



TOWN OF BRUNSWICK, MAINE

Fiscal Year Ended

June 30, 2018

**Popular Annual
Financial Report**

Popular Annual Financial Report

2017-18 Fiscal Year

Dear Citizens of the Town of Brunswick,



We are pleased to present the Town of Brunswick's second annual Popular Financial Report (PAFR), for the fiscal year ended June 30, 2018. This report was developed to provide a reader-friendly version of the Town's Comprehensive Annual Financial Report (CAFR), and data from the Town's annual General Fund Budget.

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

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

The Government Finance Officers Association (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Town of Brunswick for its first PAFR covering the fiscal year ended June 30, 2017. In order to receive this award, a government unit must publish a PAFR conforming to program standards of creativity, presentation, understandability and reader appeal. We believe our current report continues to conform to Popular Annual Financial Reporting requirements, and it will also be submitted to the GFOA.

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

Sincerely,

Julia Henze

Finance Director



Government Finance Officers Association

**Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting**

Presented to

**Town of Brunswick
Maine**

For its Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

Executive Director/CEO

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

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

Bath Iron Works, Mid Coast–Parkview Health, Bowdoin College 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

Bowdoin

L.L.Bean



MID COAST–PARKVIEW
HEALTH



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.

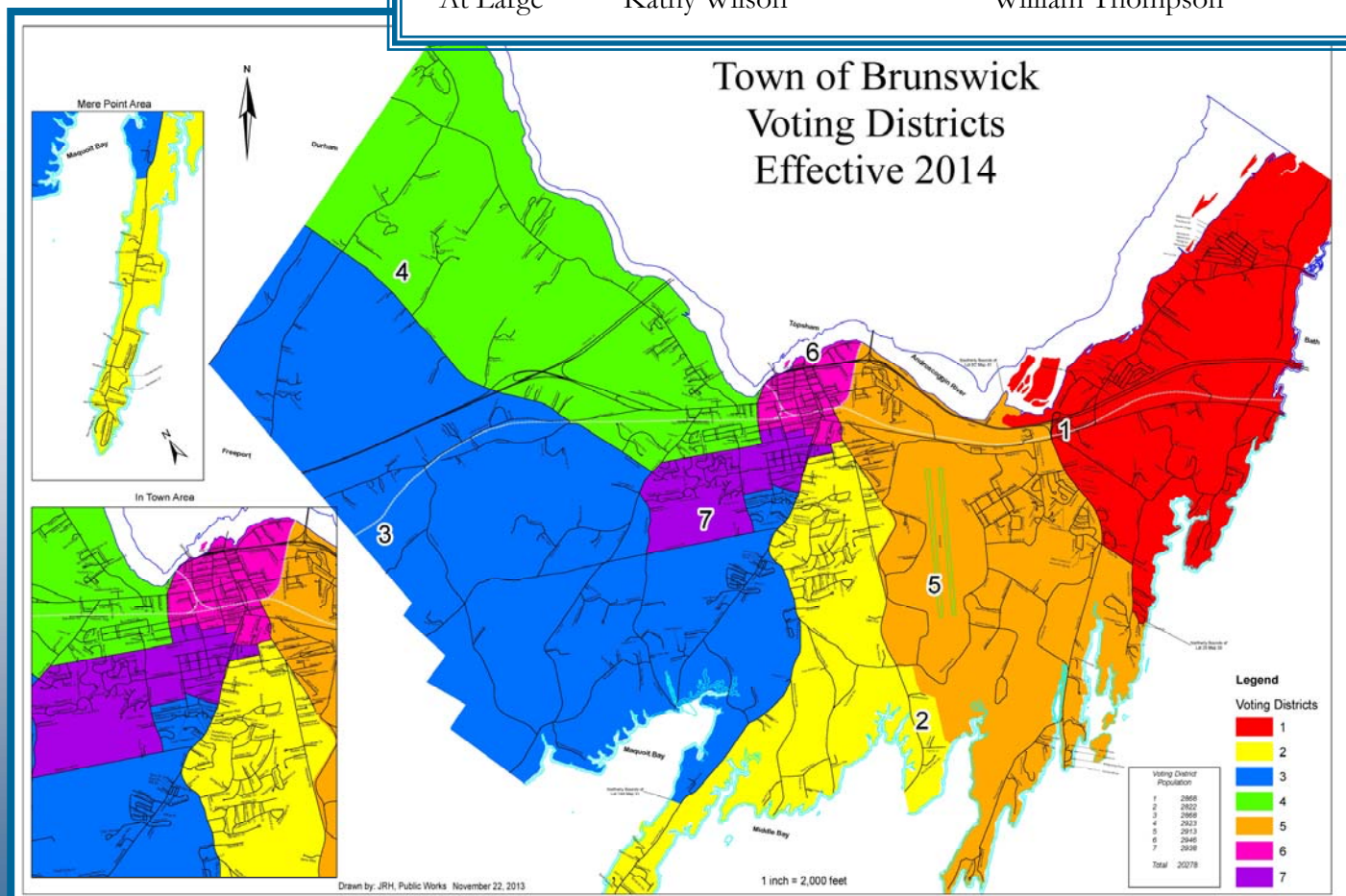
Town of Brunswick Elected Officials 2018

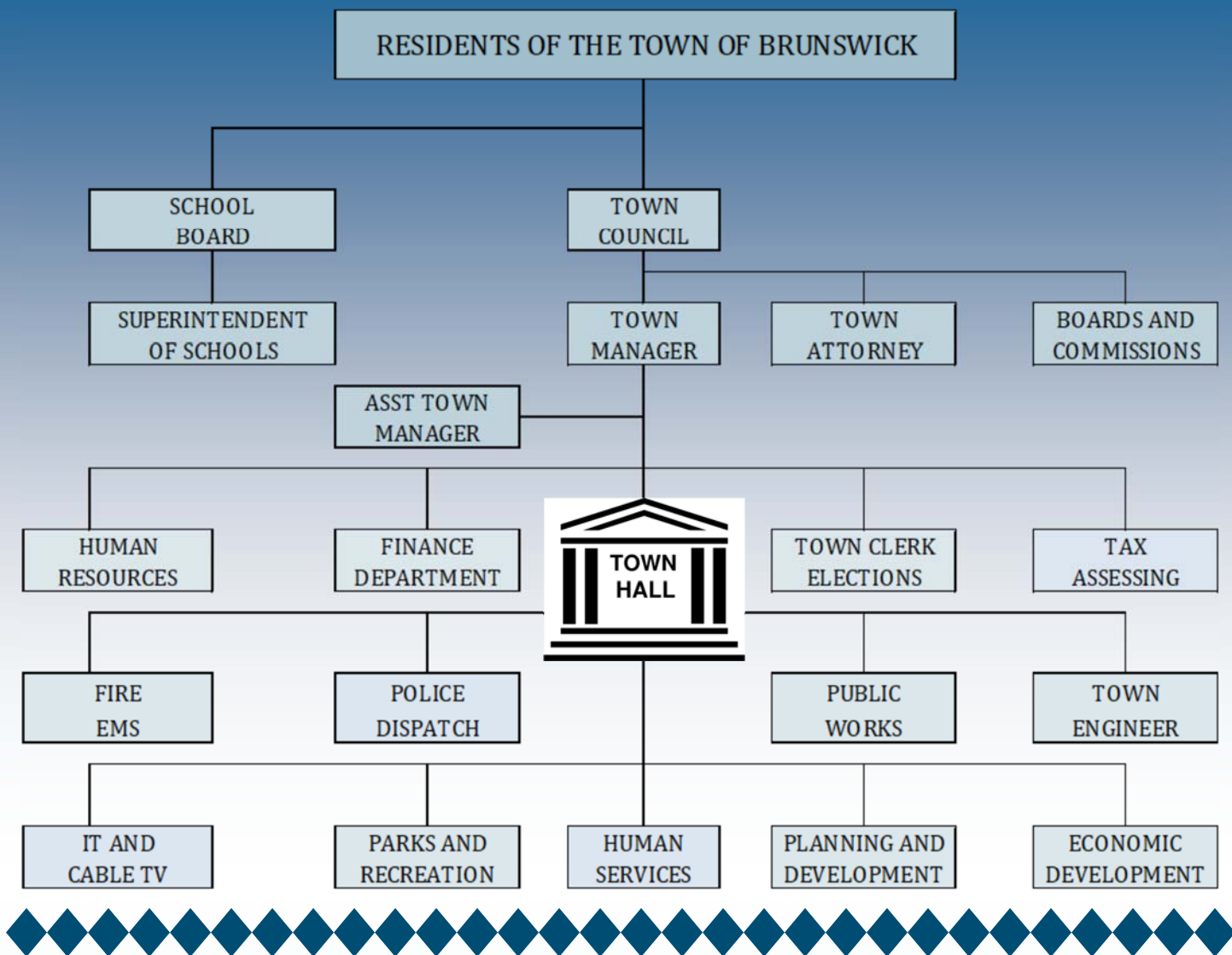
Town Council

District 1	David Watson
District 2	Stephen Walker
District 3	Suzan Wilson (vice chair)
District 4	John Perreault (chair)
District 5	Christopher Watkinson
District 6	Jane Millett
District 7	James Mason
At Large	Alison Harris
At Large	Kathy Wilson

School Board

Mandy Merrill
Benjamin Tucker (vice chair)
Teresa Gillis
Corinne Perreault
James Grant
Elizabeth Sokoloff
Sarah Singer
Joy Prescott (chair)
William Thompson

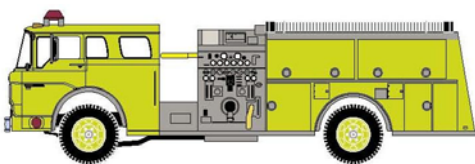




The Town of Brunswick provides a full range of services to its citizens, including public safety, public works and solid waste management, education, human services and recreation.

The general fund operating budget for the 2017-18 fiscal year totaled \$62,825,885 which included \$1,517,700 in taxes paid to Cumberland County.

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, four school buildings, and fleets of vehicles for education, public safety, public works, etc.



Town of Brunswick—Net Position

Government-wide Financial Analysis

For the fiscal year ended June 30, 2018, the Town of Brunswick's total net position increased by \$1,429,412 to total \$64,855,730. Net investment in capital assets increased by \$1,672,813, while restricted net position decreased by \$1,137,230, and unrestricted net position increased by \$893,829.

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
		(as restated)				(as restated)
Current and other assets	\$28,766,448	\$27,978,175	\$4,637,640	\$3,654,861	\$33,404,088	\$31,633,036
Capital assets	78,153,802	77,913,832	1,528,890	1,915,310	79,682,692	79,829,142
Total assets	106,920,250	105,892,007	6,166,530	5,570,171	113,086,780	111,462,178
Deferred Outflows	6,065,448	8,122,445	-	-	6,065,448	8,122,445
Long-term liabilities	34,784,315	39,872,672	8,798,877	7,643,659	43,583,192	47,516,331
Other liabilities	6,204,295	10,702,868	54,183	62,481	6,258,478	5,441,528
Total liabilities		44,205,092	8,853,060	7,706,140	49,841,670	52,957,859
Deferred Inflows	4,463,828	3,200,446	-	-	4,463,828	3,200,446
Net Position						
Net capital assets	56,225,310	54,166,077	1,528,890	1,915,310	57,754,200	56,081,387
Restricted	5,571,415	6,708,645	-	-	5,571,415	6,708,645
Unrestricted	5,736,535	4,687,565	(4,206,420)	(4,051,279)	1,530,115	636,286
Total net position	\$67,533,260	\$65,562,287	\$(2,677,530)	\$(2,135,969)	\$64,855,730	\$63,426,318

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

Asset Class (Net of Accumulated Depreciation)	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 6,252,708	\$ 6,172,799	\$115,000	\$115,000	6,367,708	\$ 6,287,799
Construction in progress	2,731,484	572,435	-	-	2,731,484	572,435
Intangibles	200,000	200,000	-	-	200,000	200,000
Buildings	40,283,780	41,902,920	-	-	40,283,720	41,902,920
Improvements	1,123,976	1,310,694	972,295	1,458,416	2,096,271	2,769,110
Machinery & equipment	1,638,058	1,819,435	397,224	278,718	2,035,282	2,098,153
Vehicles	3,241,781	3,088,942	-	-	3,241,781	3,088,942
Intangibles	320,952	-	9,433	-	330,385	-
Infrastructure	<u>22,361,123</u>	<u>22,846,607</u>	<u>34,938</u>	<u>63,176</u>	<u>22,396,061</u>	<u>22,909,783</u>
Total	\$78,153,802	\$ 77,913,832	\$1,528,890	\$1,915,310	\$79,682,692	\$ 79,829,142

Construction in Progress represents projects which were underway, but not complete as of June 30, 2018. The main projects were the Union/Mill Street Storm Drain project for \$1,482,089 and the Kate Furbish Elementary School, the new elementary school being constructed on the site of the former Jordan Acres School, for \$1,119,537.

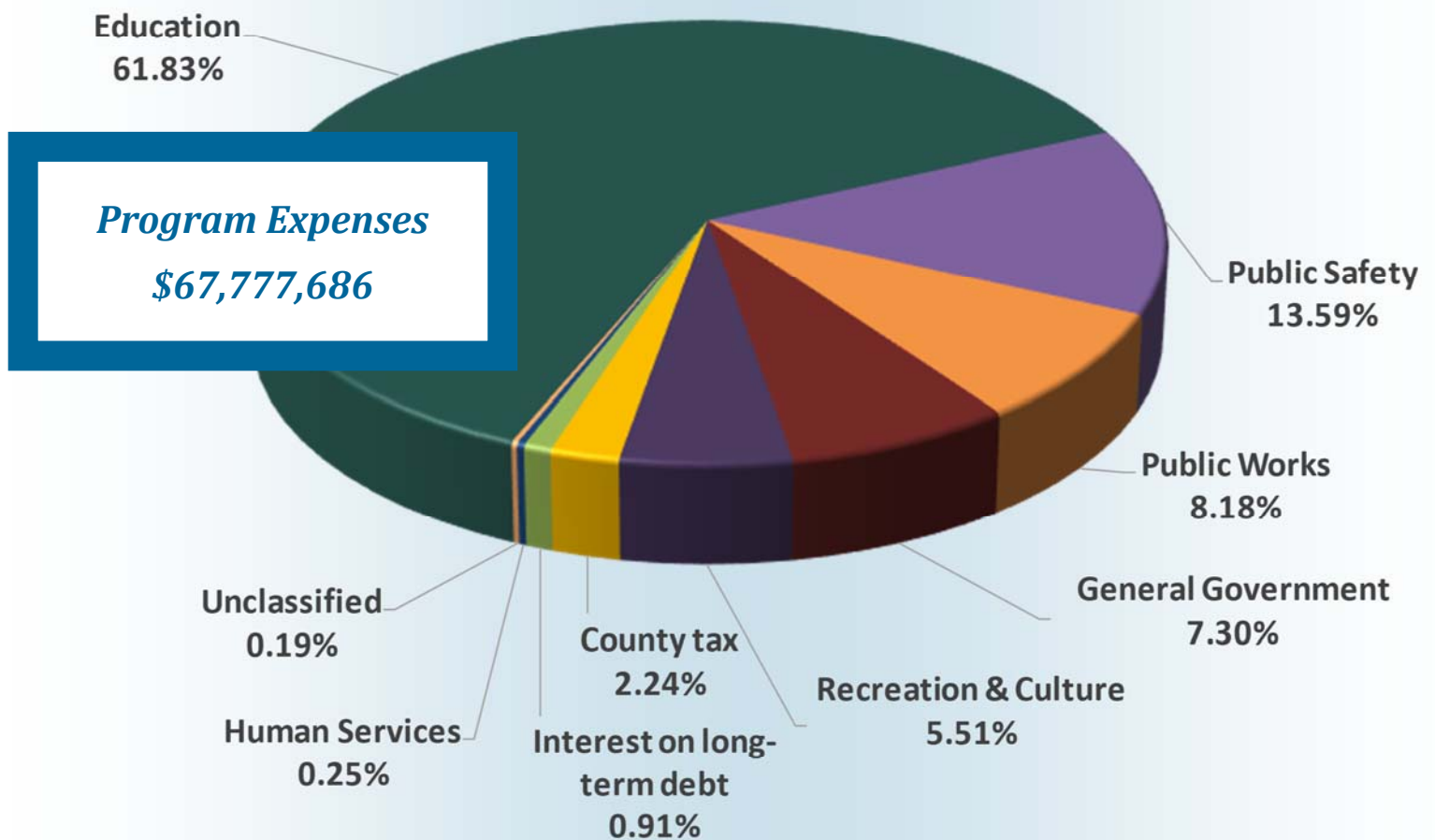
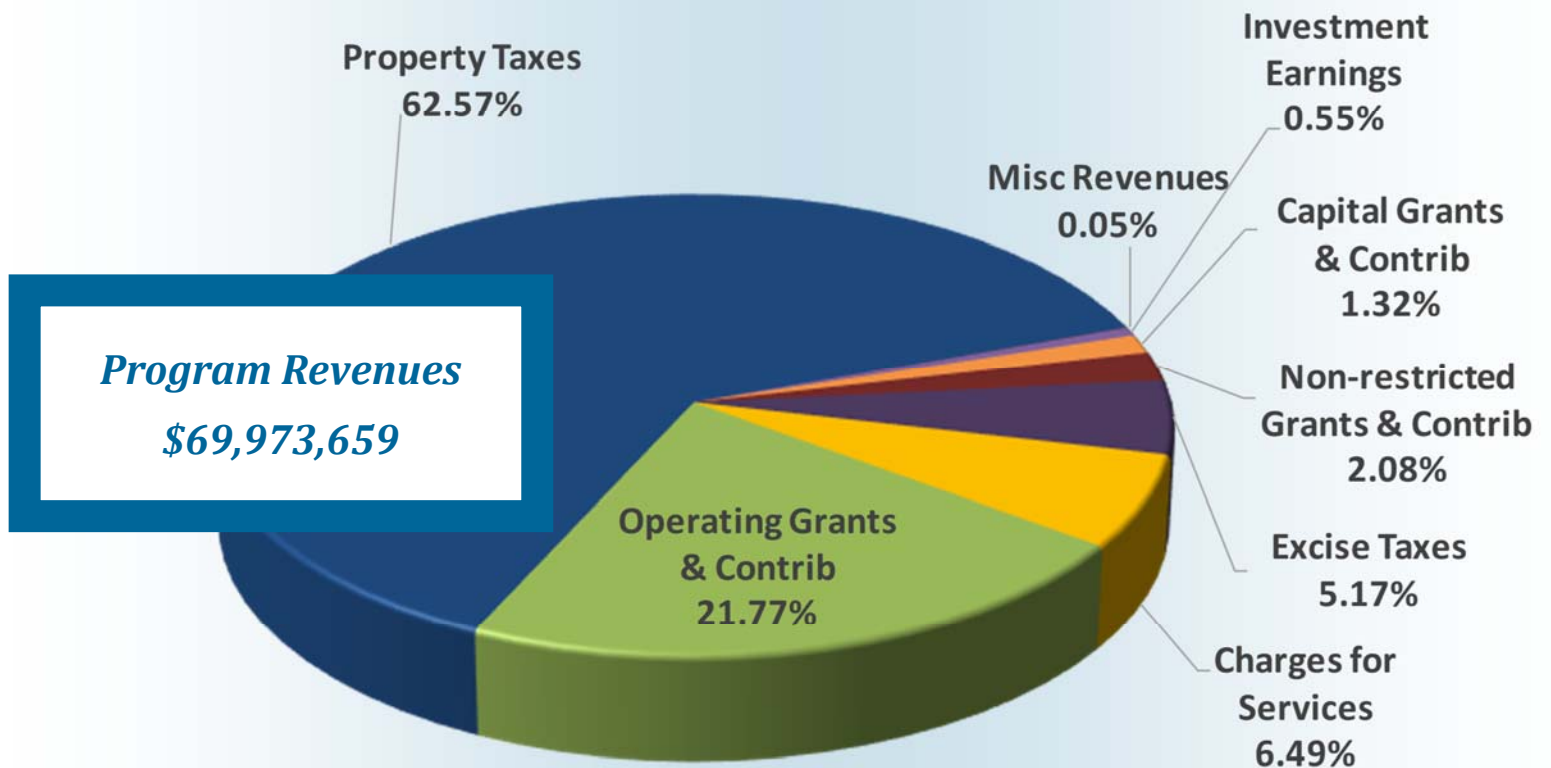
Government-wide: Longterm Debt

Bond Issue & Purpose	Issue Date	Amount	Final Maturity	6/30/18
		Issued	Date	Amount
2006 GO Bonds (Fire Station & Truck)	2006	\$ 3,125,000	2021	\$ 600,000
2010 Elementary School—HBS	2010	21,462,250	2031	13,950,463
2011 GO Bonds (seven projects)	2011	4,120,000	2021	810,000
2013 Police Station	2013	5,500,000	2033	4,125,000
2016 School Revolving Renovation	2016	772,862	2027	695,576
2017 School Revolving Renovation	2017	87,038	2022	69,630
2017 GO Bonds (five projects)	2017	1,781,000	2033	<u>1,725,000</u>
				\$ 21,975,669

The amount of principal debt retired during the year totaled \$1,968,806. The Town's outstanding debt is rated Aa2 by Moody's Investors Service and AA+ by Standard & Poor's.

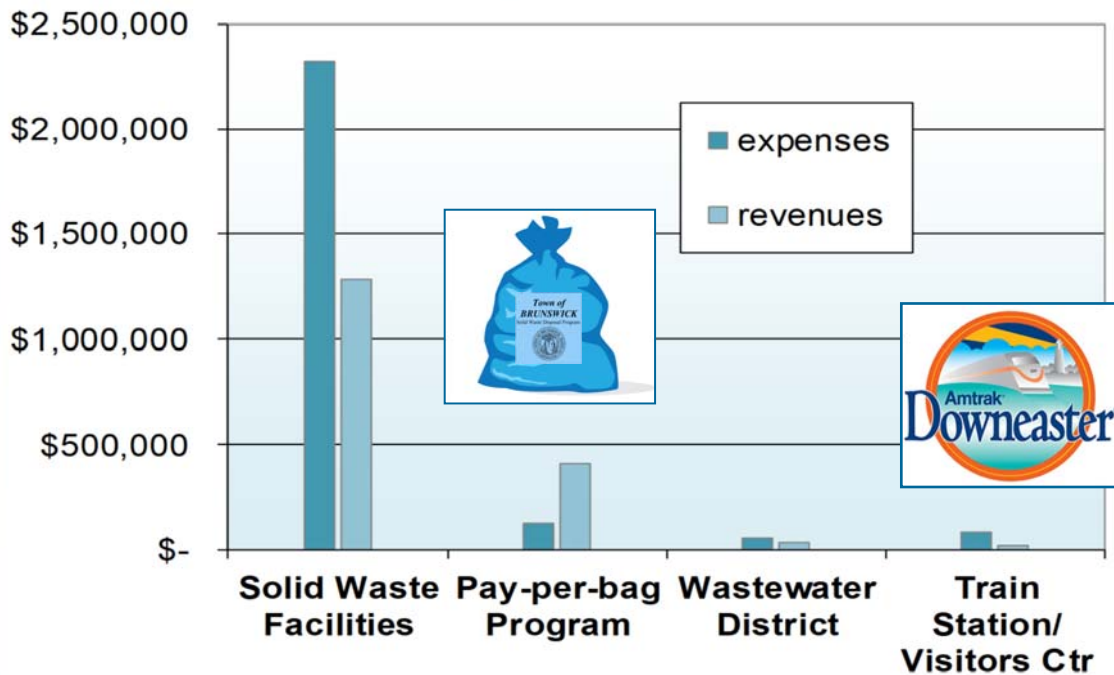
Additional debt authorized, but not yet issued, includes: \$28,000,000 for the new elementary school, \$650,000 for a new fire engine, and up to \$1,200,000 as part of the funding for a new connector road in the Cook's Corner area.

Government-Wide: Governmental Activities



Government-Wide: Business-type Activities

**Expenses and Program Revenues
For the year ended June 30, 2018**



The Town's business-type activities reduced the Town's total net position by \$541,561. This was a result of decreases in the Solid Waste Facilities and the Mere Point Wastewater System of \$866,207 and \$20,554, respectively, offset by increases in the Pay-per-bag Program and the Train Station/Visitors Center of \$333,760 and \$11,440, respectively.

Both the Train Station/Visitors Center and Solid Waste 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.

The deficit in the Solid Waste Facilities reflects the liability recognized for the cost of the eventual closure of the Graham Road Landfill. At this time, the Town expects to close the landfill in 2020. The balance in the Pay-per-bag Program fund will be used toward funding the closure.

	<u>Solid Waste Facilities</u>	<u>Pay-Per-Bag Program</u>	<u>Mere Point Wastewater</u>	<u>Train Station/ Visitors Center</u>	<u>Totals</u>
NET POSITION					
Net investment in capital assets	\$ 1,486,049	\$ -	\$ 34,938	\$ 7,903	\$ 1,528,890
Unrestricted	(7,119,299)	2,868,285	(3,633)	48,227	(4,206,420)
Total net position	<u>\$(5,633,250)</u>	<u>\$ 2,868,285</u>	<u>\$ 31,305</u>	<u>\$ 56,130</u>	<u>\$(2,677,530)</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 seventeen individual governmental funds. For the 2017-18 fiscal year, the General Fund, Tax Increment Financing Fund and New Elementary School Bond Fund are considered major funds, and the other governmental funds are combined into a single, aggregated presentation.

	<u>General Fund</u>	<u>Tax Increment Financing</u>	<u>New Elem School Bond</u>	<u>Other Govt Funds</u>	<u>Total Govt Funds</u>
Revenues	\$62,944,607	\$ 1,976,302	\$ 0	\$ 4,621,952	\$ 69,542,861
Expenditures		<u>792,829</u>			
Revenues over/(under) expenditures	2,840,848	1,183,473	(1,119,537)	(2,992,279)	(87,495)
Other financing sources (uses)	<u>(1,966,837)</u>	<u>(1,806,005)</u>	<u>0</u>	<u>3,773,558</u>	<u>716</u>
Net change in fund balance	874,011	(622,532)	(1,119,537)	781,279	(86,779)
Fund balances, beginning of year	<u>17,931,245</u>	<u>1,061,577</u>	<u>0</u>	<u>2,609,925</u>	<u>21,602,747</u>
Fund balances, end of year	<u>\$18,805,256</u>	<u>\$ 439,045</u>	<u>\$ (1,119,537)</u>	<u>\$ 3,391,204</u>	<u>\$ 21,515,968</u>



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).

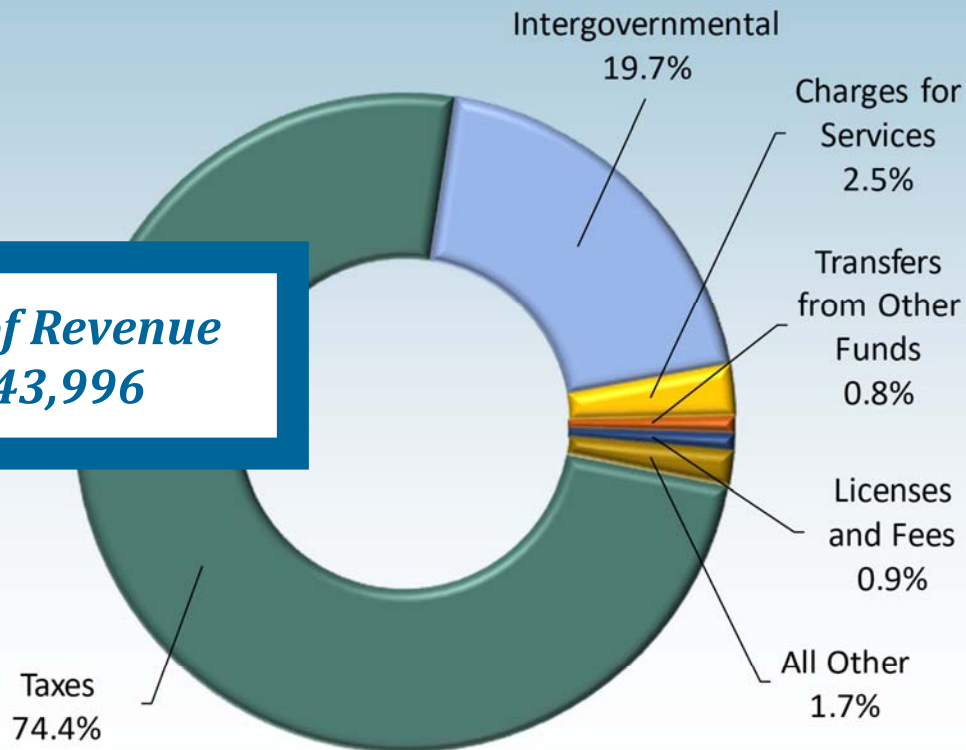
Six ***Capital Projects funds*** to account for the acquisition of capital assets or construction of major capital projects not financed by the Town's major capital improvement funds, proprietary funds or permanent funds.

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.

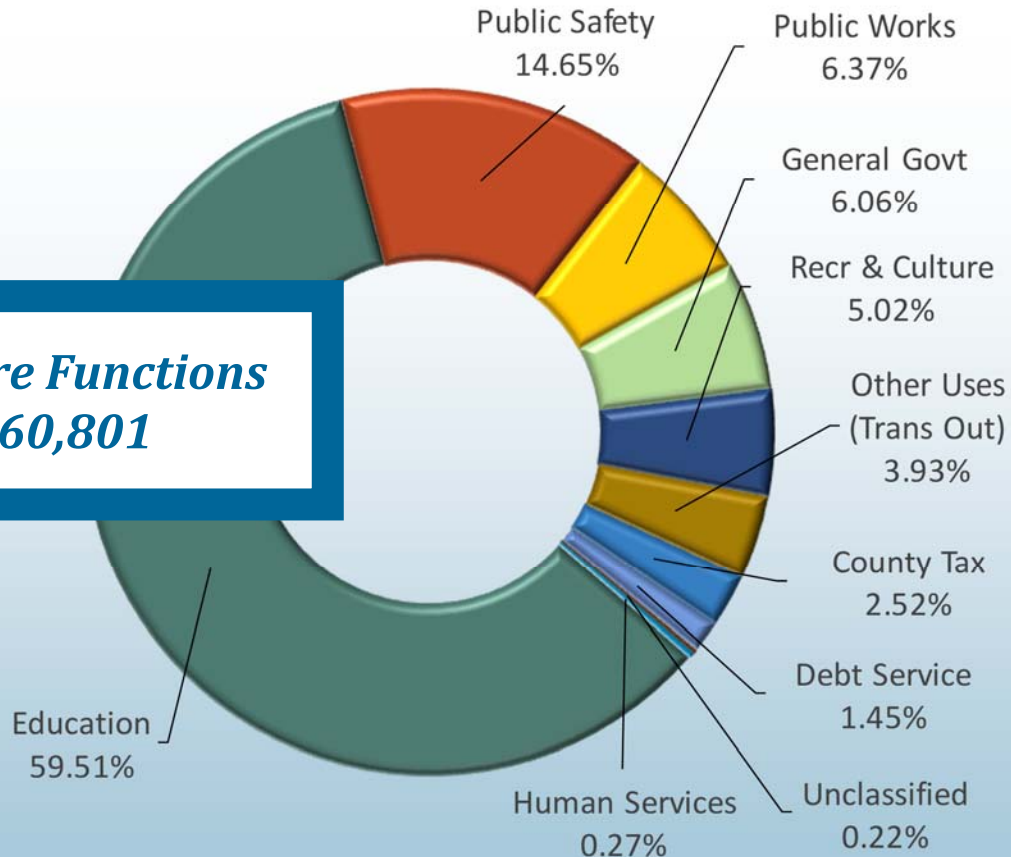
GENERAL FUND

2017-18 Actual Revenues/Other Sources and Expenditures/Other Uses

Sources of Revenue **\$60,943,996**



Expenditure Functions **\$60,160,801**




GENERAL FUND BUDGET

The chief operating fund of the Town of Brunswick

Despite a planned and budgeted reduction of \$3,161,364, plus additional reductions in the form of 2017 carry-forward encumbrances of \$169,572, capital budget of \$480,207 and supplemental appropriations of \$100,000, the total fund balance of the Town of Brunswick's General Fund actually increased by \$874,011 during the 2017-18 fiscal year.

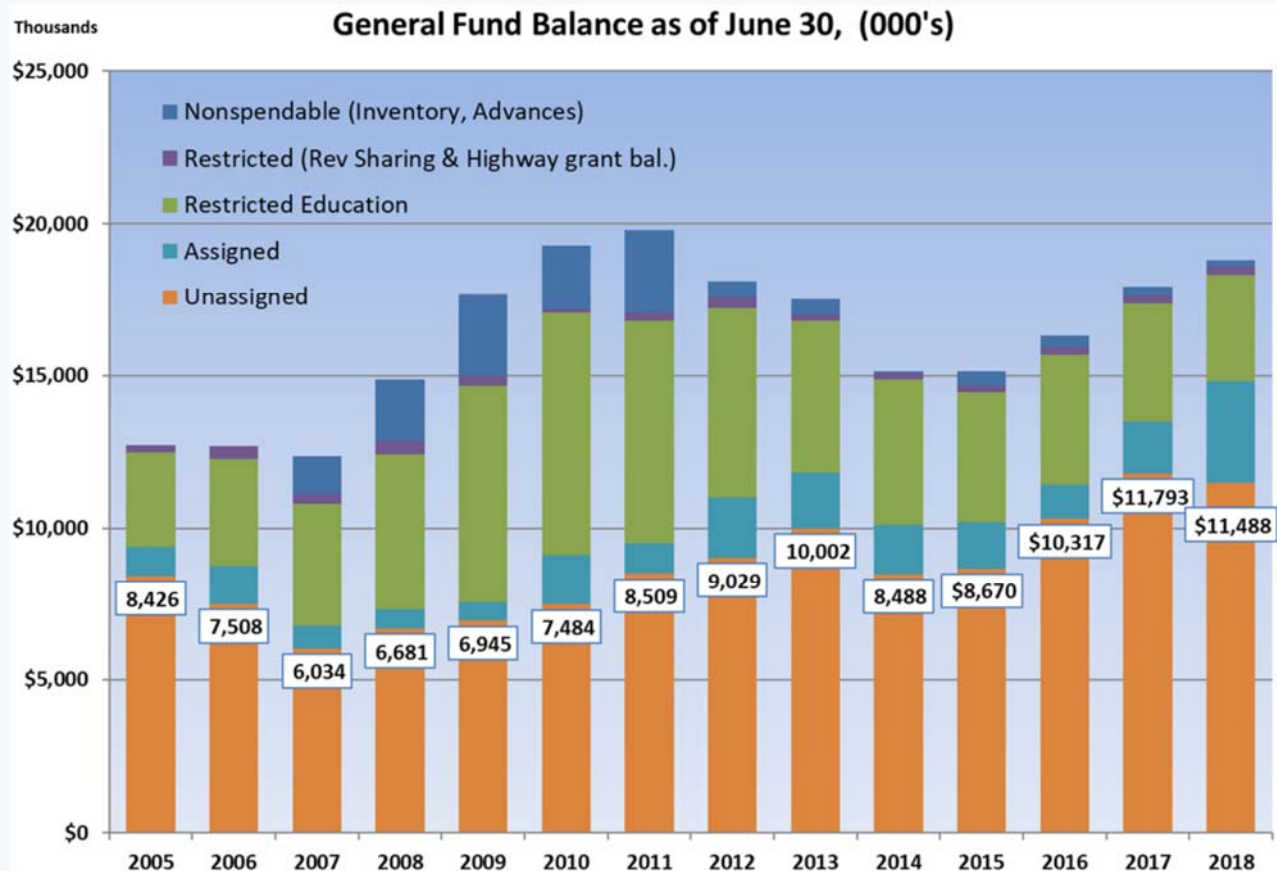
<u>Revenues - by Source</u>	2017-18 Budget	2017-18 Actual	Over/(Under) Budget
Taxes	44,940,780	45,343,860	403,080
Licenses and Fees	442,635	542,223	99,588
Intergovernmental	11,923,795	12,000,450	76,655
Charges for Services	1,238,111	1,518,918	280,807
Fines and Penalties	39,500	50,515	11,015
Interest	150,000	339,454	189,454
Donations and Contributions	30,000	30,000	-
Unclassified	354,700	597,311	242,611
Sale of Assets	-	14,876	14,876
Transfers from Other Funds	545,000	506,389	(38,611)
Decr/(Incr) Fund Balance	3,161,364	(874,011)	(4,035,375)
	62,825,885	60,069,985	(2,755,900)



<u>Expenditures—by Function</u>	2017-18 Budget	2017-18 Actual	(Over)/Under Budget
General Government	4,000,751	3,646,187	354,564
Public Safety	9,231,933	8,811,980	419,953
Public Works	4,027,323	3,833,995	193,328
Human Services	180,774	163,348	17,426
Education	37,878,469	35,802,547	2,075,922
Recreation & Culture	3,012,905	3,017,995	(5,090)
County Tax	1,517,700	1,517,700	-
Unclassified	415,041	130,537	284,504
Debt Service	873,286	873,286	-
Other Uses of Funds	1,687,703	2,363,226	(675,523)
	62,825,885	60,160,801	2,665,084

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, 2018, the target was \$10,492,866. The actual balance, at 18.25% of GAAP revenues, is \$995,245 above the target.

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

In accordance with the fund balance policy, amounts above the target shall first be used for capital improvements, or other one-time expenditures.

TAXES

Tax Revenue makes up 74.4% of General Fund Revenues

<u>Taxes</u>	<u>2017-18 Actual</u>
Property Taxes/Interest/Lien Costs	\$ 41,469,728
Payments In Lieu Of Taxes (PILOT)	255,321
Excise Taxes	3,618,811
	<u>\$ 45,343,860</u>



Property Taxes are the largest single source of revenue for the Town.

In 2017-18 the tax rate was \$18.37/1,000 of taxable assessed property value. The assessment ratio was estimated at 100% of market.

Distribution of the 2017-18 tax dollar:

Education
\$0.59

Municipal
\$0.37

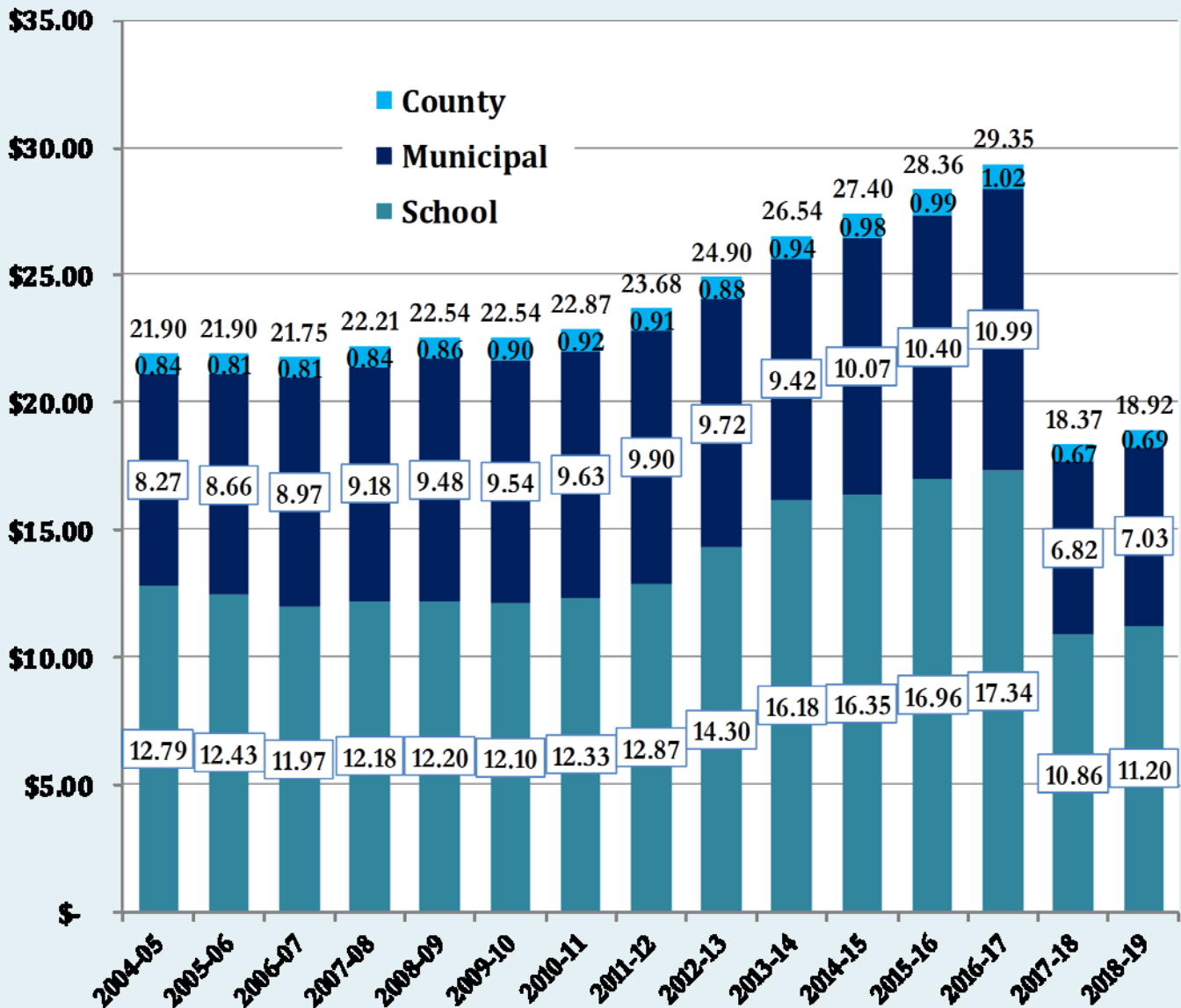
County
\$0.04



BRUNSWICK TAX RATES

Per \$1000 of taxable
assessed value

Historical Data—15 years



During 2016-17, the Town conducted a Revaluation and Equalization project to update the assessed values of all real property in the Town of Brunswick, bringing the assessment ratio up to 100% of market value.

The updated assessed values resulted in a decrease in the tax rate beginning with the 2017-18 fiscal year.

For More Information ~

*Please visit the
Town's website at:*

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



For detailed financial information:

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

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

Brunswick, Maine
beautifully balanced

Welcome to Brunswick

The Town of Brunswick, the gateway to Maine's magnificent mid coast, is an eminently livable community with much to offer residents, businesses, students and visitors. Whether you live here, do business here, or just want to find out more about Brunswick, we welcome you!

Or call us:



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