's restated net position, to total \$64,685,251. Of this amount, \$4,914,572 is classified as *restricted net position*, of which the largest portion, \$2,527,879 is restricted for education purposes. Unrestricted net position decreased from the previous year's restated deficit balance to a deficit balance of \$10,392,308 as of June 30, 2019.
- 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 from the restated previous year. The increase in capital assets and decrease in unrestricted net position is largely due to the construction in progress of the elementary school, funded through an advance from available cash. When bonds are issued for this project, net investment in capital assets will decrease, and unrestricted net position will increase.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$11,721,869, a decrease of \$9,794,099 in comparison with the prior fiscal year. Capital outlay in the new elementary school construction fund and for various projects in the capital improvement fund was the primary driver of the decrease.
- The unassigned fund balance for the General Fund at June 30, 2019 was \$12,430,139. The Town's policy is to maintain the unassigned fund balance at 16.67% of revenues. At June 30, 2019, this portion of the fund balance is approximately 20% and 19.06% of the total General Fund expenditures and revenues, respectively.
- The Town's total outstanding long-term principal debt decreased by \$2,252,840 during the current fiscal year. Of this, \$2,112,806 was attributable to debt retirement, and \$140,034 was the adjustment to the School Revolving Renovation Fund loans when less was borrowed than originally anticipated.

### Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the Town of Brunswick's basic financial statements which consist of the: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, the CAFR also contains other supplementary information.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide a broad overview of the Town of Brunswick's finances, in a manner similar to a private-sector business. There are two government-wide statements: the statement of net position and the statement of activities.

The *statement of net position* presents information on all of the Town's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information on how the government'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 will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*), from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). 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 Town's solid waste facilities, the pay-per-bag program, the Mere Point Wastewater District and the train station/visitors center. The government-wide financial statements can be found on pages 32 and 33 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Brunswick, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of *governmental funds* is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Brunswick maintains sixteen 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, Tax Increment Financing Fund and New Elementary School Bond Fund, all of which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 34-36 of this report. Individual fund data for each of the non-major governmental funds is provided in *combining statements* found on pages 94-103 of this CAFR.

In accordance with the Charter of the Town of Brunswick, an annual appropriated budget is adopted for the Town's General Fund. It is the only fund with an annual appropriated budget. A statement comparing the budget with actual results has been provided, on pages 37-41 of this report, to demonstrate compliance with the General Fund budget. A full discussion of the General Fund budget and highlights for the year is contained later in this MD&A.

**Proprietary funds.** The Town reports two types of proprietary funds, enterprise funds and internal service funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Brunswick uses enterprise funds to account for its solid waste facilities, the pay-per-bag program, the Mere Point Wastewater District and the train station/visitors center. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Town's functions. The Town utilizes an internal service fund to account for printing services provided to departments on a cost reimbursement basis. The proprietary fund statements provide the same type of information as the government-wide financial statements, only in greater detail. The basic proprietary fund financial statements can be found on pages 42-44. The combining statements can be found on pages 106-108.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Brunswick's own programs. The Town's fiduciary funds include its private-purpose trust funds and agency funds. The private purpose trust funds report on scholarships, gifts to the library, resources available to the Village Improvement Association, and scholarship awards for participation in recreation programs. The agency fund reports on money held for the benefit of student activities. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 45 and 46 of this report. The combining statements can be found on pages 110-116.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-84 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* (RSI) concerning the Town's progress in funding its pension obligations and its other than pension postemployment benefits (OPEB) obligations. Required supplementary information can be found beginning on page 86 of this report, with the notes to the RSI following on page 91.

The combining statements referred to earlier in connection with non-major governmental funds and proprietary funds are presented immediately following the required supplementary information section of the financial statements. Combining and individual fund statements can be found on pages 94-116 of this report.

## Government-wide Financial Analysis

As noted earlier, over time, net position may serve as a useful indicator of a government's financial position. For the Town of Brunswick, assets and deferred outflows of resources exceeded liabilities and deferred inflow of resources by \$64,685,251 at the close of the most recent fiscal year which is an increase of \$6,044,755 during the fiscal year. The Town reports positive balances in two of three categories of net position, (net investment in capital assets and restricted) for the government as a whole.

### Town of Brunswick's Net Position

	Governmental activities		Business-type activities		Total	
	2019	2018 (restated)	2019	2018	2019	2018 (restated)
Current and other assets	\$ 20,905,829	\$ 28,766,448	\$ 5,735,766	\$ 4,637,640	\$ 26,641,595	\$ 33,404,088
Capital assets	88,799,554	78,153,802	1,192,654	1,528,890	89,992,208	79,682,692
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 of resources	<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 outstanding	35,403,984	41,219,696	9,179,947	8,798,877	44,583,931	50,018,573
Other liabilities	8,197,279	6,204,295	100,497	54,183	8,297,776	6,258,478
Total liabilities	<u>43,601,263</u>	<u>47,423,991</u>	<u>9,280,444</u>	<u>8,853,060</u>	<u>52,881,707</u>	<u>56,277,051</u>
Deferred inflows of resources	<u>2,557,224</u>	<u>4,463,828</u>	<u>-</u>	<u>-</u>	<u>2,557,224</u>	<u>4,463,828</u>
Net investment in 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 position	<u>\$ 67,037,275</u>	<u>\$ 61,318,026</u>	<u>\$ (2,352,024)</u>	<u>\$ (2,677,530)</u>	<u>\$ 64,685,251</u>	<u>\$ 58,640,496</u>

The largest portion of the Town's net position, \$70,162,987, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related outstanding debt used to acquire those assets. As the Town uses capital assets to provide services to citizens, these assets are generally not available for future spending. An additional portion, \$4,914,572 or 7.6% of the Town of Brunswick's net position represents resources that are restricted, meaning they are subject to external restrictions on how they may be used. The remaining deficit of \$10,392,308 is categorized as unrestricted net position. The deficit is the result of several factors, including net pension liability and OPEB liabilities related to retiree life insurance and implicit subsidies of retiree health insurance. In addition, outlays from cash accounts for the new elementary school construction increased capital assets (construction in progress) and reduced unrestricted net position. Debt will be issued for this project in January 2020.

### Town of Brunswick's Change in Net Position

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues						
Charges for services	\$4,575,927	\$4,540,502	\$1,584,424	\$1,752,356	\$6,160,351	\$6,292,858
Operating grants and contributions	15,379,788	15,233,409	-	-	15,379,788	15,233,409
Capital grants and contributions	1,660,220	925,815	-	-	1,660,220	925,815
General revenues						
Property taxes	45,577,899	43,785,337	-	-	45,577,899	43,785,337
Vehicle, w atercraft and aircraft excise taxes	3,805,224	3,618,811	-	-	3,805,224	3,618,811
Grants and contributions not restricted to specific programs	1,691,877	1,452,665	-	-	1,691,877	1,452,665
Unrestricted investment earnings	473,628	385,437	110,571	60,892	584,199	446,329
Other	-	31,683	-	7,000	-	38,683
Total revenues	<u>73,164,563</u>	<u>69,973,659</u>	<u>1,694,995</u>	<u>1,820,248</u>	<u>74,859,558</u>	<u>71,793,907</u>
Expenses:						
General government	5,603,934	4,950,780	-	-	5,603,934	4,950,780
Public safety	8,461,265	9,211,812	-	-	8,461,265	9,211,812
Public w orks	5,752,593	5,545,346	-	-	5,752,593	5,545,346
Human services	190,614	166,430	-	-	190,614	166,430
Education	41,202,580	41,908,434	-	-	41,202,580	41,908,434
Recreation and culture	3,681,856	3,733,011	-	-	3,681,856	3,733,011
County tax	1,565,279	1,517,700	-	-	1,565,279	1,517,700
Unclassified	199,922	130,537	-	-	199,922	130,537
Interest on long-term debt	562,271	613,636	-	-	562,271	613,636
Solid w aste facilities	-	-	1,406,202	2,325,237	1,406,202	2,325,237
Pay-per-bag program	-	-	70,761	121,459	70,761	121,459
Wastew ater treatment	-	-	30,925	55,822	30,925	55,822
Train station/ visitors center	-	-	86,601	84,291	86,601	84,291
Total expenses	<u>67,220,314</u>	<u>67,777,686</u>	<u>1,594,489</u>	<u>2,586,809</u>	<u>68,814,803</u>	<u>70,364,495</u>
Increase (decrease) in net position before transfers	5,944,249	2,195,973	100,506	(766,561)	6,044,755	1,429,412
Transfers	<u>(225,000)</u>	<u>(225,000)</u>	<u>225,000</u>	<u>225,000</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	5,719,249	1,970,973	325,506	(541,561)	6,044,755	1,429,412
Net position beginning of year (as restated)	<u>61,318,026</u>	<u>65,562,287</u>	<u>(2,677,530)</u>	<u>(2,135,969)</u>	<u>58,640,496</u>	<u>63,426,318</u>
Net position end of year	<u>67,037,275</u>	<u>67,533,260</u>	<u>(2,352,024)</u>	<u>(2,677,530)</u>	<u>64,685,251</u>	<u>64,855,730</u>

As a result of the Town's implementation of the Governmental Accounting Standards Board (GASB) Statement 75, net position for governmental activities has been restated as of June 30, 2018. The restatement, for the Maine Education Association Benefits Trust retiree health plan, included a \$6,435,381 increase to long-term liabilities, a \$220,147 increase to deferred outflows of resources, and a \$6,215,234 decrease in unrestricted net position.

While in total the Town's net position is positive, balances are very different for the governmental activities and the business-type activities. Readers should review the following analysis pertaining to those portions to fully understand the Town's financial reports.

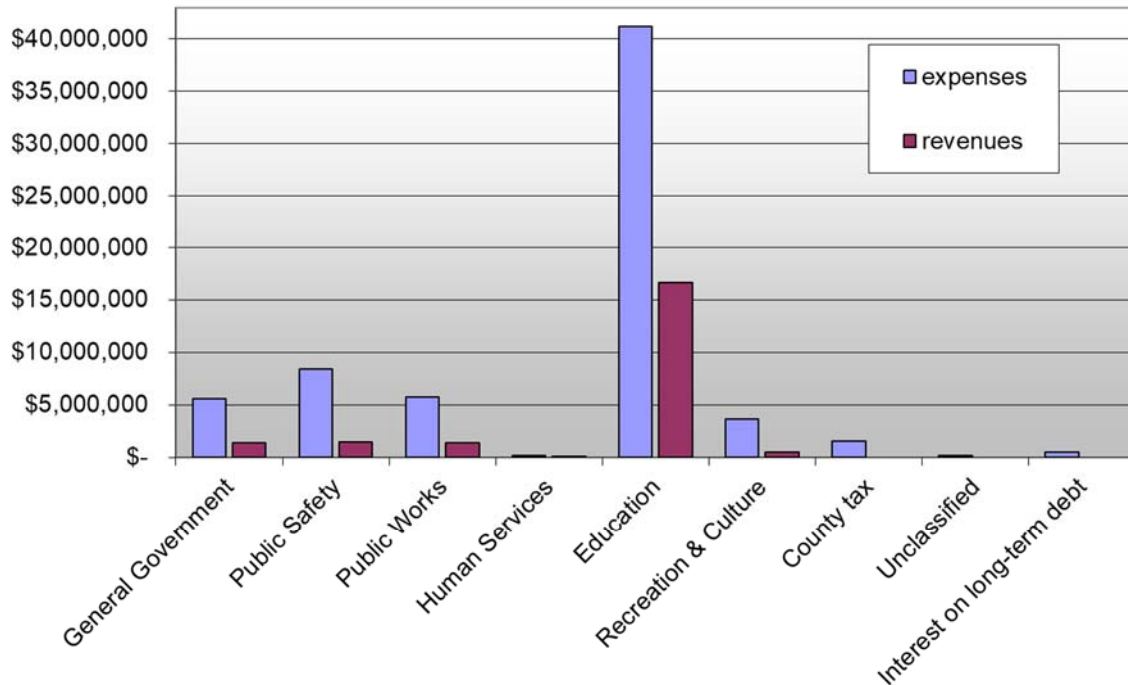
**Governmental activities.** Governmental activities, including transfers, increased the Town of Brunswick's total net position by \$5,719,249. The following points highlight the significant changes in revenues compared with the previous year:

- Property tax revenue, the Town's largest revenue, increased by \$1,792,562, or 4.1%. This increase was anticipated in the 2018-19 budget, as the tax rate increased by 2.99% and total taxable valuation increased by 0.44%. Additionally, the contribution from Bowdoin College, which is included in the property tax category, increased by nearly \$140,000 from the previous year. Property taxes made up 62.35% of the total revenue, down slightly from 62.57% of the total in the previous year. The percentage decrease was the result of shifts in proportion of the total revenues.
- Excise tax revenue increased by \$186,413, primarily attributable to motor vehicle excise tax collections. This is a reflection, to some extent, of an increase in the number of motor vehicles, but more predominantly of an increase in the base values of new vehicles, which is used to calculate excise tax.
- Charges for services revenue increased by \$35,425. An increase was seen in building permit fees and ambulance service fees, as well as other municipal license fees and fines, school lunch and tuition, and recreation program fees. Offsetting these, fees from the operations of the Real School were \$168,561 lower than the previous year.
- Operating grants and contributions increased by \$146,379. Several operating grants increased this category, the largest of which was the Community Development Block Grant for Brunswick Housing, which increased \$456,173 from the previous year. Offsetting this, State Aid to Education decreased \$569,631 from the prior year. This decrease was largely a result of the change in the state formula removing the 'pass-through' funding of Brunswick's share of Maine Region 10 Technical High School.
- Capital grants and contributions increased by \$734,405. This increase includes \$450,000 from Bowdoin College to fund a Discovery Classroom at the Kate Furbish Elementary School. Also included is the Maine Department of Transportation's Business Partnership Initiative program grant, and Midcoast Regional Redevelopment Authority's contribution for the Cook's Corner connector road. This category also reflects the Town's acceptance of contributed capital assets totaling \$347,125, consisting of a parcel of land, and infrastructure contributions of Ledgewood Drive, a portion of Botany Place, and the new section of Pine Street constructed by Bowdoin College.
- Grants and contributions not restricted to specific programs increased by \$239,212. Of this, the increase in revenue sharing was \$99,343, and the Town received \$80,332 in emergency aid for the October 2017 wind storm.
- Unrestricted investment earnings increased by \$88,191, a result of increasing interest rates based on the federal funds target rate.

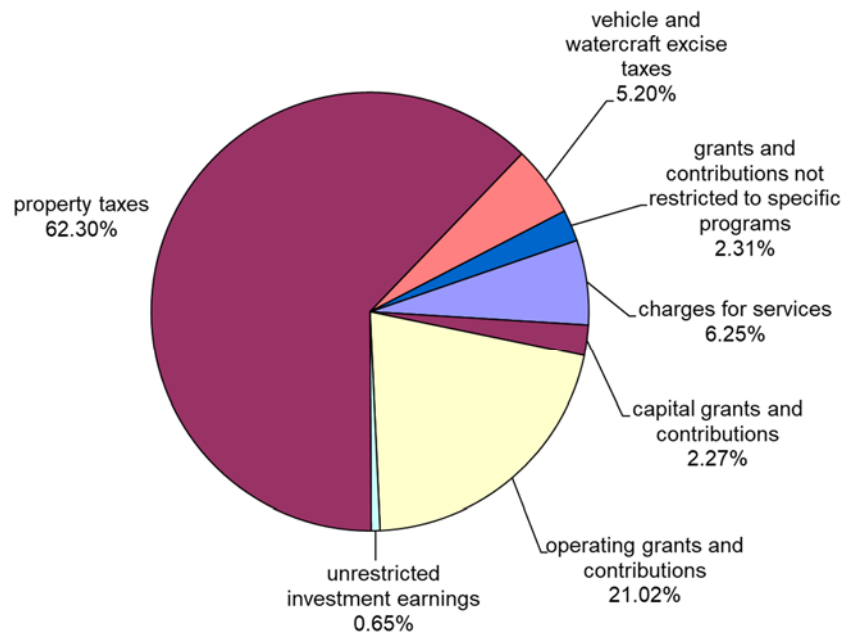
- Other revenues decreased by \$31,683. This decrease is due to proceeds received on the trade-in of vehicles and equipment in the previous year.

The following charts illustrate the total expenses by program, and revenues by source, for the Town's governmental activities.

**Expenses and Program Revenues - Governmental Activities**  
For the year ended June 30, 2019

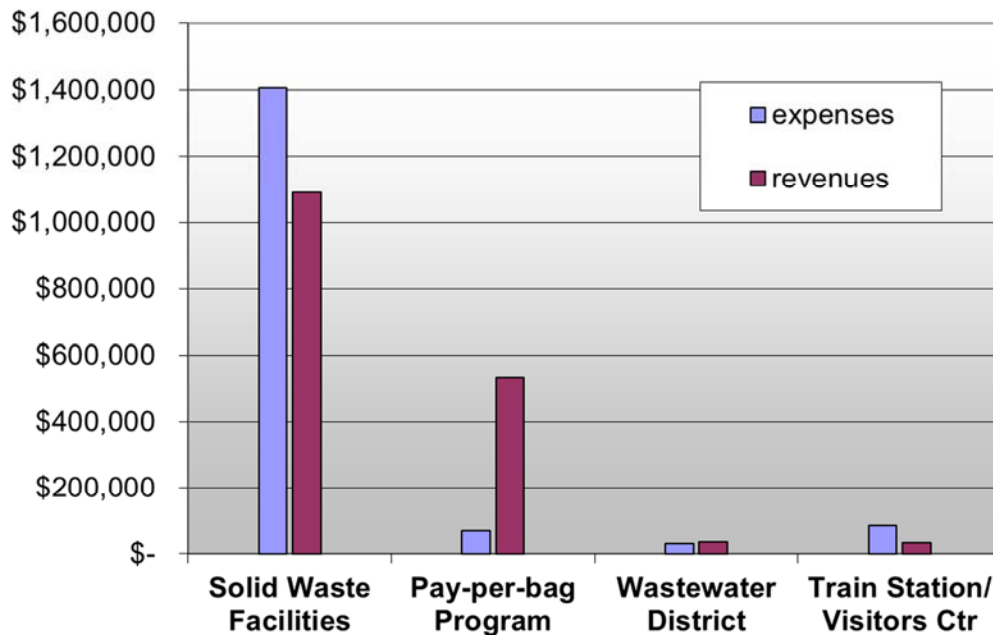


**General and Program Revenues - Governmental Activities**  
For the year ended June 30, 2019

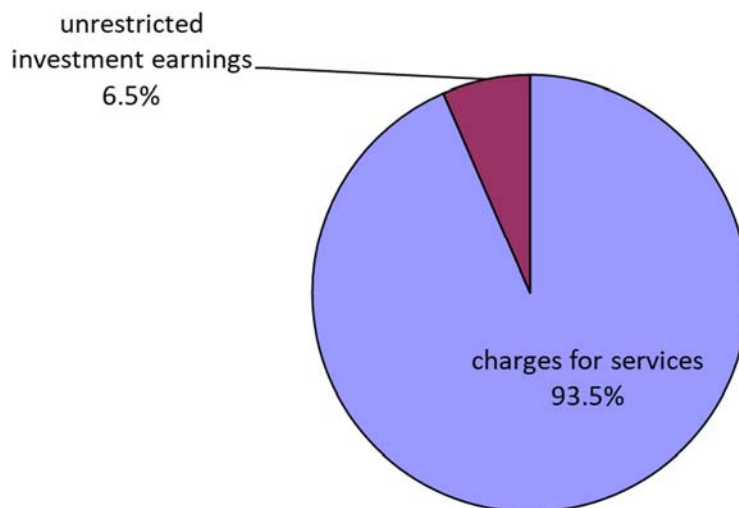


**Business-type activities.** The Town's business-type activities consist of four enterprise funds: two major funds accounting for its solid waste facilities and its pay-per-bag program, and two non-major funds, including a small wastewater district and the train station/visitors center. The following charts illustrate the total expenses by program, and revenues by source, for the Town's business-type activities. The vast majority of the revenue is provided through charges for services. Both the Solid Waste Facilities fund and the Train Station/Visitors Center fund receive budgeted subsidies from the General Fund.

**Expenses and Program Revenues - Business-type Activities**  
For the year ended June 30, 2019



**Revenues by Source - Business-type Activities**  
For the year ended June 30, 2019



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 Fund, the Train Station/Visitors Center Fund and the Mere Point Wastewater Fund of \$463,767, \$21,324 and \$5,126, respectively.

The major activity accounted for in the Solid Waste Facilities Fund is the operation of the Town's solid waste landfill located on Graham Road. For the year ended June 30, 2019, the landfill experienced a \$355,139 operating loss. This was largely due to professional services costs associated with the Town's agreement with the Maine Department of Environmental Protection (DEP) to close the landfill within a few years. In addition, the Town recognized expenses related to an increased estimate of closure and post closure costs, and booked an estimated closure/post closure liability based on the landfill capacity. For the second year, the Town accepted approximately 20,000 tons of waste from sources outside the Town, with the intent to use available capacity in the landfill prior to closure in 2021. The Town currently estimates eventual landfill closure costs at \$7,830,000 and post closure costs at \$2,145,000, and estimates remaining capacity at approximately 36,044 tons or 8.8%. For the fiscal year, the amount of expense related to closure and post closure was \$392,352.

The Town continues to operate pay-per-bag trash disposal and single-stream recycling programs. The pay-per-bag disposal program charges residents a fee for each bag of trash collected at curbside. The fee was implemented to encourage recycling. The single-stream recycling program makes it easier for residents to recycle. The two programs, instituted in 2007, were intended to extend the life of the landfill. While these programs have decreased the volume of solid waste delivered to the landfill, the Town has not been able to sufficiently reduce operating costs to meet the reduction in revenue. Recognizing the need to reduce the deficit in this fund, the Town's FY 2019 budget included a \$150,000 General Fund subsidy for the Solid Waste Facilities Fund. Also, in May, 2018, the Town Council voted to increase the cost of the bags, with the increase effective July 1, 2018. In a previous year, the Town Council had voted its intent that the net funds generated by the pay-per-bag program be used toward future landfill closure costs. By June 30, 2019, the Pay-per-bag Program Fund had net position of \$3,332,052.

The Town's Mere Point Wastewater System realized operating income of \$5,117. As in previous years, the district user fees were not expected to recover depreciation expenses, but as the system's largest capital assets become fully depreciated, the fund has experienced an operating gain for the first time. During the 2015-16 fiscal year, there was a leach field failure which required infrastructure replacement totaling \$46,811, causing a deficit in unrestricted net position. User fees for this program had not changed since it was created in 1993, and in the spring of 2016, the Town initiated a review and proposed an increase of the fees. On August 15, 2016, the Town Council adopted an updated fee schedule which incorporated an allowance to recover capital costs and build a capital reserve for future system upgrades. The new fees became effective in October 2016, and as was expected, operating income eliminated the unrestricted net position deficit over the period of two years.

The Train Station/Visitor's Center Fund was established in June 2009 when the Town executed a five-year agreement with JHR Development of Maine (JHR) to lease approximately 2,125 square feet of space at Brunswick Station. The Town uses the leased space for a train station and visitor's center. Under a property management agreement, the Brunswick Downtown Association (BDA) operates the train station and visitor's center. The Town is responsible for repair and maintenance of the leasehold improvements within the station. With the construction of the train platform and the initiation of train service in 2012, the Town also assumed responsibility for routine maintenance of the platform.

In 2014, the Town and JHR amended the train station lease, extending the term an additional five years at the same rental rate of \$44,000 per year. The Town and JHR are currently working to renew the lease. From 2009 through FY 2016, Brunswick Development Corporation (BDC) provided grants to the Town to fully cover the rental costs. For FY 2017, the Town Council authorized the use of \$44,000 in TIF revenues from the Downtown Development TIF district to fund the Train Station rental costs. For FY 2018 and FY 2019, the Council increased the appropriation to \$75,000 to cover rent and other operating expenses. In January 2018, the Town installed a kiosk in the long-term parking area on Union Street, and began charging train and bus riders \$2/day to park in the lot. In FY 2019, the first full year of parking kiosk operations, the



Town collected \$20,379 in parking fees. As of June 30, 2019, the Train Station/Visitor's Center Fund had a net position totaling \$77,454, with \$6,114 of this recorded as investment in capital assets.

### Financial Analysis of the Government's Funds

As noted earlier, the Town of Brunswick uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Town of Brunswick's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Fund balance is the measure of a governmental fund's spendable resources. Fund balance is presented in five possible categories:

- *Nonspendable* fund balance cannot be spent.
- *Restricted* fund balance reflects resources that are subject to externally enforceable legal restrictions, typically imposed by parties outside of the government.
- *Committed* fund balance 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* fund balance reflects a government's intended use of resources.
- *Unassigned* fund balance represents the net resources in excess of what can be properly classified in one of the other four categories. Only the General Fund can report a positive amount of unassigned fund balance.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$11,721,869. Of that amount, \$1,428,821 is classified as nonspendable. Another \$4,302,921 is restricted, \$2,300,279 is committed and \$3,445,194 is assigned.

The largest portion of the \$1,428,821 nonspendable fund balance consists of \$727,778 in advances made by the General Fund to projects in the Capital Improvement Projects Fund. An additional \$590,733 is nonspendable because it is held in permanent funds for education, community improvements, recreation, and cultural and social services. Finally, \$110,310 is held in inventories and deposit items.

Of the \$4,302,921 in restricted fund balance, \$2,506,961, or approximately 58%, is restricted for education purposes. An additional \$734,235, or approximately 17%, is restricted for Tax Increment Financing programs, and \$548,111 is bond proceeds and impact fees restricted for various capital projects. Balances of state revenue sharing and highway revenues total \$302,851, and permanent and special revenue funds make up the final \$210,763 in the restricted category.

The *General Fund* is the chief operating fund of the Town of Brunswick and, by definition, is the only fund that can have positive unassigned fund balance. Since unassigned fund balance represents resources that are not nonspendable, restricted, committed, or assigned to any particular use, this amount represents funds considered surplus. To provide for unforeseen circumstances and maintain liquidity, the Town's fund balance policy targets the unassigned General Fund balance at 16.67% of revenues. For the year ended June 30, 2019, the targeted unassigned fund balance for the General Fund was \$10,873,568. At \$12,430,139, the actual unassigned fund balance was 19.06% of revenues, and \$1,556,571 over the target. As a percentage of expenditures, the unassigned fund balance was 20%.

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 fund balance of the Town of Brunswick's General Fund actually increased by \$572,060 during the current fiscal year. The General Fund changes are more thoroughly discussed later in this MD&A in the section entitled "General Fund Budgetary Highlights" following.

The *Tax Increment Financing Fund* includes the activity in four of the Town's five tax increment financing (TIF) districts. The Cook's Corner Omnibus Municipal Development TIF District was established during FY 2018, but no TIF revenues were captured in the district until FY 2020. TIF funds must be used for eligible

projects as defined within the development programs, in accordance with Maine State law. As of June 30, 2019, the fund had a balance of \$734,235, all of which is restricted. TIF funds are used to promote economic development, to fund credit enhancement agreements with developers and to fund capital improvement projects in and around the districts.

FY 2019 expenditures in this fund included \$962,138 in payments under credit enhancement agreements and \$74,175 in debt service payments. Transfers to other funds for development program purposes totaled \$685,000. With the 2018-19 budget, the Town Council appropriated \$600,000 from TIF revenues for economic development, train station and transit-oriented projects, public safety vehicles and road improvements. During FY 2019, the Council approved an additional \$85,000 from TIF revenues, of which \$75,000 was for a downtown parking study, and \$10,000 was to match a Maine Department of Transportation grant for the design of a parking lot on Cedar Street.

In the 2019-20 budget, the Town Council appropriated \$638,600 from TIF revenues to be transferred to the general fund for economic development, train station and transit-oriented projects, public safety vehicles and road improvements. The Town Council also adopted a TIF budget resolution appropriating \$400,000 for downtown improvements, \$560,000 toward the Cook's Corner connector road project, and \$240,000 to begin repayment of the general fund advance for Fire Engine 2, which was acquired in October, 2018.

The *Elementary School Bond Fund* had a negative balance of \$10,889,700 as of June 30, 2019. This capital project is expected to be completed by the fall of 2020, and will be financed through the issuance of general obligation bonds, and a \$450,000 contribution from Bowdoin College.

**Proprietary funds.** The Town of Brunswick's proprietary funds provide the same type of information found in the government-wide statements, but in greater detail. At year end, the Solid Waste Facilities Fund had a deficit in unrestricted net position of \$6,955,244. The Pay-per-bag Program Fund had unrestricted net position of \$3,332,052. The Mere Point Wastewater District Fund and the Train Station/Visitors Center Fund had unrestricted net position of \$7,174 and \$71,340, respectively. The finances of these funds have been addressed previously in the discussion of the Town of Brunswick's business-type activities.

## **General Fund Budgetary Highlights**

### *Original Budget vs. Final Budget*

Differences between the original and final budgets result from budget adjustments and/or supplemental appropriations made during the year. Adjustments are generally the result of the Town's budget management process which constantly monitors department budgets and the budget in total. The Town Council, upon the request of the Town Manager, may move funds from departments with anticipated budget surpluses to those with anticipated budget shortfalls. Adjustments of this type have no impact on the budget in total.

During the year, adjustments totaling \$173,308 were made from accounts with projected balances to accounts where it appeared that the expenditures would have exceeded the appropriations. These adjustments were:

- \$45,000 for Information Technology to cover unanticipated internet connection costs and network management services.
- \$35,000 for General Assistance to cover higher assistance grants than budgeted. The State reimbursement, at 70% of expenditures, was also higher than estimated for that revenue source.
- \$34,308 for Transfers to Capital Project funds for costs associated with the Hacker Road culvert replacement project.
- \$25,000 for Administration to cover unanticipated personnel costs.
- \$10,000 for Emerson Fire Station for required HVAC/air quality improvements.
- \$8,000 for Recreation Administration to cover small overages in various supply budget lines.
- \$6,000 for the Curtis Memorial Library to cover unanticipated building repair costs.

- \$5,000 for Traffic Signals to cover unanticipated equipment repair costs.
- \$2,000 for the People Plus Center to cover unanticipated building repair costs.
- \$1,000 for Health and Social Services due to higher than anticipated personnel benefit costs.
- \$1,000 for the Town Commons due to costs associated with 300<sup>th</sup> anniversary celebration.
- \$1,000 for Cemeteries to cover new veterans flags and markers.

The other difference between the original and final budgets results from supplemental appropriations made during the year and the capital budget, detailed below. These differences total \$3,101,269. Of that amount, \$2,821,269 is the amount the State of Maine contributed to the Maine Public Employees Retirement System (MainePERS) for retirement and other benefits on behalf of employees enrolled in the MainePERS Teacher Plan. This on-behalf amount increases both the revenue and expenditure budgets.

An additional \$280,000 represents supplemental appropriations, and as these were made from unassigned fund balance, there is no increase in the revenue budget, only the expenditure budget is increased. A \$30,000 emergency appropriation was made by the Town Council on September 17, 2018 to fund costs associated with the wind storm on September 6th. On February 19, 2019, the Town Council adopted an ordinance approving the Brunswick High School Track renovation project and appropriating \$250,000 from unassigned general fund balance.

### Capital Budget

The Town Council adopted a capital budget in conjunction with the operating budget for the fiscal year ended June 30, 2019. The capital budget authorized the use of \$1,075,500 in unassigned General Fund balance, and is shown as an additional appropriation to distinguish it from the operating budget. The projects funded in the Capital Budget were as follows:

- \$300,000 to the Facilities Reserve Fund, to fund substantial repair projects on Town buildings.
- \$130,500 to fund a project for dedicated network fiber to connect Town buildings.
- \$180,000 for preparing and paving Moody Road and Merryman Lane, formerly unpaved roads.
- \$165,000 for the rehabilitation and re-paving of 3,070 linear feet of Kimberley Circle.
- \$300,000 for the replacement of the air conditioning unit at Crooker Theater in Brunswick High School. The project was completed in early 2019 for \$123,616, so the full appropriated amount was not required.

### Revenues - actual vs. final budget

For the year, actual revenues exceeded budgeted revenues by \$2,232,123. The following paragraphs discuss the various categories of revenues and the variances within each category.

In total, actual tax revenues exceeded the budget by \$1,010,180. Of this amount, property tax revenue was more than budgeted by \$363,109. This is the result of several factors. The total actual taxable valuation of real and personal property tax available for the general fund was less than the estimate used in the development of the budget, resulting in \$22,975 less property tax revenue than projected, and the actual amount of tax abatements granted was \$83,991 more than budgeted. Offsetting these, the actual amount of property tax deferred was less than budgeted by \$430,256, and supplemental tax assessments were \$39,819 more than budgeted. Interest on delinquent taxes, and payments in lieu of taxes were \$24,890 and \$145,066 more than budgeted, respectively, while tax lien costs were \$309 less than budgeted. The increase in the payments in lieu of taxes category is primarily due to an increase in the voluntary contribution made by Bowdoin College to the Town, which was \$139,600 more than the previous year. Excise tax revenues on vehicles, watercraft and aircraft were \$477,424 more than budgeted. The Town has regularly increased the budget for vehicle excise tax over the past several years, but actual collections continue to exceed expectations.

In total, actual license and permit revenues were \$255,898 more than the amount budgeted. The largest portions of this variance were in Codes Enforcement revenue where actual building permit revenue was

\$186,390 more than budgeted, due to more new construction than anticipated. The largest construction projects were reconstruction of a shopping mall at Cooks Corner, the new elementary school, interior renovations of the downtown Hannaford supermarket, and the construction of new residence buildings at Bowdoin College. In Planning and Development, revenues from planning board application fees were in excess of the budget by \$17,143, reflecting increased development activity, primarily at Brunswick Landing, Cooks Corner and Bowdoin College.

The Town Clerk's licenses and permit revenues also exceeded projections by \$18,250, reflecting the increase in rates for certain business licenses and shellfish licenses, which were \$5,203 and \$5,175 more than budgeted, respectively. Additionally, though not in the budget, newly established marijuana licenses resulted in \$4,500 in revenue. Fees from victualers' licenses, dog licenses, hunting/fishing licenses and mooring fees also exceeded the budget, while revenue from vital records were less than anticipated. For Public Works, new rates for street opening permits and increased activity from Maine Natural Gas resulted in \$23,346 more revenue than budgeted. In the Finance Department, revenues from processing passport applications and passport photos were \$10,480 more than budgeted, continuing the increase in volumes each year, as well as an increase in passport processing fees effective April 1, 2018. The remaining revenues of this category were a total of \$289 more than budgeted.

Actual intergovernmental revenues were more than the budget by \$366,114. State revenue sharing exceeded estimates by \$119,641. Because this revenue is primarily dependent on state income and sales tax collections, and the formula is subject to change by the state, the Town estimates this line conservatively. The State Education Subsidy was more than budgeted by \$114,331. The School Department's budget was based on a preliminary estimate from the State provided in February 2018. Subsequently, the State appropriated additional funds for education aid statewide. In the 2018-19 fiscal year, the Town received \$80,332 in Federal and State emergency aid for the October 2017 windstorm. State general reimbursement, which is based on the amount of general assistance distributed, was more than budgeted by \$27,176, and the state tax exemption reimbursement was \$21,062 more than budgeted. The other intergovernmental revenues was more than budgeted by a total of \$3,572.

Actual charges for services exceeded the budget by \$252,715, due primarily to increases in volume. The largest portion of this variance was in emergency medical service fees, which were \$179,235 more than anticipated, primarily due to an increase in services provided. Brunswick's number of ambulance runs have increased by approximately 20% over the past five years. Tuition revenues received by the school department were more than budgeted by \$55,024. Most of that is attributable to tuition received for non-resident students attending Brunswick High School. This source is subject to variation, and Brunswick continues to conservatively estimate tuition revenues. Dispatch services fees were also more than anticipated by \$4,314, primarily due to increases in the renewed agreement with Pownal, which is flexible, but has been tracking the contract with Freeport. Agent fees for registering motor vehicles, boats, ATVs and snowmobiles were \$3,580 more than budgeted, due to an increase in the number of registrations processed. Revenues from the sale of recycled materials was \$2,883 more than budgeted. The remaining variances in this category result in a net positive variance of \$7,679.

Fines and penalties collected were more than budgeted by \$3,729. In total, parking tickets and other police department fines exceeded the budget by \$4,149. False alarms, ordinance fines, and restitution fees were less than budgeted, but parking fines were higher than budgeted, due largely to stricter enforcement of parking regulations in the downtown area. Unlicensed dog fines brought in \$80 more than budgeted. Offsetting this, fire department permits were \$500 less than anticipated.

Interest on investments exceeded the budget estimate by \$210,712. This was largely the result of efforts to monitor cash flow and maximize interest earnings on available cash balances. The Town continues to invest conservatively in accordance with its investment policy, but the Town's banking services contract and increases in the Federal Funds rate during the year helped to increase yields.

Finally, the other revenues category exceeded the budget by \$132,775. Miscellaneous revenues for the municipal departments were more than budgeted by \$57,389. The three main contributors to this were an unanticipated \$26,440 in worker's compensation proceeds, a \$14,024 credit on legal services related to

prior years, and a higher margin on public works fuel based on favorable contract costs. School miscellaneous revenues were more than the budget by \$49,676, largely driven by greater than anticipated state reimbursements for state agency clients. Unanticipated dividends totaling \$9,784 were received from Maine Municipal Association's Property & Casualty Pool and Workers Compensation Fund. The Town budgets conservatively for Cable TV franchise fees, and this line came in \$10,462 over budget, and unanticipated revenue from the sale of vehicles and land was \$5,464.

#### Expenditures - actual vs. final budget

The Charter of the Town of Brunswick requires that expenditures be within the various appropriations established in the budget unless the Town Council approves the excess expenditures. As previously mentioned in the discussion about the original and amended budgets, the Town regularly monitors its expenditure budget to ensure compliance with the Charter requirements. Compliance is ensured with budget transfers and supplemental appropriations. Readers are directed to the discussion regarding the original and final expenditure budgets for a thorough discussion of the transfers and supplemental appropriations.

The Town Council authorized several budget transfers from accounts with unanticipated surpluses to those accounts for which there were unanticipated expenditures. Additionally, the Council authorized department over-expenditures up to \$10,000. There were no over-expenditures at the department level.

#### Other financing sources/(uses) – actual vs. final budget

The budgeted transfers into the general fund totaled \$600,000. This amount represents transfers from the Tax Increment Financing (TIF) district fund to the general fund to cover expenditures allowed under the TIF development programs.

### **Capital Asset and Debt Administration**

**Capital assets.** The Town of Brunswick's investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounts to \$89,992,208, net of accumulated depreciation. This investment in capital assets includes land, construction in progress, improvements, buildings, machinery and equipment, vehicles, intangibles and infrastructure. The total increase in the Town's investment in capital assets for the current fiscal year was approximately 12.9%. Governmental capital assets increased, while business-type capital assets decreased, primarily as the result of depreciation. Major capital asset events during the current fiscal year are listed below.

- Land additions totaled \$21,700. This represents the assessed value of two vacant parcels, totaling approximately 11.5 acres, donated to the Town for recreation purposes.
- Construction projects in progress totaled \$13,481,435 at the conclusion of the year. This category of assets increased as certain projects progressed during the year. The largest of these was the new Kate Furbish Elementary School, with \$11,339,700 expended as of June 30, 2019. Approved for up to \$28,000,000, the new school is scheduled to open in September, 2020.

Other ongoing projects were the Cooks Corner Connector Road at \$1,457,707, the rehabilitation and paving of Moody Road, Merryman Lane and Kimberley Circle at \$311,863, the Brunswick High School Track at \$170,667, and the Municipal Dark Fiber Network project at \$117,617. Also started were the Central Fire Station and the Veteran's Plaza projects, with \$72,504 and \$11,377 expended, respectively. The increases in this category were offset by the completion and capitalization of the Union Street/Mill Street storm drain project and the Hacker Road culvert.

- Additions to building assets totaled \$467,092, of which \$372,049 was associated with school buildings. Of this amount, \$123,616 was for the air conditioning system of Crooker Theater in the High School. Flooring upgrades for \$64,672 were also completed at the High School. Upgrades to the Junior High School totaled \$113,788, and included roofing, replacement of heat lines and

HVAC components, and a phone system. Projects at Coffin School, Harriet Beecher Stowe Elementary School and the superintendent's building totalled \$69,973 for flooring, roofing and HVAC/boiler upgrades. Municipal building additions were \$95,043 for a generator in the Recreation Center.

- Machinery and equipment additions in governmental activities totaled \$306,724. The school department added \$145,104 in machinery and equipment. Generators for Harriet Beecher Stowe School, the Junior High School and the bus garage totaled \$57,882. Information technology and security system equipment was added at Coffin School and the Junior High School for \$33,723. A Bobcat utility machine and two commercial kitchen steamers were acquired for \$21,995 and \$31,504, respectively. The public works department added \$78,295 in equipment, of which \$55,795 was to equip six plow trucks with road treatment controllers and \$10,475 was for a truck lift in the repair garage. The information technology firewall project added equipment at town hall and the police department for a total of \$22,216. The fire department added an extraction tool for \$19,269 and the recreation department added a riding floor scrubber for \$17,995. The police department's cruiser camera/recording system added \$11,800 for server equipment. A photocopier and a plotter, totaling \$12,045, were added in municipal departments.
- Vehicles were replaced in the fire, police and school departments during the year, retiring \$305,252 and adding \$1,185,714 in value. The fire department acquired Engine 2 at a cost of \$636,962, and replaced one of the deputy chief's vehicles for \$36,090. The police department replaced three cruisers and the marine patrol airboat for \$89,097 and \$71,565, respectively. The school department replaced four buses, adding \$352,000 and retiring \$217,044.
- Governmental activities added infrastructure during the year totaling \$2,051,427. Acceptance of sections of Botany Place and Pine Street, and of Ledgewood Drive added \$190,775, \$83,850 and \$72,500, respectively. The Union/Mill Streets Storm Drain project included complete reconstruction of sections of those streets and sidewalks, and added \$1,518,950 in total infrastructure assets. Replacement of a culvert on Hacker Road added \$134,522. Other Town projects included construction of road center islands adjacent to two railroad crossings, new paving of a parking area at the Town Commons, and Rich Road for a total of \$50,830.

A table comparing the Town's capital assets (net of depreciation) as of June 30 for this and the prior fiscal year is shown following.

**Town of Brunswick's Capital Assets (net of depreciation)**

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Capital assets not being depreciated:						
Land	\$ 6,274,408	\$ 6,252,708	\$ 115,000	\$ 115,000	\$ 6,389,408	\$ 6,367,708
Construction in progress	13,481,435	2,731,484	-	-	13,481,435	2,731,484
Intangibles	200,000	200,000	-	-	200,000	200,000
Capital assets being depreciated:						
Buildings	38,731,581	40,283,720	-	-	38,731,581	40,283,720
Improvements other than buildings	908,334	1,123,976	691,193	972,295	1,599,527	2,096,271
Machinery and 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

Additional information on the Town of Brunswick's capital assets can be found in note IV.C on pages 62 and 63 of this report.

**Long-term debt.** At the end of the current fiscal year, the Town of Brunswick had total bonded debt outstanding of \$19,722,829, all of which is general obligation debt.

#### **Town of Brunswick's Outstanding Long-term Debt**

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 19,722,829	\$ 21,975,669	\$ -	\$ -	\$ 19,722,829	\$ 21,975,669
Total	\$ 19,722,829	\$ 21,975,669	\$ -	\$ -	\$ 19,722,829	\$ 21,975,669

The amount of principal debt retired during the year through debt service payments totaled \$2,112,806. An additional adjustment to debt was made with an amendment to the State Revolving Renovation Fund loan. This bond, with the Maine Municipal Bond Bank, was reduced by \$140,034 to reflect the actual funds provided to the school department through the SRRF program. The Town's outstanding debt continues to be rated Aa2 by Moody's Investors Service and AA+ by Standard & Poor's.

Maine law limits the amount of general obligation debt a governmental entity may issue to an amount equal to 15% of its total State assessed valuation. The current debt limitation for the Town is \$328,262,171, which is significantly in excess of the Town's outstanding general obligation debt. Within the 15% total debt limitation, there are also categorical limits. Those categories include debt limits for schools, sewers, airports, and other municipal projects. The Town is well within each of those categorical limits.

As of June 30, 2019, the Town had debt authorized but not issued for up to \$42,700,000. Of this amount, \$28,000,000 was authorized by the voters in a referendum election on June 13, 2017 and represents full local funding of a new elementary school to be built on the site of the former Jordan Acres School. Final designs and construction bidding commenced during the 2017-18 fiscal year, site work and construction began in fall 2018, and \$11,339,700 was expended as of June 30, 2019. The project is on schedule, with completion anticipated for the 2020-21 school year. The Town anticipates issuing bonds in January 2020.

On March 19, 2018, the Town authorized debt for up to \$1,200,000 as part of the funding for a new connector road in the Cook's Corner area. Also in early 2018, the Town Council established a Tax Increment Financing (TIF) District in Cook's Corner. TIF revenues from this and the Brunswick Landing and Brunswick Executive Airport TIF districts may be used to fund infrastructure improvements such as the connector road. If sufficient TIF revenues are appropriated, the Town may not issue bonds for this project.

On April 1, 2019, the Town adopted "An Ordinance Authorizing The Purchase of Property For And Construction Of A New Central Fire Station With Total Project Costs Of Up To \$13,500,000, And the Issuance of Bonds of Up To \$13,500,000".

The debt authorization for a new fire engine was abandoned by the Treasurer as of June 30, 2019. The Town advanced the funds from the general fund to a capital project fund, and the fire engine was delivered in October, 2018. In a budget resolution in May 2019, the Town Council appropriated \$240,000 in TIF revenues to begin repayment of the advance.

Additional information on the Town's long-term debt can be found in note IV.E.1. on pages 64-66 of this report.

#### **Economic Factors and Next Year's Budgets and Rate**

The 2019-20 municipal budget was developed in the first year of the State's biennial budget, under a new State Governor. As in other years, many of the state budget initiatives had an effect on the Town's estimated revenues. Changes to the formula for State Aid to Education will result in an estimated \$1,199,509 increase in aid to Brunswick over the previous year.

Revenue sharing is a program by which, since 1972, the State has shared 5% of its income and sales tax revenues with municipalities in order to provide a measure of property tax relief. Since 2006, the State has transferred funds from the revenue sharing pool to its general fund. In 2015, the State continued the lower level of revenue sharing for four fiscal years, FY 2016 through FY 2019, pegging it at 2% of income and sales tax revenues. Past experience led the Town to expect that the proposed return to 5% in FY 2020 might be delayed further, so the Town used 2% of income and sales tax revenue to estimate revenue sharing in the 2019-20 budget.

When the State budget was adopted, the amount of State funding to be distributed through the State Revenue Sharing Program was increased to 2.5% of income and sales tax revenue. This change resulted in an estimated \$350,000 increase to the amount the Town expects to receive through the program, and on August 5, 2019, the Town Council amended the municipal budget. For the year ended June 30, 2019, Brunswick received \$1,258,491 in revenue sharing, and in the 2019-20 budget the Town anticipates receiving \$1,800,000. Raising that amount from property taxes would require an estimated 3.9% increase in the 2019-20 property tax rate.

The State's recent changes to the homestead exemption for permanent resident homeowners began with an increase of \$5,000 in the 2016-17 tax year and increased an additional \$5,000 in FY 2018 to total \$20,000. For FY 2019, based on the \$20,000 exempted property value, eligible taxpayers paid an estimated \$378 less in taxes for each homestead exemption. When these changes were originally passed in 2015, the state reimbursement to municipalities was also set to increase from 50% in FY 2017 to 62.5% in FY 2018. However, the reimbursement rate was ultimately maintained at 50% for FY 2018, and increased to 62.5% for FY 2019 and FY 2020. The Town estimated the value of the reimbursement rate increase to the Town at approximately \$200,000. For FY 2021 the State budget proposal includes an increase in the exemption amount to \$25,000, and a corresponding increase of the reimbursement rate to 70%, to have a net neutral effect on Town reimbursement revenue.

The Town Council has committed to a program of longer term financial planning to anticipate budget impacts on future property tax rates. The aim of the long-range planning effort is to anticipate capital needs through coordination of the Capital Improvement program and the annual budget, and to develop sustainable operating budgets. With the original 2019-20 municipal budget, the Town Council maintained the use of reserves (fund balance) at \$500,000, an amount which has been sustainable in recent years.

The budget as originally adopted required a property tax rate increase of 4.97%, but this was reduced to 4.49% with the budget amendment on August 5, 2019 after the Town learned of the anticipated increase in the amount of State Revenue Sharing. With the tax commitment at the end of August, increased total taxable property values resulted in a tax rate of \$19.72 per \$1,000, a 4.23% property tax rate increase.

For the fiscal year ended June 30, 2019, the unrestricted fund balance in the General Fund was \$15,875,333, with the unassigned portion of the unrestricted balance at \$12,430,140. 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 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. See also "Capital Budget", herein.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town of Brunswick's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for financial information should be addressed to the Town of Brunswick, Office of the Finance Director, 85 Union Street, Brunswick, ME 04011.



## BASIC FINANCIAL STATEMENTS



**TOWN OF BRUNSWICK, MAINE**  
**Statement of Net Position**  
**June 30, 2019**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 17,272,190	\$ 5,488,309	\$ 22,760,499
Receivables (net of allowance for uncollectibles):			
Accounts	551,745	199,079	750,824
Taxes receivable - current year	836,647	-	836,647
Taxes receivable - prior year	26,982	-	26,982
Tax liens	294,929	-	294,929
Intergovernmental	1,226,809	6,750	1,233,559
Internal balances	(8,253)	8,253	-
Deposits	51,236	-	51,236
Inventories	59,074	33,375	92,449
Permanently restricted assets:			
Cash and cash equivalents	15,427	-	15,427
Investments	579,043	-	579,043
Capital assets not being depreciated:			
Land	6,274,408	115,000	6,389,408
Construction in progress	13,481,435	-	13,481,435
Intangibles	200,000	-	200,000
Capital assets (net of accumulated depreciation):			
Buildings	38,731,581	-	38,731,581
Improvements other than buildings	908,334	691,193	1,599,527
Machinery and equipment	1,662,594	349,757	2,012,351
Vehicles	3,846,242	-	3,846,242
Intangibles	245,283	7,447	252,730
Infrastructure	23,449,677	29,257	23,478,934
Total assets	<u>109,705,383</u>	<u>6,928,420</u>	<u>116,633,803</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	3,020,233	-	3,020,233
Deferred outflows of resources related to other postemployment benefits	470,146	-	470,146
Total deferred outflows of resources	<u>3,490,379</u>	<u>-</u>	<u>3,490,379</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	7,845,174	100,497	7,945,671
Interest payable	94,047	-	94,047
Payable to agency fund - student activities	105,414	-	105,414
Unearned revenues	152,644	-	152,644
Noncurrent liabilities:			
Due within one year	2,555,698	15,880	2,571,578
Due in more than one year	32,848,286	9,164,067	42,012,353
Total liabilities	<u>43,601,263</u>	<u>9,280,444</u>	<u>52,881,707</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	2,026,653	-	2,026,653
Deferred inflows of resources related to other postemployment benefits	530,571	-	530,571
Total deferred inflows of resources	<u>2,557,224</u>	<u>-</u>	<u>2,557,224</u>
<b>NET POSITION</b>			
Net investment in capital assets	68,970,333	1,192,654	70,162,987
Restricted for:			
Education	2,527,879	-	2,527,879
Municipal	302,851	-	302,851
Tax increment financing	734,235	-	734,235
Public safety grants	206,933	-	206,933
Development projects - impact fees	548,111	-	548,111
Permanent funds:			
Expendable	3,830	-	3,830
Nonexpendable	590,733	-	590,733
Unrestricted	(6,847,630)	(3,544,678)	(10,392,308)
Total net position	<u>\$ 67,037,275</u>	<u>\$ (2,352,024)</u>	<u>\$ 64,685,251</u>

*See accompanying notes to financial statements.*

**TOWN OF BRUNSWICK, MAINE**  
**Statement of Activities**  
**For the year ended June 30, 2019**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 5,603,934	\$ 790,848	\$ 550,110	\$ 56,700	\$ (4,206,276)	\$ -
Public safety	8,461,265	1,419,343	111,130	-	(6,930,792)	-
Public works	5,752,593	91,513	210,562	1,121,976	(4,328,542)	-
Human services	190,614	-	52,176	-	(138,438)	-
Education	41,202,580	1,756,317	14,445,810	451,131	(24,549,322)	-
Recreation and culture	3,681,856	517,906	10,000	30,413	(3,123,537)	-
County tax	1,565,279	-	-	-	(1,565,279)	-
Unclassified	199,922	-	-	-	(199,922)	-
Interest on long-term debt	562,271	-	-	-	(562,271)	-
Total governmental activities	67,220,314	4,575,927	15,379,788	1,660,220	(45,604,379)	-
<b>Business-type activities:</b>						
Solid Waste Facilities	1,406,202	1,051,063	-	-	-	(355,139)
Pay-per-bag Program	70,761	465,600	-	-	-	394,839
Mere Point Wastewater District	30,925	36,042	-	-	-	5,117
Train Station/ Visitors Center	86,601	31,719	-	-	-	(54,882)
Total business-type activities	1,594,489	1,584,424	-	-	-	(10,065)
Total primary government	\$ 68,814,803	\$ 6,160,351	\$ 15,379,788	\$ 1,660,220	\$ (45,604,379)	\$ (10,065)
					\$ (45,604,379)	\$ (45,614,444)
<b>General revenues:</b>						
Property taxes					45,577,899	-
Vehicle, watercraft and aircraft excise taxes					3,805,224	-
Grants and contributions not restricted to specific programs					1,691,877	-
Unrestricted investment earnings					473,628	110,571
Transfers					(225,000)	225,000
Total general revenues and transfers					51,323,628	335,571
					51,323,628	51,659,199
<b>Changes in net position</b>					5,719,249	325,506
					5,719,249	6,044,755
<b>Net position - beginning, as restated</b>					61,318,026	(2,677,530)
<b>Net position - ending</b>					\$ 67,037,275	\$ (2,352,024)
					\$ 67,037,275	\$ 64,685,251

See accompanying notes to financial statements.

**TOWN OF BRUNSWICK, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	<u>General</u> <u>Fund</u>	<u>Tax</u> <u>Increment</u> <u>Financing</u>	<u>New</u> <u>Elementary</u> <u>School Bond</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 16,170,103	\$ -	\$ -	\$ 1,117,514	\$ 17,287,617
Investments	-	-	-	579,043	579,043
Receivables (net of allowance for uncollectibles):					
Accounts	533,117	-	-	18,628	551,745
Taxes - current	836,647	-	-	-	836,647
Taxes - prior years	26,982	-	-	-	26,982
Tax liens	294,929	-	-	-	294,929
Intergovernmental	340,138	-	-	886,671	1,226,809
Deposits	1,236	-	-	50,000	51,236
Inventory, at cost	38,156	-	-	20,918	59,074
Due from other funds	6,360,945	734,235	-	2,110,899	9,206,079
Advances to other funds	727,778	-	-	-	727,778
Total assets	<u>\$ 25,330,031</u>	<u>\$ 734,235</u>	<u>\$ -</u>	<u>\$ 4,783,673</u>	<u>\$ 30,847,939</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 841,707	\$ -	\$ 1,513,701	\$ 766,600	\$ 3,122,008
Retainage payable	-	-	473,769	66,498	540,267
Accrued wages and benefits payable	3,820,607	-	-	124,864	3,945,471
Payable to agency fund - student activities	105,414	-	-	-	105,414
Other liabilities	67,250	-	-	-	67,250
Payments in escrow	131,127	-	-	-	131,127
Unearned revenue	6,000	-	-	146,644	152,644
Due to other funds	-	-	8,902,230	451,271	9,353,501
Advances from other funds	-	-	-	727,778	727,778
Total liabilities	<u>4,972,105</u>	<u>-</u>	<u>10,889,700</u>	<u>2,283,655</u>	<u>18,145,460</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	716,262	-	-	-	716,262
Unavailable revenue - miscellaneous	264,348	-	-	-	264,348
Total deferred inflows of resources	<u>980,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>980,610</u>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable:					
Long-term loans and advances	727,778	-	-	-	727,778
Inventories and deposits	39,392	-	-	70,918	110,310
Permanent funds	-	-	-	590,733	590,733
Restricted:					
Education	2,431,962	-	-	74,999	2,506,961
Municipal purposes	302,851	-	-	-	302,851
Tax increment financing	-	734,235	-	-	734,235
Capital projects funds	-	-	-	548,111	548,111
Special revenue funds	-	-	-	206,933	206,933
Permanent funds	-	-	-	3,830	3,830
Committed:					
Capital projects funds	-	-	-	1,746,370	1,746,370
Special revenue funds	-	-	-	553,909	553,909
Assigned:					
General fund	3,445,194	-	-	-	3,445,194
Unassigned:					
General fund	12,430,139	-	-	-	12,430,139
Capital improvements fund	-	-	(10,889,700)	(1,295,692)	(12,185,392)
Permanent funds	-	-	-	(93)	(93)
Total fund balances (deficits)	<u>19,377,316</u>	<u>734,235</u>	<u>(10,889,700)</u>	<u>2,500,018</u>	<u>11,721,869</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 25,330,031</u>	<u>\$ 734,235</u>	<u>\$ -</u>	<u>\$ 4,783,673</u>	

Amounts reported for governmental activities in the statement of net position are different because (see Note II.A., also):

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	88,799,554
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.	980,610
Long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported in the funds.	(35,498,031)
The internal service fund is used by management to charge the cost of printing services to the funds.	
The assets and liabilities of the internal service fund are not included in the governmental funds.	100,118
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.	933,155
Net position of governmental activities (see Statement 1)	<u>\$ 67,037,275</u>

**TOWN OF BRUNSWICK, MAINE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2019**

	<u>General Fund</u>	<u>Tax Increment Financing</u>	<u>New Elementary School Bond</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Taxes	\$ 47,471,712	\$ 2,016,503	\$ -	\$ -	\$ 49,488,215
Licenses and permits	722,963	-	-	-	722,963
Intergovernmental	14,466,298	-	-	2,913,088	17,379,386
Investment income	-	-	-	22,560	22,560
Charges for services	1,574,280	-	-	1,996,505	3,570,785
Fines and penalties	43,224	-	-	-	43,224
Interest	425,712	-	-	25,818	451,530
Donations	-	-	450,000	213,651	663,651
Other	524,175	-	-	6,575	530,750
Total revenues	<u>65,228,364</u>	<u>2,016,503</u>	<u>450,000</u>	<u>5,178,197</u>	<u>72,873,064</u>
<b>EXPENDITURES</b>					
Current:					
General government	3,797,725	962,138	-	693,397	5,453,260
Public safety	9,160,603	-	-	93,076	9,253,679
Public works	3,732,136	-	-	11,919	3,744,055
Human services	202,823	-	-	-	202,823
Education	37,779,553	-	-	3,221,384	41,000,937
Recreation and culture	3,083,440	-	-	515,214	3,598,654
County tax	1,565,279	-	-	-	1,565,279
Unclassified	199,922	-	-	-	199,922
Debt service:					
Principal	2,043,806	69,000	-	-	2,112,806
Interest	584,899	5,175	-	-	590,074
Capital outlay	-	-	10,220,163	4,500,511	14,720,674
Total 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>
Excess (deficiency) of revenues over (under) expenditures	<u>3,078,178</u>	<u>980,190</u>	<u>(9,770,163)</u>	<u>(3,857,304)</u>	<u>(9,569,099)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	600,000	-	-	2,966,118	3,566,118
Transfers to other funds	(1,830,582)	(685,000)	-	-	(2,515,582)
Transfers to other funds - capital budget	(899,116)	-	-	-	(899,116)
Transfers to other funds - suppl. approp.	(250,000)	-	-	-	(250,000)
Transfers to other funds - education	(126,420)	-	-	-	(126,420)
Total 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 changes in fund balances	572,060	295,190	(9,770,163)	(891,186)	(9,794,099)
Fund balances (deficits), beginning of year	18,805,256	439,045	(1,119,537)	3,391,204	21,515,968
Fund balances (deficits), 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>

*See accompanying notes to financial statements.*

**TOWN OF BRUNSWICK, MAINE**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2019**

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Net change in fund balances - total governmental funds (from Statement 4)	\$	(9,794,099)
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because (see Note II.B., also):

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		10,728,789
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The statement of activities reports losses arising from the disposal of existing capital assets. Losses on disposal of capital assets do not appear in the governmental funds. Thus, the change in net position differs from the change in fund balance.		(83,037)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(77,326)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		2,114,731
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		179,490
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Internal service funds are used by management to charge the costs of photocopy service to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		11,477
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Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		2,639,224
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Change in net position of governmental activities (see Statement 2)	\$	<u>5,719,249</u>
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*See accompanying notes to financial statements.*

**TOWN OF BRUNSWICK, MAINE**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**General Fund**  
**For the year ended June 30, 2019**

	<u>Original Budget</u>	<u>Additional Appropriation</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>					
Taxes:					
Real and personal property	\$ 42,782,732	\$ -	\$ 42,782,732	\$ 43,145,841	\$ 363,109
Interest on delinquent taxes	86,000	-	86,000	110,890	24,890
Tax lien costs	15,000	-	15,000	14,691	(309)
Payment in lieu of taxes	250,000	-	250,000	395,066	145,066
Vehicle excise taxes	3,300,000	-	3,300,000	3,768,844	468,844
Watercraft excise taxes	25,000	-	25,000	26,334	1,334
Aircraft excise taxes	2,800	-	2,800	10,046	7,246
Total taxes	46,461,532	-	46,461,532	47,471,712	1,010,180
Licenses and permits:					
Finance department	22,000	-	22,000	32,480	10,480
Codes enforcement	235,000	-	235,000	421,390	186,390
Town clerk	158,365	-	158,365	176,615	18,250
Planning	28,000	-	28,000	45,143	17,143
Fire department	2,000	-	2,000	2,300	300
Police department	700	-	700	689	(11)
Public works	21,000	-	21,000	44,346	23,346
Total licenses and permits	467,065	-	467,065	722,963	255,898
Intergovernmental:					
State education subsidy	9,858,866	-	9,858,866	9,973,197	114,331
MainePERS contribution	-	2,821,269	2,821,269	2,821,269	-
State revenue sharing	1,138,850	-	1,138,850	1,258,491	119,641
State highway grant	200,000	-	200,000	203,242	3,242
State snowmobile funds	1,200	-	1,200	1,529	329
State tax exemption reimbursement	45,000	-	45,000	66,062	21,062
State boat launch cooperative agreement	9,999	-	9,999	10,000	1
State general assistance reimbursement	25,000	-	25,000	52,176	27,176
State civil emergency preparedness	-	-	-	80,332	80,332
Total intergovernmental	11,278,915	2,821,269	14,100,184	14,466,298	366,114

See accompanying notes to financial statements.

**TOWN OF BRUNSWICK, MAINE**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**General Fund**  
**For the year ended June 30, 2019**

	<u>Original Budget</u>	<u>Additional Appropriation</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES, CONTINUED</b>					
Charges for services:					
Auto registration	50,000	-	50,000	53,453	3,453
Watercraft, ATV, snowmobile registration	1,500	-	1,500	1,627	127
Municipal building rental	1,200	-	1,200	1,200	-
Fire department	1,000	-	1,000	970	(30)
Emergency medical services	900,000	-	900,000	1,079,235	179,235
Police department	100,500	-	100,500	102,607	2,107
Dispatch services fees	152,516	-	152,516	156,830	4,314
Public works	-	-	-	2,402	2,402
Recycling	15,000	-	15,000	17,883	2,883
Education - tuition, transportation, etc.	98,349	-	98,349	153,373	55,024
Recreation fees	1,500	-	1,500	4,700	3,200
Total charges for services	<u>1,321,565</u>	<u>-</u>	<u>1,321,565</u>	<u>1,574,280</u>	<u>252,715</u>
Fines and penalties:					
Town clerk	6,995	-	6,995	7,075	80
Fire department	1,100	-	1,100	600	(500)
Police department	31,400	-	31,400	35,549	4,149
Total fines and penalties	<u>39,495</u>	<u>-</u>	<u>39,495</u>	<u>43,224</u>	<u>3,729</u>
Interest earned	<u>215,000</u>	<u>-</u>	<u>215,000</u>	<u>425,712</u>	<u>210,712</u>
Other revenue:					
Sale of miscellaneous assets	-	-	-	5,464	5,464
Cable TV franchise fees	275,000	-	275,000	285,462	10,462
Property & casualty dividend	-	-	-	9,784	9,784
Brunswick Development Corporation subsidy	25,000	-	25,000	25,000	-
Miscellaneous - municipal	8,400	-	8,400	65,789	57,389
Miscellaneous - school	83,000	-	83,000	132,676	49,676
Total other revenue	<u>391,400</u>	<u>-</u>	<u>391,400</u>	<u>524,175</u>	<u>132,775</u>
Total revenues	<u>\$ 60,174,972</u>	<u>\$ 2,821,269</u>	<u>\$ 62,996,241</u>	<u>\$ 65,228,364</u>	<u>\$ 2,232,123</u>

See accompanying notes to financial statements.



**TOWN OF BRUNSWICK, MAINE**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**General Fund**

For the year ended June 30, 2019

EXPENDITURES								
	2018		Additional Appropriation	Adjustments	Final Budget	Actual	Variance Positive (Negative)	2019 Encumbered Balances
	Adopted Budget	Encumbered Balances						
Current:								
General government:								
Administration	\$ 656,543	\$ -	\$ 656,543	\$ -	\$ 25,000	\$ 681,543	\$ 28,306	\$ -
Finance department	751,978	-	751,978	-	-	751,978	15,510	-
Technology services	391,199	-	391,199	-	45,000	436,199	46,098	16,863
Municipal officers	89,415	-	89,415	-	-	89,415	6,600	-
Town hall building	177,899	-	177,899	-	-	177,899	32,775	-
Risk management	490,172	-	490,172	-	-	490,172	43,989	-
Cable TV	86,555	-	86,555	-	-	86,555	7,552	-
Assessing	297,333	625	297,958	-	-	297,958	290,670	-
Town clerk and elections	365,102	-	365,102	-	-	365,102	7,288	548
Planning	570,612	2,272	572,884	-	6,000	578,884	345,295	-
Economic development	128,139	-	128,139	-	-	128,139	57,048	27,200
Total general government	4,004,947	2,897	4,007,844	-	76,000	4,083,844	106,993	44,611
							3,797,725	
Public safety:								
Fire department	3,450,611	-	3,450,611	-	-	3,450,611	60,431	-
Central fire station	46,500	-	46,500	-	-	46,500	12,428	-
Emerson fire station	61,225	-	61,225	-	10,000	71,225	6,101	-
Police department	4,077,318	-	4,077,318	-	(50,000)	4,027,318	122,173	-
Emergency services dispatch	848,903	-	848,903	-	-	848,903	778,764	-
Police station	112,098	-	112,098	-	-	112,098	105,408	-
Marine resources	221,839	-	221,839	-	-	221,839	169,640	-
Streetlights	220,000	-	220,000	-	-	220,000	52,199	-
Traffic signals	31,600	-	31,600	-	-	36,600	22,660	-
Fire suppression (hydrants)	493,500	-	493,500	-	5,000	493,500	6,511	-
Civil emergency preparedness	2,000	-	2,000	-	-	493,500	8,659	-
Total public safety	9,565,594	-	9,565,594	-	(35,000)	9,530,594	2,000	-
							9,160,603	-
Public works:								
Administration	586,058	-	586,058	-	-	586,058	55,770	25,404
General maintenance	1,839,369	-	1,839,369	-	(50,000)	1,789,369	176,307	-
Refuse collection	658,040	-	658,040	-	-	658,040	66,093	-
Recycling	341,717	-	341,717	-	-	341,717	329,007	-
Central garage	739,838	-	739,838	-	-	739,838	12,710	-
Total public works	4,165,022	-	4,165,022	-	(50,000)	4,115,022	667,832	25,404
							3,732,136	
							382,886	

See accompanying notes to financial statements.

**TOWN OF BRUNSWICK, MAINE**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**General Fund**  
**For the year ended June 30, 2019**

	2018		Original Budget	Additional Appropriation	Adjustments	Final Budget	Actual	Variance Positive (Negative)	2019 Encumbered Balances
	Adopted Budget	2018 Encumbered Balances							
<b>EXPENDITURES, CONTINUED</b>									
Human services:									
General assistance	180,999	-	180,999	-	35,000	215,999	199,972	16,027	-
Health and social services	2,826	-	2,826	-	1,000	3,826	2,851	975	-
Total human services	183,825	-	183,825	-	36,000	219,825	202,823	17,002	-
Education:									
Education	38,132,210	-	38,132,210	2,821,269	(1,853,483)	39,099,996	37,779,553	1,320,443	-
Recreation and culture:									
Recreation administration	455,309	-	455,309	-	8,000	463,309	456,052	7,257	-
Buildings and grounds	895,868	18,593	914,461	30,000	-	944,461	806,348	138,113	29,180
Rec Building Neptune Dr	211,729	17,995	229,724	-	-	229,724	182,678	47,046	44,393
People Plus	150,275	-	150,275	-	2,000	152,275	149,895	2,380	-
Library	1,484,360	-	1,484,360	-	6,000	1,490,360	1,488,467	1,893	-
Total recreation and culture	3,197,541	36,588	3,234,129	30,000	16,000	3,280,129	3,083,440	196,689	73,573
Intergovernmental:									
County tax	1,565,279	-	1,565,279	-	-	1,565,279	1,565,279	-	-
Unclassified:									
Promotion and development	284,094	3,859	287,953	-	(3,500)	284,453	281,429	3,024	-
Additional school assistance	10,000	-	10,000	-	-	10,000	10,000	-	-
Cemetery care	3,000	-	3,000	-	1,000	4,000	3,037	963	-
Wage & benefits adjustment	181,408	-	181,408	-	(79,308)	102,100	(94,544)	196,644	-
Total unclassified	478,502	3,859	482,361	-	(81,808)	400,553	199,922	200,631	-

See accompanying notes to financial statements.

**TOWN OF BRUNSWICK, MAINE**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**General Fund**  
**For the year ended June 30, 2019**

	Adopted Budget	2018 Encumbered Balances	Original Budget	Additional Appropriation	Adjustments	Final Budget	Actual	Variance Positive (Negative)	2019 Encumbered Balances
<b>EXPENDITURES, CONTINUED</b>									
Debt service:									
Long-term debt, principal	820,000	-	820,000	-	1,223,806	2,043,806	2,043,806	-	-
Long-term debt, interest	172,458	-	172,458	-	412,441	584,899	584,899	-	-
Total debt service	992,458	-	992,458	-	1,636,247	2,628,705	2,628,705	-	-
Total expenditures	62,285,378	43,344	62,328,722	2,851,269	(256,044)	64,923,947	62,150,186	2,773,761	143,588
Excess (deficiency) of revenues over (under) expenditures	(2,110,406)	(43,344)	(2,153,750)	(30,000)	256,044	(1,927,706)	3,078,178	5,005,884	-
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers from other funds	600,000	-	600,000	-	-	600,000	600,000	-	-
Transfers to other funds	(1,700,958)	-	(1,700,958)	-	(129,624)	(1,830,582)	(1,830,582)	-	-
Transfers to other funds - capital budget	-	-	-	(1,075,500)	-	(1,075,500)	(899,116)	176,384	-
Transfers to other funds - supplemental appropriations	-	-	-	(250,000)	-	(250,000)	(250,000)	-	-
Transfers to other funds - education	-	-	-	-	(126,420)	(126,420)	(126,420)	-	-
Total other financing sources (uses)	(1,100,958)	-	(1,100,958)	(1,325,500)	(256,044)	(2,682,502)	(2,506,118)	176,384	-
Net changes in fund balances	\$ (3,211,364)	\$ (43,344)	\$ (3,254,708)	\$ (1,355,500)	\$ -	\$ (4,610,208)	\$ 572,060	\$ 5,182,268	\$ -
Fund balance, beginning of year							18,805,256		
Fund balance, end of year							<u>\$ 19,377,316</u>		

See accompanying notes to financial statements.

**TOWN OF BRUNSWICK, MAINE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	Business-type Activities - Enterprise Funds				Governmental Activities
	<u>Solid Waste Facilities</u>	<u>Pay-Per-Bag Program</u>	<u>Nonmajor Funds</u>	<u>Totals</u>	<u>Internal Service Fund Printing Services</u>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 2,242,960	\$ 3,169,877	\$ 75,472	\$ 5,488,309	\$ -
Receivables:					
Accounts	67,148	128,800	3,131	199,079	-
Intergovernmental	6,750	-	-	6,750	-
Inventory	-	33,375	-	33,375	-
Due from other funds	7,107	-	1,146	8,253	102,158
Total current assets	2,323,965	3,332,052	79,749	5,735,766	102,158
Capital assets:					
Land	115,000	-	-	115,000	-
Buildings	54,220	-	-	54,220	-
Improvements other than buildings	7,367,865	-	74,038	7,441,903	-
Machinery and equipment	702,522	-	106,447	808,969	78,634
Intangibles	16,399	-	-	16,399	-
Infrastructure	-	-	636,738	636,738	-
Less accumulated depreciation	(7,098,723)	-	(781,852)	(7,880,575)	(38,232)
Net capital assets	1,157,283	-	35,371	1,192,654	40,402
Total assets	3,481,248	3,332,052	115,120	6,928,420	142,560
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	83,907	-	1,235	85,142	2,040
Accrual of payroll	15,355	-	-	15,355	-
Landfill closure and postclosure	4,000	-	-	4,000	-
Compensated absences	11,880	-	-	11,880	-
Total current liabilities	115,142	-	1,235	116,377	2,040
Noncurrent liabilities:					
Landfill closure and postclosure	9,164,067	-	-	9,164,067	-
Total noncurrent liabilities	9,164,067	-	-	9,164,067	-
Total liabilities	9,279,209	-	1,235	9,280,444	2,040
<b>NET POSITION</b>					
Net investment in capital assets	1,157,283	-	35,371	1,192,654	40,402
Unrestricted	(6,955,244)	3,332,052	78,514	(3,544,678)	100,118
Total net position	\$ (5,797,961)	\$ 3,332,052	\$ 113,885	\$ (2,352,024)	\$ 140,520

See accompanying notes to financial statements.

**TOWN OF BRUNSWICK, MAINE**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2019**

	Business-type Activities - Enterprise Funds				Governmental Activities
	Solid Waste Facilities	Pay-Per-Bag Program	Nonmajor Funds	Totals	Internal Service Fund Printing Services
OPERATING REVENUES					
Charges for services:					
Landfill permits	\$ 15,226	\$ -	\$ -	\$ 15,226	\$ -
Bag purchases	-	465,600	-	465,600	-
Service fees	-	-	36,042	36,042	-
Rent	-	-	11,340	11,340	-
Parking meter	-	-	20,379	20,379	-
Printing services	-	-	-	-	43,273
Tipping fees	1,035,837	-	-	1,035,837	-
Total operating revenues	1,051,063	465,600	67,761	1,584,424	43,273
OPERATING EXPENSES					
Personnel services	248,052	-	-	248,052	-
Administrative expenses	7,423	-	-	7,423	-
Contractual services	295,088	-	107,362	402,450	13,090
Central garage costs	50,000	-	-	50,000	-
Materials and supplies	84,521	70,761	2,694	157,976	6,661
Closure and postclosure costs	392,352	-	-	392,352	-
Depreciation	328,766	-	7,470	336,236	11,980
Total operating expenses	1,406,202	70,761	117,526	1,594,489	31,731
Operating income (loss)	(355,139)	394,839	(49,765)	(10,065)	11,542
NONOPERATING REVENUES (EXPENSES)					
Interest income	40,428	68,928	1,215	110,571	-
Total nonoperating revenues (expenses)	40,428	68,928	1,215	110,571	-
Income (loss) before transfers	(314,711)	463,767	(48,550)	100,506	11,542
Transfers in	150,000	-	75,000	225,000	-
Change in net position	(164,711)	463,767	26,450	325,506	11,542
Net position, beginning of year	(5,633,250)	2,868,285	87,435	(2,677,530)	128,978
Net position, end of year	\$ (5,797,961)	\$ 3,332,052	\$ 113,885	\$ (2,352,024)	\$ 140,520

See accompanying notes to financial statements.

**TOWN OF BRUNSWICK, MAINE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2019**

	Business-type Activities - Enterprise Funds				Governmental Activities
	<u>Solid Waste Facilities</u>	<u>Pay-Per-Bag Program</u>	<u>Nonmajor Funds</u>	<u>Totals</u>	<u>Internal Service Fund - Printing</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 1,072,729	\$ 446,000	\$ 68,946	\$ 1,587,675	\$ 43,273
Payments to employees	(251,662)	-	-	(251,662)	-
Payments to suppliers for goods and services	(354,888)	(118,693)	(110,479)	(584,060)	(21,834)
Net cash provided (used) by operating activities	<u>466,179</u>	<u>327,307</u>	<u>(41,533)</u>	<u>751,953</u>	<u>21,439</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfer from other funds	150,000	-	75,000	225,000	-
Increase (decrease) in due to other funds	(11,539)	-	(6,634)	(18,173)	(9,394)
Cash provided (used) by noncapital financing activities	<u>138,461</u>	<u>-</u>	<u>68,366</u>	<u>206,827</u>	<u>(9,394)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	-	-	-	-	(12,045)
Cash used by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,045)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	<u>40,428</u>	<u>68,928</u>	<u>1,215</u>	<u>110,571</u>	<u>-</u>
Cash provided by investing activities	<u>40,428</u>	<u>68,928</u>	<u>1,215</u>	<u>110,571</u>	<u>-</u>
Net increase (decrease) in cash	645,068	396,235	28,048	1,069,351	-
Cash, beginning of year	<u>1,597,892</u>	<u>2,773,642</u>	<u>47,424</u>	<u>4,418,958</u>	<u>-</u>
Cash, end of year	<u>\$ 2,242,960</u>	<u>\$ 3,169,877</u>	<u>\$ 75,472</u>	<u>\$ 5,488,309</u>	<u>\$ -</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	<u>\$ (355,139)</u>	<u>\$ 394,839</u>	<u>\$ (49,765)</u>	<u>\$ (10,065)</u>	<u>\$ 11,542</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	328,766	-	7,470	336,236	11,980
(Increase) decrease in accounts receivable	21,666	(19,600)	1,185	3,251	-
(Increase) decrease in inventory	-	(13,853)	-	(13,853)	-
Increase (decrease) in accounts payable	74,721	(32,302)	(423)	41,996	(2,083)
Increase (decrease) in accrued payroll	6,095	-	-	6,095	-
Increase (decrease) in other liabilities	-	(1,777)	-	(1,777)	-
Increase (decrease) in closure/postclosure	392,352	-	-	392,352	-
Increase (decrease) in compensated absences	(2,282)	-	-	(2,282)	-
Total adjustments	<u>821,318</u>	<u>(67,532)</u>	<u>8,232</u>	<u>762,018</u>	<u>9,897</u>
Net cash provided (used) by operating activities	<u>\$ 466,179</u>	<u>\$ 327,307</u>	<u>\$ (41,533)</u>	<u>\$ 751,953</u>	<u>\$ 21,439</u>

*See accompanying notes to financial statements.*

**TOWN OF BRUNSWICK, MAINE**  
**Statement of Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

	<b>Private- purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 32,121	\$ -
Investments	463,309	-
Due from other funds	37,011	105,414
Total assets	<u>532,441</u>	<u>105,414</u>
<b>LIABILITIES</b>		
Accounts payable	3,238	6,222
Amounts held for others - student activities	-	99,192
Total liabilities	<u>3,238</u>	<u>105,414</u>
<b>NET POSITION</b>		
Net position held in trust for other purposes	<u>\$ 529,203</u>	<u>\$ -</u>

*See accompanying notes to financial statements.*

**TOWN OF BRUNSWICK, MAINE**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**For the year ended June 30, 2019**

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	<b>Private- purpose Trust Funds</b>
<b>ADDITIONS</b>	
Contributions	\$ 19,436
Investment earnings:	
Interest and dividends	11,064
Net increase in the fair value of investments	<u>23,841</u>
Total investment earnings	34,905
Less investment expense	<u>(6,431)</u>
Total additions	<u>47,910</u>
<b>DEDUCTIONS</b>	
Payment to beneficiaries	<u>437,918</u>
Total deductions	<u>437,918</u>
Change in net position	(390,008)
Net position - beginning	<u>919,211</u>
Net position - ending	<u><u>\$ 529,203</u></u>

*See accompanying notes to financial statements.*



## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. Reporting Entity**

The Town of Brunswick is a municipal corporation (Town or primary government) governed by an elected nine-member council (Town Council). The accompanying financial statements present information for the primary government.

#### *Related Organizations*

The Town of Brunswick appoints a voting majority of the governing boards of each of the entities described below. However, the Town of Brunswick is not financially accountable for these organizations and therefore they are not component units under Statements 14, 39, and 61 of the Governmental Accounting Standards Board.

The Brunswick Housing Authority was established in 1965 pursuant to Maine law. It is managed by five commissioners appointed by the Brunswick Town Council.

The Brunswick Sewer District was established by the State of Maine in 1947 as a quasi-municipal corporation for the purpose of providing and maintaining, within the territorial limits of the District, a sewer system for the collection, treatment, and disposal of sewage. The District is managed by a five-member board of trustees appointed by the Brunswick Town Council.

The Brunswick-Topsham Water District was established by the State of Maine in 1903 as a body politic and corporate for the purpose of supplying the inhabitants of the District and said municipalities with pure water for domestic and municipal purposes. The affairs of the District are managed by a six-member board of trustees, four chosen by the Brunswick Town Council and two chosen by the Topsham municipal officers.

### **B. Government-wide Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. They report information on all of the non-fiduciary activities of the Town of Brunswick. While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the Town's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. The exceptions to this rule are charges between the General Fund and the Solid Waste Facilities fund for landfill disposal fees and administrative costs incurred by the General Fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

### **C. Fund Financial Statements**

The fund financial statements provide information about the Town's funds, including its fiduciary funds and, if the Town had any, blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

1. Major governmental funds

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *Tax Increment Financing Fund* accounts for resources accumulated and payments made for the Tax Increment Financing Districts established by the Town.

The *New Elementary School Bond Fund* accounts for a capital project which is funded by long-term debt obligations.

2. Major proprietary funds

The Town reports the following major enterprise funds:

The *Solid Waste Facilities Fund* accounts for the activities at the various solid waste disposal facilities throughout the Town.

The *Pay-Per-Bag Program Fund* accounts for the purchase and sale of Town trash bags.

3. Other fund types

In addition to the major funds described above, the Town reports the following fund types:

*Governmental Funds.* As well as the General Fund, which is always a major fund, the New Elementary School Bond Fund which is a major fund, and the Tax Increment Financing Fund, which the Town has chosen to report as a major fund, the Town reports three additional fund types in this category.

The *special revenue funds* account for revenue sources that are legally restricted or committed to expenditure for specific purposes (not including permanent funds or major capital projects). The Town reports three nonmajor special revenue funds.

The *capital projects funds* 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. The Town reports five nonmajor capital project funds.

The *permanent funds* 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. The Town reports five nonmajor permanent funds.

*Proprietary Funds.* These funds can be classified into two fund types:

*Enterprise funds* account for those operations that are financed and operated in a manner similar to private business or where management has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Town's enterprise funds consist of the activities of the Solid Waste Facilities operations, the Pay-per-bag Program, the Mere Point Wastewater District, and the Train Station.

*Internal service funds* are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. The Town's internal service fund accounts for printing services provided to departments on a cost reimbursement basis.

*Fiduciary Funds* account for assets held by the Town in a trustee capacity or as an agent on behalf of others. As such, fiduciary funds are not reported in the government-wide statements. The Town's fiduciary funds include the following:

*Private-purpose trust funds* are used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments. These include Scholarship and Education Funds, Public Library Funds, a Village Improvement Fund and a Recreation Fund.

*Agency funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. The Student Activities Fund is used to account for assets that the government holds for others in an agency capacity.

4. Inter-fund activity

During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

1. Government wide financial statements

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

2. Governmental funds

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 Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and

judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for service, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

In accordance with Governmental Accounting Standards Board Statement No. 24, *Accounting and Reporting for Certain Grants and Other Financial Assistance*, payments the State of Maine makes to the Maine Public Employee Retirement System on behalf of teachers and certain other school department employees are reflected as both revenues and expenditures in the General Fund.

### 3. Proprietary funds and private-purpose trust funds

The Town's proprietary and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting.

### 4. Agency funds

Agency Funds have no measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities.

## E. Budgetary Information

### 1. Budgetary basis of accounting

An annual budget of the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). The capital project funds are appropriated on a project-length basis. Other special revenue funds and permanent funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one year.

### 2. Legal level of budgetary control

The general fund budget is legally adopted by the Town Council through the passage of an appropriation resolution. By state law, that portion appropriated for educational purposes must be validated through a referendum vote. The Town charter states that the Town Manager may at any time transfer any unencumbered appropriation balance, or portion thereof, between general classifications of expenditures within an office, department or agency. Accordingly, the legal level of budgetary control is an office, department, or agency. Historically, the appropriated budget for the General Fund is prepared by department, or activity. This has been interpreted to be equivalent to the charter language of office, department, or agency. The Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund (Statement 6) reports at the legal level of control. Town Council authorization is required when expenditures exceed appropriations.

All appropriations of the General Fund lapse at the end of the fiscal year to the extent that they have not been expended or lawfully encumbered. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as an assignment of fund balance and do not constitute expenditures or liabilities. The encumbrances are re-appropriated and honored during the subsequent year.

### 3. Final budget amounts

The amounts reported as “Final Budget” on the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, for the General Fund, include the adopted budget as well as prior-year encumbrances, additional appropriations, and adjustments.

## **F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances**

### 1. Cash, cash equivalents and investments

The Town's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition and readily convertible to cash.

The Town has established a formal investment policy, updated in October, 2016, that governs the investment of all funds other than its permanent funds, private-purpose trust funds, and agency funds. Pursuant to its investment policy and applicable Maine law (Title 30-A, Section 5706, and 5711-5719 of the Maine Revised Statutes, as amended) all investments of the Town must be made with the judgment and care that persons of prudence, discretion and intelligence, under circumstances then prevailing, exercise in the management of their own affairs, not for speculation but for investment, considering (i) safety of principal, and to mitigate credit risk and interest rate risk, (ii) maintenance of sufficient liquidity to meet all operating and cash requirements that may be reasonably anticipated, and (iii) objective of attaining a market rate of return, taking into account the investment risk constraints of safety and liquidity needs. Under its policy, the Town's investment practice is to invest its operating funds in short-term investments. The Town is not invested in any obligations typically referred to as derivatives.

### 2. Receivables and payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds”. All other outstanding balances between funds are reported as “due to/from other funds”.

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund to indicate that they are not expendable financial resources and are therefore not available for appropriation.

### 3. Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### 4. Capital assets

Capital assets, which include property, equipment, intangibles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. All infrastructure, regardless of acquisition date, has been reported.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land, construction in progress, and intangible assets such as conservation easements are not depreciated. Property, equipment, intangibles and infrastructure of the Town is depreciated using the straight-line method over the assets' estimated useful lives ranging from 5 to 50 years.

<u>Assets</u>	<u>Years</u>
Buildings	45-50
Improvements other than buildings	5-20
Machinery and equipment	5-20
Vehicles	5-20
Intangibles	5-20
Infrastructure	20-50

**5. Deferred outflows/inflows of resources**

*Statement of Net Position:* In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The Town reports two items in deferred outflows.

*Deferred outflows of resources related to pensions and other postemployment benefits (OPEB).* Related to the net pension and OPEB liabilities, these items include the Town's contributions subsequent to the measurement date, which will be recognized as a reduction of the liabilities in the subsequent year. Deferred outflows also account for changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between Town 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. Also included is the net difference between projected and actual earnings on plan investments, which is deferred and amortized over a five-year period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports two items in deferred inflows.

*Deferred inflows of resources related to pensions and other postemployment benefits (OPEB).* Related to the net pension and OPEB liabilities, these items include the differences between expected and actual experience, changes in proportion and differences between Town contributions and proportionate share of contributions, which is deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. Also included is the net difference between projected and actual earnings on plan investments, which is deferred and amortized over a five-year period.

For purposes of measuring the liabilities, deferred outflows of resources, deferred inflows of resources and expenses related to pension and OPEB, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the Maine Public Employees Retirement System's Consolidated Plan for Participating Local Districts (PLD Plan) and State Employee and Teacher Plan (SET Plan), Maine Municipal Health Trust and the Maine Education Association Benefits Trust's Retiree Health Plan, 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.

*Balance Sheet – Governmental Funds:* The Town has one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting as a deferred inflow of resources. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and ambulance user fees. These

amounts are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available.

6. Net position flow assumptions

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

7. Fund balance flow assumptions

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. Fund balances

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

In the fund financial statements, governmental fund balance is presented in five possible categories:

*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 by law through constitutional provisions or enabling legislation.

*Committed* – resources which are subject to limitations the Town imposes upon itself at its highest level of decision-making, and that remain binding unless removed in the same manner. The Town Council is the highest level of decision-making authority, and can commit fund balance by ordinance.

*Assigned* – resources neither restricted nor committed for which the Town has a stated intended use as established by the Town Council or a body or official to which the Town Council has delegated the authority to assign amounts for specific purposes. The Town Council has a fund balance policy that requires certain items to be classified as assigned. Further, the policy gives discretion to the Town Manager and Finance Director to make assignments as they deem appropriate in their professional judgment.

*Unassigned* – resources which cannot be properly classified in one of the other four categories. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

#### 9. Fund balance policy

The Town has an adopted Fund Balance Policy for the General Fund. This policy lists the criteria to be used in evaluating fund balance requirements, and establishes a minimum target balance for the unassigned category of fund balance. In addition, the policy establishes a process for reaching and maintaining the targeted level of unassigned fund balance, and the priority for the use of amounts in excess of the target.

#### 10. Long-term obligations

In the government-wide financial statements and proprietary fund types 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 are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued 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 expenditures.

#### 11. Use of estimates

Preparation of the Town's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### 12. New pronouncements

Beginning with the fiscal year ended June 30, 2018, the Town implemented Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. In the first year of implementation, the Town recognized the implicit liability for retiree health insurance through the Maine Municipal Employee Health Trust (MMEHT), and group term life insurance for retirees through two programs under the Maine Public Employees Retirement System (MainePERS). As a result of implementing Statement 75, the Town restated the June 30, 2017 beginning net position in the government-wide statement of net position.

In the fiscal year ended June 30, 2019, the Town received information on the implicit liability for retiree health insurance through the Maine Education Association Benefits Trust (MEABT), and has restated the June 30, 2018 beginning net position. Changes as of June 30, 2018 consist of a \$220,147 increase in deferred outflows of resources, a \$6,435,381 increase of net OPEB liability, and a decrease of the Town's net position by \$6,215,234.

### **G. Revenues and Expenditures/Expenses**

#### 1. Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. All taxes, including those dedicated for specific purposes, are reported as general revenues.



**2. Property taxes**

Property taxes are typically committed on or around September 1<sup>st</sup> of each year, on the assessed value listed as of the previous April 1<sup>st</sup>. Real property taxes are due in two installments, on or near October 15<sup>th</sup> and April 15<sup>th</sup>. Personal property taxes are due in one installment on or near October 15<sup>th</sup>. Taxes unpaid by the due date are assessed interest. Tax liens are placed on real property of delinquent tax accounts within eight to twelve months following the date taxes are committed for collection.

For the fiscal year ended June 30, 2019, the Town Council authorized a delay of the tax commitment to October 29, 2018, with the first installment due November 30, 2018. All other dates remained consistent with usual practice.

**3. Compensated absences**

Under the terms of personnel policies and union contracts, vacation and sick leave (compensated absences) are granted in varying amounts according to length of service. Certain employees also earn compensatory time. A liability for vested or accumulated vacation, sick and compensatory leave is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. All accumulated leave is accrued when incurred in the government-wide financial statements. However, sick leave is valued based on the vesting method that calculates the amount of sick leave that is expected to become eligible for payout at termination.

**4. Proprietary funds operating and non-operating revenues and expenses**

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 revenues of the Town's enterprise funds and internal service fund are charges for services to customers. Operating expenses for the enterprise funds and the internal service fund include the cost of personnel, contractual services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position.

One element of that reconciliation explains, "capital assets used in governmental activities are not financial resources and therefore are not reported in the funds." The details of this \$88,799,554 are as follows:

Capital assets	\$ 153,476,844
Accumulated depreciation	<u>(64,677,290)</u>
Net adjustment to increase fund balance - total governmental funds	
to arrive at net position - governmental activities	\$ 88,799,554

Another element of that reconciliation explains, "other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds." The details of this \$980,610 difference are as follows:

Deferred inflows - unavailable revenue - property tax	\$ 716,262
Deferred inflows - unavailable revenue - miscellaneous	<u>264,348</u>
Net adjustment to increase fund balance - total governmental funds	
to arrive at net position - governmental activities	\$ 980,610

Another element of that reconciliation explains, "long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$(35,498,031) difference are as follows:

Bonds payable	\$ (19,722,829)
Premium on bonds (to be amortized as interest expense)	(124,378)
Accrued interest	(94,047)
Compensated absences	(1,253,347)
Other post employment benefits	(8,411,867)
Net pension liability	<u>(5,891,563)</u>
Net adjustment to decrease fund balance - total governmental funds	
to arrive at net position - governmental activities	\$ (35,498,031)

Another element of that reconciliation explains, "the internal service fund is used by management to charge the costs of printing services to the funds. The assets and liabilities of the internal service fund are not included in the governmental funds." The details of this \$100,118 difference are as follows:

Net position of the internal service fund	\$ 140,520
Less: Capital assets net of accumulated depreciation	<u>(40,402)</u>
Net adjustment to increase fund balance - total governmental funds	
to arrive at net position - governmental activities	\$ 100,118

Another element of that reconciliation explains, "deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds." The details of this \$933,155 difference are as follows:

Deferred outflows of resources related to pensions	\$ 3,020,233
Deferred outflows of resources related to other postemployment benefits	470,146
Deferred inflows of resources related to pensions	(2,026,653)
Deferred inflows of resources related to other postemployment benefits	<u>(530,571)</u>
Net adjustment to increase fund balance - total governmental funds	
to arrive at net position - governmental activities	\$ 933,155

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position – governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation explains, "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this \$10,728,789 difference are as follows:

Capital outlay	\$ 14,782,608
Depreciation expense	<u>(4,053,819)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ 10,728,789

Another element of that reconciliation states, "losses arising from the disposal of existing capital assets are reported in the statement of activities but do not appear in the governmental funds." The details of this \$(83,037) difference are as follows:

Cost of disposed capital assets	\$ (2,003,180)
Less construction in progress	1,495,711
Accumulated depreciation on disposed capital assets	<u>424,432</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ (83,037)

Another element of that reconciliation states, "revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds." The details of this \$(77,326) difference are as follows:

Property taxes	\$ (105,091)
Charges for services	<u>27,765</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ (77,326)

Another element of that reconciliation states, "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items." The details of this \$2,114,731 difference are as follows:

Reduction in deferred outflow for bond proceeds received	\$ (138,109)
Principal repayments: General obligation debt	<u>2,252,840</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position in governmental activities	\$ 2,114,731

Another element of that reconciliation states, "some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$179,490 difference are as follows:

Compensated absences	\$ 211,489
Other post employment benefits with related deferred inflows and outflows of resources	(59,802)
Accrued interest	6,345
Amortization of premium on refunding and general obligation bonds	<u>21,458</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ 179,490

Another element of that reconciliation states, "internal service funds are used by management to charge the costs of printing services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities." The details of this \$11,477 difference are as follows:

Change in net position of the internal service funds	\$	11,542
Plus: depreciation on capital assets		11,980
Less: acquisition of capital assets		(12,045)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$	11,477

Another element of that reconciliation states, "governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense." The details of this \$2,639,224 difference are as follows:

Net pension liability with related deferred inflows and outflows of resources	\$	2,639,224
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	\$	2,639,224

### III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### A. Budgetary Control

The accounting system is employed as a budgetary management control device to monitor the individual departments. Encumbrance accounting is employed in the governmental funds.

#### B. Budgetary Use of Fund Balance

The Town utilizes fund balance as a source of funds for the General Fund budget. For the year ended June 30, 2019, the Town budgeted and utilized the following amounts:

	2018-19 General Fund Budget as of July 1, 2018				
	Adopted Budget	Encumbered Balances	Original Budget	Additional Appropriations	Final Budget
Restricted fund balance:					
Educational purposes	\$ 2,611,364	\$ -	\$ 2,611,364	\$ -	\$ 2,611,364
Municipal purposes	100,000	-	100,000	-	100,000
Assigned fund balance:					
Municipal purposes	500,000	-	500,000	-	500,000
Unassigned fund balance	-	-	-	1,355,500	1,355,500
Encumbrances	-	43,344	43,344	-	43,344
Total utilization of fund balance	\$ 3,211,364	\$ 43,344	\$ 3,254,708	\$ 1,355,500	\$ 4,610,208

#### C. Additional Appropriations

The payments the State of Maine makes to the Maine Public Employees Retirement System (Maine PERS) for retirement and other benefits, on behalf of the Town for teachers and other school employees, are reported as additional appropriations in both the revenue and expenditure budgets. The amounts of on-behalf payments for fiscal year 2018-19 were \$2,090,383 for retirement, \$673,526 for other benefits, and \$57,360 for other post-employment benefits.

#### D. Budget Adjustments

The adjustments are generally the result of the Town's management process which monitors department budgets and the budget in total. The Town Manager is authorized, for the purpose of adjusting salaries, wages or benefits, to transfer appropriated amounts between the Contingency account and any of the functions or departments. The Town Council, upon the request of the Town Manager, may move funds

from departments with anticipated budget surpluses to those with anticipated budget shortfalls. These types of adjustments have no impact on the budget in total. During the year, the Town Manager made \$1,000 in adjustments, and the Town Council made adjustments totaling \$173,308, moving appropriations from accounts with projected balances to accounts where it appeared that the expenditures would have exceeded the appropriations.

**E. Authority to Over Expend**

On June 27, 2019, the Town Council adopted a resolution authorizing expenditures to exceed the gross appropriation in an appropriated account so long as the amount was \$10,000 or less.

**F. Deficit Fund Balance or Net Position**

The following *total fund balance deficits* exists as of June 30, 2019:

New Elementary School Bond	\$ (10,889,700)
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The New Elementary School Bond is a capital project which is authorized to be funded through general obligation bonds. The deficit balance in the fund reflects the total expenditures on this project through June 30, 2019, offset by a contribution of \$450,000 from Bowdoin College for an additional structure on the site of the school to be used as a Discovery Classroom. Initial construction was funded through an advance from the general fund, until a bond anticipation note (BAN) was issued in September, 2019. Bonds will be issued in January, 2020, refunding the BAN.

Within Other Governmental Funds, in the Nonmajor Capital Projects Funds, the Capital Improvements Projects had a deficit fund balance of \$1,060,223. Three projects made up this deficit, offset by positive balances in a number of other capital projects:

Junior High School Air Quality	\$ (90,816)
Cooks Corner Connector Road	(601,681)
Fire Engine 2	(636,962)
Balances of sixteen (16) capital projects	269,236
	<u>\$ (1,060,223)</u>

The Air Quality project was funded by an advance from the general fund, to be repaid over five years through the School Department budget. The deficit balance as of June 30, 2019 represents the final fifth of the advance and will be eliminated in fiscal 2019-20. In February 2019, the Town Council approved another School Department project, the renovation of the high school track, to be partially funded through a \$250,000 appropriation from unassigned fund balance, and up to \$750,000 in an advance from the general fund. Other funding sources include contributions from a citizens group which has raised funds for the track. Though the final amount of the advance required is not yet known, the repayment is scheduled by continuing the annual payments from the School Department budget for an additional eight years.

The Cooks Corner Connector Road was under construction as of June 30, 2019, using a variety of funding sources, including impact fees, developer contributions and a grant from Maine Department of Transportation. For the Town's share of the project, the Town Council authorized the issuance of bonds for up to \$1,200,000. The project qualifies for funding through TIF revenues, which may be used to pay debt service or to repay an advance from the general fund. The Town Council authorized the use of \$560,000 in TIF revenues for this project in fiscal 2019-20.

Fire Engine 2 was acquired in September 2018, and was originally intended to be funded through the issuance of bonds. Based on the timing and amount of the project, the truck was purchased with funds advanced from the general fund, and as of June 30, 2019, bond authority was abandoned. The Town Council authorized the use of \$240,000 in TIF revenues to repay the advance in fiscal 2019-20. It is anticipated that the advance will be repaid over a period of several years from either TIF revenues or general fund balance.

Also within Other Governmental Funds, in Nonmajor Permanent Funds, the Recreation and Cultural Fund had a deficit unassigned fund balance of \$93. This represents an overexpenditure of the annual distribution from the trust account, which will be covered by the annual distribution in fiscal 2019-20.

The following *net position deficit* exists as of June 30, 2019:

Solid Waste Facilities Fund	\$ (5,797,961)
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The deficit balance in the Solid Waste Facilities Fund is primarily the result of insufficient assets to fund the liability that the Town has accumulated for the closure and postclosure of its landfills. The Town has implemented two strategies to reduce the deficit, annual subsidies from the General Fund, and its plan to use accumulated net revenue from its pay-as-you-throw residential solid waste collection program. The Town has learned that the closure is eligible for cost sharing through the Maine Department of Environmental Protection's Landfill Closure and Remediation Program, though it is expected that this will be a reimbursement arrangement and the timing is uncertain. The Town has begun the process to close the landfill, with closure currently estimated to be in the spring of 2021. In order to utilize all the available space at the landfill and to maximize the revenues from tipping fees, the Town has entered into an agreement to accept waste from outside the Town. Should a deficit remain at the time the operating landfill is closed, debt may be issued to finance the closure costs.

#### **IV. DETAILED NOTES ON ACTIVITIES AND FUNDS**

##### **A. Deposits and Investments**

The Town 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.

As of June 30, 2019, the Town of Brunswick had the following investments, with corresponding recurring fair value measurements:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Level 1 Input</u>
Equities	\$ 455,482	N/A	Yes
Other Mutual Funds	586,870	N/A	Yes

*Interest rate risk.* The Town does not currently have a deposit policy for interest rate risk.

*Credit risk.* The Town does not have a formal policy regarding credit risk. Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and certain corporate stocks and bonds. At June 30, 2019, the Town was not invested in corporate bonds.

*Custodial credit risk – deposits.* This is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At June 30, 2019, the bank balance of \$22,970,308 was covered by FDIC and an irrevocable stand-by letter of credit with the Federal Home Loan Bank of Boston, issued to the Town of Brunswick for People's United Bank.

*Custodial credit risk – investments.* This is the risk that in the event of failure of the counterparty, the Town will not be able to recover the value of its investments. The Town does not have an investment policy for custodial credit risk. None of the Town's investments are subject to custodial credit risk.

*Concentration of credit risk.* At June 30, 2019, the Town did not have a policy for concentration of credit risk.

**B. Receivables**

Receivables at June 30, 2019 consist of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
Taxes	\$ 878,186	\$ -	\$ -	\$ 878,186
Tax liens	294,929	-	-	294,929
Accounts	590,111	18,628	199,079	807,818
Intergovernmental	<u>340,138</u>	<u>886,671</u>	<u>6,750</u>	<u>1,233,559</u>
Gross receivables	2,103,364	905,299	205,829	3,214,492
Less: Allowance for Uncollectibles	<u>(71,551)</u>	<u>-</u>	<u>-</u>	<u>(71,551)</u>
Net receivables	\$ 2,031,813	\$ 905,299	\$ 205,829	\$ 3,142,941

Property taxes for the current year were committed October 29, 2018 on the assessed value listed as of April 1, 2018, for all taxable real and personal property located in the Town. Real property taxes were due in two installments, November 30, 2018 and April 16, 2019. Personal property taxes were due in one installment, November 30, 2018. Interest was charged at the rate of 8% on all taxes unpaid as of the due date(s).

Assessed values are periodically established by the Tax Assessor at 100% of assumed market. The assessed values must be at least 70% of full valuation. The assessed value, net of value captured in tax increment financing districts, as of April 1, 2018, upon which the levy for the year ended June 30, 2019 was based, was \$2,183,364,700. This assessed value was 100% of the estimated market value and 96.9% of the 2018 State valuation of \$2,252,400,000.

Maine law permits the Town to levy taxes up to 105% of its net property tax requirement (budgeted expenditures less budgeted non-property tax revenues) for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$272,608 for the year ended June 30, 2019.

Tax liens are placed on real property of delinquent tax accounts within eight to twelve months following the date taxes are committed for collection. Provided the Town has followed the statutory provisions, the tax lien automatically forecloses if the tax lien and associated costs remain unpaid eighteen months from the date the lien is recorded in the Cumberland County Registry of Deeds.

Maine law authorizes municipalities to establish tax increment financing districts (TIFs). A TIF allows the municipality to capture the new, or incremental, tax revenue generated within a defined development district and use that captured tax revenue in accordance with a development plan for that district. The new, or incremental, assessed valuation and related tax revenue in the TIF district is not available to the Town's General Fund. For the year ended June 30, 2019, the Town had a total of \$106,580,500 in captured valuation for four TIF districts. The tax revenue captured in these districts totaled \$2,016,503 for the year. In early 2018, the Town established a fifth TIF district, in Cook's Corner. No tax revenues were captured in the Cook's Corner TIF district for the 2018-19 fiscal year.

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2019 follows.

**Governmental activities:**

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 6,252,708	\$ 21,700	\$ -	\$ 6,274,408
Construction in progress	2,731,484	12,245,662	(1,495,711)	13,481,435
Intangibles	200,000	-	-	200,000
Total capital assets not being depreciated	9,184,192	12,267,362	(1,495,711)	19,955,843
Capital assets being depreciated:				
Buildings	65,230,394	467,092	-	65,697,486
Improvements other than buildings	3,849,530	-	-	3,849,530
Machinery and equipment	5,134,215	306,724	(20,279)	5,420,660
Vehicles	8,240,855	1,185,714	(305,252)	9,121,317
Intangibles	806,963	-	-	806,963
Infrastructure	46,755,556	2,051,427	(181,938)	48,625,045
Total capital assets being depreciated	130,017,513	4,010,957	(507,469)	133,521,001
Less accumulated depreciation for:				
Buildings	(24,946,674)	(2,019,231)	-	(26,965,905)
Improvements other than buildings	(2,725,554)	(215,642)	-	(2,941,196)
Machinery and equipment	(3,496,157)	(282,188)	20,279	(3,758,066)
Vehicles	(4,999,074)	(560,066)	284,065	(5,275,075)
Intangibles	(486,011)	(75,669)	-	(561,680)
Infrastructure	(24,394,433)	(901,023)	120,088	(25,175,368)
Total accumulated depreciation	(61,047,903)	(4,053,819)	424,432	(64,677,290)
Total capital assets being depreciated, net	68,969,610	(42,862)	(83,037)	68,843,711
Governmental activities capital assets, net	<u>\$ 78,153,802</u>	<u>\$ 12,224,500</u>	<u>\$ (1,578,748)</u>	<u>\$ 88,799,554</u>



**Business-type activities:**

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 115,000	\$ -	\$ -	\$ 115,000
Total capital assets not being depreciated	115,000	-	-	115,000
Capital assets being depreciated:				
Buildings	54,220	-	-	54,220
Improvements other than buildings	7,441,903	-	-	7,441,903
Machinery and equipment	808,969	-	-	808,969
Intangibles	16,399	-	-	16,399
Infrastructure	636,738	-	-	636,738
Total capital assets being depreciated	8,958,229	-	-	8,958,229
Less accumulated depreciation for:				
Buildings	(54,220)	-	-	(54,220)
Improvements other than buildings	(6,469,608)	(281,102)	-	(6,750,710)
Machinery and equipment	(411,745)	(47,467)	-	(459,212)
Intangibles	(6,966)	(1,986)	-	(8,952)
Infrastructure	(601,800)	(5,681)	-	(607,481)
Total accumulated depreciation	(7,544,339)	(336,236)	-	(7,880,575)
Total business-type capital assets being depreciated, net	1,413,890	(336,236)	-	1,077,654
Business-type activities capital assets, net	<u>\$ 1,528,890</u>	<u>\$ (336,236)</u>	<u>\$ -</u>	<u>\$ 1,192,654</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental activities:**

General government	\$ 402,091
Public safety	473,924
Public works, including depreciation of general infrastructure assets	1,163,077
Human services	71
Education	1,787,929
Recreation and culture	226,727
Total depreciation expense - governmental activities	<u>\$ 4,053,819</u>

**Business-type activities:**

Mere Point wastewater	\$ 5,681
Solid Waste facilities	328,766
Train Station/Visitors Center	1,789
Total depreciation expense - business-type activities	<u>\$ 336,236</u>

**D. Leases**

During the fiscal year ended June 30, 2019, the Town was a lessee in a variety of operating leases, one of which is considered material. The Town is a lessor in three operating leases, none of which are considered material.

*Train Station and Visitor's Center:* In June 2009, the Town executed a five-year agreement with JHR Development of Maine (JHR) to lease approximately 2,125 square feet of space at JHR's Brunswick Station development (formerly Maine Street Station). The Town uses the leased space as a train station and visitor's center, subcontracting with the Brunswick Downtown Association (BDA) to manage the operation. The term of the initial five-year lease began November 1, 2009. During the year ended June 30, 2009, the Town received a \$220,000 grant from the Brunswick Development Corporation (BDC) which allowed the Town to pre-pay all five years of the rent. In 2014, the Town and JHR signed an amendment to the lease, extending the agreement five years, to November 1, 2019. The parties are currently negotiating an extension, but the terms have not been determined. For the year ended June 30, 2019, the lease expense was \$44,000. For the 2019-20 fiscal year, under the current lease, expenses will be recognized as follows:

<u>Year Ending June 30,</u>	<u>Lease Payments</u>
2020	\$ 14,667
	\$ 14,667

**E. Long-term Liabilities**

1. General obligation bonds

The Town issues general obligation debt to provide funds for acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Issue Date</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Annual Principal Payments</u>	<u>Amount Outstanding</u>
<u>Governmental Activities</u>						
2006 Fire Station & Truck	2006	\$ 3,125,000	4%	2021	\$200,000 to 275,000	\$ 400,000
2010 Elementary School	2010	21,462,250	2% to 5.5%	2031	1,073,113	12,877,350
2011 GO Bonds	2011	4,120,000	2% to 3%	2021	270,000 to 555,000	540,000
2013 Police Station	2013	5,500,000	2% to 3.5%	2033	275,000	3,850,000
2016 School Renovation (SRRF)	2016	772,862	0%	2027	77,286	501,208
2017 School Renovation (SRRF)	2017	87,038	0%	2022	17,408	29,271
2017 GO Bonds	2017	1,781,000	2% to 3.5%	2033	35,000 to 200,000	1,525,000
						<u>\$ 19,722,829</u>

All long-term debt of the Town of Brunswick has been issued as general obligation. The 2010 Elementary School Bonds, 2016 School Revolving Renovation Bond, and 2017 School Revolving Renovation Bond were all issued through the Maine Municipal Bond Bank (MMBB). The School Revolving Renovation Fund (SRRF) is a Maine Department of Education program to finance school renovation projects through a combination of zero-interest bonds and grant funding. The Brunswick School Department was originally

authorized for a total of \$1,662,149 in reimbursement for renovation projects, of which \$1,021,767 was issued in bonds, with the balance to be subsidized by the Department of Education in grant funding. The School Department's renovation projects were completed in August, 2018, and as the full authorized amount of funding was not required, the bonds were amended. The 2016 SRRF bond was amended twice, and the 2017 SRRF bond was amended with the final accounting of the projects. The resulting total funds received over two years was \$1,171,136, of which \$451,270 was in grants, and the bonds were amended to total \$719,866.

Eighty percent (80%) of the 2010 Elementary School Bonds were issued as Build America Bonds (BABs). Interest on BABs is taxable. The issuer, in this case MMBB, files annually for an interest subsidy from the US Treasury. The subsidy lowers the effective interest rate. Further, 87% of the debt service on the 2010 Elementary School Bonds is eligible for State subsidy.

The amounts required to amortize all bonds and notes outstanding as of June 30, 2019 are as follows:

Year Ending <u>June 30</u>	Governmental Activities				
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>BABs Subsidy</u>	<u>Net Total</u>
2020	\$ 2,090,520	\$ 712,594	\$ 2,803,114	\$ (174,409)	\$ 2,628,705
2021	2,090,520	647,929	2,738,449	(162,195)	2,576,254
2022	1,620,520	589,991	2,210,511	(149,629)	2,060,882
2023	1,610,764	538,150	2,148,914	(136,533)	2,012,381
2024	1,530,764	485,277	2,016,041	(123,086)	1,892,955
2025-2029	7,388,516	1,549,324	8,937,840	(388,065)	8,549,775
2030-2033	3,391,225	193,388	3,584,613	(35,047)	3,549,566
Total	\$ 19,722,829	\$ 4,716,653	\$ 24,439,482	\$ (1,168,964)	\$ 23,270,518

For the year ended June 30, 2019, the Town paid \$2,112,806 in principal and \$590,073 in interest (net of \$185,862 BABs subsidy) for a total of \$2,702,879 in debt service payments. Due to federal sequestration, the BABs subsidy was reduced in FY 19 by a total of \$12,722, or a 6.2% reduction. 87% of the sequestration reduction is eligible for State subsidy. The Town anticipates BABs subsidy reductions in future years, and has estimated a 6.2% reduction going forward.

*Additional debt authorizations:* On June 13, 2017, the voters approved "An Ordinance Authorizing the Planning, Design, and Construction of a New Elementary School on the Site of the Former Jordan Acres School, with Total Project Costs Not to Exceed Twenty-eight Million Dollars, (\$28,000,000) Plus Other Authorized Costs." Construction began in the fall of 2018 with an estimated completion date in time for the 2020-21 school year. On September 5, 2019, the Town issued a Bond Anticipation Note for \$20,000,000, with bonds to be issued in January, 2020.

On March 19, 2018, the Town Council adopted "An Ordinance Authorizing the Planning, Construction and Funding of a New Connector Road at Cooks Corner Between Admiral Fitch Avenue and Gurnet Road, with Total Project Costs Not to Exceed \$2,550,000 (plus any other costs authorized hereunder), and Further Authorizing Issuance of Bonds and Notes in an Amount not to Exceed \$1,200,000 (plus cost of issuance), plus any Additional Appropriation Authorized Hereunder." Construction began in late fall of 2018, and the road, named Landing Drive, was completed in September, 2019. TIF revenues from the Cook's Corner, Brunswick Landing, and Brunswick Executive Airport TIF Districts may be used to fund the project either directly or through payment of debt service. While the Town retains the option to issue debt for this project, in the 2019-20 Capital Budget the Town Council appropriated \$560,000 in TIF revenues for this project.

On April 1, 2019, the Town Council adopted "An Ordinance Authorizing The Purchase of Property For And Construction Of A New Central Fire Station With Total Project Costs Of Up To \$13,500,000, And the Issuance of Bonds of Up To \$13,500,000."

In 2017, the Town Council adopted a bond ordinance to fund the acquisition of a new fire engine. The ordinance authorized the Town to make advances from the general fund to a capital projects fund, and the fire engine was delivered in September, 2018 at a total cost of \$636,236. As of June 30, 2019, the Treasurer has established an advance from the general fund to the capital project fund, to be repaid over several years through TIF revenues, and has determined that bonds will not be issued for this project. With the 2019-20 Capital Budget, the Town Council appropriated \$240,000 in TIF revenues for the first repayment of the advance.

*State reimbursement for debt service expenditures:* The State of Maine currently subsidizes the Town for debt service costs for state approved school construction projects. The subsidy is based on formulas prescribed in Title 20-A M.R.S.A. Continuation of such subsidy is dependent upon the formulas and continued appropriations by the state legislature.

*Legal debt limit:* The amount of debt a Maine municipality may have is governed by Title 30-A M.R.S.A. section 5702. The law limits total debt and debt for specific categories. The Town's debt is within both the total and categorical limits prescribed in the law. A full presentation of the debt limit calculations can be found in the statistical section of this Comprehensive Annual Financial Report (CAFR).

## 2. Compensated absences

Recorded long-term compensated absences are as follows:

<u>Type of Leave</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Sick paid upon termination	\$ 393,120	\$ 4,359
Vacation	497,207	7,521
Compensatory time	64,565	-
School retirement stipend	298,455	-
Totals	\$ 1,253,347	\$ 11,880

## 3. Pension obligations

*Plan descriptions:* For its participating municipal employees and certain participating School Department employees, the Town of Brunswick contributes to the Consolidated Plan for Participating Local Districts (PLD Plan) a cost-sharing multiple-employer, defined benefit pension plan administered by the Maine Public Employees Retirement System (MainePERS). Teachers and certain other School Department employees also participate in the Maine Public Employees Retirement System (MainePERS) through the State Employee and Teacher Plan (SET Plan), a cost-sharing multiple-employer, defined benefit pension plan with a special funding situation established by the Maine Legislature. The MainePERS is established and administered under Maine law, and the authority to establish and amend benefit provisions rests with the State legislature. The MainePERS issues a publicly available financial report which may be obtained by writing the Maine Public Employees Retirement System, 46 State House Station, Augusta, ME 04333-0046 or at [www.maineopers.org](http://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 (65 for new members to the PLD Plan on or after July 1, 2014). 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. MainePERS

also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD Plan) or by statute (SET Plan).

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

PLD Plan - Employees are required to contribute 8.0%-9.5% of their annual pay depending on the plan they participate in. The Town's contractually required contribution rate for the year ended June 30, 2019, ranged from 5.0%-16.3%, depending on the plan, and came in at an average 11.89% of annual payroll. Contributions to the pension plan from the Town were \$1,203,139 for the year ended June 30, 2019.

SET Plan - Maine statute requires the State to contribute a portion of the Town's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2019, was 15.05% of annual payroll of which 3.97% of payroll was required from the Town and 11.08% was required from the State. Contributions to the pension plan from the Town were \$748,991 for the year ended June 30, 2019.

*Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions:* The net pension liabilities were measured as of June 30, 2018, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The Town's proportion of the net pension liabilities were based on projections of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

PLD Plan - At June 30, 2019, the Town reported a liability of \$5,564,296 for its proportionate share of the net pension liability. At June 30, 2018, the Town's proportion of the PLD Plan was 2.0332%.

SET Plan - At June 30, 2019, the Town reported a liability of \$327,267 for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town 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 Town were as follows:

Town's proportionate share of the net pension liability	\$ 327,267
State's proportionate share of the net pension liability associated with the Town	20,112,311
Total	<u>\$ 20,439,578</u>

At June 30, 2018, the Town's proportion of the SET Plan was 0.0243%.

For the year ended June 30, 2019, the Town recognized pension gain of \$1,334,996 for the PLD Plan and pension expense of \$2,738,285 for the SET Plan. Additionally, the Town recognized revenue of \$2,090,000 for support provided by the State for the SET Plan.

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

**TOWN OF BRUNSWICK, MAINE**      **Notes to Financial Statements**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 17,422	\$ 61,114
Differences between projected and actual investment earnings on pension plan investments	-	1,343,555
Changes of assumptions	888,099	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	132,002	447,761
Town contributions subsequent to the measurement date	1,203,139	-
	<u>\$ 2,240,662</u>	<u>\$ 1,852,430</u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,995	\$ -
Differences between projected and actual investment earnings on pension plan investments	-	42,545
Changes of assumptions	20,586	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	(1)	131,678
Town contributions subsequent to the measurement date	748,991	-
	<u>\$ 779,571</u>	<u>\$ 174,223</u>

A portion of deferred outflows of resources related to pensions, \$1,203,139 for the PLD Plan and \$748,991 for the SET Plan, results from Town contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense</u>	
	<u>PLD Plan</u>	<u>SET Plan</u>
2020	\$ 462,439	\$ (69,289)
2021	(16,084)	(32,636)
2022	(914,015)	(30,287)
2023	(347,247)	(11,431)
	<u>\$ (814,907)</u>	<u>\$ (143,643)</u>

*Actuarial assumptions:* The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	2.75%	2.75%
Salary increases, per year	2.75% to 9.00%	2.75% to 14.5%
Investment return, per annum, compounded annually	6.75%	6.75%
Cost of living benefit increases, per annum	1.91%	2.2%

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 covering the period from June 30, 2012 to June 30, 2015 and the economic assumptions are based on this experience study along with advice of the MainePERS investment consultants.

The long-term expected rate of return on pension plan assets 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 class of assets. 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 Plan's target asset allocation as of June 30, 2018 are summarized in the following table. Assets for each of the defined benefit plans are commingled for investment purposes.

<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 Assets:		
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	<u>10.0%</u>	5.9%
Total	<u>100.0%</u>	

*Discount rate:* The discount rate used to measure the collective total pension liability was 6.75% for 2018 for each of the Plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Town's proportionate share of the net pension liabilities to changes in the discount rate:* The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75% for the PLD Plan and 6.75% for the SET Plan, as well as what the Town'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 PLD Plan and 5.75% for SET Plan) or 1 percentage-point higher (7.75% for PLD Plan and 7.75% for SET Plan) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
<u>PLD Plan</u>			
Town's proportionate share of the net pension liability	\$ 13,114,307	\$ 5,564,296	\$ (1,492,893)
	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
<u>SET Plan</u>			
Town's proportionate share of the net pension liability	\$ 604,789	\$ 327,267	\$ 96,136

*Pension plan fiduciary net position:* Detailed information about the pension plan's fiduciary net position is available in the separately issued MainePERS financial report, which can be obtained from Maine Public Employees Retirement System at [www.mainebers.org](http://www.mainebers.org).

*Payables to the pension plan:* The Town reported no payables to the pension plan as of June 30, 2019.

#### 4. Other postemployment benefits

*Plan Description:* The Town sponsors two post-retirement benefit plans providing group term life insurance to retiring employees. For municipal employees and certain School Department employees the Town 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 (MainePERS). The MainePERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements for each plan. MainePERS issues a publicly available financial report, available at [www.mainebers.org](http://www.mainebers.org).

Additionally, the Town offers two post-retirement benefit plans providing health insurance to retiring employees. For municipal employees, the Town sponsors a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (hereafter referred to as the MMEHT Health Plan). The Town 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*.

For school department personnel, the State 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 (hereafter referred to as MEABT Health Plan). 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:* Under both the PLD and SET OPEB plans, MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan 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.

Under the MMEHT Health Plan, healthcare and life insurance benefits are provided for retirees and their dependents. Town 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 Town 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.



The MEABT Health Plan 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, 2019, the following employees were covered by the benefit terms of the MMEHT and MEABT Health Plans:

	<u>MMEHT Health Plan</u>	<u>MEABT Health Plan</u>
Inactive employees or beneficiaries currently receiving benefits	8	167
Inactive employees entitled to but not yet receiving benefits	-	-
Active employees	123	333
Total	<u>131</u>	<u>500</u>

*Contributions:* Premium rates for both the PLD and SET OPEB plans are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims.

PLD OPEB Plan - The Town 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 Town were \$10,180 for the year ended June 30, 2019. Employees are not required to contribute to the PLD OPEB plan.

SET OPEB Plan - The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the Town were \$57,360 for the year ended June 30, 2019. Employers and employees are not required to contribute to the SET OPEB plan.

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:* The net OPEB liabilities for both the PLD and SET OPEB plans were measured as of June 30, 2018, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of that date. The Town's proportion of the net OPEB liabilities was based on a projection of the Town's long-term share of contributions to the PLD and SET OPEB plans relative to the projected contributions of all participating employers, actuarially determined.

PLD OPEB Plan – At June 30, 2019, the Town reported a liability of \$437,455 for its proportionate share of the net OPEB liability. At June 30, 2018, the Town's proportion was 2.1655%.

SET OPEB Plan – At June 30, 2019, the Town reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the Town was \$628,613 as of June 30, 2019. At June 30, 2018, the Town's proportion was 0.00%.

The Town's total MMEHT Health Plan OPEB liability of \$1,763,610 and was measured as of January 1, 2019 and the Town's total MEABT Health Plan OPEB liability of \$6,210,802 as measured as of June 30, 2018. Both OPEB liabilities were determined by an actuarial valuation as of their corresponding measurement dates.

Changes in Health Plan OPEB Liabilities:

	MMEHT Health Plan OPEB Liability	MEABT Health Plan OPEB Liability
Balance at June 30, 2018	\$ 1,893,785	\$ 6,435,381
Changes for the year:		
Service cost	44,817	41,709
Interest	65,988	227,974
Changes in assumptions	(199,919)	(274,115)
Benefit payments	(41,061)	(220,147)
Net Changes	(130,175)	(224,579)
Balance at June 30, 2019	<u>\$ 1,763,610</u>	<u>\$ 6,210,802</u>

Change in assumptions under the MMEHT Health Plan reflects a change in the discount rate from 3.44% in 2018 to 4.10% in 2019. There were no other changes to data, assumptions and methodology.

Change in assumptions under the MEABT Health Plan reflects a change in the discount rate from 3.58% to 3.87%.

For the year ended June 30, 2019, the Town recognized OPEB expense of \$2,832 for the PLD OPEB Plan. For the year ended June 30, 2019, the Town recognized OPEB expense of \$57,360 and revenues of \$57,360 for support provided by the State related to the SET OPEB plan. At June 30, 2019, the Town reported no deferred outflows of resources nor deferred inflows of resources related to the SET OPEB plan.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,917	\$ -
Differences between projected and actual earnings on OPEB plan investments	-	22,956
Changes of assumptions	28,044	80,720
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	19,334
Town contributions subsequent to the measurement date	10,180	-
	<u>\$ 75,141</u>	<u>\$ 123,010</u>

\$10,180 is reported as deferred outflows of resources related to the PLD OPEB plan resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2020	\$ (18,307)
2021	(18,307)
2022	(18,307)
2023	(13,973)
2024	10,845
	<u>\$ (58,049)</u>

For the year ended June 30, 2019, the Town recognized OPEB expense of \$71,181 related to the MMEHT Health Plan and OPEB gain of \$4,031 related to the MEABT Health Plan. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to the Health Plans from the following sources:

	<u>MMEHT Health Plan</u>		<u>MEABT Health Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,426	\$ -	\$ -
Changes of assumptions or other inputs	166,977	177,706	-	228,429
Town contributions subsequent to the measurement date	-	-	228,028	-
	<u>\$ 166,977</u>	<u>\$ 179,132</u>	<u>\$ 228,028</u>	<u>\$ 228,429</u>

\$228,028 is reported as deferred outflows of resources related to MEABT Health Plan OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Health Plans OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>MMEHT Health Plan</u>	<u>MEABT Health Plan</u>
2020	\$ 1,437	\$ (45,686)
2021	1,437	(45,686)
2022	1,437	(45,686)
2023	1,437	(45,686)
2024	1,437	(45,685)
Thereafter	(19,340)	-
	<u>\$ (12,155)</u>	<u>\$ (228,429)</u>

*Actuarial assumptions:* The total OPEB liabilities in the June 30, 2018 actuarial valuations for both the PLD and SET OPEB plans were determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

	<u>PLD OPEB Plan</u>	<u>SET OPEB Plan</u>
Inflation	2.75%	2.75%
Salary increases, per year	2.75% to 9.00%	2.75% to 14.50%
Investment return, per annum, compounded annually	6.750%	6.750%

Mortality rates for both the PLD and SET OPEB plans 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 valuations for both the PLD and SET OPEB plans were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

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

	MMEHT	
	<u>Health Plan</u>	
Inflation	3.00%	
Salary increases	2.75%	average, including inflation
Discount Rate	4.10%	
Healthcare cost trend rates (applied in FYE 2018 grading over 15 years to 4% per annum)		
Pre-Medicare Medical:	7.90%	
Pre-Medicare Drug:	9.20%	
Medicare Medical:	4.87%	
Medicare Drug:	9.20%	
Retirees' share of the benefit related costs	100.00%	of projected health insurance premiums

Mortality rates for the MMEHT 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, 2019 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.

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

	MEABT	
	<u>Health Plan</u>	
Inflation	Not reported	
Salary increases	2.75% - 14.50%	per year
Discount Rate	3.87%	
Healthcare cost trend rates		
Pre-Medicare:	5.55%	for 2018 grading over 15 years to 3.73%
Medicare:	3.72%	for 2018 grading over 15 years to 2.81%
Retirees' share of the benefit related costs	55.00%	of the blended premium rate with a State subsidy for the remaining 45% of the blended premium rate

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 June 30, 2018 valuation for the MEABT Health Plan were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

The long-term expected rate of return on both PLD and SET OPEB plan 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public Equities	70.0%	6.0%
Real Estate	5.0%	5.2%
Traditional Credit	15.0%	3.0%
US Government Securities	<u>10.0%</u>	2.3%
Total	<u>100.0%</u>	

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

The rate used to measure the total OPEB liability for the SET OPEB plan was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the OPEB plans fiduciary net position was projected to be available to make all future benefit payments to current plan members. Therefore, the long-term expected rate of return on SET OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The discount rate for the MMEHT Health Plan 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 index. Using the Bond Buyer 20-Bond GO Index, the discount rate as of June 30, 2019 is based upon an earlier measurement date, as of December 27, 2018, and is 4.10% per annum.

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

*Sensitivity of the Town's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate:* The following presents the Town's proportionate share of the net PLD OPEB plan liability calculated using the discount rate of 5.13%, as well as what the Town's proportionate share of the net PLD OPEB plan liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.13%) or 1 percentage-point higher (6.13%) than the current rate:

	1% Decrease (4.13%)	Current Discount Rate (5.13%)	1% Increase (6.13%)
Net OPEB liability	\$ 577,944	\$ 437,455	\$ 326,690

Sensitivity of the Town's proportionate share of the net SET OPEB plan liability to the changes in the discount rate are not presented as the Town does not have any liability related to this plan given that the SET OPEB plan is 100% funded by contributions from the State of Maine.

*Sensitivity of the Total Health Plans OPEB Liability to Changes in the Discount Rate:* The following presents the Town's total OPEB liability related to the MMEHT Health Plan calculated using the discount rate of 4.10%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.10%) or 1 percentage-point higher (5.10%) than the current rate:

	1% Decrease (3.10%)	Current Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB liability	\$ 2,079,194	\$ 1,763,610	\$ 1,512,623

The following presents the Town's total OPEB liability related to the MEABT Health Plan calculated using the discount rate of 3.87%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.87%) or 1 percentage-point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	\$ 7,236,763	\$ 6,210,802	\$ 5,388,259

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

	1% Decrease <u>Trend Rates</u>	Healthcare Cost Trend Rates	1% Increase <u>Trend Rates</u>
Total OPEB liability	\$ 1,611,058	\$ 1,763,610	\$ 1,960,698

The following presents the Town's total OPEB liability related to the MEABT Health Plan calculated using the healthcare cost trend rates as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease <u>Trend Rates</u>	Healthcare Cost Trend Rates	1% Increase <u>Trend Rates</u>
Total OPEB liability	\$ 5,347,359	\$ 6,210,802	\$ 7,286,256

*OPEB Plan Fiduciary Net Position:* Detailed information about both the PLD and SET OPEB plan's fiduciary net positions are available in a separately issued MainePERS financial report.

##### 5. Landfill closure and postclosure care cost

Statement No. 18 of the Government Accounting Standards Board (GASB) entitled "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs" requires the Town to record a liability for the estimated costs of landfill closure and postclosure care, as required by governmental authorities. State and federal regulations require that the Town place a final cover on its current operating landfill when waste is no longer accepted, and to perform certain maintenance and monitoring functions at the landfill for a period of thirty years after closure. In addition to operating expenditures related to current activities of the landfill, a related liability is recognized based on the future closure and postclosure care costs that will be paid near or after the date that the landfill stops accepting waste. The Town reports a portion of these closure and postclosure care costs as a liability in the statement of net position based on landfill capacity used as of June 30, 2019.

The actual costs of closure and postclosure care may be higher due to inflation, changes in technology, or changes in laws or regulations. The Town intends to pay for the actual closure and postclosure costs with

funds collected and retained in the solid waste enterprise fund. Where those funds are not sufficient, the Town will look to other funding sources including the pay-as-you-throw enterprise fund, long-term debt, subsidies from the General Fund, and reimbursement from the state under the Maine Landfill Closure and Remediation Program.

The Town has the following solid waste facilities:

*Graham Road Landfill:* This facility was designed with three cells, with construction and use of the individual cells to be phased in over the life of the facility. As of June 30, 2019, the Town estimates the facility has a remaining capacity of 8.81%, or 36,044 tons. The Town estimates the final closure cost for the entire facility to be approximately \$7,830,000, and the total postclosure care costs are estimated at \$2,145,000, which is an average annual cost of \$71,500 for 30 years. Of the total estimated liability, \$9,975,000, the Town estimates that \$9,096,067 is applicable to this facility based on the estimated capacity used as of June 30, 2019.

The landfill operates under strict environmental regulations and its operation is dependent on continued compliance with existing and future regulations. Licensing for operations and wastewater discharge are regulated by two divisions of the Maine Department of Environmental Protection (MDEP): the Bureau of Remediation and Waste Management, and the Bureau of Land and Water Quality.

For several years, the Town has worked with the MDEP Bureau of Land and Water Quality to comply with, or seek waivers from, certain discharge parameters set by the United States Environmental Protection Agency (EPA), including exploring water treatment options. In 2014, while the Town was working on resolving issues with its wastewater license, the Maine DEP Bureau of Remediation and Waste Management notified the Town of concerns about groundwater contamination trends at the landfill. The recorded trends did not require immediate action, but positioned the Town for consideration of landfill closure funding from the State's Landfill Closure and Remediation Program.

Based on its collaboration with MDEP, the Town has actively moved forward with plans for closing the landfill. In October, 2016, the Town received confirmation from the Maine DEP that the landfill closure met the requirements for cost-sharing through the Maine Landfill Closure and Remediation Program, in accordance with 38 MRS §1310-F. Eventual funding could be reimbursement of up to 75% of closure costs after the landfill closure is complete. Reimbursement is contingent both on the Town's compliance with its closure agreement with MDEP, and funds being available within the state program.

In December 2016, the Council authorized the Town Manager to negotiate and execute documents related to the accelerated closure of the landfill. These included an agreement to accept out-of-town trash, and a Schedule of Compliance (SOC) with MDEP, establishing a schedule for cessation of use of the landfill and implementation of a MDEP-approved alternative solid waste management plan. The Town is currently proceeding with the schedule established in the SOC, and is on a timeline to discontinue use of the landfill in April 2021.

The Town has faced potential fines for its failure to comply with wastewater discharge limits and other violations, and while the Town and MDEP were pursuing a collaborative solution, MDEP chose not to pursue enforcement action. MDEP will provide an Administrative Consent Agreement (ACA) to resolve the past violations, and this may include a penalty to the Town. The MDEP's preliminary estimate of this penalty is in the range of \$10,000 to \$12,000, but the final penalty amount will be based on a review by MDEP management, the Office of the Attorney General, and discussions with the Town.

*Wood & Masonry Landfill:* This facility ceased operations on October 29, 2005. Work to close the facility in accordance with Maine Department of Environmental Protection guidelines was completed as of September 1, 2006. Of the total liability estimated for landfill closure and postclosure care as of June 30, 2019, the Town estimates that \$72,000 is applicable to this facility. This represents annual monitoring at \$4,000 per year for 18 years. The portion of the liability reported as due within one year is \$4,000.

**F. Changes in Long-term Liabilities**

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

	Balance June 30, 2018 (as restated)	Additions	Deductions	Balance June 30, 2019	Due Within One Year
<u>Governmental Activities</u>					
Bonds payable:					
General obligation	\$ 21,975,669	\$ -	\$(2,252,840)	\$ 19,722,829	\$ 2,090,520
Plus premium on bonds	145,836	-	(21,458)	124,378	21,458
Compensated absences	1,464,836	796,569	(1,008,058)	1,253,347	443,720
Other postemployment benefits	8,700,975	-	(289,108)	8,411,867	-
Net pension liability	8,932,380	-	(3,040,817)	5,891,563	-
	<u>\$ 41,219,696</u>	<u>\$ 796,569</u>	<u>\$(6,612,281)</u>	<u>\$ 35,403,984</u>	<u>\$ 2,555,698</u>
	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019	Due Within One Year
<u>Business-type Activities</u>					
Compensated absences	\$ 14,162	\$ 10,793	\$ (13,075)	\$ 11,880	\$ 11,880
Landfill closure and postclosure care	8,775,715	396,352	(4,000)	9,168,067	4,000
	<u>\$ 8,789,877</u>	<u>\$ 407,145</u>	<u>\$ (17,075)</u>	<u>\$ 9,179,947</u>	<u>\$ 15,880</u>

As a result of the implementation of the Government Accounting Standards Board Statement 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Town has restated the June 30, 2018 other postemployment (OPEB) liability balance. In the fiscal year ended June 30, 2019, the Town received information on the implicit liability for retiree health insurance through the Maine Education Association Benefits Trust (MEABT). The change as of June 30, 2018 consists of a \$6,435,381 increase of net OPEB liability. This increase, and the corresponding \$220,147 increase in deferred outflows of resources, resulted in a decrease of the Town's June 30, 2018 net position by \$6,215,234.

For the governmental activities, compensated absences, net pension and OPEB obligations are generally liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the Solid Waste Facilities Fund. General government bonds payable are predominantly paid from the General Fund, with a portion paid from the TIF fund.



**G. Components of Fund Balances**

The components of the June 30, 2019 fund balance are as follows:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Advances to other funds	\$ 727,778	\$ -	\$ -	\$ -
Inventories and deposits	39,392	-	-	-
Education purposes	-	2,431,962	-	-
State road assistance funds	-	79,399	-	-
State revenue sharing funds	-	223,452	-	-
Encumbrances	-	-	-	143,588
Budget appropriation	-	-	-	500,000
Budget amendments and advances	-	-	-	1,530,000
Supplemental appropriations	-	-	-	902,500
Compensated absences	-	-	-	369,106
Tax increment financing	-	734,235	-	-
Capital projects funds:				
Advances and deposits	50,000	-	-	-
Restricted capital project funding	-	548,111	-	-
Appropriated for capital projects	-	-	1,746,370	-
Special revenue funds:				
Recreation programs	-	-	372,998	-
Town restricted programs	-	206,933	180,911	-
School restricted programs	20,918	74,999	-	-
Permanent funds	590,733	3,830	-	-
Total	\$ 1,428,821	\$ 4,302,921	\$ 2,300,279	\$ 3,445,194

The Town has a Fund Balance Policy for the General Fund. The policy lists criteria to be used in establishing a minimum fund balance target and sets the minimum *unassigned* fund balance at 16.67% of annual GAAP revenues. At June 30, 2019, the Town's unassigned fund balance was at 19.06% of revenues. The policy states that amounts in excess of the target balance shall be used for capital improvements or other one-time expenditures as approved by the Town Council.

**H. Interfund Balances**

Interfund balances are composed of two types – advances and due to/due from balances. The advances are interfund loans, and are anticipated to be eliminated as funds are received from appropriations or other sources. The due to/from balances result from receipts and disbursements being made through the consolidated cash accounts held by the General Fund. These balances will be eliminated when cash transfers are made to the appropriate funds.

**1. Advances to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Improvement Projects	\$ 727,778

Of the \$727,778 advances to the Capital Improvement Projects Fund, \$90,816 will be repaid through the School Department 2019-20 budget, and the remaining \$636,962 will be repaid with TIF revenues or general fund balance over the next several years.

2. Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	School Restricted Fund	\$ 451,271
General Fund	New Elementary School Fund	8,902,230
		<u>\$ 9,353,501</u>
Tax Increment Financing	General Fund	\$ 734,235
Recreation Program Funds	General Fund	4,350
Town Restricted Funds	General Fund	350,205
Public Works Projects	General Fund	495,994
Capital Reserve Fund	General Fund	1,089,658
Capital Improvement Projects	General Fund	170,692
Private-purpose Trust Funds	General Fund	37,011
Enterprise Funds	General Fund	8,253
Internal Service Fund	General Fund	102,158
		<u>\$ 2,992,556</u>

I. **Interfund transfers**

	<u>Transfers In:</u>			<u>Total transfers out</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Enterprise Funds</u>	
<u>Transfers Out:</u>				
General Fund	\$ -	\$ 2,881,118	\$ 225,000	\$ 3,106,118
Tax Increment Financing	600,000	85,000	-	685,000
Total Transfers In	<u>\$ 600,000</u>	<u>\$ 2,966,118</u>	<u>\$ 225,000</u>	<u>\$ 3,791,118</u>

Of the \$3,106,118 transferred out of the General Fund, \$2,750,198 was made for a variety of capital projects. The largest of these include \$975,958 for the Capital Reserve Fund, \$974,240 for the Capital Improvement Fund, and \$800,000 for the Street Resurfacing Program and Sidewalk Program. The \$225,000 transfer to Enterprise Funds represents General Fund subsidies of the Graham Road Landfill operations of \$150,000 and the Train Station/Visitors Center of \$75,000. Of the remaining \$130,920, \$126,420 was the annual subsidy of the school cafeteria, within the School Restricted programs, and \$4,500 was the annual contribution to the Memorial Day program to match small grants.

Transfers in to the General Fund include a combined transfer of \$600,000 from the Tax Increment Financing Districts. Of the \$600,000 transferred in to the General Fund, \$150,000 was used to subsidize the Capital Reserve Fund for police and fire vehicles, \$100,000 was used to support a portion of the Street Resurfacing Program for qualified road work, \$100,000 funded the Brunswick Downtown Association appropriation, \$62,356 was used to offset professional and admin costs, \$112,644 was used to support transit projects, and the remaining \$75,000 went to fund the train station and visitors center operations.

J. **Donor-restricted Endowments**

The Town maintains several permanent funds and private-purpose trust funds with donor-restricted endowments. Prior to 2017-18, the Town's spending policy for these funds authorized only interest and dividends on investments, less fees, for spending. Any appreciation on investments was added to the original endowment and was not authorized for spending. Beginning in 2017-18, the Town received approval from the State Attorney General to manage the funds in accordance with the Uniform Prudent

Management Act (UPMIFA). The Trust Fund Advisory Committee adopted an Investment Policy Statement which outlines investment objectives and constraints, and annual disbursement guidelines. For 2018-19, the Trust Fund Advisory Committee recommended spending levels at 4.5% of the 20-quarter rolling average balance of the funds.

## **V. OTHER INFORMATION**

### **A. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and other risks for which the Town and its School Department carry insurance. There have been no significant changes in insurance coverage during the past fiscal year. For the three fiscal years ended June 30, 2019, 2018 and 2017, there have been no settlements in excess of coverage.

The Town belongs to the Maine Municipal Association (MMA) Property and Casualty Pool, for most of its municipal property and liability exposures. The Town's School Department, which obtains coverage separately from the remainder of Town government, continues to insure most of its exposures with a commercial insurance underwriter.

For worker's compensation, both the Town and its School Department participate in the Maine Municipal Association (MMA) Worker's Compensation Pool.

If the assets of either the MMA Property and Casualty Pool or the Worker's Compensation Pool are at any time actuarially determined to be insufficient to enable either pool to discharge its legal liability and other obligations and to maintain actuarially sound reserves, either pool has the power to make up the deficiency by the levy of a prorated assessment upon its members for the amount needed to make up the deficiency. There has been no such deficiency in the past three years. Management believes that no such deficiency exists at June 30, 2019.

Further information including financial statements for the Maine Municipal Association Pools may be obtained from MMA Risk Management Services, 60 Community Drive, P.O. Box 9109, Augusta, ME 04332.

### **B. Contingencies**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although, except for the items mentioned in the following paragraph, the Town expects such amounts, if any, to be immaterial.

There are various claims and suits pending against the Town that arise in the normal course of the Town's activities. In the opinion of counsel and Town management, the ultimate disposition of these various claims and suits will have no material effect on the financial position of the Town.

### **C. Deferred Compensation Plan**

The Town offers its non-school employees a deferred compensation plan (the "Plan"), created in accordance with Internal Revenue Code Section 457. The Plan, available to all non-school employees, permits the employees to defer a portion of their salary until future years. All assets and income of the Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

**D. Overlapping Debt**1. Cumberland County

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment. The Town's share is determined as the percentage of its equalized state valuation of the total equalized state valuation of all municipalities in the County. At June 30, 2019, the Town's equalized state valuation of \$2,319,900,000 was 4.95% of the County's equalized state valuation of \$46,892,350,000. The Town's share of Cumberland County's principal debt as of June 30, 2019 is \$1,874,726 or 4.95% of the total outstanding long-term County debt of \$37,893,997.

2. Maine Region 10 Technical High School

The Town of Brunswick is a participant along with Regional School Unit 5 (RSU 5) and Regional School Unit 75 (RSU 75) in a joint venture to operate Maine Region 10 Technical High School (MR10). MR10 was established by a cooperative agreement pursuant to Maine law to deliver a program of vocational education to students of the member units. As of June 30, 2019, MR10 held no outstanding debt obligations. Should MR10 authorize and issue debt in the future, the Town of Brunswick's share of MR10's debt is 38.29%. See the "Joint Venture" footnote for additional information.

**E. Quasi-municipal Debt**

Two districts, as quasi-municipal entities, provide certain services to their respective customers, most of whom are within the territorial boundaries of the Town of Brunswick. Although the indebtedness of these districts is not an obligation of the Town nor is it guaranteed by the Town, many of the ratepayers of the districts are also taxpayers of the Town.

The following disclosure as of June 30, 2019 is provided as an indication of the combined debt burden of the constituent ratepayer/taxpayer base.

	Total Principal Debt	% Applicable to Brunswick	Amt Applicable to Brunswick
Brunswick and Topsham Water District	\$ 9,577,638	66.67%	\$ 6,385,411
Brunswick Sewer District	21,819,404	100.00%	21,819,404
Total	<u>\$ 31,397,042</u>		<u>\$ 28,204,815</u>

**F. Joint Venture**

The Town of Brunswick is a participant along with Regional School Unit 5 (RSU 5) and Regional School Unit 75 (RSU 75) in a joint venture to operate Maine Region 10 Technical High School (MR10). MR10 was established by a cooperative agreement pursuant to Maine law to deliver a program of vocational education to students of the member units. MR10 is governed by a nine-member board of directors. The Town of Brunswick has four members, RSU 75 has three members, and RSU 5 has two members. However, the votes for each board member are weighted according to population determined by the most recent Federal Decennial Census.

With the exception of direct federal and state revenues, balances, and other miscellaneous receipts, MR10 funds its operations, debt service requirements and other programs through an annual assessment to each of the member units. The assessments are also based on the population of the units as determined by the most recent Federal Decennial Census. Each member unit must also approve its assessment through its own budgetary process. The Town of Brunswick currently has an on-going financial responsibility to fund 38.29% of MR10's budget. For the year ended June 30, 2019, the total budget of MR10 was \$2,589,752. After MR10 deducted state subsidies, certain balances and miscellaneous revenues, the Town of Brunswick was assessed and paid \$152,697. At June 30, 2019, MR10 held no outstanding debt obligation balances. Should MR10 authorize and issue debt in the future, the Town of Brunswick's share of MR10's

debt is 38.29%. A copy of MR10's audited financial statements may be obtained from Maine Region 10 Technical High School, 68 Church Road, Brunswick, Maine 04011.

### G. Credit Enhancement Agreements

GASB Statement 77, *Tax Abatement Disclosures*, defines 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". While not called 'tax abatements', the Town of Brunswick does currently have certain Credit Enhancement Agreements (CEAs) which fit this definition.

The Town of Brunswick has entered into several Credit Enhancement Agreements (CEAs) with individual organizations as permitted within its five Tax Increment Financing (TIF) District development programs, established under the State of Maine Title 30-A M.R.S. § 5221-5235. The CEAs outline conditions for the reimbursement of a percentage of the tax revenues generated through the increased values of certain parcels within the district. The agreements and payments are intended to promote economic development through real estate development and job creation, as well as infrastructure improvements and business incentives within the former Brunswick Naval Air Station. Based on compliance with the terms of the agreement, and the calculation methods established in the CEAs, the Town returns to the organization a portion of the taxes paid.

On June 30, 2019, the Town had three executed CEAs. For the purpose of calculating CEA payments to the Midcoast Regional Redevelopment Authority (MRRA), the Brunswick Landing and Brunswick Executive Airport TIF Districts are administered together. For the fiscal year ended June 30, 2019, the Town remitted a total of \$962,138 in Credit Enhancement payments. Though only the MRRA payment exceeded 10 percent of the total amount paid, we have chosen to report on all three CEAs as follows:

<u>TIF District</u>	<u>Beginning; Duration</u>	<u>CEA Entity</u>	<u>CEA reimbursement basis</u>	<u>Amount paid during the fiscal year</u>
Downtown Development	2011-12; 10 years	JHR Development of Maine	TIF revenues on one parcel: five years at 100%, two years at 80%, two years at 70%, final year at 50%	\$ 56,658
Molnlycke Manufacturing	2013-14; 20 years	Molnlycke Manufacturing, LLC	TIF revenues on one parcel: 35% - 55% based on employment levels	98,029
Brunswick Landing & Brunswick Executive Airport	2013-14; 30 years	Midcoast Regional Redevelopment Authority	Up to 50% of TIF revenues within districts; for use on authorized projects; 30 year total capped at \$15 million.	807,451
				<u>\$ 962,138</u>

The Town has proposed an amendment to the Molnlycke TIF District which changes the name to the Seahawk Omnibus Municipal Development and TIF District, and allows for additional Credit Enhancement Agreements within the district. The amendment includes a CEA with Natural Selection, Inc., DBA Wild Oats Bakery & Café.

## H. Construction and Other Significant Commitments

As of June 30, 2019, the Town had various contractual commitments. The significant commitments are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Retainage Held</u>	<u>Remaining Commitment</u>
Elementary School Architect Contract	\$ 1,294,737	\$ -	\$ 227,500
Elementary School Construction	9,039,603	473,769	10,949,434
Brunswick High School Track	161,826	-	762,813
Cooks Corner Connector Road	1,263,466	66,498	932,282
	<u>\$ 11,759,632</u>	<u>\$ 540,267</u>	<u>\$ 12,872,029</u>

Upon performance by the vendor in the next year, the encumbrances associated with these commitments are expected to be honored from the following funds:

<u>Governmental Fund</u>	<u>Contract balances</u>
New Elementary School Bond Fund	\$ 11,176,934
Other Governmental Funds	1,695,095
	<u>\$ 12,872,029</u>

## I. Subsequent Events

*Budget Amendment* – On August 5, 2019, the Town Council adopted “A Resolution Amending the Municipal Budget for the Period July 1, 2019 to June 30, 2020”. Subsequent to the adoption of the Town’s 2019-20 budget, the Maine Legislature adopted a budget for the State of Maine. The adopted State budget increased the amount of State funding to be distributed to the municipalities through the State Revenue Sharing Program. The Town’s budget amendment recognized an additional \$350,000 in Revenue Sharing, increased the appropriations for street resurfacing/rehabilitation and the contingency reserve by \$100,000 and \$35,000, respectively, and decreased the amount to be raised from property taxes by \$215,000. The amendment was projected to decrease the 2019-20 tax rate increase by one-half percent, from 4.97% to 4.49%.

*TIF Amendment* – On October 21, 2019, the Town Council approved a resolution “Adopting the Amended and Restated Molnlycke Manufacturing Municipal Development and Tax Increment Financing District Development Program (to be renamed the “Seahawk Omnibus Municipal Development and Tax Increment Financing District Development Program”)”. By adding omnibus capacity to the district, the development program allows credit enhancement agreements (CEAs) to be used to attract new business and encourage business expansion. The amended development program includes the parameters for a CEA to Natural Selection Inc. DBA Wild Oats Bakery & Cafe, which is relocating and expanding its downtown business to Brunswick Landing. Following Town Council adoption, the Town submits the TIF amendment to the Maine Department of Economic and Community Development for final approval.



## REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of Changes in the Total Health Plan OPEB Liability and Related Ratios

Schedule of Proportionate Share of the Net OPEB Liability

Schedule of OPEB Contributions

Notes to Required Supplementary Information



# Required Supplementary Information

## TOWN OF BRUNSWICK, MAINE Schedule of Proportionate Share of the Net Pension Liability Last Ten Fiscal Years\*

### Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)

	<u>2019**</u>	<u>2018**</u>	<u>2017**</u>	<u>2016**</u>	<u>2015**</u>
<b><u>PLD Plan</u></b>					
Town's proportion of the net pension liability	2.03%	2.07%	2.15%	2.28%	2.30%
Town's proportionate share of the net pension liability	\$ 5,564,296	\$ 8,470,270	\$ 11,433,992	\$ 7,269,492	\$ 3,536,451
Town's covered payroll	9,869,991	9,780,190	9,672,593	9,702,984	9,245,552
Town's proportion share of the net pension liability as a percentage of its covered payroll	56.38%	86.61%	118.21%	74.92%	38.25%
Plan fiduciary net position as a percentage of the total pension liability	91.14%	86.43%	81.61%	88.27%	94.10%
<b><u>SET Plan</u></b>					
Town's proportion of the net pension liability	0.02%	0.03%	0.04%	0.04%	0.04%
Town's proportionate share of the net pension liability	\$ 327,267	\$ 462,110	\$ 779,097	\$ 521,645	\$ 426,374
State's proportionate share of the net pension liability associated with the Town	<u>20,112,311</u>	<u>20,957,681</u>	<u>24,285,768</u>	<u>18,852,281</u>	<u>15,095,418</u>
Total	<u>\$ 20,439,578</u>	<u>\$ 21,419,791</u>	<u>\$ 25,064,865</u>	<u>\$ 19,373,926</u>	<u>\$ 15,521,792</u>
Town's covered payroll	\$ 18,315,139	\$ 17,450,661	\$ 16,136,902	\$ 15,980,002	\$ 15,644,285
Town's proportion share of the net pension liability as a percentage of its covered payroll	1.79%	2.65%	4.83%	3.26%	2.73%
Plan fiduciary net position as a percentage of the total pension liability	82.90%	80.78%	76.21%	81.18%	83.91%

\* Only five years of information available.

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

See accompanying notes to required supplementary information.



**Required Supplementary Information, Continued**

**TOWN OF BRUNSWICK, MAINE  
Schedule of Pension Contributions  
Last Ten Fiscal Years\***

<b>Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)</b>						
	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>
<b><u>PLD Plan</u></b>						
Contractually required contribution	\$ 1,203,139	\$ 1,128,830	\$ 1,060,357	\$ 1,009,803	\$ 931,375	\$ 796,662
Contributions in relation to the contractually required contribution	<u>(1,203,139)</u>	<u>(1,128,830)</u>	<u>(1,060,357)</u>	<u>(1,009,803)</u>	<u>(931,375)</u>	<u>(796,662)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Town's covered payroll	\$ 10,122,031	\$ 9,869,991	\$ 9,780,190	\$ 9,672,593	\$ 9,702,984	\$ 9,245,552
Contributions as a percentage of covered payroll	11.89%	11.44%	10.84%	10.44%	9.60%	8.62%
 <b><u>SET Plan</u></b>						
Contractually required contribution	\$ 748,991	\$ 727,111	\$ 586,342	\$ 542,200	\$ 423,470	\$ 414,573
Contributions in relation to the contractually required contribution	<u>(748,991)</u>	<u>(727,111)</u>	<u>(586,342)</u>	<u>(542,200)</u>	<u>(423,470)</u>	<u>(414,573)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Town's covered payroll	\$ 18,866,276	\$ 18,315,139	\$ 17,450,661	\$ 16,136,902	\$ 15,980,002	\$ 15,644,285
Contributions as a percentage of covered payroll	3.97%	3.97%	3.36%	3.36%	2.65%	2.65%

\* Only six years of information available.

*See accompanying notes to required supplementary information.*

**Required Supplementary Information, Continued**

**TOWN OF BRUNSWICK, MAINE**  
**Schedule of Changes in the Total Health Plan OPEB Liability and Related Ratios**  
**Last Ten Fiscal Years**

**Maine Municipal Employees Health Trust (MMEHT)**

	<u><b>2019</b></u>	<u><b>2018</b></u>
<b><u>Total MMEHT Health Plan OPEB Liability*</u></b>		
Service cost	\$ 44,817	\$ 35,837
Interest	65,988	61,834
Differences between expected and actual experience	-	(1,834)
Changes of assumptions or other inputs	(199,919)	214,685
Benefit payments	<u>(41,061)</u>	<u>(33,157)</u>
Net change in Total MMEHT Health Plan OPEB liability	(130,175)	277,365
 Total MMEHT Health Plan OPEB liability - beginning	 <u>1,893,785</u>	 <u>1,616,420</u>
Total MMEHT Health Plan OPEB liability - ending	<u><b>\$ 1,763,610</b></u>	<u><b>\$ 1,893,785</b></u>
 Covered-employee payroll	 \$ 6,629,170	 \$ 6,629,170
Total MMEHT Health Plan OPEB liability as a percentage of covered-employee payroll	26.60%	28.57%

**Maine Education Association Benefit Trust (MEABT)**

	<u><b>2019***</b></u>
<b><u>Total MEABT Health Plan OPEB Liability**</u></b>	
Service cost	\$ 41,709
Interest	227,974
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	(274,115)
Benefit payments	<u>(220,147)</u>
Net change in Total Health Plan OPEB liability	(224,579)
 Total Health Plan OPEB liability - beginning	 <u>6,435,381</u>
Total Health Plan OPEB liability - ending	<u><b>\$ 6,210,802</b></u>
 Covered-employee payroll	 \$ 15,682,183
Total MEABT Health Plan OPEB liability as a percentage of covered-employee payroll	39.60%

\* Only two years of information available.

\*\* Only one year of information available.

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

*See accompanying notes to required supplementary information.*

**Required Supplementary Information, Continued**

**TOWN OF BRUNSWICK, MAINE  
Schedule of Proportionate Share of the Net OPEB Liability  
Last Ten Fiscal Years\***

**Maine Public Employees Retirement System Consolidated Plan (PLD)  
and State Employee and Teacher Plan (SET)**

<b><u>PLD OPEB Plan</u></b>	<b><u>2019**</u></b>	<b><u>2018**</u></b>
Town's proportion of the net OPEB liability	2.17%	2.22%
Town's proportionate share of the net OPEB liability	\$ 437,455	\$ 371,809
Town's covered-employee payroll	\$ 5,143,649	\$ 5,129,533
Town's proportionate share of net OPEB liability as a percentage of covered-employee payroll	8.50%	7.25%
Plan fiduciary net position as a percentage of the net OPEB liability	43.92%	47.42%
<b><u>SET OPEB Plan</u></b>		
Town's proportion of the net OPEB liability	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>628,613</u>	<u>572,376</u>
Total	<u>\$ 628,613</u>	<u>\$ 572,376</u>
Plan fiduciary net position as a percentage of the net OPEB liability	48.04%	47.29%

\* Only two years of information available.

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

See accompanying notes to required supplementary information.

**Required Supplementary Information, Continued**

**TOWN OF BRUNSWICK, MAINE  
Schedule of OPEB Contributions  
Last Ten Fiscal Years\***

**Maine Public Employees Retirement System Consolidated Plan (PLD)**

<b><u>PLD OPEB Plan</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Contractually required contribution	\$ 10,180	\$ 11,301	\$ 9,923
Contributions in relation to the contractually required contribution	<u>10,180</u>	<u>11,301</u>	<u>9,923</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 4,983,338	\$ 5,143,649	\$ 5,129,533
Contributions as a percentage of covered-employee payroll	0.20%	0.22%	0.19%

\* Only three years of information available.

*See accompanying notes to required supplementary information.*

**Net Pension Liability –****Changes of benefit terms**

There were no changes in benefit terms in the Maine Public Employees Retirement System Plans.

**Changes of assumptions**

The following are changes in actuarial assumptions used in the most recent valuations:

	Actuarial Assumptions*		
	June 30, 2018	June 30, 2016	June 30, 2015
Discount rate – PLD	6.750%	6.875%	7.125%
Discount rate – SET	6.750%	6.875%	7.125%
Inflation rate	2.75%	2.75%	3.50%
Salary increases – PLD	2.75 - 9.00%	2.75 - 9.00%	3.50 - 9.50%
Salary increases – SET	2.75 - 14.50%	2.75 - 14.50%	3.50 - 13.50%
Cost of living increases – PLD	1.91%	2.20%	2.55%
Cost of living increases – SET	2.20%	2.20%	2.55%

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

**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.

**Net OPEB Liability –****Changes of benefit terms**

None related to the PLD and SET OPEB plans nor the MMEHT Health Plan and MEABT Health Plan.

**Changes of assumptions**

Under the PLD and SET OPEB plans, the discount rate was reduced from 6.875% to 6.75% for each plan. Under the MMEHT and MEABT Health Plans, changes of assumptions and other inputs reflect the changes in the discount rate each period. The following are the discount rates used in each period:

<u>Year Ending June 30,</u>	<u>MMEHT</u>	<u>MEABT</u>
	<u>Health Plan</u>	<u>Health Plan</u>
2019	4.10%	3.87%
2018	3.44%	3.58%
2017	3.78%	

The first valuation was performed under the MEABT Health Plan. The changes that are provided in the deferred inflows and outflows are related to the change in the discount rate between the beginning of the measurement date and the end of the measurement date. No other changes in assumptions were made.

# **NONMAJOR GOVERNMENTAL FUNDS**

## **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific revenues that are legally restricted or committed to expenditure for particular purposes.

Special revenue funds have been established for the following purposes:

### **Recreation Programs**

To account for all user-supported recreation programs.

### **Town Restricted Programs**

To account for grants and other programs where revenues are restricted for a specific purpose.

### **School Restricted Programs**

To account for grants and other programs where revenues are restricted for a specific purpose related to educational expenditures.

## **CAPITAL PROJECTS FUNDS**

Capital projects funds are used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds.

Capital projects funds have been established for the following purposes:

### **Impact Fees**

To account for a variety of capital improvements for which an impact fee has been levied to fund all or a portion of the improvement. The fees are collected through the Town's site development and subdivision review process.

### **Public Works Projects**

To account for public works projects related to street resurfacing and sidewalk repair.

### **Capital Reserves**

To account for vehicle and equipment replacement, facilities maintenance projects, and cable TV/information technology projects.

### **Capital Improvement Projects**

To account for capital projects that are supported by appropriations and/or advances from the General Fund or donations from private or public sources.

### **2017 Bond Fund**

To account for capital projects funded by long-term debt obligations (the only ongoing capital projects for fiscal year ended June 30, 2019 were the Property Revaluation and Town Hall Exterior Trim projects. All other projects had been completed before fiscal 2019):

*Nancy Drive, Patricia Road and Pierce Lane* – Storm drain improvements on Nancy Drive, and reconstruct Nancy Drive, Patricia Road and Pierce Lane.

*HVAC upgrade for Emerson Station* – Acquisition and installation of heating, ventilation, cooling, and related improvements to Emerson Station.

*Property Revaluation* – Complete reappraisal and revaluation of all taxable and tax-exempt real property in the Town of Brunswick.

*Brunswick High School Boiler* – Replacement and upgrade of the boiler and domestic hot water system at the high school.

*Town Hall Exterior Trim* – Project to remove and replace exterior trim elements on the Brunswick Town Hall.

## **PERMANENT FUNDS**

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

Permanent funds have been established for the following purposes:

### **Education Funds:**

Brunswick School Fund

This fund was established to be used by the school department.

Brunswick High Class of 1920 Fund

This fund was established for the purpose of purchasing books for the Brunswick High School Library.

### **Community Improvements Fund:**

Joshua Chamberlain Fund

This fund was established for the maintenance of the Joshua Chamberlain Statue.

### **Recreation and Cultural Fund:**

Nathaniel Davis Recreation Fund

This fund was established to provide funds each year for the pleasure of the inhabitants of the Town of Brunswick as the government of Brunswick shall decide.

### **Social Services Fund:**

George H. and Josephine Runnels Underprivileged Children's Fund

This fund was established for the benefit of underprivileged children of the Town of Brunswick.

**TOWN OF BRUNSWICK, MAINE**  
**Combining Balance Sheet**  
**All Other Governmental Funds**  
**June 30, 2019**

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Project Funds</u>	<u>Nonmajor Permanent Funds</u>	<u>Total Other Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 535,990	\$ 566,097	\$ 15,427	\$ 1,117,514
Investments	-	-	579,043	579,043
Receivables:				
Accounts	18,628	-	-	18,628
Intergovernmental	694,347	192,324	-	886,671
Deposits	-	50,000	-	50,000
Inventory	20,918	-	-	20,918
Due from other funds	354,555	1,756,344	-	2,110,899
Total assets	<u>\$ 1,624,438</u>	<u>\$ 2,564,765</u>	<u>\$ 594,470</u>	<u>\$ 4,783,673</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 44,900	\$ 721,700	\$ -	\$ 766,600
Retainage payable	-	66,498	-	66,498
Accrued payroll	124,864	-	-	124,864
Unearned revenue	146,644	-	-	146,644
Due to other funds	451,271	-	-	451,271
Advances from other funds	-	727,778	-	727,778
Total liabilities	<u>767,679</u>	<u>1,515,976</u>	<u>-</u>	<u>2,283,655</u>
Fund balances (deficits):				
Nonspendable	20,918	50,000	590,733	661,651
Restricted	281,932	548,111	3,830	833,873
Committed	553,909	1,746,370	-	2,300,279
Unassigned	-	(1,295,692)	(93)	(1,295,785)
Total fund balances	<u>856,759</u>	<u>1,048,789</u>	<u>594,470</u>	<u>2,500,018</u>
Total liabilities and fund balances	<u>\$ 1,624,438</u>	<u>\$ 2,564,765</u>	<u>\$ 594,470</u>	<u>\$ 4,783,673</u>



**TOWN OF BRUNSWICK, MAINE**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**All Other Governmental Funds**  
**For the year ended June 30, 2019**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Project Funds</b>	<b>Nonmajor Permanent Funds</b>	<b>Total Other Governmental Funds</b>
<b>REVENUES</b>				
Intergovernmental	\$ 2,154,120	\$ 758,968	\$ -	\$ 2,913,088
Investment income	-	-	22,560	22,560
Charges for services	1,996,505	-	-	1,996,505
Interest	12,824	12,994	-	25,818
Donations	123,425	90,226	-	213,651
Other	-	6,575	-	6,575
Total revenues	<u>4,286,874</u>	<u>868,763</u>	<u>22,560</u>	<u>5,178,197</u>
<b>EXPENDITURES</b>				
Current:				
General government	691,151	-	2,246	693,397
Public safety	93,076	-	-	93,076
Public works	11,919	-	-	11,919
Education	3,220,730	-	654	3,221,384
Recreation and culture	493,311	-	21,903	515,214
Capital outlay	-	4,500,511	-	4,500,511
Total expenditures	<u>4,510,187</u>	<u>4,500,511</u>	<u>24,803</u>	<u>9,035,501</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(223,313)</u>	<u>(3,631,748)</u>	<u>(2,243)</u>	<u>(3,857,304)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from other funds	130,920	2,835,198	-	2,966,118
Total other financing sources (uses)	<u>130,920</u>	<u>2,835,198</u>	<u>-</u>	<u>2,966,118</u>
Net changes in fund balances	(92,393)	(796,550)	(2,243)	(891,186)
Fund balances, beginning of year	949,152	1,845,339	596,713	3,391,204
Fund balances, end of year	<u>\$ 856,759</u>	<u>\$ 1,048,789</u>	<u>\$ 594,470</u>	<u>\$ 2,500,018</u>

**TOWN OF BRUNSWICK, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2019**

	<u>Recreation Programs</u>	<u>Town Restricted Programs</u>	<u>School Restricted Programs</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 528,077	\$ 7,913	\$ -	\$ 535,990
Receivables:				
Accounts	2,301	11,002	5,325	18,628
Intergovernmental	-	32,043	662,304	694,347
Inventory	-	-	20,918	20,918
Due from other funds	4,350	350,205	-	354,555
Total assets	<u>\$ 534,728</u>	<u>\$ 401,163</u>	<u>\$ 688,547</u>	<u>\$ 1,624,438</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 8,092	\$ 12,584	\$ 24,224	\$ 44,900
Accrued payroll	13,036	735	111,093	124,864
Unearned revenue	140,602	-	6,042	146,644
Due to other funds	-	-	451,271	451,271
Total liabilities	<u>161,730</u>	<u>13,319</u>	<u>592,630</u>	<u>767,679</u>
Fund balances:				
Nonspendable	-	-	20,918	20,918
Restricted	-	206,933	74,999	281,932
Committed	372,998	180,911	-	553,909
Total fund balances	<u>372,998</u>	<u>387,844</u>	<u>95,917</u>	<u>856,759</u>
Total liabilities and fund balances	<u>\$ 534,728</u>	<u>\$ 401,163</u>	<u>\$ 688,547</u>	<u>\$ 1,624,438</u>

**TOWN OF BRUNSWICK, MAINE**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the year ended June 30, 2019**

	<u>Recreation Programs</u>	<u>Town Restricted Programs</u>	<u>School Restricted Programs</u>	<u>Totals</u>
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 577,836	\$ 1,576,284	\$ 2,154,120
Charges for services	512,146	14,091	1,470,268	1,996,505
Interest	12,634	190	-	12,824
Donations	-	48,365	75,060	123,425
Total revenues	<u>524,780</u>	<u>640,482</u>	<u>3,121,612</u>	<u>4,286,874</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	691,151	-	691,151
Public safety	-	93,076	-	93,076
Public works	-	11,919	-	11,919
Education	-	-	3,220,730	3,220,730
Recreation and culture	491,327	1,984	-	493,311
Total expenditures	<u>491,327</u>	<u>798,130</u>	<u>3,220,730</u>	<u>4,510,187</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33,453</u>	<u>(157,648)</u>	<u>(99,118)</u>	<u>(223,313)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfer from other funds	-	4,500	126,420	130,920
Total other financing sources	<u>-</u>	<u>4,500</u>	<u>126,420</u>	<u>130,920</u>
Net changes in fund balances	33,453	(153,148)	27,302	(92,393)
Fund balances, beginning of year	<u>339,545</u>	<u>540,992</u>	<u>68,615</u>	<u>949,152</u>
Fund balances, end of year	<u>\$ 372,998</u>	<u>\$ 387,844</u>	<u>\$ 95,917</u>	<u>\$ 856,759</u>

**TOWN OF BRUNSWICK, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**June 30, 2019**

	Impact Fees	Public Works Projects	Capital Reserve Fund	Capital Improvement Projects	2017 Bond Fund	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ 548,111	\$ -	\$ -	\$ -	\$ 17,986	\$ 566,097
Receivables:						
Intergovernmental	-	-	-	192,324	-	192,324
Deposits	-	-	-	50,000	-	50,000
Due from other funds	-	495,994	1,089,658	170,692	-	1,756,344
Total assets	<u>\$ 548,111</u>	<u>\$ 495,994</u>	<u>\$ 1,089,658</u>	<u>\$ 413,016</u>	<u>\$ 17,986</u>	<u>\$ 2,564,765</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ -	\$ 38,286	\$ 4,451	\$ 678,963	\$ -	\$ 721,700
Retainage payable	-	-	-	66,498	-	66,498
Advances from other funds	-	-	-	727,778	-	727,778
Total liabilities	<u>-</u>	<u>38,286</u>	<u>4,451</u>	<u>1,473,239</u>	<u>-</u>	<u>1,515,976</u>
Fund balances (deficits):						
Nonspendable	-	-	-	50,000	-	50,000
Restricted	548,111	-	-	-	-	548,111
Committed	-	457,708	1,085,207	185,469	17,986	1,746,370
Unassigned	-	-	-	(1,295,692)	-	(1,295,692)
Total fund balances (deficits)	<u>548,111</u>	<u>457,708</u>	<u>1,085,207</u>	<u>(1,060,223)</u>	<u>17,986</u>	<u>1,048,789</u>
Total liabilities and fund balances	<u>\$ 548,111</u>	<u>\$ 495,994</u>	<u>\$ 1,089,658</u>	<u>\$ 413,016</u>	<u>\$ 17,986</u>	<u>\$ 2,564,765</u>

**TOWN OF BRUNSWICK, MAINE**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**For the year ended June 30, 2019**

	Impact Fees	Public Works Projects	Capital Reserve Fund	Capital Improvement Projects	2017 Bond Fund	Totals
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ 758,968	\$ -	\$ 758,968
Interest	12,285	-	-	-	709	12,994
Donations	47,426	7,800	35,000	-	-	90,226
Other	-	-	6,575	-	-	6,575
Total revenues	59,711	7,800	41,575	758,968	709	868,763
<b>EXPENDITURES</b>						
Capital outlay	-	772,040	351,252	3,339,593	37,626	4,500,511
Total expenditures	-	772,040	351,252	3,339,593	37,626	4,500,511
Excess (deficiency) of revenues over (under) expenditures	59,711	(764,240)	(309,677)	(2,580,625)	(36,917)	(3,631,748)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers from other funds	-	800,000	975,958	1,059,240	-	2,835,198
Total other financing sources (uses)	-	800,000	975,958	1,059,240	-	2,835,198
Net changes in fund balances	59,711	35,760	666,281	(1,521,385)	(36,917)	(796,550)
Fund balances, beginning of year	488,400	421,948	418,926	461,162	54,903	1,845,339
Fund balances (deficits), end of year	\$ 548,111	\$ 457,708	\$ 1,085,207	\$ (1,060,223)	\$ 17,986	\$ 1,048,789

**TOWN OF BRUNSWICK, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
**June 30, 2019**

	<u>Education Funds</u>	<u>Community Improvements Fund</u>	<u>Recreation and Cultural Fund</u>	<u>Social Services Fund</u>	<u>Totals</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 521	\$ 1,310	\$ 12,234	\$ 1,362	\$ 15,427
Investments	19,568	49,155	459,196	51,124	579,043
Total assets	<u>\$ 20,089</u>	<u>\$ 50,465</u>	<u>\$ 471,430</u>	<u>\$ 52,486</u>	<u>\$ 594,470</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable	19,721	47,003	471,523	52,486	590,733
Restricted	368	3,462	-	-	3,830
Unassigned	<u>-</u>	<u>-</u>	<u>(93)</u>	<u>-</u>	<u>(93)</u>
Total fund balances	<u>20,089</u>	<u>50,465</u>	<u>471,430</u>	<u>52,486</u>	<u>594,470</u>
Total liabilities and fund balances	<u>\$ 20,089</u>	<u>\$ 50,465</u>	<u>\$ 471,430</u>	<u>\$ 52,486</u>	<u>\$ 594,470</u>

**TOWN OF BRUNSWICK, MAINE**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Permanent Funds**  
**For the year ended June 30, 2019**

	<u>Education Funds</u>	<u>Community Improvements Fund</u>	<u>Recreation and Cultural Fund</u>	<u>Social Services Fund</u>	<u>Totals</u>
<b>REVENUES</b>					
Investment earnings:					
Interest and dividends	\$ 414	\$ 1,010	\$ 9,879	\$ 1,093	\$ 12,396
Net increase in the fair value of investments	<u>534</u>	<u>1,360</u>	<u>13,320</u>	<u>1,387</u>	<u>16,601</u>
Total investment earnings	948	2,370	23,199	2,480	28,997
Less investment expense	<u>(216)</u>	<u>(524)</u>	<u>(5,127)</u>	<u>(570)</u>	<u>(6,437)</u>
Total revenues	<u>732</u>	<u>1,846</u>	<u>18,072</u>	<u>1,910</u>	<u>22,560</u>
<b>EXPENDITURES</b>					
Current:					
Recreation and culture	-	-	903	-	903
Payment to beneficiaries	<u>654</u>	<u>-</u>	<u>21,000</u>	<u>2,246</u>	<u>23,900</u>
Total expenditures	<u>654</u>	<u>-</u>	<u>21,903</u>	<u>2,246</u>	<u>24,803</u>
Net changes in fund balances	78	1,846	(3,831)	(336)	(2,243)
Fund balances, beginning of year	20,011	48,619	475,261	52,822	596,713
Fund balances, end of year	<u>\$ 20,089</u>	<u>\$ 50,465</u>	<u>\$ 471,430</u>	<u>\$ 52,486</u>	<u>\$ 594,470</u>

**TOWN OF BRUNSWICK, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
**Education Funds**  
**June 30, 2019**

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	<b>Brunswick School Fund</b>	<b>Brunswick High Class of 1920 Fund</b>	<b>Totals</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$          396	\$          125	\$          521
Investments	<u>         14,883</u>	<u>         4,685</u>	<u>         19,568</u>
Total assets	<u><u>\$        15,279</u></u>	<u><u>\$        4,810</u></u>	<u><u>\$      20,089</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	<u>\$              -</u>	<u>\$              -</u>	<u>\$              -</u>
Total liabilities	<u>              -</u>	<u>              -</u>	<u>              -</u>
Fund balances:			
Nonspendable	15,279	4,442	19,721
Restricted	<u>              -</u>	<u>          368</u>	<u>          368</u>
Total fund balances	<u><u>         15,279</u></u>	<u><u>         4,810</u></u>	<u><u>         20,089</u></u>
Total liabilities and fund balances	<u><u>\$        15,279</u></u>	<u><u>\$        4,810</u></u>	<u><u>\$      20,089</u></u>



**TOWN OF BRUNSWICK, MAINE**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Permanent Funds**  
**Education Funds**  
**For the year ended June 30, 2019**

---

	<u>Brunswick School Fund</u>	<u>Brunswick High Class of 1920 Fund</u>	<u>Totals</u>
<b>REVENUES</b>			
Investment earnings:			
Interest and dividends	\$ 318	\$ 96	\$ 414
Net increase in the fair value of investments	<u>404</u>	<u>130</u>	<u>534</u>
Total investment earnings	722	226	948
Less investment expense	<u>(166)</u>	<u>(50)</u>	<u>(216)</u>
Total revenues	<u>556</u>	<u>176</u>	<u>732</u>
<b>EXPENDITURES</b>			
Payment to beneficiaries	<u>654</u>	<u>-</u>	<u>654</u>
Total expenditures	<u>654</u>	<u>-</u>	<u>654</u>
Net changes in fund balances	(98)	176	78
Fund balances, beginning of year	<u>15,377</u>	<u>4,634</u>	<u>20,011</u>
Fund balances, end of year	<u>\$ 15,279</u>	<u>\$ 4,810</u>	<u>\$ 20,089</u>

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# PROPRIETARY FUNDS

## Enterprise Funds:

These funds are used to report activities for which a fee is charged to external users for goods or services. In addition to its Solid Waste Facilities and Pay-per-bag major funds, the Town reports the following nonmajor enterprise funds:

### Mere Point Wastewater

Operation of a wastewater district serving 35 households.

### Train Station/Visitors Center

Operation of a downtown train station and visitors center.



**TOWN OF BRUNSWICK, MAINE**  
**Combining Statement of Net Position**  
**Nonmajor Proprietary Funds**  
**Enterprise Funds**  
**June 30, 2019**

---

	<u>Mere Point Wastewater</u>	<u>Train Station/ Visitors Center</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 4,993	\$ 70,479	\$ 75,472
Accounts receivable	3,131	-	3,131
Due from other funds	-	1,146	1,146
Total current assets	<u>8,124</u>	<u>71,625</u>	<u>79,749</u>
Capital assets:			
Improvements other than buildings	-	74,038	74,038
Machinery and equipment	97,500	8,947	106,447
Infrastructure	636,738	-	636,738
Less accumulated depreciation	<u>(704,981)</u>	<u>(76,871)</u>	<u>(781,852)</u>
Net capital assets	<u>29,257</u>	<u>6,114</u>	<u>35,371</u>
Total assets	<u>37,381</u>	<u>77,739</u>	<u>115,120</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	<u>950</u>	<u>285</u>	<u>1,235</u>
Total liabilities	<u>950</u>	<u>285</u>	<u>1,235</u>
<b>NET POSITION</b>			
Net investment in capital assets	29,257	6,114	35,371
Unrestricted	<u>7,174</u>	<u>71,340</u>	<u>78,514</u>
Total net position	<u>\$ 36,431</u>	<u>\$ 77,454</u>	<u>\$ 113,885</u>

**TOWN OF BRUNSWICK, MAINE**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Nonmajor Proprietary Funds**  
**Enterprise Funds**  
**For the year ended June 30, 2019**

	<u>Mere Point Wastewater</u>	<u>Train Station/ Visitors Center</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Charges for services:			
Service fees	\$ 36,042	\$ -	\$ 36,042
Rent	-	11,340	11,340
Parking meter	-	20,379	20,379
Total operating revenues	<u>36,042</u>	<u>31,719</u>	<u>67,761</u>
<b>OPERATING EXPENSES</b>			
Contractual services	25,244	82,118	107,362
Materials and supplies	-	2,694	2,694
Depreciation	5,681	1,789	7,470
Total operating expenses	<u>30,925</u>	<u>86,601</u>	<u>117,526</u>
Operating income (loss)	<u>5,117</u>	<u>(54,882)</u>	<u>(49,765)</u>
<b>NONOPERATING REVENUES</b>			
Interest income	9	1,206	1,215
Total nonoperating revenues	<u>9</u>	<u>1,206</u>	<u>1,215</u>
Income (loss) before transfers	5,126	(53,676)	(48,550)
Transfers in	-	75,000	75,000
Change in net position	5,126	21,324	26,450
Net position, beginning of year	31,305	56,130	87,435
Net position, end of year	<u>\$ 36,431</u>	<u>\$ 77,454</u>	<u>\$ 113,885</u>

**TOWN OF BRUNSWICK, MAINE**  
**Combining Statement of Cash Flows**  
**Nonmajor Proprietary Funds**  
**Enterprise Funds**  
**For the year ended June 30, 2019**

	<u>Mere Point Wastewater</u>	<u>Train Station/ Visitors Center</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 37,227	\$ 31,719	\$ 68,946
Payments to suppliers for goods and services	<u>(25,897)</u>	<u>(84,582)</u>	<u>(110,479)</u>
Net cash provided (used) by operating activities	<u>11,330</u>	<u>(52,863)</u>	<u>(41,533)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfer from other funds	-	75,000	75,000
Increase (decrease) in due to other funds	<u>(6,346)</u>	<u>(288)</u>	<u>(6,634)</u>
Cash provided (used) by noncapital financing activities	<u>(6,346)</u>	<u>74,712</u>	<u>68,366</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	<u>9</u>	<u>1,206</u>	<u>1,215</u>
Cash provided by investing activities	<u>9</u>	<u>1,206</u>	<u>1,215</u>
 Net increase in cash	 4,993	 23,055	 28,048
Cash, beginning of year	-	47,424	47,424
Cash, end of year	<u>\$ 4,993</u>	<u>\$ 70,479</u>	<u>\$ 75,472</u>
 <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	<u>\$ 5,117</u>	<u>\$ (54,882)</u>	<u>\$ (49,765)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	5,681	1,789	7,470
(Increase) decrease in accounts receivable	1,185	-	1,185
Increase (decrease) in accounts payable	<u>(653)</u>	<u>230</u>	<u>(423)</u>
Total adjustments	<u>6,213</u>	<u>2,019</u>	<u>8,232</u>
Net cash provided (used) by operating activities	<u>\$ 11,330</u>	<u>\$ (52,863)</u>	<u>\$ (41,533)</u>

## FIDUCIARY FUNDS

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and which cannot be used to support the government's own programs.

### **Private-purpose Trust Funds:**

These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments.

#### Scholarships and Education Funds:

##### Samuel G. Davis School Prize Fund

Provides one boy and one girl from each high school class and the highest class in each grammar school in Brunswick a prize for "kind good manners".

##### Solon E. and Lydia Skolfield Turner Scholarship Fund

Provides scholarships to assist worthy graduates or students of the Brunswick High School in pursuing advanced studies in approved secondary schools.

##### Pearl H. Baker Scholarship Fund

Provides scholarships to encourage and assist deserving and needy graduates of Brunswick High School to continue their education.

##### Lewis P. Gallagher Scholarship Fund

Provides scholarships to selected graduates of Brunswick High School to attend a vocational institution, college or university.

##### Doris C. Bibber Memorial Fund

Provides an award to a high school senior who has demonstrated outstanding ability and excellence in history class.

##### Elizabeth A. Nickerson Scholarship Fund

Provides a need-based scholarship to attend a four-year college or university to a graduating female student of Brunswick High School.

##### John Bibber Scholarship Fund

Provides a scholarship to a graduate of Brunswick High School or a resident of Brunswick who intends to pursue a degree in Public Administration.

##### Lester Rogers Memorial Fund

Provides a memorial award for eighth grade technology students.

##### Brunswick Junior High School Personal Growth Award Fund

Provides an award to recognize Junior High School students who have shown growth in the face of adversity over the course of the school year.

#### Public Library Funds: For the benefit of Curtis Memorial Library

##### L. Augusta Curtis Library Fund

##### W. J. Curtis Library Fund

##### Letitia A. Curtis Library Fund

#### E. H. Pennel Village Improvement Fund

For the use of the Village Improvement Association.

#### Alex Labbe Recreation Fund

Provides summer vacation camp scholarships for children participating in the Brunswick Parks and Recreation Department program.

### **Agency Funds:**

The Student Activities Agency Fund is used to report resources held by the Town in a purely custodial capacity.

**TOWN OF BRUNSWICK, MAINE**  
**Combining Statement of Net Position**  
**Fiduciary Funds**  
**Private-purpose Trust Funds**  
**June 30, 2019**

	<b>Private-purpose Trust Funds</b>				
	<b>Scholarship and Education Funds</b>	<b>Public Library Funds</b>	<b>E. H. Pennell Village Improvement Fund</b>	<b>Alex Labbe Recreation Fund</b>	<b>Totals</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 29,019	\$ 2,369	\$ 733	\$ -	\$ 32,121
Investments	346,868	88,914	27,527	-	463,309
Due from other funds	-	-	-	37,011	37,011
Total assets	<u>375,887</u>	<u>91,283</u>	<u>28,260</u>	<u>37,011</u>	<u>532,441</u>
<b>LIABILITIES</b>					
Accounts payable	<u>3,238</u>	-	-	-	<u>3,238</u>
Total liabilities	<u>3,238</u>	-	-	-	<u>3,238</u>
<b>NET POSITION</b>					
Net position held in trust for other purposes	<u>\$ 372,649</u>	<u>\$ 91,283</u>	<u>\$ 28,260</u>	<u>\$ 37,011</u>	<u>\$ 529,203</u>



**TOWN OF BRUNSWICK, MAINE**  
**Combining Statement of Changes in Net Position**  
**Fiduciary Funds**  
**Private-purpose Trust Funds**  
**For the year ended June 30, 2019**

	<b>Private-purpose Trust Funds</b>				
	<b>Scholarship and Education Funds</b>	<b>Public Library Funds</b>	<b>E. H. Pennell Village Improvement Fund</b>	<b>Alex Labbe Recreation Fund</b>	<b>Totals</b>
<b>ADDITIONS</b>					
Contributions	\$ -	\$ -	\$ -	\$ 19,436	\$ 19,436
Investment earnings:					
Interest and dividends	8,575	1,900	589	-	11,064
Net increase in the fair value of investments	20,683	2,412	746	-	23,841
Total investment earnings	29,258	4,312	1,335	-	34,905
Less investment expense	(5,134)	(990)	(307)	-	(6,431)
Total additions	24,124	3,322	1,028	19,436	47,910
<b>DEDUCTIONS</b>					
Payment to beneficiaries	427,952	3,909	1,228	4,829	437,918
Total deductions	427,952	3,909	1,228	4,829	437,918
Changes in net position	(403,828)	(587)	(200)	14,607	(390,008)
Net position - beginning of year	776,477	91,870	28,460	22,404	919,211
Net position - end of year	\$ 372,649	\$ 91,283	\$ 28,260	\$ 37,011	\$ 529,203

TOWN OF BRUNSWICK, MAINE  
Combining Statement of Net Position  
Fiduciary Funds  
Private-purpose Trust Funds  
Scholarship and Education Funds  
June 30, 2019

	Samuel Davis School Prize Fund	Skolfield Turner Scholarship Fund	Pearl Baker Scholarship Fund	Lewis Gallagher Scholarship Fund	Doris Bibber Memorial Fund	Elizabeth Nickerson Scholarship Fund	John Bibber Scholarship Fund	Lester Rogers Memorial Fund	Brunswick JHS Personal Growth Award Fund	Totals
<b>ASSETS</b>										
Cash and cash equivalents	\$ 1,142	\$ -	\$ -	\$ 25,591	\$ -	\$ 2,075	\$ -	\$ 144	\$ 67	\$ 29,019
Investments	42,868	-	-	218,202	-	77,890	-	5,405	2,503	346,868
Total assets	44,010	-	-	243,793	-	79,965	-	5,549	2,570	375,887
<b>LIABILITIES</b>										
Accounts payable	-	-	-	-	-	3,238	-	-	-	3,238
Total liabilities	-	-	-	-	-	3,238	-	-	-	3,238
<b>NET POSITION</b>										
Net position held in trust for other purposes	\$ 44,010	\$ -	\$ -	\$ 243,793	\$ -	\$ 76,727	\$ -	\$ 5,549	\$ 2,570	\$ 372,649

**TOWN OF BRUNSWICK, MAINE**  
**Combining Statement of Changes in Net Position**  
**Fiduciary Funds**  
**Private-purpose Trust Funds**  
**Scholarship and Education Funds**  
**For the year ended June 30, 2019**

	Samuel Davis School Prize Fund	Skolfield Turner Scholarship Fund	Pearl Baker Scholarship Fund	Lewis Gallagher Scholarship Fund	Doris Bibber Memorial Fund	Elizabeth Nickerson Scholarship Fund	John Bibber Scholarship Fund	Lester Rogers Memorial Fund	Brunswick JHS Personal Growth Award Fund	Totals
<b>ADDITIONS</b>										
Investment earnings:										
Interest and dividends	\$ 920	\$ 508	\$ 6	\$ 5,252	\$ 3	\$ 1,676	\$ 41	\$ 116	\$ 53	\$ 8,575
Net increase in fair value of investments	1,237	8,586	116	7,682	41	2,106	688	156	71	20,683
Total investment earnings	2,157	9,094	122	12,934	44	3,782	729	272	124	29,258
Less investment expense	(477)	(396)	(5)	(3,258)	(2)	(875)	(32)	(61)	(28)	(5,134)
Total additions	1,680	8,698	117	9,676	42	2,907	697	211	96	24,124
<b>DEDUCTIONS</b>										
Payment to beneficiaries	1,900	379,177	5,107	6,000	1,811	3,238	30,404	240	75	427,952
Total deductions	1,900	379,177	5,107	6,000	1,811	3,238	30,404	240	75	427,952
Changes in net position	(220)	(370,479)	(4,990)	3,676	(1,769)	(331)	(29,707)	(29)	21	(403,828)
Net position - beginning of year	44,230	370,479	4,990	240,117	1,769	77,058	29,707	5,578	2,549	776,477
Net position - end of year	\$ 44,010	\$ -	\$ -	\$ 243,793	\$ -	\$ 76,727	\$ -	\$ 5,549	\$ 2,570	\$ 372,649

**TOWN OF BRUNSWICK, MAINE**  
**Combining Statement of Net Position**  
**Fiduciary Funds**  
**Private-purpose Trust Funds**  
**Public Library Funds**  
**June 30, 2019**

	L. Augusta Curtis Library Fund	W. J. Curtis Library Fund	Letitia A. Curtis Library Fund	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,155	\$ 957	\$ 257	\$ 2,369
Investments	<u>43,375</u>	<u>35,899</u>	<u>9,640</u>	<u>88,914</u>
Total assets	<u>44,530</u>	<u>36,856</u>	<u>9,897</u>	<u>91,283</u>
<b>LIABILITIES</b>				
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Net position held in trust for other purposes	<u>\$ 44,530</u>	<u>\$ 36,856</u>	<u>\$ 9,897</u>	<u>\$ 91,283</u>

**TOWN OF BRUNSWICK, MAINE**  
**Combining Statement of Changes in Net Position**  
**Fiduciary Funds**  
**Private-purpose Trust Funds**  
**Public Library Funds**  
**For the year ended June 30, 2019**

	<u>L. Augusta Curtis Library Fund</u>	<u>W. J. Curtis Library Fund</u>	<u>Letitia A. Curtis Library Fund</u>	<u>Totals</u>
<b>ADDITIONS</b>				
Investment earnings:				
Interest and dividends	\$ 927	\$ 767	\$ 206	\$ 1,900
Net increase in the fair value of investments	<u>1,176</u>	<u>974</u>	<u>262</u>	<u>2,412</u>
Total investment earnings	2,103	1,741	468	4,312
Less investment expense	<u>(483)</u>	<u>(400)</u>	<u>(107)</u>	<u>(990)</u>
Total additions	<u>1,620</u>	<u>1,341</u>	<u>361</u>	<u>3,322</u>
<b>DEDUCTIONS</b>				
Payment to beneficiaries	<u>1,907</u>	<u>1,578</u>	<u>424</u>	<u>3,909</u>
Total deductions	<u>1,907</u>	<u>1,578</u>	<u>424</u>	<u>3,909</u>
Changes in net position	(287)	(237)	(63)	(587)
Net position - beginning of year	<u>44,817</u>	<u>37,093</u>	<u>9,960</u>	<u>91,870</u>
Net position - end of year	<u><u>\$ 44,530</u></u>	<u><u>\$ 36,856</u></u>	<u><u>\$ 9,897</u></u>	<u><u>\$ 91,283</u></u>

**TOWN OF BRUNSWICK, MAINE**  
**Statement of Changes in Assets and Liabilities**  
**Fiduciary Funds**  
**Agency Fund**  
**For the year ended June 30, 2019**

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>ASSETS</b>				
Due from other funds	\$ 107,428	\$ 92,036	\$ 94,050	\$ 105,414
Total assets	<u>107,428</u>	<u>92,036</u>	<u>94,050</u>	<u>105,414</u>
<b>LIABILITIES</b>				
Accounts payable	2,892	3,330	-	6,222
Amounts held for others - student activities	104,536	88,706	94,050	99,192
Total liabilities	<u>\$ 107,428</u>	<u>\$ 92,036</u>	<u>\$ 94,050</u>	<u>\$ 105,414</u>

## STATISTICAL SECTION



The following statistical tables are provided to give a historical perspective and to assist in assessing the current financial status of the Town of Brunswick. The tables do not provide full financial information for prior years and are provided for supplementary analysis purposes only.

<u>Contents</u>	<u>Tables</u>
Financial Trends	1-5
<i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	
Revenue Capacity	6-11
<i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	
Debt Capacity	12-14
<i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	15-16
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	
Operating Information	17-19
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.</i>	



Table 1

**TOWN OF BRUNSWICK, MAINE**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	<u>2010</u>	<u>2011(a)</u>	<u>2012</u>	<u>2013</u>	<u>2014(b)</u>	<u>2015</u>	<u>2016</u>	<u>2017(c)</u>	<u>2018(c)</u>	<u>2019</u>
Governmental activities										
Net investment in capital assets	\$ 45,552,625	\$ 45,183,666	\$ 45,338,934	\$ 47,805,066	\$ 55,925,927	\$ 56,815,236	\$ 56,294,978	\$ 54,166,077	\$ 56,225,310	\$ 68,970,333
Restricted	10,935,859	12,444,106	9,412,416	9,100,700	7,494,688	6,601,576	7,006,212	6,708,645	5,571,415	4,914,572
Unrestricted	7,423,485	7,612,316	11,150,181	10,836,336	3,280,822	3,683,415	2,825,122	4,687,565	(478,699)	(6,847,630)
Total governmental activities net position	\$ 63,911,969	\$ 65,240,088	\$ 65,901,531	\$ 67,742,102	\$ 66,701,437	\$ 67,100,227	\$ 66,126,312	\$ 65,562,287	\$ 61,318,026	\$ 67,037,275
Business-type activities										
Net investment in capital assets	\$ 2,405,839	\$ 2,494,242	\$ 2,525,417	\$ 2,432,176	\$ 2,269,672	\$ 2,235,365	\$ 2,095,120	\$ 1,915,310	\$ 1,528,890	\$ 1,192,654
Unrestricted	(4,573,897)	(4,650,533)	(4,797,321)	(4,522,385)	(4,291,756)	(4,203,593)	(4,135,381)	(4,051,279)	(4,206,420)	(3,544,678)
Total business-type activities net position	\$ (2,168,058)	\$ (2,156,291)	\$ (2,271,904)	\$ (2,090,209)	\$ (2,022,084)	\$ (1,968,228)	\$ (2,040,261)	\$ (2,135,969)	\$ (2,677,530)	\$ (2,352,024)
Primary government										
Net investment in capital assets	\$ 47,958,464	\$ 47,677,908	\$ 47,864,351	\$ 50,237,242	\$ 58,195,599	\$ 59,050,601	\$ 58,390,098	\$ 56,081,387	\$ 57,754,200	\$ 70,162,987
Restricted	10,935,859	12,444,106	9,412,416	9,100,700	7,494,688	6,601,576	7,006,212	6,708,645	5,571,415	4,914,572
Unrestricted	2,849,588	2,961,783	6,352,860	6,313,951	(1,010,934)	(520,178)	(1,310,259)	636,286	(4,685,119)	(10,392,308)
Total primary government net position	\$ 61,743,911	\$ 63,083,797	\$ 63,629,627	\$ 65,651,893	\$ 64,679,353	\$ 65,131,999	\$ 64,086,051	\$ 63,426,318	\$ 58,640,496	\$ 64,685,251

(a) Net position has been restated as a result of implementing GASB Statements 63 & 65 in 2012. Years prior to 2011 have not been restated.

(b) Net position has been restated as a result of implementing GASB Statements 68 & 71 in 2015. Years prior to 2014 have not been restated.

(c) Net position has been restated as a result of implementing GASB Statement 75 in 2018 and 2019. Years prior to 2017 have not been restated.

Table 2

**TOWN OF BRUNSWICK, MAINE**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	<u>2010</u>	<u>2011(a)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 3,950,035	\$ 4,368,816	\$ 4,414,316	\$ 4,144,050	\$ 4,382,918	\$ 5,006,091	\$ 5,849,369	\$ 5,803,581	\$ 4,950,780	\$ 5,603,934
Public safety	7,493,862	7,656,381	7,650,053	8,095,189	8,643,119	8,144,886	9,952,015	9,446,469	9,211,812	8,461,265
Public works	5,099,104	4,809,787	4,991,362	5,740,333	5,180,234	5,401,071	5,417,529	5,569,343	5,545,346	5,752,593
Human services	134,805	150,279	168,829	154,429	168,706	165,884	191,042	147,830	166,430	190,614
Education	36,967,698	35,576,224	34,590,451	34,366,120	36,080,222	37,759,011	37,889,171	41,486,812	41,908,434	41,202,580
Recreation and culture	2,660,828	2,447,708	2,619,742	2,749,776	3,319,591	3,336,957	3,417,837	3,536,584	3,733,011	3,681,856
County tax	1,149,612	1,171,049	1,187,020	1,183,264	1,249,487	1,333,350	1,360,042	1,410,855	1,517,700	1,565,279
Unclassified	133,725	120,725	296,682	281,424	36,996	8,683	29,082	29,868	130,537	199,922
Interest on long term debt	251,625	644,723	785,569	698,508	741,999	698,977	655,622	622,579	613,636	562,271
Total governmental activities expenses	<u>57,841,294</u>	<u>56,945,692</u>	<u>56,704,024</u>	<u>57,413,093</u>	<u>59,803,272</u>	<u>61,854,910</u>	<u>64,761,709</u>	<u>68,053,921</u>	<u>67,777,686</u>	<u>67,220,314</u>
Business-type activities:										
Solid waste facilities	693,496	1,260,786	876,942	614,661	712,042	730,574	881,459	857,971	2,325,237	1,406,202
Pay-per-bag program	72,789	83,584	80,969	80,200	85,259	90,666	92,079	88,785	121,459	70,761
Other business-type activities	87,635	94,121	97,773	127,122	143,733	143,221	124,633	137,868	140,113	117,526
Total business-type activities	<u>853,920</u>	<u>1,438,491</u>	<u>1,055,684</u>	<u>821,983</u>	<u>941,034</u>	<u>964,461</u>	<u>1,098,171</u>	<u>1,084,624</u>	<u>2,586,809</u>	<u>1,594,489</u>
Total primary government expenses	<u>\$ 58,695,214</u>	<u>\$ 58,384,183</u>	<u>\$ 57,759,708</u>	<u>\$ 58,235,076</u>	<u>\$ 60,744,306</u>	<u>\$ 62,819,371</u>	<u>\$ 65,859,880</u>	<u>\$ 69,138,545</u>	<u>\$ 70,364,495</u>	<u>\$ 68,814,803</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Education	\$ 1,468,047	\$ 887,731	\$ 605,689	\$ 679,596	\$ 417,018	\$ 727,312	\$ 700,162	\$ 1,966,093	\$ 1,872,506	\$ 1,756,317
Other activities	2,328,099	2,518,376	1,961,989	2,080,643	2,192,461	2,238,103	2,343,611	2,397,047	2,667,996	2,819,610
Operating grants and contributions	21,959,665	19,758,529	18,275,484	15,249,827	15,533,543	15,462,170	15,340,194	15,481,276	15,233,409	15,379,788
Capital grants and contributions	897,073	1,069,654	247,704	2,487,876	5,961,817	452,248	54,913	603,529	925,815	1,660,220
Total governmental activities program revenues	<u>26,652,884</u>	<u>24,234,290</u>	<u>21,090,866</u>	<u>20,497,942</u>	<u>24,104,839</u>	<u>18,879,833</u>	<u>18,438,880</u>	<u>20,447,945</u>	<u>20,699,726</u>	<u>21,615,935</u>
Business-type activities:										
Charges for services:										
Solid waste facilities	411,035	380,115	351,918	321,153	370,030	398,407	475,110	425,768	1,282,838	1,051,063
Pay-per-bag program	308,900	328,100	303,400	299,100	315,900	317,800	322,300	311,165	414,300	465,600
Other business-type activities	21,883	34,005	35,669	35,806	35,669	33,173	31,753	42,187	55,218	67,761
Operating grants and contributions	29,333	44,000	44,000	44,000	44,000	14,667	-	-	-	-
Capital grants and contributions	25,000	-	-	53,430	-	-	-	-	-	-
Total business-type activities program revenues	<u>796,151</u>	<u>786,220</u>	<u>734,987</u>	<u>753,489</u>	<u>765,599</u>	<u>764,047</u>	<u>829,163</u>	<u>779,120</u>	<u>1,752,356</u>	<u>1,584,424</u>
Total primary government program revenues	<u>\$ 27,449,035</u>	<u>\$ 25,020,510</u>	<u>\$ 21,825,853</u>	<u>\$ 21,251,431</u>	<u>\$ 24,870,438</u>	<u>\$ 19,643,880</u>	<u>\$ 19,268,043</u>	<u>\$ 21,227,065</u>	<u>\$ 22,452,082</u>	<u>\$ 23,200,359</u>

Table 2, continued

**TOWN OF BRUNSWICK, MAINE**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	<u>2010</u>	<u>2011(a)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Net (expense) revenue</b>										
Governmental activities	\$ (31,188,410)	\$ (32,711,402)	\$ (35,613,158)	\$ (36,915,151)	\$ (35,698,433)	\$ (42,975,077)	\$ (46,322,829)	\$ (47,605,976)	\$ (47,077,960)	\$ (45,604,379)
Business-type activities	(57,769)	(652,271)	(320,697)	(68,494)	(175,435)	(200,414)	(269,008)	(305,504)	(834,453)	(10,065)
Total primary government net expenses	<u>\$ (31,246,179)</u>	<u>\$ (33,363,673)</u>	<u>\$ (35,933,855)</u>	<u>\$ (36,983,645)</u>	<u>\$ (35,873,868)</u>	<u>\$ (43,175,491)</u>	<u>\$ (46,591,837)</u>	<u>\$ (47,911,480)</u>	<u>\$ (47,912,413)</u>	<u>\$ (45,614,444)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 29,348,586	\$ 30,047,418	\$ 31,373,355	\$ 34,120,685	\$ 36,850,361	\$ 39,007,676	\$ 40,903,778	\$ 42,687,078	\$ 43,785,337	\$ 45,577,899
Vehicle, watercraft and aircraft excise taxes	2,496,579	2,549,546	2,653,928	2,904,995	2,950,348	3,071,620	3,170,899	3,473,674	3,618,811	3,805,224
Unrestricted grants and contributions	1,850,600	1,764,401	1,791,677	1,815,749	1,319,069	1,392,084	1,432,041	1,429,859	1,452,665	1,691,877
Investment earnings	83,101	387,470	27,287	55,750	83,537	9,856	30,496	204,277	385,437	473,628
Other	9,600	43,950	365,434	3,261	17,965	136,631	5,700	477,767	31,683	-
Special items	-	-	267,920	105,282	225,000	-	-	-	-	-
Transfers	(120,000)	(664,000)	(205,000)	(250,000)	(240,000)	(244,000)	(194,000)	(194,000)	(225,000)	(225,000)
Total governmental activities	<u>33,668,466</u>	<u>34,128,785</u>	<u>36,274,601</u>	<u>38,755,722</u>	<u>41,206,280</u>	<u>43,373,867</u>	<u>45,348,914</u>	<u>48,078,655</u>	<u>49,048,933</u>	<u>51,323,628</u>
Business type activities:										
Investment earnings	29	38	84	189	232	270	2,975	15,796	60,892	110,571
Other	20,000	-	-	-	3,328	10,000	-	-	7,000	-
Transfers	120,000	664,000	205,000	250,000	240,000	244,000	194,000	194,000	225,000	225,000
Total business-type activities	<u>140,029</u>	<u>664,038</u>	<u>205,084</u>	<u>250,189</u>	<u>243,560</u>	<u>254,270</u>	<u>196,975</u>	<u>209,796</u>	<u>292,892</u>	<u>335,571</u>
Total primary government	<u>\$ 33,808,495</u>	<u>\$ 34,792,823</u>	<u>\$ 36,479,685</u>	<u>\$ 39,005,911</u>	<u>\$ 41,449,840</u>	<u>\$ 43,628,137</u>	<u>\$ 45,545,889</u>	<u>\$ 48,288,451</u>	<u>\$ 49,341,825</u>	<u>\$ 51,659,199</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 2,480,056	\$ 1,417,383	\$ 661,443	\$ 1,840,571	\$ 5,507,847	\$ 398,790	\$ (973,915)	\$ 472,679	\$ 1,970,973	\$ 5,719,249
Business-type activities	82,260	11,767	(115,613)	181,695	68,125	53,856	(72,033)	(95,708)	(541,561)	325,506
Total primary government	<u>\$ 2,562,316</u>	<u>\$ 1,429,150</u>	<u>\$ 545,830</u>	<u>\$ 2,022,266</u>	<u>\$ 5,575,972</u>	<u>\$ 452,646</u>	<u>\$ (1,045,948)</u>	<u>\$ 376,971</u>	<u>\$ 1,429,412</u>	<u>\$ 6,044,755</u>

(a) As a result of implementing GASB Statements 63 & 65 in 2012, 2011 expenses have been restated to reflect a change in the accounting for debt issuance costs. Years prior to 2011 have not been restated.

Table 3

**TOWN OF BRUNSWICK, MAINE**  
**Program Revenues by Function/Program**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Function/Program</b>										
Governmental activities:										
General government	\$ 1,411,158	\$ 1,666,819	\$ 1,029,607	\$ 726,191	\$ 744,758	\$ 1,585,959	\$ 1,432,364	\$ 667,026	\$ 812,066	\$ 1,397,658
Public safety	981,767	1,253,600	1,235,942	1,341,026	1,399,505	1,315,187	1,334,520	1,328,824	1,529,603	1,530,473
Public works	1,111,713	1,135,478	390,552	2,121,817	1,128,833	677,835	292,592	548,949	987,977	1,424,051
Human services	29,566	29,538	38,337	29,305	26,976	37,298	36,313	30,755	41,111	52,176
Education	22,784,394	19,780,838	18,005,614	15,309,950	15,390,597	14,773,175	14,810,694	17,311,964	16,761,505	16,653,258
Recreation and culture	334,286	368,017	390,814	969,653	5,414,170	490,379	532,397	560,427	567,464	558,319
Total governmental activities	26,652,884	24,234,290	21,090,866	20,497,942	24,104,839	18,879,833	18,438,880	20,447,945	20,699,726	21,615,935
Business-type activities:										
Solid waste facilities	411,035	380,115	351,918	321,153	370,030	398,407	475,110	425,768	1,282,838	1,051,063
Pay-per-bag program	308,900	328,100	303,400	299,100	315,900	317,800	322,300	311,165	414,300	465,600
Other business-type activities	76,216	78,005	79,669	133,236	79,669	47,840	31,753	42,187	55,218	67,761
Total business-type activities	796,151	786,220	734,987	753,489	765,599	764,047	829,163	779,120	1,752,356	1,584,424
Total primary government	\$ 27,449,035	\$ 25,020,510	\$ 21,825,853	\$ 21,251,431	\$ 24,870,438	\$ 19,643,880	\$ 19,268,043	\$ 21,227,065	\$ 22,452,082	\$ 23,200,359

Table 4

**TOWN OF BRUNSWICK, MAINE**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>General fund</b>										
Nonspendable										
Long-term loans and advances	\$ 2,053,201	\$ 2,685,795	\$ 495,297	\$ 450,580	\$ -	\$ 454,080	\$ 363,264	\$ 272,448	\$ 181,632	\$ 727,778
Inventories and prepaids	30,054	34,266	23,925	55,570	36,767	37,711	25,220	26,523	28,015	39,392
Restricted										
Education	7,952,876	7,269,640	6,202,796	4,968,986	4,773,172	4,240,381	4,242,058	3,885,181	3,503,852	2,431,962
Municipal purposes	129,721	281,669	370,351	210,670	207,738	211,045	240,201	253,542	278,968	302,851
Assigned	1,626,364	1,014,339	1,987,354	1,824,835	1,619,378	1,525,233	1,130,790	1,700,864	3,324,678	3,445,194
Unassigned	7,484,221	8,508,525	9,028,572	10,001,974	8,488,177	8,670,334	10,316,602	11,792,687	11,488,111	12,430,139
<b>Total general fund</b>	<b>\$ 19,276,437</b>	<b>\$ 19,794,234</b>	<b>\$ 18,108,295</b>	<b>\$ 17,512,615</b>	<b>\$ 15,125,232</b>	<b>\$ 15,138,784</b>	<b>\$ 16,318,135</b>	<b>\$ 17,931,245</b>	<b>\$ 18,805,256</b>	<b>\$ 19,377,316</b>
<b>All other governmental funds</b>										
Nonspendable										
Special revenues funds	\$ 27,896	\$ 13,640	\$ 23,109	\$ 15,797	\$ 13,075	\$ 19,554	\$ 14,475	\$ 25,280	\$ 21,133	\$ 20,918
Capital improvements fund	-	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Permanent funds	414,534	478,429	455,125	489,301	557,770	553,619	535,605	585,319	593,902	590,733
Restricted										
Tax increment financing	-	-	-	-	208,318	609,506	1,116,433	1,061,577	439,045	734,235
Special revenues funds	996,936	993,665	841,722	535,723	545,462	355,093	299,816	317,750	243,304	281,932
Impact fee fund	1,103,566	631,845	824,059	580,862	558,619	535,995	524,286	558,836	488,400	548,111
Capital projects funds	-	2,755,373	674,476	2,293,969	609,657	185,678	17,022	-	-	-
Permanent funds	21,826	19,845	20,778	21,189	20,877	21,603	22,408	21,160	2,811	3,830
Committed										
Capital improvements fund	1,942,117	1,624,805	2,149,690	1,866,798	1,276,859	708,636	202,393	202,171	601,865	185,469
Special revenues funds	98,440	108,355	167,422	203,617	178,164	255,901	319,521	730,068	684,715	553,909
Capital projects funds	1,355,914	950,421	1,238,270	1,634,358	995,828	496,685	259,659	405,734	895,777	1,560,901
Unassigned										
Capital improvements fund	(7,780,477)	(2,453,705)	(498,142)	(225,430)	-	(454,512)	(1,632,537)	(267,897)	(190,703)	(1,295,692)
Downtown TIF district	-	(1,486,278)	(1,490,853)	(1,413,629)	(945,524)	(240,401)	-	-	-	-
Capital projects funds	(11,347,552)	-	-	-	(12,056)	-	-	-	(1,119,537)	(10,889,700)
Permanent funds	-	(1,108)	(2,157)	(5,437)	(12,056)	(15,603)	(12,394)	(18,496)	-	(93)
<b>Total all other governmental funds</b>	<b>\$ (13,166,800)</b>	<b>\$ 3,685,287</b>	<b>\$ 4,453,499</b>	<b>\$ 6,047,118</b>	<b>\$ 4,057,049</b>	<b>\$ 3,081,754</b>	<b>\$ 1,716,687</b>	<b>\$ 3,671,502</b>	<b>\$ 2,710,712</b>	<b>\$ (7,655,447)</b>

Table 5

**TOWN OF BRUNSWICK, MAINE**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Revenues</b>										
Taxes	\$ 31,689,472	\$ 32,488,432	\$ 34,021,307	\$ 37,040,074	\$ 39,613,007	\$ 41,973,364	\$ 44,079,945	\$ 46,056,875	\$ 47,320,162	\$ 49,488,215
Licenses and permits	267,450	337,927	310,181	372,259	399,359	387,127	438,731	497,091	542,223	722,963
Intergovernmental	23,158,881	20,272,445	18,727,482	16,497,591	15,510,495	16,423,413	16,363,756	16,963,580	16,732,272	17,379,386
Investment income (loss)	29,066	67,955	(18,420)	36,307	69,563	(472)	(8,119)	50,126	28,219	22,560
Charges for services	3,663,930	3,832,176	2,908,738	2,427,793	2,632,025	2,247,651	2,426,780	3,665,106	3,651,523	3,570,785
Fines and penalties	22,148	29,063	20,019	34,756	39,511	56,197	43,135	42,220	50,515	43,224
Interest	54,036	319,515	45,707	19,440	13,975	10,328	38,616	154,149	357,219	451,530
Donations	582,786	989,051	317,071	265,575	311,824	134,863	95,132	111,473	218,541	663,651
Other	828,785	583,613	920,986	744,501	731,055	736,595	519,261	992,427	642,187	530,750
Total revenues	60,296,554	58,920,177	57,253,071	57,438,296	59,320,814	61,969,066	63,997,237	68,533,047	69,542,861	72,873,064
<b>Expenditures</b>										
General government	3,513,241	3,741,931	3,929,459	3,738,745	3,808,446	4,726,521	5,080,137	5,061,291	4,522,380	5,453,260
Public safety	7,063,771	7,163,104	7,455,083	7,755,060	8,126,462	8,372,751	8,431,176	8,605,110	8,877,128	9,253,679
Public works	3,075,136	3,226,444	3,051,783	3,394,481	3,703,154	4,120,313	3,566,623	3,702,441	3,848,598	3,744,055
Human services	134,829	150,281	168,813	154,425	168,723	171,606	176,406	139,921	163,348	202,823
Education	36,302,217	34,998,644	32,669,127	32,690,215	34,655,815	36,206,987	36,431,641	39,693,990	39,912,853	41,000,937
Recreation and culture	2,535,604	2,313,753	2,496,881	2,669,560	2,955,429	3,071,931	3,102,206	3,257,130	3,505,357	3,598,654
County tax	1,149,612	1,171,049	1,187,020	1,183,264	1,249,487	1,333,350	1,360,042	1,410,855	1,517,700	1,565,279
Unclassified	133,725	120,725	296,682	281,424	36,996	8,683	29,082	29,868	130,537	199,922
Debt service										
Principal	1,525,000	1,120,000	2,738,113	2,728,113	2,888,113	2,103,113	2,098,113	1,818,112	1,968,806	2,112,806
Interest	256,465	533,417	818,911	704,610	763,215	725,117	680,732	639,914	644,367	590,074
Capital outlay	15,924,714	12,039,460	3,219,832	6,490,340	5,327,426	1,846,437	3,032,795	2,733,467	4,539,282	14,720,674
Total expenditures	71,614,314	66,578,808	58,031,704	61,790,237	63,683,266	62,686,809	63,988,953	67,092,099	69,630,356	82,442,163
Excess (deficiencies) of revenues over (under) expenditures	(11,317,760)	(7,658,631)	(778,633)	(4,351,941)	(4,362,452)	(717,743)	8,284	1,440,948	(87,495)	(9,569,099)

**TOWN OF BRUNSWICK, MAINE**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Other financing sources (uses)</b>										
Bond proceeds	-	25,582,250	-	5,500,000	-	-	-	2,277,075	225,716	-
Premium on bonds	-	110,265	-	99,880	-	-	-	43,902	-	-
Transfers from other funds	2,737,090	5,269,207	4,135,515	4,613,380	4,339,887	2,158,360	2,965,098	2,076,108	4,220,002	3,566,118
Transfers to other funds	(2,241,590)	(5,542,161)	(3,974,324)	(3,424,833)	(2,703,457)	(2,366,360)	(2,911,617)	(2,140,108)	(3,754,795)	(2,515,582)
Transfers to other funds - capital budget	-	-	-	(462,250)	(465,000)	-	(50,000)	(40,000)	(480,207)	(899,116)
Transfers to other funds - supplemental appropriations	(615,500)	(319,500)	(147,000)	(845,580)	(1,100,000)	-	(136,481)	-	(100,000)	(250,000)
Transfers to other funds - education	-	(71,546)	(219,191)	(130,717)	(311,430)	(36,000)	(61,000)	(90,000)	(110,000)	(126,420)
Sale of assets	-	-	65,906	-	225,000	-	-	-	-	-
Total other financing sources (uses)	(120,000)	25,028,515	(139,094)	5,349,880	(15,000)	(244,000)	(194,000)	2,126,977	716	(225,000)
Net change in fund balances	<u>\$ (11,437,760)</u>	<u>\$ 17,369,884</u>	<u>\$ (917,727)</u>	<u>\$ 997,939</u>	<u>\$ (4,377,452)</u>	<u>\$ (961,743)</u>	<u>\$ (185,716)</u>	<u>\$ 3,567,925</u>	<u>\$ (86,779)</u>	<u>\$ (9,794,099)</u>
Debt service as a percentage of noncapital expenditures	3.19%	3.03%	6.66%	6.34%	6.90%	4.64%	4.53%	3.82%	4.00%	3.99%

Table 6

**TOWN OF BRUNSWICK, MAINE**  
**Governmental Activities Tax Revenue by Source**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Vehicle Taxes</b>	<b>Watercraft Taxes</b>	<b>Aircraft Taxes</b>	<b>Other</b>	<b>Subtotal</b>	<b>TIF Property Taxes</b>	<b>Total</b>
2010	\$ 28,818,278	\$ 2,469,748	\$ 26,831	\$ -	\$ 313,066	\$ 31,627,923	\$ 191,838	\$ 31,819,761
2011	29,197,918	2,524,770	24,776	-	317,778	32,065,242	504,158	32,569,400
2012	30,611,542	2,626,177	27,750	-	411,003	33,676,472	319,305	33,995,777
2013	33,278,146	2,746,331	25,477	133,187	393,279	36,576,420	410,155	36,986,575
2014	35,383,401	2,920,776	25,976	3,595	299,976	38,633,724	1,122,690	39,756,414
2015	37,272,769	3,042,291	25,269	4,060	298,801	40,643,190	1,390,457	42,033,647
2016	38,980,897	3,141,600	26,464	2,835	324,172	42,475,968	1,548,535	44,024,503
2017	40,426,940	3,445,237	25,539	2,897	367,584	44,268,197	1,841,710	46,109,907
2018	41,405,083	3,591,504	22,944	4,363	362,226	45,386,120	1,976,302	47,362,422
2019	43,040,749	3,768,844	26,334	10,046	520,647	47,366,620	2,016,503	49,383,123



Table 7

**TOWN OF BRUNSWICK, MAINE**  
**Governmental Activities Tax Revenue by Source**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Vehicle Taxes</b>	<b>Watercraft Taxes</b>	<b>Aircraft Taxes</b>	<b>Other</b>	<b>Subtotal</b>	<b>TIF Property Taxes</b>	<b>Total</b>
2010	\$ 28,784,236	\$ 2,469,748	\$ 26,831	\$ -	313,178	\$ 31,593,993	\$ 95,479	\$ 31,689,472
2011	29,147,629	2,524,770	24,776	-	317,778	32,014,953	473,479	32,488,432
2012	30,510,035	2,626,177	27,750	-	411,003	33,574,965	446,342	34,021,307
2013	33,331,645	2,746,331	25,477	133,187	393,279	36,629,919	410,155	37,040,074
2014	35,239,994	2,920,776	25,976	3,595	299,976	38,490,317	1,122,690	39,613,007
2015	37,212,486	3,042,291	25,269	4,060	298,801	40,582,907	1,390,457	41,973,364
2016	39,036,339	3,141,600	26,464	2,835	324,172	42,531,410	1,548,535	44,079,945
2017	40,373,908	3,445,237	25,539	2,897	367,584	44,215,165	1,841,710	46,056,875
2018	41,362,823	3,591,504	22,944	4,363	362,226	45,343,860	1,976,302	47,320,162
2019	43,145,841	3,768,844	26,334	10,046	520,647	47,471,712	2,016,503	49,488,215

Table 8

**TOWN OF BRUNSWICK, MAINE**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Taxable Real Property		Taxable Personal Property	Total Taxable Assessed Value	Less TIF Property Values	Total Taxable General	Total Direct Tax Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial							
2010	\$ 904,220,600	\$ 310,846,200	\$ 51,868,100	\$ 1,266,934,900	\$ 8,511,000	\$ 1,258,423,900	22.54	\$ 2,097,373,167	60.00%
2011	913,791,250	315,010,700	52,768,800	1,281,570,750	22,044,500	1,259,526,250	22.87	2,031,493,952	62.00%
2012	924,335,340	321,920,200	49,578,800	1,295,834,340	13,484,180	1,282,350,160	23.68	1,942,954,788	66.00%
2013	932,031,750	344,908,040	55,428,400	1,332,368,190	16,472,100	1,315,896,090	24.90	1,879,851,557	70.00%
2014	942,358,200	362,093,700	52,331,700	1,356,783,600	42,301,800	1,314,481,800	26.54	1,877,831,143	70.00%
2015	952,243,200	378,758,600	48,776,700	1,379,778,500	50,746,600	1,329,031,900	27.40	1,898,617,000	70.00%
2016	971,853,600	376,011,300	46,385,100	1,394,250,000	54,602,800	1,339,647,200	28.36	1,913,781,714	70.00%
2017	963,357,200	391,521,700	46,241,100	1,401,120,000	62,776,800	1,338,343,200	29.35	1,911,918,857	70.00%
2018 (a)	1,634,631,100	593,475,400	72,257,000	2,300,363,500	107,583,100	2,192,780,400	18.37	2,192,780,400	100.00%
2019 (b)	1,621,806,600	604,190,100	63,948,500	2,289,945,200	106,580,500	2,183,364,700	18.92	2,183,364,700	100.00%

- (a) In fiscal 2018 the Town conducted a revaluation of real property, bringing the assessed value to 100% of market. The tax rate was reduced accordingly.  
(b) In fiscal 2019 a property valued at \$1,589,900 in the Brunswick Executive Airport TIF was omitted from the tax commitment, but was assessed as a supplemental. This amount has been included in Taxable Real Property - Commercial, and TIF Property Values.

	Homestead Assessed Values	Homestead Estimated Actual Values
2010	\$ 17,028,100	\$ 28,380,167
2011	13,500,700	21,775,323
2012	14,319,950	21,696,894
2013	15,359,950	21,942,786
2014	15,426,200	22,037,429
2015	15,492,550	22,132,214
2016	15,400,250	22,000,357
2017	22,845,700	32,636,714
2018	43,154,750	43,154,750
2019	55,633,250	55,633,250

For qualifying taxpayers the Homestead Exemption exempts a portion of the assessed value of a residence from property taxation.

Table 9

**TOWN OF BRUNSWICK, MAINE**  
**Direct and Overlapping Property Tax Rates (Per \$1,000 of Assessed Value)**  
**Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Direct Rates</u>			<u>Total</u>
	<u>General Municipal</u>	<u>Education (a)</u>	<u>County Tax (b)</u>	
2010	9.54	12.10	0.90	22.54
2011	9.95	12.00	0.92	22.87
2012	9.90	12.87	0.91	23.68
2013	9.72	14.30	0.88	24.90
2014	9.42	16.18	0.94	26.54
2015	10.07	16.35	0.98	27.40
2016	10.41	16.96	0.99	28.36
2017	10.99	17.34	1.02	29.35
2018 (c)	6.84	10.86	0.67	18.37
2019	7.04	11.19	0.69	18.92

The Town annually adopts an annual budget for which property taxes are levied. The Education and County Tax are a part of the total property tax levy. The distribution shown above reflects the amount each component requires of the total tax levy.

(a) The Town is a member of the Maine Region 10 Technical High School (MR10). MR10 does not have taxing authority. However MR10 does assess the Town for participation in the Region. That assessment becomes part of the Town's education budget. The amount of the direct tax rate attributable to education expenditures is shown above.

(b) Cumberland County assesses a county tax to the Town of Brunswick. The Town includes the county assessment in the Town's total direct tax rate. The rate shown here reflects the portion of the Town's total direct tax rate levied by the Town to pay the county tax assessment.

(c) In fiscal 2018 the Town conducted a revaluation of real property, bringing the assessed value to 100% of market. The tax rate was reduced accordingly.

**TOWN OF BRUNSWICK, MAINE**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

Taxpayer	2018-19				2009-10			
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable		Taxable Assessed Valuation	Rank	Percentage of Total Taxable	
			Assessed Valuation	Municipal Valuation			Assessed Valuation	Municipal Valuation
Brunswick Landing Ventures LLC	\$ 34,949,400	1	1.53%	1.60%	\$ -	-	N/A	N/A
BIF II US Renewable LLC (formerly Maine Hydro)	33,154,600	2	1.45%	1.52%	17,205,000	3	1.36%	1.37%
Bath Iron Works Corporation	28,856,200	3	1.26%	1.32%	24,806,600	1	1.96%	1.97%
Central Maine Power Co.	26,868,300	4	1.17%	1.23%	6,723,200	9	0.53%	0.53%
Midcoast Regional Redevelopment Authority	24,191,000	5	1.06%	1.11%	-	-	N/A	N/A
Brunswick MZL LLC (formerly Dev. Diversified)	22,678,300	6	0.99%	1.04%	18,946,400	2	1.50%	1.51%
Walmart Real Estate Business Trust	18,773,600	7	0.82%	0.86%	13,032,200	4	1.03%	1.04%
Thornton Oakes Homeowners Assn. Corp.	14,949,700	8	0.65%	0.68%	11,895,700	6	0.94%	0.95%
Maine Natural Gas	14,660,000	9	0.64%	0.67%	-	-	N/A	N/A
W/S Brunswick Properties LP	13,640,100	10	0.60%	0.62%	12,195,600	5	0.96%	0.97%
Bowdoin College	-	-	N/A	N/A	7,841,900	7	0.62%	0.62%
Cooper Industries Inc. (Arrowhart Division)	-	-	N/A	N/A	7,568,700	8	0.60%	0.60%
LHC Brunswick ME LLC (Lowes)	-	-	N/A	N/A	6,461,300	10	0.51%	0.51%
	<u>\$ 232,721,200</u>		<u>10.16%</u>	<u>10.66%</u>	<u>\$ 126,676,600</u>		<u>10.00%</u>	<u>10.07%</u>
Total Assessed Valuation *	\$ 2,289,945,200				\$ 1,266,934,900			
* Includes:								
Municipal valuation	\$ 2,183,364,700				\$ 1,258,423,900			
TIF valuation	<u>106,580,500</u>				<u>8,511,000</u>			
	<u>\$ 2,289,945,200</u>				<u>\$ 1,266,934,900</u>			

Source: Office of the Tax Assessor, Brunswick, Maine

Table 11

**TOWN OF BRUNSWICK, MAINE**  
**Total Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Municipal Tax Levy</u>	<u>TIF Levy</u>	<u>Total Tax Levy</u>	<u>Supplemental Taxes</u>	<u>Abatements</u>	<u>Amount Collected within the Fiscal Year</u>	
						<u>Net Collectible</u>	<u>Fiscal Year</u>
2010	28,364,875	191,838	28,556,713	17,321	(51,765)	28,522,269	27,698,194
2011	28,805,365	504,158	29,309,523	30,300	(72,416)	29,267,407	28,598,906
2012	30,366,052	319,305	30,685,357	43,478	(132,701)	30,596,134	29,777,364
2013	32,765,813	410,155	33,175,968	18,269	(36,884)	33,157,353	32,348,601
2014	34,886,347	1,122,690	36,009,037	92,470	(139,502)	35,962,005	35,177,642
2015	36,415,474	1,390,457	37,805,931	54,983	(41,071)	37,819,843	36,821,979
2016	37,992,395	1,548,535	39,540,930	55,732	(60,225)	39,536,437	38,702,091
2017	39,280,373	1,842,499	41,122,872	223,789	(363,975)	40,982,686	40,116,510
2018	40,281,376	1,976,302	42,257,678	32,913	(288,008)	42,002,583	41,102,234
2019	41,309,260	1,986,422	43,295,682	36,514	(28,041)	43,304,155	42,467,493

<u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>			<u>Collected in Subsequent Years</u>			<u>Total Collections to Date</u>		
	<u>Amount</u>	<u>Percentage of Levy</u>	<u>Percentage of Net Collectible</u>	<u>Years</u>	<u>Amount</u>	<u>Percentage of Levy</u>	<u>Percentage of Net Collectible</u>	<u>Amount</u>	<u>Percentage of Net Collectible</u>
2010	\$ 27,698,194	96.99%	97.11%	\$ 823,088	28,521,282	99.88%	100.00%		
2011	28,598,906	97.58%	97.72%	666,757	29,265,663	99.85%	99.99%		
2012	29,777,364	97.04%	97.32%	817,383	30,594,747	99.70%	100.00%		
2013	32,348,601	97.51%	97.56%	806,396	33,154,997	99.94%	99.99%		
2014	35,177,642	97.69%	97.82%	781,286	35,958,928	99.86%	99.99%		
2015	36,821,979	97.40%	97.36%	994,234	37,816,213	100.03%	99.99%		
2016	38,702,091	97.88%	97.89%	827,849	39,529,940	99.97%	99.98%		
2017	40,116,510	97.55%	97.89%	846,493	40,963,003	99.61%	99.95%		
2018	41,102,234	97.27%	97.86%	622,465	41,724,699	98.74%	99.34%		
2019	42,467,493	98.09%	98.07%	-	42,467,493	98.09%	98.07%		

Table 12

**TOWN OF BRUNSWICK, MAINE**  
**Ratios of Outstanding Debt**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Governmental Activities</u>	<u>Ratios of Net General Bonded Debt</u>		
		<u>General Obligation Bonds (a)(b)</u>	<u>Percentage of Personal Income (c)</u>	<u>Per Capita</u>
				<u>Actual Taxable Value of Property (d)</u>
2010		5,719,181	1.33%	270.13
2011		30,290,602	5.44%	1,430.69
2012		27,578,697	4.95%	1,360.03
2013		30,416,098	5.46%	1,499.96
2014		27,502,694	4.94%	1,356.28
2015		25,381,118	4.56%	1,251.66
2016		23,264,541	4.18%	1,147.28
2017		24,111,769	4.33%	1,189.06
2018		22,121,505	3.97%	1,090.91
2019		19,847,207	3.57%	978.76
				0.27%
				1.49%
				1.42%
				1.62%
				1.46%
				1.34%
				1.22%
				1.26%
				1.01%
				0.91%

(a) Presented net of original issuance discounts and premiums.

(b) General Bonded Debt includes debt issued as General Obligation Tax Increment Financing Bonds. Although the debt has been issued as general obligations, it is anticipated that it will be fully paid from Tax Increment Financing (TIF) revenues.

(c) Per capita income and population can be found in Table 16.

(d) For taxable property value data see Table 8.

**TOWN OF BRUNSWICK, MAINE**  
**Direct and Overlapping Governmental Activities Debt**  
**June 30, 2019**

<b>Jurisdiction</b>	<b>Debt Outstanding</b>	<b>Percentage Applicable to Government</b>	<b>Amount Applicable to Government</b>
Direct:			
Town of Brunswick General Obligation	\$ 19,722,829	100.00%	\$ 19,722,829
Premium on bonds	124,378	100.00%	124,378
Total direct debt	19,847,207		19,847,207
Overlapping:			
Cumberland County	37,893,997	4.95%	1,874,726
Total direct and overlapping debt	\$ 57,741,204		\$ 21,721,933

Note: Annually, Cumberland County assesses each municipality its proportionate share of the County tax required to fund the County budget. The County tax assessment applicable to the Town of Brunswick is included in the total property tax levy of the Town of Brunswick.

Sources: The outstanding debt for Cumberland County has been provided by the County. The percentage applicable to the Town of Brunswick is based on the ratio of the State equalized assessed valuation for the Town of Brunswick versus the equalized state valuation for Cumberland County in total.

**TOWN OF BRUNSWICK, MAINE**  
**Legal Debt Margin Information**  
**June 30, 2019**

	Debt Limit by Category						Legal Debt Margin
	Type of Debt	Maximum Allowable Percent	Maximum Allowable Amount	Principal Amount Outstanding			
	School	10.00%	\$ 231,990,000	\$ 13,848,329	\$	218,141,671	
	Storm or Sanitary Sewer	7.50%	173,992,500	-		173,992,500	
	Municipal Airport Special District	3.00%	69,597,000	-		69,597,000	
	Municipal	7.50%	173,992,500	5,874,500		168,118,000	
	Total Maximum Debt	15.00%	\$ 347,985,000	\$ 19,722,829	\$	328,262,171	

The amount of debt a Maine municipality may have is governed by Title 30-A M.R.S.A. section 5702. The law limits total debt and debt for specific categories. Total debt cannot exceed 15% of the Town's last full State Valuation. Debt for specific categories is limited to a percentage of State valuation. As the following table indicates, based on a 2019 State Valuation of \$2,319,900,000, the Town is in compliance with the total and categorical debt limits:

**Legal Debt Margin Calculation for Fiscal Year 2019**

State Valuation	\$ 2,319,900,000
Debt Limit - 15% of State Valuation	347,985,000
Less outstanding debt applicable to debt limit	(19,722,829)
Legal Debt Margin	\$ 328,262,171

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 330,720,000	\$ 321,225,000	\$ 304,207,500	\$ 297,517,500	\$ 303,937,500	\$ 300,060,000	\$ 312,390,000	\$ 327,607,500	\$ 337,860,000	\$ 347,985,000
Total debt applicable to limit	5,715,000	30,177,250	27,439,138	30,211,025	27,322,912	25,219,800	23,121,688	23,944,475	21,975,669	19,722,829
Legal debt margin	\$ 325,005,000	\$ 291,047,750	\$ 276,768,362	\$ 267,306,475	\$ 276,614,588	\$ 274,840,200	\$ 289,268,312	\$ 303,663,025	\$ 315,884,331	\$ 328,262,171
Total debt applicable to the limit as a percentage of debt limit	1.73%	9.39%	9.02%	10.15%	8.99%	8.40%	7.40%	7.31%	6.50%	5.67%



**TOWN OF BRUNSWICK, MAINE**  
**Principal Employers**  
**Current Year and Nine Years Ago**

<u>Employer</u>	<u>2019</u>		<u>2010</u>	
	<u>Employees (a)</u>	<u>Rank</u>	<u>Employees (a)</u>	<u>Rank</u>
Bath Iron Works	1400	1	1800	1
Mid Coast-Parkview Health	1250	2	1470	2
Bowdoin College	962	3	949	3
Town of Brunswick	577	4	690	5
Wayfair	460	5		
L.L. Bean Inc., Manufacturing Div.	407	6	230	8
Wal-Mart Stores, Inc.	254	7	357	7
Savilinx	178	8		
Hannaford Brothers	160	9	189	9
Pathways (formerly Providence Service Corp)	123	10		
Naval Air Station, Brunswick (civilian employment only)			700	4
Parkview Memorial Hospital			374	6
Bank of America, formerly MBNA			183	10

(a) Telephone Survey of Employers, March 2010 and March 2019. The employee counts were determined by the employers and may or may not represent full-time equivalents (FTEs).

Note: Each employer's percentage of total employment is not indicated, as there is no reliable source of data for total employment within the Town.

**TOWN OF BRUNSWICK, MAINE**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Fiscal Year	Population (a)	Per Capita		Median Age (a)	School Enrollment (c)	Unemployment Rate (d)
		Personal Income (b)	Personal Income (a)			
2010	21,172	\$ 430,257,384	\$ 20,322	35.50	2,648	7.0%
2011	20,278	556,691,934	27,453	41.40	2,556	6.6%
2012	20,278	556,691,934	27,453	41.40	2,463	6.7%
2013	20,278	556,691,934	27,453	41.40	2,363	6.4%
2014	20,278	556,691,934	27,453	41.40	2,390	5.6%
2015	20,278	556,691,934	27,453	41.40	2,358	4.6%
2016	20,278	556,691,934	27,453	41.40	2,336	3.5%
2017	20,278	556,691,934	27,453	41.40	2,313	3.1%
2018	20,278	556,691,934	27,453	41.40	2,349	2.8%
2019	20,278	556,691,934	27,453	41.40	2,327	2.8%

(a) U.S. Department of Commerce, Bureau of Census. Years prior to 2011 from the 2000 Census; Fiscal years 2011 and later from the 2010 Census

(b) Personal income equals per capita income times the population.

(c) State of Maine Department of Education, October 1 Census

(d) State of Maine Department of Labor, Center for Workforce Research and Information as of 12/31 prior to fiscal year end.

Table 17

**TOWN OF BRUNSWICK, MAINE**  
**Full-time Employees by Function/Program**  
**Last Ten Fiscal Years**

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General government										
Administration	4	4	4	4	4	4	4	4	4	5
Finance	8	8	8	8	8	8	8	8	8	8
Technology	0	1	1	1	1	1	1	1	1	1
Assessing	3	3	3	3	3	3	3	3	3	3
Town Clerk	4	4	4	4	4	4	3.5	3.5	3.5	4
Planning and Codes	5	5	5	5	5	5	5	5	5.5	5.5
Economic development	3	2	2	1	1	1	1	1	1	1
Municipal building	1.5	1.5	1.5	1.5	1	1	1	1	0	0
Public safety										
Fire department	36	36	36	36	36	36	36	36	36	36
Police department	51	48	50	50	51	51	51	51	50.5	50.5
Public works										
Administration	5	5	5	5	5	5	5	5	6	6
General maintenance	17	17	15.5	11.5	16	15.5	14.5	14.5	14.5	14.5
Landfill	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Central garage	3.5	3.5	3.5	3.5	3.5	3.5	3.5	2.5	2.5	2.5
Human services	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Education	402	396	390	392	394	406	422	425	424	423
Recreation										
Administration	5	5	5	5	5	5	5	5	5	5
Buildings and grounds	6	5	5	5	5	5.5	5.5	5.5	7.5	7.5
Cable TV	1	1	1	1	1	1	1	1	1	1
<b>Totals</b>	<b>559</b>	<b>549</b>	<b>543.5</b>	<b>540.5</b>	<b>547.5</b>	<b>559.5</b>	<b>574</b>	<b>576</b>	<b>577</b>	<b>577.5</b>

Note: Neither the municipal nor the education departments have maintained their employment numbers on a full-time equivalents basis. The above represents the departments best estimates of full-time positions for the various fiscal years. Many seasonal and part-time positions have not been included or converted to full-time equivalents. Further, the determination of which positions have been counted as full-time may have varied from year to year. All of the positions may or may not have been filled as of June 30 of any given year.

Table 18

**TOWN OF BRUNSWICK, MAINE**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Fire Department										
Fire calls	835	975	985	1,144	1,098	1,135	1,131	1,133	1,271	1,021
Medical calls	2,406	N/A	2,549	2,823	2,737	2,867	2,997	3,103	3,379	3,415
Inspections	249	N/A	300	342	356	264	268	267	261	208
Police										
Calls for service (a)	33,358	36,254	45,060	43,815	42,332	44,426	46,758	45,593	44,519	45,563
Crash reports	713	679	767	713	715	787	814	838	1,017	853
Field interviews (b)	N/A	N/A	508	464	444	251	79	46	49	23
Offense reports	1,243	1,133	1,230	1,304	714	1,224	1,382	1,344	1,405	1,252
Physical arrests	1,150	1,069	1,098	1,184	1,022	1,035	922	962	899	1,435
Public Works										
Street resurfacing (miles)	5	8	5	4	4	3	5	4	5	6
Recyclables collected (tons)	1,804	1,754	1,711	1,548	1,622	2,402	2,829	2,482	3,095	2,453
Codes Enforcement										
Residential permits issued	291	258	249	249	293	267	293	310	351	347
Commercial/Industrial permits issued	39	34	55	52	58	58	52	70	73	46

(a) Beginning in 2011, the police department calls for service include calls for the Town of Freeport which are handled by the Town of Brunswick dispatch center.

(b) Police department began tracking additional categories of service in later years.

Table 19

**TOWN OF BRUNSWICK, MAINE**  
**Capital Assets Statistics by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>Fiscal Year</b>									
	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
Police Department Stations	0	0	0	0	1	1	1	1	1	1
Patrol units	18	18	16	17	17	16	16	16	16	16
Fire Department Stations	2	2	2	2	2	2	2	2	2	2
Emergency vehicles	14	14	12	12	12	13	13	13	14	16
Public Works Department Streets (miles)	137	138	139	140	141	141	141	141	141	142
School Department Schools	6	6	4	4	4	4	4	4	4	4
School buses	26	26	26	26	26	26	26	29	29	29

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**APPENDIX B**

**PROPOSED FORM  
OF  
LEGAL OPINION**

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**Bernstein, Shur,  
Sawyer & Nelson, P.A.**  
100 Middle Street  
PO Box 9729  
Portland, ME 04104-5029

T (207) 774 - 1200  
F (207) 774 - 1127

[DATE]

[PURCHASER]

We have examined the law and certified proceedings submitted in connection with the issuance and sale of the \$26,250,000\* aggregate principal amount of 2020 General Obligation Bonds (the “Bonds”) of the Town of Brunswick, Maine (the “Issuer”), a public municipal corporation in the State of Maine organized and existing under and pursuant to the laws of the State of Maine and the Charter of the Town of Brunswick, Maine (the “Charter”).

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of any offering material relating to the Bonds and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

The Bonds are issued under and pursuant to the Charter and the provisions of Title 30-A, Section 5772 of the Maine Revised Statutes, as amended.

The Bonds are dated January 30, 2020.\* Principal of the Bonds will be payable on November 1 of the years in which the Bonds mature and in the principal amounts as set forth below. The Bonds will bear interest from their date, payable semi-annually on November 1 and May 1 in each year, commencing on November 1, 2020, at the respective rates per annum, as follows:

---

\* Subject to change.

<u>Year of Maturity*</u>	<u>Amount*</u>	<u>Year of Maturity*</u>	<u>Amount*</u>
2020	\$675,000	2033	\$1,180,000
2021	885,000	2034	1,205,000
2022	905,000	2035	1,100,000
2023	930,000	2036	1,100,000
2024	950,000	2037	1,100,000
2025	975,000	2038	1,100,000
2026	1,000,000	2039	1,100,000
2027	1,025,000	2040	1,100,000
2028	1,050,000	2041	1,100,000
2029	1,075,000	2042	1,100,000
2030	1,105,000	2043	1,100,000
2031	1,135,000	2044	1,100,000
2032	1,155,000		

\*Subject to change.

Bonds maturing on or before November 1, 2030 are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after November 1, 2031 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after November 1, 2030, as a whole or in part at any time, in such order of maturity as the Town, in its discretion, may determine at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

The Bonds will be issued in fully registered form without coupons and, when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company (“DTC”), an automated depository for securities and clearinghouse for securities transactions. Purchases of the Bonds will be made in book-entry form (without certificates) in the denomination of \$5,000 or any integral multiple thereof. The Bonds are lettered R and shall be numbered from one (1) upwards.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Noncompliance with such requirements may cause interest on the Bonds to be included in the gross income of the owners thereof retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs. The Issuer, in executing its certificates and documents, has certified to the effect that the Issuer will comply with the provisions and procedures set forth therein and do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds shall, for purposes of federal income tax, be excluded from the gross income of the owners thereof. In rendering this opinion, we have assumed that the Issuer will comply with the provisions and procedures set forth in its certificates.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Issuer has been duly created and validly exists as a public municipal corporation under and pursuant to the laws of the State of Maine.

2. The Issuer is duly authorized to issue the Bonds which have been duly and validly authorized and issued in accordance with law and constitute valid general obligations of the Issuer payable as to both principal and interest from ad valorem taxes which may be levied, subject to certain procedural limitations under Section 5721-A of the Maine Revised Statutes as amended and supplemented to date, without limit as to rate or amount upon all the property located within the territorial limits of the Issuer and taxable by it, except to any extent that the Issuer may enter into an agreement under Title 30-A, Chapter 223, Subchapter V, of the Maine Revised Statutes, as amended, to share any portion of its assessed valuation with another municipality and except to the extent that the Issuer may establish municipal development districts or affordable housing districts pursuant to Title 30-A, Chapters 206 and former 207 (now repealed) of the Maine Revised Statutes, as amended, the tax increment revenues on retained captured assessed values of which may not be available for payment of debt service on the Bonds.

3. Under existing statutes and court decisions interest on the Bonds is (a) excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and (b) is not treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Code. Under existing statutes, interest on the Bonds is exempt from the State of Maine income tax imposed on individuals. The opinions set forth in this paragraph 3 are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal or state tax consequences arising with respect to the Bonds.

4. The Bonds will not constitute “qualified tax-exempt obligations” under Section 265(b) of the Code.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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We have examined an executed Bond and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

---

Bernstein, Shur, Sawyer & Nelson

**APPENDIX C**

**PROPOSED FORM  
OF  
CONTINUING DISCLOSURE AGREEMENT**

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**TOWN OF BRUNSWICK, MAINE  
PROPOSED FORM OF  
CONTINUING DISCLOSURE AGREEMENT**

In connection with the issuance by the Town of Brunswick, Maine (the “Issuer”) of its \$24,450,000 2020 General Obligation Bonds, dated as of January 30, 2020 (the “Bonds”) and with reference to the continuing disclosure requirements of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, and officially interpreted from time to time (the “Rule”), the Issuer hereby covenants under this Continuing Disclosure Agreement (the “Agreement”) that it will engage in the undertakings described in Section 1, 2 and 3 herein for the benefit of the beneficial owners of the Bonds, subject to the conditions and limitations specified herein. Under the Agreement, the Issuer is obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the MSRB (defined below). This information will be available from the MSRB via the Electronic Municipal Market Access (“EMMA”) system at [www.emma.msrb.org](http://www.emma.msrb.org). The Issuer reserves the right to incorporate by reference its Official Statement dated January 14, 2020 relating to the Bonds (the “Official Statement”), which will be submitted to the MSRB, as hereinafter defined, at the time of delivery of the Bonds, in any future disclosure provided hereunder.

In addition to the definitions set forth above in the undertaking, which apply to any capitalized term used in this Agreement unless otherwise defined, if used the following capitalized terms shall have the following meanings:

“Annual Financial Information” shall mean the financial information or operating data of the type included in the final Official Statement, provided at least annually by the Issuer pursuant to, and as described in, Sections 1 of this Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Business Day” shall mean a day other than a Saturday or a Sunday or a day on which banks in Maine are authorized or required by law to close.

“Dissemination Agent” shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with SEC Rule 15c2-12.

“Holders” shall mean the registered Holders of the Bonds, as recorded in the registration books of the Registrar.

“Municipal Securities Rulemaking Board” or “MSRB” shall mean the Municipal Securities Rulemaking Board, established under the Securities and Exchange Act of 1934, as amended, or any successor thereto, with an address of 1300 I Street NW, Suite 1000, Washington, DC 20005.

“State” shall mean the State of Maine.

1. The Issuer will provide to the MSRB: (a) not later than 270 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2020, certain updated Annual Financial Information and operating data relating to the Issuer for the preceding fiscal year of the type presented in the Official Statement prepared in connection with the Bonds under the headings “TOWN FINANCES,” “INDEBTEDNESS,” “RETIREMENT” and in APPENDIX A to the Official Statement and such other

Annual Financial Information and operating data as may be required to comply with the Rule; and (b) the updated information discussed in clause (a) above will include audited financial statements, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Issuer will provide audited financial statements when and if such audited financial statements become available. Such filings, if not completed by the required time in clause (a) above, but if filed when available, will not be deemed to be a “late filing”. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX A to the Official Statement or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation.

The Issuer reserves the right to modify from time to time the specific types of information provided under clause (a) above or the format of the presentation of such information to reflect changed circumstances, provided that any such modification will be done in a manner consistent with the Rule.

2. The Issuer will provide in a timely manner, not in excess of ten (10) Business Days, after the occurrence of an event listed in this Section 2 to the MSRB through EMMA (in an electronic format as prescribed by the MSRB) notice of the occurrence of any of the following events with respect to the Bonds.

(a) Certain events whether material or not material:

- (1) Principal and interest payment delinquencies;
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) Substitution of credit or liquidity providers, or their failure to perform;
- (5) Adverse tax opinions or events affecting the tax-exempt status of the Bonds, the issuance by the Internal Revenue Service of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (6) Tender offers;
- (7) Defeasances;
- (8) Rating changes;
- (9) Bankruptcy, insolvency, receivership or similar event of the Issuer (Note: For the purposes of the event identified in Section 1, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.);or
- (10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation of the Issuer or obligated person, any of which reflect financial difficulties

(b) Certain events if material:

- (1) Non-payment related defaults;
- (2) Modifications to the rights of Holders of the Bonds;
- (3) Bond calls;
- (4) The release, substitution, or sale of property securing repayment of the Bonds;
- (5) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business,



- the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (6) Appointment of a successor or additional trustee or the change of name of a trustee; and
  - (7) Incurrence of a Financial Obligation of the Issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or obligated person, any of which affect security Holders, if material.

The Issuer from time to time may choose to provide notice of the occurrence of certain other events, in addition to those listed above, but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those listed above.

- 3. The Issuer will provide in a timely manner to the MSRB notice of a failure to satisfy the requirements of Section 1 herein.
- 4. The intent of the Issuer's undertaking in this Agreement is to provide on a continuing basis the information described in the Rule. The provisions of the Agreement may be amended by the Issuer without the consent of, or notice to, any Beneficial Owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission ("SEC") or its staff (whether required or optional), (b) to add a Dissemination Agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Issuer for the benefit of the Beneficial Owners of the Bonds, (d) to modify the contents, presentation and format of the Annual Financial Information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the Beneficial Owners of the Bonds, as determined either by a party unaffiliated with the Issuer (such as bond counsel), or by the vote or consent of Beneficial Owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment.

Furthermore, the Issuer's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment of in full of all of the Bonds or to the extent that the Rule, as in effect from time to time, no longer requires the issuers of municipal securities to provide all or any portion of the information the Issuer has agreed to provide pursuant to the Agreement, the obligation of the Issuer to provide such information also shall cease immediately.

- 5. The purpose of the Issuer's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the Beneficial Owners of the Bonds, from time to time, to specifically enforce the Issuer's obligations hereunder, not to create new contractual or other rights for any Beneficial Owner of the Bonds, any municipal securities broker or dealer, any potential purchaser of the Bonds, the SEC or any other person. The sole remedy in the event of any actual or alleged failure by the Issuer to comply with any provision herein shall be an action for the specific performance of the Issuer's obligations hereunder and not for money damages in any amount. Any failure by the Issuer to comply with any provision of this undertaking shall not constitute an event of default with respect to the Bonds.
- 6. Except as disclosed in its Official Statement, the Issuer has never failed to comply in all material respects with any previous undertakings to provide Annual Financial Information or notices of material events in accordance with the Rule.

The Issuer's Treasurer, or such official's designee from time to time, shall be the contact person on behalf of the Issuer from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is: Julia A.C Henze, Treasurer, Town of Brunswick, 85 Union Street, Brunswick, ME 04011; Telephone: (207) 725-6652; email [jhenze@brunswickme.org](mailto:jhenze@brunswickme.org).

TOWN OF BRUNSWICK, MAINE

Dated: \_\_\_\_\_, 20\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_