

***TOWN OF NARRAGANSETT, RHODE ISLAND***  
***Comprehensive Annual Financial Report***  
***For the Fiscal Year Ended***  
***June 30, 2019***

Christine Spagnoli  
Finance Director

Prepared by: Finance Department

## **INTRODUCTORY SECTION**

### **THIS SECTION CONTAINS THE FOLLOWING:**

- **Table of Contents**
- **Letter of Transmittal**
- **Town of Narragansett Organizational Chart**
- **List of Elected and Appointed Town Officials**

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2019**

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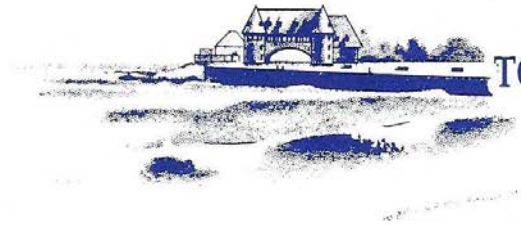
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## TOWN OF NARRAGANSETT

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### FINANCE DEPARTMENT

February 28, 2020

To the Citizens of the Town of Narragansett:

The comprehensive annual financial report of the Town of Narragansett, Rhode Island, for the fiscal year ended June 30, 2019, is hereby submitted as mandated by both state statutes and the Town charter. State laws require that all general purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants licensed to practice in the State of Rhode Island.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations management of the Town of Narragansett has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Narragansett's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Narragansett's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, I assert that, to the best of my knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Narragansett's financial statements have been audited by Bacon and Company CPAs, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Narragansett for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Narragansett's financial statements for the fiscal year ended June 30, 2019 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Narragansett was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in a separate Single Audit report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Narragansett's MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE GOVERNMENT**

The Town of Narragansett, incorporated as a town on March 28, 1901, is situated in Washington County, on the southeastern coast of the State of Rhode Island, approximately 30 miles south of Providence. It is bounded by Narragansett Bay and the Atlantic Ocean on the east; by the Atlantic Ocean on the south; by the Town of South Kingstown on the west; and the Town of North Kingstown on the north. The total area of the community is 18.3 square miles, which includes 4.4 square miles of inland water. The year-round population of the Town decreased from 16,361 persons counted in the 2000 census to 15,868 in the 2010 census. The actual population served is estimated to be approximately 10,000 persons higher with summer rentals and University of Rhode Island student and faculty rentals.

### **Government**

The Town operates under a charter form of government, which provides for a five member elected Town Council which is responsible for enacting local legislation; and an appointed Town Manager who executes the laws and the administration of the town government. The Town has a home-rule charter and operates under the Council-Manager form of government. The Town Council is elected by popular vote every two years and is responsible for, among other things, passing ordinances, adopting a budget, appointing committees, and hiring both the Town Manager and Town Solicitor. The Town Manager is responsible for carrying out the policies of the Town Council, for overseeing the day-to-day operations of the Town, and for appointing all other employees, except for School Department personnel.

The Town provides a full range of municipal services including public safety protection, the repair and maintenance of highways, streets, and other infrastructure, libraries, recreational activities, planning and zoning, education and administrative services. In addition, the Town operates water, wastewater, the Town Beach and the Middlebridge Recreation Area.

The annual budget serves as the foundation for the Town's financial planning and control. The Town Council is granted all powers to enact, amend or repeal ordinances relating to the Town's property, affairs and government as well as the authorization of the issuance of bonds or notes by ordinance, except that no bonded indebtedness may be incurred pledging the

credit of the Town in excess of 1.5% of the budget in any one fiscal year unless submitted to a vote of the electors at either a general or special election and approved by a majority of the electors voting at said election.

### **Education**

The general administration of the Narragansett School System is directed by a five-member School Committee that is elected at large at the regular biennial elections for staggered four-year terms. The School Committee determines and controls all policies affecting the administration, maintenance, and operation of the public schools in the Town. The School Committee appoints a Superintendent as its chief administrative agent; submits a detailed budget of expenditures and revenue to the Town Council and, once the school budget has been approved, determines the allocation of the amount appropriated. The cost of operating the Town's School System for the fiscal year ended June 30, 2019 was \$28,963,204. The School Department budget for fiscal year ended June 30, 2019 is \$30,653,994 and the budget for fiscal year ending June 30, 2020 is \$31,549,977. The budgeted cost per student in the fiscal year ending June 30, 2019 was \$23,544 shared by the Town and the State of Rhode Island in the form of School Operations Aid. The Town has one elementary school, one middle school and one high school. As of October at the beginning of each school year, the student enrollment in the Narragansett School System for the past five years has been and is projected to be as follows:

<b>Fiscal Year Ending</b>	<b>Actual Enrollment</b>	<b>Fiscal Year Ending</b>	<b>Projected Enrollment</b>
2015	1,353	2020	1,287
2016	1,331	2021	1,253
2017	1,337		
2018	1,324		
2019	1,302		

### **Municipal Services**

The Town provides major public services which are detailed as follows:

#### **Wastewater Facilities**

The Town has 20 sewage pumping stations and approximately 90 miles of sanitary sewers. Service for the southern portion of Narragansett, including the commercial fishing port of Galilee, is provided at the Town-owned Scarborough Wastewater Treatment Plant, a 1.4 million gallon per day (MGD) extended aeration plant. The South Kingstown Regional Treatment Facility provides wastewater treatment for the Pier area and the northern portion of the Town. Approximately 7,945 connections are serviced by the Town. The annual rate for residential users is currently \$400 per unit. The Wastewater Division operates as an enterprise fund, with all operations funded from user fees and assessments. The Scarborough Treatment Plant underwent a \$1.0 million flood proofing project in 2017 with a grant from Federal Community Development Block Grant disaster relief funds.



## **Water Facilities**

The Town's Water Division is responsible for the treatment (i.e. chlorine injection) and conveyance of potable water for domestic, commercial, industrial and fire protection uses. All water used within the Town's system is purchased from SUEZ (formerly United Water of Rhode Island, a private company), or the Town of North Kingstown. In addition to its operational and maintenance activities related to the Town's water storage, transmission and conveyance systems and infrastructure, the Division provides technical assistance to the Town in reviewing water related plans or regulations. The Town owns, operates and maintains three water storage tanks, with a combined capacity of two million gallons, and approximately 85 miles of water mains. Approximately one-half of the Town's populated area (representing 5,345 accounts) is served by the Town water system, while service to the remaining citizens is provided directly by Suez Water. The Water Division operates as an enterprise fund, with all operations funded from user fees and assessments.

## *Public Works*

The Town's Public Works Department provides a full range of services including street constructions/maintenance, snow removal and maintenance of Town property and vehicles. The Public Works Department expended \$2,982,089 for fiscal year ended June 30, 2019 and budgeted \$3,098,379 and \$3,255,578 for the fiscal years ending June 30, 2019 and 2020, respectively.

## *Public Safety*

Services include fire prevention, emergency medical rescue, police patrol, investigations, community education, dispatching, harbor patrol and animal control functions. The Narragansett Police Department has a force that consists of 53 full-time police officers and other support personnel. The Police Department expended \$8,334,497 for fiscal year ended June 30, 2019 and budgeted \$8,645,471 and \$8,891,665 for the fiscal years ending June 30, 2019 and 2020, respectively. The Town has three fire stations staffed by 34 full-time fire fighters. The Fire Department expended \$5,777,077 for fiscal year ended June 30, 2019 and budgeted \$5,680,617 and \$5,998,923 for the fiscal years ending June 30, 2019 and 2020, respectively.

## **Employee Relations**

As of June 30, 2019, the Town employs 166 full-time employees exclusive of those employed by the School Department. The School Department employs 142 teachers, 26 aides and approximately 71 support and administrative staff.

The current status of union contracts for municipal and school employees is as follows:

Police Department- 3 year contract expires June 30, 2022

Public Works & Municipal Clerical - 3 year contract expires June 30, 2020

School Dept. Non-Certified- 3 year contract expires June 30, 2021

Fire Department- 2 year contract expires June 30, 2021

Teachers- 3 year contract expires August 31, 2021

Municipal Middle Management – 3 year contract expires June 30, 2020

## **Retirement Programs**

The Town has a contributory pension plan covering substantially all of its employees. The retirement plans for policemen and municipal employees are administered by Town officials. The retirement plan for teachers is administered by the State of Rhode Island Retirement Board.

### *The Town Plan*

The Town contributes to the Town Plan, a single employer public employee retirement plan established in accordance with the Town Charter. The Plan is considered part of the Town's financial reporting entity and is included in the Town's annual financial report. All permanent, regular and probationary status employees who work for at least five months of a year and for at least twenty hours per week are eligible to participate in the Town Plan, a single-employer defined benefit pension plan, except as follows: School System employees who have been, are, or will be eligible for membership in the Employees' Retirement System of Rhode Island and any police officer covered under the Police Plan who has refused to join the Town Plan. The Town Plan was established by the Town in accordance with Town Ordinance. The Town Plan is included in the Town's financial statements as a pension trust fund.

### *Police Plan*

The Town contributes to the Police Plan, a single-employer public employee retirement plan. The Police Plan is considered part of the Town's financial reporting entity and is included in the Town's annual financial report as a pension trust fund. There are no active participants, and the Police Plan is closed to new entrants. All members of the permanent Police Force who were hired prior to July 1, 1978 and refused the September 1984 offer to join the Town Plan were eligible to participate in the Police Plan. All other policemen are covered by the Town Plan.

### *School Teachers' Retirement Plan*

Town certified school personnel participate in the Rhode Island Retirement System, a statutory, mandatory, statewide, cost-sharing, multi-employer defined benefit plan, which first covered State teachers on July 1, 1949. This Teacher's Retirement System is administered as a unified statewide system by the State Retirement Board, the composition of which is set forth in the pertinent State statute. The assets are held in the custody of the State Treasurer as an undivided single fund.

### *Defined Contribution Plan for ERSRI Participants*

The Rhode Island Retirement Act of 2011 changed the defined benefit plan to a hybrid plan which includes a defined contribution plan. The State selected TIAA-CREF to administer the plan. All employees in ERSRI are required to participate. ERSRI employees contribute 5% of their annual salary into the defined contribution plan, with an additional 2% contribution for those employees that do not participate in Social Security, and the Town must contribute 1% of salary. Participants have a selection of investments options chosen by the State and provided by TIAA-CREF.

## **Other Post-Employment Benefits**

### *Town Plan*

The Town administers a single-employer, defined benefit post-employment benefit plan. The plan provides medical, dental and life insurance for eligible retirees and their dependents through the Town's group insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations between the Town and the respective unions or as established by the Town Ordinance for non-union employees. On August 1, 2011 the Town Council authorized the creation of an OPEB Trust Fund. As such, the plan has been reported as a Trust Fund in the Town's financial statements in fiscal year 2013.

### *School Plan*

The Narragansett School System administers a single-employer, defined benefit post-employment benefit plan. The plan provides medical, dental and life insurance for eligible retirees and their dependents through the School System's group insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations between the School System and the respective unions or as established by employee contract for non-union employees.

**Long-term capital financial planning.** As a part of the annual budget process, the Town Manager prepares and presents a capital improvement plan. This plan identifies costs and financing methods for those capital projects that the Town anticipates funding over the next six years. The plan provides for the needs of the general government and addresses such issues as infrastructure, major equipment replacement, school facilities where bonding is required, public safety, recreation and open space purchases. Other school capital planning is completed for a five-year plan and is reviewed with the school annual operating budget process.

**Cash management policies and practices.** It is the policy of the Town to invest funds in a manner which will provide the highest investment return, with the maximum amount of security while meeting the daily cash flow needs of the Town and conforming to all state statutes governing the investment of municipal funds. Cash temporarily idle during the year was invested in insured cash sweep accounts, CDAR's, certificates of deposit, obligations of the U.S. Treasury and money market mutual funds. In addition, some trust funds held corporate stocks and bonds in their investment portfolios. Investment income includes appreciation in the fair value of investments. Increases or decreases in fair value during the current year, however do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

**Risk management.** The Town is a member of the Rhode Island Inter-Local Risk Management Pool. The cooperative pool was formed in 1986 to address the insurance needs of Rhode Island municipalities. Narragansett became a member on July 1, 1988. The pool provides all property, liability and worker's compensation insurance policies for the Town. Property and liability claims are subject to a \$2,500 deductible with the exception of public officials' liability claims, which are subject to a \$5,000 deductible. The pool's self-insured

retention levels range from \$10,000 to \$1,000,000 depending on the type of coverage provided. In addition to the self-insurance provided by the pool, there is also reinsurance through third party sources for claims up to \$5,000,000. In addition to the insurance coverage provided, the pool also provides various educational and training seminars to promote safety training and loss control efforts.

## **ACKNOWLEDGEMENTS**

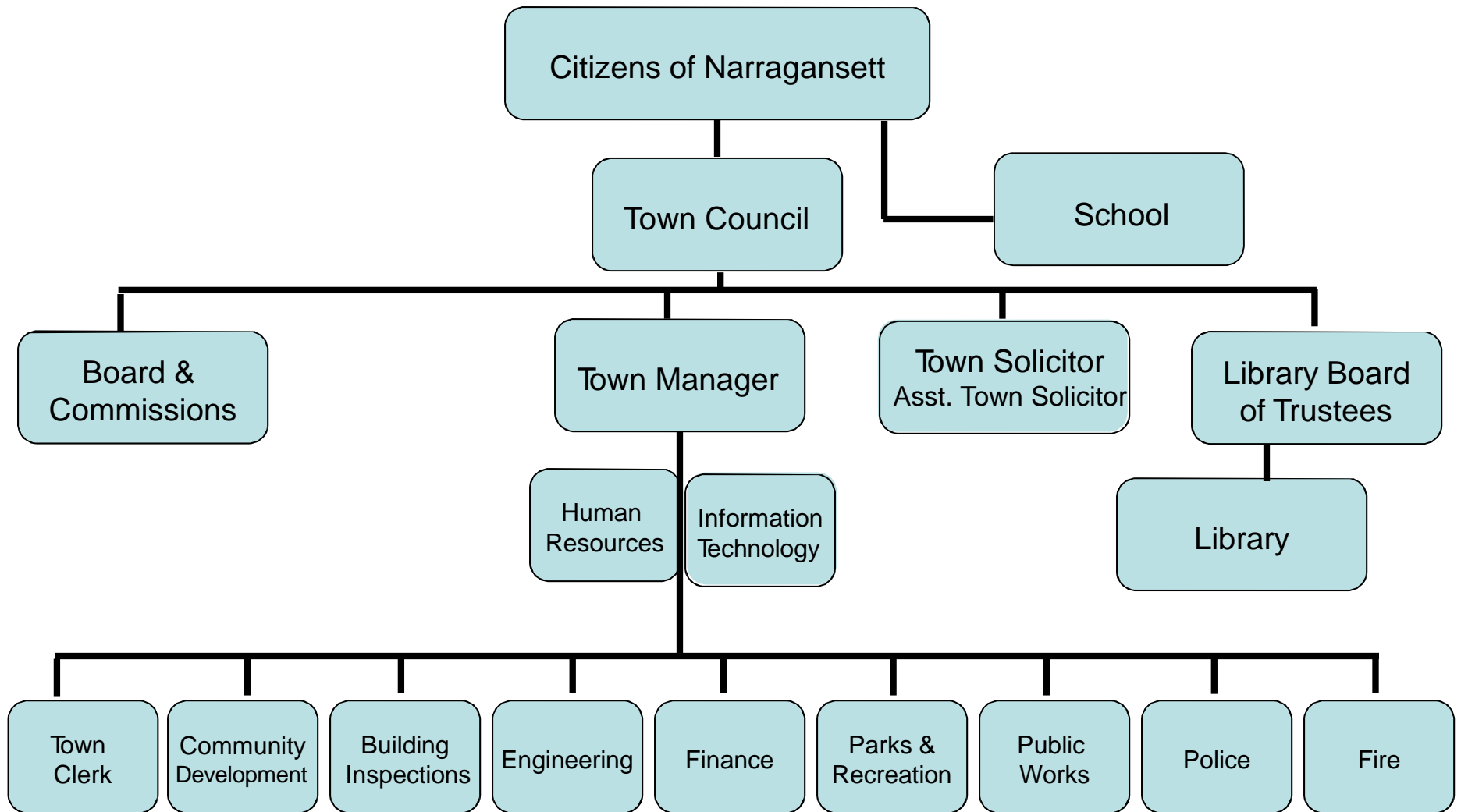
The preparation of this report was made possible by the efficient and dedicated services of the entire staff of the Finance Department. I sincerely appreciate their efforts in assisting me with preparing this comprehensive annual financial report.

In closing, I would like to express my appreciation to the Town Manager, James Tierney and the Town Council for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully submitted,

Christine A. Spagnoli  
Finance Director

# Governmental Organization



TOWN OF NARRAGANSETT, RHODE ISLAND  
LIST OF ELECTED AND APPOINTED OFFICIALS

JUNE 30, 2019

Elected Officials

Council President	Matthew M. Mannix
President Pro Tempore	Jill Lawler
Council Member	Richard M. Lema
Council Member	Patrick W. Murray
Council Member	Jesse Pugh
School Committee, Chairperson	Tammy McNeiece
School Committee, Vice-Chairperson	Diane S. Nobles
School Committee, Member	Frank White
School Committee, Member	Rebecca Durkin
School Committee, Member	Justin Skenyon

Appointed Officials

Acting Town Manager	Sean P. Corrigan
Town Solicitor	Mark Davis
Assistant Town Solicitor	Stephen Marsella, Andy Berg
Finance Director	Christine A. Spagnoli
Town Clerk	Theresa C. Donovan
Town Engineer	Jonathan S. Gerhard
Acting Police Chief	Matthew J. Sutton
Fire Chief	Scott M. Partington
Public Works Director	Michael P. DiCicco
Parks & Recreation Director	Steven T. Wright
Community Development Director	Michael J. DeLuca
Inspectional Services Director	Anthony L. Santilli
Human Resources Manager	Susan E. Healy
Town Controller	Matthew C. LeValley
Tax Assessor	David E. Dolce
Tax Collector	Christine A. Beck
Purchasing Agent	Susan W. Gallagher
Library Director	Patti A. Arkwright
Superintendent of Schools	Peter J. Cummings
Director of Finance, School Department	Karen M. Hagan

## **FINANCIAL SECTION**

### **THIS SECTION CONTAINS THE FOLLOWING:**

- **Independent Auditor's Report**
- **Management Discussion and Analysis**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Other Supplementary Information**

**Independent Auditor's Report**

To the Honorable President and  
Members of the Town Council  
Town of Narragansett, Rhode Island

**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 Narragansett, Rhode Island, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Narragansett, Rhode Island's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Narragansett, Rhode Island, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof 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 the Management's Discussion and Analysis, budgetary comparison information, and supplementary pension and other postemployment benefit information on pages 4 through 13 and pages 80 through 96 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 of Narragansett, Rhode Island's basic financial statements. The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, Annual Supplemental Transparency Report (MTP2), other supplementary information, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, Annual Supplemental Transparency Report (MTP2), and other supplementary information 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 nonmajor fund financial statements, the combining fiduciary fund financial statements, Annual Supplementary Transparency Report (MTP2), and other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report February 28, 2020 on our consideration of the Town of Narragansett, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Narragansett, Rhode Island's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Narragansett, Rhode Island's internal control over financial reporting and compliance.

*Bacon & Company CPAs, LLC*

Warwick, Rhode Island  
February 28, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As Finance Director for the Town of Narragansett (the Town), the following narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019 (FY 2019) has been prepared. The Town administration encourages all to consider the information presented herein in conjunction with the additional information furnished in the *Letter of Transmittal*, which can be found at the beginning of this report.

### Financial Highlights

At the end of the current fiscal year, the total fund balance for the General Fund was \$18,331,911 or 30.9% of the total 2019 budgeted revenues. This is an increase of \$968,640 from the prior year fund balance.

The total unassigned fund balance of the General Fund is \$7,345,472 or 12.4% of the total 2019 budgeted revenues. This is a decrease of \$2,552,002 from the prior year unassigned fund balance. The decrease in the unassigned fund balance is due to the \$2,813,820 interfund advance for the purchase of Pier Market Place property. This is classified as nonspendable.

The total assigned, committed, restricted or nonspendable fund balance of the General Fund is \$10,986,439. This is an increase of \$3,520,642 from the prior year total assigned, committed, restricted or nonspendable fund balance. The increase is due to the \$2,813,820 interfund advance for the purchase of Pier Market Place property.

The Town General Fund ended the fiscal year 2019 with a budgetary operating surplus of \$1,958,423.

The total bonded debt amount of the Town of Narragansett increased by \$3,370,000 due to a new road bond in 2019 for \$5,000,000.

As reported in the government wide financial statements, the assets and deferred outflows of resources of the Town of Narragansett exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$33,273,658. The Town's capital asset base has been developed from both the current operations and debt. The Town has recorded its property and equipment at original values in order to insure proper asset management.

The Town's total net position increased by \$2,967,729 for the fiscal year ended June 30, 2019.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components:

1. Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.
  - a. *Statement of Net Position*: This statement presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the two reported as *net position*. Increases or decreases in net position may serve as a useful indicator of an improving or deteriorating financial position.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Overview of the Financial Statements (Continued)

- b. *Statement of Activities*: This statement presents information showing how the government's net position changed during the reporting period. 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 (such as uncollected taxes and earned but unused personnel leaves).
- c. 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, education, public safety, public works and highway, community development and recreation. The business-type activities of the Town include Water, Sewer, Beach and the Middlebridge Recreation Fund operations.

The government-wide financial statements can be found on pages 14 and 15 of this report.

- 2. 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, 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 may be divided into three categories: governmental funds, proprietary funds and fiduciary funds.
  - a. *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. This information may be helpful in evaluating the Town'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. Thus, the long-term impact of the government's near-term financing decisions becomes apparent. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Funds are classified as "major" and "nonmajor." Data from major governmental funds is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances. Data from the nonmajor funds is combined into a single, aggregated presentation. Individual fund data

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Overview of the Financial Statements (Continued)

for each of these nonmajor governmental funds is provided in the form of *combining statements* and can be found on pages 97-104 of this report.

The Town adopted annual budgets for its General Fund, Water Fund, Sewer Fund, Beach Fund, and Middlebridge Recreation Fund. The School Committee adopts a budget for the operation of the Town's three schools. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 16-19 of this report.

- b. *Proprietary Funds*: The Town maintains two types of proprietary funds.

*Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its Water, Wastewater, Middlebridge Recreation and Beach operations.

*Internal Service Funds* are used to report activities that provide supplies and services for the Town's other programs and activities. The Town uses the Internal Service Fund to account for the self insured healthcare program.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Wastewater, Middlebridge Recreation and Beach operations, all of which are considered to be major funds of the Town.

The proprietary fund financial statements can be found on pages 20-23 of this report.

- c. *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's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 24-25 of this report.

- 3. 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 26-79 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Overview of the Financial Statements (Continued)

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information comparing budget to actual revenues and expenditures for the General Fund, and concerning the Town's progress in funding its obligations to provide pension and other postemployment benefits to its enrolled employees. Required supplementary information can be found on pages 80-96 of this report.

### Government-wide Financial Analysis

*Net Position:* As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, the government-wide assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33,273,658 at the close of this reporting period.

The Town's net position consist principally of its investment in capital assets (that is, land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Town of Narragansett's Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 29,405,134	\$ 28,803,640	\$ 12,692,845	\$ 12,419,867	\$ 42,097,979	\$ 41,223,507
Capital assets	\$ 101,314,547	\$ 96,988,998	\$ 35,119,642	\$ 35,913,574	\$ 136,434,189	\$ 132,902,572
Total assets	<u>\$ 130,719,681</u>	<u>\$ 125,792,638</u>	<u>\$ 47,812,487</u>	<u>\$ 48,333,441</u>	<u>\$ 178,532,168</u>	<u>\$ 174,126,079</u>
Deferred outflows of resources	<u>\$ 10,086,709</u>	<u>\$ 10,977,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,086,709</u>	<u>\$ 10,977,238</u>
Current liabilities	\$ 5,358,337	\$ 5,464,763	\$ 1,019,465	\$ 1,030,033	\$ 6,377,802	\$ 6,494,796
Noncurrent liabilities	\$ 137,471,687	\$ 135,920,966	\$ 1,088,074	\$ 1,744,877	\$ 138,559,761	\$ 137,665,843
Total liabilities	<u>\$ 142,830,024</u>	<u>\$ 141,385,729</u>	<u>\$ 2,107,539</u>	<u>\$ 2,774,910</u>	<u>\$ 144,937,563</u>	<u>\$ 144,160,639</u>
Deferred inflows of resources	<u>\$ 9,159,458</u>	<u>\$ 9,064,542</u>	<u>\$ 1,248,198</u>	<u>\$ 1,572,207</u>	<u>\$ 10,407,656</u>	<u>\$ 10,636,749</u>
Net position:						
Net investment in capital assets	\$ 76,033,001	\$ 73,270,420	\$ 33,691,799	\$ 33,922,462	\$ 109,724,800	\$ 107,192,882
Restricted	\$ 6,006,722	\$ 5,306,428	\$ -	\$ -	\$ 6,006,722	\$ 5,306,428
Unrestricted	\$ (93,222,815)	\$ (92,257,243)	\$ 10,764,951	\$ 10,063,862	\$ (82,457,864)	\$ (82,193,381)
Total net position	<u>\$ (11,183,092)</u>	<u>\$ (13,680,395)</u>	<u>\$ 44,456,750</u>	<u>\$ 43,986,324</u>	<u>\$ 33,273,658</u>	<u>\$ 30,305,929</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Government-wide Financial Analysis (Continued)

At June 30, 2019, the Town is able to report positive balances in both categories of net position for its business-type activities. For governmental activities, the deficit in the Town's unrestricted net position increased, due principally to the impact of fiscal 2019 capital asset and long-term liability transactions and the resulting effect on unrestricted net position.

*Governmental Activities:* Governmental activities increased the Town's net position by \$2,497,303.

### Town of Narragansett's Changes in Net Position.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 5,731,965	\$ 5,477,108	\$ 8,785,414	\$ 8,840,251	\$ 14,517,379	\$ 14,317,359
Operating grants and contributions	5,731,228	5,795,935	-	-	5,731,228	5,795,935
Capital grants and contributions	560,813	1,378,981	-	72,164	560,813	1,451,145
General revenues:						
Property taxes	51,898,135	50,562,602	-	-	51,898,135	50,562,602
State aid and in lieu of taxes	2,147,564	1,984,238	-	-	2,147,564	1,984,238
Miscellaneous and interest	571,793	183,238	124,446	53,580	696,239	236,818
Total revenues	66,641,498	65,382,102	8,909,860	8,965,995	75,551,358	74,348,097
Expenses:						
General government	2,850,749	2,613,752	-	-	2,850,749	2,613,752
Financial administration	1,696,829	1,765,091	-	-	1,696,829	1,765,091
Public safety	16,575,459	17,752,138	-	-	16,575,459	17,752,138
Public works	4,896,441	5,042,949	-	-	4,896,441	5,042,949
Social Services	84,173	19,125	-	-	84,173	19,125
Parks and recreation	2,269,787	2,364,493	-	-	2,269,787	2,364,493
Plan, engineer & inspection	1,327,790	1,263,615	-	-	1,327,790	1,263,615
Library	1,050,354	964,371	-	-	1,050,354	964,371
Education	32,546,660	31,989,619	-	-	32,546,660	31,989,619
Interest on Long term debt	771,128	758,670	-	-	771,128	758,670
Water Fund	-	-	2,274,164	2,262,475	2,274,164	2,262,475
Sewer Fund	-	-	4,246,453	4,450,670	4,246,453	4,450,670
Beach Fund	-	-	1,971,060	1,920,459	1,971,060	1,920,459
Middlebridge Recreation	-	-	22,582	25,902	22,582	25,902
Total expenses	64,069,370	64,533,823	8,514,259	8,659,506	72,583,629	73,193,329
Transfers	(74,825)	(81,904)	74,825	81,904	-	-
Change in net position	2,497,303	766,375	470,426	388,393	2,967,729	1,154,768
Net position, beginning of year	(13,680,395)	(14,446,770)	43,986,324	43,597,931	30,305,929	29,151,161
Net position, end of year	\$ (11,183,092)	\$ (13,680,395)	\$ 44,456,750	\$ 43,986,324	\$ 33,273,658	\$ 30,305,929

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Government-wide Financial Analysis (Continued)

Property taxes levied for FY 2018-2019 based on the December 31, 2017 grand list increased by \$1,247,616 to \$51,664,101 from the amount levied for 2017-2018 of \$50,416,485. This was an increase of 2.47%, well below the State mandated cap increase of 4%, which is the maximum allowable increase permitted under state law. Chapter 253 of the Public Laws of 2006 (known as Senate 3050) entitled "Relating to Taxation – Property Taxes" modified the calculation of the property tax cap beginning in fiscal year 2008, changed the criteria for exemptions from the property tax cap, limited the increase that School Committees could request from municipal funds in their annual budget proposal and amended the definition of "state mandates." The statewide property tax cap became effective on July 1, 2007. This cap limited the property tax levy increase to 5.25% in fiscal year 2008 and set in place a .25% reduction for each successive fiscal year until fiscal year 2013, when the cap will be set at 4.0%. The amount of current year taxes to be collected for FY 2019 was \$51,054,537 which was based on a rate of collection of 99.3%. Current year collections were \$51,291,422 compared to the budgeted amount of \$51,054,537, an increase of \$236,885 or .46%.

*Business-type activities:* Business-type activities increased the Town's net position by \$470,426. Key elements of the increase are as follows:

- a. Water Fund: The net position of the Water enterprise is down \$29,531 or .5%.
- b. Sewer Fund: The net position for the Sewer enterprise is down \$214,089 or .8%.
- c. Beach Fund: The net position for the Beach enterprise is up \$564,576 or 6.5%.
- d. Middlebridge: The net position for the Middlebridge Fund is up \$149,470 or 13.7%.

### Financial Analysis of the Town's Funds

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

*Governmental funds:* The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the reporting period, the Town governmental funds reported combined ending fund balances of \$23,609,850. Approximately 19% of this total amount or \$4,495,889 constitutes *unassigned fund balance*, which is available for spending at the Town's discretion.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, *unassigned* fund balance of the General Fund was \$7,345,472, while total fund balance was \$18,331,911. As a measure of the General Fund's liquidity, it may be useful to compare both *unassigned* fund balance and total fund balance to total fund expenditures and transfers. Unassigned fund balance of \$7,345,472 represents 11.6% of total General Fund expenditures and transfers of \$63,341,285, while total fund balance represents 29% of the same amount.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Financial Analysis of the Town's Funds (Continued)

The Town's General Fund – Fund Balance increased by \$968,640 due mainly to the net between the lower expenditures in the operating budget of \$1,035,517 and increased revenue of \$922,906 less the use of fund balance of \$1,677,610 in the town general fund. There is an increase of around \$29,000 in the other general accounts and the school operating surplus of around \$658,181.

*Proprietary funds:* The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

- a. Water Fund: The unrestricted net position of the Water Fund at June 30, 2019 was \$2,467,355.
- b. Sewer Fund: The unrestricted net position of the Sewer Fund at June 30, 2019 was \$4,393,410.
- c. Beach Fund: The unrestricted net position of the Beach Fund at June 30, 2019 was \$3,833,286.
- d. Middlebridge Fund: The unrestricted net position of the Middlebridge Recreation Fund at June 30, 2019 was \$70,900.

### General Fund Budgetary Highlights

The general fund operating budget shows an operating surplus of \$1,958,423. This represents 3.3% of the \$59,374,116 budget as approved by the Town Council. The largest surplus in revenue above budget was from tax revenue for \$474,450, an increase in investment & interest revenue for \$310,455, and increase in Town Clerk general revenues of \$157,221 and a decrease in expenditures of \$1,035,517.

### Capital Assets and Debt Administration

1. Capital assets: The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounted to \$136,434,189 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads and bridges. The total increase in the Town's investment in capital assets, net of accumulated depreciation, for FY2019 was \$3,531,617, or 2.59% (a 4.46% increase for governmental activities and a 2.21% decrease for business-type activities).

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Capital Assets and Debt Administration (Continued)

#### Town of Narragansett's Capital Assets (Net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$44,751,624	\$44,058,624	\$3,186,280	\$3,186,280	\$47,937,904	\$47,244,904
Construction in progress	367,723	2,900,154	713,114	844,281	1,080,837	3,744,435
Buildings and improvements	27,121,220	23,423,802	12,127,500	12,143,559	39,248,720	35,567,361
Machinery and equipment	3,169,344	2,785,423	747,898	803,313	3,917,242	3,588,736
Vehicles	2,676,506	3,067,803	228,640	277,211	2,905,146	3,345,014
Infrastructure	23,228,130	20,753,192	18,116,210	18,658,930	41,344,340	39,412,122
Total	<u>\$101,314,547</u>	<u>\$96,988,998</u>	<u>\$35,119,642</u>	<u>\$35,913,574</u>	<u>\$136,434,189</u>	<u>\$132,902,572</u>

2. Debt administration: At the end of the fiscal year, the Town's governmental activities had total bonds, notes and capital leases outstanding of \$26,971,169, all of which is backed by the full faith and credit of the Town. Total debt was increased from \$5,000,000 in additions and retirements of \$1,828,405 during FY 2019.

The Town was upgraded from an "AA" rating to "AA+" from Standard & Poor's for general obligation debt.

#### Town of Narragansett's Outstanding Debt Bonds, Notes and Capital Leases (In thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$25,799	\$22,284	\$ 150	\$ 295	\$25,949	\$22,579
Notes and loans	991	1,153	1,278	1,696	2,269	2,849
Capital leases	182	363	-	-	182	363
Total	<u>\$26,972</u>	<u>\$23,800</u>	<u>\$1,428</u>	<u>\$1,991</u>	<u>\$28,400</u>	<u>\$25,791</u>

Except as provided below, under Rhode Island general laws, the Town may not, without special statutory authorization, incur any debt which would increase its aggregate indebtedness not otherwise excepted by law to an amount greater than 3% of the taxable property of the Town. Deducted from the computation of aggregated indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any sinking funds maintained by the Town. The 3% debt limit of the Town is \$149,139,081 based on net assessed valuations of \$4,971,302,687 as of December 31, 2017. As of June 30, 2019, the Town had \$148,643,081 of debt that could be issued under the 3% debt limit provision.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Capital Assets and Debt Administration (Continued)

The Town is guided by a Debt Policy, adopted by a prior Town Council, which places internal limits on the amount of General Fund debt the Town may undertake. These restrictions are:

<b>Debt Issuance Ratios</b>	<b>Limitation</b>
Debt Service as a Percentage of Operating Budget	7% of Operating Budget Expenses
Outstanding Debt as a Percentage of Assessed Valuation	2.5% of assessed valuations
Debt Service as a Percentage of Maximum Allowable Tax Levy	8% of Maximum Allowable Tax Levy
Outstanding Debt Per Capita	\$2,500 per capita

Current general obligation debt for Governmental Activities of \$26,789,631 and debt service of \$2,561,518 for FY 2019 equates to the following (excludes compensated absences, pollution remediation obligations and pension and OPEB obligations):

4.3% Debt service as a Percent of the Operating Budget (FY 2019 budget was \$59,374,116 while debt service was \$2,561,518).

.54% Outstanding general obligation debt as a percentage of Net Assessed valuation \$4,971,302,687

5.0% Debt service as a percent of net tax levy of \$51,664,101

\$1,688 Outstanding general obligation debt per capita of 15,868

As can be seen, the Town is well within the Debt Policy Guidelines.

### MAXIMUM TO STAY WITHIN DEBT LIMITS

	<b>LIMITS</b>	<b>CURRENT</b>	
Debt service at 7% of operating budget	\$ 4,156,188	\$ 2,561,518	61.6%
Debt at 2.5% of assessed value	\$124,282,567	\$ 26,789,631	21.6%
Debt service at 8% of the tax levy	\$ 4,133,128	\$ 2,561,518	62.0%
Debt per capita at \$2,500	\$ 2,500	\$ 1,688	67.5%

The Town of Narragansett issued \$5.0 million in General Obligation bonds in May 2019 for the purpose of reimbursing the expense for the continuation of the Road Construction Project. The Town Council approved a bond authorization for a new library in the amount of \$5.8 million and an authorization of \$400,000 for the financing of a building adjacent unit if it is deemed not to be used for a library purpose. This bond authorization was not realized due to the current Town Council's approval of a motion to sell said building.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

### **Subsequent Fiscal Year 2019-2020 Budget and Tax Rates**

The Town of Narragansett's total general fund budget for fiscal year 2019/2020 is \$60,989,908, which reflects an increase of \$1,615,792 from the fiscal year 2018/2019 budget. The Town's tax rates for fiscal year 2019/2020 are residential real estate \$10.23 per thousand of valuation, commercial real estate and property \$14.33 per thousand of valuation, and motor vehicles \$16.46 per thousand of valuation over \$6,000 with the State 5 year phase out planned for the motor vehicle tax.

**Other subsequent events.** The prior Town Council approved a bond authorization for a new library in the amount of \$5.8 million and an authorization of \$400,000 for the financing of the adjacent unit to the proposed library building if it is deemed not to be used for a library purpose. The Pier Market building has been purchased for a total of \$2,800,000. The current Town Council approved a motion to sell the new building. At this juncture, due to pending litigation, the Town cannot proceed with the sale of the structure.

The State of Rhode Island passed a new tax law phasing out the local authority to tax motor vehicles R.I Gen. Laws 44-34.1 Article 11 of 2017-H 5175 Sub A. This is a five-year phase out with FY 2017/2018 as the first year of implementation of this law. The State will reimburse the reduction of the revenue to the Town.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town'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 additional financial information should be addressed to:

Director of Finance  
Town of Narragansett  
25 Fifth Avenue  
Narragansett, RI 02882

## **BASIC FINANCIAL STATEMENTS**

### **THE BASIC FINANCIAL STATEMENTS INCLUDE:**

#### **Government-Wide Financial Statements**

#### **Fund Financial Statements:**

- Governmental Funds**
- Proprietary Funds**
- Fiduciary Funds**

**In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.**

**TOWN OF NARRAGANSETT, RHODE ISLAND**

*Statement of Net Position  
June 30, 2019*

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 19,138,060	\$ 10,876,214	\$ 30,014,274
Investments	5,404,027	-	5,404,027
Accrued interest receivable	-	16,280	16,280
Real estate and personal property tax receivable, net	334,691	-	334,691
Water and sewer use and assessments receivable	-	502,846	502,846
Due from federal and state government	547,198	-	547,198
Other receivables	620,620	14,053	634,673
Inventories	27,696	-	27,696
Prepaid expenses	431,107	-	431,107
<b>Total current assets</b>	<b>26,503,399</b>	<b>11,409,393</b>	<b>37,912,792</b>
<b>Noncurrent assets:</b>			
Sewer assessments receivable	-	1,283,452	1,283,452
Capital assets: (Note 2)			
Land and land easements	44,751,624	3,186,280	47,937,904
Depreciable buildings, property, equipment, infrastructure, net	56,195,200	31,220,248	87,415,448
Construction in progress	367,723	713,114	1,080,837
Other assets	2,901,735	-	2,901,735
<b>Total noncurrent assets</b>	<b>104,216,282</b>	<b>36,403,094</b>	<b>140,619,376</b>
<b>Total assets</b>	<b>130,719,681</b>	<b>47,812,487</b>	<b>178,532,168</b>
<b>Deferred outflows of resources:</b>			
Deferred amounts on refunding	296,089	-	296,089
Deferred pension amounts	7,133,111	-	7,133,111
Deferred other post-employment benefit amounts	2,657,509	-	2,657,509
<b>Total deferred outflows of resources</b>	<b>10,086,709</b>	<b>-</b>	<b>10,086,709</b>
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued liabilities	2,325,742	375,648	2,701,390
Accrued interest payable	167,666	10,252	177,918
Customer deposits payable	-	17,803	17,803
Capital lease payable	95,719	-	95,719
Compensated absences payable	758,144	36,808	794,952
Pollution remediation obligations	85,574	-	85,574
Long-term debt - due within one year (Note 7)	1,925,492	578,954	2,504,446
<b>Total current liabilities</b>	<b>5,358,337</b>	<b>1,019,465</b>	<b>6,377,802</b>
<b>Noncurrent Liabilities:</b>			
Long-term debt - due in more than one year (Note 7)	27,124,667	848,889	27,973,556
Capital lease payable	85,819	-	85,819
Compensated absences payable	3,204,433	239,185	3,443,618
Pollution remediation obligations	1,507,614	-	1,507,614
Net pension liabilities	72,523,996	-	72,523,996
Net other post-employment benefit liabilities	33,025,158	-	33,025,158
<b>Total noncurrent liabilities</b>	<b>137,471,687</b>	<b>1,088,074</b>	<b>138,559,761</b>
<b>Total liabilities</b>	<b>142,830,024</b>	<b>2,107,539</b>	<b>144,937,563</b>
<b>Deferred Inflows of Resources:</b>			
Deferred property taxes	124,678	-	124,678
Deferred pension amounts	3,893,385	-	3,893,385
Deferred other post-employment benefit amounts	5,104,817	-	5,104,817
Deferred sewer assessments	-	1,233,083	1,233,083
Other deferred revenues	36,578	15,115	51,693
<b>Total deferred inflows of resources</b>	<b>9,159,458</b>	<b>1,248,198</b>	<b>10,407,656</b>
<b>Net Position:</b>			
Net investment in capital assets	76,033,001	33,691,799	109,724,800
Restricted for:			
Capital	98,962	-	98,962
Education programs	5,098,142	-	5,098,142
Public safety programs	72,772	-	72,772
Historical records preservation	182,784	-	182,784
Community service programs	359,794	-	359,794
Parks and recreation programs	97,370	-	97,370
Other programs	96,898	-	96,898
Unrestricted	(93,222,815)	10,764,951	(82,457,864)
<b>Total net position</b>	<b>\$ (11,183,092)</b>	<b>\$ 44,456,750</b>	<b>\$ 33,273,658</b>

*The accompanying notes are an integral part of the basic financial statements.*

**TOWN OF NARRAGANSETT, RHODE ISLAND**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2019*

<i>Functions/Programs</i>	<i>Expenses</i>	<i>Program Revenues</i>			<i>Net (Expense) Revenue and Changes in Net Position</i>		
		<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
<b><i>Governmental Activities:</i></b>							
General government	\$ 2,850,749	\$ 1,647,577	\$ 11,377	\$ -	\$ (1,191,795)	\$ -	\$ (1,191,795)
Financial administration	1,696,829	700,491	-	-	(996,338)	-	(996,338)
Public safety	16,575,459	787,178	61,632	391,500	(15,335,149)	-	(15,335,149)
Public works	4,896,441	39,683	18,220	-	(4,838,538)	-	(4,838,538)
Social services	84,173	-	-	-	(84,173)	-	(84,173)
Parks and recreation	2,269,787	631,525	89,780	51,511	(1,496,971)	-	(1,496,971)
Planning, engineering and inspection	1,327,790	373,373	-	-	(954,417)	-	(954,417)
Library	1,050,354	45,125	189,427	-	(815,802)	-	(815,802)
Education	32,546,660	1,507,013	4,899,742	117,802	(26,022,103)	-	(26,022,103)
Interest on long-term debt	771,128	-	461,050	-	(310,078)	-	(310,078)
<b><i>Total governmental activities</i></b>	<b>64,069,370</b>	<b>5,731,965</b>	<b>5,731,228</b>	<b>560,813</b>	<b>(52,045,364)</b>	<b>-</b>	<b>(52,045,364)</b>
<b><i>Business-Type Activities:</i></b>							
Water	2,274,164	2,219,651	-	-	-	(54,513)	(54,513)
Sewer	4,246,453	3,983,701	-	-	-	(262,752)	(262,752)
Beach	1,971,060	2,496,662	-	-	-	525,602	525,602
Middlebridge Recreation	22,582	85,400	-	-	-	62,818	62,818
<b><i>Total business-type activities</i></b>	<b>8,514,259</b>	<b>8,785,414</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>271,155</b>	<b>271,155</b>
<b><i>Total</i></b>	<b>\$ 72,583,629</b>	<b>\$ 14,517,379</b>	<b>\$ 5,731,228</b>	<b>\$ 560,813</b>	<b>(52,045,364)</b>	<b>271,155</b>	<b>(51,774,209)</b>
<b><i>General Revenues:</i></b>							
Taxes:							
Property taxes					51,898,135	-	51,898,135
State aid and in lieu of taxes, not restricted for a specific purpose					2,147,564	-	2,147,564
Investment earnings					513,843	112,194	626,037
Miscellaneous					57,950	12,252	70,202
<b><i>Transfers</i></b>					<b>(74,825)</b>	<b>74,825</b>	<b>-</b>
<b><i>Total general revenues and transfers</i></b>					<b>54,542,667</b>	<b>199,271</b>	<b>54,741,938</b>
<b><i>Change in net position</i></b>					<b>2,497,303</b>	<b>470,426</b>	<b>2,967,729</b>
<b><i>Net position - beginning of year</i></b>					<b>(13,680,395)</b>	<b>43,986,324</b>	<b>30,305,929</b>
<b><i>Net position - end of year</i></b>					<b>\$ (11,183,092)</b>	<b>\$ 44,456,750</b>	<b>\$ 33,273,658</b>

*The accompanying notes are an integral part of the basic financial statements.*

**TOWN OF NARRAGANSETT, RHODE ISLAND**

*Balance Sheet  
Governmental Funds  
June 30, 2019*

	<i>General Fund</i>	<i>Street Improvement Fund</i>	<i>Library Building Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>
<b>Assets</b>					
Cash	\$ 11,602,213	\$ 3,623,670	\$ -	\$ 3,937,904	\$ 19,163,787
Investments	5,404,027	-	-	-	5,404,027
Real estate and personal property					
tax receivable, net	334,691	-	-	-	334,691
Due from federal and state governments	237,339	-	-	309,859	547,198
Due from other funds	524,634	-	-	1,262,605	1,787,239
Other receivables	155,666	-	3,026	247,263	405,955
Inventory	27,696	-	-	-	27,696
Prepaid expenditures	431,107	-	-	-	431,107
Other assets	72,718	-	-	-	72,718
Advance to other funds	2,813,820	-	-	-	2,813,820
<b>Total assets</b>	<u>\$ 21,603,911</u>	<u>\$ 3,623,670</u>	<u>\$ 3,026</u>	<u>\$ 5,757,631</u>	<u>\$ 30,988,238</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities:</b>					
Cash overdraft	\$ -	\$ -	\$ 19,142	\$ 6,585	\$ 25,727
Accounts payable and accrued expenditures	1,160,799	602,239	9,154	99,145	1,871,337
Due to other funds	1,467,872	-	-	309,970	1,777,842
Other liabilities	171,591	-	-	-	171,591
Advance from other funds	-	-	2,813,820	-	2,813,820
<b>Total liabilities</b>	<u>2,800,262</u>	<u>602,239</u>	<u>2,842,116</u>	<u>415,700</u>	<u>6,660,317</u>
<b>Deferred Inflows of Resources:</b>					
Deferred property taxes	372,672	-	-	-	372,672
Other deferred revenues	99,066	-	-	246,333	345,399
<b>Total deferred inflows of resources</b>	<u>471,738</u>	<u>-</u>	<u>-</u>	<u>246,333</u>	<u>718,071</u>
<b>Fund Balances (Deficits):</b>					
Nonspendable:					
Inventory	27,696	-	-	-	27,696
Prepaid expenditures	431,107	-	-	-	431,107
Long-term interfund advances	2,813,820	-	-	-	2,813,820
Restricted for:					
Education programs	4,951,181	-	-	146,961	5,098,142
Public safety programs	-	-	-	72,772	72,772
Historical records preservation	-	-	-	182,784	182,784
Community service programs	-	-	-	123,691	123,691
Parks and recreation programs	-	-	-	97,370	97,370
Library programs	48,297	-	-	-	48,297
Capital projects	98,962	3,021,431	-	-	3,120,393
Other programs	-	-	-	48,601	48,601
Committed for:					
Capital projects	50,000	-	-	3,109,656	3,159,656
Debt service	-	-	-	209,080	209,080
Revaluation	47,800	-	-	-	47,800
Assigned to:					
2020 budget	1,507,475	-	-	-	1,507,475
Parks and recreation programs	173,683	-	-	-	173,683
Towers	439,320	-	-	-	439,320
Kinney Bungalow	326,746	-	-	-	326,746
Sunset Farm	17,096	-	-	-	17,096
Capital projects	-	-	-	1,115,176	1,115,176
Other	53,256	-	-	-	53,256
Unassigned	7,345,472	-	(2,839,090)	(10,493)	4,495,889
<b>Total fund balances (deficits)</b>	<u>18,331,911</u>	<u>3,021,431</u>	<u>(2,839,090)</u>	<u>5,095,598</u>	<u>23,609,850</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 21,603,911</u>	<u>\$ 3,623,670</u>	<u>\$ 3,026</u>	<u>\$ 5,757,631</u>	<u>\$ 30,988,238</u>

*The accompanying notes are an integral part of the basic financial statements.*



**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2019**

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**Total Fund Balances - Total Governmental Funds** \$ 23,609,850

**Amounts reported for Governmental Activities in the Statement of Net Position are different because:**

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. See note 2 to the financial statements. 101,314,547

Other long-term receivables are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the Governmental Funds financial statements. 308,821

Delinquent taxes are recognized as revenue in the period for which levied in the Government-Wide financial statements, but are reported as deferred inflows of resources in the Governmental Funds financial statements. 247,994

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet. (167,666)

Deferred pension and other post-employment benefit amounts are not reported in the Governmental Funds financial statements, but are reported in the Government-Wide financial statements as follows:

Deferred outflows of resources 9,790,620

Deferred inflows of resources (8,998,202)

Long-term liabilities (including bonds, notes, loans, and capital leases payable, compensated absences, pollution remediation obligations, net pension liabilities and net other post employment benefit liabilities) are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. See note 7 to the financial statements. (140,336,616)

Deferred amounts on refunding are not reported in the Governmental Fund financial statements, but are reported net of accumulated amortization as deferred outflows of resources in the Government-Wide financial statements. 296,089

The Internal Service Fund is used by management to charge the costs of Health and Dental Insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in Governmental Activities in the Government-Wide Statement of Net Position. 2,751,471

**Net Position of Governmental Activities** \$ (11,183,092)

*The accompanying notes are an integral part of the basic financial statements.*

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<b>General Fund</b>	<b>Street Improvement Fund</b>	<b>Library Building Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>					
General property taxes and payments in lieu of taxes	\$ 52,450,108	\$ -	\$ -	\$ -	\$ 52,450,108
State and federal aid	5,913,160	-	-	87,502	6,000,662
Charges for services	5,460,740	-	34,175	353,256	5,848,171
Operating grants and contributions	75,452	-	-	1,164,359	1,239,811
Capital grants and contributions	-	-	-	449,606	449,606
Investment and interest income	391,511	106,965	-	15,367	513,843
Other revenues	18,954	-	-	66,573	85,527
<b>Total revenues</b>	<b>64,309,925</b>	<b>106,965</b>	<b>34,175</b>	<b>2,136,663</b>	<b>66,587,728</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	2,238,746	-	73,265	3,797	2,315,808
Financial administration	1,465,993	-	-	-	1,465,993
Public safety	14,111,574	-	-	80,234	14,191,808
Public works	3,010,990	-	-	20,603	3,031,593
Social services	-	-	-	84,173	84,173
Parks and recreation	1,739,351	-	-	103,692	1,843,043
Planning, engineering and inspection	1,137,558	-	-	-	1,137,558
Library	1,028,771	-	-	-	1,028,771
Food service	-	-	-	385,797	385,797
Education	29,022,180	-	-	887,476	29,909,656
Town-wide	808,736	-	-	-	808,736
Other	3,500,636	-	-	-	3,500,636
Debt Service	-	47,443	-	2,646,136	2,693,579
Capital outlay	-	3,437,961	2,800,000	2,834,905	9,072,866
<b>Total expenditures</b>	<b>58,064,535</b>	<b>3,485,404</b>	<b>2,873,265</b>	<b>7,046,813</b>	<b>71,470,017</b>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</b>	<b>6,245,390</b>	<b>(3,378,439)</b>	<b>(2,839,090)</b>	<b>(4,910,150)</b>	<b>(4,882,289)</b>
<b>Other financing sources (uses):</b>					
General obligation bonds issued	-	5,000,000	-	-	5,000,000
Premium on bonds issued	-	646,536	-	-	646,536
Transfers from other funds	-	-	-	5,201,925	5,201,925
Transfers to other funds	(5,276,750)	-	-	-	(5,276,750)
<b>Total other financing sources (uses)</b>	<b>(5,276,750)</b>	<b>5,646,536</b>	<b>-</b>	<b>5,201,925</b>	<b>5,571,711</b>
<b>Net change in fund balances</b>	<b>968,640</b>	<b>2,268,097</b>	<b>(2,839,090)</b>	<b>291,775</b>	<b>689,422</b>
<b>Fund balances - beginning of year</b>	<b>17,363,271</b>	<b>753,334</b>	<b>-</b>	<b>4,803,823</b>	<b>22,920,428</b>
<b>Fund balances (deficits) - end of year</b>	<b>\$ 18,331,911</b>	<b>\$ 3,021,431</b>	<b>\$ (2,839,090)</b>	<b>\$ 5,095,598</b>	<b>\$ 23,609,850</b>

*The accompanying notes are an integral part of the basic financial statements.*

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and**  
**Changes in the Fund Balances to Government-Wide Statement of Activities**  
**For the Year Ended June 30, 2019**

<b>Net Changes in Fund Balances - Total Governmental Funds</b>	\$ 689,422
<b>Amounts reported for Governmental Activities in the Statement of Activities are different because:</b>	
Governmental Funds financial statements report capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital asset additions recorded in the current period.	9,018,827
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in Governmental Funds financial statements.	(4,635,158)
Loss on disposal of capital assets is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, the loss on disposal of capital assets is not reported as an expenditure in the Governmental Funds financial statements.	(58,120)
Long-term compensated absences are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in Governmental Funds financial statements. This is the amount of the change in long-term compensated absences in the current period.	(42,097)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of debt principal is an expenditure in the Government Funds, but the payments reduce long-term liabilities in the Government-Wide Statement of Net Position.	
This amount represents debt issued during the current period.	(5,000,000)
This amount represents debt principal payments during the current period.	1,647,206
Accrued interest on long-term debt is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in Governmental Funds financial statements. The following amount represents the change in accrued interest from prior year.	(14,502)
Debt issued at a premium provide current financial resources to Governmental Funds, but are deferred and amortized in the Government-Wide financial statements. Deferred amounts on refunding are expenditures in the Governmental Funds, but are deferred and amortized in the Government-Wide financial statements.	
This amount represents premium on debt issued during the current period.	(646,536)
This amount represents amortization of premium on debt during the current period.	150,382
This amount represents amortization of deferred amounts on refunding during the current period.	(30,111)
Other long-term liabilities are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources. Therefore, other long-term liabilities are not reported as expenditures in Governmental Funds financial statements.	
This amount represents capital lease principal payments during the current period.	181,199
This amount represents the change in pollution remediation obligations during the current period.	85,574
This amount represents the change in the net pension liabilities and related deferred pension amounts during the current period.	(1,559,667)
This amount represents the change in the net OPEB liabilities and related deferred OPEB amounts during the current period.	2,367,487
The Internal Service Fund is used by management to charge the costs of Health and Dental Insurance to individual funds. The net revenues (expenses) of the Internal Service Fund is reported with Governmental Activities in the Government-Wide financial statements.	437,609
Revenues in the Government-Wide Statement of Activities that are not measurable and available in Governmental Funds are not reported as revenue in the Governmental Funds.	(94,212)
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 2,497,303</u></u>

*The accompanying notes are an integral part of the basic financial statements.*

**TOWN OF NARRAGANSETT, RHODE ISLAND**

*Statement of Net Position*

*Proprietary Funds*

*June 30, 2019*

	<i>Business-Type Activities</i>					<i>Governmental Activities</i>
	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Beach Fund</i>	<i>Middlebridge Recreation Fund</i>	<i>Total Enterprise Funds</i>	<i>Internal Service Fund Healthcare Fund</i>
<b>Assets</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 2,559,623	\$ 4,270,833	\$ 3,972,074	\$ 73,684	\$ 10,876,214	\$ -
Accounts receivable:						
Water and sewer use fees	202,590	266,609	-	-	469,199	-
Sewer assessment	-	33,647	-	-	33,647	-
Accrued interest	-	16,280	-	-	16,280	-
Other	-	14,053	-	-	14,053	-
<b>Total current assets</b>	<u>2,762,213</u>	<u>4,601,422</u>	<u>3,972,074</u>	<u>73,684</u>	<u>11,409,393</u>	<u>-</u>
<b>Noncurrent assets:</b>						
Sewer assessments receivable	-	1,283,452	-	-	1,283,452	-
Health insurance deposits	-	-	-	-	-	2,829,017
Capital assets:						
Non-depreciable assets	92,700	940,824	1,813,370	1,052,500	3,899,394	-
Depreciable assets - net	3,272,146	24,070,247	3,614,606	263,249	31,220,248	-
<b>Total noncurrent assets</b>	<u>3,364,846</u>	<u>26,294,523</u>	<u>5,427,976</u>	<u>1,315,749</u>	<u>36,403,094</u>	<u>2,829,017</u>
<b>Total assets</b>	<u>6,127,059</u>	<u>30,895,945</u>	<u>9,400,050</u>	<u>1,389,433</u>	<u>47,812,487</u>	<u>2,829,017</u>
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Accounts payable and accrued expenses	131,594	126,168	117,106	780	375,648	-
Accrued interest payable	-	9,523	-	729	10,252	-
Claims payable	-	-	-	-	-	77,546
Accrued compensated absences	14,090	20,160	2,558	-	36,808	-
Customer and security deposits payable	-	-	16,528	1,275	17,803	-
Current portion of bonds, notes and loans payable	-	428,954	-	150,000	578,954	-
<b>Total current liabilities</b>	<u>145,684</u>	<u>584,805</u>	<u>136,192</u>	<u>152,784</u>	<u>1,019,465</u>	<u>77,546</u>
<b>Noncurrent liabilities:</b>						
Accrued compensated absences	149,174	87,415	2,596	-	239,185	-
Bonds, notes and loans payable	-	848,889	-	-	848,889	-
<b>Total noncurrent liabilities</b>	<u>149,174</u>	<u>936,304</u>	<u>2,596</u>	<u>-</u>	<u>1,088,074</u>	<u>-</u>
<b>Total liabilities</b>	<u>294,858</u>	<u>1,521,109</u>	<u>138,788</u>	<u>152,784</u>	<u>2,107,539</u>	<u>77,546</u>
<b>Deferred Inflows of Resources</b>						
Deferred sewer assessments	-	1,233,083	-	-	1,233,083	-
Other deferred revenues	-	15,115	-	-	15,115	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>1,248,198</u>	<u>-</u>	<u>-</u>	<u>1,248,198</u>	<u>-</u>
<b>Net Position</b>						
Net investment in capital assets	3,364,846	23,733,228	5,427,976	1,165,749	33,691,799	-
Unrestricted	2,467,355	4,393,410	3,833,286	70,900	10,764,951	2,751,471
<b>Total net position</b>	<u>\$ 5,832,201</u>	<u>\$ 28,126,638</u>	<u>\$ 9,261,262</u>	<u>\$ 1,236,649</u>	<u>\$ 44,456,750</u>	<u>\$ 2,751,471</u>

*The accompanying notes are an integral part of the basic financial statements.*

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Business-Type Activities</b>					<b>Governmental Activities</b>
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Beach Fund</b>	<b>Middlebridge Recreation Fund</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Fund Healthcare Fund</b>
<b>Operating revenues</b>						
Assessments and user fees	\$ 2,167,065	\$ 3,957,427	\$ -	\$ -	\$ 6,124,492	\$ -
Admittance and rental fees	-	-	2,483,600	85,000	2,568,600	-
Charges for insurance	-	-	-	-	-	3,781,897
Other revenues	52,586	26,274	13,062	400	92,322	-
<b>Total operating revenues</b>	<b>2,219,651</b>	<b>3,983,701</b>	<b>2,496,662</b>	<b>85,400</b>	<b>8,785,414</b>	<b>3,781,897</b>
<b>Operating expenses</b>						
Salaries and benefits	767,149	1,237,582	912,128	-	2,916,859	-
Materials, supplies and maintenance	685,326	1,074,518	250,465	2,082	2,012,391	-
Utilities	13,816	263,921	36,422	1,876	316,035	-
Health and dental claims	-	-	-	-	-	3,073,013
Administrative and miscellaneous	321,133	713,153	505,294	5,437	1,545,017	271,275
Depreciation expense	486,740	926,424	266,751	8,461	1,688,376	-
<b>Total operating expenses</b>	<b>2,274,164</b>	<b>4,215,598</b>	<b>1,971,060</b>	<b>17,856</b>	<b>8,478,678</b>	<b>3,344,288</b>
<b>Operating income (loss)</b>	<b>(54,513)</b>	<b>(231,897)</b>	<b>525,602</b>	<b>67,544</b>	<b>306,736</b>	<b>437,609</b>
<b>Nonoperating revenues (expenses)</b>						
Other non-operating revenue	-	878	-	11,374	12,252	-
Investment income	24,982	47,785	38,974	453	112,194	-
Interest expense	-	(30,855)	-	(4,726)	(35,581)	-
<b>Total nonoperating revenues (expenses)</b>	<b>24,982</b>	<b>17,808</b>	<b>38,974</b>	<b>7,101</b>	<b>88,865</b>	<b>-</b>
<b>Income before transfers</b>	<b>(29,531)</b>	<b>(214,089)</b>	<b>564,576</b>	<b>74,645</b>	<b>395,601</b>	<b>437,609</b>
<b>Transfers in</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,825</b>	<b>74,825</b>	<b>-</b>
<b>Change in net position</b>	<b>(29,531)</b>	<b>(214,089)</b>	<b>564,576</b>	<b>149,470</b>	<b>470,426</b>	<b>437,609</b>
<b>Total net position - beginning of year</b>	<b>5,861,732</b>	<b>28,340,727</b>	<b>8,696,686</b>	<b>1,087,179</b>	<b>43,986,324</b>	<b>2,313,862</b>
<b>Total net position - end of year</b>	<b>\$ 5,832,201</b>	<b>\$ 28,126,638</b>	<b>\$ 9,261,262</b>	<b>\$ 1,236,649</b>	<b>\$ 44,456,750</b>	<b>\$ 2,751,471</b>

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF NARRAGANSETT, RHODE ISLAND**

*Statement of Cash Flows*

*Proprietary Funds*

*For the Fiscal Year Ended June 30, 2019*

	<b>Business-Type Activities</b>					<b>Governmental Activities</b>
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Beach Fund</b>	<b>Middlebridge Recreation Fund</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Fund Healthcare Fund</b>
<b><i>Cash flows from operating activities</i></b>						
Receipts from customers	\$ 2,235,446	\$ 4,116,339	\$ 2,483,506	\$ 85,000	\$ 8,920,291	\$ -
Receipts from interfund charges for insurance	-	-	-	-	-	3,781,897
Other operating receipts	52,586	27,152	13,062	11,774	104,574	-
Receipts of customer deposits	-	-	50,750	-	50,750	-
Payment of health insurance deposits	-	-	-	-	-	(405,853)
Payments to suppliers for goods and services	(897,121)	(1,483,599)	(429,766)	(9,453)	(2,819,939)	(271,275)
Payments to employees for services	(795,195)	(1,329,093)	(904,739)	-	(3,029,027)	-
Payments to other funds for services provided	(171,104)	(571,052)	(340,789)	-	(1,082,945)	-
Payments for health and dental claims	-	-	-	-	-	(3,104,769)
Return of customer deposits	-	-	(53,422)	-	(53,422)	-
<b><i>Net cash provided by operating activities</i></b>	<b>424,612</b>	<b>759,747</b>	<b>818,602</b>	<b>87,321</b>	<b>2,090,282</b>	<b>-</b>
<b><i>Cash flows from non-capital financing activities</i></b>						
Transfer from other funds	-	-	-	74,825	74,825	-
<b><i>Net cash provided by non-capital related financing activities</i></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,825</b>	<b>74,825</b>	<b>-</b>
<b><i>Cash flows from capital and related financing activities</i></b>						
Acquisition and construction of capital assets	(10,736)	(833,737)	-	(7,290)	(851,763)	-
Payment of interest on bonds and loans	-	(34,489)	-	(5,451)	(39,940)	-
Payment of principal on bonds and loans	-	(418,269)	-	(145,000)	(563,269)	-
<b><i>Net cash used for capital and related financing activities</i></b>	<b>(10,736)</b>	<b>(1,286,495)</b>	<b>-</b>	<b>(157,741)</b>	<b>(1,454,972)</b>	<b>-</b>
<b><i>Cash flows from investing activities</i></b>						
Interest on investments	24,982	47,785	38,974	453	112,194	-
<b><i>Net cash provided by investing activities</i></b>	<b>24,982</b>	<b>47,785</b>	<b>38,974</b>	<b>453</b>	<b>112,194</b>	<b>-</b>
<b><i>Net increase (decrease) in cash and cash equivalents</i></b>	<b>438,858</b>	<b>(478,963)</b>	<b>857,576</b>	<b>4,858</b>	<b>822,329</b>	<b>-</b>
<b><i>Cash and cash equivalents - beginning of year</i></b>	<b>2,120,765</b>	<b>4,749,796</b>	<b>3,114,498</b>	<b>68,826</b>	<b>10,053,885</b>	<b>-</b>
<b><i>Cash and cash equivalents - end of year</i></b>	<b>\$ 2,559,623</b>	<b>\$ 4,270,833</b>	<b>\$ 3,972,074</b>	<b>\$ 73,684</b>	<b>\$ 10,876,214</b>	<b>\$ -</b>

*(Continued)*

*The accompanying notes are an integral part of the basic financial statements.*

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
*Statement of Cash Flows (Continued)*  
**Proprietary Funds**  
For the Fiscal Year Ended June 30, 2019

	<b>Business-Type Activities</b>					<b>Governmental Activities</b>
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Beach Fund</b>	<b>Middlebridge Recreation Fund</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Fund Healthcare Fund</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>						
Operating income (loss)	\$ (54,513)	\$ (231,897)	\$ 525,602	\$ 67,544	\$ 306,736	\$ 437,609
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>						
Depreciation expense	486,740	926,424	266,751	8,461	1,688,376	-
Other non-operating revenue	-	878	-	11,374	12,252	-
Changes in assets, liabilities and deferred inflows of resources:						
(Increase) decrease in accounts receivable	66,431	482,920	-	-	549,351	-
(Increase) decrease in health insurance deposits	-	-	-	-	-	(405,853)
Increase (decrease) in accounts payable and accrued expenses	(42,621)	(24,314)	27,744	(58)	(39,249)	-
Increase (decrease) in accrued compensated absences	(31,425)	(70,255)	1,177	-	(100,503)	-
Increase (decrease) in claims payable	-	-	-	-	-	(31,756)
Increase (decrease) in deposits payable	-	-	(2,672)	-	(2,672)	-
Increase (decrease) in deferred revenue	-	(324,009)	-	-	(324,009)	-
<b>Net cash provided by operating activities</b>	<b>\$ 424,612</b>	<b>\$ 759,747</b>	<b>\$ 818,602</b>	<b>\$ 87,321</b>	<b>\$ 2,090,282</b>	<b>\$ -</b>

*The accompanying notes are an integral part of the basic financial statements.*

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

	<u>Pension Trust Funds</u>	<u>Other Post- Employment Benefit Trust Funds</u>	<u>Private- Purpose Trust Funds</u>	<u>Agency Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 6,345,174	\$ 5,579,296	\$ 71,481	\$ -
Investments at fair value:				
U.S. government obligations	3,046,978	-	-	-
Municipal obligations	30,290	-	-	-
Corporate bonds	3,918,053	-	-	-
Mortgage backed securities	723,154	-	-	-
Common stock	31,622,684	2,036,856	-	-
Mutual and exchange traded funds - equities	22,535,347	380,928	9,409	-
Mutual and exchange traded funds - fixed income	25,940,977	1,142,811	-	-
Hedge fund	4,851,421	-	-	-
Pooled investments	-	1,280,353	-	-
Total investments	<u>92,668,904</u>	<u>4,840,948</u>	<u>9,409</u>	<u>-</u>
Contribution receivable	113,777	-	-	-
Due from other funds	-	-	-	205,268
Accrued interest receivable	55,475	-	-	-
<b>Total assets</b>	<u>99,183,330</u>	<u>10,420,244</u>	<u>80,890</u>	<u>205,268</u>
<b>Liabilities</b>				
Accounts payable and accrued expenses	11,550	157,248	-	9,975
Due to other funds	214,665	-	-	-
Deposits held in custody for others	-	-	-	195,293
<b>Total liabilities</b>	<u>226,215</u>	<u>157,248</u>	<u>-</u>	<u>205,268</u>
<b>Net Position</b>				
Restricted for pension benefits, post-employment benefits and other purposes	<u>\$ 98,957,115</u>	<u>\$ 10,262,996</u>	<u>\$ 80,890</u>	<u>\$ -</u>

*The accompanying notes are an integral part of the basic financial statements.*



**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<u><i>Pension Trust Funds</i></u>	<u><i>Other Post- Employment Benefit Trust Funds</i></u>	<u><i>Private- Purpose Trust Funds</i></u>
<b><i>Additions</i></b>			
Contributions:			
Employer	\$ 6,400,571	\$ 4,569,664	\$ -
Plan member	1,558,428	-	-
Total contributions	<u>7,958,999</u>	<u>4,569,664</u>	<u>-</u>
Investment income:			
Net increase (decrease) in fair value of investments	3,806,435	277,712	(178)
Interest and dividends	2,268,680	126,387	1,606
Less: investment expense	<u>(473,679)</u>	<u>(21,781)</u>	<u>-</u>
Net investment income	<u>5,601,436</u>	<u>382,318</u>	<u>1,428</u>
<b><i>Total additions</i></b>	<u>13,560,435</u>	<u>4,951,982</u>	<u>1,428</u>
<b><i>Deductions</i></b>			
Benefits	6,271,854	2,775,565	-
Refunds of contributions	150,804	-	-
Administrative expenses	<u>53,940</u>	<u>6,200</u>	<u>-</u>
<b><i>Total deductions</i></b>	<u>6,476,598</u>	<u>2,781,765</u>	<u>-</u>
<b><i>Change in net position</i></b>	7,083,837	2,170,217	1,428
<b><i>Net position - beginning of year</i></b>	<u>91,873,278</u>	<u>8,092,779</u>	<u>79,462</u>
<b><i>Net position - end of year</i></b>	<u><u>\$ 98,957,115</u></u>	<u><u>\$ 10,262,996</u></u>	<u><u>\$ 80,890</u></u>

*The accompanying notes are an integral part of the basic financial statements.*

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

The financial statements of the Town of Narragansett, Rhode Island, have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the Town's financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The Town of Narragansett was founded in 1888. The Town is governed largely under the 1966 Narragansett Home Rule Charter. In some matters, including the issuance of short and long-term debt, the Town is governed by the general laws of the State of Rhode Island. The Town operates under a Town Council/Town Manager form of government and provides the following services as authorized by its charter: public safety (police, fire, and emergency services); public works (highways, streets, and facilities management); parks and recreation; planning, engineering and inspection; education; social services; and general administrative services.

In evaluating the inclusion of potential component units within its financial reporting entity, the Town applied the criteria prescribed by GASB Statement No. 14, as amended by GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units” and GASB Statement No. 61 “Financial Reporting Entity Omnibus”. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading. The Town of Narragansett does not have any component units.

**B. BASIS OF PRESENTATION AND ACCOUNTING**

**Government-Wide Financial Statements**

The Town’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements report information about the reporting entity as a whole. Fiduciary activities of the Town are not included in these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through property taxes, intergovernmental revenue, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services rendered.

The Statement of Activities presents a comparison between direct expenses and program revenue for the business-type activities and for each function of the Town’s governmental activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including property taxes and general state aid, are presented as general revenues.

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

These statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all the Town’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability is incurred.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total column. In the Statement of Activities, internal service fund transactions have been eliminated; however those transactions between governmental and business-type activities have not been eliminated.

**Fund Financial Statements**

The Fund Financial Statements of the Town are organized into funds, each of which is considered to be a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific Town functions or activities. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three categories: governmental, proprietary, and fiduciary. Major individual governmental funds and enterprise funds are reported as separate columns in the Fund Financial Statements.

**Governmental Fund Financial Statements**

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide Financial Statements.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally collected 60 days after year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the Town are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured.

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

**Major Governmental Funds:**

**General Fund** – The General Fund is used to account for resources devoted to financing the general services that the Town performs for its citizens and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted or reported in another fund.

**Street Improvement Fund** – The Street Improvement Fund accounts for debt proceeds used for road construction projects, other than those financed by proprietary funds.

**Library Building Fund** – The Library Building Fund accounts for the purchase of a new library building.

**Proprietary Fund Financial Statements**

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. A column representing Internal Service Funds is also presented in these statements. However, Internal Service balances and activities have been combined with the Governmental Activities in the Government-Wide Financial Statements.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The Town has four Enterprise Funds. The Town considers all Enterprise Funds to be major funds for financial statement purposes. The Town’s Enterprise Funds are as follows:

**Water Fund** – The Water Fund is used to account for the water use fees and the expenses associated with providing water services to Town residents and businesses.

**Sewer Fund** – The Sewer Fund is used to account for the sewer use fees, the assessments, and the expenses associated with providing sewer services to Town residents and businesses.

**Beach Fund** – The Beach Fund is used to account for the fees and the expenses associated with the operation of the Town beach.

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

**Middlebridge Recreation Fund** – The Middlebridge Recreation Fund is used to account for rental fees and expenses associated with the operations of Middlebridge Recreation Area.

The Town has one Internal Service Fund as follows:

**Healthcare Fund** – The Healthcare Fund is used to account for the Town’s self-insured health and dental care programs.

**Fiduciary Fund Financial Statements**

Fiduciary Fund Financial Statements include a Statement of Net Position and a Statement of Changes in Net Position. The Town’s Fiduciary Funds include the Pension Trust Funds, the Other Post-Employment Benefits Trust Funds, the Private Purpose Trust Funds, and the Agency Funds. Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations or other governments. The Fiduciary Funds are accounted for on a spending or “*economic resources*” measurement focus and the accrual basis of accounting. Agency funds are purely custodial and do not involve measurement of results of operations.

**Pension Trust Funds** – The Pension Trust Funds account for contributions made by the Town and its participating employees to provide pension benefits to these employees at retirement.

**Other Post-Employment Benefits Trust Funds** – The Other Post-Employment Benefits (OPEB) Trust Funds were established to account for contributions to finance other post-employment benefits paid by the Town and the payment of these benefits as they come due. The Town OPEB Fund was established by Town Ordinance effective August 1, 2011 and the School OPEB Fund was established by School Committee Resolution effective May 17, 2017.

**Private Purpose Trust Funds** – The Private Purpose Trust Funds account for funds held in trust for use by an outside committee to provide awards and scholarships in accordance with a donor’s instructions. All resources of the funds, including any earnings on investments, may be used. There is no requirement that any portion that these resources be considered nonexpendable.

**Agency Funds** – These funds account for assets held by the Town as agent for various student groups. The Agency Funds include the Student Activity Funds.

**C. RECENTLY ISSUED ACCOUNTING STANDARDS**

The Town has implemented the following new accounting pronouncements:

- GASB Statement No. 83 – *Certain Asset Retirement Obligations*, Effective for the Town’s fiscal year ending June 30, 2019.
- GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the Town’s fiscal year ending June 30, 2019.

The adoption of GASB Statement Numbers 83 and 88 did not have an impact on the Town’s financial position or results of operations.

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

The Town will adopt the following new accounting pronouncements in future years:

- GASB Statement No. 84 – *Fiduciary Activities*, effective for the Town’s fiscal year ending June 30, 2020.
- GASB Statement No. 87 – *Leases*, effective for the Town’s fiscal year ending June 30, 2021.
- GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the Town’s fiscal year ending June 30, 2021.
- GASB Statement No. 90 – *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for the Town’s fiscal year ending June 30, 2020.
- GASB Statement No. 91 – *Conduit Debt Obligations*, effective for the Town’s fiscal year ending June 30, 2022.
- GASB Statement No. 92 – *Omnibus 2020*, several requirements effective for the Town’s fiscal year ending June 30, 2020 and others effective for the fiscal year ending June 30, 2021.

The impact of these pronouncements on the Town's financial statements has not been determined.

**D. CASH EQUIVALENTS**

The Town considers cash and cash equivalents in the Proprietary Funds to include cash on hand, time and demand deposits, and short-term investments maturing within three months from the date of acquisition.

**E. INVESTMENTS**

The Town reports investments at fair value, except for investments in money market funds, the Trust OPEB Funding Program and the hedge fund which are reported at net asset value per share (which approximates fair value).

**F. ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE**

Accounts receivable and taxes receivable are shown net of an allowance for uncollectible accounts. The allowances are calculated based on the age of the individual receivables.

**G. UNBILLED SERVICES RECEIVABLE**

Water and sewer revenue is recorded when earned. Customers are billed quarterly. The estimated value of services provided but unbilled at year-end has been included in the accompanying financial statements.

**H. PREPAID ITEMS**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

**I. INVENTORY**

Inventory is maintained on a periodic system and is stated at cost (first in, first out method of inventory valuation). Inventory is generally recorded as expenditures/expenses when consumed.

**J. CAPITAL ASSETS AND DEPRECIATION**

Capital assets are reported in the Government-Wide Statement of Net Position.

In the Fund Financial Statements, capital assets used in governmental fund activities are accounted for as capital expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in Government-Wide Financial Statements.

All capital assets are recorded at cost (or estimated historical cost). Donated capital assets are recorded at acquisition value as of the date received. The Town follows the policy of not capitalizing assets with a cost of less than \$10,000 and a useful life of less than 1 year.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Land improvements	5 – 65 years
Buildings and improvements	25 – 65 years
Machinery and equipment	5 – 30 years
Vehicles	6 – 12 years
Infrastructure	15 – 65 years

**K. DEBT PREMIUMS**

In the Governmental Fund Financial Statements, debt premiums are reported as an “other financing source.” In the Government-Wide Statements, debt premiums are deferred and amortized over the term of the debt. Debt premiums are presented as an addition to the face amount of the debt payable.

**L. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent 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.

In the Governmental Fund Financial Statements, deferred inflows of resources are reported for receivables recorded in the Governmental Fund Financial Statements for which the revenue is not available or amounts received before the period for which property taxes are levied. In the Government-Wide Financial Statements, deferred inflows of resources are reported for amounts received before the period for which property taxes are levied and deferred amounts related to refunding debt issues which will be amortized as a component of interest expense in future years.

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

Deferred outflows of resources and deferred inflows of resources are also reported for amounts related to the Town's pension plans and other post-employment benefit plans that will be amortized as a component of pension and other post-employment benefit expense in future years.

**M. PROPERTY TAXES**

The Town is permitted by Rhode Island General Law to levy property taxes. Current tax collections for the Town were approximately 99.41% of the total 2018 levy. The tax rate of the Town is established in accordance with Town Ordinance.

The Town's fiscal 2018-2019 property taxes were levied on June 18, 2018, on assessed valuation as of December 31, 2017. Upon levy, taxes are due and payable between July 1 and July 31 or may be paid quarterly on July 31, October 31, January 31 and April 30. Failure to mail payments by due dates will result in a lien on the taxpayer's property. Taxable assessed values are established by Tax Assessor's Office and are currently calculated at 100% of the full and fair value for real estate and tangible personal property and the value, as determined by the RI Vehicle Valuation Commission, for motor vehicles. A full revaluation of all property was completed as of December 31, 2014.

Rhode Island General Law restricts the Town's ability to increase its total tax levy by more than 4% over that of the preceding fiscal year for 2019.

**N. COMPENSATED ABSENCES**

Under the terms of various contracts and agreements, Town employees are granted vacation and sick leave in varying amounts based on length of service. Vacation benefits are accrued as a liability based on the accumulated benefits earned at June 30. Sick leave benefits are based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The liability is calculated at the rate of pay in effect at June 30, 2019.

The entire compensated absence liability is reported on the Government-Wide Financial Statements. For Governmental Fund Financial Statements, the amount of accumulated vacation and sick leave has been recorded as a current liability to the extent that the amounts are due to employees who have resigned or retired.

**O. ACCRUED LIABILITIES AND LONG-TERM DEBT**

All accrued liabilities and long-term debt are reported in the Government-Wide Financial Statements.

For Governmental Fund Financial Statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims and judgments and compensated absences paid from governmental funds are reported as a liability in the Governmental Fund Financial Statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the Governmental Fund Financial Statements until due.



**TOWN OF NARRAGANSETT, RHODE ISLAND**  
***Notes to Financial Statements***  
***June 30, 2019***

**P. PENSIONS**

For the purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System of the State of Rhode Island, the Town Pension, and 1666 Pension plans and the additions to/ deductions from each plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, the plans 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.

**Q. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

For the purposes of measuring the net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Town OPEB and School OPEB plans 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, the plans recognizes benefit payments when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

**R. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities 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.

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 2 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	<i><b>Beginning Balance</b></i>	<i><b>Additions</b></i>	<i><b>Retirements</b></i>	<i><b>Ending Balance</b></i>
<b><i>Governmental Activities:</i></b>				
Nondepreciable assets:				
Land and land easements	\$ 44,058,624	\$ 693,000	\$ -	\$ 44,751,624
Construction in progress	2,900,154	1,435,580	3,968,011	367,723
	<u>46,958,778</u>	<u>2,128,580</u>	<u>3,968,011</u>	<u>45,119,347</u>
Depreciable assets:				
Land improvements and infrastructure	51,318,123	4,005,483	-	55,323,606
Buildings and improvements	51,660,113	5,759,040	-	57,419,153
Machinery and equipment	7,674,622	826,624	210,087	8,291,159
Vehicles	8,899,767	267,111	710,130	8,456,748
	<u>119,552,625</u>	<u>10,858,258</u>	<u>920,217</u>	<u>129,490,666</u>
<b><i>Total capital assets</i></b>	<u>166,511,403</u>	<u>12,986,838</u>	<u>4,888,228</u>	<u>174,610,013</u>
Less accumulated depreciation for:				
Land improvements and infrastructure	30,564,931	1,530,545	-	32,095,476
Buildings and improvements	28,236,311	2,061,622	-	30,297,933
Machinery and equipment	4,889,199	442,703	210,087	5,121,815
Vehicles	5,831,964	600,288	652,010	5,780,242
<b><i>Total accumulated depreciation</i></b>	<u>69,522,405</u>	<u>4,635,158</u>	<u>862,097</u>	<u>73,295,466</u>
<b><i>Governmental activities capital assets, net</i></b>	<u>\$ 96,988,998</u>	<u>\$ 8,351,680</u>	<u>\$ 4,026,131</u>	<u>\$ 101,314,547</u>
<b><i>Business-Type Activities:</i></b>				
Nondepreciable assets:				
Land	\$ 3,186,280	\$ -	\$ -	\$ 3,186,280
Construction in progress	844,281	696,502	827,669	713,114
	<u>4,030,561</u>	<u>696,502</u>	<u>827,669</u>	<u>3,899,394</u>
Depreciable assets:				
System improvements and infrastructure	38,093,129	188,442	-	38,281,571
Buildings and improvements	22,317,137	818,533	-	23,135,670
Machinery and equipment	2,948,826	18,636	-	2,967,462
Vehicles	677,542	-	18,383	659,159
	<u>64,036,634</u>	<u>1,025,611</u>	<u>18,383</u>	<u>65,043,862</u>
<b><i>Total capital assets</i></b>	<u>68,067,195</u>	<u>1,722,113</u>	<u>846,052</u>	<u>68,943,256</u>
Less accumulated depreciation for:				
System improvements and infrastructure	19,434,199	731,162	-	20,165,361
Buildings and improvements	10,173,578	834,592	-	11,008,170
Machinery and equipment	2,145,513	74,051	-	2,219,564
Vehicles	400,331	48,571	18,383	430,519
<b><i>Total accumulated depreciation</i></b>	<u>32,153,621</u>	<u>1,688,376</u>	<u>18,383</u>	<u>33,823,614</u>
<b><i>Business-type activities capital assets, net</i></b>	<u>\$ 35,913,574</u>	<u>\$ 33,737</u>	<u>\$ 827,669</u>	<u>\$ 35,119,642</u>

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

Depreciation expense was charged to governmental functions as follows:

General government	\$ 210,097
Public safety	433,456
Public works	1,634,747
Parks and recreation	301,299
Public libraries	11,776
Education	2,043,783
<b>Total Depreciation Expense</b>	<b>\$ 4,635,158</b>

Depreciation expense was charged to the business-type functions as follows:

Water	\$ 486,740
Sewer	926,424
Beach	266,751
Middlebridge Recreation	8,461
<b>Total Depreciation Expense</b>	<b>\$ 1,688,376</b>

**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. LEGAL DEBT MARGIN**

The Town's legal debt margin as set forth by State Statute is limited to three percent of total taxable assessed value which approximates \$149,139,081. As of June 30, 2019, the Town's debt subject to the legal debt margin is \$496,000 and the Town is under the debt limit by \$148,643,081. The debt subject to the debt limitation is based on the type of debt that is issued.

**B. DEFICIT FUND BALANCES/NET POSITION**

The following governmental funds had a deficit in unassigned fund balance as of June 30, 2019:

- Library Building - \$(2,839,090)
- RI EMA MEDS Grant - \$(2,217)
- School Athletic Complex - \$(8,276)

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 4 – CASH DEPOSITS**

**DEPOSITS** – are in several financial institutions and are carried at cost. The carrying amount of deposits are separately displayed on the Balance Sheet of the Fund Financial Statements as “Cash and Cash Equivalents” and “Cash Overdraft” and on the Statement of Net Position as “Cash and Cash Equivalents”.

	<i><b>Carrying Amount</b></i>
Total Deposits	\$39,609,873
Add: Petty Cash and Cash on Hand	350,687
Add: Investments classified as cash equivalents	3,004,054
Less: Cash and cash equivalents classified as investments	(954,389)
<b><i>Total Cash and Cash Equivalents Reported in the Financial Statements</i></b>	<b><u><u>\$42,010,225</u></u></b>

**CUSTODIAL CREDIT RISK** – custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a formal deposit policy for custodial credit risk, but is governed by State Laws as described below. As of June 30, 2019, \$16,846,638 of the Town’s bank balance of \$40,843,564 was exposed to custodial credit risk as follows:

	<i><b>Bank Balance</b></i>
Insured (federal depository insurance funds)	\$23,996,926
Collateralized with securities held by pledging financial institution or its agent, in the Town’s name	12,740,043
Collateralized with securities held by pledging financial institution or its agent, but not in the Town’s name	3,751,350
Uninsured and uncollateralized	355,245
<b><i>Total</i></b>	<b><u><u>\$40,843,564</u></u></b>

Under Rhode Island General Laws, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits which are time deposits with maturities greater than sixty (60) days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, regardless of maturity. At June 30, 2019, the Town's uncollateralized deposits with institutions were \$355,245. These deposits are held by institutions that meet the minimum capital standards prescribed by the federal regulators.

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
***Notes to Financial Statements***  
***June 30, 2019***

**NOTE 5 – INVESTMENTS**

The Town has investment policies for the Pension Trust Funds:

- Equities (including convertible securities) may represent up to 70% of the account's market value with a minimum requirement of 25%.
- International Securities should not exceed 20% of the total plan assets.
- Fixed income (including preferred stocks) is not to exceed 75% of the account's market value with a minimum requirement of 30%.
- Cash equivalents (including all senior debt securities with under 1 year to maturity) may be held to a maximum of 30% of the account's market value.
- No manager shall hold greater than 15% of the total pension plan assets, calculated on an annual basis.
- Manager's investments in any one equity security (except mutual funds, exchange traded funds (ETFs), and U.S. Government and Agency securities) should not exceed 5% at cost of the total market value of the respective manager's portfolio, and should not exceed 10% of the portfolio at any time.
- No more than 25% of the equity portfolio should be invested in any one of the following S&P 500 sectors: consumer cyclical, consumer staple, basic industrial, transportation, energy, capital goods and construction, utilities, finance, health care, and technology.
- Fixed income investments will be diversified by industry and by maturity. Not more than 5% of the portfolio value will be invested in any one issuer with the exception of the U.S. Government or its agencies.
- Average effective duration for the fixed income portfolio will not exceed six (6) years.
- At the time of purchase, all holdings must have a rating of A or higher from Moody's or a comparable established rating agency.
- Fixed income investments must be rated at least Baa2 or its equivalent by at least one recognized bond rating service. At least 80% of the fixed income portfolio must carry a rating of A or its equivalent by one rating agency.
- Current holdings that are not rated at least Baa2 or its equivalent by one rating agency must be sold within a reasonable period of time, not to exceed six (6) months.
- The Manager is prohibited from investing in private placements and from speculating in fixed income or interest rate futures.
- The Managers may invest in commercial paper, repurchase agreements, Treasury Bills, certificate of deposits, and money market funds. All such assets must represent maturities of one year or less at time of purchase. Commercial paper must be rated P-1 or A-1 by Standards & Poor's or Moody's respectively.

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

As of June 30, 2019 the Town had the following investments:

<b><u>Investments</u></b>	<b><u>Fair Value</u></b>	<b><u>Rating (Moody's/S&amp;P)</u></b>
Corporate Bonds	\$ 166,921	AAA
Corporate Bonds	76,461	AA1
Corporate Bonds	110,340	AA2
Corporate Bonds	187,436	AA3
Corporate Bonds	541,402	A1
Corporate Bonds	328,493	A2
Corporate Bonds	779,740	A3
Corporate Bonds	1,077,360	BAA1
Corporate Bonds	570,368	BAA2
Corporate Bonds	140,817	BAA3
Corporate Bonds	50,679	BA1
Corporate Bonds	41,318	Not rated
Municipal Obligations	30,290	A1
US Government Obligations	4,042,358	AAA
US Gov. Agency Obligations	154,030	AAA
Mortgage-Backed Securities	715,204	AAA
Mortgage-Backed Securities	29,295	Not rated
Mutual Funds & ETFs - Fixed Income	6,785,404	AAA
Mutual Funds & ETFs - Fixed Income	1,098,012	AA
Mutual Funds & ETFs - Fixed Income	4,052,688	A
Mutual Funds & ETFs - Fixed Income	3,504,311	BBB
Mutual Funds & ETFs - Fixed Income	11,547,195	BB
Mutual Funds & ETFs - Fixed Income	1,930,462	B
Mutual Funds & ETFs - Fixed Income	1,291,318	Not rated
Mutual Funds & ETFs - Equities	22,925,683	Not applicable
Common Stock	33,659,540	Not applicable
Money Market Funds	89	Not rated
Money Market Funds	3,003,965	Aaa-mf
Trust OPEB Funding Program	1,280,353	Not rated
Hedge Fund	4,851,421	Not rated
	<hr/> 104,972,953	
Add: Cash classified as investments	954,389	
Less: Investment classified as cash and cash equivalents	<hr/> (3,004,054)	
<b><i>Total investments reported in the financial statements</i></b>	<hr/> <b>\$ 102,923,288</b> <hr/>	

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

**Interest Rate Risk** – Except as discussed above for the Pension Trust Funds, the Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the exposure of the Town’s securities to this risk is presented below:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>						
		<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>11-15 Years</u>	<u>16-20 Years</u>	<u>21-25 Years</u>	<u>26-30 Years</u>
Corporate Bonds	\$ 4,071,335	\$ 155,560	\$ 2,283,714	\$ 1,632,061	\$ -	\$ -	\$ -	\$ -
Municipal Obligations	30,290	30,290	-	-	-	-	-	-
US Government Obligations	4,042,358	1,289,107	1,436,148	1,317,103	-	-	-	-
US Agency Obligations	154,030	154,030	-	-	-	-	-	-
Mortgage-Backed Securities	744,499	288,344	377,370	59,742	-	1,341	17,702	-
Mutual Funds & ETFs -								
Fixed Income	28,278,928	-	10,564,141	17,413,189	130,215	-	-	171,383
Money Market Funds	3,004,054	3,004,054	-	-	-	-	-	-
<b>Total</b>	<b>\$40,325,494</b>	<b>\$ 4,921,385</b>	<b>\$ 14,661,373</b>	<b>\$ 20,422,095</b>	<b>\$ 130,215</b>	<b>\$ 1,341</b>	<b>\$ 17,702</b>	<b>\$ 171,383</b>

Mutual fund and exchange traded fund maturity is based on average maturity of the fund. \$1,930,462 of the Town’s mutual funds and exchange traded funds do not have an average maturity.

**Credit Risk** – The Town is governed by State Laws that limit investment choices to short-term investments for its public deposits (General Fund). Except as discussed above for the Pension Trust Funds, the Town has no investment policy that would further limit its investment choices. The ratings for the Town’s investments are presented above.

**Concentration of Credit Risk** – Except as discussed above for the Pension Trust Funds, the Town does not have any policies that limit the amount that can be invested with one issuer.

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy related to custodial credit risk. The Town’s investments are held by the Town’s counterparty not in the Town’s name.

**Foreign Currency Risk** – Except as discussed above for the Pension Trust Funds, the Town does not have any policies related to foreign currency risk. Information about exposure of the Town’s securities to this risk is presented below:

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

<u>Currency</u>	<u>Fair Value</u>	
	<u>Equities</u>	<u>Fixed Income Securities</u>
Australian dollar	\$ 51,819	\$ -
Bermudian dollar	48,449	-
Brazilian real	178,685	-
Canadian dollar	-	226,660
Cayman Islands dollar	261,222	-
Chinese renminbi	87,988	-
Danish krone	154,949	-
Euro	4,281,481	193,725
Hong Kong dollar	193,548	-
Japanese yen	545,597	-
Mexican peso	66,072	61,411
Netherlands Antillean guilder	60,087	-
Norwegian krone	96,924	-
Pound sterling	1,411,179	105,486
Russian ruble	85,102	-
Singapore dollar	99,289	-
South Korean won	98,886	-
Swiss franc	562,377	-
Turkish lira	23,736	-
	<u>\$ 8,307,390</u>	<u>\$ 587,282</u>

The Town's investment in mutual funds and ETFs includes \$5,814,362 in international fixed income funds and \$5,143,369 in international equity funds.

**NOTE 6 – FAIR VALUE MEASUREMENTS**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2019:



**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
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<u><b>Investments by fair value level:</b></u>	<u><b>June 30, 2019</b></u>	<u><b>Fair Value Measurements Using:</b></u>		
		<u><b>Level 1</b></u>	<u><b>Level 2</b></u>	<u><b>Level 3</b></u>
Common Stock	\$ 33,659,540	\$ 33,659,540	\$ -	\$ -
Mutual Funds & ETFs - Equities	22,925,683	22,925,683	-	-
Mutual Funds & ETFs - Fixed Income	30,209,390	30,209,390	-	-
Corporate Bonds - Domestic Investment Grade	3,484,053	-	3,484,053	-
Fixed Income - Global/Foreign	587,282	-	587,282	-
Fixed Income - Government/Agency	4,196,388	-	4,196,388	-
Mortgage-Backed Securities	744,499	-	744,499	-
Municipal Bonds	30,290	-	30,290	-
<b><i>Total investments measured by fair value level</i></b>	<b>95,837,125</b>	<b>\$ 86,794,613</b>	<b>\$ 9,042,512</b>	<b>\$ -</b>
 <b><i>Investments measured at net asset value (NAV):</i></b>				
Money Market Funds	3,004,054			
Trust OPEB Funding Program	1,280,353			
Hedge Fund	4,851,421			
<b><i>Total investments measured at fair value</i></b>	<b>\$ 104,972,953</b>			

Equity and debt securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 are valued using multi-dimensional relational applications and models that consider benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data.

All money market investments have a maturity of less than one year. The fair value of these money market funds reflects the net asset value reported by the fund administrator which is a stable \$1 per unit. The underlining investments, which are short-term cash equivalent type investments are generally carried at amortized cost which approximates fair value. There are no participant's withdrawal limitations.

The Town's investment in the Trust OPEB Funding Program is valued using net asset value (NAV) per share (or its equivalent). The redemption frequency of the Trust OPEB Funding Program is daily and there is no redemption notice period. The Trust OPEB Funding Program investment utilizes a balanced strategy seeking both a reasonable level of income and long-term growth of capital and income. The Program invests in seven index and mutual funds: total stock market index fund, total international stock index fund, total bond market index fund, intermediate-term investment grade fund, short-term investment grade fund, inflation protected securities fund, and REIT index fund. The fair values of the underlying investments are used to determine NAV per share (or its equivalent) of the Trust OPEB Funding Program investment.

The Town's investment in the Hedge Fund is valued using the net asset value (NAV) per share (or its equivalent). The redemption frequency of the Hedge Fund is quarterly with redemption notice by the 25th calendar day of the second month of the quarter.

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 7 – LONG TERM LIABILITIES**

**A. LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2019 was as follows:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Retirements</i>	<i>Ending Balance</i>	<i>Amounts Due Within One Year</i>
<b>Governmental Activities:</b>					
<b>Bonds, notes, and loans payable:</b>					
General obligation bonds	\$ 22,284,000	\$ 5,000,000	\$ 1,485,000	\$ 25,799,000	\$ 1,759,000
Notes and loans from direct borrowings	1,152,837	-	162,206	990,631	166,492
	<u>23,436,837</u>	<u>5,000,000</u>	<u>1,647,206</u>	<u>26,789,631</u>	<u>1,925,492</u>
Plus amortized premium on bonds	1,764,374	646,536	150,382	2,260,528	-
<b>Total bonds, notes and loans payable</b>	<u>25,201,211</u>	<u>5,646,536</u>	<u>1,797,588</u>	<u>29,050,159</u>	<u>1,925,492</u>
<b>Other liabilities:</b>					
Capital leases payable	362,737	-	181,199	181,538	95,719
Compensated absences	3,920,480	379,476	337,379	3,962,577	758,144
Pollution remediation obligations	1,678,762	-	85,574	1,593,188	85,574
Net pension liabilities	72,130,905	393,091	-	72,523,996	-
Net other post-employment benefit liabilities	35,040,392	-	2,015,234	33,025,158	-
<b>Total Governmental Activities</b>					
<b>Long-Term Liabilities</b>	<u>\$ 138,334,487</u>	<u>\$ 6,419,103</u>	<u>\$ 4,416,974</u>	<u>\$ 140,336,616</u>	<u>\$ 2,864,929</u>
<b>Business Type Activities:</b>					
<b>Bonds, notes and loans payable:</b>					
Bonds from direct placements	\$ 295,000	\$ -	\$ 145,000	\$ 150,000	\$ 150,000
Notes and loans from direct borrowings	1,696,112	-	418,269	1,277,843	428,954
<b>Total bonds, notes and loans payable</b>	<u>1,991,112</u>	<u>-</u>	<u>563,269</u>	<u>1,427,843</u>	<u>578,954</u>
<b>Other liabilities:</b>					
Compensated absences	376,496	9,120	109,623	275,993	36,808
<b>Business-Type Activities</b>					
<b>Long-Term Liabilities</b>	<u>\$ 2,367,608</u>	<u>\$ 9,120</u>	<u>\$ 672,892</u>	<u>\$ 1,703,836</u>	<u>\$ 615,762</u>

All debt of the Governmental Activities is general obligation debt. The payments on the bonds, notes and loans are made from the Debt Service Fund. The capital leases are paid from the General Fund and Debt Service Fund. The compensated absences from Governmental Activities are paid from the General Fund. The net pension liabilities and other post-employment benefit liabilities will be paid from the General Fund. All debt and compensated absences of the Business-Type Activities are paid from the Water, Sewer, Beach and Middlebridge Recreation Enterprise Funds.

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

**B. BONDS PAYABLE DEBT SERVICE REQUIREMENTS**

The debt service requirements at June 30, 2019, were as follows:

<b><i>Fiscal Year Ended June 30,</i></b>	<b><i>Governmental Activities General Obligation Bonds</i></b>		<b><i>Business-Type Activities Bonds from Direct Placements</i></b>	
	<b><i>Principal</i></b>	<b><i>Interest</i></b>	<b><i>Principal</i></b>	<b><i>Interest</i></b>
2020	\$ 1,759,000	\$ 957,744	\$ 150,000	\$ 1,838
2021	1,790,000	906,205	-	-
2022	1,830,000	839,255	-	-
2023	1,870,000	772,577	-	-
2024	1,920,000	702,568	-	-
2025-2029	10,460,000	2,214,231	-	-
2030-2034	3,800,000	641,472	-	-
2035-2039	2,370,000	148,646	-	-
	<u>\$ 25,799,000</u>	<u>\$ 7,182,698</u>	<u>\$ 150,000</u>	<u>\$ 1,838</u>

**C. NOTES AND LOANS PAYABLE DEBT SERVICE REQUIREMENTS**

The debt service requirements at June 30, 2019, were as follows:

<b><i>Fiscal Year Ended June 30,</i></b>	<b><i>Governmental Activities Notes and Loans from Direct Borrowings</i></b>		<b><i>Business-Type Activities Notes and Loans from Direct Borrowings</i></b>	
	<b><i>Principal</i></b>	<b><i>Interest</i></b>	<b><i>Principal</i></b>	<b><i>Interest</i></b>
2020	\$ 166,492	\$ 14,573	\$ 428,954	\$ 23,270
2021	170,871	11,607	163,000	15,931
2022	175,347	8,561	166,000	12,587
2023	179,921	5,471	169,000	9,137
2024	52,000	3,346	173,000	5,571
2025-2029	209,000	3,764	177,889	1,879
2030	37,000	377	-	-
	<u>\$ 990,631</u>	<u>\$ 47,699</u>	<u>\$ 1,277,843</u>	<u>\$ 68,375</u>

**D. CAPITAL LEASE COMMITMENTS**

The Town acquired equipment valued at \$45,220 and vehicles valued at \$841,003 that were financed with lease purchase agreements. Amortization of assets acquired under capital leases is included in depreciation expense for the year ended June 30, 2019.

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
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**June 30, 2019**

Obligations of governmental activities under capital leases at June 30, 2019 were as follows:

<u><b>Fiscal Year Ended June 30,</b></u>	<u><b>Lease Payment Requirements</b></u>
2020	\$ 99,804
2021	87,149
Total minimum lease payments	<u>186,953</u>
Less: Amount representing interest cost	<u>(5,415)</u>
Present value of minimum lease payments	<u><u>\$ 181,538</u></u>

**TOWN OF NARRAGANSETT, RHODE ISLAND**

*Notes to Financial Statements*

**June 30, 2019**

<b>E. BONDS, NOTES AND LOANS PAYABLE</b>								
<b>Purpose</b>	<b>Date Issued</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Authorized and Issued</b>	<b>Outstanding June 30, 2018</b>	<b>New Issues</b>	<b>Refundings/ Maturities During Year</b>	<b>Outstanding June 30, 2019</b>
<b>Governmental Activities:</b>								
<b>General Obligation Bonds:</b>								
School Construction	05/15/2009	3.00-5.00%	05/15/2029	\$ 20,910,000	\$ 975,000	\$ -	\$ 975,000	\$ -
Road Bond	07/02/2014	2.00-4.00%	07/15/2034	4,100,000	3,485,000	-	205,000	3,280,000
General Obligation Bond	11/08/2016	2.00-3.00%	11/01/2036	6,100,000	5,795,000	-	305,000	5,490,000
School Refunding	04/11/2017	3.00-5.00%	05/15/2029	12,029,000	12,029,000	-	-	12,029,000
Road Bond	05/08/2019	3.00-5.00%	05/15/2039	5,000,000	-	5,000,000	-	5,000,000
<b>Total Governmental Bonds</b>					<b>22,284,000</b>	<b>5,000,000</b>	<b>1,485,000</b>	<b>25,799,000</b>
<b>Notes and Loans from Direct Borrowings:</b>								
Rose Hill Closing and Capping	09/03/2002	1.68%	09/01/2022	2,000,000	609,837	-	115,206	494,631
Narrow River	12/12/2007	1.64-2.04%	09/01/2029	600,000	387,000	-	29,000	358,000
Landfill Closure	12/15/2005	1.59-2.00%	09/01/2025	350,000	156,000	-	18,000	138,000
<b>Total Governmental Notes and Loans</b>					<b>1,152,837</b>	<b>-</b>	<b>162,206</b>	<b>990,631</b>
<b>Total Governmental Activities</b>					<b>23,436,837</b>	<b>5,000,000</b>	<b>1,647,206</b>	<b>26,789,631</b>
<b>Business-Type Activities:</b>								
<b>Bonds from Direct Placements:</b>								
Middlebridge	10/18/2012	2.45%	10/18/2019	974,000	295,000	-	145,000	150,000
<b>Total Business-Type Bonds</b>					<b>295,000</b>	<b>-</b>	<b>145,000</b>	<b>150,000</b>
<b>Notes and Loans from Direct Borrowings:</b>								
Sewer Projects	08/25/1999	3.25%	09/01/2019	780,000	98,373	-	48,520	49,853
Sewer Projects	02/04/1999	3.00%	09/01/2019	3,500,000	433,432	-	213,749	219,683
Briggs Farm Sewer Project	11/13/2003	0.97-2.12%	09/01/2024	4,200,000	1,164,307	-	156,000	1,008,307
<b>Total Business-Type Notes and Loans</b>					<b>1,696,112</b>	<b>-</b>	<b>418,269</b>	<b>1,277,843</b>
<b>Total Business-Type Activities</b>					<b>1,991,112</b>	<b>-</b>	<b>563,269</b>	<b>1,427,843</b>
<b>Total Bonds, Notes and Loans Payable</b>					<b>\$ 25,427,949</b>	<b>\$ 5,000,000</b>	<b>\$ 2,210,475</b>	<b>\$ 28,217,474</b>

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
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**F. POLLUTION REMEDIATION OBLIGATIONS**

The United States Environmental Protection Agency (US EPA) has notified the Town that two former landfills used by the Town, Rose Hill Regional Landfill (Rose Hill) and West Kingston/URI Disposal Area Landfill, have been placed on the Superfund list.

***Rose Hill Regional Landfill*** – Rose Hill was previously operated by the Towns of South Kingstown and Narragansett. In September 2002, the US EPA, the Rhode Island Department of Environmental Management (RIDEM) and the Towns of Narragansett and South Kingstown entered into a Final Consent Decree for remediation of Rose Hill. Since then, the site has been capped and long-term groundwater and air monitoring has commenced to determine the effectiveness of the cap and what, if any, additional remediation actions may be necessary in the future. The current estimated total cost of completing the clean-up of Rose Hill is \$21,577,956. The Town's share of this obligation is estimated to be \$4,525,014. In prior years, the Town paid \$2,000,000 to the Federal Government to settle all past liabilities associated with Rose Hill and \$504,931 for its share of natural resource damages. The Final Consent Decree also requires reimbursement to the State of 30% of the costs associated with remediation of this landfill and ongoing operation and maintenance costs. These costs will be shared equally by the two towns. The Town has paid \$626,895 to date for its share of remediation of the landfill and operation and maintenance costs. The Town's remaining share of the estimated cost, totaling \$1,393,188 at June 30, 2019, will be paid to the State over a 20-year period. Accordingly, \$1,393,188 has been reported as a pollution remediation obligation in the government-wide financial statements.

***West Kingston/URI Disposal Area Landfills*** – The West Kingston/URI Disposal Area Landfills, also known as the Plains Road Landfill (Plains Road), was added to the Superfund list in 1992. The Towns of Narragansett and South Kingstown and the University of Rhode Island (URI) were named as potentially responsible parties. The Towns of Narragansett and South Kingstown and URI have agreed to participate in the remediation of the site under State landfill closure regulations. A consent decree was entered for the site as well. The current estimated cost of completing the clean-up of Plains Road is \$7,509,020. The Town's share of this obligation is estimated to be \$1,694,288. The Town has paid \$1,494,288 to date related to its obligation with an estimated \$200,000 remaining for ongoing operation and maintenance costs at June 30, 2019. Accordingly, \$200,000 has been reported as a pollution remediation obligation in the government-wide financial statements.

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
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**NOTE 8 – INTERFUND BALANCES**

The Town reports interfund balances between many of its funds. The totals of all balances agree with the sum of interfund balances presented in the fund statements.

	<i>Due From:</i>			<i>Total</i>
	<i>General Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Pension Trust Funds</i>	
<b><i>Due To:</i></b>				
General Fund	\$ -	\$ 309,969	\$ 214,665	\$ 524,634
Nonmajor Governmental Funds	1,262,604	1	-	1,262,605
Agency Funds	205,268	-	-	205,268
<b><i>Total</i></b>	<b>\$ 1,467,872</b>	<b>\$ 309,970</b>	<b>\$ 214,665</b>	<b>\$ 1,992,507</b>

The balances primarily result from the time lag between the dates the 1) transactions are recorded in the accounting system and 2) payments between funds are made.

**NOTE 9 – INTERFUND TRANSFERS**

	<i>Transfer From:</i>	
	<i>General Fund</i>	<i>Total</i>
<b><i>Transfer To:</i></b>		
Nonmajor Governmental Funds	\$ 5,201,925	\$ 5,201,925
Middlebridge Recreation Fund	74,825	74,825
<b><i>Total</i></b>	<b>\$ 5,276,750</b>	<b>\$ 5,276,750</b>

Transfers are used to move revenues from the fund that the budget requires to collect them, to the funds that the budget requires to expend them.

**NOTE 10 – NET POSITION/FUND BALANCES**

The Government-Wide Financial Statements and Proprietary Fund Statements utilize a net position presentation. Net position is categorized as net investment in capital assets; restricted; and unrestricted.

***Net Investment in Capital Assets*** – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

***Restricted Net Position*** – This category represents balances limited to uses specified either externally by creditors, contributors, laws and regulations of other governments or imposed through constitutional provisions or enabling legislation.

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**Unrestricted Net Position** – This category represents the residual component of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The Town considers restricted resources to have been spent when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

**Nonspendable Fund Balance** – This classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” criteria includes items that are not expected to be converted to cash (e.g. inventories and prepaid expenditures).

**Restricted Fund Balance** – This classification includes amounts that have constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**Committed Fund Balance** – This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision-making authority. These committed amounts cannot be used for any other purpose unless the Town removes or changes the specific use by taking the same type of action it employed to previously commit those amounts.

**Assigned Fund Balance** – This classification includes amounts constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed.

**Unassigned Fund Balance** – This classification is the residual fund balance for the General Fund which is the only fund that reports a positive unassigned fund balance amount. This classification represents fund balance that has not been assigned to another fund and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Committed fund balances are established, modified or rescinded by resolution adopted by the Town Council. The Town Council delegates to the Town Manager the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. The Town considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Town considers unrestricted fund balance classifications to be used in the following order when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used: 1) committed; 2) assigned; and 3) unassigned.



**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
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**NOTE 11 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES**

**A. ACCOUNTS RECEIVABLE**

The Town disaggregates significant components of receivables in the financial statements. Receivable balances determined immaterial are included as other receivables. The Town expects to receive all receivables within the subsequent year, except for sewer assessments, sewer lot development fees and community development loans receivable. The real estate and personal property tax receivable includes an allowance for doubtful accounts of \$257,886.

**B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The accounts payable and accrued liabilities at June 30, 2019, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
<b><i>Governmental activities:</i></b>				
General Fund	\$ 372,920	\$ 759,376	\$ 482,908	\$ 1,615,204
Street Improvement Fund	601,619	620	-	602,239
Library Building Fund	9,154	-	-	9,154
Other Governmental Funds	94,203	4,942	-	99,145
<b><i>Total</i></b>	<u><u>\$ 1,077,896</u></u>	<u><u>\$ 764,938</u></u>	<u><u>\$ 482,908</u></u>	<u><u>\$ 2,325,742</u></u>
<b><i>Business-Type activities:</i></b>				
Water Fund	\$ 84,455	\$ 21,331	\$ 25,808	\$ 131,594
Sewer Fund	98,046	28,122	-	126,168
Beach Fund	55,817	61,289	-	117,106
Middlebridge Recreation Fund	780	-	-	780
<b><i>Total</i></b>	<u><u>\$ 239,098</u></u>	<u><u>\$ 110,742</u></u>	<u><u>\$ 25,808</u></u>	<u><u>\$ 375,648</u></u>

**NOTE 12 – POST-EMPLOYMENT BENEFITS**

**A. TOWN PLAN**

**Plan Description**

**Plan Administration** - The Town of Narragansett administers a single-employer, defined benefit post-employment benefit plan. This plan does not include the pension benefits discussed in Note 15. On August 1, 2011 the Town Council authorized the creation of an OPEB Trust Fund. The Finance Director is responsible for administration of the plan in accordance with the Trust Agreement dated September 8, 2011 with Town Council oversight. The plan is reported as a Trust Fund in the Town's financial statements. The plan does not issue a publicly available financial report.

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**Plan Membership** - As of June 30, 2019, the plan membership data is as follows:

Active employees (with and without coverage)	171
Retirees and beneficiaries	151
	<hr/> 322 <hr/>

**Benefits Provided** - The plan provides medical, dental and life insurance for eligible retirees and their dependents through the Town's group insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations between the Town and the respective unions or as established by the Town Ordinance for non-union employees. The plan provides the following benefits based on employee group upon retirement:

**Municipal Employees** – Employees who have attained age 58 with 10 years of service or 20 years of service (whichever is earlier) are eligible for lifetime medical, dental and life insurance benefits, if hired prior to July 1, 2014. Effective July 1, 2001, those retirees eligible for lifetime benefits who are Medicare eligible are enrolled in Blue Cross Plan 65. Council 94 employees hired on/after July 1, 2014 who have attained the age of 65 with 10 years of service or 25 years of service (whichever is earlier) are eligible for medical and dental coverage until Medicare eligible. Local 1033 employees hired on/after July 1, 2014 who have attained the age of 58 with 10 years of service or 25 years of service (whichever is earlier) are eligible for medical and dental coverage until Medicare eligible. Employees retiring prior to January 1, 2010 have no employee contribution. If the employee has a spouse and retires prior to July 1, 2018, then the Town shall provide an individual health plan for the spouse and the retiree contribution requirements noted below apply to the spouse as well. Council 94 and Local 1033 employees retiring on/after July 1, 2018 who elect spousal coverage at retirement must contribute the full incremental cost of the spousal coverage. The following employee contribution requirements apply to employees retiring on/after January 1, 2010:

- Council 94 – date of retirement prior to January 1, 2012 – 2% of monthly pension; date of retirement on/after January 1, 2012 – 10% of health and dental premiums; date of retirement on/after July 1, 2012 – 12% of health and dental premiums; date of retirement on/after July 1, 2013 – 15% of health and dental premiums; date of retirement on/after July 1, 2018 – 20% of health and dental premiums
- Local 1033 – date of retirement prior to January 1, 2012 – 2% of monthly pension. For those hired prior to July 1, 1996 who: retire between July 1, 2014 and June 30, 2015 – 5% of health and dental premiums; retire between July 1, 2015 and June 30, 2016 – 10% of health and dental premiums; retire between July 1, 2016 and June 30, 2018 – 15% of health and dental premiums; retire after July 1, 2018 – 20% of health and dental premiums. For those hired on/after July 1, 1996 who retire on/after July 1, 2014 – 20% of health and dental premium.
- Non-Union – 2% of monthly pension

Council 94 and Local 1033 employees retiring on/after July 1, 2018 will receive individual health and dental benefits only until age 65 or Medicare eligible (whichever is earlier) regardless of date of hire.

**Firefighters** – Employees who have 20 years of service are eligible for lifetime medical, dental and life insurance benefits if hired prior to July 1, 2013. Firefighters hired on/after July 1, 2013 must have 25

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years of service to be eligible for benefits. Employees retiring prior to January 1, 2011 have no employee contribution. Employees retiring on/after January 1, 2011 but prior to January 1, 2017 must contribute 20% of their health premium (for retirees and spouses). These retirees will no longer be eligible for subsidized Medicare Supplement coverage. Employees retiring on/after January 1, 2017 will receive health coverage through a Blue Solutions HDHP plan with no contribution requirement.

**Police Officers** – Employees who have attained age 58 with 10 years of service or 20 years of service (whichever is earlier) are eligible for lifetime medical, dental and life insurance benefits if hired prior to July 1, 2013. Officers hired on/after July 1, 2013 must have 25 years of service to be eligible for medical and dental coverage until Medicare eligibility and lifetime life insurance benefits. Employees retiring prior to January 1, 2010 have no employee contribution. Employees retiring on/after January 1, 2010 but prior to January 1, 2011 must contribute 2% of their monthly pension and employees retiring on/after January 1, 2011 but prior to July 1, 2013, must contribute 5% of their monthly pension towards health, dental and life insurance costs. Employees who retire on/after July 1, 2013 but prior to July 1, 2017 must contribute 15% of health and dental premiums. Employees who retire on/after July 1, 2017 but prior to July 1, 2018 must contribute 17% of health and dental premiums. Employees who retire on/after July 1, 2018 must contribute 20% of health and dental premiums.

Current and future Town retirees who waive coverage from the Town due to equivalent coverage elsewhere shall be reimbursed a percentage of the Town's cost of group health and dental depending on their coverage level (municipal employees and firefighters – 50%; police officers – 60% for retirements prior to July 1, 2017 and 50% for retirements on/after July 1, 2017). Council 94 and Local 1033 employees retiring on/after July 1, 2018 will receive this benefit until age 65 or Medicare eligible. Firefighters retiring on/after January 1, 2011 will receive this benefit until Medicare eligible. Police officers hired on/after July 1, 2013 will receive this benefit until Medicare eligible.

**Contributions** - Contribution requirements are negotiated between the Town and the respective unions or are established by Town Ordinance for non-union employees. The Town is required to contribute the cost of medical, dental and life benefits, less the amount of any applicable retiree share of premiums. For the year ended June 30, 2019, the Town's contribution was based on the adopted budget which was more than the actuarially determined contribution. For the fiscal year ended June 30, 2019, the Town contributed \$4,115,135 to the plan. Administrative costs are paid from plan assets.

**Summary of Significant Accounting Policies**

**Basis of Accounting** – The Other Post-Employment Benefits Trust Fund's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Method Used to Value Investments** – Investments are reported at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates.

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
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**Investments**

**Investment Policy** – The Finance Director may invest funds held in the OPEB Trust Fund in accordance with the Trust Agreement and State Law in the following types of investments: common or preferred stocks, bonds, notes, debentures, mortgages, equipment or investment trust certificates, mutual funds or other pooled investment vehicles, and other evidences of indebtedness.

**Rate of Return** – For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 7.13%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

**Net OPEB Liability of the Town Plan**

The components of the net OPEB liability of the Town at June 30, 2019, were as follows:

Total OPEB Liability	\$39,017,484
OPEB Plan Fiduciary Net Position	(8,982,643)
Net OPEB Liability	<u>\$30,034,841</u>

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	23.0%
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**Actuarial Assumptions** – The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal Cost Method
Salary Increases	Age 20-29 - 6%; Age 30-34 - 5.5%; Age 35-39 – 5.0%; Age 40-44 – 4.5%; Age 45+ - 4%
Inflation	2%
Investment Rate of Return	7.2%
Mortality	Police and Fire - SOA RPH-2019 Blue Collar Total Dataset Mortality Table fully generational using Scale MP-2019; Other – SOA RPH-2019 Total Dataset Mortality Table fully generational using Scale MP-2019

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Health Care Trend Rates	<u>FYE</u>	<u>Medical</u>	<u>Dental</u>	<u>Part B</u>
	2020	8.00%	4.00%	3.25%
	2021	7.50%	3.50%	3.50%
	2022	7.00%	3.00%	3.75%
	2023	6.50%	3.00%	4.00%
	2024	6.00%	3.00%	4.25%
	2025	5.50%	3.00%	4.25%
	2026	5.00%	3.00%	4.25%
	2027+	4.50%	3.00%	4.25%

The following changes in actuarial assumptions have been made since the prior measurement date:

- Inflation rate was changed from 4% to 2%.
- Mortality table for police and fire plan members was changed from SOA RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016 to SOA RPH-2019 Blue Collar Total Dataset Mortality Table fully generational using Scale MP-2019.
- Mortality table for all other plan members was changed from SOA RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016 to SOA RPH-2019 Total Dataset Mortality Table fully generational using Scale MP-2019.
- Health care trend rates - medical rate was changed from 9% decreasing to 5% to 8% decreasing to 4.5% and dental rate was changed from 4.5% decreasing to 3% to 4% decreasing to 3%.

The long-term expected rate of return on OPEB 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 OPEB 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	26.4%	1.50%
Domestic Equity	55.2%	6.00%
International Equity	7.4%	5.00%
Cash & Cash Equivalents	11.0%	0.80%
	<u>100.00%</u>	

**Discount Rate** – The discount rate used to measure the OPEB liability was 7.2% for the Town Plan. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the greater of \$3,000,000 or the expected benefit payments. Based on those

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
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assumptions, the Town Plan's net fiduciary position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The prior measurement date used a discount rate of 7.0% and a municipal bond rate of 3.87%.

**Town Plan - Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2018	\$40,274,185	\$6,894,878	\$33,379,307
Changes for the Year:			
Service cost	629,930	-	629,930
Interest on the total OPEB liability	2,783,426	-	2,783,426
Changes in benefits	-	-	-
Difference between expected and actual experience	(1,110,915)	-	(1,110,915)
Changes in assumptions	(1,238,106)	-	(1,238,106)
Employer contributions	-	4,115,135	(4,115,135)
Plan member contributions	-	-	-
Net investment income	-	299,866	(299,866)
Benefit payments, including employee refunds	(2,321,036)	(2,321,036)	-
Administrative expense	-	(6,200)	6,200
Other changes	-	-	-
Net changes	(1,256,701)	2,087,765	(3,344,466)
<b>Balances as of June 30, 2019</b>	<b>\$39,017,484</b>	<b>\$8,982,643</b>	<b>\$30,034,841</b>

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate** - The following presents the net OPEB liability of the Town Plan, as well as what the Town Plan's net OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower and 1-percentage-point higher than the current discount rate:

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Net OPEB Liability	\$34,690,936	\$30,034,841	\$26,167,009

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates** - The following presents the net OPEB liability of the Town Plan, as well as what the Town Plan's net OPEB liability would be if it were calculated using a healthcare cost trend rates 1-percentage-point lower (7% decreasing to 3.5%) and 1-percentage-point higher (9% decreasing to 5.5%) than the current healthcare cost trend rates:

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	1% Decrease (7% decreasing to 3.5%)	Current Healthcare Cost Trend Rates (8% decreasing to 4.5%)	1% Increase (9% decreasing to 5.5%)
Net OPEB Liability	\$26,316,945	\$30,034,841	\$34,514,233

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2019, the Town recognized OPEB expense of \$1,858,151. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$329,442	\$2,500,549
Changes in assumptions	646,994	2,156,455
Net difference between projected and actual earnings on OPEB plan investments	<u>260,958</u>	<u>-</u>
<b>Total</b>	<u>\$1,237,394</u>	<u>\$4,657,004</u>

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

**Year ended June 30:**

2020	\$(1,001,728)
2021	(1,001,730)
2022	(998,310)
2023	(417,842)
2024	-
Thereafter	-

**B. SCHOOL PLAN**

**Plan Description**

**Plan Administration** - The Narragansett School System administers a single-employer, defined benefit post-employment benefit plan. This plan does not include the pension benefits discussed in Note 15.

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On May 17, 2017 the School Committee authorized the creation of an OPEB Trust Fund. The Director of Finance and Administration is responsible for administration of the plan in accordance with the Trust Agreement effective May 17, 2017 with School Committee oversight. The plan is reported as a Trust Fund in the Town's financial statements. The plan does not issue a publicly available financial report.

**Plan Membership** - As of June 30, 2019 the plan membership data is as follows:

Active employees (with and without coverage)	231
Retirees and beneficiaries	194
	<hr/> 425 <hr/>

**Benefits Provided** - The plan provides medical, dental and life insurance for eligible retirees and their dependents through the School System's group insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations between the School System and the respective unions or as established by employee contract for non-union employees. The plan provides the following benefits based on employee group:

**Certified Teachers** – Employees who have 10 years of service are eligible for health and dental benefits until Medicare eligible once they meet the retirement eligibility requirements of the Employees Retirement System. Retirees are responsible for 100% of the premium cost plus a 2% administrative fee once any accrued sick leave balance which is converted to pay for health and dental insurance has been exhausted.

**Other School Employees** – Employees with 10 years of service, upon retirement, are eligible for health and dental benefits until Medicare eligible. Retirees are responsible for 100% of the premium cost plus a 2% administrative fee once any accrued sick leave balance which is converted to pay for health and dental insurance has been exhausted.

School System employees may convert accumulated vacation and sick pay, as applicable, to be used to purchase health and dental insurance based on requirements applicable to their employee group.

All employees may continue their life insurance policies at retirement as a lifetime benefit. Certified teachers pay the annual premium amount in effect at the time of their retirement. All other employees pay the full cost of coverage.

**Contributions** - Contribution requirements are negotiated between the School System and the respective unions or are established by employee contract for non-union employees. The School System is required to contribute the cost of medical, dental and life insurance benefits, less the amount of any applicable retiree share of premiums. For the year ended June 30, 2019, the plan operated on a pay as you go basis and no provision has been made to fund future benefits to be provided to plan members. For the fiscal year ended June 30, 2019, the School System contributed \$454,529 to the plan.



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**Summary of Significant Accounting Policies**

**Basis of Accounting** – The Other Post-Employment Benefits Trust Fund’s financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Method Used to Value Investments** – Investments are reported at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates.

**Investments**

**Investment Policy** – The Director of Finance and Administration may invest funds held in the OPEB Trust Fund in accordance with the Trust Agreement and State Law. The School Plan utilizes a third-party investment advisor and has adopted a balanced strategy.

**Rate of Return** – For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 6.88%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

**Net OPEB Liability of the School Plan**

The components of the net OPEB liability of the Town at June 30, 2019, were as follows:

Total OPEB Liability	\$4,270,670
OPEB Plan Fiduciary Net Position	(1,280,353)
Net OPEB Liability	<u>\$2,990,317</u>

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	30.0%
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**Actuarial Assumptions** – The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal Cost Method
Salary Increases	General wage inflation of 3.0% plus merit increases
Inflation	1.8%
Investment Rate of Return	6.5%
Mortality	SOA RPH-2014 Adjusted to 2006 Total Dataset Headcount-Weighted Mortality Table fully generational using Scale MP-2019

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Health Care Trend Rates	<u><b>FYE</b></u>	<u><b>Medical</b></u>	<u><b>Dental</b></u>
	2020	8.00%	4.00%
	2021	7.50%	3.50%
	2022	7.00%	3.00%
	2023	6.50%	3.00%
	2024	6.00%	3.00%
	2025	5.50%	3.00%
	2026	5.00%	3.00%
	2027+	4.50%	3.00%

The following changes in actuarial assumptions have been made since the prior measurement date:

- Salary increases was changed from general wage inflation of 3.5% plus merit increases to general wage inflation of 3.0% plus merit increases.
- Inflation rate was changed from 2.75% to 1.8%.
- Mortality table was changed from SOA RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016 to SOA RPH-2014 Adjusted to 2006 Total Dataset Headcount-Weighted Mortality Table fully generational using Scale MP-2019.
- Health care trend rates - medical rate was changed from 9% decreasing to 5% to 8% decreasing to 4.5% and dental rate was changed from 4.5% decreasing to 3% to 4% decreasing to 3%.

The long-term expected rate of return on OPEB 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 OPEB 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u><b>Asset Class</b></u>	<u><b>Target Asset Allocation</b></u>	<u><b>Long-Term Expected Real Rate of Return</b></u>
US Equity	37.1%	5.00%
Non-US Equity	15.9%	7.10%
U.S. Aggregate Bonds	12.0%	1.70%
Intermediate-Term Credit	7.2%	2.20%
Short-Term Credit	4.8%	2.00%
Intermediate-Term TIPS	15.0%	1.00%
REITs	8.0%	4.10%
	<hr/>	
	100.00%	
	<hr/>	

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
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**Discount Rate** – The discount rate used to measure the OPEB liability was 5.5% for the School Plan. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the expected benefit payments. Based on those assumptions, the School Plan's net fiduciary position was not projected to be available to make all projected future benefit payments of current plan members. The long-term rate of return was applied to projected benefit payments through fiscal year 2048 and the municipal bond rate of 3.51% (Bond Buyer Go 20-Bond Municipal Bond Index) was applied for years thereafter. The prior measurement date used a discount rate of 6.10% and a municipal bond rate of 3.87%.

**School Plan - Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2018	\$2,858,986	\$1,197,901	\$1,661,085
Changes for the Year:			
Service cost	161,093	-	161,093
Interest on the total OPEB liability	170,567	-	170,567
Changes in benefits	-	-	-
Difference between expected and actual experience	1,307,262	-	1,307,262
Changes in assumptions	227,291	-	227,291
Employer contributions	-	454,529	(454,529)
Plan member contributions	-	-	-
Net investment income	-	82,452	(82,452)
Benefit payments, including employee refunds	(454,529)	(454,529)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	1,411,684	82,452	1,329,232
<b>Balances as of June 30, 2019</b>	<b>\$4,270,670</b>	<b>\$1,280,353</b>	<b>\$2,990,317</b>

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate** - The following presents the net OPEB liability of the School Plan, as well as what the School Plan's net OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower and 1-percentage-point higher than the current discount rate:

	1% Decrease (4.50%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
Net OPEB Liability	\$3,233,524	\$2,990,317	\$2,765,172

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
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***Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates*** - The following presents the net OPEB liability of the School Plan, as well as what the School Plan's net OPEB liability would be if it were calculated using a healthcare cost trend rates 1-percentage-point lower (7.0% decreasing to 3.5%) and 1-percentage-point higher (9.0% decreasing to 5.5%) than the current healthcare cost trend rates:

	1% Decrease (7.0% decreasing to 3.5%)	Current Healthcare Cost Trend Rates (8.0% decreasing to 4.5%)	1% Increase (9.0% decreasing to 5.5%)
Net OPEB Liability	\$2,752,954	\$2,990,317	\$3,262,712

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2019, the School System recognized OPEB expense of \$344,026. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$1,188,420	\$383,879
Changes in assumptions	217,706	63,934
Net difference between projected and actual earnings on OPEB plan investments	<u>13,989</u>	<u>-</u>
<b>Total</b>	<u><b>\$1,420,115</b></u>	<u><b>\$447,813</b></u>

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

**Year ended June 30:**

2020	\$93,224
2021	93,226
2022	85,776
2023	85,655
2024	85,973
Thereafter	528,448

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**C. AGGREGATE OPEB AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS**

	<b>Deferred Outflows of Resources – OPEB Amounts</b>	<b>Deferred Inflows of Resources – OPEB Amounts</b>	<b>Net OPEB Liability</b>	<b>OPEB Expense</b>
Town Plan	\$1,237,394	\$4,657,004	\$30,034,841	\$1,858,151
School Plan	1,420,115	447,813	2,990,317	344,026
<b>Total</b>	<u>\$2,657,509</u>	<u>\$5,104,817</u>	<u>\$33,025,158</u>	<u>\$2,202,177</u>

**NOTE 13 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

The Town participates in various federal financial assistance programs. Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. 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 the Town expects such amounts, if any, to be immaterial.

During the ordinary course of its operations, the Town is a party to various claims, legal actions and complaints. The potential liability to the Town, if any, or an evaluation of the outcome of these matters cannot be made at the present time.

**NOTE 14 – RISK MANAGEMENT**

The Town of Narragansett is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. As a result, the Town and School System participate in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) which provides coverage for property/liability claims for the Town and School System and workers' compensation claims for the Town. Upon joining the Trust, the Town and School System signed a participation agreement which outlines the rights and responsibilities of both the Trust and the Town/School System. The agreement states that for premiums paid by the Town/School System, the Trust will assume financial responsibility for losses up to the maximum amount of insurance purchased, minus any deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its members. The School System has purchased commercial insurance for workers' compensation claims. Settled claims resulting from these risks have not exceeded the Trust or commercial insurance coverage in any of the past three fiscal years.

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The School System also participates in a healthcare self-insurance pool administered by WB Community Health (WBCH). WB Community Health is a not-for-profit organization formed to administer health and dental programs for Rhode Island cities, towns and school districts. Upon joining WBCH, each member enters into a member agreement with WBCH that outlines the rights and responsibilities of each member and WBCH.

WBCH is a claims-servicing or account pool, which is an arrangement by which a pool manages separate accounts for each pool member from which the claims and administration costs of each member are paid. This arrangement does not result in the transfer of risk to WBCH or the pooling (sharing) of risk amongst the members of WBCH. The School System is retaining the risk and it recognizes and measures its claims liabilities and related expenses in accordance with GASB Statement No. 10 because the risk of loss has not been transferred to an unrelated third party. The School System's payments of premiums to WBCH are reported as deposits (other assets) and charges for insurance in the Internal Service Fund and the claims paid by WBCH on the School System's behalf and the administrative costs paid to WBCH are recorded as expenses in the Internal Service Fund and a reduction of deposits in the Internal Service Fund. The premiums are based on "working rates" determined by WBCH based on available funds on deposit and claims experience.

In order to avoid catastrophic losses, the School System purchases specific stop loss re-insurance. Under the stop loss re-insurance, the School System is covered for medical claims in excess of \$200,000 per person per contract period.

The claims liability of \$77,546 reported in the Internal Service Fund at June 30, 2019 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the Town's claims liability for the past two fiscal years were:

	<i><b><u>Beginning Fiscal Year Liability</u></b></i>	<i><b><u>Current Year Claims and Changes In Estimate</u></b></i>	<i><b><u>Claims Payments</u></b></i>	<i><b><u>Balance Fiscal Year End</u></b></i>
2017-2018	\$229,643	\$2,934,493	\$3,054,834	\$109,302
2018-2019	\$109,302	\$3,073,013	\$3,104,769	\$77,546

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
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**NOTE 15 – PENSION PLANS**

**A. EMPLOYEES' RETIREMENT SYSTEM PLANS**

**Defined Benefit Plan**

**General Information about the Pension Plan**

**Plan Description** - Certain employees of the Narragansett School Department participate in a cost-sharing multiple-employer defined benefit pension plan - the Employees' Retirement System plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans administered by the System. The report may be obtained at <http://www.ersri.org>.

**Benefit Provisions** – The level of benefits provided to participants is established by Chapter 36-10 of the General Laws, which is subject to amendment by the General Assembly. Member benefit provisions vary based on service credits accumulated at dates specified in various amendments to the General Laws outlining minimum retirement age, benefit accrual rates and maximum benefit provisions. In general, members accumulate service credits for each year of service subject to maximum benefit accruals of 80% or 75%. For those hired after June 30, 2012, the benefit accrual rate is 1% per year with a maximum benefit accrual of 40%. Members eligible to retire at September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

The plan provides for survivor's benefits for service connected death and certain lump sum death benefits. Joint and survivor benefit provision options are available to members.

Cost of living adjustments are provided but are currently suspended until the collective plans administered by ERSRI reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments are provided at four-year intervals commencing with the plan year ending June 30, 2016.

The plan also provides nonservice-connected disability benefits after five years of service and service-connected disability benefits with no minimum service requirement.

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**Contributions** - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2019, Narragansett School Department teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The State and the Narragansett School Department are required to contribute at an actuarially determined rate, 40% of which is to be paid by the State and the remaining 60% is to be paid by the Narragansett School Department; the rates were 10.06% and 13.45% of annual covered payroll for the fiscal year ended June 30, 2019 for the State and Narragansett School Department, respectively. The Narragansett School Department contributed \$1,679,749, \$1,660,661 and \$1,642,280 for the fiscal years ended June 30, 2019, 2018 and 2017, respectively, equal to 100% of the required contributions for each year. The State's share of contributions totaling \$1,209,708 for fiscal year 2019 are reflected as on-behalf payments and are included as both revenue and expenditures in the Governmental Funds financial statements.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

At June 30, 2019, the Narragansett School Department reported a liability of \$21,717,707 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the State. The amount recognized by the Narragansett School Department 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 Narragansett School Department were as follows:

Narragansett School Department's proportionate share of the net pension liability	\$21,717,707
State's proportionate share of the net pension liability associated with the Narragansett School Department	<u>16,199,850</u>
Total net pension liability	<u>\$37,917,557</u>

The net pension liability was measured as of June 30, 2018, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018. The Narragansett School Department's proportion of the net pension liability was based on a projection of the Narragansett School Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State, actuarially determined. At June 30, 2018 the Narragansett School Department's proportion was 0.68353827%.

For the year ended June 30, 2019, the Narragansett School Department recognized in the Government-Wide financial statements gross pension expense of \$3,251,788 and revenue of \$1,469,315 for support provided by the State. At June 30, 2019, the Narragansett School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



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**Deferred outflows of resources:**

Contributions subsequent to the measurement date	\$1,679,749
Change of assumptions	1,577,541
Differences between expected and actual Experience	317,655
Changes in proportion and differences between employer contributions and proportionate share of contributions	445,497
Net difference between projected and actual earnings on pension plan investments	259,409
<b>Total</b>	<u><u>\$4,279,851</u></u>

**Deferred inflows of resources:**

Differences between expected and actual experience	\$414,225
Change of assumptions	255,572
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,423,739
<b>Total</b>	<u><u>\$2,093,536</u></u>

\$1,679,749 reported as deferred outflows of resources related to pensions resulting from the Narragansett School Department contributions in fiscal year 2019 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2020	\$434,164
2021	169,091
2022	(209,047)
2023	1,795
2024	74,018
Thereafter	36,545

**Actuarial Assumptions** - The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.0% to 13.0%
Investment rate of return	7.0%

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Mortality – Variants of the RP-2014 mortality tables – for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

The actuarial assumptions used in the June 30, 2017 valuation rolled forward to June 30, 2018 and the calculation of the total pension liability at June 30, 2018 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 34 sources. The June 30, 2018 expected arithmetic returns over the long-term (20-years) by asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
<b>GROWTH</b>		
<b>Global Equity</b>		
US Equity	20.80%	6.43%
International Developed Equity	14.40%	6.72%
Emerging Markets Equity	4.80%	8.90%
<b>Sub-total</b>	<b>40.00%</b>	
<b>Private Growth</b>		
Private Equity	11.30%	9.08%
Non-Core Real Estate	2.20%	5.03%
Opportunistic Private Credit	1.50%	9.08%
<b>Sub-total</b>	<b>15.00%</b>	
<b>INCOME</b>		
High Yield Infrastructure	1.00%	3.81%
REITS	1.00%	5.03%
Liquid Credit	2.80%	3.81%
Private Credit	3.20%	3.81%
<b>Sub-total</b>	<b>8.00%</b>	
<b>STABILITY</b>		
<b>Crisis Protection Class</b>		
Treasury Duration	4.00%	0.61%
Systematic Trend	4.00%	4.00%
<b>Sub-total</b>	<b>8.00%</b>	
<b>Inflation Protection</b>		
Core Real Estate	3.60%	5.03%
Private Infrastructure	2.40%	5.61%
TIPs	1.00%	1.75%
Natural Resources	1.00%	3.81%
<b>Sub-total</b>	<b>8.00%</b>	
<b>Volatility Protection</b>		
IG Fixed Income	11.50%	2.14%
Absolute Return	6.50%	4.00%
Cash	3.00%	0.61%
<b>Sub-total</b>	<b>21.00%</b>	
<b>Total</b>	<b>100.00%</b>	

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
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These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.0 percent as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1.00% Decrease	Current Discount	1.00 Increase
<u>(6.0%)</u>	<u>Rate</u> <u>(7.0%)</u>	<u>(8.0%)</u>
\$27,324,595	\$21,717,707	\$17,541,567

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

**Defined Contribution Plan**

***Plan Description***

Employees participating in the defined benefit plan with less than 20 years of service as of June 30, 2012, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants.

Employees contribute 5% of their annual covered salary and employers contribute between 1% and 1.5% of annual covered salary depending on the employee's total years of service as of June 30, 2012. The employer contribution is split between the State and the school department. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

The Narragansett School Department recognized pension expense of \$114,185 and employees contributed \$538,832 for the fiscal year ended June 30, 2019. For financial reporting purposes, the State's share of contributions totaling \$48,609 for fiscal year 2019 are reflected as on behalf-payments and are included as both revenue and expenditures in the accompanying financial statements.

The System issues a publicly available financial report that includes financial statements and required supplementary information for plans administered by the System. The reports can be obtained at <http://www.ersri.org>.

**B. POLICE PLAN**

**General Information about the Pension Plan**

**Plan Description and Administration** – All police officers hired before July 1, 1978 who refused the September 1984 offer to join the Town Plan are covered by the Town of Narragansett's Police Pension Plan which is administered by the Town of Narragansett Pension Board. The Pension Board consists of seven members nominated and appointed by the Town Council. This plan is a single-employer defined benefit pension plan that was established by the Town in accordance with Town Charter and State Statutes. The Town Council has the authority to establish and amend the benefits terms through the adoption of an ordinance. The pension plan is reported as a pension trust fund in the Town's financial statements. The plan does not issue a separate publicly available financial report. The plan is closed to new entrants.

**Plan Membership** – As of July 1, 2018, membership data related to the pension plan was as follows:

Active members	-
Retired and beneficiaries	14
Terminated vested	-
	<hr/> 14

**Benefit Provided** – The pension plan provides retirement, disability and survivorship benefits.

A police officer may retire upon the earlier of attainment of age 65 or the completion of 20 years of credited service. The normal retirement benefit is equal to 50% of final earnings. Retirement benefits are payable in the form of a 67.5% joint and survivor annuity if the participant is married at the retirement date or a life annuity if single.

Death benefits are provided for members with 25 years of service. The surviving spouse shall receive a monthly benefit equal to 67.5% of the member's accrued benefit continuing until his/her death or remarriage.

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

In the event a member becomes unable to perform active police duty by reason of a clearly proven physical or mental disability, he/she shall be entitled to a monthly pension in the amount of 50% of final earnings in the year of disability.

Benefit terms provide for a 3% compounded, annual cost-of-living adjustment (COLA) to a participant's retirement benefit for members who retired on or after July 1, 2002. Eligible members receive the COLA beginning on July 1 of the year the member turns 52 years old or July 1 of the year that is the 5<sup>th</sup> anniversary of the member's retirement, whichever occurs first. Participants who retired prior to July 1, 2002 do not receive COLA adjustments.

**Contributions** – Contribution requirements for the plan are established and may be amended by Town ordinance or union contract. Employees are not required to contribute to the Police Plan since there are no active members. The Town contribution is an actuarially determined amount recommended by an independent actuary. The actuarially determined amount is the estimated amount to finance the costs of benefits earned by plan members during the year, with an additional amount to finance the unfunded accrued liability. The Town contribution for the year ended June 30, 2019 was \$267,000.

**Summary of Significant Accounting Policies**

**Basis of Accounting** – The Police Pension Trust Fund's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which employees provide service to the Town. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Method Used to Value Investments** – Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

**Investments**

**Investment Policy** – The pension plan's policy is described in Note 5 – Investments.

**Rate of Return** – For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.95%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability of the Town**

The components of the net pension liability of the Town at June 30, 2019 were as follows:

Total Pension Liability	\$2,160,528
Plan Fiduciary Net Position	(1,141,073)
Town's Net Pension Liability	<u>\$1,019,455</u>
Plan fiduciary net position as a percentage of the total pension liability	52.81%

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

**Actuarial Assumptions** – The total pension liability was determined as of June 30, 2019, based on an actuarial valuation performed as of July 1, 2018 rolled forward to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Method
Amortization Method	Closed amortization over average remaining expected lifetime of current retirees
Actuarial Assumptions:	
Inflation	2%
Salary Increases	Not applicable
Investment Rate of Return	7.20%
Mortality	<ul style="list-style-type: none"> <li>• Healthy - RP-2014 Blue Collar with generational improvements from 2006 based on 2018 SSA Trustees' Report (2017 SSA Trustees' Report in prior year)</li> <li>• Disabled - RP-2014 Disabled with generational improvements from 2006 based on 2018 SSA Trustees' Report (2017 SSA Trustees' Report in prior year)</li> </ul>
Cost of Living Adjustment	3% for eligible retirees; 0% otherwise

Given the size of the plan, there is not enough data available to conduct a credible experience study. The assumptions are not anticipated to produce significant cumulative actuarial gains or losses over time. The liabilities and data are analyzed each year in order to identify any trends of experience deviating from the actuarial assumptions.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate of 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, 2019 (see the discussion of the pension plan's investment policy in Note 5 – Investments) are summarized in the following table:

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	35%	1.50%
Domestic Equity	50%	6.00%
International Equity	15%	5.00%
Alternatives	0%	2.20%
Cash	0%	0.80%
Total	100%	

**Discount Rate** – The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Police Plan**  
**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2018	\$2,283,917	\$1,038,723	\$1,245,194
Changes for the Year:			
Service cost	-	-	-
Interest on the total pension liability	155,676	-	155,676
Changes in benefits	-	-	-
Difference between expected and actual experience	(29,857)	-	(29,857)
Changes in assumptions	(5,710)	-	(5,710)
Employer contributions	-	267,000	(267,000)
Employee contributions	-	-	-
Net investment income	-	85,158	(85,158)
Benefit payments, including employee refunds	(243,498)	(243,498)	-
Administrative expense	-	(6,310)	6,310
Other changes	-	-	-
Net changes	(123,389)	102,350	(225,739)
<b>Balances as of June 30, 2019</b>	<b>\$2,160,528</b>	<b>\$1,141,073</b>	<b>\$1,019,455</b>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The following presents the net pension liability of the Town, calculated using the discount rate of 7.20%, as well as what the

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.20%) or 1-percentage point higher (8.20%) than the current rate:

	<b><i>1% Decrease (6.20%)</i></b>	<b><i>Current Discount Rate (7.20%)</i></b>	<b><i>1% Increase (8.20%)</i></b>
Net Pension Liability	\$1,175,215	\$1,019,455	\$881,958

**Pension Expense and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2019, the Town recognized pension expense of \$58,386. The Town reported deferred inflows of resources related to pensions from the following sources:

**Deferred Inflows of Resources:**

Net difference between projected and actual investment earnings	<u>\$26,957</u>
<b>Total</b>	<u><u>\$26,957</u></u>

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	
2020	\$(3,741)
2021	(14,972)
2022	(6,293)
2023	(1,951)
2024	-
Thereafter	-

**C. TOWN PENSION PLAN**

**General Information about the Pension Plan**

**Plan Description and Administration** – All employees who work at least 5 months of a year for at least 20 hours per week, except for school system employees eligible for membership in the Employees' Retirement System of the State of Rhode Island and any police officers covered by the Police Plan, are covered by the Town of Narragansett's Town Pension Plan which is administered by the Town of Narragansett Pension Board. The Pension Board consists of seven members nominated and appointed by the Town Council. This plan is a single-employer defined benefit pension plan that was established by the Town in accordance with Town Charter and State Statutes. The Town Council has the authority to establish and amend the benefits terms through the adoption of an ordinance. The pension plan is reported as a pension trust fund in the Town's financial statements. The plan does not issue a separate publicly available financial report.



**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

**Plan Membership** – As of July 1, 2018, membership data related to the pension plan was as follows:

Active members	247
Retired and beneficiaries	210
Terminated vested	20
	<hr/> 477 <hr/>

**Benefit Provided** – The pension plan provides retirement, disability and survivorship benefits.

A municipal employee or school system employee hired prior to July 1, 2015 may retire upon the later of attainment of age 58 or the completion of ten years of credited service; but, in any case, the member can retire immediately after completing 20 years of credited service. Local 1033 employees hired on or after July 1, 2014 may retire upon completion of 25 years of credited service. Council 94 employees hired on or after July 1, 2014 and school employees hired after July 1, 2015 may retire upon the later of attainment of age 65 or the completion of ten year of credited service; but in any case, the member can retire immediately after completing 25 years of credited service. A police officer hired prior to July 1, 2013 may retire upon the earlier of attainment of age 58 or the completion of 20 years of credited service. A police officer hired on or after July 1 2013 may retire upon the completion of 25 years of credited service. A firefighter hired prior to July 1, 2011 may retire upon completion of 20 years of credited service. A firefighter hired on or after July 1, 2011, may retire upon completion of 23 years from their date of hire with a minimum of 20 years of credited service. A firefighter hired on or after July 1, 2013 may retire upon completion of 25 years of credited service. For all employees hired prior to July 1, 2011, the normal retirement benefit is equal to 2.5% of final average compensation multiplied by years of credited service (subject to a maximum benefit of 75% of final average compensation). For Council 94 and Local 1033 employees hired on or after July 1, 2011, the normal retirement benefit is equal to 2% of final average compensation multiplied by years of credited service up to 20 and 2.5% of final average compensation multiplied by years of service in excess of 20, limited to 14 (subject to a maximum benefit of 75% of final average compensation). For Council 94 and Local 1033 employees hired on or after July 1, 2014 and school employees hired on or after July 1, 2015, the normal retirement benefit is equal to 2% of final average compensation multiplied by years of credited service (subject to a maximum of 75% of final average compensation). Police officers and firefighters hired on or after July 1, 2013 receive a normal retirement benefit equal to 2% of final average compensation multiplied by years of credited service. Final average compensation is the average annual basic compensation during the highest three consecutive years of service. In lieu of the normal form of benefit, any member who is married at the time of retirement may elect a pension that provides, upon the member's death, for 67.5% of the pension to continue to the dependent spouse or dependent children.

A member who has attained age 55 with 10 years of credited service, or has attained age 50 with 20 years of credited service may elect to retire early. A member who elects to retire early will receive a monthly benefit equal to the actuarial equivalent of the accrued benefit determined as of the normal retirement date.

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

Beneficiaries of municipal employees receiving death benefits for nonoccupational causes shall be entitled to the greater of a) a refund of employee contributions with interest plus a lump-sum death benefit equal to \$400 times the number of years of credited service (subject to a minimum of \$2,000 and maximum of \$8,000) or b) for municipal employees with 10 or more years of credited service, a refund of employee contributions with interest plus a monthly benefit of 50% of the member's accrued benefit. For occupational causes, the death benefit is a refund of the municipal employee's contributions with interest, plus a benefit equal to 50% of compensation.

Beneficiaries of firefighters or police officers who have completed 10 years of credited service may elect either a refund of employee contributions with interest or a benefit equal to 50% of the member's accrued benefit. Special rules apply for death after meeting eligibility for retirement.

The disability benefit for nonoccupational causes for municipal employees with seven years of credited service but prior to attainment of age 58 is a monthly benefit equal to the greater of:

- a) 2.5% of final average compensation multiplied by years of credited service (subject to a minimum of 25% and a maximum of 50%).
- b) 1-2/3% of final average compensation multiplied by years of credited service (subject to a minimum of 25%).

Disability benefits for nonoccupational causes for firefighters and police officers with seven years of credited service but prior to attainment of age 58 (age 55 for firefighters) is a benefit equal to 2.5% of final average compensation multiplied by years of credited service (subject to a minimum of 25% and a maximum of 50%). Municipal employees, firefighters and police officers disabled due to occupational causes receive a disability benefit equal to 66-2/3% of the annualized rate of compensation determined as the date of disability, reduced by the monthly value of any payments provided for the member under any workers' compensation law.

Retirees receive cost of living adjustments (COLA) as follows:

- a) *Municipal Employees (excluding School System employees)* – who retire on or after July 1, 2002 shall receive annual 3% compounded COLAs beginning on the July 1 of the year that the employee turns 58 years old. Council 94 employees hired on or after July 1, 2014 shall receive annual 3% simple COLAs beginning July 1 of the year the employee turns 58 years old.
- b) *School System Employees* – hired on or after July 1, 2015 shall receive a compounded COLA on each July 1 based on the COLA given to Social Security recipients, if any.
- c) *Firefighters* – who retire on or after July 1, 2002 and before July 1, 2015 shall receive annual 3% compounded COLAs beginning on the July 1 of the year that the firefighter turns 52 years old. Firefighters who retire on or after July 1, 2015 shall receive annual 3% simple COLAs beginning July 1 of the year the firefighter turns 52 years old. The COLA has been suspended for 8 years for active members as of July 1, 2013.

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

- d) *Police Officers* – who retire on or after July 1, 2002 if employed before July 1, 2013, shall receive annual 3% compounded COLAs beginning on the earlier of July 1 of the year that the employee turns 52 years old or July 1 of the year that is the fifth anniversary of the police officer's retirement. Police officers hired on or after July 1, 2013 shall receive annual 3% simple COLAs at retirement and when eligible. The COLA has been suspended for 8 years for active members as of July 1, 2013.

**Contributions** – Contribution requirements for the plan are established and may be amended by Town ordinance or union contract.

Members are required to contribute a percentage of their pay as follows:

Police	11% of base salary, holiday, incentive and longevity
Fire	11% of base salary, holiday, incentive and longevity
Mid-managers; laborers; clerical	10% of base salary and longevity
Non-union	10% of base salary
School	10% of base salary
Council 94; Local 1033	11% of base salary

The Town contribution is an actuarially determined amount recommended by an independent actuary. The actuarially determined amount is the estimated amount to finance the costs of benefits earned by plan members during the year, with an additional amount to finance the unfunded accrued liability. The Town contribution for the year ended June 30, 2019 was \$6,133,571.

**Summary of Significant Accounting Policies**

**Basis of Accounting** – The Town Pension Trust Fund's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which employees provide service to the Town. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Method Used to Value Investments** – Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

**Investments**

**Investment Policy** – The pension plan's policy is described in Note 5 – Investments.

**Rate of Return** – For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.18%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

**Net Pension Liability of the Town**

The components of the net pension liability of the Town at June 30, 2019 were as follows:

Total Pension Liability	\$147,602,876
Plan Fiduciary Net Position	(97,816,042)
Town's Net Pension Liability	<u>\$49,786,834</u>
Plan fiduciary net position as a percentage of the total pension liability	66.27%

**Actuarial Assumptions** – The total pension liability was determined as of June 30, 2019, based on an actuarial valuation performed as of July 1, 2018 rolled forward to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Method
Amortization Method	Closed 20-year level percent of pay amortization
Actuarial Assumptions:	
Inflation	2%
Salary Increases	Age 20-29 - 6%; Age 30-34 - 5.5%; Age 35-39 - 5%; Age 40-44 – 4.5%; Age 45+ - 4%
Investment Rate of Return	7.20%
Mortality	<ul style="list-style-type: none"> <li>• Healthy Public Safety - RP-2014 Blue Collar with generational improvements from 2006 based on 2018 SSA Trustees' Report (2017 SSA Trustees' Report in prior year)</li> <li>• Healthy Non-Public Safety – RP-2014 with generational improvements from 2006 based on 2018 SSA Trustees' Report (2017 SSA Trustees' Report in prior year)</li> <li>• Disabled - RP-2014 Disabled with generational improvements from 2006 based on 2018 SSA Trustees' Report (2017 SSA Trustees' Report in prior year)</li> </ul>
Cost of Living Adjustment	<ul style="list-style-type: none"> <li>• School Employees - 2% once eligible</li> <li>• Other Employees - 3% compounded or simple based on group and date of hire or retirement for eligible retirees (3% for eligible retirees; 0% otherwise in prior year)</li> </ul>

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

An experience study was performed for the experience over the July 1, 2007 to July 1, 2017 period. Assumptions with credible data to support updates have been implemented. The liabilities and data are analyzed each year in order to identify any trends of experience deviating from the actuarial assumptions.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate of 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, 2019 (see the discussion of the pension plan's investment policy in Note 5 – Investments) are summarized in the following table:

<u><i>Asset Class</i></u>	<u><i>Target Allocation</i></u>	<u><i>Long-Term Expected Real Rate of Return</i></u>
Fixed Income	35%	1.50%
Domestic Equity	50%	6.00%
International Equity	15%	5.00%
Alternatives	0%	2.20%
Cash	0%	0.80%
Total	<u>100%</u>	

**Discount Rate** – The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

**Town Plan**  
**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2018	\$139,926,819	\$90,834,555	\$49,092,264
Changes for the Year:			
Service cost	2,959,880	-	2,959,880
Interest on the total pension liability	10,065,392	-	10,065,392
Changes in benefits	-	-	-
Difference between expected and actual experience	1,020,603	-	1,020,603
Changes in assumptions	(190,658)	-	(190,658)
Employer contributions	-	6,133,571	(6,133,571)
Employee contributions	-	1,558,428	(1,558,428)
Net investment income	-	5,516,278	(5,516,278)
Benefit payments, including employee refunds	(6,179,160)	(6,179,160)	-
Administrative expense	-	(47,630)	47,630
Other changes	-	-	-
Net changes	7,676,057	6,981,487	694,570
<b>Balances as of June 30, 2019</b>	<b>\$147,602,876</b>	<b>\$97,816,042</b>	<b>\$49,786,834</b>

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate*** – The following presents the net pension liability of the Town, calculated using the discount rate of 7.20%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.20%) or 1-percentage point higher (8.20%) than the current rate:

	<b><i>1% Decrease (6.20%)</i></b>	<b><i>Current Discount Rate (7.20%)</i></b>	<b><i>1% Increase (8.20%)</i></b>
Net Pension Liability	\$69,634,674	\$49,786,834	\$33,616,971

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2019, the Town recognized pension expense of \$7,799,128. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Financial Statements**  
**June 30, 2019**

**Deferred Outflows of Resources:**

Differences between expected and actual experience	\$900,549
Net difference between projected and actual investment earnings	<u>1,952,711</u>
<b>Total</b>	<u><u>\$2,853,260</u></u>

**Deferred Inflows of Resources:**

Differences between expected and actual experience	\$543,785
Changes of assumptions	<u>1,229,107</u>
<b>Total</b>	<u><u>\$1,772,892</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	
2020	\$843,909
2021	(610,710)
2022	631,856
2023	215,313
2024	-
Thereafter	-

**D. AGGREGATE PENSION AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS**

	<b>Deferred Outflows of Resources – Pension Amounts</b>	<b>Deferred Inflows of Resources – Pension Amounts</b>	<b>Net Pension Liability</b>	<b>Pension Expense</b>
Employees' Retirement System of RI	\$4,279,851	\$2,093,536	\$21,717,707	\$3,251,788
Police Plan	-	26,957	1,019,455	58,386
Town Plan	<u>2,853,260</u>	<u>1,772,892</u>	<u>49,786,834</u>	<u>7,799,128</u>
<b>Total</b>	<u><u>\$7,133,111</u></u>	<u><u>\$3,893,385</u></u>	<u><u>\$72,523,996</u></u>	<u><u>\$11,109,302</u></u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:**

- **Pension Plans and Other Post-Employment Benefit Plans  
Required Supplementary Information**
- **Budgetary Comparison Schedule - General Fund**

**In addition, the notes to the required supplementary information are included to provide information that is essential to a user's understanding of the required supplementary information.**



**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Required Supplementary Information - Town Other Post-Employment Benefit (OPEB) Plan**  
**Schedule of Changes in the Town's Net OPEB Liability and Related Ratios (1)**  
**"Unaudited"**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB liability:</b>			
Service cost	\$ 629,930	\$ 679,914	\$ 1,189,644
Interest	2,783,426	2,852,809	3,005,083
Changes of benefit terms	-	-	(6,256,712)
Differences between expected and actual experience	(1,110,915)	(2,686,363)	658,887
Changes of assumptions	(1,238,106)	(1,943,284)	1,293,986
Benefits payments	(2,321,036)	(2,309,807)	(2,090,025)
<b>Net change in total OPEB liability</b>	<u>(1,256,701)</u>	<u>(3,406,731)</u>	<u>(2,199,137)</u>
<b>Total OPEB liability - beginning</b>	40,274,185	43,680,916	45,880,053
<b>Total OPEB liability - ending (a)</b>	<u><u>\$ 39,017,484</u></u>	<u><u>\$ 40,274,185</u></u>	<u><u>\$ 43,680,916</u></u>
<b>Plan fiduciary net position:</b>			
Contributions - employer	\$ 4,115,135	\$ 3,547,796	\$ 3,176,785
Contributions - employee	-	-	-
Net investment income	299,866	327,071	338,238
Benefits payments	(2,321,036)	(2,309,807)	(2,090,025)
Administrative expense	(6,200)	(8,250)	(26,250)
Other	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>2,087,765</u>	<u>1,556,810</u>	<u>1,398,748</u>
<b>Plan fiduciary net position - beginning</b>	6,894,878	5,338,068	3,939,320
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 8,982,643</u></u>	<u><u>\$ 6,894,878</u></u>	<u><u>\$ 5,338,068</u></u>
<b>Town's net OPEB liability - ending (a) - (b)</b>	<u><u>\$ 30,034,841</u></u>	<u><u>\$ 33,379,307</u></u>	<u><u>\$ 38,342,848</u></u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	23.02%	17.12%	12.22%
<b>Covered employee payroll</b>	\$ 12,599,633	\$ 10,637,623	\$ 10,228,484
<b>Town's net OPEB liability as a percentage of covered employee payroll</b>	238.38%	313.79%	374.86%

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*The notes to the required supplementary information are an integral part of this schedule.*

**TOWN OF NARRAGANSET, RHODE ISLAND**  
**Required Supplementary Information - School Other Post-Employment Benefit (OPEB) Plan**  
**Schedule of Changes in the Town's Net OPEB Liability and Related Ratios (1)**  
**"Unaudited"**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB liability:</b>			
Service cost	\$ 161,093	\$ 177,566	\$ 199,504
Interest	170,567	178,180	167,455
Changes of benefit terms	-	-	-
Differences between expected and actual experience	1,307,262	(262,942)	(241,063)
Changes of assumptions	227,291	(78,142)	15,824
Benefits payments	(454,529)	(315,478)	(399,334)
<b>Net change in total OPEB liability</b>	<u>1,411,684</u>	<u>(300,816)</u>	<u>(257,614)</u>
<b>Total OPEB liability - beginning</b>	<u>2,858,986</u>	<u>3,159,802</u>	<u>3,417,416</u>
<b>Total OPEB liability - ending (a)</b>	<u><u>\$ 4,270,670</u></u>	<u><u>\$ 2,858,986</u></u>	<u><u>\$ 3,159,802</u></u>
 <b>Plan fiduciary net position:</b>			
Contributions - employer	\$ 454,529	\$ 315,478	\$ 1,522,122
Contributions - employee	-	-	-
Net investment income	82,452	75,090	23
Benefits payments	(454,529)	(315,478)	(399,334)
Administrative expense	-	-	-
Other	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>82,452</u>	<u>75,090</u>	<u>1,122,811</u>
<b>Plan fiduciary net position - beginning</b>	<u>1,197,901</u>	<u>1,122,811</u>	<u>-</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 1,280,353</u></u>	<u><u>\$ 1,197,901</u></u>	<u><u>\$ 1,122,811</u></u>
 <b>Town's net OPEB liability - ending (a) - (b)</b>	<u><u>\$ 2,990,317</u></u>	<u><u>\$ 1,661,085</u></u>	<u><u>\$ 2,036,991</u></u>
 <b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	29.98%	41.90%	35.53%
 <b>Covered employee payroll</b>	\$ 15,425,573	N/A	N/A
 <b>Town's net OPEB liability as a percentage of covered employee payroll</b>	19.39%	N/A	N/A

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*The notes to the required supplementary information are an integral part of this schedule.*

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Required Supplementary Information - Other Post-employment Benefit (OPEB) Plans**  
**Schedule of Town Contributions**  
**Last Ten Fiscal Years**  
**"Unaudited"**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b><u>Town Plan</u></b>										
Actuarially determined contribution	\$ 3,372,903	\$ 3,567,929	\$ 3,517,887	\$ 4,620,054	\$ 5,047,958	\$ 5,030,992	\$ 5,117,673	\$ 5,960,237	\$ 5,308,196	\$ 6,549,964
Contributions in relation to the actuarially determined contribution	4,115,135	3,547,796	3,176,785	2,911,234	2,346,138	2,510,011	2,516,858	3,069,142	1,899,453	1,447,706
<b>Contribution deficiency (excess)</b>	<b>\$ (742,232)</b>	<b>\$ 20,133</b>	<b>\$ 341,102</b>	<b>\$ 1,708,820</b>	<b>\$ 2,701,820</b>	<b>\$ 2,520,981</b>	<b>\$ 2,600,815</b>	<b>\$ 2,891,095</b>	<b>\$ 3,408,743</b>	<b>\$ 5,102,258</b>
Covered employee payroll	\$ 12,599,633	\$ 10,637,623	\$ 10,228,484	\$ 9,808,380	\$ 9,522,699	\$ 9,377,308	\$ 9,104,183	\$ 8,839,013	\$ 8,644,525	Not available
Contributions as a percentage of covered employee payroll	32.66%	33.35%	31.06%	29.68%	24.64%	26.77%	27.65%	34.72%	21.97%	Not available
<b><u>School Plan (1)</u></b>										
Actuarially determined contribution	\$ 319,008	\$ 306,721	\$ 379,021	\$ 419,272	\$ 392,924	\$ 379,211	\$ 488,877	\$ 445,449	\$ 473,447	
Contributions in relation to the actuarially determined contribution	454,529	315,478	1,522,122	335,099	307,430	275,520	301,939	274,490	241,254	
<b>Contribution deficiency (excess)</b>	<b>\$ (135,521)</b>	<b>\$ (8,757)</b>	<b>\$ (1,143,101)</b>	<b>\$ 84,173</b>	<b>\$ 85,494</b>	<b>\$ 103,691</b>	<b>\$ 186,938</b>	<b>\$ 170,959</b>	<b>\$ 232,193</b>	
Covered employee payroll	\$ 15,425,573	Not available	Not available	Not available	Not available	\$ 16,032,959	\$ 15,565,980	\$ 15,293,489	\$ 15,293,489	
Contributions as a percentage of covered employee payroll	2.95%	Not available	Not available	Not available	Not available	1.72%	1.94%	1.79%	1.58%	

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The notes to the required supplementary information are an integral part of this schedule.

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Required Supplementary Information - Other Post-Employment Benefit (OPEB) Plans**  
**Schedule of Investment Returns (1)**  
**"Unaudited"**

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	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b><i>Town Plan</i></b>			
Annual money-weighted rate of return, net of investment expense	<u>7.13%</u>	<u>9.56%</u>	<u>12.52%</u>
<b><i>School Plan</i></b>			
Annual money-weighted rate of return, net of investment expense	<u>6.88%</u>	<u>6.69%</u>	<u>0.00%</u>

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**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Required Supplementary Information**  
**Employees' Retirement System Pension Plan**  
**Schedule of the Town's Proportionate Share of the Net Pension Liability (1)**  
**"Unaudited"**

<i>Fiscal Year</i>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.68353827%	0.69095908%	0.74560016%	0.75381396%	0.71867874%
Town's proportionate share of the net pension liability	\$ 21,717,707	\$ 21,793,447	\$ 22,245,559	\$ 20,752,519	\$ 17,492,643
State's proportionate share of the net pension liability associated with the Town	<u>16,199,850</u>	<u>16,470,610</u>	<u>15,234,941</u>	<u>14,177,469</u>	<u>11,995,511</u>
Total	<u>\$ 37,917,557</u>	<u>\$ 38,264,057</u>	<u>\$ 37,480,500</u>	<u>\$ 34,929,988</u>	<u>\$ 29,488,154</u>
Town's covered-employee payroll	\$ 12,337,484	\$ 12,258,431	\$ 12,249,451	\$ 12,250,219	\$ 12,180,991
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	176.03%	177.78%	181.60%	169.41%	143.61%
Plan fiduciary net position as a percentage of the total pension liability	54.30%	54.00%	54.06%	57.55%	61.40%

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**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Required Supplementary Information - Police Pension Plan**  
**Schedule of Changes in the Town's Net Pension Liability and Related Ratios (1)**  
**"Unaudited"**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability:</b>						
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	155,676	160,506	163,991	174,613	177,837	182,866
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(29,857)	22,730	50,752	(37,247)	(20,730)	-
Changes of assumptions	(5,710)	(5,407)	(14,486)	33,213	85,996	-
Benefits payments, including refunds of member contributions	(243,498)	(246,322)	(251,011)	(254,103)	(255,145)	(244,698)
<b>Net change in total pension liability</b>	<u>(123,389)</u>	<u>(68,493)</u>	<u>(50,754)</u>	<u>(83,524)</u>	<u>(12,042)</u>	<u>(61,832)</u>
<b>Total pension liability - beginning</b>	<u>2,283,917</u>	<u>2,352,410</u>	<u>2,403,164</u>	<u>2,486,688</u>	<u>2,498,730</u>	<u>2,560,562</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 2,160,528</u>	<u>\$ 2,283,917</u>	<u>\$ 2,352,410</u>	<u>\$ 2,403,164</u>	<u>\$ 2,486,688</u>	<u>\$ 2,498,730</u>
<b>Plan fiduciary net position:</b>						
Contributions - employer	\$ 267,000	\$ 267,000	\$ 267,000	\$ 355,000	\$ 126,770	\$ 124,954
Contributions - employee	-	-	-	-	-	-
Net investment income	85,158	89,525	102,865	930	2,633	-
Benefits payments, including refunds of member contributions	(243,498)	(246,322)	(251,011)	(254,103)	(255,145)	(244,698)
Administrative expense	(6,310)	(5,795)	(5,180)	(4,540)	-	-
Other	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>102,350</u>	<u>104,408</u>	<u>113,674</u>	<u>97,287</u>	<u>(125,742)</u>	<u>(119,744)</u>
<b>Plan fiduciary net position - beginning</b>	<u>1,038,723</u>	<u>934,315</u>	<u>820,641</u>	<u>723,354</u>	<u>849,096</u>	<u>968,840</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 1,141,073</u>	<u>\$ 1,038,723</u>	<u>\$ 934,315</u>	<u>\$ 820,641</u>	<u>\$ 723,354</u>	<u>\$ 849,096</u>
<b>Town's net pension liability - ending (a) - (b)</b>	<u>\$ 1,019,455</u>	<u>\$ 1,245,194</u>	<u>\$ 1,418,095</u>	<u>\$ 1,582,523</u>	<u>\$ 1,763,334</u>	<u>\$ 1,649,634</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	52.81%	45.48%	39.72%	34.15%	29.09%	33.98%
<b>Covered employee payroll</b>	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
<b>Town's net pension liability as a percentage of covered employee payroll</b>	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

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**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Required Supplementary Information - Town Pension Plan**  
**Schedule of Changes in the Town's Net Pension Liability and Related Ratios (1)**  
**"Unaudited"**

	2019	2018	2017	2016	2015	2014
<b>Total pension liability:</b>						
Service cost	\$ 2,959,880	\$ 2,955,588	\$ 2,930,982	\$ 2,810,067	\$ 2,550,557	\$ 2,777,999
Interest	10,065,392	9,790,545	9,285,637	8,763,993	8,179,918	7,743,047
Changes of benefit terms	-	-	-	(420,257)	-	-
Differences between expected and actual experience	1,020,603	(1,087,571)	540,391	715,831	415,238	(138,666)
Changes of assumptions	(190,658)	(1,934,928)	(474,603)	3,440,952	2,569,581	(69,684)
Benefits payments, including refunds of member contributions	(6,179,160)	(5,642,039)	(4,946,770)	(4,846,536)	(4,369,538)	(4,151,080)
<b>Net change in total pension liability</b>	<b>7,676,057</b>	<b>4,081,595</b>	<b>7,335,637</b>	<b>10,464,050</b>	<b>9,345,756</b>	<b>6,161,616</b>
<b>Total pension liability - beginning</b>	<b>139,926,819</b>	<b>135,845,224</b>	<b>128,509,587</b>	<b>118,045,537</b>	<b>108,699,781</b>	<b>102,538,165</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 147,602,876</b>	<b>\$ 139,926,819</b>	<b>\$ 135,845,224</b>	<b>\$ 128,509,587</b>	<b>\$ 118,045,537</b>	<b>\$ 108,699,781</b>
<b>Plan fiduciary net position:</b>						
Contributions - employer	\$ 6,133,571	\$ 5,957,877	\$ 5,399,268	\$ 5,190,005	\$ 4,999,356	\$ 3,237,890
Contributions - employee	1,558,428	1,583,751	1,474,196	1,427,810	1,465,617	1,272,360
Net investment income	5,516,278	5,063,944	7,844,533	(1,643,823)	472,799	10,071,983
Benefits payments, including refunds of member contributions	(6,179,160)	(5,642,039)	(4,946,770)	(4,846,536)	(4,369,538)	(4,151,082)
Administrative expense	(47,630)	(59,100)	(28,905)	(28,067)	(38,693)	(36,250)
Other	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>6,981,487</b>	<b>6,904,433</b>	<b>9,742,322</b>	<b>99,389</b>	<b>2,529,541</b>	<b>10,394,901</b>
<b>Plan fiduciary net position - beginning</b>	<b>90,834,555</b>	<b>83,930,122</b>	<b>74,187,800</b>	<b>74,088,411</b>	<b>71,558,870</b>	<b>61,163,969</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 97,816,042</b>	<b>\$ 90,834,555</b>	<b>\$ 83,930,122</b>	<b>\$ 74,187,800</b>	<b>\$ 74,088,411</b>	<b>\$ 71,558,870</b>
<b>Town's net pension liability - ending (a) - (b)</b>	<b>\$ 49,786,834</b>	<b>\$ 49,092,264</b>	<b>\$ 51,915,102</b>	<b>\$ 54,321,787</b>	<b>\$ 43,957,126</b>	<b>\$ 37,140,911</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>66.27%</b>	<b>64.92%</b>	<b>61.78%</b>	<b>57.73%</b>	<b>62.76%</b>	<b>65.83%</b>
<b>Covered employee payroll</b>	<b>\$ 13,952,640</b>	<b>\$ 13,835,881</b>	<b>\$ 13,626,448</b>	<b>\$ 12,984,298</b>	<b>\$ 12,188,272</b>	<b>\$ 12,466,246</b>
<b>Town's net pension liability as a percentage of covered employee payroll</b>	<b>356.83%</b>	<b>354.82%</b>	<b>380.99%</b>	<b>418.37%</b>	<b>360.65%</b>	<b>297.93%</b>

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The notes to the required supplementary information are an integral part of this schedule.

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Required Supplementary Information - Pension Plans**  
**Schedule of Town Contributions**  
**Last Ten Fiscal Years**  
**"Unaudited"**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b><u>Employees' Retirement System of RI (1)</u></b>										
Actuarially determined contribution	\$ 1,679,749	\$ 1,660,661	\$ 1,642,280	\$ 1,706,931	\$ 1,666,194					
Contributions in relation to the actuarially determined contribution	1,679,749	1,660,661	1,642,280	1,706,931	1,666,194					
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
Covered employee payroll	\$ 12,290,329	\$ 12,337,484	\$ 12,258,431	\$ 12,249,451	\$ 12,250,219					
Contributions as a percentage of covered employee payroll	13.67%	13.46%	13.40%	13.93%	13.60%					
<b><u>Police Plan</u></b>										
Actuarially determined contribution	\$ 215,294	\$ 226,427	\$ 230,391	\$ 216,196	\$ 208,518	\$ 129,257	\$ 124,954	\$ 131,117	\$ 125,293	\$ 77,093
Contributions in relation to the actuarially determined contribution	267,000	267,000	267,000	355,000	126,770	124,954	102,200	102,200	130,000	120,000
<b>Contribution deficiency (excess)</b>	<u>\$ (51,706)</u>	<u>\$ (40,573)</u>	<u>\$ (36,609)</u>	<u>\$ (138,804)</u>	<u>\$ 81,748</u>	<u>\$ 4,303</u>	<u>\$ 22,754</u>	<u>\$ 28,917</u>	<u>\$ (4,707)</u>	<u>\$ (42,907)</u>
Covered employee payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Contributions as a percentage of covered employee payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
<b><u>Town Plan</u></b>										
Actuarially determined contribution	\$ 6,057,902	\$ 5,858,887	\$ 5,428,475	\$ 5,082,997	\$ 4,881,459	\$ 5,619,927	\$ 5,432,159	\$ 4,359,974	\$ 3,581,961	\$ 2,462,870
Contributions in relation to the actuarially determined contribution	6,133,571	5,957,877	5,399,268	5,190,005	4,999,356	3,237,890	2,627,014	2,177,565	1,936,385	1,557,772
<b>Contribution deficiency (excess)</b>	<u>\$ (75,669)</u>	<u>\$ (98,990)</u>	<u>\$ 29,207</u>	<u>\$ (107,008)</u>	<u>\$ (117,897)</u>	<u>\$ 2,382,037</u>	<u>\$ 2,805,145</u>	<u>\$ 2,182,409</u>	<u>\$ 1,645,576</u>	<u>\$ 905,098</u>
Covered employee payroll	\$ 13,952,640	\$ 13,835,881	\$ 13,626,448	\$ 12,984,298	\$ 12,188,272	\$ 12,466,246	\$ 12,482,365	\$ 11,393,405	\$ 11,975,586	\$ 9,620,655
Contributions as a percentage of covered employee payroll	43.96%	43.06%	39.62%	39.97%	41.02%	25.97%	21.05%	19.11%	16.17%	16.19%

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**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Required Supplementary Information - Pension Plans**  
**Schedule of Investment Returns (1)**  
**"Unaudited"**

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	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><i>Police Plan</i></b>						
Annual money-weighted rate of return, net of investment expense	<u>6.95%</u>	<u>7.91%</u>	<u>10.00%</u>	<u>0.09%</u>	<u>0.78%</u>	<u>0.00%</u>
<b><i>Town Plan</i></b>						
Annual money-weighted rate of return, net of investment expense	<u>6.18%</u>	<u>6.11%</u>	<u>10.69%</u>	<u>-2.29%</u>	<u>0.71%</u>	<u>15.81%</u>

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**TOWN OF NARRAGANSETT, RHODE ISLAND**  
*Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual*  
**General Fund**  
*For the Fiscal Year Ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
<b>Property taxes:</b>				
Current year taxes	\$ 51,054,537	\$ 51,054,537	\$ 51,291,422	\$ 236,885
Prior year taxes	215,000	215,000	452,565	237,565
	<u>51,269,537</u>	<u>51,269,537</u>	<u>51,743,987</u>	<u>474,450</u>
<b>Investment and interest revenues:</b>				
Interest on delinquent taxes	170,000	170,000	239,908	69,908
Interest from investments	125,000	125,000	365,547	240,547
	<u>295,000</u>	<u>295,000</u>	<u>605,455</u>	<u>310,455</u>
<b>Intergovernmental revenues:</b>				
Motor vehicle phase-out	277,376	277,376	303,733	26,357
State beach parking	190,000	190,000	206,752	16,752
State telephone tax	196,380	196,380	196,636	256
State hotel tax	297,978	297,978	270,280	(27,698)
State meal and beverage tax	675,000	675,000	703,949	28,949
School housing aid	461,050	461,050	461,050	-
Storm damage	-	-	11,377	11,377
	<u>2,097,784</u>	<u>2,097,784</u>	<u>2,153,777</u>	<u>55,993</u>
<b>Licenses and permits:</b>				
Building permits	350,000	350,000	362,204	12,204
Mooring fees	59,000	59,000	57,945	(1,055)
Variance and exception fees	10,000	10,000	11,168	1,168
Fire alarm inspection fees	10,000	10,000	11,260	1,260
Road open permits	2,000	2,000	925	(1,075)
VIN inspection fees	5,000	5,000	5,130	130
	<u>436,000</u>	<u>436,000</u>	<u>448,632</u>	<u>12,632</u>
<b>Fines and forfeitures:</b>				
Police fees and fines	15,000	15,000	24,627	9,627
Municipal court	400,000	400,000	314,982	(85,018)
	<u>415,000</u>	<u>415,000</u>	<u>339,609</u>	<u>(75,391)</u>

(Continued)

*The notes to the required supplementary information are an integral part of this schedule.*

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
*Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)*  
**General Fund**  
*For the Fiscal Year Ended June 30, 2019*

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><i>PILOT &amp; interfund revenues:</i></b>				
Beach in lieu of taxes	207,447	207,447	207,447	-
Housing authority in lieu of taxes	1,590	1,590	1,590	-
Water in lieu of taxes	32,015	32,015	32,015	-
Wastewater in lieu of taxes	142,992	142,992	142,992	-
Charter school	8,000	8,000	8,000	-
Federal PILOT	71,000	71,000	74,170	3,170
Water administrative fees	139,089	139,089	139,089	-
Wastewater administrative fees	428,060	428,060	428,060	-
Beach administrative fees	133,342	133,342	133,342	-
Rental registration transfer	146,000	146,000	146,000	-
Vehicle maintenance	155,000	155,000	81,691	(73,309)
	<u>1,464,535</u>	<u>1,464,535</u>	<u>1,394,396</u>	<u>(70,139)</u>
<b><i>Miscellaneous revenues:</i></b>				
Police finger print receipts	4,000	4,000	4,350	350
Town clerk general receipts	700,000	700,000	857,221	157,221
Town clerk alcoholic beverages	34,000	34,000	31,481	(2,519)
Police detail revenue	125,000	125,000	208,207	83,207
Cellular tower rentals	154,000	154,000	180,314	26,314
Miscellaneous receipts	40,000	40,000	34,513	(5,487)
Emergency medical services	450,000	450,000	460,218	10,218
Miscellaneous police receipts	20,000	20,000	1,210	(18,790)
Concessions	2,650	2,650	2,250	(400)
Fire marshal plan review	15,000	15,000	13,633	(1,367)
Miscellaneous fire department receipts	-	-	598	598
	<u>1,544,650</u>	<u>1,544,650</u>	<u>1,793,995</u>	<u>249,345</u>
<b><i>Recreation revenues:</i></b>				
Community center rental	8,000	8,000	11,675	3,675
Miscellaneous receipts	10,000	10,000	20,804	10,804
Basketball	40,000	40,000	25,344	(14,656)
Workshops	31,000	31,000	16,386	(14,614)
The Camp	70,000	70,000	55,490	(14,510)
Park rental	15,000	15,000	4,112	(10,888)
Concert revenue	-	-	5,750	5,750
	<u>174,000</u>	<u>174,000</u>	<u>139,561</u>	<u>(34,439)</u>
<b><i>Other financing sources:</i></b>				
Fund balance appropriation	1,677,610	1,677,610	1,677,610	-
<b><i>Total revenues and other financing sources</i></b>	<u>59,374,116</u>	<u>59,374,116</u>	<u>60,297,022</u>	<u>922,906</u>

(Continued)

*The notes to the required supplementary information are an integral part of this schedule.*

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
*Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)*  
**General Fund**  
*For the Fiscal Year Ended June 30, 2019*

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
<b>General government:</b>				
Town council	82,823	82,823	35,533	47,290
Town solicitor	120,000	120,000	167,834	(47,834)
Municipal court	225,094	225,094	208,109	16,985
Board of canvassers	143,802	143,802	98,525	45,277
Town manager	305,726	305,726	361,083	(55,357)
Human resources	131,246	131,246	129,905	1,341
Town clerk	425,893	425,893	489,358	(63,465)
Information technology	417,283	417,283	387,624	29,659
History commission	1,050	1,050	510	540
Conservation commission	11,250	11,250	10,270	980
Planning board	5,450	5,450	2,337	3,113
Zoning board of appeals	5,450	5,450	6,607	(1,157)
Special appropriations	161,972	161,972	155,972	6,000
	<u>2,037,039</u>	<u>2,037,039</u>	<u>2,053,667</u>	<u>(16,628)</u>
<b>Financial administration:</b>				
Financial and purchasing	390,963	390,963	442,294	(51,331)
Accounting	437,653	437,653	421,585	16,068
Tax assessor	397,599	397,599	312,778	84,821
Tax collector	330,199	330,199	289,336	40,863
	<u>1,556,414</u>	<u>1,556,414</u>	<u>1,465,993</u>	<u>90,421</u>
<b>Public safety:</b>				
Police administration	1,489,673	1,489,673	1,380,593	109,080
Uniformed patrol	5,004,012	5,004,012	4,919,570	84,442
Investigations	867,678	867,678	848,088	19,590
Animal control	205,887	205,887	183,256	22,631
Harbor master	44,350	44,350	36,840	7,510
Dispatching & records	1,033,871	1,033,871	966,150	67,721
Fire	5,667,476	5,667,476	5,774,135	(106,659)
Emergency management	13,141	13,141	2,942	10,199
	<u>14,326,088</u>	<u>14,326,088</u>	<u>14,111,574</u>	<u>214,514</u>
<b>Public works:</b>				
Public works administration	405,434	405,434	407,902	(2,468)
Highway	1,812,315	1,812,315	1,635,231	177,084
Facilities maintenance	205,774	205,774	213,722	(7,948)
Vehicle maintenance	674,856	674,856	725,234	(50,378)
	<u>3,098,379</u>	<u>3,098,379</u>	<u>2,982,089</u>	<u>116,290</u>

(Continued)

*The notes to the required supplementary information are an integral part of this schedule.*

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
*Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)*  
**General Fund**  
*For the Fiscal Year Ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><i>Parks and recreation:</i></b>				
Parks and recreation administration	207,145	207,145	205,401	1,744
Parks maintenance	805,533	805,533	763,207	42,326
Recreation programs	510,329	510,329	343,374	166,955
	<u>1,523,007</u>	<u>1,523,007</u>	<u>1,311,982</u>	<u>211,025</u>
<b><i>Planning, engineering and inspection:</i></b>				
Community development	468,827	468,827	433,187	35,640
Inspection services	349,614	349,614	350,986	(1,372)
Engineering	317,438	317,438	353,385	(35,947)
	<u>1,135,879</u>	<u>1,135,879</u>	<u>1,137,558</u>	<u>(1,679)</u>
<b><i>Town-wide expenditures</i></b>	<u>813,310</u>	<u>813,310</u>	<u>808,736</u>	<u>4,574</u>
<b><i>Education appropriation</i></b>	<u>26,046,813</u>	<u>26,046,813</u>	<u>26,046,813</u>	<u>-</u>
<b><i>Library appropriation</i></b>	<u>841,103</u>	<u>841,103</u>	<u>841,103</u>	<u>-</u>
<b><i>Other:</i></b>				
Contingency	300,000	300,000	33,000	267,000
OPEB contribution	3,200,636	3,200,636	3,200,636	-
Police Chapter 1666 pension contribution	267,000	267,000	267,000	-
Retirement and termination benefits	150,000	150,000	-	150,000
	<u>3,917,636</u>	<u>3,917,636</u>	<u>3,500,636</u>	<u>417,000</u>
<b><i>Other financing uses:</i></b>				
<b><i>Transfers to other funds:</i></b>				
Special Revenue Funds	12,000	12,000	12,000	-
Town Capital Projects Fund	1,666,150	1,666,150	1,666,150	-
Debt Service Fund	2,275,473	2,275,473	2,275,473	-
Land Conservancy Fund	50,000	50,000	50,000	-
Middlebridge Fund	74,825	74,825	74,825	-
	<u>4,078,448</u>	<u>4,078,448</u>	<u>4,078,448</u>	<u>-</u>
<b><i>Total expenditures and other financing uses</i></b>	<u>59,374,116</u>	<u>59,374,116</u>	<u>58,338,599</u>	<u>1,035,517</u>
<b><i>Net change in fund balance - budgetary basis</i></b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,958,423</u>	<u>\$ 1,958,423</u>

*The notes to the required supplementary information are an integral part of this schedule.*

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2019**  
**"Unaudited"**

**NOTE 1 - SCHEDULE OF TOWN CONTRIBUTIONS - OPEB PLANS**

	<u><i>Town Other Post-Employment Benefit Plan</i></u>	<u><i>School Other Post-Employment Benefit Plan</i></u>
<i>Valuation date:</i>	6/30/2019	6/30/2019
<i>Methods and assumptions used to determine contribution rates:</i>		
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level dollar - closed	Level dollar - closed
Remaining amortization period	28 years	28 years
Asset valuation method	Fair market value	Fair market value
Investment rate of return/ Discount rate	7.20% discount rate	6.75% discount rate
Inflation rate	2%	1.80%
Payroll growth rate	N/A	N/A
Medical trend cost rate	Medical - 8% per year graded off to an ultimate rate of 4.5% per year Part B - 3.25% per year increasing to an ultimate rate of 4.25% per year	Medical - 8% per year graded off to an ultimate rate of 4.5% per year
Dental trend cost rate	4% per year graded off to an ultimate rate of 3% per year	4.% per year graded off to an ultimate rate of 3% per year
Mortality	Police and Fire - SOA RPH-2019 Blue Collar Total Dataset Mortality Table fully generational using Scale MP-2019 Other - SOA RPH-2019 Total Dataset Mortality Table fully generational using Scale MP-2019	SOA RPH-2014 Adjusted to 2006 Total Dataset Headcount-Weighted Mortality Table fully generational using Scale MP-2019

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
*Notes to Required Supplementary Information*  
**June 30, 2019**  
**"Unaudited"**

**NOTE 2 - SCHEDULE OF TOWN CONTRIBUTIONS - PENSION PLANS**

	<i>Employees' Retirement System of RI</i>	<i>Police Pension</i>	<i>Town Pension</i>												
<b>Valuation date:</b>	June 30, 2016 - Actuarially determined contribution rates are calculated as of June 30 of each plan year and effective 2 years later	July 1, 2017 - Actuarially determined contribution rates are based on the calculated contribution as a percentage of payroll from the prior valuation date	July 1, 2017 - Actuarially determined contribution rates are based on the calculated contribution as a percentage of payroll from the prior valuation date												
<b>Methods and assumptions used to determine contribution rates:</b>															
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal												
Amortization method	Level percentage of payroll over a closed period	Closed amortization over the average remaining expected lifetime of current retirees	Level percent of payroll over a closed 20 year period; for this purpose, payroll is assumed to grow at 4% annually												
Remaining amortization period	19 years	11 years	20 years												
Asset valuation method	5-year smoothed market	Fair market value of assets on the valuation date	Fair market value of assets on the valuation date adjusted for a 5 year phase in of gains and losses of plan assets												
Projected salary increases	Teachers - 3.5% - 13.5%	Not applicable	<table><tr><td><u>Age</u></td><td><u>Percent</u></td></tr><tr><td>20-29</td><td>6.00%</td></tr><tr><td>30-34</td><td>5.50%</td></tr><tr><td>35-39</td><td>5.00%</td></tr><tr><td>40-44</td><td>4.50%</td></tr><tr><td>45+</td><td>4.00%</td></tr></table>	<u>Age</u>	<u>Percent</u>	20-29	6.00%	30-34	5.50%	35-39	5.00%	40-44	4.50%	45+	4.00%
<u>Age</u>	<u>Percent</u>														
20-29	6.00%														
30-34	5.50%														
35-39	5.00%														
40-44	4.50%														
45+	4.00%														
Investment rate of return	7.50%	7.20%	7.20%												
Inflation	2.75%	2%	2%												
Retirement rates	Experienced based table of rates that are specific to the type of eligibility condition	Not applicable	100% retirement at the earlier of age 58 with 10 years or 20 years for non-public safety. For public safety, age 58 or 20 years.												
Mortality	Teachers - Males - 97% of rates in GRS table based on male teacher experience, projected with Scale AA from 2000 Teachers - Females - 92% of rates in GRS table based on female teacher experience, projected with Scale AA from 2000	Healthy - RP-2014 Blue Collar with generational improvements from 2006 based on 2016 SSA Trustees' Report Disabled - RP-2014 Disabled with generational improvements from 2006 based on 2016 SSA Trustees' Report	Healthy - Public Safety - RP-2014 Blue Collar with generational improvements from 2006 based on 2016 SSA Trustees' Report Healthy - Non-Public Safety - RP-2014 with generational improvements from 2006 based on 2016 SSA Trustees' Report Disabled - RP-2014 Disabled with generational improvements from 2006 based on 2016 SSA Trustees' Report												
<b>Other Information:</b>	Employers participating in the Employees' Retirement System of RI are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year  As part of the 2017 Actuarial Experience Investigation Study for the 6 year period ended June 30, 2016 as approved by the System Board on May 15, 2017, certain assumptions were modified and reflected in the determination of the net pension liability at the June 30, 2017 measurement date. The following summarizes the more significant changes in assumptions: decrease general inflation assumption from 2.75% to 2.5%; decrease investment return assumption from 7.5% to 7.0%; decrease general wage growth assumption from 3.25% to 3.0%; decrease salary increase assumptions; and updated post-retirement mortality tables to variants of the RP-2014 table with MP-2016 projection scale.	Prior to July 1, 2015, actuarially determined contribution rates were calculated as of July 1 of the fiscal year in which contributions were reported	Prior to July 1, 2015, actuarially determined contribution rates were calculated as of July 1 of the fiscal year in which contributions were reported												

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Required Supplementary Information**  
**June 30, 2019**

**NOTE 3 - BUDGETARY DATA AND BUDGETARY COMPLIANCE**

In accordance with the Town's Charter, the Town has formally established budgetary accounting control for its General Fund and Enterprise Funds. It is the responsibility of the Town Manager to submit the proposed budgets to the Town Council. The General Fund budget includes the Municipal budget and School Department's total budgeted Town appropriation. The proposed School Department budget is approved by the School Committee prior to being presented to the Town Manager. The Town Council may then revise and adopt a recommended General Fund budget including changes to the School Department's total appropriation. At least two public hearings are conducted on the Town Council recommended budgets and the final recommended budgets are legally enacted through an ordinance by the Town Council prior to the start of the fiscal year. The General Fund's annual operating budget is not in conformity with accounting principles generally accepted in the United States of America. The budget to actual presentation in the financial statements for the General Fund is presented on a budgetary basis. The difference between the budgetary basis and the accounting principles generally accepted in the United States of America basis is explained below.

Appropriations in addition to those contained in the annual operating budget require Town Council approval. Amendments to the operating budgets that do not result in additional appropriations may be made within a department by means of a transfer. The Town Manager has authority to make such transfers within departments. Transfers made outside the departmental level require Town Council approval. All unencumbered appropriations lapse at the end of the fiscal year.

The table below shows the amounts by which certain municipal department expenditures exceeded fiscal year 2019 appropriations:

<u><b>Department</b></u>	<u><b>Expenditures In Excess of Budget</b></u>
Town solicitor	\$47,834
Town manager	55,357
Town clerk	63,465
Zoning board of appeals	1,157
Financial and purchasing	51,331
Fire	106,659
Public works administration	2,468
Facilities maintenance	7,948
Vehicle maintenance	50,378
Inspection services	1,372
Engineering	35,947



**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Notes to Required Supplementary Information**  
**June 30, 2019**

***Explanation of Differences between Budgetary Revenues, Expenditures, and Other Financing Sources and Uses and GAAP Revenues, Expenditures, and Other Financing Sources and Uses***

<b><u>Revenues and Other Financing Sources</u></b>	<b><u>General Fund</u></b>
Actual amounts (budgetary basis)	\$60,297,022
Differences – budget to GAAP:	
The pension contributions made to the Employees Retirement System by the State on behalf of the Town of Narragansett is not reported as budgetary revenue, but is a revenue for financial reporting purposes.	1,258,317
Unbudgeted revenues not included for budgetary purposes, but included for financial reporting purposes.	4,578,196
Transfer from other funds included as revenues for budgetary purposes, but not included for financial reporting purposes.	(146,000)
Appropriation of fund balance is a revenue for budgetary purposes, but is not a revenue for financial reporting purposes.	<u>(1,677,610)</u>
<b><i>Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds</i></b>	<b><u><u>\$64,309,925</u></u></b>
<b><u>Expenditures and Other Financing Uses</u></b>	<b><u>General Fund</u></b>
Actual amounts (budgetary basis)	\$58,338,599
Differences – budget to GAAP:	
The pension contributions made to the Employees Retirement System by the State on behalf of the Town of Narragansett is not reported as a budgetary expenditure, but is an expenditure for financial reporting purposes.	1,258,317
Unbudgeted expenditures and transfers to other funds not included for budgetary purposes, but included for financial reporting purposes.	<u>3,744,369</u>
<b><i>Total expenditures and other financing uses as reported in the statement of revenues, expenditures and changes in fund balances – governmental funds</i></b>	<b><u><u>\$63,341,285</u></u></b>

## **OTHER SUPPLEMENTARY INFORMATION**

**The information provided herein contains schedules which the Town deems necessary to provide additional disclosures.**

### **THIS SECTION CONTAINS THE FOLLOWING:**

- **Combining Fund Financial Statements for Nonmajor Governmental Funds**
- **Combining Fund Financial Statements for Pension Trust Funds**
- **Combining Fund Financial Statements for Other Post-Employment Benefit Trust Funds**
- **Combining Fund Financial Statements for Private Purpose Trust Funds**
- **Combining Statement of Assets and Liabilities for Agency Funds**
- **Other Supplementary Information**

**COMBINING FUND FINANCIAL STATEMENTS -  
NONMAJOR GOVERNMENTAL FUNDS**

**THE FOLLOWING FUNDS OF THE TOWN  
ARE REPORTED IN THIS SECTION:**

**Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service and capital projects.**

**The Capital Projects Funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital facilities and other capital assets outlays, including the acquisition and/or construction of capital items, except those financed by the Proprietary Fund Types or Trust Funds.**

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	<i>Special Revenue Funds</i>					
	<i>School Restricted Grants</i>	<i>Food Service Fund</i>	<i>Historic Preservation Grants</i>	<i>Community Development Fund</i>	<i>RI Legislative Grant</i>	<i>Forfeited Funds</i>
<b>ASSETS</b>						
Cash	\$ -	\$ 14,102	\$ 51,908	\$ 136,339	\$ -	\$ 46,857
Due from federal and state governments	281,872	6,299	-	-	-	-
Due from other funds	97,163	49,281	-	-	-	-
Other receivables	-	11,160	-	236,103	-	-
<b>Total assets</b>	<u>\$ 379,035</u>	<u>\$ 80,842</u>	<u>\$ 51,908</u>	<u>\$ 372,442</u>	<u>\$ -</u>	<u>\$ 46,857</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>Liabilities</b>						
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	21,514	20,814	-	24,255	-	-
Due to other funds	260,358	-	-	-	-	-
<b>Total liabilities</b>	<u>281,872</u>	<u>20,814</u>	<u>-</u>	<u>24,255</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>						
Other deferred revenue	-	10,230	-	236,103	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>10,230</u>	<u>-</u>	<u>236,103</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (Deficits)</b>						
Restricted for:						
Education programs	97,163	49,798	-	-	-	-
Public safety programs	-	-	-	-	-	46,857
Historical records preservation	-	-	-	-	-	-
Community service programs	-	-	-	112,084	-	-
Parks and recreation programs	-	-	51,364	-	-	-
Other programs	-	-	544	-	-	-
Committed for:						
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Assigned to:						
Capital projects	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<u>97,163</u>	<u>49,798</u>	<u>51,908</u>	<u>112,084</u>	<u>-</u>	<u>46,857</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 379,035</u>	<u>\$ 80,842</u>	<u>\$ 51,908</u>	<u>\$ 372,442</u>	<u>\$ -</u>	<u>\$ 46,857</u>

(Continued)

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	<i>Special Revenue Funds</i>						
	<i>State Recycling Fund</i>	<i>Galilee Landing Fees Fund</i>	<i>Byrne Grants</i>	<i>RI EMA Grant</i>	<i>RI EMA MEDS Grant</i>	<i>Historical Records Preservation Fund</i>	<i>Earthday Mini grant</i>
<b>ASSETS</b>							
Cash	\$ 29,435	\$ 47,979	\$ 155	\$ 22,714	\$ -	\$ 182,888	\$ 200
Due from federal and state governments	-	-	-	549	-	-	-
Due from other funds	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 29,435</u>	<u>\$ 47,979</u>	<u>\$ 155</u>	<u>\$ 23,263</u>	<u>\$ -</u>	<u>\$ 182,888</u>	<u>\$ 200</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
Liabilities							
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ 2,217	\$ -	\$ -
Accounts payable and accrued expenditures	-	10,372	-	-	-	104	-
Due to other funds	-	-	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>10,372</u>	<u>-</u>	<u>-</u>	<u>2,217</u>	<u>104</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>							
Other deferred revenue	-	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (Deficits)</b>							
Restricted for:							
Education programs	-	-	-	-	-	-	-
Public safety programs	-	-	155	23,263	-	-	-
Historical records preservation	-	-	-	-	-	182,784	-
Community service programs	-	-	-	-	-	-	-
Parks and recreation programs	-	37,607	-	-	-	-	200
Other programs	29,435	-	-	-	-	-	-
Committed for:							
Capital projects	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Assigned to:							
Capital projects	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(2,217)	-	-
<b>Total fund balances (deficits)</b>	<u>29,435</u>	<u>37,607</u>	<u>155</u>	<u>23,263</u>	<u>(2,217)</u>	<u>182,784</u>	<u>200</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 29,435</u>	<u>\$ 47,979</u>	<u>\$ 155</u>	<u>\$ 23,263</u>	<u>\$ -</u>	<u>\$ 182,888</u>	<u>\$ 200</u>

(Continued)

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	<b>Special Revenue Funds</b>					
	<i>RI Interlocal Trust Safety Grant</i>	<i>DEM Tree Grant</i>	<i>Assistance to Firefighters</i>	<i>CDBG Grant</i>	<i>Grant Miscellaneous</i>	<i>Total Special Revenue Funds</i>
<b>ASSETS</b>						
Cash	\$ 1,989	\$ 8,199	\$ -	\$ 11,607	\$ 2,359	\$ 556,731
Due from federal and state governments	-	-	4,876	-	16,263	309,859
Due from other funds	-	-	-	-	-	146,444
Other receivables	-	-	-	-	-	247,263
<b>Total assets</b>	<u>\$ 1,989</u>	<u>\$ 8,199</u>	<u>\$ 4,876</u>	<u>\$ 11,607</u>	<u>\$ 18,622</u>	<u>\$ 1,260,297</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>Liabilities</b>						
Cash overdraft	\$ -	\$ -	\$ 4,368	\$ -	\$ -	\$ 6,585
Accounts payable and accrued expenditures	-	-	-	-	-	77,059
Due to other funds	-	-	-	-	-	260,358
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>4,368</u>	<u>-</u>	<u>-</u>	<u>344,002</u>
<b>Deferred Inflows of Resources</b>						
Other deferred revenue	-	-	-	-	-	246,333
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,333</u>
<b>Fund Balances (Deficits)</b>						
Restricted for:						
Education programs	-	-	-	-	-	146,961
Public safety programs	1,989	-	508	-	-	72,772
Historical records preservation	-	-	-	-	-	182,784
Community service programs	-	-	-	11,607	-	123,691
Parks and recreation programs	-	8,199	-	-	-	97,370
Other programs	-	-	-	-	18,622	48,601
Committed for:						
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Assigned to:						
Capital projects	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(2,217)
<b>Total fund balances (deficits)</b>	<u>1,989</u>	<u>8,199</u>	<u>508</u>	<u>11,607</u>	<u>18,622</u>	<u>669,962</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 1,989</u>	<u>\$ 8,199</u>	<u>\$ 4,876</u>	<u>\$ 11,607</u>	<u>\$ 18,622</u>	<u>\$ 1,260,297</u>

(Continued)

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	<b>Capital Project Funds</b>						
	<i>Debt Service Fund</i>	<i>School Athletic Complex Fund</i>	<i>School Capital Projects Fund</i>	<i>Town Capital Projects Fund</i>	<i>Land Trust Fund</i>	<i>Total Capital Project Funds</i>	<i>Total Nonmajor Governmental Funds</i>
<b>ASSETS</b>							
Cash	\$ 209,080	\$ 41,336	\$ -	\$ 2,810,107	\$ 320,650	\$ 3,172,093	\$ 3,937,904
Due from federal and state governments	-	-	-	-	-	-	309,859
Due from other funds	-	-	1,116,161	-	-	1,116,161	1,262,605
Other receivables	-	-	-	-	-	-	247,263
<b>Total assets</b>	<u>\$ 209,080</u>	<u>\$ 41,336</u>	<u>\$ 1,116,161</u>	<u>\$ 2,810,107</u>	<u>\$ 320,650</u>	<u>\$ 4,288,254</u>	<u>\$ 5,757,631</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>Liabilities</b>							
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,585
Accounts payable and accrued expenditures	-	-	985	21,101	-	22,086	99,145
Due to other funds	-	49,612	-	-	-	49,612	309,970
<b>Total liabilities</b>	<u>-</u>	<u>49,612</u>	<u>985</u>	<u>21,101</u>	<u>-</u>	<u>71,698</u>	<u>415,700</u>
<b>Deferred Inflows of Resources</b>							
Other deferred revenue	-	-	-	-	-	-	246,333
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,333</u>
<b>Fund Balances (Deficits)</b>							
Restricted for:							
Education programs	-	-	-	-	-	-	146,961
Public safety programs	-	-	-	-	-	-	72,772
Historical records preservation	-	-	-	-	-	-	182,784
Community service programs	-	-	-	-	-	-	123,691
Parks and recreation programs	-	-	-	-	-	-	97,370
Other programs	-	-	-	-	-	-	48,601
Committed for:							
Capital projects	-	-	-	2,789,006	320,650	3,109,656	3,109,656
Debt service	209,080	-	-	-	-	-	209,080
Assigned to:							
Capital projects	-	-	1,115,176	-	-	1,115,176	1,115,176
Unassigned	-	(8,276)	-	-	-	(8,276)	(10,493)
<b>Total fund balances (deficits)</b>	<u>209,080</u>	<u>(8,276)</u>	<u>1,115,176</u>	<u>2,789,006</u>	<u>320,650</u>	<u>4,216,556</u>	<u>5,095,598</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 209,080</u>	<u>\$ 41,336</u>	<u>\$ 1,116,161</u>	<u>\$ 2,810,107</u>	<u>\$ 320,650</u>	<u>\$ 4,288,254</u>	<u>\$ 5,757,631</u>

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<i>Special Revenue Funds</i>					
	<i>School Restricted Grants</i>	<i>Food Service Fund</i>	<i>Historic Preservation Grants</i>	<i>Community Development Fund</i>	<i>RI Legislative Grant</i>	<i>Forfeited Funds</i>
<b>Revenues</b>						
State aid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	233,799	-	-	-	-
Operating grants and contributions	942,249	125,995	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-
Investment and interest income	-	-	557	8,516	-	490
Other revenue	-	-	-	8,845	-	2,064
<b>Total revenues</b>	<u>942,249</u>	<u>359,794</u>	<u>557</u>	<u>17,361</u>	<u>-</u>	<u>2,554</u>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	155
Public works	-	-	-	-	-	-
Social services	-	-	-	84,173	-	-
Parks and recreation	-	-	-	-	2,897	-
Food service	-	385,797	-	-	-	-
Education	887,476	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<u>887,476</u>	<u>385,797</u>	<u>-</u>	<u>84,173</u>	<u>2,897</u>	<u>155</u>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources</b>	<u>54,773</u>	<u>(26,003)</u>	<u>557</u>	<u>(66,812)</u>	<u>(2,897)</u>	<u>2,399</u>
<b>Other financing sources</b>						
Transfers from other funds	-	30,000	-	-	-	-
<b>Total other financing sources</b>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>54,773</u>	<u>3,997</u>	<u>557</u>	<u>(66,812)</u>	<u>(2,897)</u>	<u>2,399</u>
<b>Fund balances (deficits) - beginning of year</b>	<u>42,390</u>	<u>45,801</u>	<u>51,351</u>	<u>178,896</u>	<u>2,897</u>	<u>44,458</u>
<b>Fund balances (deficits) - end of year</b>	<u>\$ 97,163</u>	<u>\$ 49,798</u>	<u>\$ 51,908</u>	<u>\$ 112,084</u>	<u>\$ -</u>	<u>\$ 46,857</u>

(Continued)



**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Special Revenue Funds</b>					
	<i>State Recycling Fund</i>	<i>Galilee Landing Fees Fund</i>	<i>Byrne Grants</i>	<i>RI EMA Grant</i>	<i>RI EMA MEDS Grant</i>	<i>Historical Records Preservation Fund</i> <i>Earthday Mini grant</i>
<b>Revenues</b>						
State aid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	135	91,353	-	-	-	27,969
Operating grants and contributions	18,220	-	-	849	3,000	-
Capital grants and contributions	-	-	-	-	-	-
Investment and interest income	-	-	-	-	112	1,869
Other revenue	-	-	-	-	-	-
<b>Total revenues</b>	<b>18,355</b>	<b>91,353</b>	<b>-</b>	<b>849</b>	<b>3,112</b>	<b>29,838</b>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	3,797
Public safety	-	-	-	-	17,033	-
Public works	20,603	-	-	-	-	-
Social services	-	-	-	-	-	-
Parks and recreation	-	97,639	-	-	-	-
Food service	-	-	-	-	-	-
Education	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<b>20,603</b>	<b>97,639</b>	<b>-</b>	<b>-</b>	<b>17,033</b>	<b>3,797</b>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources</b>	<b>(2,248)</b>	<b>(6,286)</b>	<b>-</b>	<b>849</b>	<b>(13,921)</b>	<b>26,041</b>
<b>Other financing sources</b>						
Transfers from other funds	-	-	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(2,248)</b>	<b>(6,286)</b>	<b>-</b>	<b>849</b>	<b>(13,921)</b>	<b>26,041</b>
<b>Fund balances (deficits) - beginning of year</b>	<b>31,683</b>	<b>43,893</b>	<b>155</b>	<b>22,414</b>	<b>11,704</b>	<b>156,743</b>
<b>Fund balances (deficits) - end of year</b>	<b>\$ 29,435</b>	<b>\$ 37,607</b>	<b>\$ 155</b>	<b>\$ 23,263</b>	<b>\$ (2,217)</b>	<b>\$ 182,784</b>

(Continued)

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Special Revenue Funds</b>					
	<i>RI Interlocal Trust Safety Grant</i>	<i>DEM Tree Grant</i>	<i>Assistance to Firefighters</i>	<i>CDBG Grant</i>	<i>Grant Miscellaneous</i>	<i>Total Special Revenue Funds</i>
<b>Revenues</b>						
State aid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	353,256
Operating grants and contributions	-	-	57,204	-	16,842	1,164,359
Capital grants and contributions	-	-	115,993	-	262,941	378,934
Investment and interest income	-	-	508	74	23	12,149
Other revenue	-	-	-	-	-	10,909
<b>Total revenues</b>	-	-	173,705	74	279,806	1,919,607
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	3,797
Public safety	-	-	57,204	-	5,842	80,234
Public works	-	-	-	-	-	20,603
Social services	-	-	-	-	-	84,173
Parks and recreation	-	-	-	-	3,156	103,692
Food service	-	-	-	-	-	385,797
Education	-	-	-	-	-	887,476
Debt service:						
Principal	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-
Capital outlay	-	-	115,993	-	262,941	378,934
<b>Total expenditures</b>	-	-	173,197	-	271,939	1,944,706
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources</b>	-	-	508	74	7,867	(25,099)
<b>Other financing sources</b>						
Transfers from other funds	-	-	-	-	-	30,000
<b>Total other financing sources</b>	-	-	-	-	-	30,000
<b>Net change in fund balance</b>	-	-	508	74	7,867	4,901
<b>Fund balances (deficits) - beginning of year</b>	1,989	8,199	-	11,533	10,755	665,061
<b>Fund balances (deficits) - end of year</b>	\$ 1,989	\$ 8,199	\$ 508	\$ 11,607	\$ 18,622	\$ 669,962

(Continued)

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Capital Project Funds</b>						
	<i>Debt Service Fund</i>	<i>School Athletic Complex Fund</i>	<i>School Capital Projects Fund</i>	<i>Town Capital Projects Fund</i>	<i>Land Trust Fund</i>	<i>Total Capital Project Funds</i>	<i>Total Nonmajor Governmental Funds</i>
<b>Revenues</b>							
State aid	\$ -	\$ -	\$ 87,502	\$ -	\$ -	\$ 87,502	\$ 87,502
Charges for services	-	-	-	-	-	-	353,256
Operating grants and contributions	-	-	-	-	-	-	1,164,359
Capital grants and contributions	-	30,300	-	40,372	-	70,672	449,606
Investment and interest income	-	-	-	-	3,218	3,218	15,367
Other revenue	-	-	-	55,664	-	55,664	66,573
<b>Total revenues</b>	-	30,300	87,502	96,036	3,218	217,056	2,136,663
<b>Expenditures</b>							
Current:							
General government	-	-	-	-	-	-	3,797
Public safety	-	-	-	-	-	-	80,234
Public works	-	-	-	-	-	-	20,603
Social services	-	-	-	-	-	-	84,173
Parks and recreation	-	-	-	-	-	-	103,692
Food service	-	-	-	-	-	-	385,797
Education	-	-	-	-	-	-	887,476
Debt service:							
Principal	1,735,856	-	80,826	-	-	80,826	1,816,682
Interest and fees	825,662	-	3,792	-	-	3,792	829,454
Capital outlay	-	-	1,288,442	1,164,529	3,000	2,455,971	2,834,905
<b>Total expenditures</b>	2,561,518	-	1,373,060	1,164,529	3,000	2,540,589	7,046,813
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources</b>	(2,561,518)	30,300	(1,285,558)	(1,068,493)	218	(2,323,533)	(4,910,150)
<b>Other financing sources</b>							
Transfers from other funds	2,275,473	-	1,180,302	1,666,150	50,000	2,896,452	5,201,925
<b>Total other financing sources</b>	2,275,473	-	1,180,302	1,666,150	50,000	2,896,452	5,201,925
<b>Net change in fund balance</b>	(286,045)	30,300	(105,256)	597,657	50,218	572,919	291,775
<b>Fund balances (deficits) - beginning of year</b>	495,125	(38,576)	1,220,432	2,191,349	270,432	3,643,637	4,803,823
<b>Fund balances (deficits) - end of year</b>	\$ 209,080	\$ (8,276)	\$ 1,115,176	\$ 2,789,006	\$ 320,650	\$ 4,216,556	\$ 5,095,598

**TOWN OF NARRAGANSETT, RHODE ISLAND**

*Combining Balance Sheet*

**Special Revenue Funds - School Restricted Fund**

**June 30, 2019**

	<i>IDEA</i>	<i>Title I Part A</i>	<i>IDEA Preschool</i>	<i>Title II Part A</i>	<i>Title IV Part A</i>	<i>Tolerance Program</i>	<i>RI Foundation Spark</i>	<i>NE Dairy Council Grant</i>
<b>ASSETS</b>								
Due from federal and state government	\$ 120,542	\$ 71,777	\$ -	\$ 21,356	\$ 4,136	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-	1,676	5	462
<b>Total assets</b>	<u>\$ 120,542</u>	<u>\$ 71,777</u>	<u>\$ -</u>	<u>\$ 21,356</u>	<u>\$ 4,136</u>	<u>\$ 1,676</u>	<u>\$ 5</u>	<u>\$ 462</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	120,542	71,777	-	21,356	4,136	-	-	-
<b>Total liabilities</b>	<u>120,542</u>	<u>71,777</u>	<u>-</u>	<u>21,356</u>	<u>4,136</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances - restricted</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,676</u>	<u>5</u>	<u>462</u>
<b>Total liabilities and fund balances</b>	<u>\$ 120,542</u>	<u>\$ 71,777</u>	<u>\$ -</u>	<u>\$ 21,356</u>	<u>\$ 4,136</u>	<u>\$ 1,676</u>	<u>\$ 5</u>	<u>\$ 462</u>

*(Continued)*

**TOWN OF NARRAGANSETT, RHODE ISLAND**

*Combining Balance Sheet (Continued)*

**Special Revenue Funds - School Restricted Fund**

**June 30, 2019**

	<i>School Resource Officer</i>	<i>801 RI Learning Champions</i>	<i>Casit, Inc. AP Italian Program</i>	<i>Drug Free Communities Support Program</i>	<i>Perkins Agriculture CTE Grant</i>	<i>Perkins Special Programs Grant</i>	<i>Chartwell's Grant</i>
<b>ASSETS</b>							
Due from federal and state government	\$ 18,436	\$ -	\$ -	\$ 32,744	\$ -	\$ 12,881	\$ -
Due from other funds	-	-	668	-	-	-	-
<b>Total assets</b>	<u>\$ 18,436</u>	<u>\$ -</u>	<u>\$ 668</u>	<u>\$ 32,744</u>	<u>\$ -</u>	<u>\$ 12,881</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable and accrued expenses	\$ 18,436	\$ -	\$ -	\$ 3,078	\$ -	\$ -	\$ -
Due to other funds	-	-	-	29,666	-	12,881	-
<b>Total liabilities</b>	<u>18,436</u>	<u>-</u>	<u>-</u>	<u>32,744</u>	<u>-</u>	<u>12,881</u>	<u>-</u>
<b>Fund balances - restricted</b>	<u>-</u>	<u>-</u>	<u>668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ 18,436</u>	<u>\$ -</u>	<u>\$ 668</u>	<u>\$ 32,744</u>	<u>\$ -</u>	<u>\$ 12,881</u>	<u>\$ -</u>

*(Continued)*

**TOWN OF NARRAGANSETT, RHODE ISLAND**

*Combining Balance Sheet (Continued)*

**Special Revenue Funds - School Restricted Fund**

**June 30, 2019**

	<i>Narragansett Educational Foundation</i>	<i>Highlander Institute</i>	<i>RI Foundation O'Brien</i>	<i>Royal Little</i>	<i>Career &amp; Technical Categorical</i>	<i>Career &amp; Technical Education</i>	<i>RI Trust CTE Grant</i>	<i>Total</i>
<b>ASSETS</b>								
Due from federal and state government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 281,872
Due from other funds	957	10	12,105	15,500	52,770	13,010	-	97,163
<b>Total assets</b>	<u>\$ 957</u>	<u>\$ 10</u>	<u>\$ 12,105</u>	<u>\$ 15,500</u>	<u>\$ 52,770</u>	<u>\$ 13,010</u>	<u>\$ -</u>	<u>\$ 379,035</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,514
Due to other funds	-	-	-	-	-	-	-	260,358
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>281,872</u>
<b>Fund balances - restricted</b>	<u>957</u>	<u>10</u>	<u>12,105</u>	<u>15,500</u>	<u>52,770</u>	<u>13,010</u>	<u>-</u>	<u>97,163</u>
<b>Total liabilities and fund balances</b>	<u>\$ 957</u>	<u>\$ 10</u>	<u>\$ 12,105</u>	<u>\$ 15,500</u>	<u>\$ 52,770</u>	<u>\$ 13,010</u>	<u>\$ -</u>	<u>\$ 379,035</u>

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Special Revenue Funds - School Restricted Fund**  
**For the Fiscal Year Ended June 30, 2019**

	<i>IDEA</i>	<i>Title I Part A</i>	<i>IDEA Preschool</i>	<i>Title II Part A</i>	<i>Title IV Part A</i>	<i>Tolerance Program</i>	<i>RI Foundation Spark</i>	<i>NE Dairy Council Grant</i>
<b>Revenues</b>								
Operating grants and contributions	\$ 373,234	\$ 178,550	\$ 11,163	\$ 52,705	\$ 18,429	\$ -	\$ -	\$ -
<b>Total revenues</b>	<u>373,234</u>	<u>178,550</u>	<u>11,163</u>	<u>52,705</u>	<u>18,429</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>								
Salaries	241,763	122,900	7,235	34,730	17,155	-	-	-
Employee benefits	130,287	55,169	554	17,975	1,274	-	-	-
Purchased services	-	-	-	-	-	-	-	-
Supplies and materials	1,184	481	3,374	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other costs	-	-	-	-	-	-	300	-
<b>Total expenditures</b>	<u>373,234</u>	<u>178,550</u>	<u>11,163</u>	<u>52,705</u>	<u>18,429</u>	<u>-</u>	<u>300</u>	<u>-</u>
<b>Net change in fund balances</b>	-	-	-	-	-	-	(300)	-
<b>Fund balances - beginning of year</b>	-	-	-	-	-	1,676	305	462
<b>Fund balances - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,676</u>	<u>\$ 5</u>	<u>\$ 462</u>

(Continued)

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)**  
**Special Revenue Funds - School Restricted Fund**  
**For the Fiscal Year Ended June 30, 2019**

	<i>School Resource Officer</i>	<i>801 RI Learning Champions</i>	<i>Casit, Inc. AP Italian Program</i>	<i>Drug Free Communities Support Program</i>	<i>Perkins Agriculture CTE Grant</i>	<i>Perkins Special Programs Grant</i>	<i>Chartwell's Grant</i>
<b>Revenues</b>							
Operating grants and contributions	\$ 59,295	\$ 730	\$ 500	\$ 118,125	\$ 17,720	\$ 14,883	\$ -
<b>Total revenues</b>	<u>59,295</u>	<u>730</u>	<u>500</u>	<u>118,125</u>	<u>17,720</u>	<u>14,883</u>	<u>-</u>
<b>Expenditures</b>							
Salaries	32,095	680	-	-	8,793	-	-
Employee benefits	27,200	50	-	-	774	-	-
Purchased services	-	-	284	118,378	2,354	14,285	-
Supplies and materials	-	-	42	67	4,999	598	67
Capital outlay	-	-	-	-	-	-	1,809
Other costs	-	-	25	-	800	-	-
<b>Total expenditures</b>	<u>59,295</u>	<u>730</u>	<u>351</u>	<u>118,445</u>	<u>17,720</u>	<u>14,883</u>	<u>1,876</u>
<b>Net change in fund balances</b>	-	-	149	(320)	-	-	(1,876)
<b>Fund balances - beginning of year</b>	-	-	519	320	-	-	1,876
<b>Fund balances - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 668</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)



**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)**  
**Special Revenue Funds - School Restricted Fund**  
**For the Fiscal Year Ended June 30, 2019**

	<i>Narragansett Educational Foundation</i>	<i>Highlander Institute</i>	<i>RI Foundation O'Brien</i>	<i>Royal Little</i>	<i>Career &amp; Technical Categorical</i>	<i>Career &amp; Technical Education</i>	<i>RI Trust CTE Grant</i>	<i>Total</i>
<b>Revenues</b>								
Operating grants and contributions	\$ 2,866	\$ 13,674	\$ 12,105	\$ 15,500	\$ 52,770	\$ -	\$ -	\$ 942,249
<b>Total revenues</b>	<u>2,866</u>	<u>13,674</u>	<u>12,105</u>	<u>15,500</u>	<u>52,770</u>	<u>-</u>	<u>-</u>	<u>942,249</u>
<b>Expenditures</b>								
Salaries	-	4,625	-	-	-	12,669	-	482,645
Employee benefits	-	344	-	-	-	3,189	-	236,816
Purchased services	-	8,695	-	-	-	-	1,595	145,591
Supplies and materials	1,094	-	-	-	-	-	4,019	15,925
Capital outlay	815	-	-	-	-	2,750	-	5,374
Other costs	-	-	-	-	-	-	-	1,125
<b>Total expenditures</b>	<u>1,909</u>	<u>13,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,608</u>	<u>5,614</u>	<u>887,476</u>
<b>Net change in fund balances</b>	957	10	12,105	15,500	52,770	(18,608)	(5,614)	54,773
<b>Fund balances - beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,618</u>	<u>5,614</u>	<u>42,390</u>
<b>Fund balances - end of year</b>	<u>\$ 957</u>	<u>\$ 10</u>	<u>\$ 12,105</u>	<u>\$ 15,500</u>	<u>\$ 52,770</u>	<u>\$ 13,010</u>	<u>\$ -</u>	<u>\$ 97,163</u>

**COMBINING FUND FINANCIAL STATEMENTS -  
PENSION TRUST FUNDS**

**Pension Trust Funds account for contributions made by the Town and its participating employees to provide pension benefits to these employees at retirement.**

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Combining Statement of Fiduciary Net Position**  
**Pension Trust Funds**  
**June 30, 2019**

	<u><b>Town Plan</b></u>	<u><b>Police Plan</b></u>	<u><b>Total Pension Trust Funds</b></u>
<b>Assets</b>			
Cash and cash equivalents	\$ 6,259,352	\$ 85,822	\$ 6,345,174
Investments at fair value:			
U.S. government obligations	3,046,978	-	3,046,978
Municipal obligations	30,290	-	30,290
Corporate bonds	3,918,053	-	3,918,053
Mortgage backed securities	723,154	-	723,154
Common stock	31,622,684	-	31,622,684
Mutual and exchange traded funds - equities	21,711,329	824,018	22,535,347
Mutual and exchange traded funds - fixed income	25,494,759	446,218	25,940,977
Hedge fund	4,851,421	-	4,851,421
Total investments	<u>91,398,668</u>	<u>1,270,236</u>	<u>92,668,904</u>
Accrued interest receivable	55,475	-	55,475
Contribution receivable	113,777	-	113,777
<b>Total assets</b>	<u>97,827,272</u>	<u>1,356,058</u>	<u>99,183,330</u>
<b>Liabilities</b>			
Accounts payable	11,230	320	11,550
Due to other funds	-	214,665	214,665
<b>Total liabilities</b>	<u>11,230</u>	<u>214,985</u>	<u>226,215</u>
<b>Net Position</b>			
Restricted for pension benefits	<u>\$ 97,816,042</u>	<u>\$ 1,141,073</u>	<u>\$ 98,957,115</u>

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Pension Trust Funds**  
**For the Year Ended June 30, 2019**

	<u><b>Town Plan</b></u>	<u><b>Police Plan</b></u>	<u><b>Total Pension Trust Funds</b></u>
<b>Additions</b>			
Contributions:			
Employer	\$ 6,133,571	\$ 267,000	\$ 6,400,571
Plan member	1,558,428	-	1,558,428
Total contributions	<u>7,691,999</u>	<u>267,000</u>	<u>7,958,999</u>
Investment income:			
Net increase (decrease) in fair value of investments	3,744,938	61,497	3,806,435
Interest and dividends	2,237,628	31,052	2,268,680
Less: investment expense	<u>(466,288)</u>	<u>(7,391)</u>	<u>(473,679)</u>
Net investment income	<u>5,516,278</u>	<u>85,158</u>	<u>5,601,436</u>
<b>Total additions</b>	<u>13,208,277</u>	<u>352,158</u>	<u>13,560,435</u>
<b>Deductions</b>			
Benefits	6,028,356	243,498	6,271,854
Refunds of contributions	150,804	-	150,804
Administrative expenses	47,630	6,310	53,940
<b>Total deductions</b>	<u>6,226,790</u>	<u>249,808</u>	<u>6,476,598</u>
<b>Change in net position</b>	6,981,487	102,350	7,083,837
<b>Net position - beginning of year</b>	<u>90,834,555</u>	<u>1,038,723</u>	<u>91,873,278</u>
<b>Net position - end of year</b>	<u><u>\$ 97,816,042</u></u>	<u><u>\$ 1,141,073</u></u>	<u><u>\$ 98,957,115</u></u>

**COMBINING FUND FINANCIAL STATEMENTS -  
OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS**

**Other Post-Employment Trust Funds account for contributions made by the Town and School System to provide post-employment benefit benefits to employees at retirement.**

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Combining Statement of Fiduciary Net Position**  
**Other Post-Employment Benefit Trust Funds**  
**June 30, 2019**

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	<b><i>Town Plan</i></b>	<b><i>School Plan</i></b>	<b><i>Total Other Post- Employment Benefit Trust Funds</i></b>
<b><i>Assets</i></b>			
Cash and cash equivalents	\$ 5,579,296	\$ -	\$ 5,579,296
Investments at fair value:			
Common stock	2,036,856	-	2,036,856
Mutual and exchange traded funds - equities	380,928	-	380,928
Mutual and exchange traded funds - fixed income	1,142,811	-	1,142,811
Pooled investments	-	1,280,353	1,280,353
Total investments	<u>3,560,595</u>	<u>1,280,353</u>	<u>4,840,948</u>
<b><i>Total assets</i></b>	<u>9,139,891</u>	<u>1,280,353</u>	<u>10,420,244</u>
<b><i>Liabilities</i></b>			
Accounts payable and accrued expenses	<u>157,248</u>	-	<u>157,248</u>
<b><i>Total liabilities</i></b>	<u>157,248</u>	-	<u>157,248</u>
<b><i>Net Position</i></b>			
Restricted for other post-employment benefits	<u>\$ 8,982,643</u>	<u>\$ 1,280,353</u>	<u>\$ 10,262,996</u>

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Other Post-Employment Benefit Trust Funds**  
**For the Year Ended June 30, 2019**

	<b><i>Town Plan</i></b>	<b><i>School Plan</i></b>	<b><i>Total Other Post- Employment Benefit Trust Funds</i></b>
<b><i>Additions</i></b>			
Contributions:			
Employer	\$ 4,115,135	\$ 454,529	\$ 4,569,664
Total contributions	<u>4,115,135</u>	<u>454,529</u>	<u>4,569,664</u>
Investment income:			
Net increase (decrease) in fair value of investments	192,232	85,480	277,712
Interest and dividends	126,387	-	126,387
Less: investment expense	<u>(18,753)</u>	<u>(3,028)</u>	<u>(21,781)</u>
Net investment income	<u>299,866</u>	<u>82,452</u>	<u>382,318</u>
 <b><i>Total additions</i></b>	 <u>4,415,001</u>	 <u>536,981</u>	 <u>4,951,982</u>
<b><i>Deductions</i></b>			
Benefits	2,321,036	454,529	2,775,565
Administrative expenses	<u>6,200</u>	<u>-</u>	<u>6,200</u>
<b><i>Total deductions</i></b>	<u>2,327,236</u>	<u>454,529</u>	<u>2,781,765</u>
 <b><i>Change in net position</i></b>	 2,087,765	 82,452	 2,170,217
 <b><i>Net position - beginning of year</i></b>	 <u>6,894,878</u>	 <u>1,197,901</u>	 <u>8,092,779</u>
 <b><i>Net position - end of year</i></b>	 <u>\$ 8,982,643</u>	 <u>\$ 1,280,353</u>	 <u>\$ 10,262,996</u>

**COMBINING FUND FINANCIAL STATEMENTS -  
PRIVATE PURPOSE TRUST FUNDS**

**Private Purpose Trust Funds were established to account for assets held by the Town in a fiduciary capacity for individuals, governmental entities and others. Trust funds are operated by carrying out specific requirements, or other governing regulations.**



**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Combining Statement of Fiduciary Net Position**  
**Private-Purpose Trust Funds**  
**June 30, 2019**

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	<i>Barton Memorial Scholarship Fund</i>	<i>Richard Colvin Memorial Scholarship Fund</i>	<i>Peter Davis Burial Fund</i>	<i>Franklin Burial Fund</i>	<i>James Water Fund</i>	<i>Frank L. Robinson Fund</i>	<i>Total Private- Purpose Trusts</i>
<b>Assets</b>							
Cash and cash equivalents	\$ 5,409	\$ -	\$ 553	\$ 3,603	\$ 2,831	\$ 59,085	\$ 71,481
Investments	-	9,409	-	-	-	-	9,409
<b>Total assets</b>	<u>5,409</u>	<u>9,409</u>	<u>553</u>	<u>3,603</u>	<u>2,831</u>	<u>59,085</u>	<u>80,890</u>
<b>Net Position</b>							
Restricted for other purposes	<u>\$ 5,409</u>	<u>\$ 9,409</u>	<u>\$ 553</u>	<u>\$ 3,603</u>	<u>\$ 2,831</u>	<u>\$ 59,085</u>	<u>\$ 80,890</u>

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Private-Purpose Trust Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<i>Barton Memorial Scholarship Fund</i>	<i>Richard Colvin Memorial Scholarship Fund</i>	<i>Peter Davis Burial Fund</i>	<i>Franklin Burial Fund</i>	<i>James Water Fund</i>	<i>Frank L. Robinson Fund</i>	<i>Total Private- Purpose Trusts</i>
<b>Additions</b>							
Investment earnings:							
Net increase (decrease) in fair value of investments	\$ -	\$ (178)	\$ -	\$ -	\$ -	\$ -	\$ (178)
Interest and dividends	3	893	6	39	30	635	1,606
Net investment earnings	3	715	6	39	30	635	1,428
<b>Total additions</b>	3	715	6	39	30	635	1,428
<b>Deductions</b>							
Miscellaneous	-	-	-	-	-	-	-
<b>Total deductions</b>	-	-	-	-	-	-	-
<b>Change in net position</b>	3	715	6	39	30	635	1,428
<b>Net position - beginning of year</b>	5,406	8,694	547	3,564	2,801	58,450	79,462
<b>Net position - end of year</b>	<u>\$ 5,409</u>	<u>\$ 9,409</u>	<u>\$ 553</u>	<u>\$ 3,603</u>	<u>\$ 2,831</u>	<u>\$ 59,085</u>	<u>\$ 80,890</u>

## **A G E N C Y   F U N D S**

**Agency Funds account for assets held by the Town as an agent for individuals, organizations or other governmental units.**

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2019**

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	<i>Student Activities - High School</i>	<i>Student Activities - Pier School</i>	<i>Student Activities - Elementary School</i>	<i>Total</i>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets</b>				
Due from other funds	\$ 99,534	\$ 61,385	\$ 44,349	\$ 205,268
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total assets</b>	<u>\$ 99,534</u>	<u>\$ 61,385</u>	<u>\$ 44,349</u>	<u>\$ 205,268</u>
<b>Liabilities</b>				
Accounts payable	\$ 9,975	\$ -	\$ -	\$ 9,975
Deposits held in custody for others	89,559	61,385	44,349	195,293
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total liabilities</b>	<u>\$ 99,534</u>	<u>\$ 61,385</u>	<u>\$ 44,349</u>	<u>\$ 205,268</u>

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<i>Balance June 30, 2018</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance June 30, 2019</i>
<b>STUDENT ACTIVITIES - HIGH SCHOOL</b>				
<b>Assets</b>				
Due from other funds	\$ 82,402	\$ 300,843	\$ 283,711	\$ 99,534
<b>Total assets</b>	<u>\$ 82,402</u>	<u>\$ 300,843</u>	<u>\$ 283,711</u>	<u>\$ 99,534</u>
<b>Liabilities</b>				
Accounts payable	\$ 1,955	\$ 273,714	\$ 265,694	\$ 9,975
Deposits held in custody for others	80,447	298,849	289,737	89,559
<b>Total liabilities</b>	<u>\$ 82,402</u>	<u>\$ 572,563</u>	<u>\$ 555,431</u>	<u>\$ 99,534</u>
<b>STUDENT ACTIVITIES - PIER SCHOOL</b>				
<b>Assets</b>				
Due from other funds	\$ 53,202	\$ 98,933	\$ 90,750	\$ 61,385
<b>Total assets</b>	<u>\$ 53,202</u>	<u>\$ 98,933</u>	<u>\$ 90,750</u>	<u>\$ 61,385</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 81,726	\$ 81,726	\$ -
Deposits held in custody for others	53,202	98,987	90,804	61,385
<b>Total liabilities</b>	<u>\$ 53,202</u>	<u>\$ 180,713</u>	<u>\$ 172,530</u>	<u>\$ 61,385</u>
<b>STUDENT ACTIVITIES - ELEMENTARY SCHOOL</b>				
<b>Assets</b>				
Due from other funds	\$ 48,187	\$ 32,120	\$ 35,958	\$ 44,349
<b>Total assets</b>	<u>\$ 48,187</u>	<u>\$ 32,120</u>	<u>\$ 35,958</u>	<u>\$ 44,349</u>
<b>Liabilities</b>				
Accounts payable	\$ 759	\$ 36,458	\$ 37,217	\$ -
Deposits held in custody for others	47,428	32,320	35,399	44,349
<b>Total liabilities</b>	<u>\$ 48,187</u>	<u>\$ 68,778</u>	<u>\$ 72,616</u>	<u>\$ 44,349</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>Assets</b>				
Due from other funds	\$ 183,791	\$ 431,896	\$ 410,419	\$ 205,268
<b>Total assets</b>	<u>\$ 183,791</u>	<u>\$ 431,896</u>	<u>\$ 410,419</u>	<u>\$ 205,268</u>
<b>Liabilities</b>				
Accounts payable	\$ 2,714	\$ 391,898	\$ 384,637	\$ 9,975
Deposits held in custody for others	181,077	430,156	415,940	195,293
<b>Total liabilities</b>	<u>\$ 183,791</u>	<u>\$ 822,054</u>	<u>\$ 800,577</u>	<u>\$ 205,268</u>

**TOWN OF NARRAGANSETT, RHODE ISLAND**

**Tax Collector's Annual Report  
For the Fiscal Year Ended June 30, 2019**

**Real Estate and Personal Property Taxes**

<b><i>Tax Year</i></b>	<b><i>Balance June 30, 2018</i></b>	<b><i>Assessments December 31, 2017</i></b>	<b><i>Additions</i></b>	<b><i>Abatements and Adjustments</i></b>	<b><i>Amount to be Collected</i></b>	<b><i>Current Year Collections</i></b>	<b><i>Balance June 30, 2019</i></b>
2018	\$ -	\$ 51,664,101	\$ 59,346	\$ (113,226)	\$ 51,610,221	\$ 51,356,961	\$ 253,260
2017	381,965	-	-	59,318	441,283	401,895	39,388
2016	67,236	-	-	(299)	66,937	25,916	41,021
2015	40,977	-	-	(400)	40,577	5,130	35,447
2014	40,981	-	-	(607)	40,374	2,904	37,470
2013	40,572	-	-	-	40,572	2,406	38,166
2012	42,186	-	-	(85)	42,101	1,670	40,431
2011	31,907	-	-	1	31,908	1,141	30,767
2010	30,276	-	-	-	30,276	1,726	28,550
2009	33,706	-	-	(24,819)	8,887	1,281	7,606
2008	52,952	-	-	(15,771)	37,181	1,200	35,981
2007	7,141	-	-	(3,979)	3,162	-	3,162
2006	2,874	-	-	(2,553)	321	-	321
2004	383	-	-	-	383	-	383
2003	624	-	-	-	624	-	624
	<u>\$ 773,780</u>	<u>\$ 51,664,101</u>	<u>\$ 59,346</u>	<u>\$ (102,420)</u>	<u>\$ 52,394,807</u>	<u>\$ 51,802,230</u>	<u>592,577</u>

**Schedule of Most Recent Net Assessed Property Value by Category**

<b><u>Description of Property</u></b>	<b><u>Valuation</u></b>	<b><u>Levy</u></b>
<b><i>Real property</i></b>	\$ 4,975,852,507	\$ 50,809,621
<b><i>Motor vehicles</i></b>	149,558,351	2,461,731
<b><i>Tangible personal property</i></b>	93,813,309	1,306,819
<b><i>Total</i></b>	<u>5,219,224,167</u>	<u>54,578,171</u>
<b><i>Exemptions</i></b>	<u>247,921,480</u>	<u>2,914,070</u>
<b><i>Net assessed value</i></b>	<u>\$ 4,971,302,687</u>	<u>\$ 51,664,101</u>

***Allowance for uncollectible accounts*** (257,886)

***Net Property Tax Receivable*** \$ 334,691

**Reconciliation of Current Year Property Tax Revenue**

Current year collections	\$ 51,802,230
Add: Revenue collected 60 days subsequent to fiscal year ending June 30, 2019	86,697
Less: Revenue collected 60 days subsequent to fiscal year ending June 30, 2018	(162,833)
Add: Other tax revenues	<u>17,893</u>

***Current year property tax revenue*** \$ 51,743,987

(Continued)

**TOWN OF NARRAGANSETT, RHODE ISLAND**

*Tax Collector's Annual Report (Continued)*

*For the Fiscal Year Ended June 30, 2019*

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**Fiscal Year 2019 Cash Collection Summary**

<b><u>Tax Year</u></b>	<b><u>July - August 2018 Collections Subject to 60 day FY 18 Accrual</u></b>	<b><u>September 2018 - June 2019 Collections</u></b>	<b><u>Total FY 2019 Cash Collections</u></b>	<b><u>July - August 2019 Collections Subject to 60 day FY 19 Accrual</u></b>
2018	\$ -	\$ 51,356,961	\$ 51,356,961	\$ 81,714
2017	154,032	247,863	401,895	3,398
2016	7,134	18,782	25,916	565
2015	865	4,265	5,130	440
2014	43	2,861	2,904	335
2013	10	2,396	2,406	241
2012	42	1,628	1,670	-
2011	139	1,002	1,141	4
2010	155	1,571	1,726	-
2009	206	1,075	1,281	-
2008	207	993	1,200	-
2007	-	-	-	-
2006	-	-	-	-
2004	-	-	-	-
2003	-	-	-	-
	<u>\$ 162,833</u>	<u>\$ 51,639,397</u>	<u>\$ 51,802,230</u>	<u>\$ 86,697</u>

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Combining Balance Sheet**  
**General Fund**  
**June 30, 2019**

	<i><b>Town General</b></i>	<i><b>Library Fund</b></i>	<i><b>Retained Claims</b></i>	<i><b>Kinney Bungalow</b></i>	<i><b>Surplus Property</b></i>	<i><b>Towers Committee</b></i>	<i><b>Parks &amp; Recreation Aid</b></i>	<i><b>Parks &amp; Recreation Trust</b></i>	<i><b>Sunset Farm</b></i>	<i><b>Town Anniversary</b></i>
<b>Assets</b>										
Cash	\$ 9,433,309	\$ 949,905	\$ 14,224	\$ 349,643	\$ 69,089	\$ 469,291	\$ 31,528	\$ 143,455	\$ 17,096	\$ 1,409
Investments	5,404,027	-	-	-	-	-	-	-	-	-
Real estate and personal property										
tax receivable, net	334,691	-	-	-	-	-	-	-	-	-
Due from federal and state governments	212,328	-	-	-	-	-	-	-	-	-
Due from other funds	214,665	-	-	-	-	-	-	-	-	-
Other receivables	63,311	-	-	-	-	-	-	-	-	-
Inventory	27,696	-	-	-	-	-	-	-	-	-
Prepaid expenditures	325,324	-	-	-	-	-	-	-	-	-
Other assets	72,718	-	-	-	-	-	-	-	-	-
Advances to other funds	2,813,820	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 18,901,889</b>	<b>\$ 949,905</b>	<b>\$ 14,224</b>	<b>\$ 349,643</b>	<b>\$ 69,089</b>	<b>\$ 469,291</b>	<b>\$ 31,528</b>	<b>\$ 143,455</b>	<b>\$ 17,096</b>	<b>\$ 1,409</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>										
<b>Liabilities:</b>										
Accounts payable and accrued expenditures	\$ 875,574	\$ 20,979	\$ -	\$ 6,897	\$ 69	\$ 21,163	\$ -	\$ 1,300	\$ -	\$ -
Due to other funds	6,242,396	-	-	-	-	-	-	-	-	-
Other liabilities	134,645	-	-	16,000	-	8,808	-	-	-	-
<b>Total liabilities</b>	<b>7,252,615</b>	<b>20,979</b>	<b>-</b>	<b>22,897</b>	<b>69</b>	<b>29,971</b>	<b>-</b>	<b>1,300</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>										
Deferred property taxes	372,672	-	-	-	-	-	-	-	-	-
Other deferred revenues	72,718	-	-	-	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>445,390</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>										
Nonspendable:										
Inventory	27,696	-	-	-	-	-	-	-	-	-
Prepaid expenditures	325,324	-	-	-	-	-	-	-	-	-
Long-term interfund advances	2,813,820	-	-	-	-	-	-	-	-	-
Restricted for:										
Education programs	-	-	-	-	-	-	-	-	-	-
Library programs	-	48,297	-	-	-	-	-	-	-	-
Capital projects	-	98,962	-	-	-	-	-	-	-	-
Committed for:										
Capital projects	-	50,000	-	-	-	-	-	-	-	-
Revaluation	47,800	-	-	-	-	-	-	-	-	-
Assigned to:										
2020 budget	1,507,475	-	-	-	-	-	-	-	-	-
Parks and recreation programs	-	-	-	-	-	-	31,528	142,155	-	-
Towers	-	-	-	-	-	439,320	-	-	-	-
Kinney Bungalow	-	-	-	326,746	-	-	-	-	-	-
Sunset Farm	-	-	-	-	-	-	-	-	17,096	-
Other	-	-	-	-	-	-	-	-	-	1,409
Unassigned	6,481,769	731,667	14,224	-	69,020	-	-	-	-	-
<b>Total fund balances</b>	<b>11,203,884</b>	<b>928,926</b>	<b>14,224</b>	<b>326,746</b>	<b>69,020</b>	<b>439,320</b>	<b>31,528</b>	<b>142,155</b>	<b>17,096</b>	<b>1,409</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 18,901,889</b>	<b>\$ 949,905</b>	<b>\$ 14,224</b>	<b>\$ 349,643</b>	<b>\$ 69,089</b>	<b>\$ 469,291</b>	<b>\$ 31,528</b>	<b>\$ 143,455</b>	<b>\$ 17,096</b>	<b>\$ 1,409</b>

(Continued)



**TOWN OF NARRAGANSETT, RHODE ISLAND**  
*Combining Balance Sheet (Continued)*  
**General Fund**  
**June 30, 2019**

	<i>Earle Water Tank</i>	<i>Rental Registration</i>	<i>Tipping Fees</i>	<i>Total Town</i>	<i>School Unrestricted</i>	<i>Athletic Gate Receipts</i>	<i>Total School</i>	<i>Interfund Elimination Entries</i>	<i>Total General Fund</i>
<b>Assets</b>									
Cash	\$ 89	\$ 54,588	\$ 68,212	\$ 11,601,838	\$ 375	\$ -	375	\$ -	\$ 11,602,213
Investments	-	-	-	5,404,027	-	-	-	-	5,404,027
Real estate and personal property tax receivable	-	-	-	334,691	-	-	-	-	334,691
Due from federal and state governments	-	-	-	212,328	25,011	-	25,011	-	237,339
Due from other funds	-	-	-	214,665	6,552,365	37,454	6,589,819	(6,279,850)	524,634
Other receivables	-	-	-	63,311	92,355	-	92,355	-	155,666
Inventory	-	-	-	27,696	-	-	-	-	27,696
Prepaid expenditures	-	-	-	325,324	105,783	-	105,783	-	431,107
Other assets	-	-	-	72,718	-	-	-	-	72,718
Advances to other funds	-	-	-	2,813,820	-	-	-	-	2,813,820
<b>Total assets</b>	<u>\$ 89</u>	<u>\$ 54,588</u>	<u>\$ 68,212</u>	<u>\$ 21,070,418</u>	<u>\$ 6,775,889</u>	<u>\$ 37,454</u>	<u>\$ 6,813,343</u>	<u>\$ (6,279,850)</u>	<u>\$ 21,603,911</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>									
<b>Liabilities:</b>									
Accounts payable and accrued expenditures	\$ -	\$ 2,830	\$ 4,051	\$ 932,863	\$ 225,696	\$ 2,240	\$ 227,936	\$ -	\$ 1,160,799
Due to other funds	-	-	-	6,242,396	1,505,326	-	1,505,326	(6,279,850)	1,467,872
Other liabilities	-	-	-	159,453	12,138	-	12,138	-	171,591
<b>Total liabilities</b>	<u>-</u>	<u>2,830</u>	<u>4,051</u>	<u>7,334,712</u>	<u>1,743,160</u>	<u>2,240</u>	<u>1,745,400</u>	<u>(6,279,850)</u>	<u>2,800,262</u>
<b>Deferred Inflows of Resources:</b>									
Deferred property taxes	-	-	-	372,672	-	-	-	-	372,672
Other deferred revenues	-	-	15,369	88,087	10,979	-	10,979	-	99,066
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>15,369</u>	<u>460,759</u>	<u>10,979</u>	<u>-</u>	<u>10,979</u>	<u>-</u>	<u>471,738</u>
<b>Fund Balances:</b>									
<b>Nonspendable:</b>									
Inventory	-	-	-	27,696	-	-	-	-	27,696
Prepaid expenditures	-	-	-	325,324	105,783	-	105,783	-	431,107
Long-term interfund advances	-	-	-	2,813,820	-	-	-	-	2,813,820
<b>Restricted for:</b>									
Education programs	-	-	-	-	4,915,967	35,214	4,951,181	-	4,951,181
Library programs	-	-	-	48,297	-	-	-	-	48,297
Capital projects	-	-	-	98,962	-	-	-	-	98,962
<b>Committed for:</b>									
Capital projects	-	-	-	50,000	-	-	-	-	50,000
Revaluation	-	-	-	47,800	-	-	-	-	47,800
<b>Assigned to:</b>									
2020 budget	-	-	-	1,507,475	-	-	-	-	1,507,475
Parks and recreation programs	-	-	-	173,683	-	-	-	-	173,683
Towers	-	-	-	439,320	-	-	-	-	439,320
Kinney Bungalow	-	-	-	326,746	-	-	-	-	326,746
Sunset Farm	-	-	-	17,096	-	-	-	-	17,096
Other	89	51,758	-	53,256	-	-	-	-	53,256
Unassigned	-	-	48,792	7,345,472	-	-	-	-	7,345,472
<b>Total fund balances</b>	<u>89</u>	<u>51,758</u>	<u>48,792</u>	<u>13,274,947</u>	<u>5,021,750</u>	<u>35,214</u>	<u>5,056,964</u>	<u>-</u>	<u>18,331,911</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 89</u>	<u>\$ 54,588</u>	<u>\$ 68,212</u>	<u>\$ 21,070,418</u>	<u>\$ 6,775,889</u>	<u>\$ 37,454</u>	<u>\$ 6,813,343</u>	<u>\$ (6,279,850)</u>	<u>\$ 21,603,911</u>

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
*Combining Schedule of Revenues, Expenditures and Changes in Fund Balances*  
**General Fund**  
*For the Fiscal Year Ended June 30, 2019*

	<i><b>Town General</b></i>	<i><b>Library Fund</b></i>	<i><b>Retained Claims</b></i>	<i><b>Kinney Bungalow</b></i>	<i><b>Surplus Property</b></i>	<i><b>Towers Committee</b></i>	<i><b>Parks &amp; Recreation Aid</b></i>	<i><b>Parks &amp; Recreation Trust</b></i>	<i><b>Sunset Farm</b></i>	<i><b>Town Anniversary</b></i>
<b>Revenues:</b>										
General property taxes and payments in lieu of taxes	\$ 52,450,108	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State and federal aid	2,153,777	187,492	-	-	-	-	-	-	-	-
Charges for services	3,503,982	10,950	-	97,518	-	300,843	-	-	-	-
Operating grants and contributions	-	1,935	-	-	-	-	18,017	55,500	-	-
Investment and interest income	365,547	11,889	208	3,987	701	4,752	345	1,552	190	15
Other revenues	-	-	289	-	14,045	-	-	-	-	-
<b>Total revenues</b>	<b>58,473,414</b>	<b>212,266</b>	<b>497</b>	<b>101,505</b>	<b>14,746</b>	<b>305,595</b>	<b>18,362</b>	<b>57,052</b>	<b>190</b>	<b>15</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	2,053,667	-	3,560	-	1,024	-	-	-	-	-
Financial administration	1,465,993	-	-	-	-	-	-	-	-	-
Public safety	14,111,574	-	-	-	-	-	-	-	-	-
Public works	2,982,089	-	-	-	-	-	-	-	-	-
Parks and recreation	1,311,982	-	-	134,360	-	265,311	3,194	22,653	1,851	-
Planning, engineering and inspection	1,137,558	-	-	-	-	-	-	-	-	-
Library	-	1,028,771	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Town-wide	808,736	-	-	-	-	-	-	-	-	-
Other	3,500,636	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>27,372,235</b>	<b>1,028,771</b>	<b>3,560</b>	<b>134,360</b>	<b>1,024</b>	<b>265,311</b>	<b>3,194</b>	<b>22,653</b>	<b>1,851</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</b>	<b>31,101,179</b>	<b>(816,505)</b>	<b>(3,063)</b>	<b>(32,855)</b>	<b>13,722</b>	<b>40,284</b>	<b>15,168</b>	<b>34,399</b>	<b>(1,661)</b>	<b>15</b>
<b>Other financing sources (uses):</b>										
Transfers from other funds	146,000	841,103	12,000	-	-	-	-	-	-	-
Transfers to other funds	(30,966,364)	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(30,820,364)</b>	<b>841,103</b>	<b>12,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>280,815</b>	<b>24,598</b>	<b>8,937</b>	<b>(32,855)</b>	<b>13,722</b>	<b>40,284</b>	<b>15,168</b>	<b>34,399</b>	<b>(1,661)</b>	<b>15</b>
<b>Fund balances - beginning of year</b>	<b>10,923,069</b>	<b>904,328</b>	<b>5,287</b>	<b>359,601</b>	<b>55,298</b>	<b>399,036</b>	<b>16,360</b>	<b>107,756</b>	<b>18,757</b>	<b>1,394</b>
<b>Fund balances - end of year</b>	<b>\$ 11,203,884</b>	<b>\$ 928,926</b>	<b>\$ 14,224</b>	<b>\$ 326,746</b>	<b>\$ 69,020</b>	<b>\$ 439,320</b>	<b>\$ 31,528</b>	<b>\$ 142,155</b>	<b>\$ 17,096</b>	<b>\$ 1,409</b>

(Continued)

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)  
General Fund  
For the Fiscal Year Ended June 30, 2019

	<i>Earle Water Tank</i>	<i>Rental Registration</i>	<i>Tipping Fees</i>	<i>Total Town</i>	<i>School Unrestricted</i>	<i>Athletic Gate Receipts</i>	<i>Total School</i>	<i>Interfund Elimination Entries</i>	<i>Total General Fund</i>
<b>Revenues:</b>									
General property taxes and payments in lieu of taxes	\$ -	\$ -	\$ -	\$ 52,450,108	\$ -	\$ -	\$ -	\$ -	\$ 52,450,108
State and federal aid	-	-	-	2,341,269	3,571,891	-	3,571,891	-	5,913,160
Charges for services	-	235,610	38,623	4,187,526	1,256,378	16,836	1,273,214	-	5,460,740
Operating grants and contributions	-	-	-	75,452	-	-	-	-	75,452
Investment and interest income	1	1,391	933	391,511	-	-	-	-	391,511
Other revenues	-	-	-	14,334	4,620	-	4,620	-	18,954
<b>Total revenues</b>	<b>1</b>	<b>237,001</b>	<b>39,556</b>	<b>59,460,200</b>	<b>4,832,889</b>	<b>16,836</b>	<b>4,849,725</b>	<b>-</b>	<b>64,309,925</b>
<b>Expenditures:</b>									
<i>Current:</i>									
General government	-	180,495	-	2,238,746	-	-	-	-	2,238,746
Financial administration	-	-	-	1,465,993	-	-	-	-	1,465,993
Public safety	-	-	-	14,111,574	-	-	-	-	14,111,574
Public works	-	-	28,901	3,010,990	-	-	-	-	3,010,990
Parks and recreation	-	-	-	1,739,351	-	-	-	-	1,739,351
Planning, engineering and inspection	-	-	-	1,137,558	-	-	-	-	1,137,558
Library	-	-	-	1,028,771	-	-	-	-	1,028,771
Education	-	-	-	-	29,011,219	10,961	29,022,180	-	29,022,180
Town-wide	-	-	-	808,736	-	-	-	-	808,736
Other	-	-	-	3,500,636	-	-	-	-	3,500,636
<b>Total expenditures</b>	<b>-</b>	<b>180,495</b>	<b>28,901</b>	<b>29,042,355</b>	<b>29,011,219</b>	<b>10,961</b>	<b>29,022,180</b>	<b>-</b>	<b>58,064,535</b>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</b>	<b>1</b>	<b>56,506</b>	<b>10,655</b>	<b>30,417,845</b>	<b>(24,178,330)</b>	<b>5,875</b>	<b>(24,172,455)</b>	<b>-</b>	<b>6,245,390</b>
<b>Other financing sources (uses):</b>									
Transfers from other funds	-	-	-	999,103	26,046,813	-	26,046,813	(27,045,916)	-
Transfers to other funds	-	(146,000)	-	(31,112,364)	(1,210,302)	-	(1,210,302)	27,045,916	(5,276,750)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(146,000)</b>	<b>-</b>	<b>(30,113,261)</b>	<b>24,836,511</b>	<b>-</b>	<b>24,836,511</b>	<b>-</b>	<b>(5,276,750)</b>
<b>Net change in fund balances</b>	<b>1</b>	<b>(89,494)</b>	<b>10,655</b>	<b>304,584</b>	<b>658,181</b>	<b>5,875</b>	<b>664,056</b>	<b>-</b>	<b>968,640</b>
<b>Fund balances - beginning of year</b>	<b>88</b>	<b>141,252</b>	<b>38,137</b>	<b>12,970,363</b>	<b>4,363,569</b>	<b>29,339</b>	<b>4,392,908</b>	<b>-</b>	<b>17,363,271</b>
<b>Fund balances - end of year</b>	<b>\$ 89</b>	<b>\$ 51,758</b>	<b>\$ 48,792</b>	<b>\$ 13,274,947</b>	<b>\$ 5,021,750</b>	<b>\$ 35,214</b>	<b>\$ 5,056,964</b>	<b>\$ -</b>	<b>\$ 18,331,911</b>

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
*Schedule of Assets, Liabilities and Fund Balance*  
*School Unrestricted Fund*  
*June 30, 2019*

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**ASSETS**

Cash	\$ 375
Due from federal and state governments	25,011
Other receivables	92,355
Due from other funds	6,552,365
Prepaid expenditures	105,783
<b>Total assets</b>	<b>\$ 6,775,889</b>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES,  
AND FUND BALANCES**

**Liabilities**

Accounts payable and accrued expenditures	\$ 225,696
Due to other funds	1,505,326
Other liabilities	12,138
<b>Total liabilities</b>	<b>1,743,160</b>

**Deferred inflows of resources**

Other deferred revenues	10,979
<b>Total deferred inflows of resources</b>	<b>10,979</b>

**Fund balances**

Nonspendable:	
Prepaid expenditures	105,783
Restricted for:	
Education	4,915,967
<b>Total fund balances</b>	<b>5,021,750</b>

<b>Total liabilities and fund balances</b>	<b>\$ 6,775,889</b>
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**TOWN OF NARRAGANSETT, RHODE ISLAND**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*School Unrestricted Fund*  
*For the Fiscal Year Ended June 30, 2019*

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**REVENUES**

Town appropriation	\$ 26,046,813
State aid	3,571,891
Charges for services	1,256,378
Other revenues	4,620
<b>Total revenues</b>	<u>30,879,702</u>

**EXPENDITURES**

Education	<u>29,011,219</u>
<b>Total expenditures</b>	<u>29,011,219</u>

*Excess of revenues over expenditures  
before other financing uses*

1,868,483

**Other financing uses:**

Transfers to other funds	<u>(1,210,302)</u>
<b>Total other financing uses</b>	<u>(1,210,302)</u>

*Net change in fund balances*

658,181

*Fund balances - beginning of year*

4,363,569

*Fund balances - end of year*

\$ 5,021,750

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**School Department Operating Budget**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Town appropriation	\$ 26,046,813	\$ 26,046,813	\$ 26,046,813	\$ -
State aid	2,137,486	2,313,574	2,313,574	-
Charges for services	750,000	585,912	1,256,378	670,466
Other revenues	17,000	5,000	4,620	(380)
Re-appropriated fund balance	1,702,695	1,702,695	-	(1,702,695)
<b>Total revenues</b>	<b>30,653,994</b>	<b>30,653,994</b>	<b>29,621,385</b>	<b>(1,032,609)</b>
<b>Expenditures</b>				
Salaries	16,631,290	16,598,576	16,378,056	220,520
Employee benefits	7,684,513	8,036,319	7,303,972	732,347
Purchased services	3,137,048	3,128,029	2,637,320	490,709
Supplies and materials	1,181,544	1,123,330	916,037	207,293
Capital outlay	436,527	509,449	477,846	31,603
Other costs	50,770	47,989	39,671	8,318
<b>Total expenditures</b>	<b>29,121,692</b>	<b>29,443,692</b>	<b>27,752,902</b>	<b>1,690,790</b>
<b>Excess of revenues over expenditures before other financing uses</b>	<b>1,532,302</b>	<b>1,210,302</b>	<b>1,868,483</b>	<b>658,181</b>
<b>Other financing uses</b>				
Transfer to other funds	(1,532,302)	(1,210,302)	(1,210,302)	-
<b>Total other financing uses</b>	<b>(1,532,302)</b>	<b>(1,210,302)</b>	<b>(1,210,302)</b>	<b>-</b>
<b>Net change in fund balance (budgetary basis)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 658,181</b>	<b>\$ 658,181</b>

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Schedule of Unrestricted Fund - Fund Balance**  
**Restricted for Education Programs**  
**June 30, 2019**

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***Restricted for Education:***

School Committee designation for use in subsequent year budget	\$ 1,917,854
Undesignated	<u>2,998,113</u>
<b><i>Total</i></b>	<b><u><u>\$ 4,915,967</u></u></b>

## **OTHER SUPPLEMENTARY INFORMATION**

The Annual Supplemental Transparency Report Schedules  
required by the State of Rhode Island General Law § 45-12-22.2 and § 44-35-10

Annual Supplemental Transparency Report (MTP2) - Revenue

Annual Supplemental Transparency Report (MTP2) – Expenditures

Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Municipal

Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Education Department

Notes to Supplementary Information – Annual Supplemental Transparency Report (MTP2)



Town of Narragansett  
Annual Supplemental Transparency Report (MTP2)  
Fiscal Year Ended June 30, 2019

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 51,291,422	\$ -
Last Year's Levy Tax Collection	401,895	-
Prior Years Property Tax Collection	50,669	-
Interest & Penalty	239,908	-
PILOT & Tax Treaty (excluded from levy) Collection	458,214	-
Other Local Property Taxes	-	-
Licenses and Permits	433,234	-
Fines and Forfeitures	350,560	-
Investment Income	296,539	-
Departmental	2,926,128	-
Rescue Run Revenue	460,218	-
Police & Fire Detail	208,207	-
Other Local Non-Property Tax Revenues	1,936	-
Tuition	-	928,237
Impact Aid	-	-
Medicaid	-	287,364
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	121,703
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	11,378	784,810
MV Excise Tax Reimbursement	303,733	-
State PILOT Program	-	-
Distressed Community Relief Fund	-	-
Library Resource Aid	187,492	-
Library Construction Aid	-	-
Public Service Corporation Tax	196,636	-
Meals & Beverage Tax / Hotel Tax	974,229	-
LEA Aid	-	2,313,574
Group Home	-	-
Housing Aid Capital Projects	-	87,502
Housing Aid Bonded Debt	461,050	-
State Food Service Revenue	-	4,292
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	206,752	112,795
Motor Vehicle Phase Out	-	-
Other Revenue	-	370,977
Local Appropriation for Education	-	26,046,813
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
<b>Total Revenue</b>	<b>\$ 59,460,200</b>	<b>\$ 31,058,067</b>
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	-	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
<b>Total Other Financing Sources</b>	<b>\$ -</b>	<b>\$ -</b>

Town of Narragansett  
Annual Supplemental Transparency Report (MTP2)  
Fiscal Year Ended June 30, 2019

EXPENDITURES	General Government	Finance	Social Services	Centralized IT	Planning	Libraries	Public Works	Parks and Rec	Police Department
Compensation- Group A	\$ 848,546	\$ 830,815	\$ -	\$ 167,295	\$ 412,067	\$ 441,776	\$ 1,226,970	\$ 807,496	\$ 3,282,760
Compensation - Group B	-	-	-	-	-	-	-	-	282,122
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	3,053	481	-	532	3,864	8,881	92,820	16,377	435,884
Overtime - Group B	-	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	139,384
Active Medical Insurance - Group A	129,218	192,833	-	13,553	85,704	73,682	247,621	119,804	386,721
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	140,527
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	7,247	10,053	-	734	3,686	3,019	14,892	6,256	15,746
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	5,953
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	66,035	62,493	-	12,579	31,991	33,379	99,532	62,450	318,508
Life Insurance	3,325	3,689	-	591	1,835	1,761	5,423	3,037	12,412
State Defined Contribution- Group A	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	304,748	-	-	-	8,758	1,207	1,505	7,156	98,044
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	275,632	274,177	-	58,729	152,958	81,617	430,321	176,981	1,596,063
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	67,641
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	267,000	-	-	-	-	-	-	-	-
Purchased Services	265,743	37,250	-	12,636	41,626	49,787	37,446	40,990	57,094
Materials/Supplies	68,914	39,651	-	8,262	19,689	176,119	70,522	259,038	140,324
Software Licenses	-	10,625	-	112,470	20,075	-	850	2,550	1,796
Capital Outlays	-	-	-	-	1,920	-	84,393	-	-
Insurance	416,858	-	-	-	-	-	-	-	-
Maintenance	-	-	-	-	-	34,836	41,799	85,146	5,744
Vehicle Operations	-	-	-	-	-	-	327,872	21,043	65,478
Utilities	1,393	1,728	-	243	-	30,584	391,269	110,908	96,050
Contingency	33,000	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	224,402	-	-
Revaluation	-	2,200	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	37,837	-	-
Trash Removal & Recycling	-	-	-	-	-	-	-	-	-
Claims & Settlements	90,874	-	-	-	-	-	-	-	-
Community Support	155,972	-	-	-	-	-	-	-	-
Other Operation Expenditures	-	-	-	-	-	8,559	-	20,118	-
Tipping Fees	-	-	-	-	-	-	28,901	-	-
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 2,937,558</b>	<b>\$ 1,465,995</b>	<b>\$ -</b>	<b>\$ 387,624</b>	<b>\$ 784,173</b>	<b>\$ 945,207</b>	<b>\$ 3,364,375</b>	<b>\$ 1,739,350</b>	<b>\$ 7,148,251</b>

Town of Narragansett  
Annual Supplemental Transparency Report (MTP2)  
Fiscal Year Ended June 30, 2019

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ 2,642,055	\$ 519,647	\$ 85,859	\$ -	\$ -	\$ -	\$ 11,265,286	\$ 11,779,621
Compensation - Group B	45,698	-	-	-	-	-	327,820	1,696,529
Compensation - Group C	-	-	-	-	-	-	-	3,310,741
Compensation - Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	947,148	90,324	4,297	-	-	-	1,603,661	-
Overtime - Group B	287	-	-	-	-	-	287	-
Overtime - Group C	-	-	-	-	-	-	-	73,810
Police & Fire Detail	-	-	-	-	-	-	139,384	-
Active Medical Insurance - Group A	432,979	102,554	19,581	-	-	-	1,804,250	1,582,694
Active Medical Insurance- Group B	6,674	-	-	-	-	-	147,201	177,612
Active Medical Insurance- Group C	-	-	-	-	-	-	-	680,768
Active Dental insurance- Group A	20,160	4,244	1,046	-	-	-	87,083	116,571
Active Dental Insurance- Group B	367	-	-	-	-	-	6,320	13,002
Active Dental Insurance- Group C	-	-	-	-	-	-	-	46,268
Payroll Taxes	277,071	46,935	6,524	-	-	-	1,017,497	1,273,628
Life Insurance	10,108	2,563	288	-	-	-	45,032	63,890
State Defined Contribution- Group A	-	-	-	-	-	-	-	59,619
State Defined Contribution - Group B	-	-	-	-	-	-	-	5,799
State Defined Contribution - Group C	-	-	-	-	-	-	-	-
Other Benefits- Group A	13,670	-	-	-	-	-	435,088	19,238
Other Benefits- Group B	-	-	-	-	-	-	-	2,878
Other Benefits- Group C	-	-	-	-	-	-	-	123,727
Local Defined Benefit Pension- Group A	1,102,258	189,179	22,563	-	-	-	4,360,478	-
Local Defined Benefit Pension - Group B	20,257	-	-	-	-	-	87,898	161,079
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	1,149,390
State Defined Benefit Pension- Group A	-	-	-	-	-	-	-	1,510,659
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	165,515
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	3,516
Other Defined Benefit / Contribution	-	-	-	-	-	-	267,000	-
Purchased Services	30,885	-	71,070	-	-	-	644,527	2,710,989
Materials/Supplies	124,825	10,704	7,006	-	-	-	925,054	390,445
Software Licenses	18,811	-	-	-	-	-	167,177	56,238
Capital Outlays	-	-	-	-	-	-	86,313	1,693,628
Insurance	-	-	-	-	-	-	416,858	232,900
Maintenance	14,938	-	-	-	-	-	182,463	245,680
Vehicle Operations	34,184	-	3,554	-	-	-	452,131	133,697
Utilities	31,760	-	1,250	-	-	-	665,185	469,691
Contingency	-	-	-	-	-	-	33,000	-
Street Lighting	-	-	-	-	-	-	224,402	-
Revaluation	-	-	-	-	-	-	2,200	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	37,837	-
Trash Removal & Recycling	-	-	-	-	-	-	-	-
Claims & Settlements	-	-	-	-	-	-	90,874	-
Community Support	-	-	-	-	-	-	155,972	-
Other Operation Expenditures	-	-	-	-	-	-	28,677	77,976
Tipping Fees	-	-	-	-	-	-	28,901	-
Local Appropriation for Education	-	-	-	26,046,813	-	-	26,046,813	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	670,856	-	670,856	-
Municipal Debt- Interest	-	-	-	-	221,100	-	221,100	-
School Debt- Principal	-	-	-	-	1,065,000	-	1,065,000	-
School Debt- Interest	-	-	-	-	602,542	-	602,542	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	351,900
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	30,500
OPEB Contribution- Total	-	-	-	-	-	3,308,519	3,308,519	-
Rounding	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 5,774,135</b>	<b>\$ 966,150</b>	<b>\$ 223,038</b>	<b>\$ 26,046,813</b>	<b>\$ 2,559,498</b>	<b>\$ 3,308,519</b>	<b>\$ 57,650,686</b>	<b>\$ 30,410,195</b>

Financing Uses: Transfer to Capital Funds	\$ 1,666,150	\$ -
Financing Uses: Transfer to Other Funds	124,826	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
<b>Total Other Financing Uses</b>	<b>\$ 1,790,976</b>	<b>\$ -</b>
<b>Net Change in Fund Balance<sup>1</sup></b>	<b>18,538</b>	<b>647,872</b>
<b>Fund Balance1- beginning of year</b>	<b>\$13,465,479</b>	<b>\$5,662,955</b>
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	-
Misc. Adjustment	-	-
<b>Fund Balance<sup>1</sup> - beginning of year adjusted</b>	<b>13,465,479</b>	<b>5,662,955</b>
Rounding	10	-
<b>Fund Balance<sup>1</sup> - end of year</b>	<b>\$ 13,484,027</b>	<b>\$ 6,310,827</b>

<sup>1</sup> and Net Position if Enterprise Fund activity is included in the transparency portal report.

Town of Narragansett  
Annual Supplemental Transparency Report (MTP2)  
Combining Schedule of  
Reportable Government Services with  
Reconciliation to MTP2  
Municipal  
Fiscal Year Ended June 30, 2019

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance <sup>1</sup>	Beginning Fund Fund Balance <sup>1</sup> (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance <sup>1</sup> (Deficit)	Ending Fund Balance <sup>1</sup> (Deficit)
<b>Fund Balance<sup>1</sup> - per MTP-2 at June 30, 2018</b>						\$ 13,465,479	-	\$ 13,465,479	
<i>No funds removed from RGS for fiscal 2018</i>						-	-	-	
<i>No funds added to RGS for Fiscal 2018</i>						-	-	-	
<i>No misc. adjustments made for fiscal 2018</i>						-	-	-	
<b>Fund Balance<sup>1</sup> - per MTP-2 at June 30, 2018 adjusted</b>						<u>\$ 13,465,479</u>	<u>-</u>	<u>\$ 13,465,479</u>	
General Fund	\$ 64,309,925	\$ -	\$ 58,064,535	\$ 5,276,750	\$ 968,640	\$ 17,363,271	\$ -	\$ 17,363,271	\$ 18,331,911
Debt Service Fund	-	2,275,473	2,561,518	-	\$ (286,045)	495,125	-	495,125	209,080
<b>Totals per audited financial statements</b>	<u>\$ 64,309,925</u>	<u>\$ 2,275,473</u>	<u>\$ 60,626,053</u>	<u>\$ 5,276,750</u>	<u>\$ 682,595</u>	<u>\$ 17,858,396</u>	<u>\$ -</u>	<u>\$ 17,858,396</u>	<u>\$ 18,540,991</u>
<b><u>Reconciliation from financial statements to MTP2</u></b>									
Reverse elimination entry from combining School Unrestricted Fund with Town's General Fund	\$ -	\$ 26,046,813	-	26,046,813	\$ -	-	\$ -	-	\$ -
Remove School Unrestricted Fund from General Fund	(4,849,725)	(26,046,813)	(29,022,180)	(1,210,302)	(664,056)	\$ (4,392,908)	-	(4,392,908)	(5,056,964)
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	-	-	26,046,813	(26,046,813)	-	-	-	-	-
Elimination of municipal appropriation for Debt	-	(2,275,473)	-	(2,275,473)	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
<b>Totals Per MTP2</b>	<u>\$ 59,460,200</u>	<u>\$ -</u>	<u>\$ 57,650,686</u>	<u>\$ 1,790,976</u>	<u>\$ 18,538</u>	<u>\$ 13,465,488</u>	<u>\$ -</u>	<u>\$ 13,465,479</u>	<u>\$ 13,484,027</u>

<sup>1</sup> and Net Position if Enterprise Fund activity is included in the transparency portal report.

Town of Narragansett  
Annual Supplemental Transparency Report (MTP2)  
Combining Schedule of  
Reportable Government Services with  
Reconciliation to MTP2  
Education Department  
Fiscal Year Ended June 30, 2019

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance <sup>1</sup>	Beginning Fund Fund Balance <sup>1</sup> (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance <sup>1</sup> (Deficit)	Ending Fund Balance <sup>1</sup> (Deficit)
<b>Fund Balance<sup>1</sup> - per MTP-2 at June 30, 2018</b>						\$ 5,662,955	-	\$ 5,662,955	
<i>No misc. adjustments made for fiscal 2018</i>						-	-	-	
<b>Fund Balance<sup>1</sup> - per MTP-2 at June 30, 2018 adjusted</b>						<u>\$ 5,662,955</u>	-	<u>\$ 5,662,955</u>	
School Unrestricted Fund	\$ 4,849,725	\$ 26,046,813	\$ 29,022,180	\$ 1,210,302	\$ 664,056	\$ 4,392,908	\$ -	\$ 4,392,908	\$ 5,056,964
School Special Revenue Funds - Restricted	942,249	-	887,476	-	54,773	42,390	-	42,390	97,163
School Special Revenue Funds - Food Service Fund	359,794	30,000	385,797	-	3,997	45,801	-	45,801	49,798
School Athletic Complex Fund	30,300	-	-	-	30,300	(38,576)	-	(38,576)	(8,276)
School Capital Projects Fund	87,502	1,180,302	1,373,059	-	(105,255)	1,220,432	-	1,220,432	1,115,177
<b>Totals per audited financial statements</b>	<u>\$ 6,269,570</u>	<u>\$ 27,257,115</u>	<u>\$ 31,668,512</u>	<u>\$ 1,210,302</u>	<u>\$ 647,871</u>	<u>\$ 5,662,955</u>	<u>\$ -</u>	<u>\$ 5,662,955</u>	<u>\$ 6,310,827</u>
<b><u>Reconciliation from financial statements to MTP2</u></b>									
Municipal appropriation for Education reported as transfer on financial statements but as revenue on MTP2	\$ 26,046,813	\$ (26,046,813)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State contributions on behalf of teacher pensions as reported as revenue and expenditures on financial statements only	(1,258,317)	-	(1,258,317)	-	-	-	-	-	-
Transfer of unrestricted fund balance to capital projects fund	-	(1,180,302)	-	(1,180,302)	-	-	-	-	-
Transfer of unrestricted fund balance to food service fund	-	(30,000)	-	(30,000)	-	-	-	-	-
Rounding	-	-	-	-	1	-	-	-	1
<b>Totals Per MTP2</b>	<u>\$ 31,058,067</u>	<u>\$ -</u>	<u>\$ 30,410,195</u>	<u>\$ -</u>	<u>\$ 647,872</u>	<u>\$ 5,662,955</u>	<u>\$ -</u>	<u>\$ 5,662,955</u>	<u>\$ 6,310,827</u>
<b><u>Reconciliation from MTP2 to UCOA</u></b>									
OPEB Trust Revenue and Expense	<u>\$ 85,480</u>		<u>\$ 3,029</u>						
<b>Totals per UCOA Validated Totals Report</b>	<u>\$ 31,143,547</u>		<u>\$ 30,413,224</u>						

<sup>1</sup> and Net Position if Enterprise Fund activity is included in the transparency portal report.

Town of Narragansett, Rhode Island  
Reportable Government Services with  
MTP2 Notes  
Fiscal Year Ended June 30, 2019

Notes to Supplementary Information – *Annual Supplemental Transparency Report (MTP2)*

NOTE 1. Basis of Presentation

The *Annual Supplemental Transparency Report (MTP2)* is a supplemental schedule required by the State of Rhode Island General Laws 45-12-22.2 and 44-35-10. This supplementary schedule included within the annual financial statements is part of a broader project to create a municipal transparency portal (MTP) website to host municipal financial information in a centralized location.

The format of the Annual Supplemental Transparency Report (MTP2) was prescribed by the State Department of Revenue (Division of Municipal Finance), Office of the Auditor General, and the Department of Education.

NOTE 2. Reportable Government Services

Data consistency and comparability are among the key objectives of the State's Municipal Transparency portal. Consistent with that goal, the State has defined "reportable government services", RGS, to include those operational revenues, expenditures, and transfers related to activities which are essential to the achievement of municipal operations. The determination of RGS may be different from the activities included within the legally adopted budget of the municipality. In practice, some communities report certain RGS in separate funds (e.g., special revenue funds, enterprise funds) rather than the municipality's general fund. The Annual Supplemental Transparency Report (MTP2) includes a reconciliation to the fund level statements.

NOTE 3. Allocations

The State reporting requires expenditures to be reported by departments, as defined by the State. Some of the departmental groupings are not consistent with the departments reflected in the Town's budget and accounting system. To report these costs, the Town made allocations of costs to the State's departmental groupings based on a reasonable basis.

NOTE 4. Employee Groups - Compensation and Benefit Costs

Compensation includes salaries, longevity, stipends, clothing allowance/maintenance, shift differential, out-of-rank, holiday pay and bonuses.

For Public Safety departments (i.e., police, fire, and centralized dispatch) and the Education Department, compensation and most benefits costs are reported in the following employee groupings:

Group A: This group consists of employees who serve the primary function of the department.

- Police Department - police officers (e.g., uniform personnel - including, leadership positions)
- Fire Department - fire fighters (e.g., uniform personnel - including, leadership positions)
- Centralized Dispatch Department - civilian dispatchers only
- Education Department - professional staff providing direct services to students
- For the remaining departments - all employees' compensation and benefits are reported under Group A

Group B: For Police and Fire Departments, compensation and benefits paid to its administrative employees and civilian dispatch employees are reported under Group B. The Education Department reports compensation and benefits paid to executive/mid-level educational administration employees under Group B.

Group C: This group is only used for the Education Department and it includes administrative and support staff.

Other post-employment benefits (OPEB) are not reported by employee groups on the MTP2. They are reported in total as either (1) contributions to a qualified OPEB trust or (2) the amount paid for medical and dental insurance for retirees when an OPEB trust fund has not been established. The detail employee group information for the Education Department can be found on the State's Municipal Transparency portal website.

NOTE 5. Education Revenue and Expenditures

The revenues and expenditures presented on the MTP2 under the Education Department is consistent with existing Uniform Chart of Accounts (UCOA) guidelines. Each MTP account code has been mapped to the corresponding UCOA code or group of UCOA codes to facilitate the preparation of the MTP reporting.

Additional guidance and definitions regarding the State's Municipal Transparency Portal can be found on the State Division of Municipal Finance website: <http://www.municipalfinance.ri.gov/>.

## **STATISTICAL SECTION**

**The Statistical Schedules differ from other financial statement presentations because they generally disclose more than one fiscal year and may present non-accounting data such as social and economic data and financial trends of the Town.**

TOWN OF NARRAGANSETT, RHODE ISLAND

NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)

*Exhibit 1*

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities:										
Net investment in capital assets	\$ 76,033,001	\$ 73,270,420	\$ 73,026,624	\$ 75,998,883	\$ 71,751,258	\$ 73,242,220	\$ 72,797,383	\$ 73,799,642	\$ 72,788,921	\$ 76,328,788
Restricted	6,006,722	5,306,428	4,483,692	5,685,301	7,550,352	7,151,671	6,041,787	5,465,023	5,048,391	-
Unrestricted	(93,222,815)	(92,257,243)	(91,957,086)	(99,769,341)	(72,894,919)	(71,834,567)	(68,600,464)	(26,820,119)	(21,287,061)	(13,189,145)
Total governmental activities net position	<u>\$ (11,183,092)</u>	<u>\$ (13,680,395)</u>	<u>\$ (14,446,770)</u>	<u>\$ (18,085,157)</u>	<u>\$ 6,406,691</u>	<u>\$ 8,559,324</u>	<u>\$ 10,238,706</u>	<u>\$ 52,444,546</u>	<u>\$ 56,550,251</u>	<u>\$ 63,139,643</u>
Business-type activities:										
Net investment in capital assets	\$ 33,691,799	\$ 33,922,462	\$ 34,104,629	\$ 32,190,515	\$ 31,305,890	\$ 30,664,018	\$ 30,053,171	\$ 29,007,798	\$ 26,981,862	\$ 26,525,585
Unrestricted	10,764,951	10,063,862	9,493,302	9,937,571	9,319,004	9,301,453	9,188,467	7,993,878	9,644,978	10,288,862
Total business-type activities net position	<u>\$ 44,456,750</u>	<u>\$ 43,986,324</u>	<u>\$ 43,597,931</u>	<u>\$ 42,128,086</u>	<u>\$ 40,624,894</u>	<u>\$ 39,965,471</u>	<u>\$ 39,241,638</u>	<u>\$ 37,001,676</u>	<u>\$ 36,626,840</u>	<u>\$ 36,814,447</u>
Primary government:										
Net investment in capital assets	\$ 109,724,800	\$ 107,192,882	\$ 107,131,253	\$ 108,189,398	\$ 103,057,148	\$ 103,906,238	\$ 102,850,554	\$ 102,807,440	\$ 99,770,783	\$ 102,854,373
Restricted	6,006,722	5,306,428	4,483,692	5,685,301	7,550,352	7,151,671	6,041,787	5,465,023	5,048,391	-
Unrestricted	(82,457,864)	(82,193,381)	(82,463,784)	(89,831,770)	(63,575,915)	(62,533,114)	(59,411,997)	(18,826,241)	(11,642,083)	(2,900,283)
Total primary government net position	<u>\$ 33,273,658</u>	<u>\$ 30,305,929</u>	<u>\$ 29,151,161</u>	<u>\$ 24,042,929</u>	<u>\$ 47,031,585</u>	<u>\$ 48,524,795</u>	<u>\$ 49,480,344</u>	<u>\$ 89,446,222</u>	<u>\$ 93,177,091</u>	<u>\$ 99,954,090</u>



## TOWN OF NARRAGANSETT, RHODE ISLAND

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS

(UNAUDITED)

*Exhibit 2*

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Expenses:</b>										
Governmental activities:										
General government	\$ 2,850,749	\$ 2,613,752	\$ 2,129,141	\$ 2,662,489	\$ 3,354,594	\$ 3,657,602	\$ 3,697,034	\$ 3,967,108	\$ 1,960,227	\$ 999,494
Financial administration	1,696,829	1,765,091	1,441,551	1,857,972	1,824,303	1,677,212	1,719,594	1,972,289	1,108,193	1,109,011
Public safety	16,575,459	17,752,138	14,422,218	18,133,546	15,338,485	15,180,592	15,284,664	14,644,220	11,627,180	10,922,031
Public works	4,896,441	5,042,949	4,650,783	4,984,541	4,913,307	4,978,149	4,757,802	4,107,512	4,523,343	3,921,244
Social services	84,173	19,125	29,372	16,893	140,703	93,240	54,874	93,959	187,285	362,588
Parks and recreation	2,269,787	2,364,493	2,130,369	2,484,974	2,214,141	2,398,295	2,403,126	2,323,745	1,387,846	1,460,487
Planning, engineering and inspection	1,327,790	1,263,615	1,156,325	1,454,157	1,273,212	1,204,386	1,333,057	1,226,549	1,491,691	1,282,366
Library	1,050,354	964,371	907,202	1,001,974	782,598	709,574	743,782	697,801	656,175	682,173
Food service	-	-	-	-	-	-	-	-	380,926	361,762
Other	-	-	-	-	-	-	-	-	5,953,585	6,816,208
Education	32,546,660	31,989,619	31,740,543	32,444,668	30,442,611	30,396,974	30,074,899	30,177,912	29,487,050	28,544,163
Interest on long-term debt	771,128	758,670	1,170,831	871,622	1,038,443	894,414	890,143	979,348	966,891	1,047,327
Total governmental activities expenses	64,069,370	64,533,823	59,778,335	65,912,836	61,322,397	61,190,438	60,958,975	60,190,443	59,730,392	57,508,854
Business-type activities:										
Water Fund	2,274,164	2,262,475	2,328,498	2,234,456	2,258,823	1,922,478	1,888,917	1,873,817	1,682,772	1,732,292
Sewer Fund	4,246,453	4,450,670	4,400,539	4,084,743	4,053,411	3,780,631	3,712,886	3,764,890	4,101,213	3,659,479
Beach Fund	1,971,060	1,920,459	1,861,793	1,918,514	1,749,799	1,768,047	2,027,956	1,613,978	1,439,581	1,383,501
Middlebridge Recreation Fund	22,582	25,902	29,252	33,660	35,923	43,983	189,469	-	-	-
Total business-type activities expenses	8,514,259	8,659,506	8,620,082	8,271,373	8,097,956	7,515,139	7,819,228	7,252,685	7,223,566	6,775,272
Total primary government expenses	72,583,629	73,193,329	68,398,417	74,184,209	69,420,353	68,705,577	68,778,203	67,443,128	66,953,958	64,284,126
<b>Program Revenues:</b>										
Governmental activities:										
Charges for services:										
General government	1,647,577	1,560,044	1,700,014	1,549,178	1,461,007	1,369,157	1,356,215	1,271,041	1,415,282	1,033,620
Financial administration	700,491	700,566	700,491	700,566	716,726	700,491	700,491	656,167	656,167	641,989
Public safety	787,178	979,735	1,173,178	1,016,391	712,509	724,676	712,988	568,833	625,609	593,592
Public works	39,683	39,856	31,871	28,432	29,538	2,125	1,050	400	1,050	1,100
Social services	-	-	-	-	-	-	-	-	-	-
Parks and recreation	631,525	647,131	684,790	696,417	684,488	660,367	623,976	598,997	109,911	131,421
Planning, engineering and inspection	373,373	361,005	399,635	337,113	335,749	501,068	468,874	402,698	325,717	313,100
Library	45,125	15,125	15,362	11,610	15,254	12,811	9,619	10,619	8,412	6,997
Food Service	-	-	-	-	-	-	-	-	229,198	215,034
Other	-	-	-	-	-	-	-	-	500,793	368,003
Education	1,507,013	1,173,646	884,097	627,132	506,909	645,067	605,599	636,300	688,583	870,270
Operating grants and contributions	5,731,228	5,795,935	5,396,724	5,713,910	4,783,010	4,681,774	4,630,534	4,556,277	4,200,924	3,945,898
Capital grants and contributions	560,813	1,378,981	847,113	792,470	509,300	1,203,364	202,815	981,500	1,146,219	638,539
Total governmental activities program revenues	12,024,006	12,652,024	11,833,275	11,473,219	9,754,490	10,500,900	9,312,161	9,682,832	9,907,865	8,759,563
Business-type activities:										
Charges for services:										
Water Fund	2,219,651	2,206,658	2,390,322	2,418,909	2,048,386	2,015,463	2,123,262	1,541,433	1,291,766	1,371,384
Sewer Fund	3,983,701	4,171,610	4,120,966	4,283,991	4,312,525	4,334,115	4,576,529	4,177,713	3,900,155	3,995,311
Beach Fund	2,496,662	2,388,572	2,382,280	2,601,661	2,147,294	2,081,062	1,862,687	1,902,033	1,659,461	1,678,536
Middlebridge Recreation Fund	85,400	73,411	73,606	65,376	53,199	55,556	65,113	-	-	-
Operating grants and contributions, Beach Fund	-	-	-	115,647	140,376	-	-	-	-	-
Capital grants and contributions	-	72,164	992,131	-	-	-	-	-	-	-
Total business-type activities program revenues	8,785,414	8,912,415	9,959,305	9,485,584	8,701,780	8,486,196	8,627,591	7,621,179	6,851,382	7,045,231
Total primary government program revenues	20,809,420	21,564,439	21,792,580	20,958,803	18,456,270	18,987,096	17,939,752	17,304,011	16,759,247	15,804,794
<b>Net (Expense) Revenue:</b>										
Governmental activities	(52,045,364)	(51,881,799)	(47,945,060)	(54,439,617)	(51,567,907)	(50,689,538)	(51,646,814)	(50,507,611)	(49,822,527)	(48,749,291)
Business-type activities	271,155	252,909	1,339,223	1,214,211	603,824	971,057	808,363	368,494	(372,184)	269,959
Total primary government net expenses	(51,774,209)	(51,628,890)	(46,605,837)	(53,225,406)	(50,964,083)	(49,718,481)	(50,838,451)	(50,139,117)	(50,194,711)	(48,479,332)

(continued)

## TOWN OF NARRAGANSETT, RHODE ISLAND

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental activities:										
Property taxes and in lieu of taxes	51,898,135	50,562,602	49,492,588	48,389,492	47,541,544	46,131,289	44,974,695	44,908,921	44,522,795	42,585,105
State aid, unrestricted	2,147,564	1,984,238	1,822,669	1,755,249	1,614,798	1,604,893	1,526,105	1,422,516	1,686,866	2,466,572
Investment income	513,843	79,018	271,919	179,241	131,188	280,124	40,703	168,042	65,845	274,532
Other revenues	57,950	104,220	101,366	93,574	284,380	651,609	30,182	101,577	159,064	90,826
Transfers	(74,825)	(81,904)	(105,095)	(129,225)	(156,636)	342,241	(924,669)	-	-	-
Total governmental activities	54,542,667	52,648,174	51,583,447	50,288,331	49,415,274	49,010,156	45,647,016	46,601,056	46,434,570	45,417,035
Business-type activities:										
Investment income	112,194	46,580	15,358	-	-	95,017	65,032	80,336	354,455	500,853
Transfers	74,825	81,904	105,095	129,225	156,636	(342,241)	924,669	-	-	-
Other revenues	12,252	7,000	10,179	159,746	-	-	392,087	-	-	-
Total business-type activities	199,271	135,484	130,632	288,971	156,636	(247,224)	1,381,788	80,336	354,455	500,853
Total primary government	54,741,938	52,783,658	51,714,079	50,577,302	49,571,910	48,762,932	47,028,804	46,681,392	46,789,025	45,917,888
<b>Change in Net Position:</b>										
Governmental activities	2,497,303	766,375	3,638,387	(4,151,286)	(2,152,633)	(1,679,382)	(5,999,798)	(3,906,555)	(3,387,957)	(3,332,256)
Business-type activities	470,426	388,393	1,469,855	1,503,182	760,460	723,833	2,190,151	448,830	(17,729)	770,812
Total primary government	\$ 2,967,729	\$ 1,154,768	\$ 5,108,242	\$ (2,648,104)	\$ (1,392,173)	\$ (955,549)	\$ (3,809,647)	\$ (3,457,725)	\$ (3,405,686)	\$ (2,561,444)

TOWN OF NARRAGANSETT, RHODE ISLAND

FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)

Exhibit 3

	FISCAL YEAR									
	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 380,047
Unreserved:										
Undesignated	-	-	-	-	-	-	-	-	-	4,099,653
Nonspendable	3,272,623	297,133	2,031,217	2,171,270	1,664,899	1,787,715	2,000,281	2,112,420	331,498	-
Restricted	5,098,440	4,396,810	3,625,065	4,842,626	6,531,905	6,290,018	5,195,278	4,655,701	3,745,542	-
Committed	97,800	50,000	50,000	50,000	-	-	-	-	-	-
Assigned	2,517,576	2,721,854	2,968,253	1,274,978	1,602,708	407,462	2,219,760	414,758	-	-
Unassigned	7,345,472	9,897,474	10,255,432	9,913,554	8,781,159	8,204,658	4,229,693	6,580,480	6,340,414	-
Total General Fund	18,331,911	17,363,271	18,929,967	18,252,428	18,580,671	16,689,853	13,645,012	13,763,359	10,417,454	4,479,700
All Other Governmental Funds:										
Unreserved, reported in:										
Special Revenue Funds	-	-	-	-	-	-	-	-	-	4,802,382
Capital Projects Funds	-	-	-	-	-	-	-	-	-	3,216,836
Restricted	3,693,610	1,418,395	3,204,150	1,640,560	3,495,634	576,405	553,042	493,255	982,020	-
Committed	3,318,736	2,956,906	2,605,619	501,285	1,612,909	2,222,676	2,844,035	2,582,359	3,983,825	-
Assigned	1,115,176	1,220,432	419,129	1,213,844	624,837	324,837	452,219	561,192	729,013	-
Unassigned	(2,849,583)	(38,576)	(70,826)	(2,149,520)	(14,554)	(209,301)	(180,562)	(118,319)	(2,112,922)	-
Total All Other Governmental Funds	5,277,939	5,557,157	6,158,072	1,206,169	5,718,826	2,914,617	3,668,734	3,518,487	3,581,936	8,019,218
Grand Total	<u>\$ 23,609,850</u>	<u>\$ 22,920,428</u>	<u>\$ 25,088,039</u>	<u>\$ 19,458,597</u>	<u>\$ 24,299,497</u>	<u>\$ 19,604,470</u>	<u>\$ 17,313,746</u>	<u>\$ 17,281,846</u>	<u>\$ 13,999,390</u>	<u>\$ 12,498,918</u>

TOWN OF NARRAGANSETT, RHODE ISLAND

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)

<i>Exhibit 4</i>	FISCAL YEAR									
	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
General property taxes and payments in lieu of taxes	\$ 52,450,108	\$ 51,059,703	\$ 49,896,038	\$ 48,793,179	\$ 47,915,634	\$ 46,583,683	\$ 45,255,391	\$ 45,232,567	\$ 44,897,780	\$ 43,132,950
State aid, unrestricted	6,000,662	6,295,458	5,390,295	5,397,906	5,124,796	5,012,113	4,752,274	4,453,025	2,629,201	3,358,167
Charges for services	5,848,171	5,576,500	5,726,864	5,141,830	4,567,613	4,603,869	4,445,998	4,097,518	4,560,722	4,175,126
Operating grants and contributions	1,239,811	1,282,315	1,284,692	1,176,369	1,302,315	1,133,829	1,219,449	1,350,198	2,285,726	1,966,682
Capital grants and contributions	449,606	710,742	837,757	743,116	361,843	976,344	32,425	811,998	1,184,276	638,539
Investment income	513,843	79,018	271,919	179,241	131,188	280,124	40,703	168,042	65,845	274,532
State contribution to teachers pension plan	-	-	-	-	-	-	-	-	933,945	-
Other revenues	85,527	96,778	53,489	48,463	126,892	642,769	60,529	148,322	465,288	980,017
Total revenues	66,587,728	65,100,514	63,461,054	61,480,104	59,530,281	59,232,731	55,806,769	56,261,670	57,022,783	54,526,013
Expenditures:										
Current:										
General government	2,315,808	2,012,780	1,903,098	1,990,605	1,623,795	1,904,804	1,895,652	1,832,287	1,767,415	1,278,395
Financial administration	1,465,993	1,563,238	1,346,402	1,346,256	1,460,933	1,266,781	1,275,723	1,541,310	1,118,473	1,054,645
Public safety	14,191,808	14,028,876	13,320,233	13,136,170	12,944,328	11,334,333	11,613,905	10,641,387	11,223,322	10,776,537
Public works	3,031,593	2,938,268	3,006,632	2,811,152	3,015,199	2,551,415	2,437,380	2,118,369	3,138,946	2,466,899
Social services	84,173	19,125	29,372	16,893	140,703	93,240	54,874	100,779	177,829	353,678
Parks and recreation	1,843,043	1,855,156	1,861,704	1,859,508	1,819,447	1,888,093	1,963,199	1,864,081	1,410,040	1,363,896
Planning, engineering and inspection	1,137,558	1,111,062	1,114,189	1,073,782	1,119,003	990,026	971,121	854,110	2,048,533	1,306,309
Library	1,028,771	874,144	881,832	848,756	770,261	697,892	690,615	670,406	649,384	679,346
Food services	385,797	366,913	389,010	369,185	401,748	403,267	-	-	380,926	-
Other	4,309,372	3,874,409	3,533,494	3,536,709	1,787,774	2,867,951	2,184,981	2,346,879	1,800,117	2,075,712
Education	29,909,656	29,208,100	29,814,373	28,207,782	28,991,540	27,330,462	27,397,152	27,630,424	27,659,222	27,062,964
Debt service:										
Principal	1,735,856	1,764,650	1,418,982	1,631,158	1,403,530	1,268,095	1,370,553	1,534,485	1,526,266	2,194,667
Interest	957,723	943,900	1,178,345	926,569	1,013,262	879,515	922,026	969,447	1,012,797	1,072,286
Capital outlay and Major Maintenance	9,072,866	4,937,011	4,899,189	8,315,844	3,107,553	3,810,103	2,378,620	2,367,389	1,011,065	146,592
Total expenditures	71,470,017	65,497,632	64,696,855	66,070,369	59,599,076	57,285,977	55,155,801	54,471,353	54,924,335	51,831,926
Excess (deficiency) of revenues over expenditures	(4,882,289)	(397,118)	(1,235,801)	(4,590,265)	(68,795)	1,946,754	650,968	1,790,317	2,098,448	2,694,087
Other financing sources (uses):										
Bond proceeds	5,000,000	-	6,100,000	-	4,100,000	-	-	-	-	-
Bond premium	646,536	-	262,766	-	135,626	-	-	-	-	-
Issued and Premium of refunding bonds	-	-	13,594,550	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	(13,458,152)	-	-	-	-	-	-	-
Capital lease proceeds	-	-	455,670	-	624,870	-	280,540	142,041	709,807	-
Transfers from other funds	5,201,925	5,368,643	5,150,004	5,880,609	3,379,954	6,505,644	5,097,416	8,122,110	28,367,059	28,835,043
Transfers to other funds	(5,276,750)	(5,450,547)	(5,255,099)	(6,009,834)	(3,536,590)	(6,163,403)	(6,022,085)	(8,122,110)	(28,367,059)	(28,835,043)
Sale of capital assets	-	-	15,504	10,525	59,962	28,951	25,061	12,375	18,500	27,900
Total other financing sources (uses)	5,571,711	(81,904)	6,865,243	(118,700)	4,763,822	371,192	(619,068)	154,416	728,307	27,900
Net change in fund balances	\$ 689,422	\$ (479,022)	\$ 5,629,442	\$ (4,708,965)	\$ 4,695,027	\$ 2,317,946	\$ 31,900	\$ 1,944,733	\$ 2,826,755	\$ 2,721,987
Debt service as a percentage of noncapital expenditures	4.3%	4.5%	4.3%	4.4%	4.3%	4.0%	4.3%	4.8%	4.7%	6.3%

TOWN OF NARRAGANSETT, RHODE ISLAND

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS  
(UNAUDITED)

**Exhibit 5**

Assessment Date	Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed Valuation to Total Estimated Actual Value
		Assessed Valuations	Estimated Actual Value	Assessed Valuations	Estimated Actual Value	Assessed Valuations	Estimated Actual Value	
12/31/2008	2009-10	\$ 4,617,076,700	\$ 4,821,005,221	\$ 189,473,696	\$ 197,842,431	\$ 4,806,550,396	\$ 5,018,847,652	95.77%
12/31/2009	2010-11	4,660,076,700	4,755,180,306	191,058,160	199,018,917	4,851,134,860	4,954,199,223	97.92%
12/31/2010	2011-12	4,638,015,302	4,732,668,676	126,150,948	126,150,948	4,764,166,250	4,858,819,624	98.05%
12/31/2011	2012-13	4,350,353,287	4,439,136,007	133,943,059	133,943,059	4,484,296,346	4,573,079,066	98.06%
12/31/2012	2013-14	4,351,278,768	4,542,366,625	132,860,822	132,860,822	4,484,139,590	4,675,227,447	95.91%
12/31/2013	2014-15	4,369,756,694	4,599,743,888	136,792,291	136,792,291	4,506,548,896	4,736,536,179	95.14%
12/31/2014	2015-16	4,476,928,059	4,815,206,205	147,375,176	147,375,176	4,624,303,235	4,962,581,381	93.18%
12/31/2015	2016-17	4,495,724,567	4,940,356,667	154,965,455	154,965,455	4,650,690,022	5,095,322,122	91.27%
12/31/2016	2017-18	4,382,903,592	4,724,562,848	157,985,621	157,985,621	4,540,889,213	4,882,548,469	93.00%
12/31/2017	2018-19	4,799,270,621	4,991,241,445	172,032,065	172,032,065	4,971,302,686	5,163,273,510	96.28%

Source: Town of Narragansett, Rhode Island Assessor

TOWN OF NARRAGANSETT, RHODE ISLAND

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND TEN YEARS AGO  
(UNAUDITED)

**Exhibit 6**

		FISCAL YEAR 2018-19 (ASSESSED VALUE AS OF 12-31-17)			FISCAL YEAR 2008-2009 (ASSESSED VALUE AS OF 12-31-07)		
Taxpayer	Type of Business	Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation
National Grid	Electric & Gas Utility	\$ 35,121,490	1	0.67%			
DPF Narragansett, LLC	Shopping Plaza	26,796,500	2	0.51%	Salt Pond Corp. \$ 27,509,500	1	0.85%
Cox Communications	Cable Utility	23,511,089	3	0.45%			
Dunes Corporation	Private Beach Club	12,371,500	4	0.24%	Dunes Club 10,853,200	2	0.33%
SUEZ Company	Water Utility	9,847,710	5	0.19%			
Point Judith Country Club	Private Golf Course	8,580,300	6	0.16%	Point Judith Country Club 7,811,700	4	0.24%
JDL Family LTD Partnership	Shopping Plaza	8,126,600	7	0.16%	JDL Family LTD Partnership 6,422,400	7	0.20%
Narragansett Recreation, LLC	Hotel/Restaurant	7,515,500	8	0.14%			
Remedy LLC	Residential Property	6,446,500	9	0.12%			
Murray, J Terrance	Residential Property	5,678,400	10	0.11%	J. Terrance Murray 6,397,100	8	0.20%
					Recreation Partners I 6,641,900	5	0.20%
					Russell A. Boss 6,517,200	6	0.20%
					Narr. Pier Village Apartments 8,498,900	3	0.26%
					Joseph P. Healey 5,858,500	9	0.18%
					Adolf R. Dibiao 5,278,400	10	0.16%
		<u>\$ 143,995,589</u>		<u>2.76%</u>	<u>\$ 91,788,800</u>		<u>2.83%</u>
Total assessed valuation (gross)		<u>\$ 5,219,224,167</u>			(gross) <u>\$ 3,241,080,612</u>		
TOP TEN ONLY							
Commercial/Industrial Values		\$ 131,870,689		2.53%	\$ 61,315,200		1.89%
Residential Values		12,124,900		0.23%	30,473,600		0.94%

Source: Town of Narragansett Assessor, certified tax roll.

TOWN OF NARRAGANSETT, RHODE ISLAND

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

**Exhibit 7**

Fiscal Year Ended	Taxes Outstanding for the	Collected within the Fiscal year	
			Percentage
2009-10	\$ 44,923,670	\$ 43,608,209	97.07%
2010-11	45,357,123	44,407,854	97.91%
2011-12	45,657,642	44,917,809	98.38%
2012-13	45,635,119	44,843,811	98.27%
2013-14	46,855,316	46,113,597	98.42%
2014-15	48,173,623	47,352,195	98.29%
2015-16	49,094,018	48,320,442	98.42%
2016-17	50,151,603	49,351,387	98.40%
2017-18	51,195,855	50,422,075	98.49%
2018-19	52,394,807	51,802,230	98.87%

	Current Taxes	Current Year Collected	Percent of Levy
2009-10	\$ 42,258,667	\$ 41,425,591	98.03%
2010-11	44,053,922	43,613,626	99.00%
2011-12	44,736,568	44,380,651	99.20%
2012-13	44,946,199	44,547,908	99.11%
2013-14	46,107,795	45,754,896	99.23%
2014-15	47,455,661	47,043,390	99.13%
2015-16	48,342,629	47,937,036	99.16%
2016-17	49,396,535	48,974,578	99.15%
2017-18	50,425,079	50,043,114	99.24%
2018-19	51,610,221	51,356,961	99.51%

**Source: Town of Narragansett Tax Collector**

TOWN OF NARRAGANSETT, RHODE ISLAND

PROPERTY TAX RATES  
(PER \$1000 OF ASSESSED VALUE)  
LAST TEN FISCAL YEARS  
(UNAUDITED)

*Exhibit 8*

<u>List</u>	<u>Fiscal</u>	<u>Residential</u>	<u>Commercial</u>	<u>Personal</u>	<u>Motor Vehicle</u>
2008	2009-10	\$8.58	\$12.87	\$12.87	\$16.46
2009	2010-11	\$8.86	\$13.29	\$13.29	\$16.46
2010	2011-12	\$8.97	\$13.45	\$13.45	\$16.46
2011	2012-13	\$9.57	\$14.35	\$14.35	\$16.46
2012	2013-14	\$9.80	\$14.68	\$14.68	\$16.46
2013	2014-15	\$10.04	\$15.06	\$15.06	\$16.46
2014	2015-16	\$9.94	\$14.91	\$14.91	\$16.46
2015	2016-17	\$10.08	\$15.12	\$15.12	\$16.46
2016	2017-18	\$10.56	\$15.84	\$15.84	\$16.46
2017	2018-19	\$9.95	\$13.93	\$13.93	\$16.46



TOWN OF NARRAGANSETT, RHODE ISLAND

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE  
AND NET BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS  
(UNAUDITED)

*Exhibit 9*

Fiscal Year	Population	Assessed Valuation	Gross Bonded Debt (1)	Debt payable from Business Type Revenues	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt per Capita
2009-10	15,868	\$ 4,806,550,396	\$ 31,728,315	\$ 6,692,867	\$ 25,035,448	0.52%	\$ 1,577.73
2010-11	15,868	4,851,134,860	30,196,064	6,638,301	23,557,763	0.49%	1,484.61
2011-12	15,868	4,764,166,250	27,864,187	5,795,183	22,069,004	0.46%	1,390.79
2012-13	15,868	4,484,296,346	25,968,000	5,198,315	20,769,685	0.46%	1,308.90
2013-14	15,868	4,484,139,590	23,824,611	4,323,020	19,501,590	0.43%	1,228.99
2014-15	15,868	4,506,548,986	25,965,510	3,660,869	22,304,641	0.49%	1,405.64
2015-16	15,868	4,624,303,235	23,864,429	3,084,673	20,779,756	0.45%	1,309.54
2016-17	15,868	4,650,690,022	27,579,129	2,544,280	25,034,849	0.54%	1,577.69
2017-18	15,868	4,540,889,213	25,427,949	1,991,112	23,436,837	0.52%	1,476.99
2018-19	15,868	4,971,302,686	28,217,474	1,427,843	26,789,631	0.54%	1,688.28

(1) includes Business-type Activities

## TOWN OF NARRAGANSETT, RHODE ISLAND

COMPUTATION OF LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS  
(UNAUDITED)

<i>Exhibit 10</i>	Assessment Date 12/31/2017 FY 2018-19	Assessment Date 12/31/2016 FY 2017-18	Assessment Date 12/31/2015 FY 2016-17	Assessment Date 12/31/2014 FY 2015-16	Assessment Date 12/31/2013 FY 2014-15	Assessment Date 12/31/2012 FY 2013-14	Assessment Date 12/31/2011 FY 2012-13	Assessment Date 12/31/2010 FY 2011-12	Assessment Date 12/31/2009 FY 2010-11	Assessment Date 12/31/2008 FY 2009-10
Net assessed valuation	\$4,971,302,686	\$ 4,540,889,213	\$ 4,650,690,022	\$ 4,624,303,235	\$ 4,506,548,986	\$ 4,484,139,590	\$ 4,484,296,346	\$ 4,764,166,250	\$ 4,851,134,862	\$ 4,806,550,396
Debt limit	149,139,081	136,226,676	139,520,701	138,729,097	135,196,470	134,524,188	134,528,890	142,924,988	145,534,046	144,196,512
Total net debt applicable to limit	496,000	23,436,837	25,034,849	20,779,756	22,304,641	19,501,590	20,769,685	22,069,004	23,557,763	25,035,448
Legal debt margin	148,643,081	112,789,839	114,485,852	117,949,341	112,891,829	115,022,598	113,759,205	120,855,984	121,976,283	119,161,064
Total net debt applicable to limit as a percentage of the debt limit	0.33%	17.20%	17.94%	14.98%	16.50%	14.50%	15.44%	15.44%	16.19%	17.36%

TOWN OF NARRAGANSETT, RHODE ISLAND

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES  
LAST TEN FISCAL YEARS  
(UNAUDITED)

*Exhibit 11*

Fiscal Year	Principal	Interest	Total Debt Service (2)	Total Governmental Funds Expenditures (1)	Ratio of Total Debt Service to Total Governmental Expenditures
2010	\$ 2,194,667	\$ 1,072,286	\$ 3,266,953	\$ 51,831,926	6.30%
2011	1,526,266	1,012,797	2,539,063	54,924,335	4.62%
2012	1,534,485	969,447	2,503,932	54,471,353	4.60%
2013	1,370,553	922,026	2,292,579	55,155,801	4.16%
2014	1,268,095	879,015	2,147,110	57,285,977	3.75%
2015	1,296,950	839,622	2,136,572	59,599,076	3.58%
2016	1,524,885	928,436	2,453,321	66,070,369	3.71%
2017	1,248,906	944,472	2,193,378	64,696,855	3.39%
2018	1,598,012	935,930	2,533,942	65,497,632	3.87%
2019	1,647,206	822,152	2,469,358	71,470,017	3.46%

Note:

(1) Modified accrual basis of accounting

(2) General Obligation Bonds and Notes only

TOWN OF NARRAGANSETT, RHODE ISLAND

PRINCIPAL EMPLOYERS\*

JUNE 30, 2019  
(UNAUDITED)

*Exhibit 12*

Employer	Type of Business	Number of Employees
Town of Narragansett	Municipality/Schools/Library	435
University of Rhode Island/Bay Campus	Colleges & Universities	300
Dunes Club	Beach Club/Seasonal - Private	180
VNS Home Health Service	Healthcare Services	150
DeWal Industries	Manufacturer - Specialty films, tapes, etc.	135
Ocean Rose Inn	Hotel and Motel	120
George's of Galilee Restaurant	Restaurant	118
Stop & Shop	Grocery Retail - Supermarket	100
Aunt Carrie's Restaurant	Restaurant	100
Environmental Protection Agency	Federal Government Laboratory	100
Point Judith Country Club	Parks & Recreation - Private Club	80
NOAA National Marine Fisheries Service	Federal Government	70
Bonnet Shores Beach Club	Beach Club/Seasonal - Private	70
Unemployment rate: 2.0% - June 2019	* Source: R I Dept of Labor and Training	

TOWN OF NARRAGANSETT, RHODE ISLAND

FULL-TIME EQUIVALENT TOWN EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)

*Exhibit 13*

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Administration	13.0	13.0	13.0	10.0	10.0	10.0	11.0	11.0	11.0	10.0
Financial administration	12.0	12.0	12.0	15.0	15.0	15.0	15.0	16.0	16.0	16.0
Public safety:										
Police:										
Officers	41.0	41.0	41.0	40.0	40.0	40.0	41.0	41.0	41.0	42.0
Civilians	13.0	13.0	13.0	13.0	13.0	13.0	15.0	14.0	13.0	13.0
Fire:										
Firefighter and officers	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0
Civilians	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total Public Safety	89.0	89.0	89.0	88.0	88.0	88.0	91.0	90.0	89.0	90.0
Public works:										
Administration & Highway	13.0	13.0	13.0	12.0	12.0	12.0	13.0	13.0	13.0	13.0
Parks Maintenance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.5	0.0	0.0
Engineering	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Total Public Works & Engineering	15.6	15.6	15.6	14.6	14.6	14.6	15.6	15.6	21.1	21.1
Parks and recreation	5.5	5.5	5.5	4.5	4.5	4.5	4.5	3.5	3.5	3.5
Parks Maintenance	5.5	5.5	5.5	5.5	5.5	5.5	5.5	0.0	5.5	5.5
Planning and Development	7.5	7.5	7.5	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Education:										
Administrative, certified	10.0	9.0	8.0	8.5	8.5	8.0	8.0	8.0	8.0	8.0
Administrative, noncertified	10.0	10.6	10.6	11.6	11.6	11.7	11.4	11.0	11.0	11.0
Classroom aides	26.2	26.5	25.5	28.4	28.4	32.0	28.0	28.0	31.0	29.0
Teachers	141.2	145.8	145.8	152.1	152.1	153.9	154.8	154.9	158.0	158.0
Bus drivers, monitors, and bus aides	24.0	21.3	21.3	22.5	22.5	22.5	24.0	24.0	22.0	24.0
Clerks	10.5	12.0	12.0	12.0	12.0	12.0	12.0	12.0	11.0	11.0
Operation and maintenance	17.0	17.4	17.4	18.4	18.4	18.4	18.0	18.0	20.0	22.0
	238.9	242.5	240.5	253.5	253.5	258.5	256.2	255.9	261.0	263.0
Library - full-time	6.0	6.0	6.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0
Library-part-time	10.0	10.0	10.0	12.0	12.0	15.0	18.0	18.0	16.0	16.0
Fleet Maintenance	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Water	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Wastewater Treatment	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8
Beach	1.5	1.5	1.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	423.9	427.5	425.5	435.5	435.5	443.5	449.2	447.9	449.0	451.0

TOWN OF NARRAGANSETT, RHODE ISLAND  
MISCELLANEOUS STATISTICS  
JUNE 30, 2019  
(UNAUDITED)

**Exhibit 14**

<b>Town Incorporation</b>	1901	<b>Municipal buildings:</b>	
		Town Hall	1
<b>Type of Government</b>	Council / Town Manager	Fire Stations	3
		Police Station	1
<b>Population:</b>		Port Facility Building	1
Official U.S. Census:		Education	
1950	2,288	High School (Grades 9 – 12)	1
1960	3,444	Middle School (Grades 5 – 8)	1
1970	7,138	Elementary (Grades Pre-K – 4)	1
1980	12,088	Wastewater pumping stations	19
1990	15,004	Wastewater treatment plant	1
2000	16,361	Water pumping stations (not in service)	1
2010 (State of RI Est.)	17,454	Water storage tanks	3
2010 Census	15,876	Water chlorine injections stations	3
<b>Area of Town</b>	18.3 square miles	Public works garage/maintenance facility	2
<b>Shoreline</b>	44.2 miles	Library	1
		Parks/recreation buildings	20
<b>Miles of Streets:</b>		Pavilions	1
Local Paved	103	Gazebos	1
State Paved	25	Beach Cabanas – 83 units	1
		Beach clubhouse	1
<b>Construction (Period 7/1/17 to 6/30/18):</b>		North Beach Pavilion – 263 units	1
Building Permits Issued	1,047	South Beach Pavilion – 218 units	1
Total Value	\$35,728,454	Kinney Bungalow	1
		Comfort station	1
<b>Elections – November 2018:</b>		Community Center	1
Registered voters	12,674	The Towers	1
Number of votes cast	7,134	25, 27, 29 Pier Market Place	1
Percentage voting	56%		
		<b>Recreation Facilities:</b>	
<b>Fire Protection:</b>		Public squares	3
Fire alarm boxes	199	Acres for recreation (developed)	48
Fire hydrants	698	Playgrounds	6
		Tot lots	1
<b>Education:</b>		Major recreation facilities	12
Student Enrollments:		Undeveloped sites	2
Pre-Kindergarten	72	Municipal tennis courts	13
Elementary (grades k – 4)	360	Municipal pickle ball courts	4
Middle School (grades 5 – 8)	397	Bathing beaches	1
High (grades 9 – 12)	449	Diamonds:	
Special Education-Out of Dist	8	Hard ball	4
Other out of district	16	Soft ball	1
Total in all schools	1,302	Basketball courts:	
Home Instruction	7	Outdoor	7
Charter Schools	16	Indoor (schools)	3
Total	1,325	Soccer Fields	7
		Marina - 37 slips	1
		Marina Building	1
		Residential Cottages	4
		Residential House	1
		Café/Restaurant Building	1
		Farm House (Sunset Farm)	1
		Barn (Sunset Farm)	1

***REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS***

***Independent Auditor's Report***

To the Honorable President and  
Members of the Town Council  
Town of Narragansett, Rhode Island

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Narragansett, Rhode Island, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Narragansett, Rhode Island's basic financial statements, and have issued our report thereon dated February 28, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Narragansett, Rhode Island's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Narragansett, Rhode Island's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Narragansett, Rhode Island's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2019-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2019-002 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Narragansett, Rhode Island's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Town of Narragansett, Rhode Island's Response to Findings**

The Town of Narragansett, Rhode Island's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town of Narragansett, Rhode Island's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bacon & Company CPAs, LLC*

Warwick, Rhode Island  
February 28, 2020



**TOWN OF NARRAGANSETT, RHODE ISLAND**  
***Schedule of Findings and Responses***  
***For the Fiscal Year Ended June 30, 2019***

**MATERIAL WEAKNESS**

***2019-001 Capital Assets***

***Criteria:*** An entity's system of internal controls should include policies and procedures for the accounting of the entity's capital assets to ensure the capital assets are properly safeguarded and recorded in an accurate and timely manner in the financial statements.

***Condition:*** The Town does not have formal policies and procedures in place to account for capital asset transactions on a perpetual basis or for the periodic physical inventory of capital assets. Although the Town prepared detailed schedules of capital assets, accumulated depreciation and depreciation expense for the year ended June 30, 2019, these schedules were not prepared until several months after year-end. We proposed several audit adjustments to correct recorded capital asset additions; to record omitted capital asset additions and deletions; to reclassify completed capital assets from work in progress; to remove repair and maintenance expenditures capitalized in error; and to correct depreciation expense. In addition, the Town has not performed in several years a physical inventory to reconcile the capital assets recorded to the physical assets.

***Effect:*** The capital assets schedules provided by the Town as of June 30, 2019 were not materially complete and accurate.

***Cause:*** Personnel changes in the Finance Office during the last two months of the 2019 fiscal year and lack of formal policies and procedures to account for capital assets.

***Recommendation:*** We recommend that the Town establish formal policies and procedures to account for capital assets on a perpetual basis. We suggest the policies and procedures include updating the schedules for capital asset additions and deletions on a quarterly basis, updating depreciation expense on an annual basis and the reconciliation of the Enterprise Funds capital assets schedules to the general ledger balances on a periodic basis. The policies and procedures should also include the physical inventory of capital assets on at least a bi-annual basis.

***Views of Responsible Officials and Corrective Action:*** Management acknowledges the need for policies and procedures to account for capital assets on a perpetual basis to include quarterly updates and annual depreciation. A physical inventory is completed informally at least annually by providing the schedule of assets to the department heads for updating during the renewal of Property & Liability Insurance. The policies and procedures will include a formal physical inventory of capital assets on at least a bi-annual basis. As a first step, the Finance Office has requested guidance from our audit firm in developing this process. The reporting inconsistency issues have been corrected and we will continue to take steps to formalize the process and procedures.

**TOWN OF NARRAGANSETT, RHODE ISLAND**  
**Schedule of Findings and Responses**  
**For the Fiscal Year Ended June 30, 2019**

**SIGNIFICANT DEFICIENCY**

***2019-002 Year-End Financial Reporting and Closing Procedures***

**Criteria:** An entity's system of internal controls should be designed to allow the entity to prepare accurate, timely financial statements in accordance with generally accepted accounting principles and to prevent, detect and correct misstatements in the financial statement on a timely basis.

**Condition:** The Town's year-end financial reporting and closing procedures for fiscal year 2019 were not completed in a timely manner. We proposed audit adjustments to correct accounts that had not been properly reconciled or analyzed by the Town for accuracy and reasonableness. We also proposed audit adjustments for several prior year accruals and prepaid items that were not reversed or were reversed incorrectly.

**Effects:** Material misstatements of the financial statements may not be prevented or detected and corrected in a timely manner. Delays in completion of the Town's audited financial statement for the year ended June 30, 2019.

**Cause:** Personnel changes in the Finance Office during the last two months of the 2019 fiscal year and lack of formal procedures related to the year-end financial reporting and closing process.

**Recommendation:** We recommend that the Town implement formal year-end financial reporting and closing procedures. The procedures should be documented in a detail schedule with expected completion dates. These procedures should include the timely reconciliation of all significant accounts per the general ledger to the subsidiary ledgers and supporting documentation; the recording of any necessary journal entries; the review and approval by the Finance Director or Controller of all reconciliations, journal entries and financial reports prepared by Finance office staff. These procedures should also include analysis of significant accounts to identify and correct any unexpected or unexplained variances.

**Views of Responsible Officials and Corrective Action:** Management acknowledges the need for year-end financial reporting and closing procedures to include completion dates, timely reconciliations and review of reconciliations. As a first step, the Finance Office will be receiving training in the ERP system (Munis) regarding monthly and year-end closing procedures and processes. The reporting inconsistency issues have been corrected and we will continue to take steps to formalize the process and procedures.