

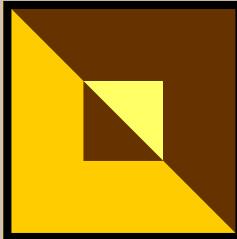


Town of Brunswick, Maine

Fiscal Year Ended

June 30, 2020

Popular Annual Financial Report



Popular Annual Financial Report

2019-20

Fiscal Year ending

June 30, 2020



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, 2019

Christopher P. Morrell

Executive Director/CEO

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Dear Citizens of the Town of Brunswick,

We are pleased to present the Town of Brunswick's fourth annual Popular Financial Report (PAFR), for the fiscal year ended June 30, 2020. This report is intended to provide a reader-friendly version of data from the Town's Comprehensive Annual Financial Report (CAFR), and from the Town's annual General Fund Budget. You may find CAFRs and budgets from this and previous years on the Town's website: www.brunswickme.org

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

We are proud that the Town has received the Government Finance Officers Association (GFOA) Award for Outstanding Achievement in Popular Annual Financial Reporting to the Town of Brunswick for the past three years. This program has numerous standards of creativity, presentation, understandability and reader appeal. We believe our current report continues to conform to PAFR requirements, and it will also be submitted to the GFOA award program.

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

Sincerely,

Julia Henze
Finance Director



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



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

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

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

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

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

GENERAL DYNAMICS

Bath Iron Works

L.L.Bean

Bowdoin



MID COAST-PARKVIEW
HEALTH

wayfair

MRRA



Midcoast Regional
Redevelopment Authority



Brunswick Landing
MAINE'S CENTER FOR INNOVATION

Brunswick
EXECUTIVE AIRPORT

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

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

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

Town of Brunswick Elected Officials 2020

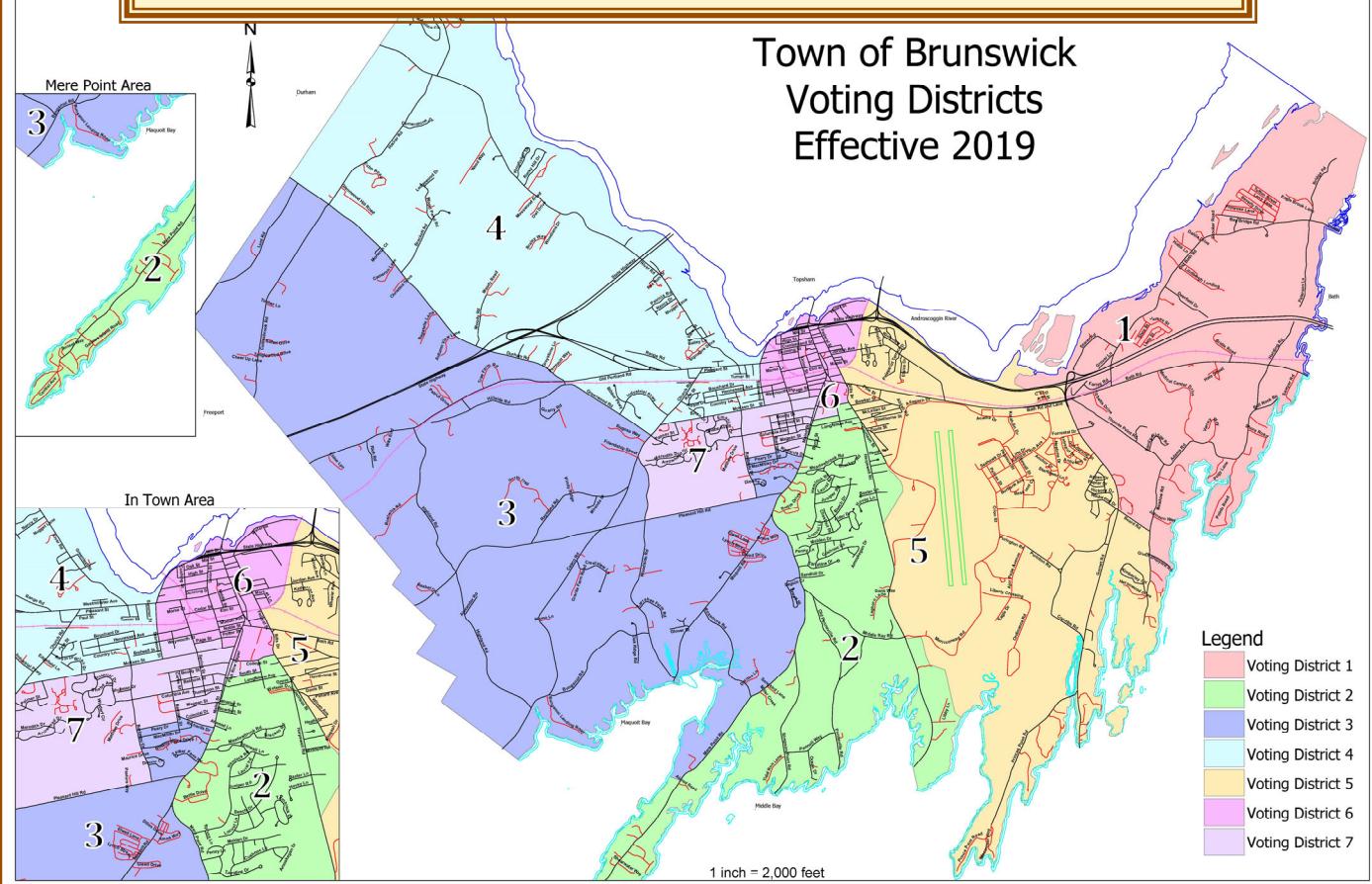
Town Council

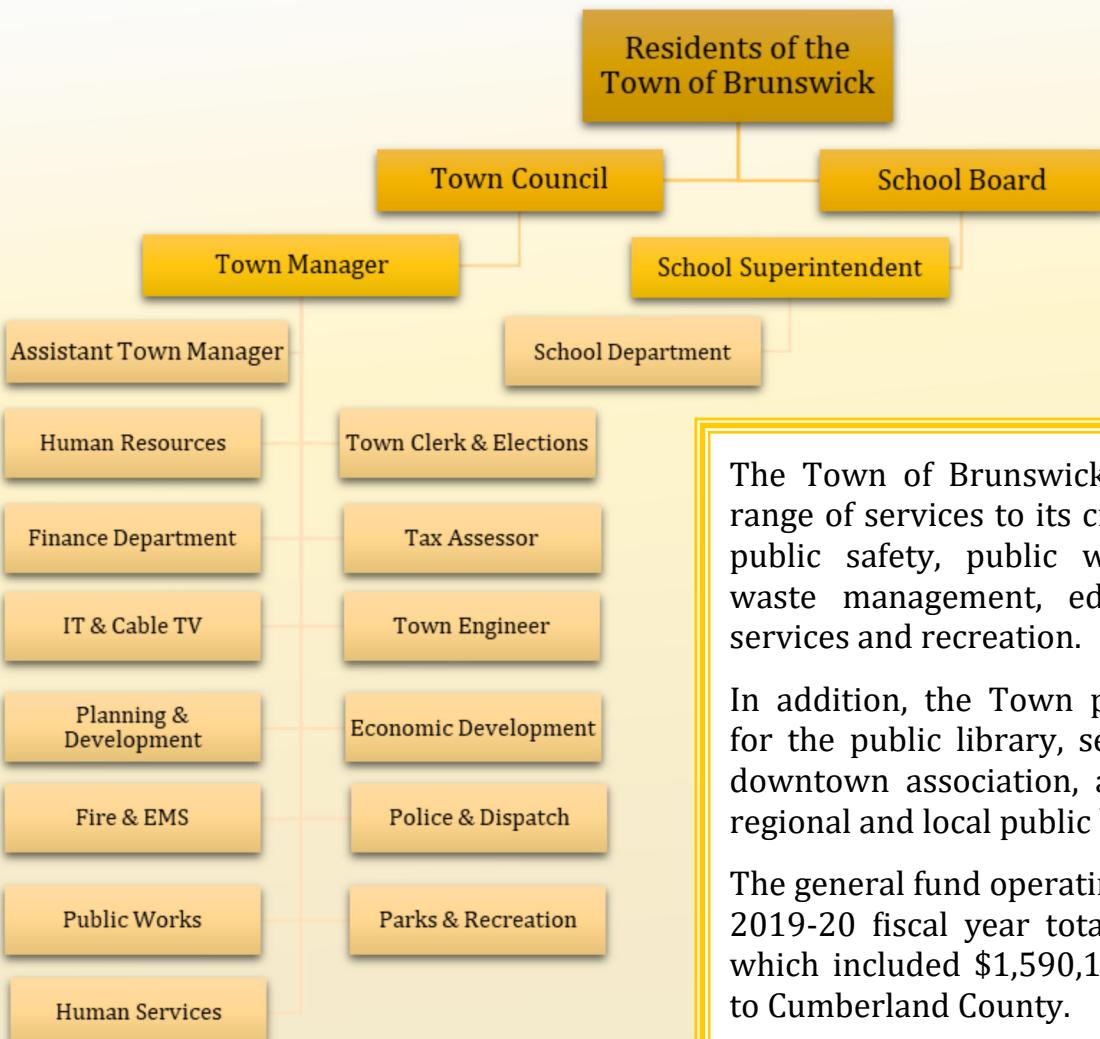
| | |
|------------|--------------------------|
| District 1 | David Watson |
| District 2 | Stephen Walker |
| District 3 | Daniel Jenkins |
| District 4 | John Perreault (chair) |
| District 5 | Christopher Watkinson |
| District 6 | Toby McGrath |
| District 7 | James Mason (vice chair) |
| At Large | Daniel Ankeles |
| At Large | Kathy Wilson |

School Board

| |
|---------------------------|
| Mandy Merrill |
| Elizabeth Bisson |
| Teresa Gillis |
| Celina Harrison |
| James Grant (chair) |
| Elizabeth Sokoloff |
| Sarah Singer |
| Joy Prescott (vice chair) |
| William Thompson |

Town of Brunswick Voting Districts Effective 2019





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

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

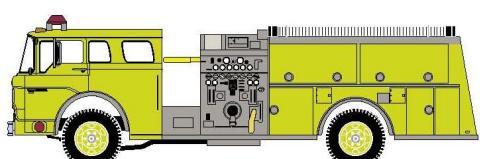
The general fund operating budget for the 2019-20 fiscal year totaled \$65,736,606 which included \$1,590,123 in taxes paid to Cumberland County.



In the 2019-20 school year, Brunswick school department provided education to resident and non-resident students in pre-kindergarten through grade 12. The Town is also a participant, along with RSU 5 and RSU 75, in the Maine Region 10 Technical High School.

| <u>School</u> | <u>Grade</u> | <u>October 1, 2019 Enrollment</u> |
|-----------------------|--------------|-----------------------------------|
| Coffin School | PreK - 1 | 406 |
| Harriet Beecher Stowe | 2 - 5 | 720 |
| Brunswick Junior High | 6 - 8 | 532 |
| Brunswick High School | 9 - 12 | 719 |
| | | 2,377 |

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



Town of Brunswick—Net Position

Government-wide Financial Analysis

For the fiscal year ended June 30, 2020, the Town of Brunswick's total net position increased by \$874,169 to total \$65,559,420. Net investment in capital assets decreased by \$7,530,918, primarily due to debt incurred for the new elementary school. Restricted net position decreased by \$50,401 and unrestricted net position increased by \$8,455,488. The increase in unrestricted was also largely due to replenishing cash in governmental activities through the issuance of bonds.

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

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

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|------------------------|--------------------------------|----------------------------|---------------------------------|-----------------------------|----------------------------|----------------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Current & other assets | \$34,200,712 | \$20,905,829 | \$6,586,286 | \$5,735,766 | \$40,786,998 | \$26,641,595 |
| Capital assets | <u>102,957,409</u> | <u>88,799,554</u> | <u>668,707</u> | <u>1,192,654</u> | <u>103,626,116</u> | <u>89,992,208</u> |
| Total assets | <u>137,158,121</u> | <u>109,705,383</u> | <u>7,254,993</u> | <u>6,928,420</u> | <u>144,413,114</u> | <u>116,633,803</u> |
| Deferred Outflows | <u>4,459,253</u> | <u>3,490,379</u> | <u>-</u> | <u>-</u> | <u>4,459,253</u> | <u>3,490,379</u> |
| Long-term liabilities | 60,515,849 | 35,403,984 | 11,482,511 | 9,179,947 | 71,998,360 | 44,583,931 |
| Other liabilities | <u>8,128,858</u> | <u>8,197,279</u> | <u>94,980</u> | <u>100,497</u> | <u>8,223,838</u> | <u>8,297,776</u> |
| Total liabilities | 68,644,707 | 43,601,263 | 11,577,491 | 9,280,444 | 80,222,198 | 52,881,707 |
| Deferred Inflows | 3,090,749 | 2,557,224 | - | - | 3,090,749 | 2,557,224 |
| Net Position | | | | | | |
| Net capital assets | <u>61,963,362</u> | <u>68,970,333</u> | <u>668,707</u> | <u>1,192,654</u> | <u>62,632,069</u> | <u>70,162,987</u> |
| Restricted | <u>4,864,171</u> | <u>4,914,572</u> | <u>-</u> | <u>-</u> | <u>4,864,171</u> | <u>4,914,572</u> |
| Unrestricted | <u>3,054,385</u> | <u>(6,847,630)</u> | <u>(4,991,205)</u> | <u>(3,544,678)</u> | <u>(1,936,820)</u> | <u>(10,392,308)</u> |
| Total Net Pos. | <u>69,881,918</u> | <u>\$67,037,275</u> | <u>\$(4,322,498)</u> | <u>\$(2,352,024)</u> | <u>\$65,559,420</u> | <u>\$64,685,251</u> |

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

Government-wide: Capital Assets

| <u>Asset Class</u> <u>(Net of Accumulated Depreciation)</u> | <u>Governmental activities</u> | | <u>Business-type activities</u> | | <u>Total</u> | |
|--|--------------------------------|----------------------------|---------------------------------|---------------------------|-----------------------------|----------------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Land | \$ 6,861,708 | \$ 6,274,408 | \$115,000 | \$115,000 | 6,976,708 | 6,389,408 |
| Construction in progress | 25,818,148 | 13,481,435 | - | - | 25,818,148 | 13,481,435 |
| Intangibles | 200,000 | 200,000 | - | - | 200,000 | 200,000 |
| Buildings | 37,595,357 | 38,731,581 | - | - | 37,595,357 | 38,731,581 |
| Improvements | 1,654,658 | 908,334 | 221,381 | 691,193 | 1,876,039 | 1,599,527 |
| Machinery & equipment | 1,823,435 | 1,662,594 | 302,289 | 349,757 | 2,125,724 | 2,012,351 |
| Vehicles | 4,005,002 | 3,846,242 | - | - | 4,005,002 | 3,846,242 |
| Intangibles | 270,041 | 245,283 | 5,461 | 7,447 | 275,502 | 252,730 |
| Infrastructure | <u>24,729,060</u> | <u>23,449,677</u> | <u>24,576</u> | <u>29,257</u> | <u>24,753,636</u> | <u>23,478,934</u> |
| Total | <u>\$102,957,409</u> | <u>\$88,799,554</u> | <u>\$668,707</u> | <u>\$1,192,654</u> | <u>\$103,626,116</u> | <u>\$89,992,208</u> |

Construction in Progress represents projects which were underway, but not complete as of the end of the fiscal year. The largest of these, at \$23,026,114 expended as of June 30, 2020, was the Kate Furbish Elementary School, the pre-K—grade 2 school opening in September, 2020.

Government-wide: Longterm Debt

| <u>Bond Issue & Purpose</u> | <u>Issue Date</u> | <u>Amount Issued</u> | <u>Final Maturity Date</u> | <u>6/30/20 Amount Outstanding</u> |
|--|--------------------------|-----------------------------|-----------------------------------|--|
| 2006 GO Bonds (Fire Station & Truck) | 2006 | \$ 3,125,000 | 2021 | \$ 200,000 |
| 2010 Elementary School—HBS | 2010 | 21,462,250 | 2031 | 11,804,237 |
| 2011 GO Bonds (seven projects) | 2011 | 4,120,000 | 2021 | 270,000 |
| 2013 Police Station | 2013 | 5,500,000 | 2033 | 3,575,000 |
| 2016 School Revolving Renovation | 2016 | 772,862 | 2027 | 438,557 |
| 2017 School Revolving Renovation | 2017 | 87,038 | 2022 | 19,514 |
| 2017 GO Bonds (five projects) | 2017 | 1,781,000 | 2033 | 1,325,000 |
| 2020 Elementary School—Kate Furbish | 2020 | 24,450,000 | 2045 | <u>24,450,000</u> |
| | | | | <u>\$ 42,082,308</u> |

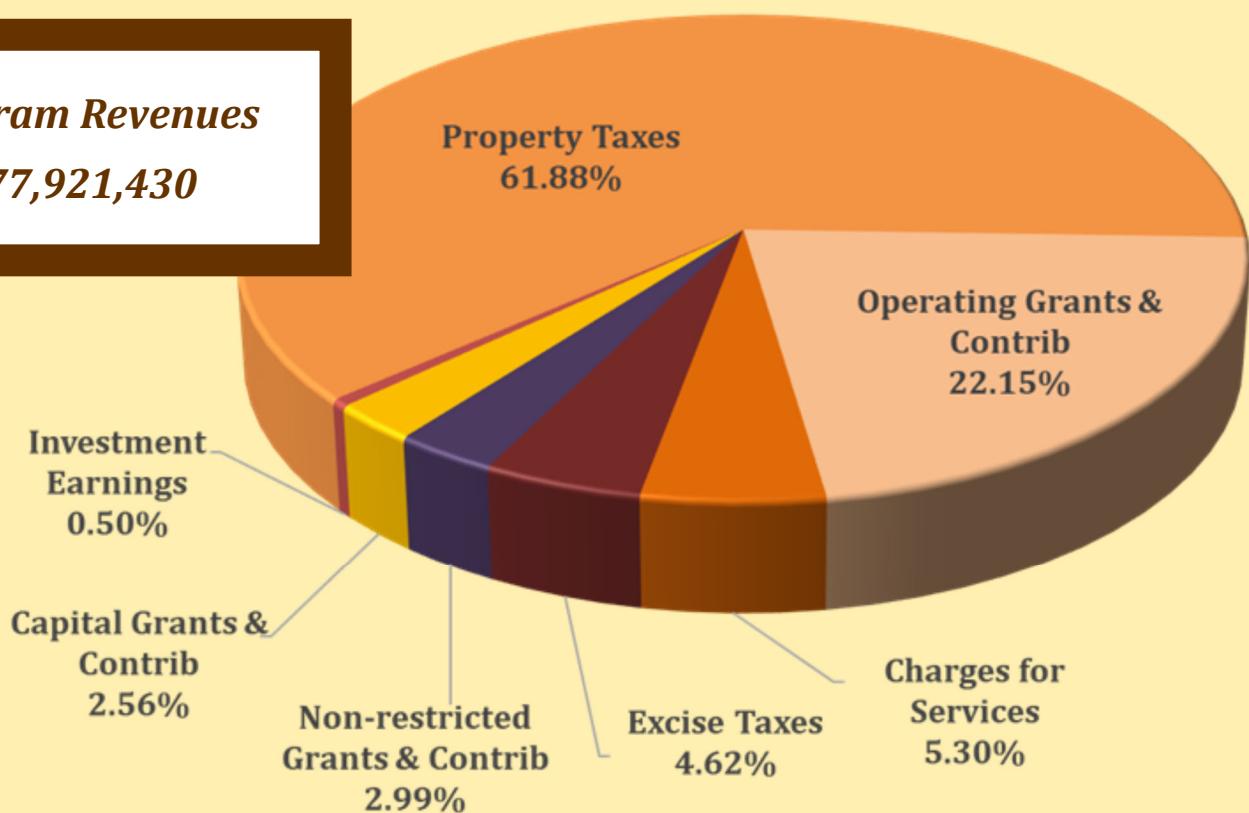
The amount of principal debt retired during the year totaled \$2,090,021, and bonds issued totaled \$24,450,000. In September, 2020, the Town closed on a School Revolving Renovation Fund loan for \$279,360 at zero interest. Additional debt authorized, but not yet issued, includes up to \$13,500,000 for a new central fire station, and \$425,000 for a fire tank truck.

The Town's outstanding debt is rated Aa2 by Moody's and AA+ by Standard & Poor's.

Government-wide: Governmental Activities

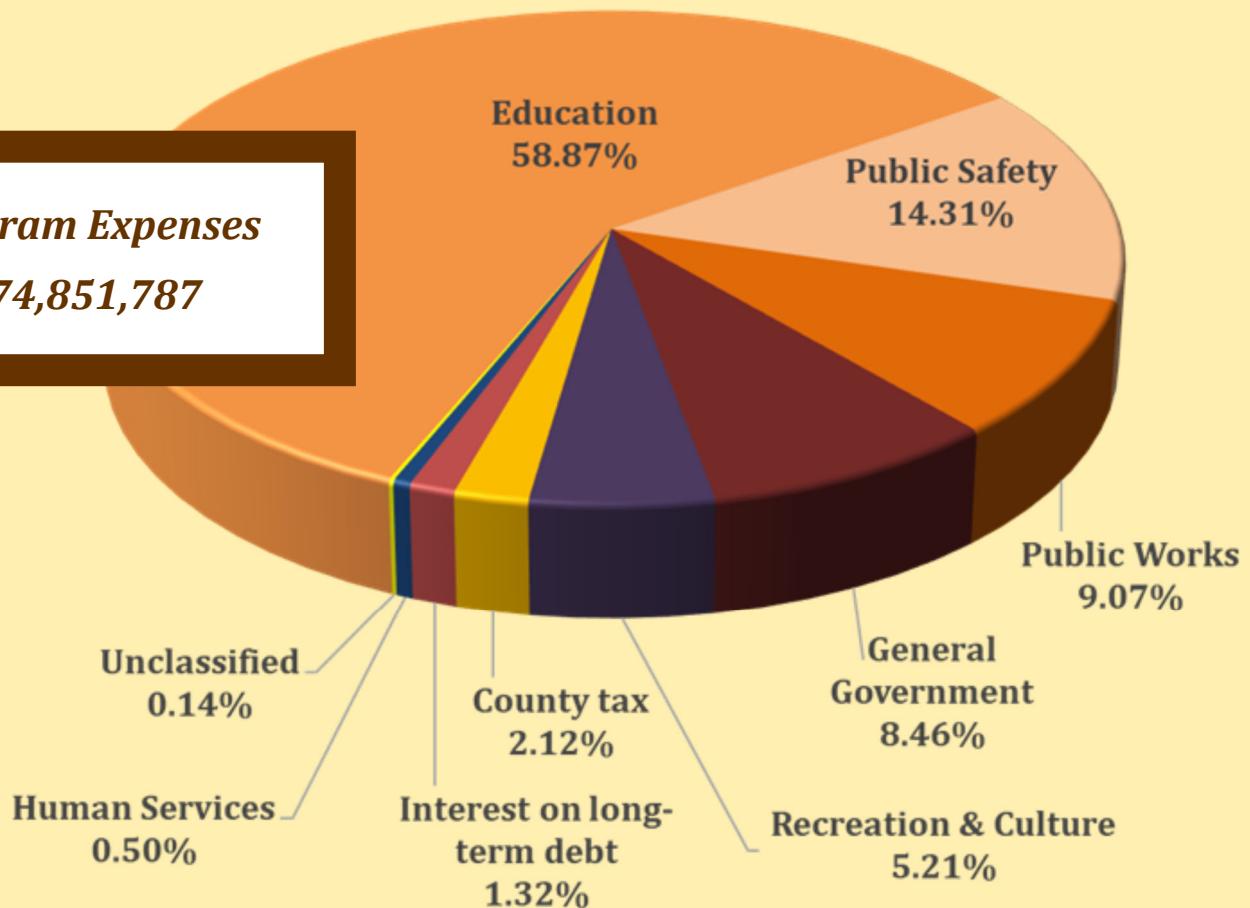
Program Revenues

\$77,921,430

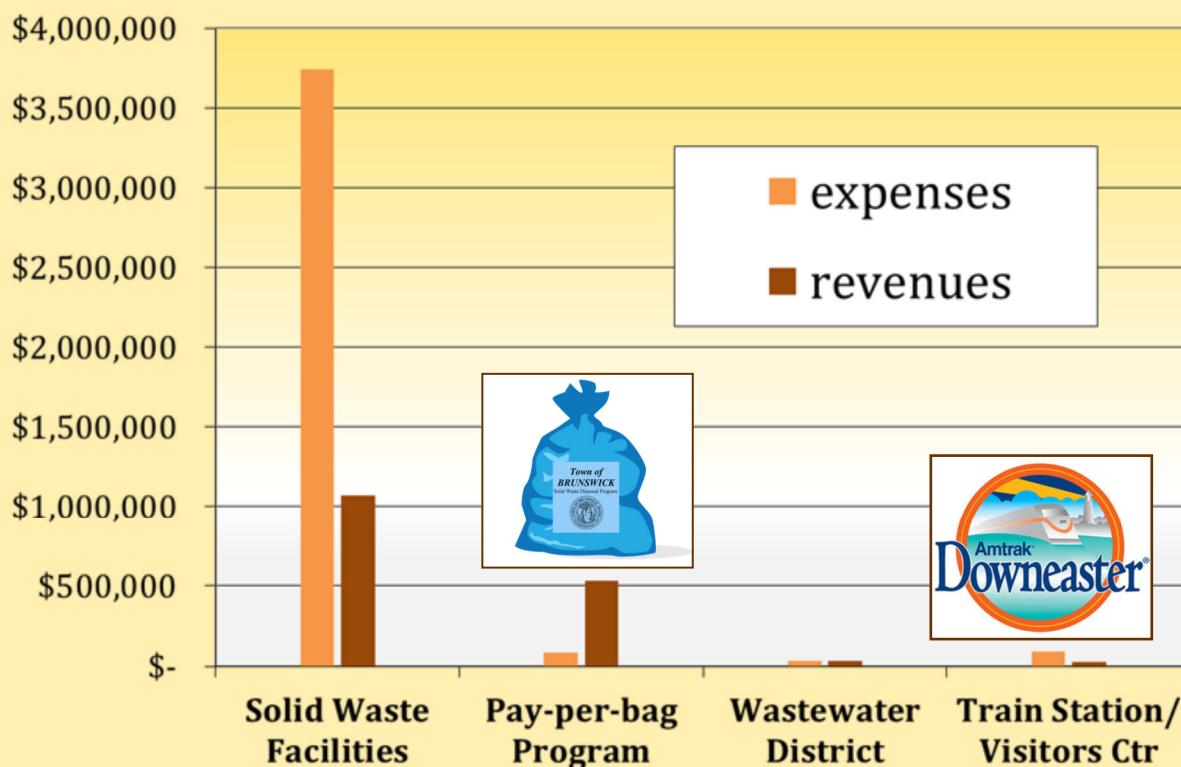


Program Expenses

\$74,851,787



Government-wide: Business-type Activities



Business-type activities decreased the Town's total net position by \$1,970,474. This was a result of a decrease in the Solid Waste Facilities Fund of \$2,485,379, offset by increases in the Pay-per-bag Program, the Train Station/Visitors Center and the Mere Point Wastewater Fund of \$498,978, \$15,246 and \$681, respectively.

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

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

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

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

| | <u>Solid Waste Facilities</u> | <u>Pay-Per-Bag Program</u> | <u>Mere Point Wastewater</u> | <u>Train Station/Visitors Center</u> | <u>Totals</u> |
|----------------------------------|-------------------------------|----------------------------|------------------------------|--------------------------------------|------------------------------------|
| NET POSITION | | | | | |
| Net investment in capital assets | \$ 639,807 | \$ - | \$ 24,575 | \$ 4,325 | \$ 668,707 |
| Unrestricted | <u>(\$ 8,923,147)</u> | <u>3,831,030</u> | <u>12,537</u> | <u>88,375</u> | <u>(4,991,205)</u> |
| Total net position | <u>(\$8,283,340)</u> | <u>\$ 3,831,030</u> | <u>\$ 37,112</u> | <u>\$ 92,700</u> | <u><u>(\$4,322,498)</u></u> |

GOVERNMENTAL FUNDS

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

The Town of Brunswick maintains sixteen individual governmental funds. For the 2019-20 fiscal year, the General Fund, Tax Increment Financing Fund, New Elementary School Bond Fund and New Central Fire Station Fund are considered major funds, and the other governmental funds are combined into a single, aggregated presentation.

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

| | <u>General</u> <u>Fund</u> | <u>Tax Increment</u> <u>Financing</u> | <u>New Elem</u> <u>School Bond</u> | <u>New Central</u> <u>Fire Station</u> | <u>Other Govt</u> <u>Funds</u> | <u>Total Govt</u> <u>Funds</u> |
|---|-------------------------------|--|---------------------------------------|---|-----------------------------------|-----------------------------------|
| Revenues | \$ 69,477,394 | \$ 2,346,334 | \$ 31,186 | \$ - | \$ 5,028,160 | \$ 76,883,074 |
| Expenditures | <u>65,519,582</u> | <u>956,274</u> | <u>12,049,214</u> | <u>2,474,440</u> | <u>8,645,002</u> | <u>89,644,512</u> |
| Revenues over/ (under)expenditures | 3,957,812 | 1,390,060 | (12,018,028) | (2,474,440) | (3,616,842) | (12,761,438) |
| Other financing sources (uses) | <u>(2,713,290)</u> | <u>(2,021,319)</u> | <u>26,529,200</u> | <u>-</u> | <u>4,509,609</u> | <u>26,304,200</u> |
| Net change in fund balance | 1,244,522 | (631,259) | (14,511,172) | (2,474,440) | 892,767 | 13,542,762 |
| Fund balances, beginning of year | <u>19,377,316</u> | <u>734,235</u> | <u>(10,889,700)</u> | <u>(14,134)</u> | <u>2,514,152</u> | <u>11,721,869</u> |
| Fund balances, end of year | <u>\$20,621,838</u> | <u>\$ 102,976</u> | <u>\$3,621,472</u> | <u>\$ (2,488,574)</u> | <u>\$ 3,406,919</u> | <u>\$ 25,264,631</u> |



The other governmental funds include:

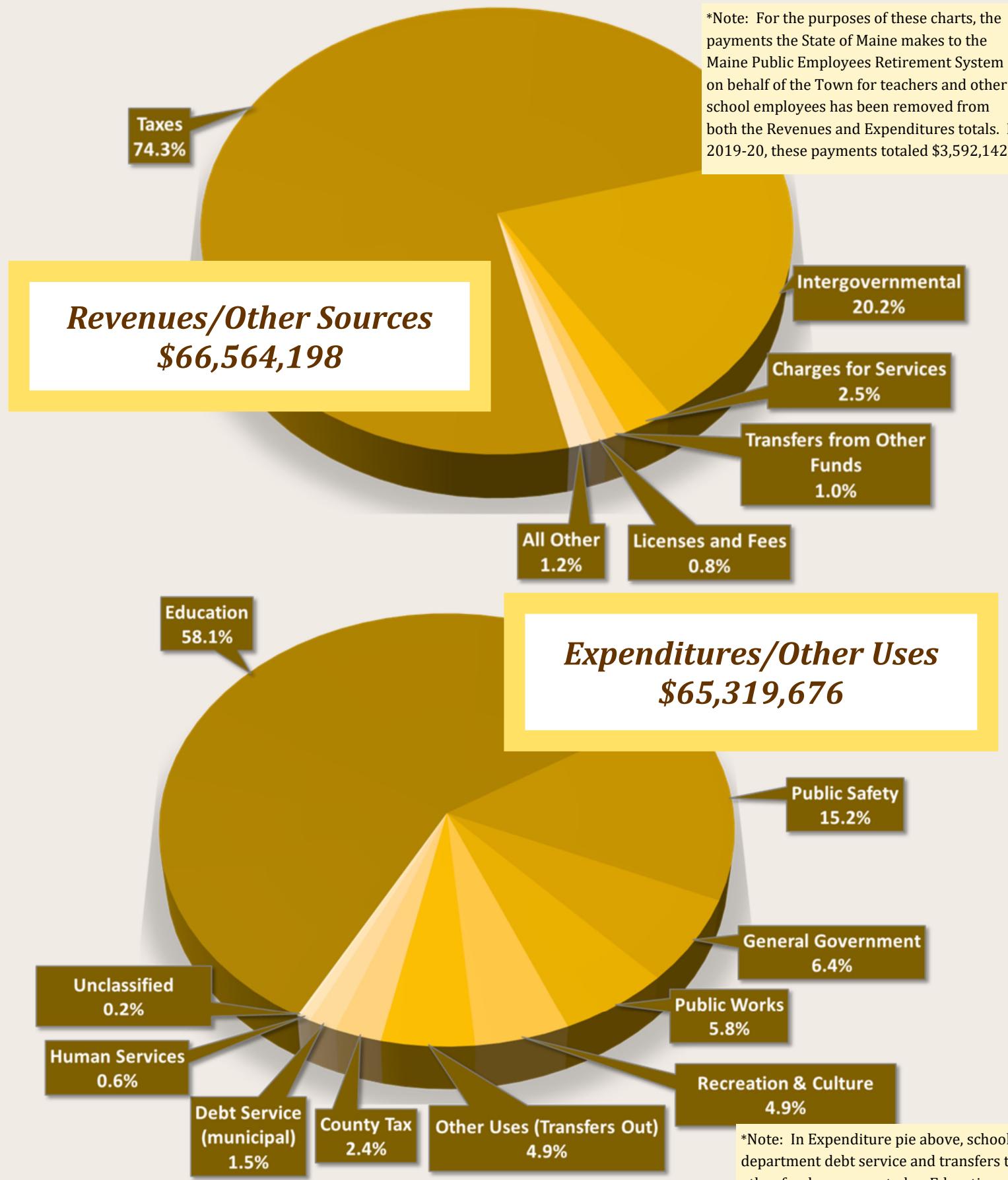
Three **Special Revenue funds** to account for revenue sources that are legally restricted or committed to expenditure for specific purposes (not including permanent funds or major capital projects).

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

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

GENERAL FUND

2019-20 Actual Revenues/Other Sources and Expenditures/Other Uses



GENERAL FUND BUDGET

The chief operating fund of the Town of Brunswick

Despite a planned and budgeted reduction of \$2,723,364, plus additional reductions in the form of 2019 carry-forward encumbrances of \$143,588, capital budget of \$902,500 and supplemental appropriations of \$75,000, the total fund balance of the Town of Brunswick's General Fund actually increased by \$1,244,522 during the 2019-20 fiscal year.

| <u>Revenues - by Source</u> | <u>2019-20 Budget</u> | <u>2019-20 Actual</u> | <u>Over/(Under) Budget</u> |
|-----------------------------|-----------------------|-----------------------|----------------------------|
| Taxes | \$48,720,227 | \$49,424,031 | \$703,804 |
| Licenses and Fees | 584,218 | 535,870 | (48,348) |
| Intergovernmental | 13,184,274 | 13,446,676 | 262,402 |
| Charges for Services | 1,468,444 | 1,683,273 | 214,829 |
| Fines and Penalties | 38,395 | 43,860 | 5,465 |
| Interest | 220,000 | 300,692 | 80,692 |
| Donations and Contributions | 25,000 | 25,000 | - |
| Unclassified | 327,084 | 425,809 | 98,725 |
| Sale of Assets | - | 41 | 41 |
| Transfers from Other Funds | 638,600 | 678,946 | 40,346 |
| Decr/(Incr) Fund Balance | 2,723,364 | (1,244,522) | (3,967,886) |
| | \$67,929,606 | \$65,319,676 | \$(2,609,930) |

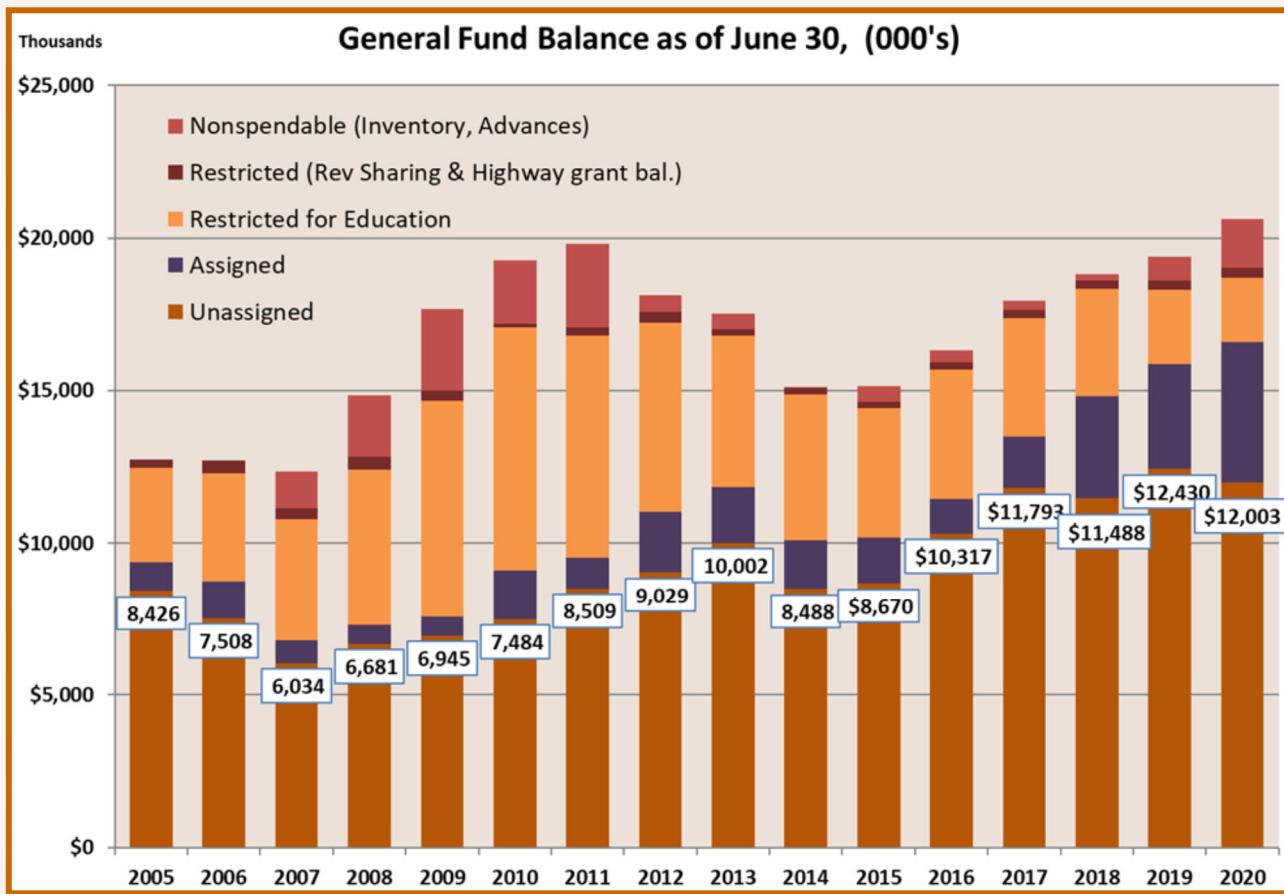


| <u>Expenditures—by Function</u> | <u>2019-20 Budget</u> | <u>2019-20 Actual</u> | <u>(Over)/Under Budget</u> |
|---------------------------------|-----------------------|-----------------------|----------------------------|
| General Government | \$4,454,184 | \$4,184,097 | \$270,087 |
| Public Safety | 10,305,729 | 9,952,658 | 353,071 |
| Public Works | 4,120,676 | 3,771,060 | 349,616 |
| Human Services | 198,247 | 374,486 | (176,239) |
| Education* | 40,153,709 | 37,967,472 | 2,186,237 |
| Recreation & Culture | 3,393,355 | 3,230,972 | 162,383 |
| County Tax | 1,590,123 | 1,590,123 | - |
| Unclassified | 550,040 | 103,265 | 446,775 |
| Debt Service (municipal) | 970,543 | 970,543 | - |
| Other Uses (Transfers Out) | 2,193,000 | 3,175,000 | (982,000) |
| | \$67,929,606 | \$65,319,676 | \$2,609,930 |

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

GENERAL FUND BALANCE

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



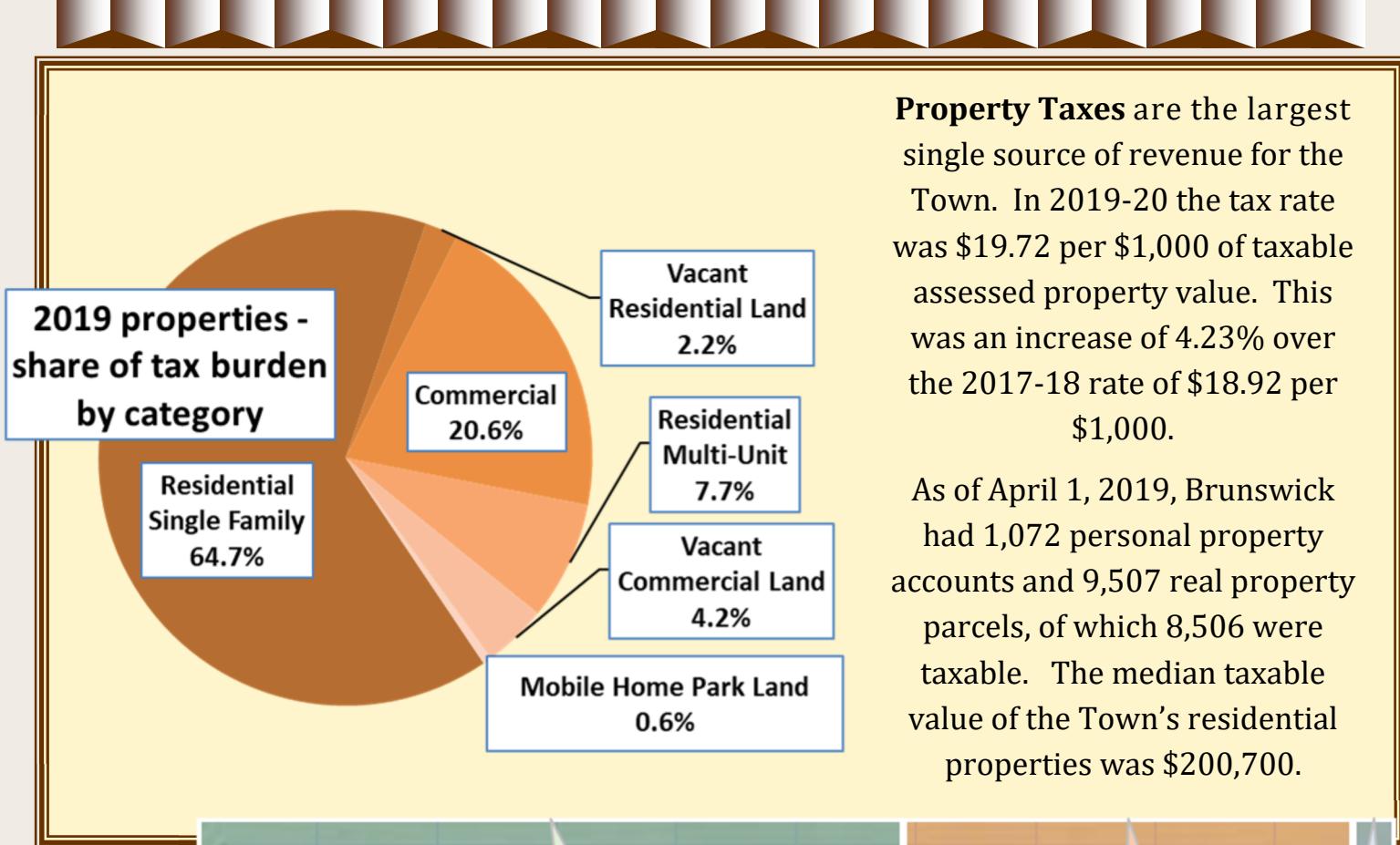
The Town's policy for its general fund targets the unassigned fund balance at 16.67% of its GAAP revenues. For the year ended June 30, 2020, the target was \$11,581,882. The actual balance, at 17.28% of GAAP revenues, is \$420,701 above the target.

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

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

TAXES

| <u>Taxes</u> | <u>2019-20 Actual</u> |
|------------------------------------|-----------------------|
| Property Taxes/Interest/Lien Costs | \$45,414,079 |
| Payments In Lieu Of Taxes (PILOT) | 411,504 |
| Excise Taxes | 3,598,448 |
| | <hr/> |
| | \$49,424,031 |



2019-20
Property Tax
Dollar
Distribution

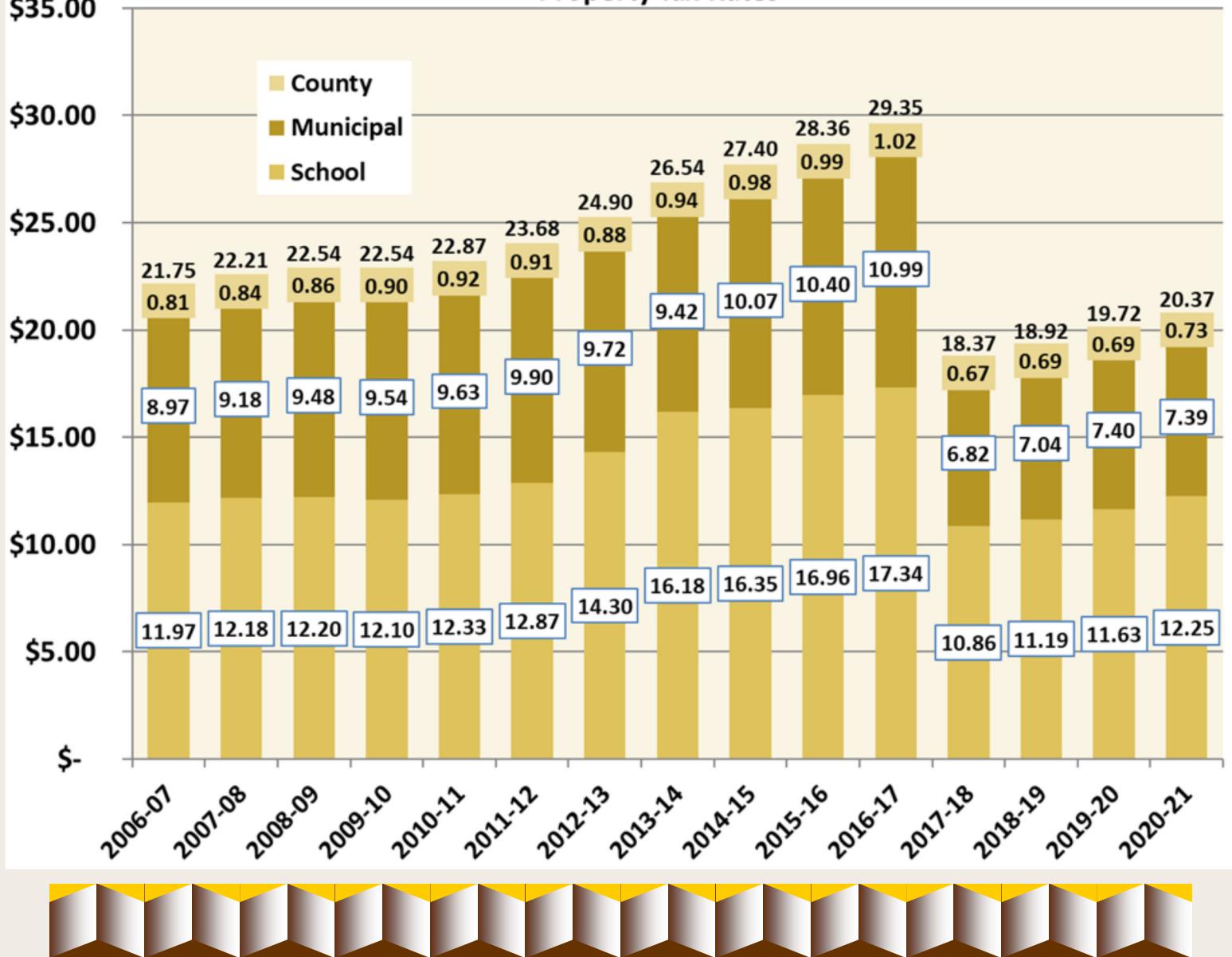


BRUNSWICK TAX RATES

Per \$1000 of taxable
assessed value

Historical Data—15 years

Property Tax Rates



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

Taxes for the 2020-21 fiscal year were committed on September 4, 2020 and are due in two installments—October 15, 2020 and April 15, 2021.

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

For More Information ~

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

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



**Or join us on facebook:
@TownofBrunswickMaine**



Or call us:

For detailed financial information:

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

www.brunswickme.org/163/Financial-Reports



| Department | Phone |
|-------------------------|----------|
| Assessing Department | 725-6650 |
| Coastal Resources | 721-4027 |
| Codes Enforcement | 725-6651 |
| Economic Development | 721-0292 |
| Engineering Department | 725-6659 |
| Finance Department | 725-6652 |
| Fire Department | 725-5541 |
| Human Resources | 725-6653 |
| Human Services | 725-6661 |
| Parks & Recreation | 725-6656 |
| Planning & Development | 725-6660 |
| Police Department | 725-5521 |
| Public Works Department | 725-6654 |
| School Department | 319-1900 |
| Town Clerk | 725-6658 |
| Town Manager | 725-6659 |