

CONTINUING DISCLOSURE STATEMENT DATED DECEMBER 23, 2015

**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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**CUSIP NUMBERS**

<b>2006 G. O.</b>			<b>2011 G. O.</b>		
<b>Bonds</b>		<b>CUSIP</b>	<b>Bonds</b>		<b>CUSIP</b>
<b>Amount</b>	<b>November 1,</b>		<b>Amount</b>	<b>November 1,</b>	
\$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			
<b>2013 G. O.</b>			<b>2013 G. O.</b>		
<b>Bonds</b>		<b>CUSIP</b>	<b>Bonds</b>		<b>CUSIP</b>
<b>Amount</b>	<b>November 1,</b>		<b>Amount</b>	<b>November 1,</b>	
\$275,000	2013	117205LG7	275,000	2014	117205LH5
275,000	2015	117205LJ1	275,000	2016	117205LK8
275,000	2017	117205LL6	275,000	2018	117205LM4
275,000	2019	117205LN2	275,000	2020	117205LP7
275,000	2021	117205LQ5	275,000	2022	117205LR3
275,000	2023	117205LS1	275,000	2024	117205LT9
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.



### CUMBERLAND COUNTY

The area that encompasses the town was first settled 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 well as Mid Coast Hospital, which consolidated with the former Parkview Hospital in June, 2015. Brunswick Landing and Brunswick Executive Airport (both at the former Brunswick Naval Air Station) are home to a growing number of businesses and manufacturing facilities, as well as a campus of Southern Maine Community College. Bath Iron Works, Bank of America, 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. On October 3, 2011 the Town Council authorized an agreement with Bowdoin College to exchange the Town’s former Longfellow School and other consideration for the College’s McLellan Building, located at 85 Union Street. In December 2013, construction began on the renovations to convert the building for use as the Brunswick Town Hall. Town offices and the Town Council Chambers were moved into the first two floors of the building in April 2014. Bowdoin will continue to occupy the top floor of the McLellan Building for up to ten additional years. In June 2014, the vacated 28 Federal Street property was conveyed to the Brunswick Development Corporation for subsequent sale to Coastal Enterprises, Inc. (CEI). The not-for profit consolidated a number of satellite operations around Maine in an innovative \$5 million headquarters on the site. CEI moved into the newly constructed building in October 2015.

### **Public Safety**

The Police Department is staffed by a Police Chief, two Commanders, four Lieutenants, one Detective Sergeant, three Sergeants, and 18 Patrol Officers. The roster also includes three Detectives, two School Resource Officers, two Marine Resource Wardens, one of whom is also the Harbor Master, one Animal Control Officer, a Parking Enforcement Officer, nine Communications Officers and a Communications Officer Supervisor. There is an Executive Secretary, one Bookkeeper and three School Crossing Guards. The Department maintains 20 vehicles, an airboat, a 20 ft. fiberglass boat with outboard, two equipment trailers (large and small) 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 G.O Bonds on June 27, 2013. See “INDEBTEDNESS – DEBT SUMMARY” herein.

Brunswick is currently a designated public safety answering point (“PSAP”), meaning that 911 calls from Brunswick and certain surrounding communities are directed to the Brunswick dispatch center. The State has been reviewing PSAPs in an effort to reduce the number authorized State-wide. Under a six year agreement reached in October, 2010, Brunswick provides emergency services dispatch and communications for the Town of Freeport. The current arrangement is expected to be extended prior to October, 2016.

The Fire Department is staffed by a Fire Chief, two Deputy Chiefs, four Captains, four Lieutenants, 24 Firefighters and one Administrative Assistant. Staffing is authorized for 50 Call Personnel including 30 firefighters and 20 Haz-Mat Team personnel of which, currently, 30 positions are filled. 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, three ambulance/rescue units, a hazardous materials response unit, a confined space equipment trailer, two utility pickup trucks, three command SUVs, and one boat. The Town has considered options for a major renovation and expansion of its central fire station located in downtown Brunswick. The current cost estimate for that project is \$6,000,000. In 2006 the Town acquired land near the Central Station in order to accommodate the project. In recent years the Town Council voted to consider other locations for a central station as well as other means of delivering fire safety and emergency medical services. 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 Town Engineer/Public Works Director, 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, 2015, the Town anticipated that its operating solid waste landfill had 15-21 years of remaining capacity. The Town hopes to fund closure and post-closure costs, related to the remaining landfill, from tipping fees and net proceeds from the pay-by-the-bag program. However, should the Town fail to collect sufficient fees, it is likely that some of the closing costs will be funded with long-term debt. The continued operation of the landfill is contingent on capacity and compliance with environmental regulations and no assurance can be given that the landfill will continue to operate until it reaches its estimated capacity. The Town has been working with the Maine Department of Environmental Protection (“DEP”) to resolve past and continuing wastewater discharge violations at the landfill. 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, now called Brunswick Landing. In June 2014, the Town Council sold the downtown building to Brunswick Development Corp ("BDC") in alignment with BDC's plan to sell both the municipal building at 28 Federal Street and the recreation building at 30 Federal Street to Coastal Enterprises, Inc.

## **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. Daily service currently consists of two round trips between Brunswick and Boston. Operation of Amtrak service is likely to depend on continued government subsidies. In addition to Amtrak's year round service from the station, seasonal excursion trains to Rockland have been operated by Maine Eastern Railroad. The center also serves as a bus stop for both local and long distance service.

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. NNEPRA has presented the construction of the layover facility as integral to bringing a more robust Amtrak schedule of service to Brunswick. However, the plan has been opposed by residents of the neighborhood adjacent to the proposed site of the layover facility. The Brunswick West Neighborhood Coalition filed an appeal of NNEPRA's stormwater management permit with the Maine Board of Environmental Protection ("MBEP") in early October 2015, seeking to block the layover facility based upon health concerns. On November 19, 2015, the MBEP voted unanimously to approve NNEPRA's permit. Construction is currently underway of the 650 foot by 70 foot building, large enough to hold three full trains, with project completion expected by the summer of 2016.

## **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, 2015, the Library's collections included approximately 144,625 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, 2015 was 370,351 items loaned, with yearly active cardholders numbering 11,576, of which 71.9% reside in Brunswick.

## 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>April 1, 2015 Population<sup>(1)</sup></u>	<u>October 1, 2015 Population<sup>(1)</sup></u>
Coffin School <sup>(2)</sup>	K – 1	343	344
Harriet Beecher Stowe	2 – 5	733	734
Brunswick Junior High <sup>(2)</sup>	6 – 8	472	498
Brunswick High	9 – 12	793	753

SOURCE: Town of Brunswick School Department.

NOTE: <sup>(1)</sup> As of April 1, 2015 and October 1, 2015 Enrollment Reports. This includes Brunswick residents and non-resident students attending Brunswick schools.

<sup>(2)</sup> Modular classrooms in use. Other projects to address space needs are being contemplated.

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 will be 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.

The School Department is currently engaged in facilities planning to determine how best to address its programming and facilities needs. The results of that planning are expected to be addressed in the

Town's capital improvement program ("CIP") process. The School Department believes that projects to expand or renovate school facilities will result in the issuance of debt and that those projects are not likely to qualify for State participation. Preliminary estimates indicated the cost of two new facilities could exceed \$54 million, so additional work is being done to explore other options. The School Board is currently reviewing the feasibility of building a new elementary school, either on the former Jordan Acres Elementary School site or on the existing Coffin Elementary School site, and renovating the Junior High School to prolong its useful life and postpone the necessity of building a new facility until future years. Estimates for a new elementary school and renovations to the junior high school could exceed \$32 million. An alternative also under consideration is repairs and renovations to Coffin School and the Junior High School. See "TOWN FINANCES – CAPITAL IMPROVEMENT PROGRAM" herein.

The following table illustrates the ten-year enrollment trends for Brunswick residents:

**School Enrollment Trend – Brunswick Residents**

<b><u>April 1,</u></b>	<b><u>Grades</u></b>	<b><u>Grades</u></b>	<b><u>Grades</u></b>	<b><u>Resident Enrollment</u></b>
	<b><u>K-5</u></b>	<b><u>6-8</u></b>	<b><u>9-12</u></b>	
2015	1,076	473	778	2,327
2014	1,055	499	800	2,354
2013	1,004	533	808	2,345
2012	1,013	533	822	2,368
2011	1,010	584	892	2,486
2010	1,071	606	884	2,561
2009	1,205	699	918	2,822
2008	1,342	689	954	2,985
2007	1,420	734	1,004	3,158
2006	1,376	761	998	3,135

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

NOTE: Includes only Brunswick residents.

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.

**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 full day comprehensive program for the students.

Of the 234 students enrolled in Region 10 on October 1, 2015, 73 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.

## EMPLOYEE RELATIONS

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

<u>Union</u> <sup>(1)</sup>	<u>Covered Positions</u>	<u>Bargaining Unit</u>	<u>Date of Contract Effective</u>	<u>Date of Contract Expiration</u>
Teamsters (Local #340)	21	Public Works Employees	7/01/13	6/30/16
Brunswick Police Benevolent Assoc.	32	Police Officers	7/01/13	6/30/16
Brunswick Professional Firefighters.	32	Firefighters/EMS	7/01/12	6/30/15
Brunswick Emerg. Comm. Off. Assoc.	10	Police Dispatchers	7/01/13	6/30/16
AFSCME, Town departments	24	Clerical workers & other	7/01/13	6/30/16
BEA/MEA - Teachers	250	School Teachers	9/01/12	8/31/16
BEA/MEA – Educational Technicians	68	Educational Technicians	8/01/13	7/31/16
AFSCME, School department	46	Bus Drivers & Custodians	7/01/13	6/30/16

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

## BUILDING PERMITS

<u>Fiscal Yr. End</u>	<u>Residential</u>		<u>Commercial &amp; Industrial</u>	
	<u>June 30,</u>	<u># Permits</u>	<u>Est. Cost Const.</u>	<u># Permits</u>
2015	265	\$10,485,364	59	\$22,441,015 <sup>(1)</sup>
2014	291	16,370,912	59	20,672,370 <sup>(2)</sup>
2013	247	12,938,533	54	9,918,226 <sup>(3)</sup>
2012	247	11,345,444	55	17,227,286 <sup>(4)</sup>
2011	258	7,683,897	34	10,128,789 <sup>(5)</sup>
2010	291	12,784,450	39	25,538,418 <sup>(6)</sup>
2009	306	8,159,449	79	27,335,170 <sup>(7)</sup>
2008	356	15,038,810	76	30,534,200 <sup>(8)</sup>
2007	380	23,491,638	61	27,616,628 <sup>(9)</sup>
2006	464	26,317,631	67	41,426,845 <sup>(10)</sup>

NOTES: <sup>(1)</sup> Includes \$4,225,000 for construction of CEI headquarters, \$6,250,000 for an anaerobic digester at Brunswick Landing, and \$2,500,000 for two 4,950 square foot maintenance garages for Brunswick Sewer District.

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

<sup>(3)</sup>Includes \$4,800,000 for the Police Station, \$1,992,441 for renovation of the former Longfellow School by Bowdoin College and \$1,200,000 for a manufacturing facility at Brunswick Landing.

<sup>(4)</sup>Includes \$12,000,000 for construction of a manufacturing facility at Brunswick Landing.

<sup>(5)</sup>Includes \$9,622,529 for construction of an inn and \$2,272,200 for a medical office building.

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

<sup>(7)</sup>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.

<sup>(8)</sup>Includes \$15,500,000 for construction of an ice arena and \$10,000,000 for construction of a fitness center at Bowdoin College.

<sup>(9)</sup>Includes \$9,000,000 for construction of the Midcoast Hospital Medical Office Building II, \$8,850,000 for various construction projects at Bowdoin College and \$4,000,000 for construction of assisted living units by Brunswick Housing Authority.

<sup>(10)</sup>Includes \$36,680,000 for construction projects at Bowdoin College.

## 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>Year</u>	<u>Town of Brunswick</u>	<u>Cumberland</u>	<u>State of Maine</u>	<u>USA</u>
			<u>County</u>	<u>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>	<u>Year</u>	<u>Town of Brunswick</u>	<u>Cumberland</u>	<u>State of Maine</u>	<u>USA</u>
			<u>County</u>	<u>Maine</u>	<u>USA</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>	<u>Year</u>	<u>Town of Brunswick</u>	<u>Cumberland</u>	<u>State of Maine</u>	<u>USA</u>
			<u>County</u>	<u>Maine</u>	<u>USA</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.

## **Unemployment**

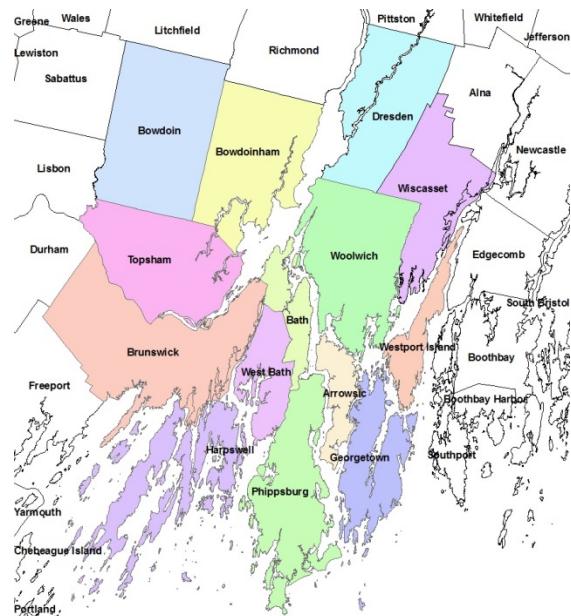
<b><u>Calendar Year</u></b>	<b><u>Town of Brunswick</u></b>	<b><u>Cumberland County</u></b>	<b><u>State of Maine</u></b>	<b><u>USA</u></b>
2014	4.9%	4.4%	8.6%	6.2%
2013	6.0	5.4	6.8	7.4
2012	6.9	5.8	7.3	8.1
2011	6.7	6.0	7.5	8.9
2010	6.8	6.3	7.9	9.6
2009	7.0	6.5	8.0	9.3
2008	4.5	4.0	5.4	5.8
2007	4.1	3.5	5.0	4.6
2006	4.0	3.4	4.6	4.6
2005	4.3	3.6	4.8	5.1

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

## **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.



## **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)**

<b>Personal Consumption</b>									
<b>Year</b>	<b>Building Supply</b>	<b>Food Store</b>	<b>General Mdse.</b>	<b>Other Retail</b>	<b>Auto/ Transp.</b>	<b>Restaurant/ Lodging</b>	<b>Personal Consumption</b>	<b>Business/ Operating</b>	<b>Personal &amp; Business</b>
2014	\$71,322	\$32,684	\$82,832	\$26,249	\$68,578	\$57,651	\$339,316	\$18,098	\$357,414
2013	66,784	30,815	84,253	26,573	65,493	55,385	329,305	17,533	346,838
2012	60,359	29,901	85,703	26,836	56,498	52,533	311,830	15,765	327,595
2011	65,976	28,690	85,815	28,348	51,944	50,379	311,152	13,728	324,880
2010	65,593	28,793	87,897	29,660	46,305	47,504	305,752	16,078	321,830
2009	64,575	28,143	90,274	30,181	50,220	48,056	311,448	14,622	326,070
2008	71,011	29,224	98,204	32,425	57,570	50,063	338,496	16,955	355,452
2007	80,442	28,879	104,593	35,594	62,650	50,512	362,669	18,488	381,156
2006	83,341	29,025	104,328	38,025	62,308	49,170	366,196	19,265	385,461
2005	84,323	28,860	98,997	42,569	67,556	47,076	369,380	20,042	389,422

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

## 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:

<b>Work in Brunswick, but live in:</b>	<b>Number of Workers</b>	<b>% Town's Workforce</b>	<b>Live in Brunswick, but work in:</b>	<b>Number of Workers</b>	<b>% Town's Workers</b>
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:

<b>Representative Employers</b>		<b>Approximate Average # of Employees</b>
<b>Name</b>	<b>Business</b>	
Bath Iron Works	Ship Building	1,400
Mid Coast-Parkview Health	Hospital, Health Care, Retire.	1,012
Bowdoin College	College	935
Town of Brunswick	Municipality	560
LL Bean Inc., Mfg. Div.	Outdoor Equip/Sporting Goods	497
Wal-Mart Stores, Inc.	Retail	249
Providence Service Corp	Social Services	174
Hannaford Bros.	Groceries/Pharmacy	160
Shaw's	Groceries	116
Bank of America	Financial Services	108

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 2015 was 1,796 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 935 FTE employees, including 207 FTE faculty members. Bowdoin’s payroll totaled \$68.6 million for the fiscal year ending on June 30, 2015, with close to half that amount paid to Brunswick residents. The College was listed as the eleventh largest taxpayer in Brunswick in FY 2015. In addition to taxes and fees, the College also makes annual financial contributions to the Town of Brunswick. In FY 2015, these voluntary unrestricted payments totaled \$125,900. In 2015, the College renovated the historic Harriet Beecher Stowe House on Federal Street and made significant improvements and renovations to Coles Tower, a campus residence hall.

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**

- **Parkview Medical Center**, at the former Parkview Hospital campus, includes physician practices, radiology, laboratory, ambulatory testing and surgery, oncology and infusion services, physical, occupational and speech therapy services, and community health and wellness programs.
- **Mid Coast Medical Group**, community-based healthcare comprised of primary care and specialty care physicians. They are located in Bath, Topsham and Brunswick (on the campus of Mid Coast Hospital and downtown at Brunswick Station).
- **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.
- **Access Health**, a local Healthy Maine Partnership, coordinated by Mid Coast Hospital that is dedicated to promoting health and well-being in Midcoast Maine.

The new Mid Coast Hospital opened in Brunswick in 2001. The hospital, built on 155 acres with room for additional medical facilities on the campus, is licensed for 93 inpatient beds. 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 also constructed a new medical office building on the hospital campus. In August 2011, it opened the Mid Coast Primary Care and Walk-In Clinic, Downtown at Brunswick Station.

Parkview Adventist Medical Center announced on June 16, 2015, that the Brunswick hospital had filed a petition for relief under Chapter 11 of the United States Bankruptcy Code with the United States Bankruptcy Court in Portland, Maine. The hospital presented the Court with a proposed prepackaged bankruptcy plan that would include entering into a transaction with Mid Coast Health Services. The proposed transaction includes the purchase of certain assets, the assumption of certain liabilities, and the preservation of the Adventist mission on the Parkview campus. The proposal was approved by a

bankruptcy judge—allowing the two hospitals to merge. The terms of the agreement call for Mid Coast to pay Parkview \$3.8 million at closing and forgive \$579,540 of an advance it gave to Parkview during bankruptcy proceedings. Mid Coast will also commit \$1 million each year for three years into the Parkview campus. The plan also 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. Services still at Parkview include primary care, outpatient services and community health and wellness programs. More information about Mid Coast–Parkview Health Services and the hospital may be viewed at <http://www.midcoasthealth.com>.

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SOURCE: <http://www.midcoasthealth.com> and from Mid Coast Health Services, Department 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 April 1985 the US Navy awarded to BIW the Lead Ship Design and Construction contract for the Arleigh Burke (“DDG 51”) class. Recently the Navy restarted procurement in the Arleigh Burke program. BIW and a competitor are each building ships in the restarted program. BIW has two of these ships under construction and contracts with the Navy to build five additional ships. 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. BIW was recently awarded a modernization contract and expects to compete for future contracts.

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. BIW has assumed responsibility for the design of the DDG 1000. All three ships of the DDG 1000 class are now under construction at BIW. In December, 2015, the first of the three Zumwalt-class destroyers began its sea-trials, a series of tests leading up to the commissioning in 2016.

BIW was recently awarded a preliminary design contract for the U.S. Coast Guard's Offshore Patrol Cutter. BIW is now one of three shipyards in contention for the final contract.

Given the restart of the DDG 51 program and changes related to the DDG 1000 program, employment levels are anticipated to remain relatively stable for the next several years as ships of each class are built in accordance with the Navy's current shipbuilding plan. Based on a Kennebec Journal & Morning Sentinel report, BIW hired 800 new workers during 2015 and expects to hire up to 500 new employees in 2016. However, the US Navy's procurement plans are always subject to change and any changes could affect employment levels at BIW. BIW continues to look for opportunities to diversify its work beyond Navy contracts.

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

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

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

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

#### **The Impact of NASB’s Closure**

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

<b>Direct and Indirect Job and Income Loss</b>						
	<b>Direct Jobs</b>	<b>Indirect Jobs</b>	<b>Direct Income Loss</b>	<b>Indirect Income Loss</b>	<b>Total Job Loss</b>	<b>Total Income Loss</b>
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	\$96,353,705	\$42,385,486	4,876	\$138,739,191

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). On May 3, 2011, MRRA sold the underlying land to AMH. To date, Affordable Mid Coast Housing (AMH)

has closed on 172 housing units in the McKeen Street neighborhood and the majority of the remaining rental units are currently occupied.

### **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. To date, FAA has provided over \$17.9 million for capital projects at the airport.

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.

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 1,760.24 acres of the 2,090 acres that MRRA is slated to receive. MRRA has now received 982.69 (98%) of the 1,002.7 acres of airport land and 777.55 (70%) of the 1,112 acres of the non-airport property. These transfers included the transfer of 86 buildings or structures. To date, over \$74.5 million in taxable property value has been created from the previously exempted Navy facility.

The Navy has also conveyed properties to the Maine Community College System (“MCCS”). MCCS and its partner, the University of Maine System have established associate, baccalaureate, certificate and training programs at Brunswick Landing. The newly 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 Navy has also conveyed properties to Bowdoin College and the Town of Brunswick.

## In the News

**Molnlycke TIF.** In December 2012 the Town of Brunswick 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 (“TIF”) revenues will be 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 2015, the Mölnlycke project had added 54 jobs, and anticipates adding a total of approximately 87 jobs at Brunswick Landing.

**Brunswick Landing Subdivision.** In February 2013, the Brunswick Planning Board approved the subdivision plan for Brunswick Landing, making possible the sale of property to private developers to support rapid and successful redevelopment. Phase 1 includes approximately 200 acres.

**Brunswick Landing TIF and Brunswick Executive Airport TIF.** In July 2013, the Town of Brunswick and the Maine Department of Economic and Community Development approved two Tax Increment Financing Districts at Brunswick Landing and Brunswick Executive Airport. 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 newly created Growth Fund Loan Program.

**Sales of Property.** To date MRRA has sold 373 acres of land, 449,348 square feet of real estate within 34 buildings, and there are now seven private sector real estate developers engaged in redevelopment activities at Brunswick Landing. As a result, a number of these buildings are in the process of being leased to the following entities:

- Seeds of Independence
- Pathways
- Wicked Joe Coffee
- New Beets Market
- Midcoast Veterans Center
- Oxford Networks
- American Bureau of Shipping
- Rollease
- Coastal Landing Senior Housing
- Sunray Animal Clinic

- Avita Memory Care Facility (Sandy River Co. and the Northbridge Companies of Burlington, Massachusetts)
- Day One
- Harpswell Coastal Academy

**Economic Development.** Sixty entities, with 805 jobs, now call Brunswick Landing home, and those entities are in the process of creating hundreds of additional jobs, exceeding the statutory short term economic development goal of replacing the 713 civilian employees at Naval Air Station Brunswick.

U.S. Secretary of Commerce Penny Pritzker and U.S. Secretary of Labor Thomas E. Perez announced on October 22, 2013 the eleven winners of the *Make it in America Challenge*, an initiative to accelerate job creation and encourage business investment in the United States.

MRRA in partnership with the Maine Manufacturing Extension Partnership (“MMEP”) and Coastal Counties Workforce, Inc. (“CCWI”) was approved for 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 in building 250, the former aircraft intermediate maintenance department, to provide supply chain assessments and employee training. *TechPlace* will support innovative manufacturing businesses in the sectors of composite and advanced materials, biotechnology, renewable energy, and aviation/aerospace.

Other partners include: the Town of Brunswick, the Brunswick Development Corporation, the Maine Department of Economic and Community Development (“DECD”), Southern Maine Community College, the University of Maine, the Maine Technology Institute, Mölnlycke Health Care and Kestrel Aircraft. The Brunswick Development Corporation and DECD/Town of Brunswick have made financial commitments of \$250,000 each. To date, *TechPlace* is home to 21 businesses employing 45 individuals.

**Brunswick Renewable Energy Center.** This summer, Village Green Ventures began construction of a \$10 million, 1.0 megawatt, anaerobic digester power generation project at Brunswick Landing. Scheduled for completion by the end of the year, it will be the second privately operated power plant of its kind in Maine. A 1-megawatt power plant can produce 1 megawatt-hour of energy per hour at peak performance. That is roughly the amount needed to meet the average hourly energy needs of 1,000 homes. The expectation is that the new facility will produce enough energy to serve about half of the needs of Brunswick Landing businesses during peak hours. This project is consistent with, and part of, MRRA’s mission and redevelopment plan for a renewable and redistributive energy center at Brunswick Landing.

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SOURCE: Information contained herein was obtained from:

- *BRAC Preparedness Strategy, Town of Brunswick, Maine, RKG Associates Inc. dated May 12, 2005;*
- *The Impact of the BRAC Ordered Closure of the Brunswick Naval Air Station: A Regional Community Audit* by Planning Decisions, Inc., and Career Prospects, Inc.,
- *Strategic Implications for the Coastal Economy, Business and Workers*, Coastal Counties Workforce, Inc., Presented to the Coastal Counties Workforce Board and the Defense Employment and Transitions Steering (“DETS”) Committee, dated March 31, 2006;
- <http://www.mrra.us>; <http://www.brunswicklra.org>;

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>REVENUES</b>					
Property Taxes	\$ 30,210	\$ 32,470	\$ 35,345	\$ 36,503	\$ 38,725
Vehicle Excise Taxes	2,475	2,550	2,700	2,825	2,865
Other Taxes	304	369	351	278	119
Licenses, Fees, & Permits	330	281	303	323	360
Intergovernmental	14,251	12,234	12,227	11,219	11,190
Charges for Service	1,437	1,335	1,374	1,351	1,305
Interest on Investments	100	100	50	40	20
Other	667	751	1,436	1,173	950
Transfers and Use of Balances	3,690	4,586	3,820	4,387	4,062
<b>TOTAL REVENUES</b>	<b>\$ 53,464</b>	<b>\$ 54,676</b>	<b>\$ 57,606</b>	<b>\$ 58,099</b>	<b>\$ 59,596</b>
<b>EXPENDITURES</b>					
General Government	\$ 3,273	\$ 3,409	\$ 3,542	\$ 3,606	\$ 3,753
Public Safety	7,644	8,056	8,221	8,507	8,722
Public Works	3,417	3,622	3,688	3,756	3,795
Human Services	152	169	173	166	183
Education	30,394	30,687	32,940	33,958	34,728
Recreation & Culture	2,191	2,359	2,561	2,710	2,771
Debt Service	3,466	3,346	3,555	2,728	1,360
County Tax	1,187	1,183	1,249	1,333	218
Unclassified	195	210	241	187	2,698
Transfers Out	1,545	1,635	1,436	1,148	1,368
<b>TOTAL EXPENDITURES</b>	<b>\$ 53,464</b>	<b>\$ 54,676</b>	<b>\$ 57,606</b>	<b>\$ 58,099</b>	<b>\$ 59,596</b>

NOTES: This table is prepared on the Budgetary Basis. It reflects the adopted budget, 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 Homestead Exemptions provided to resident property taxpayers of the Town of Brunswick. The Town budgets the reimbursement as property tax revenue.

## **Budget Commentary**

The 2015-16 municipal budget was developed with the awareness that the Town had made significant use of reserves and one-time revenues for the previous four budgets, and was facing continued reductions in State revenue sharing. This led to decisions to use debt financing for certain capital projects which in the past would have been funded with the use of fund balance. In addition, the use of general fund balance in the budget was decreased from \$1 million to \$825,000. Even with these adjustments, the budget still required a property tax rate increase of 3.50%. Budgets for the past several years have been strongly affected by changes in state aid. See also “REVENUES FROM THE STATE” herein.

Revenue Sharing is program by which, since 1972, the State has shared a portion of its income and sales tax revenues with municipalities in order to provide a measure of property tax reduction. Since FY 06 the State has annually transferred funds from 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. For the year ended June 30, 2015, Brunswick received \$1,047,789 in revenue sharing, which was approximately \$1.5 million less than the amount called for by state statute. For 2015-16 Brunswick is anticipating a slight increase in revenue sharing.

The preparation of the 2016-17 municipal budget will incorporate several changes in legislation which came out of the biennial budget for the State of Maine. The State budget bill revises 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 is scheduled to be reinstated for FY 20 and thereafter. Under current projections, 2% of sales and income tax revenue would be \$62.6 million, as compared with 5% at \$156.4 million.

The law also increases the value of the homestead property tax exemption. Current law provides 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 will increase to \$15,000 with the State reimbursement continuing at 50%. In 2017 (FY 18), the homestead exemption will increase to \$20,000 with the State reimbursement rate of 50% on the first \$10,000 and 75% on the second \$10,000. Brunswick is currently evaluating the effects of the changes to the Homestead Exemption for taxpayers and for the municipal budget.

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. However, the State budget did increase the level of state aid to cover that cost. Legislation has been introduced that would, again, require the State to fund teacher retirement. The Town currently anticipates that it will continue to be required to budget the normal cost and that the State will continue the higher level of state aid. No assurance can be made that the State’s subsidy program will continue in its present form.

The Town attempts to make 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.

## **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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
State Personal Income Factor	1.66%	1.43%	1.05%	1.09%	0.86%
Town Property Growth Factor	1.04%	2.36%	3.26%	2.44%	2.65%
Growth Limitation Factor	2.70%	3.79%	4.31%	3.53%	3.51%
Property Tax Levy Limit	13,257,677	13,760,143	14,353,205	14,859,874	15,381,455
Property Tax Levy	<u>11,786,776</u>	<u>11,608,434</u>	<u>11,928,920</u>	<u>12,106,342</u>	<u>12,869,598</u>
Over/(below) Prop Tax Levy Limit	(1,470,901)	(2,151,709)	(2,424,285)	(2,753,532)	(2,511,857)

## **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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Unrestricted General Fund					
Balance	\$ 9,522,864	\$ 11,015,926	\$ 11,826,809	\$ 10,107,555	\$ 10,195,567
Total Revenues	53,398,716	53,034,602	53,777,437	55,316,128	56,991,482
<b>As a % of Revenues</b>	<b>17.83%</b>	<b>20.77%</b>	<b>21.99%</b>	<b>18.27%</b>	<b>17.89%</b>
Unassigned General Fund					
Balance	\$ 8,508,525	\$ 9,028,572	\$ 10,001,974	\$ 8,488,177	\$ 8,670,334
Total Revenues	53,398,716	53,034,602	53,777,437	55,316,128	56,991,482
<b>As a % of Revenues</b>	<b>15.93%</b>	<b>17.02%</b>	<b>18.60%</b>	<b>15.34%</b>	<b>15.21%</b>

Based on an August, 2014 Town Council appropriation of \$200,000 from unassigned fund balance for emergency road repairs during the fiscal year, an advance of \$454,080 to the school department for an air quality project at the junior high school and the budgeted use of fund balance of \$1 million, it was anticipated that the General Fund unassigned fund balance would remain below the targeted level as of June 30, 2015. In accordance with the Town’s fund balance policy, additional appropriations will be

reviewed as necessary, and a plan is being developed to bring the unassigned fund balance back to the targeted level within three years. For the 2015-16 municipal budget, the use of fund balance was reduced from \$1 million to \$825,000. The Town's Capital Improvement Program, currently in development, continues to limit additional projects to be funded from fund balance in the years ending 2017-2021. 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. The Town's Charter requires any project to be financed with debt be approved by ordinance.

In June 2012 the Town Council voted to establish a subcommittee to re-work the capital planning process. The CIP Committee presented the results of its work, and a new CIP policy, procedures, and a revised document format were adopted by the Council in February 2013. The new policy made several changes to the content and format of the Town's capital improvement programs. Perhaps most significantly, it requires that projects be grouped in one of four classifications:

- I. *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.
- II. *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.
- III. *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.
- IV. *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 less 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.

In the fall and winter of 2014-15, the CIP Committee followed the new CIP policy and procedures in the development of the CIP, and on May 28, 2015, the Town Council adopted a CIP for fiscal years ending 2016-2020. This document is available on the Town's website.

In August 2014, the Town Council established a Finance Committee, and assigned to it, among other responsibilities, the duties of the CIP Committee. On November 5, 2015, the Town Manager submitted a recommended CIP for fiscal years ending 2017-2021 to the Finance Committee for review and recommendations. The Town Council will review the CIP in conjunction with its development of the 2016-17 budget, and it is anticipated that the 2017-2021 CIP will be adopted by the Town Council at the same time as the 2016-17 budget in May 2016. 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.

The 2017-2021 CIP is currently being developed, and it is highly likely that there will be substantial changes to the plans over the upcoming months, particularly with the School Department projects. Accordingly, the plan summarized herein represents the 2016-2020 CIP as adopted by the Council on May 28, 2015.

Information from the Council-adopted 2016-2020 CIP is as follows.

### **CIP Projects Recommended for Funding – Council Adopted**

#### **Capital Improvement Program - Recommended for Funding For Fiscal Years Ending 2016-2020**

<b>PROJECTS</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>TOTALS</b>
Facilities - Improvements	\$ -	\$ 685,530	\$ -	\$ -	\$ -	\$ 685,530
Infrastructure	160,000	1,000,000	-	-	-	1,160,000
Capital Acquisitions	175,500	-	-	525,000	-	700,500
Other Projects	400,000	-	-	-	-	400,000
Municipal vehicle replacement	519,236	643,860	656,737	669,872	683,269	3,172,974
Municipal annual work programs	655,000	975,000	1,045,000	1,050,000	1,025,000	4,750,000
School vehicle replacement	185,000	185,400	190,962	196,691	202,592	960,645
School annual work programs	390,000	584,000	433,985	430,000	55,000	1,892,985
<b>TOTALS</b>	<b>\$ 2,484,736</b>	<b>\$ 4,073,790</b>	<b>\$ 2,326,684</b>	<b>\$ 2,871,563</b>	<b>\$ 1,965,861</b>	<b>\$ 13,722,634</b>
<b>FUNDING SOURCES</b>						
General Obligation Bonds	\$ 525,500	\$ 553,030	\$ -	\$ 525,000	\$ -	\$ 1,603,530
General Fund Balance	50,000	132,500	-	-	-	182,500
Municipal Revenues - Annual Prog	1,174,236	1,618,860	1,701,737	1,719,872	1,708,269	7,922,974
School Revenues	575,000	769,400	624,947	626,691	257,592	2,853,630
State of Maine	100,000	800,000	-	-	-	900,000
Impact Fees	60,000	-	-	-	-	60,000
Other	-	200,000	-	-	-	200,000
<b>TOTALS</b>	<b>\$ 2,484,736</b>	<b>\$ 4,073,790</b>	<b>\$ 2,326,684</b>	<b>\$ 2,871,563</b>	<b>\$ 1,965,861</b>	<b>\$ 13,722,634</b>

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

#### **Capital Improvement Program - Recommended - for Funding with General Obligation Bonds**

<b>PROJECTS</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>TOTALS</b>
BHS Boiler Plant Replacement	\$ -	\$ 553,030	\$ -	\$ -	\$ -	\$ 553,030
P&R Sidewalk tractor/snowblower	125,500	-	-	-	-	125,500
Engine 2 Replacement	-	-	-	525,000	-	525,000
Property Revaluation	400,000	-	-	-	-	400,000
<b>RECOMMENDED TOTALS</b>	<b>\$ 525,500</b>	<b>\$ 553,030</b>	<b>\$ -</b>	<b>\$ 525,000</b>	<b>\$ -</b>	<b>\$ 1,603,530</b>

As of current writing, the Council has adopted bond ordinances for two of these projects: the Property Revaluation project and the Brunswick High School Boiler. The funding source for the Parks & Recreation sidewalk tractor was changed, using funds from the Vehicle/Equipment Reserve Fund rather than bonds.

## **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.

### **Capital Improvement Program - In Development - for Funding with General Obligation Bonds**

<b>PROJECTS</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>TOTAL</b>
Town Hall Exterior Trim	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ 200,000
Town Hall HVAC	-	-	-	400,000	-	400,000
BHS Track Replacement	300,000	-	-	-	-	300,000
Jordan Acres demo & site work	325,000	-	-	-	-	325,000
Elementary Grades Transition	-	215,000	-	-	-	215,000
Elementary School Solution	-	5,000,000	-	-	-	5,000,000
Junior High School Solution	-	-	5,000,000	-	-	5,000,000
BJHS Sprinkler System	-	-	248,000	-	-	248,000
Tennis Courts	-	208,060	-	-	-	208,060
Bus Garage	-	-	-	-	2,200,000	2,200,000
Central Fire Station	-	-	-	6,000,000	-	6,000,000
Vehicle Wash Bay	-	255,000	-	-	-	255,000
Aquatics Facility	-	-	-	1,500,000	-	1,500,000
East Brunswick Fields	-	-	250,000	250,000	-	500,000
Cooks Corner Road Development	1,400,000	-	-	-	-	1,400,000
BHS Egress Road	-	500,000	-	-	-	500,000
Union St Storm Sewer	-	1,300,000	-	-	-	1,300,000
Androscoggin Bike Path	-	-	300,000	-	-	300,000
<b>IN DEVELOPMENT TOTALS</b>	<b><u>\$ 2,225,000</u></b>	<b><u>\$ 7,478,060</u></b>	<b><u>\$ 5,798,000</u></b>	<b><u>\$ 8,150,000</u></b>	<b><u>\$ 2,200,000</u></b>	<b><u>\$ 25,851,060</u></b>

### **Elementary Grades Solution/Junior High School Solution/Bus Garage**

In 2011-12, the School Department initiated a facilities planning process, with the goal of establishing a comprehensive facilities plan to accommodate its programming requirements and to estimate potential costs. Phase II of the planning began in the spring of 2012 and identified a number of projects, including the demolition of a former elementary school, renovations or new construction of elementary and junior high schools, as well as a bus garage. With total costs estimated at \$55.4 million, and as it is not likely any these projects would be eligible for State participation, the School Department is currently exploring other options for Coffin Elementary School, Brunswick Junior High School and the bus garage. The School Board is actively engaged in public outreach and the planning process, with a goal to present a proposal to the Council and the public in the spring of 2016. For the purposes of the 2016-2020 CIP, the projects are 'in development', and are included for a total of \$12.2 million. Depending on the result of the school department's plan, this number could change significantly. If any of these projects are eventually approved, the Town anticipates that funding would be through the issuance of general obligation bonds.

### **Central Fire Station**

The capital planning process continues to identify the need to construct a new or expanded fire station to serve downtown Brunswick. In 2006 the Town acquired land in the vicinity of the existing Central

Station to accommodate a proposed expansion. The estimated cost of a new or expanded station is \$6 million, with general obligation bonds proposed as the source of funding.

### **Cook's Corner Road Construction**

On November 4, 2013, the Town Council authorized the Town to proceed with preliminary engineering for a road construction and improvement project in the Cook's Corner area. The road project, estimated at a total of approximately \$2 million, is included in the Town's CIP with the expectation that \$1.4 million of the cost associated with it would be funded through the issuance of general obligation bonds, and the debt service payments recovered through tax increment financing. This project was in the 'in development' section of the CIP and has been deferred indefinitely as the Town continues to examine the scope and viability of the project.

### **Other Debt Supported Projects**

Departments have submitted a variety of debt-funded 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 projects proposed to be included in the CIP process is estimated at \$6.25 million.

### **Debt Authorized But Not Issued**

The section "INDEBTEDNESS – FUTURE FINANCING" summarizes projects for which the Town has adopted bond ordinances, but has not yet issued debt to fund those projects.

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**

The Town adopted and has followed a formal Investment Policy since 1985. 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, under circumstances then prevailing, exercise in the management of their own affairs, not for speculation but for investment considering (i) safety of principal and maintenance of capital, (ii) maintenance of sufficient liquidity to meet all operating and cash requirements with which a fund is charged, that is reasonably expected, 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, 2015 are presented as APPENDIX A to this Continuing Disclosure Statement. Runyon Kersteen and Ouellette has not reviewed this Continuing Disclosure Statement nor taken any part in its preparation.

The 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 fund 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. This fund is used to account for assets that the government holds for others in an agency capacity.

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

	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>
<b>ASSETS</b>					
Cash & Investments	\$ 20,952,423	\$ 21,193,010	\$ 20,257,711	\$ 19,500,293	\$ 19,102,967
Taxes Receivable	706,276	706,866	821,285	798,261	1,026,639
Tax Liens & Acq. Property	178,530	245,769	264,646	292,495	308,611
Accounts Receivable	595,162	623,447	974,337	718,089	949,147
Advances to Other Funds	2,685,795	495,297	450,580	-	454,080
Other	42,429	23,925	55,570	36,767	37,711
<b>TOTAL ASSETS</b>	<b><u>\$ 25,160,615</u></b>	<b><u>\$ 23,288,314</u></b>	<b><u>\$ 22,824,129</u></b>	<b><u>\$ 21,345,905</u></b>	<b><u>\$ 21,879,155</u></b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 407,950	\$ 638,737	\$ 490,519	\$ 800,131	\$ 744,923
Accrued Payroll	2,783,560	2,580,995	2,661,617	2,949,180	3,113,766
Due to Other Funds	1,319,431	875,669	1,112,709	1,269,664	1,535,250
Other	232,678	256,645	260,509	261,032	301,832
<b>TOTAL LIABILITIES</b>	<b><u>4,743,619</u></b>	<b><u>4,352,046</u></b>	<b><u>4,525,354</u></b>	<b><u>5,280,007</u></b>	<b><u>5,695,771</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Property Taxes	529,804	631,311	577,813	721,220	781,503
Unavailable Revenues	92,958	196,662	208,347	219,446	263,097
<b>TOTAL DEFERRED INFLOWS</b>	<b><u>622,762</u></b>	<b><u>827,973</u></b>	<b><u>786,160</u></b>	<b><u>940,666</u></b>	<b><u>1,044,600</u></b>
<b>FUND BALANCES</b>					
Nonspendable	2,720,061	519,222	506,150	36,767	491,791
Restricted	7,551,309	6,573,147	5,179,656	4,980,910	4,451,426
Assigned	1,014,339	1,987,354	1,824,835	1,619,378	1,525,233
Unassigned	8,508,525	9,028,572	10,001,974	8,488,177	8,670,334
<b>TOTAL FUND BALANCES</b>	<b><u>19,794,234</u></b>	<b><u>18,108,295</u></b>	<b><u>17,512,615</u></b>	<b><u>15,125,232</u></b>	<b><u>15,138,784</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<b><u>\$ 25,160,615</u></b>	<b><u>\$ 23,288,314</u></b>	<b><u>\$ 22,824,129</u></b>	<b><u>\$ 21,345,905</u></b>	<b><u>\$ 21,879,155</u></b>

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,**

	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>
<b>REVENUES</b>					
Taxes	\$32,014,953	\$33,574,965	\$36,629,919	\$38,490,317	\$40,582,907
Licenses, Fees & Permits	337,927	310,181	372,259	399,359	387,127
Intergovernmental	17,965,819	16,907,852	14,393,862	14,268,570	13,869,293
Charges for Services	2,455,016	1,626,511	1,617,719	1,413,140	1,405,404
Interest on Investments	41,388	45,402	19,177	13,687	10,156
Other	583,613	569,691	744,501	731,055	736,595
<b>TOTAL REVENUES</b>	<b>53,398,716</b>	<b>53,034,602</b>	<b>53,777,437</b>	<b>55,316,128</b>	<b>56,991,482</b>
<b>EXPENDITURES</b>					
General Government	3,218,401	3,223,623	3,281,811	3,552,992	3,517,191
Public Safety	7,089,887	7,258,896	7,681,120	8,013,000	8,295,800
Public Works	3,221,383	3,040,274	3,389,760	3,690,883	4,110,190
Human Services	150,281	168,813	154,425	168,723	171,606
Education	32,012,711	30,310,885	30,599,422	32,539,288	33,989,089
Recreation & Culture	1,989,193	2,163,371	2,322,958	2,490,538	2,669,911
Debt Service	1,618,145	3,466,375	3,346,403	3,566,428	2,744,750
County Tax	1,171,049	1,187,020	1,183,264	1,249,487	1,333,350
Unclassified	120,725	296,682	281,424	36,996	8,683
<b>TOTAL EXPENDITURES</b>	<b>50,591,775</b>	<b>51,115,939</b>	<b>52,240,587</b>	<b>55,308,335</b>	<b>56,840,570</b>
<b>OTHER SOURCES (USES)</b>					
Transfers In	383,402	202,613	956,397	704,265	1,052,000
Transfers Out	(2,672,546)	(3,873,121)	(3,088,927)	(3,324,441)	(1,189,360)
Sale of general capital assets	-	65,906	-	225,000	-
<b>TOTAL OTHER SOURCES (USES)</b>	<b>(2,289,144)</b>	<b>(3,604,602)</b>	<b>(2,132,530)</b>	<b>(2,395,176)</b>	<b>(137,360)</b>
<b>NET CHANGES IN FUND BALANCE</b>	<b>517,797</b>	<b>(1,685,939)</b>	<b>(595,680)</b>	<b>(2,387,383)</b>	<b>13,552</b>
<b>BEGINNING FUND BALANCE</b>	<b>19,276,437</b>	<b>19,794,234</b>	<b>18,108,295</b>	<b>17,512,615</b>	<b>15,125,232</b>
<b>ENDING FUND BALANCE</b>	<b><u>\$19,794,234</u></b>	<b><u>\$18,108,295</u></b>	<b><u>\$17,512,615</u></b>	<b><u>\$15,125,232</u></b>	<b><u>\$15,138,784</u></b>

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, 2015, 2014, 2013, 2012, and 2011 are \$2,455,000, \$2,403,000, \$2,445,000, \$2,450,000, and \$2,900,000 and 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 2015-2016 personal property taxes are due by October 15, 2015. Real estate taxes are due in two installments with one-half due October 15, 2015 and one-half due April 15, 2016. 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, 2016 is 7.0% 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 \$445,090 for the year ending June 30, 2016.

### **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.

<b>Fiscal Yr. End</b>	<b>State Valuation (000)</b>	<b>Assessed Valuation (1,2,3) (000)</b>	<b>Tax Rate (000)</b>	<b>Tax Levy (1&amp;2) (000)</b>	<b>(after Supplements / Abatements)</b>		
					<b>Year End (000)</b>	<b>Levy %</b>	<b>% of a/o 6/30/15</b>
<b>June 30,</b>							
2016	\$2,000,400	\$1,374,997	\$28.36	\$38,995	-----	In Process	
2015	2,026,250	1,359,621	27.40	37,254	\$35,856	96.25%	97.30%
2014	1,983,450	1,335,461	26.54	35,443	34,464	97.24	99.07
2013	2,028,050	1,337,807	24.90	33,311	32,321	97.03	99.87
2012	2,141,500	1,302,514	23.68	30,844	29,935	97.05	99.68
2011	2,204,800	1,278,493	22.87	29,239	28,529	97.57	99.85
2010	2,172,000	1,280,191	22.54	28,856	27,997	97.03	99.88
2009	2,092,850	1,272,613	22.54	28,685	28,078	97.89	99.91
2008	1,975,600	1,252,303	22.20	27,801	27,127	97.58	99.82
2007	1,777,200	1,239,650	21.75	26,962	26,326	97.64	100.02
2006	1,566,000	1,212,998	21.90	26,565	26,122	98.34	100.08

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

<sup>(2)</sup> Beginning with the fiscal year ended June 30, 1999, the State reimburses the Town for Homestead Exemptions provided to resident property taxpayers of the Town. The Town budgets the reimbursement as property tax revenue. The Assessed Valuation has been adjusted to add back the Homestead Exemption value. The Gross Levy has also been adjusted to include the amount of tax reimbursement. Beginning in the year ending 2006 only ½ of the value and ½ of the reimbursement have been added back as the State is now reimbursing 50% of the exemption.

<sup>(3)</sup> Beginning with the fiscal year ended June 30, 2009, the State reimburses the Town for BETE. 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

<b>Taxpayer</b>	<b>Type of Business</b>	<b>Real Estate</b>	<b>As of April 1, 2015</b>			
			<b>Personal Property</b>	<b>Assessed Total</b>	<b>Property Tax</b>	<b>% of Levy</b>
Affordable Midcoast Housing	Housing	\$ 31,101,200	\$ 61,100	\$ 31,162,300	\$ 883,763	2.24%
Bath Iron Works Corp	Shipbuilding	17,680,500	6,065,400	23,745,900	673,434	1.70%
MRRA	Development	21,260,300	3,200	21,263,500	603,033	1.53%
BIF II US Renewable	Utility	19,560,600	-	19,560,600	554,739	1.40%
Developers Diversified	Shopping Ctr	15,862,300	600	15,862,900	449,872	1.14%
Central Maine Power	Utility	12,451,000	406,200	12,857,200	364,630	0.92%
Wade, WJ Trustee (Wal-Mart)	Retail	11,294,000	1,363,400	12,657,400	358,964	0.91%
Thornton Oakes Homeowners	Housing	11,781,600	235,100	12,016,700	340,794	0.86%
W/S Brunswick Properties	Shopping Ctr	11,036,000	-	11,036,000	312,981	0.79%
Maine Natural Gas	Utility	8,863,800	173,700	9,037,500	256,304	<u>0.65%</u>
						12.14%

NOTES: The total taxable assessed value of the Town is \$1,394,250,000, which includes \$54,602,800 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 districts within the municipality as of the April 1<sup>st</sup> preceding the date the Commissioner of the Department of Economic and Community Development ("DECD") 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 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, 2016, the Town has a total of \$54,602,800 in captured valuation for four TIF districts. Three of the TIF districts are on the site of the former Brunswick Naval Air Station. One is the Downtown Development TIF District. The tax revenue captured in these districts totals \$1,548,535 for the year.

The Town continues to explore opportunities to establish additional TIF districts. However, as described above, the Town's districts will 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 Homestead Exemption Program 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 \$7,000 and the State reimbursed municipalities for 100% of the property tax lost because of the exemption. Beginning in 2005, the State changed the reimbursement to 50% of the property tax reduction. For the fiscal year ending June 30, 2016, the maximum amount of the exemption is \$10,000, with the State reimbursing 50% of the property tax reduction due to the exemption.

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

<b>Yr. End June 30,</b>	<b>School Subsidy</b>	<b>Revenue Sharing</b>	<b>Homestead Reimbursement</b>	<b>Other State Aid</b>	<b>Total State Aid</b>
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
2013	9,909,765	1,496,775	382,463	2,717,202	14,506,205
2012	12,343,766	1,573,602	338,026	2,732,938	16,988,332
2011	12,598,662	1,539,380	308,761	3,166,218	17,613,021

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

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 impacts its revenue sharing receipts.

In recent budgets, the State has ordered transfers from the pool to the State's General Fund, thus reducing the amount to be distributed to municipalities. Maine lawmakers overrode Governor Paul LePage's veto of the \$6.7 billion State budget for the biennium beginning July 1, 2015. The approved budget rejected the Governor's proposed budget which sought to eliminate funding for revenue sharing to cities and towns. The approved budget funds \$62.5 million per year for FY 15 and FY 16 in revenue sharing to municipalities. For FY 16 the Town budgeted a slight increase to the amount expected in FY 15 based upon revenue sharing projections provided by the State of Maine.

The adopted budget also overrode Governor Paul LePage's proposed changes to the homestead exemption which sought to double the amount of the exemption from \$10,000 to \$20,000 and limit eligibility to households with at least one resident who was 65 or older. Current law provides for a homestead exemption in the amount of \$10,000 with the State reimbursing municipalities at a rate of 50% of the lost revenue. With the State's adopted biennium budget, beginning in 2016, the homestead exemption will increase to \$15,000 with the State reimbursement continuing at 50%. In 2017, the homestead exemption will increase to \$20,000 with the State reimbursement rate of 50% on the first \$10,000 and 75% on the second \$10,000.

For FY 16 the State budget appropriated an increase in State aid to education under Essential Programs and Service ("EPS"), the State's model for distributing aid to school units, of 4.2% over the FY 2015 contribution. As the State budget was finalized after the Town of Brunswick budget was adopted, the school department had budgeted this number as flat-funded. Brunswick anticipates that for the upcoming school year, its operating allocation subsidy will be an increase of approximately \$367,000 from the previous year. 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. 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”). 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 receiving design and funding approval, 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. This is the last step in the approval process and it authorizes the local unit to issue bonds.

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 has determined that approximately 87% of the debt service on Brunswick’s elementary school project 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 anticipates substantial subsidy on the elementary school project debt service deemed eligible for State assistance, no assurance can be given regarding the actual amount of future debt service subsidy it will receive.

## **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 2014 equalized State valuation (“Equalized State Valuation”) for use in the fiscal year ended June 30, 2015 was \$2,026,250,000. The 2015 Equalized State Valuation as of June 30, 2015 was \$2,000,400,000 making the 15% debt limit \$300,060,000.

## **DEBT SUMMARY**

General obligation debt payable at fiscal year-end June 30, 2015 (audited) and projected for fiscal year-end June 30, 2016 (projected), are comprised of the following individual issues:

<b><u>Year Issued</u></b>	<b><u>Purpose</u></b>	<b><u>Authorized and Issued</u></b>	<b><u>Final Maturity</u></b>	<b><u>Balance as of June 30, 2015</u></b>	<b><u>2016</u></b>
2006	Capital Improvements	\$ 3,125,000	11/01/20	\$ 1,200,000	\$ 1,000,000
2010	Elementary School (BABs) <sup>(1)</sup>	21,462,250	11/01/30	17,169,800	16,096,688
2011	Capital Improvements	4,120,000	11/01/20	1,900,000	1,350,000
2013	Police Station	5,500,000	11/01/32	4,950,000	4,675,000
				<b>\$ 25,219,800</b>	<b>\$ 23,121,688</b>

NOTE: <sup>(1)</sup> 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.

Effective January 31, 2014, Standards and Poor’s Rating Services raised its underlying rating on Brunswick, Maine’s general obligation (“GO”) bonds to ‘AA+’ from ‘AA’ based on the implementation of its local GO criteria published on September 12, 2013. The outlook is stable outlook. The Town’s outstanding debt is rated ‘Aa2’ by Moody’s Investors Service.

## 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 (2016 projected):

<b>Fiscal Yr. End June 30,</b>	<b>Population</b>	<b>Equalized State Val. (000)</b>	<b>Assessed Valuation<sup>(1)</sup> (000)</b>	<b>Total Debt<sup>(2)</sup> (000)</b>	<b>Debt as % Eq. Val</b>	<b>Per Capita<sup>(2)</sup> Debt</b>
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
2008	21,172	1,975,600	1,252,303	8,785	0.44%	414.93
2007	21,172	1,777,200	1,239,650	10,557	0.59%	498.63

NOTES: <sup>(1)</sup> Valuation has been adjusted to add back Homestead Exemption values. For Fiscal Years 2007 through 2016 only ½ of that value is added back. Valuation excludes value in TIF Districts. Beginning in 2009, valuation has been adjusted to add back Business Equipment Tax Exemption (BETE) values.

<sup>(2)</sup> Total debt and Per capita debt as of June 30, 2016 is projected.

## PROJECTED ANNUAL PRINCIPAL PAYMENTS BY ISSUE

<b>Yr. End June 30,</b>	<b>2006</b>	<b>2010</b>	<b>2011</b>	<b>2013</b>	<b>Total Debt</b>
2016	\$ 200,000	\$ 1,073,113	\$ 550,000	\$ 275,000	\$ 2,098,113
2017	200,000	1,073,113	270,000	275,000	1,818,113
2018	200,000	1,073,113	270,000	275,000	1,818,113
2019	200,000	1,073,113	270,000	275,000	1,818,113
2020	200,000	1,073,113	270,000	275,000	1,818,113
2021	200,000	1,073,113	270,000	275,000	1,818,113
2022	-	1,073,113	-	275,000	1,348,113
2023	-	1,073,113	-	275,000	1,348,113
2024	-	1,073,113	-	275,000	1,348,113
2025	-	1,073,113	-	275,000	1,348,113
2026	-	1,073,113	-	275,000	1,348,113
2027	-	1,073,113	-	275,000	1,348,113
2028	-	1,073,113	-	275,000	1,348,113
2029	-	1,073,113	-	275,000	1,348,113
2030	-	1,073,113	-	275,000	1,348,113
2031	-	1,073,112	-	275,000	1,348,112
2032	-	-	-	275,000	275,000
2033	-	-	-	275,000	275,000
	\$ 1,200,000	\$ 17,169,800	\$ 1,900,000	\$ 4,950,000	\$ 25,219,800

## PROJECTED DEBT SERVICE

<b>Fiscal Year End June 30,</b>	<b>Annual Principal</b>	<b>Annual Interest</b>	<b>Total</b>	<b>BABs Subsidy (1)</b>	<b>Net Debt Service</b>
2016	\$ 2,098,112	\$ 894,062	\$ 2,992,174	\$ (228,895)	\$ 2,763,279
2017	1,818,113	845,265	2,663,378	(220,447)	2,442,931
2018	1,818,112	792,811	2,610,923	(210,212)	2,400,711
2019	1,818,113	736,377	2,554,490	(198,583)	2,355,907
2020	1,818,112	677,036	2,495,148	(185,937)	2,309,211
2021	1,818,113	616,621	2,434,734	(172,916)	2,261,818
2022	1,348,112	563,184	1,911,296	(159,518)	1,751,778
2023	1,348,113	515,843	1,863,956	(145,558)	1,718,398
2024	1,348,112	466,569	1,814,681	(131,222)	1,683,459
2025	1,348,113	415,267	1,763,380	(116,416)	1,646,964
2026	1,348,112	362,108	1,710,220	(101,141)	1,609,079
2027	1,348,113	303,469	1,651,582	(84,068)	1,567,514
2028	1,348,112	240,233	1,588,345	(65,386)	1,522,959
2029	1,348,113	176,997	1,525,110	(46,704)	1,478,406
2030	1,348,113	113,760	1,461,873	(28,023)	1,433,850
2031	1,348,112	50,352	1,398,464	(9,341)	1,389,123
2032	275,000	14,093	289,093	-	289,093
2033	275,000	4,812	279,812	-	279,812
	<b>\$ 25,219,800</b>	<b>\$ 7,788,859</b>	<b>\$ 33,008,659</b>	<b>\$ (2,104,367)</b>	<b>\$ 30,904,292</b>

NOTE: <sup>(1)</sup> 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"). "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 a lesser amount. Federal sequestration reduced the BABs subsidy by approximately 7.3% in the fiscal year ended June 30, 2015. For future years the reduction is estimated to be approximately 6.8% of the subsidy.

## DEBT SERVICE COMPONENT OF BUDGETED EXPENDITURES

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Total Budgeted Debt Service	\$3,557,022	\$3,432,723	\$3,639,373	\$2,811,249	\$2,779,760
(less TIF Paid Debt)	(90,648)	(86,320)	(84,900)	(83,480)	(82,060)
(less School Debt Service Subsidy) <sup>(1)</sup>	(2,196,001)	(2,122,628)	(2,059,315)	(1,356,519)	(1,340,251)
Net Tax-backed Debt Service	\$1,270,373	\$1,223,775	\$1,495,158	\$1,371,250	\$1,357,449
Budgeted Operating Expenditure	\$53,463,870	\$54,675,531	\$57,606,531	\$58,099,543	\$59,596,486
Debt Service as % of Expenditures	6.65%	6.28%	6.32%	4.84%	4.66%
Net Debt Service as % of Expenditure	2.38%	2.24%	2.60%	2.36%	2.28%

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

## **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, 2015 the Town's equalized State Valuation of \$2,000,400,000 was 5.08% of the County's equalized State Valuation of \$39,379,600,000. The Town's share was 5.08%, or \$1,885,871, of the County's \$37,125,000 debt obligations outstanding as of June 30, 2015.

### **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, 2015, MR10 had retired its prior year debt obligation balance. 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.

## **CONTINGENT DEBT**

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

## **FUTURE FINANCING**

On September 21, 2015, the Town Council adopted a bond ordinance authorizing the issuance of up to \$400,000 in debt to finance the funding and completion of reappraisal and revaluation of all taxable real property and all tax-exempt real property located within the Town of Brunswick. This project was included in the 2016-2020 CIP and the revaluation is anticipated to be completed for the 2017 tax commitment.

On October 5, 2015, the Town Council adopted a bond ordinance authorizing the issuance of up to \$575,000 in debt to finance the replacement and upgrade of the boiler and domestic hot water system at Brunswick High School. This project was included in the 2016-2020 CIP and the work is anticipated to be completed by spring of 2016.

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. Additionally, debt related to state subsidized school construction projects requires the approval of the voters in a local referendum.

## **RETIREMENT**

### **DEFINED BENEFIT PENSION PLANS**

***Consolidated Plan for Participating Local Districts (PLD Plan)***: The Town joined the PLD Plan of the Maine Public Employees Retirement System, effective on July 1, 1995. Upon joining the PLD Plan, the

Town ceased to be an individual sponsor of an agent multiple-employer defined benefit pension plan administered by MainePERS and instead became a participant in the PLD Plan. As a participant of the PLD Plan, the Town was entitled to its initial unfunded unpooled actuarial assets from its previous plan. It was the position of MainePERS that it could not return the surplus, but it allowed the Town of Brunswick to use a portion of the surplus annually to reduce the required employer contribution. For the years ended June 30, 2015, 2014 and 2013, The Town used credits of \$66,588, \$66,024 and \$68,280 respectively. MainePERS recently changed its position and decided to refund the remaining balance of the surplus. On June 30, 2015 the remaining balance was \$136,481, and this was returned to the Town in July, 2015.

PLD Plan members are required to contribute 7.0% to 8.5% of their annual covered salary and the Town of Brunswick is required to contribute at an actuarially determined rate. The rate for the year ended June 30, 2015 varied from 7.8% to 13.4% of covered payroll depending on the employee classification. The amounts the Town was required to contribute to the PLD for the years ended June 30, 2015, 2014 and 2013 were \$931,375, \$796,662 and \$683,783, respectively, less amounts from credits as noted above. All required contributions were made by the Town.

***State Employee and Teacher Plan (SET Plan):*** Employees in the SET Plan are required by State statute to contribute 7.65% of their compensation to the retirement system. Beginning with the fiscal year ended June 30, 2015, the Town is required to make contributions equivalent to the actuarially determined normal cost of the Plan for non-federally-funded teachers. Contributions paid by the Town for the year ended June 30, 2015, were \$423,470, at a rate of 2.65%, equal to the required contribution for the year. As required by State statute, contributions are made on behalf of the Town for the non-federally-funded teachers by a State appropriation. Contributions paid by the State to the Plan for the years ended June 30, 2015, 2014 and 2013 were \$2,082,000, \$2,038,000 and \$2,135,000, respectively, equal to the required contribution for each year. For federally-funded teachers, contributions paid by the Town to the Plan for the years ended June 30, 2015, 2014 and 2013 were \$61,939, \$61,368 and \$64,533, respectively, equal to the required contribution for each year. The actuarially determined rate for State and Town contributions to the SET Plan for federally-funded teachers for the year ended June 30, 2015 were 13.03% and 16.15%, respectively.

***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.mainepers.org](http://www.mainepers.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.

*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, 2014, 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, 2015, the Town reported a liability of \$3,536,451 for its proportionate share of the net pension liability. At June 30, 2014, the Town's proportion of the PLD Plan was 2.2982%.

SET Plan - At June 30, 2015, the Town reported a liability of \$426,374 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	\$ 426,374
State's proportionate share of the net pension liability associated with the Town	<u>15,095,418</u>
Total	<u><u>\$ 15,521,792</u></u>

At June 30, 2014, the Town's proportion of the SET Plan was 0.0395%.

For the year ended June 30, 2015, the Town recognized pension gain of \$105,115 for the PLD Plan and pension expense of \$2,245,650 for the SET Plan. Additionally, the Town recognized revenue of \$2,082,194 for support provided by the State for the SET Plan.

At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 333,055	\$ 1,421
Changes of assumptions	19,576	-
Net differences between projected and actual earnings on pension plan investments	-	3,150,718
Changes in proportion and differences between Town contributions and proportionate share of contributions	382,952	227,471
Town contributions subsequent to the measurement date	<u>1,354,845</u>	<u>-</u>
	<u><u>\$ 2,090,428</u></u>	<u><u>\$ 3,379,610</u></u>

A portion of deferred outflows of resources related to pensions, \$1,354,845, 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense</u>
2016	\$ 584,357
2017	584,357
2018	687,633
2019	<u>787,680</u>
	<u><u>\$ 2,644,027</u></u>

*Actuarial assumptions:* The total pension liability in the June 30, 2014 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	3.5%	3.5%
Salary increases, per year	3.5% to 9.5%	3.5% to 13.5%
Investment return, per annum, compounded annually	7.25%	7.125%
Cost of living benefit increases, per annum	3.12%	2.55%

Mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments 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 asset class. 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 pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	2.5%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	<u>25%</u>	0.0%
Total	<u>100%</u>	

*Discount rate:* The discount rate used to measure the total pension liability was 7.25% for the PLD Plan and 7.125% for the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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 liabilities.

*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 7.25% for the PLD Plan and 7.125% 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 (6.25% for PLD Plan and 6.125% for SET Plan) or 1 percentage-point higher (8.25% for PLD Plan and 8.125% for SET Plan) than the current rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
<b>PLD Plan</b>			
Town's proportionate share of the net pension liability	\$ 11,032,684	\$ 3,536,451	\$ (2,729,469)
<b>SET Plan</b>			
Town's proportionate share of the net pension liability	\$ 816,682	\$ 426,374	\$ 99,775

*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.mainepers.org](http://www.mainepers.org).

*Payables to the pension plan:* The Town reported no payables to the pension plan as of June 30, 2015.

## **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**

The Governmental Accounting Standards Board ("GASB") Statement 45 addresses the reporting and disclosure requirements for other postemployment benefits ("OPEB"). GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

**Plan Description:** The Town is a member of the Maine Municipal Employees Health Trust (MMEHT), an agent multiple-employer healthcare plan that provides employment and post-employment healthcare benefits. Retiree eligibility to receive health care benefits follows the same requirements as the retirement requirement of the Maine Public Employees Retirement System (MainePERS), meaning that employees eligible to retire under MainePERS are eligible to participate in the retiree health benefit offered by MMEHT. Eligible retirees are required to pay 100% of the health insurance premiums to receive healthcare benefits. For non-Medicare eligible retirees, premiums are the same as for active employees. Medicare eligible retirees pay reduced premiums and the coverage is adjusted to supplement Medicare.

MMEHT contracts with an actuarial consultant to provide a biennial actuarial valuation of the Town's OPEB liability under GASB Statement 45. The most recent OPEB liability actuarial valuation was completed in July 2015 for the fiscal years ending June 30, 2015 and June 30, 2016. A copy of the financial report and the required supplementary information for the Health Trust may be obtained from the Maine Municipal Employees Health Trust, 60 Community Drive, Augusta, ME 04333.

**Funding policy:** GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The Town currently funds these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits.

**Annual OPEB cost:** The Town's annual OPEB cost is calculated based on the annual required contribution (ARC), an actuarially determined amount. The ARC represents a level of funding that, if

paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty (30) years. The components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation are summarized in the following table.

Normal cost	\$ 63,101
Amortization of Unfunded	118,822
Interest	<u>3,603</u>
Annual Required Contribution	185,526
Interest on Net OPEB Obligation	30,537
Amortizing Adjustment to ARC	<u>(44,150)</u>
Annual OPEB Cost	171,913
Contributions made	<u>(63,983)</u>
Increase in Net OPEB Obligation	107,930
Net OPEB obligation - beginning of year	<u>763,433</u>
Net OPEB obligation - end of year	<u>\$ 871,363</u>

The following table represents the OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2015 and two preceding years:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	210,543	34.68%	617,802
June 30, 2014	208,061	30.02%	763,433
June 30, 2015	185,526	34.49%	871,363

***Funding Status and Funding Progress:*** The funded status of the plan as of June 30, 2015 was as follows:

Actuarial accrued liability	\$ 2,136,856
Plan assets	<u>-</u>
Unfunded actuarial accrued liability	\$ 2,136,856
Funded ratio	0%
Covered payroll	\$ 8,356,113
Unfunded actuarial accrued liability as a percentage of covered payroll	25.57%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, found in the required supplementary information (RSI) on page 80, provides multiyear

trend information (only four years available) that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions:** Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefits costs between the Town and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions were as follows:

Actuarial valuation date	1/1/2015
Actuarial cost method	Projected unit credit
Amortization method	Level dollar
Amortization period	Open, 30 years
Actuarial assumptions:	
Discount rate	4.00%
Rate of salary increases	3.00%
Ultimate rate of medical inflation	4.25%

The Town has monitored and will continue to monitor its OPEB liabilities as determined pursuant to GASB Statement 45. The Town does not, however, offer any assurance as to the impact, if any, of future OPEB liabilities, as determined pursuant to GASB Statement 45, on the Town's future financial condition or operations. For additional information about the Town's OPEB liabilities, see "Other Post Employment Benefits" in Notes to Basic Financial Statements in APPENDIX A hereto.

## 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). The Town believes that treatment options to meet those parameters will be costly and will not appreciably impact water quality. Initially, the Town believed it could obtain a waiver of those limits based upon Fundamentally Different Factors (FDF), the variance process described in its 2004 wastewater discharge license. Late in 2010, the Town learned that the waivers it sought were not available. Through January, 2012, the Town and the Maine Department of Environmental Protection (DEP) worked to negotiate an Administrative Consent Agreement (ACA) to resolve violations of certain wastewater discharge limits and other operational violations. Late in 2012, the Town and DEP cooperated in the construction and operation of a small-scale experimental treatment facility. The Town operated the facility through the 2013-14 winter months in order to obtain more reliable data about the facility's effectiveness in cold weather conditions. In November 2014 DEP presented their report on the pilot project, and as the results were not conclusive, the Town anticipates further discussion with DEP on the next steps.

Depending on its collaboration with DEP, the cost of wastewater treatment options, and other factors, the Town may ultimately consider closing the landfill. The Town has contracted with a consultant to explore the viability of continued operations of the landfill and to review other solid waste options available to the Town. Any discussions of closure will address the potential for DEP cost-sharing through the Maine Landfill Closure and Remediation Program.

While the Town faces potential fines for its failure to comply with wastewater discharge limits and other violations DEP has indicated that it would not pursue enforcement action so long as the Town and DEP were pursuing a collaborative solution. The Town cannot reasonably estimate the amount of any potential fines, should it once again be faced with enforcement action.

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**

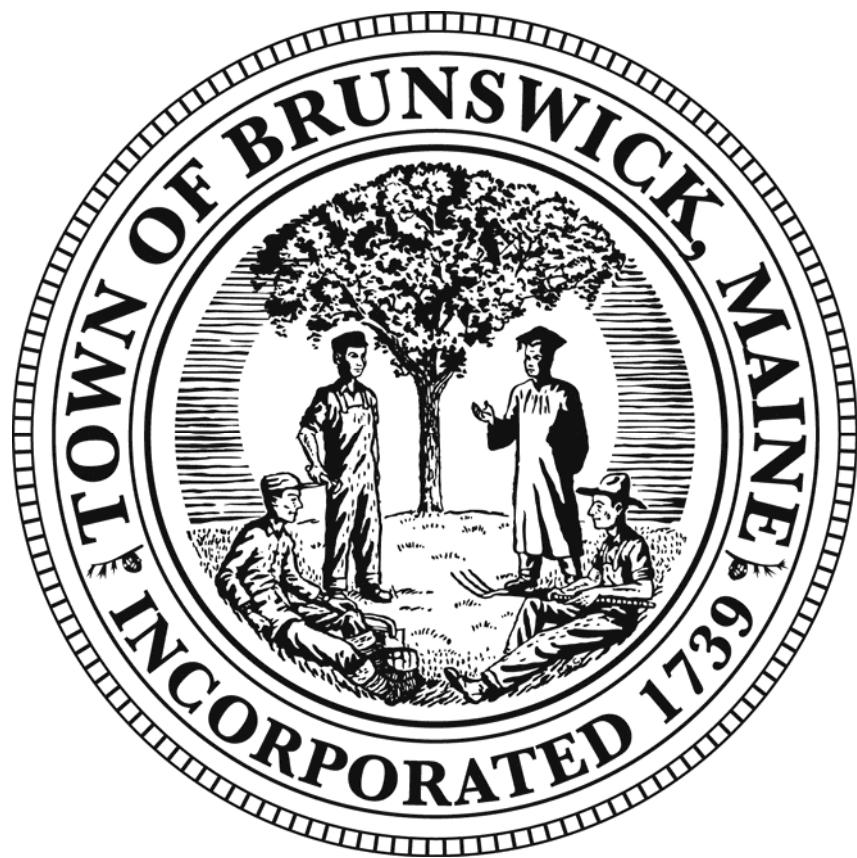
There are various claims and suits pending against the Town that arise in the normal course of the Town's activities. In the opinion of Town officials there is no litigation pending against the Town which, either individually or in the aggregate, would result in judgments that would have a materially 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, 2015**

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# **TOWN OF BRUNSWICK, MAINE**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2015**



**TOWN OF BRUNSWICK, MAINE**  
**Comprehensive Annual Financial Report**  
**Year ended June 30, 2015**

Prepared by:  
Town of Brunswick  
Department of Finance



## Town of Brunswick, Maine Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015

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## **INTRODUCTORY SECTION**





# Town of Brunswick, Maine

INCORPORATED 1739

## OFFICE OF THE FINANCE DIRECTOR

85 UNION STREET

BRUNSWICK, MAINE 04011-2418

TELEPHONE 207-725-6652

FAX 207-725-4107

December 4, 2015

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, 2015. 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 1<sup>st</sup>. 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.

The Brunswick Development Corporation (BDC) is a separate legal entity established to foster economic development within Brunswick. In previous years, BDC was reported as a component unit of the Town of Brunswick because the Town appointed a majority of the directors and because BDC had the potential to provide specific financial benefits to, or impose specific financial burdens on the Town. Effective July 1, 2013, with a change in the formation and composition of BDC's board of directors, management has determined that BDC should no longer be considered a component unit of the Town. The financial statements for BDC can be obtained directly from BDC at 85 Union Street, Brunswick, ME 04011.

### ***Local economy***

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

*Mid Coast Health Services.* Mid Coast Health Services (MCHS), is a community, non-profit, health care organization providing a continuum of care through its affiliated organizations. With more than 1,600 employees, MCHS is the largest employer in Brunswick and the third largest employer in the labor market area. Situated in Brunswick for many years, Mid Coast Hospital moved into a new facility in 2001, and in 2009, completed a major expansion that added approximately 50,000 square feet to the hospital. In 2011, MCHS opened a primary care and walk-in clinic facility in leased space at Brunswick Station in downtown Brunswick.

Another hospital in Brunswick, Parkview Adventist Medical Center, filed for bankruptcy in June 2015, and presented the bankruptcy court with its plan to integrate with Mid Coast Health Services. Approved in August 2015, this plan will create Mid Coast – Parkview Health (MCPH), with the goal to consolidate inpatient and emergency services at Mid Coast Hospital, and utilize 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.

*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 three of these ships under construction and 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. BIW was recently awarded a modernization contract and expects to compete for future contracts.

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. BIW has assumed responsibility for the design of the DDG 1000. All three ships of the DDG 1000 class are now under construction at BIW.

Given the restart of the DDG-51 program and changes related to the DDG-1000 program, BIW says it expects to hire up to 400 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. BIW continues to look for opportunities to diversify its work beyond Navy contracts, and was recently awarded a preliminary design contract for the U.S. Coast Guard's offshore patrol cutter. BIW is now one of three shipyards in contention for the final contract, and will have the opportunity to bid on that contract in early 2016.

*Bowdoin College.* Bowdoin College (Bowdoin or College) is an undergraduate liberal arts college located in Brunswick. Bowdoin employs approximately 921 full-time equivalent (FTE) employees, including 204 FTE faculty members. For the most recent tax year, Bowdoin was the Town of Brunswick's 12<sup>th</sup> largest property taxpayer. Over the past few years, Bowdoin has completed a number of building and facilities improvements, including renovation of the historic Harriet Beecher Stowe House and construction of a new administration building. The College also recently installed solar arrays on its field house and hockey arena as well as on land at the former Brunswick Naval Air Station.

*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 is the name given to 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 renovated and others have been constructed, attracting a variety of businesses. The Master Plan along with information regarding the impact of NASB's closure, and MRRA's redevelopment efforts can be found on MRRA's website at [www.mrra.us](http://www.mrra.us).

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

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

In February, 2013, the Council adopted a new CIP policy, new procedures, and a revised document format. The 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 the replacement of vehicles and equipment. Finally, the policy requires that the CIP be developed and completed ahead of the development of the annual municipal budget.

The CIP for fiscal years ending 2016-20 recommended funding projects totaling \$13,722,635, with \$1,603,530 to be financed with debt. Projects in development (those that may eventually be considered for funding) totaled \$27,871,060. 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. Further, the CIP policy articulates the Town's goals for financing capital items. In adopting the policy, the Town understood that many of its goals will need to be accomplished over a period of time in a phased approach.

### ***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, 2015, the amount of unassigned fund balance was \$8,670,334 or 15.21% of general fund revenues. This reduced balance was anticipated, as the Town Council had approved the use of fund balance in the 2014-15 budget. In accordance with the fund balance policy, the Town intends to develop a plan, to be implemented through the annual budgetary process, to bring the balance to the target level over a period of no more than three years. Beginning with the 2015-16 budget, the Town is reducing its use of fund balance in the annual budget.

During the development of the 2014-15 budget, the Town Council expressed its intention to promote longer-range budgeting and financial planning. In August, 2014 the Town Council adopted a policy establishing a Town Finance Committee, composed of three members of the Town Council, to assume responsibility for reviewing and participating in the financial affairs of the Town. During the year, the Finance Committee met monthly and began developing a framework for long-term financial projections incorporating the capital planning of the CIP and the operational planning of the annual budget.

### ***Major initiatives***

***School Construction and Facilities Projects.*** 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. Although the department had at one time anticipated that it would meet its needs through renovations of and additions to the Coffin and Jordan Acres elementary schools, as well as the Junior High School, the department decided it needed to take a fresh look at those and other options. As a result, the school board embarked on 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. Phases I and II of the plan's development have been completed, and although no final decisions have been reached, the department has identified a number of options, including renovation and new construction. The school department believes that projects to expand, renovate or construct school facilities would require the issuance of debt and that those projects are not likely to qualify for State participation. The results of the planning will be addressed through the Capital Improvement Program (CIP).

***Brunswick Station and Amtrak Downeaster Service.*** With work completed on a \$38 million project to upgrade 28 miles of rail track between Brunswick and Portland and other rail-related improvements, the Downeaster has been operating two trips per day into Brunswick Station since November 1, 2012. According to the Northern New England Passenger Rail Authority (NNEPRA), additional scheduled

service could be provided to and from Brunswick if the proposed Downeaster layover facility is constructed in Brunswick. NNEPRA's preferred location for the layover facility, known as Brunswick West, has been opposed by abutters and others who are worried about the facility's impact on their neighborhood. NNEPRA has received the necessary permitting from the Maine Department of Environmental Protection and is currently moving forward with construction of the facility at Brunswick West.

*Brunswick Landing, Maine's Center for Innovation.* The Town and the Midcoast Regional Redevelopment Authority (MRRA) have continued discussing collaborative approaches regarding the redevelopment of Naval Air Station Brunswick (NASB). Two Tax Increment Financing (TIF) districts on the former NASB were designated by the Town Council in March 2013. With a TIF, a portion of the property taxes paid could be used for infrastructure development or rebated directly to MRRA and others to assist in the funding of development projects. The TIF development programs, which allocate up to 50% of captured TIF revenues to be made available to MRRA and to businesses wishing to locate at Brunswick Landing, were approved by the Town in July 2013, and by the Maine Department of Economic and Community Development (DECD) in October 2013. Based on subsequent discussions, the Town and MRRA have reached an agreement by which the TIF revenues may be distributed. The development programs will be amended and a credit enhancement agreement between the Town and MRRA will be finalized. It is anticipated that this will be completed before the end of 2015.

*Graham Road Landfill.* As described in the notes to the financial statements, the Graham Road Landfill operates under strict environmental regulations and continued 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. Late in 2010, the Town learned that the waivers it sought, as specifically identified in its 2004 license, were not available.

After learning that the waivers it sought were not available, the Town and the DEP engaged in negotiating an Administrative Consent Agreement (ACA) to resolve the wastewater discharge and operational violations. In January 2012, the Town and DEP discontinued the ACA discussions and instead 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. Based on DEP's analysis of the test data, the Town has engaged a consultant to explore the options for, and financial impacts of, continued landfill operations.

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 may present an opportunity for the Town to be eligible for closure funding from the State. Depending on its collaboration with DEP, the cost of wastewater treatment options, and other factors, the Town may ultimately consider closing the landfill. Though the Town faces potential fines for its failure to comply with wastewater discharge limits and other violations, DEP has indicated that it would not pursue enforcement action so long as the Town and DEP were pursuing a collaborative solution. The Town cannot reasonably estimate the amount of any potential fines, should it once again be faced with enforcement action.

*Bond Issues and Debt Authorization.* During the fiscal year ended June 30, 2015, the Town authorized the issuance of bonds for four projects, totaling \$1,330,080, as recommended in the 2015-19 CIP. Subsequent to June 30, 2015, the Town authorized the issuance of bonds for an additional two projects totaling \$975,000, as recommended in the 2016-20 CIP.

The Town continues to enjoy an Aa2 rating with Moody's Investors Service. In January, 2014, Standard & Poor's completed a review of the Town and updated its rating of the Town from AA to AA+.

### ***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, 2014. The certificate recognizes that Brunswick published an easily readable and efficiently organized comprehensive annual financial report that satisfied both generally accepted accounting principles and applicable legal requirements. The Town of Brunswick has received this prestigious award every year since 1999. A Certificate of Achievement is valid for a period of one year. We believe this year's comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the Government Finance Officers Association to determine its eligibility for a certificate.

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

Respectfully submitted,

*Julia Henze*

Julia Henze, CPFO  
Finance Director



Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Town of Brunswick**  
**Maine**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

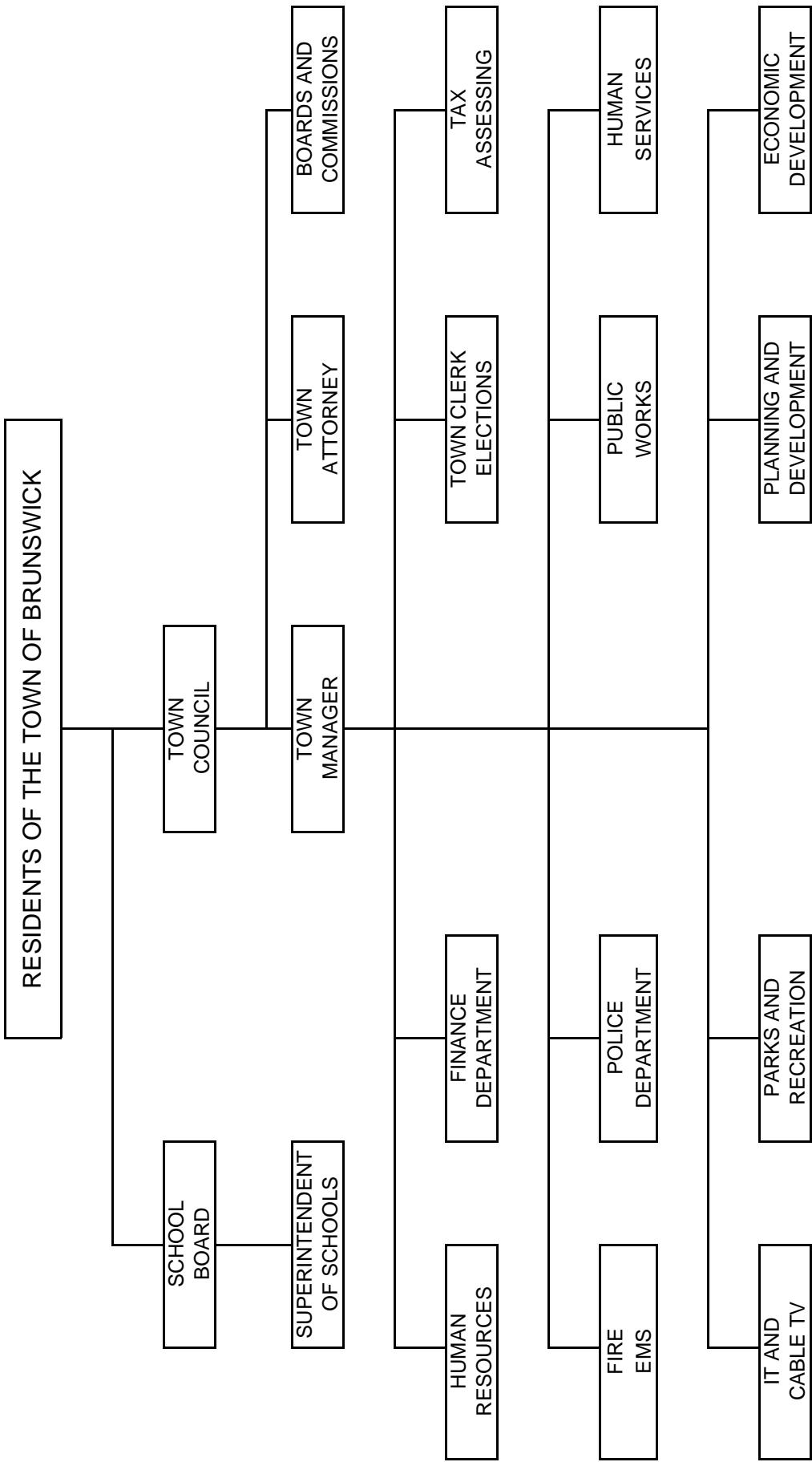
**June 30, 2014**

A handwritten signature in black ink that reads "Jeffrey R. Eman".

Executive Director/CEO



**TOWN OF BRUNSWICK, MAINE  
ORGANIZATIONAL CHART**



TOWN OF BRUNSWICK, MAINE

ELECTED AND APPOINTED OFFICIALS

June 30, 2015

Elected Officials

Council Member - District 7	Chair	Sarah Brayman
Council Member - District 2	Vice Chair	Stephen S. Walker
Council Member - District 1		W. David Watson
Council Member - District 3		Suzan Z. Wilson
Council Member - District 4		John M. Perreault
Council Member - District 5		Daniel E. Harris
Council Member - District 6		Jane F. Millett
Council Member - At large		John G. Richardson, Jr.
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	Cathleen M. Donovan
Town Clerk	Frances M. Smith
Director of Planning and Development	Anna M. Breinich
Fire Chief	Kenneth A. Brillant
Police Chief	Richard J. Rizzo
Director of Public Works	John A. Foster
Director of Parks and Recreation	Thomas M. Farrell
Superintendent of Schools	Paul Perzanoski

## **FINANCIAL SECTION**



## Independent Auditor's 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, 2015, 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 of 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, 2015, and respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Postemployment Healthcare Benefit – Schedule of Funding Progress, the Schedule of Proportionate Share of Net Pension Liability, and the Schedule of Pension 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 nonmajor fund financial statements, and statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor 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 nonmajor 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 December 4, 2015 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 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 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 that reads "Ryan Weston Ouellette". The signature is fluid and cursive, with "Ryan" and "Weston" on the first line and "Ouellette" on the second line.

December 4, 2015  
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, 2015. 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, 2015, the Town of Brunswick's total net position increased by \$452,646, to total \$65,131,999. Of this amount, \$6,601,576 is classified as *restricted net position*, of which the largest portion, \$4,475,686, is restricted for education purposes.
- In *unrestricted net position*, the Town is reporting a deficit of \$520,178. This category is negative for the first time due to the recognition of a net pension liability and associated deferred inflows and outflows resulting from the implementation of the Governmental Accounting Standards Board (GASB) Statement 68.
- Net investment in capital assets increased by \$855,002, while in total the other categories of net position decreased by \$402,356.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$18,220,538, a decrease of \$961,743 in comparison with the prior fiscal year.
- The unassigned fund balance for the General Fund at June 30, 2015 was \$8,670,334. The Town's policy is to maintain the unassigned fund balance at 16.67% of revenues. At June 30, 2015, this portion of the fund balance is approximately 15.25% and 15.21% of the total General Fund expenditures and revenues, respectively.
- The Town's total outstanding long-term principal debt decreased by \$2,103,112 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 nineteen 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 and the Tax Increment Financing Fund, both 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 34-41 of this report. Individual fund data for each of the non-major governmental funds is provided in *combining statements* found on pages 84-93 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 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 96-98.

**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 an agency fund. 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 Brunswick 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 100-106.

**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 47-77 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 78 of this report, with the notes to the RSI following on page 81.

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 84-106 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 \$65,131,999 at the close of the most recent fiscal year which is an increase of \$452,646 during the fiscal year. The Town reports positive balances in two categories of net position, (net investment in capital assets, restricted) for the government as a whole.

#### Town of Brunswick's Net Position

	Governmental activities		Business-type activities		Total	
	2015	2014 (as restated)	2015	2014	2015	2014 (as restated)
Current and other assets	\$23,882,922	\$24,527,329	\$ 2,854,278	\$ 2,574,373	\$ 26,737,200	\$ 27,101,702
Capital assets	80,865,456	82,955,758	2,235,365	2,269,672	83,100,821	85,225,430
Total assets	<u>104,748,378</u>	<u>107,483,087</u>	<u>5,089,643</u>	<u>4,844,045</u>	<u>109,838,021</u>	<u>112,327,132</u>
Deferred outflows of resources	2,090,428	1,211,235	-	-	2,090,428	1,211,235
Long-term liabilities outstanding	31,719,818	37,541,881	7,039,799	6,829,772	38,759,617	44,371,653
Other liabilities	4,639,151	4,451,004	18,072	36,357	4,657,223	4,487,361
Total liabilities	<u>36,358,969</u>	<u>41,992,885</u>	<u>7,057,871</u>	<u>6,866,129</u>	<u>43,416,840</u>	<u>48,859,014</u>
Deferred inflows of resources	3,379,610	-	-	-	3,379,610	-
Net position						
Net investment						
in capital assets	56,815,236	55,925,927	2,235,365	2,269,672	59,050,601	58,195,599
Restricted	6,601,576	7,494,688	-	-	6,601,576	7,494,688
Unrestricted	3,683,415	3,280,822	(4,203,593)	(4,291,756)	(520,178)	(1,010,934)
Total net position	<u>\$67,100,227</u>	<u>\$ 66,701,437</u>	<u>\$ (1,968,228)</u>	<u>\$ (2,022,084)</u>	<u>\$ 65,131,999</u>	<u>\$ 64,679,353</u>

By far, the largest portion of the Town's net position, \$59,050,601 or 90.66%, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related

outstanding debt used to acquire those assets (i.e., net investment in capital 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, \$6,601,576 or 10.14% of the Town of Brunswick's net position represents resources that are restricted, meaning they are subject to external restrictions on how they may be used. The remaining deficit balance in unrestricted net position was \$520,178 as of June 30, 2015. This deficit, and the prior year (restated) deficit are largely a reflection of the Town's recognition of net pension liability and associated deferred outflows and inflows.

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

	Governmental activities		Business-type activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 2,965,415	\$ 2,609,479	\$ 749,380	\$ 721,599	\$ 3,714,795	\$ 3,331,078
Operating grants and contributions	15,462,170	15,533,543	14,667	44,000	15,476,837	15,577,543
Capital grants and contributions	452,248	5,961,817	-	-	452,248	5,961,817
General revenues						
Property taxes	39,007,676	36,850,361	-	-	39,007,676	36,850,361
Vehicle, w atercraft and aircraft excise taxes	3,071,620	2,950,348	-	-	3,071,620	2,950,348
Grants and contributions not restricted to specific programs	1,392,084	1,319,069	-	-	1,392,084	1,319,069
Unrestricted investment earnings	9,856	83,537	270	232	10,126	83,769
Other	136,631	17,965	10,000	3,328	146,631	21,293
Total revenues	<u>62,497,700</u>	<u>65,326,119</u>	<u>774,317</u>	<u>769,159</u>	<u>63,272,017</u>	<u>66,095,278</u>
<b>Expenses:</b>						
General government	5,006,091	4,382,918	-	-	5,006,091	4,382,918
Public safety	8,144,886	8,643,119	-	-	8,144,886	8,643,119
Public w orks	5,401,071	5,180,234	-	-	5,401,071	5,180,234
Human services	165,884	168,706	-	-	165,884	168,706
Education	37,759,011	36,080,222	-	-	37,759,011	36,080,222
Recreation and culture	3,336,957	3,319,591	-	-	3,336,957	3,319,591
County tax	1,333,350	1,249,487	-	-	1,333,350	1,249,487
Unclassified	8,683	36,996	-	-	8,683	36,996
Interest on long-term debt	698,977	741,999	-	-	698,977	741,999
Solid w aste facilities	-	-	730,574	712,042	730,574	712,042
Pay-per-bag program	-	-	90,666	85,259	90,666	85,259
Wastew ater treatment	-	-	50,978	57,324	50,978	57,324
Train station	-	-	92,243	86,409	92,243	86,409
Total expenses	<u>61,854,910</u>	<u>59,803,272</u>	<u>964,461</u>	<u>941,034</u>	<u>62,819,371</u>	<u>60,744,306</u>
<b>Increase (decrease) in net position before special items and transfers</b>						
	642,790	5,522,847	(190,144)	(171,875)	452,646	5,350,972
Special items	-	225,000	-	-	-	225,000
Transfers	<u>(244,000)</u>	<u>(240,000)</u>	<u>244,000</u>	<u>240,000</u>	<u>-</u>	<u>-</u>
Increase in net position	<u>398,790</u>	<u>5,507,847</u>	<u>53,856</u>	<u>68,125</u>	<u>452,646</u>	<u>5,575,972</u>
Net position beginning of year (as restated)	<u>66,701,437</u>	<u>67,742,102</u>	<u>(2,022,084)</u>	<u>(2,090,209)</u>	<u>64,679,353</u>	<u>65,651,893</u>
Net position end of year	<u>\$67,100,227</u>	<u>\$73,249,949</u>	<u>\$ (1,968,228)</u>	<u>\$ (2,022,084)</u>	<u>\$65,131,999</u>	<u>\$71,227,865</u>

With the Town's implementation of the Governmental Accounting Standards Board (GASB) Statement 68, net position for governmental activities has been restated as of June 30, 2014 to reflect the Town's net pension liability as well as deferred outflows related to 2014 contributions. The restatement of FY 2014 resulted in the addition of deferred outflows totaling \$1,211,235, an increase in long-term liabilities of \$7,759,747 and a decrease in net position of \$6,548,512. The Town did not have sufficient information to restate expenses on the change in net position for the year ended June 30, 2014, and consequently has only reflected a restated 2015 beginning net position in the table above. Additional information on the Town of Brunswick's net pension liability can be found in note IV.E on pages 65-69 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.

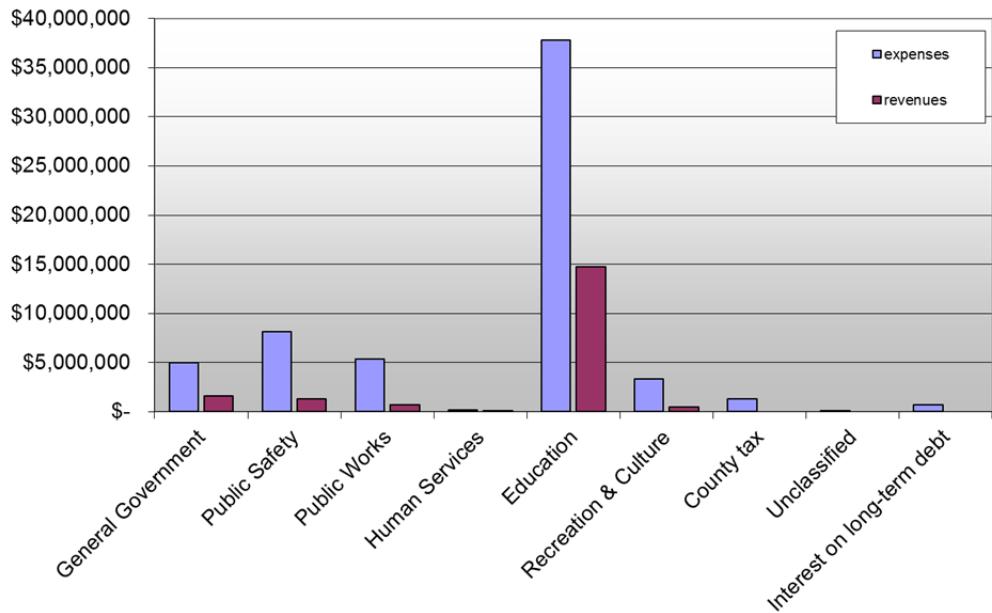
**Governmental activities.** Governmental activities, including transfers, increased the Town of Brunswick's total net position by \$398,790. Though an accurate comparison of expenses between FY 2015 and the previous year is not possible, the following points highlight the significant changes in revenues and compared with changes that occurred in the previous year:

- Property tax revenue, the Town's largest revenue, increased by \$2,157,315 or approximately 6%. This increase was anticipated as the tax rate increased in fiscal year 2014-15 by 3.24% and total property valuation increased by 1.81%. Property taxes made up 62.43% of the total revenue, up from 56.41% of the total in the previous year. The percentage increase was the result of the decrease in the total revenues, primarily influenced by substantial capital contributions during the previous fiscal year.
- Charges for services revenue increased by \$355,936. Increases were seen in planning board application fees for proposed development, as well as in ambulance service fees. Due to a change in the classification of certain school cafeteria revenues, education charges for services show an increase of \$310,294. Offsetting these, school department tuition revenue continues to decrease as more Durham students previously at Brunswick High School now attend Freeport High School. Building permits revenues also decreased from the previous year, largely due to the timing of building activity primarily at Brunswick Landing and Bowdoin College.
- Operating grants and contributions decreased by \$71,373. The largest contributor to the decrease was \$698,895 in state aid to education, primarily due to school debt service subsidy being discontinued with the full retirement of bonds for the high school. The reclassification of cafeteria revenues also contributed to the decrease in this category. The offsetting increases were seen in grants for economic development, primarily due to \$937,888 in CDBG funds received from Maine Department of Economic and Community Development.
- Capital grants and contributions decreased by \$5,509,569. This decrease is primarily due to the Town's acceptance in the previous year of several parcels of recreation land, and a building to be used as the new recreation center. These additions, valued at \$4,400,000, were all associated with the closure of the former Brunswick Naval Air Station. Infrastructure contributions, though substantial, were \$430,891 less than the previous year.
- Investment income revenues decreased by \$73,681. The Town's cash and cash equivalents continued to be invested in conservative, low-yielding instruments. Additionally, the investments of the permanent funds showed negative net revenues, as investment expenses exceeded investment yields.
- Other revenues increased by \$118,666, primarily due to the \$136,481 returned to the Town by Maine Public Employees Retirement System (MainePERS), representing the balance remaining from the Town's Initial Unfunded Actuarial Asset (IUUAA), the surplus the Town brought from its stand-alone plan when it elected a PLD plan in 1993.

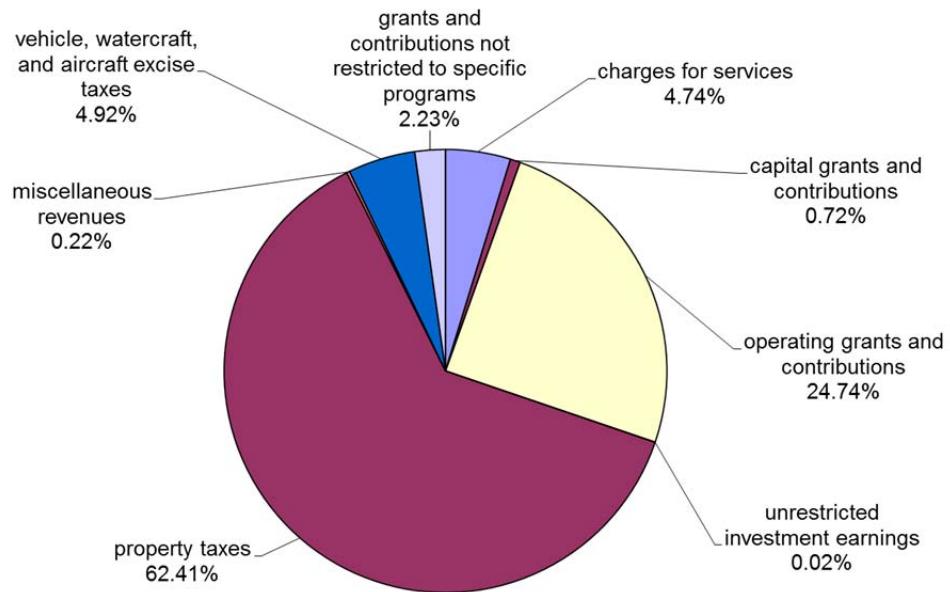
- Special items were less than the prior year by \$225,000, the amount recognized in the sale of the former recreation building in FY 2014.

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, 2015

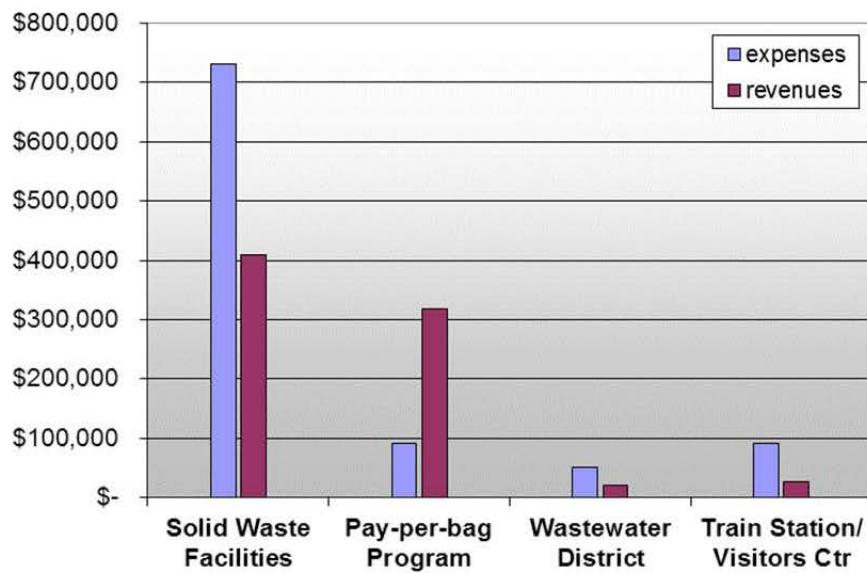


**Expenses and Program Revenues - Governmental Activities**  
For the year ended June 30, 2015

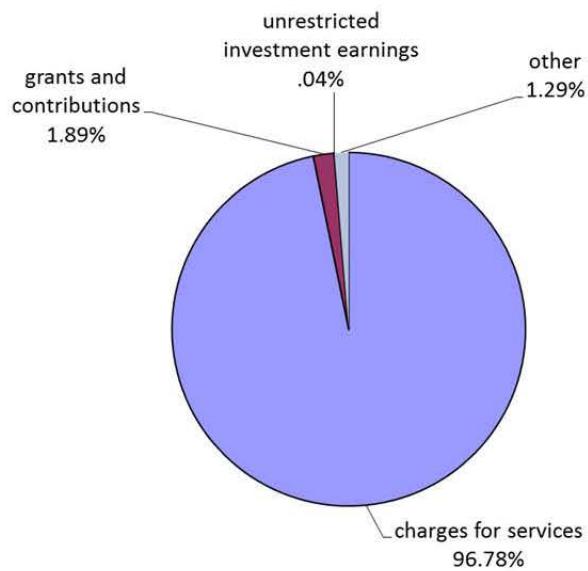


**Business-type activities.** The Town's business-type activities consist of four enterprise funds, two major funds accounting for its solid waste facilities and its pay-per-bag program, and two non-major funds, including a small wastewater district and the train station/visitors center. The following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

**Expenses and Program Revenues - Business-type Activities**  
For the year ended June 30, 2015



**Revenues by Source - Business-type Activities**  
For the year ended June 30, 2015



The Town's business-type activities increased the Town's total net position by \$53,856. This was a result of decreases in the Solid Waste Facilities Fund, Mere Point Wastewater District and the Train Station/Visitors Center Fund of \$122,095, \$29,940 and \$21,428, respectively, offset by an increase in the Pay-per-bag Program Fund of \$227,319.

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, 2015, the landfill experienced a \$332,167 operating loss. This was largely due to costs associated with sampling and testing, as well as costs related to continued negotiations with the Maine Department of Environmental Protection (DEP) to resolve wastewater discharge and other violations. In addition, the Town recognized expenses in anticipation of an increased estimate of closure and post closure costs. For the year ended June 30, 2015, the Town had estimated eventual landfill closure costs of \$6,620,000 and post closure costs of \$2,135,000. For the fiscal year, the amount of expense related to closure and post closure was \$210,091.

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, are 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 2015 budget included a \$200,000 General Fund subsidy for the Solid Waste Facilities Fund. In a previous year, the Town Council voted its intent that the net funds generated by the pay-per-bag program be used toward future landfill closure costs. By June 30, 2015, the Pay-per-bag Program Fund had net position of \$2,068,912.

The Town's Mere Point Wastewater District also experienced an operating loss. Most of this loss was anticipated as the district user fees do not attempt to recover depreciation expenses. Even if depreciation was excluded, the fund would have experienced an operating loss as the remaining expenses were \$6,385 more than revenues. User fees for this fund have not changed since it was created in 1993. The Town is reviewing rates as to both sufficiency and method of levy. The Town is also reviewing the estimated life of, and exploring potential upgrades to, these facilities.

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 initial five-year lease term concluded in November, 2014. In April, 2014, the Town and JHR signed a letter of intent to amend the lease, extending the term an additional five years at the same rental rate of \$44,000 per year. In 2009, the Brunswick Development Corporation (BDC) provided a \$220,000 grant to the Town for the prepayment of all five years of the lease rent. In FY 2015, BDC provided a grant of \$34,000 to the Town to defray the rental costs. In April 2015, BDC committed to grant the Town \$44,000 for FY 2016. The Town does not anticipate future grants from BDC for this purpose. As of June 30, 2015, the Train Station/Visitor's Center Fund had a net position totaling \$98,825, with \$24,934 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 \$18,220,538. Of that amount, \$1,114,964 is classified as nonspendable. Another \$6,159,301 is restricted, \$1,461,222 is committed and \$1,525,233 is assigned.

The largest portion of the \$1,114,964 nonspendable fund balance consists of \$553,619 which is held in permanent funds for education, community improvements, recreation and cultural, and social services. Another \$454,080 in advances was made by the General Fund to a capital project in the 2016 Bond Fund and \$107,265 is held in inventories and deposit items.

Of the \$6,159,301 in restricted fund balance, \$4,456,132, or approximately 72%, is restricted for education purposes. An additional \$721,673, or approximately 12%, is in bond proceeds and impact fees restricted for various capital projects, and \$609,506 is restricted for Tax Increment Financing programs.

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 not 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, 2015, the targeted unassigned fund balance for the General Fund was \$9,503,962. At \$8,670,334 the actual unassigned fund balance was 15.21% of revenues, and \$833,628 under the target. As a percentage of expenditures, the unassigned fund balance was 15.25%. In accordance with the fund balance policy, the Town will develop a plan, implemented through the annual budgetary process, to bring the balance to the target level over a period of no more than three years.

Despite a planned and budgeted reduction of \$4,387,000, plus additional reductions in the form of 2014 carry-forward encumbrances of \$70,852 and supplemental appropriations of \$200,000, the fund balance of the Town of Brunswick's General Fund actually increased by \$13,552 during the current fiscal year. Key factors in this change are as follows:

- Total actual revenues exceeded the budget by \$1,533,939. Most revenue categories exceeded the budget.
- Total actual expenditures were less than the budget by \$2,795,465. Most expenditure lines were less than the budget.
- Net transfers between the General Fund and other funds had a positive variance of \$342,000 when measured against the budget.

The General Fund changes highlighted above are more thoroughly discussed later in this MD&A in the section entitled "General Fund Budgetary Highlights."

The *Tax Increment Financing Fund* includes all of the activity in the Town's four 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, 2015 the fund had a balance of \$369,105, composed of a \$240,401 deficit in the Downtown Development District, and a balance of \$609,506 in the other three districts. The deficit in the Downtown District is related to the cost of the Maine Street Station project

(now Brunswick Station), and is anticipated to be reduced by tax revenues generated by development within the Downtown District.

**Proprietary funds.** The Town of Brunswick's proprietary funds provide the same type of information found in the government-wide statements, but in greater detail. At year end, the Solid Waste Facilities Fund had a deficit in unrestricted net position of \$6,372,622. The Pay-per-bag Program Fund had unrestricted net position of \$2,068,912. The unrestricted net position of the Mere Point Wastewater District Fund amounted to \$26,226. The Train Station/Visitors Center Fund had unrestricted net position of \$73,891. 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 \$399,000 were made from accounts with projected balances to accounts where it appeared that the expenditures would have exceeded the appropriations. These adjustments were:

- \$150,000 for Public Works General Maintenance, for unanticipated winter maintenance costs associated with larger than average snowfalls.
- \$100,000 for Central Garage, to cover costs resulting from unanticipated vehicle repairs and personnel overtime associated with the demands of winter maintenance.
- \$80,000 for Administration. The largest portion of the amount transferred was for personnel costs and legal fees.
- \$20,000 for Refuse Collection. Funds were used to cover costs resulting from higher than anticipated tipping fees on curbside trash collection. The amount transferred should have been \$12,000 higher to cover the actual expenditures.
- \$49,000 for several smaller transfers for a variety of purposes.

The other difference between the original and final budgets results from supplemental appropriations made during the year. These differences total \$2,655,000. Of that amount, \$2,455,000 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. The remaining \$200,000 represents a supplemental appropriation from the unrestricted General Fund balance. Since this was made from fund balance, there is no increase in the revenue budget; only the expenditure budget is increased. The \$200,000 supplemental appropriation for the year was made to fund repairs to roads and infrastructure that were damaged by heavy rains and flooding that occurred in August of 2014. The supplemental appropriation funded unanticipated expenditures and were 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, 2015. The capital budget authorized the use of reserve funds in the Industrial Park Fund totaling \$161,000. The capital budget funded the following projects:

- \$25,000 to fund the Town's match of a grant application to the State of Maine Department of Transportation ("Maine DOT") for installation of four pedestrian activated crosswalk lights.

- \$20,000 to fund the design of the bike path extension in coordination with the neighboring towns of West Bath and Bath. This represents the Town's match of a joint grant application to Maine DOT.
- \$50,000 to fund the second of three installments in the cost of a new telephone system to serve all Town departments.
- \$50,000 to fund repairs to the roof of the heating system building adjacent to, and serving, the Recreation Center.
- \$16,000 to fund repairs to a portion of the roof of the Recreation Center.

Revenues - actual vs. final budget

For the year, actual revenues exceeded budgeted revenues by \$1,533,939. The following paragraphs discuss the various categories of revenues and the variances within each category.

In total, actual tax revenues exceeded the budget by \$977,328. Of this amount, property tax revenue was more than budgeted by \$709,907. This is the result of several factors. The total actual taxable valuation of real and personal property tax was more than the estimate used in the development of the budget, resulting in \$474,817 more property tax revenue than projected. The actual amount of tax abatements granted was \$41,354 less than budgeted, and the actual amount of property tax deferred was less than budgeted by \$134,246. Additionally, supplemental tax assessments were \$59,490 more than budgeted. Tax lien costs and payments in lieu of taxes were \$3,591 and \$50,350 more than budgeted, respectively. Offsetting these, interest on delinquent taxes was \$4,140 less than budgeted. Excise tax revenues were \$217,620 more than budgeted, because of better than expected collections on vehicles, watercraft and aircraft.

In total, actual license and permit revenues were \$63,615 more than the amount budgeted. The largest portion of this variance was in Codes Enforcement revenue where actual building permit revenue was \$26,118 more than budgeted due to more new construction than anticipated, largely at Brunswick Landing and Bowdoin College. The Planning Department's revenues were more than projected by \$17,673, reflecting more than anticipated development activity. The Town Clerk's revenue also exceeded projections by \$9,927 because of better than anticipated revenues from shellfish licenses and from the issuance of vital record copies, marriage licenses and burial permits. The Finance Department's revenues from processing passport applications were \$7,218 more than budgeted, reflecting a 50% increase in volume from the previous fiscal year. The remaining revenues of this category were a total of \$2,679 more than budgeted.

Actual intergovernmental revenues were more than the budget by \$195,391. State aid to education was \$14,779 higher than the amount budgeted. The School Department's budget was based on a preliminary estimate from the State. An additional \$13,758 in unanticipated federal aid was received by the School Department. As NASB was officially closed in May 2011 and Brunswick no longer has qualifying federal students, the school department estimated no federal revenues when preparing the 2014-15 budget. During the 2014-15 fiscal year the Town received funds that were awarded based on activities that occurred in prior years.

State revenue sharing exceeded estimates by \$70,118. Because this revenue is primarily dependent on state income and sales tax collections and because in recent years the State has re-directed funds that normally would have deposited to the revenue sharing pool, the Town is generally conservative when budgeting this source. State tax exemption reimbursement and state general assistance were more than budgeted by \$5,647 and \$11,974, respectively. General assistance reimbursements are based on actual experience, which can vary from year to year. State highway grant funds was less than budgeted by \$16,812. Highway grant revenue is based on a municipality's qualifying mileage and a per mile reimbursement rate established by the State. The rate per mile was not known at the time the budget was prepared. The Town received approximately \$91,269 in unanticipated state emergency management disaster assistance for severe winter storms and flooding in February 2013 and in January 2015. The net of all other intergovernmental revenues was more than budgeted by \$4,658.

Actual charges for services exceeded the budget by \$26,607. The largest portion of this variance was \$27,328 in tuition and transportation revenues received by the school department. Most of that is attributable to tuition received for non-resident students attending Brunswick High School. As the result of school consolidation, the towns of Freeport, Durham and Pownal formed Regional School Unit 5 (RSU 5). Most of Brunswick's tuition students have come from Durham since it has no high school. Brunswick anticipates that the number of Durham students attending Brunswick High School will continue to decline as Durham students are expected to attend Freeport High School. As a consequence, Brunswick continues to conservatively estimate tuition revenues. Police Department charges were also more than anticipated by \$8,046, largely for special details. Emergency medical service fees were less than anticipated by \$10,577 due to continued changes in insurance reimbursements. The remaining variances in this category result in a net positive variance of \$1,810.

Fines and penalties collected were more than budgeted by \$27,447. Parking tickets and other police department fines exceeded the budget by \$22,572. The increase was due largely to more aggressive enforcement of parking regulations in the downtown area. Fire department permits were \$275 less than anticipated, while unlicensed dog fines brought in \$5,150 more than budgeted.

Interest on investments fell short of the budget estimate by \$29,844. This was largely the result of interest rates that continued to remain low. The Town also continued to be invested in conservative instruments with low yields.

Finally, the other revenues category exceeded the budget by \$273,395. Of that variance, \$192,932 is attributable to miscellaneous municipal department revenue. The largest portion reflects an unanticipated return of the Town's Initial Unfunded Actuarial Asset (IUUAA) from the Maine Public Employees Retirement System (MainePERS). In the 2015-16 fiscal year, the Town Council voted to appropriate this one-time receipt for use in the Vehicle Reserve Funds. School miscellaneous revenues were more than the budget by \$34,957. Cable TV franchise fees exceeded the budget by \$26,396. The net of the other revenues in this category was more than budgeted by \$19,110.

#### 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. Again, 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 did authorize over-expenditures up to \$10,000 for a few budget items. These over-expenditures, in three departments, totaled \$24,507. In one case, the Refuse Collection department which accounts for the cost of curbside trash collection, expenditures exceeded the \$10,000 limit by \$1,225.

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

Unbudgeted transfers into the general fund totaled \$342,000. This represents a transfer from the Elementary School Bond fund of unused bond proceeds to pay debt service in the general fund. The balance of unused bond proceeds, totaling \$119,800, is expected to be used for the same purpose in the 2015-16 fiscal year.

## 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, 2015 amounts to \$83,100,821, 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 just under 2.5%. Decreases were seen in both governmental and business-type capital assets, primarily as the result of depreciation and the retirement of assets. Major capital asset events during the current fiscal year are listed below.

- Construction projects in progress totaled \$52,365 at the conclusion of the year. This category of assets decreased slightly as the Water Street float system project was completed during the year. The Nancy/Patricia/Pierce road construction project was in progress as of June 30, 2015, at a cost of \$26,545. The Union Street Storm Sewer project was in the planning phase at a cost of \$25,820.
- Additions to building assets totaled \$239,249, all associated with school buildings. These included improvements at Brunswick High School for flooring, security enhancements and air quality improvements of \$70,150, \$48,173 and \$28,850, respectively. Other items included \$39,758 for a new boiler at the bus garage, \$37,995 for security and server room upgrades at Brunswick Junior High School, and \$14,323 for security measures at Coffin School.
- Additions to improvements other than buildings totaled \$37,200. This was a parks and recreation project, and consisted of a system of piers and floats for small boats at the Water Street boat launch.
- Machinery and equipment additions totaled \$388,668 in governmental activities and \$132,000 in business-type activities. In governmental activities, public works added \$187,650 for a street sweeper, \$33,000 for an asphalt recycler/reclaimer and \$10,200 for a new fuel dispenser management system. The parks and recreation department purchased a tractor valued at \$14,683. An upgrade of the police department computer network added \$13,000 and new Cable TV equipment was \$23,695. The school department added a total of \$106,440, which included \$48,775 for athletic scoreboards, \$24,561 for an upgrade to the wireless computer system in Coffin School, \$17,452 for handicapped restroom equipment and \$15,652 for a new bus radio system. For business-type activities, the 1998 Case wheel loader at the landfill was traded in for a John Deere wheel loader valued at \$132,000.
- Vehicles were replaced in the public works, school, parks and recreation, and fire departments during the year, retiring \$288,054 in fully-depreciated assets and adding new vehicles with a cost totaling \$395,431. Additions were \$180,000 for a public works dump truck, \$83,379 for three new police cruisers, \$49,943 for a school grounds truck, \$44,880 for a parks and recreation pickup truck and \$37,229 for a fire department brush truck.
- Governmental activities added infrastructure during the year totaling \$781,739. Reconstruction of Columbia Ave. and associated drainage replacement by the Town totaled \$220,805. An additional \$266,200 was related to Botany Place and Cornerstone Drive, both streets accepted by the Town from developers. A total of \$294,734 was realized in new and reconstructed sidewalks and curbing, of which \$136,234 was Town projects and \$158,500 was construction by developers, Bowdoin College and Maine Natural Gas.

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

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

	Governmental		Business-type		<u>2015</u>	<u>2014</u>	<u>Total</u>
	<u>activities</u>	<u>2015</u>	<u>activities</u>	<u>2014</u>			
<b>Capital assets not being depreciated:</b>							
Land	\$ 6,036,412	\$ 6,036,412	\$ 115,000	\$ 115,000	\$ 6,151,412	\$ 6,151,412	
Construction in progress	52,365	99,848	-	-	52,365	99,848	
Intangibles	200,000	200,000	-	-	200,000	200,000	
<b>Capital assets being depreciated:</b>							
Buildings	44,548,489	46,378,688	-	1,320	44,548,489	46,380,008	
Improvements other than buildings	1,589,855	1,766,067	1,698,784	1,809,566	3,288,639	3,575,633	
Machinery and equipment	1,952,473	1,938,672	349,910	248,557	2,302,383	2,187,229	
Vehicles	2,864,270	2,814,934	-	-	2,864,270	2,814,934	
Intangibles	5,019	17,670	-	-	5,019	17,670	
Infrastructure	23,616,573	23,703,467	71,671	95,229	23,688,244	23,798,696	
<b>Total</b>	<b>\$80,865,456</b>	<b>\$82,955,758</b>	<b>\$2,235,365</b>	<b>\$2,269,672</b>	<b>\$83,100,821</b>	<b>\$ 85,225,430</b>	

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 \$25,219,800, all of which is general obligation debt.

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

	Governmental		Business-type		<u>2015</u>	<u>2014</u>	<u>Total</u>
	<u>activities</u>	<u>2015</u>	<u>activities</u>	<u>2014</u>			
General obligation bonds	\$ 25,219,800	\$ 27,322,912	\$ _____	\$ _____	\$ 25,219,800	\$ 27,322,912	
<b>Total</b>	<b>\$ 25,219,800</b>	<b>\$ 27,322,912</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ 25,219,800</b>	<b>\$ 27,322,912</b>	

The amount of principal debt retired during the year totaled \$2,103,112. The Town's outstanding debt continues to be rated Aa2 by Moody's Investors Service. In January, 2014, Standard & Poor's completed a review and updated their rating of the Town's bonds from AA to AA+.

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 \$303,060,000, 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, 2015, the Town had debt authorized but not issued for up to a total of \$1,180,080. \$454,800 was authorized to finance an air quality project at the Brunswick Junior High School, up to \$580,000 was authorized for a road reconstruction project, and \$146,000 was authorized for the purchase of a public works sidewalk tractor and associated attachments. The air quality project was completed in May, 2015 using funds advanced from the General Fund. The School Department is expected to budget repayments of the advance over five years, in which case bonds may not be issued for this purpose.

Subsequent to June 30, 2015, the Town Council authorized additional debt for up to a total of \$975,000. \$400,000 was authorized for a real property revaluation project and \$575,000 was authorized for the replacement of the boiler at the Brunswick High School.

Additional information on the Town's long-term debt can be found in note IV.E on pages 63-65 of this report, and additional information on subsequent events can be found in note V.I on page 77.

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

As in prior years, development of the 2015-16 municipal budget was affected by the State's budget process. The Governor's 2016-17 biennial budget, proposed in January, 2015, contained several proposals that would have directly affected Brunswick's budget or its property taxpayers, including eliminating state revenue sharing to municipalities effective July 2016. 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. For the year ended June 30, 2015, almost 59% of the pool's fund was transferred. Still, Brunswick received \$1,047,789. Raising that amount from property taxes would have required a 2.8% increase in the property tax rate. Ultimately, the Legislature rejected the Governor's proposal to eliminate revenue sharing. However, the state biennial budget, developed by the Legislature's Committee on Appropriations and Financial Affairs, and adopted in June 2015, continues the lower level of revenue sharing for the next four fiscal years, pegging it at 2% of income and sales tax revenues.

Other elements of the state budget which directly affect Brunswick's budget and property taxpayers include an increase of the homestead exemption, a slight increase in state aid to education, and a change in the general assistance reimbursement formula. The homestead exemption changes will not take effect until the 2016-17 tax year and will be phased in over two years. With the education aid increase the state is funding 47.54% of the total amount the Essential Programs and Services school funding model (EPS) calculates as necessary for FY 2016. Though an increase from the FY 2015 state share of 46.80%, this is still short of the 55% legislated in 2004. The Town is projected to receive approximately \$502,000 more in education aid than is budgeted in 2015-16. The change in the general assistance reimbursement formula will increase Brunswick's reimbursement percentage from 50% to 70%.

With the 2015-16 municipal budget, the Town Council began to reduce the significant use of reserves which had been approved over the past several years. The budget required a property tax rate increase of 3.50%, slightly more than the 2014-15 tax rate increase of 3.24%. 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 develop sustainable budgets.

For the fiscal year ended June 30, 2015, the unrestricted fund balance in the General Fund was \$10,195,567, with the unassigned portion of the unrestricted balance at \$8,670,334. 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, 2015 the target was \$9,500,480. The actual balance, at 15.21% of GAAP revenues, is \$830,146 below the target. This was anticipated, as the Town Council authorized the use of unassigned general fund balance totaling \$200,000 for emergency road repairs during the fiscal year, and advanced \$454,080 to the school department for an air quality project at the junior high school. In accordance with the fund balance policy, the Town intends to develop a plan to bring the balance to the target level over a period of no more than three years.

### **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.

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## **BASIC FINANCIAL STATEMENTS**

**TOWN OF BRUNSWICK, MAINE**  
**Statement of Net Position**  
**June 30, 2015**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 20,536,029	\$ 2,759,195	\$ 23,295,224
Receivables (net of allowance for uncollectibles):			
Accounts	897,254	54,662	951,916
Taxes receivable - current year	998,386	-	998,386
Taxes receivable - prior year	28,253	-	28,253
Tax liens	308,611	-	308,611
Intergovernmental	450,377	-	450,377
Internal balances	(2,872)	2,872	-
Deposits	51,236	-	51,236
Inventories	56,029	37,523	93,552
Other	-	26	26
Permanently restricted assets:			
Cash and cash equivalents	13,803	-	13,803
Investments	545,816	-	545,816
Capital assets not being depreciated:			
Land	6,036,412	115,000	6,151,412
Construction in progress	52,365	-	52,365
Intangibles	200,000	-	200,000
Capital assets (net of accumulated depreciation):			
Buildings	44,548,489	-	44,548,489
Improvements other than buildings	1,589,855	1,698,784	3,288,639
Machinery and equipment	1,952,473	349,910	2,302,383
Vehicles	2,864,270	-	2,864,270
Intangibles	5,019	-	5,019
Infrastructure	23,616,573	71,671	23,688,244
Total assets	<u>104,748,378</u>	<u>5,089,643</u>	<u>109,838,021</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	<u>2,090,428</u>	<u>-</u>	<u>2,090,428</u>
Total deferred outflows of resources	<u>2,090,428</u>	<u>-</u>	<u>2,090,428</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	4,316,254	18,072	4,334,326
Interest payable	114,184	-	114,184
Payable to agency fund - student activities	73,463	-	73,463
Unearned revenues	135,250	-	135,250
Noncurrent liabilities:			
Due within one year	2,627,634	5,250	2,632,884
Due in more than one year	<u>29,092,184</u>	<u>7,034,549</u>	<u>36,126,733</u>
Total liabilities	<u>36,358,969</u>	<u>7,057,871</u>	<u>43,416,840</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	<u>3,379,610</u>	<u>-</u>	<u>3,379,610</u>
Total deferred inflows of resources	<u>3,379,610</u>	<u>-</u>	<u>3,379,610</u>
<b>NET POSITION</b>			
Net investment in capital assets	56,815,236	2,235,365	59,050,601
Restricted for:			
Education	4,475,686	-	4,475,686
Municipal	211,045	-	211,045
Tax increment financing	609,506	-	609,506
Special revenue - grants	139,342	-	139,342
Development projects - impact fees	535,995	-	535,995
Capital projects	54,780	-	54,780
Permanent funds:			
Expendable	21,603	-	21,603
Nonexpendable	553,619	-	553,619
Unrestricted	<u>3,683,415</u>	<u>(4,203,593)</u>	<u>(520,178)</u>
Total net position	<u>\$ 67,100,227</u>	<u>\$ (1,968,228)</u>	<u>\$ 65,131,999</u>

See accompanying notes to financial statements.

**TOWN OF BRUNSWICK, MAINE**  
**Statement of Activities**  
**For the year ended June 30, 2015**

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 5,006,091	\$ 493,615	\$ 1,092,344	\$ 1,596	\$ (3,420,132)	\$ -	\$ (3,420,132)
Public safety	8,144,886	1,231,433	82,158	(6,829,699)	-	-	(6,829,699)
Public works	5,401,071	47,379	205,756	424,700	(4,723,236)	-	(4,723,236)
Human services	165,884	1,324	35,974	-	(128,586)	-	(128,586)
Education	37,759,011	727,312	14,045,863	-	(22,985,836)	-	(22,985,836)
Recreation and culture	3,336,957	464,352	75	25,952	(2,846,578)	-	(2,846,578)
County tax	1,333,350	-	-	-	(1,333,350)	-	(1,333,350)
Unclassified	8,683	-	-	-	(8,683)	-	(8,683)
Interest on long-term debt	698,977	-	-	-	(698,977)	-	(698,977)
Total governmental activities	<u>61,854,910</u>	<u>2,965,415</u>	<u>15,462,170</u>	<u>452,248</u>	<u>(42,975,077)</u>	<u>-</u>	<u>(42,975,077)</u>
Business-type activities:							
Solid Waste Facilities	730,574	398,407	-	-	-	(332,167)	(332,167)
Pay-per-bag Program	90,666	317,800	-	-	-	227,134	227,134
Mere Point Wastewater District	50,978	21,035	-	-	-	(29,943)	(29,943)
Train Station	92,243	12,138	14,667	-	-	(65,438)	(65,438)
Total business-type activities	<u>964,461</u>	<u>749,380</u>	<u>14,667</u>	<u>-</u>	<u>-</u>	<u>(200,414)</u>	<u>(200,414)</u>
Total primary government	<u>\$ 62,819,371</u>	<u>\$ 3,714,795</u>	<u>\$ 15,476,837</u>	<u>\$ 452,248</u>	<u>\$ (42,975,077)</u>	<u>\$ (200,414)</u>	<u>\$ (43,175,491)</u>

## General revenues:

Property taxes	39,007,676	-	39,007,676
Vehicle, watercraft and aircraft excise taxes	3,071,620	-	3,071,620
Grants and contributions not restricted to specific programs	1,392,084	-	1,392,084
Unrestricted investment earnings	9,856	270	10,126
Other	136,631	10,000	146,631
Transfers	<u>(244,000)</u>	<u>244,000</u>	<u>-</u>
Total general revenues and transfers	<u>43,373,867</u>	<u>254,270</u>	<u>43,628,137</u>

## Changes in net position

Net position - beginning, as restated	<u>\$ 66,701,437</u>	<u>(2,022,084)</u>	<u>64,679,353</u>
Net position - ending	<u>\$ 67,100,227</u>	<u>\$ 1,968,228</u>	<u>\$ 65,131,999</u>

See accompanying notes to financial statements.

**TOWN OF BRUNSWICK, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

	<u>General</u>	<u>Tax Increment Financing</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 19,102,967	\$ -	\$ 1,446,865	\$ 20,549,832
Investments	-	-	\$ 545,816	\$ 545,816
Receivables (net of allowance for uncollectibles):				
Accounts	864,506	-	\$ 32,748	\$ 897,254
Taxes - current	998,386	-	-	998,386
Taxes - prior years	28,253	-	-	28,253
Tax liens	308,611	-	-	308,611
Intergovernmental	84,641	-	\$ 365,736	\$ 450,377
Deposits	1,236	-	\$ 50,000	\$ 51,236
Inventory, at cost	36,475	-	\$ 19,554	\$ 56,029
Due from other funds	-	\$ 609,506	\$ 821,845	\$ 1,431,351
Advances to other funds	454,080	-	\$ 240,401	\$ 694,481
Total assets	<u>\$ 21,879,155</u>	<u>\$ 609,506</u>	<u>\$ 3,522,965</u>	<u>\$ 26,011,626</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 744,923	\$ -	\$ 138,152	\$ 883,075
Accrued wages and benefits payable	3,113,766	-	\$ 79,126	\$ 3,192,892
Payable to agency fund - student activities	73,463	-	-	73,463
Other liabilities	71,945	-	\$ 3,708	\$ 75,653
Payments in escrow	156,424	-	-	156,424
Unearned revenue	-	-	\$ 135,250	\$ 135,250
Due to other funds	1,535,250	-	-	1,535,250
Advances from other funds	-	\$ 240,401	\$ 454,080	\$ 694,481
Total liabilities	<u>5,695,771</u>	<u>240,401</u>	<u>810,316</u>	<u>6,746,488</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	781,503	-	-	781,503
Unavailable revenue - miscellaneous	263,097	-	-	263,097
Total deferred inflows of resources	<u>1,044,600</u>	<u>-</u>	<u>-</u>	<u>1,044,600</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable:				
Long-term loans and advances	454,080	-	-	454,080
Inventories and deposits	37,711	-	\$ 69,554	\$ 107,265
Permanent funds	-	-	\$ 553,619	\$ 553,619
Restricted:				
Education	4,240,381	-	\$ 215,751	\$ 4,456,132
Municipal purposes	211,045	-	-	211,045
Tax increment financing	-	\$ 609,506	-	609,506
Capital projects funds	-	-	\$ 721,673	\$ 721,673
Special revenue funds	-	-	\$ 139,342	\$ 139,342
Permanent funds	-	-	\$ 21,603	\$ 21,603
Committed:				
Capital projects funds	-	-	\$ 1,205,321	\$ 1,205,321
Special revenue funds	-	-	\$ 255,901	\$ 255,901
Assigned:				
General fund	1,525,233	-	-	1,525,233
Unassigned:				
General fund	8,670,334	-	-	8,670,334
Downtown development TIF fund	-	(240,401)	-	(240,401)
Capital improvements fund	-	-	(454,512)	(454,512)
Permanent funds	-	-	(15,603)	(15,603)
Total fund balances (deficits)	<u>15,138,784</u>	<u>369,105</u>	<u>2,712,649</u>	<u>18,220,538</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 21,879,155</u>	<u>\$ 609,506</u>	<u>\$ 3,522,965</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.	80,865,456
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.	1,044,600
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.	(31,834,002)
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.	92,817
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(1,289,182)
Net position of governmental activities (see Statement 1)	<u>\$ 67,100,227</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, 2015**

	<u>General Fund</u>	<u>Tax Increment Financing</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 40,582,907	\$ 1,390,457	\$ -	\$ 41,973,364
Licenses and permits	387,127	-	-	387,127
Intergovernmental	13,869,293	-	2,554,120	16,423,413
Investment income (loss)	-	-	(472)	(472)
Charges for services	1,349,207	-	898,444	2,247,651
Fines and penalties	56,197	-	-	56,197
Interest	10,156	-	172	10,328
Donations	-	-	134,863	134,863
Other	736,595	-	-	736,595
Total revenues	<u>56,991,482</u>	<u>1,390,457</u>	<u>3,587,127</u>	<u>61,969,066</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,517,191	200,666	1,008,664	4,726,521
Public safety	8,295,800	-	76,951	8,372,751
Public works	4,110,190	-	10,123	4,120,313
Human services	171,606	-	-	171,606
Education	33,989,089	-	2,217,898	36,206,987
Recreation and culture	2,669,911	-	402,020	3,071,931
County tax	1,333,350	-	-	1,333,350
Unclassified	8,683	-	-	8,683
Debt service:				
Principal	2,032,113	71,000	-	2,103,113
Interest	712,637	12,480	-	725,117
Capital outlay	-	-	1,846,437	1,846,437
Total expenditures	<u>56,840,570</u>	<u>284,146</u>	<u>5,562,093</u>	<u>62,686,809</u>
Excess (deficiency) of revenues over (under) expenditures	<u>150,912</u>	<u>1,106,311</u>	<u>(1,974,966)</u>	<u>(717,743)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	1,052,000	-	1,106,360	2,158,360
Transfers to other funds	(1,153,360)	-	(1,213,000)	(2,366,360)
Transfers to other funds - education	(36,000)	-	-	(36,000)
Total other financing sources (uses)	<u>(137,360)</u>	<u>-</u>	<u>(106,640)</u>	<u>(244,000)</u>
Net changes in fund balances	13,552	1,106,311	(2,081,606)	(961,743)
Fund balances (deficits), beginning of year	<u>15,125,232</u>	<u>(737,206)</u>	<u>4,794,255</u>	<u>19,182,281</u>
Fund balances, end of year	<u>\$ 15,138,784</u>	<u>\$ 369,105</u>	<u>\$ 2,712,649</u>	<u>\$ 18,220,538</u>

*See accompanying notes to financial statements.*

**Statement 5**

**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, 2015**

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Net change in fund balances - total governmental funds (from Statement 4)	\$ (961,743)
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 depreciation expense exceeded capital outlays in the current period.	(2,081,833)
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.	(8,469)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	103,934
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,103,112
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.	(70,294)
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.	17,578
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.	1,296,505
Change in net position of governmental activities (see Statement 2)	<u>\$ 398,790</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, 2015**

	<u>Original Budget</u>	<u>Additional Appropriation</u>	<u>Final Budget</u>	<u>Variance Positive (Negative)</u>	
				<u>Actual</u>	<u> </u>
<b>REVENUES</b>					
Taxes:					
Real and personal property	\$ 36,502,579	\$ -	\$ 36,502,579	\$ 37,212,486	\$ 709,907
Interest on delinquent taxes	87,000	-	87,000	82,860	(4,140)
Tax lien costs	12,000	-	12,000	15,591	3,591
Payment in lieu of taxes	150,000	-	150,000	200,350	50,350
Vehicle excise taxes	2,825,000	-	2,825,000	3,042,291	217,291
Watercraft excise taxes	25,000	-	25,000	25,269	269
Aircraft excise taxes	4,000	-	4,000	4,060	60
Total taxes	<u>39,605,579</u>	<u>-</u>	<u>39,605,579</u>	<u>40,582,907</u>	<u>977,328</u>
Licenses and permits:					
Finance department	10,000	-	10,000	17,218	7,218
Codes enforcement	184,000	-	184,000	210,118	26,118
Town clerk	113,412	-	113,412	123,339	9,927
Planning	15,000	-	15,000	32,673	17,673
Fire department	500	-	500	350	(150)
Police department	600	-	600	1,475	875
Public works	-	-	-	1,954	1,954
Total licenses and permits	<u>323,512</u>	<u>-</u>	<u>323,512</u>	<u>387,127</u>	<u>63,615</u>
Intergovernmental:					
State education subsidy	9,946,831	-	9,946,831	9,961,610	14,779
Federal education subsidy	-	-	-	13,758	13,758
MainePERS contribution	2,455,000	-	2,455,000	2,455,000	-
State revenue sharing	977,671	-	977,671	1,047,789	70,118
State highway grant	214,000	-	214,000	197,188	(16,812)
State snowmobile funds	1,400	-	1,400	1,629	229
State tax exemption reimbursement	40,000	-	40,000	45,647	5,647
State general assistance reimbursement	24,000	-	24,000	35,974	11,974
EMPG grant	15,000	-	15,000	19,429	4,429
State civil emergency preparedness	-	-	-	91,269	91,269
Total intergovernmental	<u>11,218,902</u>	<u>-</u>	<u>13,673,902</u>	<u>13,869,293</u>	<u>195,391</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, 2015**

	<u>Original Budget</u>	<u>Additional Appropriation</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES, CONTINUED</b>					
Charges for services:					
Auto registration	50,000	-	50,000	53,166	3,166
Watercraft, ATV, snowmobile registration	1,500	-	1,500	1,614	114
Municipal building rental	-	-	-	1,200	1,200
Fire department	1,000	-	1,000	593	(407)
Emergency medical services	875,000	-	875,000	864,423	(10,577)
Police department	91,600	-	91,600	99,646	8,046
Dispatch services fees	141,500	-	141,500	141,496	(4)
Recycling	25,000	-	25,000	20,821	(4,179)
Education - tuition, transportation, etc.	137,000	-	137,000	164,328	27,328
Recreation fees	-	-	-	1,920	1,920
Total charges for services	<u>1,322,600</u>		<u>1,322,600</u>	<u>1,349,207</u>	<u>26,607</u>
Fines and penalties:					
Town clerk	6,250	-	6,250	11,400	5,150
Fire department	1,000	-	1,000	725	(275)
Police department	21,500	-	21,500	44,072	22,572
Total fines and penalties	<u>28,750</u>		<u>28,750</u>	<u>56,197</u>	<u>27,447</u>
Interest earned	<u>40,000</u>		<u>40,000</u>	<u>10,156</u>	<u>(29,844)</u>
Other revenue:					
Sale of miscellaneous assets	8,000	-	8,000	150	(7,850)
Cable TV franchise fees	225,000	-	225,000	251,396	26,396
General assistance - recovery	-	-	-	1,324	1,324
Workers compensation dividend	-	-	-	16,160	16,160
Property & casualty dividend	-	-	-	9,267	9,267
Brunswick Development Corporation subsidy	94,000	-	94,000	94,000	-
MRRRA contribution to MCOG dues	15,000	-	15,000	15,209	209
Miscellaneous - municipal	3,200	-	3,200	196,132	192,932
Miscellaneous - school	118,000	-	118,000	152,957	34,957
Total other revenue	<u>463,200</u>		<u>463,200</u>	<u>736,595</u>	<u>273,395</u>
Total revenues	<u>\$ 53,002,543</u>	<u>\$ 2,455,000</u>	<u>\$ 55,457,543</u>	<u>\$ 56,991,482</u>	<u>\$ 1,533,939</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, 2015**

	2014			2015			Variance Positive (Negative)	2015 Encumbered Balances		
	Adopted Budget	Encumbered Balances	Original Budget	Additional Appropriation	Adjustments	Final Budget				
<b>EXPENDITURES</b>										
Current:										
General government:										
Administration	\$ 489,397	\$ -	\$ 489,397	\$ -	\$ 80,000	\$ 569,397	\$ 551,922	\$ 17,475		
Finance department	715,425	-	715,425	-	(41,000)	674,425	654,093	20,332		
Technology services	327,848	-	327,848	-	-	327,848	323,481	4,367		
Municipal officers	85,615	-	85,615	-	-	85,615	82,607	3,008		
Town hall building	210,720	-	210,720	-	-	210,720	200,821	9,899		
Risk management	473,750	-	473,750	-	(10,000)	463,750	451,750	12,000		
Cable TV	47,790	-	47,790	-	3,000	50,790	48,777	2,013		
Assessing	293,660	-	293,660	-	(18,000)	275,660	263,626	12,034		
Town clerk and elections	362,077	3,400	365,477	-	(5,000)	360,477	347,483	400		
Planning	490,779	19,725	510,504	-	(7,000)	503,504	492,411	11,093		
Economic development	109,087	-	109,087	-	-	109,087	100,220	8,867		
Total general government	<u>3,606,148</u>	<u>23,125</u>	<u>3,629,273</u>		<u>2,000</u>	<u>3,631,273</u>	<u>3,517,191</u>	<u>114,082</u>		
								4,313		
Public safety:										
Fire department	3,104,392	9,350	3,113,742	-	(35,000)	3,078,742	3,047,957	30,785		
Central fire station	42,089	3,650	45,739	-	-	45,739	36,737	9,002		
Emerson fire station	41,825	-	41,825	-	8,000	49,825	47,258	2,567		
Police department	3,762,478	-	3,762,478	-	(75,000)	3,687,478	3,653,178	34,300		
Emergency services dispatch	777,412	-	777,412	-	(20,000)	757,412	745,537	11,875		
Police station	98,020	-	98,020	-	-	98,020	93,507	4,513		
Streetlights	208,000	-	208,000	-	-	208,000	202,715	5,285		
Traffic signals	31,600	-	31,600	-	-	31,600	24,252	7,348		
Fire suppression (hydrants)	438,790	-	438,790	-	5,000	443,790	442,996	794		
Civil emergency preparedness	2,000	-	2,000	-	-	2,000	1,663	337		
Total public safety	<u>8,506,606</u>	<u>13,000</u>	<u>8,519,606</u>		<u>(117,000)</u>	<u>8,402,606</u>	<u>8,295,800</u>	<u>106,806</u>		
								12,525		
Public works:										
Administration	429,111	-	429,111	-	-	429,111	426,335	2,776		
General maintenance	1,706,214	-	1,706,214	200,000	150,000	2,056,214	1,949,838	106,376		
Refuse collection	581,847	-	581,847	-	20,000	601,847	613,072	(11,225)		
Recycling	297,729	-	297,729	-	-	297,729	296,235	1,494		
Central garage	741,300	10,200	751,500	-	100,000	851,500	824,710	26,790		
Total public works	<u>3,756,201</u>	<u>10,200</u>	<u>3,766,401</u>		<u>200,000</u>	<u>4,236,401</u>	<u>4,110,190</u>	<u>126,211</u>		
								88,486		

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, 2015**

	2014			2015			Variance Positive (Negative)	2015 Encumbered Balances
	Adopted Budget	Encumbered Balances	Original Budget	Additional Appropriation	Adjustments	Final Budget		
<b>EXPENDITURES, CONTINUED</b>								
Human services:								
General assistance	163,607	-	163,607	-	10,000	173,607	168,566	5,041
Health and social services	2,766	-	2,766	-	1,000	3,766	3,040	726
Total human services	<u>166,373</u>	<u>-</u>	<u>166,373</u>	<u>-</u>	<u>11,000</u>	<u>177,373</u>	<u>171,606</u>	<u>5,767</u>
Education:								
Education	<u>35,763.587</u>	<u>-</u>	<u>35,763.587</u>	<u>2,455,000</u>	<u>(1,858,235)</u>	<u>36,360,352</u>	<u>33,989,089</u>	<u>2,371,263</u>
Recreation and culture:								
Recreation administration	456,225	10,000	466,225	-	466,225	462,243	3,982	1,080
Buildings and grounds	678,434	-	678,434	-	8,000	686,434	35,606	7,980
Rec Building Neptune Dr	160,327	-	160,327	-	(12,000)	148,327	142,911	5,416
People Plus	130,000	-	130,000	-	5,000	135,000	125,674	9,326
Library	<u>1,285,000</u>	<u>-</u>	<u>1,285,000</u>	<u>-</u>	<u>8,000</u>	<u>1,293,000</u>	<u>1,288,255</u>	<u>4,745</u>
Total recreation and culture	<u>2,709,986</u>	<u>10,000</u>	<u>2,719,986</u>	<u>-</u>	<u>9,000</u>	<u>2,728,986</u>	<u>2,669,911</u>	<u>59,075</u>
Intergovernmental:								
County tax	<u>1,333,350</u>	<u>-</u>	<u>1,333,350</u>	<u>-</u>	<u>-</u>	<u>1,333,350</u>	<u>1,333,350</u>	<u>-</u>
Unclassified:								
Promotion and development	164,917	-	164,917	-	(6,500)	158,417	153,614	4,803
Additional school assistance	10,000	-	10,000	-	-	10,000	10,000	-
Cemetery care	3,000	-	3,000	-	1,000	4,000	4,856	(856)
Wage & benefits adjustment	9,000	-	9,000	-	(175,000)	(166,000)	(159,787)	(6,213)
School master plan	-	14,527	14,527	-	-	14,527	-	14,527
Total unclassified	<u>186,917</u>	<u>14,527</u>	<u>201,444</u>	<u>-</u>	<u>(180,500)</u>	<u>20,944</u>	<u>8,683</u>	<u>12,261</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, 2015**

	2014			2015			Variance	
	Adopted Budget	Encumbered Balances	Original Budget	Additional Appropriation	Adjustments	Final Budget	Actual	Positive (Negative)
<b>EXPENDITURES, CONTINUED</b>								
Debt service:								
Long-term debt, principal	703,000	-	703,000	-	-	1,329,113	2,032,113	-
Long-term debt, interest	219,515	-	219,515	-	-	493,122	712,637	-
Total debt service	922,515	-	922,515	-	-	1,822,235	2,744,750	-
Total expenditures	56,951,683	70,852	57,022,535	2,655,000	(41,500)	59,636,035	56,840,570	2,795,465
Excess (deficiency) of revenues over (under) expenditures	(3,949,140)	(70,852)	(4,019,992)	(200,000)	41,500	(4,178,492)	150,912	4,329,404
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers from other funds	710,000	-	710,000	-	-	710,000	1,052,000	342,000
Transfers to other funds	(1,147,860)	-	(1,147,860)	-	-	(1,153,360)	(1,153,360)	-
Transfers to other funds - education	-	-	-	-	-	(36,000)	(36,000)	-
Total other financing sources (uses)	(437,860)	-	(437,860)	-	-	(41,500)	(479,360)	(137,360)
Net changes in fund balances	<u><u>\$ (4,387,000)</u></u>	<u><u>\$ (70,852)</u></u>	<u><u>\$ (4,457,852)</u></u>	<u><u>\$ (200,000)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (4,657,852)</u></u>	<u><u>\$ 13,552</u></u>	<u><u>\$ 4,671,404</u></u>
Fund balance, beginning of year							15,125,232	
Fund balance, end of year							<u><u>\$ 15,138,784</u></u>	

See accompanying notes to financial statements.

Statement 7

TOWN OF BRUNSWICK, MAINE  
Statement of Net Position  
Proprietary Funds  
June 30, 2015

ASSETS	Business-type Activities - Enterprise Funds				Governmental Activities	
	Major Fund		Nonmajor Funds		Internal Service Fund	
	Solid Waste Facilities	Pay-Per-Bag Program			Printing Services	
Current assets:						
Cash and cash equivalents	\$ 663,655	\$ 1,992,981	\$ 102,559	\$ 2,759,195	\$ 54,662	\$ -
Accounts receivable	21,752	30,300	2,610		37,523	-
Inventory	-	37,523	-		-	-
Prepaid expense	-	26	-		26	-
Due from other funds	-	10,000	1,492		11,492	94,800
Total current assets	685,407	2,070,830	106,661	2,862,898		94,800
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	551,282	-	97,500		648,782	92,681
Vehicles	88,632	-	-		88,632	-
Intangibles	6,470	-	-		6,470	-
Infrastructure	-	-	589,927		589,927	-
Less accumulated depreciation	(6,044,709)	-	(664,860)		(6,709,569)	(82,870)
Net capital assets	2,138,760	-	96,605		2,235,365	9,811
Total assets	2,824,167	2,070,830	203,266	2,862,898	5,098,263	104,611
LIABILITIES						
Current liabilities:						
Accounts payable	6,263	-	6,544		12,807	1,983
Accrual of payroll	3,347	-	-		3,347	-
Other liabilities	-	1,918	-		1,918	-
Landfill closure and postclosure	4,000	-	-		4,000	-
Compensated absences	1,250	-	-		1,250	-
Due to other funds	8,620	-	-		8,620	-
Total current liabilities	23,480	1,918	6,544		31,942	1,983
Noncurrent liabilities:						
Landfill closure and postclosure	7,026,309	-	-		7,026,309	-
Compensated absences	8,240	-	-		8,240	-
Total noncurrent liabilities	7,034,549	1,918	6,544		7,034,549	-
Total liabilities	7,058,029	-	-		7,066,491	1,983
NET POSITION						
Investment in capital assets	2,138,760	-	96,605		2,235,365	9,811
Unrestricted	(6,372,622)	2,068,912	100,117		(4,203,593)	92,817
Total net position	\$ (4,233,862)	\$ 2,068,912	\$ 196,722	\$ (1,968,228)	\$ 102,628	

See accompanying notes to financial statements.

Statement 8

**TOWN OF BRUNSWICK, MAINE**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2015**

<b>Business-type Activities - Enterprise Funds</b>						<b>Governmental Activities</b>	
<b>Major Fund</b>			<b>Major Fund</b>			<b>Internal Service Fund</b>	
<b>Solid Waste Facilities</b>			<b>Pay-Per-Bag Program</b>			<b>Printing Services</b>	
<b>OPERATING REVENUES</b>							
Charges for services	\$ 14,175	\$ 317,800	\$ 33,173	\$ 365,148	\$ 52,098		
Tipping fees	384,232	-	-	384,232	-		
Total operating revenues	<u>398,407</u>	<u>317,800</u>	<u>33,173</u>	<u>749,380</u>	<u>52,098</u>		
<b>OPERATING EXPENSES</b>							
Personnel services	177,814	-	-	177,814	-		
Administrative expenses	8,099	-	-	8,099	-		
Contractual services	124,419	-	-	105,551	229,970	30,175	
Central garage costs	40,000	-	-	-	40,000		
Materials and supplies	39,462	90,666	-	2,052	132,180	4,345	
Closure and postclosure costs	210,091	-	-	-	210,091		
Depreciation	130,689	-	-	35,618	166,307	4,117	
Total operating expenses	<u>730,574</u>	<u>90,666</u>	<u>143,221</u>	<u>964,461</u>	<u>38,637</u>		
Operating income (loss)	<u>(332,167)</u>	<u>227,134</u>	<u>(110,048)</u>	<u>(215,081)</u>	<u>13,461</u>		
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Interest income	72	185	13	270	-		
Contributions	-	-	14,667	14,667	-		
Gain on sale of capital assets	10,000	-	-	-	10,000		
Total nonoperating revenues (expenses)	<u>10,072</u>	<u>185</u>	<u>14,680</u>	<u>24,937</u>			
Income (loss) before transfers	<u>(322,095)</u>	<u>227,319</u>	<u>(95,368)</u>	<u>(190,144)</u>	<u>13,461</u>		
Transfers in	<u>200,000</u>	<u>-</u>	<u>44,000</u>	<u>244,000</u>	<u>-</u>		
Change in net position	<u>(122,095)</u>	<u>227,319</u>	<u>(51,368)</u>	<u>53,856</u>	<u>13,461</u>		
Net position, beginning of year	<u>(4,111,767)</u>	<u>1,841,593</u>	<u>248,090</u>	<u>(2,022,084)</u>	<u>89,167</u>		
Net position, end of year	<u>\$ (4,233,862)</u>	<u>\$ 2,068,912</u>	<u>\$ 196,722</u>	<u>\$ (1,968,228)</u>	<u>\$ 102,628</u>		

See accompanying notes to financial statements.

**TOWN OF BRUNSWICK, MAINE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2015**

	Business-type Activities - Enterprise Funds					Governmental Activities	
	<u>Major Fund</u>	<u>Major Fund</u>			<u>Internal Service Fund - Printing</u>		
	<u>Solid Waste Facilities</u>	<u>Pay-Per-Bag Program</u>	<u>Nonmajor Funds</u>	<u>Totals</u>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers and users	\$ 395,469	\$ 317,200	\$ 33,618	\$ 746,287	\$ 52,098		
Payments to employees	(178,346)	-	-	(178,346)	-		
Payments to suppliers for goods and services	(220,010)	(78,351)	(102,773)	(401,134)	(34,568)		
Net cash provided (used) by operating activities	<u>(2,887)</u>	<u>238,849</u>	<u>(69,155)</u>	<u>166,807</u>	<u>17,530</u>		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Transfer from other funds	200,000	-	44,000	244,000	-		
Unearned revenue	-	-	14,667	14,667	-		
Increase (decrease) in due to other funds	6,686	(10,000)	(1,061)	(4,375)	(17,530)		
Cash provided (used) by noncapital financing activities	<u>206,686</u>	<u>(10,000)</u>	<u>57,606</u>	<u>254,292</u>	<u>(17,530)</u>		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Sale of capital assets	10,000	-	-	10,000	-		
Acquisition of capital assets	(132,000)	-	-	(132,000)	-		
Cash provided (used) by capital and related financing activities	<u>(122,000)</u>	<u>-</u>	<u>-</u>	<u>(122,000)</u>	<u>-</u>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest on investments	72	185	13	270	-		
Cash provided by investing activities	<u>72</u>	<u>185</u>	<u>13</u>	<u>270</u>	<u>-</u>		
Net increase (decrease) in cash	81,871	229,034	(11,536)	299,369	-		
Cash, beginning of year	581,784	1,763,947	114,095	2,459,826	-		
Cash, end of year	<u>\$ 663,655</u>	<u>\$ 1,992,981</u>	<u>\$ 102,559</u>	<u>\$ 2,759,195</u>	<u>\$ -</u>		
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>							
Operating income (loss)	\$ (332,167)	\$ 227,134	\$ (110,048)	\$ (215,081)	\$ 13,461		
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	130,689	-	35,618	166,307	4,117		
(Increase) decrease in accounts receivable	(2,938)	(600)	445	(3,093)	-		
(Increase) decrease in inventory	-	12,291	-	12,291	-		
(Increase) decrease in prepaid expense	-	(26)	14,667	14,641	-		
Increase (decrease) in accounts payable	(8,030)	50	4,830	(3,150)	(48)		
Increase (decrease) in accrued payroll	(468)	-	-	(468)	-		
Increase (decrease) in closure/postclosure	210,091	-	-	210,091	-		
Increase (decrease) in compensated absences	(64)	-	-	(64)	-		
Increase (decrease) in unearned revenue	-	-	(14,667)	(14,667)	-		
Total adjustments	<u>329,280</u>	<u>11,715</u>	<u>40,893</u>	<u>381,888</u>	<u>4,069</u>		
Net cash provided (used) by operating activities	<u>\$ (2,887)</u>	<u>\$ 238,849</u>	<u>\$ (69,155)</u>	<u>\$ 166,807</u>	<u>\$ 17,530</u>		

See accompanying notes to financial statements.

**TOWN OF BRUNSWICK, MAINE**  
**Statement of Net Position**  
**Fiduciary Funds**  
**June 30, 2015**

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	<b>Private- purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 29,940	\$ -
Investments	796,067	-
Due from other funds	6,226	73,463
<b>Total assets</b>	<b><u>832,233</u></b>	<b><u>73,463</u></b>
<b>LIABILITIES</b>		
Accounts payable	-	7,393
Amounts held for others - student activities	-	66,070
<b>Total liabilities</b>	<b><u>-</u></b>	<b><u>73,463</u></b>
<b>NET POSITION</b>		
Net position held in trust for other purposes	<u>\$ 832,233</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, 2015**

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	<b>Private- purpose Trust Funds</b>
<b>ADDITIONS</b>	
Contributions	\$ 4,205
Investment earnings:	
Interest and dividends	15,260
Net increase (decrease) in the fair value of investments	(6,227)
Total investment earnings	<u>9,033</u>
Less investment expense	(8,282)
Total additions	<u>4,956</u>
<b>DEDUCTIONS</b>	
Payment to beneficiaries	<u>12,606</u>
Total deductions	<u>12,606</u>
Change in net position	(7,650)
Net position - beginning	<u>839,883</u>
Net position - ending	<u>\$ 832,233</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.

## 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.* In addition to the general fund, which is always a major fund and described above, 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 nine 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 four nonmajor permanent funds.

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

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

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

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

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

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

#### 4. Inter-fund activity

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

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

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

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

#### 1. Government wide financial statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

#### 2. Governmental funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

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

### 4. Agency funds

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

## **E. Budgetary Information**

### 1. Budgetary basis of accounting

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

### 2. Legal level of budgetary control

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

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

### 3. Final budget amounts

The amounts reported as "Final Budgeted Amounts" 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 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 *et seq.* 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 maintenance of capital, (ii) maintenance of sufficient liquidity to meet all operating and cash requirements with which a fund is charged, that is reasonably expected, and (iii) return of income commensurate with avoidance of unreasonable risk. 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.

Investments for the Town are reported at fair value.

### 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 estimated fair market value at the date of donation. 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.

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 deferred outflows relate to the net pension liability, which include the Town's contributions subsequent to the measurement date. These will be recognized as a reduction of the net pension liability in the subsequent year. Also included are 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.

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 deferred inflows relate to the net pension liability, which include the differences between expected and actual experience and 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 pension plan investments, which is deferred and amortized over a five-year period.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan) and Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan) and additions to/deductions from the Plan's fiduciary net position 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 and restatement of net position

For the fiscal year ended June 30, 2015, the Town has implemented the following Statement of Governmental Accounting Standards Board:

- Statement No. 68 – *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27.*
- Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68.*

As a result of implementing GASB Statements No. 68 and No. 71, the Town has restated beginning net position in the government-wide statement of net position to account for recognition of a net pension liability of \$7,759,747, and deferred outflows of \$1,211,235 for the Town's pension contributions subsequent to the measurement date. Restatement decreased the Town's net position as of July 1, 2014 by \$6,548,512.

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

## 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 that "capital assets used in governmental activities are not financial resources and therefore are not reported in the funds." The details of this \$80,865,456 are as follows:

Capital assets	\$ 131,828,137
Accumulated depreciation	<u>(50,962,681)</u>
Net adjustment to increase fund balance - total governmental funds	
to arrive at net position - governmental activities	\$ 80,865,456

Another element of that reconciliation explains that "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 \$1,044,600 difference are as follows:

Deferred inflows - unavailable revenue - property tax	\$ 781,503
Deferred inflows - unavailable revenue - miscellaneous	<u>263,097</u>
Net adjustment to increase fund balance - total governmental funds	
to arrive at net position - governmental activities	\$ 1,044,600

Another element of that reconciliation explains that “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 \$(31,834,002) difference are as follows:

Bonds payable	\$ (25,219,800)
Premium on bonds (to be amortized as interest expense)	(161,318)
Accrued interest	(114,184)
School retirement incentive	(58,021)
Compensated absences	(1,446,491)
Other post employment benefits	(871,363)
Net pension liability	<u>(3,962,825)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	\$ (31,834,002)

Another element of that reconciliation explains that “internal service funds are 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 \$92,817 difference are as follows:

Net position of the internal service fund	\$ 102,628
Less: Capital assets net of accumulated depreciation	<u>(9,811)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	\$ 92,817

Another element of that reconciliation explains that “deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.” The details of this \$(1,289,182) difference are as follows:

Deferred outflows of resources related to pensions	\$ 2,090,428
Deferred inflows of resources related to pensions	<u>(3,379,610)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	\$ (1,289,182)

#### **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 that “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 \$(2,081,833) difference are as follows:

Capital outlay	\$ 1,794,804
Depreciation expense	<u>(3,876,637)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ (2,081,833)

Another element of that reconciliation states that "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 \$(8,469) difference are as follows:

Cost of disposed capital assets	\$ (519,655)
Accumulated depreciation on disposed capital assets	<u>511,186</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ (8,469)

Another element of that reconciliation states that "revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds." The details of this \$103,934 difference are as follows:

Property taxes	\$ 60,283
Charges for services	<u>43,651</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ 103,934

Another element of that reconciliation states that "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." The details of this \$2,103,112 difference are as follows:

Principal repayments: General obligation debt	\$ 2,103,112
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position in governmental activities	\$ 2,103,112

Another element of that reconciliation states that "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 \$(70,294) difference are as follows:

Compensated absences	\$ (42,949)
School retirement incentive	54,444
Post employment benefits annual required contribution	(107,930)
Accrued interest	7,677
Amortization of premium on refunding and general obligation bonds	<u>18,464</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ (70,294)

Another element of that reconciliation states that "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 \$17,578 difference are as follows:

Change in net position of the internal service funds	\$ 13,461
Plus: depreciation on capital assets	<u>4,117</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ 17,578

Another element of that reconciliation states that “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 \$1,296,505 difference are as follows:

Employer pension contributions	\$ 1,354,845
Cost of benefits earned, net of employee contributions	(58,340)
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	\$ 1,296,505

### 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, 2015, the Town budgeted and utilized the following amounts:

	As of June 30, 2014			
	Original Budget	Encumbered Balances	Additional Appropriations	Final Budget
Restricted fund balance:				
Educational purposes	\$ 2,995,000	\$ -	\$ -	\$ 2,995,000
Municipal purposes	50,000	-	-	50,000
Bond proceeds	342,000	-	-	342,000
Assigned fund balance:				
Municipal purposes	1,000,000	-	200,000	1,200,000
Encumbrances	-	70,852	-	70,852
Total utilization of fund balance	\$ 4,387,000	\$ 70,852	\$ 200,000	\$ 4,657,852

#### C. Additional Appropriations

##### 1. Supplemental appropriations

The Town Council made one supplemental budgetary appropriation during the year, totaling \$200,000 to fund unanticipated road and infrastructure repairs. Very heavy rainfall in August 2014 damaged a number of roads and infrastructure in Brunswick.

##### 2. On-behalf payments

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 2014-15 were \$2,082,000 for retirement, and \$373,000 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 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 \$399,000 were made by 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 29, 2015, 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. The Town exceeded its authorization to over-expend by \$1,225 in the Refuse Collection account.

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

The following *fund balance deficits* exist as of June 30, 2015:

Downtown Development TIF Fund	\$ (240,401)
2016 Bond Fund	(454,512)

The Downtown Development TIF District Fund accounts for activities related to the "DEVELOPMENT PROGRAM FOR THE BRUNSWICK DOWNTOWN MUNICIPAL DEVELOPMENT AND TAX INCREMENT FINANCING DISTRICT" adopted on March 1, 2010 (the "Downtown Development Program"), which consists of five major components. Tax revenues generated by development within the District will be captured and used to fund the activities of the Downtown Development Program. The deficit balance in this account is the result of advances to fund land acquisition and construction activities. Those advances are expected to be repaid from tax increment financing (TIF) revenues generated within the District over the thirty-year life of the District.

The deficit balance in the 2016 Bond Fund is the result of the General Fund advancing the School Department for the "Acquisition and Installation of Heating, Ventilation, Cooling, and Related Equipment at the Junior High School", an air quality project that was completed in May, 2015. The School Department is expected to budget repayments of the advance over five years.

The following *net position deficit* exists as of June 30, 2015:

Solid Waste Facilities Fund	\$ (4,233,862)
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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. 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**

As of June 30, 2015, the Town of Brunswick had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Money-market Mutual Funds	\$ 14,463,794	N/A
Equities	348,349	N/A
Other Mutual Funds	993,534	N/A

*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, 2015, 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, 2015, the bank balance of \$9,042,281 was covered by the FDIC and the tri-party collateral agreement among the Town of Brunswick, Bank of America, and Bank of New York. Although CDs have been classified as investments for financial reporting, they are considered deposits for the purposes of custodial credit risk disclosure. All CDs are fully insured by the FDIC.

*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, 2015, the Town did not have a policy for concentration of credit risk.

## B. Receivables

Receivables at June 30, 2015 consist of the following:

	General Fund	Governmental Funds	Enterprise Funds	Other Funds	Total
Taxes	\$ 1,044,444	\$ -	\$ -	\$ -	\$ 1,044,444
Tax liens	308,611	-	-	-	308,611
Accounts	885,394	32,748	54,662	-	972,804
Intergovernmental	84,641	365,736	-	-	450,377
Gross receivables	<u>2,323,090</u>	<u>398,484</u>	<u>54,662</u>	<u>-</u>	<u>2,776,236</u>
Less: Allowance for uncollectibles	(38,693)	-	-	-	(38,693)
Net receivables	<u>\$ 2,284,397</u>	<u>\$ 398,484</u>	<u>\$ 54,662</u>	<u>\$ -</u>	<u>\$ 2,737,543</u>

Property taxes for the current year were committed September 8, 2014 on the assessed value listed as of April 1, 2014, for all taxable real and personal property located in the Town. Real property taxes were due in two installments, October 15, 2014 and April 15, 2015. Personal property taxes were due in one installment, October 15, 2014. 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. Each property must be reviewed no less than once every four years. 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, 2014, upon which the levy for the year ended June 30, 2015 was based, was \$1,329,031,900. This assessed value was 70% of the estimated market value and 65.59% of the 2014 State valuation of \$2,026,250,000.

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 \$751,026 for the year ended June 30, 2015.

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, 2015, the Town had a total of \$50,746,600 in captured valuation for four TIF districts. The tax revenue captured in these districts totaled \$1,390,457 for the year.

### C. Capital Assets

Capital asset activity for the year ended June 30, 2015 follows.

#### Governmental activities:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 6,036,412	\$ -	\$ -	\$ 6,036,412
Construction in progress	99,848	13,021	(60,504)	52,365
Intangibles	200,000	-	-	200,000
Total capital assets not being depreciated	6,336,260	13,021	(60,504)	6,288,777
Capital assets being depreciated:				
Buildings	63,161,936	239,249	-	63,401,185
Improvements other than buildings	3,629,931	37,200	-	3,667,131
Machinery and equipment	4,860,775	388,668	(208,886)	5,040,557
Vehicles	7,495,142	395,431	(288,054)	7,602,519
Intangibles	428,618	-	-	428,618
Infrastructure	44,640,326	781,739	(22,715)	45,399,350
Total capital assets being depreciated	124,216,728	1,842,287	(519,655)	125,539,360
Less accumulated depreciation for:				
Buildings	(16,783,248)	(2,069,448)	-	(18,852,696)
Improvements other than buildings	(1,863,864)	(213,412)	-	(2,077,276)
Machinery and equipment	(2,922,103)	(372,987)	207,006	(3,088,084)
Vehicles	(4,680,208)	(346,095)	288,054	(4,738,249)
Intangibles	(410,948)	(12,651)	-	(423,599)
Infrastructure	(20,936,859)	(862,044)	16,126	(21,782,777)
Total accumulated depreciation	(47,597,230)	(3,876,637)	511,186	(50,962,681)
Total capital assets being depreciated, net	76,619,498	(2,034,350)	(8,469)	74,576,679
Governmental activities capital assets, net	<u>\$ 82,955,758</u>	<u>\$ (2,021,329)</u>	<u>\$ (68,973)</u>	<u>\$ 80,865,456</u>

**Business-type activities:**

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
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	634,959	132,000	(118,177)	648,782
Vehicles	88,632	-	-	88,632
Intangibles	6,470	-	-	6,470
Infrastructure	589,927	-	-	589,927
Total capital assets being depreciated	8,816,111	132,000	(118,177)	8,829,934
Less accumulated depreciation for:				
Buildings	(52,900)	(1,320)	-	(54,220)
Improvements other than buildings	(5,632,337)	(110,782)	-	(5,743,119)
Machinery and equipment	(386,402)	(30,647)	118,177	(298,872)
Vehicles	(88,632)	-	-	(88,632)
Intangibles	(6,470)	-	-	(6,470)
Infrastructure	(494,698)	(23,558)	-	(518,256)
Total accumulated depreciation	(6,661,439)	(166,307)	118,177	(6,709,569)
Total business-type capital assets being depreciated, net	2,154,672	(34,307)	-	2,120,365
Business-type activities capital assets, net	\$ 2,269,672	\$ (34,307)	\$ -	\$ 2,235,365

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

**Governmental activities:**

General government	\$ 314,957
Public safety	430,016
Public works, including depreciation of general infrastructure assets	1,087,288
Human services	23
Education	1,829,606
Recreation and culture	214,747
Total depreciation expense - governmental activities	\$ 3,876,637

**Business-type activities:**

Mere Point wastewater	\$ 23,558
Solid Waste facilities	130,689
Train Station/Visitors Center	12,060
Total depreciation expense - business-type activities	\$ 166,307

#### D. Leases

During the fiscal year ended June 30, 2015, the Town was a lessee in a variety of operating leases, two of which are considered material. The Town is a lessor in two operating leases, neither of which are considered material.

##### Town as Lessee:

*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, 2015, 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>
2016	\$ 44,000
2017	44,000
2018	44,000
2019	14,667
	<hr/>
	\$ 146,667

*Finance Records Storage:* In March 2015, the Town executed an agreement with Midcoast Regional Redevelopment Authority to lease a 412 square foot portion of 148 Orion Street at the Brunswick Landing. The Town uses the leased space as a secure storage facility for financial records. The Town anticipates an expense of \$1,458 for the year, covering costs incurred by MRRA.

#### 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>
<b>Governmental Activities</b>						
2006 Fire Station & Truck	2006	\$ 3,125,000	4.00% 2.00%	2021	to 275,000	\$ 1,200,000
2010 Elementary School	2010	21,462,250	to 5.50% 2.00%	2030	1,073,113 270,000	17,169,800
2011 GO Bonds	2011	4,120,000	to 3.00% 2.00%	2021	to 555,000	1,900,000
2013 Police Station	2013	5,500,000	to 3.50%	2033	275,000	4,950,000
					<hr/>	<hr/>
					\$ 25,219,800	<hr/>

All long-term debt of the Town of Brunswick has been issued as general obligation. All of the 2010 Elementary School Bonds were issued through the Maine Municipal Bond Bank (MMBB). A large percentage of those 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 Elementary School Bonds is eligible for State subsidy.

The amounts required to amortize all bonds and notes outstanding as of June 30, 2015, are as follows:

Governmental Activities						
Year Ending June 30	Principal	Interest	Total	BABs Subsidy	Net Total	
2016	\$ 2,098,113	\$ 894,062	\$ 2,992,175	\$ (228,895)	\$ 2,763,280	
2017	1,818,112	845,262	2,663,374	(220,447)	2,442,927	
2018	1,818,113	792,810	2,610,923	(210,212)	2,400,711	
2019	1,818,112	736,377	2,554,489	(198,584)	2,355,905	
2020	1,818,113	677,039	2,495,152	(185,937)	2,309,215	
2021-2025	7,210,562	2,577,484	9,788,046	(725,629)	9,062,417	
2026-2030	6,740,563	1,196,568	7,937,131	(325,322)	7,611,809	
2031-2033	1,898,112	69,257	1,967,369	(9,341)	1,958,028	
Total	\$ 25,219,800	\$ 7,788,859	\$ 33,008,659	\$ (2,104,367)	\$ 30,904,292	

For the year ended June 30, 2015, the Town paid \$2,103,113 in principal and \$725,117 in interest (net of \$215,623 BABs subsidy) for a total of \$2,811,250 in debt service payments. Due to federal sequestration, the BABs subsidy was reduced in FY 15 by a total of \$16,980, or a 7.3% 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 July 7, 2014, the Town Council adopted "An Ordinance Authorizing the Acquisition and Installation of Heating, Ventilation, Cooling, and Related Equipment at the Junior High School, with Total Project Costs Not to Exceed \$454,080 (plus any other costs authorized hereunder), and Further Authorizing Issuance of Bonds and Notes in an Amount not to Exceed \$454,080 (plus cost of issuance), plus any Additional Appropriation Authorized Hereunder." The Town is authorized to make advances, from the Town's general fund to a capital projects fund, in an aggregate amount not to exceed \$454,080. The air quality project was completed in May, 2015 using funds advanced from the General Fund. The School Department is expected to budget repayments of the advance over five years, in which case bonds may not be issued for this purpose.

On September 2, 2014, the Town Council adopted "An Ordinance Authorizing Storm Drain Improvements and Reconstruction of Nancy Drive, Patricia Road and Pierce Lane, with Total Project Costs Not to Exceed \$580,000 (plus any other authorized costs), and Further Authorizing Issuance of Bonds and Notes in an Amount not to Exceed \$580,000 (plus the cost of issuance)."

On September 2, 2014, the Town Council adopted "An Ordinance Authorizing the Acquisition of a Sidewalk Tractor and Associated Attachments, with Total Project Costs Not to Exceed \$146,000 (plus any other authorized costs), and Further Authorizing Issuance of Bonds and Notes in an Amount not to Exceed \$146,000 (plus the cost of issuance)."

On December 1, 2014, the Town Council adopted "An Ordinance Authorizing the Upgrading of Heating, Ventilation, Cooling, and Related Improvements at Emerson Station, with Total Project Costs Not to Exceed \$150,000 (plus any other costs authorized hereunder), and Further Authorizing Issuance of Bonds and Notes in an Amount not to Exceed \$150,000 (plus cost of issuance), plus any Additional Appropriation Authorized Hereunder."

Additional debt was authorized after June 30, 2015, as follows. Also see Note "V. OTHER INFORMATION – I. Subsequent Events" herein.

On September 21, 2015, the Town Council adopted "An Ordinance Authorizing the Funding and Completion of Reappraisal and Revaluation of All Taxable Real Property and All Tax-exempt Real Property Located Within the Town of Brunswick With Total Project Costs Not to Exceed \$400,000 (plus any other costs authorized hereunder), and Further Authorizing Issuance of Bonds and Notes in an Amount not to Exceed \$400,000 (plus cost of issuance), plus any Additional Appropriation Authorized Hereunder."

On October 5, 2015, the Town Council adopted "An Ordinance Authorizing the Replacement and Upgrade of the Boiler and Domestic Hot Water System at Brunswick High School, with Total Project Costs Not to Exceed \$575,000 (plus any other costs authorized hereunder), and Further Authorizing Issuance of Bonds and Notes in the Amount not to Exceed \$575,000 (plus cost of issuance), plus any Additional Appropriation Authorized Hereunder."

*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:

Type of Leave	Governmental Activities	Business-type Activities
Sick paid upon termination	\$ 446,971	\$ 4,098
Vacation	616,117	5,392
Compensatory time	59,781	-
School retirement stipend	323,622	-
Totals	\$ 1,446,491	\$ 9,490

## 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.mainepers.org](http://www.mainepers.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 7.0%-8.5% of their annual pay depending on the plan they participate in. The Town's contractually required contribution rate for the year ended June 30, 2015, ranged between 7.8%-13.4%, depending on the plan, and came in at an average 9.6% of annual payroll. Contributions to the pension plan from the Town were \$931,375 for the year ended June 30, 2015.

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, 2015, was 15.68% of annual payroll of which 2.65% of payroll was required from the Town and 13.03% was required from the State. Contributions to the pension plan from the Town were \$423,470 for the year ended June 30, 2015.

*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, 2014, 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, 2015, the Town reported a liability of \$3,536,451 for its proportionate share of the net pension liability. At June 30, 2014, the Town's proportion of the PLD Plan was 2.2982%.

SET Plan - At June 30, 2015, the Town reported a liability of \$426,374 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	\$ 426,374
State's proportionate share of the net pension liability associated with the Town	<u>15,095,418</u>
<b>Total</b>	<b><u>\$ 15,521,792</u></b>

At June 30, 2014, the Town's proportion of the SET Plan was 0.0395%.

For the year ended June 30, 2015, the Town recognized pension gain of \$105,115 for the PLD Plan and pension expense of \$2,245,650 for the SET Plan. Additionally, the Town recognized revenue of \$2,082,194 for support provided by the State for the SET Plan.

At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 333,055	\$ 1,421
Changes of assumptions	19,576	-
Net differences between projected and actual earnings on pension plan investments	-	3,150,718
Changes in proportion and differences between Town contributions and proportionate share of contributions	382,952	227,471
Town contributions subsequent to the measurement date	1,354,845	-
	<u>\$ 2,090,428</u>	<u>\$ 3,379,610</u>

A portion of deferred outflows of resources related to pensions, \$1,354,845, 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense</u>	
2016	\$ (584,357)	
2017	(584,357)	
2018	(687,633)	
2019	<u>(787,680)</u>	
	<u>\$ (2,644,027)</u>	

*Actuarial assumptions:* The total pension liability in the June 30, 2014 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	3.5%	3.5%
Salary increases, per year	3.5% to 9.5%	3.5% to 13.5%
Investment return, per annum, compounded annually	7.25%	7.125%
Cost of living benefit increases, per annum	3.12%	2.55%

Mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments 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 asset class. 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 pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	Long-term Expected <u>Real Rate of Return</u>
US equities	20%	2.5%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	<u>25%</u>	0.0%
Total	<u>100%</u>	

*Discount rate:* The discount rate used to measure the total pension liability was 7.25% for the PLD Plan and 7.125% for the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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 liabilities.

*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 7.25% for the PLD Plan and 7.125% 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 (6.25% for PLD Plan and 6.125% for SET Plan) or 1 percentage-point higher (8.25% for PLD Plan and 8.125% for SET Plan) than the current rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
<u>PLD Plan</u>			
Town's proportionate share of the net pension liability	\$ 11,032,684	\$ 3,536,451	\$ (2,729,469)
<u>SET Plan</u>			
Town's proportionate share of the net pension liability	\$ 816,682	\$ 426,374	\$ 99,775

*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.mainepers.org](http://www.mainepers.org).

*Payables to the pension plan:* The Town reported no payables to the pension plan as of June 30, 2015.

#### 4. Other postemployment benefits

##### **Maine Municipal Employees Health Trust**

*Plan Description:* The Town is a member of the Maine Municipal Employees Health Trust (MMEHT), an agent multiple-employer healthcare plan that provides employment and postemployment healthcare benefits. Retiree eligibility to receive health care benefits follows the same requirements as the retirement requirement of the Maine Public Employees Retirement System (MainePERS), meaning that employees eligible to retire under MainePERS are eligible to participate in the retiree health benefit offered by MMEHT. Eligible retirees are required to pay 100% of the health insurance premiums to receive healthcare benefits. For non-Medicare eligible retirees, premiums are the same as for active employees. Medicare eligible retirees pay reduced premiums and the coverage is adjusted to supplement Medicare.

MMEHT contracts with an actuarial consultant to provide a biennial actuarial valuation of the Town's OPEB liability under GASB Statement 45. The most recent OPEB liability actuarial valuation was completed in July 2015 for the fiscal years ending June 30, 2015 and June 30, 2016. A copy of the financial report and the required supplementary information for the Health Trust may be obtained from the Maine Municipal Employees Health Trust, 60 Community Drive, Augusta, ME 04333.

*Funding policy:* GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The Town currently funds these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits.

*Annual OPEB cost:* The Town's annual OPEB cost is calculated based on the annual required contribution (ARC), an actuarially determined amount. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty (30) years. The components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation are summarized in the following table.

Normal cost	\$ 63,101
Amortization of Unfunded	118,822
Interest	3,603
Annual Required Contribution	185,526
Interest on Net OPEB Obligation	30,537
Amortizing Adjustment to ARC	(44,150)
Annual OPEB Cost	171,913
Contributions made	(63,983)
Increase in Net OPEB Obligation	107,930
Net OPEB obligation - beginning of year	763,433
Net OPEB obligation - end of year	\$ 871,363

The following table represents the OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2015, and two preceding years:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 210,543	34.68%	\$ 617,802
June 30, 2014	208,091	30.02%	763,433
June 30, 2015	185,526	34.49%	871,363

Funding Status and Funding Progress: The funded status of the plan as of June 30, 2015 was as follows:

Actuarial accrued liability	\$ 2,136,856
Plan assets	-
Unfunded actuarial accrued liability	\$ 2,136,856
Funded ratio	0%
Covered payroll	\$ 8,356,113
Unfunded actuarial accrued liability as a percentage of covered payroll	25.57%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, found in the required supplementary information (RSI) on page 80, provides multiyear trend information (seven years available) that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions: Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefits costs between the Town and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions were as follows:

Actuarial valuation date	1/1/2015
Actuarial cost method	Projected unit credit
Amortization method	Level dollar
Amortization period	Open, 30 years
Actuarial assumptions:	
Discount rate	4.00%
Rate of salary increases	3.00%
Ultimate rate of medical inflation	4.25%

##### 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, 2015.

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 post-closure costs with funds collected and retained in the solid waste enterprise fund. If those funds are not sufficient, the Town will look to other funding sources including the pay-per-bag enterprise fund, long-term debt, and subsidies from the General Fund.

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, 2015, the Town estimates the facility has a remaining capacity of 20.70% and, at current disposal rates, will continue accepting waste for 15-21 more years. The Town estimates the final closure cost for the entire facility to be approximately \$6,620,000. The total post-closure care costs are estimated at \$2,135,000 which is an annual cost of \$71,167 for 30 years. Of the total estimated liability, \$8,755,000, the Town estimates that \$6,942,309 is applicable to this facility based on the estimated capacity used as of June 30, 2015.

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). The Town believes that treatment options to meet those parameters will be costly and will not appreciably impact water quality. Initially, the Town believed it could obtain a waiver of those limits based upon Fundamentally Different Factors (FDF), the variance process described in its 2004 wastewater discharge license. Late in 2010, the Town learned that the waivers it sought were not available. Through January, 2012, the Town and the Maine Department of Environmental Protection (DEP) worked to negotiate an Administrative Consent Agreement (ACA) to resolve violations of certain wastewater discharge limits and other operational violations.

Late in 2012, the Town and DEP cooperated in the construction and operation of a small-scale experimental treatment facility. The Town operated the facility through the 2013-14 winter months in order to obtain more reliable data about the facility's effectiveness in cold weather conditions. In November 2014 DEP presented their report on the pilot project, and as the results were not conclusive, the Town has continued discussion with DEP on the next steps. Depending on its collaboration with DEP, the cost of wastewater treatment options, and other factors, the Town may ultimately consider closing the landfill. The Town has contracted with a consultant to explore the viability of continued operations of the landfill and to review other solid waste options available to the Town. Any discussions of closure will address the potential for DEP cost-sharing through the Maine Landfill Closure and Remediation Program.

While the Town faces potential fines for its failure to comply with wastewater discharge limits and other violations, DEP has indicated that it would not pursue enforcement action so long as the Town and DEP were pursuing a collaborative solution. The Town cannot reasonably estimate the amount of any potential fines, should it once again be faced with enforcement action.

*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 post-closure care as of June 30,

2015, the Town estimates that \$88,000 is applicable to this facility. This represents annual monitoring at \$4,000 per year for 22 years. The portion of the liability reported as due within one year is \$4,000.

*Pleasant Hill Landfill:* This facility ceased operations on January 7, 1984 and final closure was completed in September 1984 pursuant to a Maine Department of Environmental Protection Order. The approved closure plan required postclosure monitoring for two years and no further monitoring was required. The Town ceased monitoring in 1986 and voluntarily resumed monitoring in 1989. Annual monitoring has now ceased, and the Town does not recognize a liability for landfill postclosure care for this facility.

#### F. Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Balance June 30, 2014 (as restated)	Additions	Deductions	Balance June 30, 2015	Due Within One Year
<b><u>Governmental Activities</u></b>					
Bonds payable:					
General government	\$27,322,912	\$	-	\$ (2,103,112)	\$ 25,219,800
Plus premium on bonds	179,782		-	(18,464)	161,318
School retirement incentive	112,465		-	(54,444)	58,021
Compensated absences	1,403,542	916,945	(873,996)	1,446,491	474,273
Other postemployment benefits	763,433	107,930	-	871,363	-
Net pension liability	<u>7,759,747</u>	<u>-</u>	<u>(3,796,922)</u>	<u>3,962,825</u>	<u>-</u>
	<u>\$37,541,881</u>	<u>\$ 1,024,875</u>	<u>\$ (6,846,938)</u>	<u>\$31,719,818</u>	<u>\$ 2,627,634</u>

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015	Due Within One Year
<b><u>Business-type Activities</u></b>					
Compensated absences					
	\$ 9,554	\$ 9,725	\$ (9,789)	\$ 9,490	\$ 1,250
Landfill closure and postclosure care	6,820,218	214,091	(4,000)	7,030,309	4,000
	<u>\$ 6,829,772</u>	<u>\$ 223,816</u>	<u>\$ (13,789)</u>	<u>\$ 7,039,799</u>	<u>\$ 5,250</u>

For the governmental activities, compensated absences and net pension obligations are generally liquidated by the General Fund. For business-type activities, compensated absences and net pension obligations are liquidated by the Solid Waste Facilities Fund. To the extent that the net OPEB obligation is liquidated, it is liquidated by plan member contributions.

#### G. Components of Fund Balances

The components of the June 30, 2015 fund balance are as follows:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Advances to other funds	\$ 454,080	\$ -	\$ -	\$ -
Inventories and deposits	37,711			
Education purposes	-	4,240,381	-	-
State road assistance funds	-	65,493	-	-
State revenue sharing funds	-	145,552	-	-
Encumbrances	-	-	-	120,384
Budget appropriation	-	-	-	825,000
Supplemental appropriations	-	-	-	186,481
Compensated absences	-	-	-	393,368
Tax increment financing	-	609,506	-	-
Capital projects funds:				
Advances and deposits	50,000	-	240,401	-
Restricted capital project funding	-	721,673	-	-
Appropriated for capital projects	-	-	964,920	-
Special revenue funds:				
Recreation programs	-	-	255,901	-
Town restricted programs	-	139,342	-	-
School restricted programs	19,554	215,751	-	-
Permanent funds	553,619	21,603	-	-
Total	\$ 1,114,964	\$ 6,159,301	\$ 1,461,222	\$ 1,525,233

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, 2015, the Town's unassigned fund balance was at 15.21% of revenues, which is \$833,628 under the target. In accordance with the Town's fund balance policy, the Town intends to develop a plan, implemented through the annual budgetary process, to bring the balance to the target level over a period of no more than three years.

#### H. Interfund Balances

Interfund balances are composed of two types – due to/from balances, and advances. The due to/from balances result from receipts and disbursements being made through the General Fund cash accounts. These balances will be eliminated when cash transfers are made to the appropriate funds. The advances are interfund loans from the Capital Improvements Fund to the Tax Increment Financing Fund and from the General Fund to the 2016 Bond Fund.

##### 1. Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Tax Increment Financing	General Fund	\$ 609,506
Recreation Program Funds	General Fund	16,992
Town Restricted Funds	General Fund	131,376
School Restricted Funds	General Fund	27,491
Public Works Projects	General Fund	90,198
Vehicle/ Equipment Reserves	General Fund	130,472
Capital Improvement Fund	General Fund	425,316
Private Purpose Trust Funds	General Fund	6,227
Enterprise Funds	General Fund	2,872
Internal Service Fund	General Fund	94,800
		\$ 1,535,250

2. Advances to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	2016 Bond Fund	\$ 454,080
		\$ 454,080
Capital Improvements Fund	Tax Increment Financing	\$ 240,401
		\$ 240,401

It is anticipated that the advances to the Tax Increment Financing Fund (Downtown Development TIF District) will be repaid from future TIF revenues and that the advances to the 2016 Bond Fund will be repaid through the School Department budget over five years.

I. **Interfund transfers**

	Transfers In:			
	General Fund	Nonmajor Governmental Funds	Enterprise Funds	Total transfers out
<b>Transfers Out:</b>				
General Fund	\$ -	\$ 945,360	\$ 244,000	\$ 1,189,360
Nonmajor Governmental Funds				
Capital Project Funds	1,052,000	161,000	-	1,213,000
Total Transfers In	<u>\$ 1,052,000</u>	<u>\$ 1,106,360</u>	<u>\$ 244,000</u>	<u>\$ 2,402,360</u>

Of the \$1,189,360 transferred out of the General Fund, \$903,860 was made for a variety of capital projects. The largest of these include \$530,000 for the Street Resurfacing Program and, \$373,860 for vehicle acquisitions. The \$244,000 transfer to Enterprise Funds represents General Fund subsidies of the Graham Road Landfill operations of \$200,000 and the Train Station/Visitors Center of \$44,000. Of the remaining \$41,500, \$36,000 was the annual subsidy of the School Cafeteria Fund, and \$5,500 was the annual contribution to the Memorial Day fund to match small grants.

Transfers in to the General Fund include a budgeted transfer of \$200,000 from the Industrial Park Fund, \$342,000 in unspent bond proceeds used to pay debt service, and \$510,000 in balances from completed projects and activities.

J. **Donor-restricted Endowments**

The Town maintains several permanent funds and private-purpose trust funds with donor-restricted endowments. It is the Town's policy that only interest and dividends on investments are authorized for spending. Any appreciation on investments is added to the original endowment and is not authorized for spending.

## 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, 2015, 2014 and 2013, 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, 2015.

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.

The Midcoast Regional Redevelopment Authority (MRRA) filed for a tax abatement on certain properties it believes are tax-exempt. The Town believes Maine law requires that those properties be taxed. Taxes on the properties in question were \$114,114, \$121,630 and \$125,571 for fiscal years ended June 30, 2013, 2014 and 2015, respectively. MRRA filed a declaratory judgment lawsuit in Cumberland County Superior Court in August, 2014. The Town and MRRA continued discussions and engaged in settlement negotiations, reaching agreement on a resolution on September 30, 2015. The agreement upholds the Town's tax decision on the properties in question, and involves an amendment of the Brunswick Landing and Brunswick Executive Airport TIF Districts' development programs, and the creation of a credit enhancement agreement between the Town and MRRA. It is anticipated that this work will be completed before the end of 2015.

#### **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. Defined Benefit Pension Plans**

*Consolidated Plan for Participating Local Districts (PLD Plan):* The Town joined the PLD Plan of the Maine Public Employees Retirement System, effective on July 1, 1995. Upon joining the PLD Plan, the Town ceased to be an individual sponsor of an agent multiple-employer defined benefit pension plan

administered by MainePERS and instead became a participant in the PLD Plan. As a participant of the PLD Plan, the Town was entitled to its initial unfunded unpooled actuarial assets from its previous plan. It was the position of MainePERS that it could not return the surplus, but it allowed the Town of Brunswick to use a portion of the surplus annually to reduce the required employer contribution. For the years ended June 30, 2015, 2014 and 2013, The Town used credits of \$66,588, \$66,024 and \$68,280, respectively. MainePERS recently changed its position and decided to refund the remaining balance of the surplus. On June 30, 2015 the remaining balance was \$136,481, and this was returned to the Town in July, 2015.

PLD Plan members are required to contribute 7.0% to 8.5% of their annual covered salary and the Town of Brunswick is required to contribute at an actuarially determined rate. The rate for the year ended June 30, 2015 varied from 7.8% to 13.4% of covered payroll depending on the employee classification. The amounts the Town was required to contribute to the PLD for the years ended June 30, 2015, 2014 and 2013 were \$931,375, \$796,662 and \$683,783, respectively, less amounts from credits as noted above. All required contributions were made by the Town.

*State Employee and Teacher Plan (SET Plan):* Employees in the SET Plan are required by State statute to contribute 7.65% of their compensation to the retirement system. Beginning with the fiscal year ended June 30, 2015, the Town is required to make contributions equivalent to the actuarially determined normal cost of the Plan for non-federally-funded teachers. Contributions paid by the Town for the year ended June 30, 2015, were \$423,470, at a rate of 2.65%, equal to the required contribution for the year. As required by State statute, contributions are made on behalf of the Town for the non-federally-funded teachers by a State appropriation. Contributions paid by the State to the Plan for the years ended June 30, 2015, 2014 and 2013 were \$2,082,000, \$2,038,000 and \$2,135,000, respectively, equal to the required contribution for each year. For federally-funded teachers, contributions paid by the Town to the Plan for the years ended June 30, 2015, 2014 and 2013 were \$61,939, \$61,368 and \$64,533, respectively, equal to the required contribution for each year. The actuarially determined rate for State and Town contributions to the SET Plan for federally-funded teachers for the year ended June 30, 2015, were 13.03% and 16.15%, respectively.

## **E. Overlapping Debt**

### **1. Cumberland County**

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment. The Town's share is determined as the percentage of its equalized state valuation of the total equalized state valuation of all municipalities in the County. At June 30, 2015, the Town's equalized state valuation of \$2,000,400,000 was 5.08% of the County's equalized state valuation of \$39,379,600,000. The Town's share of Cumberland County's principal debt as of June 30, 2015 is \$1,885,871 or 5.08% of the total outstanding long-term County debt of \$37,125,000.

### **2. 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, 2015, MR10 had retired its prior year debt obligation balance. 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.

## **F. 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, 2015 is provided as an indication of the combined debt burden of the constituent ratepayer/taxpayer base.

	Total <u>Principal Debt</u>	% Applicable to Brunswick	Amt Applicable to Brunswick
Brunswick and Topsham Water District	\$ 9,068,734	66.67%	\$ 6,046,125
Brunswick Sewer District	7,463,231	100.00%	7,463,231
<b>Total</b>	<b>\$ 16,531,965</b>		<b>\$ 13,509,356</b>

#### **G. 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, 2015, the total budget of MR10 was \$2,052,828. After MR10 deducted certain balances and miscellaneous revenues, the Town of Brunswick was assessed and paid \$777,398. At June 30, 2015, MR10 had retired its prior year debt obligation balance. 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.

#### **H. Commitments**

As of June 30, 2015, the Town had various contractual commitments, none of which are considered material.

#### **I. Subsequent Events**

On September 21, 2015, the Town Council adopted a bond ordinance authorizing the issuance of up to \$400,000 in debt to finance the funding and completion of reappraisal and revaluation of all taxable real property and all tax-exempt real property located within the Town of Brunswick. This project was included in the 2016-2020 CIP and the revaluation is anticipated to be completed for the 2017 tax commitment.

On October 5, 2015, the Town Council adopted a bond ordinance authorizing the issuance of up to \$575,000 in debt to finance the replacement and upgrade of the boiler and domestic hot water system at Brunswick High School. This project was included in the 2016-2020 CIP and the work is anticipated to be completed by spring of 2016.

On November 2, 2015, the Town Council adopted an amendment to the 2015-16 General Fund Budget appropriating an additional \$136,481 for the vehicle and equipment reserve funds. This amount represents the MainePERS repayment of the Town's Individual Unpooled Unfunded Actuarial Asset (IUUAA) balance as of June 30, 2015.

## 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)

2015\*\*

##### **PLD Plan**

Town's proportion of the net pension liability	2.30%
Town's proportionate share of the net pension liability	\$ 3,536,451
Town's covered-employee payroll	9,702,984
Town's proportion share of the net pension liability as a percentage of its covered-employee payroll	36.45%
Plan fiduciary net position as a percentage of the total pension liability	94.10%

##### **SET Plan**

Town's proportion of the net pension liability	0.04%
Town's proportionate share of the net pension liability	\$ 426,374
State's proportionate share of the net pension liability associated with the Town	<u>15,095,418</u>
Total	<u><u>\$ 15,521,792</u></u>
Town's covered-employee payroll	\$ 15,980,002
Town's proportion share of the net pension liability as a percentage of its covered-employee payroll	2.67%
Plan fiduciary net position as a percentage of the total pension liability	83.91%

\* 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 Pension Contributions Last Ten Fiscal Years\*

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

	<u>2015</u>	<u>2014</u>
<b><u>PLD Plan</u></b>		
Contractually required contribution	\$ 931,375	\$ 796,662
Contributions in relation to the contractually required contribution	<u>(931,375)</u>	<u>(796,662)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 Town's covered-employee payroll	 9,702,984	 9,245,553
Contributions as a percentage of covered- Employee payroll	9.60%	8.62%
 <b><u>SET Plan</u></b>		
Contractually required contribution	\$ 423,470	\$ 414,573
Contributions in relation to the contractually required contribution	<u>(423,470)</u>	<u>(414,573)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 Town's covered-employee payroll	 \$ 15,980,002	 \$ 15,644,284
Contributions as a percentage of covered- Employee payroll	2.65%	2.65%

\* Only two years of information available

See accompanying notes to required supplementary information.

**Required Supplementary Information, Continued**

**TOWN OF BRUNSWICK, MAINE**  
**Postemployment Healthcare Benefit**  
**Schedule of OPEB Funding Progress**

Fiscal year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial		Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
			Accrued Liability (AAL)	Accrued Liability (AAL)				
2009	1/1/2009	\$ -	\$ 2,045,926	\$ (2,045,926)	0.00%	\$ 7,921,177	25.83%	
2010	1/1/2009	-	\$ 2,045,926	\$ (2,045,926)	0.00%	\$ 7,900,785	25.90%	
2011	1/1/2011	-	\$ 2,090,744	\$ (2,090,744)	0.00%	\$ 7,846,250	26.65%	
2012	1/1/2011	-	\$ 2,090,744	\$ (2,090,744)	0.00%	\$ 7,758,089	26.95%	
2013	1/1/2013	-	\$ 2,464,551	\$ (2,464,551)	0.00%	\$ 7,788,043	31.65%	
2014	1/1/2013	-	\$ 2,464,551	\$ (2,464,551)	0.00%	\$ 8,114,329	30.37%	
2015	1/1/2015	-	\$ 2,136,856	\$ (2,136,856)	0.00%	\$ 8,356,113	25.57%	

**Changes of benefit terms**

There were no changes in benefit terms in the Maine Public Employees Retirement System Plans.

**Changes of assumptions**

The discount rate used to measure the collective total pension liability in the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan) changed from 7.25% in the 2013 valuation to 7.125% in the 2014 valuation.

# 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 are 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.

### **Industrial Park**

To account for funding of the construction of Brunswick's Industrial Park and related expansions.

### **Public Works Projects**

To account for public works projects related to street resurfacing and sidewalk repair.

### **Vehicle/Equipment Reserves**

To account for vehicle and capital equipment purchases.

### **Downtown Improvement Projects**

To account for certain capital improvements in the downtown master development plan.

### **Capital Improvements Fund**

To account for capital projects that are supported by appropriations and/or advances from the General Fund or donations from private or public sources.

### **Elementary School Building Fund**

To account for a capital project which is funded by long-term debt obligations.

**Police Station Building Fund**

To account for a capital project which is funded by long-term debt obligations.

**2016 Bond Fund**

To account for capital projects for which long-term debt is authorized but unissued as of June 30, 2015, as follows:

*Air Quality at Junior High School* – HVAC project to improve interior air quality and heating efficiency at the Brunswick Junior High School.

*Nancy Drive, Patricia Road and Pierce Lane* – Storm drain improvements on Nancy Drive, and reconstruct Nancy Drive, Patricia Road and Pierce Lane.

*Sidewalk Tractor* – The acquisition of a new trackless sidewalk tractor and associated attachments.

*HVAC upgrade for Emerson Station* – Acquisition and installation of heating, ventilation, cooling, and related improvements to Emerson Station.

**PERMANENT FUNDS**

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

Nonexpendable permanent funds:

**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, 2015**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Project Funds</b>	<b>Nonmajor Permanent Funds</b>	<b>Total Other Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 413,122	\$ 1,019,940	\$ 13,803	\$ 1,446,865
Investments	-	-	545,816	545,816
Receivables:				
Accounts	6,908	25,840	-	32,748
Intergovernmental	365,736	-	-	365,736
Deposits	-	50,000	-	50,000
Inventory	19,554	-	-	19,554
Due from other funds	175,859	645,986	-	821,845
Advances to other funds	-	240,401	-	240,401
Total assets	<u>\$ 981,179</u>	<u>\$ 1,982,167</u>	<u>\$ 559,619</u>	<u>\$ 3,522,965</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 132,547	\$ 5,605	\$ -	\$ 138,152
Accrued payroll	79,126	-	-	79,126
Other liabilities	3,708	-	-	3,708
Unearned revenue	135,250	-	-	135,250
Advances from other funds	-	454,080	-	454,080
Total liabilities	<u>350,631</u>	<u>459,685</u>	<u>-</u>	<u>810,316</u>
Fund balances (deficits):				
Nonspendable	19,554	50,000	553,619	623,173
Restricted	355,093	721,673	21,603	1,098,369
Committed	255,901	1,205,321	-	1,461,222
Unassigned	-	(454,512)	(15,603)	(470,115)
Total fund balances (deficits)	<u>630,548</u>	<u>1,522,482</u>	<u>559,619</u>	<u>2,712,649</u>
Total liabilities and fund balances	<u>\$ 981,179</u>	<u>\$ 1,982,167</u>	<u>\$ 559,619</u>	<u>\$ 3,522,965</u>

Statement A-2

**TOWN OF BRUNSWICK, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Other Governmental Funds**  
**For the year ended June 30, 2015**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
<b>REVENUES</b>				
Intergovernmental	\$ 2,554,120	\$ -	\$ -	\$ 2,554,120
Investment income (loss)	-	-	(472)	(472)
Charges for services	898,444	-	-	898,444
Interest	28	144	-	172
Donations	108,911	25,952	-	134,863
Total revenues	<u>3,561,503</u>	<u>26,096</u>	<u>(472)</u>	<u>3,587,127</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,008,664	-	-	1,008,664
Public safety	76,951	-	-	76,951
Public works	10,123	-	-	10,123
Education	2,217,898	-	-	2,217,898
Recreation and culture	395,520	-	6,500	402,020
Capital outlay	-	1,846,437	-	1,846,437
Total expenditures	<u>3,709,156</u>	<u>1,846,437</u>	<u>6,500</u>	<u>5,562,093</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(147,653)</u>	<u>(1,820,341)</u>	<u>(6,972)</u>	<u>(1,974,966)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from other funds	41,500	1,064,860	-	1,106,360
Transfer to other funds	-	(1,213,000)	-	(1,213,000)
Total other financing sources (uses)	<u>41,500</u>	<u>(148,140)</u>	<u>-</u>	<u>(106,640)</u>
Net changes in fund balances	(106,153)	(1,968,481)	(6,972)	(2,081,606)
Fund balances, beginning of year	736,701	3,490,963	566,591	4,794,255
Fund balances, end of year	<u>\$ 630,548</u>	<u>\$ 1,522,482</u>	<u>\$ 559,619</u>	<u>\$ 2,712,649</u>

**TOWN OF BRUNSWICK, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2015**

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	<b>Recreation Programs</b>	<b>Town Restricted Programs</b>	<b>School Restricted Programs</b>	<b>Totals</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 405,565	\$ 7,557	\$ -	\$ 413,122
Receivables:				
Accounts	1,076	3,966	1,866	6,908
Intergovernmental	- 58,460	307,276	365,736	
Inventory	- -	19,554	19,554	
Due from other funds	16,992	131,376	27,491	175,859
Total assets	<u>\$ 423,633</u>	<u>\$ 201,359</u>	<u>\$ 356,187</u>	<u>\$ 981,179</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 35,431	\$ 61,158	\$ 35,958	\$ 132,547
Accrued payroll	13,617	859	64,650	79,126
Other liabilities	- -	3,708	3,708	
Unearned revenue	118,684	- -	16,566	135,250
Total liabilities	<u>167,732</u>	<u>62,017</u>	<u>120,882</u>	<u>350,631</u>
Fund balances:				
Nonspendable	- -	19,554	19,554	
Restricted	- 139,342	215,751	355,093	
Committed	255,901 -	- -	255,901	
Total fund balances	<u>255,901</u>	<u>139,342</u>	<u>235,305</u>	<u>630,548</u>
Total liabilities and fund balances	<u>\$ 423,633</u>	<u>\$ 201,359</u>	<u>\$ 356,187</u>	<u>\$ 981,179</u>

Statement B-2

**TOWN OF BRUNSWICK, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the year ended June 30, 2015**

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	<u>Recreation Programs</u>	<u>Town Restricted Programs</u>	<u>School Restricted Programs</u>	<u>Totals</u>
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 1,034,006	\$ 1,520,114	\$ 2,554,120
Charges for services	461,428	26,989	410,027	898,444
Interest	27	1	-	28
Donations	-	13,530	95,381	108,911
Total revenues	<u>461,455</u>	<u>1,074,526</u>	<u>2,025,522</u>	<u>3,561,503</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	1,008,664	-	1,008,664
Public safety	-	76,951	-	76,951
Public works	-	10,123	-	10,123
Education	-	-	2,217,898	2,217,898
Recreation and culture	<u>383,718</u>	<u>11,802</u>	<u>-</u>	<u>395,520</u>
Total expenditures	<u>383,718</u>	<u>1,107,540</u>	<u>2,217,898</u>	<u>3,709,156</u>
Excess (deficiency) of revenues over (under) expenditures	<u>77,737</u>	<u>(33,014)</u>	<u>(192,376)</u>	<u>(147,653)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfer from other funds	-	5,500	36,000	41,500
Total other financing sources	-	5,500	36,000	41,500
Net changes in fund balances	<u>77,737</u>	<u>(27,514)</u>	<u>(156,376)</u>	<u>(106,153)</u>
Fund balances, beginning of year	<u>178,164</u>	<u>166,856</u>	<u>391,681</u>	<u>736,701</u>
Fund balances, end of year	<u>\$ 255,901</u>	<u>\$ 139,342</u>	<u>\$ 235,305</u>	<u>\$ 630,548</u>

**TOWN OF BRUNSWICK, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**June 30, 2015**

	<b>Impact Fees</b>	<b>Industrial Park</b>	<b>Public Works Projects</b>	<b>Vehicle/Equipment Reserves</b>	<b>Downtown Improvement Projects</b>	<b>Capital Improvement Projects</b>	<b>Elementary School Bond</b>	<b>Police Station Bldg Fund</b>	<b>2016 Bond Fund</b>	<b>Totals</b>
<b>ASSETS</b>										
Cash and cash equivalents	\$ 535,995	\$ 279,529	\$ -	\$ -	\$ 54,780	\$ 18,738	\$ 119,800	\$ 11,098	\$ -	\$ 1,019,940
Accounts Receivable	-	-	-	-	-	25,840	-	-	-	25,840
Deposits	-	-	90,198	-	-	50,000	-	-	-	50,000
Due from other funds	-	-	-	130,472	-	425,316	-	-	-	645,986
Advances to other funds	-	-	-	-	-	240,401	-	-	-	240,401
Total assets	<b>\$ 535,995</b>	<b>\$ 279,529</b>	<b>\$ 90,198</b>	<b>\$ 130,472</b>	<b>\$ 54,780</b>	<b>\$ 760,295</b>	<b>\$ 119,800</b>	<b>\$ 11,098</b>	<b>\$ -</b>	<b>\$ 1,982,167</b>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ 2,350	\$ 1,164	\$ -	\$ 1,659	\$ -	\$ -	\$ 432	\$ 5,605
Advances from other funds	-	-	-	-	-	-	-	-	454,080	454,080
Total liabilities	<b>-</b>	<b>-</b>	<b>2,350</b>	<b>1,164</b>	<b>-</b>	<b>1,659</b>	<b>-</b>	<b>-</b>	<b>454,512</b>	<b>459,685</b>
Fund balances (deficits):										
Nonspendable	-	-	-	-	54,780	50,000	119,800	11,098	-	50,000
Restricted	535,995	279,529	87,848	129,308	-	708,636	-	-	-	721,673
Committed	-	-	-	-	-	-	-	-	-	1,205,321
Unassigned	-	-	-	-	-	-	-	-	(454,512)	(454,512)
Total fund balances (deficits)	<b>535,995</b>	<b>279,529</b>	<b>87,848</b>	<b>129,308</b>	<b>54,780</b>	<b>758,636</b>	<b>119,800</b>	<b>11,098</b>	<b>(454,512)</b>	<b>1,522,482</b>
Total liabilities and fund balances	<b>\$ 535,995</b>	<b>\$ 279,529</b>	<b>\$ 90,198</b>	<b>\$ 130,472</b>	<b>\$ 54,780</b>	<b>\$ 760,295</b>	<b>\$ 119,800</b>	<b>\$ 11,098</b>	<b>\$ -</b>	<b>\$ 1,982,167</b>

**TOWN OF BRUNSWICK, MAINE**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**For the year ended June 30, 2015**

	<b>Impact Fees</b>	<b>Industrial Park</b>	<b>Public Works Projects</b>	<b>Vehicle/ Equipment Reserves</b>	<b>Downtown Improvement Projects</b>	<b>Capital Improvement Projects</b>	<b>Elementary School Bond</b>	<b>Police Station Bldg Fund</b>	<b>2016 Bond Fund</b>	<b>Totals</b>
<b>REVENUES</b>										
Interest	\$ 54	\$ 43	\$ -	\$ -	\$ 9	\$ 3	\$ 34	\$ 1	\$ -	\$ 144
Donations	952	-	-	-	-	25,000	-	-	-	25,952
Total revenues	<u>1,006</u>	<u>43</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>25,003</u>	<u>34</u>	<u>1</u>	<u>-</u>	<u>26,096</u>
<b>EXPENDITURES</b>										
Capital outlay	23,630	-	530,225	561,821	82,023	194,226	-	-	454,512	1,846,437
Total expenditures	<u>23,630</u>	<u>-</u>	<u>530,225</u>	<u>561,821</u>	<u>82,023</u>	<u>194,226</u>	<u>-</u>	<u>-</u>	<u>454,512</u>	<u>1,846,437</u>
Excess (deficiency) of revenues over (under) expenditures	(22,624)	43	(530,225)	(561,821)	(82,014)	(169,223)	34	1	(454,512)	(1,820,341)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers from other funds	-	-	530,000	373,860	-	161,000	-	-	-	1,064,860
Transfers to other funds	-	(361,000)	-	-	-	(510,000)	(342,000)	-	-	(1,213,000)
Total other financing sources (uses)	<u>-</u>	<u>(361,000)</u>	<u>530,000</u>	<u>373,860</u>	<u>-</u>	<u>(349,000)</u>	<u>(342,000)</u>	<u>-</u>	<u>-</u>	<u>(148,140)</u>
Net changes in fund balances	(22,624)	(360,957)	(225)	(187,961)	(82,014)	(518,223)	(341,966)	1	(454,512)	(1,968,481)
Fund balances, beginning of year	558,619	640,486	88,073	317,269	136,794	1,276,859	461,766	11,097	-	3,490,963
Fund balances (deficits), end of year	<u>\$ 535,995</u>	<u>\$ 279,529</u>	<u>\$ 87,848</u>	<u>\$ 129,308</u>	<u>\$ 54,780</u>	<u>\$ 758,636</u>	<u>\$ 119,800</u>	<u>\$ 11,098</u>	<u>\$ (454,512)</u>	<u>\$ 1,522,482</u>

Statement D-1

**TOWN OF BRUNSWICK, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
**June 30, 2015**

	<b>Education Funds</b>	<b>Community Improvements Fund</b>	<b>Recreation and Cultural Fund</b>	<b>Social Services Fund</b>	<b>Totals</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 807	\$ 742	\$ 11,056	\$ 1,198	\$ 13,803
Investments	17,699	43,543	437,194	47,380	545,816
<b>Total assets</b>	<b>\$ 18,506</b>	<b>\$ 44,285</b>	<b>\$ 448,250</b>	<b>\$ 48,578</b>	<b>\$ 559,619</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Fund balances (deficits):					
Nonspendable	14,537	41,438	463,853	33,791	553,619
Restricted	3,969	2,847	-	14,787	21,603
Unassigned	-	-	(15,603)	-	(15,603)
<b>Total fund balances</b>	<b>18,506</b>	<b>44,285</b>	<b>448,250</b>	<b>48,578</b>	<b>559,619</b>
<b>Total liabilities and fund balances</b>	<b>\$ 18,506</b>	<b>\$ 44,285</b>	<b>\$ 448,250</b>	<b>\$ 48,578</b>	<b>\$ 559,619</b>

**TOWN OF BRUNSWICK, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Permanent Funds**  
**For the year ended June 30, 2015**

	<b>Education Funds</b>	<b>Community Improvements Fund</b>	<b>Recreation and Cultural Fund</b>	<b>Social Services Fund</b>	<b>Totals</b>
<b>REVENUES</b>					
Investment earnings:					
Interest and dividends	\$ 293	\$ 707	\$ 7,208	\$ 770	\$ 8,978
Net increase (decrease) in the fair value of investments	(136)	(327)	(3,332)	(356)	(4,151)
Total investment earnings	157	380	3,876	414	4,827
Less investment expense	(172)	(418)	(4,255)	(454)	(5,299)
Total revenues	(15)	(38)	(379)	(40)	(472)
<b>EXPENDITURES</b>					
Payment to beneficiaries	-	-	6,500	-	6,500
Total expenditures	-	-	6,500	-	6,500
Net changes in fund balances	(15)	(38)	(6,879)	(40)	(6,972)
Fund balances, beginning of year	18,521	44,323	455,129	48,618	566,591
Fund balances, end of year	<u>\$ 18,506</u>	<u>\$ 44,285</u>	<u>\$ 448,250</u>	<u>\$ 48,578</u>	<u>\$ 559,619</u>

**Statement D-3**

**TOWN OF BRUNSWICK, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
**Education Funds**  
**June 30, 2015**

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	<b>Brunswick School Fund</b>	<b>Brunswick High Class of 1920 Fund</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 699	\$ 108	\$ 807
Investments	13,443	4,256	17,699
Total assets	<u>\$ 14,142</u>	<u>\$ 4,364</u>	<u>\$ 18,506</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable	10,792	3,745	14,537
Restricted	3,350	619	3,969
Total fund balances	<u>14,142</u>	<u>4,364</u>	<u>18,506</u>
Total liabilities and fund balances	<u>\$ 14,142</u>	<u>\$ 4,364</u>	<u>\$ 18,506</u>

**Statement D-4**

**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, 2015**

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	<b>Brunswick School Fund</b>	<b>Brunswick High Class of 1920 Fund</b>	<b>Totals</b>
<b>REVENUES</b>			
Investment earnings:			
Interest and dividends	\$ 224	\$ 69	\$ 293
Net increase (decrease) in the fair value of investments	<u>(104)</u>	<u>(32)</u>	<u>(136)</u>
Total investment earnings	120	37	157
Less investment expense	<u>(132)</u>	<u>(40)</u>	<u>(172)</u>
Total revenues	<u>(12)</u>	<u>(3)</u>	<u>(15)</u>
<b>EXPENDITURES</b>			
Payment to beneficiaries	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(12)	(3)	(15)
Fund balances, beginning of year	<u>14,154</u>	<u>4,367</u>	<u>18,521</u>
Fund balances, end of year	<u>\$ 14,142</u>	<u>\$ 4,364</u>	<u>\$ 18,506</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, 2015**

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	<u>Mere Point Wastewater</u>	<u>Train Station/ Visitors Center</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 23,182	\$ 79,377	\$ 102,559
Accounts receivable	2,310	300	2,610
Due from other funds	1,492	-	1,492
Total current assets	<u>26,984</u>	<u>79,677</u>	<u>106,661</u>
Capital assets:			
Improvements other than buildings	-	74,038	74,038
Machinery and equipment	97,500	-	97,500
Infrastructure	589,927	-	589,927
Less accumulated depreciation	(615,756)	(49,104)	(664,860)
Net capital assets	<u>71,671</u>	<u>24,934</u>	<u>96,605</u>
Total assets	<u>98,655</u>	<u>104,611</u>	<u>203,266</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	<u>758</u>	<u>5,786</u>	<u>6,544</u>
Total liabilities	<u>758</u>	<u>5,786</u>	<u>6,544</u>
<b>NET POSITION</b>			
Net investment in capital assets	71,671	24,934	96,605
Unrestricted	<u>26,226</u>	<u>73,891</u>	<u>100,117</u>
Total net position	<u>\$ 97,897</u>	<u>\$ 98,825</u>	<u>\$ 196,722</u>

**Statement E-2**

**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, 2015**

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	<b>Mere Point Wastewater</b>	<b>Train Station/ Visitors Center</b>	<b>Totals</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 21,035	\$ 12,138	\$ 33,173
Total operating revenues	<u>21,035</u>	<u>12,138</u>	<u>33,173</u>
<b>OPERATING EXPENSES</b>			
Contractual services	27,420	78,131	105,551
Materials and supplies	-	2,052	2,052
Depreciation	23,558	12,060	35,618
Total operating expenses	<u>50,978</u>	<u>92,243</u>	<u>143,221</u>
Operating income (loss)	<u>(29,943)</u>	<u>(80,105)</u>	<u>(110,048)</u>
<b>NONOPERATING REVENUES</b>			
Interest income	3	10	13
Contributions	-	14,667	14,667
Total nonoperating revenues	<u>3</u>	<u>14,677</u>	<u>14,680</u>
Income (loss) before transfers	<u>(29,940)</u>	<u>(65,428)</u>	<u>(95,368)</u>
Transfers in	-	44,000	44,000
Change in net position	(29,940)	(21,428)	(51,368)
Net position, beginning of year	<u>127,837</u>	<u>120,253</u>	<u>248,090</u>
Net position, end of year	<u>\$ 97,897</u>	<u>\$ 98,825</u>	<u>\$ 196,722</u>

**TOWN OF BRUNSWICK, MAINE**  
**Combining Statement of Cash Flows**  
**Nonmajor Proprietary Funds**  
**Enterprise Funds**  
**For the year ended June 30, 2015**

	<u>Mere Point Wastewater</u>	<u>Train Station/ Visitors Center</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 21,480	\$ 12,138	\$ 33,618
Payments to suppliers for goods and services	(27,787)	(74,986)	(102,773)
Net cash provided (used) by operating activities	<u>(6,307)</u>	<u>(62,848)</u>	<u>(69,155)</u>
<b>CASH FLOWS FROM NONCAPITAL</b>			
<b>FINANCING ACTIVITIES</b>			
Transfer from other funds	-	44,000	44,000
Unearned revenue	-	14,667	14,667
Increase (decrease) in due to other funds	(1,061)	-	(1,061)
Cash provided (used) by noncapital financing activities	<u>(1,061)</u>	<u>58,667</u>	<u>57,606</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	3	10	13
Cash provided by investing activities	<u>3</u>	<u>10</u>	<u>13</u>
Net decrease in cash	(7,365)	(4,171)	(11,536)
Cash, beginning of year	30,547	83,548	114,095
Cash, end of year	<u>\$ 23,182</u>	<u>\$ 79,377</u>	<u>\$ 102,559</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (29,943)	\$ (80,105)	\$ (110,048)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	23,558	12,060	35,618
(Increase) decrease in accounts receivable	445	-	445
(Increase) decrease in prepaid rent	-	14,667	14,667
Increase (decrease) in accounts payable	(367)	5,197	4,830
Increase (decrease) in unearned revenue	-	(14,667)	(14,667)
Total adjustments	<u>23,636</u>	<u>17,257</u>	<u>40,893</u>
Net cash provided (used) by operating activities	<u>\$ (6,307)</u>	<u>\$ (62,848)</u>	<u>\$ (69,155)</u>

## FIDUCIARY FUNDS

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and which cannot be used to support the government's own programs.

### **Private-purpose Trust Funds:**

These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments.

#### Scholarships and Education Funds:

##### Samuel G. Davis School Prize Fund

Provides one boy and one girl from each high school class and the highest class in each grammar school in Brunswick a prize for "kind good manners".

##### Solon E. and Lydia Skolfield Turner Scholarship Fund

Provides scholarships to assist worthy graduates or students of the Brunswick High School in pursuing advanced studies in approved secondary schools.

##### Pearl H. Baker Scholarship Fund

Provides scholarships to encourage and assist deserving and needy graduates of Brunswick High School to continue their education.

##### Lewis P. Gallagher Scholarship Fund

Provides scholarships to selected graduates of Brunswick High School to attend a vocational institution, college or university.

##### Doris C. Bibber Memorial Fund

Provides an award to a high school senior who has demonstrated outstanding ability and excellence in history class.

##### Elizabeth A. Nickerson Scholarship Fund

Provides a need-based scholarship to attend a four-year college or university to a graduating female student of Brunswick High School.

##### John Bibber Scholarship Fund

Provides a scholarship to a graduate of Brunswick High School or a resident of Brunswick who intends to pursue a degree in Public Administration.

##### Lester Rogers Memorial Fund

Provides a memorial award for eighth grade technology students.

##### Brunswick Junior High School Personal Growth Award Fund

Provides an award to recognize Junior High School students who have shown growth in the face of adversity over the course of the school year.

#### Public Library Funds: For the benefit of Curtis Memorial Library

##### L. Augusta Curtis Library Fund

##### W. J. Curtis Library Fund

##### Letitia A. Curtis Library Fund

#### E. H. Pennel Village Improvement Fund

For the use of the Village Improvement Association.

#### Alex Labbe Recreation Fund

Provides summer vacation camp scholarships for children participating in the Brunswick Parks and Recreation Department program.

### **Agency Funds:**

The Student Activities Agency Fund is used to report resources held by the Town in a purely custodial capacity.

**TOWN OF BRUNSWICK, MAINE**  
**Combining Statement of Net Position**  
**Fiduciary Funds**  
**Private-purpose Trust Funds**  
**June 30, 2015**

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<b>Private-purpose Trust Funds</b>					
	<b>Scholarship and Education Funds</b>	<b>Public Library Funds</b>	<b>E. H. Pennell Village Improvement Fund</b>	<b>Alex Labbe Recreation Fund</b>	<b>Totals</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 27,196	\$ 2,084	\$ 660	\$ -	\$ 29,940
Investments	687,567	82,409	26,091	-	796,067
Due from other funds	-	-	-	6,226	6,226
Total assets	<u>714,763</u>	<u>84,493</u>	<u>26,751</u>	<u>6,226</u>	<u>832,233</u>
<b>LIABILITIES</b>					
Accounts payable	-	-	-	-	-
Total liabilities	-	-	-	-	-
<b>NET POSITION</b>					
Net position held in trust for other purposes	<u>\$ 714,763</u>	<u>\$ 84,493</u>	<u>\$ 26,751</u>	<u>\$ 6,226</u>	<u>\$ 832,233</u>

**TOWN OF BRUNSWICK, MAINE**  
**Combining Statement of Changes in Net Position**  
**Fiduciary Funds**  
**Private-purpose Trust Funds**  
**For the year ended June 30, 2015**

		<b>Private-purpose Trust Funds</b>						
		<b>Scholarship and Education Funds</b>	<b>Public Library Funds</b>	<b>E. H. Pennell Village Improvement Fund</b>	<b>Alex Labbe Recreation Fund</b>	<b>Totals</b>		
<b>ADDITIONS</b>								
Contributions	\$ 780	\$ -	\$ -	\$ 3,425	\$ 4,205			
Investment earnings:								
Interest and dividends	13,492	1,343	425	-	15,260			
Net increase (decrease) in the fair value of investments	(5,410)	(621)	(196)	-	(6,227)			
Total investment earnings	8,082	722	229	-	9,033			
Less investment expense	(7,237)	(793)	(252)	-	(8,282)			
Total additions	1,625	(71)	(23)	3,425	4,956			
<b>DEDUCTIONS</b>								
Payment to beneficiaries	6,675	-	51	5,880	12,606			
Total deductions	6,675	-	51	5,880	12,606			
Changes in net position	(5,050)	(71)	(74)	(2,455)	(7,650)			
Net position - beginning of year	719,813	84,564	26,825	8,681	839,883			
Net position - end of year	<u>\$ 714,763</u>	<u>\$ 84,493</u>	<u>\$ 26,751</u>	<u>\$ 6,226</u>	<u>\$ 832,233</u>			

**TOWN OF BRUNSWICK, MAINE**  
**Combining Statement of Net Position**  
**Fiduciary Funds**  
**Private-purpose Trust Funds**  
**Scholarship and Education Funds**  
**June 30, 2015**

	Samuel Davis School Prize Fund	Skolfield Turner Scholarship Fund	Pearl Baker Scholarship Fund	Lewis Gallagher Scholarship Fund	Doris Bibber Memorial Fund	Elizabeth Nickerson Scholarship Fund	John Bibber Scholarship Fund	Lester Rogers Memorial Fund	Brunswick JHS Personal Growth Award Fund	Totals
<b>ASSETS</b>										
Cash and cash equivalents	\$ 1,018	\$ 8,108	\$ 109	\$ 14,926	\$ 39	\$ 2,158	\$ 650	\$ 129	\$ 59	\$ 27,196
Investments	40,251	320,603	4,318	202,381	1,531	85,333	25,707	5,099	2,344	687,567
Total assets	<u>41,269</u>	<u>328,711</u>	<u>4,427</u>	<u>217,307</u>	<u>1,570</u>	<u>87,491</u>	<u>26,357</u>	<u>5,228</u>	<u>2,403</u>	<u>714,763</u>
<b>LIABILITIES</b>										
Accounts payable	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-
<b>NET POSITION</b>										
Net position held in trust for other purposes	\$ 41,269	\$ 328,711	\$ 4,427	\$ 217,307	\$ 1,570	\$ 87,491	\$ 26,357	\$ 5,228	\$ 2,403	\$ 714,763

**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, 2015**

	<b>Samuel Davis</b>	<b>School Prize Fund</b>	<b>Skofield Turner Fund</b>	<b>Pearl Baker Fund</b>	<b>Scholarship Fund</b>	<b>Lewis Gallagher Fund</b>	<b>Doris Bibber Memorial Fund</b>	<b>Elizabeth Nickerson Scholarship Fund</b>	<b>John Bibber Scholarship Fund</b>	<b>Lester Rogers Memorial Fund</b>	<b>Brunswick JHS Personal Growth Award Fund</b>	<b>Totals</b>
<b>ADDITIONS</b>												
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 780
Investment earnings:												
Interest and dividends	663	5,210	70	5,570	25	1,426	405	84	39	39	13,492	
Net incr (decr) in fair value of investments	(306)	(2,403)	(32)	(1,749)	(12)	(659)	(187)	(39)	(18)	(18)	(5,410)	
Total investment earnings	357	2,802	38	3,821	13	767	218	45	21	21	8,082	
Less investment expense												
Total additions	(392)	(3,075)	(42)	(2,560)	(14)	(842)	(240)	(49)	(23)	(23)	(7,237)	
(35)	(273)	(4)	1,261	(1)	(75)	758	(4)	(4)	(2)	(2)	1,625	
<b>DEDUCTIONS</b>												
Payment to beneficiaries	550	-	-	3,500	-	2,500	-	-	50	75	6,675	
Total deductions	550	-	-	3,500	-	2,500	-	-	50	75	6,675	
Changes in net position												
Net position - beginning of year	(585)	(273)	(4)	(2,239)	(1)	(2,575)	758	(54)	(77)	(77)	(5,050)	
Net position - end of year	\$ 41,854	\$ 328,984	\$ 4,431	\$ 219,546	\$ 1,571	\$ 90,066	\$ 25,599	\$ 5,282	\$ 2,480	\$ 2,403	\$ 719,813	
	\$ 41,269	\$ 328,711	\$ 4,427	\$ 217,307	\$ 1,570	\$ 87,491	\$ 26,357	\$ 5,228				\$ 714,763

**TOWN OF BRUNSWICK, MAINE**  
**Combining Statement of Net Position**  
**Fiduciary Funds**  
**Private-purpose Trust Funds**  
**Public Library Funds**  
**June 30, 2015**

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	<b>L. Augusta Curtis Library Fund</b>	<b>W. J. Curtis Library Fund</b>	<b>Letitia A. Curtis Library Fund</b>	<b>Totals</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,017	\$ 841	\$ 226	\$ 2,084
Investments	40,201	33,273	8,935	82,409
Total assets	<u>41,218</u>	<u>34,114</u>	<u>9,161</u>	<u>84,493</u>
<b>LIABILITIES</b>				
Accounts payable	-	-	-	-
Total liabilities	-	-	-	-
<b>NET POSITION</b>				
Net position held in trust for other purposes	<u>\$ 41,218</u>	<u>\$ 34,114</u>	<u>\$ 9,161</u>	<u>\$ 84,493</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, 2015**

	<b>L. Augusta Curtis Library Fund</b>	<b>W. J. Curtis Library Fund</b>	<b>Letitia A. Curtis Library Fund</b>	<b>Totals</b>
<b>ADDITIONS</b>				
Investment earnings:				
Interest and dividends	\$ 655	\$ 542	\$ 146	\$ 1,343
Net increase (decrease) in the fair value of investments	(303)	(251)	(67)	(621)
Total investment earnings	352	291	79	722
Less investment expense	(387)	(319)	(87)	(793)
Total additions	<u>(35)</u>	<u>(28)</u>	<u>(8)</u>	<u>(71)</u>
<b>DEDUCTIONS</b>				
Payment to beneficiaries	-	-	-	-
Total deductions	-	-	-	-
Changes in net position	(35)	(28)	(8)	(71)
Net position - beginning of year	41,253	34,142	9,169	84,564
Net position - end of year	<u>\$ 41,218</u>	<u>\$ 34,114</u>	<u>\$ 9,161</u>	<u>\$ 84,493</u>

**TOWN OF BRUNSWICK, MAINE**  
**Statement of Changes in Assets and Liabilities**  
**Fiduciary Funds**  
**Agency Fund**  
**For the year ended June 30, 2015**

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	<u>Balance</u>		<u>Balance</u>	
	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2015</u>
<b>ASSETS</b>				
Accounts receivable	\$ 120	\$ -	\$ 120	\$ -
Due from other funds	64,150	96,125	86,812	73,463
Total assets	<u>64,270</u>	<u>96,125</u>	<u>86,932</u>	<u>73,463</u>
<b>LIABILITIES</b>				
Accounts payable	1,969	5,424	-	7,393
Amounts held for others - student activities	62,301	90,701	86,932	66,070
Total liabilities	<u>\$ 64,270</u>	<u>\$ 96,125</u>	<u>\$ 86,932</u>	<u>\$ 73,463</u>

# STATISTICAL SECTION

The following statistical tables are provided to give a historical perspective and to assist in assessing the current financial status of the Town of Brunswick. The tables do not provide full financial information for prior years and are provided for supplementary analysis purposes only.

<u>Contents</u>	<u>Tables</u>
Financial Trends	1-5
<i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	
Revenue Capacity	6-11
<i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	
Debt Capacity	12-14
<i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	15-16
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	
Operating Information	17-19
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.</i>	



Table 1

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

	Fiscal Year					
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011(a)</u>
	<u>2012</u>	<u>2013</u>	<u>2014(b)</u>	<u>2015</u>		
<b>Governmental activities</b>						
Net investment in capital assets	\$ 37,020,478	\$ 39,042,020	\$ 40,125,041	\$ 45,120,315	\$ 45,552,625	\$ 45,338,934
Restricted	6,304,457	6,833,786	8,134,803	9,851,093	10,935,859	9,412,416
Unrestricted	<u>6,807,250</u>	<u>7,171,177</u>	<u>8,437,332</u>	<u>6,460,505</u>	<u>7,423,485</u>	<u>7,612,316</u>
Total governmental activities net position	<u>\$ 50,132,185</u>	<u>\$ 53,046,983</u>	<u>\$ 56,697,176</u>	<u>\$ 61,431,913</u>	<u>\$ 63,911,969</u>	<u>\$ 65,240,088</u>
<b>Business-type activities</b>						
Net investment in capital assets	\$ 2,250,552	\$ 2,359,347	\$ 2,236,796	\$ 2,126,001	\$ 2,405,839	\$ 2,494,242
Unrestricted	<u>(4,810,323)</u>	<u>(4,360,674)</u>	<u>(4,576,316)</u>	<u>(4,376,319)</u>	<u>(4,573,897)</u>	<u>(4,650,533)</u>
Total business-type activities net position	<u>\$ (2,559,771)</u>	<u>\$ (2,001,327)</u>	<u>\$ (2,339,520)</u>	<u>\$ (2,250,318)</u>	<u>\$ (2,168,058)</u>	<u>\$ (2,156,291)</u>
<b>Primary government</b>						
Net investment in capital assets	\$ 39,271,030	\$ 41,401,367	\$ 42,361,837	\$ 47,246,316	\$ 47,958,464	\$ 47,677,908
Restricted	6,304,457	6,833,786	8,134,803	9,851,093	10,935,859	12,444,106
Unrestricted	<u>1,996,927</u>	<u>2,810,503</u>	<u>3,861,016</u>	<u>2,084,186</u>	<u>2,849,588</u>	<u>2,961,783</u>
Total primary government net position	<u>\$ 47,572,414</u>	<u>\$ 51,045,656</u>	<u>\$ 54,357,656</u>	<u>\$ 59,181,595</u>	<u>\$ 61,743,911</u>	<u>\$ 63,083,797</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.

Table 2

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

	Fiscal Year									
	<u>2006(a)</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011(b)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 5,087,652	\$ 6,325,899	\$ 5,975,174	\$ 4,450,115	\$ 3,950,035	\$ 4,368,816	\$ 4,414,316	\$ 4,144,050	\$ 4,382,918	\$ 5,006,091
Public safety	5,594,034	5,973,835	7,246,419	7,390,601	7,493,862	7,656,381	7,650,053	8,095,189	8,643,119	8,144,886
Public works	3,956,725	4,212,477	4,877,097	4,720,393	5,099,104	4,809,787	4,991,362	5,740,333	5,180,234	5,401,071
Human services	194,494	169,445	183,258	146,380	134,805	150,279	168,829	154,429	168,706	165,884
Education	32,968,322	34,371,439	35,844,028	36,159,857	36,967,698	35,576,224	34,590,451	34,366,120	36,080,222	37,759,011
Recreation and culture	2,361,284	2,397,979	5,035,862	2,717,282	2,660,828	2,447,708	2,619,742	2,749,776	3,319,591	3,336,957
County tax	977,266	998,732	1,052,971	1,088,467	1,149,612	1,171,049	1,187,020	1,183,264	1,249,487	1,333,350
Unclassified	442,312	898,278	369,038	308,691	133,725	120,725	296,682	281,424	36,996	8,683
Interest on long term debt	412,216	379,004	317,925	307,106	251,625	644,723	785,569	698,508	741,999	698,977
Total governmental activities expenses	<u>51,994,305</u>	<u>55,727,088</u>	<u>60,901,772</u>	<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>
Business-type activities:										
Solid waste facilities	1,714,936	646,244	1,151,731	627,056	693,496	1,260,786	876,942	614,661	712,042	730,574
Pay-per-bag program	127,956	73,856	81,282	72,789	83,584	80,969	80,200	85,259	90,686	90,686
Other business-type activities	<u>45,569</u>	<u>57,126</u>	<u>49,216</u>	<u>49,216</u>	<u>87,635</u>	<u>94,121</u>	<u>97,773</u>	<u>127,122</u>	<u>143,733</u>	<u>143,221</u>
Total business-type activities	<u>1,760,505</u>	<u>831,326</u>	<u>1,274,803</u>	<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>
Total primary government expenses	<u><u>53,754,810</u></u>	<u><u>\$ 56,558,414</u></u>	<u><u>\$ 62,176,575</u></u>	<u><u>\$ 58,046,646</u></u>	<u><u>\$ 58,695,214</u></u>	<u><u>\$ 58,384,183</u></u>	<u><u>\$ 57,759,708</u></u>	<u><u>\$ 58,235,076</u></u>	<u><u>\$ 60,744,306</u></u>	<u><u>\$ 62,819,371</u></u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Education	\$ 2,578,143	\$ 2,606,605	\$ 1,820,813	\$ 1,799,297	\$ 1,468,047	\$ 887,731	\$ 605,689	\$ 679,596	\$ 417,018	\$ 727,312
Other activities	2,358,152	2,228,401	2,449,894	2,451,870	2,328,099	2,518,376	1,961,989	2,080,643	2,192,461	2,238,103
Operating grants and contributions	17,956,023	20,074,892	23,027,043	22,273,609	21,959,665	19,758,529	18,275,484	15,249,827	15,533,543	15,462,170
Capital grants and contributions	<u>2,025,501</u>	<u>1,131,548</u>	<u>3,202,015</u>	<u>1,226,969</u>	<u>897,073</u>	<u>1,069,654</u>	<u>247,704</u>	<u>2,487,876</u>	<u>5,961,817</u>	<u>452,248</u>
Total governmental activities program revenues	<u>24,917,819</u>	<u>26,041,446</u>	<u>30,499,765</u>	<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>
Business-type activities:										
Charges for services:										
Solid waste facilities	698,097	558,208	427,487	434,935	411,035	380,115	351,918	321,153	370,030	398,407
Pay-per-bag program	-	209,700	340,600	321,200	308,900	328,100	303,400	299,100	315,900	317,800
Other business-type activities	21,685	21,552	21,609	21,533	21,883	34,005	35,669	35,806	35,669	33,173
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>719,782</u>	<u>789,460</u>	<u>789,666</u>	<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>
Total primary government program revenues	<u><u>\$ 25,637,601</u></u>	<u><u>\$ 26,830,906</u></u>	<u><u>\$ 31,289,461</u></u>	<u><u>\$ 28,529,413</u></u>	<u><u>\$ 27,449,035</u></u>	<u><u>\$ 25,020,510</u></u>	<u><u>\$ 21,825,853</u></u>	<u><u>\$ 21,251,431</u></u>	<u><u>\$ 24,870,438</u></u>	<u><u>\$ 19,643,880</u></u>

Table 2, continued

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

	Fiscal Year					
	<u>2006(a)</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011(b)</u>
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>		
<b>Net (expense) revenue</b>						
Governmental activities	\$ (27,076,486)	\$ (29,685,642)	\$ (30,402,007)	\$ (29,537,347)	\$ (31,188,410)	\$ (32,711,402)
Business-type activities	(1,040,723)	(41,866)	(485,107)	20,114	(57,769)	(652,271)
Total primary government net expenses	<u>\$ (28,117,209)</u>	<u>\$ (29,727,508)</u>	<u>\$ (30,887,114)</u>	<u>\$ (29,517,233)</u>	<u>\$ (31,246,179)</u>	<u>\$ (33,363,673)</u>
<b>General Revenues and Other Changes in Net Position</b>						
Governmental activities:						
Taxes						
Property taxes	\$ 27,036,692	\$ 27,391,240	\$ 28,230,949	\$ 29,205,064	\$ 29,348,586	\$ 30,047,418
Vehicle, watercraft and aircraft excise taxes	2,628,484	2,555,301	2,576,634	2,475,618	2,496,579	2,549,546
Unrestricted grants and contributions	2,286,073	2,298,024	2,363,928	2,513,424	1,850,600	1,764,401
Investment earnings	525,312	892,719	699,275	112,774	83,101	387,470
Other	64,636	21,201	301,414	25,204	9,600	43,950
Special items	-	-	-	-	-	365,434
Transfers	-	(598,045)	(120,000)	(60,000)	(120,000)	(664,000)
Total governmental activities	<u>\$ 32,541,197</u>	<u>\$ 32,600,440</u>	<u>\$ 34,052,200</u>	<u>\$ 34,272,084</u>	<u>\$ 33,668,466</u>	<u>\$ 34,128,735</u>
Business-type activities:						
Investment earnings	34,279	2,265	26,911	9,088	29	38
Other	-	-	-	-	20,000	-
Transfers	-	598,045	120,000	60,000	120,000	664,000
Total business-type activities	<u>\$ 34,279</u>	<u>\$ 600,310</u>	<u>\$ 146,911</u>	<u>\$ 69,088</u>	<u>\$ 140,029</u>	<u>\$ 664,038</u>
Total primary government	<u>\$ 32,575,476</u>	<u>\$ 33,200,750</u>	<u>\$ 34,199,111</u>	<u>\$ 34,341,172</u>	<u>\$ 33,808,495</u>	<u>\$ 34,792,823</u>
<b>Change in Net Position</b>						
Governmental activities	\$ 5,464,711	\$ 2,914,798	\$ 3,650,193	\$ 4,734,737	\$ 2,480,056	\$ 1,417,383
Business-type activities	(1,006,444)	558,444	(338,196)	89,202	82,260	11,767
Total primary government	<u>\$ 4,458,267</u>	<u>\$ 3,473,242</u>	<u>\$ 3,311,997</u>	<u>\$ 4,823,939</u>	<u>\$ 2,562,316</u>	<u>\$ 1,429,150</u>

(a) Beginning in 2006, certain expenses previously classified as unclassified were classified as general government, public safety, public works, recreation and culture, and intergovernmental. The numbers shown above do not reflect a reclassification prior to 2006.  
(b) 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)**

Function/Program	Fiscal Year					
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities:						
General government	\$ 1,570,761	\$ 2,122,317	\$ 2,823,207	\$ 1,497,628	\$ 1,411,158	\$ 1,666,819
Public safety	1,314,788	960,310	886,669	991,905	981,767	1,235,942
Public works	2,077,843	1,231,591	586,899	1,518,156	1,111,713	1,135,478
Human services	29,340	19,169	28,498	37,609	29,566	29,538
Education	19,485,503	21,258,944	22,902,105	23,341,642	22,784,394	19,780,838
Recreation and culture	439,584	449,115	3,275,387	364,805	334,286	368,017
Total governmental activities	24,917,819	26,041,446	30,499,765	27,751,745	26,652,884	24,234,290
Business-type activities:						
Solid waste facilities	698,097	558,208	427,487	434,935	411,035	380,115
Pay-per-bag program	-	209,700	346,600	321,200	308,900	328,100
Other business-type activities	21,685	21,552	21,609	21,533	76,216	78,005
Total business-type activities	\$ 719,782	\$ 789,460	\$ 789,696	\$ 777,668	\$ 796,151	\$ 786,220
Total primary government	\$ 25,637,601	\$ 26,830,906	\$ 31,289,461	\$ 28,529,413	\$ 27,449,035	\$ 25,020,510

Table 4

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

		Fiscal Year									
		<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund											
Nonspendable											
Long-term loans and advances	\$	\$ 1,162,313	\$ 1,953,201	\$ 2,653,201	\$ 2,053,201	\$ 2,685,795	\$ 495,297	\$ 450,580	\$ 36,767	\$ 454,080	
Inventories and prepaids		50,509	62,772	16,101	30,054	34,266	23,925	55,570	-	37,711	
Restricted											
Education	3,537,917	4,014,296	5,116,194	7,110,084	7,952,876	7,289,840	6,202,796	4,968,986	4,773,172	4,240,381	
Municipal purposes	409,516	351,058	416,890	326,784	129,721	281,669	370,351	210,670	207,738	211,045	
Assigned											
Unassigned	1,241,798	749,070	625,002	608,524	1,626,364	1,014,339	1,987,354	1,824,835	1,619,378	1,525,233	
Total general fund	<u>\$ 12,697,033</u>	<u>6,034,017</u>	<u>6,680,850</u>	<u>6,944,897</u>	<u>7,484,221</u>	<u>8,508,525</u>	<u>9,028,572</u>	<u>10,001,974</u>	<u>8,488,177</u>	<u>8,670,334</u>	
All other governmental funds											
Nonspendable											
Special revenues funds	\$ 400,000	\$ 441,382	\$ 21,336	\$ 22,479	\$ 27,896	\$ 13,640	\$ 23,109	\$ 15,797	\$ 13,075	\$ 19,554	
Capital projects funds	-	-	-	-	-	50,000	50,000	50,000	50,000	50,000	
Permanent funds	444,594	501,530	482,545	389,919	414,534	478,429	455,125	489,301	557,770	553,619	
Restricted											
Tax increment financing	-	-	-	-	-	-	-	-	-	-	
Special revenues funds	630,587	471,712	1,027,052	806,966	996,936	993,665	841,722	535,723	545,462	609,506	
Impact fee fund	882,169	979,592	1,044,245	1,081,920	1,103,566	631,845	824,059	580,862	558,619	535,995	
Capital projects funds	-	-	-	-	-	2,755,373	674,476	2,293,969	609,657	185,678	
Permanent funds	18,561	17,586	20,375	22,375	21,826	19,845	20,778	21,189	20,877	21,603	
Committed											
Capital improvements fund	-	-	-	-	-	1,942,117	1,624,805	2,149,690	1,866,798	1,276,859	
Special revenues funds	27,555	42,489	57,731	94,554	98,440	108,355	167,422	203,617	178,164	255,901	
Capital projects funds	578,643	866,584	1,406,068	1,429,981	1,355,914	950,421	1,238,270	1,634,358	995,828	496,685	
Unassigned											
Capital improvements fund	(2,281,840)	(188,553)	(785,477)	(1,190,875)	(7,780,477)	(2,453,705)	(498,142)	(225,430)	-	-	
Downtown TIF district	-	-	-	-	-	(1,486,278)	(1,490,853)	(1,413,629)	(945,524)	(240,401)	
Debt service funds	(92)	(490)	(23)	(1,289)	-	-	-	-	-	-	
Capital projects funds	-	-	-	(2,768,225)	(11,347,552)	-	-	-	-	(454,512)	
Permanent funds	-	-	-	-	-	(1,108)	(2,157)	(5,437)	(12,056)	(15,603)	
Total all other governmental funds	<u>\$ 700,177</u>	<u>\$ 3,131,832</u>	<u>\$ 3,273,852</u>	<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>	

Beginning with the year ended June 30, 2009, the Town reported governmental fund balances in accordance with the categories defined in Government Accounting Standards Board (GASB) Statement 54. Prior years have been restated to reflect the GASB 54 categorization.

Table 5

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

Table 5, continued

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	Fiscal Year	
<b>Other financing sources (uses)</b>												
Bond proceeds	-	3,125,000	-	-	-	25,582,250	-	5,500,000	-	-	-	
Premium on bonds	-	29,408	-	-	-	110,265	-	99,880	-	-	-	
Transfers from other funds	3,756,638	3,544,286	2,968,450	2,156,561	2,737,090	5,269,207	4,135,515	4,613,380	4,339,887	2,158,360	(2,366,360)	
Transfers to other funds	(985,013)	(1,509,920)	(2,545,674)	(1,914,085)	(2,241,590)	(5,542,161)	(3,974,324)	(3,424,833)	(2,703,457)	(462,250)	(465,000)	
Transfers to other funds - capital budg	-	-	-	-	-	-	-	-	-	-	-	
Transfers to other funds -	-	-	-	-	-	-	-	-	-	-	-	
supplemental appropriations	(2,364,000)	(2,092,074)	(90,000)	(362,400)	(615,500)	(319,500)	(147,000)	(845,580)	(1,100,000)	-	(36,000)	
Transfers to other funds - education	(399,779)	(540,337)	(452,776)	-	-	(71,546)	(219,191)	(130,717)	(311,430)	(311,430)	(36,000)	
Transfers to other funds - recreation	(7,846)	-	-	-	-	-	-	-	-	-	-	
Sale of assets	-	-	-	-	-	-	-	-	-	-	-	
Total other financing sources (uses)	-	2,556,363	(120,000)	(119,924)	(120,000)	25,028,515	(139,094)	5,349,880	(15,000)	225,000	(244,000)	
Net change in fund balance	\$ (2,423,592)	\$ 2,095,885	\$ 2,635,666	\$ (581,365)	\$ (11,437,760)	\$ 17,369,884	\$ (917,727)	\$ 997,939	\$ (4,377,452)	\$ (961,743)		
Debt service as a percentage of noncapital expenditures	6.43%	4.55%	3.65%	3.30%	3.19%	3.03%	6.66%	6.34%	6.90%	4.51%		

**Table 6**

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

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Vehicle Taxes</b>	<b>Watercraft Taxes</b>	<b>Aircraft Taxes</b>	<b>Other</b>	<b>Subtotal</b>	<b>TIF Property Taxes</b>	<b>TIF</b>
2006	\$ 26,589,755	\$ 2,602,600	\$ 25,885	\$ -	\$ 225,655	\$ 29,443,895	\$ 221,282	\$ 29,665,177
2007	26,966,009	2,570,099	25,202	-	223,180	29,784,490	178,976	29,963,466
2008	27,749,607	2,551,351	25,283	-	281,386	30,607,627	182,888	30,790,515
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

Table 7

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

Fiscal Year	Property Taxes	Vehicle Taxes	Watercraft Taxes	Aircraft Taxes	Other	Subtotal	TIF Property Taxes	Total
2006	\$ 26,568,193	\$ 2,602,600	\$ 25,885	\$ -	\$ 225,655	\$ 29,422,333	\$ 221,282	\$ 29,643,615
2007	26,803,018	2,570,099	25,202	-	223,180	29,621,499	178,976	29,800,475
2008	27,781,599	2,551,351	25,283	-	281,386	30,639,619	182,888	30,822,507
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

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 Values	Total Direct Tax	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial							
2006	\$ 836,713,800	\$ 303,800,400	\$ 63,327,200	\$ 1,203,841,400	\$ 10,104,200	\$ 1,193,737,200	21.90	\$ 1,705,338,857	70.00%
2007	861,934,150	307,763,800	60,348,800	1,230,046,750	8,228,800	1,221,817,950	21.75	1,879,719,923	65.00%
2008	883,143,300	304,772,100	55,783,100	1,243,698,500	8,238,200	1,235,460,300	22.20	2,059,100,500	60.00%
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%
	Homestead Assessed Values			Homestead Estimated Actual Values					
2006	\$ 19,260,350	\$ 27,514,786							
2007	17,831,800	27,433,538							
2008	16,842,700	28,071,167							
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							

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**

<b>Direct Rates</b>				
<b>Fiscal Year</b>	<b>General Municipal</b>	<b>Education (a)</b>	<b>County Tax (b)</b>	<b>Total</b>
2006	8.66	12.44	0.80	21.90
2007	8.97	11.97	0.81	21.75
2008	9.18	12.18	0.84	22.20
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

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.

Table 10

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

Taxpayer	2014-15			2005-06		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Municipal Valuation	Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation
Midcoast Regional Redevelopment Authority	\$ 29,226,700	1	2.12%	2.20%	\$ -	-
Affordable Midcoast Housing LLC	26,183,600	2	1.90%	1.97%	-	2.45%
Bath Iron Works Corporation	24,053,500	3	1.74%	1.81%	29,462,300	1
BIF II US Renewable LLC (formerly Maine Hydro)	19,560,600	4	1.42%	1.47%	17,205,000	3
Developers Diversified (Cooks Corner)	15,862,900	5	1.15%	1.19%	18,857,700	2
Wade, W.J. Trustee (Wal-Mart)	12,877,100	6	0.93%	0.97%	9,068,300	7
Thornton Oakes Homeowners Assn. Corp.	11,990,600	7	0.87%	0.90%	12,999,500	4
Central Maine Power Co.	11,607,300	8	0.84%	0.87%	-	1.08%
W/S Brunswick Properties LP	11,036,000	9	0.80%	0.83%	11,548,600	5
Maine Natural Gas	8,025,100	10	0.58%	0.60%	-	0.96%
Cooper Industries Inc. (Arrowhart Division)	-		0.00%	0.00%	9,096,700	6
Bowdoin College	-		0.00%	0.00%	7,862,700	8
LL Bean Inc.	-		0.00%	0.00%	6,475,000	9
Galileo Brunswick Plaza	-		0.00%	0.00%	6,461,300	10
	<u>\$ 170,423,400</u>		<u>12.35%</u>	<u>12.82%</u>	<u>\$ 129,037,100</u>	<u>9.35%</u>
Total Assessed Valuation *					\$ 1,203,841,400	
* Includes: Municipal valuation TIF valuation						
	\$ 1,329,031,900				\$ 1,193,737,200	
	50,746,600				10,104,200	
	<u>\$ 1,379,778,500</u>				<u>\$ 1,203,841,400</u>	

Table 11

**TOWN OF BRUNSWICK, MAINE**  
**Total Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Municipal Tax Levy</b>	<b>TIF Levy</b>	<b>Total Tax Levy</b>	<b>Supplemental Taxes</b>	<b>Abatements</b>	<b>Net Collectible</b>	<b>Amount Collected within the Fiscal Year</b>	
							<b>Amount</b>	<b>Percentage of Net Collectible</b>
2006	\$ 26,142,845	\$ 221,282	\$ 26,364,127	\$ 58,939	\$ (42,269)	\$ 26,380,797	\$ 25,921,847	100.00%
2007	26,574,540	178,976	26,753,516	23,194	(20,481)	26,756,229	26,116,835	100.00%
2008	27,427,219	182,888	27,610,107	17,587	(72,700)	27,554,994	26,935,530	99.99%
2009	28,255,632	189,295	28,444,927	7,891	(33,970)	28,418,848	27,837,707	99.88%
2010	28,364,875	191,838	28,556,713	17,041	(50,985)	28,522,769	27,698,194	99.85%
2011	28,805,365	504,158	29,309,523	30,007	(71,485)	29,268,045	28,598,906	99.81%
2012	30,366,052	319,305	30,685,357	36,409	(127,856)	30,593,910	29,777,364	99.77%
2013	32,765,813	410,155	33,175,968	11,093	(31,402)	33,155,659	32,348,601	99.73%
2014	34,886,347	1,122,690	36,009,037	78,457	(131,800)	35,955,694	35,177,642	99.69%
2015	36,415,474	1,390,457	37,805,931	39,355	(24,920)	37,820,366	36,821,979	99.65%

<b>Collected within the Fiscal Year of the Levy</b>			<b>Total Collections to Date</b>		
<b>Fiscal Year</b>	<b>Amount</b>	<b>Percentage of Levy</b>	<b>Collected in Subsequent Years</b>	<b>Amount</b>	<b>Percentage of Levy</b>
2006	\$ 25,921,847	98.32%	\$ 457,997	\$ 26,379,844	100.06%
2007	26,116,835	97.62%	638,526	26,755,361	100.01%
2008	26,935,530	97.56%	617,757	27,553,287	99.79%
2009	27,837,707	97.87%	574,199	28,411,906	99.88%
2010	27,698,194	96.99%	814,543	28,512,737	99.85%
2011	28,598,906	97.58%	653,581	29,252,487	99.81%
2012	29,777,364	97.04%	805,647	30,583,011	99.67%
2013	32,348,601	97.51%	785,685	33,134,286	99.87%
2014	35,177,642	97.69%	512,454	35,690,096	99.11%
2015	36,821,979	97.40%	-	36,821,979	97.40%

Table 12

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

Fiscal Year	Governmental Activities		Business-type Activities		Ratios of Net General Bonded Debt				Other Governmental Activities Debt				Ratios of Total Outstanding Debt	
	General Obligation Bonds (a)(b)	General Obligation Bonds (c)	Total	Percentage of Personal Income (d)	Per Capita	Estimated Actual Taxable Value of Property (e)	Capital Lease	Total Outstanding Debt	Percentage of Personal Income (d)	Per Capita	Estimated Actual Taxable Value of Property (e)	Percentage of Estimated Actual Taxable Value of Property (e)		
2006	\$ 9,426,119	\$ 255,000	\$ 9,681,119	2.25%	\$ 457.26	0.57%	\$ 105,628	\$ 9,786,747	2.27%	\$ 462.25	0.57%			
2007	10,504,061	-	10,504,061	2.44%	496.13	0.56%	46,536	10,550,597	2.45%	498.33	0.56%			
2008	8,782,435	-	8,782,435	2.04%	414.81	0.43%	-	8,782,435	2.04%	414.81	0.43%			
2009	7,240,808	-	7,240,808	1.68%	342.00	0.35%	-	7,240,808	1.68%	342.00	0.35%			
2010	5,719,181	-	5,719,181	1.33%	270.13	0.27%	-	5,719,181	1.33%	270.13	0.27%			
2011	30,290,602	-	30,290,602	5.44%	1,430.69	1.49%	-	30,290,602	5.44%	1,430.69	1.49%			
2012	27,578,697	-	27,578,697	4.95%	1,360.03	1.42%	-	27,578,697	4.95%	1,360.03	1.42%			
2013	30,416,098	-	30,416,098	5.46%	1,499.96	1.62%	-	30,416,098	5.46%	1,499.96	1.62%			
2014	27,502,694	-	27,502,694	4.94%	1,356.28	1.46%	-	27,502,694	4.94%	1,356.28	1.46%			
2015	25,381,118	-	25,381,118	4.56%	1,251.66	1.34%	-	25,381,118	4.56%	1,251.66	1.34%			

(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) Beginning in 2005, the Town's solid waste facilities are accounted for in an enterprise fund. While the enterprise fund is expected to fund this debt, the obligation remains general obligations of the Town.

(d) Per capita income and population can be found in Table 16.

(e) For taxable property value data see Table 8.

Table 13

**TOWN OF BRUNSWICK, MAINE**  
**Direct and Overlapping Governmental Activities Debt**  
**June 30, 2015**

<b>Jurisdiction</b>	<b>Debt Outstanding</b>	<b>Percentage Applicable to Government</b>	<b>Amount Applicable to Government</b>
<b>Direct:</b>			
Town of Brunswick General Obligation	\$ 25,219,800	100.00%	\$ 25,219,800
Premium on bonds	<u>161,318</u>	<u>100.00%</u>	<u>161,318</u>
Total direct debt	<u>25,381,118</u>		<u>25,381,118</u>
<b>Overlapping:</b>			
Cumberland County	<u>37,125,000</u>	<u>5.08%</u>	<u>1,885,871</u>
Total direct and overlapping debt	<u>\$ 62,506,118</u>		<u>\$ 27,266,989</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, 2015**

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%	\$ 200,040,000	\$ 17,169,800	\$ 182,870,200	
Storm or Sanitary Sewer		7.50%	150,030,000	-	150,030,000	
Municipal Airport Special District		3.00%	60,012,000	-	60,012,000	
Municipal		7.50%	150,030,000	<u>8,050,000</u>	141,980,000	
<b>Total Maximum Debt</b>		<b>15.00%</b>	<b>\$ 300,060,000</b>	<b>\$ 25,219,800</b>	<b>\$ 274,840,200</b>	

Legal Debt Margin Calculation for Fiscal Year 2015						
State Valuation	\$ 2,000,400,000					
Debt Limit - 15% of State Valuation	300,060,000					
Less outstanding debt applicable to debt limit	<u>(25,219,800)</u>					
Legal Debt Margin	<u>\$ 274,840,200</u>					

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 266,580,000	\$ 296,340,000	\$ 313,927,500	\$ 325,800,000	\$ 330,720,000	\$ 321,225,000	\$ 304,207,500	\$ 297,517,500	\$ 303,937,500	\$ 300,060,000
Total debt applicable to limit	<u>9,720,000</u>	<u>10,510,000</u>	<u>8,735,000</u>	<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>
Legal debt margin	\$ 256,860,000	\$ 285,830,000	\$ 305,142,500	\$ 318,560,000	\$ 325,005,000	\$ 291,047,750	\$ 276,768,362	\$ 267,306,475	\$ 276,614,588	\$ 274,840,200
Total debt applicable to the limit as a percentage of debt limit	3.65%	3.55%	2.80%	2.22%	1.73%	9.39%	9.02%	10.15%	8.99%	8.40%

Table 15

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

<u>Employer</u>	<u>Employees (a)</u>	<u>Rank</u>	<u>2006</u>	
			<u>Employees (a)</u>	<u>Rank</u>
Mid Coast Health Services	1600	1	1200	2
Bath Iron Works	1300	2	1400	1
Bowdoin College	921	3	800	3
Town of Brunswick	560	4	582	5
L.L. Bean Inc., Manufacturing Div.	408	5	260	8
Wal-Mart Stores, Inc.	234	6	421	6
Parkview Memorial Hospital	179	7	400	7
Hannaford Brothers	160	8	209	9
Providence Service Corp	150	9		
Shaw's	122	10	131	13
Bank of America, formerly MBNA	108	11	160	11
Lowe's	103	12		
Naval Air Station, Brunswick (civilian employment only)			702	4
Downeast Energy			165	10
Brunswick Publishing Company			145	12

(a) Telephone Survey of Employers, March 2006 and March 2015. 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**

<u>Fiscal Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (a)</u>	<u>Median Age (a)</u>	<u>School Enrollment (c)</u>	<u>Unemployment Rate (d)</u>
2006	21,172	\$ 430,257,384	\$ 20,322	35.50	3,140	3.9%
2007	21,172	430,257,384	20,322	35.50	3,158	3.8%
2008	21,172	430,257,384	20,322	35.50	3,126	4.0%
2009	21,172	430,257,384	20,322	35.50	2,950	5.9%
2010	21,172	430,257,384	20,322	35.50	2,666	7.2%
2011	20,278	556,691,934	27,453	41.40	2,534	6.9%
2012	20,278	556,691,934	27,453	41.40	2,420	6.1%
2013	20,278	556,691,934	27,453	41.40	2,380	6.9%
2014	20,278	556,691,934	27,453	41.40	2,378	6.0%
2015	20,278	556,691,934	27,453	41.40	2,341	4.9%

(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, April 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**

Function	Fiscal Year					
	2006	2007	2008	2009	2010	2011
	2012	2013	2014	2015		
General government						
Administration	4	4	4	4	4	4
Finance	10	10	9	8	8	8
Technology	0	0	0	0	1	1
Assessing	4	4	4	3	3	3
Town Clerk	4.5	4.5	4.5	4	4	4
Planning and Codes	6	6	6	5	5	5
Natural Resources	1	1	1	0	0	0
Economic development	1	2	2	3	2	1
Municipal building	1.5	1.5	1.5	1.5	1.5	1
Public safety						
Fire department	36	36	36	36	36	36
Police department	51	51	51	48	50	51
Public works						
Administration	6	6	6	5	5	5
General maintenance	17	17	17	17	15.5	11.5
Landfill	3.5	3.5	3.5	2.5	2.5	2.5
Recycling	5	4	0	0	0	0
Central garage	3.5	3.5	3.5	3.5	3.5	3.5
Human services	2	2	2	1.5	1.5	1.5
Education	411	413	415	410	402	396
Recreation						
Administration	6	6	6	5	5	5
Buildings and grounds	7	7	7	6	5	5
Cable TV	1	1	1	1	1	1
High School Spring Street	1	1	0	0	0	0
Totals	582	584	581	574.5	559	540.5
						559.5

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**

<b>Function</b>	<b>Fiscal Year</b>					
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Fire Department						
Fire calls	785	1,038	850	887	835	975
Medical calls	2,251	2,305	2,313	2,278	2,406	N/A
Inspections	326	712	327	189	249	N/A
Police						
Calls for service (a)	25,812	26,519	30,186	33,137	33,358	36,254
Crash reports (b)	N/A	926	921	829	713	679
Field interviews (b)	N/A	N/A	N/A	N/A	N/A	N/A
Offense reports	1,407	1,334	1,150	1,207	1,243	1,133
Physical arrests	1,120	1,258	1,237	1,095	1,150	1,069
Public Works						
Street resurfacing (miles)	4	7	6	3	5	8
Recyclables collected (tons)	1,757	1,963	2,011	1,823	1,804	1,754
Codes Enforcement						
Residential permits issued	564	380	356	306	291	258
Commercial/Industrial permits issued	67	61	76	79	39	34

(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**

<u>Function</u>	<u>Fiscal Year</u>					
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Police Department						
Stations	0	0	0	0	0	1
Patrol units	18	18	18	18	16	17
Fire Department						
Stations	2	2	2	2	2	2
Emergency vehicles	13	14	14	15	14	12
Public Works Department						
Streets (miles)	135	137	137	137	138	139
Recycling trucks	2	2	0	0	0	0
School Department						
Schools	7	7	7	6	6	4
School busses	26	26	26	26	26	26

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