

***TOWN OF HOPKINTON, RHODE ISLAND
ANNUAL FINANCIAL STATEMENTS***

***For the Fiscal Year Ended
June 30, 2018***

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Hopkinton, Rhode Island, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Hopkinton, Rhode Island's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Hopkinton, Rhode Island, as of June 30, 2018, 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 information on pages 4 through 12 and pages 51 through 56 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 Hopkinton, Rhode Island's basic financial statements. The combining nonmajor fund financial statements, Annual Supplemental Transparency Report (MTP2), other supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, Annual Supplemental Transparency Report (MTP2) and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, Annual Supplemental Transparency Report (MTP2) and other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018 on our consideration of the Town of Hopkinton, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Hopkinton, Rhode Island's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Hopkinton, Rhode Island's internal control over financial reporting and compliance.

Bacon & Company CPAs, LLC

Warwick, Rhode Island
December 28, 2018

TOWN OF HOPKINTON MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Town of Hopkinton provides this Management Discussion and Analysis of the Town of Hopkinton'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 Hopkinton is for fiscal year ended June 30, 2018. We encourage readers to consider this information in conjunction with the additional information that is furnished in the Town's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- At the end of the current fiscal year, total fund balance for the General Fund was \$5,714,259 or 23.12% of total 2018 budgeted revenues. This is an increase of \$395,126 from the prior year total fund balance.
- The total unassigned fund balance of the General Fund is \$4,850,064 or 19.62% of total 2018 budgeted revenues. This is a decrease of \$295,897 from the prior year unassigned fund balance.
- The total assigned, committed, restricted or nonspendable fund balance of the General Fund is \$864,195. This is an increase of \$691,023 from the prior year total assigned, committed, restricted or nonspendable fund balance.
- The Town General Fund ended fiscal year 2018 with a budgetary operating surplus of \$380,184.
- The total bonded debt amount of the Town of Hopkinton decreased by \$61,000.
- As reported in the government-wide financial statements, the assets and deferred outflows of resources of the Town of Hopkinton exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$11,734,439. The Town's capital asset base has been developed from both current operations and debt. The Town has recorded its property and equipment at original values in order to insure proper asset management.
- The Town's total net position increased by \$350,393 for the fiscal year ended June 30, 2018.

Overview of the Financial Statements

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.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall status.

- The remaining statements are fund financial statements that focus on individual parts of the Town government, reporting the Town’s operations in more detail than the government-wide statements.
 - ✓ The *governmental funds* statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - ✓ *Proprietary fund* statements offer short and long term financial information about the activities the government operates like businesses, such as the water system.
 - ✓ *Fiduciary fund* statements provide information about assets that are held by the Town as a trustee or agent for the benefit of someone or something other than the Town itself. The Town cannot use these assets to support its own programs.

The financial statements also include notes that provide more detailed data about some of the information in the financial statements. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-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, which are added together and presented in a single column in the basic financial statements.

Figure A-1
Required Components of
Town of Hopkinton’s Basic Financial Report

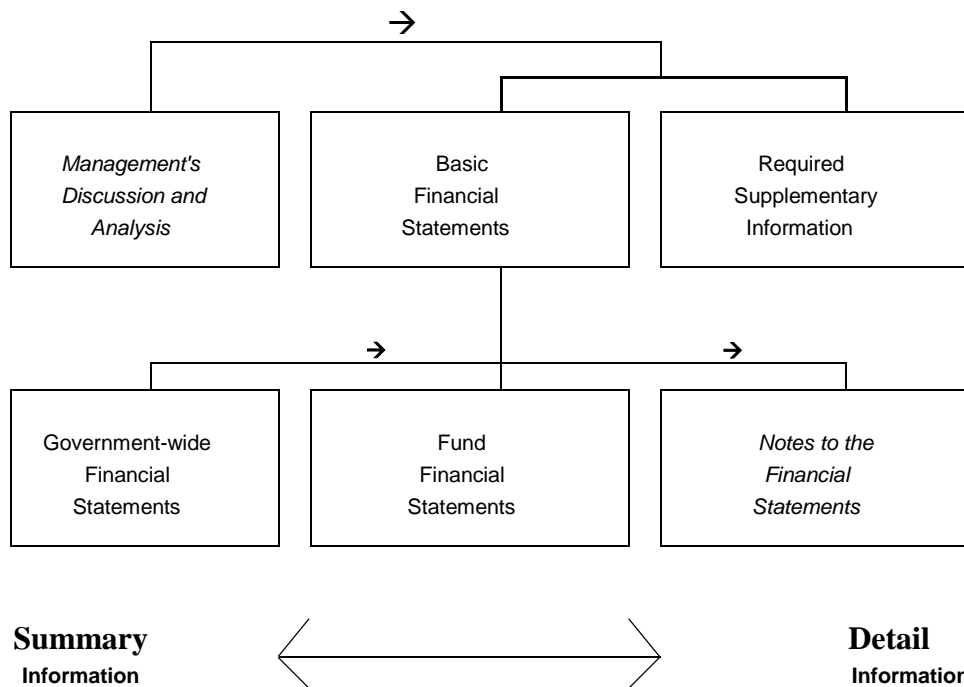


Figure A- 2

Major Features of the Town of Hopkinton’s Government-Wide and Fund Financial Statements

	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 and DPW.	Activities the Town operates similar to private businesses such as the water system.	Instances in which the Town is the trustee or 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 & 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 revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the 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 year, regardless of when cash is received or paid

Figure A-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.

Government-wide financial statements – 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, deferred outflows of resources, 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.

- 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.

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 public safety, public works and general administration. Property taxes, charges for services and state funding finance most of these activities.
- *Business-Type activities* – The Town operates a Water Fund which accounts for the purchase of water from the Town of Richmond, which it sells to Town users.
- *Component units* – The Land Trust is deemed to be a component unit.

Fund Financial Statements – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the Town government, reporting the Town’s operations in more detail than the government-wide statements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

Governmental Funds – Most of the basic services provided by the Town are financed through 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, the government fund statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government’s near-term financing requirement.

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 basic governmental fund financial statements are presented on pages 15 through 18 of this report.

Proprietary Funds – The Town maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town has one enterprise fund. A brief description follows:

Hopkinton Water Supply – the Town has a municipally owned water system. It buys water from the Richmond Water Supply Board and bills the recipient waterline residents.

The basic proprietary fund financial statements are presented on pages 19 through 22.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Town had no fiduciary funds as of June 30, 2018.

Notes to 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 23 through 50.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of the Town of Hopkinton'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 Hopkinton, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$11,734,439 as of June 30, 2018.

In regard to the Town's net position (58.7%) 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 HOPKINTON'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Current Assets	\$ 6,816,858	\$ 7,475,057	\$ 36,181	\$ 24,290	\$ 6,853,039	\$ 7,499,347
Capital Assets	8,153,256	8,484,401	321,578	310,790	8,474,834	8,795,191
Other Noncurrent Assets	<u>1,659,719</u>	<u>1,594,025</u>	<u>-</u>	<u>-</u>	<u>1,659,719</u>	<u>1,594,025</u>
Total Assets	16,629,833	17,553,483	357,759	335,080	16,987,592	17,888,563
Deferred Outflows of Resources	<u>1,156,394</u>	<u>1,248,759</u>	<u>-</u>	<u>-</u>	<u>1,156,394</u>	<u>1,248,759</u>
Current Liabilities	654,433	871,599	22,863	13,544	677,296	885,143
Long-term Liabilities	<u>5,741,299</u>	<u>5,997,297</u>	<u>-</u>	<u>-</u>	<u>5,741,299</u>	<u>5,997,297</u>
Total Liabilities	6,395,732	6,868,896	22,863	13,544	6,418,595	6,882,440
Deferred Inflows of Resources	<u>341,345</u>	<u>520,443</u>	<u>-</u>	<u>-</u>	<u>341,345</u>	<u>520,443</u>
Net Position:						
Net investment in capital assets	6,385,296	6,577,187	321,578	310,790	6,706,874	6,887,977
Restricted	315,044	312,305	-	-	315,044	312,305
Unrestricted	<u>4,348,810</u>	<u>4,523,411</u>	<u>13,318</u>	<u>10,746</u>	<u>4,362,128</u>	<u>4,534,157</u>
Total net position	<u>\$ 11,049,150</u>	<u>\$ 11,412,903</u>	<u>\$ 334,896</u>	<u>\$ 321,536</u>	<u>\$11,384,046</u>	<u>\$ 11,734,439</u>

Of the Town's net position, \$312,305 (2.66%) represents resources that are subject to external restriction on how they may be used. Of this amount, \$63,681 is set aside for various capital projects.

Change in Net Position

The total net position of the Town of Hopkinton increased by \$350,393 during fiscal year 2017-2018.

Analysis of the Town of Hopkinton's Operations

The following analysis provides a summary of the Town's operations for the year ended June 30, 2018.

Governmental activities increased the Town's net position by \$363,753 while business type activities decreased the Town's net position by \$13,360.

TOWN OF HOPKINTON'S CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Revenues						
Program						
Charges for services	\$ 816,125	\$ 1,106,108	\$ 16,957	\$ 24,135	\$ 833,082	\$ 1,130,243
Operating/Capital grants and contribution	8,402,117	5,850,880			8,402,117	5,850,880
General revenues						
Property taxes	18,024,698	18,423,506			18,024,698	18,423,506
State Aid	228,612	466,975			228,612	466,975
Investment earnings	16,502	21,390	179	81	16,681	21,471
Miscellaneous	1,164	4,149			1,164	4,149
Total Revenues	27,489,218	25,873,008	17,136	24,216	27,506,354	25,897,224
Program Expenses						
General government	1,909,573	1,886,005			1,909,573	1,886,005
Public safety	2,708,847	3,204,432			2,708,847	3,204,432
Public works	1,606,990	1,524,275			1,606,990	1,524,275
Recreation	312,574	304,911			312,574	304,911
Social services	262,557	165,280			262,557	165,280
Education	18,155,239	18,340,317			18,155,239	18,340,317
Interest on long-term debt	74,848	84,035			74,848	84,035
Water Fund			48,551	37,576	48,551	37,576
Total Expenses	25,030,628	25,509,255	48,551	37,576	25,079,179	25,546,831
Change in net position	2,458,590	363,753	(31,415)	(13,360)	2,427,175	350,393
Net position beginning of year	8,590,560	11,049,150	366,311	334,896	8,956,871	11,384,046
Net position end of year	\$ 11,049,150	\$ 11,412,903	\$ 334,896	\$ 321,536	\$ 11,384,046	\$ 11,734,439

Financial Analysis of the Town of Hopkinton's Funds

Governmental Funds – The focus of the Town of Hopkinton'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, 2018, the Town's governmental funds reported combined ending fund balances of \$7,578,575. The General Fund reported an unassigned fund balance of \$4,850,064 representing approximately 64.0% of total fund balance.

Restricted/Committed/Assigned		
General fund balance:		
Nonspendable		\$68,919
Restricted		\$2,695
Committed		162,313
Assigned		630,268
Total Nonspendable/Restricted/	Committed/Assigned	630,268
Fund Balance		\$864,195

Proprietary Funds – The Town of Hopkinton'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 Hopkinton Water Supply Fund is \$10,746.

The Town of Hopkinton's General Fund Budgetary Items

The Town General Fund had a budgetary surplus of \$380,184 in FY18. The actual revenues exceeded budgeted revenues by \$544,485, which decreased the amount used from Fund Balance by \$1,640. The largest surplus was in the Charges for Services of \$502,746 more than anticipated.

The Town of Hopkinton's Capital Assets

The Town of Hopkinton's investment in capital assets for its governmental and business-type activities amounts to \$8,795,191 net of accumulated depreciation at June 30, 2018. Included are land, buildings and improvements, motor vehicles, furniture and equipment, infrastructure, and construction in progress.

TOWN OF HOPKINTON'S CAPITAL ASSETS AT YEAR END NET OF ACCUMULATED DEPRECIATION

	Governmental		Business-type		Total	
	2017	2018	2017	2018	2017	2018
Land & Construct. in Progress	\$ 490,369	\$ 965,720	\$ -	\$ -	\$ 490,369	\$ 965,720
Infrastructure	4,838,135	4,611,177	275,672	265,270	5,113,807	4,876,447
Buildings and improvements	1,804,062	1,725,406	-	-	1,804,062	1,725,406
Furniture and equipment	521,810	617,236	45,906	45,520	567,716	662,756
Motor vehicles	498,880	564,862	-	-	498,880	564,862
Total	\$ 8,153,256	\$ 8,484,401	\$ 321,578	\$ 310,790	\$ 8,474,834	\$ 8,795,191

The Town of Hopkinton Debt Administration

At the end of the current fiscal year, the Town of Hopkinton General Government had a total debt of \$2,691,489.

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

	Gov Activities	Total
Gen Obligation Bonds	\$ 2,529,000	\$ 2,529,000
Capital Leases Payable	152,339	152,339
Amortized Premium on Bond	10,150	10,150
Totals	\$ 2,691,489	\$ 2,691,489

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 Hopkinton's limit is \$27,672,439 at year-end. The Town's outstanding general obligation debt subject to the limit is \$2,529,000 at year-end, which is \$25,143,439 under the State imposed limitation.

Subsequent Fiscal Year 2018-2019 Budget and Tax Rates

The Town of Hopkinton's total general fund budget for fiscal year 18/19 is \$25,560,815 which reflects an increase of \$844,443 from the fiscal 17/18 budget. In the Town's 18/19 budget, \$18,759,809 or 73.39% is allocated for educational purposes and \$6,801,006 or 26.61% is budgeted for other purposes.

Of the \$18,759,809 budgeted for educational purposes, the State of Rhode Island has budgeted for fiscal year 18/19 to contribute \$5,255,713 to the Town's education expense and the Town is budgeted to contribute \$13,504,096.

The Town's tax rate for fiscal year 18/19 is \$20.07 per thousand for real estate and tangible personal property and \$21.18 per hundred for motor vehicles. The tax rate for fiscal year 17/18 was \$20.07 per thousand for real estate and tangible personal property and \$21.18 for motor vehicles.

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, Hopkinton Thayer House, 482 Main Street, P O Box 139, Hopkinton, RI 02833.

TOWN OF HOPKINTON, RHODE ISLAND
Statement of Net Position
June 30, 2018

	<i>Primary Government</i>			<i>Component Unit</i>
	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>	<i>Land Trust</i>
Assets				
Current assets:				
Cash and cash equivalents	\$ 6,061,382	\$ 14,697	\$ 6,076,079	\$ 701,527
Receivables:				
Property taxes, net of allowance for uncollectible accounts	698,547	-	698,547	-
Accounts receivable, user fees -net	-	9,195	9,195	-
Due from federal and state government	489,121	-	489,121	-
Due from component unit	840	-	840	-
Other	156,646	-	156,646	-
Internal balances	(398)	398	-	-
Deposits	-	-	-	10,000
Prepaid expenses	68,919	-	68,919	-
Total current assets	7,475,057	24,290	7,499,347	711,527
Noncurrent assets:				
Capital assets: (Note 5)				
Land and land rights	349,470	-	349,470	3,408,598
Construction in progress	616,250	-	616,250	-
Depreciable buildings, equipment and infrastructure, net	7,518,681	310,790	7,829,471	153,760
Due from component unit	1,000,000	-	1,000,000	-
Net pension asset	594,025	-	594,025	-
Other assets	-	-	-	13,368
Total noncurrent assets	10,078,426	310,790	10,389,216	3,575,726
Total assets	17,553,483	335,080	17,888,563	4,287,253
Deferred outflows of resources				
Deferred pension amounts	1,248,759	-	1,248,759	-
Total deferred outflows of resources	1,248,759	-	1,248,759	-
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	350,107	13,544	363,651	-
Accrued interest payable	20,886	-	20,886	-
Due to primary government	-	-	-	840
Bond anticipation note payable	-	-	-	500,000
Compensated absences payable	109,346	-	109,346	-
Long-term debt -due within one year (Note 7)	381,760	-	381,760	-
Other liabilities	9,500	-	9,500	-
Total current liabilities	871,599	13,544	885,143	500,840
Noncurrent liabilities				
Compensated absences payable	8,041	-	8,041	-
Due to primary government	-	-	-	1,000,000
Long-term debt - due in more than one year (Note 7)	2,309,729	-	2,309,729	-
Line of credit payable	8,453	-	8,453	-
Net pension liability	3,671,074	-	3,671,074	-
Total noncurrent liabilities	5,997,297	-	5,997,297	1,000,000
Total liabilities	6,868,896	13,544	6,882,440	1,500,840
Deferred inflows of resources				
Deferred property taxes and other deferred revenues	19,939	-	19,939	-
Deferred pension amounts	500,504	-	500,504	-
Total deferred inflows of resources	520,443	-	520,443	-
Net position				
Net investment in capital assets	6,577,187	310,790	6,887,977	3,562,358
Restricted for:				
Community development	120,224	-	120,224	-
Historical records preservation	58,089	-	58,089	-
Public safety programs	47,566	-	47,566	-
Capital projects	63,681	-	63,681	-
Debt service	8,453	-	8,453	-
Permanent fund:				
Expendable	6,846	-	6,846	-
Nonexpendable	7,446	-	7,446	-
Unrestricted	4,523,411	10,746	4,534,157	(775,945)
Total net position	\$ 11,412,903	\$ 321,536	\$ 11,734,439	\$ 2,786,413

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

TOWN OF HOPKINTON, RHODE ISLAND
Statement of Activities
For the Fiscal Year Ended June 30, 2018

<i>Functions/Programs</i>	<i>Expenses</i>	<i>Program Revenues</i>			<i>Net (Expense) Revenue and Changes in Net Position</i>			<i>Component Unit</i>
		<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>	<i>Primary Government</i>		<i>Land Trust</i>	
					<i>Governmental Activities</i>	<i>Business-Type Activities</i>		
Primary Government:								
<i>Governmental Activities:</i>								
General government	\$ 1,886,005	\$ 536,227	\$ 11,155	\$ -	\$ (1,338,623)	\$ -	\$ (1,338,623)	\$ -
Public safety	3,204,432	416,311	39,095	-	(2,749,026)	-	(2,749,026)	-
Public works	1,524,275	37,274	-	-	(1,487,001)	-	(1,487,001)	-
Recreation	304,911	116,296	8,997	243,272	63,654	-	63,654	-
Public and social services	165,280	-	43,143	232,079	109,942	-	109,942	-
Education	18,340,317	-	5,273,139	-	(13,067,178)	-	(13,067,178)	-
Debt service, interest	84,035	-	-	-	(84,035)	-	(84,035)	-
Total governmental activities	25,509,255	1,106,108	5,375,529	475,351	(18,552,267)	-	(18,552,267)	-
<i>Business-Type Activities:</i>								
Water supply	37,576	24,135	-	-	-	(13,441)	(13,441)	-
Total business-type activities	37,576	24,135	-	-	-	(13,441)	(13,441)	-
Total primary government	\$ 25,546,831	\$ 1,130,243	\$ 5,375,529	\$ 475,351	(18,552,267)	(13,441)	(18,565,708)	-
Component Unit:								
Land trust	\$ 85,603	\$ 2,608	\$ 13,723	\$ -	-	-	-	(69,272)
General Revenues:								
Property taxes					18,423,506	-	18,423,506	-
State aid and grants not restricted for a specific purpose					466,975	-	466,975	-
Investment earnings					21,390	81	21,471	1,876
Miscellaneous					4,149	-	4,149	-
Total general revenues					18,916,020	81	18,916,101	1,876
Change in net position					363,753	(13,360)	350,393	(67,396)
Net position - beginning of year					11,049,150	334,896	11,384,046	2,853,809
Net position - end of year					\$ 11,412,903	\$ 321,536	\$ 11,734,439	\$ 2,786,413

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

TOWN OF HOPKINTON, RHODE ISLAND

*Balance Sheet
Governmental Funds
June 30, 2018*

	<i>General Fund</i>	<i>Capital Project Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Assets				
Cash	\$ 4,903,849	\$ 192,018	\$ 965,515	\$ 6,061,382
Receivables:				
Property taxes, net of allowance for doubtful accounts of \$304,587	698,547	-	-	698,547
Due from federal and state government	122,524	-	366,597	489,121
Other	67,135	-	89,511	156,646
Due from other funds	2,884,139	250,000	1,716,272	4,850,411
Advance to component unit	-	1,000,000	-	1,000,000
Due from component unit	840	-	-	840
Prepaid expenditures	68,919	-	-	68,919
Total assets	\$ 8,745,953	\$ 1,442,018	\$ 3,137,895	\$ 13,325,866
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable and accrued expenditures	\$ 305,105	\$ -	\$ 45,002	\$ 350,107
Due to other funds	2,279,225	84,879	2,486,705	4,850,809
Other liabilities	-	-	9,500	9,500
Total liabilities	2,584,330	84,879	2,541,207	5,210,416
Deferred Inflows of Resources				
Deferred property taxes	443,337	-	-	443,337
Other deferred revenues	4,027	-	89,511	93,538
Total deferred inflows of resources	447,364	-	89,511	536,875
Fund balances				
Nonspendable:				
Prepaid expenditures	68,919	-	-	68,919
Advance to component unit	-	1,000,000	-	1,000,000
Permanent fund principal	-	-	7,446	7,446
Restricted for:				
Community development	-	-	39,166	39,166
Historical records preservation	-	-	58,089	58,089
Public safety programs	2,695	-	44,871	47,566
Capital projects	-	-	137,806	137,806
Cemetery perpetual care	-	-	6,846	6,846
Committed for:				
Employee relations costs	92,228	-	-	92,228
Property revaluation	1,524	-	-	1,524
Public works	44,340	-	-	44,340
Planning and zoning	5,782	-	-	5,782
Conservation	504	-	-	504
Educational capital facilities expansion	-	-	151,731	151,731
Capital projects	17,935	357,139	105,308	480,382
Assigned for 2019 budget	630,268	-	-	630,268
Unassigned	4,850,064	-	(44,086)	4,805,978
Total fund balances	5,714,259	1,357,139	507,177	7,578,575
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,745,953	\$ 1,442,018	\$ 3,137,895	\$ 13,325,866

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

TOWN OF HOPKINTON, RHODE ISLAND
*Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2018*

<i>Total Fund Balances - Total Governmental Funds</i>	\$ 7,578,575
 <i>Amounts reported for Governmental Activities in the Statement of Net Position are different because:</i>	
Capital assets used in Governmental Activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet. See Note 5 to the financial statements.	8,484,401
Property taxes are recognized as revenue in the period for which levied in the Government-Wide Financial Statements, but are reported as deferred inflows of resources in Governmental Fund Financial Statements.	427,425
Other accounts receivable and revenues are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the Governmental Funds Financial Statements.	89,511
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet.	(20,886)
Long-term liabilities (including bonds and loans, leases, compensated absences, line of credit, and net pension liability) are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet. See Note 7 to the financial statements.	(6,488,403)
Net pension assets are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet.	594,025
Deferred outflows and inflows related to pensions are not current financial resources or require the use of current financial resources and, therefore are not reported in the Governmental Funds Balance Sheet.	
Deferred outflows related to pensions	1,248,759
Deferred inflows related to pensions	<u>(500,504)</u>
<i>Net Position - Governmental Activities</i>	<u><u>\$ 11,412,903</u></u>

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

TOWN OF HOPKINTON, RHODE ISLAND
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 18,313,302	\$ -	\$ -	\$ 18,313,302
Federal and state grants and aid	5,788,234	-	524,322	6,312,556
Charges for services and fees	1,146,245	-	40,668	1,186,913
Private grants and contributions	-	-	5,300	5,300
Interest on investments	11,007	1,920	8,463	21,390
Other revenues	4,039	-	48,026	52,065
Total revenues	<u>25,262,827</u>	<u>1,920</u>	<u>626,779</u>	<u>25,891,526</u>
Expenditures:				
Current:				
General government	1,772,891	-	6,978	1,779,869
Public safety	2,705,724	-	39,548	2,745,272
Public works	1,172,548	-	-	1,172,548
Recreation	268,810	-	-	268,810
Public and social services	142,000	-	255,359	397,359
Education - payment to school district	18,340,317	-	-	18,340,317
Capital outlay	232,842	-	427,673	660,515
Debt service:				
Principal	282,000	-	95,626	377,626
Interest and other charges	71,376	-	10,818	82,194
Total expenditures	<u>24,988,508</u>	<u>-</u>	<u>836,002</u>	<u>25,824,510</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>274,319</u>	<u>1,920</u>	<u>(209,223)</u>	<u>67,016</u>
Other financing sources (uses):				
Debt issued	232,842	-	221,000	453,842
Transfers from other funds	-	-	118,370	118,370
Transfers to other funds	(112,035)	-	(6,335)	(118,370)
Total other financing sources (uses)	<u>120,807</u>	<u>-</u>	<u>333,035</u>	<u>453,842</u>
Net change in fund balances	395,126	1,920	123,812	520,858
Fund balances - beginning of year	<u>5,319,133</u>	<u>1,355,219</u>	<u>383,365</u>	<u>7,057,717</u>
Fund balances - end of year	<u>\$ 5,714,259</u>	<u>\$ 1,357,139</u>	<u>\$ 507,177</u>	<u>\$ 7,578,575</u>

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

TOWN OF HOPKINTON, RHODE ISLAND
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in the Fund Balances to Government-Wide Statement of Activities
For the Year Ended June 30, 2018

Net Changes in Fund Balances - Total Governmental Funds	\$ 520,858
 <i>Amounts reported for Governmental Activities in the Statement of Activities are different because:</i>	
Governmental Fund Financial Statements report capital outlays as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
This is the amount of capital assets recorded in the current period.	873,209
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the Governmental Fund Financial Statements.	
	(542,064)
Long-term compensated absences and line of credit are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources. Therefore, compensated absences and line of credit are not reported as expenditures in Governmental Fund Financial Statements.	
The following amount represents the change in long-term compensated absences from the prior year.	44,314
The following amount represents the repayment of long-term line of credit in the current year.	15,123
Repayment of bond and lease principal is an expenditure in the Governmental Fund Financial Statements, but the payments reduce long-term liabilities in the Government-Wide Statement of Net Position.	
	362,503
Accrued interest expense on long-term debt is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in the Governmental Fund Financial Statements. The following amount represents the change in accrued interest expense from the prior year.	
	(2,622)
Proceeds from the issuance of debt are an other financing source in the Governmental Fund Financial Statements, but the issuance of debt increases long-term liabilities in the Government-Wide Statement of Net Position.	
This amount represents debt issued during the current period.	(453,842)
Debt issued at a premium provide current financial resources to Governmental Funds, but are deferred and amortized in the Government-Wide Financial Statements.	
This amount represents the amortization of bond premium during the current period.	781
Long-term net pension liabilities and assets are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources or are not available to pay for current period expenditures. Therefore, long-term net pension liabilities and assets are not reported as expenditures in Governmental Funds financial statements.	
This is the amount of the change in long-term net pension liabilities and assets and related deferred pension amounts in the current period.	(435,989)
Revenues reported in prior periods in the Statement of Activities that are not reported in Governmental Funds until the revenues are measurable and available.	
	<u>(18,518)</u>
Change in Net Position - Governmental Activities	<u><u>\$ 363,753</u></u>

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

TOWN OF HOPKINTON, RHODE ISLAND
Statement of Net Position
Proprietary Funds
June 30, 2018

	<u>Enterprise Fund</u> <u>Water Supply</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 14,697
Accounts receivable, user fees - net	9,195
Due from other funds	398
Total current assets	24,290
Noncurrent assets	
Depreciable capital assets - net	310,790
Total noncurrent assets	310,790
Total assets	335,080
 Liabilities	
Current liabilities	
Accounts payable and accrued expenses	13,544
Total current liabilities	13,544
Total liabilities	13,544
 Net position	
Net investment in capital assets	310,790
Unrestricted	10,746
Total net position	\$ 321,536

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

TOWN OF HOPKINTON, RHODE ISLAND
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	<u><i>Enterprise Fund</i></u> <u><i>Water Supply</i></u>
<i>Operating revenues</i>	
User fees	\$ 24,135
<i>Total operating revenues</i>	<u>24,135</u>
 <i>Operating expenses</i>	
Water purchases	25,686
Contract services	1,102
Depreciation	10,788
<i>Total operating expenses</i>	<u>37,576</u>
 <i>Operating loss</i>	 <u>(13,441)</u>
 <i>Nonoperating revenues</i>	
Interest income	81
<i>Total nonoperating revenues</i>	<u>81</u>
 <i>Change in net position</i>	 (13,360)
 <i>Total net position - beginning of year</i>	 <u>334,896</u>
 <i>Total net position - end of year</i>	 <u><u>\$ 321,536</u></u>

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

TOWN OF HOPKINTON, RHODE ISLAND
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	<u><i>Enterprise Fund</i></u> <u><i>Water Supply</i></u>
<i>Cash flows from operating activities</i>	
Cash received from customers for user fees	\$ 29,010
Cash paid to suppliers	<u>(36,107)</u>
<i>Net cash used for operating activities</i>	<u>(7,097)</u>
 <i>Cash flows from non-capital financing activities</i>	
Interfund transactions	<u>(398)</u>
<i>Net cash used for non-capital financing activities</i>	<u>(398)</u>
 <i>Cash flows from investing activities</i>	
Interest received	<u>81</u>
<i>Net cash provided by investing activities</i>	<u>81</u>
 <i>Net decrease in cash and cash equivalents</i>	
	(7,414)
 <i>Cash and cash equivalents - beginning of year</i>	
	<u>22,111</u>
 <i>Cash and cash equivalents - end of year</i>	
	<u><u>\$ 14,697</u></u>

(Continued)

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

TOWN OF HOPKINTON, RHODE ISLAND
Statement of Cash Flows (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	<u>Enterprise Fund</u> <u>Water Supply</u>
<i>Reconciliation of operating loss to net cash used for operating activities:</i>	
Operating loss	\$ (13,441)
<i>Adjustments to reconcile operating loss to net cash used for operating activities:</i>	
Depreciation	10,788
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable, user fees	4,875
Increase (decrease) in accounts payable and accrued expenses	<u>(9,319)</u>
 <i>Net cash used for operating activities</i>	 <u><u>\$ (7,097)</u></u>

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

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2018

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Town of Hopkinton was incorporated in 1757 and operates under a Home Rule Charter adopted in November 2002. The Charter provides for a Town Council-Town Manager form of government. All legislative powers of the Town, except such powers as reserved by State Law or vested in the Financial Town Meeting by the Charter and by-laws enacted by the Town Council, are vested in the Town Council, including the ordering of any tax, making of appropriations, and transacting any other business pertaining to the financial affairs of the Town.

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”, GASB Statement No. 61, “Financial Reporting Entity-Omnibus” and GASB Statement No. 80, “Blending Requirements for Certain Component Units”. 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. Through the application of GASB Statements Nos. 14, 39, 61, and 80 criteria, the Hopkinton Land Trust (the Trust) has been discretely presented as a component unit of the Town in the Government-Wide Financial Statements.

The Trust was established in fiscal year 2000 by the Hopkinton Town Council pursuant to special State legislation enacted by the General Assembly in the same year. The Trust was established as a body politic and corporate and a public instrumentality. It has the authority to acquire, hold and manage real property and interests therein, including development rights situated in the Town of Hopkinton, with the exception of property acquired for public historical preservation purposes. The Trust may hold property or development rights solely as open space or for agricultural uses, water purposes, public access or prevention of accelerated residential or commercial development. Trustees are appointed by the Town Council and the Trust can impose a financial burden upon the Town in the form of financial support and financing of operating deficits. The Trust holds economic resources (land and land rights) entirely for the direct benefit of the Town. The Trust does not issue separate financial statements.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2018

B. BASIS OF PRESENTATION AND ACCOUNTING

Government-Wide Financial Statements

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

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

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 HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2018

Governmental Fund Financial Statements

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

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

Major Governmental Funds:

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

Capital Project Fund – The Capital Project Fund is used to account for funds committed for capital projects by the Financial Town Referendum.

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.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2018

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.

For the year ended June 30, 2018, the Town had one proprietary fund, the Water Supply Fund, which is a major fund:

Water Supply Fund - The Water Supply Fund accounts for the purchase of water from the Town of Richmond, which it sells to Town users.

Fiduciary Funds

Fiduciary Funds are used to report assets held by the Town in a trustee or agency capacity and, therefore, cannot be used to support the Town's own programs. For the year ended June 30, 2018, the Town had no fiduciary funds.

C. RECENTLY ISSUED ACCOUNTING STANDARDS

The Town has implemented the following new accounting pronouncements:

- GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the Town's fiscal year ending June 30, 2018.
- GASB Statement No. 81 – *Irrevocable Split-Interest Agreements*, effective for the Town's fiscal year ending June 30, 2018.
- GASB Statement No. 85 – *Omnibus 2017*, effective for the Town's fiscal year ending June 30, 2018.
- GASB Statement No. 86 – *Certain Debt Extinguishment Issues*, effective for the Town's fiscal year ending June 30, 2018.

The adoption of GASB Statement Nos. 75, 81, 85 and 86 did not have an impact on the Town's financial position or results of operations.

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

- GASB Statement No. 83 – *Certain Asset Retirement Obligations*, effective for the Town's fiscal year ending June 30, 2019.
- GASB Statement No. 84 – *Fiduciary Activities*, effective for the Town's fiscal year ending June 30, 2020.
- GASB Statement No. 87 – *Leases*, effective for the Town's fiscal year ending June 30, 2021.
- GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the Town's fiscal year ending June 30, 2019.
- GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the Town's fiscal year ending June 30, 2021.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2018

- GASB Statement No. 90 – *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for the Town’s fiscal year ending June 30, 2020.

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

D. CASH EQUIVALENTS

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

E. INVESTMENTS

The Town reports investments at fair value.

F. ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE

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

Property taxes which were levied on June 13, 2017 for the current year and other delinquent balances are recorded as receivables.

G. UNBILLED SERVICES RECEIVABLE

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

H. CAPITAL ASSETS AND DEPRECIATION

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

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

All capital assets are recorded at cost (or estimated historical cost). Donated capital assets are recorded at acquisition value as of the date received. The Town follows the policy of not capitalizing assets with a cost of less than \$10,000 and a useful life of less than 1 year. The Town retroactively adjusted for infrastructure assets in fiscal year 2007.

TOWN OF HOPKINTON, RHODE ISLAND
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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	10-50
Motor vehicles	5-10
Machinery and equipment	5-20
Office furniture and equipment	5-10
Infrastructure/roadways (principally roads)	10-50
Water system	50

I. 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 OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

In the Governmental Fund Financial Statements, deferred inflows of resources are reported for receivables recorded in the Governmental Fund Financial Statements for which the revenue is not available or amounts received before the period for which property taxes are levied. In the Government-Wide Financial Statements, deferred inflows of resources are reported for amounts received before the period for which property taxes are levied. In the Government-Wide Financial Statements deferred outflows of resources and deferred inflows of resources are also reported for amounts related to the Town’s pension plans that will be amortized as a component of pension expense in future years.

K. PROPERTY TAXES

Property taxes are levied in June at (a) one hundred percent of the full and fair value of real and tangible personal property owned within the Town as of the previous December 31; and, (b) the value, as determined by the Rhode Island Vehicle Valuation Commission, of vehicles registered within the Town the previous calendar year, prorated for the actual number of days registered. Taxes levied in June are payable between August 1 and September 8 or in quarterly installments by September 8, December 8, March 8 and June 8. Failure to make payments will result in a lien on the taxpayer’s property.

Rhode Island General Laws restrict the Town’s ability to increase either its total tax levy or its tax rates more than 4% over those of the preceding year.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2018

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, 2018.

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

M. ACCRUED LIABILITIES AND LONG-TERM DEBT

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

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

N. PENSIONS

For the 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 plans and the additions to/ deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

O. USE OF ESTIMATES

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

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2018

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. LEGAL DEBT MARGIN

The Town’s legal debt margin as set forth by State Statute is limited to three percent of total taxable assessed value, which approximates \$27,672,439. As of June 30, 2018, the Town’s debt subject to the legal debt margin is \$2,529,000 and the Town is under the debt limit by \$25,143,439. The debt subject to the debt limitation is based on the type of debt that is issued.

B. DEFICIT FUND BALANCES

The following other governmental funds had deficit fund balances at June 30, 2018:

Streetlight Project	\$(44,086)
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NOTE 3 – CASH DEPOSITS

DEPOSITS – are in three financial institutions and are carried at cost. The carrying amount of deposits is separately displayed on the Balance Sheet and the Statement of Net Position as “Cash and Cash Equivalents”.

	<i>Carrying Amount</i>
Total Deposits	\$6,776,556
Add: Petty cash	<u>1,050</u>
<i>Total Cash and Cash Equivalents Reported in the Financial Statements</i>	<u><u>\$6,777,606</u></u>

CUSTODIAL CREDIT RISK – custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk. As of June 30, 2018, \$5,742,978 of the Town’s bank balance of \$6,790,298 was exposed to custodial credit risk as follows:

	<i>Bank Balance</i>
Insured (Federal depository insurance funds)	\$1,047,320
Collateralized with securities held by pledging financial institution’s agent, but not in the Town’s name	1,975,267
Collateralized with securities held by pledging financial institution in the Town’s name	<u>3,767,711</u>
<i>Total</i>	<u><u>\$6,790,298</u></u>

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
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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, 2018, the Town had no uncollateralized deposits with institutions.

NOTE 4 – INVESTMENTS

The Town had no investments as of June 30, 2018. The Finance Director has control over the type of investments made. The Town does not have a formal investment policy or any other legally contracted agreement that limits the type of investments that may be made.

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

Credit Risk – The Town does not have a formal investment policy that limits its investment choices.

Concentration of Credit Risk – The Town places no limit on the amount the Town may invest in any one issuer.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2018

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June, 30, 2018 was as follows:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Retirements</i>	<i>Ending Balance</i>
Governmental Activities:				
Nondepreciable assets:				
Land	\$ 349,470	\$ -	\$ -	\$ 349,470
Construction in progress	140,899	475,351	-	616,250
	<u>490,369</u>	<u>475,351</u>	<u>-</u>	<u>965,720</u>
Depreciable assets:				
Infrastructure	24,153,637	-	-	24,153,637
Buildings and improvements	3,871,793	-	-	3,871,793
Furniture and equipment	1,094,417	165,016	-	1,259,433
Motor vehicles	1,770,339	232,842	-	2,003,181
	<u>30,890,186</u>	<u>397,858</u>	<u>-</u>	<u>31,288,044</u>
Total Capital Assets	<u>31,380,555</u>	<u>873,209</u>	<u>-</u>	<u>32,253,764</u>
Less accumulated depreciation for:				
Infrastructure	19,315,502	226,958	-	19,542,460
Buildings and improvements	2,067,731	78,656	-	2,146,387
Furniture and equipment	572,607	69,590	-	642,197
Motor vehicles	1,271,459	166,860	-	1,438,319
	<u>23,227,299</u>	<u>542,064</u>	<u>-</u>	<u>23,769,363</u>
Total Accumulated Depreciation	<u>23,227,299</u>	<u>542,064</u>	<u>-</u>	<u>23,769,363</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,153,256</u>	<u>\$ 331,145</u>	<u>\$ -</u>	<u>\$ 8,484,401</u>
Business-Type Activities:				
Depreciable assets:				
Water lines	\$ 520,092	\$ -	\$ -	\$ 520,092
Equipment	46,292	-	-	46,292
	<u>566,384</u>	<u>-</u>	<u>-</u>	<u>566,384</u>
Total Capital Assets	<u>566,384</u>	<u>-</u>	<u>-</u>	<u>566,384</u>
Less accumulated depreciation for:				
Water lines	244,420	10,402	-	254,822
Equipment	386	386	-	772
	<u>244,806</u>	<u>10,788</u>	<u>-</u>	<u>255,594</u>
Total Accumulated Depreciation	<u>244,806</u>	<u>10,788</u>	<u>-</u>	<u>255,594</u>
Business-Type Activities Capital Assets, Net	<u>\$ 321,578</u>	<u>\$ (10,788)</u>	<u>\$ -</u>	<u>\$ 310,790</u>
Capital asset activity for the Land Trust				
for the year ended June 30, 2018 is as follows:				
Nondepreciable assets:				
Land and land rights	\$ 3,408,598	\$ -	\$ -	\$ 3,408,598
	<u>3,408,598</u>	<u>-</u>	<u>-</u>	<u>3,408,598</u>
Depreciable assets:				
Bridges	149,652	-	-	149,652
Improvements other than buildings	43,000	-	-	43,000
	<u>192,652</u>	<u>-</u>	<u>-</u>	<u>192,652</u>
Total Capital Assets	<u>3,601,250</u>	<u>-</u>	<u>-</u>	<u>3,601,250</u>
Less accumulated depreciation for:				
Bridges	10,974	2,150	-	13,124
Improvements other than buildings	22,775	2,993	-	25,768
	<u>33,749</u>	<u>5,143</u>	<u>-</u>	<u>38,892</u>
Total Accumulated Depreciation	<u>33,749</u>	<u>5,143</u>	<u>-</u>	<u>38,892</u>
Land Trust Capital Assets, Net	<u>\$ 3,567,501</u>	<u>\$ (5,143)</u>	<u>\$ -</u>	<u>\$ 3,562,358</u>

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
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Depreciation expense was charged as follows:

Governmental activities:	
General government	\$ 55,590
Public safety	128,347
Public works	331,008
Recreation	27,119
Total Depreciation Expense, Governmental Activities	<u><u>\$ 542,064</u></u>

NOTE 6 – SHORT-TERM DEBT

On June 27, 2018, the Town issued a bond anticipation note depositing the proceeds to the Land Trust. The note bears interest of 2.963% and matures on May 1, 2019. Short-term debt activity for the year ended June 30, 2018 is as follows:

<u>Component Unit</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Bond anticipation note	\$ -	\$500,000	\$ -	\$500,000

NOTE 7 – LONG-TERM LIABILITIES

A. LONG-TERM LIABILITIES:

Changes in long-term liabilities during the year ended June 30, 2018 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds, loans and capital leases payable:					
Bonds and loans payable	\$2,590,000	\$ 221,000	\$ 282,000	\$2,529,000	\$ 307,000
Capital leases	-	232,842	80,503	152,339	74,760
Plus: amortized premium on bond	10,931	-	781	10,150	-
Total bonds, loans and capital leases	<u>2,600,931</u>	<u>453,842</u>	<u>363,284</u>	<u>2,691,489</u>	<u>381,760</u>
Other liabilities:					
Accrued compensated absences	161,701	1,572	45,886	117,387	109,346
Line of credit	23,576	-	15,123	8,453	-
Net pension liability	3,370,232	300,842	-	3,671,074	-
Total Governmental Activities					
Long-Term Liabilities	<u><u>\$6,156,440</u></u>	<u><u>\$ 756,256</u></u>	<u><u>\$ 424,293</u></u>	<u><u>\$6,488,403</u></u>	<u><u>\$ 491,106</u></u>

All debt of the Government Activities is general obligation debt. The payments on the bonds and loans are paid from the General Fund. The capital leases are paid from an appropriation from the General Fund. The compensated absences and net pension liability are paid from the General Fund. The line of credit is paid from the Community Septic System Loan Fund.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
 June 30, 2018

B. BONDS AND LOANS PAYABLE

Outstanding bonds and loans payable are as follows:

<u>Purpose</u>	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Authorized and Issued</u>	<u>Outstanding June 30, 2017</u>	<u>New Issues</u>	<u>Maturities and Refundings During Year</u>	<u>Outstanding June 30, 2018</u>
Open Space	7/21/2011	2.5-4.375%	8/15/2031	\$ 1,000,000	\$ 750,000	\$ -	\$ 50,000	\$ 700,000
Roads	5/28/2015	.25-1.73%	9/1/2024	253,000	225,000	-	27,000	198,000
Refunding and Roads	9/30/2015	2.22%	5/1/2025	1,960,000	1,615,000	-	205,000	1,410,000
Streetlights	12/13/2017	1.216-2.352%	9/1/2027	221,000	-	221,000	-	221,000
Total governmental activities bonds and loans payable					<u>\$ 2,590,000</u>	<u>\$ 221,000</u>	<u>\$ 282,000</u>	<u>\$ 2,529,000</u>

At June 30, 2018 annual debt service requirements to maturity for bonds and loans payable are as follows:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 307,000	\$ 67,449	\$ 374,449
2020	308,000	60,445	368,445
2021	314,000	53,281	367,281
2022	319,000	45,886	364,886
2023	321,000	38,020	359,020
2024-2028	760,000	91,667	851,667
2029-2032	200,000	17,500	217,500
	<u>\$ 2,529,000</u>	<u>\$ 374,248</u>	<u>\$ 2,903,248</u>

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
 June 30, 2018

C. CAPITAL LEASE OBLIGATIONS

The Town has financed the acquisition of certain equipment through lease-purchase agreements.

Capital lease obligations currently outstanding are as follows:

<u>Purpose</u>	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Authorized and Issued</u>	<u>Outstanding June 30, 2017</u>	<u>New Issues</u>	<u>Retirements During Year</u>	<u>Outstanding June 30, 2018</u>
Dump truck, police cars	2/13/2018	3.77%	2/13/2020	\$ 232,842	\$ -	\$ 232,842	\$ 80,503	\$ 152,339
Total governmental activities capital leases					\$ -	\$ 232,842	\$ 80,503	\$ 152,339

Obligations of governmental activities under capital leases at June 30, 2018 were as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Lease Payment Requirements</u>
2019	\$ 80,503
2020	80,504
Total minimum lease payments	<u>161,007</u>
Less: Amount representing interest cost	<u>(8,668)</u>
Present value of minimum lease payments	<u>\$ 152,339</u>

Vehicles are reported in the Statement of Net Position at a cost of \$232,842. Amortization of assets acquired under capital leases is included in depreciation expense for the year ended June 30, 2018.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2018

D. LINE OF CREDIT

On March 23, 2016, the Town entered into a loan agreement with the RI Infrastructure Bank for a non-restoring line of credit up to \$300,000 to be used for the Community Septic System Loan Program (CSSLP). The loan bears interest of 0% and discharge of the loan is the later of the date on which all loans made by the Town under the CSSLP have been paid back or April 1, 2026. The balance of the line of credit as of June 30, 2018 is \$8,453.

NOTE 8 – INTERFUND BALANCES

The Town reports interfund balances between many of its funds. Interfund balances at June 30, 2018 were as follows:

	<i>Due From:</i>			<i>Total</i>
	<i>General Fund</i>	<i>Capital Project Fund</i>	<i>Nonmajor Governmental Funds</i>	
<i>Due To:</i>				
General Fund	\$ 312,555	\$ 84,879	\$ 2,486,705	\$ 2,884,139
Capital Project Fund	250,000	-	-	250,000
Nonmajor Governmental Funds	1,716,272	-	-	1,716,272
Water Fund	398	-	-	398
Total	\$ 2,279,225	\$ 84,879	\$ 2,486,705	\$ 4,850,809

The balances primarily result from the time lag between the dates the 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.

NOTE 9 – INTERFUND TRANSFERS

	<i>Transfer From:</i>		<i>Total</i>
	<i>General Fund</i>	<i>Nonmajor Governmental Funds</i>	
<i>Transfer To:</i>			
Nonmajor Governmental Funds	\$ 112,035	\$ 6,335	\$ 118,370
Total	\$ 112,035	\$ 6,335	\$ 118,370

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

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2018

NOTE 10 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

A. ACCOUNTS RECEIVABLE

The Town disaggregates significant components of receivables in the financial statements. Receivable balances determined immaterial are included as other receivables. The Town expects to receive all receivables within the subsequent year, except for microloans which are due in accordance with individual loan amortization schedules. The real estate and personal property taxes include an allowance for doubtful accounts of \$304,587. The accounts receivable-user fees include an allowance for doubtful accounts of \$1,000.

B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities at June 30, 2018, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$ 212,331	\$ 73,931	\$ 18,843	\$ 305,105
Other Governmental Funds	45,002	-	-	45,002
Total Governmental Activities	<u>\$ 257,333</u>	<u>\$ 73,931</u>	<u>\$ 18,843</u>	<u>\$ 350,107</u>
Business-Type Activities:				
Water Supply	\$ 13,544	\$ -	\$ -	\$ 13,544
Total Business-Type Activities	<u>\$ 13,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,544</u>

NOTE 11 – FUND EQUITY

Government-Wide Financial Statements:

The Government-Wide Financial Statements utilize a net position presentation. Net position is segregated into the following three components:

Net investment in capital assets – represents the net book value of all capital assets less the outstanding balances of bonds and other debt used to acquire, construct or improve these assets.

Restricted – represents balances limited to uses specified either externally by creditors, grantors, contributors, laws or regulations of other governments or imposed through constitutional provisions or enabling legislation.

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

Fund Statements:

Governmental fund equity is classified as fund balance. In the fund financial statements, fund balance is reported in classifications that comprise a hierarchy based primarily on the extent to

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2018

which the Town is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

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

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.

Committed fund balances are established, modified or rescinded by the Town Financial Referendum or 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.

NOTE 12 – CHARIHO REGIONAL SCHOOL DISTRICT

The Chariho Regional School District (Regional School) was created to include a regional school for the Towns of Charlestown, Richmond and Hopkinton (the Towns), which encompasses grades K-12. The Regional School is a separate legal entity from the Town. The voters of the participating Towns elect the Regional School Committee. The Regional School cannot assess and levy property taxes. Revenues are derived principally from the participating Towns of the Regional School, which contribute funds according to a financial formula based upon each Town’s enrollment, and from State aid to education. Financial statements for the Regional School District are issued separately and may be obtained from the Chariho Regional School District, 455A Switch Road, Wood River Junction, Rhode Island 02894.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2018

NOTE 13 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. As a result, the Town participates in a nonprofit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) (the Trust) which provides coverage for property/liability and workers' compensation 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. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage during the year ended June 30, 2018.

NOTE 14 – LITIGATION AND CONTINGENCIES

Litigation:

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

Other Contingencies:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

NOTE 15 – OPERATING LEASES

The Town leases one-half of the Thayer House to the U.S. Postal Service under an operating lease. A five-year operating lease effective October 11, 2015 was executed during fiscal year 2015. Future minimum lease payments to be received by the Town are as follows:

<u><i>Year Ending June 30,</i></u>	
2019	\$13,600
2020	13,600
2021	3,400
	<u>\$30,600</u>

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
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NOTE 16 – PENSION PLANS

A. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND PLANS

Defined Benefit Plans

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 <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. The Town of Hopkinton has only general employees and police officers that participate in the MERS Plan.

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

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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, 2017 measurement date and are reflected in the summary of benefit provisions described below.

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. 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.

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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 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.

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. The Town of Hopkinton has elected to participate in the 20-year retirement provision.

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 above and one calculated based on a 2.25% multiplier for all years of service.

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

Joint and survivor benefit options are available to retirees. For some employees, a Social Security option is also available where an annuity is paid at one amount prior to age 62, and at a reduced

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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 the every fourth year provision described in (a) above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$25,000 for 2013, \$25,000 for 2014, \$25,168 for 2015, \$25,855 for 2016, and \$26,098 for 2017. The Town of Hopkinton has elected the optional cost-of-living provision (COLA C) for general employees and police officers.

Special Provisions Applying to Specific Units – Prior to July 1, 2012, some units had specific provisions that apply only to that unit. Per section 45-21.2-5 benefits for members eligible to retire prior to June 30, 2012 are preserved for the calculation of the retirement benefits. For service accrued after July 1, 2012, retirement benefits will be calculated in accordance with section 45-21.2-2 and adjustments to benefits will be provided as set forth in 45-21-52. The following summarizes those provisions:

Hopkinton Police Department – Rhode Island General Law § 45-21.2-5 (9)

Under these special provisions, the final compensation for benefit computation is based on the members' highest year of earnings. In addition, the members shall receive a three (3%) escalation of their pension payment compounded each year on January 1st following the year of retirement and continuing on an annual basis on that date. Compensation for benefit purposes include base, longevity, and holiday pay.

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Employees Covered by Benefit Terms - At the June 30, 2016 valuation date, the following employees were covered by the benefit terms:

	General Employees Plan	Police Officers Plan
Retirees and Beneficiaries Inactive, Nonretired	16	14
Members	15	1
Active Members	36	15
Total	67	30

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 2% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 9.25%. Police officers are required to contribute 10% of their salaries. The Town of Hopkinton 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 of Hopkinton contributed the following amounts in the year ended June 30, 2018: general employees plan - \$40,365 and police officers plan - \$329,233. The Town's contributions represented the following percentages of annual covered payroll: general employees plan –2.22%; and police officers plan – 31.01%.

Net Pension Liability (Asset) - The total pension liability was determined by actuarial valuations performed as of June 30, 2016 and rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement.

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Summary of Actuarial Assumptions Used in the Valuations to Determine the Net Pension Liability (Asset) at the June 30, 2017 Measurement Date (June 30, 2016 valuation rolled forward to June 30, 2017)	
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	7.0%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police Officers - 4.00% to 14.00%
Inflation	2.5%
Mortality	Variants of the RP-2014 mortality tables – for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.
Cost of Living Adjustments	A 2% COLA is assumed after January 1, 2014.

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

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2017 expected arithmetic returns over the long-term (20-years) by asset class are summarized in the following table:

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Asset Class	Long-Term Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
Global Equity		
US Equity	20.60%	6.85%
International Developed Equity	15.90%	6.71%
Emerging Markets Equity	3.50%	8.91%
Private Growth		
Private Equity	11.30%	9.62%
Non-Core RE	2.20%	5.17%
OPP Private Credit	1.50%	9.62%
Income		
High Yield Infrastructure	1.00%	4.26%
REITS	1.00%	5.17%
Liquid Credit	2.80%	4.26%
Private Credit	3.20%	4.26%
Crisis Protection Class		
Treasury Duration	4.00%	0.83%
Systematic Trend	4.00%	3.81%
Inflation Protection		
Core Real Estate	3.60%	5.17%
Private Infrastructure	2.40%	5.57%
TIPs	1.00%	1.72%
Natural Resources	1.00%	3.98%
Volatility Protection		
IG Fixed Income	11.50%	2.12%
Absolute Return	6.50%	3.81%
Cash	3.00%	0.83%

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.

The following changes in actuarial assumptions have been made since the prior measurement date: inflation was changed from 2.75% to 2.5%; investment rate of return was changed from 7.5% to 7.0%; and mortality was changed from 115% (males) and 95% (females) of RP-2000 combined healthy with white collar adjustments projected with scale AA from 2000 to variants of the RP-2014 mortality tables with MP-2016 projection scale.

Discount Rate - The discount rate used to measure the total pension liability of the plans was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The prior measurement date used a discount rate of 7.5%.

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General Employees Plan
Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)
Balances as of June 30, 2016	\$4,413,680	\$5,073,399	\$(659,719)
Changes for the Year:			
Service cost	155,592	-	155,592
Interest on the total pension liability	329,386	-	329,386
Changes in benefits	-	-	-
Difference between expected and actual experience	(14,426)	-	(14,426)
Changes in assumptions	233,253	-	233,253
Employer contributions	-	62,646	(62,646)
Employee contributions	-	42,551	(42,551)
Net investment income	-	585,374	(585,374)
Benefit payments, including employee refunds	(199,336)	(199,336)	-
Administrative expense	-	(5,530)	5,530
Other changes	-	(46,930)	46,930
Net changes	504,469	438,775	65,694
Balances as of June 30, 2017	\$4,918,149	\$5,512,174	\$(594,025)

Police Officers Plan
Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2016	\$8,588,982	\$5,218,750	\$3,370,232
Changes for the Year:			
Service cost	185,453	-	185,453
Interest on the total pension liability	633,113	-	633,113
Changes in benefits	-	-	-
Difference between expected and actual experience	(273,327)	-	(273,327)
Changes in assumptions	430,634	-	430,634
Employer contributions	-	308,068	(308,068)
Employee contributions	-	99,089	(99,089)
Net investment income	-	574,883	(574,883)
Benefit payments, including employee refunds	(480,395)	(480,395)	-
Administrative expense	-	(5,431)	5,431
Other changes	-	(301,578)	301,578
Net changes	495,478	194,636	300,842
Balances as of June 30, 2017	\$9,084,460	\$5,413,386	\$3,671,074

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

<u>Plan</u>	<u>1.00% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1.00 Increase (8.0%)</u>
General Employees	\$(30,870)	\$(594,025)	\$(1,013,343)
Police Officers	\$4,724,049	\$3,671,074	\$2,886,943

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

For the year ended June 30, 2018, the Town recognized pension expense as follows: general employees plan - \$113,890; and police officers plan - \$691,413. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>General Employees Plan</u>	<u>Police Officers Plan</u>
Deferred Outflows of Resources:		
Assumption changes	\$193,258	\$372,967
Differences between expected and actual experience	-	96,896
Net difference between projected and actual investment earnings	97,890	118,150
Contributions subsequent to the measurement date	40,365	329,233
Total	<u>\$331,513</u>	<u>\$917,246</u>
Deferred Inflows of Resources:		
Assumption changes	\$ -	\$ 14,568
Differences between expected and actual experience	166,007	319,929
Total	<u>\$166,007</u>	<u>\$334,497</u>

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The deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2018 subsequent to the measurement date that will be recognized as a reduction of the net pension liability (asset) for the year ended June 30, 2019. Other 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/(Inflows) of Resources	
	General Employees Plan	Police Officers Plan
2019	\$ (5,992)	\$42,076
2020	63,514	113,331
2021	51,717	64,202
2022	(6,600)	(14,055)
2023	22,502	19,024
Thereafter	-	28,938

Defined Contribution Plan

Plan Description

Certain general employees participating in the defined benefit plan, as described above, may also participate in a defined contribution plan as 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.

General employees with less than 20 years of service on June 30, 2012 contribute 5% of their annual covered salary and employers contribute, depending on years of service, 1% to 1.5% 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 Hopkinton recognized pension expense of \$19,124 and employees contributed \$85,634 for the fiscal year ended June 30, 2018.

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

TOWN OF HOPKINTON, RHODE ISLAND
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B. AGGREGATE PENSION AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS

	Deferred Outflows of Resources – Pension Amounts	Deferred Inflows of Resources – Pension Amounts	Net Pension Asset	Net Pension Liability	Pension Expense
General					
Employees Plan	\$331,513	\$166,007	\$594,025	\$ -	\$113,890
Police Officers Plan	917,246	334,497	-	3,671,074	691,413
Total	<u>\$1,248,759</u>	<u>\$500,504</u>	<u>\$594,025</u>	<u>\$3,671,074</u>	<u>\$805,303</u>

NOTE 17 – TAX ABATEMENTS

The Town has established a tax stabilization program for industrial and commercial development pursuant to Section 44-3-9 of Rhode Island General Laws. The purpose of the program is to expand the industrial and commercial tax base and encourage construction and expansion of industrial and commercial facilities. Industrial, commercial and mixed use (commercial portion only) facilities are eligible if the estimated cost of new construction exceeds 25% of the assessed value of the property’s existing improvements or \$200,000, whichever is less. Applications for stabilization of taxes must be approved by a majority vote of the Town Council. The abatement is the difference between the tax at full assessed value and the following:

<u>Year</u>	<u>New Construction</u>	<u>Addition or Renovation</u>
1	Land Value	100% Existing Property Value and 25% of New Construction
2	Land Value and 25% of Construction	100% Existing Property Value and 50% of New Construction
3	Land Value and 50% of Construction	100% Existing Property Value and 75% of New Construction
4	Land Value and 75% of Construction	

The full assessed value is phased in over 5 years for new construction and 4 years for additions or renovations. The tax stabilization abatement will cease immediately if the taxpayer defaults on any quarterly tax or other payment due to the Town or the taxpayer vacates the property or the facility ceases operations. The Town had two taxpayers participating in the tax stabilization program at June 30, 2018. The total abatements granted under this program in fiscal year 2018 were \$15,737. The Town has not made any commitments as a part of the agreement other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities.

TOWN OF HOPKINTON, RHODE ISLAND
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	<u>Original/ Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues			
Property taxes	\$ 18,484,740	\$ 18,313,302	\$ (171,438)
Federal and state grants and aid	5,580,493	5,788,247	207,754
Charges for services	643,499	1,146,245	502,746
Interest on investments	4,500	9,024	4,524
Other revenue	1,500	4,039	2,539
Use of fund balance	1,640	-	(1,640)
Total revenues	<u>24,716,372</u>	<u>25,260,857</u>	<u>544,485</u>
Expenditures			
Current:			
General government	1,835,662	1,765,186	70,476
Public safety	2,480,119	2,686,401	(206,282)
Public works	1,177,116	1,172,548	4,568
Recreation	276,393	268,810	7,583
Public and social services	142,500	142,000	500
Education	18,340,317	18,340,317	-
Debt service	352,230	353,376	(1,146)
Total expenditures	<u>24,604,337</u>	<u>24,728,638</u>	<u>(124,301)</u>
Excess of revenues over expenditures before other financing uses	<u>112,035</u>	<u>532,219</u>	<u>420,184</u>
Other financing uses			
Transfers to other funds	<u>(112,035)</u>	<u>(152,035)</u>	<u>(40,000)</u>
Total other financing uses	<u>(112,035)</u>	<u>(152,035)</u>	<u>(40,000)</u>
Excess of revenues over expenditures and other financing uses, budgetary basis	<u>\$ -</u>	<u>\$ 380,184</u>	<u>\$ 380,184</u>

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

TOWN OF HOPKINTON, RHODE ISLAND
Required Supplementary Information
General Employees Pension Plan
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:				
Service cost	\$ 155,592	\$ 154,841	\$ 163,891	\$ 161,437
Interest	329,386	313,218	311,997	292,185
Changes of benefit terms	-	-	53,883	-
Differences between expected and actual experience	(14,426)	(45,450)	(291,941)	-
Changes of assumptions	233,253	-	-	6,099
Benefits payments, including refunds of member contributions	(199,336)	(215,502)	(218,532)	(175,064)
Net change in total pension liability	<u>504,469</u>	<u>207,107</u>	<u>19,298</u>	<u>284,657</u>
Total pension liability - beginning	<u>4,413,680</u>	<u>4,206,573</u>	<u>4,187,275</u>	<u>3,902,618</u>
Total pension liability - ending (a)	<u>\$ 4,918,149</u>	<u>\$ 4,413,680</u>	<u>\$ 4,206,573</u>	<u>\$ 4,187,275</u>
Plan fiduciary net position:				
Contributions - employer	\$ 62,646	\$ 82,243	\$ 101,363	\$ 106,729
Contributions - employee	42,551	41,743	34,358	33,423
Net investment income	585,374	(1,761)	121,193	684,310
Benefits payments, including refunds of member contributions	(199,336)	(215,502)	(218,532)	(175,064)
Administrative expense	(5,530)	(4,737)	(4,862)	(4,285)
Other	(46,930)	1	1	-
Net change in plan fiduciary net position	<u>438,775</u>	<u>(98,013)</u>	<u>33,521</u>	<u>645,113</u>
Plan fiduciary net position - beginning	<u>5,073,399</u>	<u>5,171,412</u>	<u>5,137,891</u>	<u>4,492,778</u>
Plan fiduciary net position - ending (b)	<u>\$ 5,512,174</u>	<u>\$ 5,073,399</u>	<u>\$ 5,171,412</u>	<u>\$ 5,137,891</u>
Town's net pension liability (asset) - ending (a) - (b)	<u>\$ (594,025)</u>	<u>\$ (659,719)</u>	<u>\$ (964,839)</u>	<u>\$ (950,616)</u>
Plan fiduciary net position as a percentage of the total pension liability	112.08%	114.95%	122.94%	122.70%
Covered employee payroll	\$ 1,764,083	\$ 1,714,745	\$ 1,717,934	\$ 1,671,191
Net pension liability (asset) as a percentage of covered employee payroll	-33.67%	-38.47%	-56.16%	-56.88%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

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

TOWN OF HOPKINTON, RHODE ISLAND
Required Supplementary Information
Police Officers Pension Plan
Schedule of Changes in the Net Pension Liability and Related Ratios (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:				
Service cost	\$ 185,453	\$ 179,188	\$ 154,963	\$ 149,013
Interest	633,113	618,024	564,306	549,806
Changes of benefit terms	-	-	303,629	-
Differences between expected and actual experience	(273,327)	(115,694)	158,915	-
Changes of assumptions	430,634	-	-	(41,160)
Benefits payments, including refunds of member contributions	(480,395)	(486,520)	(468,843)	(465,771)
Net change in total pension liability	<u>495,478</u>	<u>194,998</u>	<u>712,970</u>	<u>191,888</u>
Total pension liability - beginning	<u>8,588,982</u>	<u>8,393,984</u>	<u>7,681,014</u>	<u>7,489,126</u>
Total pension liability - ending (a)	<u>\$ 9,084,460</u>	<u>\$ 8,588,982</u>	<u>\$ 8,393,984</u>	<u>\$ 7,681,014</u>
Plan fiduciary net position:				
Contributions - employer	\$ 308,068	\$ 282,019	\$ 219,198	\$ 98,125
Contributions - employee	99,089	95,159	72,583	70,497
Net investment income	574,883	(1,811)	125,021	718,132
Benefits payments, including refunds of member contributions	(480,395)	(486,520)	(468,843)	(465,771)
Administrative expense	(5,431)	(4,873)	(5,016)	(4,497)
Other	(301,578)	3	-	-
Net change in plan fiduciary net position	<u>194,636</u>	<u>(116,023)</u>	<u>(57,057)</u>	<u>416,486</u>
Plan fiduciary net position - beginning	<u>5,218,750</u>	<u>5,334,773</u>	<u>5,391,830</u>	<u>4,975,344</u>
Plan fiduciary net position - ending (b)	<u>\$ 5,413,386</u>	<u>\$ 5,218,750</u>	<u>\$ 5,334,773</u>	<u>\$ 5,391,830</u>
Town's net pension liability - ending (a) - (b)	<u>\$ 3,671,074</u>	<u>\$ 3,370,232</u>	<u>\$ 3,059,211</u>	<u>\$ 2,289,184</u>
Plan fiduciary net position as a percentage of the total pension liability	59.59%	60.76%	63.55%	70.20%
Covered employee payroll	\$ 991,195	\$ 959,248	\$ 907,279	\$ 881,211
Net pension liability as a percentage of covered employee payroll	370.37%	351.34%	337.19%	259.78%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

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

TOWN OF HOPKINTON, RHODE ISLAND
Required Supplementary Information - Pension Plans
Schedule of Town Contributions (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>General Employees Plan</u>				
Actuarially determined contribution	\$ 40,365	\$ 62,646	\$ 82,243	\$ 101,363
Contributions in relation to the actuarially determined contribution	40,365	62,646	82,243	101,363
<i>Contribution deficiency (excess)</i>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered employee payroll	\$ 1,818,243	\$ 1,764,083	\$ 1,714,745	\$ 1,717,934
Contributions as a percentage of covered employee payroll	2.22%	3.55%	4.80%	5.90%
<u>Police Officers Plan</u>				
Actuarially determined contribution	\$ 329,233	\$ 308,068	\$ 282,019	\$ 219,198
Contributions in relation to the actuarially determined contribution	329,233	308,068	282,019	219,198
<i>Contribution deficiency (excess)</i>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered employee payroll	\$ 1,061,699	\$ 991,195	\$ 959,248	\$ 907,279
Contributions as a percentage of covered employee payroll	31.01%	31.08%	29.40%	24.16%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

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

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2018

NOTE 1 – PENSION PLANS

The actuarial methods and assumptions used to calculate the total pension liability are described in Note 16 to the financial statements.

The net pension liability (asset) amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year-end.

The schedules are intended to present ten years of data. Additional years of data will be presented as they become available.

As part of the 2017 Actuarial Experience Investigation Study for the six-year period ending June 30, 2016 as approved by the System Board on May 15, 2017, certain assumptions were modified and reflected in the determination of the net pension liability (asset) at the June 30, 2017 measurement date. The following summarized the more significant changes in assumptions:

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

Actuarially Determined Contributions:

Actuarially determined contribution rates are calculated as of June 30 of each plan year and effective 2 years after the actuarial valuation. The following actuarial methods and assumptions were used to determine contribution amounts reported in that schedule:

- Actuarial cost method – Entry Age Normal
- Amortization method - Level percentage of payroll, closed
- Remaining amortization period - 20 years
- Asset valuation method – 5-year smoothed market
- Inflation – 2.75%
- Investment return - 7.50%
- Salary increases – 3.5% to 7.5% for general employees; 4% to 14% for police officers.
- Retirement age – Experienced-based table of rates that are specific to the type of eligibility condition.
- Mortality – Males, General and Police Officers – 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.
- Mortality – Females, General and Police Officers – 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

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

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2018

NOTE 2 – BUDGETARY DATA AND BUDGETARY COMPLIANCE

The Town has formally established budgetary accounting control for its General Fund. It is the responsibility of the Town Manager together with the Finance Director’s recommendation to submit to the Town Council and make available to the general public a proposed General Fund budget for the fiscal year. The Town Council may then revise and adopt a recommended General Fund budget. A public hearing is conducted on the recommended General Fund Budget and the final recommended budget is approved by the Town Financial Referendum. The General Fund operating budget is supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. The budget approved and adopted by the Town Financial Referendum reports the amount budgeted for each department, including the Regional School District, therefore, the legal level of control for the General Fund is at the departmental level. Amendments that would change the total appropriation must be approved by a Town Financial Referendum. There were no supplemental budgetary appropriations in fiscal year 2018. Appropriations which are not expended or encumbered lapse at year end.

The General Fund budget is in conformity with the legally enacted budgetary basis, which is not in conformity with generally accepted accounting principles. The budget to actual presentation for the General Fund reported as required supplementary information is reflected on the budgetary basis. Differences between the budgetary basis and the generally accepted accounting principles basis are as follows:

<u>Revenues and Other Financing Sources</u>	<u>General Fund</u>
Revenues and other financing sources – budgetary basis	\$25,260,857
Unbudgeted revenues not included in budgetary revenues, but included for financial reporting purposes.	9,280
Budgetary revenue included for budgetary purposes, but not for financial reporting purposes.	(7,310)
Capital – related debt proceeds not budgeted.	232,842
<i>Total revenues and other financing sources as reported in the statement of revenues, expenditures and changes in fund balances – governmental funds – gaap basis</i>	<u><u>\$25,495,669</u></u>
<u>Expenditures and Other Financing Uses</u>	
Expenditures and other financing uses – budgetary basis	\$24,880,673
Unbudgeted expenditures not included in budgetary expenditures, but included for financial reporting purposes.	27,028
Budgeted expenditure included for budgetary purposes, but not for financial reporting purposes.	(40,000)
Capital lease expenditures not budgeted.	232,842
<i>Total expenditures and other financing uses as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds – gaap basis</i>	<u><u>\$25,100,543</u></u>

TOWN OF HOPKINTON, RHODE ISLAND
Combining Balance Sheet
General Fund
June 30, 2018

	<i>Town General</i>	<i>Sick Time</i>	<i>Legal Fees</i>	<i>Juvenile Justice</i>	<i>Emergency Management</i>	<i>Grant Matching</i>	<i>Revaluation</i>
Assets							
Cash	\$ 4,694,299	\$ 61,235	\$ -	\$ 62	\$ 11,291	\$ 3,414	\$ 55,641
Property taxes receivable, net	698,547	-	-	-	-	-	-
Due from federal and state governments	122,524	-	-	-	-	-	-
Other receivables	67,135	-	-	-	-	-	-
Due from other funds	2,674,647	-	72,834	-	25,784	14,521	44,356
Due from component unit	840	-	-	-	-	-	-
Prepaid expenditures	68,919	-	-	-	-	-	-
Total assets	\$ 8,326,911	\$ 61,235	\$ 72,834	\$ 62	\$ 37,075	\$ 17,935	\$ 99,997
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities:							
Accounts payable and accrued expenditures	\$ 305,105	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	2,033,388	41,841	-	-	28,940	-	98,473
Total liabilities	2,338,493	41,841	-	-	28,940	-	98,473
Deferred Inflows of Resources:							
Deferred property taxes	443,337	-	-	-	-	-	-
Other deferred revenues	4,027	-	-	-	-	-	-
Total deferred inflows of resources	447,364	-	-	-	-	-	-
Fund Balances:							
Nonspendable:							
Prepaid expenditures	68,919	-	-	-	-	-	-
Restricted for:							
Public safety programs	-	-	-	-	-	-	-
Committed for:							
Employee relations costs	-	19,394	72,834	-	-	-	-
Property revaluation	-	-	-	-	-	-	1,524
Public works	-	-	-	-	-	-	-
Planning and zoning	-	-	-	-	-	-	-
Conservation	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	17,935	-
Assigned for 2019 budget	630,268	-	-	-	-	-	-
Unassigned	4,841,867	-	-	62	8,135	-	-
Total fund balances	5,541,054	19,394	72,834	62	8,135	17,935	1,524
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,326,911	\$ 61,235	\$ 72,834	\$ 62	\$ 37,075	\$ 17,935	\$ 99,997

(Continued)

TOWN OF HOPKINTON, RHODE ISLAND
Combining Balance Sheet (Continued)
General Fund
June 30, 2018

	<i>Engineering Services</i>	<i>Comprehensive Plan</i>	<i>Animal Donations</i>	<i>Public Works Emergency Winter Operations</i>	<i>Conservation Commission</i>	<i>Total General Fund</i>
Assets						
Cash	\$ 26,089	\$ 47,883	\$ 3,935	\$ -	\$ -	\$ 4,903,849
Property taxes receivable, net	-	-	-	-	-	698,547
Due from federal and state governments	-	-	-	-	-	122,524
Other receivables	-	-	-	-	-	67,135
Due from other funds	-	18,000	1,831	25,370	6,796	2,884,139
Due from component unit	-	-	-	-	-	840
Prepaid expenditures	-	-	-	-	-	68,919
Total assets	\$ 26,089	\$ 65,883	\$ 5,766	\$ 25,370	\$ 6,796	\$ 8,745,953
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities:						
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 305,105
Due to other funds	7,119	60,101	3,071	-	6,292	2,279,225
Total liabilities	7,119	60,101	3,071	-	6,292	2,584,330
Deferred Inflows of Resources:						
Deferred property taxes	-	-	-	-	-	443,337
Other deferred revenues	-	-	-	-	-	4,027
Total deferred inflows of resources	-	-	-	-	-	447,364
Fund Balances:						
Nonspendable:						
Prepaid expenditures	-	-	-	-	-	68,919
Restricted for:						
Public safety programs	-	-	2,695	-	-	2,695
Committed for:						
Employee relations costs	-	-	-	-	-	92,228
Property revaluation	-	-	-	-	-	1,524
Public works	18,970	-	-	25,370	-	44,340
Planning and zoning	-	5,782	-	-	-	5,782
Conservation	-	-	-	-	504	504
Capital projects	-	-	-	-	-	17,935
Assigned for 2019 budget	-	-	-	-	-	630,268
Unassigned	-	-	-	-	-	4,850,064
Total fund balances	18,970	5,782	2,695	25,370	504	5,714,259
Total liabilities, deferred inflows of resources, and fund balances	\$ 26,089	\$ 65,883	\$ 5,766	\$ 25,370	\$ 6,796	\$ 8,745,953

TOWN OF HOPKINTON, RHODE ISLAND
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
General Fund
For the Fiscal Year Ended June 30, 2018

	<u>Town General</u>	<u>Sick Time</u>	<u>Legal Fees</u>	<u>Juvenile Justice</u>	<u>Emergency Management</u>	<u>Grant Matching</u>	<u>Revaluation</u>
Revenues:							
Property taxes	\$ 18,313,302	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants and aid	5,780,937	-	-	-	7,297	-	-
Charges for services and fees	1,146,245	-	-	-	-	-	-
Interest on investments	9,024	613	-	-	-	34	557
Other revenues	4,039	-	-	-	-	-	-
Total revenues	<u>25,253,547</u>	<u>613</u>	<u>-</u>	<u>-</u>	<u>7,297</u>	<u>34</u>	<u>557</u>
Expenditures:							
<i>Current:</i>							
General government	1,765,186	-	-	-	-	-	-
Public safety	2,686,401	19,323	-	-	-	-	-
Public works	1,172,548	-	-	-	-	-	-
Recreation	268,810	-	-	-	-	-	-
Public and social services	142,000	-	-	-	-	-	-
Education - payment to school district	18,340,317	-	-	-	-	-	-
Capital outlay	232,842	-	-	-	-	-	-
Debt service:							
Principal	282,000	-	-	-	-	-	-
Interest and other charges	71,376	-	-	-	-	-	-
Total expenditures	<u>24,961,480</u>	<u>19,323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>292,067</u>	<u>(18,710)</u>	<u>-</u>	<u>-</u>	<u>7,297</u>	<u>34</u>	<u>557</u>
Other financing sources (uses):							
Debt issued	232,842	-	-	-	-	-	-
Transfers from other funds	7,310	-	40,000	-	-	-	-
Transfers to other funds	(152,035)	-	-	-	(7,310)	-	-
Total other financing sources (uses)	<u>88,117</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>(7,310)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	380,184	(18,710)	40,000	-	(13)	34	557
Fund balances - beginning of year	<u>5,160,870</u>	<u>38,104</u>	<u>32,834</u>	<u>62</u>	<u>8,148</u>	<u>17,901</u>	<u>967</u>
Fund balances - end of year	<u>\$ 5,541,054</u>	<u>\$ 19,394</u>	<u>\$ 72,834</u>	<u>\$ 62</u>	<u>\$ 8,135</u>	<u>\$ 17,935</u>	<u>\$ 1,524</u>

(Continued)

TOWN OF HOPKINTON, RHODE ISLAND
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)
General Fund
For the Fiscal Year Ended June 30, 2018

	<u>Engineering Services</u>	<u>Comprehensive Plan</u>	<u>Animal Donations</u>	<u>Public Works Emergency Winter Operations</u>	<u>Conservation Commission</u>	<u>Eliminate Transfers Within General Fund</u>	<u>Total General Fund</u>
Revenues:							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,313,302
Federal and state grants and aid	-	-	-	-	-	-	5,788,234
Charges for services and fees	-	-	-	-	-	-	1,146,245
Interest on investments	260	479	40	-	-	-	11,007
Other revenues	-	-	-	-	-	-	4,039
Total revenues	<u>260</u>	<u>479</u>	<u>40</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,262,827</u>
Expenditures:							
<i>Current:</i>							
General government	-	7,705	-	-	-	-	1,772,891
Public safety	-	-	-	-	-	-	2,705,724
Public works	-	-	-	-	-	-	1,172,548
Recreation	-	-	-	-	-	-	268,810
Public and social services	-	-	-	-	-	-	142,000
Education - payment to school district	-	-	-	-	-	-	18,340,317
Capital outlay	-	-	-	-	-	-	232,842
<i>Debt service:</i>							
Principal	-	-	-	-	-	-	282,000
Interest and other charges	-	-	-	-	-	-	71,376
Total expenditures	<u>-</u>	<u>7,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,988,508</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>260</u>	<u>(7,226)</u>	<u>40</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>274,319</u>
Other financing sources (uses):							
Debt issued	-	-	-	-	-	-	232,842
Transfers from other funds	-	-	-	-	-	(47,310)	-
Transfers to other funds	-	-	-	-	-	47,310	(112,035)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,807</u>
Net change in fund balances	260	(7,226)	40	-	-	-	395,126
Fund balances - beginning of year	<u>18,710</u>	<u>13,008</u>	<u>2,655</u>	<u>25,370</u>	<u>504</u>	<u>-</u>	<u>5,319,133</u>
Fund balances - end of year	<u>\$ 18,970</u>	<u>\$ 5,782</u>	<u>\$ 2,695</u>	<u>\$ 25,370</u>	<u>\$ 504</u>	<u>\$ -</u>	<u>\$ 5,714,259</u>

TOWN OF HOPKINTON, RHODE ISLAND
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	<i>Special Revenue Funds</i>	<i>Capital Project Funds</i>	<i>Permanent Funds</i>	<i>Total Nonmajor Governmental Funds</i>
ASSETS				
Cash	\$ 561,328	\$ 389,895	\$ 14,292	\$ 965,515
Due from federal and state government	288,616	77,981	-	366,597
Other receivables	89,511	-	-	89,511
Due from other funds	615,402	1,100,870	-	1,716,272
	Total assets	\$ 1,554,857	\$ 1,568,746	\$ 14,292
				\$ 3,137,895
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenditures	\$ 45,002	\$ -	\$ -	\$ 45,002
Due to other funds	1,126,487	1,360,218	-	2,486,705
Other liabilities	-	9,500	-	9,500
	Total liabilities	1,171,489	-	2,541,207
 Deferred Inflows of Resources				
Other deferred revenues	89,511	-	-	89,511
	Total deferred inflows of resources	89,511	-	89,511
 Fund balances				
Nonspendable - permanent fund principal	-	-	7,446	7,446
Restricted	142,126	137,806	6,846	286,778
Committed	151,731	105,308	-	257,039
Unassigned	-	(44,086)	-	(44,086)
	Total fund balances	293,857	14,292	507,177
	Total liabilities, deferred inflows of resources, and fund balances	\$ 1,554,857	\$ 1,568,746	\$ 14,292
				\$ 3,137,895

TOWN OF HOPKINTON, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2018

	<i>Special Revenue Funds</i>	<i>Capital Project Funds</i>	<i>Permanent Funds</i>	<i>Total Nonmajor Governmental Funds</i>
Revenues				
Federal and state grants and aid	\$ 515,625	\$ 8,697	\$ -	\$ 524,322
Charges for services and fees	40,668	-	-	40,668
Private grants and contributions	5,000	300	-	5,300
Interest on investments	4,511	3,900	52	8,463
Other revenues	48,023	-	3	48,026
Total revenues	<u>613,827</u>	<u>12,897</u>	<u>55</u>	<u>626,779</u>
Expenditures				
Current:				
General government	6,978	-	-	6,978
Public safety	39,548	-	-	39,548
Public and social services	255,359	-	-	255,359
Capital outlay	243,272	184,401	-	427,673
Debt service	15,230	91,214	-	106,444
Total expenditures	<u>560,387</u>	<u>275,615</u>	<u>-</u>	<u>836,002</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>53,440</u>	<u>(262,718)</u>	<u>55</u>	<u>(209,223)</u>
Other financing sources (uses)				
Debt issued	-	221,000	-	221,000
Transfers from other funds	-	118,370	-	118,370
Transfers to other funds	-	(6,335)	-	(6,335)
Total other financing sources (uses)	<u>-</u>	<u>333,035</u>	<u>-</u>	<u>333,035</u>
Net change in fund balances	53,440	70,317	55	123,812
Fund balances - beginning of year	<u>240,417</u>	<u>128,711</u>	<u>14,237</u>	<u>383,365</u>
Fund balances - end of year	<u>\$ 293,857</u>	<u>\$ 199,028</u>	<u>\$ 14,292</u>	<u>\$ 507,177</u>

TOWN OF HOPKINTON, RHODE ISLAND
Tax Collector's Annual Report
For the Fiscal Year Ended June 30, 2018

Real Estate and Personal Property Taxes

<u>Tax Year</u>	<u>Balance June 30, 2017</u>	<u>Current Year Assessment</u>	<u>Additions</u>	<u>Abatements/ Adjustments</u>	<u>Amount to be Collected</u>	<u>Current Year Collections</u>	<u>Balance June 30, 2018</u>
2017	\$ -	\$ 18,594,281	\$ 22,880	\$ (237,437)	\$ 18,379,724	\$ 17,822,804	\$ 556,920
2016	538,710	-	251	(284)	538,677	454,881	83,796
2015	78,688	-	-	-	78,688	20,849	57,839
2014	46,960	-	-	-	46,960	4,186	42,774
2013	41,279	-	-	-	41,279	1,774	39,505
2012	43,000	-	-	-	43,000	557	42,443
2011	40,297	-	-	-	40,297	418	39,879
2010	32,339	-	-	-	32,339	213	32,126
2009	18,883	-	-	-	18,883	348	18,535
2008	27,258	-	-	-	27,258	811	26,447
2007	21,101	-	-	-	21,101	757	20,344
2006	20,058	-	-	-	20,058	580	19,478
2005	23,235	-	-	-	23,235	187	23,048
	<u>\$ 931,808</u>	<u>\$ 18,594,281</u>	<u>\$ 23,131</u>	<u>\$ (237,721)</u>	<u>\$ 19,311,499</u>	<u>\$ 18,308,365</u>	1,003,134
							Allowance for Uncollectible Accounts <u>(304,587)</u>
							Net Property Tax Receivable <u>\$ 698,547</u>

Schedule of Most Recent Net Assessed Property Value by Category

<u>Description of Property</u>	<u>Valuation</u>	<u>Levy</u>
Real property	\$ 840,218,170	\$ 16,863,179
Motor vehicles	86,553,273	1,833,198
Tangible personal property	21,932,700	440,189
Total	<u>948,704,143</u>	<u>19,136,566</u>
Exemptions and tax freeze	(26,289,519)	(542,285)
Net assessed value	<u>\$ 922,414,624</u>	<u>\$ 18,594,281</u>

Reconciliation of Current Year Property Tax Revenue

Current year collections	\$ 18,308,365
Add: Revenue collected 60 days subsequent to fiscal year ending June 30, 2018	271,061
Less: Revenue collected 60 days subsequent to fiscal year ending June 30, 2017	<u>(266,124)</u>
Current year property tax revenue	<u>\$ 18,313,302</u>

(Continued)

TOWN OF HOPKINTON, RHODE ISLAND
Tax Collector's Annual Report (Continued)
For the Fiscal Year Ended June 30, 2018

Fiscal Year 2018 Cash Collection Summary

<u>Tax Year</u>	<u>July - August 2017 Collections Subject to 60 day FY 17 Accrual</u>	<u>September 2017 - June 2018 Collections</u>	<u>Total FY 2018 Cash Collections</u>	<u>July - August 2018 Collections Subject to 60 day FY 18 Accrual</u>
2017	\$ -	\$ 17,822,804	\$ 17,822,804	\$ 262,518
2016	258,179	196,702	454,881	4,245
2015	6,043	14,806	20,849	2,776
2014	1,168	3,018	4,186	1,011
2013	557	1,217	1,774	258
2012	15	542	557	214
2011	29	389	418	39
2010	3	210	213	-
2009	-	348	348	-
2008	95	716	811	-
2007	-	757	757	-
2006	-	580	580	-
2005	35	152	187	-
	<u>\$ 266,124</u>	<u>\$ 18,042,241</u>	<u>\$ 18,308,365</u>	<u>\$ 271,061</u>

OTHER SUPPLEMENTARY INFORMATION

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

Annual Supplemental Transparency Report (MTP2) - Revenue

Annual Supplemental Transparency Report (MTP2) – Expenditures

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

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

Town of Hopkinton
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

<u>REVENUE</u>	<u>Municipal</u>
Current Year Levy Tax Collection	\$ 17,795,904
Last Year's Levy Tax Collection	487,032
Prior Years Property Tax Collection	30,365
Interest & Penalty	80,806
PILOT & Tax Treaty (excluded from levy) Collection	-
Other Local Property Taxes	-
Licenses and Permits	376,399
Fines and Forfeitures	49,755
Investment Income	11,007
Departmental	225,119
Rescue Run Revenue	-
Police & Fire Detail	345,454
Other Local Non-Property Tax Revenues	-
Tuition	-
Impact Aid	-
Medicaid	-
Federal Stabilization Funds	-
Federal Food Service Reimbursement	-
CDBG	-
COPS Grants	-
SAFER Grants	-
Other Federal Aid Funds	-
MV Excise Tax Reimbursement & Phase-out	312,823
State PILOT Program	-
Distressed Community Relief Fund	-
Library Resource Aid	35,323
Library Construction Aid	-
Public Service Corporation Tax	102,396
Meals & Beverage Tax / Hotel Tax	51,757
LEA Aid	-
Group Home	-
Housing Aid Capital Projects	-
Housing Aid Bonded Debt	-
State Food Service Revenue	-
Incentive Aid	-
Property Revaluation Reimbursement	-
Other State Revenue	5,285,936
Other Revenue	72,751
Local Appropriation for Education	-
Regional Appropriation for Education	-
Supplemental Appropriation for Education	-
Regional Supplemental Appropriation for Education	-
Other Education Appropriation	-
Rounding	-
Total Revenue	\$ 25,262,827
Financing Sources: Transfer from Capital Funds	\$ -
Financing Sources: Transfer from Other Funds	-
Financing Sources: Debt Proceeds	232,842
Financing Sources: Other	-
Rounding	-
Total Other Financing Sources	\$ 232,842

Town of Hopkinton
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

EXPENDITURES	General Government	Finance	Social Services	Centralized IT	Planning	Libraries	Public Works	Parks and Rec	Police Department
Compensation- Group A	\$ 558,012	\$ 224,319	\$ -	\$ 45,348	\$ 102,259	\$ -	\$ 572,790	\$ 162,035	\$ 1,006,854
Compensation - Group B	-	-	-	-	-	-	-	-	297,886
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	-	-	-	-	-	-	45,824	-	81,215
Overtime - Group B	-	-	-	-	-	-	-	-	24,263
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	212,768
Active Medical Insurance - Group A	23,244	22,785	-	-	23,122	-	162,633	19,842	189,354
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	49,340
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	3,081	515	-	-	1,115	-	8,100	852	10,827
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	2,568
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	39,651	17,518	-	2,319	7,288	-	44,499	12,176	123,623
Life Insurance	646	420	-	70	210	-	1,215	210	1,969
State Defined Contribution- Group A	5,705	2,263	-	296	1,166	-	6,532	1,094	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	1,786
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	3,226	2,788	-	618	375	-	58,323	9,889	51,399
Other Benefits- Group B	-	-	-	-	-	-	-	-	1,134
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	10,338	5,026	-	624	2,273	-	13,324	2,138	330,752
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	4,906
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	273,519	39,573	-	140	7,829	-	3,079	6,782	15,667
Materials/Supplies	28,763	2,361	-	246	138	-	11,325	13,139	7,996
Software Licenses	-	-	-	37,974	-	-	-	-	-
Capital Outlays	-	-	-	-	-	-	151,470	-	81,372
Insurance	114,196	-	-	-	-	-	-	-	-
Maintenance	1,161	-	-	1,168	-	-	83,152	-	3,150
Vehicle Operations	-	-	-	-	-	-	74,639	-	49,938
Utilities	27,323	-	-	-	-	-	23,517	10,990	22,376
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	27,839	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	50,421	-	-
Trash Removal & Recycling	-	-	-	-	-	-	-	-	-
Claims & Settlements	-	-	-	-	-	-	-	-	-
Community Support	1,100	-	-	-	-	-	-	-	-
Other Operation Expenditures	54,805	2,125	10,500	-	270	132,000	13,000	29,663	38,949
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 1,144,769	\$ 319,693	\$ 10,500	\$ 88,803	\$ 146,044	\$ 132,000	\$ 1,351,682	\$ 268,810	\$ 2,610,093

Town of Hopkinton
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal
Compensation- Group A	\$ -	\$ -	\$ 53,762	\$ -	\$ -	\$ -	\$ 2,725,379
Compensation - Group B	-	-	-	-	-	-	297,886
Compensation - Group C	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-
Overtime- Group A	-	-	392	-	-	-	127,431
Overtime - Group B	-	-	-	-	-	-	24,263
Overtime - Group C	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	212,768
Active Medical Insurance - Group A	-	-	6,779	-	-	-	447,758
Active Medical Insurance- Group B	-	-	-	-	-	-	49,340
Active Medical Insurance- Group C	-	-	-	-	-	-	-
Active Dental insurance- Group A	-	-	262	-	-	-	24,753
Active Dental Insurance- Group B	-	-	-	-	-	-	2,568
Active Dental Insurance- Group C	-	-	-	-	-	-	-
Payroll Taxes	-	-	3,509	-	-	-	250,583
Life Insurance	-	-	105	-	-	-	4,845
State Defined Contribution- Group A	-	-	282	-	-	-	17,338
State Defined Contribution - Group B	-	-	-	-	-	-	1,786
State Defined Contribution - Group C	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	1,694	-	-	-	128,312
Other Benefits- Group B	-	-	-	-	-	-	1,134
Other Benefits- Group C	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	-	618	-	-	-	365,093
State Defined Benefit Pension - Group B	-	-	-	-	-	-	4,906
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-
Purchased Services	-	-	3,255	-	-	-	349,843
Materials/Supplies	-	-	644	-	-	-	64,612
Software Licenses	-	-	-	-	-	-	37,974
Capital Outlays	-	-	-	-	-	-	232,842
Insurance	-	-	-	-	-	-	114,196
Maintenance	-	-	-	-	-	-	88,631
Vehicle Operations	-	-	3	-	-	-	124,580
Utilities	-	-	2,075	-	-	-	86,281
Contingency	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	27,839
Revaluation	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	50,421
Trash Removal & Recycling	-	-	-	-	-	-	-
Claims & Settlements	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	1,100
Other Operation Expenditures	100,000	-	3,622	-	-	-	384,933
Local Appropriation for Education	-	-	-	18,340,317	-	-	18,340,317
Regional Appropriation for Education	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	282,000	-	282,000
Municipal Debt- Interest	-	-	-	-	71,137	-	71,137
School Debt- Principal	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	39,265	39,265
Retiree Dental Insurance- Total	-	-	-	-	-	6,392	6,392
OPEB Contribution- Total	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-
Total Expenditures	\$ 100,000	\$ -	\$ 77,002	\$ 18,340,317	\$ 353,137	\$ 45,657	\$ 24,988,508

Financing Uses: Transfer to Capital Funds	\$ 112,035
Financing Uses: Transfer to Other Funds	-
Financing Uses: Payment to Bond Escrow Agent	-
Financing Uses: Other	-
Total Other Financing Uses	<u>\$ 112,035</u>
Net Change in Fund Balance¹	395,126
Fund Balance1- beginning of year	\$5,319,133
Funds removed from Reportable Government Services (RGS)	-
Funds added to Reportable Government Services (RGS)	-
Prior period adjustments	-
Misc. Adjustment	-
Fund Balance¹ - beginning of year adjusted	<u>5,319,133</u>
Rounding	
Fund Balance¹ - end of year	<u>\$ 5,714,259</u>

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

Town of Hopkinton
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Municipal
Fiscal Year Ended June 30, 2018

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2017						\$ 5,319,133		\$ 5,319,133	
<i>No funds removed from RGS for fiscal 2018</i>						-		-	
<i>No funds added to RGS for Fiscal 2018</i>						-		-	
<i>No misc. adjustments made for fiscal 2018</i>						-		-	
Fund Balance¹ - per MTP-2 at June 30, 2017 adjusted						<u>\$ 5,319,133</u>		<u>\$ 5,319,133</u>	
General Fund	\$ 25,262,827	\$ 232,842	\$ 24,988,508	\$ 112,035	\$ 395,126	\$ 5,319,133	\$ -	\$ 5,319,133	\$ 5,714,259
Totals per audited financial statements	<u>\$ 25,262,827</u>	<u>\$ 232,842</u>	<u>\$ 24,988,508</u>	<u>\$ 112,035</u>	<u>\$ 395,126</u>	<u>\$ 5,319,133</u>	<u>\$ -</u>	<u>\$ 5,319,133</u>	<u>\$ 5,714,259</u>
<u>Reconciliation from financial statements to MTP2</u>									
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 25,262,827</u>	<u>\$ 232,842</u>	<u>\$ 24,988,508</u>	<u>\$ 112,035</u>	<u>\$ 395,126</u>	<u>\$ 5,319,133</u>	<u>\$ -</u>	<u>\$ 5,319,133</u>	<u>\$ 5,714,259</u>

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

TOWN OF HOPKINTON, RHODE ISLAND

Reportable Government Services with

MTP2 Notes

Fiscal Year Ended June 30, 2018

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

NOTE 1 - BASIS OF PRESENTATION

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

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

NOTE 2 - REPORTABLE GOVERNMENT SERVICES

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

NOTE 3 - ALLOCATIONS

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

NOTE 4 - EMPLOYEE GROUPS - COMPENSATION AND BENEFIT COSTS

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

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

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

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

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

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

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

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

Town of Hopkinton

**Changes in Fund Balances, General Fund
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
Unaudited**

	2009	2010	(3) 2011	(3) 2012	(3) 2013	(3) 2014	(3) 2015	(3) 2016	(3) 2017	(3) 2018
Revenues										
Property Taxes and Interest	\$ 15,798,540	\$ 15,674,241	\$ 17,647,812	\$ 17,586,304	\$ 18,194,600	\$ 18,341,125	\$ 17,536,755	\$ 17,539,365	\$ 17,948,828	\$ 18,313,302
Federal and state grants and aid	6,233,862	6,886,037	5,725,058	6,031,011	6,022,837	5,828,062	5,874,941	5,807,978	5,830,941	5,780,937
Charges for services	727,294	884,058	809,586	793,615	848,755	864,816	786,182	898,024	875,069	1,146,245
Private grants and contributions	-	-	2,540	-	-	-	-	-	-	-
Interest on investments	40,281	7,271	3,249	3,054	5,037	6,635	6,430	7,184	9,959	9,024
Other revenues (1)	677,629	10,945	1,517	992	636	10,974	334,769	54,587	1,080	4,039
Total revenues	23,477,606	23,462,552	24,189,762	24,414,976	25,071,865	25,051,612	24,539,077	24,307,138	24,665,877	25,253,547
Expenditures										
Current:										
General government	1,580,439	1,648,943	1,743,557	1,734,835	1,695,379	1,726,244	1,731,112	1,821,304	1,777,207	1,765,186
Public safety	2,335,600	2,201,223	2,142,084	2,329,439	2,256,951	2,206,878	2,258,023	2,448,279	2,465,303	2,686,401
Public works	1,381,498	1,121,971	1,114,468	1,013,227	1,069,660	1,156,310	1,189,679	1,132,839	1,110,483	1,172,548
Recreation	173,508	208,995	203,284	248,048	254,973	262,177	264,394	265,687	264,393	268,810
Public and social services	166,094	119,102	119,618	127,115	125,250	127,500	137,750	140,001	140,000	142,000
Education	17,720,106	17,590,131	18,099,437	18,042,864	18,489,003	18,524,639	18,271,091	17,761,469	18,155,239	18,340,317
Capital Improvements (2)	-	-	-	-	-	-	-	-	-	232,842
Debt service:										
Principal	102,327	104,119	106,005	107,903	160,071	162,055	161,937	668,178	272,000	282,000
Interest	97,953	78,329	73,199	88,817	71,786	76,146	69,140	79,887	75,958	71,376
Total expenditures	23,557,525	23,072,813	23,601,652	23,692,248	24,123,073	24,241,949	24,083,126	24,317,644	24,260,583	24,961,480
Excess of revenues over expenditures before other financing sources (uses)	(79,919)	389,739	588,110	722,728	948,792	809,663	455,951	(10,506)	405,294	292,067
Other financing sources (uses):										
Proceeds from borrowing	300,629	-	-	-	-	-	-	455,150	-	232,842
Transfers from other funds	-	-	-	-	-	90,000	6,334	112,365	7,310	7,310
Transfers to other funds	(57,314)	(211,237)	(162,545)	(407,200)	(443,275)	(342,647)	(462,285)	(557,009)	(69,392)	(152,035)
Total other financing sources (uses)	243,315	(211,237)	(162,545)	(407,200)	(443,275)	(252,647)	(455,951)	10,506	(62,082)	88,117
Net change in fund balances	\$ 163,396	\$ 178,502	\$ 425,565	\$ 315,528	\$ 505,517	\$ 557,016	\$ -	\$ -	\$ 343,212	\$ 380,184
Debt Service as a percentage of noncapital expenditures	0.85%	0.79%	0.76%	0.83%	0.96%	0.98%	0.96%	3.08%	1.43%	1.43%

(1) Other revenue reclassified into charge for services 2005,2006

(2) Capital improvements in departmental general fund expenses not reflected only nonmajor governmental funds.

(3) Includes only General Fund and not funds combined with General Fund for financial reporting purposes in accordance with GASB 54.

Town of Hopkinton

Assessed Values and Actual Values of Taxable Property

Last Ten Fiscal Years

Unaudited

<u>Fiscal Year</u>		<u>Residential</u>	<u>Commercial*</u>	<u>Tangible</u>		<u>Less</u>	<u>Total</u>	<u>Total</u>								
<u>Ending</u>		<u>Property</u>	<u>Property</u>	<u>Personal</u>		<u>Tax Exempt</u>	<u>Taxable</u>	<u>Direct</u>	<u>Tax</u>							
<u>June 30</u>				<u>Property</u>	<u>Vehicles</u>	<u>Property</u>	<u>Assessed</u>	<u>Tax</u>	<u>Levy</u>							
	\$		\$		\$			\$	\$							
2009	\$	942,521,500	\$	81,711,900	\$	20,206,920	\$	70,847,062	\$	52,233,162	\$	1,063,054,220	\$	14.72	\$	15,651,281
2010		947,901,100		79,335,150		18,496,680		61,935,422		51,542,119		1,056,126,233		14.95		15,794,049
2011		950,720,300		79,445,750		19,746,900		66,451,004		19,970,687		1,096,393,267		16.01		17,550,424
2012		762,201,500		73,392,100		20,486,870		74,713,855		25,171,601		905,622,724		19.47		17,630,987
2013		763,335,600		77,944,400		19,857,930		77,319,949		26,424,789		912,033,090		20.07		18,300,511
2014		766,263,800		81,502,500		20,358,200		77,640,807		28,400,729		917,364,578		19.87		18,228,200
2015		707,098,400		72,021,770		18,677,560		78,711,307		23,834,331		852,674,706		20.68		17,634,724
2016		706,976,400		75,458,960		19,674,690		80,478,327		23,847,252		858,741,125		20.44		17,555,096
2017		711,733,500		76,483,260		20,530,510		84,893,161		25,223,011		868,417,420		20.68		17,961,897
2018		758,980,300		81,237,870		21,932,700		86,553,273		26,289,519		922,414,624		20.16		18,594,281

Notes:

The State of Rhode Island has enacted legislation limiting the cap on property tax levy growth for cities and towns.

The cap was set at 5.5% in FY 2007-2008 reducing by .25% until FY 2012-13 when a 4% cap will be reached. FY 2016-17 tax cap was 4.0%.

Revaluation of real property is required by State law every 9 years. Hopkinton had a full revaluation in FY 2014-2015.

Statistical revaluations are required every 3 years. Hopkinton had a statistical revaluations in FY 2017-2018 as

Hopkinton, Richmond, and Charlestown were to all be on the same revaluation cycle with a full revaluation in FY 2011-12.

Property is assessed at actual market value.

Inventory taxes were phased out in 2008 under RI General Law 44-3-29.1

Total Direct Tax Rate is the weighted average of all individual rates applied by the Town. The Motor Vehicle rate has been frozen since 2000 at \$21.18. In fiscal year 2017-2018 the property tax rate, excluding motor vehicles, was \$20.07.

Town of Hopkinton

Assessed Values and Actual Values of Taxable Property

Calculation of Total Direct Tax Rate for Fiscal Year ended June 30, 2018

Unaudited

<u>Category</u>		<u>Assessed Value</u>	<u>Direct rate per \$1000</u>	<u>Total Tax Levy</u>
Real Estate				
Residential	\$758,980,300			
Less Exemptions	12,265,740			
Net Residential		\$746,714,560	\$20.07	\$14,986,540
Commercial	\$81,237,870			
Less Exemptions	983,448			
Net Commercial		80,254,422	20.07	1,610,706
Tangible Property	\$21,932,700	21,932,700	20.07	440,160
Motor Vehicle	\$86,553,273			
Less Exemptions	13,040,331			
Net Motor Vehicle		73,512,942	21.18	1,556,875
Total		<u>922,414,624</u>		<u>18,594,281</u>
Total Tax Levy				18,594,281
Divided by Total Assessment times 1000				922,414,624
Weighted Average/Total Direct Rate			\$	20.16

Town of Hopkinton

Principal Property Taxpayers
Current year and ten years ago
Unaudited

	FY 2018		<u>Percentage</u> <u>of Total</u> <u>Taxable Assessed</u>		FY 2009	<u>Percentage</u> <u>of Total</u> <u>Taxable Assessed</u>	
			Value			Value	
Hopkinton Industrial Park LLC	\$ 10,463,700	1	1.13%				0.00%
Narragansett Electric	7,224,200	2	0.78%	\$ 5,629,720	2		0.53%
New Canonchet Cliffs	5,622,600	3	0.61%	6,065,000	1		0.57%
Fenner Hill Country Club	2,801,500	4	0.30%	3,377,100	7		0.32%
L-3 Chesapeake Science Corp.	2,440,720	5	0.26%				0.00%
46 Norwich Westerly Exchange LLC	2,168,900	6	0.24%				0.00%
Hopkinton Realty LLC	2,059,700	7	0.22%				0.00%
Classic Acres Inc.	1,942,900	8	0.21%				0.00%
Saugatucket Springs	1,857,992	9	0.20%	3,148,400	8		0.30%
LR6-Owner LLC	1,548,400	10	0.17%				0.00%
Leversque Construction Inc.				4,373,900	3		0.41%
Shamrock Associates LLC				4,113,300	4		0.39%
Cox Communication Inc.				3,818,640	5		0.36%
Mashantucket Pequot				3,775,400	6		0.36%
Hopkinton Investment LLC				2,387,300	9		0.22%
Canonchet Hills LLP				1,945,300	10		0.18%
Total	\$ 38,130,612		4.13%	\$ 38,634,060			3.63%
Total Taxable Assessed Value	\$ 922,414,624			\$ 1,063,054,220			

data from FY 2018 is from 2017 tax book
data from FY 2009 is from 2008 tax book

Town of Hopkinton
Property Tax Levy and Collections
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Actual</u> <u>Tax Rate</u>	<u>Gross</u> <u>Levy</u>	<u>Adjustments</u> <u>Addendums</u> <u>Additions</u>	<u>Net to be</u> <u>Collected</u>	<u>Uncollected at</u> <u>end of year levy</u>	<u>Uncollected</u> <u>% of</u> <u>Net Levy</u>	<u>Uncollected at</u> <u>June 30, 2018</u>
2009	\$ 14.50	\$ 15,651,281	\$ (56,000)	\$ 15,595,281	\$ 797,740	5.12%	\$ 26,447
2010	14.79	15,794,049	(45,559)	15,748,490	800,969	5.09%	18,535
2011	15.69	17,550,424	(43,259)	17,507,165	788,872	4.51%	32,126
2012	19.34	17,630,987	(44,628)	17,586,359	685,646	3.90%	39,879
2013	19.98	18,300,511	10,162	18,310,673	731,520	4.00%	42,443
2014	19.77	18,228,200	4,226	18,232,426	714,468	3.92%	39,505
2015	20.64	17,634,724	(21,768)	17,612,956	595,614	3.38%	42,774
2016	20.38	17,555,096	(6,066)	17,549,030	577,613	3.29%	57,839
2017	20.64	17,961,897	6,806	17,968,703	538,710	3.00%	83,796
2018	20.07	18,594,281	(214,557)	18,379,724	556,920	3.03%	556,920

Notes:

Actual Tax rate is for all residential and commercial property. Motor Vehicles tax rate which is frozen at \$21.18.
Inventory tax rates not noted.

After nine years the balance is written off as uncollectible.



CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Hopkinton, Rhode Island, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Hopkinton, Rhode Island's basic financial statements, and have issued our report thereon dated December 28, 2018.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2018-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2018-002 to be a significant deficiency.

Compliance and Other Matters

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

Town of Hopkinton, Rhode Island's Response to Findings

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

Purpose of this Report

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

Bacon & Company CPAs, LLC

Warwick, Rhode Island
December 28, 2018

TOWN OF HOPKINTON, RHODE ISLAND
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2018

MATERIAL WEAKNESS

2018-001 Segregation of Duties

Criteria: Segregation of duties is an element of internal control that is designed to prevent, detect and correct misstatements in a timely manner, whether due to fraud or error.

Condition: The Finance Director and the Assistant to the Finance Director have job responsibilities that result in a lack of segregation of duties and as a result a weakness in internal controls. The same individual should not have custody of assets and also be responsible for initiating and recording transactions.

The Finance Director has complete responsibility for the general ledger and all financial reporting and is also responsible for signing checks, preparing and posting certain journal entries, reconciling the cash accounts, authorizing certain payment vouchers and wiring cash between accounts.

The Assistant to the Finance Director is responsible for preparing and posting journal entries, preparing the biweekly payroll, processing and preparing all vendor checks, and accepting, preparing and making departmental deposits.

Effect: Misstatements, whether due to fraud or error, could occur and not be prevented, detected and corrected in a timely manner.

Cause: There is a limited number of staff in the Finance Office.

Identification of a Repeat Finding: This is a repeat finding from previous audits 2017-001.

Recommendation: We recommend that the Town review the current job responsibilities within the Finance Department and take the appropriate steps to segregate certain duties, to ensure that the same individual is not responsible for custody of assets, and initiating and recording receipts and disbursements. In addition, all journal entries prepared should be reviewed and approved by a responsible official independent from the person responsible for preparing the journal entry. We also recommend that the Town consider adding staff to the Finance Department to allow for the proper segregation of duties and to strengthen the internal controls. Alternatively, internal controls in the Finance Office could also be strengthened by the monthly review of financial reports and reconciliations by an independent responsible official with knowledge of Town operations and financial reporting and accounting.

Views of Responsible Officials and Planned Corrective Action: The Finance office acknowledges the need for additional staffing, but funding is not available in this economic environment. However, actions will be taken immediately to segregate duties in the best possible manner given the shortage of staffing.

TOWN OF HOPKINTON, RHODE ISLAND
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2018

SIGNIFICANT DEFICIENCY

2018-002 Segregation of Duties

Criteria: Segregation of duties is an element of internal control that is designed to prevent, detect and correct misstatements in a timely manner, whether due to fraud or error.

Condition: The Tax Collector has job responsibilities that result in a lack of segregation of duties and as a result a weakness in internal controls. Due to staff limitations, the Tax Collector is responsible for accepting and recording tax payments, reconciling the daily receipts, preparing bank deposits, posting abatements and monitoring delinquent accounts. The Tax Collector has custody of assets and is also responsible for initiating and recording transactions.

Effect: Misstatements, whether due to fraud or error, could occur and not be prevented, detected and corrected in a timely manner.

Cause: There is a limited number of staff in the Tax Collector's Office.

Identification of a Repeat Finding: This is a repeat finding from previous audits 2017-002.

Recommendation: We recommend that the Town review the current job responsibilities of the Tax Collector to attempt to segregate certain responsibilities. We suggest that internal controls could be improved by having all daily reconciliation procedures completed by two individuals. We also recommend that delinquent accounts and adjustments to the subsidiary ledger be reviewed by another independent individual, in addition to the Tax Collector.

Views of Responsible Officials and Planned Corrective Action: The Tax Collection office acknowledges the need for additional staffing, but funding is not available in this economic environment. However, actions will be taken immediately to segregate duties in the best possible manner given the shortage of staffing.