

CONTINUING DISCLOSURE STATEMENT DATED MARCH 19, 2019

TOWN OF BRUNSWICK, MAINE



Questions regarding the information contained in this disclosure and requests for official statements should be directed to: Julia A.C. Henze, Finance Director, Town of Brunswick, 85 Union Street, Brunswick, Maine 04011, 207-725-6652.

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CAFR – June 30, 2018

CUSIP NUMBERS

2006 G. O. Bonds			2011 G. O. Bonds		
Amount	November 1,	CUSIP	Amount	November 1,	CUSIP
\$275,000	2006	117205KF0	\$555,000	2011	117205KW3
250,000	2007	117205KG8	555,000	2012	117205KX1
200,000	2008	117205KH6	555,000	2013	117205KY9
200,000	2009	117205KJ2	555,000	2014	117205KZ6
200,000	2010	117205KK9	550,000	2015	117205LA0
200,000	2011	117205KL7	270,000	2016	117205LB8
200,000	2012	117205KM5	270,000	2017	117205LC6
200,000	2013	117205KN3	270,000	2018	117205LD4
200,000	2014	117205KP8	270,000	2019	117205LE2
200,000	2015	117205KQ6	270,000	2020	117205LF9
200,000	2016	117205KR4			
200,000	2017	117205KS2			
200,000	2018	117205KT0			
200,000	2019	117205KU7			
200,000	2020	117205KV5			
2013 G. O. Bonds			2017 G. O. Bonds		
Amount	November 1,	CUSIP	Amount	November 1,	CUSIP
\$275,000	2013	117205LG7	\$ 56,000	2017	117205MC5
275,000	2014	117205LH5	200,000	2018	117205MD3
275,000	2015	117205LJ1	200,000	2019	117205ME1
275,000	2016	117205LK8	200,000	2020	117205MF8
275,000	2017	117205LL6	200,000	2021	117205MG6
275,000	2018	117205LM4	200,000	2022	117205MH4
275,000	2019	117205LN2	120,000	2023	117205MJ0
275,000	2020	117205LP7	120,000	2024	117205MK7
275,000	2021	117205LQ5	120,000	2025	117205ML5
275,000	2022	117205LR3	120,000	2026	117205MM3
275,000	2023	117205LS1	135,000	2029	117205MQ4
275,000	2024	117205LT9	110,000	2032	117205MT8
275,000	2025	117205LU6			
275,000	2026	117205LV4			
275,000	2027	117205LW2			
275,000	2028	117205LX0			
275,000	2029	117205LY8			
275,000	2030	117205LZ5			
275,000	2031	117205MA9			
275,000	2032	117205MB7			

CERTIFICATE REGARDING CONTINUING DISCLOSURE STATEMENT

The information contained herein has been prepared by the Town of Brunswick, Maine using information in the Town's possession and from various other public documents and sources which are believed to be reliable. The Town has not made any independent investigation of the information obtained from others. Such information is not guaranteed as to accuracy or completeness and is not intended to be a representation by the Town.

The purpose of the Continuing Disclosure Statement is to conform the requirements of Rule 15c2-12 and the Town's Continuing Disclosure Certificate(s) delivered by the Town with respect to its bonds issued in, and after, 1995 and not to create contractual or other rights for the purchasers or holders of the Town's bonds, any municipal securities broker or dealer, any potential purchaser of the Town's bonds, the Securities and Exchange Commission, or any other person.

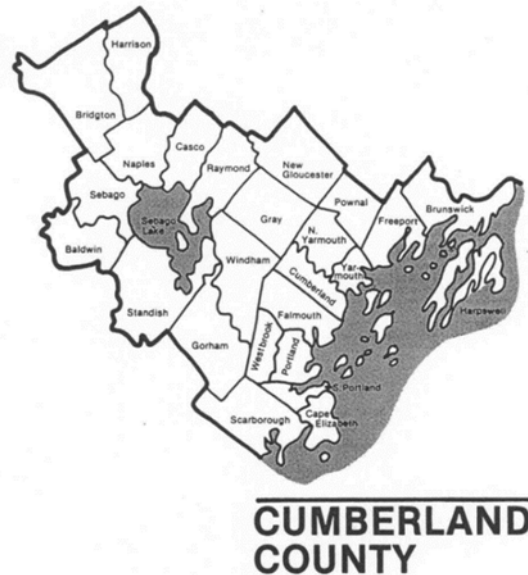
To the best of the knowledge and belief of the Finance Director, this Continuing Disclosure Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Continuing Disclosure Statement obtained from sources other than the Town of Brunswick is not guaranteed as to accuracy, completeness or fairness, the Finance Director has no reason to believe that such information is materially inaccurate or misleading.

Julia A.C. Henze
Finance Director
Town of Brunswick, Maine

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, having 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. 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.

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 18 Patrol Officers. The roster also includes three Detectives, two School Resource Officers, a Marine Resource Warden, an Animal Control Officer, a Parking Enforcement Officer, nine 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. 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.

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 current arrangement maintains an expiration date of June 30, 2021.

The Fire Department is staffed by a Fire Chief, two Deputy Chiefs, four Captains, four Lieutenants, 24 Firefighters 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 nearing 100 years old, and facilities studies in 2000 and 2002 identified numerous deficiencies in the structure and functionality of the building. 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 and site investigations. The Task Force selected an architect/design firm, and received the programmatic specifications, proposed building design and recommended site location in 2018. The Town continues to work with the architect, and the Town Council will hold public hearings on two bond ordinance options on April 1, 2019. See “TOWN FINANCES - CAPITAL IMPROVEMENT PROGRAM” 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 Town Engineer, one Engineering Aide, 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 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. At June 30, 2018, the Town had filled 87.74% of the landfill capacity, which with recent yearly volume leaves 2 years of remaining capacity. 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. Currently the Town is actively pursuing a plan for closure in spring/summer 2020, including accepting additional waste to fill the remaining capacity and to bring in additional revenues. See “ENVIRONMENTAL MATTERS” section herein for a more detailed explanation of the issues related to the landfill.

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, four 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 has increased to three round trips per day.

Passenger rail service between Boston and Brunswick expanded in November of 2018 with the completion of a critical rail project. Amtrak's Downeaster now completes five round trips per day on its entire line after it finished the \$9.4 million construction of a secondary passing rail line in Falmouth and Cumberland. Additionally, NNEPRA is currently exploring the possibility of extending train service from Brunswick north to Rockland. Though originally anticipated to begin service in 2018, risk assessments of the 58 miles of track between Brunswick and Rockland were necessary before service could resume. This seasonal service would follow the route operated by Maine Eastern Railroad until the end of 2015, and could start as early as May 2019.

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. The 1972 addition was completely removed during the project. While the Town owns the building, the Library is managed by the Brunswick Public Library Association (the “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 ten professional librarians. At June 30, 2018, the Library’s collections included approximately 145,000 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, 2018 was 369,405 items loaned, with yearly active cardholders numbering 10,815, of which 70.9% reside in Brunswick. There were 265,175 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. Article IX of the Town’s Charter, provides that the Department of Education 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:

<u>School</u>	<u>Grade</u>	<u>October 1, 2018 Population⁽¹⁾</u>
Coffin School ⁽²⁾	K – 1	393
Harriet Beecher Stowe	2 – 5	660
Brunswick Junior High ⁽²⁾	6 – 8	550
Brunswick High	9 – 12	724

SOURCE: Town of Brunswick School Department.

NOTE: ⁽¹⁾ As of *October 1, 2018 Enrollment Reports*. This includes Brunswick residents and non-resident students attending Brunswick schools.

⁽²⁾ Modular classrooms in use. Other projects to address space needs are being contemplated. See also “CAPITAL IMPROVEMENT PROGRAM” section.

With the opening of the Harriet Beecher Stowe School for grades 2 through 5 in August 2011, the Town replaced 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 Department of Education (“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 the school department applied for and received eligibility certificates for twelve school repair projects under the Maine Department of Education (DOE) School Revolving Renovation Fund. This qualified the Town for borrowing funds through the Maine Municipal Bond Bank 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 \$1,180,330. 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 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 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 elementary school project is scheduled for construction beginning in 2018, with completion in time for the 2020-21 school year. It is anticipated that a bond anticipation note may be issued in 2019.

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.

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

<u>October 1,</u>	Brunswick Residents			Resident <u>Enrollment</u>	Non-Resident <u>Enrollment</u>	Total <u>Enrollment</u>
	Grades <u>K-5</u>	Grades <u>6-8</u>	Grades <u>9-12</u>			
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
2009	1,112	615	906	2,633	15	2,648

SOURCE: State of Maine, Department of Education, “October 1 Census of Students Educated at Public Expense”.

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.

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 an eight-member Board of Directors with three 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. Region 10 has been contemplating \$9 million in capital improvements to the existing school facility at 68 Church Rod in Brunswick. These would likely be funded with debt, and if issued, the debt service on those bonds would be shared by the member school units. More recently this plan has been put on hold as the Board of Directors 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 241 students enrolled in Region 10 on October 1, 2017, 69 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> ⁽¹⁾	<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	7/01/16	6/30/19
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	7/01/15	6/30/18
Brunswick Emerg. Comm. Off. Assoc.	10	Police Dispatchers	7/01/17	6/30/20
AFSCME, Town departments	23	Clerical workers & other	7/01/16	6/30/19
BEA/MEA - Teachers	242	School Teachers	9/01/16	8/31/19
BEA/MEA – Educational Technicians	67	Educational Technicians	8/01/17	7/31/20
AFSCME, School department	47	Bus Drivers & Custodians	7/01/16	6/30/19

NOTES: ⁽¹⁾ “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.

BUILDING PERMITS

<u>Fiscal Yr. End</u>	<u>Residential</u>		<u>Commercial & Industrial</u>	
<u>June 30,</u>	<u># Permits</u>	<u>Est. Cost Const.</u>	<u># Permits</u>	<u>Est. Cost Const.</u>
2018	351	\$20,874,350	73	\$21,895,845 ⁽¹⁾
2017	310	17,715,313	70	28,725,779 ⁽²⁾
2016	288	12,191,609	51	18,578,907 ⁽³⁾
2015	265	10,485,364	59	22,441,015 ⁽⁴⁾
2014	291	16,370,912	59	20,672,370 ⁽⁵⁾
2013	247	12,938,533	54	9,918,226 ⁽⁶⁾
2012	247	11,345,444	55	17,227,286 ⁽⁷⁾
2011	258	7,683,897	34	10,128,789 ⁽⁸⁾
2010	291	12,784,450	39	25,538,418 ⁽⁹⁾
2009	306	8,159,449	79	27,335,170 ⁽¹⁰⁾

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

⁽¹⁾ 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 mount solar array constructed by MRRA, \$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.

⁽²⁾ 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.

⁽³⁾ 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.

⁽⁴⁾ 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.

⁽⁵⁾ 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.

⁽⁶⁾ 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.

⁽⁷⁾ Includes \$12,000,000 for construction of a manufacturing facility at Brunswick Landing.

⁽⁸⁾ Includes \$9,622,529 for construction of an inn and \$2,272,200 for a medical office building.

⁽⁹⁾ Includes \$14,000,000 for construction of an elementary school and \$6,000,000 for a nursing home.

⁽¹⁰⁾ Includes \$21,324,246 for an emergency room addition and renovations of Midcoast Hospital and \$2,300,000 for construction of a mixed use building at Maine Street Station.

ECONOMIC CHARACTERISTICS

<u>Population</u>	<u>Year</u>	<u>Town of Brunswick</u>	<u>-----% Change-----</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.

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)

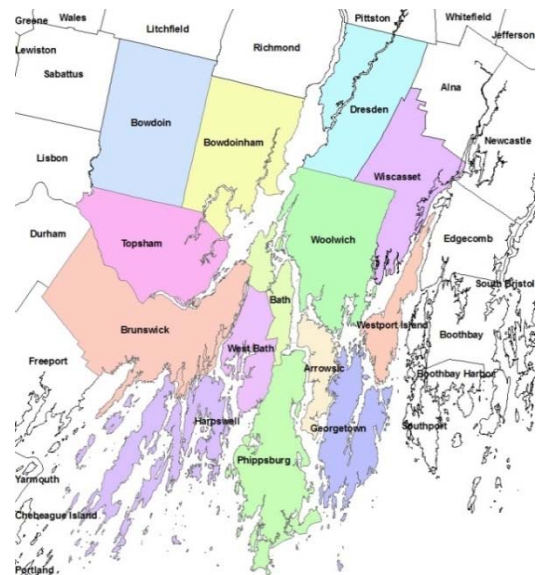
Personal Consumption								
Year	Building Supply	Food Stores/ Gen. Mdse.	Other Retail	Auto/ Transp.	Restaurant/ Lodging	Personal Consumption	Business/ Operating	Personal & Business
2017	\$89,343	\$136,669	\$29,443	\$85,297	\$65,293	\$406,045	\$17,691	\$423,736
2016	83,931	133,647	27,620	79,409	64,412	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
2008	71,010	127,427	32,428	57,570	50,065	338,500	16,955	355,455

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	2.7%	2.5%	3.2%	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
Harpswell	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:

Representative Employers		Approximate Average # of Employees
<u>Name</u>	<u>Business</u>	
Bath Iron Works	Ship Building	1,400
Mid Coast-Parkview Health	Hospital, Health Care, Retire.	1,250
Bowdoin College	College	962
Town of Brunswick	Municipality	577
Wayfair	Online Retail	460
LL Bean Inc., Mfg. Div.	Outdoor Equip/Sporting Goods	407
Wal-Mart Stores, Inc.	Retail	254
Savilinx	Business Process & Marketing	178
Hannaford Bros.	Groceries/Pharmacy	160
Pathways (formerly Providence Service Corp)	Social Services	123

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.

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 2018 was 1,826 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 962 FTE employees, including 210 FTE faculty members. Bowdoin’s payroll totaled \$80 million for the fiscal year ending on June 30, 2018, with approximately sixty-seven percent of that amount paid to Brunswick labor market area residents. The College was listed as the thirteenth largest taxpayer in Brunswick in FY 2017. In addition to taxes and fees, the College also makes annual financial contributions to the Town of Brunswick. In FY 2018, these voluntary unrestricted payments totaled \$172,200. In 2017 the College completed Phase I of the Whittier Field Improvements, which included replacing the grass field with artificial turf and adding lights, seating and a press box. Also in 2017 the College initiated work on the Roux Center for the Environment, an academic building located at the corner of Harpswell Road and College Street. The Center opened in the fall of 2018.

Two new buildings – Barry Mills Hall and a Center for Arctic Studies – will be constructed at Bowdoin College 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.

In addition to the two new academic buildings, Bowdoin is looking at expanding 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, which will be finished late in the 2019 summer and will be open for students in the fall of 2019. Construction on the new Harpswell apartments will start in June and finish late

summer 2020. The three residential projects will provide more on-campus housing for students and cost an estimated \$45 million.

SOURCE: Bowdoin College. 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 February, 2019, the Mid Coast-Parkview Health board of directors voted to engage with MaineHealth to explore the possibility of integrating into the MaineHealth system. This regional network of local healthcare organizations include Maine Medical Center and several midcoast Maine hospitals. The local boards and system-wide Board of Trustees strive to maintain an appropriate balance between local control and unified resources. More information about Mid Coast-Parkview Health and MaineHealth may be viewed at <http://www.midcoasthealth.com> and <https://mainehealth.org>.

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.

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 Falls Church, 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 5,300 employees. There are two principal manufacturing facilities: (1) the main shipyard plant in Bath and (2) the Hardings Fabrication Plant and the East Brunswick Manufacturing Facility/Consolidated Warehouse in Brunswick. Additionally, BIW has two facilities, one for design and another for fleet support that are also located in Brunswick. Approximately 4,000 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 35 ships were delivered under the program, the last being the USS Michael Murphy (DDG-112) in 2012. In 2010, 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 68 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 has 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.

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.

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.

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 (“MRRRA”), 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 following direct and indirect job and income loss numbers:

	<u>Direct</u>	<u>Indirect</u>	<u>Direct</u>	<u>Indirect</u>	<u>Total Job</u>	<u>Total Income</u>
	<u>Jobs</u>	<u>Jobs</u>	<u>Income Loss</u>	<u>Income Loss</u>	<u>Loss</u>	<u>Loss</u>
Civilian	713	319	\$19,199,510	\$ 9,425,214	1,032	\$ 28,624,724
Military	<u>2,722</u>	<u>1,122</u>	<u>\$77,154,195</u>	<u>\$32,960,272</u>	<u>3,844</u>	<u>\$110,114,467</u>
Total	3,435	1,441	\$6,353,705	\$42,385,486	4,876	\$38,739,191

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 intend 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

In 2011, the Federal Aviation Administration notified MRRA that the Brunswick Executive Airport ("BXM") had been accepted in the National Plan for an Integrated Airport System ("NPIAS") as a general aviation airport. BXM was also accepted in the Military Airports Program ("MAP"). The NPIAS and MAP designations make the airport eligible for capital improvement funds.

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 1,805 acres of the 2,114 acres that MRRA is slated to receive. MRRA has now received 985.62 (98.3%) of the 1,002.6 acres of airport land and 818.96 (73.6%) of the 1,112 acres of the non-airport property. Of the 819 acres of non-airport property received, MRRA has sold 486 acres and 50 buildings, leaving 1,318 acres under management. According to MRRA, nearly \$160 million in taxable property value has been created in Brunswick and Topsham 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 enrollement 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.

During 2018, the Town of Brunswick, MRRA, and certain property owners and developers continued planning for a new road to connect Admiral Fitch Avenue, Brunswick Landing's main artery, to Gurnet Road in Cooks Corner. The proposed road alignment, which was contemplated in the Reuse Master Plan, will add 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 long-term debt. 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 connector road and other infrastructure improvements in the vicinity. See also “TOWN FINANCES - CAPITAL IMPROVEMENT PROGRAM” and “PROPERTY TAXATION – TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS”.

In the News

Molnlycke TIF. In December 2012 the Town adopted the “Molnlycke Manufacturing Municipal Development and Tax Increment Financing District.” See “PROPERTY TAXATION – TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS” herein. Part of the tax increment financing revenues has been used to assist Mölnlycke in constructing and equipping a 79,600 square foot manufacturing facility. Mölnlycke Health Care is a world-leading manufacturer of single-use surgical and wound products. As of January 2019, the Mölnlycke project had added 80 jobs of its anticipated 87 total jobs.

Brunswick Landing TIF and Brunswick Executive Airport TIF. In July 2013, the Town and the Maine Department of Economic and Community Development approved two Tax Increment Financing Districts at Brunswick Landing and Brunswick Executive Airport. Amended in 2016, the thirty year TIF development programs call for a revenue share of incremental property tax revenue for various infrastructure and building upgrades, including improvements to nearly nineteen miles of roads, sanitary and stormwater sewer collection and pump station systems, and electrical and potable water distribution systems. See “PROPERTY TAXATION – TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS” herein.

Foreign Trade Zone. On September 7, 2012, the Foreign Trade Zone Board officially granted MRRA FTZ Grantee status as Foreign Trade Zone No. 282 and designated 394 acres at Brunswick Landing as a Foreign Trade Zone (“FTZ”). The FTZ program helps U.S.-based manufacturing operations by removing certain disincentives associated with manufacturing in the United States.

Brunswick Landing Business Development Loan Program Initiated. In 2013 the MRRA Board approved the establishment of a \$500,000 revolving loan fund for the purpose of tenant leasehold improvements. Subsequently, MRRA staff worked with a local bank to consider a broader lending program to include \$500,000 for working capital and equipment, and the Board authorized the consolidation of the Tenant Leasehold Improvement Loan Program and the Growth Fund Loan Program.

Brunswick Executive Airport (BXM). Since it opened over five years ago, BXM has seen significant increases in air traffic, with an estimated 20,000 flight operations in 2018, a 10% growth in airport usage

and fuel sales over 2017. Approximately 21 resident aircraft owners are based at BXM. Brunswick Executive Airport has been re-selected to participate in the FAA's Military Airport Program (MAP) for an additional five year period. Current MAP eligibility for the airport extends through Federal Fiscal Year 2020. This program provides special funding to assist airport authorities to convert former military airfields into civilian airports. To date, the airport has received over \$21 million in FAA and State grant funding for these improvements.

Economic Development. Over 120 public and private entities, with approximately 1,700 jobs, now call Brunswick Landing and the Topsham Commerce Park home, 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. Current business activity now exceeds \$100 million in payroll annually.

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, which collectively employ 99 people.

2018 Utilities and Infrastructure Projects.

- Brunswick Renewable Energy Center – In January, 2018, power started being generated from the 1.5 MW DC solar array owned by Diversified Communications of Portland and installed by ReVision Energy. This production, in combination with the energy generated by the anaerobic digester biogas plant on Brunswick Landing, provides nearly enough sustainable to power the entire campus.
- Sewer System Transfer Project - As part of the ongoing efforts to reduce Inflow and Infiltration, MRRA has undertaken extensive improvements to the gravity portion of the sanitary sewer system, including the rehabilitation of sewer manholes and lines throughout Brunswick Landing. On June 30, 2018, the Brunswick Sewer District accepted transfer of the system.
- Water Service Billing – In July 2018, MRRA contracted with the Brunswick and Topsham Water District to read and bill for water services at Brunswick Landing.
- Capital Improvements – Ongoing improvement include airfield paving and repairs, renovation of offices in hangar 4, ADA improvements to bathrooms in hangars 5 and 6, and completion of the design of a new 15,867 square foot box hangar for construction in spring, 2019.

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>
<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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
REVENUES					
Property Taxes	\$ 36,503	\$ 38,550	\$ 39,985	\$ 41,347	\$ 42,783
Vehicle Excise Taxes	2,825	2,865	2,965	3,240	3,300
Other Taxes	278	294	348	354	379
Licenses, Fees, & Permits	323	360	387	443	467
Intergovernmental	11,219	11,190	12,378	11,924	11,279
Charges for Service	1,351	1,305	1,286	1,277	1,361
Interest on Investments	40	20	60	150	215
Other	1,173	950	867	930	991
Transfers and Use of Balances	4,387	4,062	3,200	3,161	3,211
TOTAL REVENUES	\$ 58,099	\$ 59,596	\$ 61,476	\$ 62,826	\$ 63,986
EXPENDITURES					
General Government	\$ 3,606	\$ 3,753	\$ 3,892	\$ 4,001	\$ 4,005
Public Safety	8,507	8,722	8,902	9,232	9,566
Public Works	3,756	3,795	3,899	4,027	4,165
Human Services	166	183	176	181	184
Education	33,958	34,728	36,174	36,138	36,897
Recreation & Culture	2,710	2,771	2,843	3,013	3,198
Debt Service	2,728	2,698	2,378	2,613	2,227
County Tax	1,333	1,360	1,411	1,518	1,565
Unclassified	187	218	347	415	478
Transfers Out	1,148	1,368	1,454	1,688	1,701
TOTAL EXPENDITURES	\$ 58,099	\$ 59,596	\$ 61,476	\$ 62,826	\$ 63,986

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 2018-19 budget required a property tax rate increase of 2.99%, 0.4% more than the previous year's increase of 2.59%. Budgets for the past several years have been strongly affected by changes in state aid, and the 2019-20 budget will be no different. See also "REVENUES FROM THE STATE" herein.

The preparation of the 2018-19 municipal budget was developed during the second year of the biennial budget for the State of Maine. The State budget contained several initiatives which had significant effects on municipalities and school districts in the 2018-19 fiscal year. These included the shift of the State subsidy for Community Technical Education out of the participating school districts' calculations. This change resulted in a reduction of approximately \$770K in State aid to Brunswick, and a corresponding reduction in the amount Brunswick passed through to the Maine Region 10 Technical High School. Other changes to the Essential Programs and Services (EPS) 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.

As in 2015 and 2017, the Town faces the prospect of adopting the 2019-20 municipal budget before the State of Maine budget is finalized. While the Town's State aid estimates for 2019-20 will be based on the first year of the new Governor's biennial budget, there may be changes to the State budget before it is finalized. The Governor's budget proposal, issued on February 8, 2019, includes several elements affecting State aid to municipalities, the largest of which is State Aid to Education. The School Department is anticipating an increase of nearly \$1.2 million in State Aid for fiscal year 2019-20.

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 FY16. 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 recent Governor's proposal has delayed the reinstatement, changing the distribution to 2.5% in FY 20 and to 3% in FY 21. For the year ended June 30, 2018, Brunswick received \$1,159,148 in revenue sharing, and is anticipating an increase to \$1,211,641 for 2018-19. The Governor's proposal could result in an increase of nearly \$300,000 for Brunswick in 2019-20.

The 2016 law 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 Governor's proposed FY 20 – FY 21 budget, additional funds would be allocated to the homestead exemption reimbursement to maintain the reimbursement rate at 62.5% for 2019-20.

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 (MainePERS). 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 that cost. However, no assurances can be made that the State's subsidy program will continue in its present form.

As in previous years, the 2018-19 municipal budget was developed with the awareness that the Town had made significant use of reserves and one-time revenues in previous budgets, and was facing little to no increases in State revenue sharing. This led to decisions to continue allocating fund balance to the budget, but decreasing the amount used from \$550,000 to \$500,000. With continued reductions in the amount 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 two years, budget surpluses have enabled the Town to use unassigned fund balance for capital projects through the Capital Improvement Program.

With the intention to develop sustainable budgets, the Town Finance Committee works with five-year revenue and expenditure forecasts, and coordinates these with the Capital Improvement Program. It is clear that the Town will continue 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 expected to commence. The Finance Committee continues 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:

Fiscal Year End	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
State Personal Income Factor	1.09%	0.86%	2.67%	2.84%	2.61%
Town Property Growth Factor	2.44%	2.65%	1.84%	2.10%	1.42%
Growth Limitation Factor	3.53%	3.51%	4.51%	4.94%	4.03%
Property Tax Levy Limit	\$ 14,859,874	\$ 15,381,455	\$ 16,075,159	\$ 16,805,659	\$ 17,482,928
Property Tax Levy	12,106,342	12,869,599	13,300,949	13,862,157	13,990,743
Over/(below) Prop Tax Levy Limit	\$ (2,753,532)	\$ (2,511,856)	\$ (2,774,210)	\$ (2,943,502)	\$ (3,492,185)

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Unrestricted General Fund					
Balance	\$ 10,107,555	\$ 10,195,567	\$ 11,447,392	\$ 13,493,551	\$ 14,812,789
Total Revenues	55,316,128	56,991,482	58,833,107	61,517,380	62,944,607
As a % of Revenues	18.27%	17.89%	19.46%	21.93%	23.53%
Unassigned General Fund					
Balance	\$ 8,488,177	\$ 8,670,334	\$ 10,316,602	\$ 11,792,687	\$ 11,488,110
Total Revenues	55,316,128	56,991,482	58,833,107	61,517,380	62,944,607
As a % of Revenues	15.34%	15.21%	17.54%	19.17%	18.25%

For the year ended June 30, 2018 the target unassigned fund balance was \$10,492,866. The actual balance, at 18.25% of GAAP revenues, is \$995,244 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 reduce the use of fund balance to offset operating expenditures, reducing the use of fund balance in the 2018-19 municipal budget from \$550,000 to \$500,000. Amounts in excess of the target unassigned fund balance as of June 30, 2017 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 14, 2018, the Town Council adopted a CIP for fiscal years ending 2019-2023. This document, previous CIPs, and current drafts are available on the Town's website:

<http://www.brunswickme.org/departments/finance/financial-documents/capital-improvement-program/>

On November 8, 2018, the Town Manager submitted a preliminary CIP for fiscal years ending 2020-2024 to the Finance Committee for review and recommendations. The Finance Committee held several workshops and meetings in November and December, and continued work in February. The Town Manager presented a recommended CIP to the Town Council on March 4, 2019. The Town Council will review the CIP in conjunction with its development of the 2019-20 budget, and it is anticipated that the 2020-24 CIP will be adopted by the Town Council at the same time as the 2019-20 budget in May 2019. Adoption of the CIP does not constitute funding of capital projects. Appropriation of funds, or authorization of the issuance of bonds, will happen in a separate action of the Town Council.

Information from the Manager's Recommended 2020-2024 CIP is as follows.

CIP Projects Recommended for Funding (Manager's Recommendation March 2019)

DRAFT -- For Fiscal Years Ending 2020-2024 -- DRAFT

PROJECTS	2019-20	2020-21	2021-22	2022-23	2023-24	TOTALS
Facilities - Improvements	\$ 13,979,000	\$ 8,330,650	\$ -	\$ -	\$ -	\$ 22,309,650
Infrastructure	880,000	4,285,000	2,000,000	-	-	7,165,000
Capital Acquisitions	252,500	614,500	-	-	-	867,000
Municipal vehicle/equip/facilities	798,000	1,011,960	1,076,199	1,115,723	1,155,538	5,157,420
Municipal annual work programs	1,050,000	1,375,000	1,525,000	1,675,000	1,800,000	7,425,000
School vehicle replacement	190,962	196,691	202,592	208,670	214,930	1,013,845
School annual work programs	802,899	913,650	765,525	600,150	494,350	3,576,574
TOTALS	\$ 17,953,361	\$ 16,727,451	\$ 5,569,316	\$ 3,599,543	\$ 3,664,818	\$ 47,514,489

FUNDING SOURCES

General Obligation Bonds	\$ 13,629,000	\$ 2,840,650	\$ 1,000,000	\$ -	\$ -	\$ 17,469,650
General Fund Balance	902,500	1,014,500	200,000	-	-	2,117,000
Municipal Revenues	1,848,000	2,386,960	2,601,199	2,790,723	2,955,538	12,582,420
School Revenues	993,861	1,110,341	968,117	808,820	709,280	4,590,419
State of Maine	168,000	2,365,000	800,000	-	-	3,333,000
Donations/Grants	210,000	215,000	-	-	-	425,000
TIF Revenues	82,000	165,000	-	-	-	247,000
Reserves	-	6,630,000	-	-	-	6,630,000
Other	120,000	-	-	-	-	120,000
TOTALS	\$ 17,953,361	\$ 16,727,451	\$ 5,569,316	\$ 3,599,543	\$ 3,664,818	\$ 47,514,489

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

2020-24 CIP - Recommended for Funding with General Obligation Bonds -- DRAFT March 2019

PROJECTS	2019-20	2020-21	2021-22	2022-23	2023-24	TOTALS
Central Fire Station	\$ 13,000,000	\$ -	\$ -	\$ -	\$ -	\$ 13,000,000
Brunswick Junior High School	429,000	300,650	-	-	-	729,650
Landfill Closure	-	620,000	-	-	-	620,000
Downtown Improvements	200,000	1,520,000	1,000,000	-	-	2,720,000
Tank 2 Replacement	-	400,000	-	-	-	400,000
RECOMMENDED TOTALS	\$ 13,629,000	\$ 2,840,650	\$ 1,000,000	\$ -	\$ -	\$ 17,469,650

Central Fire Station

The capital planning process continues to identify the need to construct a new fire station to serve downtown Brunswick. Built in 1919, the Central Fire Station is undersized and in need of costly repairs. Since 2000 the Town has conducted several facilities and programming studies which have noted the numerous structural and functional deficiencies of the building and its location. In the past two years, with awareness of continued deterioration of the aging building, and increasing congestion around the downtown location, the Town established a task force and appropriated funds to update the programming study and explore possible sites. The Town contracted with Mitchell Associates Architects, and a proposed floor plan was delivered in the fall of 2018 with a preliminary building construction estimate of \$11 million. The Town continues to work on optional adjustments to the building design and the cost estimate, and has begun work to appraise several properties in the preferred location. The estimated cost of land, design and building

construction is being carried in the draft CIP for FY 2019-20 at \$13 million, with general obligation bonds proposed as the source of funding. A public hearing has been scheduled for April 1, 2019 to consider two bond ordinances – one \$15 million which is the estimated cost of land and the architect’s original building design, and one for \$13.5 million which includes certain changes to the building design. The Town Council will also consider whether to adopt an ordinance, or to send one of the ordinances to a referendum for the Brunswick voters in June, 2019.

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 Department of Education (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 \$729,650, to be funded through the issuance of debt.

Landfill Closure

The Town is anticipating the closure of the Graham Road Landfill within two years, and continues to include this project in the CIP. 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. 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. To cover the costs of closure without assurance of reimbursement from the State, the Town has accumulated reserves through the Pay-Per-Bag program and through annual subsidies from the general fund. Estimates of the cost of closure are updated annually, and it is anticipated that the estimates will become more accurate in the next year. Though the current draft of the CIP shows a portion of the cost to be funded through the issuance of debt, the Town continues to evaluate options to cover the funding without borrowing.

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 and 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 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. The draft CIP indicates funding through the issuance of debt, and debt service 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 \$400,000. In conjunction with the work underway investigating building a new Central Fire Station, the replacement of Tank 2 may be delayed to allow more flexibility in its design.

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 March 2019

PROJECTS	2019-20	2020-21	2021-22	2022-23	2023-24	TOTAL
Town Hall HVAC	\$ -	\$ -	\$ 400,000	\$ -	\$ -	\$ 400,000
Gurnet-Thomas Pt Connector	-	1,500,000	-	-	-	1,500,000
Downtown Parking Facility	-	-	-	-	5,000,000	5,000,000
Bunganuc Road Culvert	-	-	350,000	-	-	350,000
IN DEVELOPMENT TOTALS	\$ -	\$ 1,500,000	\$ 750,000	\$ -	\$ 5,000,000	\$ 7,250,000

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.

Gurnet Road - Thomas Point Road Connector Road

In November, 2013, the Town Council authorized the Town to proceed with preliminary engineering for a road construction project in the Cook's Corner area. In early 2015 the project was deferred indefinitely, but more recently, increased activity at Brunswick Landing has resulted in traffic pressures in the Cook's Corner area, and this road project is again being discussed as a part of a larger solution. The first phase of the solution is the Admiral Fitch-Gurnett connector road, which is currently under construction. The Gurnet-Thomas Point connector road continues to be included in the 'in development' section of the CIP, with an estimated cost of \$1.5 million to be funded through the issuance of general obligation bonds. For both connector roads, the Cook's Corner Tax Increment Financing District could allow for debt service to be paid from TIF tax revenues.

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. With the understanding that a parking garage/structure would require an external funding source such as a grant, the project was included in the CIP as partially funded through debt. 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 their report is expected in spring 2019. 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 amount 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 acquisitions, equipment acquisitions, and other items to be assessed in the CIP

process. The total of the other debt-funded projects proposed to be included in the CIP process is estimated at \$2.33 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, 2018 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.

Beginning with the 2016-17 fiscal year, the Town has also produced a Popular Annual Financial Report ("PAFR") under a Government Finance Officers Association ("GFOA") 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 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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
ASSETS					
Cash & Investments	\$ 19,500,293	\$ 19,102,967	\$ 19,822,700	\$ 23,560,748	\$ 23,966,484
Taxes Receivable	798,261	1,026,639	851,719	838,933	968,616
Tax Liens & Acq. Property	292,495	308,611	338,931	327,212	299,537
Accounts Receivable	718,089	949,147	744,149	725,531	812,679
Prepaid items	-	-	1,533	1,236	-
Advances to Other Funds	-	454,080	363,264	272,448	181,632
Other	36,767	37,711	25,220	25,287	28,015
TOTAL ASSETS	<u>\$ 21,345,905</u>	<u>\$ 21,879,155</u>	<u>\$ 22,147,516</u>	<u>\$ 25,751,395</u>	<u>\$ 26,256,963</u>
LIABILITIES					
Accounts Payable	\$ 800,131	\$ 744,923	\$ 916,388	\$ 544,066	\$ 612,151
Accrued Payroll	2,949,180	3,113,766	3,170,965	3,550,909	3,731,016
Due to Other Funds	1,269,664	1,535,250	410,666	2,342,999	1,452,771
Other	261,032	301,832	335,980	362,191	597,833
TOTAL LIABILITIES	5,280,007	5,695,771	4,833,999	6,800,165	6,393,771
DEFERRED INFLOWS OF RESOURCES					
Unavailable Property Taxes	721,220	781,503	726,061	779,093	821,353
Unavailable Revenues	219,446	263,097	269,321	240,892	236,583
TOTAL DEFERRED INFLOWS	940,666	1,044,600	995,382	1,019,985	1,057,936
FUND BALANCES					
Nonspendable	36,767	491,791	388,484	298,971	209,647
Restricted	4,980,910	4,451,426	4,482,259	4,138,723	3,782,820
Assigned	1,619,378	1,525,233	1,130,790	1,700,864	3,324,678
Unassigned	8,488,177	8,670,334	10,316,602	11,792,687	11,488,111
TOTAL FUND BALANCES	15,125,232	15,138,784	16,318,135	17,931,245	18,805,256
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 21,345,905</u>	<u>\$ 21,879,155</u>	<u>\$ 22,147,516</u>	<u>\$ 25,751,395</u>	<u>\$ 26,256,963</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
REVENUES					
Taxes	\$ 38,490,317	\$ 40,582,907	\$ 42,531,410	\$ 44,215,165	\$ 45,343,860
Licenses, Fees & Permits	399,359	387,127	438,731	497,091	542,223
Intergovernmental	14,268,570	13,869,293	13,810,564	14,612,707	14,507,450
Charges for Services	1,413,140	1,405,404	1,495,659	1,470,469	1,569,433
Interest on Investments	13,687	10,156	37,482	146,700	339,454
Other	<u>731,055</u>	<u>736,595</u>	<u>519,261</u>	<u>575,248</u>	<u>642,187</u>
TOTAL REVENUES	55,316,128	56,991,482	58,833,107	61,517,380	62,944,607
EXPENDITURES					
General Government	3,552,992	3,517,191	3,548,096	3,724,978	3,646,187
Public Safety	8,013,000	8,295,800	8,372,964	8,560,448	8,811,980
Public Works	3,690,883	4,110,190	3,558,509	3,693,270	3,833,995
Human Services	168,723	171,606	176,406	139,921	163,348
Education	32,539,288	33,989,089	34,092,968	36,034,705	36,445,089
Recreation & Culture	2,490,538	2,669,911	2,650,179	2,771,480	3,017,995
Debt Service	3,566,428	2,744,750	2,696,785	2,373,601	2,536,928
County Tax	1,249,487	1,333,350	1,360,042	1,410,855	1,517,700
Unclassified	<u>36,996</u>	<u>8,683</u>	<u>29,082</u>	<u>29,868</u>	<u>130,537</u>
TOTAL EXPENDITURES	55,308,335	56,840,570	56,485,031	58,739,126	60,103,759
OTHER SOURCES (USES)					
Transfers In	704,265	1,052,000	620,942	514,000	506,389
Transfers Out	(3,324,441)	(1,189,360)	(1,789,667)	(1,679,144)	(2,473,226)
Sale of general capital assets	<u>225,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER SOURCES (USES)	(2,395,176)	(137,360)	(1,168,725)	(1,165,144)	(1,966,837)
NET CHANGES IN					
FUND BALANCE	<u>(2,387,383)</u>	<u>13,552</u>	<u>1,179,351</u>	<u>1,613,110</u>	<u>874,011</u>
BEGINNING FUND BALANCE	17,512,615	15,125,232	15,138,784	16,318,135	17,931,245
ENDING FUND BALANCE	<u>\$ 15,125,232</u>	<u>\$ 15,138,784</u>	<u>\$ 16,318,135</u>	<u>\$ 17,931,245</u>	<u>\$ 18,805,256</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, 2018, 2017, 2016, 2015 and 2014 are \$2,507,000, \$2,213,000, \$2,025,000, \$2,455,000 and \$2,403,000 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 2018-19 personal property taxes were due by November 30, 2018. Real estate taxes are due in two installments with one-half due November 30, 2018 and one-half due April 16, 2019. All taxes paid after the due dates will be subject to interest at a rate established by the Town. The rate for fiscal year ended June 30, 2019 is 8.0% 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 \$272,608 for the year ending June 30, 2019.

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".

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.

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.

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.

Fiscal Yr. End	Equalized State Valuation	Assessed Valuation ^(1,2,3)	Tax Rate	Tax Levy ^(1&2)	Collections (after Supplements / Abatements)		
					Year End	% of Levy	% of Levy a/o 6/30/18
June 30,	(000)	(000)	(000)	(000)	(000)		
2019	\$2,184,050	\$2,276,234	\$18.92	\$43,066	-----In Process-----		
2018	2,184,050	2,266,215	18.37	41,630	\$41,102	97.68%	97.68%
2017	2,082,600	1,382,600	29.35	40,579	40,117	97.60	98.95
2016	2,000,400	1,374,997	28.36	38,995	37,590	96.40	99.97
2015	2,026,250	1,359,621	27.40	37,254	35,856	96.25	99.98
2014	1,983,450	1,335,461	26.54	35,443	34,464	97.24	99.98
2013	2,028,050	1,337,807	24.90	33,311	32,321	97.03	99.98
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
2009	2,092,850	1,272,613	22.54	28,685	28,078	97.89	100.00

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

⁽²⁾ 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.

⁽³⁾ Beginning with the fiscal year ended June 30, 2009, 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.

LARGEST TAXPAYERS

Taxpayer	Type of Business	Real Estate	As of April 1, 2018		Property Tax	% of Levy
			Personal Property	Assessed Total		
Brunswick Landing Venture LLC	Housing	\$ 34,949,400	\$ -	\$ 34,949,400	\$ 661,243	1.53%
BIF II US Renewable LLC	Utility	33,154,600	-	33,154,600	627,285	1.45%
Bath Iron Works Corp	Shipbuilding	20,886,700	7,969,500	28,856,200	545,959	1.26%
Central Maine Power	Utility	25,536,800	1,331,500	26,868,300	508,348	1.17%
MRRA	Development	24,191,000	-	24,191,000	457,694	1.06%
Brunswick MZL LLC	Shopping Ctr	22,678,300	-	22,678,300	429,073	0.99%
Walmart RE Business Trust	Retail	16,957,700	1,815,900	18,773,600	355,197	0.82%
Thornton Oakes Homeowners	Housing	14,949,700	-	14,949,700	282,848	0.65%
Maine Natural Gas	Utility	14,660,000	-	14,660,000	277,367	0.64%
W/S Brunswick Properties	Shopping Ctr	13,640,100	-	13,640,100	258,071	0.60%
						10.17%

NOTE: Per the tax commitment on October 29, 2018, the total taxable assessed value of the Town was \$2,288,355,300, which includes \$104,990,600 of total taxable valuation in the Town's TIF Districts and excludes all exemptions.

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 1st 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 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, 2019, the Town has a total of \$106,580,500 in captured valuation within four TIF districts. This includes \$1,589,900 in the Brunswick Executive Airport TIF District as a supplemental tax assessment after the tax commitment on October 29, 2018. Three of the TIF districts are on the site of the former Brunswick Naval Air Station. One is the Downtown Development and Transit-Oriented TIF District. The tax revenue captured in these districts totals \$2,016,503 for the year.

During the 2017-18 fiscal year, the Town adopted an additional TIF district in the Cook's Corner area. The Cook's Corner Omnibus Municipal Development and TIF District and Development Program was approved by DECD on February 16, 2018. No incremental value was captured in the Cook's Corner TIF District in the 2018-19 fiscal year. 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:

<u>Yr. End</u> <u>June 30,</u>	<u>School</u> <u>Subsidy</u>	<u>Revenue</u> <u>Sharing</u>	<u>Homestead</u> <u>Reimbursement</u>	<u>Other</u> <u>State Aid</u>	<u>Total</u> <u>State Aid</u>
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
2014	10,477,217	1,069,677	409,411	2,690,251	14,646,556

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. Governor LePage's proposed budget in January 2017 included significant changes to state aid to education, largely by restructuring the Essential Programs and Services ("EPS") model. Though the proposed changes were not all adopted in the final State biennial budget, 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 2018-19 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.

Anticipated changes to State Aid to Education include shifting the responsibility for providing services for 3- to 5-year-old children with disabilities to local school districts. Maine DOE is currently working to quantify the effects of these changes, and the Brunswick School Department is exploring its options. The 2019-20 budget is being developed along with the State's next biennial budget, the first for Governor Mills. The Governor's proposed budget includes additional funding for education and certain changes to the EPS formula which would result in an increase of nearly \$1.2 million, or 12.2%, in State education aid to Brunswick from the previous year.

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. In the Governor's proposed biennial budget, the State's allocation to revenue sharing would be increased, but only to 2.5% in FY 20 and 3% in FY 21. In FY 19, the anticipated transfer into the pool is \$69.4 million, an estimated reduction of \$100.8 million from the 5% level. For FY 19 the Town anticipates a slight increase to the amount received in FY 18 based upon revenue sharing projections provided by the State of Maine. It is not anticipated that the State biennial budget will be complete before the Town adopts its 2019-20 budget, and the Town is conservatively estimating revenue sharing at the 2.5% proposed by the Governor.

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%.

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%, it is anticipated that Brunswick will receive approximately \$225,000 more reimbursement than in the 2017-18 fiscal year. Governor Mills's biennial budget proposed in February, 2018 includes additional funding for the homestead exemption reimbursement, but it is not clear if this will survive the legislative budget process.

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 Department of Education ("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 44th 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 2017 equalized State valuation ("Equalized State Valuation") for use in the fiscal year ended June 30, 2017 was \$2,184,050,000. The 2018 Equalized State Valuation as of June 30, 2018 was \$2,252,400,000 making the 15% debt limit \$337,860,000.

DEBT SUMMARY

General obligation debt payable at fiscal year-end June 30, 2018 (audited) and projected for fiscal year-end June 30, 2019 (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>2018</u>	<u>2019</u>
2006	Capital Improvements	\$ 3,125,000	11/01/20	\$ 600,000	\$ 400,000
2010	Elementary School (BABs)	⁽¹⁾ 21,462,250	11/01/30	13,950,463	12,877,350
2011	Capital Improvements	4,120,000	11/01/20	810,000	540,000
2013	Police Station	5,500,000	11/01/32	4,125,000	3,850,000
2016	School Renovation (SRRF)	⁽²⁾ 655,781	09/01/26	695,576	501,208
2017	School Renovation (SRRF)	⁽²⁾ 64,086	09/01/21	69,630	29,271
2017	Various CIP	1,781,000	11/01/32	<u>1,725,000</u>	<u>1,525,000</u>
				\$ 21,975,669	\$ 19,722,829

NOTES: ⁽¹⁾ A portion of the Town's \$21,462,250 school construction bonds were issued in 2010 with the Maine Municipal Bond Bank ("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. See "INDEBTEDNESS – PROJECTED DEBT SERVICE" herein.

⁽²⁾ Indicates State Revolving Renovation Fund Program (the "SRRF") administered jointly by the Maine Municipal Bond Bank (the "MMBB") and the State of Maine, acting by and through its Department of Education. The 2016 SRRF agreement was amended in November 2018 to a total of \$1,064,752, of which \$408,971 was forgiven and \$655,781 recorded as a loan at 0% interest. The 2017 SRRF agreement was also amended in November 2018 to a total of \$106,384, of which \$42,298 was forgiven and \$64,086 recorded as a loan at 0% interest.

DEBT SERVICE COMPONENT OF BUDGETED EXPENDITURES

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Budgeted Debt Service	\$2,811,249	\$2,779,760	\$2,459,022	\$2,613,101	\$2,704,655
(less TIF Paid Debt)	(83,480)	(82,060)	(80,315)	(76,245)	(74,175)
(less School Debt Service Subsidy) ⁽¹⁾	<u>(1,356,519)</u>	<u>(1,340,251)</u>	<u>(1,323,889)</u>	<u>(1,305,329)</u>	<u>(1,283,224)</u>
Net Tax-backed Debt Service	\$1,371,250	\$1,357,449	\$1,054,818	\$1,231,527	\$1,347,256
Budgeted Operating Expenditure	\$58,099,543	\$59,596,486	\$61,475,961	\$62,425,885	\$63,986,336
Debt Service as % of Expenditures	4.84%	4.66%	4.00%	4.19%	4.23%
Net Debt Service as % of Expenditures	2.36%	2.28%	1.72%	1.97%	2.11%

NOTE: ⁽¹⁾ "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 Subsidy.

PROJECTED ANNUAL PRINCIPAL PAYMENTS BY ISSUE

Yr. End					SRRF	SRRF		Total
June 30,	2006	2010	2011	2013	2016⁽¹⁾	2017⁽²⁾	2017	Debt
2019	200,000	1,073,113	270,000	275,000	77,286	17,408	200,000	2,112,807
2020	200,000	1,073,113	270,000	275,000	62,651	9,757	200,000	2,090,521
2021	200,000	1,073,113	270,000	275,000	62,651	9,757	200,000	2,090,521
2022	-	1,073,113	-	275,000	62,651	9,757	200,000	1,620,521
2023	-	1,073,113	-	275,000	62,651	-	200,000	1,610,764
2024	-	1,073,113	-	275,000	62,651	-	120,000	1,530,764
2025	-	1,073,113	-	275,000	62,651	-	120,000	1,530,764
2026	-	1,073,113	-	275,000	62,651	-	120,000	1,530,764
2027	-	1,073,113	-	275,000	62,651	-	120,000	1,530,764
2028	-	1,073,113	-	275,000	-	-	65,000	1,413,113
2029	-	1,073,113	-	275,000	-	-	35,000	1,383,113
2030	-	1,073,113	-	275,000	-	-	35,000	1,383,113
2031	-	1,073,112	-	275,000	-	-	35,000	1,383,112
2032	-	-	-	275,000	-	-	35,000	310,000
2033	-	-	-	275,000	-	-	40,000	315,000
	<u>\$ 600,000</u>	<u>\$ 13,950,462</u>	<u>\$ 810,000</u>	<u>\$ 4,125,000</u>	<u>\$ 578,494</u>	<u>\$ 46,679</u>	<u>\$ 1,725,000</u>	<u>\$ 21,835,635</u>

NOTES: ⁽¹⁾ Effective with the November 2018 amendment of the 2016 SRRF agreement, the debt service schedule was changed to retire the balance of the loan over the remaining eight years at 0% interest.

⁽²⁾ Effective with the November 2018 amendment of the 2017 SRRF agreement, the debt service schedule was changed to retire the balance of the loan over the remaining three years at 0% interest.

PROJECTED DEBT SERVICE

Fiscal Year	Annual	Annual	Annual	BABs	Net
End June 30,	Principal	Interest	Total	Subsidy (1)	Debt Service
2019	2,112,806	775,935	2,888,741	(186,271)	2,702,470
2020	2,090,520	712,593	2,803,113	(174,409)	2,628,704
2021	2,090,520	647,929	2,738,449	(162,195)	2,576,254
2022	1,620,520	589,991	2,210,511	(149,628)	2,060,883
2023	1,610,764	538,150	2,148,914	(136,533)	2,012,381
2024	1,530,763	485,277	2,016,040	(123,086)	1,892,954
2025	1,530,764	431,124	1,961,888	(109,198)	1,852,690
2026	1,530,763	374,965	1,905,728	(94,870)	1,810,858
2027	1,530,764	313,267	1,844,031	(78,856)	1,765,175
2028	1,413,113	247,415	1,660,528	(61,333)	1,599,195
2029	1,383,113	182,553	1,565,666	(43,809)	1,521,857
2030	1,383,113	118,179	1,501,292	(26,285)	1,475,007
2031	1,383,112	53,590	1,436,702	(8,762)	1,427,940
2032	310,000	16,106	326,106	-	326,106
2033	315,000	5,513	320,513	-	320,513
	<u>\$ 21,835,635</u>	<u>\$ 5,492,588</u>	<u>\$ 27,328,223</u>	<u>\$ (1,355,235)</u>	<u>\$ 25,972,988</u>

NOTE: ⁽¹⁾ A portion of the Town's \$21,462,250 school construction bonds, issued in 2010 with the Maine Municipal Bond Bank ("MMBB"), are taxable Build America Bonds ("BABs"). "Net 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 a lesser amount. Federal sequestration reduced the BABs subsidy by approximately 6.9% in the fiscal year ended June 30, 2018. For fiscal year 2018-19 and future years the reduction is estimated to be approximately 6.2% of the subsidy.

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 (2019 projected):

Fiscal Yr. End June 30,	Population	Equalized State Val. (000)	Assessed Valuation⁽¹⁾ (000)	Total Debt⁽²⁾ (000)	Debt as % Eq. Val	Per Capita⁽²⁾ Debt
2019	20,278	\$ 2,252,400	\$ 2,276,234	\$ 19,723	0.88%	\$ 972.63
2018	20,278	2,184,050	2,266,215	21,976	1.01%	1,083.74
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
2009	21,172	2,092,850	1,272,613	7,240	0.35%	341.96

NOTES: ⁽¹⁾ From 2009 to 2018 valuation has been adjusted to add back 50% of Homestead Exemption values. Beginning in 2019, valuation has been adjusted to add back 62.5% of Homestead Exemption values. Valuation excludes value in TIF Districts. Beginning in 2009, valuation has been adjusted to add back the State reimbursement percentage (approx. 50%) of Business Equipment Tax Exemption ("BETE") values.

⁽²⁾ Total debt and Per Capita debt as of June 30, 2019 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, 2018 the Town's equalized State Valuation of \$2,252,400,000 was 5.11% of the County's equalized State Valuation of \$44,050,850,000. The Town's share was 5.11%, or \$1,819,526, of the County's \$35,585,000 debt obligations outstanding as of June 30, 2018.

Maine Region 10 Technical High School

The Town of Brunswick 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 (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, 2018, 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 "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 June 13, 2017, the Brunswick 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.” A construction contract was awarded to Ledgewood Construction in September, 2018 and construction is underway, with an estimated completion date of summer 2020.

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 estimated at \$636,710. The ordinance as adopted provides for the advance of funds from the general fund to a capital fund, and issuance of debt as needed to repay the advance. The Town may consider abandoning the bond authorization and using reserves to fund the fire engine.

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.” A construction contract was awarded to Crooker Construction, LLC in September, 2018, with construction expected to be complete by fall of 2019. TIF revenues from the Cook’s Corner TIF District or the Brunswick Landing and Brunswick Executive Airport TIF Districts may be used to fund the project.

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 (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.

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, 2018, ranged from 9.6%-15.7%, depending on the plan, and came in at an average 11.44% of annual payroll. Contributions to the pension plan from the Town were \$1,128,830 for the year ended June 30, 2018.

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, 2018, 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 \$727,111 for the year ended June 30, 2018.

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, 2017, 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, 2018, the Town reported a liability of \$8,470,270 for its proportionate share of the net pension liability. At June 30, 2017, the Town's proportion of the PLD Plan was 2.0688%.

SET Plan - At June 30, 2018, the Town reported a liability of \$462,110 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	\$ 462,110
State's proportionate share of the net pension liability associated with the Town	20,957,681
Total	<u>\$ 21,419,791</u>

At June 30, 2017, the Town's proportion of the SET Plan was 0.0318%.

For the year ended June 30, 2018, the Town recognized pension expense of \$1,184,969 for the PLD Plan and \$2,572,658 for the SET Plan. Additionally, the Town recognized revenue of \$2,029,000 for support provided by the State for the SET Plan.

At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the PLD and SET Plans from the following sources:

	PLD Plan		SET Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 406,937	\$ 19,435	\$ -
Differences between projected and actual investment earnings on pension plan investments	2,919,097	3,152,010	128,925	135,721
Changes of assumptions	720,767	-	-	7,218
Changes in proportion and differences between Town contributions and proportionate share of contributions	55,852	509,528	25,190	118,620
Town contributions subsequent to the measurement date	1,128,830	-	727,111	-
	<u>\$ 4,824,546</u>	<u>\$ 4,068,475</u>	<u>\$ 900,661</u>	<u>\$ 261,559</u>

A portion of deferred outflows of resources related to pensions, \$1,128,830 for the PLD Plan and \$727,111 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense	
	PLD Plan	SET Plan
2019	\$ (400,467)	\$ (39,861)
2020	547,572	(26,499)
2021	56,827	3,089
2022	<u>(576,691)</u>	<u>(24,738)</u>
	\$ (372,759)	\$ (88,009)

Actuarial assumptions: The collective total pension liability for the Plan was determined by an actuarial valuation, methodology and assumptions are detailed in "APPENDIX A – TOWN OF BRUNSWICK, MAINE, COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2018", pages 67, et seq 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 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.maineopers.org.

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

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 Health Plan, MMEHT provides healthcare and life insurance benefits 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.

Employees Covered by Benefit Terms – At June 30, 2018, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>123</u>
Total	<u><u>131</u></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 \$11,301 for the year ended June 30, 2018. 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 \$51,874 for the year ended June 30, 2018. 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, 2017, 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, 2018, the Town reported a liability of \$371,809 for its proportionate share of the net OPEB liability. At June 30, 2017, the Town's proportion was 2.2235%.

SET OPEB Plan – At June 30, 2018, 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 \$572,376 as of June 30, 2018. At June 30, 2017, the Town's proportion was 0.00%.

The Town's total Health Plan OPEB liability of \$1,893,785 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

Changes in the Total Health Plan OPEB Liability:

	Total Health Plan OPEB Liability
Balance at June 30, 2017	\$ 1,616,420
Changes for the year:	
Service cost	35,837
Interest	61,834
Differences between expected and actual experience	(1,834)
Changes in assumptions	214,685
Benefit payments	<u>(33,157)</u>
Net Changes	<u>277,365</u>
Balance at June 30, 2018	<u><u>\$ 1,893,785</u></u>

Change in assumptions reflects a change in the discount rate from 3.78% in 2017 to 3.44% in 2018.

Additionally, the funding method was changed from the Projected Unit Credit funding method in 2017 to the Entry Age Normal funding method in 2018.

For the year ended June 30, 2018, the Town recognized OPEB gain of \$1,848 for the PLD OPEB Plan. For the year ended June 30, 2018, the Town recognized OPEB expense of \$51,874 and revenues of \$51,874 for support provided by the State related to the SET OPEB plan. At June 30, 2018, the Town reported no deferred outflows of resources nor deferred inflows of resources related to the SET OPEB plan.

At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the PLD OPEB plan. The Town recognized OPEB expense of \$88,164 related to the Health Plan and reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

	<u>PLD OPEB Plan</u>		<u>Total Health OPEB 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 projected and actual earnings on OPEB plan investments	\$ -	\$ 17,800	\$ -	\$ 1,630
Changes of assumptions	-	103,603	190,831	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	10,761	-	-
Town contributions subsequent to the measurement date	11,301	-	-	-
	<u>\$ 11,301</u>	<u>\$ 132,164</u>	<u>\$ 190,831</u>	<u>\$ 1,630</u>

\$11,301 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PLD OPEB plan and Health Plan OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>PLD OPEB Plan</u>	<u>Total Health OPEB Plan</u>
2019	\$ (27,322)	\$ 23,650
2020	(27,322)	23,650
2021	(27,322)	23,650
2022	(27,322)	23,650
2023	(22,876)	23,650
Thereafter	-	70,951
	<u>\$ (132,164)</u>	<u>\$ 189,201</u>

Actuarial assumptions: The collective OPEB liability for the Plans were determined by an actuarial valuation, methodology and assumptions are detailed in “APPENDIX A – TOWN OF BRUNSWICK, MAINE, COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2018”, pages 71, et seq 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 Department of Environmental Protection ("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, may fill the available capacity by April 2020.

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.

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

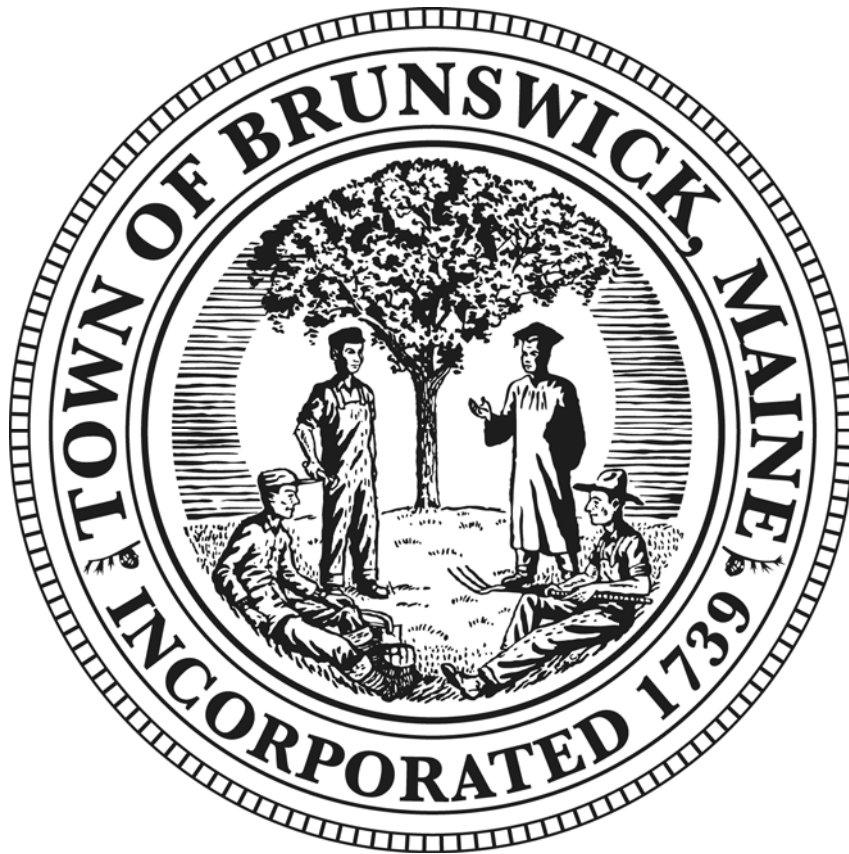
There are various claims and suits pending against the Town that arise in the normal course of the Town's activities. In the opinion of Town officials there is no litigation pending against the Town which, either individually or in the aggregate, would result in judgments that would have a materially 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, 2018**

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TOWN OF BRUNSWICK, MAINE



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

TOWN OF BRUNSWICK, MAINE
Comprehensive Annual Financial Report
Year ended June 30, 2018



Prepared by:
Town of Brunswick
Department of Finance

Town of Brunswick, Maine
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

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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

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November 19, 2018

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, 2018. 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 and a competitor are each building ships in the restarted program. BIW has built two ships in the restarted program, currently has four of these ships under construction with two more in the backlog, and in September 2018, was awarded contracts with the Navy to build four additional ships. 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. The total cost of the three-ship program is estimated at \$22 billion.

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. Previously, BIW learned that it was not awarded the contract for the U.S. Coast Guard's new generation of offshore patrol cutters, but in February 2018, BIW was awarded a \$14.9 million contract for the concept design of the Navy's planned Guided Missile Frigate. 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. Situated in Brunswick for many years, the hospital moved into a new facility 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.

Based on a plan approved in August 2015, Mid Coast Health Services was 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. In addition, the walk-in clinic at Brunswick Station has expanded its facilities and hours for non-emergency medical 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. For the 2017-18 tax year, Bowdoin was the Town of Brunswick's 13th largest property taxpayer. Over the past year, Bowdoin has completed a number of building and facilities improvements, including completion of multi-phase renovations to Coles Tower and renovation/expansion of Whittier Field. The College is currently completing construction of a new 29,167 square foot environmental education center, and is constructing a 9,000 square foot athletic facility. In December, 2017, The Town Council approved discontinuance of a section of Pine Street so the athletic facility, which houses locker, training and equipment rooms, could be situated adjacent to Whittier Field. 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.

Brunswick Landing, Maine's Center for Innovation. Brunswick Landing is the name given to the former Naval Air Station Brunswick (NASB or BNAS) 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. A number of facilities have been sold to incoming entities, and others have been renovated or constructed, attracting a variety of businesses, including 32 new companies to Maine. 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.

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 2019-23 was adopted on May 14, 2018, and recommended funding projects totaling \$31,651,315, with \$17,579,562 to be financed with debt. Projects in development (those that may eventually be considered for funding) totaled \$24,422,668. With the 2019-23 CIP, the Central Fire Station project, totaling \$9,000,000, moved from the projects in development section to the recommended projects section, while the Elementary School Construction 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 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, 2018, the amount of unassigned fund balance was \$11,488,111 or 18.25% of general fund revenues. A balance above the target was anticipated, as after several previous years with unassigned fund balance below the target, 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, 2018, the Finance Committee worked on financial policies and procedures, administratively adopting 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 budget process, and review of the annual financial reports and the work of the independent auditors.

Major initiatives

School Construction Project. 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 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 construction contract for the new elementary school was signed in September, 2018 and the project is scheduled for completion in time for the 2020-21 school year. It is anticipated that bonds may be issued in 2019.

The school department submitted an application to the state Major Capital School Construction program for the Junior High School project in March, 2017, and in June, 2018 learned that the project ranked 44th in Maine, not high enough to receive state funding in the current cycle. The school department is currently evaluating options for the Junior High School.

Brunswick Station - Amtrak Downeaster train service. With work completed on a \$38 million 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, to three round-trips daily between Brunswick and Boston. Over several years, the Town has 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. The Town submitted an application, along with proposed alternative safety measures consisting of lane separation structures at certain crossings. Recently, the Town learned that its application has been accepted, and will proceed with the addition of the alternative safety measures.

Brunswick Station – Metro Breez regional bus service. Beginning in August 2017, Portland METRO regional bus service from Portland was expanded to Brunswick in 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. Bus service includes approximately fourteen roundtrip runs between Portland and Brunswick on weekdays, and six or seven runs on Saturdays.

Cook’s Corner Omnibus Municipal TIF District and Cook’s Corner Connector Road. 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 Town in December 2017, and 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. Project funding is planned to come from the issuance of Town debt, a Business Partnership Initiative grant from the Maine Department of Transportation, and contributions of land and funds from MRRA and local developers.

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 January 2012, the Town and DEP agreed to pursue a cooperative approach by constructing an experimental treatment facility. This was completed in the late fall of 2012, and in order to allow sufficient time to assess the facility’s effectiveness in cold weather, the Town monitored treatment through the winter of 2013-14.

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.

During the fiscal year ended June 30, 2018, 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 2020, 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, 2018, the Town Council authorized the issuance of bonds for two projects totaling \$1,850,000. Debt in an amount of up to \$650,000 for a replacement fire engine was authorized in July 2017, and up to \$1,200,000 was authorized for the Cook's Corner connector road mentioned above. Also authorized, but not yet issued, is up to \$28,000,000 in bonds for the new elementary school. 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

INTRODUCTORY SECTION





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

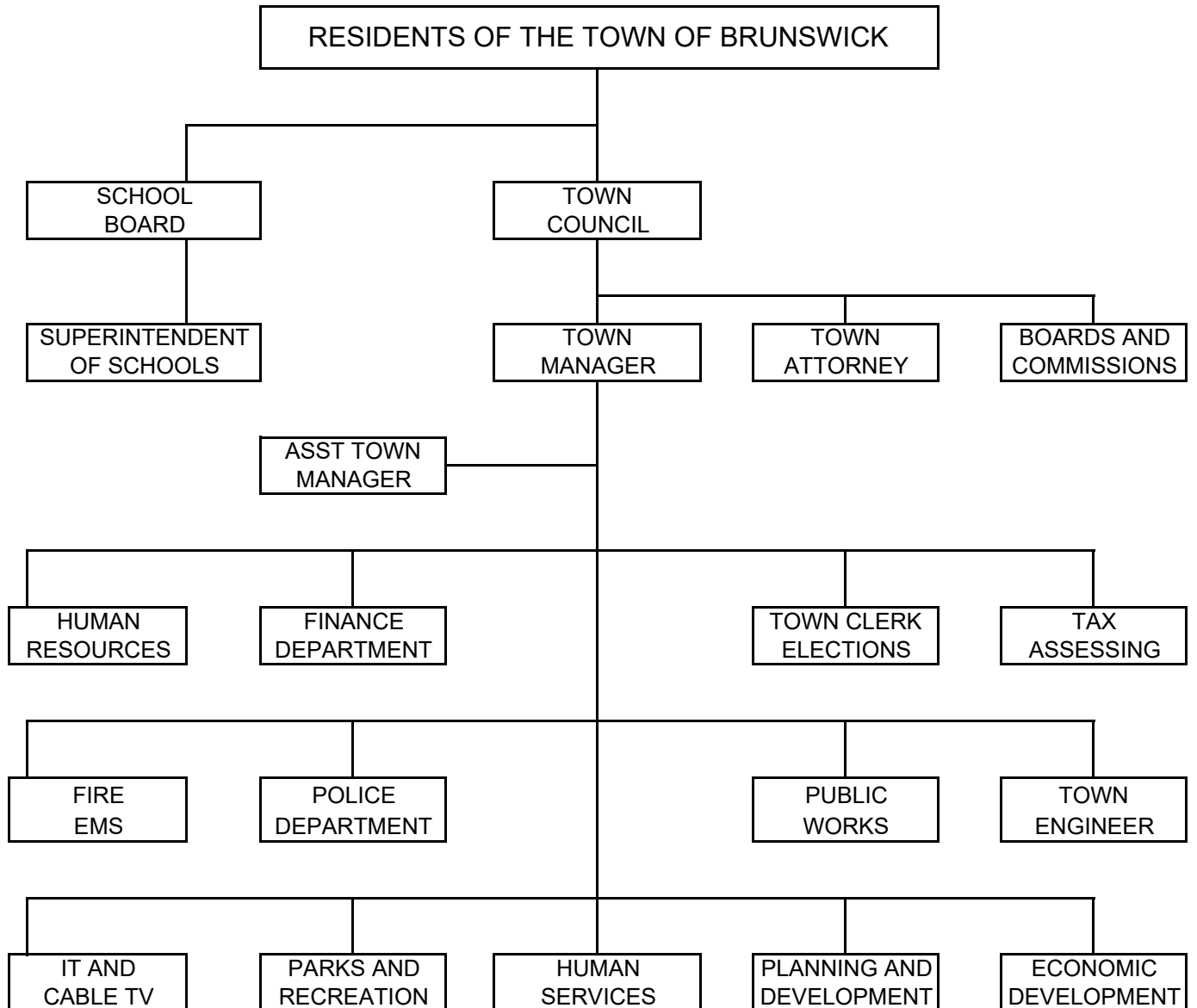
June 30, 2017

Christopher P. Morill

Executive Director/CEO

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Town of Brunswick, Maine Organizational Chart



TOWN OF BRUNSWICK, MAINE
ELECTED AND APPOINTED OFFICIALS

June 30, 2018

Elected Officials

Council Member - District 4	Chair	John M. Perreault
Council Member - District 3	Vice Chair	Suzan Z. Wilson
Council Member - District 1		W. David Watson
Council Member - District 2		Stephen S. Walker
Council Member - District 5		Christopher Watkinson
Council Member - District 6		Jane F. Millett
Council Member - District 7		James Mason
Council Member - At large		Alison Harris
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	Justin Hennessey
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	Michael Crafts
Director of Parks and Recreation	Thomas M. Farrell
Superintendent of Schools	Paul Perzanoski

FINANCIAL SECTION



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, 2018, 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, 2018, 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.

Change in Accounting Principle

As described in the notes to the financial statements, in 2018, the Town of Brunswick, Maine adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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.

Finance Committee
Town of Brunswick, Maine

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 19, 2018 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 Kristen Ouellette". The signature is written in a cursive, flowing style.

November 19, 2018
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, 2018. 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, 2018, the Town of Brunswick's total net position increased by \$1,429,412 from the restated net position, to total \$64,855,730. Of this amount, \$5,571,415 is classified as *restricted net position*, of which the largest portion, \$3,572,467 is restricted for education purposes. Unrestricted net position, which may be used to meet the Town's on-going obligations, increased from the previous year to total \$1,530,115 as of June 30, 2018.
- 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 from the restated previous year.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$21,515,968, a decrease of \$86,779 in comparison with the prior fiscal year.
- The unassigned fund balance for the General Fund at June 30, 2018 was \$11,488,111. The Town's policy is to maintain the unassigned fund balance at 16.67% of revenues. At June 30, 2018, this portion of the fund balance is approximately 19.11% and 18.25% of the total General Fund expenditures and revenues, respectively.
- The Town's total outstanding long-term principal debt decreased by \$1,968,806 during the current fiscal year, all attributable to debt retirement.

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 seventeen 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 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 92-101 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 104-106.

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 108-114.

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 47-81 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 84 of this report, with the notes to the RSI following on page 89.

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 92-114 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 \$64,855,730 at the close of the most recent fiscal year which is an increase of \$1,429,412 during the fiscal year. The Town is able to report positive balances in all three categories of net position, (net investment in capital assets, restricted and unrestricted) for the government as a whole.

Town of Brunswick's Net Position

	Governmental activities		Business-type activities		Total	
	2018	2017 (as restated)	2018	2017	2018	2017 (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	<u>106,920,250</u>	<u>105,892,007</u>	<u>6,166,530</u>	<u>5,570,171</u>	<u>113,086,780</u>	<u>111,462,178</u>
Deferred outflow s of resources	<u>6,065,448</u>	<u>8,122,445</u>	<u>-</u>	<u>-</u>	<u>6,065,448</u>	<u>8,122,445</u>
Long-term liabilities outstanding	34,784,315	39,872,672	8,798,877	7,643,659	43,583,192	47,516,331
Other liabilities	<u>6,204,295</u>	<u>5,379,047</u>	<u>54,183</u>	<u>62,481</u>	<u>6,258,478</u>	<u>5,441,528</u>
Total liabilities	<u>40,988,610</u>	<u>45,251,719</u>	<u>8,853,060</u>	<u>7,706,140</u>	<u>49,841,670</u>	<u>52,957,859</u>
Deferred inflow s of resources	<u>4,463,828</u>	<u>3,200,446</u>	<u>-</u>	<u>-</u>	<u>4,463,828</u>	<u>3,200,446</u>
Net investment in 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	<u>5,736,535</u>	<u>4,687,565</u>	<u>(4,206,420)</u>	<u>(4,051,279)</u>	<u>1,530,115</u>	<u>636,286</u>
Total net position	<u>\$ 67,533,260</u>	<u>\$ 65,562,287</u>	<u>\$ (2,677,530)</u>	<u>\$ (2,135,969)</u>	<u>\$ 64,855,730</u>	<u>\$ 63,426,318</u>

The largest portion of the Town's net position, \$57,754,200 or 89%, 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. Although the Town's investment in its capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources. An additional portion, \$5,571,415 or 8.6% 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 balance, unrestricted net position, \$1,530,115 or 2.4%, may be used to meet the Town's obligations.

Town of Brunswick's Change in Net Position

	<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>
Revenues:						
Program revenues						
Charges for services	\$ 4,540,502	\$ 4,363,140	\$ 1,752,356	\$ 779,120	\$ 6,292,858	\$ 5,142,260
Operating grants and contributions	15,233,409	15,481,276	-	-	15,233,409	15,481,276
Capital grants and contributions	925,815	603,529	-	-	925,815	603,529
General revenues						
Property taxes	43,785,337	42,687,078	-	-	43,785,337	42,687,078
Vehicle, watercraft and aircraft excise taxes	3,618,811	3,473,674	-	-	3,618,811	3,473,674
Grants and contributions not restricted to specific programs	1,452,665	1,429,859	-	-	1,452,665	1,429,859
Unrestricted investment earnings	385,437	204,277	60,892	15,796	446,329	220,073
Other	31,683	477,767	7,000	-	38,683	477,767
Total revenues	<u>69,973,659</u>	<u>68,720,600</u>	<u>1,820,248</u>	<u>794,916</u>	<u>71,793,907</u>	<u>69,515,516</u>
Expenses:						
General government	4,950,780	5,803,581	-	-	4,950,780	5,803,581
Public safety	9,211,812	9,446,469	-	-	9,211,812	9,446,469
Public works	5,545,346	5,569,343	-	-	5,545,346	5,569,343
Human services	166,430	147,830	-	-	166,430	147,830
Education	41,908,434	41,486,812	-	-	41,908,434	41,486,812
Recreation and culture	3,733,011	3,536,584	-	-	3,733,011	3,536,584
County tax	1,517,700	1,410,855	-	-	1,517,700	1,410,855
Unclassified	130,537	29,868	-	-	130,537	29,868
Interest on long-term debt	613,636	622,579	-	-	613,636	622,579
Solid waste facilities	-	-	2,325,237	857,971	2,325,237	857,971
Pay-per-bag program	-	-	121,459	88,785	121,459	88,785
Wastewater treatment	-	-	55,822	51,064	55,822	51,064
Train station/ visitors center	-	-	84,291	86,804	84,291	86,804
Total expenses	<u>67,777,686</u>	<u>68,053,921</u>	<u>2,586,809</u>	<u>1,084,624</u>	<u>70,364,495</u>	<u>69,138,545</u>
Increase (decrease) in net position before transfers	2,195,973	666,679	(766,561)	(289,708)	1,429,412	376,971
Transfers	<u>(225,000)</u>	<u>(194,000)</u>	<u>225,000</u>	<u>194,000</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	1,970,973	472,679	(541,561)	(95,708)	1,429,412	376,971
Net position beginning of year (as restated)	<u>65,562,287</u>	<u>66,126,312</u>	<u>(2,135,969)</u>	<u>(2,040,261)</u>	<u>63,426,318</u>	<u>64,086,051</u>
Net position end of year	67,533,260	66,598,991	(2,677,530)	(2,135,969)	64,855,730	64,463,022

With 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, 2017 to reflect the Town's net Other Post Employment Benefit (OPEB) liability. The restatement of FY 2017 resulted in an increase in deferred outflows of \$9,923, an increase in long-term liabilities of \$1,046,627, and a decrease in net position of the \$1,036,704. The Town did not have sufficient information to restate expenses on the change in net position for the year ended June 30, 2017, and consequently has only reflected a restated 2018 beginning net position in the table above. Additional information on the Town of Brunswick net OPEB liability can be found in note IV.E.4. on pages 69-73 of this report.

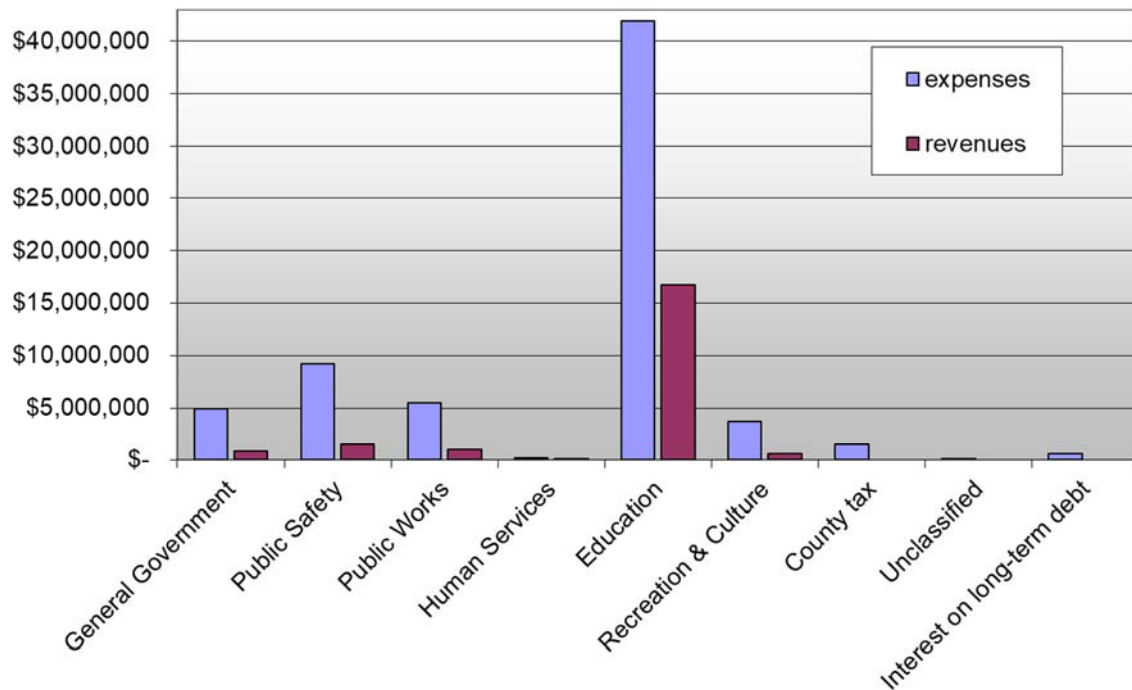
While in total the Town's net position is positive, results are very different for the governmental activities and the business-type activities. Readers should review the following analysis pertaining to those portions to fully understand the Town's financial reports.

Governmental activities. Governmental activities, including transfers, increased the Town of Brunswick's total net position by \$1,970,973. The following points highlight the significant changes in revenues compared with the previous year:

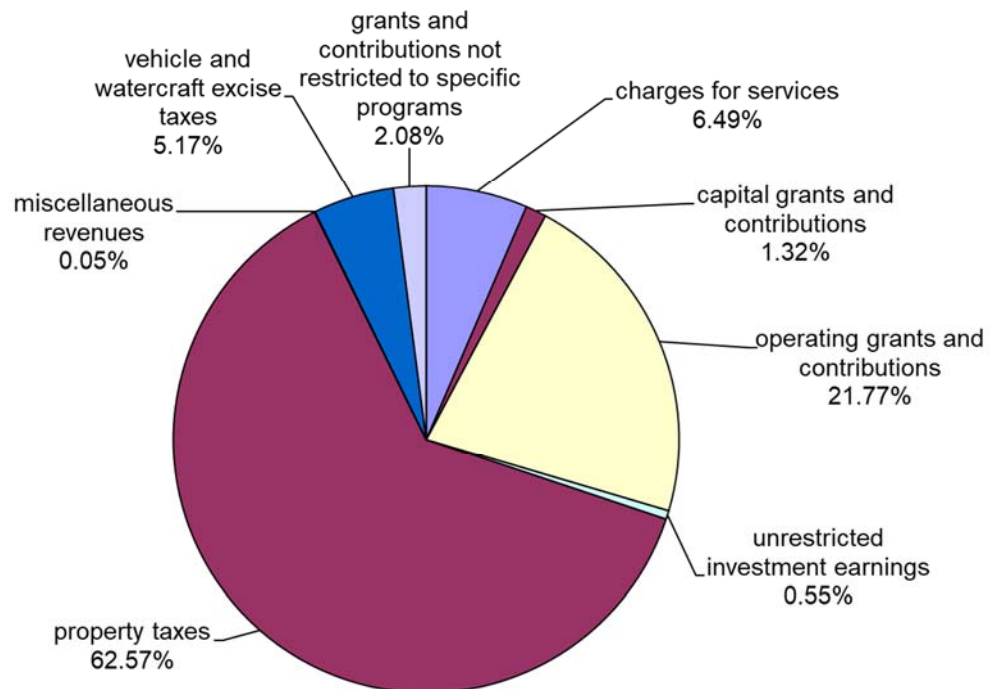
- Property tax revenue, the Town's largest revenue, increased by \$1,098,259, or 2.6%. This increase was anticipated in the 2017-18 budget. With the real property revaluation and equalization project completed in 2017, the total taxable property valuation increased by 64.2%. Correspondingly, the tax rate decreased from \$29.35 per 1,000 in value in 2016-17 to \$18.37 per 1,000 in 2017-18. Property taxes made up 62.57% of the total revenue, up slightly from 62.12% of the total in the previous year. The percentage increase was the result of shifts in proportion of the total revenues.
- Excise tax revenue increased by \$145,137, 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 \$177,362. An increase was seen in ambulance service fees, as well as other municipal license fees and fines, school lunch and transportation, and recreation program fees. Offsetting these, fees from the operations of the Real School were \$179,021 lower than the previous year.
- Operating grants and contributions decreased by \$247,867. The primary decrease in this category was in State Aid to Education which decreased \$433,427 from the prior year. Other operating grants increased slightly.
- Capital grants and contributions increased by \$322,286. This increase includes \$353,998 from the Maine Department of Transportation's Municipal Partnership Initiative program for the storm drain project on Mill Street. Also reflected is the Town's acceptance of contributed capital assets totaling \$309,290 consisting of a parcel of land, and infrastructure contributions of Beacon Drive, a portion of Botany Place, and a sidewalk on Coffin Street constructed by Bowdoin College. This category also includes the portion of the School Revolving Renovation Fund projects which is booked as a grant from the Maine Department of Education.
- Unrestricted investment earnings increased by \$181,160, a result of increasing interest rates based on the federal funds target rate.
- Other revenues decreased by \$446,084. This decrease is primarily due to proceeds received on the sale of a tax-acquired property 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, 2018

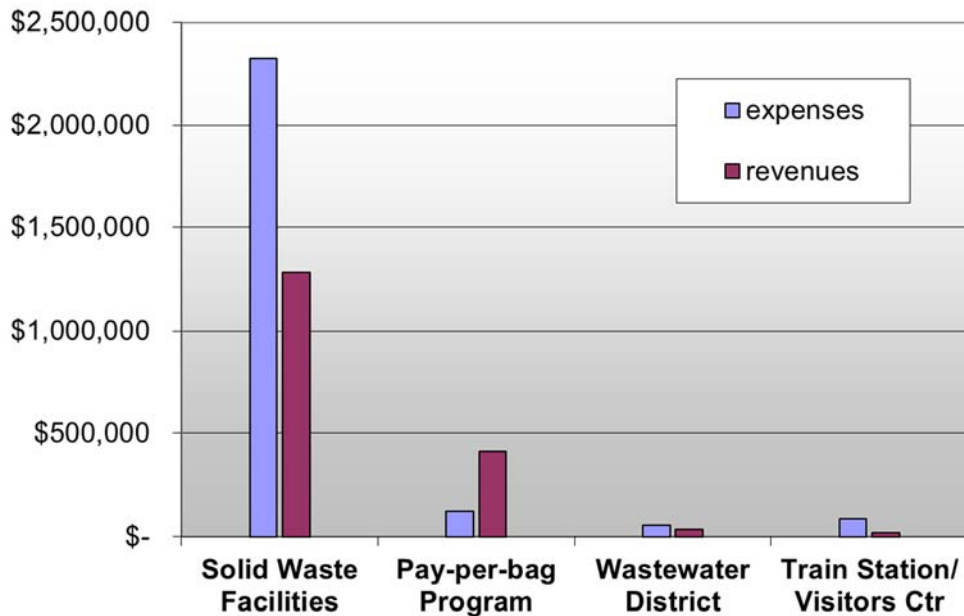


General and Program Revenues - Governmental Activities
For the year ended June 30, 2018

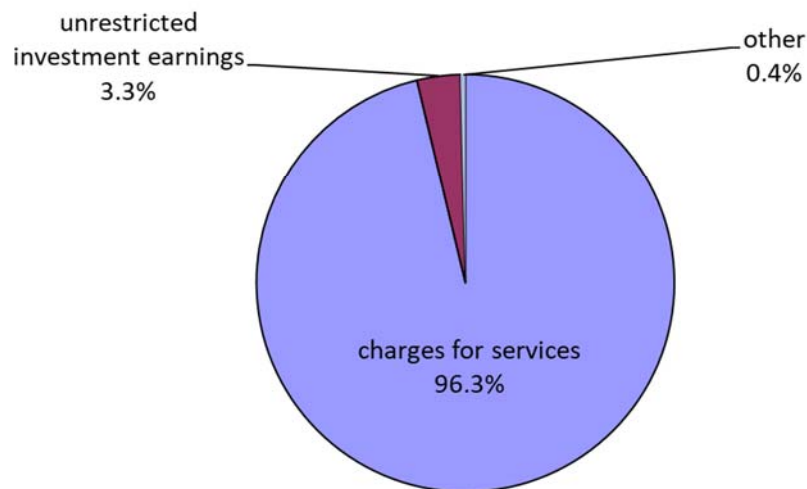


Business-type activities. The Town's business-type activities consist of four enterprise funds: two major funds accounting for its solid waste facilities and its pay-per-bag program, and two non-major funds, including a small wastewater district and the train station/visitors center. The following charts 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, 2018**



**Revenues by Source - Business-type Activities
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 Fund and the Mere Point Wastewater System of \$866,207 and \$20,554, respectively, offset by increases in the Pay-per-bag Program Fund and the Train Station/Visitors Center Fund of \$333,760 and \$11,440, 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, 2018, the landfill experienced a \$1,042,399 operating loss. This was largely due to 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 year ended June 30, 2018, the Town accepted approximately 20,000 tons of waste more than usual, and recognized a corresponding liability for the eventual cost of closure and post closure. The Town currently estimates eventual landfill closure costs at \$7,730,000 and post closure costs at \$2,185,000. For the fiscal year, the amount of expense related to closure and post closure was \$1,142,513.

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 2018 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, 2018, the Pay-per-bag Program Fund had net position of \$2,868,285.

The Town's Mere Point Wastewater System also experienced an operating loss. Most of this loss was anticipated as the district user fees were not expected to recover depreciation expenses. If depreciation was excluded, the fund would have experienced an operating gain, as the remaining revenues were \$7,684 more than expenses. 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 it is expected that operating income will eliminate 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. 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, 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. As of June 30, 2018, the Train Station/Visitor's Center Fund had a net position totaling \$56,130, with \$7,903 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 \$21,515,968. Of that amount, \$874,682 is classified as nonspendable. Another \$4,956,380 is restricted, \$2,182,357 is committed and \$3,324,678 is assigned.

The largest portion of the \$874,682 nonspendable fund balance consists of \$593,902 which is held in permanent funds for education, community improvements, recreation, and cultural and social services. Another \$181,632 in advances was made by the General Fund to a school project in the Capital Improvement Projects Fund and \$99,148 is held in inventories and deposit items.

Of the \$4,956,380 in restricted fund balance, \$3,551,334, or approximately 71.7%, is restricted for education purposes. An additional \$488,400, or approximately 10%, is bond proceeds and impact fees restricted for various capital projects, and \$439,045 is restricted for Tax Increment Financing programs. Balances of state revenue sharing and highway revenues total \$278,968, and permanent and special revenue funds make up the final \$198,633 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, 2018, the targeted unassigned fund balance for the General Fund was \$10,492,866. At \$11,488,111, the actual unassigned fund balance was 18.25% of revenues, and \$995,245 over the target. As a percentage of expenditures, the unassigned fund balance was 19.11%.

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 fund balance of the Town of Brunswick's General Fund actually increased by \$874,011 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 tax increment financing (TIF) districts. TIF funds must be used for eligible projects as defined within the development programs, in accordance with Maine State law. As of June 30, 2018, the fund had a balance of \$439,045, 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 2018 expenditures in this fund included \$716,584 in payments under credit enhancement agreements and \$76,245 in debt service payments. Transfers to other funds for development program purposes totaled \$1,822,005. With the 2017-18 budget, the Town Council appropriated \$545,000 from TIF revenues for economic development, train station and transit-oriented projects, public safety vehicles and road improvements. Of that amount, \$40,000 was for the planning and design of a parking structure. This project did not begin until July, 2018, so the transfer from TIF revenues was reduced to \$505,000 for 2017-18.

Subsequent to the 2017-18 budget adoption, the Town Council appropriated an additional \$75,000 for the final design of the connector road between Brunswick Landing and Gurnet Road in Cooks Corner. The Town Council also approved the use of available TIF revenues totaling \$1,242,005 for the storm drain project on Union and Mill Streets. Finally, the \$16,000 match for the Maine Department of Transportation design of the Riverwalk pedestrian walkway project, previously appropriated from TIF revenues, was contributed to the Town by the Riverwalk Committee, and this amount was returned to the TIF Fund in 2017-18.

Also during FY 2018, the Town adopted the Cook's Corner Omnibus Municipal Development TIF District. Encompassing approximately 205 acres around the intersection of Gurnet Road and Bath Road, this area was strongly affected by the closure of the Brunswick Naval Air Station, and more recently by the redevelopment efforts of the Town and Midcoast Regional Redevelopment Authority. The tax revenues on the new taxable real property value within the district will be captured and used to invest in the Town's infrastructure by improving roads within and leading to/from the District, to fund projects set forth in the Town's existing Downtown – Transit Oriented TIF District, to improve recreational trail opportunities and to support the Town's economic development function.

In the 2018-19 budget, the Town Council appropriated \$600,000 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 TIF budget also included \$200,000 for downtown improvements, and \$400,000 toward the Cook's Corner connector road project. Subsequent to June 30, 2018, 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.

The *Elementary School Bond Fund* had a negative balance of \$1,119,537 as of June 30, 2018. This capital project is expected to be completed by the fall of 2020, and will be financed through general obligation bonds.

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 \$7,119,299. The Pay-per-bag Program Fund had unrestricted net position of \$2,868,285. The unrestricted net position of the Mere Point Wastewater District Fund amounted to a deficit of \$3,633. The Train Station/Visitors Center Fund had unrestricted net position of \$48,227. 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 \$99,000 were made from accounts with projected balances to accounts where it appeared that the expenditures would have exceeded the appropriations. These adjustments were:

- \$75,000 for Central Garage to cover unanticipated vehicle repair costs.
- \$10,000 for Recreation Administration to cover small overages in various supply budget lines.
- \$5,000 for Cable TV to cover unanticipated personnel costs.
- \$5,000 for Traffic Signals for unanticipated repair costs due to the October 2017 wind storm.
- \$2,000 for the People Plus Center for unanticipated building repair costs.
- \$1,000 for Health and Social Services due to higher than anticipated personnel benefit costs.
- \$1,000 for Planning and Development to cover costs for temporary administrative assistance.

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 \$3,087,207. Of that amount, \$2,507,000 is the amount the State of Maine contributed to 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 \$100,000 represents a supplemental appropriation, and as this was made from fund balance, there is no increase in the revenue budget, only the expenditure budget is increased. This emergency appropriation was made by the Town Council on October 16, 2017 to fund costs associated with planning for a new central fire station. The supplemental appropriation was made from unassigned fund balance.

Capital Budget

The Town Council adopted a capital budget in conjunction with the operating budget for the fiscal year ended June 30, 2018. The capital budget authorized the use of \$480,207 in unassigned General Fund balance, and is shown as an additional appropriation to distinguish it from the operating budget. Of this amount, \$400,000 was appropriated to establish a Facilities Reserve Fund, to be used to fund substantial repair projects on Town buildings. Another \$80,207 was appropriated to fund a project to outfit police cruisers with cameras and portable radio repeaters.

Revenues - actual vs. final budget

For the year, actual revenues exceeded budgeted revenues by \$1,318,086. The following paragraphs discuss the various categories of revenues and the variances within each category.

In total, actual tax revenues exceeded the budget by \$403,080. Of this amount, property tax revenue was more than budgeted by \$15,943. This is the result of several factors. With the property revaluation/equalization project completed for the 2017 tax commitment, the tax rate projected in the budget was lowered to generate the budgeted tax revenues, but rounding resulted in \$10,215 more property tax revenue than projected. The actual amount of tax abatements granted was \$183,172 more than budgeted, and the actual amount of property tax deferred was less than budgeted by \$157,710. Additionally, supplemental tax assessments were \$31,190 more than budgeted. Interest on delinquent taxes, tax lien costs and payments in lieu of taxes were \$10,039, \$866, and \$25,321 more than budgeted, respectively. Excise tax revenues on vehicles and aircraft were \$352,967 more than budgeted, because of better than expected collection, while watercraft excise taxes were less than anticipated by \$2,056.

In total, actual license and permit revenues were \$99,588 more than the amount budgeted. The largest portions of this variance were in Codes Enforcement revenue where actual building permit revenue was \$45,813 more than budgeted, due to more new construction than anticipated, with the largest projects at Brunswick Landing, and at Cooks Corner. In Planning and Development, revenues from planning board application fees were in excess of the budget by \$24,986, reflecting an increase in development activity, primarily at Brunswick Landing. The Town Clerk's revenue also exceeded projections by \$11,978,

reflecting the 2016-17 increase in rates for certain business licenses and shellfish licenses, which were \$7,214 and \$6,675 more than budgeted, respectively. Fees from victualers' licenses and dog licenses also exceeded the budget, while revenue from vital records and mooring fees were less than anticipated. For Public Works, new rates for street opening permits and increased activity from Maine Natural Gas resulted in \$10,970 more revenue than budgeted. In the Finance Department, revenues from processing passport applications and passport photos were \$5,895 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 \$54 less than budgeted.

Actual intergovernmental revenues were more than the budget by \$76,655. State Education Subsidy was more than budgeted by \$28,083, which was anticipated when the Town approved the distribution of education subsidy in addition to the amount estimated in the original budget. State revenue sharing exceeded estimates by \$20,298. For budgeting, the Town uses projections provided by Maine Revenue Services, because this revenue is primarily dependent on state income and sales tax collections. State general reimbursement, which is based on the amount of general assistance distributed, was more than budgeted by \$16,111. In a new budget line, the Town received \$9,999 from the State Department of Inland Fish and Wildlife for operating the state-owned Mere Point boat launch. The net of all other intergovernmental revenues was more than budgeted by \$2,164, with state highway and snowmobile funds more than anticipated, and state tax reimbursement for veteran's exemptions and tree growth exemptions lower than budgeted.

Actual charges for services exceeded the budget by \$280,807. The largest portion of this variance was in emergency medical service fees, which were \$226,058 more than anticipated, primarily due to an increase in services provided and improved collection results. Tuition and transportation revenues received by the school department were more than budgeted by \$33,897. Most of that is attributable to tuition received for non-resident students attending Brunswick High School. This source is subject to variation, and as a consequence, Brunswick continues to conservatively estimate tuition revenues. Revenue from the sale of recycled materials was \$9,278 above the anticipated amount. This was partly because of the timing of material pickups, but was also affected by the Town's lower estimate in the 2017-18 budget. Dispatch services fees were also more than anticipated by \$4,197, primarily due to increases in the renewed agreement with Pownal, which is flexible, but has been tracking the contract with Freeport. The remaining variances in this category result in a net positive variance of \$7,377.

Fines and penalties collected were more than budgeted by \$11,015. Parking tickets and other police department fines exceeded the budget by \$11,445. Increases were seen in false alarms, ordinance fines, and restitution, but the largest overage was in parking fines, due largely to stricter enforcement of parking regulations in the downtown area. Unlicensed dog fines brought in \$70 more than budgeted. Offsetting this, fire department permits were \$500 less than anticipated.

Interest on investments exceeded the budget estimate by \$189,454. 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 new banking services contract and recent increases in the Fed Funds rate have helped to increase yields.

Finally, the other revenues category exceeded the budget by \$257,487. Miscellaneous revenues for the municipal departments were more than budgeted by \$106,708. The three main contributors to this were an unanticipated \$42,252 in worker's compensation proceeds, \$42,000 in reimbursement paid by other municipalities for training costs of police officers, and a higher margin on public works fuel based on favorable contract costs. School miscellaneous revenues were more than the budget by \$92,162, largely driven by greater than anticipated state reimbursements for state agency clients. Unanticipated dividends totaling \$26,733 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 \$17,008 over budget, and revenue from the sale of vehicles and land was more than budgeted by \$14,876.

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 transfers into the general fund totaled \$506,389. This amount represents \$505,000 transferred from the Tax Increment Financing (TIF) district fund to the general fund to cover expenditures allowed under the TIF development programs. The amount transferred was \$40,000 less than was budgeted for 2017-18, as the parking study project intended in fiscal 2017-18 did not begin until 2018-19. An additional \$1,389 was transferred into the general fund from completed capital projects.

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, 2018 amounts to \$79,682,692, 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 decrease in the Town's investment in capital assets for the current fiscal year was approximately 0.2%. 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 \$79,909. A waterfront parcel adjacent to the Simpsons Point boat launch was purchased for \$72,009, and a small parcel adjacent to Shulman Field, and valued at \$7,900, was donated to the Town by a developer.
- Construction/development projects in progress totaled \$2,731,484 at the conclusion of the year. This category of assets increased as certain projects progressed during the year. The largest of these were the Union Street Storm Drain project, and the new Furbish Elementary School at \$1,482,089 and \$1,119,537, respectively. Other ongoing projects were the Cooks Corner Connector Road at \$116,236 and the Hacker Road culvert at \$13,622. The increases were offset by the completion and capitalization of the Property Revaluation project, the Town Hall Trim project, and the implementation of Tyler Content Management computer software.
- Additions to building assets totaled \$462,456, of which \$221,921 was associated with school buildings. Of this amount, \$130,903 was for upgrades to the High School, including flooring, roofing of the field house, and a security camera system. Projects at Coffin School and the Brunswick Junior High School totaled \$91,018 for roof upgrades and ADA improvements. Municipal building upgrades included the replacement of the trim on the Town Hall for \$191,312 and replacement of heating equipment at the recreation center and the Curtis Memorial Library for \$11,726 and \$31,086, respectively. Finally, the installation of a bathroom in the public works storage building added \$6,411.
- Improvements other than buildings recorded an increase of \$27,751. The school department improved drainage at the Coffin School, and resurfaced the tennis courts at the High School for \$6,413 and \$14,753, respectively. A new information kiosk on the Town Mall was built by the

parks and recreation department, and funded by the Brunswick Downtown Association at a cost of \$6,585.

- Machinery and equipment additions in governmental activities totaled \$124,019. Photocopiers totaling \$35,514 were added in schools and municipal offices. An ambulance cot and thermal cameras in the fire department totaled \$30,192. Information technology added \$29,189 for a network switching device. In the recreation department, bleachers and a large wrestling mat totaled \$17,126. The school department purchased a floor scrubber for \$11,998. Disposals included \$59,826 in photocopiers and school miscellaneous equipment, and \$129,332 for a fully depreciated loader transferred to the landfill to manage the increase in activity there.
- Machinery and equipment additions in business activities included the loader transferred to the landfill as mentioned above. This loader was subsequently traded in for a loader at \$151,240.
- Vehicles were replaced in the public works, fire, police and school departments during the year, retiring \$736,901 in assets and adding new vehicles with a cost totaling \$689,030. Public works added \$506,233, which included four construction/plow trucks. The fire department added \$60,492 with the replacement of the chassis on an ambulance, and \$23,720 for a boat to be used for search and rescue. Police additions consisted of \$86,676 for three new police cruisers. The school department replaced a bus engine for \$11,909. Offsetting these, the public works, fire and police department traded in and/or sold vehicles with original values of \$348,424, \$318,812 and \$69,665, respectively. The Town recognized a \$31,682 gain on sale for these vehicles.
- Intangible assets totaling \$378,345 were added. Of this amount, \$359,120 represents the property revaluation and associated computer software, and \$19,225 was for the purchase and implementation of a content management system connected to the Town's financial software.
- Intangible asset addition in business activities included landfill scale software upgrade for \$9,929.
- Governmental activities added infrastructure during the year totaling \$412,958. Acceptance of Beacon Drive and a section of Botany Place added \$173,590 and \$115,200, respectively. Construction of a parking lot at the Public Works facility totaled \$25,993. A total of \$98,175 was recognized in curbing on Cleaveland Street, and 1,745 feet of reconstructed sidewalks on several streets improved by the Town and Bowdoin College.

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)

	<u>Governmental</u> <u>activities</u>		<u>Business-type</u> <u>activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Capital assets not being depreciated:						
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
Capital assets being depreciated:						
Buildings	40,283,720	41,902,920	-	-	40,283,720	41,902,920
Improvements other than buildings	1,123,976	1,310,694	972,295	1,458,416	2,096,271	2,769,110
Machinery and 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	22,361,123	22,846,607	34,938	63,176	22,396,061	22,909,783
Total	\$78,153,802	\$77,913,832	\$1,528,890	\$1,915,310	\$79,682,692	\$79,829,142

Additional information on the Town of Brunswick's capital assets can be found in note IV.C on pages 61 and 62 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Brunswick had total bonded debt outstanding of \$21,975,669, all of which is general obligation debt.

Town of Brunswick's Outstanding Long-term Debt

	Governmental activities		Business-type activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General obligation bonds	\$ 21,975,669	\$ 23,944,475	\$ -	\$ -	\$ 21,975,669	\$ 23,944,475
Total	\$ 21,975,669	\$ 23,944,475	\$ -	\$ -	\$ 21,975,669	\$ 23,944,475

The amount of principal debt retired during the year totaled \$1,968,806. 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 \$337,860,000, 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, 2018, the Town had debt authorized but not issued for up to \$29,850,000. 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, with completion anticipated for the 2020-21 school year.

On July 17, 2017, the Town authorized debt for up to \$650,000 for a new fire engine. The fire engine was delivered in October, 2018. The Town Council may choose not to issue bonds for this purpose, but rather consider using available fund balance over the fund balance policy target.

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. Previous to that authorization, the Town Council established a Tax Increment Financing (TIF) District in Cook's Corner, the captured tax revenues from which may be used to fund infrastructure improvements in the district and adjoining areas.

Additional information on the Town's long-term debt can be found in note IV.E.1. on pages 63-65 of this report.

Economic Factors and Next Year's Budgets and Rate

The 2018-19 municipal budget was developed in the second year of the State's biennial budget. As such, the Town did not face the same level of uncertainty as in the previous year, though many of the state budget initiatives had an effect on the Town's 2018-19 budget. Changes to the formula for State Aid to Education included the removal of the 'pass-through' funding of Brunswick's share of Maine Region 10 Technical High School, resulting in reductions in both the revenue and expenditure budget lines for this function. Other changes to the formula included using the town valuation average from the previous two years rather than the previous three years, and a reduction in the allocation for system administration. With these changes in 2018-19, the school department expects only a small net increase in State Aid to Education revenue.

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 Legislature rejected the Governor's proposal to eliminate revenue sharing, but that year's state biennial budget, developed by the Legislature's Committee on Appropriations and Financial Affairs, continued the lower level of revenue sharing for four fiscal years, pegging it at 2% of income and sales tax revenues. The four years at 2% are FY 2016 through FY 2019. Past experience leads the Town to expect that the proposed return to 5% in FY 2020 may be delayed further. For the year ended June 30, 2018, Brunswick received \$1,159,148. Raising that amount from property taxes would have required an estimated 2.7% increase in the property tax rate.

The State's changes to the homestead exemption for permanent resident homeowners took effect beginning 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 expect to pay up to \$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% in 2018-19. The Town estimated the value of this increase to the Town at approximately \$200,000.

Subsequent to the adoption of the 2018-19 budget, responding to delays in the tax commitment timeline and ongoing reviews of the property revaluation, the Town Council adopted a budget amendment. The amendment changed the commitment date to October 31, 2018, and allows for the use of up to \$300,000 from fund balance to allow for the possibility that the taxable assessed valuation could be lower than originally estimated.

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 2018-19 municipal budget, the Town Council continued to reduce the use of reserves which had been approved over the past several years. The budget as originally adopted required a property tax rate increase of 2.99%.

For the fiscal year ended June 30, 2018, the unrestricted fund balance in the General Fund was \$14,812,789, with the unassigned portion of the unrestricted balance at \$11,488,111. 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 through 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.

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, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 25,022,559	\$ 4,418,958	\$ 29,441,517
Receivables (net of allowance for uncollectibles):			
Accounts	486,934	200,422	687,356
Taxes receivable - current year	935,223	-	935,223
Taxes receivable - prior year	33,393	-	33,393
Tax liens	299,537	-	299,537
Intergovernmental	1,283,021	8,658	1,291,679
Internal balances	9,920	(9,920)	-
Deposits	51,236	-	51,236
Inventories	47,912	19,522	67,434
Permanently restricted assets:			
Cash and cash equivalents	12,656	-	12,656
Investments	584,057	-	584,057
Capital assets not being depreciated:			
Land	6,252,708	115,000	6,367,708
Construction in progress	2,731,484	-	2,731,484
Intangibles	200,000	-	200,000
Capital assets (net of accumulated depreciation):			
Buildings	40,283,720	-	40,283,720
Improvements other than buildings	1,123,976	972,295	2,096,271
Machinery and equipment	1,638,058	397,224	2,035,282
Vehicles	3,241,781	-	3,241,781
Intangibles	320,952	9,433	330,385
Infrastructure	22,361,123	34,938	22,396,061
Total assets	<u>106,920,250</u>	<u>6,166,530</u>	<u>113,086,780</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	5,725,207	-	5,725,207
Deferred outflows of resources related to other postemployment benefits	202,132	-	202,132
Deferred outflows of resources related to debt	138,109	-	138,109
Total deferred outflows of resources	<u>6,065,448</u>	<u>-</u>	<u>6,065,448</u>
LIABILITIES			
Accounts payable and other current liabilities	5,848,596	54,183	5,902,779
Interest payable	100,392	-	100,392
Payable to agency fund - student activities	107,428	-	107,428
Unearned revenues	147,879	-	147,879
Noncurrent liabilities:			
Due within one year	2,661,550	14,000	2,675,550
Due in more than one year	32,122,765	8,775,877	40,898,642
Total liabilities	<u>40,988,610</u>	<u>8,844,060</u>	<u>49,832,670</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	4,330,034	-	4,330,034
Deferred inflows of resources related to other postemployment benefits	133,794	-	133,794
Total deferred inflows of resources	<u>4,463,828</u>	<u>-</u>	<u>4,463,828</u>
NET POSITION			
Net investment in capital assets	56,225,310	1,528,890	57,754,200
Restricted for:			
Education	3,572,467	-	3,572,467
Municipal	278,968	-	278,968
Tax increment financing	439,045	-	439,045
Public safety grants	195,822	-	195,822
Development projects - impact fees	488,400	-	488,400
Permanent funds:			
Expendable	2,811	-	2,811
Nonexpendable	593,902	-	593,902
Unrestricted	5,736,535	(4,206,420)	1,530,115
Total net position	<u>\$ 67,533,260</u>	<u>\$ (2,677,530)</u>	<u>\$ 64,855,730</u>

See accompanying notes to financial statements.

TOWN OF BRUNSWICK, MAINE
Statement of Activities
For the year ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 4,950,780	\$ 649,158	\$ 120,008	\$ 42,900	\$ (4,138,714)	\$ -	\$ (4,138,714)
Public safety	9,211,812	1,424,427	105,176	-	(7,682,209)	-	(7,682,209)
Public works	5,545,346	100,216	208,882	678,879	(4,557,369)	-	(4,557,369)
Human services	166,430	-	41,111	-	(125,319)	-	(125,319)
Education	41,908,434	1,872,506	14,748,233	140,766	(25,146,929)	-	(25,146,929)
Recreation and culture	3,733,011	494,195	9,999	63,270	(3,165,547)	-	(3,165,547)
County tax	1,517,700	-	-	-	(1,517,700)	-	(1,517,700)
Unclassified	130,537	-	-	-	(130,537)	-	(130,537)
Interest on long-term debt	613,636	-	-	-	(613,636)	-	(613,636)
Total governmental activities	67,777,686	4,540,502	15,233,409	925,815	(47,077,960)	-	(47,077,960)
Business-type activities:							
Solid Waste Facilities	2,325,237	1,282,838	-	-	-	(1,042,399)	(1,042,399)
Pay-per-bag Program	121,459	414,300	-	-	-	292,841	292,841
Mere Point Wastewater District	55,822	35,268	-	-	-	(20,554)	(20,554)
Train Station/ Visitors Center	84,291	19,950	-	-	-	(64,341)	(64,341)
Total business-type activities	2,586,809	1,752,356	-	-	-	(834,453)	(834,453)
Total primary government	\$ 70,364,495	\$ 6,292,858	\$ 15,233,409	\$ 925,815	\$ (47,077,960)	\$ (834,453)	\$ (47,912,413)
General revenues:							
Property taxes					43,785,337	-	43,785,337
Vehicle, watercraft and aircraft excise taxes					3,618,811	-	3,618,811
Grants and contributions not restricted to specific programs					1,452,665	-	1,452,665
Unrestricted investment earnings					385,437	60,892	446,329
Other					31,683	7,000	38,683
Transfers					(225,000)	225,000	-
Total general revenues and transfers					49,048,933	292,892	49,341,825
Changes in net position					1,970,973	(541,561)	1,429,412
Net position - beginning, as restated					65,562,287	(2,135,969)	63,426,318
Net position - ending					\$ 67,533,260	\$ (2,677,530)	\$ 64,855,730

See accompanying notes to financial statements.

TOWN OF BRUNSWICK, MAINE
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Tax Increment Financing	New Elementary School Bond	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 23,966,484	\$ -	\$ -	\$ 1,068,731	\$ 25,035,215
Investments	-	-	-	584,057	584,057
Receivables (net of allowance for uncollectibles):					
Accounts	482,612	-	-	4,322	486,934
Taxes - current	935,223	-	-	-	935,223
Taxes - prior years	33,393	-	-	-	33,393
Tax liens	299,537	-	-	-	299,537
Intergovernmental	330,067	-	-	952,954	1,283,021
Deposits	1,236	-	-	50,000	51,236
Inventory, at cost	26,779	-	-	21,133	47,912
Due from other funds	-	439,045	-	2,038,995	2,478,040
Advances to other funds	181,632	-	-	-	181,632
Total assets	<u>\$ 26,256,963</u>	<u>\$ 439,045</u>	<u>\$ -</u>	<u>\$ 4,720,192</u>	<u>\$ 31,416,200</u>
LIABILITIES					
Accounts payable	\$ 612,151	\$ -	\$ 208,374	\$ 552,214	\$ 1,372,739
Retainage payable	-	-	-	101,735	101,735
Accrued wages and benefits payable	3,731,016	-	-	132,174	3,863,190
Payable to agency fund - student activities	107,428	-	-	-	107,428
Other liabilities	76,946	-	-	-	76,946
Payments in escrow	407,459	-	-	-	407,459
Unearned revenue	6,000	-	-	141,879	147,879
Due to other funds	1,452,771	-	911,163	219,354	2,583,288
Advances from other funds	-	-	-	181,632	181,632
Total liabilities	<u>6,393,771</u>	<u>-</u>	<u>1,119,537</u>	<u>1,328,988</u>	<u>8,842,296</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	821,353	-	-	-	821,353
Unavailable revenue - miscellaneous	236,583	-	-	-	236,583
Total deferred inflows of resources	<u>1,057,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,057,936</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Long-term loans and advances	181,632	-	-	-	181,632
Inventories and deposits	28,015	-	-	71,133	99,148
Permanent funds	-	-	-	593,902	593,902
Restricted:					
Education	3,503,852	-	-	47,482	3,551,334
Municipal purposes	278,968	-	-	-	278,968
Tax increment financing	-	439,045	-	-	439,045
Capital projects funds	-	-	-	488,400	488,400
Special revenue funds	-	-	-	195,822	195,822
Permanent funds	-	-	-	2,811	2,811
Committed:					
Capital projects funds	-	-	-	1,497,642	1,497,642
Special revenue funds	-	-	-	684,715	684,715
Assigned:					
General fund	3,324,678	-	-	-	3,324,678
Unassigned:					
General fund	11,488,111	-	-	-	11,488,111
Capital improvements fund	-	-	(1,119,537)	(190,703)	(1,310,240)
Total fund balances (deficits)	<u>18,805,256</u>	<u>439,045</u>	<u>(1,119,537)</u>	<u>3,391,204</u>	<u>21,515,968</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 26,256,963</u>	<u>\$ 439,045</u>	<u>\$ -</u>	<u>\$ 4,720,192</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.	78,153,802
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.	1,057,936
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.	(34,884,707)
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.	88,641
Deferred outflows and inflows of resources related to pensions and debt are applicable to future periods and, therefore, are not reported in the funds.	1,601,620
Net position of governmental activities (see Statement 1)	<u>\$ 67,533,260</u>

See accompanying notes to financial statements.

TOWN OF BRUNSWICK, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2018

	<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>
REVENUES					
Taxes	\$ 45,343,860	\$ 1,976,302	\$ -	\$ -	\$ 47,320,162
Licenses and permits	542,223	-	-	-	542,223
Intergovernmental	14,507,450	-	-	2,224,822	16,732,272
Investment income	-	-	-	28,219	28,219
Charges for services	1,518,918	-	-	2,132,605	3,651,523
Fines and penalties	50,515	-	-	-	50,515
Interest	339,454	-	-	17,765	357,219
Donations	-	-	-	218,541	218,541
Other	642,187	-	-	-	642,187
Total revenues	<u>62,944,607</u>	<u>1,976,302</u>	<u>-</u>	<u>4,621,952</u>	<u>69,542,861</u>
EXPENDITURES					
Current:					
General government	3,646,187	716,584	-	159,609	4,522,380
Public safety	8,811,980	-	-	65,148	8,877,128
Public works	3,833,995	-	-	14,603	3,848,598
Human services	163,348	-	-	-	163,348
Education	36,445,089	-	-	3,467,764	39,912,853
Recreation and culture	3,017,995	-	-	487,362	3,505,357
County tax	1,517,700	-	-	-	1,517,700
Unclassified	130,537	-	-	-	130,537
Debt service:					
Principal	1,899,806	69,000	-	-	1,968,806
Interest	637,122	7,245	-	-	644,367
Capital outlay	-	-	1,119,537	3,419,745	4,539,282
Total expenditures	<u>60,103,759</u>	<u>792,829</u>	<u>1,119,537</u>	<u>7,614,231</u>	<u>69,630,356</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,840,848</u>	<u>1,183,473</u>	<u>(1,119,537)</u>	<u>(2,992,279)</u>	<u>(87,495)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	506,389	16,000	-	3,697,613	4,220,002
Transfers to other funds	(1,783,019)	(1,822,005)	-	(149,771)	(3,754,795)
Transfers to other funds - capital budget	(480,207)	-	-	-	(480,207)
Transfers to other funds - suppl. approp.	(100,000)	-	-	-	(100,000)
Transfers to other funds - education	(110,000)	-	-	-	(110,000)
Bonds issued	-	-	-	225,716	225,716
Total other financing sources (uses)	<u>(1,966,837)</u>	<u>(1,806,005)</u>	<u>-</u>	<u>3,773,558</u>	<u>716</u>
Net changes in fund balances	874,011	(622,532)	(1,119,537)	781,279	(86,779)
Fund balances, beginning of year	17,931,245	1,061,577	-	2,609,925	21,602,747
Fund balances (deficits), 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>

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, 2018

Net change in fund balances - total governmental funds (from Statement 4)	\$	(86,779)
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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.		292,084
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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.		(52,114)
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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.		37,951
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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.		1,743,090
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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.		(93,470)
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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.		2,580
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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.		127,631
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Change in net position of governmental activities (see Statement 2)	\$	1,970,973
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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, 2018

	<u>Original Budget</u>	<u>Additional Appropriation</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES					
Taxes:					
Real and personal property	\$ 41,346,880	\$ -	\$ 41,346,880	\$ 41,362,823	\$ 15,943
Interest on delinquent taxes	81,000	-	81,000	91,039	10,039
Tax lien costs	15,000	-	15,000	15,866	866
Payment in lieu of taxes	230,000	-	230,000	255,321	25,321
Vehicle excise taxes	3,240,000	-	3,240,000	3,591,504	351,504
Watercraft excise taxes	25,000	-	25,000	22,944	(2,056)
Aircraft excise taxes	2,900	-	2,900	4,363	1,463
Total taxes	<u>44,940,780</u>	<u>-</u>	<u>44,940,780</u>	<u>45,343,860</u>	<u>403,080</u>
Licenses and permits:					
Finance department	21,000	-	21,000	26,895	5,895
Codes enforcement	218,000	-	218,000	263,813	45,813
Town clerk	154,935	-	154,935	166,913	11,978
Planning	25,000	-	25,000	49,986	24,986
Fire department	2,000	-	2,000	1,795	(205)
Police department	700	-	700	851	151
Public works	21,000	-	21,000	31,970	10,970
Total licenses and permits	<u>442,635</u>	<u>-</u>	<u>442,635</u>	<u>542,223</u>	<u>99,588</u>
Intergovernmental:					
State education subsidy	10,514,745	-	10,514,745	10,542,828	28,083
MainePERS contribution	-	2,507,000	2,507,000	2,507,000	-
State revenue sharing	1,138,850	-	1,138,850	1,159,148	20,298
State highway grant	199,000	-	199,000	204,128	5,128
State snowmobile funds	1,200	-	1,200	1,509	309
State tax exemption reimbursement	45,000	-	45,000	41,727	(3,273)
State boat launch cooperative agreement	-	-	-	9,999	9,999
State general assistance reimbursement	25,000	-	25,000	41,111	16,111
Total intergovernmental	<u>11,923,795</u>	<u>2,507,000</u>	<u>14,430,795</u>	<u>14,507,450</u>	<u>76,655</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, 2018

	<u>Original Budget</u>	<u>Additional Appropriation</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES, CONTINUED					
Charges for services:					
Auto registration	50,000	-	50,000	52,576	2,576
Watercraft, ATV, snowmobile registration	1,500	-	1,500	1,622	122
Municipal building rental	1,200	-	1,200	1,200	-
Fire department	2,500	-	2,500	2,217	(283)
Emergency medical services	850,000	-	850,000	1,076,058	226,058
Police department	97,000	-	97,000	99,920	2,920
Dispatch services fees	148,073	-	148,073	152,270	4,197
Public works	-	-	-	1,342	1,342
Recycling	15,000	-	15,000	24,278	9,278
Education - tuition, transportation, etc.	71,338	-	71,338	105,235	33,897
Recreation fees	1,500	-	1,500	2,200	700
Total charges for services	<u>1,238,111</u>	<u>-</u>	<u>1,238,111</u>	<u>1,518,918</u>	<u>280,807</u>
Fines and penalties:					
Town clerk	7,150	-	7,150	7,220	70
Fire department	1,000	-	1,000	500	(500)
Police department	31,350	-	31,350	42,795	11,445
Total fines and penalties	<u>39,500</u>	<u>-</u>	<u>39,500</u>	<u>50,515</u>	<u>11,015</u>
Interest earned	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>339,454</u>	<u>189,454</u>
Other revenue:					
Sale of miscellaneous assets	-	-	-	14,876	14,876
Cable TV franchise fees	275,000	-	275,000	292,008	17,008
Workers compensation dividend	-	-	-	17,847	17,847
Property & casualty dividend	-	-	-	8,886	8,886
Brunswick Development Corporation subsidy	30,000	-	30,000	30,000	-
Miscellaneous - municipal	16,700	-	16,700	123,408	106,708
Miscellaneous - school	63,000	-	63,000	155,162	92,162
Total other revenue	<u>384,700</u>	<u>-</u>	<u>384,700</u>	<u>642,187</u>	<u>257,487</u>
Total revenues	<u>\$ 59,119,521</u>	<u>\$ 2,507,000</u>	<u>\$ 61,626,521</u>	<u>\$ 62,944,607</u>	<u>\$ 1,318,086</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, 2018

	<u>Adopted Budget</u>	<u>2017 Encumbered Balances</u>	<u>Original Budget</u>	<u>Additional Appropriation</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2018 Encumbered Balances</u>
EXPENDITURES									
Current:									
General government:									
Administration	\$ 645,664	\$ -	\$ 645,664	\$ -	\$ -	\$ 645,664	\$ 557,183	\$ 88,481	\$ -
Finance department	751,160	-	751,160	-	-	751,160	725,739	25,421	-
Technology services	387,624	35,139	422,763	-	-	422,763	381,260	41,503	-
Municipal officers	85,915	-	85,915	-	-	85,915	84,342	1,573	-
Town hall building	219,299	6,934	226,233	-	-	226,233	174,900	51,333	-
Risk management	481,470	-	481,470	-	-	481,470	440,245	41,225	-
Cable TV	72,889	-	72,889	-	5,000	77,889	73,970	3,919	-
Assessing	309,815	-	309,815	-	-	309,815	272,648	37,167	625
Town clerk and elections	349,666	-	349,666	-	-	349,666	319,574	30,092	-
Planning	530,443	9,600	540,043	-	1,000	541,043	498,600	42,443	2,272
Economic development	166,806	-	166,806	-	-	166,806	117,726	49,080	-
Total general government	<u>4,000,751</u>	<u>51,673</u>	<u>4,052,424</u>	<u>-</u>	<u>6,000</u>	<u>4,058,424</u>	<u>3,646,187</u>	<u>412,237</u>	<u>2,897</u>
Public safety:									
Fire department	3,368,224	-	3,368,224	-	-	3,368,224	3,338,870	29,354	-
Central fire station	41,300	-	41,300	-	-	41,300	27,942	13,358	-
Emerson fire station	56,525	-	56,525	-	-	56,525	51,566	4,959	-
Police department	3,890,604	-	3,890,604	-	-	3,890,604	3,706,257	184,347	-
Emergency services dispatch	837,231	-	837,231	-	-	837,231	791,755	45,476	-
Police station	110,105	-	110,105	-	-	110,105	74,223	35,882	-
Marine resources	203,344	-	203,344	-	-	203,344	132,655	70,689	-
Streetlights	221,000	-	221,000	-	-	221,000	209,467	11,533	-
Traffic signals	31,600	-	31,600	-	5,000	36,600	29,740	6,860	-
Fire suppression (hydrants)	470,000	-	470,000	-	-	470,000	448,227	21,773	-
Civil emergency preparedness	2,000	-	2,000	-	-	2,000	1,278	722	-
Total public safety	<u>9,231,933</u>	<u>-</u>	<u>9,231,933</u>	<u>-</u>	<u>5,000</u>	<u>9,236,933</u>	<u>8,811,980</u>	<u>424,953</u>	<u>-</u>
Public works:									
Administration	578,697	-	578,697	-	-	578,697	450,173	128,524	-
General maintenance	1,759,636	-	1,759,636	-	-	1,759,636	1,706,162	53,474	-
Refuse collection	650,343	-	650,343	-	-	650,343	620,847	29,496	-
Recycling	335,548	-	335,548	-	-	335,548	328,342	7,206	-
Central garage	703,099	-	703,099	-	75,000	778,099	728,471	49,628	-
Total public works	<u>4,027,323</u>	<u>-</u>	<u>4,027,323</u>	<u>-</u>	<u>75,000</u>	<u>4,102,323</u>	<u>3,833,995</u>	<u>268,328</u>	<u>-</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, 2018

	Adopted Budget	2017 Encumbered Balances	Original Budget	Additional Appropriation	Adjustments	Final Budget	Actual	Variance Positive (Negative)	2018 Encumbered Balances
EXPENDITURES, CONTINUED									
Human services:									
General assistance	178,008	45	178,053	-	-	178,053	160,510	17,543	-
Health and social services	2,766	-	2,766	-	1,000	3,766	2,838	928	-
Total human services	<u>180,774</u>	<u>45</u>	<u>180,819</u>	<u>-</u>	<u>1,000</u>	<u>181,819</u>	<u>163,348</u>	<u>18,471</u>	<u>-</u>
Education:									
Education	<u>37,878,469</u>	<u>-</u>	<u>37,878,469</u>	<u>2,507,000</u>	<u>(1,864,458)</u>	<u>38,521,011</u>	<u>36,445,089</u>	<u>2,075,922</u>	<u>-</u>
Recreation and culture:									
Recreation administration	437,193	-	437,193	-	10,000	447,193	441,678	5,515	-
Buildings and grounds	795,050	56,193	851,243	-	-	851,243	776,355	74,888	18,593
Rec Building Neptune Dr	193,177	46,661	239,838	-	-	239,838	216,391	23,447	17,995
People Plus	146,060	-	146,060	-	2,000	148,060	145,647	2,413	-
Library	<u>1,441,425</u>	<u>15,000</u>	<u>1,456,425</u>	<u>-</u>	<u>-</u>	<u>1,456,425</u>	<u>1,437,924</u>	<u>18,501</u>	<u>-</u>
Total recreation and culture	<u>3,012,905</u>	<u>117,854</u>	<u>3,130,759</u>	<u>-</u>	<u>12,000</u>	<u>3,142,759</u>	<u>3,017,995</u>	<u>124,764</u>	<u>36,588</u>
Intergovernmental:									
County tax	<u>1,517,700</u>	<u>-</u>	<u>1,517,700</u>	<u>-</u>	<u>-</u>	<u>1,517,700</u>	<u>1,517,700</u>	<u>-</u>	<u>-</u>
Unclassified:									
Promotion and development	240,541	-	240,541	-	(4,500)	236,041	231,419	4,622	3,859
Additional school assistance	10,000	-	10,000	-	-	10,000	10,000	-	-
Cemetery care	7,000	-	7,000	-	-	7,000	2,677	4,323	-
Wage & benefits adjustment	<u>157,500</u>	<u>-</u>	<u>157,500</u>	<u>-</u>	<u>(99,000)</u>	<u>58,500</u>	<u>(113,559)</u>	<u>172,059</u>	<u>-</u>
Total unclassified	<u>415,041</u>	<u>-</u>	<u>415,041</u>	<u>-</u>	<u>(103,500)</u>	<u>311,541</u>	<u>130,537</u>	<u>181,004</u>	<u>3,859</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, 2018

	<u>Adopted Budget</u>	<u>2017 Encumbered Balances</u>	<u>Original Budget</u>	<u>Additional Appropriation</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2018 Encumbered Balances</u>
EXPENDITURES, CONTINUED									
Debt service:									
Long-term debt, principal	676,000	-	676,000	-	1,223,806	1,899,806	1,899,806	-	-
Long-term debt, interest	197,286	-	197,286	-	439,836	637,122	637,122	-	-
Total debt service	<u>873,286</u>	<u>-</u>	<u>873,286</u>	<u>-</u>	<u>1,663,642</u>	<u>2,536,928</u>	<u>2,536,928</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>61,138,182</u>	<u>169,572</u>	<u>61,307,754</u>	<u>2,507,000</u>	<u>(205,316)</u>	<u>63,609,438</u>	<u>60,103,759</u>	<u>3,505,679</u>	<u>43,344</u>
Excess (deficiency) of revenues over (under) expenditures	(2,018,661)	(169,572)	(2,188,233)	-	205,316	(1,982,917)	2,840,848	4,823,765	-
OTHER FINANCING SOURCES (USES)									
Transfers from other funds	545,000	-	545,000	-	-	545,000	506,389	(38,611)	-
Transfers to other funds	(1,687,703)	-	(1,687,703)	-	(95,316)	(1,783,019)	(1,783,019)	-	-
Transfers to other funds - capital budget	-	-	-	(480,207)	-	(480,207)	(480,207)	-	-
Transfers to other funds - supplemental appropriations	-	-	-	(100,000)	-	(100,000)	(100,000)	-	-
Transfers to other funds - education	-	-	-	-	(110,000)	(110,000)	(110,000)	-	-
Total other financing sources (uses)	<u>(1,142,703)</u>	<u>-</u>	<u>(1,142,703)</u>	<u>(580,207)</u>	<u>(205,316)</u>	<u>(1,928,226)</u>	<u>(1,966,837)</u>	<u>(38,611)</u>	<u>-</u>
Net changes in fund balances	<u>\$ (3,161,364)</u>	<u>\$ (169,572)</u>	<u>\$ (3,330,936)</u>	<u>\$ (580,207)</u>	<u>\$ -</u>	<u>\$ (3,911,143)</u>	<u>\$ 874,011</u>	<u>\$ 4,785,154</u>	<u>\$ -</u>
Fund balance, beginning of year							17,931,245		
Fund balance, end of year							<u>\$ 18,805,256</u>		

See accompanying notes to financial statements.

TOWN OF BRUNSWICK, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2018

	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>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,597,892	\$ 2,773,642	\$ 47,424	\$ 4,418,958	\$ -
Receivables:					
Accounts	86,906	109,200	4,316	200,422	-
Intergovernmental	8,658	-	-	8,658	-
Inventory	-	19,522	-	19,522	-
Due from other funds	-	-	858	858	92,764
Total current assets	<u>1,693,456</u>	<u>2,902,364</u>	<u>52,598</u>	<u>4,648,418</u>	<u>92,764</u>
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	66,589
Intangibles	16,399	-	-	16,399	-
Infrastructure	-	-	636,738	636,738	-
Less accumulated depreciation	<u>(6,769,957)</u>	<u>-</u>	<u>(774,382)</u>	<u>(7,544,339)</u>	<u>(26,252)</u>
Net capital assets	<u>1,486,049</u>	<u>-</u>	<u>42,841</u>	<u>1,528,890</u>	<u>40,337</u>
Total assets	<u>3,179,505</u>	<u>2,902,364</u>	<u>95,439</u>	<u>6,177,308</u>	<u>133,101</u>
LIABILITIES					
Current liabilities:					
Accounts payable	9,186	32,302	1,658	43,146	4,123
Accrual of payroll	9,260	-	-	9,260	-
Other liabilities	-	1,777	-	1,777	-
Landfill closure and postclosure	4,000	-	-	4,000	-
Compensated absences	10,000	-	-	10,000	-
Due to other funds	<u>4,432</u>	<u>-</u>	<u>6,346</u>	<u>10,778</u>	<u>-</u>
Total current liabilities	<u>36,878</u>	<u>34,079</u>	<u>8,004</u>	<u>78,961</u>	<u>4,123</u>
Noncurrent liabilities:					
Landfill closure and postclosure	8,771,715	-	-	8,771,715	-
Compensated absences	<u>4,162</u>	<u>-</u>	<u>-</u>	<u>4,162</u>	<u>-</u>
Total noncurrent liabilities	<u>8,775,877</u>	<u>-</u>	<u>-</u>	<u>8,775,877</u>	<u>-</u>
Total liabilities	<u>8,812,755</u>	<u>34,079</u>	<u>8,004</u>	<u>8,854,838</u>	<u>4,123</u>
NET POSITION					
Net investment in capital assets	1,486,049	-	42,841	1,528,890	40,337
Unrestricted	<u>(7,119,299)</u>	<u>2,868,285</u>	<u>44,594</u>	<u>(4,206,420)</u>	<u>88,641</u>
Total net position	<u>\$ (5,633,250)</u>	<u>\$ 2,868,285</u>	<u>\$ 87,435</u>	<u>\$ (2,677,530)</u>	<u>\$ 128,978</u>

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, 2018

	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>
OPERATING REVENUES					
Charges for services:					
Landfill permits	\$ 13,488	\$ -	\$ -	\$ 13,488	\$ -
Bag purchases	-	414,300	-	414,300	-
Service fees	-	-	35,268	35,268	-
Rent	-	-	11,340	11,340	-
Parking meter	-	-	8,610	8,610	-
Printing services	-	-	-	-	41,942
Tipping fees	1,269,350	-	-	1,269,350	-
Total operating revenues	<u>1,282,838</u>	<u>414,300</u>	<u>55,218</u>	<u>1,752,356</u>	<u>41,942</u>
OPERATING EXPENSES					
Personnel services	253,679	-	-	253,679	-
Administrative expenses	8,524	-	-	8,524	-
Contractual services	254,039	-	105,177	359,216	17,161
Central garage costs	50,000	-	-	50,000	-
Materials and supplies	92,790	121,459	2,092	216,341	3,999
Closure and postclosure costs	1,142,513	-	-	1,142,513	-
Depreciation	523,692	-	32,844	556,536	9,544
Total operating expenses	<u>2,325,237</u>	<u>121,459</u>	<u>140,113</u>	<u>2,586,809</u>	<u>30,704</u>
Operating income (loss)	<u>(1,042,399)</u>	<u>292,841</u>	<u>(84,895)</u>	<u>(834,453)</u>	<u>11,238</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	19,192	40,919	781	60,892	-
Gain (loss) on disposal of capital assets	7,000	-	-	7,000	(452)
Total nonoperating revenues (expenses)	<u>26,192</u>	<u>40,919</u>	<u>781</u>	<u>67,892</u>	<u>(452)</u>
Income (loss) before transfers	<u>(1,016,207)</u>	<u>333,760</u>	<u>(84,114)</u>	<u>(766,561)</u>	<u>10,786</u>
Transfers in	<u>150,000</u>	<u>-</u>	<u>75,000</u>	<u>225,000</u>	<u>-</u>
Change in net position	<u>(866,207)</u>	<u>333,760</u>	<u>(9,114)</u>	<u>(541,561)</u>	<u>10,786</u>
Net position, beginning of year	<u>(4,767,043)</u>	<u>2,534,525</u>	<u>96,549</u>	<u>(2,135,969)</u>	<u>118,192</u>
Net position, end of year	<u>\$ (5,633,250)</u>	<u>\$ 2,868,285</u>	<u>\$ 87,435</u>	<u>\$ (2,677,530)</u>	<u>\$ 128,978</u>

See accompanying notes to financial statements.

TOWN OF BRUNSWICK, MAINE
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2018

	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>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,208,133	\$ 327,900	\$ 54,371	\$ 1,590,404	\$ 41,942
Payments to employees	(247,568)	-	-	(247,568)	-
Payments to suppliers for goods and services	(421,236)	(96,661)	(111,978)	(629,875)	(19,336)
Net cash provided (used) by operating activities	<u>539,329</u>	<u>231,239</u>	<u>(57,607)</u>	<u>712,961</u>	<u>22,606</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfer from other funds	150,000	-	75,000	225,000	-
Increase (decrease) in due to other funds	(43,258)	3,000	(8,011)	(48,269)	(4,404)
Cash provided (used) by noncapital financing activities	<u>106,742</u>	<u>3,000</u>	<u>66,989</u>	<u>176,731</u>	<u>(4,404)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Sale of capital assets	7,000	-	-	7,000	-
Acquisition of capital assets	(161,169)	-	(8,947)	(170,116)	(18,202)
Cash used by capital and related financing activities	<u>(154,169)</u>	<u>-</u>	<u>(8,947)</u>	<u>(163,116)</u>	<u>(18,202)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	<u>19,192</u>	<u>40,919</u>	<u>781</u>	<u>60,892</u>	<u>-</u>
Cash provided by investing activities	<u>19,192</u>	<u>40,919</u>	<u>781</u>	<u>60,892</u>	<u>-</u>
Net increase (decrease) in cash	511,094	275,158	1,216	787,468	-
Cash, beginning of year	<u>1,086,798</u>	<u>2,498,484</u>	<u>46,208</u>	<u>3,631,490</u>	<u>-</u>
Cash, end of year	<u>\$ 1,597,892</u>	<u>\$ 2,773,642</u>	<u>\$ 47,424</u>	<u>\$ 4,418,958</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	<u>\$ (1,042,399)</u>	<u>\$ 292,841</u>	<u>\$ (84,895)</u>	<u>\$ (834,453)</u>	<u>\$ 11,238</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	523,692	-	32,844	556,536	9,544
(Increase) decrease in accounts receivable	(74,705)	(86,400)	(847)	(161,952)	-
(Increase) decrease in inventory	-	14,910	-	14,910	-
Increase (decrease) in accounts payable	(15,883)	9,372	(4,709)	(11,220)	1,824
Increase (decrease) in accrued payroll	2,406	-	-	2,406	-
Increase (decrease) in other liabilities	-	516	-	516	-
Increase (decrease) in closure/postclosure	1,142,513	-	-	1,142,513	-
Increase (decrease) in compensated absences	3,705	-	-	3,705	-
Total adjustments	<u>1,581,728</u>	<u>(61,602)</u>	<u>27,288</u>	<u>1,547,414</u>	<u>11,368</u>
Net cash provided (used) by operating activities	<u>\$ 539,329</u>	<u>\$ 231,239</u>	<u>\$ (57,607)</u>	<u>\$ 712,961</u>	<u>\$ 22,606</u>

See accompanying notes to financial statements.

TOWN OF BRUNSWICK, MAINE
Statement of Net Position
Fiduciary Funds
June 30, 2018

	Private- purpose Trust Funds	Agency Funds
	<hr/>	<hr/>
ASSETS		
Cash and cash equivalents	\$ 47,807	\$ -
Investments	853,000	-
Due from other funds	<u>22,404</u>	<u>107,428</u>
Total assets	<u>923,211</u>	<u>107,428</u>
LIABILITIES		
Accounts payable	4,000	2,892
Amounts held for others - student activities	<u>-</u>	<u>104,536</u>
Total liabilities	<u>4,000</u>	<u>107,428</u>
NET POSITION		
Net position held in trust for other purposes	<u>\$ 919,211</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, 2018

	Private- purpose Trust Funds
ADDITIONS	
Contributions	\$ 13,706
Investment earnings:	
Interest and dividends	18,399
Net increase in the fair value of investments	<u>33,498</u>
Total investment earnings	51,897
Less investment expense	<u>(9,209)</u>
Total additions	<u>56,394</u>
DEDUCTIONS	
Payment to beneficiaries	<u>23,050</u>
Total deductions	<u>23,050</u>
Change in net position	33,344
Net position - beginning	<u>885,867</u>
Net position - ending	<u><u>\$ 919,211</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 eight 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 six 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 and Riverside Cemetery Fund are 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. Interest incurred during the construction phase of capital assets of business-type activities has not been included as part of the capitalized value of the assets 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 three 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.

Deferred outflows of resources related to debt. This item relates to certain debt, the proceeds of which are reimbursement-based. As the full debt obligation is recognized as a liability in the statement of net position, a deferred outflow is recorded to account for the unexpended portion of the projects and the bond proceeds not yet received.

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), and the Maine Municipal Health 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

For the fiscal year ended June 30, 2018, the Town has implemented Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

As a result of implementing GASB Statement No. 75, the Town has restated beginning net position in the government-wide statement of net position. Changes as of June 30, 2017 consist of a \$9,923 increase in deferred outflows of resources, a \$1,046,627 increase of net OPEB liability, and a decrease of the Town's net position by \$1,036,704.

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 1st of each year, on the assessed value listed as of the previous April 1st. Real property taxes are due in two installments, on or near October 15th and April 15th. Personal property taxes are due in one installment on or near October 15th. 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, 2018, the Town Council authorized a delay of the tax commitment to October 6, 2017, with the first installment due November 15, 2017. 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 \$78,153,802 are as follows:

Capital assets	\$ 139,201,705
Accumulated depreciation	<u>(61,047,903)</u>
Net adjustment to increase fund balance - total governmental funds	
to arrive at net position - governmental activities	\$ 78,153,802

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 \$1,057,936 difference are as follows:

Deferred inflows - unavailable revenue - property tax	\$ 821,353
Deferred inflows - unavailable revenue - miscellaneous	236,583
Net adjustment to increase fund balance - total governmental funds	
to arrive at net position - governmental activities	\$ 1,057,936

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 \$(34,884,707) difference are as follows:

Bonds payable	\$ (21,975,669)
Premium on bonds (to be amortized as interest expense)	(145,836)
Accrued interest	(100,392)
Compensated absences	(1,464,836)
Other post employment benefits	(2,265,594)
Net pension liability	(8,932,380)
Net adjustment to decrease fund balance - total governmental funds	
to arrive at net position - governmental activities	\$ (34,884,707)

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 \$88,641 difference are as follows:

Net position of the internal service fund	\$ 128,978
Less: Capital assets net of accumulated depreciation	(40,337)
Net adjustment to increase fund balance - total governmental funds	
to arrive at net position - governmental activities	\$ 88,641

Another element of that reconciliation explains, "deferred outflows and inflows of resources related to pensions, other postemployment benefits and debt are applicable to future periods and, therefore, are not reported in the funds." The details of this \$1,601,620 difference are as follows:

Deferred outflows of resources related to pensions	\$ 5,725,207
Deferred outflows of resources related to other postemployment benefits	202,132
Deferred outflows of resources related to debt	138,109
Deferred inflows of resources related to pensions	(4,330,034)
Deferred inflows of resources related to other postemployment benefits	(133,794)
Net adjustment to increase fund balance - total governmental funds	
to arrive at net position - governmental activities	\$ 1,601,620

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 \$292,084 difference are as follows:

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

Capital outlay	\$	4,333,517
Depreciation expense		(4,041,433)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$	292,084

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 \$(52,114) difference are as follows:

Cost of disposed capital assets	\$	(1,102,782)
Accumulated depreciation on disposed capital assets		1,050,668
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$	(52,114)

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 \$37,951 difference are as follows:

Property taxes	\$	42,260
Charges for services		(4,309)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$	37,951

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 \$1,743,090 difference are as follows:

Reduction in deferred outflow for bond proceeds received	\$	(225,716)
Principal repayments: General obligation debt		1,968,806
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position in governmental activities	\$	1,743,090

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 \$(93,470) difference are as follows:

Compensated absences	\$	(55,461)
School retirement incentive		6,275
Post employment benefits		(75,015)
Accrued interest		9,273
Amortization of premium on refunding and general obligation bonds		21,458
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$	(93,470)

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 \$2,580 difference are as follows:

Change in net position of the internal service funds	\$	10,786
Plus: depreciation on capital assets		9,544
Less: acquisition of capital assets		(18,202)
Plus: book value of disposed assets		452
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$	2,580

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 \$127,631 difference are as follows:

Employer pension contributions	\$	1,855,941
Cost of benefits earned, net of employee contributions		(1,728,310)
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	\$	127,631

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, 2018, the Town budgeted and utilized the following amounts:

2017-18 General Fund Budget as of July 1, 2017					
	Adopted Budget	Encumbered Balances	Original Budget	Additional Appropriations	Final Budget
Restricted fund balance:					
Educational purposes	\$ 2,611,364	\$ -	\$ 2,611,364	\$ -	\$ 2,611,364
Assigned fund balance:					
Municipal purposes	550,000	-	550,000	-	550,000
Unassigned fund balance	-	-	-	580,207	580,207
Encumbrances	-	169,572	169,572	-	169,572
Total utilization of fund balance	\$ 3,161,364	\$ 169,572	\$ 3,330,936	\$ 580,207	\$ 3,911,143

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 2017-18 were \$2,029,000 for retirement, and \$478,000 for other 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 \$98,000, 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 28, 2018, 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, 2018:

New Elementary School	\$ (1,119,537)
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The New Elementary School 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, 2018.

The following *net position deficit* exists as of June 30, 2018:

Solid Waste Facilities Fund	\$ (5,633,250)
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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, and has begun the process to close the landfill within three to four years. This includes an agreement to accept waste from outside the Town in order to utilize all the available space at the landfill and to maximize the revenues from tipping fees. 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, 2018, 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	\$ 461,718	N/A	Yes
Other Mutual Funds	975,339	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, 2018, 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, 2018, the bank balance of \$29,868,806 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, 2018, the Town did not have a policy for concentration of credit risk.

B. Receivables

Receivables at June 30, 2018 consist of the following:

	General <u>Fund</u>	Other Governmental <u>Funds</u>	Enterprise <u>Funds</u>	<u>Total</u>
Taxes	\$ 992,176	\$ -	\$ -	\$ 992,176
Tax liens	421,740	-	-	421,740
Accounts	516,323	4,322	200,422	721,067
Intergovernmental	<u>330,067</u>	<u>952,954</u>	<u>8,658</u>	<u>1,291,679</u>
Gross receivables	2,260,306	957,276	209,080	3,426,662
Less: Allowance for Uncollectibles	<u>(179,474)</u>	<u>-</u>	<u>-</u>	<u>(179,474)</u>
Net receivables	\$ 2,080,832	\$ 957,276	\$ 209,080	\$ 3,247,188

Property taxes for the current year were committed October 6, 2017 on the assessed value listed as of April 1, 2017, for all taxable real and personal property located in the Town. Real property taxes were due in two installments, November 15, 2017 and April 17, 2018. Personal property taxes were due in one installment, November 15, 2017. Interest was charged at the rate of 7.00% 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, 2017, upon which the levy for the year ended June 30, 2018 was based, was \$2,192,780,400. This assessed value was 100% of the estimated market value and 100.40% of the 2017 State valuation of \$2,184,050,000.

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 \$283,498 for the year ended June 30, 2018.

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, 2018, the Town had a total of \$107,583,100 in captured valuation for four TIF districts. The tax revenue captured in these districts totaled \$1,976,302 for the year.

C. Capital Assets

Capital asset activity for the year ended June 30, 2018 follows.

Governmental activities:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 6,172,799	\$ 79,909	\$ -	\$ 6,252,708
Construction in progress	572,435	2,675,322	(516,273)	2,731,484
Intangibles	200,000	-	-	200,000
Total capital assets not being depreciated	6,945,234	2,755,231	(516,273)	9,184,192
Capital assets being depreciated:				
Buildings	64,944,661	462,456	(176,723)	65,230,394
Improvements other than buildings	3,821,779	27,751	-	3,849,530
Machinery and equipment	5,199,354	124,019	(189,158)	5,134,215
Vehicles	8,288,726	689,030	(736,901)	8,240,855
Intangibles	428,618	378,345	-	806,963
Infrastructure	46,342,598	412,958	-	46,755,556
Total capital assets being depreciated	129,025,736	2,094,559	(1,102,782)	130,017,513
Less accumulated depreciation for:				
Buildings	(23,041,741)	(2,061,312)	156,379	(24,946,674)
Improvements other than buildings	(2,511,085)	(214,469)	-	(2,725,554)
Machinery and equipment	(3,379,919)	(304,944)	188,706	(3,496,157)
Vehicles	(5,199,784)	(504,873)	705,583	(4,999,074)
Intangibles	(428,618)	(57,393)	-	(486,011)
Infrastructure	(23,495,991)	(898,442)	-	(24,394,433)
Total accumulated depreciation	(58,057,138)	(4,041,433)	1,050,668	(61,047,903)
Total capital assets being depreciated, net	70,968,598	(1,946,874)	(52,114)	68,969,610
Governmental activities capital assets, net	<u>\$ 77,913,832</u>	<u>\$ 808,357</u>	<u>\$ (568,387)</u>	<u>\$ 78,153,802</u>

Business-type activities:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018
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	648,782	289,519	(129,332)	808,969
Intangibles	6,470	9,929	-	16,399
Infrastructure	636,738	-	-	636,738
Total capital assets being depreciated	8,788,113	299,448	(129,332)	8,958,229
Less accumulated depreciation for:				
Buildings	(54,220)	-	-	(54,220)
Improvements other than buildings	(5,983,487)	(486,121)	-	(6,469,608)
Machinery and equipment	(370,064)	(171,013)	129,332	(411,745)
Intangibles	(6,470)	(496)	-	(6,966)
Infrastructure	(573,562)	(28,238)	-	(601,800)
Total accumulated depreciation	(6,987,803)	(685,868)	129,332	(7,544,339)
Total business-type capital assets being depreciated, net	1,800,310	(386,420)	-	1,413,890
Business-type activities capital assets, net	<u>\$ 1,915,310</u>	<u>\$ (386,420)</u>	<u>\$ -</u>	<u>\$ 1,528,890</u>

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

Governmental activities:

General government	\$ 384,236
Public safety	462,273
Public works, including depreciation of general infrastructure assets	1,155,756
Human services	48
Education	1,814,330
Recreation and culture	224,790
Total depreciation expense - governmental activities	<u>\$ 4,041,433</u>

Business-type activities:

Mere Point wastewater	\$ 28,238
Solid Waste facilities	523,692
Train Station/Visitors Center	4,606
Total depreciation expense - business-type activities	<u>\$ 556,536</u>

Depreciation expense charged to business-type activities is less than additions to total accumulated depreciation due to transferring, and subsequently retiring, a loader which had accumulated depreciation.

D. Leases

During the fiscal year ended June 30, 2018, 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. On April 15, 2014, the Town and JHR signed an amendment to the lease, extending the agreement five years, to November 1, 2019. For the year ended June 30, 2018, the lease expense was \$44,000. For future years, lease expenses will be recognized as follows:

<u>Year Ending June 30,</u>	<u>Lease Payments</u>
2018	\$ 44,000
2019	14,667
	<u>\$ 58,667</u>

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	\$ 600,000
2010 Elementary School	2010	21,462,250	2% to 5.5%	2031	1,073,113	13,950,463
2011 GO Bonds	2011	4,120,000	2% to 3%	2021	270,000 to 555,000	810,000
2013 Police Station	2013	5,500,000	2% to 3.5%	2033	275,000	4,125,000
2016 School Renovation (SRRF)	2016	772,862	0%	2027	77,286	695,576
2017 School Renovation (SRRF)	2017	87,038	0%	2022	17,408	69,630
2017 GO Bonds	2017	1,781,000	2% to 3.5%	2033	35,000 to 200,000	1,725,000
						<u>\$ 21,975,669</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 loans and grant funding. The Town was authorized for a total of \$1,399,335

in reimbursement for renovation projects, \$859,900 of which was issued in bonds, and the balance in grant funding.

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, 2018 are as follows:

Year Ending June 30	Governmental Activities				
	Principal	Interest	Total	BABs Subsidy	Net Total
2019	\$ 2,112,806	\$ 775,935	\$ 2,888,741	\$ (184,087)	\$ 2,704,654
2020	2,112,806	712,594	2,825,400	(172,364)	2,653,036
2021	2,112,807	647,929	2,760,736	(160,293)	2,600,443
2022	1,642,806	589,991	2,232,797	(147,874)	2,084,923
2023	1,625,399	538,150	2,163,549	(134,932)	2,028,617
2024-2028	7,594,707	1,852,048	9,446,755	(461,861)	8,984,894
2029-2033	4,774,338	375,941	5,150,279	(77,931)	5,072,348
Total	\$ 21,975,669	\$ 5,492,588	\$ 27,468,257	\$ (1,339,342)	\$ 26,128,915

For the year ended June 30, 2018, the Town paid \$1,968,806 in principal and \$644,044 in interest (net of \$196,338 BABs subsidy) for a total of \$2,612,850 in debt service payments. Due to federal sequestration, the BABs subsidy was reduced in FY 18 by a total of \$13,874, or a 6.6% reduction. 87% of the sequestration reduction is eligible for State subsidy. The Town anticipates BABs subsidy reductions in future years, but cannot estimate the amount of the 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 is anticipated to begin in the fall of 2018 with an estimated completion date of summer 2020.

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 truck is scheduled for delivery in September, 2018. The Town is authorized to make advances to a capital projects fund, and bonds may not be issued for this project if appropriate reserve funds are available.

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 is expected to begin in late fall of 2018, and TIF revenues from the Cook's Corner, Brunswick Landing, and Brunswick Executive Airport TIF Districts may be used to fund the project directly, or to pay debt service.

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	\$ 443,336	\$ 5,098
Vacation	525,210	9,064
Compensatory time	66,484	-
School retirement stipend	429,806	-
Totals	\$ 1,464,836	\$ 14,162

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.

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, 2018, ranged from 9.6%-15.7%, depending on the plan, and came in at an average 11.44% of annual payroll. Contributions to the pension plan from the Town were \$1,128,830 for the year ended June 30, 2018.

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, 2018, 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 \$727,111 for the year ended June 30, 2018.

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, 2017, 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, 2018, the Town reported a liability of \$8,470,270 for its proportionate share of the net pension liability. At June 30, 2017, the Town's proportion of the PLD Plan was 2.0688%.

SET Plan - At June 30, 2018, the Town reported a liability of \$462,110 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	\$	462,110
State's proportionate share of the net pension liability associated with the Town		20,957,681
Total	\$	<u>21,419,791</u>

At June 30, 2017, the Town's proportion of the SET Plan was 0.0318%.

For the year ended June 30, 2018, the Town recognized pension expense of \$1,184,969 for the PLD Plan and \$2,572,658 for the SET Plan. Additionally, the Town recognized revenue of \$2,029,000 for support provided by the State for the SET Plan.

At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the PLD Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 406,937
Differences between projected and actual investment earnings on pension plan investments	2,919,097	3,152,010
Changes of assumptions	720,767	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	55,852	509,528
Town contributions subsequent to the measurement date	1,128,830	-
	<u>\$ 4,824,546</u>	<u>\$ 4,068,475</u>

At June 30, 2018, 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	\$ 19,435	\$ -
Differences between projected and actual investment earnings on pension plan investments	128,925	135,721
Changes of assumptions	-	7,218
Changes in proportion and differences between Town contributions and proportionate share of contributions	25,190	118,620
Town contributions subsequent to the measurement date	727,111	-
	<u>\$ 900,661</u>	<u>\$ 261,559</u>

A portion of deferred outflows of resources related to pensions, \$1,128,830 for the PLD Plan and \$727,111 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, 2019. 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>Pension Expense</u>	
<u>Year Ending June 30,</u>	<u>PLD Plan</u>	<u>SET Plan</u>
2019	\$ (400,467)	\$ (39,861)
2020	547,572	(26,499)
2021	56,827	3,089
2022	<u>(576,691)</u>	<u>(24,738)</u>
	\$ (372,759)	\$ (88,009)

Actuarial assumptions: The total pension liability in the June 30, 2017 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	6.875%	6.875%
Cost of living benefit increases, per annum	2.2%	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, 2017 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, 2017 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	10.0%	5.9%
Total	<u>100.0%</u>	

Discount rate: The discount rate used to measure the collective total pension liability was 6.875% for 2017 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 6.875% for the PLD Plan and 6.875% 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 (5.875% for PLD Plan and 5.875% for SET Plan) or 1 percentage-point higher (7.875% for PLD Plan and 7.875% for SET Plan) than the current rate:

	<u>1% Decrease (5.875%)</u>	<u>Current Discount Rate (6.875%)</u>	<u>1% Increase (7.875%)</u>
<u>PLD Plan</u>			
Town's proportionate share of the net pension liability	\$ 16,993,965	\$ 8,470,270	\$ 2,053,249
	<u>1% Decrease (5.875%)</u>	<u>Current Discount Rate (6.875%)</u>	<u>1% Increase (7.875%)</u>
<u>SET Plan</u>			
Town's proportionate share of the net pension liability	\$ 810,866	\$ 462,110	\$ 174,162

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.maineopers.org.

Payables to the pension plan: The Town reported no payables to the pension plan as of June 30, 2018.

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.maineopers.org.

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

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 Health Plan, MMEHT provides healthcare and life insurance benefits 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.

Employees Covered by Benefit Terms – At June 30, 2018, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	-
Active employees	123
Total	<u>131</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 \$11,301 for the year ended June 30, 2018. 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 \$51,874 for the year ended June 30, 2018. 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, 2017, 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, 2018, the Town reported a liability of \$371,809 for its proportionate share of the net OPEB liability. At June 30, 2017, the Town's proportion was 2.2235%.

SET OPEB Plan – At June 30, 2018, 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 \$572,376 as of June 30, 2018. At June 30, 2017, the Town's proportion was 0.00%.

The Town's total Health Plan OPEB liability of \$1,893,785 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

Changes in the Total Health Plan OPEB Liability:

	<u>Total Health Plan OPEB Liability</u>
Balance at June 30, 2017	\$ 1,616,420
Changes for the year:	
Service cost	35,837
Interest	61,834
Differences between expected and actual experience	(1,834)
Changes in assumptions	214,685
Benefit payments	(33,157)
Net Changes	<u>277,365</u>
Balance at June 30, 2018	<u>\$ 1,893,785</u>

Change in assumptions reflects a change in the discount rate from 3.78% in 2017 to 3.44% in 2018. Additionally, the funding method was changed from the Projected Unit Credit funding method in 2017 to the Entry Age Normal funding method in 2018.

For the year ended June 30, 2018, the Town recognized OPEB gain of \$1,848 for the PLD OPEB Plan. For the year ended June 30, 2018, the Town recognized OPEB expense of \$51,874 and revenues of \$51,874 for support provided by the State related to the SET OPEB plan. At June 30, 2018, the Town reported no deferred outflows of resources nor deferred inflows of resources related to the SET OPEB plan.

At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the PLD OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on OPEB plan investments	\$ -	\$ 17,800
Changes of assumptions	-	103,603
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	10,761
Town contributions subsequent to the measurement date	11,301	-
	<u>\$ 11,301</u>	<u>\$ 132,164</u>

\$11,301 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, 2019. 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>		
2019	\$	(27,322)
2020		(27,322)
2021		(27,322)
2022		(27,322)
2023		<u>(22,876)</u>
	\$	(132,164)

For the year ended June 30, 2018, the Town recognized OPEB expense of \$88,164 related to the Health Plan. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>		<u>Deferred Inflows</u> <u>of Resources</u>	
Differences between expected and actual experience	\$	-	\$	1,630
Changes of assumptions or other inputs		190,831		-
	\$	<u>190,831</u>	\$	<u>1,630</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Health Plan OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>		
2019	\$	23,650
2020		23,650
2021		23,650
2022		23,650
2023		23,650
Thereafter		<u>70,951</u>
	\$	189,201

Actuarial assumptions: The total OPEB liabilities in the June 30, 2017 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	6.875%	6.875%

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, 2017 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, 2018 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<u>Health Plan</u>	
Inflation	3.00%	
Salary increases	2.75%	average, including inflation
Discount Rate	3.44%	
Healthcare cost trend rates (applied in FYE 2018 grading over 14 years to 4% per annum)		
Pre-Medicare Medical:	8.20%	
Pre-Medicare Drug:	9.60%	
Medicare Medical:	4.93%	
Medicare Drug:	9.60%	
Retirees' share of the benefit related costs	100.00%	of projected health insurance premiums

Mortality rates for the Health Plan were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the January 1, 2018 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 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	16.0%	3.0%
US Government Securities	9.0%	2.3%
Total	<u>100.0%</u>	

Discount Rate: The rate used to measure the total OPEB liability for the PLD OPEB plan was 5.41%, which is a blend of the assumed long-term expected rate of return of 6.875% and a municipal bond index rate of 3.58%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2017. 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 2052. Therefore, the portion of the future projected benefit payments after 2052 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 6.875%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plans fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The discount rate for the 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.

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 5.41%, 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 (4.41%) or 1 percentage-point higher (6.41%) than the current rate:

	1% Decrease <u>(4.41%)</u>	Current Discount Rate <u>(5.41%)</u>	1% Increase <u>(6.41%)</u>
Net OPEB liability	\$ 498,992	\$ 371,809	\$ 271,405

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 Plan OPEB Liability to Changes in the Discount Rate: The following presents the Town's total OPEB liability related to the Health Plan calculated using the discount rate of 3.44%, 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 (2.44%) or 1 percentage-point higher (4.44%) than the current rate:

	1% Decrease <u>(2.44%)</u>	Current Discount Rate <u>(3.44%)</u>	1% Increase <u>(4.44%)</u>
Total OPEB liability	\$ 2,256,815	\$ 1,893,785	\$ 1,607,408

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the Town's total OPEB liability related to the 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:

	Healthcare Cost		
	<u>1% Decrease</u>	<u>Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 1,730,383	\$ 1,893,785	\$ 2,105,874

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, 2018.

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, 2018, the Town estimates the facility has a remaining capacity of 12.26%, or 50,139 tons. The Town estimates the final closure cost for the entire facility to be approximately \$7,730,000, and the total postclosure care costs are estimated at \$2,185,000, which is an annual cost of \$72,833 for 30 years. Of the total estimated liability, \$9,915,000, the Town estimates that \$8,699,715 is applicable to this facility based on the estimated capacity used as of June 30, 2018.

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 by contracting with a consultant to design the closure of the landfill and explore different solid waste alternatives available to the Town. 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 November, 2016, with the intention to facilitate full use of the available space at the landfill before closure, the Town Council amended the Solid Waste Ordinance to allow out-of-town trash to be accepted. 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 Schedule of Compliance was executed in June, 2017, and established a task list and timeline to discontinue use of the landfill in April, 2021. The Town is currently proceeding with the schedule, has entered into a trash-brokerage agreement to fill the available landfill space. During 2017-18 the Town accepted approximately 20,490 tons of waste through the brokerage agreement and 4,590 tons of municipal waste. Continuing at this rate, the Town is anticipating that discontinuance of the landfill may be sooner than 2021, and is adjusting the schedule accordingly.

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 \$15,000, 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, 2018, the Town estimates that \$76,000 is applicable to this facility. This represents annual monitoring at \$4,000 per year for 19 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, 2018 was as follows:

	Balance June 30, 2017 (as restated)	Additions	Deductions	Balance June 30, 2018	Due Within One Year
<u>Governmental Activities</u>					
Bonds payable:					
General government	\$ 23,944,475	\$ -	\$ (1,968,806)	\$ 21,975,669	\$ 2,112,806
Plus premium on bonds	167,294	-	(21,458)	145,836	21,458
School retirement incentive	6,275	-	(6,275)	-	-
Compensated absences	1,409,375	950,718	(895,257)	1,464,836	527,286
Other postemployment benefits	2,132,164	133,430	-	2,265,594	-
Net pension liability	12,213,089	-	(3,280,709)	8,932,380	-
	<u>\$ 39,872,672</u>	<u>\$ 1,084,148</u>	<u>\$ (6,172,505)</u>	<u>\$ 34,784,315</u>	<u>\$ 2,661,550</u>
	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018	Due Within One Year
<u>Business-type Activities</u>					
Compensated absences	\$ 10,457	\$ 10,568	\$ (6,863)	\$ 14,162	\$ 10,000
Landfill closure and postclosure care	7,633,202	1,146,513	(4,000)	8,775,715	4,000
	<u>\$ 7,643,659</u>	<u>\$ 1,157,081</u>	<u>\$ (10,863)</u>	<u>\$ 8,789,877</u>	<u>\$ 14,000</u>

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.

The additions to governmental activities - general government bonds payable are reported at \$0, while the Statement of Revenues, Expenditures, and Changes in Fund Balances reports \$225,716 in other financing sources - bonds issued. The \$225,716 difference is due to the School Revolving Renovation Fund (SRRF) bonds, in which the full debt liability was recognized at the time of the closing, but the bond proceeds are received on a reimbursement basis as work progresses on the projects. The unexpended portion of the projects and the bond proceeds not yet received totaled \$138,109 as of June 30, 2018.

G. Components of Fund Balances

The components of the June 30, 2018 fund balance are as follows:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Advances to other funds	\$ 181,632	\$ -	\$ -	\$ -
Inventories and deposits	28,015	-	-	-
Education purposes	-	3,503,852	-	-
State road assistance funds	-	75,157	-	-
State revenue sharing funds	-	203,811	-	-
Encumbrances	-	-	-	43,344
Budget appropriation	-	-	-	500,000
Budget amendments and advances	-	-	-	1,256,000
Supplemental appropriations	-	-	-	1,105,500
Compensated absences	-	-	-	419,834
Tax increment financing	-	439,045	-	-
Capital projects funds:				
Advances and deposits	50,000	-	-	-
Restricted capital project funding	-	488,400	-	-
Appropriated for capital projects	-	-	1,497,642	-
Special revenue funds:				
Recreation programs	-	-	339,545	-
Town restricted programs	-	195,822	345,170	-
School restricted programs	21,133	47,482	-	-
Permanent funds	593,902	2,811	-	-
Total	\$ 874,682	\$ 4,956,380	\$ 2,182,357	\$ 3,324,678

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, 2018, the Town's unassigned fund balance was at 18.25% 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	\$ 181,632

It is planned that the advances to the Capital Improvement Projects Fund will be repaid through the School Department budget over five years. As of June 30, 2018, the balance represents two years of anticipated payments remaining.

2. Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	School Restricted Fund	\$ 219,354
General Fund	New Elementary School Fund	911,163
General Fund	Enterprise Funds	10,778
		<u>\$ 1,141,295</u>
Tax Increment Financing	General Fund	\$ 439,045
Recreation Program Funds	General Fund	9,137
Town Restricted Funds	General Fund	524,086
Public Works Projects	General Fund	421,948
Capital Reserve Fund	General Fund	414,776
Capital Improvement Projects	General Fund	669,048
Private-purpose Trust Funds	General Fund	22,404
Enterprise Funds	General Fund	858
Internal Service Fund	General Fund	92,764
		<u>\$ 2,594,066</u>

I. **Interfund transfers**

	Transfers In:				
	<u>General Fund</u>	<u>Tax Increment Financing</u>	<u>Nonmajor Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total transfers out</u>
<u>Transfers Out:</u>					
General Fund	\$ -	\$ -	\$ 2,248,226	\$ 225,000	\$ 2,473,226
Tax Increment Financing	505,000	-	1,317,005	-	1,822,005
Nonmajor Governmental Funds					
Capital Project Funds	1,389	16,000	132,382	-	149,771
Total Transfers In	<u>\$ 506,389</u>	<u>\$ 16,000</u>	<u>\$ 3,697,613</u>	<u>\$ 225,000</u>	<u>\$ 4,445,002</u>

Of the \$2,473,226 transferred out of the General Fund, \$2,133,726 was made for a variety of capital projects. The largest of these include \$1,062,703 for the Capital Reserve Fund, \$800,000 for the Street Resurfacing Program and Sidewalk Program, and \$271,023 for the Capital Improvement Fund. 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 \$114,500, \$110,000 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 \$505,000 from the Tax Increment Financing Districts. Of the \$505,000 transfer in to the General Fund, \$100,000 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, \$66,666 was used to offset professional and admin costs, \$63,334 was used to support transit projects, and the remaining \$75,000 went to the train station and visitors center.

J. **Donor-restricted Endowments**

The Town maintains several permanent funds and private-purpose trust funds with donor-restricted endowments. Previous 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). For 2017-18, the Trust Fund Advisory Committee recommended spending levels at 4% 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, 2018, 2017, and 2016, 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, 2018.

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 Debt1. 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, 2018, the Town's equalized state valuation of \$2,252,400,000 was 5.11% of the County's equalized state valuation of \$44,050,850,000. The Town's share of Cumberland County's principal debt as of June 30, 2018 is \$1,819,526 or 5.11% of the total outstanding long-term County debt of \$35,585,000.

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, 2018, 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, 2018 is provided as an indication of the combined debt burden of the constituent ratepayer/taxpayer base.

	<u>Total Principal Debt</u>	<u>% Applicable to Brunswick</u>	<u>Amt Applicable to Brunswick</u>
Brunswick and Topsham Water District	\$ 7,354,496	66.67%	\$ 4,903,242
Brunswick Sewer District	22,963,002	100.00%	22,963,002
Total	<u>\$ 30,317,498</u>		<u>\$ 27,866,244</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, 2018, 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 \$114,412. At June 30, 2018, 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, 2018, the Town had three executed CEAs. For the purpose of calculating CEA payments to the Midcoast Regional Redevelopment Authority (MRRRA), the Brunswick Landing and Brunswick Executive Airport TIF Districts are administered together. For the fiscal year ended June 30, 2018, the Town remitted a total of \$716,584 in Credit Enhancement payments. Though only the MRRRA 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%	\$ 62,870
Molnlycke Manufacturing	2013-14; 20 years	Molnlycke Manufacturing, LLC	TIF revenues on one parcel: 35% - 55% based on employment levels	94,576
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.	559,138
				<u>\$ 716,584</u>

H. Commitments

As of June 30, 2018, 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	\$ 950,101	\$ -	\$ 572,136
Union/Mill Streets Storm Drain Project	1,792,214	94,775	337,838
	<u>\$ 2,742,315</u>	<u>\$ 94,775</u>	<u>\$ 909,974</u>

I. Subsequent Events

Appropriation of Tax Increment Financing (TIF) revenues and award of design services contract – On July 16, 2018 the Town Council adopted “A Resolution Authorizing an Appropriation of \$75,000 from Available TIF Revenues for the Purpose of Funding Site Evaluation and Preliminary Design of a Downtown Parking Structure.” Following the appropriation, on August 17, 2018, the Town entered into a service contract with Becker Structural Engineers for the project.

Appropriation of Tax Increment Financing (TIF) revenues and acceptance of grant – On August 6, 2018 the Town Council adopted “A Resolution Authorizing an Appropriation of \$10,000 from Available TIF Revenues to Serve as the Required Local Match for the Maine Department of Transportation’s Preliminary Engineering and Right-of-Way Work for a Multimodal Parking Area and Park-and-Ride Lot on Cedar Street.” The Maine Department of Transportation had approved funding for 80% of a project totaling \$50,000.

Construction contract – On August 22, 2018, the School Board approved the award of a construction contract totaling \$20,290,170 to Ledgewood Construction for the new elementary school to be named the Kate Furbish Elementary School. The school construction project and funding was approved by the voters at referendum on June 13, 2017 with “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, And Further Authorizing Issuance of Bonds and Notes in an Amount Not to Exceed Twenty-eight Million Dollars, (\$28,000,000) Plus Other Authorized Costs.”

Emergency Appropriation – On September 17, 2018, the Town Council adopted “A Resolution for an Emergency Appropriation of \$30,000 from Unappropriated Available General Fund Revenues to Fund Unanticipated Expenditures to Clear Existing Dead Trees and Damaged Trees and Debris Caused by Strong Winds in September 2018”.

Budget Amendment – On October 15, 2018, the Town Council adopted “A Resolution Amending the Municipal Budget for the Period July 1, 2018 to June 30, 2019”. The amendment allowed for up to \$300,000 of municipal fund balance to be used to reduce the Net Required from Property Taxes in the budget, as needed to maintain the tax rate of \$18.92 per \$1,000 of assessed value, which was estimated in the budget adopted on May 17, 2018. When taxes were committed October 29, 2018, it was determined that the taxable assessed values were sufficient, and use of additional fund balance was not needed to maintain the tax rate estimated in the budget.

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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>2018**</u>	<u>2017**</u>	<u>2016**</u>	<u>2015**</u>
<u>PLD Plan</u>				
Town's proportion of the net pension liability	2.07%	2.15%	2.28%	2.30%
Town's proportionate share of the net pension liability	\$ 8,470,270	\$ 11,433,992	\$ 7,269,492	\$ 3,536,451
Town's covered payroll	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	86.61%	118.21%	74.92%	38.25%
Plan fiduciary net position as a percentage of the total pension liability	86.43%	81.61%	88.27%	94.10%
 <u>SET Plan</u>				
Town's proportion of the net pension liability	0.03%	0.04%	0.04%	0.04%
Town's proportionate share of the net pension liability	\$ 462,110	\$ 779,097	\$ 521,645	\$ 426,374
State's proportionate share of the net pension liability associated with the Town	<u>20,957,681</u>	<u>24,285,768</u>	<u>18,852,281</u>	<u>15,095,418</u>
Total	<u>\$ 21,419,791</u>	<u>\$ 25,064,865</u>	<u>\$ 19,373,926</u>	<u>\$ 15,521,792</u>
 Town's covered payroll	 \$ 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	2.65%	4.83%	3.26%	2.73%
Plan fiduciary net position as a percentage of the total pension liability	80.78%	76.21%	81.18%	83.91%

* Only four 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*

Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan</u>					
Contractually required contribution	\$ 1,128,830	\$ 1,060,357	\$ 1,009,803	\$ 931,375	\$ 796,662
Contributions in relation to the contractually required contribution	<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>
Town's covered payroll	\$ 9,869,991	\$ 9,780,190	\$ 9,672,593	\$ 9,702,984	\$ 9,245,552
Contributions as a percentage of covered payroll	11.44%	10.84%	10.44%	9.60%	8.62%
<u>SET Plan</u>					
Contractually required contribution	\$ 727,111	\$ 586,342	\$ 542,200	\$ 423,470	\$ 414,573
Contributions in relation to the contractually required contribution	<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>
Town's covered payroll	\$ 18,315,139	\$ 17,450,661	\$ 16,136,902	\$ 15,980,002	\$ 15,644,285
Contributions as a percentage of covered payroll	3.97%	3.36%	3.36%	2.65%	2.65%

* Only five 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>2018</u>
<u>Total Health Plan OPEB Liability</u>	
Service cost	\$ 35,837
Interest	61,834
Differences between expected and actual experience	(1,834)
Changes of assumptions or other inputs	214,685
Benefit payments	<u>(33,157)</u>
Net change in Total Health Plan OPEB liability	277,365
 Total Health Plan OPEB liability - beginning	 <u>1,616,420</u>
Total Health Plan OPEB liability - ending	<u>\$ 1,893,785</u>
 Covered-employee payroll	 \$ 7,023,693
Total Health Plan OPEB liability as a percentage of covered-employee payroll	26.96%

* Only one year of information available.

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)**

<u>PLD OPEB Plan</u>	<u>2018**</u>
Town's proportion of the net OPEB liability	2.22%
Town's proportionate share of the net OPEB liability	\$ 371,809
Town's covered-employee payroll	\$ 5,129,533
Town's proportionate share of net OPEB liability as a percentage of covered-employee payroll	7.25%
Plan fiduciary net position as a percentage of the net OPEB liability	47.42%
<u>SET OPEB Plan</u>	
Town's proportion of the net OPEB liability	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>572,376</u>
Total	<u><u>\$ 572,376</u></u>
Plan fiduciary net position as a percentage of the net OPEB liability	47.29%

* 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 OPEB Contributions
Last Ten Fiscal Years***

Maine Public Employees Retirement System Consolidated Plan (PLD)

<u>PLD OPEB Plan</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 11,301	\$ 9,923
Contributions in relation to the contractually required contribution	<u>11,301</u>	<u>9,923</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 5,143,649	\$ 5,129,533
Contributions as a percentage of covered-employee payroll	0.22%	0.19%

* Only two 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, 2016	June 30, 2015	June 30, 2014
Discount rate – PLD	6.875%	7.125%	7.250%
Discount rate – SET	6.875%	7.125%	7.125%
Inflation rate	2.75%	3.50%	3.50%
Salary increases – PLD	2.75 - 9.00%	3.50 - 9.50%	3.50 - 9.50%
Salary increases – SET	2.75 - 14.50%	3.50 - 13.50%	3.50 - 13.50%
Cost of living increases – PLD	2.20%	2.55%	3.12%
Cost of living increases – SET	2.20%	2.55%	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. Under the Health Plan, eligibility for employees was changed from age 50 in 2017 to age 55 in 2018.

Changes of assumptions

None related to the PLD and SET OPEB plans. Under the Health Plan, 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:

Fiscal Year	Discount Rate
2018	3.44%
2017	3.78%

Additionally, the funding method was changed from the Projected Unit Credit funding method in 2017 to Entry Age Normal funding method in 2018.

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:

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.

Revolving Renovation Fund

To account for health, safety and ADA compliance improvements at the Coffin Elementary and Brunswick Junior High Schools, funded through the Maine School Revolving Renovation Fund Program.

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, 2018

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Project Funds</u>	<u>Nonmajor Permanent Funds</u>	<u>Total Other Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 499,902	\$ 556,173	\$ 12,656	\$ 1,068,731
Investments	-	-	584,057	584,057
Receivables:				
Accounts	4,322	-	-	4,322
Intergovernmental	480,361	472,593	-	952,954
Deposits	-	50,000	-	50,000
Inventory	21,133	-	-	21,133
Due from other funds	533,223	1,505,772	-	2,038,995
Total assets	<u>\$ 1,538,941</u>	<u>\$ 2,584,538</u>	<u>\$ 596,713</u>	<u>\$ 4,720,192</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 96,382	\$ 455,832	\$ -	\$ 552,214
Retainage payable	-	101,735	-	101,735
Accrued payroll	132,174	-	-	132,174
Unearned revenue	141,879	-	-	141,879
Due to other funds	219,354	-	-	219,354
Advances from other funds	-	181,632	-	181,632
Total liabilities	<u>589,789</u>	<u>739,199</u>	<u>-</u>	<u>1,328,988</u>
Fund balances (deficits):				
Nonspendable	21,133	50,000	593,902	665,035
Restricted	243,304	488,400	2,811	734,515
Committed	684,715	1,497,642	-	2,182,357
Unassigned	-	(190,703)	-	(190,703)
Total fund balances	<u>949,152</u>	<u>1,845,339</u>	<u>596,713</u>	<u>3,391,204</u>
Total liabilities and fund balances	<u>\$ 1,538,941</u>	<u>\$ 2,584,538</u>	<u>\$ 596,713</u>	<u>\$ 4,720,192</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, 2018

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Project Funds</u>	<u>Nonmajor Permanent Funds</u>	<u>Total Other Governmental Funds</u>
REVENUES				
Intergovernmental	\$ 1,730,058	\$ 494,764	\$ -	\$ 2,224,822
Investment income	-	-	28,219	28,219
Charges for services	2,132,605	-	-	2,132,605
Interest	7,108	10,657	-	17,765
Donations	66,780	151,761	-	218,541
Total revenues	<u>3,936,551</u>	<u>657,182</u>	<u>28,219</u>	<u>4,621,952</u>
EXPENDITURES				
Current:				
General government	157,344	-	2,265	159,609
Public safety	65,148	-	-	65,148
Public works	14,603	-	-	14,603
Education	3,467,202	-	562	3,467,764
Recreation and culture	470,700	-	16,662	487,362
Capital outlay	-	3,419,745	-	3,419,745
Total expenditures	<u>4,174,997</u>	<u>3,419,745</u>	<u>19,489</u>	<u>7,614,231</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(238,446)</u>	<u>(2,762,563)</u>	<u>8,730</u>	<u>(2,992,279)</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other funds	114,500	3,583,113	-	3,697,613
Transfer to other funds	-	(149,771)	-	(149,771)
Bonds issued	-	225,716	-	225,716
Total other financing sources (uses)	<u>114,500</u>	<u>3,659,058</u>	<u>-</u>	<u>3,773,558</u>
Net changes in fund balances	(123,946)	896,495	8,730	781,279
Fund balances, beginning of year	<u>1,073,098</u>	<u>948,844</u>	<u>587,983</u>	<u>2,609,925</u>
Fund balances, end of year	<u>\$ 949,152</u>	<u>\$ 1,845,339</u>	<u>\$ 596,713</u>	<u>\$ 3,391,204</u>

TOWN OF BRUNSWICK, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

	<u>Recreation Programs</u>	<u>Town Restricted Programs</u>	<u>School Restricted Programs</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 492,180	\$ 7,722	\$ -	\$ 499,902
Receivables:				
Accounts	905	-	3,417	4,322
Intergovernmental	-	50,390	429,971	480,361
Inventory	-	-	21,133	21,133
Due from other funds	9,137	524,086	-	533,223
Total assets	<u>\$ 502,222</u>	<u>\$ 582,198</u>	<u>\$ 454,521</u>	<u>\$ 1,538,941</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 21,273	\$ 40,968	\$ 34,141	\$ 96,382
Accrued payroll	12,367	238	119,569	132,174
Unearned revenue	129,037	-	12,842	141,879
Due to other funds	-	-	219,354	219,354
Total liabilities	<u>162,677</u>	<u>41,206</u>	<u>385,906</u>	<u>589,789</u>
Fund balances:				
Nonspendable	-	-	21,133	21,133
Restricted	-	195,822	47,482	243,304
Committed	339,545	345,170	-	684,715
Total fund balances	<u>339,545</u>	<u>540,992</u>	<u>68,615</u>	<u>949,152</u>
Total liabilities and fund balances	<u>\$ 502,222</u>	<u>\$ 582,198</u>	<u>\$ 454,521</u>	<u>\$ 1,538,941</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, 2018

	<u>Recreation Programs</u>	<u>Town Restricted Programs</u>	<u>School Restricted Programs</u>	<u>Totals</u>
REVENUES				
Intergovernmental	\$ -	\$ 136,176	\$ 1,593,882	\$ 1,730,058
Charges for services	489,995	30,501	1,612,109	2,132,605
Interest	6,986	122	-	7,108
Donations	-	14,132	52,648	66,780
Total revenues	<u>496,981</u>	<u>180,931</u>	<u>3,258,639</u>	<u>3,936,551</u>
EXPENDITURES				
Current:				
General government	-	157,344	-	157,344
Public safety	-	65,148	-	65,148
Public works	-	14,603	-	14,603
Education	-	-	3,467,202	3,467,202
Recreation and culture	470,325	375	-	470,700
Total expenditures	<u>470,325</u>	<u>237,470</u>	<u>3,467,202</u>	<u>4,174,997</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,656</u>	<u>(56,539)</u>	<u>(208,563)</u>	<u>(238,446)</u>
OTHER FINANCING SOURCES				
Transfer from other funds	-	4,500	110,000	114,500
Total other financing sources	<u>-</u>	<u>4,500</u>	<u>110,000</u>	<u>114,500</u>
Net changes in fund balances	26,656	(52,039)	(98,563)	(123,946)
Fund balances, beginning of year	<u>312,889</u>	<u>593,031</u>	<u>167,178</u>	<u>1,073,098</u>
Fund balances, end of year	<u>\$ 339,545</u>	<u>\$ 540,992</u>	<u>\$ 68,615</u>	<u>\$ 949,152</u>

TOWN OF BRUNSWICK, MAINE
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2018

	<u>Impact Fees</u>	<u>Public Works Projects</u>	<u>Capital Reserve Fund</u>	<u>Capital Improvement Projects</u>	<u>2017 Bond Fund</u>	<u>Revolving Renovation Fund</u>	<u>Totals</u>
ASSETS							
Cash and cash equivalents	\$ 491,998	\$ -	\$ -	\$ 2,312	\$ 61,863	\$ -	\$ 556,173
Receivables:							
Intergovernmental	-	-	4,150	468,443	-	-	472,593
Deposits	-	-	-	50,000	-	-	50,000
Due from other funds	-	421,948	414,776	669,048	-	-	1,505,772
Total assets	<u>\$ 491,998</u>	<u>\$ 421,948</u>	<u>\$ 418,926</u>	<u>\$ 1,189,803</u>	<u>\$ 61,863</u>	<u>\$ -</u>	<u>\$ 2,584,538</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 3,598	\$ -	\$ -	\$ 452,234	\$ -	\$ -	\$ 455,832
Retainage payable	-	-	-	94,775	6,960	-	101,735
Advances from other funds	-	-	-	181,632	-	-	181,632
Total liabilities	<u>3,598</u>	<u>-</u>	<u>-</u>	<u>728,641</u>	<u>6,960</u>	<u>-</u>	<u>739,199</u>
Fund balances (deficits):							
Nonspendable	-	-	-	50,000	-	-	50,000
Restricted	488,400	-	-	-	-	-	488,400
Committed	-	421,948	418,926	601,865	54,903	-	1,497,642
Unassigned	-	-	-	(190,703)	-	-	(190,703)
Total fund balances (deficits)	<u>488,400</u>	<u>421,948</u>	<u>418,926</u>	<u>461,162</u>	<u>54,903</u>	<u>-</u>	<u>1,845,339</u>
Total liabilities and fund balances	<u>\$ 491,998</u>	<u>\$ 421,948</u>	<u>\$ 418,926</u>	<u>\$ 1,189,803</u>	<u>\$ 61,863</u>	<u>\$ -</u>	<u>\$ 2,584,538</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, 2018

	<u>Impact Fees</u>	<u>Public Works Projects</u>	<u>Capital Reserve Fund</u>	<u>Capital Improvement Projects</u>	<u>2017 Bond Fund</u>	<u>Revolving Renovation Fund</u>	<u>Totals</u>
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ 353,998	\$ -	\$ 140,766	\$ 494,764
Interest	9,173	-	-	55	1,429	-	10,657
Donations	54,162	-	65,000	32,599	-	-	151,761
Total revenues	<u>63,335</u>	<u>-</u>	<u>65,000</u>	<u>386,652</u>	<u>1,429</u>	<u>140,766</u>	<u>657,182</u>
EXPENDITURES							
Capital outlay	-	589,685	798,108	1,614,174	51,296	366,482	3,419,745
Total expenditures	<u>-</u>	<u>589,685</u>	<u>798,108</u>	<u>1,614,174</u>	<u>51,296</u>	<u>366,482</u>	<u>3,419,745</u>
Excess (deficiency) of revenues over (under) expenditures	<u>63,335</u>	<u>(589,685)</u>	<u>(733,108)</u>	<u>(1,227,522)</u>	<u>(49,867)</u>	<u>(225,716)</u>	<u>(2,762,563)</u>
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	-	800,000	1,062,703	1,720,410	-	-	3,583,113
Transfers to other funds	(133,771)	-	-	(16,000)	-	-	(149,771)
Bonds issued	-	-	-	-	-	225,716	225,716
Total other financing sources (uses)	<u>(133,771)</u>	<u>800,000</u>	<u>1,062,703</u>	<u>1,704,410</u>	<u>-</u>	<u>225,716</u>	<u>3,659,058</u>
Net changes in fund balances	(70,436)	210,315	329,595	476,888	(49,867)	-	896,495
Fund balances (deficits), beginning of year	558,836	211,633	89,331	(15,726)	104,770	-	948,844
Fund balances, end of year	<u>\$ 488,400</u>	<u>\$ 421,948</u>	<u>\$ 418,926</u>	<u>\$ 461,162</u>	<u>\$ 54,903</u>	<u>\$ -</u>	<u>\$ 1,845,339</u>

TOWN OF BRUNSWICK, MAINE
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2018

	<u>Education Funds</u>	<u>Community Improvements Fund</u>	<u>Recreation and Cultural Fund</u>	<u>Social Services Fund</u>	<u>Totals</u>
ASSETS					
Cash and cash equivalents	\$ 512	\$ 2,216	\$ 9,000	\$ 928	\$ 12,656
Investments	19,499	46,403	466,261	51,894	584,057
Total assets	<u>\$ 20,011</u>	<u>\$ 48,619</u>	<u>\$ 475,261</u>	<u>\$ 52,822</u>	<u>\$ 596,713</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable	19,840	47,200	474,040	52,822	593,902
Restricted	171	1,419	1,221	-	2,811
Total fund balances	<u>20,011</u>	<u>48,619</u>	<u>475,261</u>	<u>52,822</u>	<u>596,713</u>
Total liabilities and fund balances	<u>\$ 20,011</u>	<u>\$ 48,619</u>	<u>\$ 475,261</u>	<u>\$ 52,822</u>	<u>\$ 596,713</u>

TOWN OF BRUNSWICK, MAINE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Permanent Funds
For the year ended June 30, 2018

	<u>Education Funds</u>	<u>Community Improvements Fund</u>	<u>Recreation and Cultural Fund</u>	<u>Social Services Fund</u>	<u>Totals</u>
REVENUES					
Investment earnings:					
Interest and dividends	\$ 427	\$ 1,016	\$ 10,209	\$ 1,136	\$ 12,788
Net increase in the fair value of investments	<u>718</u>	<u>1,707</u>	<u>17,154</u>	<u>1,909</u>	<u>21,488</u>
Total investment earnings	1,145	2,723	27,363	3,045	34,276
Less investment expense	<u>(203)</u>	<u>(481)</u>	<u>(4,835)</u>	<u>(538)</u>	<u>(6,057)</u>
Total revenues	<u>942</u>	<u>2,242</u>	<u>22,528</u>	<u>2,507</u>	<u>28,219</u>
EXPENDITURES					
Current:					
Recreation and culture	-	-	662	-	662
Payment to beneficiaries	<u>562</u>	<u>337</u>	<u>16,000</u>	<u>1,928</u>	<u>18,827</u>
Total expenditures	<u>562</u>	<u>337</u>	<u>16,662</u>	<u>1,928</u>	<u>19,489</u>
Net changes in fund balances	380	1,905	5,866	579	8,730
Fund balances, beginning of year	19,631	46,714	469,395	52,243	587,983
Fund balances, end of year	<u>\$ 20,011</u>	<u>\$ 48,619</u>	<u>\$ 475,261</u>	<u>\$ 52,822</u>	<u>\$ 596,713</u>

TOWN OF BRUNSWICK, MAINE
Combining Balance Sheet
Nonmajor Permanent Funds
Education Funds
June 30, 2018

	Brunswick School Fund	Brunswick High Class of 1920 Fund	Totals
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 270	\$ 242	\$ 512
Investments	<u> 15,107</u>	<u> 4,392</u>	<u> 19,499</u>
Total assets	<u><u>\$ 15,377</u></u>	<u><u>\$ 4,634</u></u>	<u><u>\$ 20,011</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u> -</u>	<u> -</u>	<u> -</u>
Fund balances:			
Nonspendable	15,377	4,463	19,840
Restricted	<u> -</u>	<u> 171</u>	<u> 171</u>
Total fund balances	<u><u> 15,377</u></u>	<u><u> 4,634</u></u>	<u><u> 20,011</u></u>
Total liabilities and fund balances	<u><u>\$ 15,377</u></u>	<u><u>\$ 4,634</u></u>	<u><u>\$ 20,011</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, 2018

	<u>Brunswick School Fund</u>	<u>Brunswick High Class of 1920 Fund</u>	<u>Totals</u>
REVENUES			
Investment earnings:			
Interest and dividends	\$ 331	\$ 96	\$ 427
Net increase in the fair value of investments	<u>556</u>	<u>162</u>	<u>718</u>
Total investment earnings	887	258	1,145
Less investment expense	<u>(157)</u>	<u>(46)</u>	<u>(203)</u>
Total revenues	<u>730</u>	<u>212</u>	<u>942</u>
EXPENDITURES			
Payment to beneficiaries	<u>562</u>	-	<u>562</u>
Total expenditures	<u>562</u>	-	<u>562</u>
Net changes in fund balances	168	212	380
Fund balances, beginning of year	<u>15,209</u>	<u>4,422</u>	<u>19,631</u>
Fund balances, end of year	<u>\$ 15,377</u>	<u>\$ 4,634</u>	<u>\$ 20,011</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, 2018

	<u>Mere Point Wastewater</u>	<u>Train Station/ Visitors Center</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 47,424	\$ 47,424
Accounts receivable	4,316	-	4,316
Due from other funds	-	858	858
Total current assets	<u>4,316</u>	<u>48,282</u>	<u>52,598</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>(699,300)</u>	<u>(75,082)</u>	<u>(774,382)</u>
Net capital assets	<u>34,938</u>	<u>7,903</u>	<u>42,841</u>
Total assets	<u>39,254</u>	<u>56,185</u>	<u>95,439</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,603	55	1,658
Due to other funds	<u>6,346</u>	<u>-</u>	<u>6,346</u>
Total liabilities	<u>7,949</u>	<u>55</u>	<u>8,004</u>
NET POSITION			
Net investment in capital assets	34,938	7,903	42,841
Unrestricted	<u>(3,633)</u>	<u>48,227</u>	<u>44,594</u>
Total net position	<u>\$ 31,305</u>	<u>\$ 56,130</u>	<u>\$ 87,435</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, 2018

	<u>Mere Point Wastewater</u>	<u>Train Station/ Visitors Center</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services:			
Service fees	\$ 35,268	\$ -	\$ 35,268
Rent	-	11,340	11,340
Parking meter	-	8,610	8,610
Total operating revenues	<u>35,268</u>	<u>19,950</u>	<u>55,218</u>
OPERATING EXPENSES			
Contractual services	27,584	77,593	105,177
Materials and supplies	-	2,092	2,092
Depreciation	<u>28,238</u>	<u>4,606</u>	<u>32,844</u>
Total operating expenses	<u>55,822</u>	<u>84,291</u>	<u>140,113</u>
Operating loss	<u>(20,554)</u>	<u>(64,341)</u>	<u>(84,895)</u>
NONOPERATING REVENUES			
Interest income	<u>-</u>	<u>781</u>	<u>781</u>
Total nonoperating revenues	<u>-</u>	<u>781</u>	<u>781</u>
Loss before transfers	<u>(20,554)</u>	<u>(63,560)</u>	<u>(84,114)</u>
Transfers in	<u>-</u>	<u>75,000</u>	<u>75,000</u>
Change in net position	(20,554)	11,440	(9,114)
Net position, beginning of year	<u>51,859</u>	<u>44,690</u>	<u>96,549</u>
Net position, end of year	<u>\$ 31,305</u>	<u>\$ 56,130</u>	<u>\$ 87,435</u>

TOWN OF BRUNSWICK, MAINE
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
Enterprise Funds
For the year ended June 30, 2018

	<u>Mere Point Wastewater</u>	<u>Train Station/ Visitors Center</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 34,421	\$ 19,950	\$ 54,371
Payments to suppliers for goods and services	(27,268)	(84,710)	(111,978)
Net cash provided (used) by operating activities	<u>7,153</u>	<u>(64,760)</u>	<u>(57,607)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer from other funds	-	75,000	75,000
Increase (decrease) in due to other funds	(7,153)	(858)	(8,011)
Cash provided (used) by noncapital financing activities	<u>(7,153)</u>	<u>74,142</u>	<u>66,989</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	-	(8,947)	(8,947)
Cash provided (used) by capital and related financing activities	<u>-</u>	<u>(8,947)</u>	<u>(8,947)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	-	781	781
Cash provided by investing activities	<u>-</u>	<u>781</u>	<u>781</u>
Net decrease in cash	-	1,216	1,216
Cash, beginning of year	-	46,208	46,208
Cash, end of year	<u>\$ -</u>	<u>\$ 47,424</u>	<u>\$ 47,424</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating loss	\$ (20,554)	\$ (64,341)	\$ (84,895)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	28,238	4,606	32,844
(Increase) decrease in accounts receivable	(847)	-	(847)
Increase (decrease) in accounts payable	316	(5,025)	(4,709)
Total adjustments	<u>27,707</u>	<u>(419)</u>	<u>27,288</u>
Net cash provided (used) by operating activities	<u>\$ 7,153</u>	<u>\$ (64,760)</u>	<u>\$ (57,607)</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 and Riverside Cemetery Agency Fund are 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, 2018

	Private-purpose Trust Funds				
	Scholarship and Education Funds	Public Library Funds	E. H. Pennell Village Improvement Fund	Alex Labbe Recreation Fund	Totals
ASSETS					
Cash and cash equivalents	\$ 45,938	\$ 1,609	\$ 260	\$ -	\$ 47,807
Investments	734,539	90,261	28,200	-	853,000
Due from other funds	-	-	-	22,404	22,404
Total assets	<u>780,477</u>	<u>91,870</u>	<u>28,460</u>	<u>22,404</u>	<u>923,211</u>
LIABILITIES					
Accounts payable	4,000	-	-	-	4,000
Total liabilities	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000</u>
NET POSITION					
Net position held in trust for other purposes	<u>\$ 776,477</u>	<u>\$ 91,870</u>	<u>\$ 28,460</u>	<u>\$ 22,404</u>	<u>\$ 919,211</u>

TOWN OF BRUNSWICK, MAINE
Combining Statement of Changes in Net Position
Fiduciary Funds
Private-purpose Trust Funds
For the year ended June 30, 2018

	Private-purpose Trust Funds				
	Scholarship and Education Funds	Public Library Funds	E. H. Pennell Village Improvement Fund	Alex Labbe Recreation Fund	Totals
ADDITIONS					
Contributions	\$ -	\$ -	\$ -	\$ 13,706	\$ 13,706
Investment earnings:					
Interest and dividends	15,806	1,976	617	-	18,399
Net increase in the fair value of investments	29,139	3,321	1,038	-	33,498
Total investment earnings	44,945	5,297	1,655	-	51,897
Less investment expense	(7,979)	(937)	(293)	-	(9,209)
Total additions	36,966	4,360	1,362	13,706	56,394
DEDUCTIONS					
Payment to beneficiaries	10,858	3,358	1,292	7,542	23,050
Total deductions	10,858	3,358	1,292	7,542	23,050
Changes in net position	26,108	1,002	70	6,164	33,344
Net position - beginning of year	750,369	90,868	28,390	16,240	885,867
Net position - end of year	<u>\$ 776,477</u>	<u>\$ 91,870</u>	<u>\$ 28,460</u>	<u>\$ 22,404</u>	<u>\$ 919,211</u>

TOWN OF BRUNSWICK, MAINE
Combining Statement of Net Position
Fiduciary Funds
Private-purpose Trust Funds
Scholarship and Education Funds
June 30, 2018

	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
ASSETS										
Cash and cash equivalents	\$ 743	\$ 19,327	\$ 260	\$ 19,510	\$ 92	\$ 4,229	\$ 1,550	\$ 94	\$ 133	\$ 45,938
Investments	43,487	351,152	4,730	220,607	1,677	76,829	28,157	5,484	2,416	734,539
Total assets	<u>44,230</u>	<u>370,479</u>	<u>4,990</u>	<u>240,117</u>	<u>1,769</u>	<u>81,058</u>	<u>29,707</u>	<u>5,578</u>	<u>2,549</u>	<u>780,477</u>
LIABILITIES										
Accounts payable	-	-	-	-	-	4,000	-	-	-	4,000
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000</u>
NET POSITION										
Net position held in trust for other purposes	<u>\$ 44,230</u>	<u>\$ 370,479</u>	<u>\$ 4,990</u>	<u>\$ 240,117</u>	<u>\$ 1,769</u>	<u>\$ 77,058</u>	<u>\$ 29,707</u>	<u>\$ 5,578</u>	<u>\$ 2,549</u>	<u>\$ 776,477</u>

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, 2018

	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
ADDITIONS										
Investment earnings:										
Interest and dividends	\$ 952	\$ 7,689	\$ 104	\$ 4,552	\$ 37	\$ 1,682	\$ 617	\$ 120	\$ 53	\$ 15,806
Net increase in fair value of investments	1,600	12,920	174	10,230	62	2,827	1,036	202	88	29,139
Total investment earnings	2,552	20,609	278	14,782	99	4,509	1,653	322	141	44,945
Less investment expense	(451)	(3,642)	(49)	(2,648)	(18)	(797)	(292)	(57)	(25)	(7,979)
Total additions	2,101	16,967	229	12,134	81	3,712	1,361	265	116	36,966
DEDUCTIONS										
Payment to beneficiaries	1,650	-	-	5,000	-	4,000	-	208	-	10,858
Total deductions	1,650	-	-	5,000	-	4,000	-	208	-	10,858
Changes in net position	451	16,967	229	7,134	81	(288)	1,361	57	116	26,108
Net position - beginning of year	43,779	353,512	4,761	232,983	1,688	77,346	28,346	5,521	2,433	750,369
Net position - end of year	\$ 44,230	\$ 370,479	\$ 4,990	\$ 240,117	\$ 1,769	\$ 77,058	\$ 29,707	\$ 5,578	\$ 2,549	\$ 776,477

TOWN OF BRUNSWICK, MAINE
Combining Statement of Net Position
Fiduciary Funds
Private-purpose Trust Funds
Public Library Funds
June 30, 2018

	L. Augusta Curtis Library Fund	W. J. Curtis Library Fund	Letitia A. Curtis Library Fund	Totals
ASSETS				
Cash and cash equivalents	\$ 785	\$ 650	\$ 174	\$ 1,609
Investments	<u>44,032</u>	<u>36,443</u>	<u>9,786</u>	<u>90,261</u>
Total assets	<u>44,817</u>	<u>37,093</u>	<u>9,960</u>	<u>91,870</u>
LIABILITIES				
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net position held in trust for other purposes	<u>\$ 44,817</u>	<u>\$ 37,093</u>	<u>\$ 9,960</u>	<u>\$ 91,870</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, 2018

	L. Augusta Curtis Library Fund	W. J. Curtis Library Fund	Letitia A. Curtis Library Fund	Totals
ADDITIONS				
Investment earnings:				
Interest and dividends	\$ 964	\$ 798	\$ 214	\$ 1,976
Net increase in the fair value of investments	1,620	1,341	360	3,321
Total investment earnings	2,584	2,139	574	5,297
Less investment expense	(457)	(378)	(102)	(937)
Total additions	2,127	1,761	472	4,360
DEDUCTIONS				
Payment to beneficiaries	1,638	1,356	364	3,358
Total deductions	1,638	1,356	364	3,358
Changes in net position	489	405	108	1,002
Net position - beginning of year	44,328	36,688	9,852	90,868
Net position - end of year	<u>\$ 44,817</u>	<u>\$ 37,093</u>	<u>\$ 9,960</u>	<u>\$ 91,870</u>

TOWN OF BRUNSWICK, MAINE
Statement of Changes in Assets and Liabilities
Fiduciary Funds
Agency Fund
For the year ended June 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
ASSETS				
Due from other funds	\$ 126,055	\$ 93,241	\$ 111,868	\$ 107,428
Total assets	<u>126,055</u>	<u>93,241</u>	<u>111,868</u>	<u>107,428</u>
LIABILITIES				
Accounts payable	9,828	-	6,936	2,892
Amounts held for others - student activities	<u>116,227</u>	<u>100,177</u>	<u>111,868</u>	<u>104,536</u>
Total liabilities	<u>\$ 126,055</u>	<u>\$ 100,177</u>	<u>\$ 118,804</u>	<u>\$ 107,428</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.

Contents

Tables

Financial Trends

1-5

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

6-11

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity

12-14

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.

Demographic and Economic Information

15-16

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

17-19

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.

Table 1

TOWN OF BRUNSWICK, MAINE
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	<u>2009</u>	<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</u>
Governmental activities										
Net investment in capital assets	\$ 45,120,315	\$ 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
Restricted	9,851,093	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
Unrestricted	<u>6,460,505</u>	<u>7,423,485</u>	<u>7,612,316</u>	<u>11,150,181</u>	<u>10,836,336</u>	<u>3,280,822</u>	<u>3,683,415</u>	<u>2,825,122</u>	<u>4,687,565</u>	<u>5,736,535</u>
Total governmental activities net position	<u>\$ 61,431,913</u>	<u>\$ 63,911,969</u>	<u>\$65,240,088</u>	<u>\$ 65,901,531</u>	<u>\$67,742,102</u>	<u>\$66,701,437</u>	<u>\$67,100,227</u>	<u>\$ 66,126,312</u>	<u>\$ 65,562,287</u>	<u>\$67,533,260</u>
Business-type activities										
Net investment in capital assets	\$ 2,126,001	\$ 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
Unrestricted	<u>(4,376,319)</u>	<u>(4,573,897)</u>	<u>(4,650,533)</u>	<u>(4,797,321)</u>	<u>(4,522,385)</u>	<u>(4,291,756)</u>	<u>(4,203,593)</u>	<u>(4,135,381)</u>	<u>(4,051,279)</u>	<u>(4,206,420)</u>
Total business-type activities net position	<u>\$ (2,250,318)</u>	<u>\$ (2,168,058)</u>	<u>\$ (2,156,291)</u>	<u>\$ (2,271,904)</u>	<u>\$ (2,090,209)</u>	<u>\$ (2,022,084)</u>	<u>\$ (1,968,228)</u>	<u>\$ (2,040,261)</u>	<u>\$ (2,135,969)</u>	<u>\$ (2,677,530)</u>
Primary government										
Net investment in capital assets	\$ 47,246,316	\$ 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
Restricted	9,851,093	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
Unrestricted	<u>2,084,186</u>	<u>2,849,588</u>	<u>2,961,783</u>	<u>6,352,860</u>	<u>6,313,951</u>	<u>(1,010,934)</u>	<u>(520,178)</u>	<u>(1,310,259)</u>	<u>636,286</u>	<u>1,530,115</u>
Total primary government net position	<u>\$ 59,181,595</u>	<u>\$ 61,743,911</u>	<u>\$63,083,797</u>	<u>\$ 63,629,627</u>	<u>\$65,651,893</u>	<u>\$64,679,353</u>	<u>\$65,131,999</u>	<u>\$ 64,086,051</u>	<u>\$ 63,426,318</u>	<u>\$64,855,730</u>

(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. 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									
	2009	2010	2011(a)	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 4,450,115	\$ 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
Public safety	7,390,601	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
Public works	4,720,393	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
Human services	146,580	134,805	150,279	168,829	154,429	168,706	165,884	191,042	147,830	166,430
Education	36,159,857	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
Recreation and culture	2,717,282	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
County tax	1,088,467	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
Unclassified	308,691	133,725	120,725	296,682	281,424	36,996	8,683	29,082	29,868	130,537
Interest on long term debt	307,106	251,625	644,723	785,569	698,508	741,999	698,977	655,622	622,579	613,636
Total governmental activities expenses	<u>57,289,092</u>	<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>
Business-type activities:										
Solid waste facilities	627,056	693,496	1,260,786	876,942	614,661	712,042	730,574	881,459	857,971	2,325,237
Pay-per-bag program	81,282	72,789	83,584	80,969	80,200	85,259	90,666	92,079	88,785	121,459
Other business-type activities	49,216	87,635	94,121	97,773	127,122	143,733	143,221	124,633	137,868	140,113
Total business-type activities	<u>757,554</u>	<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>
Total primary government expenses	<u>\$ 58,046,646</u>	<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>
Program Revenues										
Governmental activities:										
Charges for services:										
Education	\$ 1,799,297	\$ 1,468,047	\$ 887,731	\$ 605,689	\$ 679,596	\$ 417,018	\$ 727,312	\$ 700,162	\$ 1,966,093	\$ 1,872,506
Other activities	2,451,870	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
Operating grants and contributions	22,273,609	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
Capital grants and contributions	1,226,969	897,073	1,069,654	247,704	2,487,876	5,961,817	452,248	54,913	603,529	925,815
Total governmental activities program revenues	<u>27,751,745</u>	<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>
Business-type activities:										
Charges for services:										
Solid waste facilities	434,935	411,035	380,115	351,918	321,153	370,030	398,407	475,110	425,768	1,282,838
Pay-per-bag program	321,200	308,900	328,100	303,400	299,100	315,900	317,800	322,300	311,165	414,300
Other business-type activities	21,533	21,883	34,005	35,669	35,806	35,669	33,173	31,753	42,187	55,218
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>777,668</u>	<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>
Total primary government program revenues	<u>\$ 28,529,413</u>	<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>

Table 2, continued

TOWN OF BRUNSWICK, MAINE
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011(a)	2012	2013	2014	2015	2016	2017	2018
Net (expense) revenue										
Governmental activities	\$ (29,537,347)	\$ (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)
Business-type activities	20,114	(57,769)	(652,271)	(320,697)	(68,494)	(175,435)	(200,414)	(269,008)	(305,504)	(834,453)
Total primary government net expenses	<u>\$ (29,517,233)</u>	<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>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 29,205,064	\$ 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
Vehicle, watercraft and aircraft excise taxes	2,475,618	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
Unrestricted grants and contributions	2,513,424	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
Investment earnings	112,774	83,101	387,470	27,287	55,750	83,537	9,856	30,496	204,277	385,437
Other	25,204	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	(60,000)	(120,000)	(664,000)	(205,000)	(250,000)	(240,000)	(244,000)	(194,000)	(194,000)	(225,000)
Total governmental activities	<u>34,272,084</u>	<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>
Business type activities:										
Investment earnings	9,088	29	38	84	189	232	270	2,975	15,796	60,892
Other	-	20,000	-	-	-	3,328	10,000	-	-	7,000
Transfers	60,000	120,000	664,000	205,000	250,000	240,000	244,000	194,000	194,000	225,000
Total business-type activities	<u>69,088</u>	<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>
Total primary government	<u>\$ 34,341,172</u>	<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>
Change in Net Position										
Governmental activities	\$ 4,734,737	\$ 2,480,056	\$ 1,417,383	\$ 661,443	\$ 1,840,571	\$ 5,507,847	\$ 398,790	\$ (973,915)	\$ 472,679	\$ 1,970,973
Business-type activities	89,202	82,260	11,767	(115,613)	181,695	68,125	53,856	(72,033)	(95,708)	(541,561)
Total primary government	<u>\$ 4,823,939</u>	<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>

(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>2009</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>
Function/Program										
Governmental activities:										
General government	\$ 1,497,628	\$ 1,411,158	\$ 1,666,819	\$ 1,029,607	\$ 726,191	\$ 744,758	\$ 1,585,959	\$ 1,432,364	\$ 667,026	\$ 812,066
Public safety	991,905	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
Public works	1,518,156	1,111,713	1,135,478	390,552	2,121,817	1,128,833	677,835	292,592	548,949	987,977
Human services	37,609	29,566	29,538	38,337	29,305	26,976	37,298	36,313	30,755	41,111
Education	23,341,642	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
Recreation and culture	364,805	334,286	368,017	390,814	969,653	5,414,170	490,379	532,397	560,427	567,464
Total governmental activities	<u>27,751,745</u>	<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>
Business-type activities:										
Solid waste facilities	434,935	411,035	380,115	351,918	321,153	370,030	398,407	475,110	425,768	1,282,838
Pay-per-bag program	321,200	308,900	328,100	303,400	299,100	315,900	317,800	322,300	311,165	414,300
Other business-type activities	21,533	76,216	78,005	79,669	133,236	79,669	47,840	31,753	42,187	55,218
Total business-type activities	<u>777,668</u>	<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>
Total primary government	<u>\$ 28,529,413</u>	<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>

Table 4

TOWN OF BRUNSWICK, MAINE
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Nonspendable										
Long-term loans and advances	\$ 2,653,201	\$ 2,053,201	\$ 2,685,795	\$ 495,297	\$ 450,580	\$ -	\$ 454,080	\$ 363,264	\$ 272,448	\$ 181,632
Inventories and prepaids	16,101	30,054	34,266	23,925	55,570	36,767	37,711	25,220	26,523	28,015
Restricted										
Education	7,110,084	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
Municipal purposes	326,784	129,721	281,669	370,351	210,670	207,738	211,045	240,201	253,542	278,968
Assigned	608,524	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
Unassigned	6,944,897	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
Total general fund	<u>\$ 17,659,591</u>	<u>\$ 19,276,437</u>	<u>\$ 19,794,234</u>	<u>\$ 18,108,295</u>	<u>\$ 17,512,615</u>	<u>\$ 15,125,232</u>	<u>\$ 15,138,784</u>	<u>\$ 16,318,135</u>	<u>\$ 17,931,245</u>	<u>\$ 18,805,256</u>
All other governmental funds										
Nonspendable										
Special revenues funds	\$ 22,479	\$ 27,896	\$ 13,640	\$ 23,109	\$ 15,797	\$ 13,075	\$ 19,554	\$ 14,475	\$ 25,280	\$ 21,133
Capital improvements fund	-	-	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Permanent funds	389,919	414,534	478,429	455,125	489,301	557,770	553,619	535,605	585,319	593,902
Restricted										
Tax increment financing	-	-	-	-	-	208,318	609,506	1,116,433	1,061,577	439,045
Special revenues funds	806,966	996,936	993,665	841,722	535,723	545,462	355,093	299,816	317,750	243,304
Impact fee fund	1,081,920	1,103,566	631,845	824,059	580,862	558,619	535,995	524,286	558,836	488,400
Capital projects funds	-	-	2,755,373	674,476	2,293,969	609,657	185,678	17,022	-	-
Permanent funds	22,375	21,826	19,845	20,778	21,189	20,877	21,603	22,408	21,160	2,811
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
Special revenues funds	94,554	98,440	108,355	167,422	203,617	178,164	255,901	319,521	730,068	684,715
Capital projects funds	1,429,981	1,355,914	950,421	1,238,270	1,634,358	995,828	496,685	259,659	405,734	895,777
Unassigned										
Capital improvements fund	(1,190,875)	(7,780,477)	(2,453,705)	(498,142)	(225,430)	-	(454,512)	(1,632,537)	(267,897)	(190,703)
Downtown TIF district	-	-	(1,486,278)	(1,490,853)	(1,413,629)	(945,524)	(240,401)	-	-	-
Debt service funds	(1,289)	-	-	-	-	-	-	-	-	-
Capital projects funds	(2,768,225)	(11,347,552)	-	-	-	-	-	-	-	(1,119,537)
Permanent funds	-	-	(1,108)	(2,157)	(5,437)	(12,056)	(15,603)	(12,394)	(18,496)	-
Total all other governmental funds	<u>\$ (112,195)</u>	<u>\$ (13,166,800)</u>	<u>\$ 3,685,287</u>	<u>\$ 4,453,499</u>	<u>\$ 6,047,118</u>	<u>\$ 4,057,049</u>	<u>\$ 3,081,754</u>	<u>\$ 1,716,687</u>	<u>\$ 3,671,502</u>	<u>\$ 2,710,712</u>

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>2009</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>
Revenues										
Taxes	\$ 31,625,044	\$ 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
Licenses and permits	259,430	267,450	337,927	310,181	372,259	399,359	387,127	438,731	497,091	542,223
Intergovernmental	24,547,076	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
Investment income (loss)	(83,626)	29,066	67,955	(18,420)	36,307	69,563	(472)	(8,119)	50,126	28,219
Charges for services	3,352,421	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
Fines and penalties	31,190	22,148	29,063	20,019	34,756	39,511	56,197	43,135	42,220	50,515
Interest	196,400	54,036	319,515	45,707	19,440	13,975	10,328	38,616	154,149	357,219
Donations	893,074	582,786	989,051	317,071	265,575	311,824	134,863	95,132	111,473	218,541
Other	951,563	828,785	583,613	920,986	744,501	731,055	736,595	519,261	992,427	642,187
Total revenues	61,772,572	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
Expenditures										
General government	3,860,752	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
Public safety	7,064,771	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
Public works	5,379,632	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
Human services	146,587	134,829	150,281	168,813	154,425	168,723	171,606	176,406	139,921	163,348
Education	35,750,312	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
Recreation and culture	2,599,504	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
County tax	1,088,467	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
Unclassified	308,691	133,725	120,725	296,682	281,424	36,996	8,683	29,082	29,868	130,537
Debt service										
Principal	1,545,000	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
Interest	311,245	256,465	533,417	818,911	704,610	763,215	725,117	680,732	639,914	644,367
Capital outlay	4,179,052	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
Total expenditures	62,234,013	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
Excess (deficiencies) of revenues over (under) expenditures	(461,441)	(11,317,760)	(7,658,631)	(778,633)	(4,351,941)	(4,362,452)	(717,743)	8,284	1,440,948	(87,495)

Table 5, continued

TOWN OF BRUNSWICK, MAINE
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	<u>2009</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>
Other financing sources (uses)										
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	2,156,561	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
Transfers to other funds	(1,914,085)	(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)
Transfers to other funds - capital budget	-	-	-	-	(462,250)	(465,000)	-	(50,000)	(40,000)	(480,207)
Transfers to other funds - supplemental appropriations	(362,400)	(615,500)	(319,500)	(147,000)	(845,580)	(1,100,000)	-	(136,481)	-	(100,000)
Transfers to other funds - education	-	-	(71,546)	(219,191)	(130,717)	(311,430)	(36,000)	(61,000)	(90,000)	(110,000)
Sale of assets	-	-	-	65,906	-	225,000	-	-	-	-
Total other financing sources (uses)	(119,924)	(120,000)	25,028,515	(139,094)	5,349,880	(15,000)	(244,000)	(194,000)	2,126,977	716
Net change in fund balances	<u>\$ (581,365)</u>	<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>
Debt service as a percentage of noncapital expenditures	3.30%	3.19%	3.03%	6.66%	6.34%	6.90%	4.64%	4.53%	3.82%	4.00%

Table 6

TOWN OF BRUNSWICK, MAINE
Governmental Activities Tax Revenue by Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Taxes	Vehicle Taxes	Watercraft Taxes	Aircraft Taxes	Other	Subtotal	TIF Property Taxes	Total
2009	\$ 28,667,329	\$ 2,446,611	\$ 29,006	\$ -	\$ 323,416	\$ 31,466,362	\$ 189,295	\$ 31,655,657
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

Table 7

TOWN OF BRUNSWICK, MAINE
Governmental Activities Tax Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Vehicle Taxes</u>	<u>Watercraft Taxes</u>	<u>Aircraft Taxes</u>	<u>Other</u>	<u>Subtotal</u>	<u>TIF Property Taxes</u>	<u>Total</u>
2009	\$ 28,649,218	\$ 2,446,611	\$ 29,006	\$ -	\$ 310,914	\$ 31,435,749	\$ 189,295	\$ 31,625,044
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

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							
2009	\$ 896,393,400	\$ 311,134,500	\$ 54,447,600	\$ 1,261,975,500	\$ 8,398,200	\$ 1,253,577,300	22.54	\$ 2,089,295,500	60.00%
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%

(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.

	Homestead Assessed Values	Homestead Estimated Actual Values
2009	\$ 16,939,950	\$ 28,233,250
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

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

Direct Rates				
<u>Fiscal Year</u>	<u>General Municipal</u>	<u>Education (a)</u>	<u>County Tax (b)</u>	<u>Total</u>
2009	9.48	12.20	0.86	22.54
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

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.

Table 10

TOWN OF BRUNSWICK, MAINE
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2017-18				2008-09			
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Percentage of Total Taxable Municipal Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Percentage of Total Taxable Municipal Valuation
Affordable Midcoast Housing LLC	\$ 53,854,400	1	2.34%	2.46%	\$ -		N/A	N/A
BIF II US Renewable LLC (formerly Maine Hydro)	33,159,100	2	1.44%	1.51%	17,205,000	3	1.36%	1.37%
Midcoast Regional Redevelopment Authority	31,474,800	3	1.37%	1.44%	-		N/A	N/A
Bath Iron Works Corporation	28,557,100	4	1.24%	1.30%	25,538,000	1	2.02%	2.04%
Central Maine Power Co.	24,984,700	5	1.09%	1.14%	6,311,600	10	0.50%	0.50%
Developers Diversified (Cooks Corner)	22,678,300	6	0.99%	1.03%	18,946,500	2	1.50%	1.51%
Wade, W.J. Trustee (Wal-Mart)	18,764,100	7	0.82%	0.86%	13,120,100	4	1.04%	1.05%
Thornton Oakes Homeowners Assn. Corp.	15,218,500	8	0.66%	0.69%	11,907,600	6	0.94%	0.95%
Maine Natural Gas	13,950,800	9	0.61%	0.64%	-		N/A	N/A
W/S Brunswick Properties LP	13,640,100	10	0.59%	0.62%	12,195,600	5	0.97%	0.97%
Cooper Industries Inc. (Arrowhart Division)	-		N/A	N/A	7,649,400	8	0.61%	0.61%
Bowdoin College	-		N/A	N/A	8,018,000	7	0.64%	0.64%
Galileo Brunswick Plaza	-		N/A	N/A	6,461,300	9	0.51%	0.52%
	<u>\$ 256,281,900</u>		<u>11.14%</u>	<u>11.69%</u>	<u>\$ 127,353,100</u>		<u>10.09%</u>	<u>10.16%</u>
Total Assessed Valuation *	\$ 2,300,363,500				\$ 1,261,975,500			
* Includes:								
Municipal valuation	\$ 2,192,780,400				\$ 1,253,577,300			
TIF valuation	<u>107,583,100</u>				<u>8,398,200</u>			
	<u>\$ 2,300,363,500</u>				<u>\$ 1,261,975,500</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

Fiscal Year	Municipal Tax Levy	TIF Levy	Total Tax Levy	Supplemental Taxes	Abatements	Net Collectible	Amount Collected within the Fiscal Year
2009	\$ 28,255,632	\$ 189,295	\$ 28,444,927	\$ 7,891	\$ (34,620)	\$ 28,418,198	\$ 27,837,707
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	(131,716)	30,597,119	29,777,364
2013	32,765,813	410,155	33,175,968	18,269	(33,460)	33,160,777	32,348,601
2014	34,886,347	1,122,690	36,009,037	92,470	(136,033)	35,965,474	35,177,642
2015	36,415,474	1,390,457	37,805,931	54,983	(36,640)	37,824,274	36,821,979
2016	37,992,395	1,548,535	39,540,930	55,732	(54,805)	39,541,857	38,702,091
2017	39,280,373	1,842,499	41,122,872	223,789	(288,933)	41,057,728	40,116,510
2018	40,281,376	1,976,302	42,257,678	29,608	(249,829)	42,037,457	41,102,234

Fiscal Year	Collected within the Fiscal Year of the Levy			Collected in Subsequent Years	Total Collections to Date		
	Amount	Percentage of Levy	Percentage of Net Collectible		Amount	Percentage of Levy	Percentage of Net Collectible
2009	\$ 27,837,707	97.87%	97.96%	\$ 579,520	\$ 28,417,227	99.90%	100.00%
2010	27,698,194	96.99%	97.11%	822,813	28,521,007	99.87%	100.00%
2011	28,598,906	97.58%	97.72%	666,583	29,265,489	99.85%	99.99%
2012	29,777,364	97.04%	97.32%	817,383	30,594,747	99.70%	99.99%
2013	32,348,601	97.51%	97.55%	806,284	33,154,885	99.94%	99.98%
2014	35,177,642	97.69%	97.81%	780,858	35,958,500	99.86%	99.98%
2015	36,821,979	97.40%	97.35%	993,689	37,815,668	100.03%	99.98%
2016	38,702,091	97.88%	97.88%	827,215	39,529,306	99.97%	99.97%
2017	40,116,510	97.55%	97.71%	527,186	40,643,696	98.83%	98.99%
2018	41,102,234	97.27%	97.78%	-	41,102,234	97.27%	97.78%

Table 12

TOWN OF BRUNSWICK, MAINE
Ratios of Outstanding Debt
Last Ten Fiscal Years

Governmental		Ratios of Net General Bonded Debt		
Activities				
Fiscal Year	General Obligation Bonds (a)(b)	Percentage of Personal Income (c)	Per Capita	Percentage of Estimated Actual Taxable Value of Property (d)
2009	\$ 7,240,808	1.68%	\$ 342.00	0.35%
2010	5,719,181	1.33%	270.13	0.27%
2011	30,290,602	5.44%	1,430.69	1.49%
2012	27,578,697	4.95%	1,360.03	1.42%
2013	30,416,098	5.46%	1,499.96	1.62%
2014	27,502,694	4.94%	1,356.28	1.46%
2015	25,381,118	4.56%	1,251.66	1.34%
2016	23,264,541	4.18%	1,147.28	1.22%
2017	24,111,769	4.33%	1,189.06	1.26%
2018	22,121,505	3.97%	1,090.91	1.01%

(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.

Table 13

TOWN OF BRUNSWICK, MAINE
Direct and Overlapping Governmental Activities Debt
June 30, 2018

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Direct:			
Town of Brunswick General Obligation	\$ 21,975,669	100.00%	\$ 21,975,669
Premium on bonds	<u>145,836</u>	100.00%	<u>145,836</u>
Total direct debt	22,121,505		22,121,505
Overlapping:			
Cumberland County	<u>35,585,000</u>	5.11%	<u>1,819,526</u>
Total direct and overlapping debt	<u>\$ 57,706,505</u>		<u>\$ 23,941,031</u>

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.

Table 14

TOWN OF BRUNSWICK, MAINE
Legal Debt Margin Information
June 30, 2018

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 2018 State Valuation of \$2,252,400,000, the Town is in compliance with the total and categorical debt limits:

Legal Debt Margin Calculation for Fiscal Year 2018

State Valuation	\$ 2,252,400,000
Debt Limit - 15% of State Valuation	337,860,000
Less outstanding debt applicable to debt limit	<u>(21,975,669)</u>
Legal Debt Margin	<u>\$ 315,884,331</u>

Debt Limit by Category

<u>Type of Debt</u>	<u>Maximum Percent Allowable</u>	<u>Maximum Allowable Amount</u>	<u>Principal Amount Outstanding</u>	<u>Legal Debt Margin</u>
School	10.00%	\$ 225,240,000	\$ 14,715,669	\$ 210,524,331
Storm or Sanitary Sewer	7.50%	168,930,000	-	168,930,000
Municipal Airport Special District	3.00%	67,572,000	-	67,572,000
Municipal	7.50%	168,930,000	<u>7,260,000</u>	161,670,000
Total Maximum Debt	15.00%	\$ 337,860,000	<u>\$ 21,975,669</u>	\$ 315,884,331

	<u>2009</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>
Debt limit	\$ 325,800,000	\$ 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
Total debt applicable to limit	<u>7,240,000</u>	<u>5,715,000</u>	<u>30,177,250</u>	<u>27,439,138</u>	<u>30,211,025</u>	<u>27,322,912</u>	<u>25,219,800</u>	<u>23,121,688</u>	<u>23,944,475</u>	<u>21,975,669</u>
Legal debt margin	\$ 318,560,000	\$ 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
Total debt applicable to the limit as a percentage of debt limit	2.22%	1.73%	9.39%	9.02%	10.15%	8.99%	8.40%	7.40%	7.31%	6.50%

Table 15

TOWN OF BRUNSWICK, MAINE
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2018</u>		<u>2009</u>	
	<u>Employees (a)</u>	<u>Rank</u>	<u>Employees (a)</u>	<u>Rank</u>
Bath Iron Works	1400	1	1600	1
Mid Coast-Parkview Health	1262	2	1470	2
Bowdoin College	941	3	895	3
Town of Brunswick	574	4	690	5
L.L. Bean Inc., Manufacturing Div.	520	5	336	8
Wayfair	284	6		
Wal-Mart Stores, Inc.	232	7	412	6
Savilinx	175	8		
Hannaford Brothers	160	9	196	9
Pathways (formerly Providence Service Corp)	154	10		
Naval Air Station, Brunswick (civilian employment only)			700	4
Parkview Memorial Hospital			358	7
Bank of America, formerly MBNA			183	10

(a) Telephone Survey of Employers, March 2009 and March 2018. 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.

Table 16

TOWN OF BRUNSWICK, MAINE
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (a)	Personal Income (b)	Per Capita Personal Income (a)	Median Age (a)	School Enrollment (c)	Unemployment Rate (d)
2009	21,172	\$ 430,257,384	\$ 20,322	35.50	3,105	5.9%
2010	21,172	430,257,384	20,322	35.50	2,648	7.2%
2011	20,278	556,691,934	27,453	41.40	2,556	6.9%
2012	20,278	556,691,934	27,453	41.40	2,463	6.1%
2013	20,278	556,691,934	27,453	41.40	2,363	6.9%
2014	20,278	556,691,934	27,453	41.40	2,390	6.0%
2015	20,278	556,691,934	27,453	41.40	2,356	4.9%
2016	20,278	556,691,934	27,453	41.40	2,336	3.5%
2017	20,278	556,691,934	27,453	41.40	2,320	3.1%
2018	20,278	556,691,934	27,453	41.40	2,337	2.7%

(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>2009</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>
General government										
Administration	4	4	4	4	4	4	4	4	4	4
Finance	9	8	8	8	8	8	8	8	8	8
Technology	0	0	1	1	1	1	1	1	1	1
Assessing	4	3	3	3	3	3	3	3	3	3
Town Clerk	4.5	4	4	4	4	4	4	3.5	3.5	3.5
Planning and Codes	6	5	5	5	5	5	5	5	5	5.5
Natural Resources	1	0	0	0	0	0	0	0	0	0
Economic development	3	3	2	2	1	1	1	1	1	1
Municipal building	1.5	1.5	1.5	1.5	1.5	1	1	1	1	0
Public safety										
Fire department	36	36	36	36	36	36	36	36	36	36
Police department	51	51	48	50	50	51	51	51	51	50.5
Public works										
Administration	6	5	5	5	5	5	5	5	5	6
General maintenance	17	17	17	15.5	11.5	16	15.5	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	3.5	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	410	402	396	390	392	394	406	422	425	424
Recreation										
Administration	6	5	5	5	5	5	5	5	5	5
Buildings and grounds	7	6	5	5	5	5	5.5	5.5	5.5	7.5
Cable TV	1	1	1	1	1	1	1	1	1	1
Totals	574.5	559	549	543.5	540.5	547.5	559.5	574	576	577

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>2009</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>
Fire Department										
Fire calls	887	835	975	985	1,144	1,098	1,135	1,131	1,133	1,271
Medical calls	2,278	2,406	N/A	2,549	2,823	2,737	2,867	2,997	3,103	3,379
Inspections	189	249	N/A	300	342	356	264	268	267	261
Police										
Calls for service (a)	33,137	33,358	36,254	45,060	43,815	42,332	44,426	46,758	45,593	44,519
Crash reports (b)	829	713	679	767	713	715	787	814	838	1,017
Field interviews (b)	N/A	N/A	N/A	508	464	444	251	79	46	49
Offense reports	1,207	1,243	1,133	1,230	1,304	714	1,224	1,382	1,344	1,405
Physical arrests	1,095	1,150	1,069	1,098	1,184	1,022	1,035	922	962	899
Public Works										
Street resurfacing (miles)	3	5	8	5	4	4	3	5	4	5
Recyclables collected (tons)	1,823	1,804	1,754	1,711	1,548	1,622	2,402	2,829	2,482	3,095
Codes Enforcement										
Residential permits issued	306	291	258	249	249	293	267	293	310	351
Commercial/Industrial permits issued	79	39	34	55	52	58	58	52	70	73

(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

Function	Fiscal Year									
	<u>2009</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>
Police Department										
Stations	0	0	0	0	0	1	1	1	1	1
Patrol units	18	18	18	16	17	17	16	16	16	16
Fire Department										
Stations	2	2	2	2	2	2	2	2	2	2
Emergency vehicles	15	14	14	12	12	12	13	13	13	14
Public Works Department										
Streets (miles)	137	137	138	139	140	141	141	141	141	141
School Department										
Schools	7	6	6	4	4	4	4	4	4	4
School buses	26	26	26	26	26	26	26	26	29	29

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