

**TOWN OF EAST GREENWICH,
RHODE ISLAND**

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020



**Town Hall
East Greenwich, Rhode Island
Built in 1804**

**Andrew E. Nota
Town Manager**

**Patricia A. Sunderland
Finance Director**

Prepared by: Finance Department

**TOWN OF EAST GREENWICH, RHODE ISLAND
ANNUAL FINANCIAL REPORT
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JUNE 30, 2020**

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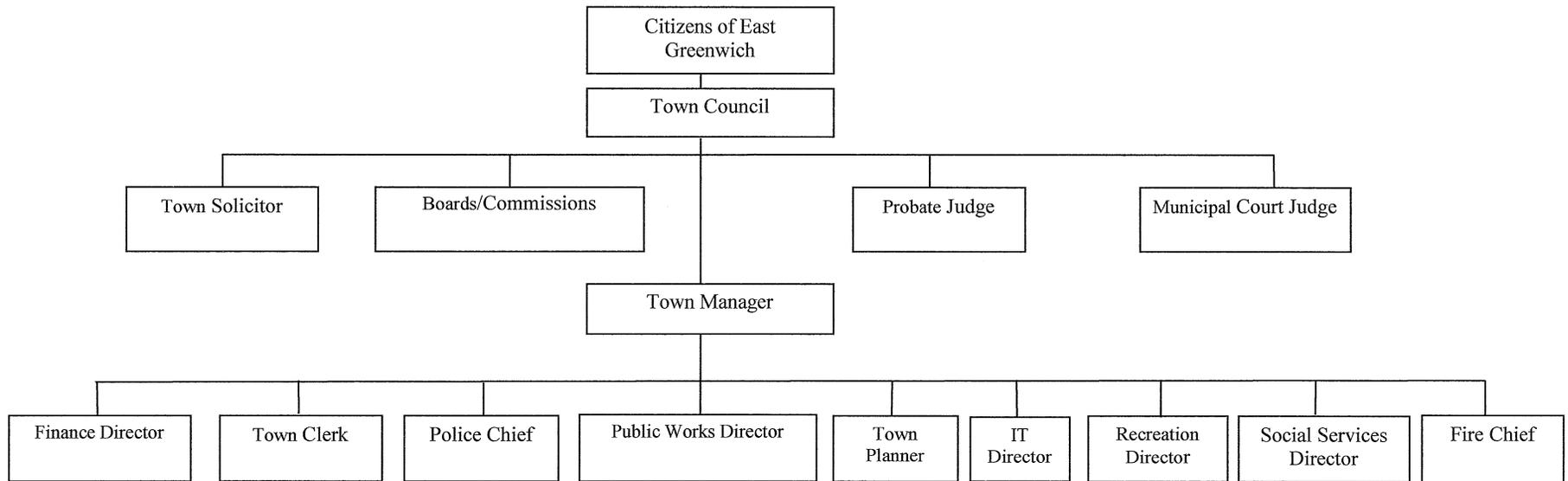
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TOWN OF EAST GREENWICH
MUNICIPAL ORGANIZATIONAL CHART



TOWN OF EAST GREENWICH, RHODE ISLAND

as of June 30, 2020

TOWN COUNCIL

Mark Schwager - President
Michael Donegan - Vice President
Caryn Corenthal
Renu Englehart
Michael Zarrella

TOWN MANAGER

Andrew E. Nota

FINANCE DIRECTOR

Patricia A. Sunderland



Independent Auditors' Report

To the Honorable Town Council
Town of East Greenwich, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Town of East Greenwich, Rhode Island, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of East Greenwich, Rhode Island's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Town of East Greenwich, 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.

Prior Period Adjustments

As discussed in Note 13 to the financial statements, during the fiscal year ended June 30, 2020, the Town of East Greenwich, Rhode Island, restated beginning net position of governmental activities, business-type activities and nonmajor enterprise funds to record the effect of correction of capital asset activity and reclassification of School Lunch Fund to business-type activity. Our opinion is not modified with respect to this matter.

As discussed in Note 13 to the financial statements, during the fiscal year ended June 30, 2020, the Town of East Greenwich, Rhode Island, restated the beginning fund balance of the General Fund in order to record the impact of change in accounting policy for revenue recognition. Our opinion is not modified with respect to this matter.

As discussed in Note 13 to the financial statements, during the fiscal year ended June 30, 2020, the Town of East Greenwich, Rhode Island, restated beginning fund balance of the nonmajor governmental funds to record the effect of the reclassification of the School Lunch Fund to business-type activity, a nonmajor enterprise fund, and 52M Capital Fund becoming nonmajor fund. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules, 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, which 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 East Greenwich, Rhode Island's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, Annual Supplemental Transparency Report and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements of the Town of East Greenwich, Rhode Island.

The combining and individual nonmajor fund financial statements and schedules, Annual Supplemental Transparency Report and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, Annual Supplemental Transparency Report and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2021 on our consideration of the Town of East Greenwich, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of East Greenwich, Rhode Island's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of East Greenwich, Rhode Island's internal control over financial reporting and compliance.



West Hartford, Connecticut
February 15, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

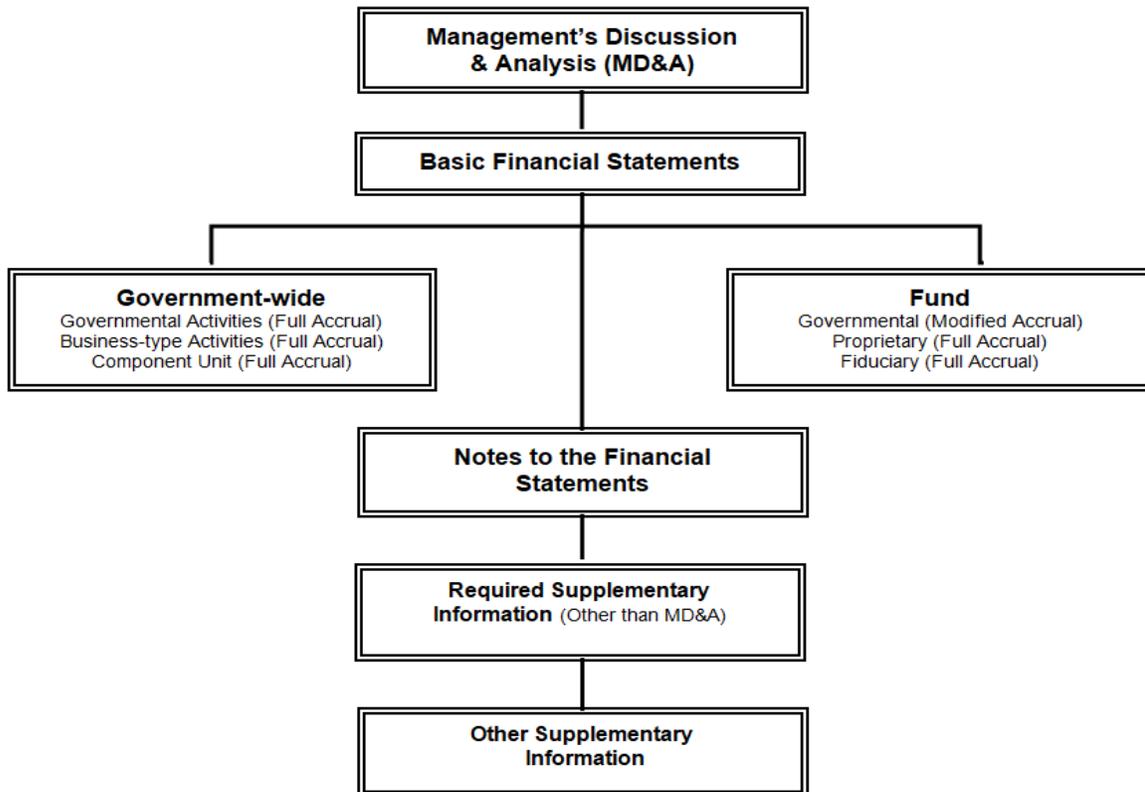
As management of the Town of East Greenwich, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the Introductory section of this report.

Financial Highlights

- At the end of the fiscal year, the Town's assets and deferred outflows of resources fell short of its liabilities and deferred inflows of resources by \$5.5 million, which was an increase in the negative net position from the prior year's amount of \$2.5 million (as restated). Net position was comprised mainly of \$56 million attributable to the Town's net investment in capital assets, \$5.4 million restricted and (\$67.2 million) unrestricted.
- Governmental activities total negative net position increased by \$4.1 million due to negative operating results. Business-type activities net position increased by \$755 thousand a slight increase of 3.8 percent over the prior year.
- The Town's unrestricted deficit increased by \$3.7 million. The Town has significant investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding.
- As of the close of the current fiscal year, the Town of East Greenwich's governmental funds reported combined ending fund balances of \$13.0 million. Approximately 47.2% of this total amount, \$6.1 million is available for use at the government's discretion (unassigned fund balance). The remaining fund balance, \$6.9 million (52.8%) is either non-spendable funds, restricted funds or committed funds.
- The Town's total bonded debt (including premium) decreased by \$4.5 million during the current fiscal year.
- Long-term liabilities for the governmental activities reported an increase of \$1.8 million which is the result of an increase in the OPEB liabilities of \$3.2 million offset by a decrease of \$2.2 million in bonds payable.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of East Greenwich's basic financial statements. The Town's financial statements comprise three components: 1) introductory, 2) financial, and 3) statistical. As illustrated in the following chart, the financial section of this report consists of five components: management's discussion and analysis (this section), the basic financial statements, notes to the financial statements, required supplementary information, and other supplementary.



The Town's financial statements present a focus on the Town as a whole (government-wide) as well as the major individual funds. The fund financial statements focus on the individual parts of the Town government, reporting the operations of the Town in more detail than the government-wide statements. Both perspectives government-wide and individual fund, allow the user to address relevant question, broaden the basis for comparisons year to year or government to government and enhance the Town's accountability.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town of East Greenwich's finances, in a manner similar to a private-sector business. Government-wide financial reporting consists of two statements: Statement of Net Position and Statement of Activities.

The Statement of Net Position presents information on all of the Town's assets, both short-term and long-term, with the difference between the two reported as net position. Over time, increases or decreases in the Town's net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The 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 giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Examples are uncollected taxes and earned but unused sick and vacation leave.

The government-wide financial statements can be found on pages Exhibits I and II of this report.

The Town's government-wide financial statements are divided into three categories:

- **Governmental Activities** - Most of the Town's basic services including general government, public safety, streets and highways, planning, education and recreation are reported here. Most of these activities are supported by property taxes, other local taxes and federal and state funding.

- **Business-type Activities** - The Town's wastewater operations and school cafeteria funds are reported here. Fees charged to customers to help cover the costs of providing these services.
- **Component Unit** – Included as a discretely presented component unit is the East Greenwich Land Trust. Although legally separate, this component unit is part of the primary government's operations.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local government, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town has three types of funds: governmental, proprietary, and fiduciary.

- **Governmental Funds** – The General Fund, Capital Projects Funds, Special Revenue Funds and Permanent Funds are governmental funds. Most of the basic services provided by the Town are financed through governmental funds. The School Unrestricted Fund has been included in the General Fund, in the basic governmental financial statements. These funds' statements focus on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The basic governmental fund financial statements can be found on Exhibits III through IV of this report.

- **Proprietary Funds** – Services for which the Town charges customers a fee is generally reported in proprietary funds. Like the government-wide statements, proprietary funds statements provide both long-and short-term financial information.
 - **Enterprise Funds** – Similar to business-type activities included in the government-wide statements, the enterprise fund financial statements provide more detail and additional information, such as cash-flow. The Town maintains two enterprise funds: Sewer Fund and School Lunch Fund.

The basic proprietary fund financial statements can be found on pages Exhibit V through VII of this report.

- **Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These fiduciary activities are excluded from the Town's government-wide financial statements because the Town cannot use these assets to finance its operations. The Town maintains two fiduciary funds:
 - **OPEB Trust Fund** – Provides post-employment benefits for all vested full-time employees such as health, dental and life insurance for the Town retirees.
 - **Agency Funds** – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds consist of assets and liabilities for performance bond activity and student activity funds held in various school programs.

The basic fiduciary fund financial statements can be found on pages Exhibits VIII and IX of this report.

Notes to the Financial Statements

The notes to the financial statements provide information that is essential for a full understanding of the information provided in the government-wide and fund financial statements. The notes also present certain required supplementary information. Included in the notes is the information pertaining to the Town's funding obligation to provide pension and OPEB benefits to its employees (Note 9 and 10).

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This section includes budgetary comparison schedules, a reconciliation between the statutory fund balance for budgetary purposes and the fund balances for the General Fund and School Fund, as presented in the governmental fund financial statements.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position, and an important determinant of its ability to finance services in the future. In the case of the Town of East Greenwich, net position was a deficit of \$5.5 million for the primary government. The unrestricted net deficit at June 30, 2020 is (\$67.2 million). Consistent with prior years the Town has significant investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. Net investment in capital assets as of June 30, 2020 is \$56.3M. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

NET POSITION

For the Fiscal Years Ended June 30, 2020 and 2019 (in 000s)

	Governmental Activities		Business-Type Activities		Total	
	2019		2019		2019	
	2020	Restated	2020	Restated	2020	Restated
Current and other assets	\$ 25,662	\$ 25,820	\$ 5,122	\$ 10,857	\$ 30,785	\$ 36,677
Capital assets, net of accumulated depreciation	78,343	79,214	37,142	38,094	115,485	117,307
Total assets	<u>104,006</u>	<u>105,034</u>	<u>42,264</u>	<u>48,950</u>	<u>146,270</u>	<u>153,984</u>
Deferred outflows of resources	<u>16,789</u>	<u>20,583</u>	<u>192</u>	<u>213</u>	<u>16,981</u>	<u>20,796</u>
Current liabilities	6,174	9,020	447	4,400	6,620	13,420
Long-term liabilities outstanding	128,335	123,199	16,911	19,275	145,246	142,474
Total liabilities	<u>134,509</u>	<u>132,219</u>	<u>17,357</u>	<u>23,675</u>	<u>151,867</u>	<u>155,894</u>
Deferred inflows of resources	<u>12,657</u>	<u>16,033</u>	<u>4,247</u>	<u>5,391</u>	<u>16,904</u>	<u>21,424</u>
Net Position:						
Net investment in capital assets	35,801	37,181	20,457	19,530	56,258	56,711
Restricted	5,376	4,604			5,376	4,604
Unrestricted	<u>(67,549)</u>	<u>(64,420)</u>	<u>395</u>	<u>567</u>	<u>(67,154)</u>	<u>(63,854)</u>
Total Net Position	\$ <u>(26,371)</u>	\$ <u>(22,635)</u>	\$ <u>20,852</u>	\$ <u>20,097</u>	\$ <u>(5,520)</u>	\$ <u>(2,538)</u>

FY 2020, total assets for both governmental and business-type activities was \$146.3 million, a decrease of \$7.7 million from prior year total assets of \$154.0 million. The primary reason for this decrease is the retirement of long-term sewer assessment receivables in the business activity.

At the end of the current fiscal year, the Town of East Greenwich, with one exception, is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The reported deficit for the unrestricted portion of net position increased by approximately \$2.5 million which is a result of the continuation of disclosing and reporting for Pension and OPEB, compounded with the Town's continued investment in capital assets.

CHANGES IN NET POSITION

For the Fiscal Years Ended June 30, 2020 and 2019 (in 000s)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019 Restated	2020	2019 Restated	2020	2019 Restated
Revenues:						
Program revenues:						
Charges for services	\$ 2,717	\$ 1,746	\$ 4,465	\$ 4,484	\$ 7,183	\$ 6,230
Operating grants and contributions	8,657	9,202	183		8,839	9,202
Capital grants and contributions	100				100	-
General revenues:						
Property taxes	57,093	55,947			57,093	55,947
Grants not restricted to specific programs	1,386				1,386	-
Unrestricted investment earnings	114	53			114	53
Miscellaneous revenue	282	4,126			282	4,126
Total revenues	<u>70,348</u>	<u>71,075</u>	<u>4,648</u>	<u>4,484</u>	<u>74,996</u>	<u>75,558</u>
Expenses:						
General government	5,485	7,307			5,485	7,307
Public safety	13,446	2,979			13,446	2,979
Public works	4,781	3,225			4,781	3,225
Cultural and recreation	1,475	1,473			1,475	1,473
Health and welfare		182			-	182
Education	47,119	45,037			47,119	45,037
Interest and fiscal charges	1,821	2,174			1,821	2,174
Sewer			3,306	3,497	3,306	3,497
School Lunch ¹			544		544	-
Total expenses	<u>74,128</u>	<u>62,378</u>	<u>3,850</u>	<u>3,497</u>	<u>77,977</u>	<u>65,875</u>
Change in net position before transfers	(3,779)	8,697	798	986	(2,981)	9,683
Transfers	43	(100)	(43)	100	-	-
Change in net position	<u>(3,736)</u>	<u>8,597</u>	<u>755</u>	<u>1,086</u>	<u>(2,981)</u>	<u>9,683</u>
Net Position at Beginning of Year	<u>(22,635)</u>	<u>(31,232)</u>	<u>20,096</u>	<u>19,010</u>	<u>(2,539)</u>	<u>(12,222)</u>
Net Position at End of Year	\$ <u>(26,371)</u>	\$ <u>(22,635)</u>	\$ <u>20,851</u>	\$ <u>20,096</u>	\$ <u>(5,520)</u>	\$ <u>(2,539)</u>

1) School lunch began being recorded as a business-type activity during year end June 30, 2020. The fund was recorded as a governmental fund prior to that date.

Governmental Activities

In FY 2020, the Town's negative net position decreased by \$3.0 million during the current fiscal. Certain items related to the prior year have been reclassified to conform to the current year's financial statement presentation. The reclassifications have no effect on previously reported results. In addition, the 2019 amounts were restated to correct capital asset activity and adjustment of 60-day collections. See Note 13 for further details.

Governmental activities revenues were \$70.3 million of which 81%, or \$57.1 million was generated by property taxes.

- Property tax revenues recorded for the 2020 fiscal year increased by \$1.1 million or 2.0 percent over prior year due to an increase in the budgeted collections rate.
- The adoption of the fiscal year 2020 budget included a split tax rate whereby the residential rate increased from \$23.00 in fiscal year 2019 to \$23.21 and \$23.44 for commercial and personal property per thousand dollars of assessed valuation. The growth in the total assessed value of taxable property, excluding motor vehicles, was 0.74%. Total net assessed value of all taxable property increased by \$13,186,366 from \$2,434,502,407 to \$2,447,688,773.

- Motor vehicle values decreased by \$4,139,730 over the prior year, from \$86,910,856 to \$82,771,126 and assumed utilizing an exemption value of \$6,000 per vehicle. Motor vehicle values are assessed at a rate of \$22.88 per thousand dollars of assessed value. This rate has been frozen by the State since FY1998. The impact of the decreases in value for all taxable property is directly related to the adopted Governor's FY 2017-2018 Recommended State Budget which changes the assessment criteria for determining vehicle value prior to calculating the motor vehicle excise tax beginning in the 2017-2018 fiscal year. The budget article proposes to reduce assessment values from 100% of National Automobile Dealers Association (NADA) clean retail value to 70% - similar to the approach used by the State of Connecticut. The proposal does not change municipal vehicle exemption amounts or tax rates.
- Charges for services increase is attributed to an uptick in building permits and cruiser fees associated with road details. Annual variances in several other functions were reported.
- Operating and capital grants and contributions increase is mainly attributed to the recognition of the State grant for pension on behalf of the school department. This revenue was not accounted for in the same matter in the previous year. The funding policy, set forth in the RIGL 16-16-22, provides for actuarially determined periodic contributions to the plan. Under the plan, the State is required to contribute 40% of annual covered payroll. The State's share for June 30, 2020 was \$1,991,098.
- Investment earnings increased due to higher rates and longer-term investment durations for the town's pooled cash. The Town will continue to investigate opportunities within FDIC limits.

Total expenses for **governmental activities** were \$74.1 million, an increase of \$11.8 million over the prior year. Three activities: public safety, public works, and education accounted for the majority of the expenses, as depicted in the following amounts and percentages: \$13.4 million (18.1 percent), \$4.8 million (6.5 percent), and \$47 million (63.6 percent), respectively. The Changes in Net Position table above is provided for the Town's government-wide activities for the years ended June 30, 2020 and 2019. Major expense factors included:

- Variances among all activities was due to the accounting for benefits. In years past, employee benefits such as fica, retirement, health and dental costs were budgeted and accounted for in one function. During the audited fiscal year, the methodology changed and all associated employee benefits are recognized in the appropriate function (i.e. finance, police, fire, public works, etc.) and as such is difficult to look at the comparisons year over year to determine where the variances exist.

Governmental Activities includes recognition of capital assets and accounting for increases in compensated absence liabilities for all employees who accrued sick and vacation accruals at year end.

- Public safety expenses within governmental activities have increased significantly mainly due to retirements and the accounting for employee benefits, compensated balances, OPEB and retirement liabilities.
- The vast majority of the changes reported in education is associated with contractual increases, out of district tuition payments, required contractual services such as nursing and an increase in IDEA Part B expenses. Additional increases for pension changes and recognition of depreciation expense is shown as well.

Business-type activities. Net position in business-type activities increased by \$755 thousand resulting in a 3.8 percent increase in business-type net position.

The retirement of sewer and road assessment debt accounted for the majority of this increase in net position. Additionally, the methodology for accounting for the school lunch program had changed. In fiscal year 2020, the school lunch fund is reported as business-type activity and in years past it had been recorded as a governmental fund. Subsequent years will be a truer reflection of their year-end expenses. A review of the school lunch program reports a negative change in net position of \$29 thousand for the fiscal year. The program will be monitored to ensure positive operations.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the Town of East Greenwich'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 of East Greenwich's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of East Greenwich's governmental funds reported combined ending fund balances of \$13.0 million. Of this amount, \$6.1 million or 47.2 percent is available for spending at the government's discretion (unassigned) within the Town and \$1.5M was advanced for capital equipment which was subsequently bonded in July 2020 and reimbursed by the issuance of these bonds. Additionally, the Town reports a cumulative deficit of \$397 thousand in the 52 School Bond fund which will be reconciled in the current fiscal year and upon which a recommendation will be made to town administration. The remaining fund balance of \$6.9 million includes \$4.4 million committed to town and school special revenue, capital reserve and permanent trust funds. The remaining amount of \$2.4M consists of non-spendable fund balance mainly attributed to health and dental reserves held on behalf of the school department self-insurance fund. Due to the exit of this program as of July 2020, the school department will receive these funds in December 2021 net of any incurred but not reported expenses throughout the year.

The General Fund is the chief operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The School Unrestricted Fund is used to report all financial transactions of the East Greenwich School Department but is considered a department of the Town since its major source of revenue is property tax dollars and is not a separate taxing authority. Therefore, the School Unrestricted Fund is reported within the Town Operating Fund. At the end of the current fiscal year, excluding the School Fund amount, the total General Fund balance was \$8.4 million which represents an increase of \$716 thousand over the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund budgeted expenditures. Unassigned fund balance represents 11.83 percent of the 2021 FY Adopted General Fund Expenditure Budget, while total fund balance represents 12.28 percent of that same amount.

The fund balance of the Town of East Greenwich's General Fund, excluding the School Fund, increased as a result of the following positive factors:

- Management's decision to implement a hiring and spending freeze as a result of the Coronavirus pandemic. This decision continues to be in force as of the writing of this report.
- On a budgetary basis, the operating surplus in the General Fund was \$782 thousand. Revenues exceeded budget by \$972 thousand while expenditures fell short by \$181 thousand. The Town had experienced a cyber attack on December 5, 2019, however, no assets or personal information was jeopardized but this attack enabled the Town to accelerate the investment in upgrading the town's network/infrastructure. Other financing sources (uses) over budget decreased the surplus by \$537 thousand which allowed for the town to transfer funds to capital reserve projects outlined in the six-year capital improvement plan.

- Better than anticipated tax collections resulted in positive budget surplus variance in property taxes of \$856 thousand. Additionally, state aid revenues were less than anticipated by \$389 thousand specifically attributed to less school housing aid reimbursement. Due to conservative budgeting practice, hotel taxes and meals and beverage tax receipts reported a \$20 thousand shortfall due to the impact of the pandemic on small business. Conversely, more people staying home resulted in an increase in building permits. A successful investment year was recognized by the surplus of \$43 thousand in short term investment income.

Although reported in the General Fund, the school department maintains its own operating budget. Any excess funds remaining at year-end remain with the school department to be used at their discretion, per State Law. At the end of the fiscal year, the fund balance, committed for education programs was \$1.0 million. The total fund balance of the School Unrestricted Fund decreased by \$352 thousand as compared to the June 30, 2020 fund balance. Key factors in this decrease are as follows:

- Student enrollment for the school year was greater than anticipated which resulted in an increase of unbudgeted teaching positions to maintain appropriate student to teacher ratios.
- Although the 4th quarter resulted in students engaging in distance learning and lower busing and transportation costs, the mandates promulgated by the health professionals for increased maintenance and operational expenditures due to the global pandemic far exceeded the budget.
- Additionally, the State of Rhode Island converted the school's full June state aid allotment into a payment from federal grants resulting in a shift of funding into the school restricted funds. This revenue was not received within 60 days of the close of the fiscal year and was deferred in accordance with town policy.

The school fund has a total fund balance of \$2.7 million of which \$1.7 million is non-spendable. The remainder is committed to liquidate contracts and purchase orders of the prior period and \$587 thousand is committed to help finance the 2020-2021 fiscal year budget.

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

Total net position for the sewer fund increased by \$784 thousand. Unrestricted net position in the sewer fund at the end of the fiscal year totaled \$323 thousand, a decrease of \$143 thousand over prior year while net investment in capital assets was \$20.5 million, an increase of \$927 thousand. Much of the revenue generated in the sewer fund is to fund debt service associated with sewer and road assessments or non-debt funded capital improvements. The school lunch program maintains a surplus position of \$72 thousand.

Other factors concerning the finances of these funds have already been addressed in the discussion of the Town of East Greenwich's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of East Greenwich's investment in capital assets for its governmental and business type activities as of June 30, 2020 amounts to \$115.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, infrastructure, and construction in progress. The 2020 fiscal year resulted in a decrease in value of investment in capital assets of \$1.8 million. The decrease was due to the removal of assets under the capitalization threshold of \$10 thousand and the increase in depreciation expense as compared to the amount of capitalized assets recognized in the 2019 fiscal year, specifically, the amount of new capital assets was \$2.4 million for the governmental activities, however, the amount of accumulated depreciation expense was \$3.0 million in comparison to the prior year of new capital assets of \$3.9 million and depreciation expense of \$2.8 million. The 2020 fiscal year resulted in a decrease in value of capital assets of \$870 thousand.

CAPITAL ASSETS
(Net of accumulated depreciation) in 000s

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,825	\$ 1,825	\$ 15	\$ 15	\$ 1,840	\$ 1,840
Construction in progress	732	276	1,980	1,773	2,712	2,049
Infrastructure			21,782	22,591	21,782	22,591
Buildings and improvements	65,187	66,820	10,137	10,639	75,324	77,459
Land improvements	6,889	7,248			6,889	7,248
Equipment	1,326	1,406	2,896	2,993	4,222	4,399
Vehicles	2,384	1,639	332	83	2,716	1,722
Total	\$ 78,343	\$ 79,214	\$ 37,142	\$ 38,094	\$ 115,485	\$ 117,308

Major capital asset events during the current fiscal year included the following:

- 2019 restatement – furniture/fixtures/motor vehicles/equipment – less than threshold and greater than useful life – \$211 thousand net reduction.
- Town-wide purchases of new vehicles and equipment included a street sweeper, rescue and vehicles which accounted for \$1.3 million during the fiscal year these were mainly attributed to public safety and public works.
- Construction in progress of the Governmental Funds increased by \$732 thousand attributed to Brayton Street construction, EGHS tennis courts and outdoor fitness equipment at McHale Park.
- The School Department completed and capitalized the replacement of ceilings at Eldredge Elementary School and the replacement of doors at 5 schools.
- Information Technology for the Town and School Department completed upgrades to the firewall and server throughout the district. Upgrades were also made to the equipment for the training room. The cost of these upgrades was \$52 thousand.
- The additions associated with the business-type assets included new equipment and vehicles. The costs of equipment upgrades/replacements was \$383 thousand minus prorated depreciation of \$33 thousand. Construction in progress at the treatment plant was increased by \$207 thousand.

Additional information on the Town of East Greenwich’s capital assets can be found in Note 6 to the Financial Statements.

Long-term debt. At the end of the current fiscal year, the Town of East Greenwich had total bonded debt outstanding of \$56.66 million. Of this amount, \$2.6 million comprises debt backed by the full faith and credit of the government. Based on GASB 88, Direct Placement Debt is generally conducted by an investment banker who acts as an agent in bringing together the seller and the buyer which have terms negotiated directly with the investor or lender and are not offered for public sale. The Town issues school bonds through RI Health and Education Building Corp who then becomes the purchaser of the Town bonds - “Borrower Bonds”. These bonds are entirely backed by the full faith and credit of the Town. Bonds authorized but unissued totaled an additional \$18.8 million as of June 30, 2020. Subsequent to year end, the Town issued \$3.485 million in capital equipment bonds and refunded \$29.65 million in school bonds.

State statutes limit the amount of general obligation bonded debt a town can issue to 3% of net assessed property values. However, all bonds approved through State enabling legislation and voter referendums are exempt from the limit. At June 30, 2020, the Town had a debt limit of \$73.4 million. Of the Town's \$56.65 million in debt outstanding, \$12.2 million is subject to the Town's legal debt limit. A balance of \$61.2 million exists within the legal limit for additional bonds to be issued.

OUTSTANDING DEBT

General Obligation Bonds in 000s

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$	\$	\$ 2,610	\$ 2,915	\$ 2,610	\$ 2,915
Direct Placement Debt	40,031	42,033	14,017	16,060	54,049	58,093
Total	\$ 40,031	\$ 42,033	\$ 16,627	\$ 18,975	\$ 56,659	\$ 61,008

The Town's total bonded debt decreased by \$4.35 million during the 2020 fiscal year attributed to the retirement of principal.

The Town of East Greenwich is one of only five Rhode Island communities that have a bond rating of Aa1 by Moody's Investors Service and AA+ by Standard and Poor's. The Moody's credit report cited the following factors for the affirmation:

- The Aa1 rating reflects the town's very high-quality credit position. Its Aa1 rating is above the median rating of Aa3 for cities nationwide. The notable credit factors include a very strong wealth and income profile, strong tax base, a healthy financial position and moderate debt and pension liabilities.
- Median family income of town residents is a robust 206.4% of the US median level.
- Full value per capita of \$192 thousand is much stronger than that of other Moody's-rated cities nationwide
- Tax base of \$2.5 B is slightly larger than the US Median
- Although financial position of the town is satisfactory, current experienced management team who employ conservative budgeting and financial management, establish formal fiscal policies, and long-term planning for capital expenditures provides for positive outlook
- Moderate debt and pension burden consistent with its assigned rating of
- Net pension liability to operating revenues is 1.5x and roughly equivalent to the US Median

Additional information on the Town of East Greenwich's long-term debt can be found in Note 7 of the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

- As of June 2020, the average labor force in East Greenwich was 6,787 with employment at 6,047 yielding an unemployment rate of 10.9 percent, an increase of 7.9 percent from prior year of 3.0 percent. The state's unemployment rate was 12.3 percent and the federal unemployment rate was 11.2 percent.
- The final budget for 2021 was adopted in the amount of \$72.9 million which represents an increase of \$2.3 million, or 3.2 percent from the prior fiscal year. This is considered a modest increase based on the difficult economic environment in which the Town and the State of Rhode Island have been operating coupled with the Coronavirus pandemic.
- As of the adoption of the 2021 budget, the State of Rhode Island had not adopted a budget for the fiscal year beginning July 1, 2020 and as such the Town level-funded all state pass through aid.

- As previous state, the Town continues to hold on hiring any vacancies due to the uncertainty of the likelihood of reduced revenues and pandemic impacts.
- Property tax revenues for the fiscal year 2021 reflect an increase in the Town's tax levy of \$1.4 million or 2.49 percent greater than the previous fiscal year. The residential property tax rate increased from \$23.21 to \$23.43, commercial property tax rate increased from \$23.44 to \$23.90, and personal property tax rate increased from \$23.44 to \$29.25 per thousand dollars of assessed value. A \$2.5 thousand personal property tax rate exemption was approved which resulted in 222 small business having no tax liability. Total taxable property decreased slightly by \$1.0 million from \$2.448 billion to \$2.447 billion due to the motor vehicle phase out revision.

All of these factors were considered in preparing the Town of East Greenwich's budget for the 2021 fiscal year.

Requests for Information: This financial report is designed to provide a general overview of the Town of East Greenwich's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, PO Box 111, 125 Main Street, East Greenwich, Rhode Island, 02818.

TOWN OF EAST GREENWICH, RHODE ISLAND
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	East Greenwich Land Trust
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 14,105,198	\$ 57,088	\$ 14,162,286	\$
Receivables, net of allowance for uncollectibles	2,807,046	2,528,536	5,335,582	
Due from primary government				95,247
Internal balances	1,715,654	(1,715,654)	-	
Inventories		5,086	5,086	
Prepaid items	2,008,318		2,008,318	
Total current assets	<u>20,636,216</u>	<u>875,056</u>	<u>21,511,272</u>	<u>95,247</u>
Noncurrent assets:				
Sewer assessment receivable		4,247,208	4,247,208	
Net pension asset	5,026,176		5,026,176	
Capital assets not being depreciated	2,557,177	1,994,898	4,552,075	5,128,010
Capital assets, net of accumulated depreciation	<u>75,786,033</u>	<u>35,147,583</u>	<u>110,933,616</u>	<u>183,769</u>
Total noncurrent assets	<u>83,369,386</u>	<u>41,389,689</u>	<u>124,759,075</u>	<u>5,311,779</u>
Total assets	<u>104,005,602</u>	<u>42,264,745</u>	<u>146,270,347</u>	<u>5,407,026</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding		191,668	191,668	
Deferred outflows of resources related to pensions	12,959,533		12,959,533	
Deferred outflows of resources related to OPEB	<u>3,829,733</u>		<u>3,829,733</u>	
Total deferred outflows of resources	<u>16,789,266</u>	<u>191,668</u>	<u>16,980,934</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,098,928	69,671	1,168,599	68,194
Accrued liabilities	3,578,227	116,855	3,695,082	
Due to fiduciary trust funds	1,401,332		1,401,332	
Due to component unit	95,247		95,247	
Unearned revenue	137	260,098	260,235	
Total current liabilities	<u>6,173,871</u>	<u>446,624</u>	<u>6,620,495</u>	<u>68,194</u>
Noncurrent liabilities:				
Due within one year	3,112,892	1,934,382	5,047,274	35,000
Due in more than one year	<u>125,222,581</u>	<u>14,976,464</u>	<u>140,199,045</u>	<u>135,000</u>
Total noncurrent liabilities	<u>128,335,473</u>	<u>16,910,846</u>	<u>145,246,319</u>	<u>170,000</u>
Total liabilities	<u>134,509,344</u>	<u>17,357,470</u>	<u>151,866,814</u>	<u>238,194</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	5,328,826		5,328,826	
Deferred inflows of resources related to OPEB	7,328,138		7,328,138	
Special assessments		4,247,208	4,247,208	
Total deferred inflows of resources	<u>12,656,964</u>	<u>4,247,208</u>	<u>16,904,172</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	35,801,129	20,456,792	56,257,921	5,141,779
Restricted for:				
Pensions	5,026,176		5,026,176	
Trust purposes:				
Nonexpendable	349,852		349,852	
Unrestricted	<u>(67,548,597)</u>	<u>394,943</u>	<u>(67,153,654)</u>	<u>27,053</u>
Total Net Position	<u>\$ (26,371,440)</u>	<u>\$ 20,851,735</u>	<u>\$ (5,519,705)</u>	<u>\$ 5,168,832</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF EAST GREENWICH, RHODE ISLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Function/Program Activities	Program Revenues				Net Revenue (Expense) and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		East Greenwich Land Trust	
					Governmental Activities	Business-Type Activities		Total
Primary Government:								
Governmental activities:								
General government	\$ 5,485,190	\$ 1,226,895	\$ 2,110,470	\$ 99,650	\$ (2,048,175)		\$ (2,048,175)	
Public safety	13,446,234	981,353	15,025		(12,449,856)		(12,449,856)	
Public works	4,780,707	199,158			(4,581,549)		(4,581,549)	
Cultural and recreation	1,475,284	205,307	78,462		(1,191,515)		(1,191,515)	
Health and welfare	79	9,292	1,295		10,508		10,508	
Education	47,119,090	95,353	6,451,395		(40,572,342)		(40,572,342)	
Interest and fiscal charges	1,821,026				(1,821,026)		(1,821,026)	
Total governmental activities	<u>74,127,610</u>	<u>2,717,358</u>	<u>8,656,647</u>	<u>99,650</u>	<u>(62,653,955)</u>	<u>-</u>	<u>(62,653,955)</u>	<u>-</u>
Business-type activities:								
Sewer	3,306,350	4,132,879				826,529	826,529	
School lunch	543,560	332,434	182,586			(28,540)	(28,540)	
Total business-type activities	<u>3,849,910</u>	<u>4,465,313</u>	<u>182,586</u>	<u>-</u>	<u>-</u>	<u>797,989</u>	<u>797,989</u>	<u>-</u>
Total Primary Government	<u>\$ 77,977,520</u>	<u>\$ 7,182,671</u>	<u>\$ 8,839,233</u>	<u>\$ 99,650</u>	<u>(62,653,955)</u>	<u>797,989</u>	<u>(61,855,966)</u>	<u>-</u>
Component Unit:								
East Greenwich Land Trust	<u>\$ 125,190</u>	<u>\$ 50,775</u>	<u>\$</u>	<u>\$</u>				<u>(74,415)</u>
General revenues:								
Property taxes					57,092,878		57,092,878	
Unrestricted investment earnings					113,753		113,753	
Grants and contributions not restricted to a specific program					1,385,837		1,385,837	58
Miscellaneous					282,070		282,070	
Transfers:					43,000	(43,000)		
Total general revenues and transfers					<u>58,917,538</u>	<u>(43,000)</u>	<u>58,874,538</u>	<u>58</u>
Change in Net Position					(3,736,417)	754,989	(2,981,428)	(74,357)
Net Position at Beginning of Year, as Restated					<u>(22,635,023)</u>	<u>20,096,746</u>	<u>(2,538,277)</u>	<u>5,243,189</u>
Net Position at End of Year					<u>\$ (26,371,440)</u>	<u>\$ 20,851,735</u>	<u>\$ (5,519,705)</u>	<u>\$ 5,168,832</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST GREENWICH, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 13,817,572	\$ 287,626	\$ 14,105,198
Receivables, net	2,554,881	252,165	2,807,046
Due from other funds	3,669,446	3,398,227	7,067,673
Prepaid items	2,008,318		2,008,318
Total Assets	<u>\$ 22,050,217</u>	<u>\$ 3,938,018</u>	<u>\$ 25,988,235</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 923,172	\$ 175,756	\$ 1,098,928
Accrued liabilities	3,375,160	50,032	3,425,192
Due to other funds	4,838,270	1,915,081	6,753,351
Due to component unit	95,247		95,247
Unearned revenue		137	137
Total liabilities	<u>9,231,849</u>	<u>2,141,006</u>	<u>11,372,855</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	1,367,528		1,367,528
Unavailable revenue - other receivables	253,713		253,713
Total deferred inflows of resources	<u>1,621,241</u>	<u>-</u>	<u>1,621,241</u>
Fund balances:			
Nonspendable	2,008,318	349,852	2,358,170
Restricted		1,252	1,252
Committed	1,043,262	3,386,371	4,429,633
Assigned	73,724		73,724
Unassigned	8,071,823	(1,940,463)	6,131,360
Total fund balances	<u>11,197,127</u>	<u>1,797,012</u>	<u>12,994,139</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 22,050,217</u>	<u>\$ 3,938,018</u>	<u>\$ 25,988,235</u>

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TOWN OF EAST GREENWICH, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2020

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$ 12,994,139
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 147,825,376	
Less accumulated depreciation	<u>(69,482,166)</u>	
Net capital assets		78,343,210

Other long-term assets and deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are deferred in the funds:

Property tax receivables greater than 60 days	1,367,528
Other receivables not received within 60 days	253,713
Net pension asset	5,026,176
Deferred outflows of resources related to pensions	12,959,533
Deferred outflows of resources related to OPEB	3,829,733

Long-term liabilities and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(40,031,143)
Deferred inflows of resources related to pensions	(5,328,826)
Deferred inflows of resources related to OPEB	(7,328,138)
Unamortized bond issue premium	(2,510,938)
Interest payable on bonds	(153,035)
Compensated absences	(1,740,372)
Net pension liability	(50,077,922)
Net OPEB liability	(26,315,198)
Total OPEB liability	(7,098,627)
Claims and judgments	<u>(561,273)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ (26,371,440)</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF EAST GREENWICH, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Property taxes, interest and lien fees	\$ 57,956,263	\$	\$ 57,956,263
Intergovernmental revenues	8,410,928	945,465	9,356,393
Fines, penalties and charges for services	1,698,881	321,108	2,019,989
Licenses and permits	816,268		816,268
Investment income	111,351	2,402	113,753
Other revenues	201,120	82,026	283,146
Total revenues	<u>69,194,811</u>	<u>1,351,001</u>	<u>70,545,812</u>
Expenditures:			
Current:			
General government	4,408,642	127,541	4,536,183
Public safety	12,053,165	72,421	12,125,586
Public works	4,213,328	11,702	4,225,030
Cultural and recreation	1,151,722	161,994	1,313,716
Health and welfare		79	79
Education	41,794,216	745,589	42,539,805
Debt service:			
Principal retirement	2,607,833		2,607,833
Interest and other charges	2,114,678		2,114,678
Capital outlay	6,151	2,291,006	2,297,157
Total expenditures	<u>68,349,735</u>	<u>3,410,332</u>	<u>71,760,067</u>
Excess (Deficiency) of Revenues over Expenditures	<u>845,076</u>	<u>(2,059,331)</u>	<u>(1,214,255)</u>
Other Financing Sources (Uses):			
Issuance of direct placement debt		606,444	606,444
Transfers in from other funds	56,270	537,000	593,270
Transfers out to other funds	(537,000)	(13,270)	(550,270)
Total other financing sources (uses)	<u>(480,730)</u>	<u>1,130,174</u>	<u>649,444</u>
Net Change in Fund Balances	364,346	(929,157)	(564,811)
Fund Balances at Beginning of Year, as Restated	<u>10,832,781</u>	<u>2,726,169</u>	<u>13,558,950</u>
Fund Balances at End of Year	<u>\$ 11,197,127</u>	<u>\$ 1,797,012</u>	<u>\$ 12,994,139</u>

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TOWN OF EAST GREENWICH, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

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

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because of the following:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (564,811)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	2,102,844
Depreciation expense	(2,973,297)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes collected after 60 days	(863,385)
Other receivables collected after 60 days	(118,899)
Change in net pension asset	771,073
Change in deferred outflows of resources related to pensions	(2,561,627)
Change in deferred outflows of resources related to OPEB	2,083,753

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of direct placement debt	(606,444)
Principal payments	2,607,833

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in deferred inflows of resources related to pensions	(770,203)
Change in deferred inflows of resources related to OPEB	829,756
Amortization of bond premiums	157,973
Accrued interest	135,679
Change in long-term compensated absences	(775,444)
Change in net pension liability	10,577
Change in net OPEB liability	(2,631,791)
Change in total OPEB liability	(581,635)
Change in claims and judgments	11,631

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ (3,736,417)</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF EAST GREENWICH, RHODE ISLAND
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2020

	Business-Type Activities - Enterprise Funds		
	Major	Nonmajor	
	Sewer	School Lunch	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$	\$ 57,088	57,088
Accounts and other receivables, net	2,528,536		2,528,536
Due from other funds		38,711	38,711
Inventories		5,086	5,086
Total current assets	<u>2,528,536</u>	<u>100,885</u>	<u>2,629,421</u>
Noncurrent assets:			
Long-term sewer assessment receivables	4,247,208		4,247,208
Capital assets not being depreciated	1,994,898		1,994,898
Capital assets, net of accumulated depreciation	35,147,583		35,147,583
Total noncurrent assets	<u>41,389,689</u>	<u>-</u>	<u>41,389,689</u>
Total assets	<u>43,918,225</u>	<u>100,885</u>	<u>44,019,110</u>
Deferred outflows of resources:			
Deferred charge on refunding	191,668	-	191,668
Liabilities:			
Current liabilities:			
Accounts payable	54,812	14,859	69,671
Accrued liabilities	116,855		116,855
Due to other funds	1,754,365		1,754,365
Unearned revenue	245,591	14,507	260,098
Current portion of compensated absences	11,051		11,051
Current portion of bonds payable	1,923,331		1,923,331
Total current liabilities	<u>4,106,005</u>	<u>29,366</u>	<u>4,135,371</u>
Noncurrent liabilities:			
Compensated absences	22,438		22,438
Bonds payable after one year	14,954,026		14,954,026
Total noncurrent liabilities	<u>14,976,464</u>	<u>-</u>	<u>14,976,464</u>
Total liabilities	<u>19,082,469</u>	<u>29,366</u>	<u>19,111,835</u>
Deferred inflows of resources:			
Special assessments	4,247,208	-	4,247,208
Net Position:			
Net investment in capital assets	20,456,792		20,456,792
Unrestricted	323,424	71,519	394,943
Total Net Position	<u>\$ 20,780,216</u>	<u>\$ 71,519</u>	<u>20,851,735</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF EAST GREENWICH, RHODE ISLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Business-Type Activities - Enterprise Funds		
	Major	Nonmajor	
	Sewer	School Lunch	Total
Operating Revenues:			
Charges for services	\$ 3,219,927	\$ 332,434	\$ 3,552,361
Sewer assessments and interest income	912,952		912,952
Total operating revenues	<u>4,132,879</u>	<u>332,434</u>	<u>4,465,313</u>
Operating Expenses:			
Salaries and benefits	639,902		639,902
Materials and supplies	118,476		118,476
Contract services	388,484		388,484
Repairs and maintenance	53,292		53,292
Utilities	192,929		192,929
Administrative expenses	8,693		8,693
Depreciation and amortization	1,520,392		1,520,392
School lunch operations		543,560	543,560
Total operating expenses	<u>2,922,168</u>	<u>543,560</u>	<u>3,465,728</u>
Operating Income (Loss)	<u>1,210,711</u>	<u>(211,126)</u>	<u>999,585</u>
Nonoperating Revenues (Expenses):			
Intergovernmental		182,586	182,586
Interest expense	(384,182)		(384,182)
Total nonoperating revenues (expenses)	<u>(384,182)</u>	<u>182,586</u>	<u>(201,596)</u>
Income Before Capital Contributions and Transfers	826,529	(28,540)	797,989
Transfers Out	<u>(43,000)</u>		<u>(43,000)</u>
Change in Net Position	783,529	(28,540)	754,989
Net Position at Beginning of Year	<u>19,996,687</u>	<u>100,059</u>	<u>20,096,746</u>
Net Position at End of Year	<u>\$ 20,780,216</u>	<u>\$ 71,519</u>	<u>\$ 20,851,735</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST GREENWICH, RHODE ISLAND
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds		
	Major Fund	Nonmajor	
	Sewer	School Lunch	Total
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 6,555,135	\$ 353,465	\$ 6,908,600
Payments to suppliers for goods and services	(627,264)	(621,420)	(1,248,684)
Cash paid to employees	(2,563,368)		(2,563,368)
Net cash provided by (used in) operating activities	<u>3,364,503</u>	<u>(267,955)</u>	<u>3,096,548</u>
Cash Flows from Noncapital Financing Activities:			
Transfers in from other funds			
Transfers to other funds	(43,000)	(606,172)	(649,172)
Operating grants received		182,586	182,586
Net cash provided (used in) by noncapital financing activities	<u>(43,000)</u>	<u>(423,586)</u>	<u>(466,586)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(569,271)		(569,271)
Principal paid on bonds and notes payable	(2,348,004)		(2,348,004)
Interest paid on bonds	(404,228)		(404,228)
Net cash provided by (used in) capital and related financing activities	<u>(3,321,503)</u>	<u>-</u>	<u>(3,321,503)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	(691,541)	(691,541)
Cash and Cash Equivalents at Beginning of Year	-	748,629	748,629
Cash and Cash Equivalents at End of Year	<u>\$ -</u>	<u>\$ 57,088</u>	<u>\$ 57,088</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ 1,210,711	\$ (211,126)	\$ 999,585
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,520,392		1,520,392
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	2,443,238	6,524	2,449,762
(Increase) decrease in due from other funds		(38,711)	(38,711)
(Increase) decrease in sewer assessment receivables	877,560		877,560
Increase (decrease) in accounts payable and accrued liabilities	(123,054)	(39,149)	(162,203)
Increase (decrease) in due to other funds	(1,675,610)		(1,675,610)
Increase (decrease) in unearned revenue	245,591	14,507	260,098
Increase (decrease) in compensated absences	9,808		9,808
Increase (decrease) in unavailable sewer assessments	(1,144,133)		(1,144,133)
Total adjustments	<u>2,153,792</u>	<u>(56,829)</u>	<u>2,096,963</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 3,364,503</u>	<u>\$ (267,955)</u>	<u>\$ 3,096,548</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF EAST GREENWICH, RHODE ISLAND
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2020**

	OPEB Trust Fund	Agency Funds
Assets:		
Cash and cash equivalents	\$	\$ 439,921
Investments:		
Mutual funds	3,278,495	
Due from other funds		1,401,332
Total assets	<u>3,278,495</u>	<u>\$ 1,841,253</u>
Liabilities:		
Deposits held in custody for others		<u>\$ 1,841,253</u>
Total liabilities	<u>-</u>	<u>\$ 1,841,253</u>
Net Position:		
Restricted for OPEB benefits	<u>\$ 3,278,495</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF EAST GREENWICH, RHODE ISLAND
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	OPEB Trust Fund
Additions:	
Employer contributions	\$ 945,461
Net change in fair value of investments	142,944
Total additions	<u>1,088,405</u>
Deductions:	
Benefit payments	<u>945,461</u>
Change in Net Position	142,944
Net Position at Beginning of Year	<u>3,135,551</u>
Net Position at End of Year	<u>\$ 3,278,495</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Town of East Greenwich, Rhode Island (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

A. Reporting Entity

The Town of East Greenwich is a municipal corporation governed by a Town Council/Town Manager form of government with an elected five member Town Council.

The Town of East Greenwich was incorporated in 1677. The Town operates under a Home Rule Charter, adopted in 1972. All legislative powers of the Town, except such powers as are reserved by the state law or vested in the financial Town Meeting by the Charter and by-laws enacted by the Town Council, are vested in the Town Council by the Charter, including the ordering of any tax, making appropriations and transacting of any other business pertaining to the financial affairs of the Town.

GAAP require that the reporting entity include 1) the primary government, 2) organizations for which the primary government is financially accountable, and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board (GASB) Codification Section 2100 have been considered and have resulted in the inclusion of one discretely presented component unit as detailed below.

Discretely Presented Component Unit

The East Greenwich Land Trust (the Trust) has been presented as a component unit of the Town in the government-wide financial statements. The Town Council appoints the Board of Trustees that governs the Trust. The Land Trust was included as a component unit because the primary government has a significant influence over the component unit, a financial benefit or burden exist and the component unit has a fiscal dependency on the primary government. The purpose of the Trust is to promote preservation of the environment and character of the Town, to preserve suitable open spaces for recreation, for the conservation of forestry and wildlife, to promote responsible development of real estate and sound conservational practices, to protect environmentally sensitive or threatened existing and /or future fresh-water well fields, aquifer recharge area, wetlands and to promote public access and views of harbors, ponds, marshes, farmland and forests situated in the Town. Upon termination or dissolution of the Trust, title to all remaining funds, land and land rights will vest with the Town. The Trust is included in the Town's reporting entity because of the significance of the operational and financial relationships with the Town. The Trust does not issue separate financial statements.

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the Town is reported separately from a certain legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements, except for Agency Funds, which have no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

The Town reports the following major governmental fund:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary fund:

The *Sewer Fund* is a proprietary (enterprise) fund is used to account for sewer use fees and the expenses associated with providing sewer services to town residents.

Additionally, the Town reports the following fund types:

The *OPEB Trust Fund* is used to account for funding of future other postemployment benefits such as health, dental and life insurance for the Town's retirees.

The *Agency Funds* account for performance bonds and the various student activities.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Functional expenses in the statement of activities include certain indirect expenses, such as employee benefits, pension and insurance. These expenses are allocated to governmental activity functions based on total salary expenses for each function.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

D. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the government are reported at fair value (generally based on quoted market prices).

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Property Taxes Receivable

The Town is permitted by state law to levy property taxes. Taxes are recognized as revenue when they are collected. Taxes are levied each July on (a) 100% of the full and fair value of real and tangible personal property owned within the Town on the previous December 31; and, (b) the value, as determined by the Rhode Island Vehicle Valuation Commission, of vehicles registered within the Town the previous calendar year, prorated for the actual number of days so registered, reduced by the amount exempt under the Motor Vehicle Phase-Out Program.

Taxes levied during July are payable in quarterly installments on September 1, December 1, March 1 and June 1, or on September 1, if paid in one payment. Unpaid property taxes at June 30, 2020 include delinquent installments of the current and prior years. The Town does not record interest earned on delinquent taxes until payment is received.

The allowance for uncollectible accounts is based on that portion of current and delinquent taxes receivable, which is estimated to be doubtful of collection. This provision does not constitute an abandonment of claim or the cessation of collection effort.

The municipality holds an annual tax sale in May or June. This tax sale includes all property with a delinquent balance as of the December 1 quarterly installment for the current year. Subsequent to the tax sale, recorder’s deeds are placed on sold properties.

F. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of donated commodities are stated at fair market value. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and with a useful life of greater than five (5) years.

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs that are essentially amounts spent in relation to capital assets and that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at their acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	15
Buildings	30-50
Building Improvements	10-40
Machinery and equipment	5-30
Vehicles	5-10
Infrastructure	20-50

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position and a deferred charge on refunding on the enterprise funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension/OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension/OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflow of resources related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension/OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension/OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available. The enterprise funds report deferred inflows related to special assessments when assessments must be used during a particular period or specifies when use may first begin. If receivables are recognized prior to the time requirement being met, deferred special assessments are reported as deferred inflows of resources.

I. Compensated Absences

Unused vacation leave is paid upon an employee's termination. Sick leave not taken is paid only to police department employees up to 300 days of total accumulated sick leave at 50%, upon retirement. School department employees are paid compensated absences based on various employee agreements. Compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. In governmental funds compensated absence expenditures are only reported when matured. Amounts not expected to be liquidated with expendable available resources are reported as long-term debt in the government-wide financial statements. Long-term debt and other obligations financed by the proprietary funds are reported as liabilities in the appropriate funds. For proprietary fund types, accrued compensated absences are recorded as a liability within those funds using the full accrual basis.

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Bond issuance costs whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Pensions

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), Employees' Retirement System plan (ERS) of Rhode Island, and Teachers' Survivors Benefit Plan (TSB) and additions to/deductions from MERS', ERS' and TSB's fiduciary net position have been determined on the same basis as they are reported by MERS, ERS and TSB, respectively. 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.

L. Postemployment Benefits Other than Pension (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Town of East Greenwich, Rhode Island, OPEB Trust Fund and additions to/deductions from OPEB Trust Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Trust Fund. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Equity

Equity in the government-wide financial statements is defined as "net position" and is classified in the following categories:

Net Investment in Capital Assets

This component of net position consists of 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 improvement of those assets.

Restricted

Restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted

This component consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

The equity of the fund financial statements is defined as "fund balance" and is classified in the following categories:

Nonspendable Fund Balance

This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance

This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

Committed Fund Balance

This represents amounts constrained for a specific purpose imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Town Council is the highest level of decision-making authority and utilizes Town Ordinances as a formal procedure to commit fund balance.

Assigned Fund Balance

This represents amounts constrained for the intent to be used for a specific purpose by the Finance Director which has been delegated authority by the Town Council.

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Unassigned Fund Balance

This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

Fund Balance Policies

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

N. Accounting 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

O. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through February 15, 2021, the date the financial statements were available to be issued.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the East Greenwich Home Rule Charter, the Town has formally established budgetary accounting control for its General Fund. The General Fund is subject to an annual operating budget that is prepared by the administration of the Town Manager and submitted to the Town Council for approval. The annual operating budgets' appropriated amounts are supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. The General Fund annual operating budget is prepared on the budgetary basis of accounting which is not in conformity with GAAP. The budget to actual presentation in required supplementary information is reflected on the budgetary basis.

Appropriations in addition to those contained in the annual operating budgets, except for the purpose of meeting a public emergency, are made upon the recommendation of the Town Manager with the Director of Finance's certification as to General Fund surplus to meet such appropriations and with Town Council's approval. Amendments to the operating budgets that do not result in additional appropriations may be made within departments by means of a transfer. Additional appropriations of \$137,711 were made during the year ended June 30, 2020, with a corresponding increase to budgeted revenues of the same amount.

**TOWN OF EAST GREENWICH, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

The budget of the School Unrestricted Fund is prepared annually and submitted to the School Committee for approval. The amount of the annual transfer from the Town’s General Fund to the School Unrestricted Fund is ultimately determined through the adoption of the General Fund budget.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2020, expenditures exceeded appropriations for the following functions:

<u>Function</u>	<u>Expenditures in Excess of Appropriations</u>
General government	\$ 240,931
Public safety	342,243
Education	100,652

Excess expenditures over appropriations occurred primarily as a result of COVID-19 and the additional costs borne by the Town as a result of the pandemic. See further discussion at Note 14.

C. Deficit Fund Equity and Accumulated Deficits

The following funds had fund deficits as of June 30, 2020:

<u>Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Fund Deficit</u>
EDC Fund	Special Revenue Fund	\$ 171
52M Capital Fund	Capital Project Fund	396,680
Bond Fund	Capital Project Fund	1,543,612

The fund deficit for the EDC Fund is expected to be funded through additional support from the General Fund if needed. The fund deficit for the Bond Fund is expected to be funded through future bond issuances. The funding of the deficit for the 52M Capital Fund is currently being deliberated by management of the Town with a resolution expected in 2021.

3. CASH AND INVESTMENTS

Pursuant to Section 35-10.1 of the Rhode Island General Laws, as of October 1, 1991, public deposit institutions are required to insure accounts that hold public funds in excess of the \$250,000 which is guaranteed by FDIC.

Rhode Island public law requires 100% of public deposits in a qualified public depository with maturities greater than sixty (60) days are collateralized with either bank segregated assets, in a trust department or in custodial accounts at a Federal Reserve Bank or federal home loan bank.

State statutes and the Town investment policy as approved by Town Council authorize the Town to invest in financial institutions whose principal office is located in the state of Rhode Island or which has a deposit taking facility within the state. Investments are also permitted in any mutual, money market fund comprised of government-backed instruments or repurchase agreements.

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

A. Deposits

Substantially all of the Town's cash and cash equivalents are held in public deposit institutions. Pursuant to Section 35-10.1 of the Rhode Island General Laws, as of October 1, 1991, public deposit institutions are required to insure accounts that hold public funds in excess of the \$250,000 which is guaranteed by FDIC.

Deposit Custodial Credit Risk

Custodial credit risk in the case of deposits is the risk that in the event of a bank failure, the government's deposits may not be returned. Deposits are limited by State Law and Town Policy and additionally may have more than fifty percent of the Town's average monthly expenses invested in the same institution. The Town's policy is also to require full collateralization of all Town investments and funds on deposit not otherwise insured. As such, the entire bank balance of the Town as of June 30, 2020 of \$13,407,690 was insured or collateralized.

B. Investments

As of June 30, 2020, the Town's investments of \$3,278,495 are comprised entirely of mutual funds.

Interest Rate Risk

This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have an interest rate policy. The Town does not have any investments that are subject to interest rate risk for the fiscal year ended June 30, 2020. If applicable, information about the exposure of the Town's debt type investments to this risk is reported using the segment time distribution model.

Credit Risk

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk exposure. Deposits are limited by State Law and Town Policy and the Town's policy is also to require full collateralization of all Town investments and funds on deposit not otherwise insured. The Town did not have any debt type investments that were exposed to credit risk as of June 30, 2020.

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Deposits are limited by State Law and Town Policy and the Town's policy is also to require full collateralization of all Town investments and funds on deposit not otherwise insured. At June 30, 2020, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Fair Value Disclosure

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2020:

	<u>June 30, 2020</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Mutual Funds	\$ 3,278,495	\$ 3,278,495	\$	\$

Mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

4. RECEIVABLES

Receivable as of year-end for the Town's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Sewer</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Accounts	\$ 348,023	\$ 1,953,796	\$	\$ 2,301,819
Property taxes	2,137,011			2,137,011
Intergovernmental			241,100	241,100
Special assessments		4,477,515		4,477,515
Other	146,217	394,433	11,065	551,715
Gross receivables	<u>2,631,251</u>	<u>6,825,744</u>	<u>252,165</u>	<u>9,709,160</u>
Less allowance for uncollectibles	<u>(76,370)</u>	<u>(50,000)</u>		<u>(126,370)</u>
Net Total Receivables	<u>\$ 2,554,881</u>	<u>\$ 6,775,744</u>	<u>\$ 252,165</u>	<u>\$ 9,582,790</u>

Discretely Presented Component Unit

The East Greenwich Land Trust had amounts due from the primary government of \$95,247 as of June 30, 2020.

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

5. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

A. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2020 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Fund	\$ 1,754,365
	Nonmajor Governmental Funds	1,915,081
Nonmajor Governmental Funds	General Fund	3,398,227
School Lunch Fund	General Fund	38,711
Fiduciary Funds	General Fund	<u>1,401,332</u>
 Total		 <u>\$ 8,507,716</u>

The outstanding balances between funds result mainly from advances from one fund (primarily the General Fund) to another fund. The advances may represent balances resulting from operating advances or reimbursement for expenditures paid by one fund on behalf of another fund.

B. Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2020 is as follows:

	<u>Transfers In</u>		<u>Total Transfers Out</u>
	<u>General</u>	<u>Nonmajor Governmental Funds</u>	
Transfers out:			
General	\$	\$ 537,000	\$ 537,000
Nonmajor Governmental Funds	13,270		13,270
Sewer	<u>43,000</u>		<u>43,000</u>
 Transfers In	 <u>\$ 56,270</u>	 <u>\$ 537,000</u>	 <u>\$ 593,270</u>

During the year, transfers are used to provide a financing source to various funds that may not have the ability to cover all operating costs with revenue generated by the fund.

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

6. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020 for governmental activity was as follows:

	<u>Beginning Balance *</u>	<u>Adjustments/ Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,825,033	\$	\$	\$ 1,825,033
Construction in progress	276,090	732,144	276,090	732,144
Total capital assets not being depreciated	<u>2,101,123</u>	<u>732,144</u>	<u>276,090</u>	<u>2,557,177</u>
Capital assets being depreciated:				
Infrastructure	36,472,762			36,472,762
Buildings and improvements	86,575,649	276,090	40,086	86,811,653
Land improvements	9,902,740		17,796	9,884,944
Office furniture and equipment	612,818	51,720	65,247	599,291
Motor vehicles	6,284,372	1,166,341	339,334	7,111,379
Machinery and equipment	4,500,455	152,639	264,924	4,388,170
Total capital assets being depreciated	<u>144,348,796</u>	<u>1,646,790</u>	<u>727,387</u>	<u>145,268,199</u>
Less accumulated depreciation for:				
Infrastructure	36,472,762			36,472,762
Buildings and improvements	19,757,484	1,907,656	40,086	21,625,054
Land improvements	2,654,444	359,622	17,796	2,996,270
Office furniture and equipment	529,374	26,842	65,247	490,969
Motor vehicles	4,645,072	421,476	339,334	4,727,214
Machinery and equipment	3,177,120	257,701	264,924	3,169,897
Total accumulated depreciation	<u>67,236,256</u>	<u>2,973,297</u>	<u>727,387</u>	<u>69,482,166</u>
Total capital assets being depreciated, net	<u>77,112,540</u>	<u>(1,326,507)</u>	<u>-</u>	<u>75,786,033</u>
Governmental Activities Capital Assets, Net	<u>\$ 79,213,663</u>	<u>\$ (594,363)</u>	<u>\$ 276,090</u>	<u>\$ 78,343,210</u>

* As Restated

Depreciation expense was charged to the functions of the governmental activities of the primary government as follows:

Governmental activities:	
General government	\$ 89,782
Public safety	252,927
Public works	510,260
Cultural and recreation	108,666
Education	<u>2,011,662</u>
Total	<u>\$ 2,973,297</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Capital assets activity for the year ended June 30, 2020 for business-type activity was as follows:

	<u>Beginning Balance</u>	<u>Adjustments/ Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 15,372	\$	\$	\$ 15,372
Construction in progress	1,772,845	206,681		1,979,526
Total capital assets not being depreciated	<u>1,788,217</u>	<u>206,681</u>	<u>-</u>	<u>1,994,898</u>
Capital assets being depreciated:				
Building	20,826,147			20,826,147
Building improvements	1,176,208			1,176,208
Equipment and fixtures	3,646,392	71,818		3,718,210
Motor vehicles	253,295	290,772		544,067
Infrastructure	32,376,713			32,376,713
Total capital assets being depreciated	<u>58,278,755</u>	<u>362,590</u>	<u>-</u>	<u>58,641,345</u>
Less accumulated depreciation for:				
Building	11,304,523	449,762		11,754,285
Building improvements	58,695	50,698		109,393
Equipment and fixtures	653,267	169,287		822,554
Motor vehicles	170,702	41,616		212,318
Infrastructure	9,786,183	809,029		10,595,212
Total accumulated depreciation	<u>21,973,370</u>	<u>1,520,392</u>	<u>-</u>	<u>23,493,762</u>
Total capital assets being depreciated, net	<u>36,305,385</u>	<u>(1,157,802)</u>	<u>-</u>	<u>35,147,583</u>
Business-Type Activities Capital Assets, Net	<u>\$ 38,093,602</u>	<u>\$ (951,121)</u>	<u>\$ -</u>	<u>\$ 37,142,481</u>

Depreciation was charged to the following business-type activities of the primary government as follows:

Business-type activities:	
Sewer	\$ 1,520,392

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Discretely Presented Component Unit

Activity for the East Greenwich Land Trust for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Adjustments/ Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Component Unit - East Greenwich Land Trust:				
Capital assets not being depreciated:				
Land	\$ 5,018,500	\$	\$	\$ 5,018,500
Construction in progress	5,135	109,510	5,135	109,510
Total capital assets not being depreciated	<u>5,023,635</u>	<u>109,510</u>	<u>5,135</u>	<u>5,128,010</u>
Capital assets being depreciated:				
Building improvements	193,979	5,135		199,114
Less accumulated depreciation for:				
Building improvements	10,240	5,105		15,345
Total capital assets being depreciated, net	<u>183,739</u>	<u>30</u>	<u>-</u>	<u>183,769</u>
East Greenwich Land Trust Capital Assets, Net	<u>\$ 5,207,374</u>	<u>\$ 109,540</u>	<u>\$ 5,135</u>	<u>\$ 5,311,779</u>

Depreciation expense of \$5,105 was charged to the East Greenwich Land Trust for the year ended June 30, 2020.

7. LONG-TERM LIABILITIES

A. General Obligation Bonds

The government issues general obligation bonds (both privately and publicly placed) to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 10 to 30 years.

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

General obligation bonds outstanding at June 30, 2020 are as follows:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2020
Governmental activities:					
Directly placed debt:					
Health and Education Building Corp	02/02/12	06/30/37	2.5% - 5.0%	\$ 35,640,000	\$ 27,935,000
Health and Education Building Corp	11/15/10	05/15/29	0.897%	10,635,000	5,317,502
RI Infrastructure Water Road & Bridge	05/25/15	09/01/24	.023% - 1.73%	2,000,000	1,146,000
Road & Bridge Revolving Loan	05/30/17	09/01/36	1.76%	5,000,000	3,932,641
School Fields - RIHBC	02/25/09	05/15/24	2.5% - 4.125%	6,000,000	1,700,000
Total governmental activities				<u>59,275,000</u>	<u>40,031,143</u>
Business Type Activities:					
General obligation bonds:					
Refunding Bond	09/08/16	10/01/28	2.75% - 4.0%	<u>5,055,000</u>	<u>2,610,000</u>
Directly placed debt:					
RI Infrastructure Bank	10/30/02	09/01/22	3.90%	11,100,000	2,112,079
RI Infrastructure Bank	12/21/06	09/01/27	1.27%	7,600,000	3,358,000
RI Infrastructure Bank	09/14/09	09/01/29	0.41% - 2.68%	2,900,000	1,381,409
RI Infrastructure Bank	06/02/16	09/01/35	0.31% - 2.24%	6,000,000	5,174,000
RI Infrastructure Bank	06/10/10	09/01/31	0.61% - 3.25%	3,000,000	1,992,000
Total directly placed debt				<u>30,600,000</u>	<u>14,017,488</u>
Total business-type activities				<u>35,655,000</u>	<u>16,627,488</u>
Total Outstanding				<u>\$ 94,930,000</u>	<u>\$ 56,658,631</u>

B. Legal Debt Margin

The Town's legal debt margin as set forth by State Statute is limited to three percent of total assessed value. In addition to the bonding authority granted under §45-12-2 of the Rhode Island General Laws, the Town of East Greenwich, Rhode Island, can authorize bond issues pursuant to a special act of the Rhode Island General Assembly. Bond issues authorized by a special act of the General Assembly are normally not subject to any legal debt limit but are subject to financial constraints such as the Town's ability and willingness to service the bonded debt.

Of the Town's \$56,658,631 total bonds payable (including bonds payable for the sewer enterprise fund), approximately \$12,191,609 is subject to its legal debt limits. The \$56,658,631 outstanding does not exceed the Town's legal debt limit of \$73,430,663, which is 3% of the assessed value (\$2,447,688,773) of taxable property of the Town as of December 31, 2018. The total long-term debt bond obligations of the Town of \$56,658,631 represent approximately 2.19% of the assessed value of the taxable property of the Town at June 30, 2020 (assessment date December 31, 2018).

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

C. Authorized But Unissued Bond Authority

The Town has the following remaining authorized but unissued bond authority as of June 30, 2020:

<u>Purpose</u>	<u>Authority Amount</u>	<u>Issued</u>	<u>Authorized and Unissued</u>
School improvements	\$ 57,276,000	\$ 46,625,000	\$ 10,651,000
Public buildings	4,000,000	350,000	3,650,000
Sewer treatment system	4,500,000		4,500,000
Total	<u>\$ 65,776,000</u>	<u>\$ 46,975,000</u>	<u>\$ 18,801,000</u>

D. Changes in Long-Term Liabilities

Changes in the Town's long-term liabilities for the year ended June 30, 2020 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
Direct placement debt	\$ 42,032,532	\$ 606,444	\$ 2,607,833	\$ 40,031,143	\$ 2,653,833
Issuance premium on debt	<u>2,668,911</u>		<u>157,973</u>	<u>2,510,938</u>	
Total bonds payable	44,701,443	606,444	2,765,806	42,542,081	2,653,833
Compensated absences	964,928	968,430	192,986	1,740,372	447,428
Net pension liability	50,088,499		10,577	50,077,922	
Net OPEB liability	23,683,407	2,631,791		26,315,198	
Total OPEB liability	6,516,992	581,635		7,098,627	
Claims and judgments	<u>572,904</u>		<u>11,631</u>	<u>561,273</u>	<u>11,631</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 126,528,173</u>	<u>\$ 4,788,300</u>	<u>\$ 2,981,000</u>	<u>\$ 128,335,473</u>	<u>\$ 3,112,892</u>
Business-Type Activities:					
Bonds payable:					
General obligation bonds	\$ 2,915,000		\$ 305,000	\$ 2,610,000	\$ 300,000
Issuance premium on bonds	<u>277,632</u>		<u>27,763</u>	<u>249,869</u>	
Total bonds payable	3,192,632	-	332,763	2,859,869	300,000
Direct placement debt	16,060,492		2,043,004	14,017,488	1,623,331
Compensated absences	<u>23,681</u>	<u>9,808</u>		<u>33,489</u>	<u>11,051</u>
Total Business-Type Activities Long-Term Liabilities	<u>\$ 19,276,805</u>	<u>\$ 9,808</u>	<u>\$ 2,375,767</u>	<u>\$ 16,910,846</u>	<u>\$ 1,934,382</u>

For the governmental activities, compensated absences, net pension liability, net OPEB liability, total OPEB liability and claims and judgements are generally liquidated by the General Fund inclusive of the School Department.

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

The debt service requirements for the Town's publicly placed bonds are as follows:

	Business-Type Activities	
	Principal	Interest
2021	\$ 300,000	\$ 81,963
2022	295,000	73,038
2023	295,000	62,713
2024	295,000	50,913
2025	295,000	39,113
2026-2029	<u>1,130,000</u>	<u>64,645</u>
Total	<u>\$ 2,610,000</u>	<u>\$ 372,385</u>

The debt service requirements for the Town's direct placement bonds are as follows:

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 2,653,833	\$ 968,188	\$ 1,623,331	\$ 295,589
2022	2,696,833	910,311	1,657,698	267,190
2023	2,763,833	1,904,270	1,693,484	237,550
2024	2,837,833	1,814,284	992,603	212,186
2025	2,474,833	1,733,369	1,012,999	191,229
2026-2030	11,412,337	6,816,921	4,495,373	616,060
2031-2035	10,771,000	2,710,261	2,160,000	186,426
2036-2037	<u>4,420,641</u>	<u>351,373</u>	<u>382,000</u>	<u>5,233</u>
Total	<u>\$ 40,031,143</u>	<u>\$ 17,208,977</u>	<u>\$ 14,017,488</u>	<u>\$ 2,011,463</u>

Directly Placed Debt

The Town has debt that is directly placed as separately identified above. These issuances are primarily through the Rhode Island Infrastructure Bank and the Rhode Island Health and Educational Building Corporation and with the exception of non-payment of scheduled debt service, do not contain any significant default related events, termination events with finance-related consequences or subjective acceleration clauses.

Discretely Presented Component Unit

The East Greenwich Land Trust has a note payable related to financed costs of capital improvements. Changes in the East Greenwich Land Trust's long-term liabilities for the year ended June 30, 2020 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
East Greenwich Land Trust:					
Note payable	\$ 205,000	\$	\$ 35,000	\$ 170,000	\$ 35,000

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

The debt service requirements for the debt is as follows:

	East Greenwich Land Trust	
	Principal	Interest
2021	\$ 35,000	\$ 3,187
2022	35,000	2,756
2023	35,000	1,724
2024	35,000	993
2025	<u>30,000</u>	<u>314</u>
Total	<u>\$ 170,000</u>	<u>\$ 8,974</u>

8. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2020 are as follows:

	General	Nonmajor Governmental Funds	Total
Fund balances:			
Nonspendable for:			
Prepays	\$ 288,220	\$	\$ 288,220
Deposits held for health and dental benefits	1,720,098		1,720,098
Held in trust		349,852	349,852
Restricted for:			
Educational programs		1,252	1,252
Committed to:			
General government		170,527	170,527
Public safety		142,480	142,480
Public works		26,765	26,765
Cultural and recreation		2,326,451	2,326,451
Education	1,043,262	260,874	1,304,136
Capital improvements		459,274	459,274
Assigned for:			
General government	13,486		13,486
Public safety	43,846		43,846
Public works	16,392		16,392
Unassigned	<u>8,071,823</u>	<u>(1,940,463)</u>	<u>6,131,360</u>
Total Fund Balances	<u>\$ 11,197,127</u>	<u>\$ 1,797,012</u>	<u>\$ 12,994,139</u>

Major encumbrances of \$73,724 are reported in the assigned fund balance of the General Fund and represent amounts expected to be honored upon performance by the vendor. Included within the committed fund balance of the General Fund are encumbrances of \$959 representing open purchase obligations on resources committed by Town Council for education purposes.

9. DEFINED BENEFIT PENSION PLANS

A. Municipal Employees' Retirement System of the State of Rhode Island - General, Police and Fire

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 Compensation: 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.

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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.

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.

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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.

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%

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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 the 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.

Employees Covered by Benefit Terms

The Town of East Greenwich has five separate reporting units within its MERS plan. The units are for Town Employees, Town Employees with COLA, Town Fire Non-Cert Employees, Police Employees, and Fire Employees.

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

	<u>Town Employees</u>	<u>Town Employees w/ COLA</u>	<u>Town Fire Non-Cert Employees</u>	<u>Police Employees</u>	<u>Fire Employees</u>
Retirees and Beneficiaries	49	56	1	31	34
Inactive, Nonretired Members	50	53		5	4
Active Members	<u>18</u>	<u>159</u>		<u>34</u>	<u>36</u>
Total	<u>117</u>	<u>268</u>	<u>1</u>	<u>70</u>	<u>74</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 2% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 9.25%. Public safety employees are required to contribute 10% 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 \$1,833,414 in the year ended June 30, 2020 which was 14.80% of annual covered payroll.

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Net Pension Liability (Asset)

The total pension liability (asset) 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.

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2019 measurement date (June 30, 2018 valuation rolled forward to June 30, 2019)	
Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent 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	2.5 %
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.

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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:

<u>Type of Investments</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity		
U.S. Equity	22.10%	6.16%
International Developed Equity	13.20%	6.83%
Emerging Markets Equity	4.70%	8.90%
Equity Hedge Funds		
Private Equity	11.25%	9.81%
Non-Core Real Estate	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 Class		
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%	2.14%
Absolute Return	6.50%	4.20%
Cash	<u>3.00%</u>	0.77%
	<u><u>100.0%</u></u>	

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%. 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

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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.

The following schedules present the changes in the Net Pension Liability (Asset) for the year:

Municipal Employee's Retirement System - Town Employees

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balances as of July 1, 2019	\$ 6,524,219	\$ 7,398,225	\$ (874,006)
Changes for the Year			
Service cost	111,102		111,102
Interest on the total pension liability	442,965		442,965
Difference between expected and actual experience	103,827		103,827
Employer contributions		57,052	(57,052)
Employee contributions		42,791	(42,791)
Net investment income		465,261	(465,261)
Benefit payments, including employee refunds	(503,408)	(503,408)	-
Administrative expense		(7,273)	7,273
Other changes		(3,732)	3,732
Net changes	<u>154,486</u>	<u>50,691</u>	<u>103,795</u>
Balances as of June 30, 2020	\$ <u>6,678,705</u>	\$ <u>7,448,916</u>	\$ <u>(770,211)</u>

Municipal Employee's Retirement System - Town Employees with COLA

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of July 1, 2019	\$ 24,121,575	\$ 23,234,884	\$ 886,691
Changes for the Year			
Service cost	516,154		516,154
Interest on the total pension liability	1,669,049		1,669,049
Difference between expected and actual experience	(514,167)		(514,167)
Employer contributions		264,876	(264,876)
Employee contributions		172,225	(172,225)
Net investment income		1,503,252	(1,503,252)
Benefit payments, including employee refunds	(1,072,204)	(1,072,204)	-
Administrative expense		(23,499)	23,499
Other changes		(12,180)	12,180
Net changes	<u>598,832</u>	<u>832,470</u>	<u>(233,638)</u>
Balances as of June 30, 2020	\$ <u>24,720,407</u>	\$ <u>24,067,354</u>	\$ <u>653,053</u>

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Municipal Employee's Retirement System - Town Fire Non-Cert Employees

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of July 1, 2019	\$ 419,129	\$ 163,937	\$ 255,192
Changes for the Year			
Interest on the total pension liability	28,590		28,590
Difference between expected and actual experience	(168,450)		(168,450)
Net investment income		9,485	(9,485)
Benefit payments, including employee refunds	(21,409)	(21,409)	-
Administrative expense		(148)	148
Net changes	<u>(161,269)</u>	<u>(12,072)</u>	<u>(149,197)</u>
Balances as of June 30, 2020	<u>\$ 257,860</u>	<u>\$ 151,865</u>	<u>\$ 105,995</u>

Municipal Employee's Retirement System - Police Employees

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of July 1, 2019	\$ 23,162,952	\$ 15,734,384	\$ 7,428,568
Changes for the Year			
Service cost	510,357		510,357
Interest on the total pension liability	1,598,440		1,598,440
Difference between expected and actual experience	(150,336)		(150,336)
Employer contributions		693,687	(693,687)
Employee contributions		240,278	(240,278)
Net investment income		1,027,165	(1,027,165)
Benefit payments, including employee refunds	(1,166,550)	(1,166,550)	-
Administrative expense		(16,057)	16,057
Other changes		(67,797)	67,797
Net changes	<u>791,911</u>	<u>710,726</u>	<u>81,185</u>
Balances as of June 30, 2020	<u>\$ 23,954,863</u>	<u>\$ 16,445,110</u>	<u>\$ 7,509,753</u>

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Municipal Employee's Retirement System - Fire Employees

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of July 1, 2019	\$ 22,631,235	\$ 14,089,957	\$ 8,541,278
Changes for the Year			
Service cost	524,081		524,081
Interest on the total pension liability	1,562,397		1,562,397
Difference between expected and actual experience	(278,571)		(278,571)
Employer contributions		769,371	(769,371)
Employee contributions		256,817	(256,817)
Net investment income		929,699	(929,699)
Benefit payments, including employee refunds	(1,146,649)	(1,146,649)	-
Administrative expense		(14,533)	14,533
Other changes		(1)	1
Net changes	<u>661,258</u>	<u>794,704</u>	<u>(133,446)</u>
Balances as of June 30, 2020	<u>\$ 23,292,493</u>	<u>\$ 14,884,661</u>	<u>\$ 8,407,832</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the employers calculated using the current discount rate, as well as what the employers' 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% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Town Employees	\$ (49,835)	\$ (770,211)	\$ (1,359,945)
Town Employees with COLA	3,234,449	653,053	(1,459,538)
Town Fire Non-Cert Employees	133,999	105,995	83,067
Police Employees	10,025,051	7,509,753	5,451,143
Fire Employees	10,855,061	8,407,832	6,404,924

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2020, the employer recognized pension expense of \$3,163,072. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Town Employees</u>	<u>Town Employees w/ COLA</u>	<u>Town Fire Non-Cert Employees</u>	<u>Police Employees</u>	<u>Fire Employees</u>	<u>Total</u>
Deferred outflows of resources:						
Difference between expected and actual experience	\$ 46,152	\$ 23,047	\$ 3,867	\$ 8,219	\$ 660,842	\$ 742,127
Changes of assumptions		510,009		592,036	667,106	1,769,151
Net difference between projected and actual earnings on pension plan investments			3,512			3,512
Town contributions subsequent to measurement date	<u>69,214</u>	<u>262,873</u>	<u>6,461</u>	<u>697,082</u>	<u>797,784</u>	<u>1,833,414</u>
Total Deferred Outflows of Resources	<u>\$ 115,366</u>	<u>\$ 795,929</u>	<u>\$ 13,840</u>	<u>\$ 1,297,337</u>	<u>\$ 2,125,732</u>	<u>\$ 4,348,204</u>
Deferred inflows of resources:						
Difference between expected and actual experience	\$	\$ 798,524	\$ 4,241	\$ 415,679	\$ 232,852	\$ 1,451,296
Changes of assumptions		8,032	2,189		15,733	25,954
Net difference between projected and actual earnings on pension plan investments	<u>9,428</u>	<u>65,032</u>		<u>62,967</u>	<u>92,961</u>	<u>230,388</u>
Total Deferred Inflows of Resources	<u>\$ 9,428</u>	<u>\$ 871,588</u>	<u>\$ 6,430</u>	<u>\$ 478,646</u>	<u>\$ 341,546</u>	<u>\$ 1,707,638</u>

Total of the Town contributions subsequent to measurement date of \$1,833,414 reported as deferred outflows of resources related to pensions above will be recognized as a reduction of the net pension liability in the subsequent period.

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

<u>Year Ending June 30,</u>	<u>Town Employees</u>	<u>Town Employees w/ COLA</u>	<u>Town Fire Non-Cert Employees</u>	<u>Police Employees</u>	<u>Fire Employees</u>
2021	\$ 91,768	\$ 89,352	\$ 1,956	\$ 172,580	\$ 300,512
2022	(57,828)	(226,713)	(1,649)	(35,057)	149,581
2023	(4,837)	(22,594)	846	64,218	245,917
2024	7,621	(96,965)	(204)	(68,046)	263,092
2025		(81,612)		(12,086)	31,557
Thereafter					(4,257)
Total	<u>\$ 36,724</u>	<u>\$ (338,532)</u>	<u>\$ 949</u>	<u>\$ 121,609</u>	<u>\$ 986,402</u>

B. Employees' Retirement System of the State of Rhode Island - Teachers

Plan Description

All full-time teachers, principals, school nurses and certain other school officials (including the superintendent) in the town's school system must 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>.

Eligibility and Plan Benefits

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

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

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

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

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, full-time teachers, principals, school nurses and certain other school officials were required to contribute 3.75% of their annual covered salary, except for teachers with 20 or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The State and the School are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by the

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School; the rates were 10.49% and 14.12% of annual covered payroll for the fiscal year ended June 30, 2020 for the state and School, respectively. The School contributed \$2,456,857, \$2,559,780 and \$2,455,896 for the fiscal years ended June 30, 2020, 2019 and 2018, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2020, the School reported a liability of \$58,422,313 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the School 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 School were as follows:

School's proportionate share of the net pension liability	\$ 33,401,289
State's proportionate share of the net pension liability associated with the School	<u>25,021,024</u>
Total Net Pension Liability	<u>\$ 58,422,313</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 School's proportion of the net pension liability was based on a projection of the School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2019 the School's proportion was 1.50%.

For the year ended June 30, 2020, the School recognized gross pension expense of \$6,608,303 and revenue and expense of \$2,775,763 for support provided by the State. At June 30, 2020 the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources:	
Difference between expected and actual experience	\$ 406,742
Changes of assumption	1,954,502
Changes in proportionate share of employer contributions	2,884,663
Contributions subsequent to the measurement date	<u>2,456,857</u>
Total Deferred Outflows of Resources	<u>\$ 7,702,764</u>
Deferred inflows of resources:	
Difference between expected and actual experience	\$ 557,801
Change of assumptions	263,615
Net difference between projected and actual earning on pension plan investments	52,559
Changes in proportionate share of employer contributions	<u>1,470,245</u>
Total Deferred Inflows of Resources	<u>\$ 2,344,220</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
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The \$2,456,857 reported as deferred outflows of resources related to pensions resulting from the School contributions in fiscal year 2020 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2021	\$ 803,137
2022	224,035
2023	676,708
2024	632,173
2025	489,570
Thereafter	<u>76,064</u>
Total	<u>\$ 2,901,687</u>

Actuarial Assumptions

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

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

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.

TOWN OF EAST GREENWICH, RHODE ISLAND
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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:

<u>Type of Investments</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity		
U.S. Equity	22.10%	6.16%
International Developed Equity	13.20%	6.83%
Emerging Markets Equity	4.70%	8.90%
Equity Hedge Funds		
Private Equity	11.25%	9.81%
Non-Core Real Estate	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 Class		
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%	2.14%
Absolute Return	6.50%	4.20%
Cash	3.00%	0.77%
	<u>100.0%</u>	

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.

**TOWN OF EAST GREENWICH, RHODE ISLAND
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Discount Rate

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
\$ 41,278,315	\$ 33,401,289	\$ 26,953,149

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued ERSRI financial report.

C. Teachers’ Survivor Benefits

Plan Description

Certain employees of the East Greenwich School Department 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>.

**TOWN OF EAST GREENWICH, RHODE ISLAND
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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:

Highest Annual Salary	Basic Monthly Spouse’s 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.

TOWN OF EAST GREENWICH, RHODE ISLAND
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The East Greenwich School Department contributed \$28,932, \$27,981 and \$28,193 for the fiscal years ended June 30, 2020, 2019 and 2018, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2020 the East Greenwich School Department reported an asset of \$4,255,965 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 June 30, 2019. The Department's 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 Department's proportion was 3.75153951%.

For the year ended June 30, 2020 the East Greenwich School Department recognized pension credit of \$28,719 - an increase in the net pension asset. At June 30, 2020 the East Greenwich School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources:	
Difference between expected and actual experience	\$ 463,803
Changes of assumption	370,843
Changes in proportionate share of employer contributions	44,987
Contributions subsequent to the measurement date	<u>28,932</u>
Total Deferred Outflows of Resources	<u>\$ 908,565</u>
Deferred inflows of resources:	
Difference between expected and actual experience	\$ 1,130,303
Net difference between projected and actual earning on pension plan investments	41,912
Changes in proportionate share of employer contributions	<u>104,753</u>
Total Deferred Inflows of Resources	<u>\$ 1,276,968</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
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The \$28,932 reported as deferred outflows of resources related to pensions resulting from the East Greenwich School Department contributions in fiscal year 2020 subsequent to the measurement date will be recognized as an addition to the net pension asset in the subsequent period. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2021	\$ 46,395
2022	(117,277)
2023	(26,616)
2024	(3,954)
2025	(94,677)
Thereafter	<u>(201,206)</u>
Total	<u>\$ (397,335)</u>

Actuarial Assumptions

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

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

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 2.5% 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.

TOWN OF EAST GREENWICH, RHODE ISLAND
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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:

<u>Type of Investments</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity		
U.S. Equity	22.10%	6.16%
International Developed Equity	13.20%	6.83%
Emerging Markets Equity	4.70%	8.90%
Equity Hedge Funds		
Private Equity	11.25%	9.81%
Non-Core Real Estate	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 Class		
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%	2.14%
Absolute Return	6.50%	4.20%
Cash	3.00%	0.77%
	<u>100.0%</u>	

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.

TOWN OF EAST GREENWICH, RHODE ISLAND
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Discount Rate

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

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) calculated using the current discount rate 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% Decrease	Current Discount	1% Increase
(6.0%)	Rate	(8.0%)
<u> </u>	<u> </u>	<u> </u>
\$ (3,279,612)	\$ (4,255,965)	\$ (4,982,935)

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. Aggregated Pension Information

The Town recognized the following amounts related to pension plans as of and for the year ended June 30, 2020:

	Net	Deferred	Net	Deferred	Pension
	Pension	Outflows of	Pension	Resources	Expense
	Asset	Resources	Liability	Related to	(Income)
	<u> </u>	<u>Related to</u>	<u> </u>	<u>Pensions</u>	<u> </u>
	<u> </u>	<u>Pensions</u>	<u> </u>	<u> </u>	<u> </u>
Municipal Employees' Retirement System					
Town Employees	\$ 770,211	\$ 115,366	\$	\$ 9,428	\$ 123,383
Town Employees w/ COLA		795,929	653,053	871,588	746,952
Town Fire Non-Cert Employees		13,840	105,995	6,430	(145,169)
Police Employees		1,297,337	7,509,753	478,646	1,162,381
Fire Employees		2,125,732	8,407,832	341,546	1,275,525
Employees' Retirement System		7,702,764	33,401,289	2,344,220	3,832,540
Teachers' Survivors Benefit Plan	4,255,965	908,565		1,276,968	(28,719)
	<u>\$ 5,026,176</u>	<u>\$ 12,959,533</u>	<u>\$ 50,077,922</u>	<u>\$ 5,328,826</u>	<u>\$ 6,966,893</u>

**TOWN OF EAST GREENWICH, RHODE ISLAND
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E. Defined Contribution Plan

Plan Description

Certain employees participating in the ERS defined benefit plan, 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 1% of annual covered salary. 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 East Greenwich School Department recognized expense associated with the defined contribution plan of \$494,602 for the year ended June 30, 2020.

Plan Funding Policy

The funding policy is outlined in RIGL chapter 36-10.3 (which can be amended by the Rhode Island General Assembly). Contribution rates are:

	<u>Employee Contribution</u>	<u>Employer Contribution</u>
ERS - Teachers - contribute to Social Security - less than 20 years of service at 7/1/2012	5%	1% to 1.5% depending on years of service
ERS - Teachers - do not contribute to Social Security - less than 20 years of service at 7/1/2012	7%	3% to 3.5% depending on years of service
ERS - Teachers - more than 20 years of service on July 1, 2012	No DC plan contributions (employee and employer) after July 1, 2015	

The System issues an annual financial report that includes financial statements and required supplementary information for all of the plans it administers. The reports can be obtained at www.ersri.org.

10. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

A. The Town of East Greenwich OPEB Trust (the Trust)

Plan Description

The East Greenwich OPEB Trust Fund administers the Town's Other Post-Employment Benefits, a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) to the below listed employee groups of the Town. Benefit provisions are established through negotiations between the Town and the various unions representing the employees. The plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as the Other Postemployment Benefits Trust Fund. The plan does not issue a standalone financial report.

Each group is covered under a separate contract with the Town. The groups are:

- Police Department
- Fire Department
- Nat'l Education Association of RI (NEARI)
- Department of Public Works (DPW)
- Other groups including Non-Union, Town Council, Department Heads, and Non-Police Union (Other)

Seasonal employees and temporary police are excluded from the Plan.

The Trust Fund investments are managed by Vanguard Institutional Advisory Services (VIAS) and services are administered by Public Agency Retirement Services. All costs for management and administration are paid by the assets in the Trust Fund.

Benefits Provided

Police and Fire

Upon retirement, Police Officers and Fire Fighters receive fully covered medical coverage (single or family) under Blue Cross Blue Shield (or equivalent) until the retiree becomes Medicare eligible. At the time the retiree becomes eligible for Medicare they will become covered under the Group Plan 65 (single or single +1 coverage).

Dental coverage is only provided to Police or Fire retirees that were hired before 7/1/2019 with 20 years of service until age 65.

Life Insurance coverage of \$50,000 is provided only to police officers that retire with 20 or more years of service. Some current retirees have life insurance coverage at a lower rate, applicable at the time of retirement.

DPW, NEARI, and Other divisions

Upon retirement employees receive full coverage under the Group Plan 65 (single coverage only).

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Effective for all individuals retiring after July 1, 1993, the Town's obligation to provide health care coverage for a retiree shall continue until the retiree or his/her spouse is enjoying accident and health coverage from another employer. If the coverage under the new employer provides coverage in an amount less than that provided by the Town plan, the Town shall pay to the accident and health care provider the additional premium required to provide medical benefits not less than provided by the Town plan. If the accidental and health care program under the new employer ceases to be provided at any time before the retiree becomes eligible for Medicare, the Town's obligation to pay for medical coverage shall resume.

Eligibility

Police and Fire

Police Officers and Fire Fighters are participants in the Municipal Employee Retirement System (MERS) and are eligible for retirement at age 55 with 10 years of service or any time after attaining 20 years of service. Effective July 1, 2018, retirement age under MERS changed to age 50 and 25 years of service (or 27 years of service) for police officers and fire fighters that were not retirement eligible as of June 30, 2018. Employees hired after July 1, 2019 must be employed by the Town for 20 years to receive benefits.

DPW, NEARI and Other Divisions

Employees who retire after age 65 and after earning 10 or more years of credited service.

Certain employees under this group are participants in the MERS and are eligible for retirement at age 58 with 10 years of service. Effective July 1, 2012, retirement age under MERS changed to Social Security Normal Retirement Age and 5 years of service (early retirement as early as age 59) that were not retirement eligible as of June 30, 2012.

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

	<u>Participants</u>
Active employees	145
Retirees	<u>91</u>
Total	<u><u>236</u></u>

Contributions

DPW, NEARI and Other Divisions

If an employee retires prior to age 65, the retiree is partially covered under the Blue Cross Blue Shield Plan (single coverage only) with the Town contributing 3.3% of the premium per year of service at retirement. Retirees contribute the remaining amount of the required premium which is not funded by the Town.

Police and Fire

Employee contributions are not required for Police Officers and Fire Fighters upon retirement.

**TOWN OF EAST GREENWICH, RHODE ISLAND
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Investments

Investment Policy

The Trust's policy in regard to the allocation of invested assets is established and may be amended by the VIAS discretionary investment management agreement approved and signed by the Town's plan administrator and any other investment policy established by the Town. 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 Town'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 term time span.

Rate of Return

For the year ended June 30, 2020 the annual money-weighted rate of return on investments, net of investment expense, was 4.56%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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	\$ 29,593,693
Plan fiduciary net position	<u>3,278,495</u>
Town's Net OPEB Liability	<u>\$ 26,315,198</u>
Plan fiduciary net position as a percentage of the total OPEB liability	11.1%

The Town's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Inflation	2.49% per year
Projected Salary Increases	3.00%
Investment Rate of Return	7.00%
Healthcare Cost Trend Rate	5.20% per year graded down by the getzen model to an ultimate rate of 4.04% per year. Dental is a flat 4.0%.

Mortality rates were based on 2010 Public sector Retirement Plans Mortality table for total Teacher, total Public Safety and total General employee populations with MP-2020.

TOWN OF EAST GREENWICH, RHODE ISLAND
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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 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. The target allocation and best of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Vanguard Growth Strategy	100.0%	7.0%

Discount Rate

The discount rate used to measure the total OPEB liability for the Town's OPEB Plan was 2.49%. 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. Based on those assumptions, the pension plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members for four years. These payments were discounted using the long-term expected rate of return of 7.00%. Future benefits payments beyond four years were discounted using the tax-exempt general obligation municipal bonds rated AA or better rate at June 30, 2020, which was 2.45%. The tax-exempt general obligation municipal bonds rate was set using the Fidelity General Obligation AA – 20 Years Index. The long-term expected rate of 7.00% was blended with the index rate of 2.45% for tax exempt general obligation municipal bonds rated AA or better at June 30, 2020, to arrive at a discount rate of 2.49% used to determine the Town's Plan total OPEB liability.

Changes in the Net OPEB Liability

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances as of July 1, 2019	\$ 26,818,958	\$ 3,135,551	\$ 23,683,407
Changes for the Year			
Service cost	745,430		745,430
Interest on the total OPEB liability	837,959		837,959
Changes in assumptions	2,222,788		2,222,788
Difference between expected and actual experience	(85,981)		(85,981)
Employer contributions		945,461	(945,461)
Net investment income		142,944	(142,944)
Benefit payments	(945,461)	(945,461)	-
Net changes	<u>2,774,735</u>	<u>142,944</u>	<u>2,631,791</u>
Balances as of June 30, 2020	\$ <u>29,593,693</u>	\$ <u>3,278,495</u>	\$ <u>26,315,198</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
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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 or 1 percentage point higher than the current rate:

	<u>1% Decrease (1.49%)</u>	<u>Current Discount (2.49%)</u>	<u>1% Increase (3.49%)</u>
Net OPEB Liability	\$ 30,470,850	\$ 26,315,198	\$ 22,909,246

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 rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease (4.20% Decreasing to 3.04%, Dental is a flat 3.0%)</u>	<u>Healthcare Cost Trend Rates (5.20% Decreasing to 4.04%, Dental is a flat 4.0%)</u>	<u>1% Increase (6.20% Decreasing to 5.04%, Dental is a flat 5.0%)</u>
Net OPEB Liability	\$ 23,050,801	\$ 26,315,198	\$ 30,287,566

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

For the year ended June 30, 2020, the Town recognized OPEB expense of \$650,968. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$	\$ (4,251,874)
Changes of assumptions	3,031,200	(2,460,318)
Net difference between projected and actual earnings on OPEB plan investments	<u>24,793</u>	<u></u>
Total	<u>\$ 3,055,993</u>	<u>\$ (6,712,192)</u>

**TOWN OF EAST GREENWICH, RHODE ISLAND
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Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Outflow (Inflow) of Resources</u>
2021	\$ (720,912)
2022	(694,342)
2023	(688,039)
2024	(688,950)
2025	(704,259)
Thereafter	<u>(159,697)</u>
Total	<u>\$ (3,656,199)</u>

B. The Town of East Greenwich School Department Postretirement Health Insurance Program

Plan Description

The Town of East Greenwich School Department administers the School Department Postretirement Health Insurance Program (the Program), a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) to members of the East Greenwich School Department. Benefit provisions are established through negotiations between the School Department and the various unions representing the employees. The Program is not administered through a trust and there are no assets being accumulated for the Program in a trust or trust-like arrangement. The Program does not issue a standalone financial report.

Benefits Provided

Eligible retirees receive full medical and dental insurance coverage for two (2) years following retirement. The eligible retiree may elect individual or family coverage.

Eligible retirees are covered under their life insurance policy for an additional two (2) years following retirement. The base amount for life insurance is \$30,000 for teachers and \$60,000 for administrators.

Eligibility

Members of the East Greenwich School Department are eligible for postretirement health and life insurance coverage after attaining twenty (20) years of service with the School Department. Certain administrative members require only five (5) years of service with the School Department to become eligible.

Members of the East Greenwich School Department are generally members in the Employee Retirement System of Rhode Island ("ERSRI"). ERSRI members that were vested (10 years of service under ERSRI) by July 1, 2005 are eligible for retirement at any age with 28 years of service or at age 60 with 10 years of service. ERSRI members that were not vested by July 1, 2005 are eligible for retirement at age 59 with 29 years of service or age 65 with 10 years of service will full pension benefits or age 55 with 20 years of service and reduced pension benefits. For ERSRI members with less than 5 years of service as of July 1, 2012, retirement age is a members Social Security Normal Retirement Age and 5 years of service.

**TOWN OF EAST GREENWICH, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

Current paraprofessionals and custodians are excluded from the program. There is one grandfathered retiree currently receiving medical and dental benefits.

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

	<u>Participants</u>
Active employees	237
Retirees	<u>6</u>
Total	<u><u>243</u></u>

Contributions

The retiree contribution rate is 18% for the rate charged to active members for individual or family coverage as applicable (20% for administrative members). A retiree may elect the buyback amount in lieu of medical and dental coverage. As of July 1, 2018, the buyback amount is \$4,375 per year.

Total OPEB Liability of the Town

The Town’s total OPEB liability was measured as of June 30, 2020.

Actuarial Assumptions

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

Inflation	2.45% per year
Projected Salary Increases	3.00%
Investment Rate of Return	7.00%
Healthcare Cost Trend Rate	5.20% per year graded down by the getzen model to an ultimate rate of 4.04% per year. Dental is a flat 4.0%.

Mortality rates were based on 2010 Public sector Retirement Plans Mortality table for total Teacher, total Public Safety and total General employee populations with MP-2020.

Discount Rate

The discount rate used to measure the total OPEB liability for the School Department Postretirement Health Insurance Program was 2.45%. The discount rate is based on the tax-exempt general obligation municipal bonds rated AA or better rate at June 30, 2020, which was 2.45%. The tax-exempt general obligation municipal bonds rate was set using the Fidelity General Obligation AA – 20 Years Index.

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances as of July 1, 2019	\$ <u>6,516,992</u>
Changes for the Year	
Service cost	405,177
Interest on the total OPEB liability	197,909
Changes in assumptions	341,886
Difference between expected and actual experience	(205,994)
Benefit payments	<u>(157,343)</u>
Net changes	<u>581,635</u>
Balances as of June 30, 2020	\$ <u><u>7,098,627</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (1.45%)	Current Discount (2.45%)	1% Increase (3.45%)
Total OPEB Liability	\$ 7,619,786	\$ 7,098,627	\$ 6,599,719

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (4.20% Decreasing to 3.04%)	Healthcare Cost Trend Rates (5.20% Decreasing to 4.04%)	1% Increase (6.20% Decreasing to 5.04%)
Total OPEB Liability	\$ 6,157,955	\$ 7,098,627	\$ 8,230,264

**TOWN OF EAST GREENWICH, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

C. Aggregated OPEB Information

The Town recognized the following amounts related to OPEB plans as of and for the year ended June 30, 2020:

	Deferred Outflows of Resources Related to OPEB	Deferred Inflows of Resources Related to OPEB	OPEB Expense
	<u> </u>	<u> </u>	<u> </u>
Town Postretirement Health Insurance Plan	\$ 3,055,993	\$ 6,712,192	\$ 650,968
School Department Health Insurance Program	<u>773,740</u>	<u>615,946</u>	<u>610,564</u>
	<u>\$ 3,829,733</u>	<u>\$ 7,328,138</u>	<u>\$ 1,261,532</u>

11. LITIGATION, CLAIMS, JUDGMENTS AND SETTLEMENTS

During the ordinary course of its operations, the Town is a party to various claims, other legal actions and complaints. These various legal actions include disputes in property valuations and torts for which the Town has been named as a defendant. In the opinion of the Town’s management and legal counsel, other than the matters stated below, they do not anticipate any of them to have a material financial impact or at this time their legal counsel has been unable to assess liability, if any, on the part of the Town.

12. RISK MANAGEMENT

Health Insurance

The School Department participates in a multi-employer cost reimbursement healthcare self-insurance risk pool managed by WB Community Health (WBCH). The School Department pays WBCH monthly premiums based upon "working rates" that are periodically adjusted to reflect changes in actual costs. Funds on deposit with WBCH are made available to pay claims, claim reserves and administrative costs.

Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for IBNR claims. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, including retroactive assessments for hospital costs and other settlements occurring after the end of the fiscal year and not determinable at the end of the fiscal year. An excess coverage insurance policy covers individual claims exceeding \$125,000.

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Changes in the deposit balances for the past two years are as follows:

	<u>Year Ended</u> <u>June 30, 2020</u>	<u>Year Ended</u> <u>June 30, 2019</u>
Beginning cumulative surplus	\$ 2,016,699	\$ 1,749,029
Premium deposits	4,222,761	4,660,608
Incurred claims (including IBNR)	(4,684,825)	(4,026,643)
Administrative fees	165,463	(159,695)
Surplus reimbursement	<u> </u>	<u>(206,600)</u>
Ending Cash Deposit Balance	<u>\$ 1,720,098</u>	<u>\$ 2,016,699</u>

The ending cash deposit balance as of June 30, 2020 is included within prepaid items of the General Fund.

The School Department is a member of a Health Pool Trust. The relationship between members and the Trust is not a joint venture, but rather is a public entity risk pool with the members being participants in the pool.

The Town 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 for which the Town carries commercial insurance. Settled claims resulting from these risks have not exceeded the Town's coverage in any of the past three fiscal years and there have been no significant reductions in insurance coverage from the prior year.

13. PRIOR PERIOD RECLASSIFICATION, ADJUSTMENTS AND RESTATEMENTS

The governmental activities and business type activities net position were restated to correct for an error in the recording of capital asset activity and reclassification of School Lunch Fund to business-type activity. The General Fund and nonmajor governmental funds fund balance were restated for the change in accounting policy for adoption of a 60-day revenue recognition policy and reclassification of the School Lunch Fund from governmental activities to a business-type activity. The following changes were made to net position and fund balance as a result of the restatements:

	<u>Restatements to Net Position</u>	
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Net position at June 30, 2019, as previously reported	\$ (22,323,983)	\$ 19,996,687
Adjustments:		
Correction of capital asset activity	(210,981)	
Reclassification of School Lunch Fund to business-type	<u>(100,059)</u>	<u>100,059</u>
Net Position at July 1, 2019, as Restated	<u>\$ (22,635,023)</u>	<u>\$ 20,096,746</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

	Restatements to Fund Balance		
	General Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Fund School Lunch
Fund balance at June 30, 2019, as previously reported	\$ 10,205,656	\$ 3,222,908	\$
Adjustments:			
Adjustment of tax revenues for 60-day collections	627,125		
Reclassification of School Lunch Fund to business-type		(100,059)	100,059
52M Capital Fund becoming nonmajor fund		(396,680)	
Fund Balance at July 1, 2019, as Restated	<u>\$ 10,832,781</u>	<u>\$ 2,726,169</u>	<u>\$ 100,059</u>

14. SIGNIFICANT EVENT

Coronavirus (COVID-19)

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. On March 9, 2020, the Governor of the State of Rhode Island declared a state of emergency to combat the novel coronavirus disease (COVID-19).

The Town derives a significant portion of its revenues from property taxes. While the Town has not experienced any significant increase in the amount of delinquency from its taxpayers, the situation creates uncertainty about the impact of future revenues that might be generated. In addition, at this time, it is uncertain what the effects of the pandemic will be on the Town's health care costs, changes in interest rates, investment valuation and future federal or state fiscal relief.

15. SUBSEQUENT EVENTS

On July 30, 2020, the Town issued \$3,485,000 in general obligation bonds. The bonds mature on July 30, 2021 through July 30, 2027 with an interest rate of 1.12%.

On October 22, 2020, the Town issued \$29,655,000 in revenue refunding bonds, series 2020D. The refunding bonds will be used to current refund the series 2009A general obligation bonds with an outstanding balance of \$1,700,000 and to advance refund the series 2012A general obligation bonds with an outstanding principal balance of \$25,520,000. The net present value of savings the refunding is expected to provide is \$3,894,589. The bonds mature on May 15, 2021 through May 15, 2037 and bear interest ranging from 0.420% to 2.495%.

TOWN OF EAST GREENWICH, RHODE ISLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property tax revenues	\$ 57,100,066	\$ 57,100,066	\$ 57,956,265	\$ 856,199
Intergovernmental revenues	5,822,187	5,959,898	5,501,084	(458,814)
Licenses, fees, tuition and rent	912,500	912,500	1,229,482	316,982
Other local revenues	2,532,400	2,532,400	2,559,869	27,469
Total revenues	<u>66,367,153</u>	<u>66,504,864</u>	<u>67,246,700</u>	<u>741,836</u>
Expenditures:				
Current:				
General government	2,416,694	2,943,876	3,184,807	(240,931)
Public safety	7,573,483	11,694,452	12,036,695	(342,243)
Public works	3,807,740	4,411,505	4,186,473	225,032
Community resources and parks	988,050	1,266,910	1,186,266	80,644
Education	39,543,827	39,681,538	39,782,190	(100,652)
Misc.	6,195,831	665,055	623,711	41,344
Debt service	4,777,925	4,777,925	4,722,514	55,411
Total expenditures	<u>65,303,550</u>	<u>65,441,261</u>	<u>65,722,656</u>	<u>(281,395)</u>
Excess of Revenues over Expenditures	<u>1,063,603</u>	<u>1,063,603</u>	<u>1,524,044</u>	<u>460,440</u>
Other Financing Uses:				
Transfers out	<u>(536,232)</u>	<u>(536,232)</u>	<u>(1,073,232)</u>	<u>(537,000)</u>
Excess of Revenues and Other Sources	<u>\$ 527,371</u>	<u>\$ 527,371</u>	450,812	<u>\$ (76,560)</u>
Budgetary excess of revenues over expenditures is different than GAAP net change in fund balance because of the following reconciling items:				
Change in encumbrances			<u>(86,466)</u>	
Total Net Change in Fund Balance - GAAP Basis			<u>\$ 364,346</u>	

TOWN OF EAST GREENWICH, RHODE ISLAND
SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN - TOWN EMPLOYEES
LAST SIX FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
A. Total pension liability						
Service cost	\$ 111,102	\$ 120,085	\$ 103,137	\$ 105,287	\$ 103,703	\$ 99,292
Interest on the total pension liability	442,965	452,499	464,122	471,552	471,823	470,293
Changes of benefit terms					115,576	
Difference between expected and actual experience	103,827	(208,304)	(133,067)	(141,746)	(187,642)	
Changes of assumptions			350,998			(51,335)
Benefit payments, including refunds of employee contributions	(503,408)	(488,582)	(546,798)	(519,351)	(496,385)	(503,723)
Net change in total pension liability	154,486	(124,302)	238,392	(84,258)	7,075	14,527
Total pension liability - beginning	6,524,219	6,648,521	6,410,129	6,494,387	6,487,312	6,472,785
Total pension liability - ending (a)	<u>\$ 6,678,705</u>	<u>\$ 6,524,219</u>	<u>\$ 6,648,521</u>	<u>\$ 6,410,129</u>	<u>\$ 6,494,387</u>	<u>\$ 6,487,312</u>
B. Plan fiduciary net position						
Contributions - employer	\$ 57,052	\$ 57,949	\$ 65,206	\$ 59,728	\$ 78,349	\$ 59,487
Contributions - employee	42,791	45,568	42,978	39,342	22,842	19,825
Net investment income (loss)	465,261	553,595	763,822	13,936	171,162	1,032,284
Benefit payments, including refunds of employee contributions	(503,408)	(488,582)	(546,798)	(519,351)	(496,385)	(503,723)
Pension plan administrative expense	(7,273)	(7,370)	(7,216)	(22,741)	(6,879)	(6,464)
Other	(3,732)	44,537	(18)		(215,978)	(189,935)
Net change in plan fiduciary net position	50,691	205,697	317,974	(429,086)	(446,889)	411,474
Plan fiduciary net position - beginning	7,398,225	7,192,528	6,874,554	7,303,640	7,750,529	7,339,055
Plan fiduciary net position - ending (b)	<u>7,448,916</u>	<u>7,398,225</u>	<u>7,192,528</u>	<u>6,874,554</u>	<u>7,303,640</u>	<u>7,750,529</u>
C. Net pension liability asset - ending (a) - (b)	<u>\$ (770,211)</u>	<u>\$ (874,006)</u>	<u>\$ (544,007)</u>	<u>\$ (464,425)</u>	<u>\$ (809,253)</u>	<u>\$ (1,263,217)</u>
D. Plan fiduciary net position as a percentage of the total pension liability	111.53%	113.40%	108.18%	107.25%	112.46%	119.47%
E. Covered payroll	\$ 1,251,154	\$ 1,308,111	\$ 1,268,599	\$ 1,158,274	\$ 1,142,107	\$ 1,093,519
F. Net pension asset as a percentage of covered payroll	-61.56%	-66.81%	-42.88%	-40.10%	-70.86%	-115.52%

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

Note: Measurement date of the net pension liability is one year prior to report date

TOWN OF EAST GREENWICH, RHODE ISLAND
SCHEDULE OF TOWN CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN - TOWN EMPLOYEES
LAST SIX FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 69,214	\$ 57,052	\$ 57,949	\$ 65,206	\$ 59,728	\$ 78,349
Contributions in relation to the actuarially determined contribution	<u>69,214</u>	<u>57,052</u>	<u>57,949</u>	<u>65,206</u>	<u>59,728</u>	<u>78,349</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered payroll	\$ 1,534,681	\$ 1,251,154	\$ 1,308,111	\$ 1,268,599	\$ 1,158,274	\$ 1,142,107
Contributions as a percentage of covered payroll	4.51%	4.56%	4.43%	5.14%	5.16%	6.86%

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

Notes to Schedule:

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.

TOWN OF EAST GREENWICH, RHODE ISLAND
SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN - TOWN EMPLOYEES WITH COLA
LAST SIX FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
A. Total pension liability						
Service cost	\$ 516,154	\$ 550,204	\$ 551,263	\$ 530,518	\$ 519,936	\$ 532,162
Interest on the total pension liability	1,669,049	1,613,891	1,580,018	1,511,717	1,400,259	1,330,029
Changes of benefit terms					319,194	
Difference between expected and actual experience	(514,167)	(328,885)	(146,524)	(228,251)	100,087	
Changes of assumptions			990,834			(64,708)
Benefit payments, including refunds of employee contributions	<u>(1,072,204)</u>	<u>(988,226)</u>	<u>(984,562)</u>	<u>(842,771)</u>	<u>(874,547)</u>	<u>(835,413)</u>
Net change in total pension liability	598,832	846,984	1,991,029	971,213	1,464,929	962,070
Total pension liability - beginning	<u>24,121,575</u>	<u>23,274,591</u>	<u>21,283,562</u>	<u>20,312,349</u>	<u>18,847,420</u>	<u>17,885,350</u>
Total pension liability - ending (a)	<u>\$ 24,720,407</u>	<u>\$ 24,121,575</u>	<u>\$ 23,274,591</u>	<u>\$ 21,283,562</u>	<u>\$ 20,312,349</u>	<u>\$ 18,847,420</u>
B. Plan fiduciary net position						
Contributions - employer	\$ 264,876	\$ 265,658	\$ 305,983	\$ 312,577	\$ 392,668	\$ 322,223
Contributions - employee	172,225	190,667	186,912	188,573	114,931	113,285
Net investment income (loss)	1,503,252	1,738,621	2,426,006	(17,348)	496,830	2,795,391
Benefit payments, including refunds of employee contributions	(1,072,204)	(988,226)	(984,562)	(842,771)	(874,547)	(835,413)
Pension plan administrative expense	(23,499)	(23,145)	(22,920)	(9,336)	(16,732)	(17,505)
Other	<u>(12,180)</u>	<u>(793,177)</u>	<u>100,104</u>	<u>1,050</u>	<u>98,895</u>	<u>2,356</u>
Net change in plan fiduciary net position	832,470	390,398	2,011,523	(367,255)	212,045	2,380,337
Plan fiduciary net position - beginning	<u>23,234,884</u>	<u>22,844,486</u>	<u>20,832,963</u>	<u>21,200,218</u>	<u>20,988,173</u>	<u>18,607,836</u>
Plan fiduciary net position - ending (b)	<u>24,067,354</u>	<u>23,234,884</u>	<u>22,844,486</u>	<u>20,832,963</u>	<u>21,200,218</u>	<u>20,988,173</u>
C. Net pension liability (asset) - ending (a) - (b)	<u>\$ 653,053</u>	<u>\$ 886,691</u>	<u>\$ 430,105</u>	<u>\$ 450,599</u>	<u>\$ (887,869)</u>	<u>\$ (2,140,753)</u>
D. Plan fiduciary net position as a percentage of the total pension liability	97.36%	96.32%	98.15%	97.88%	104.37%	111.36%
E. Covered payroll	\$ 5,811,747	\$ 5,993,504	\$ 5,998,511	\$ 5,836,278	\$ 5,726,172	\$ 5,526,086
F. Net pension liability (asset) as a percentage of covered payroll	11.24%	14.79%	7.17%	7.72%	-15.51%	-38.74%

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

Note: Measurement date of the net pension liability is one year prior to report date

**TOWN OF EAST GREENWICH, RHODE ISLAND
SCHEDULE OF TOWN CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN - TOWN EMPLOYEES WITH COLA
LAST SIX FISCAL YEARS***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 262,873	\$ 264,876	\$ 265,658	\$ 305,983	\$ 312,577	\$ 392,668
Contributions in relation to the actuarially determined contribution	<u>262,873</u>	<u>264,876</u>	<u>265,658</u>	<u>305,983</u>	<u>312,577</u>	<u>392,668</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered payroll	\$ 5,896,202	\$ 5,811,747	\$ 5,993,504	\$ 5,998,511	\$ 5,836,278	\$ 5,726,172
Contributions as a percentage of covered payroll	4.46%	4.56%	4.43%	5.10%	5.36%	6.86%

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

Notes to Schedule:

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.

TOWN OF EAST GREENWICH, RHODE ISLAND
SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN - TOWN FIRE NON-CERT EMPLOYEES
LAST SIX FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
A. Total pension liability						
Service cost	\$	\$ 2,863	\$	\$ 815	\$ 3,849	\$ 3,139
Interest on the total pension liability	28,590	28,565	26,099	25,013	25,448	25,307
Changes of benefit terms					5,514	
Difference between expected and actual experience	(168,450)	(8,232)	38,950			
Changes of assumptions			15,205	10,839	(17,586)	(5,663)
Benefit payments, including refunds of employee contributions	<u>(21,409)</u>	<u>(21,409)</u>	<u>(21,804)</u>	<u>(21,752)</u>	<u>(21,252)</u>	<u>(21,263)</u>
Net change in total pension liability	(161,269)	1,787	58,450	14,915	(4,027)	1,520
Total pension liability - beginning	<u>419,129</u>	<u>417,342</u>	<u>358,892</u>	<u>343,977</u>	<u>348,004</u>	<u>346,484</u>
Total pension liability - ending (a)	<u>\$ 257,860</u>	<u>\$ 419,129</u>	<u>\$ 417,342</u>	<u>\$ 358,892</u>	<u>\$ 343,977</u>	<u>\$ 348,004</u>
B. Plan fiduciary net position						
Contributions - employer	\$	\$ 2,868	\$	\$ 929	\$ 7,766	\$ 4,970
Contributions - employee		571		207	987	747
Net investment income (loss)	9,485	12,267	33,181	(105)	7,556	43,637
Benefit payments, including refunds of employee contributions	(21,409)	(21,409)	(21,804)	(21,752)	(21,252)	(21,263)
Pension plan administrative expense	(148)	(163)	(313)	(281)	(303)	(273)
Other		<u>(142,643)</u>	<u>(2)</u>		<u>(1)</u>	<u>1</u>
Net change in plan fiduciary net position	(12,072)	(148,509)	11,062	(21,002)	(5,247)	27,819
Plan fiduciary net position - beginning	<u>163,937</u>	<u>312,446</u>	<u>301,384</u>	<u>322,386</u>	<u>327,633</u>	<u>299,814</u>
Plan fiduciary net position - ending (b)	<u>151,865</u>	<u>163,937</u>	<u>312,446</u>	<u>301,384</u>	<u>322,386</u>	<u>327,633</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 105,995</u>	<u>\$ 255,192</u>	<u>\$ 104,896</u>	<u>\$ 57,508</u>	<u>\$ 21,591</u>	<u>\$ 20,371</u>
D. Plan fiduciary net position as a percentage of the total pension liability	58.89%	39.11%	74.87%	83.98%	93.72%	94.15%
E. Covered payroll	\$ -	\$ 28,542	\$ -	\$ 10,334	\$ 49,341	\$ 37,371
F. Net pension liability as a percentage of covered payroll	N/A	894.09%	N/A	556.49%	43.76%	54.51%

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

Note: Measurement date of the net pension liability is one year prior to report date

TOWN OF EAST GREENWICH, RHODE ISLAND
SCHEDULE OF TOWN CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN - TOWN FIRE NON-CERT EMPLOYEES
LAST SIX FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 6,461	\$ -	\$ 2,868	\$ -	\$ 929	\$ 7,766
Contributions in relation to the actuarially determined contribution	<u>6,461</u>	<u>-</u>	<u>2,868</u>	<u>-</u>	<u>929</u>	<u>7,766</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 23,108	\$ -	\$ 28,542	\$ -	\$ 10,334	\$ 49,341
Contributions as a percentage of covered payroll	27.96%	N/A	10.05%	N/A	8.99%	15.74%

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

Notes to Schedule:

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.

TOWN OF EAST GREENWICH, RHODE ISLAND
SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN - POLICE EMPLOYEES
LAST SIX FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
A. Total pension liability						
Service cost	\$ 510,357	\$ 527,840	\$ 453,432	\$ 427,351	\$ 390,013	\$ 372,758
Interest on the total pension liability	1,598,440	1,561,693	1,520,628	1,466,942	1,374,698	1,334,421
Changes of benefit terms					520,782	
Difference between expected and actual experience	(150,336)	(403,981)	(37,646)	(43,323)	51,859	
Changes of assumptions			1,201,903			(96,981)
Benefit payments, including refunds of employee contributions	(1,166,550)	(1,137,148)	(1,144,199)	(1,152,174)	(1,100,046)	(1,063,538)
Net change in total pension liability	791,911	548,404	1,994,118	698,796	1,237,306	546,660
Total pension liability - beginning	23,162,952	22,614,548	20,620,430	19,921,634	18,684,328	18,137,668
Total pension liability - ending (a)	<u>\$ 23,954,863</u>	<u>\$ 23,162,952</u>	<u>\$ 22,614,548</u>	<u>\$ 20,620,430</u>	<u>\$ 19,921,634</u>	<u>\$ 18,684,328</u>
B. Plan fiduciary net position						
Contributions - employer	\$ 693,687	\$ 696,413	\$ 680,149	\$ 641,008	\$ 565,061	\$ 410,654
Contributions - employee	240,278	248,627	236,164	228,603	173,534	164,093
Net investment income (loss)	1,027,165	1,177,373	1,567,970	(4,665)	321,983	1,838,387
Benefit payments, including refunds of employee contributions	(1,166,550)	(1,137,148)	(1,144,199)	(1,152,174)	(1,100,046)	(1,063,538)
Pension plan administrative expense	(16,057)	(15,674)	(14,814)	(12,549)	(11,067)	(11,512)
Other	(67,797)		(33)	(2)	(12,993)	1
Net change in plan fiduciary net position	710,726	969,591	1,325,237	(299,779)	(63,528)	1,338,085
Plan fiduciary net position - beginning	15,734,384	14,764,793	13,439,556	13,739,335	13,802,863	12,464,778
Plan fiduciary net position - ending (b)	16,445,110	15,734,384	14,764,793	13,439,556	13,739,335	13,802,863
C. Net pension liability - ending (a) - (b)	<u>\$ 7,509,753</u>	<u>\$ 7,428,568</u>	<u>\$ 7,849,755</u>	<u>\$ 7,180,874</u>	<u>\$ 6,182,299</u>	<u>\$ 4,881,465</u>
D. Plan fiduciary net position as a percentage of the total pension liability	68.65%	67.93%	65.29%	65.18%	68.97%	73.87%
E. Covered payroll	\$ 2,402,808	\$ 2,486,294	\$ 2,361,623	\$ 2,292,658	\$ 2,169,150	\$ 2,084,775
F. Net pension liability as a percentage of covered payroll	312.54%	298.78%	332.39%	313.21%	285.01%	234.15%

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

Note: Measurement date of the net pension liability is one year prior to report date

**TOWN OF EAST GREENWICH, RHODE ISLAND
 SCHEDULE OF TOWN CONTRIBUTIONS
 MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN - POLICE EMPLOYEES
 LAST SIX FISCAL YEARS***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 697,082	\$ 693,687	\$ 696,413	\$ 680,149	\$ 641,008	\$ 565,061
Contributions in relation to the actuarially determined contribution	<u>697,082</u>	<u>693,687</u>	<u>696,413</u>	<u>680,149</u>	<u>641,008</u>	<u>565,061</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>					
Covered payroll	\$ 2,299,074	\$ 2,402,808	\$ 2,486,294	\$ 2,361,623	\$ 2,292,658	\$ 2,169,150
Contributions as a percentage of covered payroll	30.32%	28.87%	28.01%	28.80%	27.96%	26.05%

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

Notes to Schedule:

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.

TOWN OF EAST GREENWICH, RHODE ISLAND
SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN - FIRE EMPLOYEES
LAST SIX FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
A. Total pension liability						
Service cost	\$ 524,081	\$ 534,564	\$ 494,010	\$ 453,527	\$ 408,699	\$ 391,401
Interest on the total pension liability	1,562,397	1,456,481	1,394,410	1,339,670	1,239,901	1,206,908
Changes of benefit terms					557,617	
Difference between expected and actual experience	(278,571)	640,190	268,706	23,103	151,465	
Changes of assumptions			1,159,532			(111,133)
Benefit payments, including refunds of employee contributions	(1,146,649)	(1,079,187)	(1,165,198)	(1,048,145)	(1,051,556)	(1,060,261)
Net change in total pension liability	661,258	1,552,048	2,151,460	768,155	1,306,126	426,915
Total pension liability - beginning	22,631,235	21,079,187	18,927,727	18,159,572	16,853,446	16,426,531
Total pension liability - ending (a)	<u>\$ 23,292,493</u>	<u>\$ 22,631,235</u>	<u>\$ 21,079,187</u>	<u>\$ 18,927,727</u>	<u>\$ 18,159,572</u>	<u>\$ 16,853,446</u>
B. Plan fiduciary net position						
Contributions - employer	\$ 769,371	\$ 738,829	\$ 767,306	\$ 666,079	\$ 623,185	\$ 455,828
Contributions - employee	256,817	260,379	268,892	255,969	195,953	184,574
Net investment income (loss)	929,699	1,054,324	1,409,229	(3,814)	260,782	1,477,703
Benefit payments, including refunds of employee contributions	(1,146,649)	(1,079,187)	(1,165,198)	(1,048,145)	(1,051,556)	(1,060,261)
Pension plan administrative expense	(14,533)	(14,036)	(13,314)	(10,261)	(10,467)	(9,253)
Other	(1)	(140,356)	1,014,368	1,096	15,104	2,462
Net change in plan fiduciary net position	794,704	819,953	2,281,283	(139,076)	33,001	1,051,053
Plan fiduciary net position - beginning	14,089,957	13,270,004	10,988,721	11,127,797	11,094,796	10,043,743
Plan fiduciary net position - ending (b)	14,884,661	14,089,957	13,270,004	10,988,721	11,127,797	11,094,796
C. Net pension liability - ending (a) - (b)	<u>\$ 8,407,832</u>	<u>\$ 8,541,278</u>	<u>\$ 7,809,183</u>	<u>\$ 7,939,006</u>	<u>\$ 7,031,775</u>	<u>\$ 5,758,650</u>
D. Plan fiduciary net position as a percentage of the total pension liability	63.90%	62.26%	62.95%	58.06%	61.28%	65.83%
E. Covered payroll	\$ 2,551,515	\$ 2,598,755	\$ 2,668,882	\$ 2,515,401	\$ 2,385,864	\$ 2,296,956
F. Net pension liability as a percentage of covered payroll	329.52%	328.67%	292.60%	315.62%	294.73%	250.71%

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

Note: Measurement date of the net pension liability is one year prior to report date

**TOWN OF EAST GREENWICH, RHODE ISLAND
SCHEDULE OF TOWN CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN - FIRE EMPLOYEES
LAST SIX FISCAL YEARS***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 797,784	\$ 769,371	\$ 738,829	\$ 767,306	\$ 666,079	\$ 623,185
Contributions in relation to the actuarially determined contribution	<u>797,784</u>	<u>769,371</u>	<u>738,829</u>	<u>767,306</u>	<u>666,079</u>	<u>623,185</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered payroll	\$ 2,633,810	\$ 2,551,515	\$ 2,598,755	\$ 2,668,882	\$ 2,515,401	\$ 2,385,864
Contributions as a percentage of covered payroll	30.29%	30.15%	28.43%	28.75%	26.48%	26.12%

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

Notes to Schedule:

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 contributor rate each year.

**TOWN OF EAST GREENWICH, RHODE ISLAND
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS
EMPLOYEES' RETIREMENT SYSTEM - TEACHERS
LAST SIX FISCAL YEARS***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	1.047%	1.038%	0.951%	1.034%	0.969%	0.982%
Town's proportionate share of the net pension liability	\$ 33,401,289	\$ 32,976,770	\$ 30,002,460	\$ 30,861,308	\$ 26,682,681	\$ 23,910,166
State's proportionate share of the net pension liability associated with the school district	<u>25,021,024</u>	<u>24,598,302</u>	<u>22,674,651</u>	<u>21,135,464</u>	<u>18,228,770</u>	<u>16,396,302</u>
Total	<u>\$ 58,422,313</u>	<u>\$ 57,575,072</u>	<u>\$ 52,677,111</u>	<u>\$ 51,996,772</u>	<u>\$ 44,911,451</u>	<u>\$ 40,306,468</u>
Town's covered payroll	\$ 19,031,733	\$ 18,269,242	\$ 18,297,483	\$ 17,784,726	\$ 16,931,742	\$ 16,995,774
Town's proportionate share of the net pension liability as a percentage of its covered payroll	175.50%	180.50%	163.97%	173.53%	157.59%	140.68%
Plan fiduciary net position as a percentage of the total pension liability	54.60%	54.30%	54.00%	54.06%	57.55%	61.40%

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

Notes to Schedule:

- 1) The amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year end.
- 2) 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.

**TOWN OF EAST GREENWICH, RHODE ISLAND
 SCHEDULE OF TOWN CONTRIBUTIONS
 EMPLOYEES' RETIREMENT SYSTEM - TEACHERS
 LAST SIX FISCAL YEARS***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 2,456,857	\$ 2,559,780	\$ 2,455,896	\$ 2,224,435	\$ 2,314,652	\$ 2,179,538
Contributions in relation to the actuarially determined contribution	<u>2,456,857</u>	<u>2,559,780</u>	<u>2,455,896</u>	<u>2,224,435</u>	<u>2,314,652</u>	<u>2,179,538</u>
Contribution Deficiency (Excess)	\$ <u>-</u>					
Covered payroll	\$ 19,250,469	\$ 19,031,733	\$ 18,269,242	\$ 18,297,483	\$ 17,784,726	\$ 16,931,742
Contributions as a percentage of covered payroll	12.76%	13.45%	13.44%	12.16%	13.01%	12.87%

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

Notes to Schedule:

1) 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.

TOWN OF EAST GREENWICH, RHODE ISLAND
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION ASSET AND RELATED RATIOS
TEACHERS' SURVIVORS BENEFIT PLAN
LAST SIX FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension asset	3.752%	3.789%	3.724%	3.692%	3.643%	3.665%
Town's proportionate share of the net pension asset	\$ 4,255,965	\$ 3,381,097	\$ 3,080,730	\$ 3,676,575	\$ 3,401,345	\$ 4,556,589
Town's covered payroll	\$ 19,031,733	\$ 18,269,242	\$ 18,297,483	\$ 17,784,726	\$ 16,931,742	\$ 16,995,774
Town's proportionate share of the net pension asset as a percentage of its covered payroll	22.36%	18.51%	16.84%	20.67%	20.09%	26.81%
Plan fiduciary net position as a percentage of the total pension asset	150.20%	137.40%	136.10%	153.30%	146.60%	173.30%

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

Notes to Schedule:

- 1) The amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year end.
- 2) 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.

**TOWN OF EAST GREENWICH, RHODE ISLAND
SCHEDULE OF TOWN CONTRIBUTIONS
TEACHERS' SURVIVORS BENEFIT PLAN
LAST SIX FISCAL YEARS***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 28,932	\$ 27,981	\$ 28,193	\$ 21,967	\$ 22,545	\$ 21,984
Contributions in relation to the actuarially determined contribution	<u>28,932</u>	<u>27,981</u>	<u>28,193</u>	<u>21,967</u>	<u>22,545</u>	<u>21,984</u>
Contribution Deficiency (Excess)	<u>\$ -</u>					
Covered payroll	\$ 19,250,469	\$ 19,031,733	\$ 18,269,242	\$ 18,297,483	\$ 17,784,726	\$ 16,931,742
Contributions as a percentage of covered payroll	0.15%	0.15%	0.15%	0.12%	0.13%	0.13%

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

Notes to Schedule:

- 1) Employers participating in the Teachers' Survivors Benefit Plan contribute at a rate established by the RI General Laws, Section 16-16-35
- 2) The employee and employer contribution rates were applied to the first \$11,500 of member salary beginning in fiscal 2018. In fiscal 2017 and prior the rate was applied to salary up to \$9,600.
- 3) 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.

TOWN OF EAST GREENWICH, RHODE ISLAND
SCHEDULE OF CHANGES IN THE TOWN'S NET OPEB LIABILITY AND RELATED RATIOS
OPEB TRUST FUND
LAST FOUR FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability				
Service Cost	\$ 745,430	\$ 1,027,630	\$ 1,370,374	\$ 1,601,706
Interest on the total OPEB liability	837,959	1,306,953	1,278,417	1,114,524
Changes of benefit terms		(8,326,565)		
Changes of assumptions	2,222,788	1,418,989	(412,741)	(3,884,069)
Differences between expected and actual experience	(85,981)	(4,072,148)	(1,433,610)	(221,518)
Benefit payments	(945,461)	(842,034)	(813,708)	(809,496)
Net change in total OPEB liability	<u>2,774,735</u>	<u>(9,487,175)</u>	<u>(11,268)</u>	<u>(2,198,853)</u>
Total OPEB liability - beginning	<u>26,818,958</u>	<u>36,306,133</u>	<u>36,317,401</u>	<u>38,516,254</u>
Total OPEB liability - ending	<u>\$ 29,593,693</u>	<u>\$ 26,818,958</u>	<u>\$ 36,306,133</u>	<u>\$ 36,317,401</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 945,461	\$ 842,034	\$ 1,163,708	\$ 1,159,496
Net investment income	142,944	200,869	198,547	257,366
Benefit payments	(945,461)	(842,034)	(813,708)	(809,496)
Net change in plan fiduciary net position	<u>142,944</u>	<u>200,869</u>	<u>548,547</u>	<u>607,366</u>
Plan fiduciary net position - beginning	<u>3,135,551</u>	<u>2,934,682</u>	<u>2,386,135</u>	<u>1,778,769</u>
Plan fiduciary net position - ending (b)	<u>3,278,495</u>	<u>3,135,551</u>	<u>2,934,682</u>	<u>2,386,135</u>
Net OPEB Liability - Ending	<u>\$ 26,315,198</u>	<u>\$ 23,683,407</u>	<u>\$ 33,371,451</u>	<u>\$ 33,931,266</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.08%	11.69%	8.08%	6.57%
Covered-Employee Payroll	\$ 9,082,000	\$ 8,817,473	\$ 8,967,689	\$ 8,706,494
Net OPEB Liability as a Percentage of Covered-Employee Payroll	289.75%	268.60%	372.13%	389.72%

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

**TOWN OF EAST GREENWICH, RHODE ISLAND
SCHEDULE OF TOWN CONTRIBUTIONS
OPEB TRUST FUND
LAST TEN FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution (1)	\$ 1,983,602	\$ 2,876,338	\$ 3,231,475	\$ 3,459,107	\$ 2,989,260	\$ 2,989,260	\$ 3,494,835	\$ 3,440,443	\$ 1,861,270	\$ 1,861,270
Contributions in relation to the actuarially determined contribution	<u>945,461</u>	<u>842,034</u>	<u>1,163,708</u>	<u>1,159,496</u>	<u>2,357,354</u>	<u>688,884</u>	<u>859,359</u>	<u>1,121,081</u>	<u>445,638</u>	<u>422,773</u>
Contribution Deficiency (Excess)	<u>\$ 1,038,141</u>	<u>\$ 2,034,304</u>	<u>\$ 2,067,767</u>	<u>\$ 2,299,611</u>	<u>\$ 631,906</u>	<u>\$ 2,300,376</u>	<u>\$ 2,635,476</u>	<u>\$ 2,319,362</u>	<u>\$ 1,415,632</u>	<u>\$ 1,438,497</u>
Covered-employee payroll	\$ 9,082,000	\$ 8,817,473	\$ 8,967,689	\$ 8,706,494	\$ 8,066,200	\$ 8,066,200	\$ 7,743,713	\$ 7,743,713	\$ 7,229,161	\$ 7,229,161
Contributions as a percentage of covered-employee payroll	10.41%	9.55%	12.98%	13.32%	29.23%	8.54%	11.10%	14.48%	6.16%	5.85%

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2016 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

Notes to Schedule:

Valuation date: July 1, 2018
Measurement date: June 30, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry Age Actuarial Cost Method
Discount rate: 2.49%
Payroll: Level percentage of payroll, closed
Asset valuation method: Market value of assets
Salary Increases: 3.00%
Investment rate of return: 7.00%
Healthcare trend rates: Initial 5.2% graded down by the getzen model to an ultimate rate of 4.04%, dental is a flat 4.0%
Disability/Termination/Retirement rates: Experience-based table of rates that are specific to the type of eligibility conditions.
Mortality: 2010 Public sector Retirement Plans Mortality table for total Teacher, total Public Safety and total General employee populations with MP-2020.

**TOWN OF EAST GREENWICH, RHODE ISLAND
SCHEDULE OF INVESTMENT RETURNS
OPEB TRUST FUND
LAST FOUR FISCAL YEARS***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	4.56%	6.84%	7.75%	13.17%

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

TOWN OF EAST GREENWICH, RHODE ISLAND
SCHEDULE OF CHANGES IN THE TOWN'S TOTAL OPEB LIABILITY AND RELATED RATIOS
SCHOOL DEPARTMENT POSTRETIREMENT HEALTH INSURANCE PROGRAM
LAST FOUR FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability				
Service Cost	\$ 405,177	\$ 395,440	\$ 336,306	\$ 374,253
Interest on the total OPEB liability	197,909	195,826	183,389	149,147
Changes of assumptions	341,886	255,264	(1,838)	(256,079)
Differences between expected and actual experience	(205,994)	267,298	(157,436)	(139,963)
Benefit payments	<u>(157,343)</u>	<u>(147,234)</u>	<u>(97,002)</u>	<u>(35,416)</u>
Net change in total OPEB liability	581,635	966,594	263,419	91,942
Total OPEB liability - beginning	<u>6,516,992</u>	<u>5,550,398</u>	<u>5,286,979</u>	<u>5,195,037</u>
Total OPEB liability - ending	<u>\$ 7,098,627</u>	<u>\$ 6,516,992</u>	<u>\$ 5,550,398</u>	<u>\$ 5,286,979</u>
Covered-Employee Payroll	\$ 19,741,000	\$ 19,166,260	\$ 17,232,811	\$ 16,730,884
Total OPEB Liability as a Percentage of Covered-Employee Payroll	35.96%	34.00%	32.21%	31.60%

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

Notes to Schedule:

1) No assets are accumulated in a trust that meets the criteria of GASBS No. 75, paragraph 4 to pay related benefits

TOWN OF EAST GREENWICH, RHODE ISLAND
COMBINING BALANCE SHEET - GENERAL FUND
JUNE 30, 2020

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
ASSETS				
Cash and cash equivalents	\$ 13,817,572	\$	\$	\$ 13,817,572
Accounts and other receivable, net	2,457,154	97,727		2,554,881
Due from other funds	3,669,446	3,859,758	(3,859,758)	3,669,446
Prepaid items	288,220	1,720,098		2,008,318
Total Assets	<u>\$ 20,232,392</u>	<u>\$ 5,677,583</u>	<u>\$ (3,859,758)</u>	<u>\$ 22,050,217</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 601,641	\$ 321,531	\$	\$ 923,172
Accrued liabilities	782,468	2,592,692		3,375,160
Due to other funds	8,698,028		(3,859,758)	4,838,270
Due to component unit	95,247			95,247
Total liabilities	<u>10,177,384</u>	<u>2,914,223</u>	<u>(3,859,758)</u>	<u>9,231,849</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	1,367,528			1,367,528
Unavailable revenue - other receivables	253,713			253,713
Total deferred inflows of resources	<u>1,621,241</u>	<u>-</u>	<u>-</u>	<u>1,621,241</u>
Fund balances:				
Nonspendable	288,220	1,720,098		2,008,318
Committed		1,043,262		1,043,262
Assigned	73,724			73,724
Unassigned	8,071,823			8,071,823
Total fund balances	<u>8,433,767</u>	<u>2,763,360</u>	<u>-</u>	<u>11,197,127</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 20,232,392</u>	<u>\$ 5,677,583</u>	<u>\$ (3,859,758)</u>	<u>\$ 22,050,217</u>

**TOWN OF EAST GREENWICH, RHODE ISLAND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2020**

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
Revenues:				
Property taxes, interest and lien fees	\$ 57,956,263	\$	\$	\$ 57,956,263
Intergovernmental revenues	3,476,214	4,934,714		8,410,928
Fines, penalties and charges for services	1,636,906	61,975		1,698,881
Licenses and permits	816,268			816,268
Investment income	73,210	38,141		111,351
Other revenues	<u>150,905</u>	<u>50,215</u>		<u>201,120</u>
Total revenues	<u>64,109,766</u>	<u>5,085,045</u>	<u>-</u>	<u>69,194,811</u>
Expenditures:				
Current:				
General government	4,408,642			4,408,642
Public safety	12,053,165			12,053,165
Public works	4,213,328			4,213,328
Cultural and recreation	1,151,722			1,151,722
Education		41,794,216		41,794,216
Debt service:				
Principal retirement	2,607,833			2,607,833
Interest and other charges	2,114,678			2,114,678
Capital outlay	<u>6,151</u>			<u>6,151</u>
Total expenditures	<u>26,555,519</u>	<u>41,794,216</u>	<u>-</u>	<u>68,349,735</u>
Excess (Deficiency) of Revenues over Expenditures	<u>37,554,247</u>	<u>(36,709,171)</u>	<u>-</u>	<u>845,076</u>
Other Financing Sources (Uses):				
Transfers in from other funds	56,270	36,357,563	(36,357,563)	56,270
Transfers out to other funds	<u>(36,894,563)</u>		<u>36,357,563</u>	<u>(537,000)</u>
Total other financing sources (uses)	<u>(36,838,293)</u>	<u>36,357,563</u>	<u>-</u>	<u>(480,730)</u>
Net Change in Fund Balances	715,954	(351,608)	-	364,346
Fund Balances at Beginning of Year	<u>7,717,813</u>	<u>3,114,968</u>	<u>-</u>	<u>10,832,781</u>
Fund Balances at End of Year	<u>\$ 8,433,767</u>	<u>\$ 2,763,360</u>	<u>\$ -</u>	<u>\$ 11,197,127</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES) -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues and Use of Fund Balance:				
Property taxes:				
Current taxes	\$ 55,400,210	\$ 55,400,210	\$ 55,647,177	\$ 246,967
Prior taxes	900,000	900,000	1,453,510	553,510
Total taxes current and prior	56,300,210	56,300,210	57,100,687	800,477
Interest on taxes	140,000	140,000	209,623	69,623
Payment in lieu of taxes (State Aid)	659,856	659,856	645,955	(13,901)
Total property taxes	57,100,066	57,100,066	57,956,265	856,199
State aid - Town:				
Telephone tax	163,835	163,835	165,037	1,202
Meals and beverage tax	700,000	700,000	680,385	(19,615)
School Housing	1,850,023	1,850,023	1,526,130	(323,893)
State motor vehicle phase-out	586,065	586,065	538,524	(47,541)
Hotel tax	1,000	1,000	1,891	891
Total state aid - Town	3,300,923	3,300,923	2,911,967	(388,956)
Licenses, fees and rents:				
Business licenses and fees	371,700	371,700	710,096	338,396
Nonbusiness licenses and fees	50,800	50,800	54,897	4,097
Real Estate conveyance fees	415,000	415,000	402,514	(12,486)
Total licenses, fees and rents	837,500	837,500	1,167,507	330,007
Investment income - short term	30,000	30,000	73,210	43,210
Departmental revenues:				
Police department revenue	162,450	162,450	306,690	144,240
Fire Rescue Revenue	910,000	910,000	740,050	(169,950)
Community services revenue	45,750	45,750	49,935	4,185
Senior Programs	12,000	12,000	8,800	(3,200)
Planning department	13,000	13,000	16,851	3,851
Cell Tower Revenue	129,000	129,000	132,541	3,541
Copy charges	5,000	5,000	3,309	(1,691)
Bond Subsidy	552,500	552,500	555,532	3,032
Miscellaneous - Town	82,700	82,700	230,109	147,409
Total departmental revenues	1,912,400	1,912,400	2,043,817	131,417
Total revenues	63,180,889	63,180,889	64,152,766	971,877

TOWN OF EAST GREENWICH, RHODE ISLAND
SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES) -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Expenditures:				
General government:				
Town council	\$ 9,300	\$ 9,300	\$ 10,350	\$ (1,050)
Town manager's office	186,500	244,031	281,434	(37,403)
Town clerk	306,187	432,814	346,860	85,954
Legal	305,100	305,100	321,944	(16,844)
Probate	5,500	5,500	5,500	-
Board of canvassers	21,600	21,600	12,593	9,007
Finance department	666,978	891,175	935,024	(43,849)
Information technology	656,564	698,534	949,455	(250,921)
Town bldg outside services			18,816	(18,816)
Planning department	258,965	335,822	302,831	32,991
Total general government	<u>2,416,694</u>	<u>2,943,876</u>	<u>3,184,807</u>	<u>(240,931)</u>
Public safety:				
Police department	3,393,279	5,316,568	5,249,958	66,610
Fire department	4,180,204	6,377,884	6,786,737	(408,853)
Total public safety	<u>7,573,483</u>	<u>11,694,452</u>	<u>12,036,695</u>	<u>(342,243)</u>
Public works	<u>3,807,740</u>	<u>4,411,505</u>	<u>4,186,473</u>	<u>225,032</u>
Community parks & recreation	<u>988,050</u>	<u>1,266,910</u>	<u>1,186,266</u>	<u>80,644</u>
Capital improvements/projects	<u>100,000</u>	<u>100,000</u>	<u>6,151</u>	<u>93,849</u>
Miscellaneous:				
Employee benefits outside svcs	5,545,631	37,486	159,084	(121,598)
Life insurance	31,000	8,369	36,716	(28,347)
Property Insurance	339,200	339,200	340,541	(1,341)
Unemployment insurance	25,000	25,000	18,473	6,527
Workers' compensation	80,000	80,000	59,746	20,254
Contingency	75,000	75,000	3,000	72,000
Total miscellaneous	<u>6,095,831</u>	<u>565,055</u>	<u>617,560</u>	<u>(52,505)</u>
Debt service	<u>4,777,925</u>	<u>4,777,925</u>	<u>4,722,514</u>	<u>55,411</u>
Total expenditures	<u>25,759,723</u>	<u>25,759,723</u>	<u>25,940,466</u>	<u>(180,743)</u>
Excess of Revenues over Expenditures	<u>37,421,166</u>	<u>37,421,166</u>	<u>38,212,300</u>	<u>791,134</u>
Other Financing Sources (Uses):				
Transfers out:				
Tax Transfer to School	(36,357,563)	(36,357,563)	(36,357,563)	-
Tax Transfer EG Free Library	(536,232)	(536,232)	(536,232)	-
Misc. Tax Dollar Transfers			(50,000)	(50,000)
Transfers to Other Funds			(487,000)	(487,000)
Total other financing sources (uses)	<u>(36,893,795)</u>	<u>(36,893,795)</u>	<u>(37,430,795)</u>	<u>(537,000)</u>
Excess of Revenues, Other Sources and Uses of Fund Balance over Expenditures and Other Financing Uses	\$ <u>527,371</u>	\$ <u>527,371</u>	781,505	\$ <u>254,134</u>
Budgetary excess of revenues over expenditures is different than GAAP net change in fund balance because of the following reconciling items:				
Change in encumbrances			<u>(65,551)</u>	
Total Net Change in Fund Balance - GAAP Basis			\$ <u>715,954</u>	

TOWN OF EAST GREENWICH, RHODE ISLAND
SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - SCHOOL UNRESTRICTED FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues and Designated Fund Balance:				
State aid	\$ 2,521,264	\$ 2,658,975	\$ 2,589,117	\$ (69,858)
Tuition	75,000	75,000	61,975	(13,025)
Medicaid funds	400,000	400,000	354,499	(45,501)
Miscellaneous	190,000	190,000	88,343	(101,657)
Total revenues	<u>3,186,264</u>	<u>3,323,975</u>	<u>3,093,934</u>	<u>(230,041)</u>
Expenditures:				
Salaries	23,702,982	23,699,899	23,974,184	(274,285)
Employee benefits	8,206,809	8,191,892	8,288,673	(96,781)
Purchased services	5,852,423	5,861,964	5,713,065	148,899
Supplies and materials	1,781,613	1,927,783	1,806,268	121,515
Total expenditures	<u>39,543,827</u>	<u>39,681,538</u>	<u>39,782,190</u>	<u>(100,652)</u>
Excess (Deficiency) of Revenues over				
Expenditures	(36,357,563)	(36,357,563)	(36,688,256)	(330,693)
Other Financing Sources:				
Transfers in	<u>36,357,563</u>	<u>36,357,563</u>	<u>36,357,563</u>	<u>-</u>
Excess of Revenues, Other Sources and Uses of				
Fund Balance over Expenditures and Other				
Financing Uses	\$ <u>-</u>	\$ <u>-</u>	(330,693)	\$ <u>(330,693)</u>
Budgetary excess of revenues over expenditures is different than GAAP				
net change in fund balance because of the following reconciling items:				
Change in encumbrances			<u>(20,915)</u>	
Total Net Change in Fund Balance - GAAP Basis			\$ <u>(351,608)</u>	

TOWN OF EAST GREENWICH, RHODE ISLAND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

	Special Revenue Funds									
	Recreation Development	Impact Fees	Comprehensive Plan Land Use	Community Development Block Grant	EMA Funds	Fire Plan Review	Recreation Activities	Smoke Detector	Municipal Recycling Program	Project Accounts Fund
ASSETS										
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Receivables, net				2,111	38,647		6,454			
Due from other funds	289,744	1,464,853	113,527			98,209	241,782	14,394	26,765	328,375
Total Assets	\$ 289,744	\$ 1,464,853	\$ 113,527	\$ 2,111	\$ 38,647	\$ 98,209	\$ 248,236	\$ 14,394	\$ 26,765	\$ 328,375
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	\$	\$	\$	148	1,575	4,376	435	\$	325
Accrued liabilities							650			
Due to other funds				2,111	6,612					
Unearned revenue										
Total liabilities	-	-	-	2,111	6,760	1,575	5,026	435	-	325
Fund Balances:										
Nonspendable										
Restricted										
Committed	289,744	1,464,853	113,527		31,887	96,634	243,210	13,959	26,765	328,050
Unassigned										
Total fund balances	289,744	1,464,853	113,527	-	31,887	96,634	243,210	13,959	26,765	328,050
Total Liabilities and Fund Balances	\$ 289,744	\$ 1,464,853	\$ 113,527	\$ 2,111	\$ 38,647	\$ 98,209	\$ 248,236	\$ 14,394	\$ 26,765	\$ 328,375

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TOWN OF EAST GREENWICH, RHODE ISLAND
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

Special Revenue Funds										
	Title I	Title II	Title III	RTTT Instructional	Computer Fund	EDC	NEA Foundation	IDEA Preschool	IDEA Part B	RI Full Day Kindergarten
ASSETS										
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Receivables, net	9,113	5,390						2,153	180,559	
Due from other funds		65,475	3	1,226			542			2
Total Assets	\$ 9,113	\$ 70,865	\$ 3	\$ 1,226	\$ -	\$ -	\$ 542	\$ 2,153	\$ 180,559	\$ 2
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 1,597	\$	\$	\$	\$	\$	\$	\$ 937	\$	\$
Accrued liabilities									49,382	
Due to other funds	7,516	70,865				34		1,216	131,162	
Unearned revenue						137				
Total liabilities	9,113	70,865	-	-	-	171	-	2,153	180,544	-
Fund Balances:										
Nonspendable										
Restricted			3	1,226					15	
Committed							542			2
Unassigned						(171)				
Total fund balances	-	-	3	1,226	-	(171)	542	-	15	2
Total Liabilities and Fund Balances	\$ 9,113	\$ 70,865	\$ 3	\$ 1,226	\$ -	\$ -	\$ 542	\$ 2,153	\$ 180,559	\$ 2

(Continued on next page)

TOWN OF EAST GREENWICH, RHODE ISLAND
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

	Special Revenue Funds									
	Gen. Youth Foundation	Strategic Support	RI State Council on Arts	RI Foundation	English Language Learners	Legislative Tech	Champlin Grant	Education Foundation	Wendy's Corporation	Healthier U.S. Schools Challenge
ASSETS										
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Receivables, net										
Due from other funds	123	41,977	800	618	2		8	56	2,015	1,000
Total Assets	<u>\$ 123</u>	<u>\$ 41,977</u>	<u>\$ 800</u>	<u>\$ 618</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 56</u>	<u>\$ 2,015</u>	<u>\$ 1,000</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accrued liabilities										
Due to other funds										
Unearned revenue										
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:										
Nonspendable										
Restricted							8			
Committed	123	41,977	800	618	2			56	2,015	1,000
Unassigned										
Total fund balances	<u>123</u>	<u>41,977</u>	<u>800</u>	<u>618</u>	<u>2</u>	<u>-</u>	<u>8</u>	<u>56</u>	<u>2,015</u>	<u>1,000</u>
Total Liabilities and Fund Balances	<u>\$ 123</u>	<u>\$ 41,977</u>	<u>\$ 800</u>	<u>\$ 618</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 56</u>	<u>\$ 2,015</u>	<u>\$ 1,000</u>

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TOWN OF EAST GREENWICH, RHODE ISLAND
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

	Special Revenue Funds						Capital Projects Funds			
	New England Dairy & Food Council	IDEA SSS Grant	School Climate Transformation	RI Office of Library Services	Wireless Classroom	Revaluation Fund	\$5 Million Asphalt	School Bond 52m Capital Fund	Capital Reserve Fund	Capital Equipment Replacement Fund
ASSETS										
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Receivables, net		627	4,071	540						
Due from other funds	6			54	213,733	57,000			49,253	120,000
Total Assets	\$ 6	\$ 627	\$ 4,071	\$ 594	\$ 213,733	\$ 57,000	\$ -	\$ -	\$ 49,253	\$ 120,000
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$	29,979	\$
Accrued liabilities										
Due to other funds		627	4,071					396,680		
Unearned revenue										
Total liabilities	-	627	4,071	-	-	-	-	396,680	29,979	-
Fund Balances:										
Nonspendable										
Restricted										
Committed	6			594	213,733	57,000			19,274	120,000
Unassigned								(396,680)		
Total fund balances	6	-	-	594	213,733	57,000	-	(396,680)	19,274	120,000
Total Liabilities and Fund Balances	\$ 6	\$ 627	\$ 4,071	\$ 594	\$ 213,733	\$ 57,000	\$ -	\$ -	\$ 49,253	\$ 120,000

(Continued on next page)

TOWN OF EAST GREENWICH, RHODE ISLAND
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

	Capital Projects Funds				Permanent Funds			Total	
	Public Works Improvement Fund	Technology Improvement Fund	Town Hall Improvement Fund	Park Improvements	Bond Fund	Nonexpendable Trust Fund	Rose Trust Fund		Eliminations
ASSETS									
Cash and cash equivalents	\$	\$	\$	\$	\$	24,132	\$ 263,494	\$	\$ 287,626
Receivables, net					2,500				252,165
Due from other funds	100,000	70,000	100,000	50,000		158,751		(212,066)	3,398,227
Total Assets	<u>\$ 100,000</u>	<u>\$ 70,000</u>	<u>\$ 100,000</u>	<u>\$ 50,000</u>	<u>\$ 2,500</u>	<u>\$ 182,883</u>	<u>\$ 263,494</u>	<u>\$ (212,066)</u>	<u>\$ 3,938,018</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$	\$	\$	\$	136,384	\$	\$	\$	175,756
Accrued liabilities									50,032
Due to other funds					1,409,728		96,525	(212,066)	1,915,081
Unearned revenue									137
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,546,112</u>	<u>-</u>	<u>96,525</u>	<u>(212,066)</u>	<u>2,141,006</u>
Fund Balances:									
Nonspendable						182,883	166,969		349,852
Restricted									1,252
Committed	100,000	70,000	100,000	50,000					3,386,371
Unassigned					(1,543,612)				(1,940,463)
Total fund balances	<u>100,000</u>	<u>70,000</u>	<u>100,000</u>	<u>50,000</u>	<u>(1,543,612)</u>	<u>182,883</u>	<u>166,969</u>	<u>-</u>	<u>1,797,012</u>
Total Liabilities and Fund Balances	<u>\$ 100,000</u>	<u>\$ 70,000</u>	<u>\$ 100,000</u>	<u>\$ 50,000</u>	<u>\$ 2,500</u>	<u>\$ 182,883</u>	<u>\$ 263,494</u>	<u>\$ (212,066)</u>	<u>\$ 3,938,018</u>

**TOWN OF EAST GREENWICH, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020**

	Special Revenue Funds									
	<u>Recreation Development</u>	<u>Impact Fees</u>	<u>Comprehensive Plan Land Use</u>	<u>Community Development Block Grant</u>	<u>EMA Funds</u>	<u>Fire Plan Review</u>	<u>Recreation Activities</u>	<u>Smoke Detector</u>	<u>Municipal Recycling Program</u>	<u>Project Accounts Fund</u>
Revenues:										
Intergovernmental revenues	\$		\$	\$ 1,045	\$ 38,647	\$ 80,440	\$ 103,619	\$ 6,851	\$ 3,272	\$ 74,933
Fines, penalties and charges for services		126,050								876
Investment income (loss)										250
Other revenue										250
Total revenues	<u>-</u>	<u>126,050</u>	<u>-</u>	<u>1,045</u>	<u>38,647</u>	<u>80,440</u>	<u>103,619</u>	<u>6,851</u>	<u>3,272</u>	<u>76,059</u>
Expenditures:										
General government				46,005						1,160
Public safety					33,489	11,550		1,398		24,729
Public works					5,158			6,544		30,788
Cultural and recreation							131,206			79
Health and welfare										
Education		13,498								
Capital outlay		60,000								
Total expenditures	<u>-</u>	<u>73,498</u>	<u>-</u>	<u>46,005</u>	<u>38,647</u>	<u>11,550</u>	<u>131,206</u>	<u>1,398</u>	<u>6,544</u>	<u>56,756</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>52,552</u>	<u>-</u>	<u>(44,960)</u>	<u>-</u>	<u>68,890</u>	<u>(27,587)</u>	<u>5,453</u>	<u>(3,272)</u>	<u>19,303</u>
Other Financing Sources (Uses):										
Proceeds from debt issuance										
Transfers in			40,000							
Transfers out										
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	52,552	40,000	(44,960)	-	68,890	(27,587)	5,453	(3,272)	19,303
Fund Balances at Beginning of Year	<u>289,744</u>	<u>1,412,301</u>	<u>73,527</u>	<u>44,960</u>	<u>31,887</u>	<u>27,744</u>	<u>270,797</u>	<u>8,506</u>	<u>30,037</u>	<u>308,747</u>
Fund Balances at End of Year	<u>\$ 289,744</u>	<u>\$ 1,464,853</u>	<u>\$ 113,527</u>	<u>\$ -</u>	<u>\$ 31,887</u>	<u>\$ 96,634</u>	<u>\$ 243,210</u>	<u>\$ 13,959</u>	<u>\$ 26,765</u>	<u>\$ 328,050</u>

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**TOWN OF EAST GREENWICH, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020**

Special Revenue Funds											
	Title I	Title II	Title III	RTTT Instructional	Computer Fund	EDC	NEA Foundation	IDEA Preschool	IDEA Part B	RI Full Day Kindergarten	Gen. Youth Foundation
Revenues:											
Intergovernmental revenues	\$ 83,402	\$ 58,355	\$ 2,340	\$	\$	\$	\$	\$ 12,873	\$ 568,217	\$	\$
Fines, penalties and charges for services											
Investment income (loss)											
Other revenue											
Total revenues	<u>83,402</u>	<u>58,355</u>	<u>2,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,873</u>	<u>568,217</u>	<u>-</u>	<u>-</u>
Expenditures:											
General government											
Public safety											
Public works											
Cultural and recreation											
Health and welfare											
Education	83,402	58,355	2,340					12,873	568,217		
Capital outlay											
Total expenditures	<u>83,402</u>	<u>58,355</u>	<u>2,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,873</u>	<u>568,217</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):											
Proceeds from debt issuance											
Transfers in											
Transfers out					(8,615)						
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,615)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-	(8,615)	-	-	-	-	-	-
Fund Balances at Beginning of Year	-	-	3	1,226	8,615	(171)	542	-	15	2	123
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 1,226</u>	<u>\$ -</u>	<u>\$ (171)</u>	<u>\$ 542</u>	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ 2</u>	<u>\$ 123</u>

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**TOWN OF EAST GREENWICH, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020**

	Special Revenue Funds									
	Strategic Support	RI State Council on Arts	RI Foundation	English Language Learners	Legislative Tech	Champlin Grant	Education Foundation	Wendy's Corporation	Healthier U.S. Schools Challenge	New England Dairy & Food Council
Revenues:										
Intergovernmental revenues	\$	\$	\$	\$ 298	\$	\$	\$	\$	\$	\$
Fines, penalties and charges for services										
Investment income (loss)										
Other revenue			826							
Total revenues	-	-	826	298	-	-	-	-	-	-
Expenditures:										
General government										
Public safety										
Public works										
Cultural and recreation										
Health and welfare										
Education			212	298						1,283
Capital outlay										
Total expenditures	-	-	212	298	-	-	-	-	-	1,283
Excess (Deficiency) of Revenues over Expenditures	-	-	614	-	-	-	-	-	-	(1,283)
Other Financing Sources (Uses):										
Proceeds from debt issuance										
Transfers in										
Transfers out					(4,655)					
Total other financing sources (uses)	-	-	-	-	(4,655)	-	-	-	-	-
Net Change in Fund Balances	-	-	614	-	(4,655)	-	-	-	-	(1,283)
Fund Balances at Beginning of Year	41,977	800	4	2	4,655	8	56	2,015	1,000	1,289
Fund Balances at End of Year	\$ 41,977	\$ 800	\$ 618	\$ 2	\$ -	\$ 8	\$ 56	\$ 2,015	\$ 1,000	\$ 6

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TOWN OF EAST GREENWICH, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds					Capital Projects Funds			
	IDEA SSS Grant	School Climate Transformation	RI Office of Library Services	Wireless Classroom	Revaluation Fund	\$5 Million Asphalt	School Bond 52m Capital Fund	Capital Reserve Fund	Capital Equipment Replacement Fund
Revenues:									
Intergovernmental revenues	\$ 627	\$ 4,071	\$ 1,007	\$ -	\$ -	\$ -	\$ -	\$ 99,650	\$ -
Fines, penalties and charges for services									
Investment income (loss)									
Other revenue									
Total revenues	<u>627</u>	<u>4,071</u>	<u>1,007</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,650</u>	<u>-</u>
Expenditures:									
General government								80,376	
Public safety									
Public works									
Cultural and recreation									
Health and welfare									
Education	627	4,071	413						
Capital outlay						606,444			
Total expenditures	<u>627</u>	<u>4,071</u>	<u>413</u>	<u>-</u>	<u>-</u>	<u>606,444</u>	<u>-</u>	<u>80,376</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>594</u>	<u>-</u>	<u>-</u>	<u>(606,444)</u>	<u>-</u>	<u>19,274</u>	<u>-</u>
Other Financing Sources (Uses):									
Proceeds from debt issuance						606,444			
Transfers in					57,000				120,000
Transfers out									
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,000</u>	<u>606,444</u>	<u>-</u>	<u>-</u>	<u>120,000</u>
Net Change in Fund Balances	-	-	594	-	57,000	-	-	19,274	120,000
Fund Balances at Beginning of Year	-	-	-	213,733	-	-	(396,680)	-	-
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 594</u>	<u>\$ 213,733</u>	<u>\$ 57,000</u>	<u>\$ -</u>	<u>\$ (396,680)</u>	<u>\$ 19,274</u>	<u>\$ 120,000</u>

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**TOWN OF EAST GREENWICH, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020**

	Capital Project Funds					Permanent Funds			Total
	Public Works Improvement Fund	Technology Improvement Fund	Town Hall Improvement Fund	Park Improvements	Bond Fund	Nonexpendable Trust Fund	Rose Trust Fund	Eliminations	
Revenues:									
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	\$	\$	\$ 945,465
Fines, penalties and charges for services									321,108
Investment income (loss)						1	2,401		2,402
Other revenue					80,950				82,026
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,950</u>	<u>1</u>	<u>2,401</u>	<u>-</u>	<u>1,351,001</u>
Expenditures:									
General government									127,541
Public safety							1,255		72,421
Public works									11,702
Cultural and recreation									161,994
Health and welfare									79
Education									745,589
Capital outlay					1,624,562				2,291,006
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,624,562</u>	<u>-</u>	<u>1,255</u>	<u>-</u>	<u>3,410,332</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,543,612)</u>	<u>1</u>	<u>1,146</u>	<u>-</u>	<u>(2,059,331)</u>
Other Financing Sources (Uses):									
Proceeds from debt issuance									606,444
Transfers in	100,000	70,000	100,000	50,000					537,000
Transfers out									(13,270)
Total other financing sources (uses)	<u>100,000</u>	<u>70,000</u>	<u>100,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,130,174</u>
Net Change in Fund Balances	100,000	70,000	100,000	50,000	(1,543,612)	1	1,146	-	(929,157)
Fund Balances at Beginning of Year	-	-	-	-	-	182,882	165,823	-	2,726,169
Fund Balances at End of Year	<u>\$ 100,000</u>	<u>\$ 70,000</u>	<u>\$ 100,000</u>	<u>\$ 50,000</u>	<u>\$ (1,543,612)</u>	<u>\$ 182,883</u>	<u>\$ 166,969</u>	<u>\$ -</u>	<u>\$ 1,797,012</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
Performance Bonds				
Assets:				
Cash	\$ 239,043	\$	\$ 70,867	\$ 168,176
Due from other funds	<u>375,852</u>	<u>1,025,480</u>	<u></u>	<u>1,401,332</u>
Total Assets	<u>\$ 614,895</u>	<u>\$ 1,025,480</u>	<u>\$ 70,867</u>	<u>\$ 1,569,508</u>
Liabilities:				
Deposits held in custody for others	<u>\$ 614,895</u>	<u>\$ 1,089,979</u>	<u>\$ 135,366</u>	<u>\$ 1,569,508</u>
Pupil Activities Funds				
Assets:				
Cash	<u>\$ 284,103</u>	<u>\$ 354,972</u>	<u>\$ 367,330</u>	<u>\$ 271,745</u>
Liabilities:				
Deposits held in custody for others	<u>\$ 284,103</u>	<u>\$ 354,972</u>	<u>\$ 367,330</u>	<u>\$ 271,745</u>
Total All Agency Funds				
Assets:				
Cash	\$ 523,146	\$ 354,972	\$ 438,197	\$ 439,921
Other assets	<u>375,852</u>	<u>1,025,480</u>	<u></u>	<u>1,401,332</u>
Total Assets	<u>\$ 898,998</u>	<u>\$ 1,380,452</u>	<u>\$ 438,197</u>	<u>\$ 1,841,253</u>
Liabilities:				
Deposits held in custody for others	<u>\$ 898,998</u>	<u>\$ 1,380,452</u>	<u>\$ 438,197</u>	<u>\$ 1,841,253</u>

**TOWN OF EAST GREENWICH, RHODE ISLAND
SCHEDULE OF PROPERTY TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Year</u>	<u>Property Taxes Receivable July 1, 2019</u>	<u>Current Year Assessment</u>	<u>Additions and Adjustments</u>	<u>Abatements</u>	<u>Amount to be Collected</u>	<u>Collections Net of Refunds</u>	<u>Property Taxes Receivable June 30, 2020</u>
2019	\$	\$ 56,880,197	\$ 29,351	\$ 72,941	\$ 56,836,607	\$ 55,631,146	\$ 1,205,461
2018	1,382,553			1,415	1,381,138	1,237,591	143,547
2017	171,222			470	170,752	52,782	117,970
2016	174,243			13	174,230	34,701	139,529
2015	134,432				134,432	20,201	114,231
2014	116,926			2	116,924	17,224	99,700
2013	122,448			484	121,964	14,121	107,843
2012	96,211			451	95,760	3,016	92,744
2011	71,529			415	71,114	11,248	59,866
2010	54,386			17,230	37,156	2,396	34,760
2009	49,008			31,209	17,799	4,524	13,275
2008 and prior	573,090			559,253	13,837	5,752	8,085
Subtotal	2,946,048	\$ <u>56,880,197</u>	\$ <u>29,351</u>	\$ <u>683,883</u>	\$ <u>59,171,713</u>	\$ <u>57,034,702</u>	2,137,011
Less: estimated allowance for uncollectable accounts	<u>90,933</u>						<u>76,370</u>
Net property taxes receivable	\$ <u>2,855,115</u>						\$ <u>2,060,641</u>

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**TOWN OF EAST GREENWICH, RHODE ISLAND
SCHEDULE OF PROPERTY TAXES RECEIVABLE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Collections

<u>Year</u>	<u>July - August 2019 Collections Subject to 60-Day FY19 Accrual</u>	<u>September - June 2020 Collections</u>	<u>Total FY2020 Collections</u>	<u>July - August 2020 Collections Subject to 60-Day FY20 Accrual</u>
2019	\$	\$ 55,631,146	\$ 55,631,146	\$ 657,848
2018	604,652	632,939	1,237,591	9,259
2017	7,344	45,438	52,782	8,328
2016	4,454	30,247	34,701	4,311
2015	4,413	15,788	20,201	3,634
2014	2,784	14,440	17,224	3,015
2013	2,223	11,898	14,121	3,191
2012	345	2,671	3,016	2,131
2011	563	10,685	11,248	1,393
2010	(69)	2,465	2,396	
2009	186	4,338	4,524	
2008 and prior	230	5,522	5,752	
Total	\$ <u>627,125</u>	\$ <u>56,407,577</u>	\$ <u>57,034,702</u>	\$ <u>693,110</u>

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**TOWN OF EAST GREENWICH, RHODE ISLAND
 SCHEDULE OF PROPERTY TAXES RECEIVABLE (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2020**

Schedule of Net Assessed Property Value by Category		
Assessed December 31, 2018		
Description of Property	Valuations	Levy
Real property	\$ 1,992,309,206	\$ 46,241,497
Commercial/Mixed Use	369,043,000	8,650,368
Motor vehicle	142,907,721	3,269,729
Tangible property	<u>83,203,453</u>	<u>1,950,289</u>
Total	2,587,463,380	60,111,883
Exemptions and adjustments	<u>139,774,607</u>	<u>3,231,686</u>
Net Assessed Value	\$ <u>2,447,688,773</u>	\$ <u>56,880,197</u>

Reconciliation of Current Year Property Tax Revenue	
Current year collections	\$ 57,034,702
Revenue received 60 days subsequent to	
fiscal year ending June 30, 2020	<u>693,110</u>
Subtotal	<u>57,727,812</u>
Prior year revenue received in current year (2019 60 day rule)	<u>(627,125)</u>
Current Year Property Tax Revenue	\$ <u>57,100,687</u>

Town of East Greenwich
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2020

EXHIBIT E-1

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 55,634,135	\$ -
Last Year's Levy Tax Collection	1,274,855	-
Prior Years Property Tax Collection	178,567	-
Interest & Penalty	222,753	-
PILOT & Tax Treaty (excluded from levy) Collection	-	-
Other Local Property Taxes	-	-
Licenses and Permits	1,136,185	-
Fines and Forfeitures	-	-
Investment Income	73,210	-
Departmental	188,914	-
Rescue Run Revenue	722,351	-
Police & Fire Detail	243,624	-
Other Local Non-Property Tax Revenues	132,541	-
Tuition	-	61,975
Impact Aid	-	-
Medicaid	-	354,499
Federal Stabilization Funds	-	94,456
Federal Food Service Reimbursement	-	729,885
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	-	-
COVID - ESSER	-	-
COVID - CRF	-	-
COVID - CDBG	-	-
COVID - FEMA	38,647	-
COVID - Other	17,699	-
MV Excise Tax Reimbursement	84,112	-
State PILOT Program	645,955	-
Distressed Community Relief Fund	-	-
Library Resource Aid	-	-
Library Construction Aid	-	-
Public Service Corporation Tax	165,037	-
Meals & Beverage Tax / Hotel Tax	682,276	-
LEA Aid	-	2,589,415
Group Home	-	-
Housing Aid Capital Projects	-	-
Housing Aid Bonded Debt	1,526,130	-
State Food Service Revenue	-	46,304
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	-	1,007
Motor Vehicle Phase Out	454,412	-
Other Revenue	727,010	421,619
Local Appropriation for Education	-	36,357,563
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	<u><u>\$ 64,148,413</u></u>	<u><u>\$ 40,656,721</u></u>
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	56,270	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
Total Other Financing Sources	<u><u>\$ 56,270</u></u>	<u><u>\$ -</u></u>

Town of East Greenwich
 Annual Supplemental Transparency Report (MTP2)
 Fiscal Year Ended June 30, 2020

EXPENDITURES	General		Social	Centralized	Planning	Libraries	Public	Parks and	Police
	Government	Finance	Services	IT			Works	Rec	Department
Compensation- Group A	\$ 443,769	\$ 590,582	\$ -	\$ 196,552	\$ 215,683	\$ -	\$ 1,307,079	\$ 734,379	\$ 2,289,036
Compensation - Group B	-	-	-	-	-	-	-	-	504,583
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	-	3,499	-	-	-	-	93,307	4,661	136,116
Overtime - Group B	-	-	-	-	-	-	-	-	65,169
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	195,668
Active Medical Insurance - Group A	118,329	130,109	-	23,635	47,330	-	323,670	171,268	470,033
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	90,027
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	2,644	3,232	-	605	1,115	-	7,759	3,529	11,944
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	2,326
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	34,823	45,314	-	14,705	15,748	-	104,158	56,080	242,392
Life Insurance	11,076	1,499	-	398	643	-	5,090	2,703	13,768
State Defined Contribution- Group A	4,669	6,037	-	1,958	2,650	-	9,430	5,957	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	2,581
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	459	448	-	178	874	-	83,689	14,911	45,741
Other Benefits- Group B	-	-	-	-	-	-	-	-	18,121
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	18,772	25,198	-	8,841	9,735	-	55,943	30,196	701,412
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	14,486
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	379,588	68,778	-	113,231	6,838	-	31,305	17,929	45,071
Materials/Supplies	6,963	5,819	-	17,976	240	-	96,853	55,316	20,046
Software Licenses	-	-	-	247,037	-	-	-	-	-
Capital Outlays	6,151	2,683	-	220,513	-	-	46,190	4,914	9,673
Insurance	359,014	-	-	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-	173,332	139	739
Vehicle Operations	-	-	-	-	-	-	328,640	10,000	46,657
Utilities	18,816	-	-	92,216	-	-	123,275	55,130	35,699
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	268,872	-	-
Revaluation	-	15,786	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	56,190	-	-
Trash Removal & Recycling	-	-	-	-	-	-	732,821	-	-
Claims & Settlements	-	-	-	-	-	-	-	-	-
Community Support	31,500	-	-	-	-	-	-	-	-
Other Operation Expenditures	116,372	27,715	-	200	397	536,232	83,254	15,615	27,037
Tipping Fees	-	-	-	-	-	-	213,173	-	-
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	\$ 1,552,945	\$ 926,698	\$ -	\$ 938,044	\$ 301,254	\$ 536,232	\$ 4,144,031	\$ 1,182,725	\$ 4,988,326

Town of East Greenwich
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2020

EXHIBIT E-1

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ 3,232,984	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,010,064	\$ 18,941,099
Compensation - Group B	-	-	-	-	-	-	504,583	1,706,778
Compensation - Group C	-	-	-	-	-	-	-	3,701,246
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	636,515	-	-	-	-	-	874,098	-
Overtime - Group B	-	-	-	-	-	-	65,169	-
Overtime - Group C	-	-	-	-	-	-	-	53,216
Police & Fire Detail	-	-	-	-	-	-	195,668	-
Active Medical Insurance - Group A	676,928	-	-	-	-	-	1,961,304	2,383,303
Active Medical Insurance- Group B	-	-	-	-	-	-	90,027	172,097
Active Medical Insurance- Group C	-	-	-	-	-	-	-	1,249,010
Active Dental insurance- Group A	22,302	-	-	-	-	-	53,131	132,776
Active Dental Insurance- Group B	-	-	-	-	-	-	2,326	10,575
Active Dental Insurance- Group C	-	-	-	-	-	-	-	79,816
Payroll Taxes	278,286	-	-	-	-	-	791,506	623,927
Life Insurance	9,886	-	-	-	-	-	45,062	32,932
State Defined Contribution- Group A	155	-	-	-	-	-	30,855	469,382
State Defined Contribution - Group B	-	-	-	-	-	-	2,581	43,771
State Defined Contribution - Group C	-	-	-	-	-	-	-	139,905
Other Benefits- Group A	62,543	-	-	-	-	-	208,844	241,580
Other Benefits- Group B	-	-	-	-	-	-	18,121	2,233
Other Benefits- Group C	-	-	-	-	-	-	-	1,675
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	836,293	-	-	-	-	-	1,686,390	2,605,099
State Defined Benefit Pension - Group B	-	-	-	-	-	-	14,486	200,915
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	43,491
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-
Purchased Services	106,343	-	-	-	-	-	769,082	5,409,280
Materials/Supplies	76,626	-	-	-	-	-	279,839	620,577
Software Licenses	-	-	-	-	-	-	247,037	122,025
Capital Outlays	6,413	-	-	-	-	-	296,537	369,607
Insurance	-	-	-	-	-	-	359,014	180,262
Maintenance	59,004	-	-	-	-	-	233,215	453,247
Vehicle Operations	75,707	-	-	-	-	-	461,003	4,797
Utilities	20,839	-	-	-	-	-	345,975	845,123
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	268,872	-
Revaluation	-	-	-	-	-	-	15,786	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	56,190	-
Trash Removal & Recycling	-	-	-	-	-	-	732,821	-
Claims & Settlements	-	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	31,500	12,157
Other Operation Expenditures	360,144	-	-	-	-	-	1,166,965	148,653
Tipping Fees	-	-	-	-	-	-	213,173	-
Local Appropriation for Education	-	-	-	36,357,563	-	-	36,357,563	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	442,000	-	442,000	-
Municipal Debt- Interest	-	-	-	-	134,453	-	134,453	-
School Debt- Principal	-	-	-	-	2,165,833	-	2,165,833	-
School Debt- Interest	-	-	-	-	1,980,228	-	1,980,228	-
Retiree Medical Insurance- Total	-	-	-	-	-	0	0	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	840,428	840,428	36,391
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 6,460,968	\$ -	\$ -	\$ 36,357,563	\$ 4,722,514	\$ 840,428	\$ 62,951,729	\$ 41,036,943

Financing Uses: Transfer to Capital Funds	\$ 487,000	\$ -
Financing Uses: Transfer to Other Funds	50,000	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ 537,000	\$ -
Net Change in Fund Balance¹	715,954	(380,223)
Fund Balance1- beginning of year	\$7,090,688	\$3,490,920
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	31,887	-
Prior period adjustments	627,125	-
Misc. Adjustment	-	(13,270)
Fund Balance¹ - beginning of year adjusted	7,749,700	3,477,650
Rounding	-	-
Fund Balance¹ - end of year	\$ 8,465,654	\$ 3,097,427

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

Town of East Greenwich
 Annual Supplemental Transparency Report (MTP2)
 Combining Schedule of
 Reportable Government Services with
 Reconciliation to MTP2
 Municipal
 Fiscal Year Ended June 30, 2020

EXHIBIT E-1

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 Balance¹ - per MTP-2 at June 30, 2019						\$ 7,090,688	627,125	\$ 7,717,813	
<i>No funds removed from RGS for fiscal 2020</i>						-		-	
<i>Funds added to RGS for fiscal 2020</i>						31,887		-	
<i>No misc. adjustment made for fiscal 2020</i>							-	-	
Fund Balance¹ - per MTP-2 at June 30, 2019 adjusted						<u>\$ 7,122,575</u>	<u>-</u>	<u>\$ 7,717,813</u>	
General Fund	\$ 64,109,766	\$ 56,270	\$ 26,555,519	\$ 36,894,563	\$ 715,954	\$ 7,090,688	\$ 627,125	\$ 7,717,813	\$ 8,433,767
Federal/State Grant	\$ 38,647	\$ -	\$ 38,647	\$ -	\$ -	31,887	-	31,887	31,887
Totals per audited financial statements	<u>\$ 64,148,413</u>	<u>\$ 56,270</u>	<u>\$ 26,594,166</u>	<u>\$ 36,894,563</u>	<u>\$ 715,954</u>	<u>\$ 7,122,575</u>	<u>\$ 627,125</u>	<u>\$ 7,749,700</u>	<u>\$ 8,465,654</u>
<u>Reconciliation from financial statements to MTP2</u>									
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	\$ -	\$ -	36,357,563	(36,357,563)	\$ -	\$ -	\$ -	\$ -	\$ -
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 64,148,413</u>	<u>\$ 56,270</u>	<u>\$ 62,951,729</u>	<u>\$ 537,000</u>	<u>\$ 715,954</u>	<u>\$ 7,749,700</u>	<u>\$ 627,125</u>	<u>\$ 7,749,700</u>	<u>\$ 8,465,654</u>

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

Town of East Greenwich
Annual Supplemental Transparency Report (MTP2)
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Education Department
Fiscal Year Ended June 30, 2020

EXHIBIT E-1

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 Balance¹ - per MTP-2 at June 30, 2019						\$ 3,490,920	-	\$ 3,490,920	
<i>Adjustment for ending fund balance (special revenue fund) from FY19</i>						(13,270)	-	(13,270)	
Fund Balance¹ - per MTP-2 at June 30, 2019 adjusted						<u>\$ 3,477,650</u>	-	<u>\$ 3,477,650</u>	
School Unrestricted Fund	\$ 5,085,045	\$ 36,357,563	\$ 41,794,216	\$ -	\$ (351,608)	\$ 3,114,968	\$ -	\$ 3,114,968	\$ 2,763,360
Enterprise Fund ¹ (School food service)	515,020	-	543,560	-	(28,540)	100,059	-	100,059	71,519
School Special Revenue Funds	732,016	-	732,091	-	(75)	262,623	-	262,623	262,548
Totals per audited financial statements	<u>\$ 6,332,081</u>	<u>\$ 36,357,563</u>	<u>\$ 43,069,867</u>	<u>\$ -</u>	<u>\$ (380,223)</u>	<u>\$ 3,477,650</u>	<u>\$ -</u>	<u>\$ 3,477,650</u>	<u>\$ 3,097,427</u>
<u>Reconciliation from financial statements to MTP2</u>									
Municipal appropriation for Education reported as a transfer on financial statements but a revenue on MTP2	\$ 36,357,563	\$ (36,357,563)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(1,991,098)	-	(1,991,098)	-	-	-	-	-	-
Commodities included in audit but not MTP or UCOA	(41,826)	-	(41,826)	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 40,656,721</u>	<u>\$ -</u>	<u>\$ 41,036,943</u>	<u>\$ -</u>	<u>\$ (380,223)</u>	<u>\$ 3,477,650</u>	<u>\$ -</u>	<u>\$ 3,477,650</u>	<u>\$ 3,097,427</u>
<u>Reconciliation from MTP2 to UCOA</u>									
Misc adjustments between MTP and UCOA	<u>\$ (15)</u>		<u>\$ (19)</u>						
Totals per UCOA Validated Totals Report	<u>\$ 40,656,706</u>		<u>\$ 41,036,924</u>						

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

**TOWN OF EAST GREENWICH, RHODE ISLAND
 NOTES TO SUPPLEMENTARY INFORMATION - ANNUAL SUPPLEMENTAL TRANSPARENCY
 REPORT (MTP2)
 JUNE 30, 2020**

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 Town's budget and accounting system. To report these costs, the Town made allocations of costs to the State's departmental groupings based on a reasonable basis.

NOTE 4. Employee Groups

Compensation 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

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO SUPPLEMENTARY INFORMATION - ANNUAL SUPPLEMENTAL TRANSPARENCY
REPORT (MTP2)
JUNE 30, 2020**

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

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

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

NOTE 5. Education Revenue and Expenditures

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

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

TOWN OF EAST GREENWICH, RHODE ISLAND
NET POSITION BY COMPONENT
LAST TEN YEARS

	Fiscal Year Ended June 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities:										
Net investment in capital assets	\$ 35,801,129	\$ 37,392,111	\$ 35,340,922	\$ 35,160,076	\$ 34,519,152	\$ 32,593,083	\$ 30,022,563	\$ 26,815,085	\$ 19,739,145	\$ 16,161,958
Restricted	5,376,028	4,603,808	2,041,699	1,349,714	1,989,921	2,171,870	3,423,277	3,601,262	3,533,838	
Unrestricted	<u>(67,548,597)</u>	<u>(62,668,263)</u>	<u>(68,626,000)</u>	<u>(63,472,667)</u>	<u>(33,241,321)</u>	<u>(30,331,477)</u>	<u>(814,090)</u>	<u>3,172,839</u>	<u>7,926,272</u>	<u>15,679,990</u>
Total governmental activities net position	<u>(26,371,440)</u>	<u>(20,672,344)</u>	<u>(31,243,379)</u>	<u>(26,962,877)</u>	<u>3,267,752</u>	<u>4,433,476</u>	<u>32,631,750</u>	<u>33,589,186</u>	<u>31,199,255</u>	<u>31,841,948</u>
Business-type activities:										
Net investment in capital assets	20,456,792	19,529,965	18,577,595	17,185,132	17,005,110	15,315,035	14,492,633	13,385,888	11,088,505	10,255,599
Unrestricted	<u>394,943</u>	<u>466,722</u>	<u>7,879,795</u>	<u>8,219,446</u>	<u>7,602,117</u>	<u>9,258,013</u>	<u>10,428,707</u>	<u>11,765,571</u>	<u>13,837,395</u>	<u>14,660,591</u>
Total business-type activities net position	<u>20,851,735</u>	<u>19,996,687</u>	<u>26,457,390</u>	<u>25,404,578</u>	<u>24,607,227</u>	<u>24,573,048</u>	<u>24,921,340</u>	<u>25,151,459</u>	<u>24,925,900</u>	<u>24,916,190</u>
Primary government:										
Net investment in capital assets	56,257,921	56,922,076	53,918,517	52,345,208	51,524,262	47,908,118	44,515,196	40,200,973	30,827,650	26,417,557
Restricted	5,376,028	4,603,808	2,041,699	1,349,714	1,989,921	2,171,870	3,423,277	3,601,262	3,533,838	
Unrestricted	<u>(67,153,654)</u>	<u>(59,598,077)</u>	<u>(60,746,205)</u>	<u>(55,253,221)</u>	<u>(25,639,204)</u>	<u>(21,073,464)</u>	<u>9,614,617</u>	<u>14,938,410</u>	<u>21,763,667</u>	<u>30,340,581</u>
Total Primary Government Net Position	<u>\$ (5,519,705)</u>	<u>\$ 1,927,807</u>	<u>\$ (4,785,989)</u>	<u>\$ (1,558,299)</u>	<u>\$ 27,874,979</u>	<u>\$ 29,006,524</u>	<u>\$ 57,553,090</u>	<u>\$ 58,740,645</u>	<u>\$ 56,125,155</u>	<u>\$ 56,758,138</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
GOVERNMENTAL ACTIVITIES
(Accrual Basis of Accounting)

	For the Fiscal Year Ended June 30,									
	2020	2019*	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental activities:										
General government	\$ 5,485,190	\$ 7,307,072	\$ 11,763,874	\$ 10,702,032	\$ 11,213,803	\$ 7,475,179	\$ 10,271,135	\$ 6,583,467	\$ 6,566,960	\$ 5,199,756
Public safety	13,446,234	2,979,410	10,186,989	8,531,144	7,993,445	7,808,939	7,720,518	9,108,219	3,335,498	3,362,659
Public works	4,780,707	3,224,593	5,026,382	5,430,220	5,159,473	5,104,794	4,922,694	4,564,079	4,640,995	4,288,190
Cultural and recreation	1,475,284	1,473,433	1,209,398	1,191,525	1,193,977	1,181,525	1,131,540	1,088,186	1,099,426	1,038,656
Health and welfare	79	182,302	415,403	608,099	2,151,048	840,519	850,902	1,059,193	1,265,371	644,874
Education	47,119,090	45,036,690	43,186,223	43,256,485	40,190,736	34,118,786	37,299,099	35,797,956	34,883,882	34,490,597
Interest and fiscal charges	1,821,026	2,174,319	2,205,020	2,085,391	2,438,141	2,386,485	2,817,502	2,996,339	1,591,216	737,841
Total governmental activities	<u>74,127,610</u>	<u>62,377,819</u>	<u>73,993,289</u>	<u>71,804,896</u>	<u>70,340,623</u>	<u>58,916,227</u>	<u>65,013,390</u>	<u>61,197,439</u>	<u>53,383,348</u>	<u>49,762,573</u>
Business-type activities:										
Sewer	3,306,350	3,497,211	3,272,843	3,177,273	3,121,804	3,042,941	2,924,541	2,803,715	2,924,500	2,876,482
School lunch ¹	543,560									
Total business-type activities	<u>3,849,910</u>	<u>3,497,211</u>	<u>3,272,843</u>	<u>3,177,273</u>	<u>3,121,804</u>	<u>3,042,941</u>	<u>2,924,541</u>	<u>2,803,715</u>	<u>2,924,500</u>	<u>2,876,482</u>
Total Primary Government Expense	<u>\$ 77,977,520</u>	<u>\$ 65,875,030</u>	<u>\$ 77,266,132</u>	<u>\$ 74,982,169</u>	<u>\$ 73,462,427</u>	<u>\$ 61,959,168</u>	<u>\$ 67,937,931</u>	<u>\$ 64,001,154</u>	<u>\$ 56,307,848</u>	<u>\$ 52,639,055</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,226,895	\$ 711,553	\$ 663,369	\$ 719,852	\$ 728,482	\$ 516,808	\$ 637,795	\$ 599,535	\$ 558,686	\$ 1,480,762
Public safety	981,353	183,351	193,811	189,259	162,802	174,093	188,623	183,267	230,525	184,844
Public works	199,158							364,783	408,144	265,119
Cultural and recreation	205,307								225,631	127,990
Health and welfare	9,292	386,868	1,276,615	1,220,636	1,319,959	1,376,819	257,000	295,249	87,357	176,620
Education	95,353	464,446	426,208	423,511	411,451	507,125	451,902	531,743	530,824	515,377
Operating grants and contributions										
General government	2,110,470	237	1,187	4,950		393,555	549,711	125,068	216,590	
Public safety	15,025	125,143	168,019	190,621	164,414	220,069	154,635	413,494	128,961	7,988
Public works										30,408
Cultural and recreation	78,462								11,074	4,395
Health and welfare	1,295	603,697	308,929	809,069	385,624	251,285	257,735	350,910	179,415	145,289
Education	6,451,395	8,472,805	7,763,792	7,790,736	7,835,647	5,586,856	6,663,785	2,538,795	1,246,325	1,531,377
Capital grants and contributions										
General government	99,650							19,552	294,326	3,561
Public safety										26,236
Total governmental activities program revenues	<u>11,473,655</u>	<u>10,948,100</u>	<u>10,801,930</u>	<u>11,348,634</u>	<u>11,008,379</u>	<u>9,026,610</u>	<u>9,161,186</u>	<u>5,422,396</u>	<u>4,117,858</u>	<u>4,499,966</u>
Business-type activities:										
Charges for services:										
Sewer	4,132,879	4,483,500	4,325,655	3,974,624	3,155,983	2,694,649	2,941,661	2,549,636	2,408,772	3,600,454
School lunch ¹	332,434									
Operating grants and contributions										
School lunch ¹	182,586									
Total business-type activities program revenues	<u>4,647,899</u>	<u>4,483,500</u>	<u>4,325,655</u>	<u>3,974,624</u>	<u>3,155,983</u>	<u>2,694,649</u>	<u>2,941,661</u>	<u>2,549,636</u>	<u>2,408,772</u>	<u>3,600,454</u>
Total Primary Government Program Revenues	<u>\$ 15,606,534</u>	<u>\$ 15,431,600</u>	<u>\$ 15,127,585</u>	<u>\$ 15,323,258</u>	<u>\$ 14,164,362</u>	<u>\$ 11,721,259</u>	<u>\$ 12,102,847</u>	<u>\$ 7,972,032</u>	<u>\$ 6,526,630</u>	<u>\$ 8,100,420</u>

(Continued on next page)

TOWN OF EAST GREENWICH, RHODE ISLAND
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS (CONTINUED)
GOVERNMENTAL ACTIVITIES
(Accrual Basis of Accounting)

	For the Fiscal Year Ended June 30,									
	2020	2019*	2018	2017	2016	2015	2014	2013	2012	2011
Net Revenue (Expense)										
Governmental activities	\$ (62,653,955)	\$ (51,429,719)	\$ (63,191,359)	\$ (60,456,262)	\$ (59,332,244)	\$ (49,889,617)	\$ (55,852,204)	\$ (55,775,043)	\$ (49,265,490)	\$ (45,262,607)
Business-type activities	797,989	986,289	1,052,812	797,351	34,179	(348,292)	17,120	(254,079)	(515,728)	723,972
Total Primary Government Net Expense	\$ <u>(61,855,966)</u>	\$ <u>(50,443,430)</u>	\$ <u>(62,138,547)</u>	\$ <u>(59,658,911)</u>	\$ <u>(59,298,065)</u>	\$ <u>(50,237,909)</u>	\$ <u>(55,835,084)</u>	\$ <u>(56,029,122)</u>	\$ <u>(49,781,218)</u>	\$ <u>(44,538,635)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 57,092,878	\$ 55,946,990	\$ 56,046,626	\$ 57,076,518	\$ 55,387,746	\$ 53,092,082	\$ 52,039,380	\$ 50,001,198	\$ 43,986,640	\$ 43,109,254
Unrestricted investment earnings	113,753	53,363	65,908	34,795	9,489	9,719	27,917	13,369	768	232
Grants and contributions not restricted to specific program	1,385,837									
Miscellaneous	282,070	4,126,097	2,798,323	2,751,118	2,457,607	2,786,915	3,611,275	7,074,596	5,987,879	4,085,900
Transfers	43,000	(100,059)		1,762	62,395	62,403	62,403			
Total governmental activities	<u>58,917,538</u>	<u>60,026,391</u>	<u>58,910,857</u>	<u>59,864,193</u>	<u>57,917,237</u>	<u>55,951,119</u>	<u>55,740,975</u>	<u>57,089,163</u>	<u>49,975,287</u>	<u>47,195,386</u>
Business-type activities:										
Unrestricted investment earnings								479,638	525,438	551,005
Transfers	(43,000)	100,059								
Total business type activities	<u>(43,000)</u>	<u>100,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>479,638</u>	<u>525,438</u>	<u>551,005</u>
Total Primary Government	\$ <u>58,874,538</u>	\$ <u>60,126,450</u>	\$ <u>58,910,857</u>	\$ <u>59,864,193</u>	\$ <u>57,917,237</u>	\$ <u>55,951,119</u>	\$ <u>55,740,975</u>	\$ <u>57,568,801</u>	\$ <u>50,500,725</u>	\$ <u>47,746,391</u>
Change in Net Position										
Governmental activities	\$ (3,736,417)	\$ 8,596,672	\$ (4,280,502)	\$ (592,069)	\$ (1,415,007)	\$ 6,061,502	\$ (111,229)	\$ 1,314,120	\$ 709,797	\$ 1,932,779
Business-type activities	754,989	1,086,348	1,052,812	797,351	34,179	(348,292)	17,120	225,559	9,710	1,274,977
Total Primary Government	\$ <u>(2,981,428)</u>	\$ <u>9,683,020</u>	\$ <u>(3,227,690)</u>	\$ <u>205,282</u>	\$ <u>(1,380,828)</u>	\$ <u>5,713,210</u>	\$ <u>(94,109)</u>	\$ <u>1,539,679</u>	\$ <u>719,507</u>	\$ <u>3,207,756</u>

* As restated

1) Effective for the year ended June 30, 2020, School Lunch began being reported as a business-type activity. Prior to that date, it is included within governmental activities.

TOWN OF EAST GREENWICH, RHODE ISLAND
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	For the Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Property taxes, interest and lien fees	\$ 57,956,263	\$ 55,783,356	\$ 56,012,926	\$ 57,038,288	\$ 55,468,067	\$ 52,855,272	\$ 51,893,705	\$ 50,068,123	\$ 43,760,296	\$ 43,213,598
Intergovernmental revenues	9,356,393	8,521,140	6,905,614	7,767,445	6,888,695	5,729,112	7,328,248	7,047,875	5,691,886	4,928,030
Fines, penalties and charges for services	2,019,989	1,306,004	2,136,509	2,113,333	2,074,701	2,027,141	1,529,948	1,110,840	1,114,239	974,565
Licenses and permits	816,268									
Investment income	113,753	66,400	76,285	98,110	131,276	142,000	27,917	13,369	744	232
Other revenues	283,146	5,000,779	4,301,970	3,886,519	4,246,536	3,800,160	3,644,372	4,196,947	3,292,605	2,344,348
Total revenues	<u>70,545,812</u>	<u>70,677,679</u>	<u>69,433,304</u>	<u>70,903,695</u>	<u>68,809,275</u>	<u>64,553,685</u>	<u>64,424,190</u>	<u>62,437,154</u>	<u>53,859,770</u>	<u>51,460,773</u>
Expenditures:										
Current:										
General government	4,536,183	8,357,313	10,957,406	8,597,472	9,650,248	7,750,894	7,199,628	4,758,224	5,781,072	4,040,951
Public safety	12,125,586	8,347,296	9,539,281	7,989,933	7,450,535	7,231,582	7,169,986	8,498,052	3,036,577	3,043,576
Public works	4,225,030	3,787,079	3,789,028	3,692,554	3,548,831	3,474,684	3,340,690	2,983,305	3,039,703	2,845,876
Cultural and recreation	1,313,716	1,416,814	1,320,444	1,131,951	1,135,224	1,123,735	1,128,003	1,056,659	1,122,500	989,336
Health and welfare	79	182,302	248,257	608,099	590,583	677,986	850,902	1,034,193	925,505	644,874
Education	42,539,805	42,344,620	40,849,881	41,187,480	39,003,994	36,495,426	36,808,755	35,262,082	34,883,882	33,884,678
Debt service:										
Principal retirement	2,607,833	3,596,833	3,332,833	4,295,833	4,221,833	4,190,833	4,160,833	3,780,834	36,640,833	35,550,000
Interest and other charges	2,114,678	2,172,887	2,214,440	2,289,912	2,453,325	2,547,470	2,679,075	3,132,137	2,529,712	1,416,922
Capital outlay	2,297,157	3,194,617	2,152,130	1,674,115	2,085,678	1,445,369	229,924	4,041,601	7,946,552	19,373,150
Other expenditures				6,768	1,560,465		1,815,421	8,204	6,961	8,538
Total expenditures	<u>71,760,067</u>	<u>73,399,761</u>	<u>74,403,700</u>	<u>71,474,117</u>	<u>71,700,716</u>	<u>64,937,979</u>	<u>65,383,217</u>	<u>64,555,291</u>	<u>95,913,297</u>	<u>101,797,901</u>
Excess of revenues over (under) expenditures	<u>(1,214,255)</u>	<u>(2,722,082)</u>	<u>(4,970,396)</u>	<u>(570,422)</u>	<u>(2,891,441)</u>	<u>(384,294)</u>	<u>(959,027)</u>	<u>(2,118,137)</u>	<u>(42,053,527)</u>	<u>(50,337,128)</u>
Other Financing Sources (Uses):										
Issuance of direct placement debt	606,444								3,609,699	332,320
Issuance of refunding bonds		2,079,386	1,636,311	562,112	1,475,388	20,000			36,640,000	44,135,000
Transfers in	593,270		605,804	154,075	33,276,182	32,485,772		322,904	239,321	723,640
Transfers out	(550,270)		(605,804)	(154,075)	(33,276,182)	(32,485,772)	(48,599)	(322,904)	(239,321)	(723,640)
Total other financing sources (uses)	<u>649,444</u>	<u>2,079,386</u>	<u>1,636,311</u>	<u>562,112</u>	<u>1,475,388</u>	<u>20,000</u>	<u>(48,599)</u>	<u>-</u>	<u>40,249,699</u>	<u>44,467,320</u>
Net Change in Fund Balances	\$ <u>(564,811)</u>	\$ <u>(642,696)</u>	\$ <u>(3,334,085)</u>	\$ <u>(8,310)</u>	\$ <u>(1,416,053)</u>	\$ <u>(364,294)</u>	\$ <u>(1,007,626)</u>	\$ <u>(2,118,137)</u>	\$ <u>(1,803,828)</u>	\$ <u>(5,869,808)</u>
Debt Service as a Percentage of Noncapital Expenditures (1)	<u>3.30%</u>	<u>8.22%</u>	<u>7.68%</u>	<u>9.41%</u>	<u>9.58%</u>	<u>10.61%</u>	<u>10.48%</u>	<u>11.42%</u>	<u>43.01%</u>	<u>44.06%</u>

Notes:

(1) The percentage calculation uses the capital outlay figure from the reconciliation in Exhibit 4. This differs from the Capital Improvements figure due to capitalizable items included within other functional categories of current

TABLE 4

**TOWN OF EAST GREENWICH, RHODE ISLAND
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Amount to be Collected	Current Year Tax Collections	Percentage of Levy Collected	Collections in Subsequent Years	Total Collections to Date	
					Amount	Percentage of Levy
2020	\$ 56,836,566	\$ 55,631,105	97.88%	\$	\$ 55,631,105	97.879%
2019	55,940,328	54,557,775	97.53%	1,239,006	55,796,781	99.743%
2018	56,128,625	54,865,975	97.75%	1,144,680	56,010,655	99.790%
2017	57,063,288	55,903,738	97.97%	1,020,021	56,923,759	99.755%
2016	55,464,423	54,254,999	97.82%	1,095,193	55,350,192	99.794%
2015	53,345,988	51,904,778	97.30%	1,341,510	53,246,288	99.813%
2014	51,851,944	50,684,913	97.75%	1,059,188	51,744,101	99.792%
2013	45,381,128	44,112,086	97.20%	1,176,298	45,288,384	99.796%
2012	44,015,852	42,802,430	97.24%	1,153,556	43,955,986	99.864%
2011	43,145,379	42,049,016	97.46%	1,096,363	43,110,619	99.919%

Source: Town of East Greenwich Tax Collector

**TOWN OF EAST GREENWICH, RHODE ISLAND
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year ended June 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt limit	\$ 73,430,663	\$ 73,035,072	\$ 71,313,503	\$ 73,515,232	\$ 70,339,512	\$ 68,850,237	\$ 67,923,165	\$ 67,213,371	\$ 74,668,500	\$ 74,226,217
Total net debt applicable to the limit	12,191,609	16,401,674	18,592,395	21,069,742	22,581,019	18,622,629	20,485,131	22,354,841	24,182,120	25,951,922
Legal debt margin	\$ 61,239,054	\$ 56,633,398	\$ 52,721,108	\$ 52,445,490	\$ 47,758,493	\$ 50,227,608	\$ 47,438,034	\$ 44,858,530	\$ 50,486,380	\$ 48,274,295
Total net debt applicable to the limit as a percentage of debt limit	16.60%	22.46%	26.07%	28.66%	32.10%	27.05%	30.16%	33.26%	32.39%	34.96%



Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance

To the Members of the Town Council
Town of East Greenwich, Rhode Island

Report on Compliance for Each Major Federal Program

We have audited the Town of East Greenwich, Rhode Island's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Town of East Greenwich, Rhode Island's major federal program for the year ended June 30, 2020. The Town of East Greenwich, Rhode Island's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Town of East Greenwich, Rhode Island's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of East Greenwich, Rhode Island's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Town of East Greenwich, Rhode Island's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of East Greenwich, Rhode Island, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Town of East Greenwich, Rhode Island, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of East Greenwich, Rhode Island's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of East Greenwich, Rhode Island's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

The Town of East Greenwich, Rhode Island's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of East Greenwich, Rhode Island's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

West Hartford, Connecticut
February 15, 2021

**TOWN OF EAST GREENWICH, RHODE ISLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
United States Department of Agriculture			
<i>Passed Through the State of Rhode Island Department of Education:</i>			
Child Nutrition Cluster:			
National School Lunch Program	10.555		\$ 71,034
School Breakfast Program	10.553		<u>94,456</u>
			\$ <u>165,490</u>
United States Environmental Protection Agency			
<i>Direct:</i>			
Clean Water State Revolving Fund Cluster:			
Capitalization Grants for Clean Water State Revolving Funds	66.458		<u>20,981</u>
United States Department of Education			
<i>Passed Through the State of Rhode Island Department of Education:</i>			
Special Education Cluster (IDEA):			
Special Education Preschool Grants	84.173	2725-13502-801	12,873
Special Education Grants to States	84.027	2725-13202-801	<u>568,844</u>
			581,717
Title I Grants to Local Educational Agencies	84.010	2725-11702-801	83,402
Improving Teacher Quality State Grants	84.367	2725-16402-801	58,355
English Language Acquisition State Grants	84.365	2725-16502-801	2,340
Evidence Based School Climate Transformation	84.180F		<u>4,071</u>
Total United States Department of Education			<u>729,885</u>
Total Federal Awards			\$ <u>916,356</u>

The accompanying notes are an integral part of this schedule

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of East Greenwich, Rhode Island, under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of the Town of East Greenwich, Rhode Island, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position or cash flows of the Town of East Greenwich, Rhode Island.

Basis of Accounting

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

2. INDIRECT COST RECOVERY

The Town of East Greenwich, Rhode Island, has elected to use the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance when applicable.

3. NONCASH AWARDS

Donated commodities in the amount of \$41,826 are included in the Department of Agriculture's National School Lunch Program, CFDA #10.555. The amount represents the market value of commodities received.



**Independent Auditors' 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 Members of the Town Council
Town of East Greenwich, Rhode Island

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Town of East Greenwich, Rhode Island, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of East Greenwich, Rhode Island's basic financial statements, and have issued our report thereon dated February 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of East Greenwich, Rhode Island's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of East Greenwich, Rhode Island's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of East Greenwich, Rhode Island'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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 of East Greenwich, Rhode Island's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 Town of East Greenwich, Rhode Island'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 Town of East Greenwich, Rhode Island's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

West Hartford, Connecticut
February 15, 2021

**TOWN OF EAST GREENWICH, RHODE ISLAND
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2020**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? X yes _____ none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? X yes _____ no

Major programs:

CFDA #	Name of Federal Program or Cluster
84.027/84.173	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ yes X no

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding No. 2020-001

Procurement and Suspension and Debarment

Program

All Federal Programs

Type of Finding

Significant Deficiency in Internal Control over Compliance

Criteria

The Town must comply with procurement standards set out at 2 CFR sections 200.318 through 200.326 within Uniform Guidance.

Condition

The Town's procurement standards do not include the essential elements as outlined in 2 CFR sections 200.318 through 200.326.

Questioned Costs

None noted.

Context

Although the Town did not have a policy in place in conformity with the federal uniform guidance criteria, the Town did follow the State procedures as it relates to the contracts under the procurements applicable to the Town's major program.

Effect

With the absence of a compliant policy, the Town is at risk for noncompliance as it relates to federal procurement.

Cause

The School Department was unaware of the details surrounding the new procurement standards.

Recommendation

We recommend that the Town review its formal procurement policies and make necessary changes to comply with the criteria as set out in 2 CFR sections 200.318 and 200.326.

Views of Responsible Officials and Planned Corrective Actions

Management agrees with this finding.