

**TOWN OF CUMBERLAND, RHODE ISLAND**

**ANNUAL FINANCIAL STATEMENTS**

*FOR THE YEAR ENDED JUNE 30, 2017*

**TOWN OF CUMBERLAND, RHODE ISLAND**

*For the year ended June 30, 2017*

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*For the year ended June 30, 2017*

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## *Independent Auditor's Report*

To the Honorable Mayor and  
Members of the Town Council  
Town of Cumberland  
Cumberland, Rhode Island

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cumberland, Rhode Island (Town) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

*Continued*

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cumberland, Rhode Island, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Cumberland, Rhode Island's basic financial statements. The combining non-major fund financial statements, the combining fiduciary fund financial statements, and the other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major fund financial statements, the combining fiduciary fund financial statements, and the other supplementary information are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major fund financial statements, the combining fiduciary fund financial statements, and the other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2017 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws; regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Cumberland, Rhode Island's internal control over financial reporting and compliance.

*Hague, Sabady & Co. PC*

Fall River, Massachusetts  
December 21, 2017

## TOWN OF CUMBERLAND, RHODE ISLAND

### Management's Discussion and Analysis (MD&A)

*For the Year Ended June 30, 2017*

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The management of the Town of Cumberland, Rhode Island (herein, the Town), provides this Management Discussion and Analysis of the Town of Cumberland's Annual Financial Report for the readers of the Town's financial statements. This narrative overview and analysis of the financial statements of the Town of Cumberland is for fiscal year ended June 30, 2017. We encourage readers to consider this information in conjunction with the additional information that is furnished in the Town's financial statements.

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

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

### **FINANCIAL HIGHLIGHTS**

- At the end of the current fiscal year, total fund balance for the General Fund was \$13,807,930 or 19.07% of total 2017 budgeted revenues of \$72,408,535. This is a decrease of \$720,918 from the prior year total fund balance.
- The total unassigned fund balance of the General Fund is \$12,009,505 or 16.59% of total 2017 budgeted revenues.
- The total assigned fund balance of the General Fund is \$1,564,376. This is an increase of \$57,458 from the prior year.
- The Town General Fund ended fiscal year 2017 with a budgetary operating surplus of \$607,275 and the School Unrestricted Fund ended with a budgetary operating balance of zero.
- The total debt related to bonds, notes, and capital leases of the Town of Cumberland decreased by \$2,462,537.
- As reported in the government-wide financial statements, the assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$49,734,935. The Town has chosen a conservative fiscal policy whereby it has developed its capital asset base from current operations rather than debt.
- The Town's total net position decreased by \$1,461,459 for the fiscal year ended June 30, 2017.

*Continued*

## TOWN OF CUMBERLAND, RHODE ISLAND

### Management's Discussion and Analysis (MD&A)

*For the Year Ended June 30, 2017*

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#### **Overview of the Financial Statements**

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

#### **Government-Wide Financial Statement**

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

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

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

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

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



## TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

*For the Year Ended June 30, 2017*

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### **Government-Wide Financial Statements (continued)**

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

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

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

### **Fund Financial Statements**

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

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

***Governmental funds:*** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in the evaluation of a governments near term financing requirements.

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

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## TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

*For the Year Ended June 30, 2017*

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### **Fund Financial Statements (continued)**

#### ***Governmental funds (continued):***

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

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

The governmental fund financial statements can be found on pages 24 through 25 of this report. The budgetary statements can be found on pages 109 through 119 of this report.

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

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

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

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

The proprietary fund financial statements can be found on pages 28 through 30 of this report. The budgetary statements can be found on pages 122 and 123 of this report.

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

The fiduciary funds financial statements can be found on pages 31 through 32 of this report.

*Continued*

**TOWN OF CUMBERLAND, RHODE ISLAND**

Management’s Discussion and Analysis (MD&A)

*For the Year Ended June 30, 2017*

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**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

The notes of the financial statements are presented on pages 33 through 91.

**Other Required Information**

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

Budgetary comparison schedules are presented to demonstrate compliance with the budget on pages 109 through 119.

The pension information included represents the state pension for municipal employees excluding police, the police pension and the teachers state pension is presented on pages 96 through 104.

**Other Supplementary Information**

In addition to the basic financial statements, accompanying notes, and required supplementary information, this report includes a budgetary comparison for the water fund and combining governmental funds.

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

**Figure 1**

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

**TOWN OF CUMBERLAND, RHODE ISLAND**

Management’s Discussion and Analysis (MD&A)

*For the Year Ended June 30, 2017*

**Other Supplementary Information (Continued)**

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

**Figure 2**

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

**Government-wide Financial Analysis**

**Analysis of the Town of Cumberland’s Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Cumberland, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$49,734,935 as of June 30, 2017, a decrease over the prior year of \$1,461,459.

In regard to the Town's net position, \$75,158,151 consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any debt used to acquire these assets which is still outstanding. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are highly unlikely to be used to liquidate these liabilities.

**TOWN OF CUMBERLAND, RHODE ISLAND**

Management's Discussion and Analysis (MD&A)

*For the Year Ended June 30, 2017*

**TOWN OF CUMBERLAND'S NET POSITION**  
*June 30,*

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Current assets	\$ 69,123,512	\$ 81,030,218	\$ 7,612,680	\$ 4,316,132	\$ 76,736,192	\$ 85,346,350
Non current assets	<u>107,482,441</u>	<u>106,350,969</u>	<u>29,473,046</u>	<u>28,209,183</u>	<u>136,955,487</u>	<u>134,560,152</u>
Total assets	<u>176,605,953</u>	<u>187,381,187</u>	<u>37,085,726</u>	<u>32,525,315</u>	<u>213,691,679</u>	<u>219,906,502</u>
<b>Deferred outflows of resources</b>						
Pension related outflows	20,557,523	10,822,974	-	-	20,557,523	10,822,974
OPEB related outflows	2,411,911	-	-	-	2,411,911	-
Other deferred outflows	<u>-</u>	<u>366,685</u>	<u>-</u>	<u>2,529</u>	<u>-</u>	<u>369,214</u>
Total deferred outflows of resources	<u>22,969,434</u>	<u>11,189,659</u>	<u>-</u>	<u>2,529</u>	<u>22,969,434</u>	<u>11,192,188</u>
<b>Liabilities</b>						
Current liabilities	15,541,080	23,254,208	1,638,838	1,913,819	17,179,918	25,168,027
Long-term liabilities	<u>149,349,005</u>	<u>134,491,776</u>	<u>8,329,204</u>	<u>4,265,834</u>	<u>157,678,209</u>	<u>138,757,610</u>
Total liabilities	<u>164,890,085</u>	<u>157,745,984</u>	<u>9,968,042</u>	<u>6,179,653</u>	<u>174,858,127</u>	<u>163,925,637</u>
<b>Deferred inflows of resources</b>						
Pension related inflows	8,418,616	6,768,488	-	-	8,418,616	6,768,488
OPEB related outflows	100,434	-	-	-	100,434	-
Gain on refunding	1,243,519	-	-	-	1,243,519	-
Other deferred inflows	<u>2,305,482</u>	<u>1,447,512</u>	<u>-</u>	<u>2,867</u>	<u>2,305,482</u>	<u>1,450,379</u>
Total deferred inflows of resources	<u>12,068,051</u>	<u>8,216,000</u>	<u>-</u>	<u>2,867</u>	<u>12,068,051</u>	<u>8,218,867</u>
<b>Net Position</b>						
Investment in capital assets, net of related debt	54,365,287	52,794,642	20,792,864	23,553,969	75,158,151	76,348,611
Restricted	5,743,305	6,991,387	-	-	5,743,305	6,991,387
Unrestricted	<u>(37,491,341)</u>	<u>(27,177,167)</u>	<u>6,324,820</u>	<u>2,791,355</u>	<u>(31,166,521)</u>	<u>(24,385,812)</u>
Total net position	<u>\$ 22,617,251</u>	<u>\$ 32,608,862</u>	<u>\$ 27,117,684</u>	<u>\$ 26,345,324</u>	<u>\$ 49,734,935</u>	<u>\$ 58,954,186</u>

An additional portion of the Town's net position \$5,743,305 represents resources that are subject to external restriction on how they may be used. This leaves a remaining balance for unrestricted net position of \$(31,166,521).

**Change in Net Position**

The total net position of the Town of Cumberland decreased by \$1,461,459 during fiscal year 2017.

*Continued*  
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**TOWN OF CUMBERLAND, RHODE ISLAND**

Management's Discussion and Analysis (MD&A)

*For the Year Ended June 30, 2017*

**Analysis of the Town of Cumberland's Operations**

The following analysis provides a summary of the Town's operations for the year ended June 30, 2017. Governmental activities decreased the Town's net position by \$2,222,705, while business type activities increased the Town's net position by \$761,246.

**TOWN OF CUMBERLAND'S CHANGES IN NET POSITION**

*For the year ended June 30,*

**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Program Revenues:						
Charges for service	\$ 4,161,400	\$ 3,970,932	\$ 5,167,280	\$ 4,754,064	\$ 9,328,680	\$ 8,724,996
Operating grants & contributions	7,517,598	7,911,700	-	-	7,517,598	7,911,700
Capital grants & contributions	-	2,088,539	-	-	-	2,088,539
General Revenues:						
Property taxes	65,849,322	63,472,873	-	-	65,849,322	63,472,873
State aid to town	1,631,004	1,810,699	-	-	1,631,004	1,810,699
State aid to education	19,777,502	18,189,846	-	-	19,777,502	18,189,846
Other revenue	2,325,258	3,714,106	520,795	440,021	2,846,053	4,154,127
Earnings on investments	65,336	81,562	-	-	65,336	81,562
Total revenue	<u>101,327,420</u>	<u>101,240,257</u>	<u>5,688,075</u>	<u>5,194,085</u>	<u>107,015,495</u>	<u>106,434,342</u>
<b>Expenses</b>						
General government	50,163	4,916,666	-	-	50,163	4,916,666
Community development	615,226	1,977,894	-	-	615,226	1,977,894
Public safety	13,418,045	10,278,292	-	-	13,418,045	10,278,292
Public works	8,893,989	9,895,034	-	-	8,893,989	9,895,034
Social services	3,640,113	3,965,659	-	-	3,640,113	3,965,659
Education	76,052,122	79,337,520	-	-	76,052,122	79,337,520
Interest on debt	1,633,597	2,133,014	-	-	1,633,597	2,133,014
Water	-	-	4,926,829	4,866,547	6,560,426	6,999,561
Total expenses	<u>104,303,255</u>	<u>112,504,079</u>	<u>4,926,829</u>	<u>4,866,547</u>	<u>110,863,681</u>	<u>119,503,640</u>
<b>Increase(decrease) in net assets before transfers</b>	(2,975,835)	(11,263,822)	761,246	327,538	(2,214,589)	(10,936,284)
Proceeds from capital leases	685,263	5,149,099	-	-	685,263	5,149,099
Proceeds from bonds	67,867	2,664,976	-	-	67,867	2,664,976
Increase(decrease) in net position	(2,222,705)	(3,449,747)	761,246	327,538	(1,461,459)	(3,122,209)
Net position, July 1, restated	<u>24,839,956</u>	<u>36,058,609</u>	<u>26,356,438</u>	<u>26,017,786</u>	<u>51,196,394</u>	<u>62,076,395</u>
Net position, June 30	<u>\$ 22,617,251</u>	<u>\$ 32,608,862</u>	<u>\$ 27,117,684</u>	<u>\$ 26,345,324</u>	<u>\$49,734,935</u>	<u>\$58,954,186</u>

*Continued*

**TOWN OF CUMBERLAND, RHODE ISLAND**

Management’s Discussion and Analysis (MD&A)

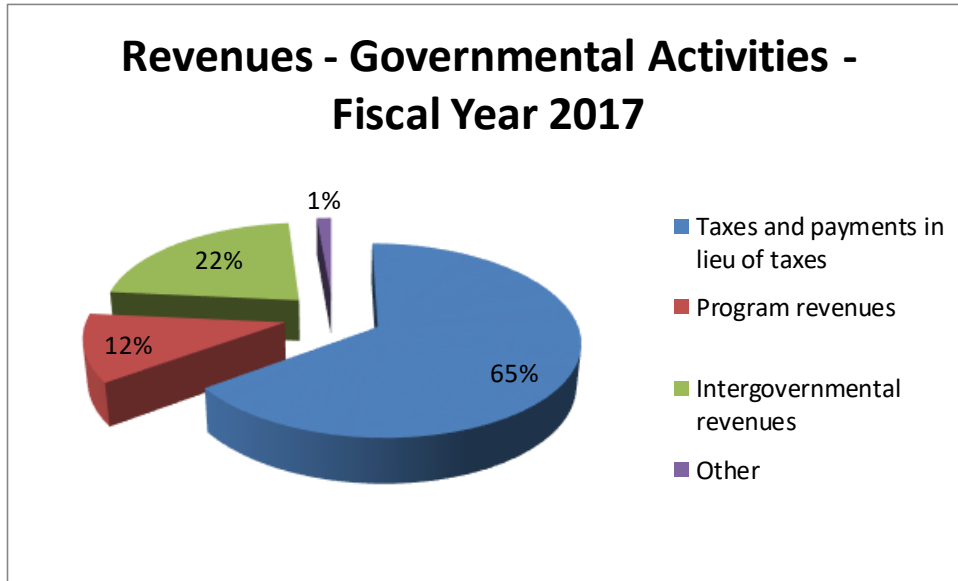
*For the Year Ended June 30, 2017*

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**Revenue**

*Governmental Activities*

Total governmental activities revenues for the Town are comprised of general revenues of \$89.6 million, charges for services \$4.2 million, and operating grants and contributions of \$7.5 million.



*General Revenues*

The majority of general revenues are tax collections from the Town’s taxpayers. This amount represented 65% of the total general revenues or \$65.8 million.

Intergovernmental revenue is \$22.4 million representing 22% of general revenues. The largest portion of this figure totaling \$18.0 million represents amounts restricted for use on Education.

*Program Revenues*

Charges for services are \$4.2 million and represent a variety of departmental revenues. The public safety portion includes several types of permits revenue, traffic and moving violations revenues.

The operating grants are also a significant source of revenue for the Town. The total operating grants for fiscal year ended June 30, 2017 amounted to \$7.5 million of which \$6.6 million were received for education.

**TOWN OF CUMBERLAND, RHODE ISLAND**

Management’s Discussion and Analysis (MD&A)

*For the Year Ended June 30, 2017*

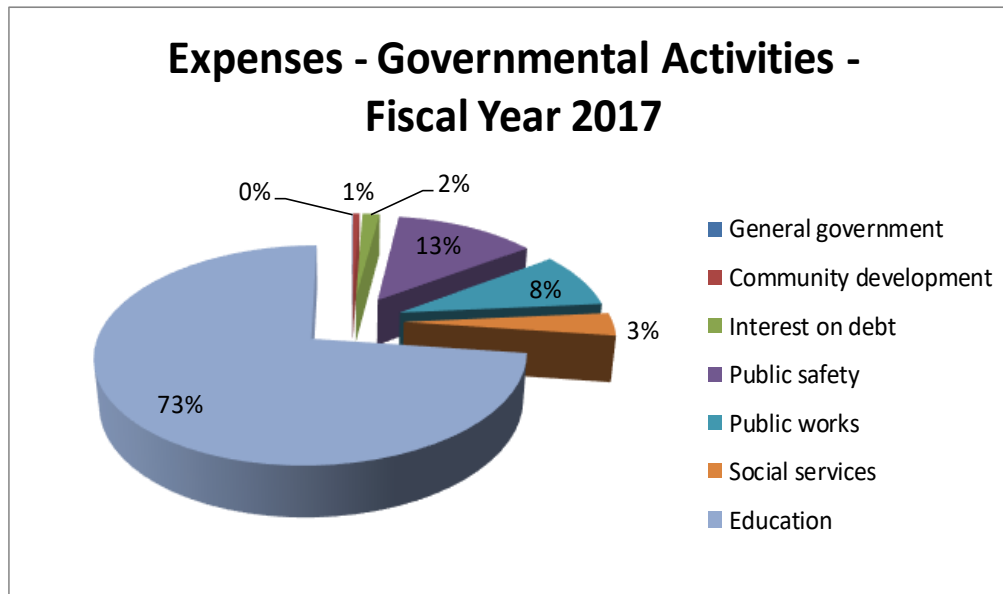
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**Expenses**

***Governmental Activities***

For fiscal year ended June 30, 2017, expenses for the governmental activities totaled \$104.3 million, which cover a range of services.

Education continues to be one of the Town’s highest priorities and commitments representing \$76.0 million or 72.9% of the total governmental activity expenses.



***Business-Type Activity***

Business-type activity increased net position by \$761 thousand for the fiscal year ended June 30, 2017. Factors contributing to these results are as follows:

- The water fund had operating income of \$977 thousand and interest expense of \$216 thousand.

**Financial Analysis of the Town of Cumberland's Funds**

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$18,381,280. The General Fund reported an unassigned fund balance of \$12,009,505 representing approximately (65.3%) of total fund balance of all governmental funds.



## TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

*For the Year Ended June 30, 2017*

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### **Financial Analysis of the Town of Cumberland's Funds (continued)**

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

Unrestricted net position of the respective proprietary fund is the Cumberland Water Fund \$6,324,820.

### **The Town of Cumberland's General Fund Budgetary Highlights**

The general fund ended the year with revenue recorded in the amount of \$425,458 over the budget. The categories are presented on page 109 and include both favorable and unfavorable differences,

The expenditures ended the year with a favorable variance of \$124,718. The most significant positive amount includes underspent public safety budget of \$370,701.

Note that in 2004, the Town adopted by ordinance a fund balance policy, which requires that the fund balance amount be maintained at a minimum of 10% of operating revenues. Operating revenues, which do not include General and Educational Aid from the State of Rhode Island, total \$68,707,353. The fund balance amount of \$12,017,836 equals 17.49% of the total operating expenses.

### **The Town of Cumberland's Capital Assets**

The Town of Cumberland's investment in capital assets for its governmental and business-type activities amounts to \$130,236,873 net of accumulated depreciation at June 30, 2017. Included are land, building and improvements, construction in progress, motor vehicles, furniture and equipment, and infrastructure.

### **Major Capital Events During the Fiscal Year 2016-2017**

The major capital projects in 2016-2017 were infrastructure improvements from road paving projects, parking lot resurfacing projects, Veteran's Memorial Park improvements, Monastery Playground equipment, equipment additions within public works and public safety departments' vehicle additions in public works, public safety and general government, and finally building improvements, such as the Library Roof, throughout the Town. The water system improvements, which included but was not limited to a Fisher Road tank replacement project is being paid by subsidized low interest loans and master leases. Additionally, the Town purchased the Rawson property, which will include the site of a new well development for the Town. The new public safety complex land purchase was made from surplus funds, and recreation upgrades were funded through the Town's Recreation Bond Fund. Road improvements were funded from the Road Improvement Bond.

*Continued*

**TOWN OF CUMBERLAND, RHODE ISLAND**

Management's Discussion and Analysis (MD&A)

*For the Year Ended June 30, 2017*

**The Town of Cumberland's Capital Assets (continued)**

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

*For the year ended June 30,*

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 20,535,562	\$ 19,882,983	\$ 607,089	\$ 280,974	\$ 21,142,651	\$ 20,163,957
Construction in progress	502,083	425,347	2,158,653	977,564	2,660,736	1,402,911
Infrastructure, net	15,757,608	14,985,630	24,458,300	24,621,356	40,215,908	39,606,986
Land improvements, net	2,813,442	2,528,735	-	-	2,813,442	2,528,735
Building & improvements, net	57,869,674	59,474,078	2,222,926	2,278,251	60,092,600	61,752,329
Vehicles, net	1,874,933	1,674,825	26,078	51,038	1,901,011	1,725,863
Machinery and equipment, net	1,410,525	1,035,077	-	-	1,410,525	1,035,077
Total	<u>\$100,763,827</u>	<u>\$ 100,006,675</u>	<u>\$ 29,473,046</u>	<u>\$28,209,183</u>	<u>\$130,236,873</u>	<u>\$ 128,215,858</u>

Additional information on the Town of Cumberland's Capital assets is located in note 2 of the notes to the financial statements.

**The Town of Cumberland's Debt Administration**

At the end of the current fiscal year, the Town of Cumberland had a total bonded debt of \$19,095,000, all of which was bonded debt for governmental activities.

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

*For the year ended June 30,*

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 19,095,000	\$ 21,850,000	\$ -	\$ 240,000	\$19,095,000	\$ 22,090,000
Notes payable	19,248,988	21,959,665	7,794,880	3,451,801	27,043,868	25,411,466
Capital leases	5,677,411	6,687,938	809,370	898,782	6,486,781	7,586,720
Total	<u>\$ 44,021,399</u>	<u>\$ 50,497,603</u>	<u>\$ 8,604,250</u>	<u>\$ 4,590,583</u>	<u>\$52,625,649</u>	<u>\$ 55,088,186</u>

## TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

*For the Year Ended June 30, 2017*

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### **The Town of Cumberland's Debt Administration (continued)**

The Town's general obligation bond rating was upgraded by Moody's Investors Services in July of 2014 to Aa3 (Stable). Standard & Poor's upgraded the Town's general obligation bond rating in November of 2017 to AA+ (Stable).

The State of Rhode Island imposes a limit of 3 percent of the fair market value of all taxable town property on the general obligation debt that a municipality can issue. The Town of Cumberland's limit is \$121,485,025 at year-end. The Town's outstanding general obligation debt subject to this limit is \$19,095,000 at year-end, which is \$102,390,025 under the State imposed limitation.

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

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

### **Subsequent Fiscal Year 2017-2018 Budget and Tax Rates**

The Town of Cumberland's total general fund budget for fiscal year 2018 is \$97,581,988; which reflects an increase of \$3,240,311 over the final fiscal year 2017 budget. In the Town's 2018 budget, \$66,153,486 or 67.79% is allocated for educational purposes, which is an increase of \$2,260,311 or 3.54% over the fiscal year 2017 budget. \$31,428,502 or 32.21% is budgeted for all other purposes, which is an increase of \$980,000 or 3.22%.

Of the \$66,153,486 budgeted for educational purposes, the State of Rhode Island is budgeted for fiscal year 2018 to contribute \$19,131,656 to the Town's education department and the Town is budgeted to contribute \$43,966,230, which is an increase of \$2,062,096 or 4.92% over the fiscal year 2017 budget. The budget also appropriated the use of school surplus funds totaling \$450,000 in the fiscal year 2018 budget. The amount contributed by the State is based on the Town being considered an outlying suburban community. The total population of the Cumberland School District and the average level of wages earned by its citizens are the determining factors for this designation. Within the adopted fiscal year 2018 budget, the Town funded six separate master leases for the school department related to the capital needs of the school district. The Town also has signed on for two separate new lease issuances to address health and safety issues in various schools throughout the Town.

## TOWN OF CUMBERLAND, RHODE ISLAND

### Management's Discussion and Analysis (MD&A)

*For the Year Ended June 30, 2017*

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#### **General Economic Factors**

The May 2017 unemployment rate for the Town of Cumberland was 2.8%, which compares favorably to the unemployment rate of both the State of Rhode Island at 3.6% and the national rate of 4.5% from the same period. According to the Rhode Island City & Town Income American Community Survey, 5-year estimates, 2012 – 2016, the median family income of the Town was \$94,212, compared to the State average of \$75,655. Median family income in the Town increased from \$63,194 in 2000, an increase of 49.08%. The Town's median family income ranks fourteenth among Rhode Island cities and towns.

The per capita income of the Town of Cumberland was \$39,099, compared to \$31,904 for the state in the 2012 – 2016 period. Per capita income in the Town increased from \$25,592 in 2000, an increase of 52.78%. The Town's per capita income ranks twelfth among Rhode Island cities and towns.

#### **Request for Information**

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

*Basic Financial Statements*

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Government Wide Financial Statements*

Statement of Net Position

*June 30, 2017*

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 18,643,952	\$ 1,446,973	\$ 20,090,925
Restricted cash	487,956	789,652	1,277,608
Receivables, net			
Personal property taxes	37,861,105	-	37,861,105
User charges	1,085,440	2,116,217	3,201,657
Intergovernmental	1,424,650	-	1,424,650
Departmental and other	1,427,012	3,259,838	4,686,850
Due from other funds	7,829,920	-	7,829,920
Prepaid expenses	363,477	-	363,477
Net pension asset	6,718,614	-	6,718,614
Capital assets:			
Land	20,535,562	280,974	20,816,536
Construction in progress	502,083	2,484,767	2,986,850
Depreciable assets, net	<u>79,726,182</u>	<u>26,707,305</u>	<u>106,433,487</u>
Total capital assets	<u>100,763,827</u>	<u>29,473,046</u>	<u>130,236,873</u>
Total assets	<u>176,605,953</u>	<u>37,085,726</u>	<u>213,691,679</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related outflows	20,557,523	-	20,557,523
OPEB related outflows	<u>2,411,911</u>	<u>-</u>	<u>2,411,911</u>
Total assets and deferred outflows of resources	<u>\$ 199,575,387</u>	<u>\$ 37,085,726</u>	<u>\$ 236,661,113</u>

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

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Government Wide Financial Statements*

Statement of Net Position

*June 30, 2017*

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 2,552,064	\$ 557,160	\$ 3,109,224
Other liabilities	798,263	209,014	1,007,277
Accrued interest	568,153	75,932	644,085
Due to federal and state governments	223,504		223,504
Due to other funds	7,230,247	447,234	7,677,481
Current portion of capital leases	1,032,223	91,862	1,124,085
Current portion of deferred salary liability	183,807	-	183,807
Current portion of other commitments	17,850	-	17,850
Current portion of bonds and notes payable	2,790,000	-	2,790,000
Current portion of loans payable	-	257,636	257,636
Current portion of bond premium	144,969	-	144,969
Current portion of compensated absences	-	-	-
Portion due or payable in more than one year:			
Capital leases	4,645,188	717,508	5,362,696
Deferred salary liability	310,942	-	310,942
Other commitments	178,500	-	178,500
Bonds and notes payable	16,305,000	-	16,305,000
Loans payable	19,248,988	7,537,244	26,786,232
Bond premium	908,456	-	908,456
Compensated absences	2,340,877	74,452	2,415,329
Other post-employment benefit liability	22,582,536	-	22,582,536
Net pension liability	82,828,518	-	82,828,518
Total liabilities	164,890,085	9,968,042	174,858,127

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

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Government Wide Financial Statements*

Statement of Net Position

*June 30, 2017*

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	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related inflows	8,418,616	-	8,418,616
OPEB related inflows	100,434	-	100,434
Gain on refunding	1,243,519	-	1,243,519
Other deferred revenue	<u>2,305,482</u>	-	<u>2,305,482</u>
Total deferred inflows of resources	<u>12,068,051</u>	-	<u>12,068,051</u>
<b>NET POSITION</b>			
Net investment in capital assets	54,365,287	20,792,864	75,158,151
Restricted	5,743,305	-	5,743,305
Unrestricted	<u>(37,491,341)</u>	<u>6,324,820</u>	<u>(31,166,521)</u>
Total liabilities, deferred inflows or resources and net position	<u>\$ 199,575,387</u>	<u>\$ 37,085,726</u>	<u>\$ 236,661,113</u>

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



**TOWN OF CUMBERLAND, RHODE ISLAND**

*Government Wide Financial Statements  
Statement of Net Activities*

*For the Year Ended June 30, 2017*

	<u>Net (Expense) Revenue and Changes in Net Position</u>						
	<u>Expenses</u>	<u>Program Revenues</u>			<u>Primary Government</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Governmental Activities</b>							
General government	\$ 50,163	\$ 546,308	\$ 100,017	\$ -	\$ 596,162	\$ -	\$ 596,162
Community development	615,226	-	93,748	-	(521,478)	-	(521,478)
Public safety	13,418,045	1,035,691	242,128	-	(12,140,226)	-	(12,140,226)
Public works	8,893,989	1,313,465	459,275	-	(7,121,249)	-	(7,121,249)
Social services	3,640,113	46,159	1,194	-	(3,592,760)	-	(3,592,760)
Education	70,647,612	1,219,777	3,483,162	-	(65,944,673)	-	(65,944,673)
Cafeteria	2,266,436	-	-	-	(2,266,436)	-	(2,266,436)
State contribution to teachers pension plan	3,138,074	-	3,138,074	-	-	-	-
Interest on debt	1,633,597	-	-	-	(1,633,597)	-	(1,633,597)
Total governmental activities	<u>104,303,255</u>	<u>4,161,400</u>	<u>7,517,598</u>	<u>-</u>	<u>(92,624,257)</u>	<u>-</u>	<u>(92,624,257)</u>
<b>Business-Type Activities</b>							
Water fund	<u>4,926,829</u>	<u>5,167,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,451</u>	<u>240,451</u>
Total business-type activities	<u>4,926,829</u>	<u>5,167,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,451</u>	<u>240,451</u>
Total Town of Cumberland	<u>\$ 109,230,084</u>	<u>\$ 9,328,680</u>	<u>\$ 7,517,598</u>	<u>\$ -</u>	<u>\$ (92,624,257)</u>	<u>\$ 240,451</u>	<u>\$ (92,383,806)</u>

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

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Government Wide Financial Statements*  
Statement of Net Activities

*For the Year Ended June 30, 2017*

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>General revenues</b>			
Real estate and personal property, net of reserve for abatements	\$ 65,849,322	\$ -	\$ 65,849,322
Meals and beverage tax	482,149	-	482,149
Telephone tax	426,319	-	426,319
Realty transfer tax	507,012	-	507,012
School housing aid	1,796,917	-	1,796,917
Earnings on investments	65,336	-	65,336
State aid to town	253,650	-	253,650
State aid to education	17,980,585	-	17,980,585
Library housing	211,083	-	211,083
Library aid	287,648	-	287,648
Medicaid	468,886	-	468,886
Miscellaneous	1,319,515	186,555	1,506,070
Debt reduction surcharge	-	334,240	334,240
Total general revenues	<u>89,648,422</u>	<u>520,795</u>	<u>90,169,217</u>
Proceeds from capital leases	685,263	-	685,263
Proceeds from bonds	67,867	-	67,867
Total general revenues, special items, and transfers	<u>90,401,552</u>	<u>520,795</u>	<u>90,922,347</u>
Changes in net position	(2,222,705)	761,246	(1,461,459)
Net position - July 1, 2016, restated	<u>24,839,956</u>	<u>26,356,438</u>	<u>51,196,394</u>
Net position - June 30, 2017	<u>\$ 22,617,251</u>	<u>\$ 27,117,684</u>	<u>\$ 49,734,935</u>

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

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Governmental Funds*  
Balance Sheet

*June 30, 2017*

	<b>Major Fund</b>			<b>Non-Major</b>	<b>Total</b>
	<b>General Fund</b>	<b>School Unrestricted</b>	<b>Sewer Fund</b>	<b>Governmental Funds</b>	<b>Governmental Funds</b>
<b>Assets</b>					
Cash and investments	\$ 16,793,433	\$ (275,389)	\$ -	\$ 2,125,908	\$ 18,643,952
Receivables:					
Property taxes, net	36,315,961	-	-	-	36,315,961
Intergovernmental	193,101	85,288	-	1,146,261	1,424,650
Sewer use and assessment	-	-	955,271	-	955,271
Other	1,104,442	56,655	-	265,915	1,427,012
Due from other funds	1,269,003	4,195,780	-	2,365,137	7,829,920
Other assets	<u>234,049</u>	<u>129,428</u>	<u>-</u>	<u>-</u>	<u>363,477</u>
Total assets	<u>55,909,989</u>	<u>4,191,762</u>	<u>955,271</u>	<u>5,903,221</u>	<u>66,960,243</u>
<b>Deferred outflows of resources</b>					
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 55,909,989</u>	<u>\$ 4,191,762</u>	<u>\$ 955,271</u>	<u>\$ 5,903,221</u>	<u>\$ 66,960,243</u>
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 861,708	\$ 1,236,767	\$ 52,829	\$ 400,760	\$ 2,552,064
Due to federal and state government	223,504	-	-	-	223,504
Other liabilities	747,521	5,589	-	45,153	798,263
Due to other funds	<u>3,676,453</u>	<u>-</u>	<u>1,090,031</u>	<u>2,463,763</u>	<u>7,230,247</u>
Total liabilities	<u>5,509,186</u>	<u>1,242,356</u>	<u>1,142,860</u>	<u>2,909,676</u>	<u>10,804,078</u>
<b>Deferred inflows of resources</b>					
Deferred property taxes	35,469,403	-	-	-	35,469,403
Other deferred revenue	<u>1,123,470</u>	<u>-</u>	<u>955,271</u>	<u>226,741</u>	<u>2,305,482</u>
Total deferred inflows of resources	<u>36,592,873</u>	<u>-</u>	<u>955,271</u>	<u>226,741</u>	<u>37,774,885</u>
<b>Fund balance</b>					
Nonspendable	234,049	129,428	-	-	363,477
Restricted	-	2,819,978	-	2,923,327	5,743,305
Committed	-	-	-	226,463	226,463
Assigned	1,564,376	-	-	152,163	1,716,539
Unassigned	<u>12,009,505</u>	<u>-</u>	<u>(1,142,860)</u>	<u>(535,149)</u>	<u>10,331,496</u>
Total fund balance	<u>13,807,930</u>	<u>2,949,406</u>	<u>(1,142,860)</u>	<u>2,766,804</u>	<u>18,381,280</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 55,909,989</u>	<u>\$ 4,191,762</u>	<u>\$ 955,271</u>	<u>\$ 5,903,221</u>	<u>\$ 66,960,243</u>

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

## TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2017

	<u>Major Fund</u>			<u>Non-Major</u>	<u>Total</u>
	<u>General Fund</u>	<u>School Unrestricted</u>	<u>Sewer Fund</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
<b>Revenues</b>					
General property taxes and interest	\$ 64,886,519	\$ -	\$ -	\$ -	\$ 64,886,519
Other local and departmental revenue	2,925,118	-	-	-	2,925,118
Intergovernmental	3,552,925	18,449,470	-	3,783,007	25,785,402
Charges for services	-	-	934,294	924,132	1,858,426
Investment income	63,820	-	-	1,516	65,336
State contribution to pension plan	-	2,493,349	-	-	2,493,349
Other revenue	923,565	337,448	-	596,517	1,857,530
<b>Total revenue</b>	<u>72,351,947</u>	<u>21,280,267</u>	<u>934,294</u>	<u>5,305,172</u>	<u>99,871,680</u>
<b>Expenditures</b>					
General government	1,747,282	-	-	43,883	1,791,165
Community development	389,242	-	-	93,126	482,368
Public safety	6,295,926	-	-	679,321	6,975,247
Public works	5,630,198	-	466,160	1,154,150	7,250,508
Social services	2,489,739	-	-	108,064	2,597,803
Other	1,077,974	-	-	-	1,077,974
Employee benefits	7,415,079	-	-	-	7,415,079
Education	-	62,144,198	-	1,993,059	64,137,257
Cafeteria	-	-	-	2,266,436	2,266,436
State contribution to pension plan	-	2,493,349	-	-	2,493,349
Capital outlay	904,452	-	-	-	904,452
Debt service					
Principal	4,026,000	-	309,327	4,352	4,339,679
Interest	1,560,607	-	26,683	23,285	1,610,575
<b>Total expenditures</b>	<u>31,536,499</u>	<u>64,637,547</u>	<u>802,170</u>	<u>6,365,676</u>	<u>103,341,892</u>
Excess (deficiency) of revenues over expenditures	40,815,448	(43,357,280)	132,124	(1,060,504)	(3,470,212)
<b>Other financing sources (uses)</b>					
Proceeds from capital leases	-	197,307	-	-	197,307
Bond proceeds	67,867	-	-	-	67,867
Transfers in	460,725	42,099,072	-	42,716	42,602,513
Transfers out	(42,064,958)	-	-	(537,555)	(42,602,513)
<b>Other financing sources (uses)</b>	<u>(41,536,366)</u>	<u>42,296,379</u>	<u>-</u>	<u>(494,839)</u>	<u>265,174</u>
<b>Excess of revenue and other sources over expenditures and other uses</b>	(720,918)	(1,060,901)	132,124	(1,555,343)	(3,205,038)
Fund balance, July 1, 2016, restated	14,528,848	4,010,307	(1,274,984)	4,322,147	21,586,318
Fund balance, June 30, 2017	<u>\$ 13,807,930</u>	<u>\$ 2,949,406</u>	<u>\$ (1,142,860)</u>	<u>\$ 2,766,804</u>	<u>\$ 18,381,280</u>

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

## TOWN OF CUMBERLAND, RHODE ISLAND

### Reconciliation of the Governmental Fund Balances to Government-Wide Net Position

June 30, 2017

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Total governmental fund balances	\$ 18,381,280
Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets, net	100,763,827
Sewer assessment receivable	130,169
Accrued interest receivable	421,674
TSB net pension asset	6,718,614
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds.	36,592,873
Other long-term assets related to net pension activity and other postemployment benefits and therefore, are deferred inflows of resources in the funds.	(8,519,050)
Other long-term assets related to net pension activity and other postemployment benefits and therefore, are deferred outflows of resources in the funds.	22,969,434
Long term liabilities relating to bond premiums amortized over the life of the bond	(1,053,425)
In the statement of activities, interest is accrued on outstanding long-term debt whereas in governmental funds interest is not reported until due.	(568,153)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds	
Bonds and notes payable	(39,587,507)
Capital leases	(5,189,455)
Compensated absences	(2,340,877)
Other postemployment benefits	(22,582,536)
Police net pension liability	(18,739,100)
ERS net pension liability	(54,740,242)
MERS net pension liability	(9,349,176)
Other commitments	(196,350)
Deferred salary liability	<u>(494,749)</u>
Net position of governmental activities	<u>\$ 22,617,251</u>

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

## TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2017*

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Net change in fund balances - total governmental funds	\$ (3,205,038)
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. This is the amount by which capital outlays exceeded depreciation in the current period.	(387,413)
Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.	811,015
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,167,204
Bond premiums for long term debt are amortized over the course of the payable but are not reported as an expenditure on governmental fund statements	148,311
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.	(23,022)
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the current financial resources, and therefore, are not reported as expenditures in the governmental funds.	(149,970)
The other postemployment benefit expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds	(720,978)
The net pension liability expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds	(64,471)
The deferred salary and other commitments expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds	<u>201,657</u>
Change in net position of governmental activities	<u>\$ (2,222,705)</u>

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

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Proprietary Funds*  
Statement of Net Position

*June 30, 2017*

	<b>Water Fund</b>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 1,446,973
Restricted cash	789,652
Receivables, net:	
User fees, less allowance for doubtful accounts	2,116,217
Other	3,259,838
Total current assets	7,612,680
Non-current assets	
Nondepreciable	2,765,741
Depreciable, net	26,707,305
Total non-current assets	29,473,046
Total assets	37,085,726
<b>Deferred outflows of resources</b>	
None	-
Total assets and deferred outflows of resources	\$ 37,085,726
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued expenses	\$ 557,160
Accrued interest payable	75,932
Due to other funds	447,234
Other liabilities	209,014
Current portion of lease payable	91,862
Current portion of loans payable	257,636
Total current liabilities	1,638,838
Non-current liabilities:	
Compensated absences	74,452
Lease payable	717,508
Loans payable	7,537,244
Total non-current liabilities	8,329,204
Total liabilities	9,968,042
<b>Deferred inflows of resources</b>	
None	-
<b>Net position</b>	
Net investment in capital assets	20,792,864
Unrestricted	6,324,820
Total net position	\$ 27,117,684

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

**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*For the Year Ended June 30, 2017*

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	<b><u>Water Fund</u></b>
<b>Operating revenues</b>	
User fees and charges	\$ 5,105,905
Other revenues	<u>582,170</u>
Total operating revenues	<u>5,688,075</u>
<b>Operating expenses</b>	
Personnel services	1,427,681
Maintenance and servicing	153,196
Operating supplies	1,542,215
Fixed and general charges	912,539
Depreciation and amortization	<u>675,047</u>
Total operating expenses	<u>4,710,678</u>
Operating income (loss)	<u>977,397</u>
<b>Nonoperating revenues (expenses)</b>	
Interest expense	<u>(216,151)</u>
Income (loss) before transfers	<u>761,246</u>
<b>Transfers</b>	
Transfers in - operating	-
Transfers out - operating	<u>-</u>
Total Transfers	<u>-</u>
Change in net position	761,246
Net position, July 1, 2016, restated	<u>26,356,438</u>
Net position, June 30, 2017	<u><u>\$ 27,117,684</u></u>

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



**TOWN OF CUMBERLAND, RHODE ISLAND**

*Proprietary Funds*  
Statement of Cash Flows

*For the Year Ended June 30, 2017*

	<b>Water Fund</b>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ (3,247,325)
Cash received from government	5,544,854
Cash received from other funds	(273,310)
Payments to suppliers and employees	(4,143,790)
Net cash provided (used) by operating activities	(2,119,571)
<b>Cash flows from capital and related financing activities:</b>	
Purchases and construction of capital assets	(1,897,906)
Principal paid on capital debt	(465,120)
Interest paid on capital debt	(204,850)
Proceeds restricted for debt	4,593,449
Net cash used by capital and related financing activities	2,025,573
Net increase in cash and cash equivalents	(93,998)
Balances-beginning of the year	2,330,623
Balances-end of the year	\$ 2,236,625
Displayed as:	
Cash and cash equivalents	\$ 2,236,625
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ 977,397
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	675,047
Change in assets and liabilities:	
(Increase) decrease in user charges receivables, net	(143,221)
(Increase) decrease in other receivables	(3,247,325)
Increase (decrease) accounts payable and accrued expenses	(110,153)
Increase decrease in other liabilities	-
Increase (decrease) in due to other funds	(273,310)
Increase (decrease) in loans payable	-
Increase (decrease) compensated absences	1,994
Net cash provided (used) by operating activities	\$ (2,119,571)

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

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Fiduciary Funds*  
Statement of Net Position

*June 30, 2017*

	<b>Police Pension Trust</b>	<b>OPEB Trust</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>	<b>Total Fiduciary Funds</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 358,651	\$ 10,414	\$ 303,152	\$ 575,886	\$ 1,248,103
Investments, at fair value					
Equities	9,991,696	1,490,331	-	-	11,482,027
Fixed income	5,458,648	733,469	-	-	6,192,117
Mutual funds	-	399,975	-	-	399,975
Due from other funds	-	-	-	4,471	4,471
Accounts receivable	1,643	-	-	-	1,643
Accrued interest receivable	51,396	8,345	-	-	59,741
<b>Total assets</b>	<b>15,862,034</b>	<b>2,642,534</b>	<b>303,152</b>	<b>580,357</b>	<b>19,388,077</b>
<b>Deferred outflows of resources</b>					
None	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 15,862,034</b>	<b>\$ 2,642,534</b>	<b>\$ 303,152</b>	<b>\$ 580,357</b>	<b>\$ 19,388,077</b>
<b>Liabilities</b>					
Accounts payable	\$ 200	\$ 73,671	\$ -	\$ 53	\$ 73,924
Other liabilities	-	-	-	-	-
Due to other funds	18,594	48,983	484	88,849	156,910
Deposits held	-	-	-	491,455	491,455
<b>Total liabilities</b>	<b>18,794</b>	<b>122,654</b>	<b>484</b>	<b>580,357</b>	<b>722,289</b>
<b>Deferred inflows of resources</b>					
None	-	-	-	-	-
<b>Net Position</b>					
Restricted	15,843,240	2,519,880	302,668	-	18,665,788
<b>Total net position</b>	<b>15,843,240</b>	<b>2,519,880</b>	<b>302,668</b>	<b>-</b>	<b>18,665,788</b>
<b>Total liabilities and net position</b>	<b>\$ 15,862,034</b>	<b>\$ 2,642,534</b>	<b>\$ 303,152</b>	<b>\$ 580,357</b>	<b>\$ 19,388,077</b>

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

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Fiduciary Funds*  
Statement of Changes in Fiduciary Net Position

*For the Year Ended June 30, 2017*

	<u>Police Pension Trust</u>	<u>OPEB Trust</u>	<u>Private Purpose Trust Funds</u>	<u>Total Fiduciary Funds</u>
<b>Additions</b>				
Employer contributions	\$ 2,182,000	\$ 1,903,000	\$ -	\$ 4,085,000
Plan member contributions	245,844	-	-	245,844
Investment income (net of related fees)	1,383,038	297,230	920	1,681,188
Other	<u>-</u>	<u>-</u>	<u>52,642</u>	<u>52,642</u>
Total additions	<u>3,810,882</u>	<u>2,200,230</u>	<u>53,562</u>	<u>6,064,674</u>
<b>Deductions</b>				
Benefits paid	1,939,389	1,901,604	-	3,840,993
Administrative expenses	17,150	13,765	-	30,915
Scholarships	-	-	37,026	37,026
Social services	<u>-</u>	<u>-</u>	<u>357</u>	<u>357</u>
Total deductions	<u>1,956,539</u>	<u>1,915,369</u>	<u>37,383</u>	<u>3,909,291</u>
Changes in fund equity held in trust for individuals, organizations, and other governments	1,854,343	284,861	16,179	2,155,383
Net position, July 1, 2016	<u>13,988,897</u>	<u>2,235,019</u>	<u>286,489</u>	<u>16,510,405</u>
Net position, June 30, 2017	<u>\$ 15,843,240</u>	<u>\$ 2,519,880</u>	<u>\$ 302,668</u>	<u>\$ 18,665,788</u>

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

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

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## **Note 1. Summary of Significant Accounting Policies:**

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

### ***A. Financial Reporting Entity***

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

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

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

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

### ***B. Government-Wide Financial Statements***

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

*Continued*

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2017

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

### ***B. Government-Wide Financial Statements (Continued)***

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

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total column.

### **Fund Financial Statements**

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

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

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

### Fund Financial Statements (Continued)

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

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

### 1. Governmental Funds

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

*School Unrestricted Fund* – The School Unrestricted Fund is used to account for the budgeted resources devoted to financing the general operations of the School Department.

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

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

*Capital Projects Funds* - Capital projects funds are used to account for and report resources restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

*Continued*

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

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

### 2. Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

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

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

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

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

### 3. Fiduciary Fund Financial Statements

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

*Pension Trust Fund* -This fund accounts for resources held in trust for members and beneficiaries of the Town administered defined benefit pension plan.

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

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

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

*Continued*

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2017

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

### ***C. Recently Issued Accounting Standards***

For the year ending June 30, 2017, the Authority implemented the following pronouncements issued by the GASB:

- GASB Statement No. 74, *Fair Value and Measurement Application*
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*
- GASB Statement No. 77, *Tax Abatement Disclosures*

The implementation of GASB Statements No. 74 and 75 had a significant effect on both the disclosure of information related to the Town's OPEB plan as well as removing the Town's OPEB obligation and replacing it with the net OPEB liability. The implementation of GASB Statement No. 77 had no material reporting impact for the Town.

### ***C. Cash Equivalents***

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

### ***D. Investments***

Investments are recorded at fair value. Unrealized gains and losses from changes in fair value are recognized as investment income.

### ***E. Accounts Receivable and Taxes Receivable***

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

Property taxes which were levied in April 2016 and other delinquent balances are recorded as receivables.

### ***F. Unbilled Services Receivable***

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



**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements  
*June 30, 2017*

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

***G. Capital Assets and Depreciation***

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

All capital assets are capitalized at cost (or estimated historical cost). Donated capital assets are recorded at estimated fair market value as of the date received. The Town follows the policy of not capitalizing assets with a cost of less than \$5,000 and a useful life of less than 1 year.

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

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

***L Debt Premiums***

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

***J. Deferred Inflows of Resources***

In the Governmental Fund Financial Statements, deferred inflows of resources are reported for receivables recorded in the Governmental Fund Financial Statements for which the revenue is not available or amounts received before the period for which property taxes are levied. In the Government-Wide Financial Statements, deferred inflows of resources are reported for amounts received before the period for which property taxes are levied.

***K. Property Taxes***

The Town is permitted by State Law to levy property taxes. The Town's fiscal 2016-2017 property taxes were levied in April 2017 on assessed valuation as of December 31, 2016. Upon levy these taxes are payable quarterly and are due in May, August, November and February. Failure to mail payments by due dates will result in a lien on the taxpayer's property. Assessed values are established by Tax Assessor's Office.

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

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

### ***L. Compensated Absences***

Under the terms of various contracts and agreements, Town employees are granted vacation and sick leave in varying amounts based on length of service. Vacation benefits are accrued as a liability based on the accumulated benefits earned at June 30. Sick leave benefits are based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The liability is calculated at the rate of pay in effect at June 30, 2017.

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

### ***M. Accrued Liabilities and Long-Term Debt***

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

### ***N. Pensions***

#### ***Municipal Employees' Retirement System (MERS)***

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

*Continued*

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

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### ***N. Pensions (continued)***

#### *Employees' Retirement System plan (ERS)*

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

#### *Teachers' Survivors Benefit plan (TSB)*

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

#### *Police Pension*

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

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

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

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

*Continued*

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

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## ***N. Pensions (continued)***

### ***Police Pension (Continued)***

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

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

### **Investments**

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

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

The following was the Board's adopted asset allocation policy as of June 30, 2017:

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

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

*Continued*

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

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### *N. Pensions (continued)*

#### *Police Pension (Continued)*

**Concentrations** - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in diversified mutual funds, external investment pools, and other pooled investments are excluded. As of June 30, 2017, the Plan had no investments in any one organization that represented 5% or more of the Plan's net position restricted for pension.

**Money-Weighted Rate of Return** - For the year ended June 30, 2017 the annual money-weighted rate of return on Plan investments was not provided by the independent actuary. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

**Custody and Management of Assets** - During 2017 Washington Trust Wealth Management served as asset custodian for all Plan assets. The Board has elected to hire professional investment managers to invest the assets of the Plan on a fully discretionary basis, subject to the investment policy of the Board. The Plan is evaluated periodically against the appropriate benchmark for his/her asset class and style. Failure to achieve the desired result does not necessitate, nor does achievement of the desired result preclude, termination of investment managers.

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

At June 30, 2017, there were no deposits subject to custodial credit risk.

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. At June 30, 2017, there were no deposits subject to interest rate risk.

**Concentration of Credit Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. As of June 30, 2017, the Plan has no single issuer that exceeds 5% of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in diversified mutual funds, external investment pools, and other pooled investments are excluded.

*Continued*

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

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### ***N. Pensions (continued)***

#### ***Police Pension (Continued)***

***Credit Risk*** - Credit risk is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations to the Plan. There are no Plan-wide policy limitations for credit risk exposures within the portfolio. Each portfolio is managed in accordance with an investment contract that is specific as to permissible credit quality ranges, the average credit quality of the overall portfolios, and issuer concentration.

***Foreign Currency Risk*** - Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment or a deposit. At June 30, 2017, there were no deposits subject to foreign currency risk.

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

Certain commingled funds held by the Plan at the year-end were permitted through their individual investment guidelines to use derivative instruments, including forwards, futures, swaps, and options. Disclosures about derivative holdings of the commingled fund managers can be found in their respective audited financial statements. The plan did not directly own any derivatives as of June 30, 2017.

### ***O. Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

*Continued*

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2017

**Note 2. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Retirements</i>	<i>Ending Balance</i>
<b>Governmental Activities:</b>				
Nondepreciable assets:				
Land	\$ 19,882,969	\$ 652,593	\$ -	\$ 20,535,562
Construction in progress	<u>425,347</u>	<u>538,171</u>	<u>461,435</u>	<u>502,083</u>
	<u>20,308,316</u>	<u>1,190,764</u>	<u>461,435</u>	<u>21,037,645</u>
Depreciable assets:				
Land improvements	3,856,230	473,138	-	4,329,368
Infrastructure	32,135,503	1,190,322	-	33,325,825
Buildings and improvements	86,276,800	153,315	-	86,430,115
Machinery and equipment	5,916,818	161,211	249,183	5,828,846
Vehicles	<u>5,243,069</u>	<u>437,009</u>	<u>443,984</u>	<u>5,236,094</u>
	<u>133,428,420</u>	<u>2,414,995</u>	<u>693,167</u>	<u>135,150,248</u>
<b>Total Capital Assets</b>	<u>153,736,736</u>	<u>3,605,759</u>	<u>1,154,602</u>	<u>156,187,893</u>
Less accumulated depreciation for:				
Land improvements	1,327,496	188,430	-	1,515,926
Infrastructure	16,808,041	760,176	-	17,568,217
Buildings and improvements	26,802,736	1,757,705	-	28,560,441
Machinery and equipment	4,286,447	381,057	249,183	4,418,321
Vehicles	<u>3,360,776</u>	<u>415,103</u>	<u>414,718</u>	<u>3,361,161</u>
<b>Total Accumulated Depreciation</b>	<u>52,585,496</u>	<u>3,502,471</u>	<u>663,901</u>	<u>55,424,066</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 101,151,240</u>	<u>\$ 103,288</u>	<u>\$ 490,701</u>	<u>\$ 100,763,827</u>
<b>Business-Type Activities</b>				
Nondepreciable assets:				
Land	\$ 280,974	\$ 326,115	\$ -	\$ 607,089
Construction in progress	<u>977,564</u>	<u>1,452,828</u>	<u>271,739</u>	<u>2,158,653</u>
	<u>1,258,538</u>	<u>1,778,943</u>	<u>271,739</u>	<u>2,765,742</u>
Depreciable assets:				
Buildings	3,213,316	-	-	3,213,316
Mains, laterals, standpipes and other	38,245,264	390,701	-	38,635,965
Vehicles	<u>426,673</u>	<u>-</u>	<u>-</u>	<u>426,673</u>
	<u>41,885,253</u>	<u>390,701</u>	<u>-</u>	<u>42,275,954</u>
<b>Total Capital Assets</b>	<u>43,143,791</u>	<u>2,169,644</u>	<u>271,739</u>	<u>45,041,696</u>
Less accumulated depreciation for:				
Buildings	935,064	55,326	-	990,390
Mains, laterals, standpipes and other	13,582,903	594,762	-	14,177,665
Vehicles	<u>375,636</u>	<u>24,959</u>	<u>-</u>	<u>400,595</u>
<b>Total Accumulated Depreciation</b>	<u>14,893,603</u>	<u>675,047</u>	<u>-</u>	<u>15,568,650</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u>\$ 28,250,188</u>	<u>\$ 1,494,597</u>	<u>\$ 271,739</u>	<u>\$ 29,473,046</u>

*Continued*

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements  
June 30, 2017

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**Note 2. Capital Assets (Continued)**

Depreciation expense was charged to functions as follows:

General government	\$	26,101
Public safety		318,227
Public works		1,070,100
Social services		202,472
Education		<u>1,885,571</u>
<b>Total Depreciation Expense</b>	<b>\$</b>	<b><u>3,502,471</u></b>

**Note 3. Stewardship, Compliance and Accountability**

- A. *Legal Debt Margin* – The State of Rhode Island imposes a limit of 3 percent of the fair market value of all taxable town property on the general obligation debt that a municipality can issue. The Town of Cumberland’s limit is \$121,485,025 at year-end. The Town’s outstanding general obligation debt subject to this limit is \$19,095,000 at year-end, which is \$102,390,025 under the State imposed limitation
- B. *Deficit Fund Balance in Fund Financial Statements* — The following individual funds reported deficits in fund balance in the fund financial statements at June 30, 2017:

<b><u>Major Funds</u></b>		
Sewer fund	\$	(1,142,860) *
<b><u>Town Special Revenue Funds</u></b>		
Partnership for success		(2,852) *
Sewer ferncrest willow		<u>(72,664) *</u>
Subtotal		<u>(75,516)</u>
<b><u>Capital Projects Funds</u></b>		
Public safety bond		<u>(459,633) *</u>
Total	<b>\$</b>	<b><u>(1,678,009)</u></b>

\* Per inquiry, an administrative plan will be developed to fully fund each deficit.



**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements  
*June 30, 2017*

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**Note 4. Cash Deposits**

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

Water Fund cash and cash equivalents of \$789,652 are restricted for a debt service reserve in accordance with a trust indenture.

*Custodial Credit Risk* -custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a formal deposit policy for custodial credit risk, but is governed by State Laws as described below.

As of June 30, 2017, \$22,616,636 of the Town's bank balance of \$23,282,052 was exposed to custodial credit risk as follows:

	<b><i>Carrying Amount</i></b>
Total Deposits	\$ 22,247,571
Add: Investments classified as cash equivalents	<u>369,065</u>
<b><i>Total Cash and Cash Equivalents Reported in the Financial Statements</i></b>	<b><u>\$ 22,616,636</u></b>

	<b><i>Bank Balance</i></b>
Insured (Federal depository insurance funds)	\$ 1,865,143
Collateralized with securities held by pledging financial institution or its agent in the Town's name	10,917,926
Uninsured and uncollateralized	<u>10,498,983</u>
<b><i>Total</i></b>	<b><u>\$ 23,282,052</u></b>

Under Rhode Island general laws, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits which are time deposits with maturities greater than sixty (60) days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, regardless of maturity. At June 30, 2017 the Town's uncollateralized deposits with an institution was \$10,488,570.

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2017*

**Note 5. Investments**

As of June 30, 2017, the Town had the following investments:

<b>Investment</b>	<b>Maturity</b>	<b>Fair Value Measurement Quote Prices in Active Markets for Identical Assets (Level 1)</b>
Domestic fixed income	N/A	\$ 6,192,117
Domestic equity	N/A	11,482,027
Mutual funds	N/A	399,975
<b><i>Total Investments Reported in the Financial Statements</i></b>		<b>\$ 18,074,119</b>

The Town has established an investment policy for the Town's Police Pension Plan. The asset allocation guidelines include an allocation of both equities (40% - 65%) and fixed income investments (20% - 60%).

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

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

<b>Moody's</b>	<b>S&amp;P</b>	<b>Value</b>
Aaa	AAA	4
Aa	AA	3
A	A	2

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

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

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## Note 5. Investments (Continued)

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

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

*Foreign Currency Risk* – The Town has policies related to foreign investments for its Police Pension Plan as described above. The Town does not have a formal policy related to foreign investments in the other funds. The Town's exposure to foreign currency risk was made up of common stock with a fair value of \$398,428 at June 30, 2017. The currency that the foreign common stock is denominated in is the European euro.

## Note 6. Short Term Debt

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

Short-term debt activity for the year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
General obligation tax anticipation notes	\$ -	\$ 6,000,000	\$ 6,000,000	\$ -

*Continued*

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2017*

**Note 7. Long-Term Liabilities**

A. Long-term liability activity for the year ended June 30, 2017 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities:</b>					
Bonds, notes, loans, and capital leases payable:					
Bonds payable	\$ 21,850,000	\$ -	\$ 2,755,000	\$ 19,095,000	\$ 2,790,000
Notes and loans payable	22,438,665	60,000	3,249,677	19,248,988	1,498,465
Capital lease payable	6,687,938	-	1,010,527	5,677,411	1,032,223
Plus amortized premium bonds and loans	1,201,736	-	148,310	1,053,426	146,956
<b>Total bonds, notes, loans, and capital leases payable</b>	<b>52,178,339</b>	<b>60,000</b>	<b>7,163,514</b>	<b>45,074,825</b>	<b>5,467,644</b>
Other liabilities:					
Deferred salary	678,556	-	111,009	567,547	183,807
Compensated absences	2,109,909	230,968	-	2,340,877	-
Net OPEB obligation	19,550,081	3,032,455	-	22,582,536	-
Net pension liability	74,430,561	8,397,957	-	82,828,518	-
Other commitments	214,200	-	17,850	196,350	17,850
<b>Governmental activities Long-term liabilities</b>	<b>\$ 149,161,646</b>	<b>\$ 11,721,380</b>	<b>\$ 7,292,373</b>	<b>\$ 153,590,653</b>	<b>\$ 5,669,301</b>
<b>Business-Type Activities:</b>					
Bonds payable	\$ 125,000	\$ -	\$ 125,000	\$ -	\$ -
Loan payable	5,232,387	2,812,863	250,370	7,794,880	257,636
Capital lease payable	898,782	-	89,412	809,370	91,862
Plus amortized premium bonds	2,867	-	2,867	-	-
<b>Total bonds and loans payable</b>	6,259,036	2,812,863	467,649	8,604,250	349,498
Compensated absences	72,458	6,617	-	79,075	-
<b>Business-Type Activities: Long-term liabilities</b>	<b>\$ 6,331,494</b>	<b>\$ 2,819,480</b>	<b>\$ 467,649</b>	<b>\$ 8,683,325</b>	<b>\$ 349,498</b>

*Continued*  
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**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements  
June 30, 2017

**Note 7. Long-Term Liabilities (Continued)**

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

**B. Capital Lease Commitments**

Obligations under capital leases at June 30, 2017 were as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Lease Payment Requirements</u>	<u>Town General Fund</u>	<u>School General Fund</u>	<u>Water Fund</u>	<u>Total</u>
2018	\$ 1,321,685	\$ 821,641	\$ 386,005	\$ 114,039	\$ 1,321,685
2019	1,321,684	821,640	386,005	114,039	1,321,684
2020	850,976	557,387	179,550	114,039	850,976
2021	663,908	370,319	179,550	114,039	663,908
2022	663,908	370,319	179,550	114,039	663,908
Thereafter	<u>2,541,593</u>	<u>1,301,728</u>	<u>897,749</u>	<u>342,116</u>	<u>2,541,593</u>
Total minimum lease payments	7,363,754	<u>\$ 4,243,034</u>	<u>\$ 2,208,409</u>	<u>\$ 912,311</u>	<u>\$ 7,363,754</u>
Funds not drawn down at June 30, 2017	(650,695)				
Less: Amount representing interest cost	<u>(876,972)</u>				
Present value of minimum lease payments	<u>\$ 5,836,087</u>				

**C. General Obligation Bonds Debt Service Requirements**

The debt service requirements at June 30, 2017, were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities General Obligation Bonds</u>		<u>Business Type Activities General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 2,790,000	\$ 738,439	\$ -	\$ -
2019	3,040,000	622,231	-	-
2020	1,895,000	530,950	-	-
2021	1,950,000	460,191	-	-
2022	2,025,000	383,287	-	-
2023-2027	5,355,000	959,138	-	-
2028-2032	1,775,000	303,594	-	-
2033	<u>265,000</u>	<u>12,587</u>	<u>-</u>	<u>-</u>
	<u>\$ 19,095,000</u>	<u>\$ 4,010,417</u>	<u>\$ -</u>	<u>\$ -</u>

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2017

**Note 7. Long-Term Liabilities (Continued)**

*D. Schedule of Bonds Payable*

<i>Purpose</i>	<i>Date Issued</i>	<i>Interest Rate</i>	<i>Maturity Date</i>	<i>Authorized and Issued</i>	<i>Outstanding June 30, 2016</i>	<i>New Issues</i>	<i>Maturities During Year</i>	<i>Outstanding June 30, 2017</i>
<i>Governmental Activities:</i>								
Library Bond (Refunding)	06/10/08	2.00%-4.76%	08/01/18	2,850,000	925,000	-	295,000	630,000
School Bond (Refunding)	06/10/08	2.00%-4.75%	08/01/18	5,740,000	1,850,000	-	590,000	1,260,000
Open Space Bond (Refunding)	11/30/11	3.00%-3.50%	10/01/21	1,000,000	645,000	-	100,000	545,000
Open Space/Recreation Bond	08/28/13	3.00%-5.00%	02/01/33	3,500,000	3,205,000	-	125,000	3,080,000
School Bond (Refunding)	11/30/11	3.00%-3.50%	10/01/21	2,010,000	1,265,000	-	195,000	1,070,000
School Bond (Refunding)	08/28/13	3.00%-5.00%	02/01/23	2,370,000	1,645,000	-	230,000	1,415,000
Judgment Bond (Refunding)	11/30/11	3.00%	10/01/16	205,000	45,000	-	45,000	-
Judgment Bond	06/10/08	5.14%	06/01/18	1,130,000	220,000	-	110,000	110,000
Road Improvements	11/30/11	3.00%-6.25%	11/01/31	2,500,000	2,000,000	-	125,000	1,875,000
Road Improvements	10/29/15	3.00%-5.00%	10/01/25	2,380,000	2,380,000	-	10,000	2,370,000
Sewer Bond (Refunding)	06/10/08	2.00%-4.77%	08/01/18	2,015,000	655,000	-	205,000	450,000
Sewer Bond (Refunding)	06/10/08	2.00%-4.81%	08/01/16	285,000	40,000	-	40,000	-
School and Town (Refunding)	09/24/14	2.00%-4.00%	03/15/26	7,630,000	6,975,000	-	685,000	6,290,000
<i>Total Governmental Activities</i>				<u>33,615,000</u>	<u>21,850,000</u>	<u>-</u>	<u>2,755,000</u>	<u>19,095,000</u>
<i>Business Type Activities</i>								
Water Bond (Refunding)	06/10/08	2.00%-4.74%	08/01/16	915,000	125,000	-	125,000	-
<i>Total Business Type Activities</i>				<u>915,000</u>	<u>125,000</u>	<u>-</u>	<u>125,000</u>	<u>-</u>
<i>Total Bonds Payable</i>				<u>\$ 34,530,000</u>	<u>\$ 21,975,000</u>	<u>\$ -</u>	<u>\$ 2,880,000</u>	<u>\$ 19,095,000</u>

*Continued*

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements  
June 30, 2017

**Note 7. Long-Term Liabilities (Continued)**

***E. Notes and Loans Payable***

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

<i>Description</i>	<i>Note Date</i>	<i>Original Amount</i>	<i>Interest Rate</i>	<i>Matures</i>
RIHBEC School Loan (Refunded)	05/01/08	\$ 30,000,000	4.125-5%	05/15/18
RI Clean Water Sewer Loan	03/10/93	3,000,000	3.56%	09/01/36
RI Clean Water Sewer Loan	12/28/95	1,000,000	3.33%	09/01/16
Lambert Property Note	05/01/97	190,000	2.59%	06/01/23
RI Clean Water Loan	11/19/09	5,750,000	1.15-4.04%	09/01/30
RI Infrastructure Bank	09/03/14	560,000	.12-2.48%	05/15/28

On November 19, 2009 the Town entered into a loan agreement with Rhode Island Clean Water Finance Agency in the amount of \$5,750,000. The loan agreement includes ARRA principal forgiveness of \$1,333,742 for a net loan amount of \$4,416,258 that will be repaid by the Town. The loan proceeds are to be used by the Town for various water system projects. The Agency pays project invoices certified by the Town directly to the contractors or reimburses the Town for costs incurred on the projects. As of June 30, 2017, a loan payable of \$3,384,006 is reflected in the Water Fund. The Town is responsible to drawdown the full loan amount and to repay the net loan amount. The loan is secured by a pledge of water system revenues.

The debt service requirements for the above notes and loans payable at June 30, 2017 were as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Governmental Activities</i>		<i>Business Type Activities</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2018	\$ 1,498,465	\$ 856,158	\$ 257,636	\$ 171,231
2019	1,449,581	782,979	384,578	215,173
2020	1,489,700	725,830	394,317	211,913
2021	1,549,821	667,027	404,056	202,206
2022	1,610,946	605,776	414,564	191,742
2023-2027	9,302,475	1,844,208	2,275,486	773,421
2028-2032	2,244,000	106,168	2,367,058	389,585
2033-2037	104,000	3,888	1,297,185	101,293
	<u>\$ 19,248,988</u>	<u>\$ 5,592,034</u>	<u>\$ 7,794,880</u>	<u>\$ 2,256,564</u>

***F. Refunding of Long-Term Debt***

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

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

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## **Note 7. Long-Term Liabilities (Continued)**

### ***F. Refunding of Long-Term Debt (continued)***

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

### ***G. Deferred Salary***

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

In connection with the school certified personnel collective bargaining agreement signed in 2011, a salary deferral arrangement was also negotiated for fiscal year 2011 whereby members deferred 50% of the 2010-2011 raise, step increase and advance lane payments. The deferral will be paid out from 2012 through 2025 based on years of service at September 1, 2010.

### ***H. Other Commitments***

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

*Continued*



**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements  
June 30, 2017

**Note 8. Interfund Activity**

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

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Other Financing Sources</u>	<u>Other Financing Uses</u>
<b><u>Major Governmental Funds</u></b>				
General fund	\$ 1,269,003	\$ 3,676,453	\$ 460,725	\$ 42,064,958
School unrestricted fund	4,195,780	-	42,099,072	-
Sewer fund	-	1,090,031	-	-
<b><u>Non-Major Governmental Funds</u></b>				
Town special revenue	682,304	758,936	42,716	460,725
School special revenue	165,620	692,319	-	139,039
Capital projects	1,517,213	1,012,508	-	(62,209)
<b><u>Proprietary Funds</u></b>				
Water fund	-	447,234	-	-
<b><u>Fiduciary Funds</u></b>				
Police pension trust	-	18,594	-	-
OPEB trust	-	48,983	-	-
Private purpose	-	484	-	-
Agency funds	4,471	88,849	-	-
Totals	<u>\$ 7,834,391</u>	<u>\$ 7,834,391</u>	<u>\$ 42,602,513</u>	<u>\$ 42,602,513</u>

Included above are loans made to provide financing resources to the following funds: \$1,090,031 Sewer. All remaining interfund balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Transfers are used to move revenues from the fund that the budget requires to collect them to the funds that the budget requires to expend them. For example, the \$41,960,033 is the School appropriation that is budgeted in the General Fund as a revenue source to be transferred to the School Unrestricted Fund and expended.

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

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### **Note 9. Net Position/Fund Balances**

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

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

*Restricted Net Position* – This category presents external restrictions imposed by grantors or laws and regulations.

*Unrestricted Net Position* - This category represents net position of the Town, not restricted for any project or other purpose.

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

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

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

*Committed Fund Balance* - This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority.

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

*Unassigned Fund Balance* - This classification is the residual fund balance for the General Fund. This classification represents fund balance that has not been assigned to another fund and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

*Continued*

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements  
June 30, 2017

**Note 9. Net Position/Fund Balances (Continued)**

Committed fund balances are established, modified or rescinded by an ordinance adopted by the Town Council. Assigned fund balances are authorized by the Finance Director. The Town considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Town considers unrestricted fund balance classifications to be used in the following order when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used: 1) committed; 2) assigned; and 3) unassigned.

The Town has the following minimum fund balance policies:

- General Fund – total fund balance equal to 10% of annual operating fund revenues shall be established and maintained.

	<u>Major Funds</u>			<u>Non-Major Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>School Unrestricted</u>	<u>Sewer</u>	<u>Town Special Revenue</u>	<u>School Special Revenue</u>	<u>Capital Projects</u>	
<b>Fund Balances</b>							
<b>Nonspendable</b>							
In Form	\$ 234,049	\$ 129,428	\$ -	\$ -	\$ -	\$ -	\$ 363,477
<b>Restricted for</b>							
General government	-	-	-	390,126	-	-	390,126
Public safety programs	-	-	-	105,327	-	-	105,327
Educational purposes	-	2,819,978	-	-	699,855	-	3,519,833
Community and economic development	-	-	-	133,058	-	-	133,058
Capital projects	-	-	-	108,500	-	1,486,461	1,594,961
<b>Committed to</b>							
General government	-	-	-	226,463	-	-	226,463
<b>Assigned to</b>							
Capital projects	18,000	-	-	-	-	152,163	170,163
Public safety	12,099	-	-	-	-	-	12,099
Public works	27,000	-	-	-	-	-	27,000
Senior center	50,999	-	-	-	-	-	50,999
Recreation programs	260,978	-	-	-	-	-	260,978
Town properties	15,727	-	-	-	-	-	15,727
Educational purposes	11,898	-	-	-	-	-	11,898
Office of children, youth, and learning	143,665	-	-	-	-	-	143,665
Community and economic development	1,024,010	-	-	-	-	-	1,024,010
<b>Unassigned</b>	12,009,505	-	(1,142,860)	(75,516)	-	(459,633)	10,331,496
	<u>\$ 13,807,930</u>	<u>\$ 2,949,406</u>	<u>\$ (1,142,860)</u>	<u>\$ 887,958</u>	<u>\$ 699,855</u>	<u>\$ 1,178,991</u>	<u>\$ 18,381,280</u>

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements  
*June 30, 2017*

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**Note 10. Post-Employment Benefits**

*Plan Description*

The Town of Cumberland administers a single-employer, defined benefit post-employment health insurance plan. This plan does not include the pension benefits discussed in Note 18. The plan provides medical and dental insurance for eligible retirees and their dependents through the Town's group health and dental insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations between the Town and the respective unions. The plan is reported as a Trust Fund in the Town's financial statements. The plan does not issue a publicly available financial report. The Town implemented GASB Statement No. 75 in fiscal year 2017 on a retroactive basis.

The plan provides the following benefits based on employee group:

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

The above benefit provisions reflect changes implemented since the last valuation.

As of June 30, 2017, the plan membership data is as follows:

<b>Description</b>	<b>Active Employees</b>	<b>Inactive or Beneficiaries Receiving Benefits</b>	<b>Total</b>
Number	34	66	100

*Funding Policy*

Contribution requirements are negotiated between the Town and the respective unions. The Town is required to contribute the cost of medical and dental benefits, less the amount of any applicable employee share of medical or dental premiums. For the fiscal year ended June 30, 2017, the Town contributed \$1,903,000 to the plan, which is 106.97% of the annual required contribution.

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

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## Note 10. Post-Employment Benefits (continued)

### *Summary of Significant Accounting Policies*

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

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

### *Investment policy*

The Town's policy in regard to the allocation of invested assets is established and may be amended by the committee by a majority vote of its members. It is the policy of the Town to pursue an investment strategy that reduced risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Town's adopted asset allocation policy as of June 30, 2017:

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

### *Concentrations:*

There were no concentrations noted as of June 30, 2017.

### *Rate of Return:*

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense was 5.41%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Continued*

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements  
*June 30, 2017*

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**Note 10. Post-Employment Benefits (continued)**

*Net OPEB Liability of the Town*

The components of the net OPEB liability of the Town at June 30, 2017 were as follows:

Total OPEB liability	\$ 25,225,070
Plans fiduciary net position	<u>2,642,534</u>
Town's net OPEB liability	<u>\$ 22,582,536</u>

Plan net position as a percentage of the total OPEB liability	10.48%
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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions*

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

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions applied to all periods included in the measurement unless otherwise specified:

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2017*

**Note 10. Post-Employment Benefits (continued)**

*Actuarial Methods and Assumptions (continued)*

Valuation Date:	Actuarially Determined Contribution was calculated as of June 30, 2017.
Actuarial Cost Method:	Entry Age Normal Level % of salary method where: <ul style="list-style-type: none"> <li>•service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and</li> <li>•annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to Payroll Growth.</li> </ul>
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, June 30, 2017.
<b>Actuarial Assumptions:</b>	
Investment Rate of Return:	5.41%, net of OPEB plan investment expense
Medical inflation	For medical/rx benefits, the trend rates have been reset to an initial rate of 9.00% decreasing by 0.50% annually to an ultimate rate of 5.00%
Inflation:	2.00% as of June 30, 2017 and for future periods
Salary Increases:	4.50% annually as of June 30, 2017 and for future periods
Pre-Retirement Mortality:	RPH-2014 mortality table with blue collar adjustments and Social Security 2016 generational improvements from 2006
Assumed rate of retirement:	70% for 20 or more years of service, 60% for age 60 with 25 years of service, and 60% for age 65 with 10 or more years of service
Marriage assumptions	80% of males and 80% of females assumed to be married with wives to be three years younger than their husbands
Changes in Assumptions:	Effective June 30, 2017 <ul style="list-style-type: none"> <li>• Discount rate is 7.50% previously 7.50%</li> </ul>

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed income	2.25%
Domestic equity	7.50%
International Equity	8.00%
Cash	<u>0.25%</u>
I. Real Rate of Return	5.41%
II. Inflation Assumption	<u>2.00%</u>
III. Total Nominal Return [I. + II.]	<u>7.41%</u>

*Continued*

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements  
June 30, 2017

**Note 10. Post-Employment Benefits (continued)**

*Changes in the Net OPEB Liability*

	<b>Total OPEB Liability</b>	<b>Increase (Decrease) Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Balance at June 30, 2016	\$ 21,785,100	\$ 2,235,019	\$ 19,550,081
Service cost	434,661	-	434,661
Interest on net OPEB liability and service cost	1,568,378	-	1,568,378
Differences between actual and expected experience	2,821,128	-	2,821,128
Changes in assumptions	394,753	-	394,753
Benefit payments, including refunds	(1,778,950)	(1,778,950)	-
Trust administrative expenses	-	(13,765)	13,765
Contributions - employer	-	1,903,000	(1,903,000)
Contributions - active employees	-	-	-
Net investment income	-	297,230	(297,230)
Net changes	<u>3,439,970</u>	<u>407,515</u>	<u>3,032,455</u>
Balances at June 30, 2017	<u>\$ 25,225,070</u>	<u>\$ 2,642,534</u>	<u>\$ 22,582,536</u>

*Discount rate*

The discount rate used to measure the total OPEB liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1- percentage-point higher (8.5 percent) than the current discount rate:

<b>Impact of 1% Change in Discount Rate</b>			
	<b>1% Decrease (6.50%)</b>	<b>Current discount rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
Total OPEB liability	26,115,763	22,582,536	19,706,674



**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements  
June 30, 2017

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**Note 10. Post-Employment Benefits (continued)**

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (8.0 percent decreasing to 4.0 percent) or 1-percentage-point higher (10.0 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	<b>Impact of 1% Change in Healthcare Trend Rate</b>		
	<b>1% Decrease (8.00% decreasing to 4.00%)</b>	<b>Current trend rate (9.00% decreasing to 5.00%)</b>	<b>1% Increase (10.00% decreasing to 6.00%)</b>
Total OPEB liability	19,567,319	22,582,536	26,295,655

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

For the year ended June 30, 2017 the Town recognized OPEB expense of \$2,623,978. At June 30, 2017, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

Deferred outflows of resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 2,411,911
Deferred inflows of resources	
Differences between actual and expected experience	<u>100,434</u>
Total	<u>\$ 2,311,477</u>

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

Year ended June 30:	
2018	\$ 778,861
2019	778,861
2020	778,862
2021	(25,107)
2022	-
Thereafter	-

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

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### Note 11 Pensions

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

##### **General Information about the Pension Plan**

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

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

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

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

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

Subsequent to June 30, 2015, litigation challenging the various pension reform measures enacted in previous years by the General Assembly (2009, 2010, and 2011) was settled. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly. These amended benefit provisions, which have been included in the determination of the total pension liability at the June 30, 2015 measurement date and are reflected in the summary of benefit provisions described below.

*Continued*

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

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### Note 11. Pensions (continued)

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

##### General Information about the Pension Plan (continued)

###### *General employees*

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

Members who had at least five years of contributory service as of June 30, 2012 will be eligible for retirement at an individually determined age. This age is the result of interpolating between the member's prior Retirement Date, described below, and the retirement age applicable to members hired after June 30, 2012 in (a) 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.

*Continued*

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

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### Note 11. Pensions (continued)

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

##### **General Information about the Pension Plan (continued)**

##### *Police and Fire employees*

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

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

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

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

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

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

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

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

*Continued*

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

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### Note 11. Pensions (continued)

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

##### General Information about the Pension Plan (continued)

###### *Other benefit provisions*

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

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

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

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

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

c. The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on every fourth year provision described in (i) 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.

*Continued*

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements  
June 30, 2017

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**Note 11. Pensions (continued)**

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

**General Information about the Pension Plan (continued)**

**Employees covered by benefit terms.**

At the June 30, 2015 valuation date, the following employees were covered by the benefit terms:

	<b>General Employees</b>	<b>Rescue Employees</b>
Retirees and Beneficiaries	165	6
Inactive, Non retired Members	115	7
Active Members	<u>243</u>	<u>18</u>
Total	<u>523</u>	<u>31</u>

**Contributions** - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees are required to contribute 1% of their salaries. Public safety employees are required to contribute 7% 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 \$947,596 to their general employee MERS plan in the year ended June 30, 2017 which was 12.88% of annual covered payroll and contributed \$98,314 to their rescue employee MERS plan in the year ended June 30, 2017 which was 9.14% of annual covered payroll.

**Net Pension Liability (Asset)** - The total pension liability was determined by actuarial valuations performed as of June 30, 2015 and rolled forward to June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement.

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements  
June 30, 2017

**Note 11. Pensions (continued)**

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

**General Information about the Pension Plan (continued)**

<b>Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2016 measurement date (June 30, 2015 valuation rolled forward to June 30, 2016)</b>	
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	7.50%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.75%
Mortality	<ul style="list-style-type: none"> <li>• Male Employees, MERS General and MERS P&amp;F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.</li> <li>• Female Employees, MERS General and MERS P&amp;F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.</li> </ul>
Cost of Living Adjustments	A 2% COLA is assumed after January 1, 2014.

The actuarial assumptions used in the June 30, 2014 valuation rolled forward to June 30, 2015 and the calculation of the total pension liability at June 30, 2014 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

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 23 sources. The June 30, 2015 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2017*

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**Note 11. Pensions (continued)**

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

**General Information about the Pension Plan (continued)**

<u>Type of Investment</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity:	38.00%	
U.S. Equity		6.98%
International Developed		7.26%
International Emerging Markets		9.57%
Equity Hedge Funds	8.00%	4.10%
Private Equity	7.00%	10.15%
Core Fixed Income	15.00%	2.37%
Absolute Return Hedge Funds	7.00%	4.10%
Infrastructure	3.00%	5.58%
Real Estate	8.00%	5.33%
Other Real Return Assets:	11.00%	
Master Limited Partnerships		4.97%
Credit		4.97%
Inflation Linked Bonds		1.76%
Cash, Overlay and Money Market	3.00%	0.82%
	<u>100.00%</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 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Continued*



**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements  
June 30, 2017

**Note 11. Pension (continued)**

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

**General Information about the Pension Plan (continued)**

<b>Changes in the Net Pension Liability (Asset) - General Employees</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Balances as of June 30, 2015	\$ 31,603,211	\$ 23,507,405	\$ 8,095,806
Changes for the Year			
Service cost	712,369	-	712,369
Interest on the total pension liability	2,330,263	-	2,330,263
Changes in benefits	-	-	-
Difference between expected and actual experience of the Total Pension Liability	(807,994)	-	(807,994)
Employer contributions	-	1,194,969	(1,194,969)
Employee contributions	-	183,696	(183,696)
Net investment income	-	1,191	(1,191)
Benefit payments, including employee refunds	(1,778,432)	(1,778,432)	-
Administrative expense	-	(30,770)	30,770
Other changes	-	15,028	(15,028)
Net changes	<u>456,206</u>	<u>(414,318)</u>	<u>870,524</u>
Balances as of June 30, 2016	<u>\$ 32,059,417</u>	<u>\$ 23,093,087</u>	<u>\$ 8,966,330</u>

<b>Changes in the Net Pension Liability (Asset) - Rescue Employees</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Balances as of June 30, 2015	\$ 5,821,749	\$ 5,669,244	\$ 152,505
Changes for the Year			
Service cost	210,967	-	210,967
Interest on the total pension liability	440,088	-	440,088
Changes in benefits	-	-	-
Difference between expected and actual experience of the Total Pension Liability	(196,928)	-	(196,928)
Employer contributions	-	121,820	(121,820)
Employee contributions	-	109,053	(109,053)
Net investment income	-	(2,004)	2,004
Benefit payments, including employee refunds	(118,791)	(118,791)	-
Administrative expense	-	(5,392)	5,392
Other changes	-	309	(309)
Net changes	<u>335,336</u>	<u>104,995</u>	<u>230,341</u>
Balances as of June 30, 2016	<u>\$ 6,157,085</u>	<u>\$ 5,774,239</u>	<u>\$ 382,846</u>

**Sensitivity of the Net Pension Liability to changes in the discount rate.** The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5 percent, 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.

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements  
June 30, 2017

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**Note 11. Pensions (continued)**

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

**General Information about the Pension Plan (continued)**

<b>1.00% Decrease (6.5%)</b>	<b>General Employees Plan Current Discount Rate (7.5%)</b>	<b>1.00 Increase (8.5%)</b>
\$ 12,358,316	\$ 8,966,330	\$ 6,190,020
<b>1.00% Decrease (6.5%)</b>	<b>Rescue Employees Plan Current Discount Rate (7.5%)</b>	<b>1.00 Increase (8.5%)</b>
\$ 1,010,518	\$ 382,846	\$ (130,707)

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

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

**General Employees Plan**

For the year ended June 30, 2017 the employer recognized pension expense of \$1,386,650. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred inflows of Resources
Contributions subsequent to measurement date	\$ 947,596	\$ -
Differences in assumptions	6,203	-
Difference between expected and actual experience	388,914	627,130
Net difference between projected and actual earnings on pension plan investments	<u>2,108,670</u>	<u>631,102</u>
Total	<u>\$ 3,451,383</u>	<u>\$ 1,258,232</u>

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2017*

**Note 11. Pensions (continued)**

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

**General Information about the Pension Plan (continued)**

\$947,596 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2017 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2017. Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows of Resources
2018	\$ 259,446
2019	259,444
2020	461,948
2021	264,717
2022	-
Thereafter	-
<b>Total</b>	<b><u>\$ 1,245,555</u></b>

**Rescue Employees Plan**

For the year ended June 30, 2016 the employer recognized pension expense of \$125,297. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred inflows of Resources
Contributions subsequent to measurement date	\$ 98,314	\$ -
Differences in assumptions	-	33,384
Difference between expected and actual experience	-	149,505
Net difference between projected and actual earnings on pension plan investments	<u>512,821</u>	<u>304,477</u>
Total	<b><u>\$ 611,135</u></b>	<b><u>\$ 488,366</u></b>

*Continued*

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements  
June 30, 2017

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**Note 11. Pensions (continued)**

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

**General Information about the Pension Plan (continued)**

\$98,314 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2017 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2017. Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows of Resources
2018	\$ 1,387
2019	1,386
2020	76,139
2021	20,188
2022	(57,045)
Thereafter	<u>(17,600)</u>
<b>Total</b>	<u>\$ 24,455</u>

*B. Defined Contribution Plan Description*

Certain employees participating in the defined benefit plan, as described above, may also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 1 to 1.5% of their annual covered salary and employers contribute 5% 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 Town of Cumberland recognized pension expense of \$41,940, for the fiscal year ended June 30, 2017.

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

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

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### Note 11. Pensions (continued)

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

**Plan description** - Certain employees of the Town of Cumberland, Rhode Island (Town) participate in a cost-sharing multiple-employer defined benefit pension plan - the Employees' Retirement System plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries. The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.ersri.org>.

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

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

Cost of living adjustments are provided but are currently suspended until the collective plans administered by ERSRI reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments is provided at four-year intervals commencing with the plan year ending June 30, 2017.

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 2017, Town teachers were required to contribute 3.75% of their annual covered salary. The state and the Town are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by Town; the rates were 9.27% and 13.49% of annual covered payroll for the fiscal year ended June 30, 2017 for the state and Town, respectively. The Town contributed \$2,493,349, \$3,138,074 and \$4,307,537 for the fiscal years ended June 30, 2017, 2016 and 2015, respectively, equal to 100% of the required contributions for each year.

*Continued*

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements  
June 30, 2017

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**Note 11. Pensions (continued)**

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

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

At June 30, 2017, the Town reported a liability of \$54,740,242 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the Town were as follows:

Town proportionate share of the net pension liability	\$ 54,740,242
State's proportionate share of the net pension liability associated with the Town	<u>37,489,028</u>
Total net pension liability	<u>\$ 92,229,270</u>

The net pension liability was measured as of June 30, 2016, 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, 2015 rolled forward to June 30, 2016. The Town proportion of the net pension liability was based on a projection of the Town long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2016 the Town proportion was 1.83471828%.

For the year ended June 30, 2016 the Town recognized gross pension expense of \$8,366,472 and revenue of \$3,138,074 for support provided by the State. At June 30, 2016 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2017

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**Note 11. Pensions (continued)**

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

**Deferred outflows of resources**

Contributions subsequent to the measurement date	\$ 2,493,349
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Net Difference between projected and actual investment earnings	6,194,400
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Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>3,876,752</u>
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**Deferred inflows of resources**

Change of assumptions	\$ 1,133,915
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Differences between expected and actual experience	1,080,055
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Net difference between projected and actual earnings on pension plan investments	<u>1,922,725</u>
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Total, net	<u>\$ 8,427,806</u>
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TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2017

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**Note 11. Pensions (continued)**

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

\$2,493,349 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2017 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 1,001,492
2018	1,001,492
2019	1,962,855
2020	1,251,359
2021	236,381
thereafter	480,878

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

Inflation	2.75%
Salary increases	3.50% to 13.50%
Investment rate of return	7.50%

Mortality – male and female teachers: 97% and 92%, respectively of rates in a GRS table based on male and female teacher experience, projected with Scale AA from 2000.

The actuarial assumptions used in the June 30, 2015 valuation rolled forward to June 30, 2016 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

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 23 sources. The June 30, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:



**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2017

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**Note 11. Pensions (continued)**

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

<u>Type of Investment</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity:	38.00%	
U.S. Equity		6.98%
International Developed		7.26%
International Emerging Markets		9.57%
Equity Hedge Funds	8.00%	4.10%
Private Equity	7.00%	10.15%
Core Fixed Income	15.00%	2.37%
Absolute Return Hedge Funds	7.00%	4.10%
Infrastructure	3.00%	5.58%
Real Estate	8.00%	5.33%
Other Real Return Assets:	11.00%	
Master Limited Partnerships		4.97%
Credit		4.97%
Inflation Linked Bonds		1.76%
Cash, Overlay and Money Market	3.00%	0.82%
	<u>100.00%</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 was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the net pension liability (asset) to changes in the discount rate** - the following presents the net pension liability (asset) calculated using the discount rate of 7.5 percent as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements  
June 30, 2017

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**Note 11. Pensions (continued)**

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

<b>1.00% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1.00 Increase (8.5%)</b>
\$ 67,599,409	\$ 54,740,242	\$ 44,213,086

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

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

**Defined Contribution Plan Description:**

Employees participating in the defined benefit plan with less than 20 years of service as of June 30, 2012, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 5% of their annual covered salary and employers contribute between 1% and 1.5% of annual covered salary depending on the employee's total years of service as of June 30, 2012. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

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

The Town of Cumberland recognized pension expense of \$843,423, for the fiscal year ended June 30, 2017.

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

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2017

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## Note 11. Pensions (continued)

### E. Teachers' Survivors Defined Benefit Pension Plan

#### **General Information about the Pension Plan**

**Plan description** - Certain employees of the Town of Cumberland (Town) participate in a cost-sharing multiple-employer defined benefit pension plan - the Teachers' Survivors Benefit plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in Social Security.

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

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

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

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

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

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements  
June 30, 2017

**Note 11. Pensions (continued)**

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

Highest Annual Salary	Basic Monthly Spouses' Benefit
\$17,000 or less	\$ 750
\$17,001 to \$25,000	875
\$25,001 to \$33,000	1,000
\$33,001 to \$40,000	1,125
\$40,001 and over	1,250

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 \$9,600; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the respective school district by which the member is employed. These contributions are in addition to the contributions required for regular pension benefits.

The Town contributed \$40,578, \$43,338 and \$39,802 for the fiscal years ended June 30, 2017, 2016 and 2015, 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, 2017 the Town reported an asset of \$6,718,614 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, 2016, 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, 2016. The Town proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2015 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2016 the Town proportion was 6.74750101%.

For the year ended June 30, 2017 the Town recognized pension expense of \$(140,008) – an increase in the net pension asset. At June 30, 2017 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements  
June 30, 2017

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**Note 11. Pensions (continued)**

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

**Deferred outflows of resources**

Contributions subsequent to the measurement date	\$ 40,578
Difference between projected and actual experience	1,279,002
Net difference between projected and actual earnings on pension plan investments	<u>1,777,828</u>

**Deferred inflows of resources**

Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 174,500
Difference between projected and actual experience	1,335,646
Net difference between projected and actual earnings on pension plan investments	<u>548,911</u>
<b>Total, net</b>	<b><u>\$ 1,038,351</u></b>

\$40,578 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2017 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
June 30:	
2017	\$ 72,699
2018	72,699
2019	72,699
2020	349,121
2021	147,585
Thereafter	473,946

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2017

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**Note 11. Pensions (continued)**

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

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

Inflation	2.75%
Salary increases	3.50% to 13.50%
Investment rate of return	7.50%

Mortality rates for male and female teachers were based on 97% (males) and 92% (females) of rates in a GRS table based on male and female teacher experience, projected with scale AA from 2000.

Cost of living adjustment – eligible survivors receive a yearly cost of living adjustment based on the annual social security adjustment – for valuation purposes, a 2.75% cost of living adjustment is assumed.

The actuarial assumptions used in the June 30, 2014 valuation rolled forward to June 30, 2015 and the calculation of the total pension liability at June 30, 2015 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

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 23 sources. The June 30, 2015 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements  
June 30, 2017

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**Note 11. Pensions (continued)**

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

<u>Type of Investment</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Global Equity:	38.0%	-
U.S. Equity	-	6.93%
International Developed	-	7.32%
International Emerging Markets	-	9.52%
Equity Hedge Funds	8.0%	3.98%
Private Equity	7.0%	9.99%
Core Fixed Income	15.0%	2.18%
Absolute Return Hedge Funds	7.0%	3.98%
Infrastructure	3.0%	5.70%
Real Estate	8.0%	4.85%
Other Real Return Assets:	11.0%	-
Master Limited Partnerships	-	4.51%
Credit	-	4.51%
Inflation Linked Bonds	-	1.24%
Cash, Overlay, Money Market	3.0%	7.80%
	100.0%	

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

**Discount rate** - the discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the net pension liability (asset) to changes in the discount rate** - the following presents the net pension liability (asset) calculated using the discount rate of 7.5 percent as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements  
June 30, 2017

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**Note 11. Pensions (continued)**

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

<b>1.00% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1.00 Increase (8.5%)</b>
\$ (4,926,830)	\$ (6,344,294)	\$ (7,504,292)

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

*F. Police Pension Plan*

**General Information about the Plan**

*Plan Administration*

All full-time police officers and certain other former employees are covered by the Town of Cumberland's Pension Plan which is administered by the Town of Cumberland Pension Board. The Pension Board consists of three members nominated and appointed by the Town Council. This plan is a single employer defined benefit plan that was established by the Town in accordance with Town Charter and State Statutes. The Town Council has the authority to establish and amend the benefits terms through the adoption of an ordinance. The pension plan is reported as a pension trust fund in the Town's financial statements. The plan does not issue a publicly available financial report.

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

*Plan Membership*

Inactive plan members or beneficiaries currently receiving benef	69
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	42
Subtotal	112



## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

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### Note 11. Pensions (continued)

#### F. Police Pension Plan (Continued)

##### ***Benefits Provided***

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

Police officered hired on or before July 1, 2013:

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

Police officers hired after July 1, 2013:

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

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

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

*Method used to value investments.* Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. By contract, an independent appraisal is obtained once every year to determine the fair market value of the assets.

*Continued*

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements  
*June 30, 2017*

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**Note 11. Pensions (continued)**

*F. Police Pension Plan (Continued)*

***Contributions***

Contribution requirements for the plan are established and may be amended by Town ordinances or union contract. Police officers hired on or before July 1, 2013 are required to contribute 8% of annual earnings by union contract. Police officers hired after July 1, 2013 are required to contribute 11% of annual earnings by union contract. The Town contribution is an actuarially determined amount recommended by an independent actuary. The actuarially determined amount is the estimated amount to finance the costs of benefits earned by plan members during the year, with an additional amount to finance the unfunded accrued liability. The town contribution for the year ended June 30, 2017 was \$2,182,000.

**Net Pension Liability of the Commission**

The components of the net pension liability of the Commission at June 30, 2017, were as follows:

Total pension liability	\$ 34,582,341
Plan fiduciary net position	<u>(15,843,241)</u>
Town's net pension liability	<u>\$ 18,739,100</u>
Plan fiduciary net position as a percentage of the total pension liability	 45.81%

***Actuarial assumptions***

The total pension liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00 percent
Cost of living increases	3.00% non-compounded from age 57 for retirement on or after July 1, No COLA for retirement before July 1, 1992
Salary increases	1.00% - 6.00%, age graded

Mortality rates were based on RP-2014 Blue Collar Mortality with 2015 Social Security Generational Improvement Scale from 2006.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period ended June 30, 2017.

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

*Continued*

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2017

**Note 11. Pensions (continued)**

*F. Police Pension Plan (Continued)*

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic fixed income	2.21%
Domestic equity	7.35%
International Equity	7.84%
Cash	0.25%

**Discount rate**

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Commission contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balance as of 7/1/2016</b>	\$ 33,473,349	\$ 13,988,898	\$19,484,451
<b>Changes for the year:</b>			
Service cost	610,341	-	610,341
Interest on total pension liability	2,483,550	-	2,483,550
Differences between expected and actual experience	150,892	-	150,892
Changes in assumptions	(196,402)	-	(196,402)
Contributions - employer	-	2,182,000	(2,182,000)
Contributions - employee	-	245,844	(245,844)
Net investment income	-	1,383,038	(1,383,038)
Benefit payments	(1,939,389)	(1,939,389)	-
Administrative expense	-	(17,150)	17,150
<b>Net changes</b>	<b>1,108,992</b>	<b>1,854,343</b>	<b>(745,351)</b>
<b>Balance as of 6/30/2017</b>	<b>\$ 34,582,341</b>	<b>\$ 15,843,241</b>	<b>\$18,739,100</b>

*Continued*

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2017*

**Note 11. Pensions (continued)**

*F. Police Pension Plan (Continued)*

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

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.50 percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	<b>1% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
Plan's Net Pension Liability	\$ 23,304,536	\$ 18,739,100	\$ 14,706,088

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

For the year ended June 30, 2017, the Commission recognized pension expense of \$1,965,343. At June 30, 2017, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 215,962	\$ -
Changes of assumptions	-	(223,308)
Difference between projected and actual earnings on plan investments	617,134	(252,958)
Total deferred outflows / (inflows)	\$ 833,096	\$ (476,266)

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

**Year ended June 30:**

2017	\$	166,987
2018		166,985
2019		101,269
2020		(70,826)
2021		(7,585)
Thereafter		-
	\$	356,830

*Continued*

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2017

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### Note 12. Summary Disclosure of Significant Commitments and Contingencies

#### A. *Litigation*

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

#### B. *Federal Assisted Programs – Compliance Audits*

The Town and School Department participates in a number of federally assisted programs. The audits of these programs through the year ended June 30, 2017 were audited in connection with the accompanying financial statements under the Single Audit concept and the auditor's reports thereon are presented in a separate Single Audit Report. The amount, if any, of expenditures which may be disallowed will not be material to the financial position of the Town.

### Note 13. Risk Management

#### A. *Health Care*

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

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

In order to avoid catastrophic losses, the Town "reinsures" the program by purchasing insurance known as "stop-loss insurance".

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

#### B. *Other Insurance*

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

The Town is self-insured for unemployment benefits. There were no "incurred but not reported" claims as of June 30, 2017.

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2017*

**Note 14. Subsequent Events**

A. The Town has issued a RIIB infrastructure bank loan for the financing of its Street Light equipment purchase in the amount of \$1,343,000. The issuance took place on December 13, 2017. The funds are available as of December 22, 2017 to be used for the LED conversion of all Town Street Lights.

**Note 15. Restatements**

The following restatements were recorded to beginning fund balances/net position in the Governmental Activities:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Water Enterprise Fund</u>
Beginning balance, July 1, 2016	\$ 32,734,117	\$ 26,345,324	\$ 14,459,486	\$ 4,335,618	26,345,324
To correct prior year fixed asset figures	-	11,114	-	-	11,114
To eliminate prior year net OPEB obligation for the implementation of GASB 75	10,934,464	-	-	-	-
To include prior year net OPEB liability for the implementation of GASB 75	(19,550,081)	-	-	-	-
To restate for prior year motor vehicle phase out and RIIB loan	69,362	-	69,362	-	-
To correct prior year revenue accruals	(13,471)	-	-	(13,471)	-
To correct prior year \$500k RIIB loan	(479,000)	-	-	-	-
To correct prior assets net of depreciation for formula error	<u>1,144,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

*Continued*

***Required Supplementary Information***

*See independent auditor's report*

**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*Last 10 Fiscal Years*

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	<u><b>June 30, 2017</b></u>
<b>Total OPEB liability</b>	
Service cost	\$ 434,661
Interest on net OPEB liability and service cost	1,568,378
Differences between actual and expected experience	2,821,128
Changes of assumptions	394,753
Benefit payments, including refunds	<u>(1,778,950)</u>
 Net change in total OPEB liability	 3,439,970
 Total OPEB liability - beginning	 <u>21,785,100</u>
Total OPEB liability - ending	<u><u>\$ 25,225,070</u></u>
 <b>OPEB fiduciary net position</b>	
Benefit payments, including refunds	\$ (1,778,950)
Trust administrative expenses	(13,765)
Contributions - employer	1,903,000
Contribution - Active employees	-
Net investment income	<u>297,230</u>
 Net change in plan fiduciary net position	 407,515
 Plan fiduciary net position - beginning	 <u>2,235,019</u>
Plan fiduciary net position - ending	<u><u>\$ 2,642,534</u></u>
 Plan's net pension liability - ending	 <u><u>\$ 22,582,536</u></u>

\* First year of implementation of GASB 74/75, therefore only one year of the ten required data is available.

*See independent auditor's report*



**TOWN OF CUMBERLAND, RHODE ISLAND**

*Required Supplementary Information*  
Other Post-Employment Benefits – Schedule of Contributions

*Last 10 Fiscal Years*

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Actuarial determined contribution	\$ 1,778,950	\$ 1,393,964	\$ 1,294,570	\$ 1,578,570	\$ 1,657,531	\$ 3,521,332	\$ 4,393,000	\$ 3,973,000	\$ 3,743,000
Contributions in relation to the actuarially determined contribution	<u>1,903,000</u>	<u>1,550,643</u>	<u>1,420,875</u>	<u>1,320,001</u>	<u>1,311,166</u>	<u>1,565,322</u>	<u>857,393</u>	<u>1,166,224</u>	<u>1,569,191</u>
Contribution deficiency (excess)	<u>\$ (124,050)</u>	<u>\$ (156,679)</u>	<u>\$ (126,305)</u>	<u>\$ 258,569</u>	<u>\$ 346,365</u>	<u>\$ 1,956,010</u>	<u>\$ 3,535,607</u>	<u>\$ 2,806,776</u>	<u>\$ 2,173,809</u>
Covered-employee payroll	\$ 2,167,012	\$ 2,203,419	N/A	N/A	N/A	\$ 32,459,010	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	87.82%	70.37%	N/A	N/A	N/A	4.82%	N/A	N/A	N/A

\* First year of implementation of GASB 74/75, therefore only nine years of the ten required data is available.

*See independent auditor's report*

**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*Last 10 Fiscal Years*

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	<u>June 30, 2017</u>
Annual money-weighted rate of return, net of investment expense	5.41%

\* First year of implementation of GASB 74/75, therefore only one year of the ten required data is available.

**Notes to Required Supplementary Information:**

Valuation Date:	Actuarially Determined Contribution was calculated as of June 30, 2017.
Actuarial Cost Method:	Entry Age Normal Level % of salary method where: <ul style="list-style-type: none"><li>•service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and</li><li>•annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to Payroll Growth.</li></ul>
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, June 30, 2017.

**Actuarial Assumptions:**

Investment Rate of Return:	5.41%, net of OPEB plan investment expense
Medical inflation	For medical/rx benefits, the trend rates have been reset to an initial rate of 9.00% decreasing by 0.50% annually to an ultimate rate of 5.00%
Inflation:	2.00% as of June 30, 2017 and for future periods
Salary Increases:	4.50% annually as of June 30, 2017 and for future periods
Pre-Retirement Mortality:	RPH-2014 mortality table with blue collar adjustments and Social Security 2016 generational improvements from 2006
Assumed rate of retirement:	70% for 20 or more years of service, 60% for age 60 with 25 years of service, and 60% for age 65 with 10 or more years of service
Marriage assumptions	80% of males and 80% of females assumed to be married with wives to be three years younger than their husbands
Changes in Assumptions:	Effective June 30, 2017 <ul style="list-style-type: none"><li>• Discount rate is 7.50% previously 7.50%</li></ul>

*See independent auditor's report*

## TOWN OF CUMBERLAND, RHODE ISLAND

### *Required Supplementary Information*

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

*For the Year Ended June 30, 2017*

	Year Ended June 30, 2016	Year Ended June 30, 2015	Year Ended June 30, 2014
<b>A. Total pension liability</b>			
1. Service Cost	\$ 712,369	\$ 705,121	\$ 733,946
2. Interest on the Total Pension Liability	2,330,263	2,192,364	2,109,975
3. Changes of benefit terms	-	(40,505)	-
4. Difference between expected and actual experience of the Total Pension Liability	(807,994)	721,588	-
5. Changes of assumptions	-	-	15,356
6. Benefit payments, including refunds of employee contributions	(1,778,432)	(1,708,632)	(1,784,047)
7. Net change in total pension liability	456,206	1,869,936	1,075,230
8. Total pension liability – beginning	31,603,211	29,733,275	28,658,045
9. Total pension liability – ending (a)	<u>\$ 32,059,417</u>	<u>\$ 31,603,211</u>	<u>\$ 29,733,275</u>
<b>B. Plan fiduciary net position</b>			
1. Contributions – employer	\$ 1,194,969	\$ 1,278,367	\$ 1,125,835
2. Contributions – employee	183,696	89,142	85,199
3. Net investment income	1,191	550,899	3,111,659
4. Benefit payments, including refunds of employee contributions	(1,778,432)	(1,708,632)	(1,784,047)
5. Pension Plan Administrative Expense	(30,770)	(22,128)	(19,485)
6. Other	15,028	(43,004)	190,528
7. Net change in plan fiduciary net position	(414,318)	144,644	2,709,689
8. Plan fiduciary net position – beginning	23,507,405	23,362,761	20,653,072
9. Plan fiduciary net position – ending (b)	<u>\$ 23,093,087</u>	<u>\$ 23,507,405</u>	<u>\$ 23,362,761</u>
<b>C. Net pension liability - ending (a) - (b)</b>	<u>\$ 8,966,330</u>	<u>\$ 8,095,806</u>	<u>\$ 6,370,514</u>
<b>D. Plan fiduciary net position as a percentage of the total pension liability</b>	72.03%	74.38%	78.57%
<b>E. Covered employee payroll</b>	\$ 8,915,758	\$ 8,914,303	\$ 8,455,599
<b>F. Net pension liability as a percentage of covered payroll</b>	100.57%	90.82%	75.34%

*See independent auditor's report*

## TOWN OF CUMBERLAND, RHODE ISLAND

### *Required Supplementary Information* Schedule of Employer Contributions – General Employee Plan

*For the Year Ended June 30, 2017*

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	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Actuarially determined contribution	\$ 947,596	\$ 1,194,969	\$ 1,278,367
Contributions in relation to the actuarially determined contribution	<u>947,596</u>	<u>1,194,969</u>	<u>1,278,367</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 7,355,009	\$ 8,915,758	\$ 8,914,303
Contributions as a percentage of covered-employee payroll	12.88%	13.40%	14.34%

**Notes:**

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

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

*See independent auditor's report*

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Required Supplementary Information*

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

*For the Year Ended June 30, 2017*

	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>	<u>Year Ended June 30, 2014</u>
<b>A. Total pension liability</b>			
1. Service Cost	\$ 210,967	\$ 195,086	\$ 180,477
2. Interest on the Total Pension Liability	440,088	404,297	375,512
3. Changes of benefit terms	-	190,650	-
4. Difference between expected and actual experience of the Total Pension Liability	(196,928)	(194,663)	-
5. Changes of assumptions	-	-	(57,543)
6. Benefit payments, including refunds of employee contributions	<u>(118,791)</u>	<u>(133,416)</u>	<u>(110,488)</u>
7. Net change in total pension liability	335,336	461,954	387,958
8. Total pension liability – beginning	<u>5,821,749</u>	<u>5,359,795</u>	<u>4,971,837</u>
9. Total pension liability – ending (a)	<u>\$ 6,157,085</u>	<u>\$ 5,821,749</u>	<u>\$ 5,359,795</u>
<b>B. Plan fiduciary net position</b>			
1. Contributions – employer	\$ 121,820	\$ 117,481	\$ 65,507
2. Contributions – employee	109,053	87,843	75,078
3. Net investment income	(2,004)	132,860	728,100
4. Benefit payments, including refunds of employee contributions	(118,791)	(133,416)	(110,488)
5. Pension Plan Administrative Expense	(5,392)	(5,174)	(4,559)
6. Other	<u>309</u>	<u>2,977</u>	<u>2,562</u>
7. Net change in plan fiduciary net position	104,995	202,571	756,200
8. Plan fiduciary net position – beginning	<u>5,669,244</u>	<u>5,466,673</u>	<u>4,710,473</u>
9. Plan fiduciary net position – ending (b)	<u>\$ 5,774,239</u>	<u>\$ 5,669,244</u>	<u>\$ 5,466,673</u>
<b>C. Net pension liability - ending (a) - (b)</b>	<u>\$ 382,846</u>	<u>\$ 152,505</u>	<u>\$ (106,878)</u>
<b>D. Plan fiduciary net position as a percentage of the total pension liability</b>	93.78%	97.38%	101.99%
<b>E. Covered employee payroll</b>	\$ 1,132,406	\$ 1,074,854	\$ 1,011,640
<b>F. Net pension liability as a percentage of covered payroll</b>	33.81%	14.19%	-10.56%

*See independent auditor's report*

# TOWN OF CUMBERLAND, RHODE ISLAND

## Required Supplementary Information Schedule of Contributions – Rescue Employee Plan

For the Year Ended June 30, 2017

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	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Actuarially determined contribution	\$ 98,314	\$ 121,820	\$ 117,481
Contributions in relation to the actuarially determined contribution	<u>98,314</u>	<u>121,820</u>	<u>117,481</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,075,187	\$ 1,132,406	\$ 1,074,854
Contributions as a percentage of covered-employee payroll	9.14%	10.76%	10.93%

**Notes:**

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

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

See independent auditor's report

## TOWN OF CUMBERLAND, RHODE ISLAND

### *Required Supplementary Information* Notes to MERS Plan

*For the Year Ended June 30, 2017*

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#### **Changes in benefit provisions –**

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

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and municipal general employees will contribute 8.25% (9.25% for units with a COLA provision) and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service. Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.
- MERS public safety employees may retire at age 50 with 25 years of service, or any age with 27 years of service. MERS public safety employees will contribute 9.00% (10.00% for units with a COLA provision)
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan based on the member's years of service (an additional .25% for members with 10-15 years of service and .50% for members with 15-20 years of service). Also, members who earn less than \$35,000 per year will not be required to pay the administrative fees to the defined contribution plan.
- Members who retired from a COLA eligible plan before 7/1/2012 will received a one-time cost of living adjustment of 2% of the first \$25,000 paid as soon as administratively possible.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 years rather than 5 year intervals.
- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5.5% (5yr return - 5.5%, with a max of 4%) and 50% calculated using previous year's CPI-U (max of 3%) for a total max COLA of 3.5%. This COLA is calculated on the first \$25,855, effective 01/01/16, and indexed as of that date as well. (The indexing formula is run annually regardless of funding level each year.)
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

*See independent auditor's report*

**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*For the Year Ended June 30, 2017*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability	1.83471828%	1.69624966%	1.67186503%
Employer's proportionate share of the net pension liability	\$ 54,740,242	\$ 46,697,799	\$ 40,693,201
State's proportionate share of the net pension liability associated with the school district	<u>37,489,028</u>	<u>31,902,470</u>	<u>27,905,203</u>
Total	<u>\$ 92,229,270</u>	<u>\$ 78,600,269</u>	<u>\$ 68,598,404</u>
Employer's covered employee payroll	\$ 26,896,969	\$ 29,585,499	\$ 26,812,752
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	203.52%	157.84%	151.77%
Plan fiduciary net position as a percentage of the total pension liability	54.06%	57.55%	61.40%

**Notes:**

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

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

*See independent auditor's report*



**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*For the Year Ended June 30, 2017*

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	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 2,493,349	\$ 3,138,074	\$ 4,307,537
Contributions in relation to the actuarially determined contribution	<u>2,493,349</u>	<u>3,138,074</u>	<u>4,307,537</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 26,896,969	\$ 29,585,499	\$ 26,812,752
Contributions as a percentage of covered- employee payroll	9.27%	10.61%	16.07%

**Notes:**

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

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

*See independent auditor's report*

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Required Supplementary Information*  
Schedule of Town's Proportionate Share of the Net Pension Liability  
Teacher Survivors' Benefit Plan

*For the Year Ended June 30, 2017*

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	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension asset	6.74750101%	6.79583624%	6.53117242%
Employer's proportionate share of the net pension asset	\$ 6,718,614	\$ 6,344,294	\$ 8,119,601
Employer's covered employee payroll	\$ 26,896,969	\$ 29,585,499	\$ 26,812,752
Employer's proportionate share of the net pension asset as a percentage of its covered employee payroll	24.98%	21.44%	30.28%
Plan fiduciary net position as a percentage of the total pension liability	153.3%	146.6%	173.3%

**Notes:**

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

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

*See independent auditor's report*

**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*For the Year Ended June 30, 2017*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily determined contribution	\$ 40,578	\$ 43,338	\$ 39,802
Contributions in relation to the statutorily determined contribution	<u>40,578</u>	<u>43,338</u>	<u>39,802</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 29,585,499	\$ 29,585,499	\$ 26,812,752
Contributions as a percentage of covered- employee payroll	0.14%	0.15%	0.15%

**Notes:**

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

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

*See independent auditor's report*

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Required Supplementary Information*  
 Schedule of Changes in Town's Net Pension Liability and Related Ratios  
 Police Pension Plan

*For the Year Ended June 30, 2017*

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<b>Total pension liability</b>				
Service cost	\$ 610,341	\$ 658,427	\$ 603,593	\$ 625,409
Interest	2,483,550	2,395,416	2,307,553	2,203,726
Differences between expected and actual experience	150,892	150,365	-	287,596
Changes in assumptions	(196,402)	(99,400)	-	
Benefit payments, including refunds of participant contributi	<u>(1,939,389)</u>	<u>(1,823,825)</u>	<u>(1,765,110)</u>	<u>(1,656,011)</u>
<b>Net change in total pension liability</b>	1,108,992	1,280,983	1,146,036	1,460,720
<b>Total pension liability - beginning</b>	<u>33,473,349</u>	<u>32,192,366</u>	<u>31,046,330</u>	<u>29,585,610</u>
<b>Total pension liability - ending</b>	<u>\$ 34,582,341</u>	<u>\$ 33,473,349</u>	<u>\$ 32,192,366</u>	<u>\$ 31,046,330</u>
<b>Pension fiduciary net position</b>				
Contributions - employer	\$ 2,182,000	\$ 2,112,000	\$ 1,997,828	\$ 2,064,871
Contributions - employee	245,844	232,349	260,793	185,877
Net investment income	1,383,038	205,192	605,991	1,320,781
Benefit payments, including refunds of participant contributi	<u>(1,939,389)</u>	<u>(1,823,825)</u>	<u>(1,765,110)</u>	<u>(1,656,011)</u>
Administrative expense	<u>(17,150)</u>	<u>(11,346)</u>	<u>(39,406)</u>	<u>(9,955)</u>
<b>Net change in plan fiduciary net position</b>	1,854,343	714,370	1,060,096	1,905,563
<b>Plan fiduciary net position - beginning</b>	<u>13,988,898</u>	<u>13,274,528</u>	<u>12,214,432</u>	<u>10,308,869</u>
<b>Plan fiduciary net position - ending</b>	<u>\$ 15,843,241</u>	<u>\$ 13,988,898</u>	<u>\$ 13,274,528</u>	<u>\$ 12,214,432</u>
<b>Town's net pension liability (asset) - ending</b>	<u>\$ 18,739,100</u>	<u>\$ 19,484,451</u>	<u>\$ 18,917,838</u>	<u>\$ 18,831,898</u>

*See independent auditor's report*

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Required Supplementary Information*  
Schedule of Changes in Town's Net Pension Liability and Related Ratios  
Police Pension Plan

*For the Year Ended June 30, 2017*

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	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 34,582,341	\$ 33,473,349	\$ 32,192,366	\$ 31,046,330
Plan fiduciary net position	<u>15,843,241</u>	<u>13,988,898</u>	<u>13,274,528</u>	<u>12,214,432</u>
Town's net pension liability (asset)	<u>\$ 18,739,100</u>	<u>\$ 19,484,451</u>	<u>\$ 18,917,838</u>	<u>\$ 18,831,898</u>
Plan fiduciary net position as a percentage of the total pension liability	45.81%	41.79%	41.24%	39.34%
Covered-employee payroll	2,805,661	2,966,003	2,686,120	2,633,451
Net pension liability (asset) as a percentage of covered-employee payroll	667.90%	656.93%	704.28%	715.10%

*See independent auditor's report*

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Required Supplementary Information*  
 Schedule of Contributions  
 Police Pension Plan

*For the Year Ended June 30, 2017*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$2,138,355	\$2,110,186	\$1,997,828	\$1,980,631	\$1,986,232	\$1,650,489	\$1,507,130	\$1,315,293	\$1,135,722	\$ 923,078
Contributions in relation to the actuarially determined contribution	<u>2,182,000</u>	<u>2,112,000</u>	<u>1,997,828</u>	<u>2,064,871</u>	<u>1,650,000</u>	<u>1,400,000</u>	<u>1,000,000</u>	<u>211,425</u>	<u>1,135,722</u>	<u>923,078</u>
Contribution deficiency (excess)	<u>\$ (43,645)</u>	<u>\$ (1,814)</u>	<u>\$ -</u>	<u>\$ (84,240)</u>	<u>\$ 336,232</u>	<u>\$ 250,489</u>	<u>\$ 507,130</u>	<u>\$1,103,868</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	2,805,661	2,966,003	2,686,120	2,633,451	2,651,185	2,511,260	2,538,594	2,839,887	2,873,991	2,586,734
Contributions as a percentage of covered-employee payroll	77.77%	71.21%	74.38%	78.41%	62.24%	55.75%	39.39%	7.44%	39.52%	35.69%

*See independent auditor's report*

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Required Supplementary Information*  
 Schedule of Investment Returns  
 Police Pension Plan

*For the Year Ended June 30, 2017*

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	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Annual money-weighted rate of return, net of investment expense	12.97%	5.38%	4.98%	12.54%

**Notes to the Schedules:**

Valuation Date:

Actuarially determined contribution rates are calculated as of June 30, 2017.

Methods and assumptions used to determine contribution rates:

Discount rate	7.50%
Long term rate of return on investments	7.50%
Municipal bond	N/A
Salary increases	1.00% - 6.00%, age graded
Inflation	2.00%
Cost of living increases	3.00% non-compounded from age 57 for retirement on or after July 1, 1992 No COLA for retirement before July 1, 1992

Mortality rates:

Healthy	RP-2014 Blue Collar Mortality Table with 2015 Social Security Generational Improvement scale from 2006
Disabled	1985 Pension Disability Table. All Disability is assumed to be duty-related.

Retirement rates:

Officers hired on or before 7/1/2013	<u>Age</u>	<u>Rate</u>
	20	70%
	21-24	10%
	25	70%
	26-29	10%
	30	100%
Officers hired after 7/1/2013	100% at age 55 with 25 years of service	

*See independent auditor's report*

**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*For the Year Ended June 30, 2017*

	Encumbrances Carried from FY16	Budget Amounts		Total Available	Actual Amounts (Budgetary Basis)	Encumbrances Carried to FY18	Variance Favorable (Unfavorable)
		Original	Final				
<b>Revenues:</b>							
General property taxes and interest	\$ -	\$ 63,006,801	\$ 64,461,663	\$ 64,461,663	\$ 64,835,103	\$ -	\$ 373,440
Investment and interest income	-	8,000	35,000	35,000	20,737	-	(14,263)
Other local and departmental revenue	-	1,329,143	1,584,709	1,584,709	2,044,611	-	459,902
Federal and State aid and grants	-	3,042,376	2,654,302	2,654,302	2,476,886	-	(177,416)
Rescue service revenue	-	985,000	1,000,000	1,000,000	1,035,691	-	35,691
Appropriation of surplus	-	671,624	1,335,034	1,335,034	1,335,034	-	-
Other revenues	-	1,054,765	1,337,827	1,337,827	1,085,931	-	(251,896)
<b>Total revenues</b>	-	<b>70,097,709</b>	<b>72,408,535</b>	<b>72,408,535</b>	<b>72,833,993</b>	-	<b>425,458</b>
<b>Expenditures</b>							
<b>General government:</b>							
Mayor's office	-	180,812	193,400	193,400	191,232	-	2,168
Town Clerk	-	232,931	232,080	232,080	217,352	-	14,728
Town Council	-	33,078	50,232	50,232	40,927	-	9,305
Town Solicitor	-	188,737	197,008	197,008	226,685	-	(29,677)
Municipal court	-	47,548	51,178	51,178	50,820	-	358
Town officers	-	8,157	8,157	8,157	8,144	-	13
Boards and commissions	-	2,500	500	500	500	-	-
Boards of canvassers	-	52,655	80,173	80,173	77,683	-	2,490
Finance office	-	542,559	570,789	570,789	552,798	-	17,991
Information technology	-	117,500	122,952	122,952	103,380	-	19,572
Tax Assessor	-	202,970	222,919	222,919	213,921	-	8,998
	-	<b>1,609,447</b>	<b>1,729,388</b>	<b>1,729,388</b>	<b>1,683,442</b>	-	<b>45,946</b>
<b>Community Development:</b>							
Planning	-	195,861	203,291	203,291	198,719	-	4,572
Inspection	-	200,826	199,254	199,254	177,597	-	21,657
Zoning	-	18,473	18,000	18,000	12,926	-	5,074
	-	<b>415,160</b>	<b>420,545</b>	<b>420,545</b>	<b>389,242</b>	-	<b>31,303</b>

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

*(continued)*



**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*For the Year Ended June 30, 2017*

	Encumbrances Carried from FY16	Budget Amounts		Total Available	Actual Amounts (Budgetary Basis)	Encumbrances Carried to FY18	Variance Favorable (Unfavorable)
		Original	Final				
<b>Public Safety:</b>							
Police department	\$ -	\$ 4,005,422	\$ 4,073,602	\$ 4,073,602	\$ 3,688,614	\$ 12,099	\$ 372,889
Telecommunication	-	362,973	381,675	381,675	379,731	-	1,944
Rescue service	-	1,722,383	1,739,668	1,739,668	1,751,221	-	(11,553)
Animal control	-	154,475	155,006	155,006	147,585	-	7,421
	-	6,245,253	6,349,951	6,349,951	5,967,151	12,099	370,701
<b>Public Works:</b>							
Public works	-	2,610,678	2,624,809	2,624,809	2,775,341	-	(150,532)
Highway	-	2,460,581	2,316,785	2,316,785	2,421,878	27,000	(132,093)
Recreation	-	215,717	237,121	237,121	234,060	-	3,061
Town Hall	-	178,980	195,600	195,600	188,217	-	7,383
	-	5,465,956	5,374,315	5,374,315	5,619,496	27,000	(272,181)
<b>Social Services:</b>							
Library	-	1,533,396	1,602,890	1,602,890	1,607,498	-	(4,608)
Children and learning	-	181,988	187,988	187,988	185,345	-	2,643
Senior services	-	208,874	208,558	208,558	216,929	-	(8,371)
	-	1,924,258	1,999,436	1,999,436	2,009,772	-	(10,336)
<b>Other Expenditures:</b>							
Outside Agencies	-	88,976	83,976	83,976	73,976	-	10,000
Contingencies	-	650,004	80,000	80,000	43,014	-	36,986
Police Contract Negotiations	-	-	-	-	-	-	-
Efficiency Contingencies	-	-	-	-	-	-	-
Town/School Achievement Grant	-	20,000	20,000	20,000	-	-	20,000
Emergency Management	-	10,000	10,000	10,000	10,189	-	(189)
Stress	-	5,000	-	-	1,080	-	(1,080)
Tucker Field Match	-	-	-	-	-	-	-
Traffic Calming	-	7,000	7,000	7,000	5,202	-	1,798
Library Literacy Program	-	2,500	-	-	-	-	-
Property & Liability Insurance	-	411,500	429,000	429,000	398,539	-	30,461
Veteran's Services	-	1,000	1,000	1,000	-	-	1,000
Litter Control	-	5,000	-	-	-	-	-
Property Revaluation	-	-	60,000	60,000	63,840	-	(3,840)
Economic Development	-	10,000	5,500	5,500	5,500	-	-
Fire Consolidation Study	-	-	-	-	-	-	-
School Capital Purchase	-	-	187,000	187,000	187,000	-	-
Franklin Farms	-	-	5,000	5,000	-	-	5,000
	-	1,210,980	888,476	888,476	788,340	-	100,136

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

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*For the Year Ended June 30, 2017*

	Encumbrances Carried from FY16	Budget Amounts		Total Available	Actual Amounts (Budgetary Basis)	Encumbrances Carried to FY18	Variance Favorable (Unfavorable)
		Original	Final				
<b>Employee benefits</b>	\$ -	\$ 7,183,543	\$ 7,288,023	\$ 7,288,023	\$ 7,415,079	\$ -	\$ (127,056)
<b>Debt Service:</b>							
Town debt service	-	1,403,087	1,338,143	1,338,143	1,351,512	-	(13,369)
School debt service	-	4,041,893	3,845,431	3,845,431	3,845,405	-	26
Master lease	-	136,050	474,794	474,794	479,794	-	(5,000)
	-	5,581,030	5,658,368	5,658,368	5,676,711	-	(18,343)
<b>Capital Outlay and Reserves:</b>							
Capital Improvements	-	25,000	740,000	740,000	717,452	18,000	4,548
<b>Total expenditures</b>	-	29,660,627	30,448,502	30,448,502	30,266,685	57,099	124,718
Excess (deficiency) of revenues over expenditures	-	40,437,082	41,960,033	41,960,033	42,567,308	(57,099)	550,176
Other financing sources and (uses):							
<b>Transfer to other funds</b>							
School unrestricted fund	-	(40,437,082)	(41,960,033)	(41,960,033)	(41,960,033)	-	-
Special revenue funds	-	-	-	-	-	-	-
<b>Total other financing sources and uses</b>	-	(40,437,082)	(41,960,033)	(41,960,033)	(41,960,033)	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	\$ -	\$ -	\$ -	\$ -	607,275	\$ (57,099)	\$ 550,176
Adjustment of budgetary basis to U.S. GAAP					(1,328,193)		
Excess of revenue and other financing sources over expenditures and other financing uses, U.S. GAAP basis					(720,918)		
Fund balance, beginning of year					14,356,945		
Fund balance, end of year					\$ 13,636,027		

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

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*For the Year Ended June 30, 2017*

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenue</b>				
Local Appropriation	\$ 41,960,193	\$ 41,960,193	\$ 41,960,033	\$ (160)
Leasing Proceeds	-	-	197,307	197,307
State Aid	17,980,588	17,980,588	17,980,585	(3)
Medicaid	400,000	400,000	468,886	68,886
Section 125 Co-Pays (1)	1,400,000	1,400,000	-	(1,400,000)
Retiree & COBRA Health, Life Insurance (2)	375,000	375,000	-	(375,000)
Building/Pool Rentals	200,000	200,000	199,445	(555)
Tuition From Other Districts	-	-	3,870	3,870
Preschool Tuitions/Transportation	90,000	90,000	92,330	2,330
Miscellaneous	30,000	30,000	7,754	(22,246)
Transfers in	315,845	315,845	139,039	(176,806)
Refund of prior year expenses	-	-	34,049	34,049
Fund Balance	<u>1,197,608</u>	<u>1,197,608</u>	<u>1,060,900</u>	<u>(136,708)</u>
Total Revenue	<u>63,949,234</u>	<u>63,949,234</u>	<u>62,144,198</u>	<u>(1,805,036)</u>
<b>Expenditures</b>				
<i>Ashton</i>				
Salaries Yr. Round Employees	232,045	232,045	238,413	(6,368)
Salaries-Certified Teachers	1,591,015	1,591,015	1,633,346	(42,331)
Salaries-Para/Aides	51,358	51,358	46,674	4,684
Services/Postage/Volunteers	13,861	13,861	13,047	814
Maint & Repairs	6,500	6,500	1,985	4,515
Materials & Supplies	34,519	34,519	30,832	3,687
Dues	600	600	585	15
Capital	<u>2,500</u>	<u>2,500</u>	<u>2,413</u>	<u>87</u>
	<u>1,932,398</u>	<u>1,932,398</u>	<u>1,967,295</u>	<u>(34,897)</u>
<i>Community</i>				
Salaries- Yr. Round Employees	268,950	268,950	260,531	8,419
Salaries-Certified Teachers	3,145,770	3,145,770	3,098,650	47,120
Salaries-Para/Aides	251,931	251,931	249,500	2,431
Services/Postage/Volunteers	21,648	21,648	24,335	(2,687)
Maint & Repairs	12,000	12,000	2,977	9,023
Materials & Supplies	67,490	67,490	63,984	3,506
Dues	600	600	585	15
Capital	<u>1,890</u>	<u>1,890</u>	<u>5,500</u>	<u>(3,610)</u>
	<u>3,770,279</u>	<u>3,770,279</u>	<u>3,706,062</u>	<u>64,217</u>

Note: School Department included \$1,197,608 worth of fund balance as budgeted revenue and used \$1,060,900.

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

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*For the Year Ended June 30, 2017*

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<i>Cumberland Hill</i>				
Salaries- Yr. Round Employees	\$ 248,987	\$ 248,987	\$ 240,483	\$ 8,504
Salaries-Certified Teachers	2,395,040	2,395,040	2,495,060	(100,020)
Salaries-Para/Aides	231,884	231,884	271,019	(39,135)
Services/Postage/Volunteers	16,679	16,679	24,204	(7,525)
Maint & Repairs	11,000	11,000	3,970	7,030
Materials & Supplies	47,004	47,004	37,096	9,908
Dues	600	600	585	15
Capital	<u>3,000</u>	<u>3,000</u>	<u>3,027</u>	<u>(27)</u>
	<u>2,954,194</u>	<u>2,954,194</u>	<u>3,075,444</u>	<u>(121,250)</u>
<i>Garvin</i>				
Salaries- Yr. Round Employees	230,786	230,786	225,063	5,723
Salaries-Certified Teachers	2,359,726	2,359,726	2,351,938	7,788
Salaries-Para/Aides	124,715	124,715	120,427	4,288
Services/Postage/Volunteers	15,520	15,520	20,736	(5,216)
Maint & Repairs	8,000	8,000	2,185	5,815
Materials & Supplies	48,428	48,428	44,044	4,384
Dues	625	625	585	40
Capital	<u>3,500</u>	<u>3,500</u>	<u>3,321</u>	<u>179</u>
	<u>2,791,300</u>	<u>2,791,300</u>	<u>2,768,298</u>	<u>23,002</u>
<i>BF Norton</i>				
Salaries Yr. Round Employees	248,488	248,488	230,024	18,464
Salaries-Certified Teachers	2,582,208	2,582,208	2,378,588	203,620
Salaries-Para/Aides	294,395	294,395	280,359	14,036
Services/Postage/Volunteers	19,373	19,373	19,788	(415)
Maint & Repairs	12,000	12,000	3,970	8,030
Materials & Supplies	56,603	56,603	41,537	15,066
Dues	600	600	585	15
Capital	<u>4,700</u>	<u>4,700</u>	<u>2,652</u>	<u>2,048</u>
	<u>3,218,367</u>	<u>3,218,367</u>	<u>2,957,503</u>	<u>260,864</u>
<i>Pre-School</i>				
Salaries- Year Round	82,656	82,656	83,046	(390)
Salaries-Certified Teachers	326,710	326,710	327,164	(454)
Salaries-Para/Aides	101,964	101,964	85,620	16,344
Child Outreach Salaries	18,000	18,000	17,287	713
Services/Postage	350	350	-	350
Materials & Supplies	4,450	4,450	1,998	2,452
Dues	625	625	585	40
Capital	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
	<u>536,755</u>	<u>536,755</u>	<u>515,700</u>	<u>21,055</u>

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

*(continued)*

## TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2017*

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<i>McCourt</i>				
Salaries- Year Round	\$ 397,248	\$ 397,248	\$ 295,153	\$ 102,095
Salaries-Certified Teachers	3,422,480	3,422,480	3,435,047	(12,567)
Salaries-Para/Aides	108,325	108,325	102,755	5,570
Services/Postage	21,676	21,676	28,695	(7,019)
Maint & Repairs	7,400	7,400	4,170	3,230
Materials & Supplies	56,729	56,729	56,981	(252)
Student Travel	4,000	4,000	4,560	(560)
Dues	1,200	1,200	1,170	30
Capital	<u>2,000</u>	<u>2,000</u>	<u>77,427</u>	<u>(75,427)</u>
	<u>4,021,058</u>	<u>4,021,058</u>	<u>4,005,958</u>	<u>15,100</u>
<i>NCM School</i>				
Salaries- Year Round	387,088	387,088	385,387	1,701
Salaries-Certified Teachers	3,689,286	3,689,286	3,894,443	(205,157)
Salaries-Para/Aides	201,307	201,307	228,179	(26,872)
Services/Postage	26,479	26,479	39,805	(13,326)
Maint & Repairs	7,000	7,000	3,177	3,823
Materials & Supplies	66,680	66,680	71,476	(4,796)
Travel	5,000	5,000	5,297	(297)
Dues	1,200	1,200	1,170	30
Capital	<u>4,000</u>	<u>4,000</u>	<u>101,612</u>	<u>(97,612)</u>
	<u>4,388,040</u>	<u>4,388,040</u>	<u>4,730,546</u>	<u>(342,507)</u>
<i>Cumberland High School</i>				
Salaries- Yr. Round Employees	900,827	900,827	894,376	6,451
Salaries-Certified Teachers	8,381,059	8,381,059	8,698,085	(317,026)
Salaries-Para/Aides	495,203	495,203	536,826	(41,623)
Services/Postage	170,087	170,087	152,182	17,905
Maint & Repairs, Rentals	34,200	34,200	19,135	15,065
Rentals	16,000	16,000	-	16,000
Travel	22,500	22,500	19,299	3,201
Materials & Supplies	129,125	129,125	108,078	21,047
Dues	8,425	8,425	6,892	1,533
Capital	<u>5,000</u>	<u>5,000</u>	<u>109,387</u>	<u>(104,387)</u>
	<u>10,162,426</u>	<u>10,162,426</u>	<u>10,544,259</u>	<u>(381,833)</u>
<i>Summer School (ALL)</i>				
Salaries Remedial	35,000	35,000	28,008	6,992
Salaries-Certified ESY	57,775	57,775	84,390	(26,615)
Salaries-Para ESY	50,000	50,000	70,763	(20,763)
Services	20,000	20,000	5,370	14,630
Supplies, Maint & Repairs	<u>1,000</u>	<u>1,000</u>	<u>747</u>	<u>253</u>
	<u>163,775</u>	<u>163,775</u>	<u>189,278</u>	<u>(25,503)</u>
<i>Elem Cord/Attrition</i>				
Salaries-Certified Cord	<u>178,902</u>	<u>178,902</u>	<u>619,171</u>	<u>(440,269)</u>
	<u>178,902</u>	<u>178,902</u>	<u>619,171</u>	<u>(440,269)</u>

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

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*For the Year Ended June 30, 2017*

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<i>Special Education</i>				
Salaries- Year Round	\$ 213,414	\$ 213,414	\$ 215,291	\$ (1,877)
Salaries-Certified Teachers/Tutors	110,701	110,701	99,794	10,907
Services & Repairs	633,175	633,175	677,152	(43,977)
Tuitions	1,105,500	1,105,500	1,130,331	(24,831)
Materials & Supplies	15,500	15,500	17,045	(1,545)
Student Travel	5,000	5,000	13,840	(8,840)
Travel	4,500	4,500	5,709	(1,209)
Dues	1,000	1,000	1,214	(214)
Capital	<u>18,600</u>	<u>18,600</u>	<u>24,721</u>	<u>(6,121)</u>
	<u>2,107,390</u>	<u>2,107,390</u>	<u>2,185,097</u>	<u>(77,707)</u>
<i>Superintendent &amp; School Committee</i>				
Salaries	238,959	238,959	237,163	1,796
Services/Legal/Maint Repairs	159,800	159,800	168,886	(9,086)
Materials & Supplies	1,500	1,500	2,069	(569)
Travel	6,000	6,000	8,500	(2,500)
Dues	12,000	12,000	15,170	(3,170)
Equipment SC	<u>2,000</u>	<u>2,000</u>	<u>64</u>	<u>1,936</u>
	<u>420,259</u>	<u>420,259</u>	<u>431,852</u>	<u>(11,593)</u>
<i>Asst Superintendent</i>				
Salaries	340,356	340,356	206,109	134,247
Services/PD Training	85,519	85,519	115,176	(29,657)
Maint & Repairs	3,000	3,000	-	3,000
Travel	1,500	1,500	-	1,500
Materials & Supplies	5,400	5,400	7,643	(2,243)
Dues	1,250	1,250	-	1,250
Capital	<u>-</u>	<u>-</u>	<u>13,500</u>	<u>(13,500)</u>
	<u>437,025</u>	<u>437,025</u>	<u>342,428</u>	<u>94,597</u>
<i>Human Resources</i>				
Salaries	185,735	185,735	181,651	4,084
Services	21,100	21,100	17,779	3,321
Materials & Supplies	2,200	2,200	686	1,514
Dues	<u>200</u>	<u>200</u>	<u>-</u>	<u>200</u>
	<u>209,235</u>	<u>209,235</u>	<u>200,116</u>	<u>9,119</u>
<i>Technology</i>				
Salaries	385,691	385,691	365,791	19,900
Services	305,451	305,451	104,910	200,541
Materials & Supplies	15,300	15,300	21,524	(6,224)
Travel	9,000	9,000	7,724	1,276
Dues	500	500	250	250
Capital	<u>114,084</u>	<u>114,084</u>	<u>17,320</u>	<u>96,764</u>
	<u>830,026</u>	<u>830,026</u>	<u>517,518</u>	<u>312,508</u>

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

*(continued)*

## TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
<i>Business Office</i>				
Salaries	\$ 369,738	\$ 369,738	\$ 374,275	\$ (4,537)
Services/Maint Services	74,500	74,500	72,815	1,685
Lease Payments	386,023	386,023	404,744	(18,721)
Postage/Supplies	3,750	3,750	3,380	370
Travel	4,500	4,500	4,125	375
Supplies	4,250	4,250	-	4,250
Dues	500	500	425	75
	<u>843,261</u>	<u>843,261</u>	<u>859,763</u>	<u>(16,502)</u>
<i>Facilities</i>				
Salaries	272,166	272,166	220,999	51,167
Services/Maintenance	892,280	892,280	981,817	(89,537)
Insurance	195,000	195,000	200,619	(5,619)
Utilities	1,313,000	1,313,000	1,125,434	187,566
Materials & Supplies	26,500	26,500	5,485	21,015
Travel	4,000	4,000	-	4,000
Capital	<u>205,899</u>	<u>205,899</u>	<u>193,369</u>	<u>12,530</u>
	<u>2,908,845</u>	<u>2,908,845</u>	<u>2,727,724</u>	<u>181,121</u>
<i>Athletics &amp; Pool</i>				
Salaries - Athletics Director	71,351	71,351	71,688	(337)
Stipends - Coaches	162,500	162,500	161,123	1,377
Services /Rentals	50,320	50,320	45,526	4,794
Materials & Supplies	21,600	21,600	11,229	10,371
Transportation	80,300	80,300	80,916	(616)
Dues	<u>11,300</u>	<u>11,300</u>	<u>9,120</u>	<u>2,180</u>
	<u>397,371</u>	<u>397,371</u>	<u>379,602</u>	<u>17,769</u>
<i>Health Services</i>				
Services	10,200	10,200	7,976	2,224
Materials and supplies / travel	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
	<u>11,200</u>	<u>11,200</u>	<u>7,976</u>	<u>3,224</u>
<i>School Safety</i>				
Salaries Truant Officer	32,744	32,744	38,932	(6,188)
Travel/Supplies	600	600	1,080	(480)
Salaries Bus Monitors Thru	<u>150,000</u>	<u>150,000</u>	<u>152,590</u>	<u>(2,590)</u>
	<u>183,344</u>	<u>183,344</u>	<u>192,602</u>	<u>(9,258)</u>
<i>Transportation/Travel</i>				
Services State	420,000	420,000	462,701	(42,701)
Summer School State & Durham	125,000	125,000	157,256	(32,256)
Services Durham	<u>2,453,950</u>	<u>2,453,950</u>	<u>2,436,298</u>	<u>17,652</u>
	<u>2,998,950</u>	<u>2,998,950</u>	<u>3,056,255</u>	<u>(57,305)</u>

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

*(continued)*

## TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
<i>Advertising</i>				
Services	\$ 7,500	\$ 7,500	\$ 4,226	\$ 3,274
	<u>7,500</u>	<u>7,500</u>	<u>4,226</u>	<u>3,274</u>
<i>Other Tuitions - Charter Schools</i>				
Services	3,852,324	3,852,324	3,269,301	583,023
	<u>3,852,324</u>	<u>3,852,324</u>	<u>3,269,301</u>	<u>583,023</u>
<i>Area Voc Tuitions &amp; Met School</i>				
Services	345,156	345,156	210,199	134,957
	<u>345,156</u>	<u>345,156</u>	<u>210,199</u>	<u>134,957</u>
<i>Non-Public School Textbooks</i>				
Materials & Supplies	10,000	10,000	5,678	4,322
	<u>10,000</u>	<u>10,000</u>	<u>5,678</u>	<u>4,322</u>
<i>Benefits</i>				
CTA 3% All Empl. Severance	124,306	124,306	47,649	76,657
Tuitions/Travel	15,000	15,000	13,205	1,795
ICSE Longevity	66,673	66,673	-	66,673
Healthcare Buyback	125,000	125,000	104,330	20,670
Health Insurance Admin & Claims (1)	6,363,000	6,363,000	5,594,990	768,010
Dental (2)	480,000	480,000	340,024	139,976
Social Security	411,513	411,513	336,720	74,793
Medicare	517,158	517,158	506,703	10,455
Life Insurance	270,000	270,000	191,577	78,423
Workers Compensation	117,500	117,500	130,163	(12,663)
Unemployment Compensation	100,000	100,000	26,443	73,557
Survivors Benefits	40,000	40,000	40,577	(577)
Certified Retirement	4,981,031	4,981,031	4,730,500	250,531
Non-Certified Retirement	658,673	658,673	611,466	47,207
	<u>14,269,854</u>	<u>14,269,854</u>	<u>12,674,347</u>	<u>1,595,507</u>
Total expenditures	<u>63,949,234</u>	<u>63,949,234</u>	<u>62,144,198</u>	<u>1,805,036</u>
Net change in fund balance, budgetary basis	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance - beginning of year			<u>4,010,307</u>	
Fund balance - end of year			<u>\$ 2,949,406</u>	

\*\*Use of fund balance was budgeted as revenue in the current year in the amount of \$1,060,900 which decreased fund balance.

Footnotes 1 & 2

Employee and Retiree co-payments are offset against Healthcare and Dental costs which result in an apparent positive variance for these two expenditures line items. This results in a revenue shortfall for these two revenue line items on page 70. This presentation is required under generally accepted accounting principles and the UCOA reporting requirements.

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

*(continued)*



**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*For the Year Ended June 30, 2017*

	<b>Original Budget</b>	<b>Final</b>	<b>Actual Amounts</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenue</b>				
Other local and departmental revenue	\$ 838,833	\$ 838,833	\$ 934,294	\$ 95,461
<b>Total revenues</b>	838,833	838,833	934,294	95,461
<b>Expenditures</b>				
Public works	502,823	502,823	466,160	36,663
Debt service	336,010	336,010	336,010	-
<b>Total expenditures</b>	838,833	838,833	802,170	36,663
Excess(deficiency) of revenues over expenditures	-	-	132,124	132,124
<b>Other financing sources (uses)</b>				
Transfer to other funds	-	-	-	-
Excess (deficiency) of revenues and other sources over expenses and other uses	\$ -	\$ -	132,124	\$ 132,124
Adjustments of budgetary basis for US GAAP basis			-	
Excess of revenue and other source over expenditures and other financing uses, US GAAP basis			132,124	
<b>Fund balance, beginning of year</b>			(1,376,428)	
<b>Fund balance, end of year</b>			\$ (1,244,304)	

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

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# TOWN OF CUMBERLAND, RHODE ISLAND

## Notes to Required Supplementary Information

*June 30, 2017*

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### **Note 1 - Budgetary Data and Budgetary Compliance**

Annual budgets are adopted for the Town's General Fund, the School Unrestricted Fund and the Sewer Fund. Annual budgets are adopted on a budgetary basis that differs from generally accepted accounting principles (GAAP). The budget to actual presentations in the financial statements are reflected on the appropriate basis of accounting. A reconciliation between the budgetary basis and GAAP basis of accounting is presented below.

On or before the first Monday in March of each year, all agencies of the Town submit requests for appropriation to the Town's Finance Director so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The Finance Director must submit his recommendations to the Mayor no later than the third Monday in April. The Mayor may change the Finance Director's recommendations except that the Mayor does not have the authority to change any item in the school expenditure request except the overall amount.

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

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

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to Required Supplementary Information

*June 30, 2017*

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

	<u>General Fund</u>	<u>School Unrestricted</u>	<u>Sewer</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	\$ 607,275	\$ -	\$ 132,124
Unbudgeted state on behalf pension plan revenue	-	(2,493,349)	-
Unbudgeted state on behalf pension plan expenditures	-	2,493,349	-
Budgeted capital expenditures which are capitalized under the GAAP basis of accounting	-	-	-
Unbudgeted depreciation expense	-	-	-
Principal payments which are budgeted for net netted against long term liabilities for GAAP purposes	-	-	-
Budgeted appropriation from general fund surplus	(1,335,034)	(1,060,900)	-
Unbudgeted police detail activity	77,827	-	-
Unbudgeted transfer to open space	(100,000)	-	-
Unbudgeted recreation and OC&YL activity	<u>29,014</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	<u>\$ (720,918)</u>	<u>\$ (1,060,900)</u>	<u>\$ 132,124</u>

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

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***Supplementary Information***

*See independent auditor's report*

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**TOWN OF CUMBERLAND, RHODE ISLAND**

*Supplementary Information*

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

*For the Year Ended June 30, 2017*

	<u>Original Budget</u>	<u>Budget As Adopted</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenue:</b>				
Charges for services	\$ 5,129,051	\$ 5,129,051	\$ 5,105,905	\$ (23,146)
Miscellaneous	<u>608,500</u>	<u>608,500</u>	<u>582,170</u>	<u>(26,330)</u>
Total revenues	<u>5,737,551</u>	<u>5,737,551</u>	<u>5,688,075</u>	<u>(49,476)</u>
<b>Expenditures:</b>				
Personnel services	1,552,478	1,511,116	1,427,681	83,435
Supplies and materials	146,400	149,300	127,187	22,113
Repairs and maintenance	237,500	237,500	193,123	44,377
Other charges and expenditures	3,054,298	3,092,760	2,848,473	244,287
Indirect cost	71,430	71,430	71,430	-
Debt service	<u>675,445</u>	<u>675,445</u>	<u>669,812</u>	<u>5,633</u>
Total expenditures	<u>5,737,551</u>	<u>5,737,551</u>	<u>5,337,706</u>	<u>399,845</u>
Excess(deficiency) of revenues over expenses	-	-	350,369	350,369
Other financing sources (uses):				
Transfers between funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenses and other uses	<u>\$ -</u>	<u>\$ -</u>	350,369	<u>\$ 350,369</u>
Adjustments of budgetary basis for US GAAP basis			<u>410,877</u>	
Excess of revenue and other source over expenditures and other financing uses, US GAAP basis			<u>761,246</u>	
Fund balance, beginning of year			<u>26,356,438</u>	
Fund balance, end of year			<u>\$ 27,117,684</u>	

*See independent auditor's report*

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**TOWN OF CUMBERLAND, RHODE ISLAND**

*Supplementary Information*

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

*For the Year Ended June 30, 2017*

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	<b>Water Fund</b>
Budgetary - GAAP Reporting Reconciliation	
Excess (deficiency) of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	\$ 350,369
Budgeted capital expenditures which are capitalized under the GAAP basis of accounting	621,142
Unbudgeted depreciation expense	(675,047)
Principal payments which are budgeted for but netted against long term liability for GAAP purposes	<u>464,782</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	<u><u>\$ 761,246</u></u>

*See independent auditor's report*

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**TOWN OF CUMBERLAND, RHODE ISLAND**

*Non-Major Governmental Funds  
Combined Balance Sheet*

*June 30, 2017*

	<u>Town Special Revenue</u>	<u>School Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<b>Assets</b>				
Cash and investments	\$ 850,316	\$ 459,721	\$ 815,871	\$ 2,125,908
Due from other governments	107,177	1,039,084	-	1,146,261
Other receivables, net	244,202	21,713	-	265,915
Due from other funds	<u>682,304</u>	<u>165,620</u>	<u>1,517,213</u>	<u>2,365,137</u>
Total assets	<u>1,883,999</u>	<u>1,686,138</u>	<u>2,333,084</u>	<u>5,903,221</u>
<b>Deferred outflows of resources</b>				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 1,883,999</u>	<u>\$ 1,686,138</u>	<u>\$ 2,333,084</u>	<u>\$ 5,903,221</u>
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 10,364	\$ 248,811	\$ 141,585	\$ 400,760
Other liabilities	-	45,153	-	45,153
Due to other funds	<u>758,936</u>	<u>692,319</u>	<u>1,012,508</u>	<u>2,463,763</u>
Total liabilities	<u>769,300</u>	<u>986,283</u>	<u>1,154,093</u>	<u>2,909,676</u>
<b>Deferred inflows of resources</b>				
Unearned revenue	<u>226,741</u>	<u>-</u>	<u>-</u>	<u>226,741</u>
Total deferred inflows of resources	<u>226,741</u>	<u>-</u>	<u>-</u>	<u>226,741</u>
<b>Fund balance</b>				
Restricted	737,011	699,855	1,486,461	2,923,327
Committed	226,463	-	-	226,463
Assigned	-	-	152,163	152,163
Unassigned	<u>(75,516)</u>	<u>-</u>	<u>(459,633)</u>	<u>(535,149)</u>
Total fund balance	<u>887,958</u>	<u>699,855</u>	<u>1,178,991</u>	<u>2,766,804</u>
Town liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,883,999</u>	<u>\$ 1,686,138</u>	<u>\$ 2,333,084</u>	<u>\$ 5,903,221</u>

*See independent auditor's report*

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**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*For the Year Ended June 30, 2017*

	<u>Town Special Revenue</u>	<u>School Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<b>Revenues</b>				
Federal and state grant income	\$ 353,279	\$ 3,429,728	\$ -	\$ 3,783,007
Charges for services	-	924,132	-	924,132
Other revenue	543,083	53,434	-	596,517
Investment income	<u>1,516</u>	<u>-</u>	<u>-</u>	<u>1,516</u>
Total revenue	<u>897,878</u>	<u>4,407,294</u>	<u>-</u>	<u>5,305,172</u>
<b>Expenditures</b>				
General government	43,883	-	-	43,883
Public safety	219,688	-	459,633	679,321
Public works	80,350	-	1,073,800	1,154,150
Social services	108,064	-	-	108,064
Community development	93,126	-	-	93,126
Education	-	1,993,059	-	1,993,059
Cafeteria	-	2,266,436	-	2,266,436
Debt service - principal	-	-	4,352	4,352
Debt service - interest	<u>-</u>	<u>-</u>	<u>23,285</u>	<u>23,285</u>
Total Expenditures	<u>545,111</u>	<u>4,259,495</u>	<u>1,561,070</u>	<u>6,365,676</u>
Excess (deficiency) of revenues over expenditures	352,767	147,799	(1,561,070)	(1,060,504)
<b>Other financing sources (uses)</b>				
Transfers in	42,716	-	-	42,716
Transfers out	<u>(460,725)</u>	<u>(139,039)</u>	<u>62,209</u>	<u>(537,555)</u>
Total other financing sources (uses)	<u>(418,009)</u>	<u>(139,039)</u>	<u>62,209</u>	<u>(494,839)</u>
<b>Excess of revenue and other sources over expenditures and other uses</b>	(65,242)	8,760	(1,498,861)	(1,555,343)
Fund balance, July 1, 2016, restated	<u>953,200</u>	<u>691,095</u>	<u>2,677,852</u>	<u>4,322,147</u>
Fund balance, June 30, 2017	<u>\$ 887,958</u>	<u>\$ 699,855</u>	<u>\$ 1,178,991</u>	<u>\$ 2,766,804</u>

*See independent auditor's report*

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**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*June 30, 2017*

	<u>Substance Abuse</u>	<u>Animal Control</u>	<u>Impact Fees</u>	<u>Sewer Ferncrest Willow</u>	<u>Revolving Loan</u>	<u>Historical Records</u>
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ 10,351	\$ 829,162	\$ -	\$ -	\$ -
Federal and state grants receivable	4,478	-	-	-	-	-
Receivable, other, net	-	-	-	226,741	-	-
Due from Other Funds	1,543	-	-	-	50,047	64,265
<b>Total assets</b>	<u>6,021</u>	<u>10,351</u>	<u>829,162</u>	<u>226,741</u>	<u>50,047</u>	<u>64,265</u>
<b>Deferred outflows of resources</b>						
None	-	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<u>\$ 6,021</u>	<u>\$ 10,351</u>	<u>\$ 829,162</u>	<u>\$ 226,741</u>	<u>\$ 50,047</u>	<u>\$ 64,265</u>
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ 1,120	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	199	602,699	72,664	-	-
<b>Total liabilities</b>	<u>1,120</u>	<u>199</u>	<u>602,699</u>	<u>72,664</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>						
Unearned Revenue	-	-	-	226,741	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>226,741</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>						
Restricted	4,901	10,152	-	-	50,047	64,265
Committed	-	-	226,463	-	-	-
Unassigned	-	-	-	(72,664)	-	-
<b>Total fund balances (deficits)</b>	<u>4,901</u>	<u>10,152</u>	<u>226,463</u>	<u>(72,664)</u>	<u>50,047</u>	<u>64,265</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<u>\$ 6,021</u>	<u>\$ 10,351</u>	<u>\$ 829,162</u>	<u>\$ 226,741</u>	<u>\$ 50,047</u>	<u>\$ 64,265</u>

*See independent auditor's report*

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*June 30, 2017*

	<b>Comprehensive Planning CDBG</b>	<b>Rescue Fund</b>	<b>Animal Husbandry</b>	<b>Wildwood CDBG</b>	<b>Library Legislative Grant</b>	<b>DARE</b>
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ 6,371	\$ -	\$ -	\$ -	\$ 4,378
Federal and state grants receivable	19,535	-	-	1,315	-	-
Receivable, other, net	-	-	-	-	-	-
Due from Other Funds	113,523	-	12,146	-	-	195
<b>Total assets</b>	<u>133,058</u>	<u>6,371</u>	<u>12,146</u>	<u>1,315</u>	<u>-</u>	<u>4,573</u>
<b>Deferred outflows of resources</b>						
None	-	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<u>\$ 133,058</u>	<u>\$ 6,371</u>	<u>\$ 12,146</u>	<u>\$ 1,315</u>	<u>\$ -</u>	<u>\$ 4,573</u>
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	5,080	-	1,315	-	-
<b>Total liabilities</b>	<u>-</u>	<u>5,080</u>	<u>-</u>	<u>1,315</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>						
Unearned Revenue	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>						
Restricted	133,058	1,291	12,146	-	-	4,573
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<u>133,058</u>	<u>1,291</u>	<u>12,146</u>	<u>-</u>	<u>-</u>	<u>4,573</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<u>\$ 133,058</u>	<u>\$ 6,371</u>	<u>\$ 12,146</u>	<u>\$ 1,315</u>	<u>\$ -</u>	<u>\$ 4,573</u>

*See independent auditor's report*

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*June 30, 2017*

	<b>United Way Hasbro</b>	<b>Franklin Farm Preservation</b>	<b>Police Forfeiture</b>	<b>Police Tobacco</b>	<b>Police Underage Drinking</b>	<b>Homeland Security</b>
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants receivable	-	-	-	-	-	-
Receivable, other, net	17,461	-	-	-	-	-
Due from Other Funds	<u>38,857</u>	<u>108,500</u>	<u>27,489</u>	<u>2,497</u>	<u>1,912</u>	<u>38,014</u>
<b>Total assets</b>	<u>56,318</u>	<u>108,500</u>	<u>27,489</u>	<u>2,497</u>	<u>1,912</u>	<u>38,014</u>
<b>Deferred outflows of resources</b>						
None	-	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<u>\$ 56,318</u>	<u>\$ 108,500</u>	<u>\$ 27,489</u>	<u>\$ 2,497</u>	<u>\$ 1,912</u>	<u>\$ 38,014</u>
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ 1,512	\$ -	\$ -	\$ 10	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-
<b>Total liabilities</b>	<u>1,512</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>						
Unearned Revenue	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>						
Restricted	54,806	108,500	27,489	2,487	1,912	38,014
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<u>54,806</u>	<u>108,500</u>	<u>27,489</u>	<u>2,487</u>	<u>1,912</u>	<u>38,014</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<u>\$ 56,318</u>	<u>\$ 108,500</u>	<u>\$ 27,489</u>	<u>\$ 2,497</u>	<u>\$ 1,912</u>	<u>\$ 38,014</u>

*See independent auditor's report*

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*June 30, 2017*

	<b>Emergency Performance</b>	<b>Bullet Proof Vest</b>	<b>Partnership For Success</b>	<b>RIPTIDE DUI</b>	<b>Assistance For Firefighters</b>
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants receivable	-	1,550	63,663	187	-
Receivable, other, net	-	-	-	-	-
Due from Other Funds	<u>1,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>328</u>
<b>Total assets</b>	<u>1,294</u>	<u>1,550</u>	<u>63,663</u>	<u>187</u>	<u>328</u>
<b>Deferred outflows of resources</b>					
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 1,294</u>	<u>\$ 1,550</u>	<u>\$ 63,663</u>	<u>\$ 187</u>	<u>\$ 328</u>
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ -	\$ -	\$ 7,722	\$ -	\$ -
Due to Other Funds	<u>-</u>	<u>1,550</u>	<u>58,793</u>	<u>187</u>	<u>-</u>
<b>Total liabilities</b>	<u>-</u>	<u>1,550</u>	<u>66,515</u>	<u>187</u>	<u>-</u>
<b>Deferred inflows of resources</b>					
Unearned Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>					
Restricted	1,294	-	-	-	328
Committed	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>(2,852)</u>	<u>-</u>	<u>-</u>
<b>Total fund balances (deficits)</b>	<u>1,294</u>	<u>-</u>	<u>(2,852)</u>	<u>-</u>	<u>328</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<u>\$ 1,294</u>	<u>\$ 1,550</u>	<u>\$ 63,663</u>	<u>\$ 187</u>	<u>\$ 328</u>

*See independent auditor's report*

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

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

June 30, 2017

	<b>RIPTIDE Speed</b>	<b>Child Passenger Safety</b>	<b>Town Clerk Special</b>	<b>Click it or Ticket</b>	<b>RIEMA Hazard Mitigation</b>	<b>Byrne / JAG</b>
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants receivable	-	1,262	-	187	15,000	-
Receivable, other, net	-	-	-	-	-	-
Due from Other Funds	-	-	220,954	-	-	240
<b>Total assets</b>	<u>-</u>	<u>1,262</u>	<u>220,954</u>	<u>187</u>	<u>15,000</u>	<u>240</u>
<b>Deferred outflows of resources</b>						
None	-	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<u>\$ -</u>	<u>\$ 1,262</u>	<u>\$ 220,954</u>	<u>\$ 187</u>	<u>\$ 15,000</u>	<u>\$ 240</u>
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	1,262	-	187	15,000	-
<b>Total liabilities</b>	<u>-</u>	<u>1,262</u>	<u>-</u>	<u>187</u>	<u>15,000</u>	<u>-</u>
<b>Deferred inflows of resources</b>						
Unearned Revenue	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>						
Restricted	-	-	220,954	-	-	240
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<u>-</u>	<u>-</u>	<u>220,954</u>	<u>-</u>	<u>-</u>	<u>240</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<u>\$ -</u>	<u>\$ 1,262</u>	<u>\$ 220,954</u>	<u>\$ 187</u>	<u>\$ 15,000</u>	<u>\$ 240</u>

*See independent auditor's report*

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

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

June 30, 2017

	Hope Global CDBG	Byrne / JAG 2014	Champlin	Ashton Village	VF Rail Emerg Act Plan	Valley Falls Park	Polling Access Grant	Total Special Revenue
<b>Assets</b>								
Cash and cash equivalents	\$ -	\$ -	\$ 54	\$ -	\$ -	\$ -	\$ -	\$ 850,316
Federal and state grants receivable	-	-	-	-	-	-	-	107,177
Receivable, other, net	-	-	-	-	-	-	-	244,202
Due from Other Funds	-	-	-	500	-	-	-	682,304
<b>Total assets</b>	<u>-</u>	<u>-</u>	<u>54</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,883,999</u>
<b>Deferred outflows of resources</b>								
None	-	-	-	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,883,999</u>
<b>Liabilities</b>								
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,364
Due to Other Funds	-	-	-	-	-	-	-	758,936
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>769,300</u>
<b>Deferred inflows of resources</b>								
Unearned Revenue	-	-	-	-	-	-	-	226,741
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>226,741</u>
<b>Fund Balances</b>								
Restricted	-	-	54	500	-	-	-	737,011
Committed	-	-	-	-	-	-	-	226,463
Unassigned	-	-	-	-	-	-	-	(75,516)
<b>Total fund balances (deficits)</b>	<u>-</u>	<u>-</u>	<u>54</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>887,958</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,883,999</u>

*See independent auditor's report*

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Non-Major Governmental Funds*

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

*For the Year Ended June 30, 2017*

	<u>Substance Abuse</u>	<u>Animal Control</u>	<u>Impact Fees</u>	<u>Sewer Ferncrest Willow</u>	<u>Revolving Loan</u>	<u>Historical Records</u>
<b>Revenues</b>						
Federal and state grants	\$ 21,901	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	417,189	19,740	-	5,708
Investment income	-	1,516	-	-	-	-
Total revenues	<u>21,901</u>	<u>1,516</u>	<u>417,189</u>	<u>19,740</u>	<u>-</u>	<u>5,708</u>
<b>Expenditures</b>						
General government	-	-	-	-	-	-
Public Safety	-	2	-	-	-	-
Public Works	-	-	-	17,850	-	-
Social services	20,312	-	-	-	-	-
Community development	-	-	-	-	-	-
Debt - Principal	-	-	-	-	-	-
Debt - Interest	-	-	-	-	-	-
Total expenditures	<u>20,312</u>	<u>2</u>	<u>-</u>	<u>17,850</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>1,589</u>	<u>1,514</u>	<u>417,189</u>	<u>1,890</u>	<u>-</u>	<u>5,708</u>
<b>Other financing sources (uses)</b>						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	(460,725)	-	-	-
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	1,589	1,514	(43,536)	1,890	-	5,708
<b>Fund Balance, June 30, 2016, restated</b>	<u>3,312</u>	<u>8,638</u>	<u>269,999</u>	<u>(74,554)</u>	<u>50,047</u>	<u>58,557</u>
<b>Fund Balance, June 30, 2017</b>	<u>\$ 4,901</u>	<u>\$ 10,152</u>	<u>\$ 226,463</u>	<u>\$ (72,664)</u>	<u>\$ 50,047</u>	<u>\$ 64,265</u>

*See independent auditor's report*

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Non-Major Governmental Funds*

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

*For the Year Ended June 30, 2017*

	<b>Comprehensive Planning CDBG</b>	<b>Rescue Fund</b>	<b>Animal Husbandry</b>	<b>Wildwood CDBG</b>	<b>Library Legislative Grant</b>	<b>DARE</b>
<b>Revenues</b>						
Federal and state grants	\$ 39,191	\$ -	\$ -	\$ 1,315	\$ -	\$ -
Other income	-	10	1,194	-	-	8
Investment income	-	-	-	-	-	-
<b>Total revenues</b>	<u>39,191</u>	<u>10</u>	<u>1,194</u>	<u>1,315</u>	<u>-</u>	<u>8</u>
<b>Expenditures</b>						
General government	-	-	-	-	-	-
Public Safety	-	4,931	-	-	-	147
Public Works	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Community development	26,183	-	-	1,315	-	-
Debt - Principal	-	-	-	-	-	-
Debt - Interest	-	-	-	-	-	-
<b>Total expenditures</b>	<u>26,183</u>	<u>4,931</u>	<u>-</u>	<u>1,315</u>	<u>-</u>	<u>147</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>13,008</u>	<u>(4,921)</u>	<u>1,194</u>	<u>-</u>	<u>-</u>	<u>(139)</u>
<b>Other financing sources (uses)</b>						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	13,008	(4,921)	1,194	-	-	(139)
<b>Fund Balance, June 30, 2016, restated</b>	<u>120,050</u>	<u>6,212</u>	<u>10,952</u>	<u>-</u>	<u>-</u>	<u>4,712</u>
<b>Fund Balance, June 30, 2017</b>	<u>\$ 133,058</u>	<u>\$ 1,291</u>	<u>\$ 12,146</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,573</u>

*See independent auditor's report*

*(continued)*



**TOWN OF CUMBERLAND, RHODE ISLAND**

*Non-Major Governmental Funds*

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

*For the Year Ended June 30, 2017*

	<b>United Way Hasbro</b>	<b>Franklin Farm Preservation</b>	<b>Police Forfeiture</b>	<b>Police Tobacco</b>	<b>Police Underage Drinking</b>	<b>Homeland Security</b>
<b>Revenues</b>						
Federal and state grants	\$ -	\$ -	\$ 5,645	\$ 901	\$ -	\$ 3,600
Other income	59,690	-	-	-	-	-
Investment income	-	-	-	-	-	-
<b>Total revenues</b>	<u>59,690</u>	<u>-</u>	<u>5,645</u>	<u>901</u>	<u>-</u>	<u>3,600</u>
<b>Expenditures</b>						
General government	-	-	-	-	-	-
Public Safety	-	-	-	869	-	1,724
Public Works	-	41,500	-	-	-	-
Social services	49,961	-	-	-	-	-
Community development	-	-	-	-	-	-
Debt - Principal	-	-	-	-	-	-
Debt - Interest	-	-	-	-	-	-
<b>Total expenditures</b>	<u>49,961</u>	<u>41,500</u>	<u>-</u>	<u>869</u>	<u>-</u>	<u>1,724</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>9,729</u>	<u>(41,500)</u>	<u>5,645</u>	<u>32</u>	<u>-</u>	<u>1,876</u>
<b>Other financing sources (uses)</b>						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<u>9,729</u>	<u>(41,500)</u>	<u>5,645</u>	<u>32</u>	<u>-</u>	<u>1,876</u>
<b>Fund Balance, June 30, 2016, restated</b>	<u>45,077</u>	<u>150,000</u>	<u>21,844</u>	<u>2,455</u>	<u>1,912</u>	<u>36,138</u>
<b>Fund Balance, June 30, 2017</b>	<u>\$ 54,806</u>	<u>\$ 108,500</u>	<u>\$ 27,489</u>	<u>\$ 2,487</u>	<u>\$ 1,912</u>	<u>\$ 38,014</u>

*See independent auditor's report*

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Non-Major Governmental Funds*

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

*For the Year Ended June 30, 2017*

	<u>Emergency Performance</u>	<u>Bullet Proof Vest</u>	<u>Partnership For Success</u>	<u>RIPTIDE DUI</u>	<u>Assistance For Firefighters</u>
<b>Revenues</b>					
Federal and state grants	\$ -	\$ -	\$ 172,379	\$ 3,734	\$ -
Other income	-	4,925	-	-	-
Investment income	-	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>4,925</u>	<u>172,379</u>	<u>3,734</u>	<u>-</u>
<b>Expenditures</b>					
General government	-	-	-	-	-
Public Safety	-	9,850	175,231	3,734	4,476
Public Works	-	-	-	-	-
Social services	-	-	-	-	-
Community development	-	-	-	-	-
Debt - Principal	-	-	-	-	-
Debt - Interest	-	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>9,850</u>	<u>175,231</u>	<u>3,734</u>	<u>4,476</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>-</u>	<u>(4,925)</u>	<u>(2,852)</u>	<u>-</u>	<u>(4,476)</u>
<b>Other financing sources (uses)</b>					
Transfers In	-	4,925	-	-	-
Transfers Out	-	-	-	-	-
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<u>-</u>	<u>-</u>	<u>(2,852)</u>	<u>-</u>	<u>(4,476)</u>
<b>Fund Balance, June 30, 2016, restated</b>	<u>1,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,804</u>
<b>Fund Balance, June 30, 2017</b>	<u>\$ 1,294</u>	<u>\$ -</u>	<u>\$ (2,852)</u>	<u>\$ -</u>	<u>\$ 328</u>

*See independent auditor's report*

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Non-Major Governmental Funds*

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

*For the Year Ended June 30, 2017*

	<b>RIPTIDE Speed</b>	<b>Child Passenger Safety</b>	<b>Town Clerk Special</b>	<b>Click it or Ticket</b>	<b>RIEMA Hazard Mitigation</b>	<b>Byrne / JAG</b>
<b>Revenues</b>						
Federal and state grants	\$ 2,378	\$ 7,210	\$ -	\$ 7,897	\$ 1,346	\$ -
Other income	-	-	34,619	-	-	-
Investment income	-	-	-	-	-	-
<b>Total revenues</b>	<u>2,378</u>	<u>7,210</u>	<u>34,619</u>	<u>7,897</u>	<u>1,346</u>	<u>-</u>
<b>Expenditures</b>						
General government	-	-	33,883	-	-	-
Public Safety	2,378	7,266	-	7,897	-	1,183
Public Works	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Community development	-	-	-	-	1,346	-
Debt - Principal	-	-	-	-	-	-
Debt - Interest	-	-	-	-	-	-
<b>Total expenditures</b>	<u>2,378</u>	<u>7,266</u>	<u>33,883</u>	<u>7,897</u>	<u>1,346</u>	<u>1,183</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>-</u>	<u>(56)</u>	<u>736</u>	<u>-</u>	<u>-</u>	<u>(1,183)</u>
<b>Other financing sources (uses)</b>						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<u>-</u>	<u>(56)</u>	<u>736</u>	<u>-</u>	<u>-</u>	<u>(1,183)</u>
<b>Fund Balance, June 30, 2016, restated</b>	<u>-</u>	<u>56</u>	<u>220,218</u>	<u>-</u>	<u>-</u>	<u>1,423</u>
<b>Fund Balance, June 30, 2017</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 240</u>

*See independent auditor's report*

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Non-Major Governmental Funds*

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

*For the Year Ended June 30, 2017*

	<b>Hope Global CDBG</b>	<b>Byrne / JAG 2014</b>	<b>Champlin</b>	<b>Ashton Village</b>	<b>VF Rail Emerg Act Plan</b>	<b>Valley Falls Park</b>	<b>Polling Access Grant</b>	<b>Total Special Revenue</b>
<b>Revenues</b>								
Federal and state grants	\$ 53,242	\$ 11,040	\$ -	\$ 500	\$ 21,000	\$ -	\$ -	\$ 353,279
Other income	-	-	-	-	-	-	-	543,083
Investment income	-	-	-	-	-	-	-	1,516
<b>Total revenues</b>	<u>53,242</u>	<u>11,040</u>	<u>-</u>	<u>500</u>	<u>21,000</u>	<u>-</u>	<u>-</u>	<u>897,878</u>
<b>Expenditures</b>								
General government	-	-	-	-	-	-	10,000	43,883
Public Safety	-	-	-	-	-	-	-	219,688
Public Works	-	-	-	-	21,000	-	-	80,350
Social services	-	-	-	-	-	37,791	-	108,064
Community development	53,242	11,040	-	-	-	-	-	93,126
Debt - Principal	-	-	-	-	-	-	-	-
Debt - Interest	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>53,242</u>	<u>11,040</u>	<u>-</u>	<u>-</u>	<u>21,000</u>	<u>37,791</u>	<u>10,000</u>	<u>545,111</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>(37,791)</u>	<u>(10,000)</u>	<u>352,767</u>
<b>Other financing sources (uses)</b>								
Transfers In	-	-	-	-	-	37,791	-	42,716
Transfers Out	-	-	-	-	-	-	-	(460,725)
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>(65,242)</u>
<b>Fund Balance, June 30, 2016, restated</b>	<u>-</u>	<u>-</u>	<u>54</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>953,200</u>
<b>Fund Balance, June 30, 2017</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 887,958</u>

*See independent auditor's report*

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*June 30, 2017*

	<b>SPED Part B</b>	<b>SPED Preschool</b>	<b>Support Implement.</b>	<b>Title I Part A</b>	<b>Title II</b>	<b>Title III</b>	<b>USDA Fresh Fruit &amp; Vegetables</b>	<b>K-3 Formative Assessment</b>
<b>Assets</b>								
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,404
Due from other funds	-	-	248	-	-	-	10,686	-
Other receivable	-	-	-	-	-	-	-	-
Due from state or federal government	416,299	11,255	-	218,729	51,877	961	30,946	-
Total assets	<u>416,299</u>	<u>11,255</u>	<u>248</u>	<u>218,729</u>	<u>51,877</u>	<u>961</u>	<u>41,632</u>	<u>10,404</u>
<b>Deferred Outflows of Resources</b>								
None	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 416,299</u>	<u>\$ 11,255</u>	<u>\$ 248</u>	<u>\$ 218,729</u>	<u>\$ 51,877</u>	<u>\$ 961</u>	<u>\$ 41,632</u>	<u>\$ 10,404</u>
<b>Liabilities</b>								
Accounts payable and accrued expenses	\$ 13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,883	\$ -
Other current liabilities	-	-	-	-	-	-	-	10,400
Due to other funds	416,286	11,255	248	218,729	51,877	961	30,501	-
Total liabilities	<u>416,299</u>	<u>11,255</u>	<u>248</u>	<u>218,729</u>	<u>51,877</u>	<u>961</u>	<u>35,384</u>	<u>10,400</u>
<b>Deferred Inflows of Resources</b>								
None	-	-	-	-	-	-	-	-
Total deferred inflow of resources	-	-	-	-	-	-	-	-
Fund balances (deficits), restricted	-	-	-	-	-	-	6,248	4
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 416,299</u>	<u>\$ 11,255</u>	<u>\$ 248</u>	<u>\$ 218,729</u>	<u>\$ 51,877</u>	<u>\$ 961</u>	<u>\$ 41,632</u>	<u>\$ 10,404</u>

*See independent auditor's report*

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*June 30, 2017*

	<u>Literacy</u>	<u>Technology</u>	<u>Professional Development</u>	<u>Other Miscellaneous</u>	<u>School Lunch</u>	<u>Total School Special Revenue</u>
<b>Assets</b>						
Cash	\$ -	\$ -	\$ -	\$ 93,064	\$ 356,253	\$ 459,721
Due from other funds	146,207	-	380	8,099	-	165,620
Other receivable	-	-	-	-	21,713	21,713
Due from state or federal government	-	-	-	-	309,017	1,039,084
Total assets	<u>146,207</u>	<u>-</u>	<u>380</u>	<u>101,163</u>	<u>686,983</u>	<u>1,686,138</u>
<b>Deferred Outflows of Resources</b>						
None	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 146,207</u>	<u>\$ -</u>	<u>\$ 380</u>	<u>\$ 101,163</u>	<u>\$ 686,983</u>	<u>\$ 1,686,138</u>
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 11,582	\$ 232,333	\$ 248,811
Other current liabilities	-	-	-	-	34,753	45,153
Due to other funds	-	-	-	14,030	(51,568)	692,319
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,612</u>	<u>215,518</u>	<u>986,283</u>
<b>Deferred Inflows of Resources</b>						
None	-	-	-	-	-	-
Total deferred inflow of resources	-	-	-	-	-	-
Fund balances (deficits), restricted	<u>146,207</u>	<u>-</u>	<u>380</u>	<u>75,551</u>	<u>471,465</u>	<u>699,855</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 146,207</u>	<u>\$ -</u>	<u>\$ 380</u>	<u>\$ 101,163</u>	<u>\$ 686,983</u>	<u>\$ 1,686,138</u>

*See independent auditor's report*

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Non-Major Governmental Funds*

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

*For the Year Ended June 30, 2017*

	<u>SPED Part B</u>	<u>SPED Preschool</u>	<u>Support Implement.</u>	<u>Title I Part A</u>	<u>Title II</u>	<u>Title III</u>	<u>USDA Fresh Fruit &amp; Vegetables</u>	<u>K-3 Formative Assessment</u>
<b>Revenues</b>								
Federal and state grant income	\$ 1,190,583	\$ 38,923	\$ 13,967	\$ 429,712	\$ 131,750	\$ 16,217	\$ 72,588	\$ -
Charges for services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	10,404
Total revenues	<u>1,190,583</u>	<u>38,923</u>	<u>13,967</u>	<u>429,712</u>	<u>131,750</u>	<u>16,217</u>	<u>72,588</u>	<u>10,404</u>
<b>Expenditures</b>								
Education	1,190,583	38,923	13,967	429,712	131,750	16,217	67,706	10,400
Cafeteria	-	-	-	-	-	-	-	-
Excess (deficiency) of revenue over expenditures	-	-	-	-	-	-	4,882	4
<b>Other financing sources (uses)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-	-	4,882	4
Fund balance, July 1, 2016	-	-	-	-	-	-	<u>1,366</u>	-
Fund balance, June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,248</u>	<u>\$ 4</u>

*See independent auditor's report*

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Non-Major Governmental Funds*

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

*For the Year Ended June 30, 2017*

	<u>Literacy</u>	<u>Technology</u>	<u>Professional Development</u>	<u>Other Miscellaneous</u>	<u>School Lunch</u>	<u>Total School Special Revenue</u>
<b>Revenues</b>						
Federal and state grant income	\$ -	\$ -	\$ -	\$ 24,099	\$ 1,511,889	\$ 3,429,728
Charges for services	-	-	-	-	924,132	924,132
Other	-	-	-	43,030	-	53,434
Total revenues	-	-	-	67,129	2,436,021	4,407,294
<b>Expenditures</b>						
Education	-	-	-	88,409	5,392	1,993,059
Cafeteria	-	-	-	-	2,266,436	2,266,436
Excess (deficiency) of revenue over expenditures	-	-	-	(21,280)	164,193	147,799
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	(139,039)	-	-	-	(139,039)
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(139,039)	-	(21,280)	164,193	8,760
Fund balance, July 1, 2016	<u>146,207</u>	<u>139,039</u>	<u>380</u>	<u>96,831</u>	<u>307,272</u>	<u>691,095</u>
Fund balance, June 30, 2017	<u>\$ 146,207</u>	<u>\$ -</u>	<u>\$ 380</u>	<u>\$ 75,551</u>	<u>\$ 471,465</u>	<u>\$ 699,855</u>

*See independent auditor's report*

*(continued)*



**TOWN OF CUMBERLAND, RHODE ISLAND**

*Non-Major Governmental Funds*  
Combining Balance Sheet – Capital Project Funds

*June 30, 2017*

	<u>Drainage</u>	<u>Recreation Bond</u>	<u>Open Space</u>	<u>Road Infrastructure Bond 2015</u>	<u>Tucker Field Phase II</u>	<u>Capital Reserve Library</u>	<u>Public Safety Bond</u>	<u>Total</u>
<b>Assets</b>								
Cash & Cash Equivalents	\$ 815,871	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 815,871
Due from other funds	-	264,211	1,034,979	185,843	32,180	-	-	1,517,213
<b>Total assets</b>	<u>815,871</u>	<u>264,211</u>	<u>1,034,979</u>	<u>185,843</u>	<u>32,180</u>	<u>-</u>	<u>-</u>	<u>2,333,084</u>
<b>Deferred outflows of resources</b>								
None	-	-	-	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<u>\$ 815,871</u>	<u>\$ 264,211</u>	<u>\$ 1,034,979</u>	<u>\$ 185,843</u>	<u>\$ 32,180</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,333,084</u>
<b>Liabilities</b>								
Accounts Payable and Accrued Expense	\$ -	\$ 18,412	\$ -	\$ 65,860	\$ -	\$ -	\$ 57,313	\$ 141,585
Due to Other funds	610,188	-	-	-	-	-	402,320	1,012,508
<b>Total liabilities</b>	<u>610,188</u>	<u>18,412</u>	<u>-</u>	<u>65,860</u>	<u>-</u>	<u>-</u>	<u>459,633</u>	<u>1,154,093</u>
<b>Deferred inflows of resources</b>								
None	-	-	-	-	-	-	-	-
<b>Fund Balances</b>								
Restricted	205,683	245,799	1,034,979	-	-	-	-	1,486,461
Assigned	-	-	-	119,983	32,180	-	-	152,163
Unassigned	-	-	-	-	-	-	(459,633)	(459,633)
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 815,871</u>	<u>\$ 264,211</u>	<u>\$ 1,034,979</u>	<u>\$ 185,843</u>	<u>\$ 32,180</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,333,084</u>

*See independent auditor's report*

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Non-Major Governmental Funds*

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

*For the Year Ended June 30, 2017*

	<u>Drainage</u>	<u>Recreation Bond</u>	<u>Open Space</u>	<u>Road Infrastructure Bond 2015</u>	<u>Tucker Field Phase II</u>	<u>Capital Reserve Library</u>	<u>Public Safety Bond</u>	<u>Total</u>
<b>Revenues</b>								
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>								
Public Safety	-	-	-	-	-	-	459,633	459,633
Public works	4,728	186,566	-	854,500	-	28,006	-	1,073,800
Debt service	-	-	21,631	-	-	-	-	21,631
<b>Total expenditures</b>	<u>4,728</u>	<u>186,566</u>	<u>27,637</u>	<u>854,500</u>	<u>-</u>	<u>28,006</u>	<u>459,633</u>	<u>1,561,070</u>
<b>Excess (deficiency) of revenue over expenditures</b>	(4,728)	(186,566)	(27,637)	(854,500)	-	(28,006)	(459,633)	(1,561,070)
<b>Other financing sources (uses)</b>								
Bond proceeds	-	-	-	-	-	-	-	-
Transfer from (to) other funds	-	(37,791)	100,000	-	-	-	-	62,209
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(37,791)</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,209</u>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	(4,728)	(224,357)	72,363	(854,500)	-	(28,006)	(459,633)	(1,498,861)
<b>Fund Balance, July 1, 2016</b>	<u>210,411</u>	<u>470,156</u>	<u>962,616</u>	<u>974,483</u>	<u>32,180</u>	<u>28,006</u>	<u>-</u>	<u>2,677,852</u>
<b>Fund Balance, June 30, 2017</b>	<u>\$ 205,683</u>	<u>\$ 245,799</u>	<u>\$ 1,034,979</u>	<u>\$ 119,983</u>	<u>\$ 32,180</u>	<u>\$ -</u>	<u>\$ (459,633)</u>	<u>\$ 1,178,991</u>

*See independent auditor's report*

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Non-Major Governmental Funds*  
 Combining Statement of Net Position – Private Purpose Trust Funds

*June 30, 2017*

	<u>Burial</u>	<u>High School Scholarship</u>	<u>Scholarships</u>	<u>Total</u>
<b>Assets</b>				
Cash	\$ 224,663	\$ 10,477	\$ 68,012	\$ 303,152
<b>Total assets</b>	<u>\$ 224,663</u>	<u>\$ 10,477</u>	<u>\$ 68,012</u>	<u>\$ 303,152</u>
<b>Liabilities</b>				
Due to other funds	\$ 484	\$ -	\$ -	\$ 484
<b>Net position</b>				
Restricted for other purposes	<u>224,179</u>	<u>10,477</u>	<u>68,012</u>	<u>302,668</u>
<b>Total liabilities and net position</b>	<u>\$ 224,663</u>	<u>\$ 10,477</u>	<u>\$ 68,012</u>	<u>\$ 303,152</u>

*See independent auditor's report*

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Non-Major Governmental Funds*  
 Combining Statement of Changes in Net Position – Private Purpose Trust Funds

*For the Year Ended June 30, 2017*

	<u>Burial</u>	<u>High School Scholarship</u>	<u>Scholarships</u>	<u>Total</u>
<b>Additions</b>				
Donations	\$ -	\$ -	\$ 52,642	\$ 52,642
Interest	<u>920</u>	<u>-</u>	<u>-</u>	<u>920</u>
Total additions	<u>920</u>	<u>-</u>	<u>52,642</u>	<u>53,562</u>
<b>Deductions</b>				
Scholarships	-	-	37,026	37,026
Social services	<u>357</u>	<u>-</u>	<u>-</u>	<u>357</u>
Total deductions	<u>357</u>	<u>-</u>	<u>37,026</u>	<u>37,383</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	563	-	15,616	16,179
Fund balance, July 1, 2016	<u>223,616</u>	<u>10,477</u>	<u>52,396</u>	<u>286,489</u>
Fund balance, June 30, 2017	<u>\$ 224,179</u>	<u>\$ 10,477</u>	<u>\$ 68,012</u>	<u>\$ 302,668</u>

*See independent auditor's report*

*(continued)*  
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**TOWN OF CUMBERLAND, RHODE ISLAND**

*Fiduciary Funds*  
Combining Statement of Assets and Liabilities – Agency Funds

*June 30, 2017*

	<u>Student Activities/ Alumni</u>	<u>Curb Cuts</u>	<u>Portuguese Exchange</u>	<u>Substance Abuse Prevention Task Force</u>	<u>Probate Deposits</u>	<u>School Fundraising</u>	<u>Cumberland Fest</u>	<u>Police Evidence</u>	<u>Total</u>
<b>Assets</b>									
Cash	\$ 249,497	\$ 206,377	\$ 1,372	\$ 37,135	\$ -	\$ 31,995	\$ 465	\$ 49,045	\$ 575,886
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,471</u>
<b>Total assets</b>	<u>\$ 249,497</u>	<u>\$ 206,377</u>	<u>\$ 1,372</u>	<u>\$ 37,135</u>	<u>\$ 4,471</u>	<u>\$ 31,995</u>	<u>\$ 465</u>	<u>\$ 49,045</u>	<u>\$ 580,357</u>
<b>Liabilities</b>									
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53	\$ -	\$ -	\$ 53
Due to Other Funds	<u>-</u>	<u>87,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>973</u>	<u>-</u>	<u>-</u>	<u>88,849</u>
Deposits Held in Custody	<u>249,497</u>	<u>118,501</u>	<u>1,372</u>	<u>37,135</u>	<u>4,471</u>	<u>30,969</u>	<u>465</u>	<u>49,045</u>	<u>491,455</u>
<b>Total liabilities</b>	<u>\$ 249,497</u>	<u>\$ 206,377</u>	<u>\$ 1,372</u>	<u>\$ 37,135</u>	<u>\$ 4,471</u>	<u>\$ 31,995</u>	<u>\$ 465</u>	<u>\$ 49,045</u>	<u>\$ 580,357</u>

*See independent auditor's report*

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Fiduciary Funds*

Combining Statement of Additions and Deductions – Agency Funds

*For the Year Ended June 30, 2017*

	Student Activities/ Alumni	Curb Cuts	Portuguese Exchange	Substance Abuse Prevention Task Force	Probate Deposits	School Fundraising	Cumberland Fest	Police Evidence	Total
<b>Additions</b>									
Other	\$ 527,171	\$ 1,572	\$ -	\$ -	\$ -	\$ 8,930	\$ 116,250	\$ 2,651	\$ 656,574
Total revenue	<u>527,171</u>	<u>1,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,930</u>	<u>116,250</u>	<u>2,651</u>	<u>656,574</u>
<b>Deductions</b>									
Public Safety	-	-	-	-	-	-	-	6,136	6,136
Education	517,775	-	-	-	-	-	-	-	517,775
Parks, recreation, and other	-	-	-	-	-	-	116,250	-	116,250
Total expenditures	<u>517,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,250</u>	<u>6,136</u>	<u>640,161</u>
<b>Other Financing Sources (Uses)</b>									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	9,396	1,572	-	-	-	8,930	-	(3,485)	16,413
Fund balance, July 1, 2016	<u>240,101</u>	<u>116,929</u>	<u>1,372</u>	<u>37,135</u>	<u>4,471</u>	<u>22,039</u>	<u>465</u>	<u>52,530</u>	<u>475,042</u>
Fund balance, June 30, 2017	<u>\$ 249,497</u>	<u>\$ 118,501</u>	<u>\$ 1,372</u>	<u>\$ 37,135</u>	<u>\$ 4,471</u>	<u>\$ 30,969</u>	<u>\$ 465</u>	<u>\$ 49,045</u>	<u>\$ 491,455</u>

*See independent auditor's report*

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

Tax Collectors Annual Report

*June 30, 2017*

**FY 2017 Cash Collections Summary**

<u>Tax Roll Year</u>	<u>Balance</u>	<u>Assessment</u>	<u>New Receivable</u>	<u>Abatements,</u>	<u>Transfers</u>	<u>Amount to</u>	<u>Collections</u>	<u>Balance</u>	<b>FY 2017 Cash Collections Summary</b>			<u>July - August 2017 (FY 18) Cash Collections Subject to 60-day FY 17 Accrual</u>
	<u>July 1, 2016</u>		<u>Additions</u>	<u>Refunds &amp; Adjustments</u>		<u>be collected</u>		<u>June 30, 2017</u>	<u>July - August 2016 Collections Subject to 60-day FY16 Accrual</u>	<u>September - June-17 Collections</u>	<u>Total FY 2017 Cash Collections</u>	
2017	-	65,533,006	-	(358,189)	(64,560)	65,110,257	29,691,309	\$ 35,418,948	\$ -	\$ 29,691,309	\$ 29,691,309	\$ 619,613
2016	34,957,906	-	89,244	(25,278)	29,007	35,050,879	34,042,769	1,008,110	773,169	33,269,600	34,042,769	207,425
2015	943,128	-	856	17,004	(11,758)	949,230	751,967	197,263	286,287	465,680	751,967	13,323
2014	310,983	-	786	(33,539)	12,424	290,654	88,815	201,839	26,780	62,035	88,815	2,627
2013	216,638	-	804	(10,491)	743	207,694	38,232	169,462	14,486	23,746	38,232	994
2012	209,824	-	793	(61,557)	5,114	154,174	23,862	130,312	11,605	12,257	23,862	446
2011	174,365	-	767	(33,636)	5,207	146,703	12,455	134,248	800	11,655	12,455	48
2010	201,196	-	954	(531)	805	202,424	7,960	194,464	1,389	6,571	7,960	182
2009	82,142	-	906	(1,775)	2,895	84,168	4,385	79,783	222	4,163	4,385	156
2008	90,016	-	284	(1,258)	15	89,057	2,945	86,112	(4)	2,949	2,945	230
2007	83,124	-	1,000	(539)	2,304	85,889	1,789	84,100	-	1,789	1,789	66
2006	85,627	-	977	(56,893)	890	30,601	1,642	28,959	6	1,636	1,642	-
2005	85,194	-	964	(50,325)	276	36,109	986	35,123	9	977	986	-
2004 and prior	939,862	-	-	(122,303)	12,674	830,233	460	829,773	-	460	460	-
	<u>38,380,005</u>	<u>65,533,006</u>	<u>98,335</u>	<u>(739,310)</u>	<u>(3,964)</u>	<u>103,268,072</u>	<u>64,669,576</u>	<u>38,598,496</u>	<u>\$ 1,114,749</u>	<u>\$ 63,554,827</u>	<u>\$ 64,669,576</u>	<u>\$ 845,110</u>
Less: Allowance for Uncollectible account	<u>(2,323,988)</u>							<u>(2,282,535)</u>				
	<u>\$ 36,056,017</u>							<u>\$ 36,315,961</u>				

*See independent auditor's report*

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

Tax Collectors Annual Report

*June 30, 2017*

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**Schedule of property valuation assessed as of December 31, 2016:**

	<u>Valuation</u>	<u>Levy</u>
Real property	3,742,527,774	56,923,847
Motor vehicles	339,291,591	6,741,724
Tangible personal property	<u>186,240,154</u>	<u>5,499,672</u>
Total	4,268,059,519	69,165,243
Less: Exemptions and motor vehicle phase out		
Real property	(157,812,066)	(2,401,912)
Motor vehicles	(55,931,266)	(1,111,354)
Tangible personal property	<u>(4,815,354)</u>	<u>(142,197)</u>
Total	<u>4,049,500,832</u>	<u>65,509,780</u>

**Reconciliation of Current Year Property Tax Revenue**

Current Year Collections	\$ 64,669,576
60-day FY17 Accrual	845,110
<i>July-August 2017 Collections</i>	
60-day FY16 Accrual	<u>(1,114,749)</u>
<i>July-August 2016 Collections</i>	
Current Year Property Tax Revenue	<u>\$ 64,399,937</u>

*See independent auditor's report*

*(continued)*



**TOWN OF CUMBERLAND, RHODE ISLAND**

Schedule of Unrestricted Fund - Fund Balance - Restricted for Education Programs

*June 30, 2017*

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Nonspendable for Education	\$ 129,428
Restricted for Education:	
School Committee designation for medical insurance cost contingency	450,000
Undesignated (1)	<u>2,369,978</u>
Total fund balance	<u>\$ 2,949,406</u>

(1) The School Committee requires an undesignated fund balance of no less than 2-4% of the total School Unrestricted Fund budgeted operating expenditures of the current fiscal year. The School Unrestricted Fund undesignated fund balance is 3.71% of the total budgeted operating expenditures for the year-end June 30, 2017 and within the range required by the School Committee policy.