

TOWN OF CUMBERLAND, RHODE ISLAND

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

TOWN OF CUMBERLAND, RHODE ISLAND

For the year ended June 30, 2020

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TOWN OF CUMBERLAND, RHODE ISLAND

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Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Town of Cumberland
Cumberland, 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 Cumberland, Rhode Island (Town) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Cumberland, Rhode Island, as of June 30, 2020, 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, general fund budgetary comparison information, and supplementary pension and other post-employment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Cumberland, Rhode Island's basic financial statements. The Combining Non-Major Fund financial statements, the Combining Fiduciary Fund financial statements, the Other Budgetary Comparison Information, the Tax Collector's Annual Report, Schedule of School Unrestricted Fund Balance, and the Annual Supplemental Transparency Report (MTP2) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Non-Major Fund financial statements, the Combining Fiduciary fund financial statements, the Other Budgetary Comparison Information, the Tax Collector's Annual Report, Schedule of School Unrestricted Fund Balance, and the Annual Supplemental Transparency Report (MTP2) are the responsibility of management and were derived from and relates 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 Non-Major Fund financial statements, the Combining Fiduciary Fund financial statements, the Other Budgetary Comparison Information, the Tax Collector's Annual Report, Schedule of School Unrestricted Fund Balance, and the Annual Supplemental Transparency Report (MTP2) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2021 on our consideration of the Town'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'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 Cumberland, Rhode Island's internal control over financial reporting and compliance.

Hague, Sahady & Co., CPAs, P.C.

Hague, Sahady & Co., CPAs, P.C.
Fall River, Massachusetts
March 15, 2021

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the year ended June 30, 2020

The management of the Town of Cumberland, Rhode Island (herein, the Town), provides this Management Discussion and Analysis of the Town of Cumberland's Annual Financial Report for the readers of the Town's financial statements. This narrative overview and analysis of the financial statements of the Town of Cumberland is for fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the additional information that is furnished in the Town's financial statements.

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

This discussion and analysis is intended to serve as an introduction to the Town's annual audit report. The financial section of this report consists of four parts -management's discussion and analysis (this section), the basic financial statements, required supplementary information, and supplementary information that includes combining statements for non-major governmental funds and other fiduciary funds.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements:

- As reported in the government-wide financial statements, the assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$60,452,295. The Town has chosen a conservative fiscal policy whereby it has developed its capital asset base from current operations rather than through borrowings of debt.
- The Town's total net position increased by \$2,339,275 for the fiscal year ended June 30, 2020.
- The total debt related to bonds, notes, and capital leases of the Town of Cumberland increased by \$1,782,507.

Governmental Fund Financial Statements:

- At the end of the current fiscal year, total fund balance for the General Fund was \$21,329,500 or 20.78% of total 2020 budgeted revenues of \$102,650,488. This is a decrease of \$1,342,884 from the prior year total fund balance.
- The total unassigned fund balance of the General Fund is \$14,845,185 or 14.46% of total 2020 budgeted revenues.
- The total assigned fund balance of the General Fund is \$2,245,762. This is an increase of \$505,419 from the prior year.
- The General Fund ended fiscal year 2020 with a budgetary operating surplus of \$1,121,258 and the School Unrestricted Fund ended with a budgetary operating surplus of \$2,540,549.

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the year ended June 30, 2020

FINANCIAL HIGHLIGHTS (CONTINUED)

Overview of the Financial Statements

These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements provide both long-term and short-term information about the Town as a whole. The fund financial statements focus the individual components of the Town government, reporting the Town's operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the Town's accountability. An additional part of the basic financial statements are the notes to the financial statements. The report also contains other required supplementary information in addition to the basic financial statements themselves as well as supplementary information.

Government-Wide Financial Statement

The *government-wide statements* report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and deferred outflows of resources and liabilities and deferred inflows of resources. These financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's *net position* and how they have changed. Net position – the difference between the Town's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the Town's financial health, or position.

Statement of Net Position - Presents all of the government's assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources, with the difference being reported as net position. The amount of net position is widely considered a good measure of the Town's financial health as increases or decreases in the Town's net position serves as a useful indicator of whether the financial position is improving or deteriorating.

Statement of Activities - Presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods, i.e., uncollected taxes or earned but unused vacation and sick time.

Over time, increases or decreases in the Town's net position are an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the Town you need to consider additional non-financial factors such as changes in the Town's property tax base and the condition of the Town's roads.

Both of the government-wide financial statements distinguish functions and activities of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions and activities that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities).

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the year ended June 30, 2020

Government-Wide Financial Statement (Continued)

The government-wide financial statements of the Town are divided into three categories.

- *Governmental activities* - Most of the Town's basic services are included here, such as the police, EMS, library, public works, education and general administration. Property taxes, charges for services and state funding finance most of these activities.
- *Business-Type activities* - The Town charges fees to customers to cover the costs of certain services it provides. The Town's water system is included here.
- *Component units* - The Town does not have any entities that are deemed to be component units.

Fund Financial Statements

Traditional users of government financial statements will find the fund financial statement presentation to be most familiar. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific projects, activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with several finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental, proprietary, and fiduciary funds. Fiduciary funds for the Town consist of the private purpose trust funds and the agency funds. The proprietary fund for the Town is the water enterprise fund. All other activities of the Town are included in the governmental fund.

All of the funds of the Town can be divided into three categories as follows:

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, government fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in the evaluation of a governments near term financing requirements.

Most of the basic services provided by the Town are financed through governmental funds. These funds are reported using an accounting method called "modified accrual accounting", which measures cash, and all other financial assets that can be readily converted to cash. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund which is considered a major fund and data from all of the other governmental funds, which are considered non-major funds, are combined into a single aggregated presentation. Individual fund data for these non-major governmental funds is provided in the form of combining statements, which are not required but are supplementary information.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities.

The Town adopts an annual budget for its general fund and the school unrestricted fund. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the year ended June 30, 2020

Fund Financial Statements (Continued)

Proprietary funds: The Town maintains one proprietary fund as described below. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses its enterprise fund to account for its water operations. The accrual basis of accounting is used for the proprietary fund.

- *Cumberland Water Department* – The Town has a municipally owned water system. It's one reservoir and well system gives the Town adequate water supply for all industrial, commercial and residential consumption.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements for the water enterprise fund which is considered a major fund.

The Town adopts an annual budget for its fund. Budgetary comparison statements have been provided to demonstrate compliance with those budgets.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town is the trustee, or fiduciary, for certain assets that because of a trust arrangement can be used only for the trust beneficiaries and the agency fund. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Town's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the Town's governmental-wide financial statements because the Town cannot use these assets to finance its operations. The accounting used for fiduciary funds is the accrual basis of accounting.

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 follow the basic financial statements.

Required Supplementary Information

This section includes budgetary comparison schedules, which include reconciling information between the statutory amounts for budgetary purposes and the amounts for the General Fund as presented in the governmental fund financial statements.

The pension information included represents the state pension for municipal employees excluding police.

Supplementary Information

In addition to the basic financial statements, accompanying notes, and required supplementary information, this report includes a Budgetary Comparison for the School Unrestricted Fund, Sewer Fund, Water Fund, Combining Governmental Funds, Annual Tax Collector's Report, Schedule of School Unrestricted Fund Balance, and the Annual Supplemental Transparency Report (MTP2).

Figure 1 shows how the required parts of this annual report are arranged and how they relate to one another. In addition to these required elements, the Town has included a section with combining statements that provide details about the Town's non-major governmental funds and fiduciary funds, which are added together and presented in a single column in the basic financial statements.

TOWN OF CUMBERLAND, RHODE ISLAND

Management’s Discussion and Analysis (MD&A)

For the year ended June 30, 2020

Supplementary Information (Continued)

Figure 1

Basic Financial Statements & RSI	Financial Section	MD&A
		Government-wide Statements
		(Major) Fund Financial Statements
		Notes to Financial Statements
		RSI other than MD&A
		Info. on nonmajor funds & other supplementary info. not required

Figure 2 summarizes the major features of the Town's financial statements, including the portion of the Town government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure 2

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire town government (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as police, rescue and DPW.	Activities the Town operates similar to private businesses such as the water system.	Instances in which the Town is the trustee or the agent for someone else's resources.
Required financial statements	Statement of net position Statement of activities	Balance sheet, statement of revenues, expenditures and changes in fund balances.	Statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows	Statement of fiduciary, net position, statement of changes in fiduciary net position.
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of assets/liability information	All assets and liabilities both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term; the Town's funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of year, expenditures when goods or services have been received and payment is due.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and deductions during the year, regardless of when cash is received or paid.

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the year ended June 30, 2020

Government-wide Financial Analysis

Analysis of the Town of Cumberland's 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 of Cumberland, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$60,452,295 as of June 30, 2020, an increase from the prior year of \$2,339,275.

In regard to the Town's net position, \$82,113,270 consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any debt used to acquire these assets which is still outstanding. The Town uses these capital assets to provide services to its 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 are highly unlikely to be used to liquidate these liabilities.

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the year ended June 30, 2020

TOWN OF CUMBERLAND'S NET POSITION
June 30,

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current assets	\$ 82,718,397	\$ 60,648,844	\$ 9,877,575	\$ 7,295,100	\$ 92,595,972	\$ 67,943,944
Non current assets	120,523,735	119,886,771	34,307,645	33,960,851	154,831,380	153,847,622
Total assets	<u>203,242,132</u>	<u>180,535,615</u>	<u>44,185,220</u>	<u>41,255,951</u>	<u>247,427,352</u>	<u>221,791,566</u>
Deferred outflows of resources						
Pension related outflows	19,155,129	18,477,544	-	-	19,155,129	18,477,544
OPEB related outflows	96,954	803,971	-	-	96,954	803,971
Total deferred outflows of resources	<u>19,252,083</u>	<u>19,281,515</u>	<u>-</u>	<u>-</u>	<u>19,252,083</u>	<u>19,281,515</u>
Liabilities						
Current liabilities	28,535,395	9,059,599	1,561,195	1,790,843	30,096,590	10,850,442
Long-term liabilities	148,214,624	148,920,468	14,523,959	11,196,638	162,738,583	160,117,106
Total liabilities	<u>176,750,019</u>	<u>157,980,067</u>	<u>16,085,154</u>	<u>12,987,481</u>	<u>192,835,173</u>	<u>170,967,548</u>
Deferred inflows of resources						
Pension related inflows	9,549,396	7,113,334	-	-	9,549,396	7,113,334
OPEB related outflows	2,886,770	3,626,981	-	-	2,886,770	3,626,981
Gain on refunding	955,801	1,065,575	-	-	955,801	1,065,575
Other deferred inflows	-	186,623	-	-	-	186,623
Total deferred inflows of resources	<u>13,391,967</u>	<u>11,992,513</u>	<u>-</u>	<u>-</u>	<u>13,391,967</u>	<u>11,992,513</u>
Net Position						
Net investment in capital assets	62,923,139	61,484,504	19,190,131	22,084,513	82,113,270	83,569,017
Restricted	4,606,437	3,250,881	-	-	4,606,437	3,250,881
Unrestricted	<u>(35,177,347)</u>	<u>(34,890,835)</u>	<u>8,909,935</u>	<u>6,183,957</u>	<u>(26,267,412)</u>	<u>(28,706,878)</u>
Total net position	<u>\$ 32,352,229</u>	<u>\$ 29,844,550</u>	<u>\$ 28,100,066</u>	<u>\$ 28,268,470</u>	<u>\$ 60,452,295</u>	<u>\$ 58,113,020</u>

An additional portion of the Town's net position \$4,606,437 represents resources that are subject to external restriction on how they may be used. This leaves a remaining balance for unrestricted net position of \$(26,267,412).

Change in Net Position

The total net position of the Town of Cumberland increased by \$2,339,275 during fiscal year 2020.

Analysis of the Town of Cumberland's Operations

The following analysis provides a summary of the Town's operations for the year ended June 30, 2020. Governmental activities increased the Town's net position by \$2,507,679 while business type activities decreased the Town's net position by \$168,404.

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the year ended June 30, 2020

TOWN OF CUMBERLAND'S CHANGES IN NET POSITION

For the year ended June 30,

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charges for service	\$ 4,314,446	\$ 5,394,736	\$ 5,335,160	\$ 5,289,587	\$ 9,649,606	\$ 10,684,323
Operating grants & contributions	13,533,472	11,749,379	-	-	13,533,472	11,749,379
Capital grants & contributions	2,750,397	216,572	-	-	2,750,397	216,572
General Revenues:						
Property taxes	67,324,838	67,987,253	-	-	67,324,838	67,987,253
State aid to town	3,247,704	2,902,717	-	-	3,247,704	2,902,717
State aid to education	23,121,962	22,446,862	-	-	23,121,962	22,446,862
Other revenue	1,108,308	1,075,223	220,455	930	1,328,763	1,076,153
Earnings on investments	176,118	170,146	-	-	176,118	170,146
Total revenue	115,577,245	111,942,888	5,555,615	5,290,517	121,132,860	117,233,405
Expenses						
General government	6,933,141	2,498,507	-	-	6,933,141	2,498,507
Community development	657,013	622,496	-	-	657,013	622,496
Public safety	14,638,513	15,289,306	-	-	14,638,513	15,289,306
Public works	8,418,198	7,524,218	-	-	8,418,198	7,524,218
Social services	2,191,313	3,132,997	-	-	2,191,313	3,132,997
Education	78,923,255	78,876,348	-	-	78,923,255	78,876,348
Interest on debt	1,308,133	1,333,778	-	-	1,308,133	1,333,778
Water	-	-	5,724,019	4,856,942	7,032,152	6,190,720
Total expenses	113,069,566	109,277,650	5,724,019	4,856,942	120,101,718	115,468,370
Increase(decrease) in net position before transfers	2,507,679	2,665,238	(168,404)	433,575	2,339,275	3,098,813
Increase(decrease) in net position	2,507,679	2,665,238	(168,404)	433,575	2,339,275	3,098,813
Net position, July 1	29,844,550	27,179,312	28,268,470	27,834,895	58,113,020	55,014,207
Net position, June 30	<u>\$ 32,352,229</u>	<u>\$ 29,844,550</u>	<u>\$ 28,100,066</u>	<u>\$ 28,268,470</u>	<u>\$ 60,452,295</u>	<u>\$ 58,113,020</u>

TOWN OF CUMBERLAND, RHODE ISLAND

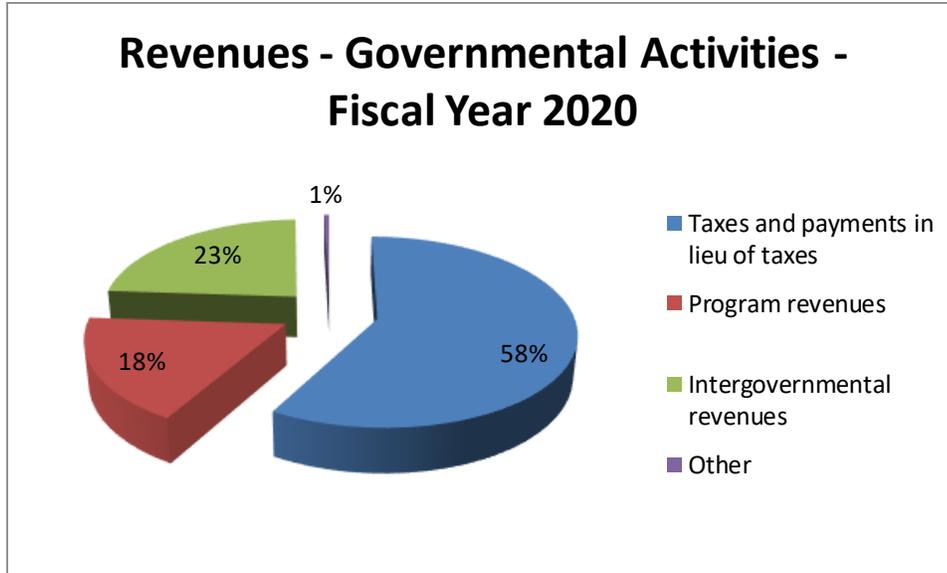
Management’s Discussion and Analysis (MD&A)

For the year ended June 30, 2020

Revenue

Governmental Activities

Total governmental activities revenues for the Town are comprised of general revenues of \$94.9 million, charges for services \$4.3 million, and operating/capital grants and contributions of \$16.2 million.



General Revenues

The majority of general revenues are tax collections from the Town’s taxpayers. This amount represented 58% of the total revenues or \$67.3 million.

Intergovernmental revenue is \$27.1 million representing 23% of total revenues. The largest portion of this figure totaling \$23.1 million represents amounts restricted for use on Education.

Program Revenues

Charges for services are \$4.3 million and represent a variety of departmental revenues. Charges for services includes \$1.7 million for EMS services and \$804 thousand for police detail.

The operating and capital grants are also a significant source of revenue for the Town. The total operating and capital grants for fiscal year ended June 30, 2020 amounted to \$16.2 million of which \$8.2 million were received for education.

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

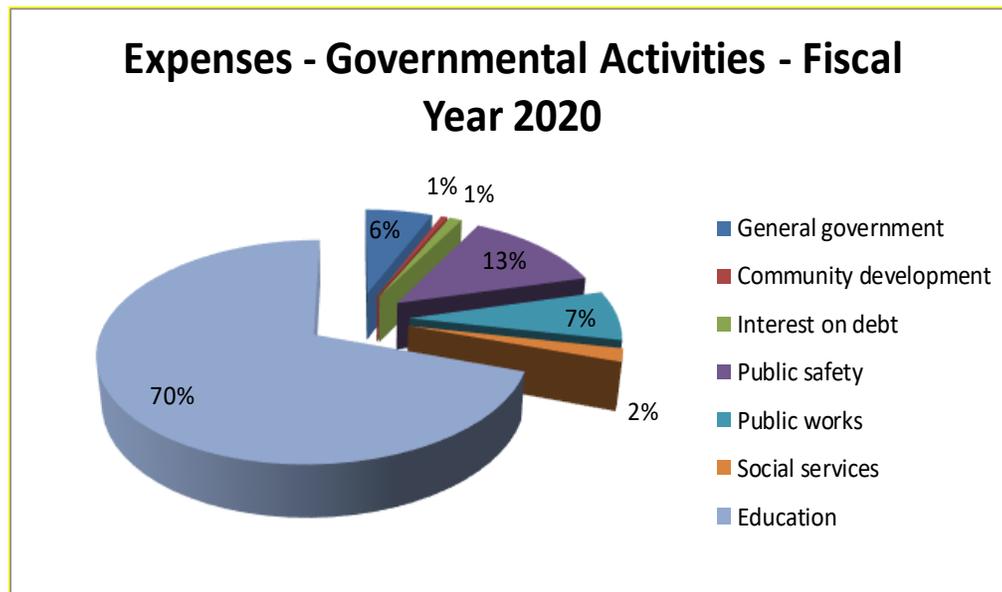
For the year ended June 30, 2020

Expenses

Governmental Activities

For fiscal year ended June 30, 2020, expenses for the governmental activities totaled \$113 million, which cover a range of services.

Education continues to be one of the Town's highest priorities and commitments representing \$78.9 million or 70% of the total governmental activity expenses.



Business-Type Activity

Business-type activity decreased net position by \$168,404 for the fiscal year ended June 30, 2020.

Financial Analysis of the Town of Cumberland's Funds

Governmental Funds – The focus of the Town of Cumberland'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, the unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$29,539,123. The General Fund reported an unassigned fund balance of \$14,845,185 representing approximately 50.26% of total fund balance of all governmental funds.

Proprietary Funds – The Town of Cumberland's proprietary fund statements provide the same type of information as presented in the government-wide financial statements, but in more detail.

Unrestricted net position of the respective proprietary fund is the Cumberland Water Fund \$8,909,935.

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the year ended June 30, 2020

The Town of Cumberland's General Fund Budgetary Highlights

The general fund ended the year with revenue recorded in the amount of \$2,124,152 less than budgeted. Federal and State aid and grants received were less than budgeted by \$657,262. School miscellaneous revenues were also less than budgeted by \$505,724.

The expenditures ended the year with a favorable variance of \$3,336,987. The most significant amount contributing to this variance includes an underspent education budget for State aid, in the amount of \$3.4 million less than budgeted.

The Town of Cumberland's Capital Assets

The Town of Cumberland's investment in capital assets for its governmental and business-type activities amounts to \$147,181,250 net of accumulated depreciation at June 30, 2020. Included are land, building and improvements, construction in progress, motor vehicles, furniture and equipment, and infrastructure.

Major Capital Events During the Fiscal Year 2019-2020

The Town of Cumberland took on several major capital projects in 2019-2020.

The Town and School Department began the planning for the 2018 voter approved \$83 million School Improvement Bond. This project includes 21st Century Learning Environment Renovations and provides educational space for science, technology, engineering, arts, and math (STEAM). It also addresses building deficiencies and system wide security upgrades while decreasing school overcrowding.

The Town continued work on the Diamond Hill Road water main replacement project south from the Chapel Four Corners area of town to the Public Safety Complex. The Franklin Farm Well project which will replace the Sneece Pond surface water treatment plant began with an expected completion date of spring 2021. This well facility is projected to supply over 1 million gallons of water per day.

The Town began the process of constructing a trailhead restroom facility at Diamond Hill Park and seeking a permit for maintenance of the pond at the park. These projects are slated for completion in 2021 and are part of the Town's efforts to revitalize the park as a multi-generational space for passive and active recreation.

The Cumberland Highway Department continued to make capital purchases to work towards the completion of the Pascale property which will serve as the Town's new and more modern highway garage. It is expected to be completed in early Fiscal Year 2022.

The restoration of Cumberland's Senior Center continued in Fiscal Year 2020. New ceilings, light fixtures and flooring were installed. Bathrooms were completely upgraded and made to be ADA compliant. Work was also completed to enlarge the exercise area. Cumberland secured \$500k in funding through a Community Development Block Grant to complete the restoration in the spring of 2020. These awarded funds were used to replace the kitchen, upgrade the electrical system, install a new heating system. The Town was awarded another \$300K through another Community Block Grant which will provide a much needed face lift to the exterior with a new entrance, insulation, siding and outdoor garden area.

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the year ended June 30, 2020

**TOWN OF CUMBERLAND'S CAPITAL ASSETS
NET OF ACCUMULATED DEPRECIATION**

For the year ended June 30,

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 23,431,924	\$ 23,341,866	\$ 607,089	\$ 607,089	\$ 24,039,013	\$ 23,948,955
Construction in progress	945,648	12,104,784	5,455,695	4,445,722	6,401,343	16,550,506
Infrastructure, net	15,677,499	16,129,571	24,321,575	24,936,347	39,999,074	41,065,918
Land improvements, net	2,308,246	2,460,647	-	-	2,308,246	2,460,647
Building & improvements, net	67,558,318	57,013,367	3,862,452	3,954,211	71,420,770	60,967,578
Vehicles, net	1,688,832	1,424,762	60,834	17,482	1,749,666	1,442,244
Machinery and equipment, net	1,263,138	1,511,288	-	-	1,263,138	1,511,288
Total	\$ 112,873,605	\$ 113,986,285	\$ 34,307,645	\$ 33,960,851	\$ 147,181,250	\$ 147,947,136

Additional information on the Town of Cumberland's Capital assets is located in Note 5 of the notes to the financial statements.

The Town of Cumberland's Debt Administration

At the end of the current fiscal year, the Town of Cumberland had a total bonded debt, including premiums, of \$25,031,801, all of which was bonded debt for governmental activities.

**TOWN OF CUMBERLAND'S OUTSTANDING DEBT AT YEAR END BONDS,
NOTES, LOANS AND CAPITALIZED LEASES PAYABLE**

For the year ended June 30,

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 25,031,801	\$ 27,521,616	\$ -	\$ -	\$ 25,031,801	\$ 27,521,616
Notes and loans payable	18,529,242	19,398,768	14,591,350	11,151,668	33,120,592	30,550,436
Capital leases	6,389,423	4,590,292	526,164	623,129	6,915,587	5,213,421
Total	\$ 49,950,466	\$ 51,510,676	\$ 15,117,514	\$ 11,774,797	\$ 65,067,980	\$ 63,285,473

The Town's general obligation bond ratings are Aa3 (Stable) from Moody's Investors Service and AA+ (Stable) from S&P Global Ratings.

The State of Rhode Island imposes a limit of 3 percent of the fair market value of all taxable town property on the general obligation debt that a municipality can issue. The Town of Cumberland's limit is \$135,723,999 at year-end. The Town's outstanding general obligation debt subject to this limit is \$23,440,000 at year-end, which is \$112,283,999 under the State imposed limitation.

Several of the Town's bonds are insured and thus hold a Triple A credit rating from both Moody's and S&P.

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the year ended June 30, 2020

The Town of Cumberland's Debt Administration (Continued)

The Town recorded additions to the loans payable in the amount of \$6.5 million for 2020. This amount was made up of a \$2.5 million RIIB loan for road improvements and a \$4 million RIIB loan for safe drinking water.

Additional information on the Town of Cumberland's long-term debt can be found in note 7 of the financial statements.

Subsequent Fiscal Year 2020-2021 Budget and Tax Rates

The Town of Cumberland's total general fund budget for fiscal year 2021 is \$105,870,771, which reflects an increase of \$3,220,283 over the final fiscal year 2020 budget. In the Town's 2021 budget, \$73,202,777 or 69.14% is allocated for educational purposes, which is an increase of \$1,948,795 or 2.73% over the fiscal year 2020 budget. \$32,667,994 or 30.86% is budgeted for all other purposes, which is an increase of \$1,271,488 or 4%.

Of the \$73,202,777 budgeted for educational purposes, the State of Rhode Island is budgeted for fiscal year 2021 to contribute \$20,509,459 to the Town's education department and the Town is budgeted to contribute \$46,208,075, which is an increase of \$632,000 or 1.39% over the fiscal year 2020 budget. The budget also appropriated the use of school surplus funds totaling \$1,828,120 in the fiscal year 2021 budget. The amount contributed by the State is based on the Town being considered an outlying suburban community. The total population of the Cumberland School District and the average level of wages earned by its citizens are the determining factors for this designation. Within the adopted fiscal year 2021 budget the Town has funded four separate master leases for the school department related to the capital needs of the school district.

General Economic Factors

The May 2020 unemployment rate for the Town of Cumberland was 13.9%, which compares favorably to the unemployment rate of the State of Rhode Island at 16.2% and unfavorably to the national rate of 13% from the same period. According to the Rhode Island City & Town Income American Community Survey, 5-year estimates, 2015 – 2019, the median family income of the Town was \$104,194, compared to the State average of \$86,258. Median family income in the Town increased from \$63,194 in 2000, an increase of 65%. The Town's median family income ranks eleventh among Rhode Island cities and towns.

The per capita income of the Town of Cumberland was \$43,603, compared to \$36,121 for the state in the 2015 – 2019 period. Per capita income in the Town increased from \$25,592 in 2000, an increase of 70.4%. The Town's per capita income ranks ninth among Rhode Island cities and towns.

Request for Information

The financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the tax dollars received. If you have any questions about this report or need additional financial information, please contact the Finance Director, Cumberland Town Hall, 45 Broad Street, Cumberland, RI 02864.

Basic Financial Statements

TOWN OF CUMBERLAND, RHODE ISLAND

Government Wide Financial Statements

Statement of Net Position

June 30, 2020

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 30,105,417	\$ 2,740,779	\$ 32,846,196
Restricted cash	4,004,599	1,358,996	5,363,595
Investments	2,229,337	-	2,229,337
Receivables, net			
Personal property taxes	35,869,415	-	35,869,415
User charges	988,492	2,094,738	3,083,230
Intergovernmental	1,577,652	-	1,577,652
Departmental and other	4,118,694	6,177,255	10,295,949
Internal balances	2,494,193	(2,494,193)	-
Receivables from external parties	60,776		60,776
Prepaid expenses	1,269,822	-	1,269,822
Net pension asset	7,650,130	-	7,650,130
Capital assets:			
Land	23,431,924	607,089	24,039,013
Construction in progress	945,648	5,455,695	6,401,343
Depreciable assets, net	88,496,033	28,244,861	116,740,894
Total capital assets	112,873,605	34,307,645	147,181,250
Total assets	203,242,132	44,185,220	247,427,352
DEFERRED OUTFLOWS OF RESOURCES			
Pension related outflows	19,155,129	-	19,155,129
OPEB related outflows	96,954	-	96,954
Total deferred outflows of resources	19,252,083	-	19,252,083
Total assets and deferred outflows of resources	\$ 222,494,215	\$ 44,185,220	\$ 266,679,435

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

TOWN OF CUMBERLAND, RHODE ISLAND

Government Wide Financial Statements

Statement of Net Position

June 30, 2020

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
LIABILITIES			
Accounts payable and accrued expenses	\$ 1,444,391	\$ 786,976	\$ 2,231,367
Incurring but not reported claims	450,000	-	450,000
Other liabilities	294,015	-	294,015
Tax anticipation note	19,900,000		19,900,000
Accrued interest	637,446	101,541	738,987
Due to federal and state governments	97,632	-	97,632
Payables to external parties	40,644		40,644
Current portion of capital leases	913,800	99,622	1,013,422
Current portion of deferred salary liability	27,265	-	27,265
Current portion of other commitments	17,850	-	17,850
Current portion of bonds and notes payable	2,559,815	-	2,559,815
Current portion of loans payable	1,784,821	573,056	2,357,877
Current portion of compensated absences	367,716	-	367,716
Portion due or payable in more than one year:			
Capital leases	5,475,623	426,542	5,902,165
Deferred salary liability	223,901	-	223,901
Other commitments	124,950	-	124,950
Bonds and notes payable	22,471,986	-	22,471,986
Loans payable	16,744,421	14,018,294	30,762,715
Compensated absences	2,624,693	79,123	2,703,816
Other post-employment benefit liability	17,532,086	-	17,532,086
Net pension liability	83,016,964	-	83,016,964
Total liabilities	176,750,019	16,085,154	192,835,173

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

TOWN OF CUMBERLAND, RHODE ISLAND

Government Wide Financial Statements

Statement of Net Position

June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Pension related inflows	\$ 9,549,396	\$ -	\$ 9,549,396
OPEB related inflows	2,886,770	-	2,886,770
Gain on debt refunding	955,801	-	955,801
Total deferred inflows of resources	<u>13,391,967</u>	<u>-</u>	<u>13,391,967</u>
NET POSITION			
Net investment in capital assets	62,923,139	19,190,131	82,113,270
Restricted	4,606,437	-	4,606,437
Unrestricted	(35,177,347)	8,909,935	(26,267,412)
Total net position	<u>32,352,229</u>	<u>28,100,066</u>	<u>60,452,295</u>
Total liabilities, deferred inflows or resources and net position	<u>\$ 222,494,215</u>	<u>\$ 44,185,220</u>	<u>\$ 266,679,435</u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

Government Wide Financial Statements
Statement of Activities

For the Year Ended June 30, 2020

	<u>Net (Expense) Revenue and Changes in Net Position</u>						
	<u>Program Revenues</u>				<u>Primary Government</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities							
General government	\$ 6,933,141	\$ -	\$ 892,072	\$ 172,061	\$ (5,869,008)	\$ -	\$ (5,869,008)
Community development	657,013	-	83,488	28,262	(545,263)	-	(545,263)
Public safety	14,638,513	2,506,135	2,975,008	-	(9,157,370)	-	(9,157,370)
Public works	8,418,198	955,733	1,091,000	2,550,074	(3,821,391)	-	(3,821,391)
Social services	2,191,313	244,487	278,454	-	(1,668,372)	-	(1,668,372)
Education	72,939,534	-	2,907,129	-	(70,032,405)	-	(70,032,405)
Cafeteria	1,222,890	608,091	545,490	-	(69,309)	-	(69,309)
State contribution to teachers pension plan	4,760,831	-	4,760,831	-	-	-	-
Interest on debt	1,308,133	-	-	-	(1,308,133)	-	(1,308,133)
Total governmental activities	113,069,566	4,314,446	13,533,472	2,750,397	(92,471,251)	-	(92,471,251)
Business-Type Activities							
Water fund	5,724,019	5,335,160	-	-	-	(388,859)	(388,859)
Total business-type activities	5,724,019	5,335,160	-	-	-	(388,859)	(388,859)
Total Town of Cumberland	\$ 118,793,585	\$ 9,649,606	\$ 13,533,472	\$ 2,750,397	\$ (92,471,251)	\$ (388,859)	\$ (92,860,110)
General revenues							
Real estate and personal property, net of reserve for abatements					67,324,838	-	67,324,838
Meals and beverage tax					517,395	-	517,395
Telephone tax					431,581	-	431,581
Realty transfer tax					429,641	-	429,641
School housing aid					2,053,064	-	2,053,064
Earnings on investments					176,118	-	176,118
State aid to town					1,848,417	-	1,848,417
State aid to education					21,068,898	-	21,068,898
Library housing					31,952	-	31,952
Library aid					283,035	-	283,035
Medicaid					450,311	-	450,311
Miscellaneous					363,680	220,455	584,135
Total general revenues					94,978,930	220,455	95,199,385
Total general revenues, special items, and transfers					94,978,930	220,455	95,199,385
Changes in net position					2,507,679	(168,404)	2,339,275
Net position - July 1, 2019					29,844,550	28,268,470	58,113,020
Net position - June 30, 2020					\$ 32,352,229	\$ 28,100,066	\$ 60,452,295

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

TOWN OF CUMBERLAND, RHODE ISLAND

Governmental Funds
Balance Sheet

June 30, 2020

	Major Fund				Non-Major	Total
	General Fund	School Unrestricted	Public Safety Bond	Sewer Fund	Governmental Funds	Governmental Funds
Assets						
Cash and cash equivalents	\$ 28,994,702	\$ 391,877	\$ -	\$ -	\$ 718,838	\$ 30,105,417
Restricted cash	4,004,599	-	-	-	-	4,004,599
Investments	2,229,337	-	-	-	-	2,229,337
Receivables:						
Property taxes, net	35,869,415	-	-	-	-	35,869,415
Intergovernmental	431,581	58,311	-	-	1,087,760	1,577,652
Sewer use and assessment	-	-	-	708,737	-	708,737
Other	594,160	1,500	-	-	2,730,790	3,326,450
Due from other funds	548,820	6,740,567	-	34,870	3,247,621	10,571,878
Intra-entity receivable	60,776	-	-	-	-	60,776
Prepaid expenses	1,105,657	164,165	-	-	-	1,269,822
Other assets	444,200	-	-	-	-	444,200
Total assets	<u>74,283,247</u>	<u>7,356,420</u>	<u>-</u>	<u>743,607</u>	<u>7,785,009</u>	<u>90,168,283</u>
Deferred outflows of resources						
None	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 74,283,247</u>	<u>\$ 7,356,420</u>	<u>\$ -</u>	<u>\$ 743,607</u>	<u>\$ 7,785,009</u>	<u>\$ 90,168,283</u>
Liabilities						
Accounts payable and accrued expenses	\$ 649,696	\$ 588,665	\$ -	61,106	\$ 144,924	\$ 1,444,391
Incurred but not reported claims	-	450,000	-	-	-	450,000
Due to federal and state government	97,632	-	-	-	-	97,632
Other liabilities	226,680	10,602	-	-	56,733	294,015
Tax anticipation notes	19,900,000	-	-	-	-	19,900,000
Due to other funds	5,138,882	-	364,321	-	2,574,482	8,077,685
Intra-entity payable	40,644	-	-	-	-	40,644
Total liabilities	<u>26,053,534</u>	<u>1,049,267</u>	<u>364,321</u>	<u>61,106</u>	<u>2,776,139</u>	<u>30,304,367</u>
Deferred inflows of resources						
Deferred property taxes	26,177,067	-	-	-	-	26,177,067
Unearned revenue - other	723,146	-	-	708,737	2,715,843	4,147,726
Total deferred inflows of resources	<u>26,900,213</u>	<u>-</u>	<u>-</u>	<u>708,737</u>	<u>2,715,843</u>	<u>30,324,793</u>
Fund balance						
Nonspendable	1,549,857	164,165	-	-	-	1,714,022
Restricted	-	2,688,627	-	-	1,917,810	4,606,437
Committed	2,688,696	3,454,361	-	-	1,181,530	7,324,587
Assigned	2,245,762	-	-	-	12,230	2,257,992
Unassigned	14,845,185	-	(364,321)	(26,236)	(818,543)	13,636,085
Total fund balance	<u>21,329,500</u>	<u>6,307,153</u>	<u>(364,321)</u>	<u>(26,236)</u>	<u>2,293,027</u>	<u>29,539,123</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 74,283,247</u>	<u>\$ 7,356,420</u>	<u>\$ -</u>	<u>\$ 743,607</u>	<u>\$ 7,785,009</u>	<u>\$ 90,168,283</u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position

June 30, 2020

Total governmental fund balances	\$ 29,539,123
Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets, net	112,873,605
Sewer assessment receivable	279,755
Accrued interest receivable	348,044
TSB net pension asset	7,650,130
Other deferred taxes are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds.	
	30,324,793
Other long-term liabilities related to net pension activity and other postemployment benefits and therefore, are deferred inflows of resources in the funds.	
	(12,436,166)
Other long-term assets related to net pension activity and other postemployment benefits and therefore, are deferred outflows of resources in the funds.	
	19,252,083
Long term liabilities relating to bond premiums amortized over the life of the bond.	
	(1,591,801)
In the statement of activities, interest is accrued on outstanding long-term debt whereas in governmental funds interest is not reported until due.	
	(637,446)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds.	
Bonds and notes payable	(42,925,043)
Capital leases	(6,389,423)
Compensated absences	(2,992,409)
Other postemployment benefits	(17,532,086)
Police net pension liability	(18,234,392)
ERS net pension liability	(57,287,981)
MERS net pension liability	(7,494,591)
Other commitments	(142,800)
Deferred salary liability	<u>(251,166)</u>
Net position of governmental activities	<u><u>\$ 32,352,229</u></u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2020

	Major Fund				Non-Major	Total
	General Fund	School Unrestricted	Public Safety Bond	Sewer Fund	Governmental Funds	Governmental Funds
Revenues						
General property taxes and interest	\$ 67,497,279	\$ -	\$ -	\$ -	\$ -	\$ 67,497,279
Other local and departmental revenue	5,513,226	-	-	-	-	5,513,226
Intergovernmental	3,601,305	21,519,209	-	-	4,591,769	29,712,283
Charges for services	-	-	-	797,508	608,091	1,405,599
Investment income	176,118	-	-	-	-	176,118
State contribution to pension plan	-	3,196,273	-	-	-	3,196,273
Other revenue	2,164,245	777,665	-	-	310,995	3,252,905
Total revenue	78,952,173	25,493,147	-	797,508	5,510,855	110,753,683
Expenditures						
General government	2,016,861	-	-	-	422,588	2,439,449
Community development	498,718	-	-	-	149,806	648,524
Public safety	9,664,006	-	1,375,706	-	36,488	11,076,200
Public works	7,048,214	-	-	613,683	288,027	7,949,924
Social services	2,562,203	-	-	-	43,787	2,605,990
Other	2,978,615	-	-	-	-	2,978,615
Employee benefits	4,123,129	-	-	-	-	4,123,129
Education	-	66,326,737	-	-	3,417,371	69,744,108
Cafeteria	-	-	-	-	1,222,890	1,222,890
State contribution to pension plan	-	3,196,273	-	-	-	3,196,273
Capital outlay	382,851	-	-	-	-	382,851
Debt service						
Principal	3,180,000	-	-	-	-	3,180,000
Interest	1,270,048	-	-	-	-	1,270,048
Total expenditures	33,724,645	69,523,010	1,375,706	613,683	5,580,957	110,818,001
Excess (deficiency) of revenues over expenditures	45,227,528	(44,029,863)	(1,375,706)	183,825	(70,102)	(64,318)
Other financing sources (uses)						
Transfers in	-	46,570,412	-	-	-	46,570,412
Transfers out	(46,570,412)	-	-	-	-	(46,570,412)
Total other financing sources (uses)	(46,570,412)	46,570,412	-	-	-	-
Excess of revenue and other sources over expenditures and other uses	(1,342,884)	2,540,549	(1,375,706)	183,825	(70,102)	(64,318)
Fund balance, July 1, 2019	22,672,384	3,766,604	1,011,385	(210,061)	2,363,129	29,603,441
Fund balance, June 30, 2020	\$ 21,329,500	\$ 6,307,153	\$ (364,321)	\$ (26,236)	\$ 2,293,027	\$ 29,539,123

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

TOWN OF CUMBERLAND, RHODE ISLAND

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to Government-Wide Statement of Activities

For the Year Ended June 30, 2020

Net change in fund balances - total governmental funds	\$ (64,318)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(1,112,680)
Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.	3,259,004
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,430,699
Bond premiums for long term debt are amortized over the course of the payable but are not reported as an expenditure on governmental fund statements.	164,815
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.	(38,085)
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the current financial resources, and therefore, are not reported as expenditures in the governmental funds.	(779,886)
The other postemployment benefit expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds.	603,332
The net pension liability expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds.	(1,006,008)
The deferred salary and other commitments expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds.	<u>50,806</u>
Change in net position of governmental activities	<u>\$ 2,507,679</u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

Proprietary Funds Statement of Net Position

June 30, 2020

	<u>Water Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 2,740,779
Restricted cash	1,358,996
Receivables, net:	
User fees, net	2,094,738
Other	6,177,255
Total current assets	<u>12,371,768</u>
Non-current assets	
Nondepreciable	6,062,784
Depreciable, net	28,244,861
Total non-current assets	<u>34,307,645</u>
Total assets	<u><u>46,679,413</u></u>
Deferred outflows of resources	
None	-
Total deferred outflows of resources	<u>-</u>
Total assets and deferred outflows of resources	<u><u>\$ 46,679,413</u></u>
Liabilities	
Current liabilities	
Accounts payable and accrued expenses	786,976
Accrued interest payable	101,541
Due to other funds	2,494,193
Current portion of lease payable	99,622
Current portion of loans payable	573,056
Total current liabilities	<u>4,055,388</u>
Non-current liabilities	
Compensated absences	79,123
Lease payable	426,542
Loans payable	14,018,294
Total non-current liabilities	<u>14,523,959</u>
Total liabilities	<u>18,579,347</u>
Deferred inflows of resources	
None	-
Total deferred inflows of resources	<u>-</u>
Net position	
Net investment in capital assets	19,190,131
Unrestricted	8,909,935
Total net position	<u><u>\$ 28,100,066</u></u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2020

	Water Fund
Operating revenues	
User fees and charges	\$ 5,267,280
Other revenues	<u>17,262</u>
Total operating revenues	<u>5,284,542</u>
Operating expenses	
Personnel services	1,654,681
Maintenance and servicing	192,369
Operating supplies	1,487,810
Fixed and general charges	1,257,668
Depreciation and amortization	<u>724,652</u>
Total operating expenses	<u>5,317,180</u>
Operating income (loss)	<u>(32,638)</u>
Nonoperating revenues (expenses)	
Interest income	271,073
Interest expense	<u>(406,839)</u>
Total nonoperating revenue (expenses)	<u>(135,766)</u>
Change in net position	(168,404)
Net position, July 1, 2019, restated	<u>28,268,470</u>
Net position, June 30, 2020	<u><u>\$ 28,100,066</u></u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

Proprietary Funds Statement of Cash Flows

For the Year Ended June 30, 2020

	<u>Water Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 5,517,564
Cash received from other funds	1,624,932
Payments to suppliers and employees	<u>(4,837,573)</u>
Net cash provided by operating activities	<u>2,304,923</u>
Cash flows from capital and related financing activities:	
Purchases and construction of capital assets	(4,886,118)
Principal paid on capital debt and leases	(657,282)
Interest paid on capital debt and leases	(406,839)
Capital related debt proceeds	4,000,000
Interest received	<u>271,073</u>
Net cash used by capital and related financing activities	<u>(1,679,166)</u>
Net increase in cash and cash equivalents	625,757
Balances-beginning of the year	<u>3,474,018</u>
Balances-end of the year	<u>\$ 4,099,775</u>
Displayed as:	
Cash and cash equivalents	\$ 2,740,779
Restricted cash	1,358,996
Total Cash and cash equivalents	<u>\$ 4,099,775</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (32,638)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	724,652
Change in assets and liabilities:	
(Increase) decrease in user charges receivables, net	233,022
Increase (decrease) accounts payable and accrued expenses	(245,045)
Increase (decrease) in due to other funds	<u>1,624,932</u>
Net cash provided (used) by operating activities	<u>\$ 2,304,923</u>
Summary of Non-Cash Items:	
Disbursement from Rhode Island Infrastructure Bank for fixed asset related expenses made on behalf of the Town of Cumberland.	<u>\$ (3,814,672)</u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2020

	Employee Benefit Trust Funds	Private Purpose Trust Funds	Agency Funds
Assets			
Cash and cash equivalents	\$ 1,978,720	\$ 293,594	\$ 630,819
Investments, at fair value			
Equities	15,810,756	-	-
Fixed income	8,803,067	-	-
Due from external parties - primary government	-	-	40,644
Accrued interest receivable	(4,271)	-	-
Total assets	26,588,272	293,594	671,463
Deferred outflows of resources			
None	-	-	-
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 26,588,272	\$ 293,594	\$ 671,463
Liabilities			
Accounts Payable	\$ 37,350	\$ -	\$ -
Due to external parties - primary government	1,644	484	58,648
Deposits held	-	-	612,815
Total liabilities	38,994	484	671,463
Deferred inflows of resources			
None	-	-	-
Total deferred inflows of resources	-	-	-
Net Position			
Restricted for OPEB	5,165,748	-	-
Restricted for pension	21,383,530	-	-
Restricted for private purposes	-	293,110	-
Total net position	26,549,278	293,110	-
Total liabilities and net position	\$ 26,588,272	\$ 293,594	\$ 671,463

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

TOWN OF CUMBERLAND, RHODE ISLAND

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2020

	Employee Benefit Trust Funds	Private Purpose Trust Funds
Additions		
Employer contributions	\$ 3,799,998	\$ -
Plan member contributions	278,185	-
Investment income (net of related fees)	1,307,003	1,007
Donations	-	55,937
	<hr/>	<hr/>
Total additions	5,385,186	56,944
Deductions		
Benefits paid	3,059,855	-
Administrative expenses	49,577	-
Scholarships	-	57,646
	<hr/>	<hr/>
Total deductions	3,109,432	57,646
Changes in net position	2,275,754	(702)
Net position, July 1, 2019	24,273,524	293,812
	<hr/>	<hr/>
Net position, June 30, 2020	<u>\$ 26,549,278</u>	<u>\$ 293,110</u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies:

The accompanying basic financial statements of the Town of Cumberland, Rhode Island, have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities (U.S. GAAP). 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.

A. Financial Reporting Entity

The Town of Cumberland was founded in 1747. The Town of Cumberland is governed largely under the 1978 Home Rule Charter, which provides for a Council-Mayor form of government. 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. Legislative authority is vested in a seven-member Town Council, one from each of five voting districts and two at large. The Mayor and Members of the Town Council are elected to biennial terms. A seven-member School Committee, one from each of the five voting districts and two at large, is vested with autonomous legislative authority over the Town's public school system. Members of the School Committee are elected to nonpartisan biennial terms.

The Mayor serves as the chief executive officer over all municipal services except those performed by the Canvassing Authority, whose members are appointed by and report directly to the Council. Municipal services include public safety, highway and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning, zoning, inspection, and general administrative services.

The Superintendent of Schools, appointed by the School Committee, serves as the chief executive officer for the School Department. The School Department provides elementary and secondary education to Town residents.

In evaluating the inclusion of other separate and distinct legal entities as 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 based on the nature and significance of the organization's relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The Town of Cumberland does not have any component units.

B. 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.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued):

B. Government-Wide Financial Statements (Continued)

The Government-Wide Statement of Net Position is reported on a full accrual, economic resources measurement basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts – investment in capital assets, restricted net position and unrestricted net position.

The Statement of Activities presents a comparison between direct expenses and program revenue for the business-type activities and for each function (i.e. public safety, public works, etc) 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 and are directly associated with functions. Revenues that are not classified as program revenues, including property taxes and general state aid, are presented as general revenues.

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. The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

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.

C. Fund Financial Statements

The Fund Financial Statements of the Town are organized into funds by type, 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 balance/net position, 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 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.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued):

C. Fund Financial Statements (Continued)

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.

A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a) Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent (10%) of the corresponding total for all funds of that category or type, and
- b) Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least five percent (5%) of the corresponding total for all governmental and enterprise funds combined.

All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

GASB Statement No. 63 amended GASB Statement No. 34 to incorporate deferred outflows of resources and deferred inflows of resources into the financial reporting model. Deferred outflows of resources are defined as a consumption of net position by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets. Deferred inflows of resources are defined as an acquisition of net position by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

1. Governmental Funds

Governmental funds are used to account for operations that supply basic government services. The Town presents the following governmental funds.

General Fund – The General Fund is the primary operating fund of the Town and 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 for or reported in another fund.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued):

C. Fund Financial Statements (Continued)

1. Governmental Funds (Continued)

School Unrestricted Fund - The School Unrestricted Fund is used to account for the budgeted resources devoted to financing the general operations of the School Department. The School Unrestricted fund is a major fund.

Sewer Fund - The Sewer Fund is used to account for sewer use and sewer assessment fees and the expenses associated with providing sewer service to Town residents. The Sewer fund is a major fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specific purposes other than debt service or capital projects.

Capital Projects Funds - Capital projects funds are used to account for and report resources restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. One of the major funds of capital projects is the Public Safety Bond. The Public Safety Bond was used to fund the construction of the new public safety facility at 1379 Diamond Hill Rd.

2. 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.

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 one Enterprise Fund, which is a major fund as follows:

Water Fund -The Water Fund is used to account for the water use fees and the expenses associated with providing water service to Town residents.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued):

C. Fund Financial Statements (Continued)

3. Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position and a Statement of Fiduciary Changes in Net Position. The Town's Fiduciary Funds include a Pension Trust Fund, an Other Post-Employment Benefits Trust Fund, Private Purpose Trust Funds, and 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 Fund -This fund accounts for resources held in trust for members and beneficiaries of the Town administered defined benefit pension plan.

Other Post-Employment Benefits Trust Fund -This fund accounts for resources held in trust to finance other post-employment benefits paid by the Town and the payment of these benefits as they come due.

Private Purpose Trust Funds -These funds account for assets held by the Town under various trust arrangements for the benefit of certain individuals.

Agency Funds -These funds account for assets held by the Town as agent for individuals, student groups and private organizations.

D. Cash and Cash Equivalents

The Town considers cash and cash equivalents to include cash on hand, time and demand deposits, and short-term investments maturing within three months from the date of acquisition. Under Rhode Island General Law 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 100% of the deposits which are time deposits with maturities greater than 60 days. Any institution not meeting certain minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to 100% of the deposits, regardless of maturities. The Town does not have a deposit policy for custodial credit risk or other risks.

E. Investments

Investments are recorded at fair value. Unrealized gains and losses from changes in fair value are recognized as investment income. The Town categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quotes prices in active markets for identical assets. Level 2 inputs are inputs, other than quoted prices, that are observable for the asset, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued):

F. Accounts Receivable and Taxes Receivable

In the government-wide financial statements accounts receivable and taxes receivable are shown at net realizable value which includes an allowance for uncollectible accounts. The allowances are calculated from the age of the individual receivables. The Town has recorded an allowance of \$2,072,184 for the year ended June 30, 2020.

Property taxes which were levied in April 2020 and other delinquent balances are recorded as receivables.

In the governmental fund financial statements, property tax revenues have been recorded using the modified accrual basis of accounting. Under the modified accrual basis, real estate, personal property and other excise taxes levied are recorded as receivables in the fiscal year of the levy and as revenue when collected within the current year or expected to be collected within 60 days after the end of the current year. Taxes not collected within this time period are classified as deferred inflows of resources. Deferred inflows of resources are those whose asset recognition has been met for which revenue recognition criteria has not been met.

G. Unbilled Services Receivable

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

H. Intergovernmental Receivables

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure-driven grants, receivables are recorded when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible, therefore, the Town has not reported an allowance for uncollectible grants.

I. Capital Assets and Depreciation

In the Fund Financial Statements, capital assets used in governmental fund activities are accounted for as capital expenditures of the governmental fund upon acquisition. In the Government-wide financial statements capital acquisitions are accounted for as assets and are offset by accumulated depreciation and are presented as capital assets, net. Capital assets used in proprietary fund operations are accounted for in the same manner as in the Government-Wide Financial Statements.

All capital assets are capitalized at cost (or estimated historical cost). Donated capital assets are recorded at estimated fair market value as of the date received. The Town follows the policy of capitalizing assets with a cost of equal to or greater than \$5,000 and a useful life of greater than 1 year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially exceed the assets' lives are not included in the capital assets.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued):

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

<u>Description</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	20 - 50 years
Mains, valves and laterals	50 -100 years
Standpipes and wells	10 - 50 years
Equipment and vehicles	5 - 25 years
Infrastructure	30 - 50 years
Land improvements	15 - 30 years

J. 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.

K. Deferred Inflows of Resources

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.

L. Property Taxes

The Town is permitted by State Law to levy property taxes. The Town's fiscal 2019-2020 property taxes were levied in April 2020 on the assessed valuation as of December 31, 2019. Upon levy these taxes are payable quarterly and are due in May, August, November and February. Failure to mail payments by due dates will result in a lien on the taxpayer's property. Assessed values are established by Tax Assessor's Office.

M. 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 and unused 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, 2020.

The entire compensated absence liability is reported on the Government-Wide Financial Statements. For the 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 that have resigned or retired. The portion of the liability related to the Water Enterprise fund is reflected in the accrual basis proprietary fund financial statements.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued):

N. Accrued Liabilities and Long-Term Debt

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.

O. Pensions

Municipal Employees' Retirement System (MERS)

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System (MERS) of Rhode Island and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Employees' Retirement System plan (ERS)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System plan (ERS) and the additions to/deductions from ERS' fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Teachers' Survivors Benefit plan (TSB)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Survivors Benefit plan (TSB) and the additions to/deductions from TSB fiduciary net position have been determined on the same basis as they are reported by TSB. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Police Pension

Basis of Accounting - The Pension Trust Fund's financial statements are prepared using the accrual basis of accounting and in accordance with generally accepted accounting principles that apply to governmental accounting for defined benefit plans. Employer contributions are recognized when made, because there are no required due dates for contributions. Other additions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued):

O. Pensions (Continued)

Police Pension (Continued)

Plan document. Plan expenses, other than benefits and refunds are recognized on the accrual basis in accordance with generally accepted accounting principles.

Plan Expenses - Certain expenses are paid from the assets of the Plan and are recorded as administrative expenses on the financial statements. These expenses include actuarial fees, auditing expenses, benefit payment processing fees, legal fees and other miscellaneous expenses.

Additionally, investment manager fees and investment consulting expenses are recorded as investment expenses.

Fair Value of Investments - Plan investments are reported at fair value. The Plan's custodian provides pricing for all Plan investments. Plan investments in market-traded securities, including U.S. government and agency securities, municipal and corporate bonds and debentures, and common stock are reported at last quoted sales/bid prices provided by independent pricing vendors. These holdings are valued by investment managers in accordance with the authoritative guidance on fair value measurements and disclosures. Valuation policies and procedures are generally described in the investment managers' financial statements. Cash equivalents are valued at cost, which approximates fair value.

Income Taxes - Pursuant to a determination letter received from the Internal Revenue Service (IRS), the Plan is exempt from federal income taxes. Although the Plan has been subsequently amended, management of the Board is of the opinion that the Plan, as amended, meets the IRS requirements and, therefore, continues to be tax exempt.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, disclosure of contingent assets and liabilities, and the actuarial values at the date of the financial statements. Actual results could differ from these estimates.

Investments

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The primary objective of the Board's investment policy is to preserve the actuarial soundness of the Plan by achieving a long-term return of at least the actuarial return rate and to prudently manage the inherent investment risks that are related to the achievement of this goal. The Board recognizes that the investment objective is long term in nature, and that actual year-to-year returns achieved may be above or below the actuarially assumed rate of return.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued):

O. Pensions (Continued)

Police Pension (Continued)

The following was the Board's adopted asset allocation policy as of June 30, 2020:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic fixed income	38%
Domestic equity	50%
International equity	10%
Cash	2%
Total	100%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Money-Weighted Rate of Return - For the year ended June 30, 2020 the annual money-weighted rate of return on Plan investments was not provided by the independent actuary. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

Custody and Management of Assets - During 2020 Washington Trust Wealth Management served as asset custodian for all Plan assets. The Board has elected to hire professional investment managers to invest the assets of the Plan on a fully discretionary basis, subject to the investment policy of the Board. The Plan is evaluated periodically against the appropriate benchmark for his/her asset class and style. Failure to achieve the desired result does not necessitate, nor does achievement of the desired result preclude, termination of investment managers.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Plan will not be able to recover its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan, and are held by either the counterparty or the counterparty's trust department or agent but not in the Plan's name.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. At June 30, 2020, there were no deposits subject to interest rate risk.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations to the Plan. There are no Plan-wide policy limitations for credit risk exposures within the portfolio. Each portfolio is managed in accordance with an investment contract that is

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued):

O. Pensions (Continued)

Police Pension (Continued)

specific as to permissible credit quality ranges, the average credit quality of the overall portfolios, and issuer concentration.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. As of June 30, 2020, the Plan has no single issuer that exceeds 5% of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in diversified mutual funds, external investment pools, and other pooled investments are excluded.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment or a deposit. At June 30, 2020, there were no deposits subject to foreign currency risk.

Derivatives - Derivatives are financial instruments whose values depend upon, or are derived from, the value of something else, such as one or more underlying investments, indexes or currencies. Derivatives may be used both for hedging and to enhance returns. Derivatives may be traded on organized exchanges, or individually negotiated transactions with other parties, known as over-the-counter derivatives. Derivatives involve special risks and costs and may result in losses to the Plan. The successful use of derivatives requires sophisticated management, and, to the extent that derivatives are used, the Plan will depend on the investment managers and their advisors to analyze and manage derivatives transactions.

Certain commingled funds held by the Plan at the year-end were permitted through their individual investment guidelines to use derivative instruments, including forwards, futures, swaps, and options. Disclosures about derivative holdings of the commingled fund managers can be found in their respective audited financial statements. The plan did not directly own any derivatives as of June 30, 2020.

P. Interfund Transactions

Transactions between funds have been eliminated in the government-wide financial statements but fully presented within the governmental fund financial statements with no eliminations made between or within funds. Reimbursements are accounted for as expenditures in the reimbursing fund and reductions to expenditures in the reimbursed fund. All other interfund transactions in the governmental fund financial statements are operating transfers on the operating statements of the funds involved.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either due from or due to other funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statement as "internal balances." Residual balances between the government-wide financial statements and the fiduciary statements are reported as intra-entity receivables or payables.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued):

Q. Fund balance/net position:

Government-wide and proprietary fund financial statements:

The Town of Cumberland's net position has been segregated into the following three components:

Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.

Restricted – assets that have been limited to uses specified either externally by creditors, contributors, laws or regulations of other governments or internally by enabling legislation or law; reduced by liabilities and deferred inflows of resources related to restricted assets.

Unrestricted – a residual category for the balance of net position. All other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

Governmental fund financial statements:

Governmental fund equity is classified as fund balance. The Town's fund balance is reported in the following categories:

Non-spendable – amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact (such as corpus of an endowment fund.)

Restricted – amounts that have been restricted to specific purposes either by creditors, grantors, contributors, or laws or regulations of other governments; imposed by law through constitutional provisions of enabling legislation. The Town's restricted fund balance consists principally of bond funds restricted for capital projects, amounts in permanent funds restricted for specific uses, and grant funds restricted for specific grant expenditures.

Committed – amounts constrained to specific purposes by the Town, using its highest level of decision making. Commitments will only be used for specific purposes pursuant to a formal action by Town Council. A majority vote is required to approve, modify, or rescind a fund balance commitment.

Assigned – amounts that are intended by the Town to be used for specified purposes, but are neither restricted nor committed. The Town Council delegates the Mayor 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.

Unassigned – amounts available for any purpose; these amounts are reported only in the General Fund.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued):

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.

S. Accounting Pronouncements Implemented in the Current Year

For the year ending June 30, 2020, the Town implemented no new accounting pronouncements issued by the GASB, as the implementation of many upcoming GASB standards were delayed by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

T. Future Implementation of GASB Pronouncements

The GASB has issued the following statements:

- GASB Statement No. 84, *Fiduciary Activities*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2021.
- GASB Statement No. 87, *Leases*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.
- GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statement No. 14 and 61*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2021.
- GASB Statement No. 91, *Conduit Debt Obligations*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.
- GASB Statement No. 92, *Omnibus 2020*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The requirements for certain paragraphs of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2021 and other paragraphs will take effect for the financial statements starting with the fiscal year that ends June 30, 2022.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued):

Earlier application of these statements is encouraged. For the original pronouncements and the related implementation guides, please visit the GASB’s website, www.gasb.org.

Note 2. Stewardship, Compliance and Accountability

A. *Legal Debt Margin* – The State of Rhode Island imposes a limit of 3 percent of the fair market value of all taxable town property on the general obligation debt that a municipality can issue. The Town of Cumberland’s limit is \$135,723,999 at year-end. The Town’s outstanding general obligation debt subject to this limit is \$23,440,000 at year-end, which is \$112,283,999 under the State imposed limitation.

B. *Deficit Fund Balance in Fund Financial Statements* — The following individual funds reported deficits in fund balance in the fund financial statements at June 30, 2020:

<u>Major Funds</u>	
Sewer fund	\$ (26,236) *
Public safety bond	\$ (364,321) *
Subtotal	<u>\$ (390,557)</u>
 <u>Town Special Revenue Funds</u>	
Substance abuse	(883) *
Heritage park dem grant	(5,162) *
Bulletproof vest	(1,937) *
Partnership for success	(1,847) *
Certified local government	(783) *
Assistance for firefighters	(1,123) *
CDBG 2018	(55,778) *
CDBG 2019	(2,487) *
Historic district national register	(9,500) *
Diamond hill dem grant	(53,391) *
Sewer ferncrest willow	(46,470) *
Subtotal	<u>(179,361)</u>
 <u>Capital Projects Funds</u>	
Street lights	\$ (37,925) *
Road infrastructure bond	(28,215) *
School renovations bond	(573,042) *
Subtotal	<u>(639,182)</u>
 Total	 <u><u>\$ (1,209,100)</u></u>

* An administrative plan will be developed by management to fully fund each deficit.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 3. Cash and cash equivalents

Deposits - are in various financial institutions and are carried at cost. The carrying amount of deposits is separately displayed on the Balance Sheet of the Fund Financial Statements and Government-Wide Statement of Net Position as "Cash and Cash Equivalents".

The General Fund has cash and cash equivalents of \$4,004,599 that are restricted for "working capital reserves" in accordance with the Town's 2020 Tax Anticipation Notes.

The Water Fund has cash and cash equivalents of \$1,358,996 that are restricted for "debt service reserves" in accordance with a trust indenture.

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, 2020, \$62,367,801 of the Town's bank balance of \$69,279,309 was exposed to custodial credit risk as follows:

	<i>Carrying Amount</i>
Governmental Activities	\$ 36,339,353
Business Type Activities	\$ 4,099,775
Employee Benefit Funds	\$ 26,592,543
Private Purpose Trust	\$ 293,594
Agency Funds	630,819
<i>Total Cash, Cash Equivalents and Investments Reported in the Financial Statements</i>	\$ 67,956,084
Less Investments	(26,843,160)
<i>Total Cash and Cash Equivalents Reported in the Financial Statements</i>	41,112,924
<i>Bank Balance</i>	
Insured (Federal depository insurance funds)	\$ 1,704,556
Collateralized with securities held by pledging financial institution or its agent in the Town's name	5,206,952
Uninsured and uncollateralized (includes investments)	62,367,801
<i>Total Bank Balance</i>	\$ 69,279,309

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, 2020 the Town's uncollateralized deposits with an institution was \$62,367,801, which includes investments of \$26,843,160.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 4. Investments

As of June 30, 2020, the Town had the following investments:

Investment	Maturity	Fair Value Measurement Quote Prices in Active Markets for Identical Assets (Level 1)
Domestic fixed income	N/A	\$ 8,803,068
Domestic equity	N/A	14,803,607
International equity	N/A	1,007,148
Real estate	N/A	-
Total Investments - Fiduciary Funds - Pension and OPEB		24,613,823
Mutual funds	N/A	2,229,337
Total Investments - Governmental Funds General Fund		2,229,337
Total Investments Reported in the Financial Statements		\$ 26,843,160

The Town has established an investment policy for the Town's Police Pension Plan. The asset allocation guidelines include an allocation of both equities (40% - 65%) and fixed income investments (35% - 60%).

The Town has also established an investment policy for the OPEB Trust assets. It is the policy of the Town to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The target allocations by asset class can be seen in Note 10.

Interest Rate Risk - The Town does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - The Town has limited its investments in equities in the Police Pension Plan to common stock and convertible securities. Mutual equity funds and foreign investments are also allowable with Pension Board approval. The fixed income portfolio for the Police Pension Plan is limited to U.S. Treasury and Agency securities and dollar denominated corporate bonds of U.S. companies. Mutual bond funds and foreign investments are also allowable with Pension Board approval. The minimum average portfolio rating shall be 3.0 in regard to the following listed table:

Moody's	S&P	Value
Aaa	AAA	4
Aa	AA	3
A	A	2

U.S. Treasury and Agency shall equal 4.0. The investment manager may not purchase fixed income securities rated lower than "A". The Town does not have a formal policy that limits investment choices in the other funds.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

Note 4. Investments (Continued)

Concentration of Credit Risk - The Town has established limits on the amount the Town may invest in the Police Pension Plan in any one issuer. No individual security in the equity portfolio shall represent more than 5% of the portfolio market value and the aggregate value of all foreign investments is limited to a value of 7% of the value of total investment fund. No individual security in the fixed income portfolio shall represent more than 7% of the portfolio market value and the aggregate value of all foreign investments is limited to a value of 5% of the total investment fund value. The Town does not have a formal policy that limits the amount the Town may invest in any one issuer for the other funds. The Town had no investments in issuers that represent more than 5% of total investments.

Custodial Credit Risk - Custodial credit risk for investments is the risk that in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments in corporate bonds, U.S. government obligations, municipal bonds, and common stock are held by the investment counterparty in the counterparty's name. The Town does not have a formal policy relative to custodial credit risk.

Foreign Currency Risk - The Town has policies related to foreign investments for its Police Pension Plan as described above. The Town does not have a formal policy related to foreign investments in the other funds. There was no exposure to foreign currency risk as of June 30, 2020. The currency that the foreign common stock is denominated in is European's euro.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 5. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Retirements</i>	<i>Ending Balance</i>
Governmental Activities:				
Nondepreciable assets:				
Land	\$ 23,341,866	\$ 90,058	\$ -	\$ 23,431,924
Construction in progress	12,104,784	1,287,489	12,446,625	945,648
	<u>35,446,650</u>	<u>1,377,547</u>	<u>12,446,625</u>	<u>24,377,572</u>
Depreciable assets:				
Land improvements	4,329,368	23,599	-	4,352,967
Infrastructure	35,093,804	210,901	-	35,304,705
Buildings and improvements	89,239,345	12,591,638	-	101,830,983
Machinery and equipment	6,569,927	71,423	-	6,641,350
Vehicles	5,057,746	749,413	42,655	5,764,504
	<u>140,290,190</u>	<u>13,646,974</u>	<u>42,655</u>	<u>153,894,509</u>
Total Capital Assets	<u>175,736,840</u>	<u>15,024,521</u>	<u>12,489,280</u>	<u>178,272,081</u>
Less accumulated depreciation for:				
Land improvements	1,868,721	176,000	-	2,044,721
Infrastructure	18,964,233	662,973	-	19,627,206
Buildings and improvements	32,225,978	2,046,687	-	34,272,665
Machinery and equipment	5,058,639	319,573	-	5,378,212
Vehicles	3,632,984	451,219	8,531	4,075,672
Total Accumulated Depreciation	<u>61,750,555</u>	<u>3,656,452</u>	<u>8,531</u>	<u>65,398,476</u>
Governmental Activities Capital Assets, Net	<u>\$ 113,986,285</u>	<u>\$ 11,368,069</u>	<u>\$ 12,480,749</u>	<u>\$ 112,873,605</u>
Business-Type Activities:				
Nondepreciable assets:				
Land	\$ 607,089	\$ -	\$ -	\$ 607,089
Construction in progress	4,445,722	1,009,973	-	5,455,695
	<u>5,052,811</u>	<u>1,009,973</u>	<u>-</u>	<u>6,062,784</u>
Depreciable assets:				
Buildings	5,090,877	-	-	5,090,877
Mains, laterals, standpipes and other	40,296,315	-	-	40,296,315
Vehicles	455,809	61,474	-	517,283
	<u>45,843,001</u>	<u>61,474</u>	<u>-</u>	<u>45,904,475</u>
Total Capital Assets	<u>50,895,812</u>	<u>1,071,447</u>	<u>-</u>	<u>51,967,259</u>
Less accumulated depreciation for:				
Buildings	1,136,666	91,759	-	1,228,425
Mains, laterals, standpipes and other	15,359,968	614,772	-	15,974,740
Vehicles	438,327	18,122	-	456,449
Total Accumulated Depreciation	<u>16,934,961</u>	<u>724,653</u>	<u>-</u>	<u>17,659,614</u>
Business-Type Activities Capital Assets, Net	<u>\$ 33,960,851</u>	<u>\$ 346,794</u>	<u>\$ -</u>	<u>\$ 34,307,645</u>

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 5. Capital Assets (Continued)

Depreciation expense was charged to functions in the government-wide financial statements as follows:

Governmental Activities:

General government	\$ 30,619
Public safety	572,096
Public works	955,216
Social services	232,499
Education	1,866,022
<i>Total Depreciation Expense</i>	\$ 3,656,452

Business-Type Activities:

Water	\$ 724,653
<i>Total Depreciation Expense</i>	\$ 724,653

Note 6. Short Term Debt

The Town issued general obligation tax anticipation notes in advance of property tax collections, depositing the proceeds in its General Fund.

Short-term debt activity for the year ended June 30, 2020, was as follows:

	<i>Beginning Balance</i>	<i>Issued</i>	<i>Redeemed</i>	<i>Ending Balance</i>
General obligation tax anticipation notes	\$ -	\$ 33,000,000	\$ 13,100,000	\$ 19,900,000

Interest expense reported for tax anticipation notes totaled \$111,398 for the year ended June 30, 2020.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 7. Long-Term Liabilities

A. Long-term liability activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds, notes, loans, and capital leases payable:					
Bonds payable	\$ 25,765,000	\$ -	\$ 2,325,000	\$ 23,440,000	\$ 2,395,000
Notes and loans payable	19,398,768	2,500,000	3,369,526	18,529,242	1,784,821
Capital lease payable	4,590,292	2,920,000	1,120,869	6,389,423	913,800
Plus amortized premium bonds and loans	1,756,616	-	164,815	1,591,801	164,815
Total bonds, notes, loans, and capital leases payable	<u>51,510,676</u>	<u>5,420,000</u>	<u>6,980,210</u>	<u>49,950,466</u>	<u>5,258,436</u>
Other liabilities:					
Deferred salary	284,122	-	32,956	251,166	27,265
Compensated absences	2,212,523	1,044,035	264,149	2,992,409	367,716
Net OPEB liability	18,102,224	-	570,138	17,532,086	-
Net pension liability	82,019,789	997,175	-	83,016,964	-
Other commitments	160,650	-	17,850	142,800	17,850
Governmental activities Long-term liabilities	<u>\$ 154,289,984</u>	<u>\$ 7,461,210</u>	<u>\$ 7,865,303</u>	<u>\$ 153,885,891</u>	<u>\$ 5,671,267</u>
Business-Type Activities:					
Loan payable	\$ 11,151,668	\$ 4,000,000	\$ 560,317	\$ 14,591,351	\$ 573,056
Capital lease payable	623,129	-	96,965	526,164	99,622
Total bonds and loans payable	<u>11,774,797</u>	<u>4,000,000</u>	<u>657,282</u>	<u>15,117,515</u>	<u>672,678</u>
Compensated absences	79,123	4,305	-	83,428	3,594
Business-Type Activities Long-term liabilities	<u>\$ 11,853,920</u>	<u>\$ 4,004,305</u>	<u>\$ 657,282</u>	<u>\$ 15,200,943</u>	<u>\$ 676,272</u>

The payments on the governmental activities capital leases are paid from the General Fund and School Unrestricted Fund. The governmental activities bonds, notes and loans are paid from the General Fund and Sewer Fund. The compensated absences from governmental activities are paid from the General Fund and School Unrestricted Fund. The deferred salary is paid from the School Unrestricted Fund. The other commitments are paid from the Sewer – Ferncrest & Willow Fund.

Events of default include failure to make principal and interest payments when due, defaults related to the performance or observance of any other covenants, agreements or conditions that have not been remedied, or the Town's inability to pay its debts. Upon notice of any events of default, all principal and accrued interest may be declared due and payable immediately.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

B. Capital Lease Commitments

Obligations under capital leases at June 30, 2020 were as follows:

Fiscal Year Ended June 30,	Lease Payment Requirements
2021	\$ 1,257,007
2022	1,257,007
2023	1,257,007
2024	1,257,007
2025	1,021,819
Thereafter	1,847,308
Total minimum lease payments	7,897,155
Less: Amount representing interest cost	(981,566)
Present value of minimum lease payments	\$ 6,915,589

C. General Obligation Bonds Debt Service Requirements

The debt service requirements at June 30, 2020, were as follows:

<i>Issued Through Public Sale Fiscal Year Ending June 30,</i>	<i>Governmental Activities General Obligation Bonds</i>	
	<i>Principal</i>	<i>Interest</i>
2021	\$ 2,395,000	\$ 972,791
2022	2,490,000	878,088
2023	2,220,000	776,344
2024	2,070,000	681,500
2025	1,400,000	594,419
2026-2030	5,320,000	2,201,431
2031-2035	4,860,000	1,035,588
2036-2040	2,685,000	192,138
	\$ 23,440,000	\$ 7,332,299

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 7. Long-Term Liabilities (Continued)

D. Schedule of Bonds Payable (Issued through Public Sale)

<i>Issued Through Public Sale Purpose</i>	<i>Date Issued</i>	<i>Interest Rate</i>	<i>Maturity Date</i>	<i>Authorized and Issued</i>	<i>Outstanding June 30, 2019</i>	<i>New Issues</i>	<i>Maturities During Year</i>	<i>Outstanding June 30, 2020</i>
<i>Governmental Activities:</i>								
Open Space Bond (Refunding)	11/30/11	3.00%-3.50%	10/01/21	\$ 1,000,000	\$ 340,000	\$ -	\$ 110,000	\$ 230,000
Open Space/Recreation Bond	08/28/13	3.00%-5.00%	02/01/33	3,500,000	2,805,000	-	150,000	2,655,000
School Bond (Refunding)	11/30/11	3.00%-3.50%	10/01/21	2,010,000	660,000	-	215,000	445,000
School Bond (Refunding)	08/28/13	3.00%-5.00%	02/01/23	2,370,000	945,000	-	235,000	710,000
Road Improvements	11/30/11	3.00%-6.25%	11/01/31	2,500,000	1,625,000	-	125,000	1,500,000
Road Improvements	10/29/15	3.00%-5.00%	10/01/25	2,380,000	2,100,000	-	270,000	1,830,000
Public Safety Complex	03/22/18	3.00%-5.00%	03/15/38	12,500,000	12,500,000	-	430,000	12,070,000
School and Town (Refunding)	09/24/14	2.00%-4.00%	03/15/26	7,630,000	4,790,000	-	790,000	4,000,000
<i>Total Governmental Activities</i>				<u>33,890,000</u>	<u>25,765,000</u>	<u>-</u>	<u>2,325,000</u>	<u>23,440,000</u>
<i>Total Bonds Payable</i>				<u>\$ 33,890,000</u>	<u>\$ 25,765,000</u>	<u>\$ -</u>	<u>\$ 2,325,000</u>	<u>\$ 23,440,000</u>

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

Note 7. Long-Term Liabilities (Continued)

E. Loans Payable

The Town of Cumberland has entered into loans and note agreements as follows:

<u>Issued through Public Sale Purpose</u>	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Authorized and Issued</u>	<u>Outstanding June 30, 2019</u>	<u>New Issues</u>	<u>Maturities During Year</u>	<u>Outstanding June 30, 2020</u>
<i>Governmental Activities:</i>								
<i>Issued Through Public Sale:</i>								
School RIHEBC - Refunding	11/26/16	2.00-5.00%	05/15/28	\$ 17,230,000	\$ 15,720,000	\$ -	\$ 1,460,000	\$ 14,260,000
<i>Total Governmental Activities - Issued through Public Sale</i>				<u>17,230,000</u>	<u>15,720,000</u>	<u>-</u>	<u>1,460,000</u>	<u>14,260,000</u>
<i>Issued Through Direct Borrowing:</i>								
Lambert Property Note	05/01/97	2.59%	06/01/23	190,000	111,942	-	4,700	107,242
RI Infrastructure Bank	09/03/14	.12-2.48%	05/15/28	518,000	469,000	-	25,000	444,000
RIIB EBF Street Lights	12/05/17	1.368-2.176%	09/01/28	1,343,000	1,343,000	-	125,000	1,218,000
RIIB Road and Bridge	04/22/20	.83-2.27%	09/01/39	2,500,000	-	2,500,000	-	2,500,000
<i>Total Governmental Activities - Issued through Direct Borrowing</i>				<u>4,551,000</u>	<u>1,923,942</u>	<u>2,500,000</u>	<u>154,700</u>	<u>4,269,242</u>
<i>Total Governmental Activities</i>				<u>21,781,000</u>	<u>17,643,942</u>	<u>2,500,000</u>	<u>1,614,700</u>	<u>18,529,242</u>
<i>Business Type Activities</i>								
<i>Issued Through Direct Borrowing:</i>								
RI Clean Water Sewer Loan	03/10/93	3.56%	09/01/36	3,000,000	2,691,911	-	121,891	2,570,020
RIIB Safe Drinking Water	06/12/18	1.0-2.85%	09/01/37	4,000,000	3,999,000	-	166,000	3,833,000
RI Clean Water Loan	11/19/09	1.15-4.04%	09/01/30	5,750,000	3,000,752	-	201,996	2,798,756
RI Infrastructure Bank	12/17/15	.31-2.90%	09/01/35	1,750,000	1,460,005	-	70,431	1,389,574
RIIB Safe Drinking Water	06/30/20	.36-2.49%	09/01/39	4,000,000	-	4,000,000	-	4,000,000
<i>Total Business Type Activities</i>				<u>18,500,000</u>	<u>11,151,668</u>	<u>4,000,000</u>	<u>560,318</u>	<u>14,591,350</u>
Total Loans Payable				<u>\$ 40,281,000</u>	<u>\$ 28,795,610</u>	<u>\$ 6,500,000</u>	<u>\$ 2,175,018</u>	<u>\$ 33,120,592</u>

The Town has entered into various loan agreements with Rhode Island Clean Water Finance Agency for the amounts above. The loan proceeds are to be used by the Town for various water system projects. The Agency pays project invoices certified by the Town directly to the contractors or reimburses the Town for costs incurred on the projects. As of June 30, 2020, a loan payable of \$14,591,350 is reflected in the Water Fund. The Town is responsible to drawdown the full loan amount and to repay the net loan amount. The loan is secured by a pledge of water system revenues.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 7. Long-Term Liabilities (Continued)

E. Loans Payable (Continued)

The debt service requirements for the above notes and loans payable at June 30, 2020 were as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Governmental Activities Issued Through Public Sale</i>		<i>Governmental Activities Issued Through Direct Borrowings</i>		<i>Total Governmental Activities</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2021	\$ 1,520,000	\$ 655,150	\$ 264,821	\$ 64,412	\$ 1,784,821	\$ 719,562
2022	1,580,000	594,350	268,946	80,652	1,848,946	675,002
2023	1,645,000	531,150	364,474	76,086	2,009,474	607,236
2024	1,725,000	448,900	271,000	68,855	1,996,000	517,755
2025	1,810,000	362,650	276,000	63,887	2,086,000	426,537
2026-2030	5,980,000	545,050	1,302,000	236,753	7,282,000	781,803
2031-2035	-	-	808,000	134,676	808,000	134,676
2036-2040	-	-	714,000	44,903	714,000	44,903
	<u>\$ 14,260,000</u>	<u>\$ 3,137,250</u>	<u>\$ 4,269,241</u>	<u>\$ 770,224</u>	<u>\$ 18,529,241</u>	<u>\$ 3,907,474</u>

<i>Fiscal Year Ending June 30,</i>	<i>Business Type Activities Issued Through Direct Borrowings</i>	
	<i>Principal</i>	<i>Interest</i>
2021	\$ 573,056	\$ 353,779
2022	773,564	384,706
2023	791,729	367,245
2024	809,894	348,388
2025	828,875	328,169
2026-2030	4,488,772	1,284,728
2031-2035	3,858,579	645,248
2036-2040	2,466,881	136,987
	<u>\$ 14,591,350</u>	<u>\$ 3,849,250</u>

F. Refunding of Long-Term Debt

On November 26, 2016, the Town issued \$17,230,000 in school RIHEBC bonds to advance refund outstanding bonds. As a result, the bonds are considered to be defeased and the liability of those bonds has been removed from the Government-Wide Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,665,000 for Governmental Activities. The difference, reported in the accompanying financial statements as a deferred inflow of resources, is being charged to operations through fiscal years 2017-2028 using the straight-line method.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 7. Long-Term Liabilities (Continued)

G. Deferred Salary

In connection with the school certified personnel collective bargaining agreement signed in 1991, a salary deferral arrangement was negotiated whereby the members of the bargaining unit became entitled to a 3% of salary payment upon termination of employment. The payment is based upon current salary rates and is added to the individual's wage base in the year of termination.

In connection with the school certified personnel collective bargaining agreement signed in 2011, a salary deferral arrangement was also negotiated for 2011 whereby members deferred 50% of the 2010-2011 raise, step increase and advance payments. The deferral will be paid out from 2012 through 2025 based on years of service at September 1, 2010. The balance of deferred salary presented in the government-wide financial statements totaled \$251,166 as of June 30, 2020.

H. Other Commitments

The Town is committed to reimburse a private installer 75% of the reimbursable cost associated with the sewer project for Ferncrest and Willow Drives. The reimbursement of \$357,000 will be paid over 20 years beginning in fiscal year 2009 without interest in equal payments of \$17,850. The unpaid balance as of June 30, 2020 is \$142,800.

Note 8. Interfund Activity

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

	Due from Other Funds	Due to Other Funds	Other Financing Sources	Other Financing Uses
<u>Major Governmental Funds</u>				
General fund	\$ 548,820	\$ 5,138,882	\$ -	\$ 46,570,412
School unrestricted fund	6,740,567	-	46,570,412	-
Public safety bond	-	364,321	-	-
Sewer fund	34,870	-	-	-
<u>Non-Major Governmental Funds</u>				
Town special revenue	1,757,072	311,735	-	-
School special revenue	699,819	1,454,198	-	-
Capital projects	790,730	808,549	-	-
<u>Proprietary Funds</u>				
Water fund	-	2,494,193	-	-
Totals	\$ 10,571,878	\$ 10,571,878	\$ 46,570,412	\$ 46,570,412

All remaining interfund balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

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.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

Note 9. Net Position/Fund Balances

Committed fund balances are established, modified or rescinded by an ordinance adopted by the Town Council. Assigned fund balances are authorized by the Finance Director. 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.

The Town has the following minimum fund balance policies:

- Town General Fund –*total fund balance* equal to 10% of annual operating fund revenues shall be established and maintained. At June 30, 2020, total fund balance was 21.2% of the fiscal year operating revenues.
- School General Fund - The School Committee requires the School Department to maintain a residual (restricted) fund balance of not less than 2% or not greater than 4% of the total General Fund audited actual expenditures of the previous fiscal year in order to accommodate immediate cash flow needs for unanticipated expenditures and/or emergencies. The School General Fund restricted fund balance is 4% of the audited actual expenditures for the year-ended June 30, 2019 and within the range required by the School Committee policy.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

	Major Funds				Non-Major Funds			Total
	General Fund	School Unrestricted	Public Safety Bond	Sewer	Town Special Revenue	School Special Revenue	Capital Projects	
Fund Balances								
Nonspendable								
Prepaid items	\$ 1,549,857	\$ 164,165	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,714,022
Restricted for								
General government	-	-	-	-	93,753	-	-	93,753
Public safety programs	-	-	-	-	378,013	-	642,536	1,020,549
Public works	-	-	-	-	-	-	113,828	113,828
Educational purposes	-	2,688,627	-	-	-	655,260	-	3,343,887
Community and economic development	-	-	-	-	31,575	-	-	31,575
Social Services	-	-	-	-	2,845	-	-	2,845
Committed to								
Town Special Reserve	-	-	-	-	1,095,000	-	-	1,095,000
Impact Fees	-	-	-	-	86,530	-	-	86,530
General government's FY21 budget	860,576	-	-	-	-	-	-	860,576
Educational purposes - capital	-	55,247	-	-	-	-	-	55,247
Educational purposes - supplies	-	394,117	-	-	-	-	-	394,117
Educational purposes FY21 budget	1,828,120	2,215,625	-	-	-	-	-	4,043,745
Educational purposes FY22 budget	-	789,372	-	-	-	-	-	789,372
Assigned to								
Public works	-	-	-	-	-	-	12,230	12,230
Town Properties	15,727	-	-	-	-	-	-	15,727
Community and economic development	1,035,148	-	-	-	-	-	-	1,035,148
Senior center	94,682	-	-	-	-	-	-	94,682
Office of children, youth and learning	153,123	-	-	-	-	-	-	153,123
Recreation programs	303,200	-	-	-	-	-	-	303,200
Police detail	532,609	-	-	-	-	-	-	532,609
Public Fund	111,273	-	-	-	-	-	-	111,273
Unassigned	14,845,185	-	(364,321)	(26,236)	(179,361)	-	(639,182)	13,636,085
	<u>\$ 21,329,500</u>	<u>\$ 6,307,153</u>	<u>\$ (364,321)</u>	<u>\$ (26,236)</u>	<u>\$ 1,508,355</u>	<u>\$ 655,260</u>	<u>\$ 129,412</u>	<u>\$ 29,539,123</u>

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 10. Other Post-Employment Benefits

Plan Description

The Town of Cumberland administers a single-employer, defined benefit post-employment health insurance plan. This plan does not include the pension benefits discussed in Note 11. The plan provides medical and dental insurance for eligible retirees and their dependents through the Town's group health and dental 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. The plan is reported as a Trust Fund in the Town's financial statements. The plan does not issue a publicly available financial report. The Town implemented GASB Statement No. 75 in fiscal year 2017 on a retroactive basis.

The plan provides the following benefits based on employee group:

- Police -Officers hired prior to July 1, 2013, are eligible for lifetime retiree health insurance (medical and dental) once they attain 20 years of service. Officers hired on/after July 1, 2013 are not eligible for retiree health benefits. Officers with a duty disability pension receive the same benefits as retirees.
- All Other Town Employees -COBRA coverage at retirement.
- For All School Employees –effective July 1, 2012, retirees are no longer allowed to purchase health coverage through the School's group plan at blended active/retiree rates; instead retirees are required to pay the full cost of coverage based on retiree appropriate working rates. This policy change effectively eliminated the School's liabilities under GASB 75.

As of June 30, 2020, the plan membership data is as follows:

Description	Active Employees	Inactive or Beneficiaries Receiving Benefits	Total
Number	32	65	97

Funding Policy

Contribution requirements are negotiated between the Town and the respective unions. The Town is required to contribute the cost of medical and dental benefits, less the amount of any applicable employee share of medical or dental premiums. For the fiscal year ended June 30, 2020, the Town contributed \$1,320,000 to the plan, which is 100% of the annual required contribution.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 10. Other Post-Employment Benefits (Continued)

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.

Investment Policy

The Town's policy in regard to the allocation of invested assets is established and may be amended by the committee by a majority vote of its members. It is the policy of the Town to pursue an investment strategy that reduced risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Town's adopted asset allocation policy as of June 30, 2020:

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed income	38.00%
Domestic equity	50.00%
International Equity	10.00%
Cash	2.00%
Total	<u>100.00%</u>

Concentrations:

There were no concentrations noted as of June 30, 2020.

Rate of Return:

For the year ended June 30, 2020, the annual average rate of return on investments, net of investment expense was 4.82%. The average rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 10. Other Post-Employment Benefits (Continued)

Net OPEB Liability of the Town

The components of the net OPEB liability of the Town at June 30, 2020 were as follows:

Total OPEB liability	\$ 22,743,170
Plans fiduciary net position	<u>5,211,084</u>
Town's net OPEB liability	<u>\$ 17,532,086</u>

Plan net position as a percentage of the total OPEB liability	22.91%
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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions applied to all periods included in the measurement unless otherwise specified:

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

Note 10. Other Post-Employment Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

Valuation date:	Actuarially Determined Contribution was calculated as of June 30, 2019
Actuarial cost method:	Entry Age Normal Level % of salary method where: Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to Payroll Growth.
Asset-valuation method:	Market Value of Assets as of the Measurement Date, June 30, 2020.
Actuarial assumptions:	
Investment rate of return:	5.16% real rate of return, net of OPEB plan investment expense
Medical inflation	For medical/rx benefits, the trend rates have been reset to an initial rate of 7.50% decreasing by 0.50% annually to an ultimate rate of 4.50%
Inflation:	2.00% as of June 30, 2020 and for future periods
Salary increases:	4.50% annually as of June 30, 2020 and for future periods
Pre-retirement mortality:	RP-2014 mortality table with blue collar adjustments and Social Security 2019 generational improvements from 2006
Assumed rate of retirement:	70% for 20 years of service, 10% for 21-24 and 26-29 years of service 70% for 25 years of service, and 100% for 30 or more years of service.
Marriage assumptions	70% of males and 70% of females assumed to be married with wives to be three years younger than their husbands
Discount rate	Discount rate is 7.25%

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 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 target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Fixed income	2.00%
Domestic equity	7.25%
International Equity	7.75%
Cash	<u>0.00%</u>
I. Real Rate of Return	5.16%
II. Inflation Assumption	<u>2.00%</u>
III. Total Nominal Return [I. + II.]	<u>7.16%</u>

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 10. Other Post-Employment Benefits (Continued)

Changes in the Net OPEB Liability

	Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2019	\$ 22,625,721	\$ 4,523,497	\$ 18,102,224
Service cost	306,987	-	306,987
Interest on net OPEB liability and service cost	1,632,408	-	1,632,408
Differences between actual and expected experience	(973,636)	-	(973,636)
Changes in assumptions	-	-	-
Benefit payments, including refunds	(848,310)	(848,310)	-
Trust administrative expenses	-	(18,227)	18,227
Contributions - employer	-	1,320,000	(1,320,000)
Net investment income	-	234,124	(234,124)
Net changes	<u>117,449</u>	<u>687,587</u>	<u>(570,138)</u>
Balances at June 30, 2020	<u>\$ 22,743,170</u>	<u>\$ 5,211,084</u>	<u>\$ 17,532,086</u>

Discount rate

The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1- percentage-point higher (8.25 percent) than the current discount rate:

	Impact of 1% Change in Discount Rate		
	1% Decrease (6.25%)	Current discount rate (7.25%)	1% Increase (8.25%)
Total OPEB liability	\$ 20,494,721	\$ 17,532,086	\$ 15,105,909

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 10. Other Post-Employment Benefits (Continued)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the Town, as well as what the Town’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.50 percent decreasing to 3.50 percent) or 1-percentage-point higher (8.50 percent decreasing to 5.50 percent) than the current healthcare cost trend rates:

	Impact of 1% Change in Healthcare Trend Rate		
	1% Decrease (6.50% decreasing to 3.50%)	Current trend rate (7.50% decreasing to 4.50%)	1% Increase (8.50% decreasing to 5.50%)
Total OPEB liability	\$ 14,809,666	\$ 17,532,086	\$ 20,870,414

OPEB expense and deferred outflows and inflows of resources related to OPEB

For the year ended June 30, 2020 the Town recognized OPEB expense of \$716,668. At June 30, 2020, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

Deferred outflows of resources:

Differences between actual and expected experience	\$ -
Changes in assumptions	-
Net difference between projected and actual earnings on investments	96,954
Total deferred outflows of resources	96,954

Deferred inflows of resources:

Net difference between projected and actual earnings on investments	\$ (64,905)
Changes in assumptions	(65,380)
Differences between actual and expected experience	(2,756,485)
Total deferred inflows of resources	(2,886,770)
Net deferred outflows of resources and deferred inflows of resources	\$ (2,789,816)

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

Year ended June 30:

2021	\$ (1,700,818)
2022	(1,119,724)
2023	8,730
2024	21,996
2025	-
Thereafter	-
Total	(2,789,816)

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 11. Pensions

A. Municipal Employees' Retirement System of the State of Rhode Island (MERS)

General Information about the Pension Plan

Plan Description - The Municipal Employees' Retirement System (MERS) – an agent multiple-employer defined benefit pension plan - provides certain retirement, disability and death benefits to plan members and beneficiaries. MERS was established under Rhode Island General Law and placed under the management of the Employee's Retirement System of Rhode Island (ERSRI) Board to provide retirement allowances to employees of municipalities, housing authorities, water and sewer districts, and municipal police and fire persons that have elected to participate. Benefit provisions are subject to amendment by the General Assembly. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the ERSRI website at www.ersri.org.

Benefits provided – General employees, police officers and firefighters employed by electing municipalities participate in MERS. Eligible employees become members at their date of employment. Anyone employed by a municipality at the time the municipality joins MERS may elect not to be covered. Elected officials may opt to be covered by MERS. Employees covered under another plan maintained by the municipality may not become members of MERS. Police officers and/or firefighters may be designated as such by the municipality, in which case the special contribution and benefit provisions described below will apply to them, or they may be designated as general employees with no special benefits. Members designated as police officers and/or firefighters are treated as belonging to a unit separate from the general employees, with separate contribution rates applicable.

Salary: Salary includes the member's base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.

Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods by making an additional contribution to purchase the additional service. Special rules and limits govern the purchase of additional service and the contribution required.

Final Average Compensation (FAC): Prior to July 1, 2012 and for general employee members eligible to retire as of June 30, 2012, the average was based on the member's highest three consecutive annual salaries. Effective July 1, 2012, the average was based on the member's highest five consecutive annual salaries. Once a member retires or is terminated, the applicable FAC will be the greater of the member's highest three year FAC as of July 1, 2012 or the five year FAC as of the retirement/termination date. Monthly benefits are based on one-twelfth of this amount.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 11. Pensions (Continued)

A. Municipal Employees' Retirement System of the State of Rhode Island (MERS)(Continued)

General Information about the Pension Plan (Continued)

General employees

Members with less than five years of contributory service as of June 30, 2012 and members hired on or after that date are eligible for retirement on or after their Social Security normal retirement age (SSNRA).

Members who had at least five years of contributory service as of June 30, 2012 will be eligible for retirement at an individually determined age. This age is the result of interpolating between the member's prior Retirement Date, described below, and the retirement age applicable to members hired after June 30, 2012 as described above. The interpolation is based on service as of June 30, 2012 divided by projected service at the member's prior Retirement Date. The minimum retirement age is 59.

Members with 10 or more years of contributory service on June 30, 2012 may choose to retire at their prior Retirement Date if they continue to work and contribute until that date. If this option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

Effective July 1, 2015, members will be eligible to retire with full benefits at the earlier of their current Rhode Island Retirement Security Act (RIRSA) date described above or upon the attainment of age 65 with 30 years of service, age 64 with 31 years of service, age 63 with 32 years of service, or age 62 with 33 years of service.

A member who is within five years of reaching their retirement eligibility date and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

Prior to July 1, 2012, members were eligible for retirement on or after age 58 if they had credit for 10 or more years of service, or at any age if they had credit for at least 30 years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

The annual benefit is equal to 2.00% of the member's monthly FAC for each year of service prior to July 1, 2012 and 1.00% of the member's monthly FAC for each year of service from July 1, 2012 through June 30, 2015. For all service after June 30, 2015, the annual benefit is equal to 1.0% per year unless the member had 20 or more years of service as of June 30, 2012 in which case the benefit accrual is 2.0% per year for service after June 30, 2015. The benefit cannot exceed 75% of the member's FAC. Benefits are paid monthly.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 11. Pensions (Continued)

A. Municipal Employees' Retirement System of the State of Rhode Island (MERS)(Continued)

General Information about the Pension Plan (Continued)

Police and Fire employees

Members are eligible to retire when they are at least 50 years old and have a minimum of 25 years of contributing service or if they have 27 years of contributing service at any age. Members with less than 25 years of contributing service are eligible for retirement on or after their Social Security normal retirement age.

Members who, as of June 30, 2012, had at least 10 years of contributing service, had attained age 45, and had a prior Retirement Date before age 52 may retire at age 52.

Active members on June 30, 2012 may choose to retire at their prior Retirement Date if they continue to work and contribute until that date. If option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

A member who is within five years of reaching their retirement eligibility date, as described in this section, and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

Prior to July 1, 2012, members designated as police officers or firefighters were eligible for retirement at or after age 55 with credit for at least 10 years of service or at any age with credit for 25 or more years of service. Members were also eligible to retire and receive a reduced benefit if they are at least age 50 and have at least 20 years of service. If the municipality elected to adopt the 20-year retirement provisions for police officers and/or firefighters, then such a member was eligible to retire at any age with 20 or more years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

A monthly benefit is paid equal to 2.00% of the member's monthly FAC for each year of service, up to 37.5 years (75% of FAC maximum).

If the optional 20-year retirement provisions were adopted by the municipality prior to July 1, 2012: benefits are based on 2.50% of the member's FAC for each year of service prior to July 1, 2012 and 2.00% of the member's FAC for each year of service after July 1, 2012. The benefit cannot exceed 75% of the member's FAC.

Active members (including future hires), members who retire after July 1, 2015 and after attaining age 57 with 30 years of service will have a benefit equal to the greater of their current benefit described in (a) and (b) above and one calculated based on a 2.25% multiplier for all years of service.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 11. Pensions (Continued)

A. Municipal Employees' Retirement System of the State of Rhode Island (MERS)(Continued)

General Information about the Pension Plan (Continued)

Other benefit provisions

Death and disability benefits are also provided to members. A member is eligible for a disability retirement provided he/she has credit for at least five years of service or if the disability is work-related. Members are not eligible for an ordinary disability benefit if they are eligible for unreduced retirement.

Joint and survivor benefit options are available to retirees. For some employees, a Social Security Option is also available where an annuity is paid at one amount prior to age 62, and at a reduced amount after age 62, designed to provide a level total income when combined with the member's age 62 Social Security benefit. Benefits cease upon the member's death.

Post-retirement benefit increases are paid to members who retire after June 30, 2012. Members will be eligible to receive cost of living increases at the later of the member's third anniversary of retirement and the month following their SSNRA (age 55 for members designated as police officers and/or firefighters). When a municipality elects coverage, it may elect either COLA C (covering only current and future active members and excluding members already retired) or COLA B (covering current retired members as well as current and future active members).

a. The COLA will be suspended for any unit whose funding level is less than 80%; however, an interim COLA may be granted in four-year intervals while the COLA is suspended. The first interim COLA may begin January 1, 2018.

b. Effective July 1, 2015, the COLA is determined based on 50% of the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%, plus 50% of the lesser of 3.0% or last year's CPI-U increase for a total maximum increase of 3.50%. Previously, it was the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%

c. The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on every fourth year provision described in (a) above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$25,000 for 2013, \$25,000 for 2014, \$25,168 for 2015, \$25,855 for 2016, and \$26,098 for 2017.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 11. Pensions (Continued)

A. Municipal Employees' Retirement System of the State of Rhode Island (MERS)(Continued)

General Information about the Pension Plan (continued)

Employees covered by benefit terms.

At the June 30, 2019 valuation date, the following employees were covered by the benefit terms:

	General Employees	Rescue Plan
Retirees and Beneficiaries	165	8
Inactive, Non-retired Members	110	7
Active Members	235	18
Total	<u>510</u>	<u>33</u>

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 1% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. Public safety employees are required to contribute 9% of their salaries. The Town contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The Town contributed \$1,138,128 to their general employee MERS plan in the year ended June 30, 2019 which was 11.65% of annual covered payroll and contributed \$110,734 to their EMS employee MERS plan in the year ended June 30, 2019 which was 9.30% of annual covered payroll.

Net Pension Liability (Asset) - The total pension liability was determined by actuarial valuations performed as of June 30, 2018 and rolled forward to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 11. Pensions (Continued)

A. Municipal Employees' Retirement System of the State of Rhode Island (MERS)(Continued)

Actuarial cost method	Entry Age Normal - the individual Entry Age Actuarial Cost methodology is used
Amortization method	Level percentage of payroll, closed
Actuarial assumptions	
Investment rate of return	7.00%
Projected salary increases	General employees 3.50% to 7.50%; Police & Fire Employees 4.00% to 14.00%
Inflation	2.50%
Mortality	Mortality – variants of the RP-2014 mortality tables - for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.
Cost of living adjustments	A 2% COLA is assumed after January 1, 2014.

The actuarial assumptions used in the June 30, 2018 valuation rolled forward to June 30, 2019 and the calculation of the total pension liability at June 30, 2019 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, 2019 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

Note 11. Pensions (Continued)

A. Municipal Employees' Retirement System of the State of Rhode Island (MERS)(Continued)

Asset Class	Target allocation	Long-term expected real rate of return
Global equity:		
U.S. equity	22.10%	6.16%
International developed	13.20%	6.83%
International emerging markets	4.70%	8.90%
Private Growth		
Private Equity	11.25%	9.81%
Non-Core RE	2.25%	5.51%
Opportunistic Private Credit	1.50%	9.81%
Income		
High Yield Infrastructure	1.00%	3.98%
REITS	1.00%	5.51%
Liquid Credit	2.80%	3.98%
Private Credit	3.20%	3.98%
Crisis Protection Class		
Treasury Duration	4.00%	0.77%
Systematic Trend	4.00%	4.20%
Inflation Protection		
Core Real Estate	3.60%	5.51%
Private Infrastructure	2.40%	5.85%
TIPs	1.00%	1.37%
Natural Resources	1.00%	3.76%
Volatility Protection		
IG Fixed Income	11.50%	2.15%
Absolute Return	6.50%	4.20%
Cash	3.00%	0.77%

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 of the plans 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.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 11. Pension (Continued)

A. Municipal Employees' Retirement System of the State of Rhode Island (MERS)(Continued)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2018	\$ 34,229,096	\$ 27,071,879	\$ 7,157,217
Changes for the year:			
Service cost	779,346	-	779,346
Interest on total pension liability	2,363,207	-	2,363,207
Differences between expected and actual experience	(213,642)	-	(213,642)
Contributions - employer	-	1,138,128	(1,138,128)
Contributions - employee	-	192,684	(192,684)
Net investment income	-	1,776,162	(1,776,162)
Benefit payments, including employee refunds	(1,717,338)	(1,717,338)	-
Administrative expense	-	(27,765)	27,765
Other changes	-	2,942	(2,942)
Net changes	<u>1,211,573</u>	<u>1,364,813</u>	<u>(153,240)</u>
Balance as of June 30, 2019	<u>\$ 35,440,669</u>	<u>\$ 28,436,692</u>	<u>\$ 7,003,977</u>
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2018	\$ 7,218,173	\$ 7,135,346	\$ 82,827
Changes for the year:			
Service cost	251,355	-	251,355
Interest on total pension liability	505,238	-	505,238
Differences between expected and actual experience	346,972	-	346,972
Changes in assumptions	-	-	-
Contributions - employer	-	110,734	(110,734)
Contributions - employee	-	119,069	(119,069)
Net investment income	-	473,373	(473,373)
Benefit payments, including employee refunds	(252,342)	(252,342)	-
Administrative expense	-	(7,400)	7,400
Other changes	-	2	(2)
Net changes	<u>851,223</u>	<u>443,436</u>	<u>407,787</u>
Balance as of June 30, 2019	<u>\$ 8,069,396</u>	<u>\$ 7,578,782</u>	<u>\$ 490,614</u>

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 11. Pensions (Continued)

A. Municipal Employees' Retirement System of the State of Rhode Island (MERS)(Continued)

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the net pension liability (asset) of the Town using the discount rate of 7.0 percent, as well as what the Town's net pension liability (asset) 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.

General Employee Plan

1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
\$ 10,724,504	\$ 7,003,977	\$ 3,958,974

EMS Plan

1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
\$ 1,323,122	\$ 490,614	\$ (190,619)

Pension plan fiduciary net position - detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

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

General Employees Plan

For the year ended June 30, 2020 the employer recognized pension expense of \$1,134,399. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 11. Pensions (Continued)

A. Municipal Employees' Retirement System of the State of Rhode Island (MERS)(Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 440,142	\$ -
Difference between expected and actual experience	-	1,120,380
Net difference between projected and actual earnings on pension plan investments	432,833	548,627
Contributions subsequent to the measurement date	1,156,695	-
	\$ 2,029,670	\$ 1,669,007
Net amount of deferred outflows and (inflows) excluding contributions subsequent to measurement date		\$ (796,032)

\$1,156,695 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2020 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2021. Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ (156,890)
2022	(442,512)
2023	(186,452)
2024	(10,178)
2025	-
Thereafter	-
	\$ (796,032)

EMS Employees Plan

For the year ended June 30, 2020 the employer recognized pension expense of \$206,211. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 11. Pensions (Continued)

A. Municipal Employees' Retirement System of the State of Rhode Island (MERS)(Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 188,087	\$ 9,225
Difference between expected and actual experience	312,206	445,829
Net difference between projected and actual earnings on pension plan investments	106,284	147,823
Contributions subsequent to the measurement date	101,101	-
	\$ 707,678	\$ 602,877
Net amount of deferred outflows and (inflows) excluding contributions subsequent to measurement date		\$ 3,700

\$101,101 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2020 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2021. Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2021	\$	3,764
2022		(73,470)
2023		17,597
2024		13,379
2025		42,430
Thereafter		-
	\$	3,700

A. Defined Contribution Plan Description

Certain employees participating in the defined benefit plan, as described above, may 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 1 to 1.5% of annual covered salary. Employee contributions are immediately vested while employer contributions and any investment earnings

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

Note 11. Pensions (Continued)

A. Municipal Employees' Retirement System of the State of Rhode Island (MERS)(Continued)

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.

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

The Town of Cumberland recognized pension expense of \$39,463, for the fiscal year ended June 30, 2020.

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

B. Employees' Retirement System Defined Benefit Pension Plan (ERS)

Plan description - Certain employees of the Town of Cumberland, Rhode Island (Town) 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 report that includes financial statements and required supplementary information for the plans. 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.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 11. Pensions (Continued)

B. Employees' Retirement System Defined Benefit Pension Plan (ERS) (Continued)

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

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, Town 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 Town 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 Town; the rates were 10.49% and 14.12% of annual covered payroll for the fiscal year ended June 30, 2020 for the state and Town, respectively. The Town contributed \$5,002,374, \$4,341,190 and \$4,217,829 for the fiscal years ended June 30, 2020, 2019 and 2018, respectively, equal to 100% of the required contributions for each year.

C. Employees' Retirement System Defined Benefit Pension Plan (ERS) (Continued)

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

At June 30, 2020, the Town reported a liability of \$57,287,981 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the Town were as follows:

Town proportionate share of the net pension liability	\$ 57,287,981
State's proportionate share of the net pension liability associated with the Town	<u>42,914,630</u>
Total net pension liability	<u>\$ 100,202,611</u>

The net pension liability was measured as of June 30, 2019, 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, 2018 rolled forward to June 30, 2019. The Town proportion of the net pension liability was based on a projection of the Town 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, 2019 the Town proportion was 1.79542881%.

For the year ended June 30, 2020 the Town recognized gross pension expense of \$11,366,367 and revenue of \$4,760,831 for support provided by the State. At June 30, 2020 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 11. Pensions (Continued)

C. Employees' Retirement System Defined Benefit Pension Plan (ERS)(Continued)

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 697,621	\$ 956,708
Changes of assumptions	3,352,251	452,138
Net difference between projected and actual earnings on pension plan investments	1,285,622	1,375,769
Changes in proportion and differences between System contributions and proportionate share contributions	2,928,557	1,170,868
Contributions subsequent to the measurement date	5,002,374	-
	\$ 13,266,425	\$ 3,955,483
Net amount of deferred outflows and (inflows) excluding the Town's contributions subsequent to measurement date		\$ 4,308,568

\$5,002,374 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2020 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2021. 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:	
2021	\$ 1,409,678
2022	416,435
2023	1,101,922
2024	852,279
2025	386,699
Thereafter	141,555
	\$ 4,308,568

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 11. Pensions (Continued)

C. Employees' Retirement System Defined Benefit Pension Plan (ERS)(Continued)

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

Inflation	2.50%
Salary increases	3.00% to 13.00%
Investment rate of return	7.00%

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, 2018 valuation rolled forward to June 30, 2019 and the calculation of the total pension liability at June 30, 2019 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, 2019 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

Note 11. Pensions (Continued)

C. Employees' Retirement System Defined Benefit Pension Plan (ERS)(Continued)

Asset class	Target allocation	Long-term expected real rate of return
Global equity:		
U.S. equity	22.10%	6.16%
International developed	13.20%	6.83%
International emerging markets	4.70%	8.90%
Private Growth		
Private Equity	11.25%	9.81%
Non-Core RE	2.25%	5.51%
Opportunistic Private Credit	1.50%	9.81%
Income		
High Yield Infrastructure	1.00%	3.98%
REITS	1.00%	5.51%
Liquid Credit	2.80%	3.98%
Private Credit	3.20%	3.98%
Crisis Protection Class		
Treasury Duration	4.00%	0.77%
Systematic Trend	4.00%	4.20%
Inflation Protection		
Core Real Estate	3.60%	5.51%
Private Infrastructure	2.40%	5.85%
TIPs	1.00%	1.37%
Natural Resources	1.00%	3.76%
Volatility Protection		
IG Fixed Income	11.50%	2.15%
Absolute Return	6.50%	4.20%
Cash	3.00%	0.77%

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.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 11. Pensions (Continued)

C. Employees' Retirement System Defined Benefit Pension Plan (ERS)(Continued)

Sensitivity of the net pension liability (asset) to changes in the discount rate - the following presents the proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0 percent as well as what the net pension liability (asset) 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 (6.0%)	Current Discount Rate (7.0%)	1.00% Increase (8.0%)
\$ 70,798,208	\$ 57,287,981	\$ 46,228,501

Pension plan fiduciary net position - detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

D. Employees' Retirement System Defined Contribution Pension Plan (ERS)

Defined Contribution 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. 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.

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

The Town of Cumberland recognized pension expense of \$985,336 for the fiscal year ended June 30, 2020.

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 11. Pensions (Continued)

E. Teachers' Survivors Defined Benefit Pension Plan

General Information about the Pension Plan

Plan description - Certain employees of the Town of Cumberland (Town) participate in a cost-sharing multiple-employer defined benefit pension plan - the Teachers' Survivors Benefit 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 a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in Social Security.

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

Eligibility and plan benefits - the plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in the plan. Specific eligibility criteria and the amount of the benefit is subject to the provisions of Chapter 16-16 of the Rhode Island General Laws which are subject to amendment by the General Assembly. Spouse, parents, family and children's benefits are payable following the death of a member. A spouse shall be entitled to benefits upon attaining the age of sixty (60) years. Children's benefits are payable to the child, including a stepchild or adopted child of a deceased member if the child is unmarried and under the age of eighteen (18) years or twenty-three (23) years and a full time student, and was dependent upon the member at the time of the member's death. Family benefits are provided if at the time of the member's death the surviving spouse has in his or her care a child of the deceased member entitled to child benefits. Parents benefits are payable to the parent or parents of a deceased member if the member did not leave a widow, widower, or child who could ever qualify for monthly benefits on the member's wages and the parent has reached the age of 60 years, has not remarried, and received support from the member.

In January, a yearly cost-of-living adjustment for spouse's benefits is paid and based on the annual social security adjustment.

Survivors are eligible for benefits if the member has made contributions for at least six months prior to death or retirement.

The TSB plan provides benefits based on the highest salary at the time of retirement of the teacher. Benefits are payable in accordance with the following table:

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 11. Pensions (Continued)

E. Teachers' Survivors Defined Benefit Pension Plan (Continued)

Highest Annual Salary	Basic Monthly Spouses' Benefit
\$17,000 or less	\$ 825.00
\$17,001 to \$25,000	962.50
\$25,001 to \$33,000	1,100.00
\$33,001 to \$40,000	1,237.50
\$40,001 and over	1,375.00

Benefits payable to children and families are equal to the spousal benefit multiplied by the percentage below:

Parent and 1 Child	Parent and 2 or more Children	One Child Alone	Two Children Alone	Three or more Children Alone	Dependent Parent
150%	175%	75%	150%	175%	100%

Contributions - The contribution requirements of active employees and the participating school districts were established under Chapter 16-16 of the Rhode Island General Laws, which may be amended by the General Assembly. The cost of the benefits provided by the plan are two percent (2%) of the member's annual salary up to but not exceeding an annual salary of \$11,500; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the respective school district by which the member is employed. These contributions are in addition to the contributions required for regular pension benefits.

The Town contributed \$51,718, \$50,296 and \$49,201 for the fiscal years ended June 30, 2020, 2019 and 2018, respectively, equal to 100% of the required contributions for each year.

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2020 the Town reported an asset of \$7,650,130 for its proportionate share of the net pension asset related to its participation in TSB. The net pension asset was measured as of June 30, 2019, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2018 rolled forward to 2019. The Town proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2019 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2019 the Town proportion was 6.74342051%.

For the year ended June 30, 2020 the Town recognized pension expense of \$(56,046) – a decrease in the net pension asset. At June 30, 2020 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 11. Pensions (continued)

E. Teachers' Survivors Defined Benefit Pension Plan (Continued)

Description of Outflows/Inflows	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 833,690	\$ 2,031,728
Changes of assumptions	666,593	-
Net difference between projected and actual earnings on pension plan investments	372,797	448,132
Changes in proportion and differences between System contributions and proportionate share contributions	152,987	268,678
Contributions subsequent to the measurement date	<u>51,718</u>	<u>-</u>
	<u>\$ 2,077,785</u>	<u>\$ 2,748,538</u>
Net amount of deferred outflows and (inflows) excluding Town contributions subsequent to measurement date		<u>\$ (722,471)</u>

\$51,718 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2020 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 78,973
2022	(215,229)
2023	(52,265)
2024	(11,530)
2025	(146,492)
Thereafter	<u>(375,929)</u>
	<u>\$ (722,472)</u>

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 11. Pensions (Continued)

E. Teachers' Survivors Defined Benefit Pension Plan (Continued)

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

Inflation	2.50%
Salary increases	3.00% to 13.00%
Investment rate of return	7.00%

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

Cost of living adjustment – eligible survivors receive a yearly cost of living adjustment based on the annual social security adjustment – for valuation purposes, a 2.50% cost of living adjustment is assumed.

The actuarial assumptions used in the June 30, 2018 valuation and the calculation of the total pension liability at June 30, 2019 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, 2019 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 11. Pensions (Continued)

E. Teachers' Survivors Defined Benefit Pension Plan (Continued)

Asset Class	Target allocation	Long-term expected real rate of return
Global equity:		
U.S. equity	22.10%	6.16%
International developed	13.20%	6.83%
International emerging markets	4.70%	8.90%
Private Growth		
Private Equity	11.25%	9.81%
Non-Core RE	2.25%	5.51%
Opportunistic Private Credit	1.50%	9.81%
Income		
High Yield Infrastructure	1.00%	3.98%
REITS	1.00%	5.51%
Liquid Credit	2.80%	3.98%
Private Credit	3.20%	3.98%
Crisis Protection Class		
Treasury Duration	4.00%	0.77%
Systematic Trend	4.00%	4.20%
Inflation Protection		
Core Real Estate	3.60%	5.51%
Private Infrastructure	2.40%	5.85%
TIPs	1.00%	1.37%
Natural Resources	1.00%	3.76%
Volatility Protection		
IG Fixed Income	11.50%	2.15%
Absolute Return	6.50%	4.20%
Cash	3.00%	0.77%

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.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 11. Pensions (Continued)

E. Teachers' Survivors Defined Benefit Pension Plan (Continued)

Sensitivity of the net pension liability (asset) to changes in the discount rate - the following presents the proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0 percent as well as what the net pension liability (asset) 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 (6.0%)	Current Discount Rate (7.0%)	1.00% Increase (8.0%)
\$ 5,895,127	\$ 7,650,130	\$ 8,956,863

Pension plan fiduciary net position - detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

F. Police Pension Plan

General Information about the Plan

Plan Administration

All full-time police officers and certain other former employees are covered by the Town of Cumberland's Pension Plan which is administered by the Town of Cumberland Pension Board. The Pension Board consists of three members nominated and appointed by the Town Council. This plan is a single employer defined benefit 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 publicly available financial report.

Various asset classes and investment manager styles are used to create a broadly diversified portfolio. The Investment Committee develops long-term asset allocation ranges, and works in conjunction with the Town to review assets and performance. Please refer to the notes of the financial statements under "Investment Policy" for more information on asset allocations.

Plan Membership

Inactive plan members or beneficiaries currently receiving benefit	72
Inactive plan members entitled to but not yet receiving benefit	1
Active plan members	43
Subtotal	116

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

Note 11. Pensions (Continued)

F. Police Pension Plan (Continued)

Benefits Provided

The pension plan provides retirement, disability, and survivorship benefits.

Police officers hired on or before July 1, 2013:

- Normal retirement date - participants may retire upon completion of 20 years of service regardless of age.
- Normal retirement benefit - for credited service prior to July 1, 2013, 2.75% of average annual earnings for the first 20 years plus 1% for the next 5 years. For credited service after July 1, 2013, 2.50% of average annual earnings for the first 20 years plus 1% for the next 10 years. The maximum benefit is 60% of average annual earnings.
- Average annual earnings - average of final 36 months of base salary, overtime, holiday, shift differential, and accreditation earnings.

Police officers hired after July 1, 2013:

- Normal retirement date - participants may retire upon reaching age 55 and the completion of 25 years of service
- Normal retirement benefit - 2% of average annual earnings for each year of accredited service up to 30 years.
- Average annual earnings - average over working career of base salary, holiday, and longevity earnings.

Police officers are eligible for non-duty disability benefits after 12 years of service and for duty-related disability benefits upon hire. The duty-related disability retirement benefit is 66.7% of average compensation. The non-duty disability retirement benefit is 60% of average compensation at 12 years of service, increased 5% for each year up to 17 years to 100% at 18 years of service. Upon a participant's death after retirement, 67.5% of the pension benefits are payable to a surviving spouse until death or remarriage, or to surviving dependent children under the age of eighteen. If a police officer dies prior to retirement, after 15 years of service, and while married, the surviving spouse will receive a pension benefit equal to the amount payable if the officer had retired with a 67.5% joint and survivor annuity. For those with less than 15 years' service, the beneficiary will receive a refund of the participant's contributions with 5% interest.

Benefit terms provide for a 3% non-compounded, annual cost-of-living adjustment (COLA) to a participant's retirement benefit from age 57 for participant's who retired on or after July 1, 1992. Participants who retired prior to July 1, 1992 do not receive COLA adjustments.

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. By contract, an independent appraisal is obtained once every year to determine the fair market value of the assets.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 11. Pensions (Continued)

F. Police Pension Plan (Continued)

Contributions

Contribution requirements for the plan are established and may be amended by Town ordinances or union contract. Police officers hired on or before July 1, 2013 are required to contribute 8% of annual earnings by union contract. Police officers hired after July 1, 2013 are required to contribute 11% of annual earnings by union contract. 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, 2020 was \$2,420,000.

Net Pension Liability of the Commission

The components of the net pension liability of the Commission at June 30, 2020, were as follows:

Total pension liability	\$ 39,626,754
Plan fiduciary net position	<u>(21,392,362)</u>
Town's net pension liability	<u><u>\$ 18,234,392</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	 53.98%

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00 percent
Cost of living increases	3.00% non-compounded from age 57 for retirement on or after July 1, 1992 No COLA for retirement before July 1, 1992
Salary increases	1.00% - 6.00%, age graded
Discount rate	7.25 percent
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

Mortality rates were based on RP-2014 Blue Collar Mortality with fully generational improvements from 2006 based on assumptions from the 2019 Social Security Administration Trustees Report.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period ended June 30, 2018.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

Note 11. Pensions (Continued)

F. Police Pension Plan (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic fixed income	2.00%
Domestic equity	7.25%
International Equity	7.75%
Cash	0.25%

Discount rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Professional judgment on future contributions has been applied in those cases where contribution patterns deviate from the actuarially determined rates. 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.

	Total Pension Liability (a)	Plan Fiduciary Net (b)	Net Pension Liability (a) - (b)
Balance as of 7/1/2019	\$ 38,452,300	\$ 19,750,027	\$18,702,273
Changes for the year:			
Service cost	747,928	-	747,928
Interest on total pension liability	2,765,987	-	2,765,987
Change of benefit terms	-	-	-
Differences between expected and actual experience	(117,189)	-	(117,189)
Changes in assumptions	(124,893)	-	(124,893)
Contributions - employer	-	2,420,000	(2,420,000)
Contributions - employee	-	278,185	(278,185)
Net investment income	-	1,072,879	(1,072,879)
Benefit payments	(2,097,379)	(2,097,379)	-
Administrative expense	-	(31,350)	31,350
Net changes	1,174,454	1,642,335	(467,881)
Balance as of 6/30/2020	\$ 39,626,754	\$ 21,392,362	\$18,234,392

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 11. Pensions (Continued)

F. Police Pension Plan (Continued)

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.25 percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Plan's Net Pension Liability	\$ 23,450,718	\$ 18,234,392	\$ 13,967,930

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

For the year ended June 30, 2020, the Town recognized pension expense of \$2,097,910. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 127,834	\$ (94,538)
Changes of assumptions	631,730	(184,374)
Difference between projected and actual earnings on plan investments	314,007	(294,579)
Total deferred outflows / (inflows)	\$ 1,073,571	\$ (573,491)

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:

2021	\$	111,255
2022		174,491
2023		186,819
2024		27,515
2025		-
Thereafter		-
	\$	500,080

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 11. Pensions (Continued)

G. Aggregate Pension Amounts Reported in the Financial Statements:

As required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions and amendment of GASB Statement No. 34 the table below presents the aggregate amount of pension expense, pension liabilities (assets), and deferred inflows and outflows for the defined benefit plans of the Town of Cumberland, Rhode Island.

	MERS General	MERS Rescue	ERS	TSB	Town Plan - Police	Total
Net Pension Asset	\$ -	\$ -	\$ -	\$ 7,650,130	\$ -	\$ 7,650,130
Deferred Outflows of Resources - Pension	2,029,670	707,678	13,266,425	2,077,785	1,073,571	19,155,129
Deferred Inflows of Resources - Pension	1,669,007	602,877	3,955,483	2,748,538	573,491	9,549,396
Net Pension Liability	7,003,977	490,614	57,287,981	-	18,234,392	83,016,964
Pension Expense	1,134,399	206,211	6,605,536	(56,046)	2,097,910	9,988,010
	<u>\$ 11,837,053</u>	<u>\$ 2,007,380</u>	<u>\$ 81,115,425</u>	<u>\$ 12,420,407</u>	<u>\$ 21,979,364</u>	<u>\$ 129,359,629</u>

Note 12. Summary Disclosure of Significant Commitments and Contingencies

A. Litigation

During the ordinary course of its operations, the Town is a party to various other 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.

B. Federal Assisted Programs – Compliance Audits

The Town and School Department participates in a number of federally assisted programs. The audits of these programs through the year ended June 30, 2020 were audited in connection with the accompanying financial statements under the Single Audit concept and the auditor's reports thereon are presented in a separate Single Audit Report. The amount, if any, of expenditures which may be disallowed will not be material to the financial position of the Town.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 13. Risk Management

A. Health Care

The Town uses a combination of financing plans to pay for its medical and dental programs for all eligible employees of the Town and their dependents. These plans consist of the following:

- Cost Plus Basis –under which the Town pays for the actual cost of covered health care services plus a fee to the provider for the administration of the program, and
- Prospective Premium Basis – a fully insured plan.

In order to avoid catastrophic losses, the Town "reinsures" the program by purchasing insurance known as "stop-loss insurance". Changes in claims liability for fiscal year 2020 were as follows:

Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimate	Claims Payments	Balance Fiscal Year End
\$ 450,000	\$ 6,955,842	\$ 6,955,842	\$ 450,000

B. Other Insurance

The Town of Cumberland 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 participates in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) which provides coverage for property/liability claims. Upon joining the Trust, the Town signed a participation agreement which outlines the rights and responsibilities of both the Trust and the Town. The agreement states that for premiums paid by the Town, the Trust will assume financial responsibility for the Town's losses up to the maximum amount of insurance purchased, minus the Town's 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 Town purchases commercial insurance which provides coverage for workers' compensation claims. Settled claims resulting from these risks have not exceeded Trust or commercial coverage in any of the past three fiscal years. The Town is self-insured for unemployment benefits. There were "incurred but not reported" claims of \$450,000 as of June 30, 2020.

Note 14. Town Special Reserve

For many years, the Town has derived revenue from various cell tower leases. Beginning in FY20 and concluding in FY21 the Town negotiated a conversion of those leases from an ongoing monthly income stream to a lump sum cash payment. In general, these leases could have been terminated at any time by the respective telephone carriers. Through the sale, that risk has been transferred to the buyer of those leases. The Town sold the rights to these leases by assigning the leases and granting easements. In exchange for this, the Town received approximately \$595,000 in FY20, and \$1,708,000 in FY21 in cash payments. The total proceeds from the sale of these leases approximated \$2,303,000. The Town maintains these funds in a Town Special Reserve Account, and in a deposit account at a local credit union. It is anticipated that these funds will be used to benefit the Town's citizens and taxpayers for many years to come by funding future projects such as Diamond Hill Park improvements.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2020

Note 14. Town Special Reserve (Continued)

In addition to the sale of the cell tower leases, in FY20 the Town received a lump sum payment of \$500,000 in connection with a contract it negotiated with a solar energy provider. Those funds are also maintained in this Town Special Reserve Account, which at the date of this writing contains \$2,803,000.

Note 15. Restatement

The following restatements were recorded to beginning fund balances in the Proprietary fund financial statements:

	<u>Water Fund</u>
Beginning balance, July 1, 2019	\$ 28,510,843
To restate fund balance for corrected user charge receivables	<u>(242,373)</u>
Beginning balance, July 1, 2019	<u>\$ 28,268,470</u>

Note 16. COVID-19

On March 9, 2020 the Governor of the State of Rhode Island declared a State of Emergency in response to limit the spread of COVID-19 Coronavirus, which the World Health Organization characterized as being a pandemic. As a result of the spread of COVID-19, there is considerable uncertainty around the duration of the pandemic accordingly, the financial impact related to State funding and other revenues and other potential financial impacts cannot be reasonable estimated at this time. Management is carefully monitoring the situation.

Note 17. Subsequent Events

For the purposes of determining the effects of subsequent events on these financial statements, management evaluated events which have occurred subsequent to June 30, 2020, and through March 15, 2021, the date on which the financial statements were available to be issued. The following represents these subsequent events:

The Federal Coronavirus Relief Fund (CRF) established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) allows for states to distribute funds to municipalities in recognition of the economic burden that COVID-19 has placed on communities. The State of RI established a Municipal COVID-19 Response Fund for the purpose of distributing such relief funds to communities. The total funds available to RI communities from this fund was \$136,528,120. The Town of Cumberland applied and was approved for its formula-based share of these funds which was determined to be \$2,251,172, to be paid in 2 installments. The first installment of \$409,472 was received in December 2020. The second installment of \$1,841,700 was received in late February 2021.

On August 19, 2020, the Town Council voted to authorize the Town to finance certain security upgrades and the purchase of computer equipment for the Cumberland School Department through a lease purchase agreement with U.S. Bancorp Government Leasing and Financing, Inc. in an amount not to exceed \$832,000.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

Note 17. Subsequent Events (Continued)

On August 19, 2020, the Town Council voted to approve the financing of the construction, renovation, improvement, alteration, repair, furnishing and equipping of schools and school facilities throughout the Town by the issuance of not more than \$83,000,000 bonds, notes and/or other evidences of indebtedness, therefore, subject to approval of State Housing Aid at a reimbursement rate or State share ration of not less than 50% for expenditures eligible for State Aid and provided that the authorization shall be reduced by any grant received from the School Building Authority. To date, \$33 million in BANs are currently outstanding related to the \$83 million authorization.

On August 19, 2020, the Town Council voted to authorize the Finance Director to appropriate \$1,000,000 to a “Diamond Hill Park Improvements” Fund under the assigned fund balance. This is related to the Town Special Reserve account.

On September 2, 2020, the Town Council voted to authorize the Mayor to enter into a contract agreement with D’Ambra Construction Co., Inc. on behalf of the Town of Cumberland for the 2020-2021 Town-wide Street Pavement Improvements Project in an amount not to exceed \$2,437,527.75.

On October 7, 2020, the Town Council voted to authorize the Town of Cumberland to issue general obligation bonds, notes and other evidences of indebtedness, not to exceed \$2,500,000, to finance the development, construction, renovation, improvement, alteration, repair and equipping of recreational areas and facilities in the Town, subject to approval of passage of General Assembly enabling legislation.

On December 2, 2020, the Town Council voted to authorize the Mayor to purchase AP42, Lot 2, located at 500 Nate Whipple Highway, for the amount of \$600,000 in order to ensure the Town water supply be increased by providing a town-owned required buffer zone around the proposed new wells, as required by the DOH. This authorization is related to the Water Enterprise Fund.

Required Supplementary Information

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
Other Post-Employment Benefits – Net OPEB Liability and Related Ratios

*Last 10 Fiscal Years**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total OPEB liability				
Service cost	\$ 306,987	\$ 426,530	\$ 426,356	\$ 434,661
Interest on net OPEB liability and service cost	1,632,408	1,832,913	1,890,431	1,568,378
Differences between actual and expected experience	(973,636)	(3,102,808)	(2,223,963)	2,821,128
Changes of assumptions	-	(130,760)	-	394,753
Benefit payments, including refunds	<u>(848,310)</u>	<u>(810,268)</u>	<u>(907,780)</u>	<u>(1,778,950)</u>
Net change in total OPEB liability	117,449	(1,784,393)	(814,956)	3,439,970
Total OPEB liability - beginning	<u>22,625,721</u>	<u>24,410,114</u>	<u>25,225,070</u>	<u>21,785,100</u>
Total OPEB liability - ending	<u>\$ 22,743,170</u>	<u>\$ 22,625,721</u>	<u>\$ 24,410,114</u>	<u>\$ 25,225,070</u>
OPEB fiduciary net position				
Benefit payments, including refunds	\$ (848,310)	\$ (810,268)	\$ (907,780)	\$ (1,778,950)
Trust administrative expenses	(18,227)	(15,633)	(11,990)	(13,765)
Contributions - employer	1,320,000	1,575,235	1,503,461	1,903,000
Net investment income	<u>234,124</u>	<u>350,683</u>	<u>197,255</u>	<u>297,230</u>
Net change in plan fiduciary net position	687,587	1,100,017	780,946	407,515
Plan fiduciary net position - beginning	<u>4,523,497</u>	<u>3,423,480</u>	<u>2,642,534</u>	<u>2,235,019</u>
Plan fiduciary net position - ending	<u>\$ 5,211,084</u>	<u>\$ 4,523,497</u>	<u>\$ 3,423,480</u>	<u>\$ 2,642,534</u>
Plan's OPEB liability - ending	<u>\$ 17,532,086</u>	<u>\$ 18,102,224</u>	<u>\$ 20,986,634</u>	<u>\$ 22,582,536</u>

* Forth year of implementation of GASB 74/75, therefore only four years of the ten required data is available.

Actuarial Valuation Date	Fiduciary Net Position	Total OPEB Liability (TOL)	Net OPEB Liability (NOL)	Funded Ratio	Covered Payroll	NOL as a % of Covered Payroll
6/30/2020	\$ 5,211,084	\$ 22,743,170	\$ 17,532,086	22.91%	\$ 2,202,703	795.94%
6/30/2019	4,523,497	22,625,721	18,102,224	19.99%	2,159,513	838.25%
6/30/2018	3,423,480	24,410,114	20,986,634	14.02%	2,210,352	949.47%
6/30/2017	2,642,534	25,225,070	22,582,536	10.48%	2,167,012	1042.10%

* Fourth year of implementation of GASB 74/75, therefore only four years of the ten required data is available.

*See accompanying notes to required supplementary information
See independent auditor's report*

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
Other Post-Employment Benefits – Schedule of Investment Returns and Notes

*Last 10 Fiscal Years**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Actuarial determined contribution	\$ 1,316,810	\$ 1,608,912	\$ 1,677,202	\$ 1,778,950
Contributions in relation to the actuarially determined contribution	1,320,000	1,575,235	1,503,461	1,903,000
Contribution deficiency (excess)	<u>\$ (3,190)</u>	<u>\$ 33,677</u>	<u>\$ 173,741</u>	<u>\$ (124,050)</u>
Covered-employee payroll	\$ 2,202,703	\$ 2,159,513	\$ 2,210,352	\$ 2,167,012
Contributions as a percentage of covered-employee payroll	59.93%	72.94%	68.02%	87.82%

**Fiscal year 2020 was the fourth year of GASB Statement No. 75, therefore, only four years of the ten years of required data is available.

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Annual average rate of return, net of investment expense	4.82%	8.20%	7.46%	5.41%

* Forth year of implementation of GASB 74/75, therefore only four years of the ten required data is available.

Notes to Required Supplementary Information:

Valuation date:	Actuarially Determined Contribution was calculated as of June 30, 2019
Actuarial cost method:	Entry Age Normal Level % of salary method where: Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to Payroll Growth.
Asset-valuation method:	Market Value of Assets as of the Measurement Date, June 30, 2020.
Actuarial assumptions:	
Investment rate of return:	5.16% real rate of return, net of OPEB plan investment expense
Medical inflation:	For medical/rx benefits, the trend rates have been reset to an initial rate of 7.50% decreasing by 0.50% annually to an ultimate rate of 4.50%
Inflation:	2.00% as of June 30, 2020 and for future periods
Salary increases:	4.50% annually as of June 30, 2020 and for future periods
Pre-retirement mortality:	RP-2014 mortality table with blue collar adjustments and Social Security 2019 generational improvements from 2006
Assumed rate of retirement:	70% for 20 years of service, 10% for 21-24 and 26-29 years of service 70% for 25 years of service, and 100% for 30 or more years of service.
Marriage assumptions	70% of males and 70% of females assumed to be married with wives to be three years younger than their husbands
Discount rate	Discount rate is 7.25%

See accompanying notes to required supplementary information
See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information

Schedule of Changes in the Town's Pension Liability and Related Ratios – MERS General Employee Plan

*Last 10 Years**

Measurement period ending June 30,	2019	2018	2017	2016	2015	2014
A. Total pension liability						
Service Cost	\$ 779,346	\$ 787,451	\$ 755,616	\$ 712,369	\$ 705,121	\$ 733,946
Interest on the Total Pension Liability	2,363,207	2,324,019	2,368,285	2,330,263	2,192,364	2,109,975
Changes of benefit terms	-	-	-	-	(40,505)	-
Difference between expected and actual experience of the Total Pension Liability	(213,642)	(858,909)	(1,169,813)	(807,994)	721,588	-
Changes of assumptions	-	-	1,343,241	-	-	15,356
Benefit payments, including refunds of employee contributions	(1,717,338)	(1,660,018)	(1,720,193)	(1,778,432)	(1,708,632)	(1,784,047)
Net change in total pension liability	1,211,573	592,543	1,577,136	456,206	1,869,936	1,075,230
Total pension liability – beginning	34,229,096	33,636,553	32,059,417	31,603,211	29,733,275	28,658,045
Total pension liability – ending (a)	<u>\$ 35,440,669</u>	<u>\$ 34,229,096</u>	<u>\$ 33,636,553</u>	<u>\$ 32,059,417</u>	<u>\$ 31,603,211</u>	<u>\$ 29,733,275</u>
B. Plan fiduciary net position						
Contributions – employer	\$ 1,138,128	\$ 1,138,960	\$ 1,199,279	\$ 1,194,969	\$ 1,278,367	\$ 1,125,835
Contributions – employee	192,684	199,538	195,052	183,696	89,142	85,199
Net investment income	1,776,162	2,025,735	2,704,434	1,191	550,899	3,111,659
Benefit payments, including refunds of employee contributions	(1,717,338)	(1,660,018)	(1,720,193)	(1,778,432)	(1,708,632)	(1,784,047)
Pension Plan Administrative Expense	(27,765)	(26,968)	(25,550)	(30,770)	(22,128)	(19,485)
Other	2,942	(71,676)	20,199	15,028	(43,004)	190,528
Net change in plan fiduciary net position	1,364,813	1,605,571	2,373,221	(414,318)	144,644	2,709,689
Plan fiduciary net position – beginning	27,071,879	25,466,308	23,093,087	23,507,405	23,362,761	20,653,072
Plan fiduciary net position – ending (b)	<u>\$ 28,436,692</u>	<u>\$ 27,071,879</u>	<u>\$ 25,466,308</u>	<u>\$ 23,093,087</u>	<u>\$ 23,507,405</u>	<u>\$ 23,362,761</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 7,003,977</u>	<u>\$ 7,157,217</u>	<u>\$ 8,170,245</u>	<u>\$ 8,966,330</u>	<u>\$ 8,095,806</u>	<u>\$ 6,370,514</u>
D. Plan fiduciary net position as a percentage of the total pension liability	80.24%	79.09%	75.71%	72.03%	74.38%	78.57%
E. Covered employee payroll	\$ 9,766,244	\$ 9,556,447	\$ 9,305,618	\$ 8,915,758	\$ 8,914,303	\$ 8,455,599
F. Net pension liability as a percentage of covered payroll	71.72%	74.89%	87.80%	100.57%	90.82%	75.34%

*Schedule is intended to show information for ten years – additional years will be displayed as they become available.

*See accompanying notes to required supplementary information
See independent auditor's report*

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
 Schedule of Employer Contributions – MERS General Employee Plan

*Last 10 Years**

Measurement period ending June 30,	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,138,128	\$ 1,138,960	\$ 1,199,279	\$ 1,194,969	\$ 1,278,367	\$ 1,125,835
Contributions in relation to the actuarially determined contribution	<u>1,138,128</u>	<u>1,138,960</u>	<u>1,199,279</u>	<u>1,194,969</u>	<u>1,278,367</u>	<u>1,125,835</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 9,766,244	\$ 9,556,447	\$ 9,305,618	\$ 8,915,758	\$ 8,914,303	\$ 8,455,599
Contributions as a percentage of covered-employee payroll	11.65%	11.92%	12.89%	13.40%	14.34%	13.31%

- Notes:**
- 1.) Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.
 - 2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

See accompanying notes to required supplementary information
See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information

Schedule of Changes in the Town's Net Pension Liability and Related Ratios – MERS EMS Employee Plan

*Last 10 Years**

Measurement period ending June 30,	2019	2018	2017	2016	2015	2014
A. Total pension liability						
1. Service Cost	\$ 251,355	\$ 252,781	\$ 206,114	\$ 210,967	\$ 195,086	\$ 180,477
2. Interest on the Total Pension Liability	505,238	499,458	464,294	440,088	404,297	375,512
3. Changes of benefit terms	-	-	-	-	190,650	-
4. Difference between expected and actual experience of the Total Pension Liability	346,972	(465,179)	44,367	(196,928)	(194,663)	-
5. Changes of assumptions		-	353,594	-	-	(57,543)
6. Benefit payments, including refunds of employee contributions	<u>(252,342)</u>	<u>(155,220)</u>	<u>(139,121)</u>	<u>(118,791)</u>	<u>(133,416)</u>	<u>(110,488)</u>
7. Net change in total pension liability	851,223	131,840	929,248	335,336	461,954	387,958
8. Total pension liability – beginning	<u>7,218,173</u>	<u>7,086,333</u>	<u>6,157,085</u>	<u>5,821,749</u>	<u>5,359,795</u>	<u>4,971,837</u>
9. Total pension liability – ending (a)	<u><u>\$ 8,069,396</u></u>	<u><u>\$ 7,218,173</u></u>	<u><u>\$ 7,086,333</u></u>	<u><u>\$ 6,157,085</u></u>	<u><u>\$ 5,821,749</u></u>	<u><u>\$ 5,359,795</u></u>
B. Plan fiduciary net position						
1. Contributions – employer	\$ 110,734	\$ 94,482	\$ 101,415	\$ 121,820	\$ 117,481	\$ 65,507
2. Contributions – employee	119,069	118,397	107,091	109,053	87,843	75,078
3. Net investment income	473,373	533,924	693,525	(2,004)	132,860	728,100
4. Benefit payments, including refunds of employee contributions	(252,342)	(155,220)	(139,121)	(118,791)	(133,416)	(110,488)
5. Pension Plan Administrative Expense	(7,400)	(7,108)	(6,552)	(5,392)	(5,174)	(4,559)
6. Other	<u>2</u>	<u>20,290</u>	<u>(16)</u>	<u>309</u>	<u>2,977</u>	<u>2,562</u>
7. Net change in plan fiduciary net position	443,436	604,765	756,342	104,995	202,571	756,200
8. Plan fiduciary net position – beginning	<u>7,135,346</u>	<u>6,530,581</u>	<u>5,774,239</u>	<u>5,669,244</u>	<u>5,466,673</u>	<u>4,710,473</u>
9. Plan fiduciary net position – ending (b)	<u><u>\$ 7,578,782</u></u>	<u><u>\$ 7,135,346</u></u>	<u><u>\$ 6,530,581</u></u>	<u><u>\$ 5,774,239</u></u>	<u><u>\$ 5,669,244</u></u>	<u><u>\$ 5,466,673</u></u>
C. Net pension liability - ending (a) - (b)	<u><u>\$ 490,614</u></u>	<u><u>\$ 82,827</u></u>	<u><u>\$ 555,752</u></u>	<u><u>\$ 382,846</u></u>	<u><u>\$ 152,505</u></u>	<u><u>\$ (106,878)</u></u>
D. Plan fiduciary net position as a percentage of the total pension liability	93.92%	98.85%	92.16%	93.78%	97.38%	101.99%
E. Covered employee payroll	\$ 1,190,692	\$ 1,183,985	\$ 1,075,188	\$ 1,132,406	\$ 1,074,854	\$ 1,011,640
F. Net pension liability as a percentage of covered payroll	41.20%	7.00%	51.69%	33.81%	14.19%	-10.56%

*Schedule is intended to show information for ten years – additional years will be displayed as they become available.

*See accompanying notes to required supplementary information
See independent auditor's report*

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
Schedule of Contributions – EMS Rescue Employee Plan

*Last 10 Years**

Measurement period ending June 30,	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 110,734	\$ 94,482	\$ 101,415	\$ 121,820	\$ 117,481	\$ 65,507
Contributions in relation to the actuarially determined contribution	110,734	94,482	101,415	121,820	117,481	65,507
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,190,692	\$ 1,183,985	\$ 1,075,188	\$ 1,132,406	\$ 1,074,854	\$ 1,011,640
Contributions as a percentage of covered-employee payroll	9.30%	7.98%	9.43%	10.76%	10.93%	6.48%

Notes:

1.) Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

See accompanying notes to required supplementary information
See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
 Schedule of Town's Proportionate Share of the Net Pension Liability
 Employee Retirement System

*Last 10 Years**

Measurement period ending June 30,	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability	1.79542881%	1.76496986%	1.75878849%	1.83471828%	1.69624966%	1.67186503%
Employer's proportionate share of the net pension liability	\$ 57,287,981	\$ 56,077,472	\$ 55,473,711	\$ 54,740,242	\$ 46,697,799	\$ 40,693,201
State's proportionate share of the net pension liability associated with the school district	<u>42,914,630</u>	<u>41,829,766</u>	<u>41,924,797</u>	<u>37,489,028</u>	<u>31,902,470</u>	<u>27,905,203</u>
Total	<u>\$ 100,202,611</u>	<u>\$ 97,907,238</u>	<u>\$ 97,398,508</u>	<u>\$ 92,229,270</u>	<u>\$ 78,600,269</u>	<u>\$ 68,598,404</u>
Employer's covered employee payroll	\$ 30,469,713	\$ 28,976,524	\$ 27,399,784	\$ 26,896,969	\$ 29,585,499	\$ 26,812,752
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	188.02%	193.53%	202.46%	203.52%	157.84%	151.77%
Plan fiduciary net position as a percentage of the total pension liability	54.60%	54.30%	54.00%	54.06%	57.55%	61.40%

Notes:

1.) The amounts presented for each fiscal year were determined as of 6/30 measurement date prior to the fiscal year-end.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

See accompanying notes to required supplementary information
See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
 Schedule of Town's Contributions
 Employee Retirement System

*Last 10 Years**

Measurement period ending June 30,	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 5,002,374	\$ 4,341,190	\$ 4,217,829	\$ 4,112,549	\$ 3,138,074	\$ 4,307,537
Contributions in relation to the actuarially determined contribution	<u>5,002,374</u>	<u>4,341,190</u>	<u>4,217,829</u>	<u>4,112,549</u>	<u>3,138,074</u>	<u>4,307,537</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered-employee payroll	\$ 30,469,713	\$ 28,976,524	\$ 27,399,784	\$ 26,896,969	\$ 29,585,499	\$ 26,812,752
Contributions as a percentage of covered- employee payroll	16.42%	14.98%	15.39%	15.29%	10.61%	16.07%

Notes:

1.) Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

See accompanying notes to required supplementary information
See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
Schedule of Town's Contributions
Teachers' Survivors' Benefit Plan

*Last 10 Years**

Measurement period ending June 30,	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension asset	6.74342051%	6.61272309%	6.77322113%	6.74750101%	6.79583624%	6.53117242%
Employer's proportionate share of the net pension asset	\$ 7,650,130	\$ 5,900,486	\$ 5,603,243	\$ 6,718,614	\$ 6,344,294	\$ 8,119,601
Employer's covered employee payroll	\$ 30,469,713	\$ 28,976,524	\$ 27,399,784	\$ 26,896,969	\$ 29,585,499	\$ 26,812,752
Employer's proportionate share of the net pension asset as a percentage of its covered employee payroll	25.11%	20.36%	20.45%	24.98%	21.44%	30.28%
Plan fiduciary net position as a percentage of the total pension asset	150.2%	137.4%	136.1%	153.3%	146.6%	173.3%

Notes:

1.) The amounts presented for each fiscal year were determined as of 6/30 measurement date prior to the fiscal year-end.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

	2019	2018	2017	2016	2015	2014
Statutorily determined contribution	\$ 51,718	\$ 50,296	\$ 49,201	\$ 39,954	\$ 43,338	\$ 39,802
Contributions in relation to the statutorily determined contribution	51,718	50,296	49,201	39,954	43,338	39,802
Contribution deficiency (excess)	-	-	-	-	-	-
Covered-employee payroll	\$ 30,469,713	\$ 28,976,524	\$ 27,399,784	\$ 26,896,969	\$ 29,585,499	\$ 26,812,752
Contributions as a percentage of covered-employee payroll	0.17%	0.17%	0.18%	0.15%	0.15%	0.15%

Notes:

1.) Employers participating in the Teachers' Survivor's Benefit Plan contribute at a rate established by the RI General Laws, Section 16-16-35.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

See accompanying notes to required supplementary information
See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information Notes to Municipal Retirement Plans

For the Year Ended June 30, 2020

The amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year end.

The schedules are intended to show information for 10 years – additional years will be displayed as they become available.

Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

Employers participating in the Teachers' Survivors Benefit Plan contribute at a rate established by RI General Laws, Section 16-16-35.

June 30, 2019 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2019 measurement date compared to the June 30, 2018 measurement date.

June 30, 2018 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2018 measurement date compared to the June 30, 2017 measurement date.

June 30, 2017 measurement date –

As part of the 2017 Actuarial Experience Investigation Study for the six-year period ending 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 (asset) at the June 30, 2017 measurement date. The following summarizes the more significant changes in assumptions:

- Decreased the general inflation assumption from 2.75% to 2.50%;
- Decreased the nominal investment return assumption from 7.50% to 7.00%;
- Decreased the general wage growth assumption from 3.25% to 3.00%;
- Decreased salary increase assumptions; and
- Updated the post-retirement mortality tables to variants of the RP-2014 table. For the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

June 30, 2016 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2016 measurement date compared to the June 30, 2015 measurement date.

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information Notes to Municipal Retirement Plans

For the Year Ended June 30, 2020

June 30, 2015 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2015 measurement date compared to the June 30, 2014 measurement date

The June 30, 2015 measurement date determination of the net pension liability for the ERS and MERS plans reflects changes in benefit changes resulting from the settlement of litigation challenging the various pension reform measures enacted in previous years by the General Assembly. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly. These amended benefit provisions, are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and municipal general employees will contribute 8.25% (9.25% for units with a COLA provision) and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service. Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.
- MERS public safety employees may retire at age 50 with 25 years of service, or any age with 27 years of service. MERS public safety employees will contribute 9.00% (10.00% for units with a COLA provision)
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan. Also, members who earn less than \$35,000 per year will not be required to pay the administrative fees to the defined contribution plan.
- Members who retired from a COLA eligible plan before July 1, 2012 will received a one-time cost of living adjustment of 2% of the first \$25,000 paid as soon as administratively possible.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 year rather than 5 year intervals.
- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5.5% (5yr Return - 5.5%, with a max of 4%) and 50% calculated using previous year's CPI-U (max of 3%) for a total max COLA of 3.5%. This COLA is calculated on the first \$25,855, effective 01/01/16, and indexed as of that date as well. (The indexing formula is run annually regardless of funding level each year.)
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

Teachers Survivors Benefit Plan – the employee and employer contribution rates were applied to the first \$11,500 of member salary for fiscal year 2018. In fiscal 2017 and prior the rate was applied to salary up to \$9,600.

Covered employee payroll is the full amount of employee payroll for plan members and not just the capped salary amount to which the contribution rate is applied.

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information Schedule of Contributions Police Pension Plan

Last 10 Years

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total pension liability							
Service cost	\$ 747,928	\$ 682,675	\$ 654,232	\$ 610,341	\$ 658,427	\$ 603,593	\$ 625,409
Interest	2,765,987	2,664,203	2,570,757	2,483,550	2,395,416	2,307,553	2,203,726
Changes of benefit terms	-	81,505					
Differences between expected and actual experience	(117,189)	129,230	(1,966)	150,892	150,365	-	287,596
Changes in assumptions	(124,893)	1,052,884	(47,482)	(196,402)	(99,400)	-	
Benefit payments, including refunds of participant contribution	(2,097,379)	(1,996,466)	(1,919,613)	(1,939,389)	(1,823,825)	(1,765,110)	(1,656,011)
Net change in total pension liability	1,174,454	2,614,031	1,255,928	1,108,992	1,280,983	1,146,036	1,460,720
Total pension liability - beginning	38,452,300	35,838,269	34,582,341	33,473,349	32,192,366	31,046,330	29,585,610
Total pension liability - ending	\$ 39,626,754	\$ 38,452,300	\$ 35,838,269	\$ 34,582,341	\$ 33,473,349	\$ 32,192,366	\$ 31,046,330
Pension fiduciary net position							
Contributions - employer	\$ 2,420,000	\$ 2,263,350	\$ 2,218,887	\$ 2,182,000	\$ 2,112,000	\$ 1,997,828	\$ 2,064,871
Contributions - employee	278,185	273,795	251,263	245,844	232,349	260,793	185,877
Net investment income	1,072,879	1,718,729	1,181,086	1,383,038	205,192	605,991	1,320,781
Benefit payments, including refunds of participant contribution	(2,097,379)	(1,996,466)	(1,919,613)	(1,939,389)	(1,823,825)	(1,765,110)	(1,656,011)
Administrative expense	(31,350)	(29,210)	(55,035)	(17,150)	(11,346)	(39,406)	(9,955)
Net change in plan fiduciary net position	1,642,335	2,230,198	1,676,588	1,854,343	714,370	1,060,096	1,905,563
Plan fiduciary net position - beginning	19,750,027	17,519,829	15,843,241	13,988,898	13,274,528	12,214,432	10,308,869
Plan fiduciary net position - ending	\$ 21,392,362	\$ 19,750,027	\$ 17,519,829	\$ 15,843,241	\$ 13,988,898	\$ 13,274,528	\$ 12,214,432
Town's net pension liability (asset) - ending	\$ 18,234,392	\$ 18,702,273	\$ 18,318,440	\$ 18,739,100	\$ 19,484,451	\$ 18,917,838	\$ 18,831,898

*Schedule is intended to show information for ten years – additional years will be displayed as they become available.

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
 Schedule of Contributions
 Police Pension Plan

Last 10 Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 39,626,754	\$ 38,452,300	\$ 35,838,269	\$ 34,582,341	\$ 33,473,349	\$ 32,192,366	\$ 31,046,330
Plan fiduciary net position	21,392,362	19,750,027	17,519,829	15,843,241	13,988,898	13,274,528	12,214,432
Town's net pension liability (asset)	<u>\$ 18,234,392</u>	<u>\$ 18,702,273</u>	<u>\$ 18,318,440</u>	<u>\$ 18,739,100</u>	<u>\$ 19,484,451</u>	<u>\$ 18,917,838</u>	<u>\$ 18,831,898</u>
Plan fiduciary net position as a percentage of the total pension liability	53.98%	51.36%	48.89%	45.81%	41.79%	41.24%	39.34%
Covered-employee payroll	3,053,587	2,994,240	2,817,547	2,805,661	2,966,003	2,686,120	2,633,451
Net pension liability (asset) as a percentage of covered-employee payroll	597.15%	624.61%	650.16%	667.90%	656.93%	704.28%	715.10%

*Schedule is intended to show information for ten years – additional years will be displayed as they become available.

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 2,417,279	\$ 2,256,529	\$ 2,168,246	\$ 2,138,355	\$ 2,110,186	\$ 1,997,828	\$ 1,980,631
Contributions in relation to the actuarially determined contribution	2,420,000	2,263,350	2,218,887	2,182,000	2,112,000	1,997,828	2,064,871
Contribution deficiency (excess)	<u>\$ (2,721)</u>	<u>\$ (6,821)</u>	<u>\$ (50,641)</u>	<u>\$ (43,645)</u>	<u>\$ (1,814)</u>	<u>\$ -</u>	<u>\$ (84,240)</u>
Covered-employee payroll	3,053,587	2,994,240	2,817,547	2,805,661	2,966,003	2,686,120	2,633,451
Contributions as a percentage of covered-employee payroll	79.25%	75.59%	78.75%	77.77%	71.21%	74.38%	78.41%

*Schedule is intended to show information for ten years - additional years will be displayed as they become available.

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
 Schedule of Investment Returns and Notes
 Police Pension Plan
 Last 10 Years*

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Annual average rate of return, net of investment expense	5.52%	9.47%	7.45%	12.97%	5.38%	4.98%	12.54%

*Schedule is intended to show information for ten years – additional years will be displayed as they become available.

Notes to the Schedules:

Valuation Date: Actuarially Determined Contribution was calculated as of June 30, 2019.

Methods and assumptions used to determine contribution rates:

Discount rate	7.25%
Long term rate of return on investments	7.25%
Municipal bond	N/A
Salary increases	1.00% - 6.00%, age graded
Inflation	2.00%
Cost of living increases	3.00% non-compounded from age 57 for retirement on or after July 1, 1992 No COLA for retirement before July 1, 1992

Mortality rates:

Healthy	RP-2014 Blue Collar Mortality with fully generational improvements from 2006 based on assumptions from 2019 Social Security Administration Trustees Report
Disabled	1985 Pension Disability Table. All Disability is assumed to be duty-related.

Retirement rates:

Officers hired on or before 7/1/2013	<table border="0"> <thead> <tr> <th align="center"><u>Age</u></th> <th align="center"><u>Rate</u></th> </tr> </thead> <tbody> <tr> <td align="center">20</td> <td align="center">70%</td> </tr> <tr> <td align="center">21-24</td> <td align="center">10%</td> </tr> <tr> <td align="center">25</td> <td align="center">70%</td> </tr> <tr> <td align="center">26-29</td> <td align="center">10%</td> </tr> <tr> <td align="center">30</td> <td align="center">100%</td> </tr> </tbody> </table>	<u>Age</u>	<u>Rate</u>	20	70%	21-24	10%	25	70%	26-29	10%	30	100%
<u>Age</u>	<u>Rate</u>												
20	70%												
21-24	10%												
25	70%												
26-29	10%												
30	100%												
Officers hired after 7/1/2013	100% at age 55 with 25 years of service												

See accompanying notes to required supplementary information
See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual - General Fund

For the Year Ended June 30, 2020

	Encumbrances Carried from FY19	Budget Amounts		Total Available	Actual Amounts (Budgetary Basis)	Encumbrances Carried to FY20	Variance Favorable (Unfavorable)
		Original	Final				
Revenues and other financing sources:							
General property taxes and interest	\$ -	\$ 69,136,263	\$ 67,566,435	\$ 67,566,435	\$ 67,447,277	\$ -	\$ (119,158)
Investment and interest income	-	65,000	155,000	155,000	176,118	-	21,118
Payments in lieu of taxes	-	51,531	51,531	51,531	50,002	-	(1,529)
Other local and departmental revenue	-	2,718,119	2,781,019	2,781,019	2,561,529	-	(219,490)
Federal and State aid and grants	-	25,799,721	25,799,721	25,799,721	25,142,459	-	(657,262)
Cell tower revenue	-	135,000	385,000	385,000	329,573	-	(55,427)
Rescue service revenue	-	1,173,000	1,525,000	1,525,000	1,513,320	-	(11,680)
School miscellaneous	-	2,670,000	2,816,206	2,816,206	2,310,482	-	(505,724)
Appropriation of general fund surplus	-	860,576	860,576	860,576	860,576	-	-
Appropriation of school surplus	-	525,000	575,000	575,000	-	-	(575,000)
Other financing sources - police detail	-	-	135,000	135,000	135,000	-	-
Total revenues and other financing sources	-	103,134,210	102,650,488	102,650,488	100,526,336	-	(2,124,152)
Expenditures and other financing uses:							
General government:							
Mayor's office	-	215,755	238,267	238,267	248,110	-	(9,843)
Town Clerk	-	245,680	333,904	333,904	313,323	-	20,581
Town Council	-	108,171	109,848	109,848	82,597	-	27,251
Town Solicitor	-	193,218	273,908	273,908	245,667	-	28,241
Municipal court	-	52,200	82,818	82,818	72,834	-	9,984
Town officers	-	15,976	17,133	17,133	16,194	-	939
Boards and commissions	-	500	500	500	1	-	499
Boards of canvassers	-	65,668	92,495	92,495	71,596	-	20,899
Finance office	-	557,164	830,973	830,973	742,513	-	88,460
Information technology	-	137,000	148,600	148,600	105,551	-	43,049
Human Resources	-	87,100	116,410	116,410	96,972	-	19,438
Tax Assessor	-	228,890	299,054	299,054	192,503	-	106,551
	-	1,907,322	2,543,910	2,543,910	2,187,861	-	356,049
Community Development:							
Planning	-	205,483	277,950	277,950	247,241	-	30,709
Inspection	-	198,234	284,237	284,237	237,486	-	46,751
Zoning	-	16,300	16,759	16,759	13,991	-	2,768
	-	420,017	578,946	578,946	498,718	-	80,228

See accompanying notes to required supplementary information
See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual - General Fund

For the Year Ended June 30, 2020

	Encumbrances Carried from FY19	Budget Amounts		Total Available	Actual Amounts (Budgetary Basis)	Encumbrances Carried to FY20	Variance Favorable (Unfavorable)
		Original	Final				
Public Safety:							
Police department	\$ -	\$ 4,525,940	\$ 5,709,047	\$ 5,709,047	\$ 5,611,782	\$ -	\$ 97,265
Telecommunication	-	414,168	595,460	595,460	645,922	-	(50,462)
EMS service	-	2,058,497	2,670,981	2,670,981	2,500,309	-	170,672
Animal control	-	112,012	151,381	151,381	136,953	-	14,428
	-	7,110,617	9,126,869	9,126,869	8,894,966	-	231,903
Public Works:							
Public works	-	3,026,690	3,054,094	3,054,094	2,885,927	-	168,167
Highway	-	2,506,944	3,259,217	3,259,217	3,595,289	-	(336,072)
Recreation	247	225,692	263,008	263,255	227,742	-	35,513
Town Hall	-	195,957	263,684	263,684	261,206	-	2,478
	247	5,955,283	6,840,003	6,840,250	6,970,164	-	(129,914)
Social Services:							
Library	-	1,724,694	1,724,694	1,724,694	1,729,516	-	(4,822)
Children and learning	-	201,762	245,102	245,102	223,442	-	21,660
Senior services	-	227,387	322,391	322,391	318,076	-	4,315
	-	2,153,843	2,292,187	2,292,187	2,271,034	-	21,153
Other Expenditures:							
Outside Agencies	-	73,500	86,200	86,200	74,700	-	11,500
Severances	-	100,000	100,000	100,000	74,706	-	25,294
Contingencies/Miscellaneous	-	71,000	86,000	86,000	81,643	-	4,357
Recreation	-	-	235,500	235,500	152,376	-	83,124
Emergency Management	-	10,191	10,191	10,191	4,325	-	5,866
Stress	-	10,000	10,000	10,000	2,974	-	7,026
NRI Chamber of Commerce	-	800	800	800	800	-	-
RI League of Cities and Towns	-	14,706	14,006	14,006	14,006	-	-
Traffic Calming	-	40,000	40,000	40,000	19,757	-	20,243
Property & Liability Insurance	-	452,000	452,000	452,000	476,997	-	(24,997)
Veteran's Services	-	-	2,000	2,000	-	-	2,000
Property Revaluation	-	62,000	62,000	62,000	154,000	-	(92,000)
Economic Development	-	55,000	55,000	55,000	58,293	-	(3,293)
Legal Judgments	-	-	(237,747)	(237,747)	200,000	-	(437,747)
Efficiency Savings	-	-	(659,985)	(659,985)	-	-	(659,985)
Office of Children, Youth and Learning	-	-	-	-	-	-	-
Senior Center	-	-	-	-	-	-	-
	-	889,197	255,965	255,965	1,314,577	-	(1,058,612)

See accompanying notes to required supplementary information
See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual - General Fund

For the Year Ended June 30, 2020

	Encumbrances Carried from FY19	Budget Amounts		Total Available	Actual Amounts (Budgetary Basis)	Encumbrances Carried to FY20	Variance Favorable (Unfavorable)
		Original	Final				
Employee benefits	-	7,946,781	4,366,499	4,366,499	4,123,129	-	243,370
Debt Service:							
Town debt service	-	1,562,889	1,568,890	1,568,890	1,465,971	-	102,919
School debt service	-	3,459,534	3,134,534	3,134,534	2,821,385	-	313,149
Master lease	-	493,704	493,703	493,703	329,844	-	163,859
	-	5,516,127	5,197,127	5,197,127	4,617,200	-	579,927
Education:							
Transfer to school unrestricted fund - operations	-	45,576,075	45,576,075	45,576,075	45,576,075	-	-
Transfer to school - leases	-	735,156	657,909	657,909	994,337	-	(336,428)
Transfer to school unrestricted fund - other	-	24,823,792	25,019,998	25,019,998	21,574,166	-	3,445,832
	-	71,135,023	71,253,982	71,253,982	68,144,578	-	3,109,404
Capital Outlay and Reserves:							
Capital improvements	91,330	100,000	195,000	286,330	382,851	-	(96,521)
Total expenditures and other financing uses	91,577	103,134,210	102,650,488	102,742,065	99,405,078	-	3,336,987
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	(91,577)	-	-	(91,577)	1,121,258	-	1,212,835
Adjustment of budgetary basis to US GAAP					(2,464,142)		
Fund balance, beginning of year (GAAP)					22,672,384		
Fund balance, end of year (GAAP)					\$ 21,329,500		

*See accompanying notes to required supplementary information
 See independent auditor's report*

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to Required Supplementary Information

June 30, 2020

Note 1 - Budgetary Data and Budgetary Compliance

Annual budgets are adopted for the Town's General Fund, the School Unrestricted Fund and the Sewer Fund. Annual budgets are adopted on a budgetary basis that differs from generally accepted accounting principles (GAAP). The budget to actual presentations in the financial statements are reflected on the appropriate basis of accounting. Encumbrances provided additional monies available but would have no effect on the actual amounts. A reconciliation between the budgetary basis and GAAP basis of accounting is presented below.

On or before the first Monday in March of each year, all agencies of the Town submit requests for appropriation to the Town's Finance Director so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. The Finance Director must submit their recommendations to the Mayor no later than the third Monday in April. The Mayor may change the Finance Director's recommendations except that the Mayor does not have the authority to change any item in the school expenditure request except the overall amount.

On or before the second Monday in May, the Mayor presents the proposed budget to the Town's Council for review. The Town's Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the Town's Finance Director or therevenue estimates must be changed by an affirmative vote of the majority of the Town's Council.

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

	<u>General Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	\$ 1,121,258
Unbudgeted expenditures in Fund #305 (Senior Center)	(28,730)
Unbudgeted expenditures in Fund #307 (Public Fund)	(1,560,637)
Unbudgeted expenditures in Fund #315 (Police Detail)	(764,715)
Unbudgeted expenditures in Fund #324 (OC & YL)	(110,063)
Rounding	<u>3</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	<u>\$ (1,342,884)</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual – School Unrestricted Fund

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Local Appropriation	\$ 45,576,075	\$ 45,576,075	\$ 45,576,075	\$ -
Leasing Proceeds	735,156	735,156	994,336	259,180
State Aid	21,628,792	21,628,792	21,068,898	(559,894)
Medicaid	475,000	475,000	450,311	(24,689)
Section 125 Co-Pays (1)	1,580,000	1,580,000	-	(1,580,000)
Retiree & COBRA Health, Life Insurance (2)	275,000	275,000	-	(275,000)
Building/Pool Rentals	225,000	225,000	170,759	(54,241)
Tuition From Other Districts	-	-	60,158	60,158
Preschool Tuitions/Transportation	100,000	100,000	86,136	(13,864)
Miscellaneous	15,000	15,000	539	(14,461)
Refund of Prior Year Expenses	-	-	460,074	460,074
Total Revenue	<u>70,610,023</u>	<u>70,610,023</u>	<u>68,867,286</u>	<u>(1,742,737)</u>
Expenditures				
<i>Ashton</i>				
Salaries Yr. Round Employees	236,352	236,352	240,007	(3,655)
Salaries-Certified Teachers	1,905,919	1,905,919	1,874,711	31,208
Salaries-Para/Aides	97,634	97,634	94,679	2,955
Services/Postage/Volunteers	11,952	11,952	16,148	(4,196)
Maint & Repairs	-	-	-	-
Materials & Supplies	59,563	59,563	47,176	12,387
Dues	650	650	595	55
Capital	1,500	1,500	2,319	(819)
	<u>2,313,570</u>	<u>2,313,570</u>	<u>2,275,635</u>	<u>37,935</u>
<i>Community</i>				
Salaries- Yr. Round Employees	316,986	316,986	302,758	14,228
Salaries-Certified Teachers	3,548,075	3,548,075	3,499,594	48,481
Salaries-Para/Aides	248,818	248,818	243,364	5,454
Services/Postage/Volunteers	16,204	16,204	24,403	(8,199)
Maint & Repairs	-	-	-	-
Materials & Supplies	109,690	109,690	85,698	23,992
Travel	-	-	-	-
Dues	650	650	893	(243)
Capital	2,000	2,000	355	1,645
	<u>4,242,423</u>	<u>4,242,423</u>	<u>4,157,065</u>	<u>85,358</u>

*See accompanying notes to budgetary comparison information
 See independent auditor's report*

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual – School Unrestricted Fund

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<i>Cumberland Hill</i>				
Salaries- Yr. Round Employees	\$ 256,516	\$ 256,516	\$ 253,931	\$ 2,585
Salaries-Certified Teachers	2,654,049	2,654,049	2,640,766	13,283
Salaries-Para/Aides	276,031	276,031	269,206	6,825
Services/Postage/Volunteers	13,584	13,584	18,535	(4,951)
Maint & Repairs	-	-	-	-
Materials & Supplies	70,360	70,360	52,850	17,510
Dues	625	625	595	30
Capital	2,000	2,000	-	2,000
	<u>3,273,165</u>	<u>3,273,165</u>	<u>3,235,883</u>	<u>37,282</u>
<i>Garvin</i>				
Salaries- Yr. Round Employees	235,112	235,112	224,616	10,496
Salaries-Certified Teachers	2,624,636	2,624,636	2,629,663	(5,027)
Salaries-Para/Aides	166,637	166,637	147,493	19,144
Services/Postage/Volunteers	13,852	13,852	19,145	(5,293)
Maint & Repairs	-	-	-	-
Materials & Supplies	70,149	70,149	59,105	11,044
Dues	650	650	595	55
Capital	2,000	2,000	681	1,319
	<u>3,113,036</u>	<u>3,113,036</u>	<u>3,081,298</u>	<u>31,738</u>
<i>BF Norton</i>				
Salaries Yr. Round Employees	300,081	300,081	297,956	2,125
Salaries-Certified Teachers	2,449,560	2,449,560	2,367,803	81,757
Salaries-Para/Aides	279,399	279,399	236,488	42,911
Services/Postage/Volunteers	12,923	12,923	18,209	(5,286)
Maint & Repairs	-	-	-	-
Materials & Supplies	66,845	66,845	49,300	17,545
Dues	650	650	893	(243)
Capital	2,000	2,000	890	1,110
	<u>3,111,458</u>	<u>3,111,458</u>	<u>2,971,539</u>	<u>139,919</u>
<i>Pre-School</i>				
Salaries- Year Round	89,762	89,762	82,762	7,000
Salaries-Certified Teachers	403,443	403,443	417,335	(13,892)
Salaries-Para/Aides	99,999	99,999	115,414	(15,415)
Child Outreach Salaries	24,000	24,000	14,678	9,322
Services/Postage	300	300	1,494	(1,194)
Materials & Supplies	4,450	4,450	4,439	11
Dues	650	650	-	650
Capital	1,000	1,000	-	1,000
	<u>623,604</u>	<u>623,604</u>	<u>636,122</u>	<u>(12,518)</u>

See accompanying notes to budgetary comparison information
See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual – School Unrestricted Fund

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<i>McCourt</i>				
Salaries- Year Round	\$ 501,688	\$ 501,688	\$ 463,914	\$ 37,774
Salaries-Certified Teachers	3,837,251	3,837,251	3,821,771	15,480
Salaries-Para/Aides	97,502	97,502	116,725	(19,223)
Services/Postage	32,393	32,393	45,564	(13,171)
Maint & Repairs	-	-	-	-
Materials & Supplies	70,499	70,499	38,770	31,729
Student Travel	5,000	5,000	-	5,000
Dues	1,800	1,800	1,785	15
Capital	57,390	57,390	44,185	13,205
	<u>4,603,523</u>	<u>4,603,523</u>	<u>4,532,714</u>	<u>70,809</u>
<i>NCM School</i>				
Salaries- Year Round	411,886	411,886	372,251	39,635
Salaries-Certified Teachers	4,012,326	4,012,326	4,023,292	(10,966)
Salaries-Para/Aides	195,055	195,055	220,793	(25,738)
Services/Postage	36,087	36,087	49,045	(12,958)
Maint & Repairs	-	-	-	-
Materials & Supplies	74,421	74,421	41,409	33,012
Student Travel	5,000	5,000	-	5,000
Dues	1,250	1,250	1,190	60
Capital	63,690	63,690	48,300	15,390
	<u>4,799,715</u>	<u>4,799,715</u>	<u>4,756,280</u>	<u>43,435</u>
<i>Cumberland High School</i>				
Salaries- Yr. Round Employees	1,092,955	1,092,955	902,685	190,270
Salaries-Certified Teachers	9,842,701	9,842,701	9,746,824	95,877
Salaries-Para/Aides	524,564	524,564	637,680	(113,116)
Dual Enrollment	50,000	50,000	11,544	38,456
Services/Postage	148,900	148,900	179,445	(30,545)
Maint & Repairs, Rentals	9,600	9,600	9,517	83
Graduation	26,000	26,000	3,406	22,594
Student Travel	25,850	25,850	7,565	18,285
Materials & Supplies	155,331	155,331	90,421	64,910
Dues	13,490	13,490	7,319	6,171
Capital	116,185	116,185	91,148	25,037
	<u>12,005,576</u>	<u>12,005,576</u>	<u>11,687,554</u>	<u>318,022</u>
<i>Summer School (ALL)</i>				
Salaries Remedial	7,000	7,000	26,145	(19,145)
Salaries-Certified ESY	115,500	115,500	106,506	8,994
Salaries-Para ESY	65,000	65,000	67,344	(2,344)
Services	24,000	24,000	-	24,000
Supplies, Maint & Repairs	1,500	1,500	1,127	373
	<u>213,000</u>	<u>213,000</u>	<u>201,122</u>	<u>11,878</u>
<i>Elem Cord/Attrition</i>				
Salaries-Certified Cord	230,656	230,656	228,624	2,032
	<u>230,656</u>	<u>230,656</u>	<u>228,624</u>	<u>2,032</u>

*See accompanying notes to budgetary comparison information
 See independent auditor's report*

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual – School Unrestricted Fund

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<i>Special Education</i>				
Salaries- Year Round	\$ 224,153	\$ 224,153	\$ 224,420	\$ (267)
Salaries-Certified Teachers/Tutors	385,425	385,425	363,396	22,029
Services & Repairs	782,495	782,495	719,850	62,645
Tuitions	1,350,000	1,350,000	1,128,267	221,733
Conferences & Workshops	-	-	3,919	(3,919)
Materials & Supplies	18,250	18,250	13,920	4,330
Student Travel	25,000	25,000	5,215	19,785
Travel	-	-	-	-
Dues	1,000	1,000	824	176
Capital	12,000	12,000	11,506	494
	<u>2,798,323</u>	<u>2,798,323</u>	<u>2,471,317</u>	<u>327,006</u>
<i>Superintendent & School Committee</i>				
Salaries	228,689	228,689	230,448	(1,759)
School Committee Stipends	18,700	18,700	19,200	(500)
Services/Legal/Maint Repairs	122,000	122,000	115,710	6,290
Materials & Supplies	1,350	1,350	1,110	240
Travel	6,000	6,000	5,484	516
Dues	17,000	17,000	16,698	302
	<u>393,739</u>	<u>393,739</u>	<u>388,650</u>	<u>5,089</u>
<i>Asst Superintendent</i>				
Salaries	205,802	205,802	205,389	413
Services/PD Training	49,500	49,500	60,363	(10,863)
Purchased Services	69,250	69,250	247	69,003
Travel	3,000	3,000	-	3,000
Materials & Supplies	17,500	17,500	15,766	1,734
Dues	2,400	2,400	2,000	400
	<u>347,452</u>	<u>347,452</u>	<u>283,765</u>	<u>63,687</u>
<i>Human Resources</i>				
Salaries	207,261	207,261	193,366	13,895
Services	19,800	19,800	18,810	990
Legal/Claims	2,000	2,000	-	2,000
Materials & Supplies	1,000	1,000	278	722
Travel	-	-	-	-
Dues	500	500	-	500
	<u>230,561</u>	<u>230,561</u>	<u>212,454</u>	<u>18,107</u>
<i>Technology</i>				
Salaries	434,090	434,090	437,430	(3,340)
Services	-	-	-	-
Maint & Repairs	255,074	255,074	94,166	160,908
Materials & Supplies	34,800	34,800	11,021	23,779
Travel	9,000	9,000	4,010	4,990
Dues	400	400	200	200
Capital	129,525	129,525	17,201	112,324
	<u>862,889</u>	<u>862,889</u>	<u>564,028</u>	<u>298,861</u>

*See accompanying notes to budgetary comparison information
 See independent auditor's report*

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual – School Unrestricted Fund

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<i>Business Office</i>				
Salaries	\$ 367,670	\$ 367,670	\$ 354,743	\$ 12,927
Services/Maint Services	81,600	81,600	66,767	14,833
Lease Payments	829,096	829,096	1,064,463	(235,367)
Postage/Supplies	3,800	3,800	8,150	(4,350)
Travel	-	-	-	-
Dues	500	500	500	-
	<u>1,282,666</u>	<u>1,282,666</u>	<u>1,494,623</u>	<u>(211,957)</u>
<i>Facilities</i>				
Salaries	242,874	242,874	232,235	10,639
Services/Maintenance	968,604	968,604	1,448,385	(479,781)
Insurance	258,839	258,839	258,839	-
Utilities	1,173,000	1,173,000	802,336	370,664
Materials & Supplies	7,000	7,000	32,439	(25,439)
Travel	-	-	-	-
Dues	-	-	-	-
Capital	100,000	100,000	97,303	2,697
	<u>2,750,317</u>	<u>2,750,317</u>	<u>2,871,537</u>	<u>(121,220)</u>
<i>Athletics & Pool</i>				
Salaries - Athletics Director	74,233	74,233	69,094	5,139
Stipends - Coaches	164,700	164,700	113,980	50,720
Services /Rentals	29,500	29,500	20,459	9,041
Materials & Supplies	21,000	21,000	19,676	1,324
Transportation	86,853	86,853	57,628	29,225
Dues	52,000	52,000	50,576	1,424
Capital	-	-	-	-
	<u>428,286</u>	<u>428,286</u>	<u>331,413</u>	<u>96,873</u>
<i>Health Services</i>				
Stipends	7,000	7,000	7,000	-
Services	7,200	7,200	7,200	-
Materials and supplies / travel	-	-	-	-
	<u>14,200</u>	<u>14,200</u>	<u>14,200</u>	<u>-</u>
<i>School Safety</i>				
Salaries Truant Officer	34,066	34,066	34,577	(511)
Travel/Supplies	-	-	-	-
Salaries Bus Monitors	176,000	176,000	160,476	15,524
	<u>210,066</u>	<u>210,066</u>	<u>195,053</u>	<u>15,013</u>
<i>Transportation/Travel</i>				
Services State	420,000	420,000	499,261	(79,261)
Summer School State & Durham	200,000	200,000	108,079	91,921
Services Durham	2,775,890	2,775,890	1,820,979	954,911
	<u>3,395,890</u>	<u>3,395,890</u>	<u>2,428,319</u>	<u>967,571</u>

*See accompanying notes to budgetary comparison information
 See independent auditor's report*

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual – School Unrestricted Fund

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>			<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<i>Advertising</i>				
Services	\$ 8,000	\$ 8,000	\$ 8,465	\$ (465)
	<u>8,000</u>	<u>8,000</u>	<u>8,465</u>	<u>(465)</u>
<i>Other Tuitions - Charter Schools</i>				
Services	4,071,424	4,071,424	3,220,715	850,709
	<u>4,071,424</u>	<u>4,071,424</u>	<u>3,220,715</u>	<u>850,709</u>
<i>Area Voc Tuitions & Met School</i>				
Services	310,000	310,000	387,853	(77,853)
	<u>310,000</u>	<u>310,000</u>	<u>387,853</u>	<u>(77,853)</u>
<i>Non-Public School Textbooks</i>				
Materials & Supplies	15,000	15,000	2,721	12,279
	<u>15,000</u>	<u>15,000</u>	<u>2,721</u>	<u>12,279</u>
<i>Benefits</i>				
CTA 3% All Empl. Severance	44,939	44,939	72,909	(27,970)
Tuitions/Travel	15,000	15,000	9,504	5,496
ICSE Longevity	62,000	62,000	59,614	2,386
Healthcare Buyback	140,000	140,000	130,347	9,653
Health Insurance Admin & Claims (1)	7,400,000	7,400,000	5,675,283	1,724,717
Dental (2)	508,000	508,000	263,717	244,283
Social Security	374,231	374,231	335,312	38,919
Medicare	579,860	579,860	554,577	25,283
Life Insurance	315,000	315,000	221,002	93,998
Workers Compensation	147,196	147,196	148,341	(1,145)
Unemployment Compensation	70,000	70,000	59,884	10,116
Survivors Benefits	51,000	51,000	50,048	952
Certified Retirement	5,383,620	5,383,620	5,543,845	(160,225)
Non-Certified Retirement	591,844	591,844	563,405	28,439
	<u>15,682,690</u>	<u>15,682,690</u>	<u>13,687,788</u>	<u>1,994,902</u>
Total expenditures	<u>71,331,229</u>	<u>71,331,229</u>	<u>66,326,737</u>	<u>5,004,492</u>
Other financing sources				
Fund Balance	<u>721,206</u>	<u>721,206</u>	<u>-</u>	<u>(721,206)</u>
Net change in fund balance, budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>2,540,549</u>	<u>\$ 2,540,549</u>
Fund balance - beginning of year			<u>3,766,604</u>	
Fund balance - end of year			<u>\$ 6,307,153</u>	

Footnotes 1 & 2

Employee and Retiree co-payments are offset against Healthcare and Dental costs which result in an apparent positive variance for these two expenditures line items. This results in a revenue shortfall for these two revenue line items on page 65. This presentation is required under generally accepted accounting principles and the UCOA reporting requirements.

*See accompanying notes to budgetary comparison information
 See independent auditor's report*

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual - Sewer Fund

For the Year Ended June 30, 2020

	Original Budget	Final	Actual Amounts	Variance Favorable (Unfavorable)
Revenue				
Charges for services	\$ 588,350	\$ 588,350	\$ 558,729	\$ (29,621)
Sewer assessments	143,442	143,442	169,352	25,910
Miscellaneous and other	<u>41,850</u>	<u>41,850</u>	<u>69,427</u>	<u>27,577</u>
Total revenues	<u>773,642</u>	<u>773,642</u>	<u>797,508</u>	<u>23,866</u>
Expenditures				
Personnel services	183,420	183,420	110,925	72,495
Supplies and materials	55,725	55,725	42,281	13,444
Repairs and maintenance	120,000	120,000	224,877	(104,877)
Capital improvements	414,497	414,497	235,600	178,897
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>773,642</u>	<u>773,642</u>	<u>613,683</u>	<u>159,959</u>
Excess(deficiency) of revenues over expenditures before other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>183,825</u>	<u>\$ 183,825</u>
Other Financing Sources (Uses)				
Deficit reduction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
Excess(deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>183,825</u>	<u>\$ 183,825</u>
Adjustments of budgetary basis for US GAAP basis			<u>-</u>	
Excess of revenue and other source over expenditures and other financing uses, US GAAP basis			<u>183,825</u>	
Fund balance, beginning of year			<u>(210,061)</u>	
Fund balance, end of year			<u>\$ (26,236)</u>	

*See accompanying notes to budgetary comparison information
 See independent auditor's report*

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
Notes to Budgetary Comparison Information

For the Year Ended June 30, 2020

	<u>School Unrestricted</u>	<u>Sewer</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	\$ 2,540,549	\$ 183,825
Unbudgeted state on behalf pension plan revenue	(3,196,273)	-
Unbudgeted state on behalf pension plan expenditures	<u>3,196,273</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	<u>\$ 2,540,549</u>	<u>\$ 183,825</u>

See independent auditor's report

Supplementary Information

TOWN OF CUMBERLAND, RHODE ISLAND

Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Water Fund

For the Year Ended June 30, 2020

	Original Budget	Budget As Adopted	Actual	Encumbrances Carried Forward	Variance Favorable (Unfavorable)
Revenue:					
Charges for services	\$ 5,908,353	\$ 5,908,353	\$ 5,267,280	\$ -	\$ (641,073)
Miscellaneous	<u>77,500</u>	<u>77,500</u>	<u>288,335</u>	<u>-</u>	<u>210,835</u>
Total revenues	<u>5,985,853</u>	<u>5,985,853</u>	<u>5,555,615</u>	<u>-</u>	<u>(430,238)</u>
Expenditures:					
Personnel services	1,662,040	1,662,040	1,654,681	-	7,359
Supplies and materials	166,200	166,200	130,404	15,118	20,678
Repairs and maintenance	252,500	252,500	192,369	-	60,131
Other charges and expenditures	2,900,539	3,250,539	3,056,571	92,035	101,933
Indirect cost	75,000	75,000	75,000	-	-
Debt service	<u>1,104,574</u>	<u>1,104,574</u>	<u>1,191,370</u>	<u>-</u>	<u>(86,796)</u>
Total expenditures	<u>6,160,853</u>	<u>6,510,853</u>	<u>6,300,395</u>	<u>107,153</u>	<u>103,305</u>
Excess(deficiency) of revenues over expenses	(175,000)	(525,000)	(744,780)	(107,153)	(326,933)
Other financing sources (uses):					
Debt reduction surcharge	<u>175,000</u>	<u>525,000</u>	<u>-</u>	<u>-</u>	<u>(525,000)</u>
Total other financing sources (uses)	<u>175,000</u>	<u>525,000</u>	<u>-</u>	<u>-</u>	<u>(525,000)</u>
Excess (deficiency) of revenues and other sources over expenses and other uses	<u>\$ -</u>	<u>\$ -</u>	(744,780)	<u>\$ (107,153)</u>	<u>\$ (851,933)</u>
Adjustments of budgetary basis for US GAAP basis			<u>576,376</u>		
Excess of revenue and other source over expenditures and other financing uses, US GAAP basis			<u>(168,404)</u>		
Fund balance, beginning of year			<u>28,268,470</u>		
Fund balance, end of year			<u>\$ 28,100,066</u>		-

*See accompanying notes to budgetary comparison information
See independent auditor's report*

TOWN OF CUMBERLAND, RHODE ISLAND

Supplementary Information
Notes to Budgetary Comparison Information

For the Year Ended June 30, 2020

	<u>Water</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	\$ (744,780)
Budgeted capital expenditures which are capitalized under the GAAP basis of accounting	516,497
Unbudgeted depreciation expense	(724,652)
Principal payments which are budgeted for net netted against long term liabilities for GAAP purposes	<u>784,531</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	<u>\$ (168,404)</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Governmental Funds
Combined Balance Sheet*

June 30, 2020

	Town Special Revenue	School Special Revenue	Capital Projects	Total Non-Major Governmental Funds
Assets				
Cash and cash equivalents	\$ 86,665	\$ 632,173	\$ -	\$ 718,838
Intergovernmental receivables	40,950	883,109	163,701	1,087,760
Other receivables, net	169,896	10,820	2,550,074	2,730,790
Due from other funds	1,757,072	699,819	790,730	3,247,621
Total assets	2,054,583	2,225,921	3,504,505	7,785,009
Deferred outflows of resources				
None	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 2,054,583	\$ 2,225,921	\$ 3,504,505	\$ 7,785,009
Liabilities				
Accounts payable and accrued expenses	\$ 68,724	\$ 59,730	\$ 16,470	\$ 144,924
Other liabilities	-	56,733	-	56,733
Due to other funds	311,735	1,454,198	808,549	2,574,482
Total liabilities	380,459	1,570,661	825,019	2,776,139
Deferred inflows of resources				
Unearned revenue	165,769	-	2,550,074	2,715,843
Total deferred inflows of resources	165,769	-	2,550,074	2,715,843
Fund balances				
Restricted	506,186	655,260	756,364	1,917,810
Committed	1,181,530	-	-	1,181,530
Assigned	-	-	12,230	12,230
Unassigned	(179,361)	-	(639,182)	(818,543)
Total fund balances	1,508,355	655,260	129,412	2,293,027
Town liabilities, deferred inflows of resources, and fund balances	\$ 2,054,583	\$ 2,225,921	\$ 3,504,505	\$ 7,785,009

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Supplementary Information
Non-Major Governmental Funds
 Combined Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2020

	Town Special Revenue	School Special Revenue	Capital Projects	Total Non-Major Governmental Funds
Revenues				
Intergovernmental	\$ 1,181,020	\$ 3,410,749	\$ -	\$ 4,591,769
Charges for services	-	608,091	-	608,091
Other revenue	269,125	41,870	-	310,995
Total revenue	<u>1,450,145</u>	<u>4,060,710</u>	<u>-</u>	<u>5,510,855</u>
Expenditures				
General government	422,588	-	-	422,588
Public safety	14,261	-	22,227	36,488
Public works	71,241	-	216,786	288,027
Social services	43,787	-	-	43,787
Community development	149,806	-	-	149,806
Education	-	2,844,329	573,042	3,417,371
Cafeteria	-	1,222,890	-	1,222,890
Total Expenditures	<u>701,683</u>	<u>4,067,219</u>	<u>812,055</u>	<u>5,580,957</u>
Excess (deficiency) of revenues over expenditures	748,462	(6,509)	(812,055)	(70,102)
Fund balance, July 1, 2019	<u>759,893</u>	<u>661,769</u>	<u>941,467</u>	<u>2,363,129</u>
Fund balance, June 30, 2020	<u><u>\$ 1,508,355</u></u>	<u><u>\$ 655,260</u></u>	<u><u>\$ 129,412</u></u>	<u><u>\$ 2,293,027</u></u>

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TOWN OF CUMBERLAND, RHODE ISLAND

Supplementary Information
Non-Major Governmental Funds
 Combining Balance Sheet – Town Special Revenue Funds

June 30, 2020

	Substance Abuse	Animal Control	Impact Fees	Ferncrest Willow	Revolving Loan	Historical Records
Assets						
Cash and cash equivalents	\$ -	\$ 135	\$ 86,530	\$ -	\$ -	\$ -
Intergovernmental receivables	-	-	-	-	-	-
Other receivables, net	-	-	-	165,769	-	-
Due from other funds	4,277	37,031	158,780	-	50,047	48,417
Total assets	4,277	37,166	245,310	165,769	50,047	48,417
Deferred outflows of resources						
None	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 4,277	\$ 37,166	\$ 245,310	\$ 165,769	\$ 50,047	\$ 48,417
Liabilities						
Accounts payable and accrued expenses	\$ 5,160	\$ -	\$ -	\$ -	\$ -	6,887
Due to other funds	-	-	158,780	46,470	-	-
Total liabilities	5,160	-	158,780	46,470	-	6,887
Deferred inflows of resources						
Unearned revenues	-	-	-	165,769	-	-
Total deferred inflows of resources	-	-	-	165,769	-	-
Fund Balances						
Restricted	-	37,166	-	-	50,047	41,530
Committed	-	-	86,530	-	-	-
Unassigned	(883)	-	-	(46,470)	-	-
Total fund balances (deficits)	(883)	37,166	86,530	(46,470)	50,047	41,530
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 4,277	\$ 37,166	\$ 245,310	\$ 165,769	\$ 50,047	\$ 48,417

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TOWN OF CUMBERLAND, RHODE ISLAND

Supplementary Information
Non-Major Governmental Funds
 Combining Balance Sheet – Town Special Revenue Funds

June 30, 2020

	Comprehensive Planning CDBG	EMS Fund	Animal Husbandry	Wildwood CDBG	Heritage Park Dem Grant	DARE
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental receivables	33,400	-	-	1,315	4,850	-
Other receivables, net	-	-	-	-	-	-
Due from other funds	-	14,583	15,722	-	-	4,576
Total assets	33,400	14,583	15,722	1,315	4,850	4,576
Deferred outflows of resources						
None	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 33,400	\$ 14,583	\$ 15,722	\$ 1,315	\$ 4,850	\$ 4,576
Liabilities						
Accounts payable and accrued expenses	\$ 1,282	\$ -	\$ -	\$ -	6,462	\$ -
Due to other funds	15,468	-	-	1,315	3,550	-
Total liabilities	16,750	-	-	1,315	10,012	-
Deferred inflows of resources						
Unearned revenues	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances						
Restricted	16,650	14,583	15,722	-	-	4,576
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	(5,162)	-
Total fund balances (deficits)	16,650	14,583	15,722	-	(5,162)	4,576
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 33,400	\$ 14,583	\$ 15,722	\$ 1,315	\$ 4,850	\$ 4,576

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TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Governmental Funds
Combining Balance Sheet – Town Special Revenue Funds*

June 30, 2020

	United Way Hasbro	Police Forfeiture	Police Tobacco	Epheta Park	Homeland Security	Diamond Hill Dem Grant
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental receivables	-	-	-	-	-	-
Other receivables, net	925	-	-	-	-	-
Due from other funds	10,404	42,396	-	15,696	41,161	-
Total assets	<u>11,329</u>	<u>42,396</u>	<u>-</u>	<u>15,696</u>	<u>41,161</u>	<u>-</u>
Deferred outflows of resources						
None	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 11,329</u>	<u>\$ 42,396</u>	<u>\$ -</u>	<u>\$ 15,696</u>	<u>\$ 41,161</u>	<u>\$ -</u>
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	3,361	\$ -	10,550
Due to other funds	-	-	-	-	-	42,841
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,361</u>	<u>-</u>	<u>53,391</u>
Deferred inflows of resources						
Unearned revenues	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted	11,329	42,396	-	12,335	41,161	-
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(53,391)
Total fund balances (deficits)	<u>11,329</u>	<u>42,396</u>	<u>-</u>	<u>12,335</u>	<u>41,161</u>	<u>(53,391)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 11,329</u>	<u>\$ 42,396</u>	<u>\$ -</u>	<u>\$ 15,696</u>	<u>\$ 41,161</u>	<u>\$ -</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

Supplementary Information
Non-Major Governmental Funds
 Combining Balance Sheet – Town Special Revenue Funds

June 30, 2020

	Community Gazebo at Monastery	Bullet Proof Vest	Partnership For Success	RIPTIDE DUI	Certified Local Government	Assistance For Firefighters
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental receivables	-	388	-	-	-	-
Other receivables, net	-	-	-	122	645	-
Due from other funds	1,348	-	-	-	187	-
Total assets	1,348	388	-	122	832	-
Deferred outflows of resources						
None	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 1,348	\$ 388	\$ -	\$ 122	\$ 832	\$ -
Liabilities						
Accounts payable and accrued expenses	\$ -	-	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	2,325	1,847	104	1,615	1,123
Total liabilities	-	2,325	1,847	104	1,615	1,123
Deferred inflows of resources						
Unearned revenues	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances						
Restricted	1,348	-	-	18	-	-
Committed	-	-	-	-	-	-
Unassigned	-	(1,937)	(1,847)	-	(783)	(1,123)
Total fund balances (deficits)	1,348	(1,937)	(1,847)	18	(783)	(1,123)
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 1,348	\$ 388	\$ -	\$ 122	\$ 832	\$ -

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TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Governmental Funds
Combining Balance Sheet – Town Special Revenue Funds*

June 30, 2020

	<u>RIPTIDE Speed</u>	<u>Child Passenger Safety</u>	<u>Town Clerk Special</u>	<u>Click it or Ticket</u>	<u>Byrne / JAG</u>	<u>Town Special Reserve</u>
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental receivables	-	-	-	-	-	-
Other receivables, net	624	201	-	1,610	-	-
Due from other funds	347	395	208,933	-	-	1,095,000
Total assets	<u>971</u>	<u>596</u>	<u>208,933</u>	<u>1,610</u>	<u>-</u>	<u>1,095,000</u>
Deferred outflows of resources						
None	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 971</u>	<u>\$ 596</u>	<u>\$ 208,933</u>	<u>\$ 1,610</u>	<u>\$ -</u>	<u>\$ 1,095,000</u>
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	1,158	896	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>1,158</u>	<u>896</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources						
Unearned revenues	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted	971	596	207,775	714	-	-
Committed	-	-	-	-	-	1,095,000
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>971</u>	<u>596</u>	<u>207,775</u>	<u>714</u>	<u>-</u>	<u>1,095,000</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 971</u>	<u>\$ 596</u>	<u>\$ 208,933</u>	<u>\$ 1,610</u>	<u>\$ -</u>	<u>\$ 1,095,000</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Governmental Funds
Combining Balance Sheet – Town Special Revenue Funds*

June 30, 2020

	Historic District National Register	RIEMA Hazard Mitigation	Ashton Village	Election Improvement Grant	PED Bike	CDBG 2018
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental receivables	-	-	997	-	-	-
Other receivables, net	-	-	-	-	-	-
Due from other funds	1,500	3,596	500	1,580	596	-
Total assets	<u>1,500</u>	<u>3,596</u>	<u>1,497</u>	<u>1,580</u>	<u>596</u>	<u>-</u>
Deferred outflows of resources						
None	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 1,500</u>	<u>\$ 3,596</u>	<u>\$ 1,497</u>	<u>\$ 1,580</u>	<u>\$ 596</u>	<u>\$ -</u>
Liabilities						
Accounts payable and accrued expenses	\$ 1,000	\$ -	\$ -	\$ -	\$ -	34,022
Due to other funds	10,000	-	-	-	-	21,756
Total liabilities	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,778</u>
Deferred inflows of resources						
Unearned revenues	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted	-	3,596	1,497	1,580	596	-
Committed	-	-	-	-	-	-
Unassigned	(9,500)	-	-	-	-	(55,778)
Total fund balances (deficits)	<u>(9,500)</u>	<u>3,596</u>	<u>1,497</u>	<u>1,580</u>	<u>596</u>	<u>(55,778)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,500</u>	<u>\$ 3,596</u>	<u>\$ 1,497</u>	<u>\$ 1,580</u>	<u>\$ 596</u>	<u>\$ -</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

Supplementary Information
Non-Major Governmental Funds
 Combining Balance Sheet – Town Special Revenue Funds

June 30, 2020

	<u>CDBG 2019</u>	<u>Total Town Special Revenue</u>
Assets		
Cash and cash equivalents	\$ -	\$ 86,665
Intergovernmental receivables	-	40,950
Other receivables, net	-	169,896
Due from other funds	-	1,757,072
Total assets	<u>-</u>	<u>2,054,583</u>
Deferred outflows of resources		
None	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ -</u>	<u>\$ 2,054,583</u>
Liabilities		
Accounts payable and accrued expenses	\$ -	\$ 68,724
Due to other funds	2,487	311,735
Total liabilities	<u>2,487</u>	<u>380,459</u>
Deferred inflows of resources		
Unearned revenues	-	165,769
Total deferred inflows of resources	<u>-</u>	<u>165,769</u>
Fund Balances		
Restricted		506,186
Committed	-	1,181,530
Unassigned	(2,487)	(179,361)
Total fund balances (deficits)	<u>(2,487)</u>	<u>1,508,355</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ -</u>	<u>\$ 2,054,583</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Governmental Funds*

Combining Statement of Revenues, Expenditures and Changes in Fund Balance– Town Special Revenue Funds

For the Year Ended June 30, 2020

	<u>Substance Abuse</u>	<u>Animal Control</u>	<u>Impact Fees</u>	<u>Ferncrest Willow</u>	<u>Revolving Loan</u>	<u>Historical Records</u>
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	2,240	172,061	21,283	-	6,339
Total revenues	<u>-</u>	<u>2,240</u>	<u>172,061</u>	<u>21,283</u>	<u>-</u>	<u>6,339</u>
Expenditures						
General government	-	-	325,000	-	-	30,363
Public safety	-	1,113	-	-	-	-
Public works	-	-	-	17,850	-	-
Social services	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>1,113</u>	<u>325,000</u>	<u>17,850</u>	<u>-</u>	<u>30,363</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>1,127</u>	<u>(152,939)</u>	<u>3,433</u>	<u>-</u>	<u>(24,024)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>-</u>	<u>1,127</u>	<u>(152,939)</u>	<u>3,433</u>	<u>-</u>	<u>(24,024)</u>
Fund Balance, June 30, 2019	(883)	36,039	239,469	(49,903)	50,047	65,554
Fund Balance, June 30, 2020	<u>\$ (883)</u>	<u>\$ 37,166</u>	<u>\$ 86,530</u>	<u>\$ (46,470)</u>	<u>\$ 50,047</u>	<u>\$ 41,530</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Governmental Funds*

Combining Statement of Revenues, Expenditures and Changes in Fund Balance– Town Special Revenue Funds

For the Year Ended June 30, 2020

	Comprehensive Planning CDBG	EMS Fund	Animal Husbandry	Wildwood CDBG	Heritage Park Dem Grant	DARE
Revenues						
Intergovernmental	\$ 28,262	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	9,200	1,092	-	15,211	-
Total revenues	<u>28,262</u>	<u>9,200</u>	<u>1,092</u>	<u>-</u>	<u>15,211</u>	<u>-</u>
Expenditures						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Social services	-	-	-	-	10,012	-
Community development	71,709	-	-	-	-	-
Total expenditures	<u>71,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,012</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	<u>(43,447)</u>	<u>9,200</u>	<u>1,092</u>	<u>-</u>	<u>5,199</u>	<u>-</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(43,447)</u>	<u>9,200</u>	<u>1,092</u>	<u>-</u>	<u>5,199</u>	<u>-</u>
Fund Balance, June 30, 2019	60,097	5,383	14,630	-	(10,361)	4,576
Fund Balance, June 30, 2020	<u>\$ 16,650</u>	<u>\$ 14,583</u>	<u>\$ 15,722</u>	<u>\$ -</u>	<u>\$ (5,162)</u>	<u>\$ 4,576</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Governmental Funds*

Combining Statement of Revenues, Expenditures and Changes in Fund Balance– Town Special Revenue Funds

For the Year Ended June 30, 2020

	United Way Hasbro	Police Forfeiture	Police Tobacco	Epheta Park	Homeland Security	Diamond Hill Dem Grant
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	1,129	-	-	-	-	-
Total revenues	<u>1,129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	1,138	-
Public works	-	-	-	-	-	53,391
Social services	12,458	-	-	12,665	-	-
Community development	-	-	-	-	-	-
Total expenditures	<u>12,458</u>	<u>-</u>	<u>-</u>	<u>12,665</u>	<u>1,138</u>	<u>53,391</u>
Excess (deficiency) of revenue over expenditures	<u>(11,329)</u>	<u>-</u>	<u>-</u>	<u>(12,665)</u>	<u>(1,138)</u>	<u>(53,391)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(11,329)</u>	<u>-</u>	<u>-</u>	<u>(12,665)</u>	<u>(1,138)</u>	<u>(53,391)</u>
Fund Balance, June 30, 2019	22,658	42,396	-	25,000	42,299	-
Fund Balance, June 30, 2020	<u>\$ 11,329</u>	<u>\$ 42,396</u>	<u>\$ -</u>	<u>\$ 12,335</u>	<u>\$ 41,161</u>	<u>\$ (53,391)</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Governmental Funds*

Combining Statement of Revenues, Expenditures and Changes in Fund Balance—Town Special Revenue Funds

For the Year Ended June 30, 2020

	Community Gazebo at Monastery	Bullet Proof Vest	Partnership For Success	RIPTIDE DUI	Certified Local Government	Assistance For Firefighters
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ 590	\$ -	\$ -
Other income	-	-	-	-	1,728	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>590</u>	<u>1,728</u>	<u>-</u>
Expenditures						
General government	-	-	-	-	-	-
Public safety	-	1,550	-	637	1,728	-
Public works	-	-	-	-	-	-
Social services	8,652	-	-	-	-	-
Community development	-	-	-	-	-	-
Total expenditures	<u>8,652</u>	<u>1,550</u>	<u>-</u>	<u>637</u>	<u>1,728</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	<u>(8,652)</u>	<u>(1,550)</u>	<u>-</u>	<u>(47)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(8,652)</u>	<u>(1,550)</u>	<u>-</u>	<u>(47)</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30, 2019	10,000	(387)	(1,847)	65	(783)	(1,123)
Fund Balance, June 30, 2020	<u>\$ 1,348</u>	<u>\$ (1,937)</u>	<u>\$ (1,847)</u>	<u>\$ 18</u>	<u>\$ (783)</u>	<u>\$ (1,123)</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Governmental Funds*

Combining Statement of Revenues, Expenditures and Changes in Fund Balance—Town Special Revenue Funds

For the Year Ended June 30, 2020

	RIPTIDE Speed	Child Passenger Safety	Town Clerk Special	Click it or Ticket	Byrne / JAG	Town Special Reserve
Revenues						
Intergovernmental	\$ 2,546	\$ 2,295	\$ -	\$ 4,786	\$ 9,899	\$ 1,095,000
Other income	-	-	38,842	-	-	-
Total revenues	<u>2,546</u>	<u>2,295</u>	<u>38,842</u>	<u>4,786</u>	<u>9,899</u>	<u>1,095,000</u>
Expenditures						
General government	-	-	55,187	-	-	-
Public safety	1,575	2,108	-	4,412	-	-
Public works	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Total expenditures	<u>1,575</u>	<u>2,108</u>	<u>55,187</u>	<u>4,412</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	<u>971</u>	<u>187</u>	<u>(16,345)</u>	<u>374</u>	<u>9,899</u>	<u>1,095,000</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>971</u>	<u>187</u>	<u>(16,345)</u>	<u>374</u>	<u>9,899</u>	<u>1,095,000</u>
Fund Balance, June 30, 2019	-	409	224,120	340	(9,899)	-
Fund Balance, June 30, 2020	<u>\$ 971</u>	<u>\$ 596</u>	<u>\$ 207,775</u>	<u>\$ 714</u>	<u>\$ -</u>	<u>\$ 1,095,000</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Governmental Funds*

Combining Statement of Revenues, Expenditures and Changes in Fund Balance– Town Special Revenue Funds

For the Year Ended June 30, 2020

	Historic District National Register	RIEMA Hazard Mitigation	Ashton Village	Election Improvement Grant	PED Bike	CDBG 2018
Revenues						
Intergovernmental	\$ 10,000	3,596	\$ -	\$ 3,618	\$ 596	19,832
Other income	-	-	-	-	-	-
Total revenues	<u>10,000</u>	<u>3,596</u>	<u>-</u>	<u>3,618</u>	<u>596</u>	<u>19,832</u>
Expenditures						
General government	10,000	-	-	2,038	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Community development	-	-	-	-	-	75,610
Total expenditures	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>2,038</u>	<u>-</u>	<u>75,610</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>3,596</u>	<u>-</u>	<u>1,580</u>	<u>596</u>	<u>(55,778)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>-</u>	<u>3,596</u>	<u>-</u>	<u>1,580</u>	<u>596</u>	<u>(55,778)</u>
Fund Balance, June 30, 2019	(9,500)	-	1,497	-	-	-
Fund Balance, June 30, 2020	<u>\$ (9,500)</u>	<u>\$ 3,596</u>	<u>\$ 1,497</u>	<u>\$ 1,580</u>	<u>\$ 596</u>	<u>\$ (55,778)</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Governmental Funds*

Combining Statement of Revenues, Expenditures and Changes in Fund Balance– Town Special Revenue Funds

For the Year Ended June 30, 2020

	CDBG 2019	Total Town Special Revenue
Revenues		
Intergovernmental	\$ -	1,181,020
Other income	-	269,125
Total revenues	<u>-</u>	<u>1,450,145</u>
Expenditures		
General government	-	422,588
Public safety	-	14,261
Public works	-	71,241
Social services	-	43,787
Community development	2,487	149,806
Total expenditures	<u>2,487</u>	<u>701,683</u>
Excess (deficiency) of revenue over expenditures	<u>(2,487)</u>	<u>748,462</u>
Other financing sources (uses)		
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(2,487)	748,462
Fund Balance, June 30, 2019	-	759,893
Fund Balance, June 30, 2020	<u>\$ (2,487)</u>	<u>\$ 1,508,355</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Governmental Funds
Combining Balance Sheet – School Special Revenue Funds*

June 30, 2020

	SPED Part B	SPED Preschool	Title I Part A	Title II	Title III	USDA Fresh Fruit & Vegetables
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-	4,666
Other receivables, net	-	-	-	-	-	-
Intergovernmental receivables	457,128	12,286	278,110	97,986	4,139	-
Total assets	<u>457,128</u>	<u>12,286</u>	<u>278,110</u>	<u>97,986</u>	<u>4,139</u>	<u>4,666</u>
Deferred Outflows of Resources						
None	-	-	-	-	-	-
Total deferred outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 457,128</u>	<u>\$ 12,286</u>	<u>\$ 278,110</u>	<u>\$ 97,986</u>	<u>\$ 4,139</u>	<u>\$ 4,666</u>
Liabilities						
Accounts payable and accrued expenses	\$ 3,267	\$ -	\$ 946	950	\$ -	\$ 1,754
Other liabilities	-	-	-	0	-	-
Due to other funds	453,861	12,286	277,164	97,036	4,139	-
Total liabilities	<u>457,128</u>	<u>12,286</u>	<u>278,110</u>	<u>97,986</u>	<u>4,139</u>	<u>1,754</u>
Deferred Inflows of Resources						
Unearned revenues	-	-	-	-	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted						2,912
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,912</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 457,128</u>	<u>\$ 12,286</u>	<u>\$ 278,110</u>	<u>\$ 97,986</u>	<u>\$ 4,139</u>	<u>\$ 4,666</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Supplementary Information
Non-Major Governmental Funds
 Combining Balance Sheet – School Special Revenue Funds

June 30, 2020

	<u>Literacy</u>	<u>USDA Healthier Us</u>	<u>CARES Act ESSER</u>	<u>Other Miscellaneous</u>	<u>School Lunch</u>	<u>Total School Special Revenue</u>
Assets						
Cash and cash equivalents	\$ -	\$ 254	\$ -	\$ 84,511	\$ 547,408	\$ 632,173
Due from other funds	146,207	-	530,621	18,325	-	699,819
Other receivables, net	-	-	-	-	10,820	10,820
Intergovernmental receivables	-	-	-	30,482	2,978	883,109
Total assets	<u>146,207</u>	<u>254</u>	<u>530,621</u>	<u>133,318</u>	<u>561,206</u>	<u>2,225,921</u>
Deferred Outflows of Resources						
None	-	-	-	-	-	-
Total deferred outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 146,207</u>	<u>\$ 254</u>	<u>\$ 530,621</u>	<u>\$ 133,318</u>	<u>\$ 561,206</u>	<u>\$ 2,225,921</u>
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 3,272	\$ 49,541	\$ 59,730
Other liabilities	-	-	-	-	56,733	56,733
Due to other funds	-	-	530,621	1,546	77,545	1,454,198
Total liabilities	<u>-</u>	<u>-</u>	<u>530,621</u>	<u>4,818</u>	<u>183,819</u>	<u>1,570,661</u>
Deferred Inflows of Resources						
Unearned revenues	-	-	-	-	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted	146,207	254	-	128,500	377,387	655,260
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>146,207</u>	<u>254</u>	<u>-</u>	<u>128,500</u>	<u>377,387</u>	<u>655,260</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 146,207</u>	<u>\$ 254</u>	<u>\$ 530,621</u>	<u>\$ 133,318</u>	<u>\$ 561,206</u>	<u>\$ 2,225,921</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Governmental Funds*

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – School Special Revenue Funds

For the Year Ended June 30, 2020

	SPED Part B	SPED Preschool	Title I Part A	Title II	Title III	USDA Fresh Fruit & Vegetables
Revenues						
Intergovernmental	\$ 1,251,318	\$ 40,437	\$ 670,391	\$ 257,253	\$ 12,654	\$ 20,126
Charges for services	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>1,251,318</u>	<u>40,437</u>	<u>670,391</u>	<u>257,253</u>	<u>12,654</u>	<u>20,126</u>
Expenditures						
Education	1,251,318	40,437	670,391	257,253	12,654	19,660
Cafeteria	-	-	-	-	-	-
Total expenditures	<u>1,251,318</u>	<u>40,437</u>	<u>670,391</u>	<u>257,253</u>	<u>12,654</u>	<u>19,660</u>
Excess (deficiency) of revenue over expenditures	-	-	-	-	-	466
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-	466
Fund balance, July 1, 2019	-	-	-	-	-	2,446
Fund balance, June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,912</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Governmental Funds*

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – School Special Revenue Funds

For the Year Ended June 30, 2020

	<u>Literacy</u>	<u>USDA Healthier Us</u>	<u>CARES Act ESSER</u>	<u>Other Miscellaneous</u>	<u>School Lunch</u>	<u>Total School Special Revenue</u>
Revenues						
Intergovernmental	\$ -	\$ -	530,621	\$ 82,459	\$ 545,490	\$ 3,410,749
Charges for services	-	-	-	-	608,091	608,091
Other	-	-	-	41,870	-	41,870
Total revenues	<u>-</u>	<u>-</u>	<u>530,621</u>	<u>124,329</u>	<u>1,153,581</u>	<u>4,060,710</u>
Expenditures						
Education	-	-	530,621	61,995	-	2,844,329
Cafeteria	-	-	-	-	1,222,890	1,222,890
Total expenditures	<u>-</u>	<u>-</u>	<u>530,621</u>	<u>61,995</u>	<u>1,222,890</u>	<u>4,067,219</u>
Excess (deficiency) of revenue over expenditures	-	-	-	62,334	(69,309)	(6,509)
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	62,334	(69,309)	(6,509)
Fund balance, July 1, 2019	146,207	254	-	66,166	446,696	661,769
Fund balance, June 30, 2020	<u>\$ 146,207</u>	<u>\$ 254</u>	<u>\$ -</u>	<u>\$ 128,500</u>	<u>\$ 377,387</u>	<u>\$ 655,260</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

Supplementary Information
Non-Major Governmental Funds
 Combining Balance Sheet – Capital Project Funds

June 30, 2020

	<u>Drainage</u>	<u>Recreation Bond</u>	<u>Open Space</u>	<u>Road Infrastructure Bond</u>	<u>Tucker Field Phase II</u>	<u>Street Lights</u>	<u>Master Lease</u>	<u>School Renovations Bond</u>	<u>Total</u>
Assets									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental receivables	-	-	-	-	-	163,701	-	-	163,701
Due from other funds	78,996	42,218	643,511	-	12,230	-	13,775	-	790,730
Receivable, Other	-	-	-	2,550,074	-	-	-	-	2,550,074
Total assets	<u>78,996</u>	<u>42,218</u>	<u>643,511</u>	<u>2,550,074</u>	<u>12,230</u>	<u>163,701</u>	<u>13,775</u>	<u>-</u>	<u>3,504,505</u>
Deferred outflows of resources									
None	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 78,996</u>	<u>\$ 42,218</u>	<u>\$ 643,511</u>	<u>\$ 2,550,074</u>	<u>\$ 12,230</u>	<u>\$ 163,701</u>	<u>\$ 13,775</u>	<u>\$ -</u>	<u>\$ 3,504,505</u>
Liabilities									
Accounts payable and accrued expense	\$ -	\$ 15,495	\$ 975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,470
Due to other funds	-	5,666	-	28,215	-	201,626	-	573,042	808,549
Total liabilities	<u>-</u>	<u>21,161</u>	<u>975</u>	<u>28,215</u>	<u>-</u>	<u>201,626</u>	<u>-</u>	<u>573,042</u>	<u>825,019</u>
Deferred inflows of resources									
Unearned revenues	-	-	-	2,550,074	-	-	-	-	2,550,074
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,550,074</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,550,074</u>
Fund Balances									
Restricted	78,996	21,057	642,536	-	-	-	13,775	-	756,364
Assigned	-	-	-	-	12,230	-	-	-	12,230
Unassigned	-	-	-	(28,215)	-	(37,925)	-	(573,042)	(639,182)
Total fund balances	<u>78,996</u>	<u>21,057</u>	<u>642,536</u>	<u>(28,215)</u>	<u>12,230</u>	<u>(37,925)</u>	<u>13,775</u>	<u>(573,042)</u>	<u>129,412</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 78,996</u>	<u>\$ 42,218</u>	<u>\$ 643,511</u>	<u>\$ 2,550,074</u>	<u>\$ 12,230</u>	<u>\$ 163,701</u>	<u>\$ 13,775</u>	<u>\$ -</u>	<u>\$ 3,504,505</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Governmental Funds*

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Capital Project Funds

For the Year Ended June 30, 2020

	<u>Drainage</u>	<u>Recreation Bond</u>	<u>Open Space</u>	<u>Road Infrastructure Bond 2015</u>	<u>Tucker Field Phase II</u>	<u>Street Lights</u>	<u>Master Lease</u>	<u>School Renovations Bond</u>	<u>Total</u>
Revenues									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures									
Public Safety	-	-	22,227	-	-	-	-	-	22,227
Public works	80,306	113,720	-	-	-	22,760	-	-	216,786
Education	-	-	-	-	-	-	-	573,042	573,042
Total expenditures	<u>80,306</u>	<u>113,720</u>	<u>22,227</u>	<u>-</u>	<u>-</u>	<u>22,760</u>	<u>-</u>	<u>573,042</u>	<u>812,055</u>
Excess (deficiency) of revenue over expenditures	(80,306)	(113,720)	(22,227)	-	-	(22,760)	-	(573,042)	(812,055)
Other financing sources (uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(80,306)	(113,720)	(22,227)	-	-	(22,760)	-	(573,042)	(812,055)
Fund Balance, July 1, 2019	<u>159,302</u>	<u>134,777</u>	<u>664,763</u>	<u>(28,215)</u>	<u>12,230</u>	<u>(15,165)</u>	<u>13,775</u>	<u>0</u>	<u>941,467</u>
Fund Balance, June 30, 2020	<u>\$ 78,996</u>	<u>\$ 21,057</u>	<u>\$ 642,536</u>	<u>\$ (28,215)</u>	<u>\$ 12,230</u>	<u>\$ (37,925)</u>	<u>\$ 13,775</u>	<u>\$ (573,042)</u>	<u>\$ 129,412</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

Supplementary Information
 Combining Statement of Fiduciary Net Position – Employee Benefit Trust Funds

June 30, 2020

	Police Pension Trust	OPEB Trust	Total
Assets			
Cash and cash equivalents	\$ 1,519,108	\$ 459,612	\$ 1,978,720
Investments, at fair value			
Equities	12,815,133	2,995,623	15,810,756
Fixed income	7,059,765	1,743,302	8,803,067
Accrued interest receivable	(8,832)	4,561	(4,271)
Total assets	21,385,174	5,203,098	26,588,272
Deferred outflows of resources			
None	-	-	-
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 21,385,174	\$ 5,203,098	\$ 26,588,272
Liabilities			
Due to external parties - primary government	\$ 1,644	\$ -	\$ 1,644
Accounts Payable		37,350	37,350
Total liabilities	1,644	37,350	38,994
Deferred inflows of resources			
None	-	-	-
Total deferred inflows of resources	-	-	-
Net Position			
Restricted for OPEB	-	5,165,748	5,165,748
Restricted for pension	21,383,530	-	21,383,530
Total net position	21,383,530	5,165,748	26,549,278
Total liabilities and net position	\$ 21,385,174	\$ 5,203,098	\$ 26,588,272

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TOWN OF CUMBERLAND, RHODE ISLAND*Supplementary Information*
Combining Statement of Changes in Fiduciary Net Position – Employee Benefit Trust Funds*For the Year Ended June 30, 2020*

	Police Pension Trust	OPEB Trust	Total
Additions			
Employer contributions	2,487,984	\$ 1,312,014	\$ 3,799,998
Plan member contributions	278,185	-	278,185
Investment income (net of related fees)	1,072,879	234,124	1,307,003
Total additions	<u>3,839,048</u>	<u>1,546,138</u>	<u>5,385,186</u>
Deductions			
Benefits paid	2,174,195	885,660	3,059,855
Administrative expenses	31,350	18,227	49,577
Total deductions	<u>2,205,545</u>	<u>903,887</u>	<u>3,109,432</u>
Changes in net position	1,633,503	642,251	2,275,754
Net position, July 1, 2019	<u>19,750,027</u>	<u>4,523,497</u>	<u>24,273,524</u>
Net position, June 30, 2020	<u>\$ 21,383,530</u>	<u>\$ 5,165,748</u>	<u>\$ 26,549,278</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Fiduciary Funds*

Combining Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds

For the Year Ended June 30, 2020

	<u>Burial</u>	<u>High School Scholarship</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 228,292	\$ 65,302	\$ 293,594
Total assets	<u>\$ 228,292</u>	<u>\$ 65,302</u>	<u>\$ 293,594</u>
Liabilities			
Payables	\$ 484	\$ -	\$ 484
Net position			
Restricted for other purposes	227,808	65,302	293,110
Total liabilities and net position	<u>\$ 228,292</u>	<u>\$ 65,302</u>	<u>\$ 293,594</u>
	<u>Burial</u>	<u>High School Scholarship</u>	<u>Total</u>
Additions			
Donations	\$ -	\$ 55,937	\$ 55,937
Interest	1,007	-	1,007
Total additions	<u>1,007</u>	<u>55,937</u>	<u>56,944</u>
Deductions			
Scholarships	-	57,646	57,646
Social services	-	-	-
Total deductions	<u>-</u>	<u>57,646</u>	<u>57,646</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	1,007	(1,709)	(702)
Fund balance, July 1, 2019	<u>226,801</u>	<u>67,011</u>	<u>293,812</u>
Fund balance, June 30, 2020	<u>\$ 227,808</u>	<u>\$ 65,302</u>	<u>\$ 293,110</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Fiduciary Funds*

Combining Statement of Fiduciary Net Position – Agency Funds

June 30, 2020

	Student Activities/ Alumni	Curb Cuts	Portuguese Exchange	Substance Abuse Prevention Task Force	Probate Deposits	School Fundraising	Cumberland Fest	Coalition of Communities	Police Evidence	Total
Assets										
Cash and cash equivalents	\$ 364,513	\$ 120,850	\$ -	\$ -	\$ -	38,878	\$ 501	\$ -	\$ 106,077	\$ 630,819
Receivables	-	-	1,372	37,135	917	-	-	1,220	-	40,644
Total assets	<u>\$ 364,513</u>	<u>\$ 120,850</u>	<u>\$ 1,372</u>	<u>\$ 37,135</u>	<u>\$ 917</u>	<u>\$ 38,878</u>	<u>\$ 501</u>	<u>\$ 1,220</u>	<u>\$ 106,077</u>	<u>\$ 671,463</u>
Liabilities										
Payables	\$ -	\$ 57,731	\$ -	\$ -	\$ 917	\$ -	\$ -	\$ -	\$ -	\$ 58,648
Deposits held in custody	364,513	63,119	1,372	37,135	-	38,878	501	1,220	106,077	612,815
Total liabilities	<u>\$ 364,513</u>	<u>\$ 120,850</u>	<u>\$ 1,372</u>	<u>\$ 37,135</u>	<u>\$ 917</u>	<u>\$ 38,878</u>	<u>\$ 501</u>	<u>\$ 1,220</u>	<u>\$ 106,077</u>	<u>\$ 671,463</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Fiduciary Funds*

Combining Statement of Additions and Deductions – Agency Funds

For the Year Ended June 30, 2020

	Student Activities/ Alumni	Curb Cuts	Portuguese Exchange	Substance Abuse Prevention Task Force	Probate Deposits	School Fundraising	Cumberland Fest	Coalition of Communities	Police Evidence	Total
Additions										
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrealized gain/(loss)	-	-	-	-	-	-	-	-	-	-
Other	284,658	18,162	-	-	-	14,121	-	-	2,336	319,277
Total revenue	<u>284,658</u>	<u>18,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,121</u>	<u>-</u>	<u>-</u>	<u>2,336</u>	<u>319,277</u>
Deductions										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	782	782
Public works	-	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-	-	-
Education	245,629	-	-	-	-	7,061	-	-	-	252,690
Parks, recreation, and other	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>245,629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,061</u>	<u>-</u>	<u>-</u>	<u>782</u>	<u>253,472</u>
Excess (Deficiency) of Revenue Over Expenditures	39,029	18,162	-	-	-	7,060	-	-	1,554	65,805
Other Financing Sources (Uses)										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Excess of Additions over Deductions	39,029	18,162	-	-	-	7,060	-	-	1,554	65,805
Net position, July 1, 2019	325,484	44,957	1,372	37,135	-	31,818	501	1,220	104,523	547,010
Net position, June 30, 2020	<u>\$ 364,513</u>	<u>\$ 63,119</u>	<u>\$ 1,372</u>	<u>\$ 37,135</u>	<u>\$ -</u>	<u>\$ 38,878</u>	<u>\$ 501</u>	<u>\$ 1,220</u>	<u>\$ 106,077</u>	<u>\$ 612,815</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Supplementary Information
Tax Collectors Annual Report

June 30, 2020

Tax Roll Year	Balance July 1, 2019	Assessment	New Receivable		Abatements, Refunds & Adjustments		Transfers	Amount to be collected	Collections	Balance June 30, 2020	FY2020 Tax Collections Summary			
			Additions								Jul-Aug 2019 (FY19) Tax Collections Subject to 60-day FY19 Accrual	Sept-June 2020 Collections	Total FY 2020 Cash Collections	Jul - Aug 2020 (FY20) Cash Collections Subject to 60-day FY20 Accrual
2020		\$ 68,708,930	\$ 26,105	\$ (540,910)	\$ (52,164)	\$ 68,141,962	\$ 33,448,469	\$ 34,693,493	\$ -	\$ 33,445,767	\$ 33,445,767	\$ 9,484,198		
2019	\$ 34,355,984		28,099	74,051	43,112	34,501,246	33,569,055	932,191	10,086,244	23,429,664	33,515,908	188,780		
2018	767,985		6,331	(1,286)	(5,579)	767,451	705,298	62,153	273,093	432,164	705,258	7,673		
2017	280,828		201	4,441	5,565	291,034	72,420	218,614	12,839	59,526	72,365	2,074		
2016	177,902		88	88	410	178,487	33,274	145,213	3,530	29,744	33,274	917		
2015	121,205		90	(797)	2,870	123,367	26,166	97,201	3,110	23,056	26,166	147		
2014	166,808		81	4,807	2,334	174,030	19,638	154,392	1,743	17,887	19,630	43		
2013	154,034		82	3,801	298	158,215	23,353	134,863	1,120	22,233	23,353	(248)		
2012	118,970		51	51	676	119,749	6,895	112,853	568	6,327	6,895	55		
2011	114,398		-	3,001	99	117,499	4,042	113,457	291	3,752	4,042	89		
2010	164,306		-	4,250	8	168,564	3,023	165,541	232	2,791	3,023	87		
2009	70,884		-	2,451	25	73,360	1,755	71,605	33	1,722	1,755	-		
2008	45,672		-	10,342	-	56,014	1,142	54,872	-	1,142	1,142	-		
2007	38,312		-	876	-	39,188	1,238	37,951	-	1,238	1,238	-		
2006 and prior	936,826		-	8,799	2,505	948,130	931	947,199	-	931	931	(621)		
	37,514,114	\$ 68,708,930	\$ 61,127	\$ (426,035)	\$ 159	\$ 105,858,296	\$ 67,916,697	37,941,599	\$ 10,382,803	\$ 57,477,943	\$ 67,860,746	\$ 9,683,194		
Less: Allowance for Uncollectable accounts	2,072,184							2,072,184						
	\$ 35,441,930							\$ 35,869,415						

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Supplementary Information
Tax Collectors Annual Report

June 30, 2020

Schedule of property valuation assessed as of December 31, 2019:

	<u>Valuation</u>	<u>Levy</u>
Real property	\$ 4,313,629,240	\$ 61,771,171
Motor vehicles	279,745,822	5,558,549
Tangible personal property	<u>203,722,978</u>	<u>5,834,626</u>
Total	4,797,098,040	73,164,346
Less: Exemptions and motor vehicle phase out		
Real property	(174,670,745)	(2,500,884)
Motor vehicles	(98,288,361)	(1,954,371)
Tangible personal property	<u>(5,640)</u>	<u>(161)</u>
Total	\$ <u>4,524,133,293</u>	\$ <u>68,708,930</u>

Reconciliation of Current Year Property Tax Revenue

Current Year Collections	\$ 67,862,593
July-August 2020 Collections Subject to 60-day FY20 Accrual	<u>9,683,194</u> 77,545,787
July-August 2019 Collections Subject to 60-day FY19 Accrual	<u>(10,382,803)</u> 67,162,985
Add: Tax Fees	68,171
Add: Interest on Taxes	287,046
Add: Payment in Lieu of Taxes	<u>50,002</u>
	67,568,204
Miscellaneous Difference	<u>(70,925)</u>
Current Year Property Tax Revenue	\$ <u>67,497,279</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

MTP2 Annual Transparency Portal

June 30, 2020

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)

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

MTP2 Annual Transparency Portal

June 30, 2020

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 42,929,965	\$ -
Last Year's Levy Tax Collection	23,618,444	-
Prior Years Property Tax Collection	612,728	-
Interest & Penalty	287,046	-
PILOT & Tax Treaty (excluded from levy) Collection	50,002	-
Other Local Property Taxes	(906)	-
Licenses and Permits	882,690	-
Fines and Forfeitures	-	-
Investment Income	176,118	-
Departmental	976,072	-
Rescue Run Revenue	1,513,320	-
Police & Fire Detail	2,065,995	-
Other Local Non-Property Tax Revenues	68,041	-
Tuition	-	146,294
Impact Aid	-	-
Medicaid	-	450,311
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	518,873
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	-	2,225,562
COVID - ESSER	-	530,621
COVID - CRF	-	-
COVID - CDBG	-	-
COVID - FEMA	-	-
COVID - Other	-	-
MV Excise Tax Reimbursement	253,650	-
State PILOT Program	-	-
Distressed Community Relief Fund	-	-
Library Resource Aid	283,035	-
Library Construction Aid	31,952	-
Public Service Corporation Tax	431,581	-
Meals & Beverage Tax / Hotel Tax	517,395	-
LEA Aid	-	21,085,978
Group Home	-	-
Housing Aid Capital Projects	724,039	-
Housing Aid Bonded Debt	1,057,722	-
State Food Service Revenue	-	26,617
Incentive Aid	-	-
Property Revaluation Reimbursement	92,400	-
Other State Revenue	-	80,615
Motor Vehicle Phase Out	1,594,767	-
Other Revenue	878,517	1,292,713
Local Appropriation for Education	-	46,570,412
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	\$ 79,044,573	\$ 72,927,996
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	-	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
Total Other Financing Sources	\$ -	\$ -

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

MTP2 Annual Transparency Portal

June 30, 2020

EXPENDITURES	General Government	Finance	Social Services	Centralized IT	Planning	Libraries	Public Works	Parks and Rec	Police Department
Compensation- Group A	\$ 787,137	\$ 731,239	\$ 332,600	\$ -	\$ 354,860	\$ 967,784	\$ 1,885,089	\$ 98,257	\$ 3,602,682
Compensation - Group B	-	-	-	-	-	-	-	-	203,712
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	1,163	334	948	-	-	14,638	79,633	-	17,625
Overtime - Group B	-	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	2,335,692
Active Medical Insurance - Group A	193,524	82,432	38,758	-	39,563	201,626	900,782	11,189	783,910
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	44,842
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	2,206	6,475	3,901	-	2,856	4,650	29,546	-	25,639
Active Dental insurance- Group B	-	-	-	-	-	-	-	-	1,467
Active Dental insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	61,178	51,221	24,373	-	27,400	73,611	144,329	9,568	284,904
Life Insurance	11,015	6,399	2,785	-	2,684	4,120	13,091	981	19,872
State Defined Contribution- Group A	17,182	2,587	2,640	-	2,610	5,758	16,281	848	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	8,588
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	-	-	-	2,114	-	-	162,599
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	2,397,788
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	35,716	60,842	29,094	-	28,763	68,672	197,009	10,260	-
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	25,853
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	6,788	-	-	-	-	-	-	-	-
Purchased Services	204,069	52,679	-	-	22,319	37,302	53,991	278,774	35,244
Materials/Supplies	21,474	27,043	10,866	-	5,063	141,882	44,296	3,726	17,366
Software Licenses	-	99,974	-	-	-	69,654	-	-	-
Capital Outlays	778,174	12,589	2,643	-	2,527	3,758	386,123	-	81,442
Insurance	697,294	-	-	-	-	-	-	-	-
Maintenance	-	-	15,617	-	-	21,252	88,380	14,228	5,397
Vehicle Operations	-	-	-	-	-	-	49,337	-	140,884
Utilities	227,663	-	-	-	-	111,889	-	-	139,416
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	312,692	-	-
Revaluation	-	92,400	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	132,888	-	-
Trash Removal & Recycling	-	-	-	-	-	-	1,803,534	-	-
Claims & Settlements	281,643	-	-	-	-	-	-	-	-
Community Support	96,805	-	-	-	-	-	-	-	-
Other Operation Expenditures	1,229	3,723	41,044	-	3,478	806	1,830	-	-
Tipping Fees	-	-	-	-	-	-	481,116	-	-
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	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 3,424,260	\$ 1,229,939	\$ 305,269	\$ -	\$ 492,127	\$ 1,729,516	\$ 6,619,949	\$ 427,831	\$ 10,334,922

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

MTP2 Annual Transparency Portal

June 30, 2020

<u>EXPENDITURES</u>	<u>Fire Department</u>	<u>Centralized Dispatch</u>	<u>Public Safety Other</u>	<u>Education Appropriation</u>	<u>Debt</u>	<u>OPEB</u>	<u>Total Municipal</u>	<u>Education Department</u>
Compensation- Group A	\$ -	\$ 346,692	\$ 1,359,432	\$ -	\$ -	\$ -	\$ 10,465,772	\$ 31,942,048
Compensation - Group B	-	-	42,261	-	-	-	245,973	3,804,536
Compensation - Group C	-	-	-	-	-	-	-	5,083,151
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime - Group A	-	32,199	189,713	-	-	-	336,255	-
Overtime - Group B	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	67,502
Police & Fire Detail	-	-	-	-	-	-	2,335,692	-
Active Medical Insurance - Group A	-	193,102	207,911	-	-	-	2,652,799	4,084,650
Active Medical Insurance- Group B	-	-	6,136	-	-	-	50,978	381,124
Active Medical Insurance- Group C	-	-	-	-	-	-	-	1,614,280
Active Dental Insurance- Group A	-	2,668	19,801	-	-	-	97,742	181,071
Active Dental Insurance- Group B	-	-	515	-	-	-	1,982	13,436
Active Dental Insurance- Group C	-	-	-	-	-	-	-	68,077
Payroll Taxes	-	28,002	121,212	-	-	-	825,798	984,012
Life Insurance	-	2,175	13,319	-	-	-	76,441	226,028
State Defined Contribution- Group A	-	3,279	311	-	-	-	51,496	769,759
State Defined Contribution - Group B	-	-	-	-	-	-	8,588	80,425
State Defined Contribution - Group C	-	-	-	-	-	-	-	47,130
Other Benefits- Group A	-	661	96,482	-	-	-	261,856	196,241
Other Benefits- Group B	-	-	-	-	-	-	-	11,076
Other Benefits- Group C	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	2,397,788	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	37,144	104,418	-	-	-	571,918	4,516,867
State Defined Benefit Pension - Group B	-	-	5,286	-	-	-	31,139	542,810
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	497,693
Other Defined Benefit / Contribution	-	-	3,683	-	-	-	10,471	-
Purchased Services	-	-	22,237	-	-	-	706,615	10,880,938
Materials/Supplies	-	-	57,418	-	-	-	329,138	634,552
Software Licenses	-	-	-	-	-	-	169,628	10,195
Capital Outlays	-	-	269,747	-	-	-	1,537,003	1,328,511
Insurance	-	-	-	-	-	-	697,294	258,839
Maintenance	-	-	11,538	-	-	-	156,412	141,798
Vehicle Operations	-	-	25,117	-	-	-	215,338	11,113
Utilities	-	-	76,945	-	-	-	555,913	1,109,280
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	312,692	-
Revaluation	-	-	-	-	-	-	92,400	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	132,888	-
Trash Removal & Recycling	-	-	-	-	-	-	1,803,534	-
Claims & Settlements	-	-	-	-	-	-	281,643	191
Community Support	-	-	-	-	-	-	96,805	-
Other Operation Expenditures	-	-	3,780	-	-	-	55,890	819,159
Tipping Fees	-	-	-	-	-	-	481,116	-
Local Appropriation for Education	-	-	-	46,570,412	-	-	46,570,412	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	963,000	-	963,000	-
Municipal Debt- Interest	-	-	-	-	340,663	-	340,663	-
School Debt- Principal	-	-	-	-	2,217,000	-	2,217,000	-
School Debt- Interest	-	-	-	-	929,385	-	929,385	68,940
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	18,526
OPEB Contribution- Total	-	-	-	-	-	1,320,000	1,320,000	-
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ -	\$ 645,922	\$ 2,637,262	\$ 46,570,412	\$ 4,450,048	\$ 1,320,000	\$ 80,387,457	\$ 70,393,956

Financing Uses: Transfer to Capital Funds	\$ -	\$ -
Financing Uses: Transfer to Other Funds	-	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ -	\$ -
Net Change in Fund Balance¹	(1,342,884)	2,534,040
Fund Balance¹- beginning of year	\$22,672,384	\$4,428,373
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	-
Misc. Adjustment	-	-
Fund Balance¹ - beginning of year adjusted	22,672,384	4,428,373
Rounding	-	-
Fund Balance¹ - end of year	\$ 21,329,500	\$ 6,962,413

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

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

MTP2 Annual Transparency Portal

June 30, 2020

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance ¹ - per MTP-2 at June 30, 2019						\$ 22,672,384	-	\$ 22,672,384	
No funds removed from RGS for fiscal 2020						-	-	-	
No funds added to RGS for Fiscal 2020						-	-	-	
No misc. adjustments made for fiscal 2020						-	-	-	
Fund Balance ¹ - per MTP-2 at June 30, 2019 adjusted						<u>\$ 22,672,384</u>	<u>-</u>	<u>\$ 22,672,384</u>	
General Fund	\$ 78,952,173	\$ -	\$ 33,724,645	\$ 46,570,412	\$ (1,342,884)	\$ 22,672,384	\$ -	\$ 22,672,384	\$ 21,329,500
Totals per audited financial statements	<u>\$ 78,952,173</u>	<u>\$ -</u>	<u>\$ 33,724,645</u>	<u>\$ 46,570,412</u>	<u>\$ (1,342,884)</u>	<u>\$ 22,672,384</u>	<u>\$ -</u>	<u>\$ 22,672,384</u>	<u>\$ 21,329,500</u>
<u>Reconciliation from financial statements to MTP2</u>									
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	\$ -	\$ -	\$ 46,570,412	\$ (46,570,412)	\$ -	-	-	-	-
State Aid for Revaluation reflected net in the Financial Statements & gross in MTP2	92,400	-	92,400	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 79,044,573</u>	<u>\$ -</u>	<u>\$ 80,387,457</u>	<u>\$ -</u>	<u>\$ (1,342,884)</u>	<u>\$ 22,672,384</u>	<u>\$ -</u>	<u>\$ 22,672,384</u>	<u>\$ 21,329,500</u>

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

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TOWN OF CUMBERLAND, RHODE ISLAND

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Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance ¹ - per MTP-2 at June 30, 2019 <i>No misc. adjustments made for fiscal 2020</i>					\$ 4,428,373		-	\$ 4,428,373	
Fund Balance ¹ - per MTP-2 at June 30, 2019 adjusted					<u>\$ 4,428,373</u>		<u>-</u>	<u>\$ 4,428,373</u>	
School Unrestricted Fund	\$ 25,493,147	\$ 46,570,412	\$ 69,523,010	\$ -	\$ 2,540,549	\$ 3,766,604	\$ -	\$ 3,766,604	\$ 6,307,153
School Special Revenue Funds	4,060,710	-	4,067,219	-	(6,509)	661,769	-	661,769	655,260
Totals per audited financial statements	<u>\$ 29,553,857</u>	<u>\$ 46,570,412</u>	<u>\$ 73,590,229</u>	<u>\$ -</u>	<u>\$ 2,534,040</u>	<u>\$ 4,428,373</u>	<u>\$ -</u>	<u>\$ 4,428,373</u>	<u>\$ 6,962,413</u>
Reconciliation from financial statements to MTP2									
Municipal appropriation for Education reported as a transfer on financial statements but a revenue on MTP2	\$ 46,570,412	\$ (46,570,412)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(3,196,273)	-	(3,196,273)	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 72,927,996</u>	<u>\$ -</u>	<u>\$ 70,393,956</u>	<u>\$ -</u>	<u>\$ 2,534,040</u>	<u>\$ 4,428,373</u>	<u>\$ -</u>	<u>\$ 4,428,373</u>	<u>\$ 6,962,413</u>
Reconciliation from MTP2 to UCOA									
Miscellaneous variances between UCOA & MTP2	\$ -		\$ 1						
Totals per UCOA Validated Totals Report	<u>\$ 72,927,996</u>		<u>\$ 70,393,957</u>						

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

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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 audit report 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 City's (or Town's) budget and accounting system. To report these costs, the City (or 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.

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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/>.

See independent auditor's report

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**Independent Auditor's 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***

To the Honorable Mayor and
Members of the Town Council
Town of Cumberland
Cumberland, 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 Town of Cumberland (Town), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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*.

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.

Hague, Sahady & Co., CPAs, P.C.

Hague, Sahady & Co., CPAs, P.C.
Fall River, Massachusetts
March 15, 2021