

TOWN OF JOHNSTON, RHODE ISLAND

FINANCIAL STATEMENTS
JUNE 30, 2018

**TOWN OF JOHNSTON, RHODE ISLAND
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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 JUNE 30, 2018**

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Introductory Section

PRINCIPAL OFFICIALS
Town of Johnston, Rhode Island

ELECTED OFFICIALS

Joseph M. Polisena

TOWN COUNCIL

Anthony A. Verardo, President
Robert J. Civetti
Richard DeFino, III

David J. Santilli, Vice President
Robert V. Russo, Esquire

SCHOOL COMMITTEE

Janice D. Mele, Chairperson

Robert A. Lafazia, Vice Chairperson
Joseph W. Rotella

Lauren A. Garzone
Gena Bianco

DEPARTMENT DIRECTORS

Police Chief
Fire Chief
Chief of Staff
Town Clerk
Finance Director
Tax Collector
Controller
Tax Assessor
Town Solicitor
Superintendent of Schools
Director of Parks & Recreation
School Business Manager
Director of Public Works

Richard S. Tamburini
Peter Lamb
Doug Jeffrey
Vincent Bacari Jr.
Joseph L. Chiodo, CPA
Bethany Alviano
Meghan Rabitaille
Kim Gallonio
William Conley
Dr. Bernard DiLullo, Jr.
Daniel Mazzulla
Fred Azar
Arnold Vecchione



Financial Section

Independent Auditors' Report

The Honorable Mayor and Members of the Johnston Town Council
Town of Johnston, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Johnston, 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 Johnston, 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Prior Period Adjustments

As discussed in Note 14 to the financial statements, during the fiscal year ended June 30, 2018, the Town of Johnston, Rhode Island, restated beginning net position of governmental activities and restated beginning fund balance of the School Unrestricted Fund and nonmajor governmental funds in order to correct the effects of a change in the reporting measurement date to the Town Police and Fire Pension Plan and to correct the effects of prior year assets and liabilities incorrectly stated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 Johnston, Rhode Island's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and Annual Supplemental Transparency Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory 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 Johnston, Rhode Island's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Johnston, Rhode Island's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

Cranston, Rhode Island
December 28, 2018

TOWN OF JOHNSTON, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

As management of the Town of Johnston, Rhode Island (Town) we offer readers of the Town of Johnston's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018.

Financial Highlights

- The liabilities and deferred inflows of resources of the Town's governmental activities exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$318,269,211 (net position). Business-type activity assets and deferred outflows exceeded liabilities by \$16,794,370 at year end. On a government-wide basis, liabilities and deferred inflows exceeded assets and deferred outflows by \$301,474,841.
- The Town's total net position increased by \$1,087,458. This was primarily due to the increase in total state aid as compared to fiscal 2017.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$43,229,801, an increase of \$9,557,406 in comparison with the prior year. The increase is due to bond issuance proceeds and favorable operations in the general fund.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was \$29,188,161 or 32.1% of total General Fund expenditures and transfers out.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets and deferred outflows of resources less liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Johnston that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Johnston include legislative, judicial, and administrative; financial administration; assessor's office; public safety; public works; human resources; miscellaneous; planning and assessment board; library; education; other; interest on long-term debt; and debt issuance costs. The business-type activities of the Town of Johnston include water, sewer, cafeteria, summer school and athletic field operations.

The government-wide financial statements can be found on Exhibits I and II.

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 of Johnston, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Johnston can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds and similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Johnston maintains fifty plus individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund and School Unrestricted Fund. Data from the remaining governmental funds are combined into single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of combining statements later in this report. The basic governmental fund financial statements can be found on pages 15 through 18 of this report. Details of the combined governmental funds can be found on pages 115 through 134.

Proprietary funds

The Town of Johnston maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water operations and its sewer operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its medical benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statement provides information for the water operations and for the sewer operations, which are considered to be major funds of the Town. The internal service fund financial statement provides information for the Town's medical plan benefits. The basic proprietary fund financial statements can be found on Exhibits V, VI and VII.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. 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 basic fiduciary fund financial statements can be found on Exhibits VIII and IX.

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 can be found on pages 24-85.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Johnston's progress in funding its obligation to provide pension and other post-employment benefits to its employees and the budgetary information for the General Fund and School Unrestricted Fund.

The individual and combining statements and other schedules referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Town of Johnston, liabilities and deferred inflows of resources exceeded assets and deferred outflows by \$301,474,841 at the close of the fiscal year.

Town of Johnston, Connecticut
Statement of Net Position
June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (as Restated)	2018	2017	2018	2017 (as Restated)
Current and other assets	\$ 72,760,203	\$ 65,265,468	\$ 6,978,555	\$ 6,917,031	\$ 79,738,758	\$ 72,182,499
Capital assets, net of accumulated depreciation	52,332,090	49,744,408	12,727,824	11,464,336	65,059,914	61,208,744
Total assets	<u>125,092,293</u>	<u>115,009,876</u>	<u>19,706,379</u>	<u>18,381,367</u>	<u>144,798,672</u>	<u>133,391,243</u>
Deferred outflows of resources	<u>24,174,848</u>	<u>18,867,340</u>	<u>35,175</u>	<u>41,037</u>	<u>24,210,023</u>	<u>18,908,377</u>
Long-term liabilities	404,713,289	407,931,886	2,628,783	2,950,008	407,342,072	410,881,894
Other liabilities	16,729,070	16,048,400	318,401	318,830	17,047,471	16,367,230
Total liabilities	<u>421,442,359</u>	<u>423,980,286</u>	<u>2,947,184</u>	<u>3,268,838</u>	<u>424,389,543</u>	<u>427,249,124</u>
Deferred inflows of resources	<u>46,093,993</u>	<u>27,612,795</u>	-	-	<u>46,093,993</u>	<u>27,612,795</u>
Net Position:						
Net investment in capital assets	28,514,030	29,239,289	11,919,476	9,612,426	40,433,506	38,851,715
Unrestricted	<u>(346,783,241)</u>	<u>(346,955,154)</u>	<u>4,874,894</u>	<u>5,541,140</u>	<u>(341,908,347)</u>	<u>(341,414,014)</u>
Total Net Position	<u>\$ (318,269,211)</u>	<u>\$ (317,715,865)</u>	<u>\$ 16,794,370</u>	<u>\$ 15,153,566</u>	<u>\$ (301,474,841)</u>	<u>\$ (302,562,299)</u>

The largest portion of the Town's net position, \$40,433,506, reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure) less any related debt and related liabilities used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental Activities

Already noted was the statement of activities' purpose in presenting information on how the Town's net position changed during the most recent fiscal year. A summary of changes in net position follows. For the fiscal year, net position increased by \$1,087,458. The increase was due to an overall increase in state aid during the current year.

The reader should remember that the basis of accounting used in the government-wide statement of activities excludes capital expenditures, while its revenues include general taxes whose primary purpose is for the construction of those very assets or their related debt service.

**Town of Johnston, Rhode Island
Statement of Changes in Net Position
June 30, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 10,603,177	\$ 7,951,138	\$ 2,452,528	\$ 3,835,337	\$ 13,055,705	\$ 11,786,475
Operating grants and contributions	26,638,636	22,314,663	676,354		27,314,990	22,314,663
Capital grants and contributions					-	-
General Revenues:						
Property taxes	78,510,812	80,470,714			78,510,812	80,470,714
Motor vehicle phase-out taxes	1,792,809				1,792,809	
Other taxes		1,429,654			-	1,429,654
Grants and contributions not restricted to specific programs	4,033,181	4,013,333			4,033,181	4,013,333
Miscellaneous	137,992	1,208,833			137,992	1,208,833
Investment income	480,729	238,843	1,871	806	482,600	239,649
Total revenues	<u>122,197,336</u>	<u>117,627,178</u>	<u>3,130,753</u>	<u>3,836,143</u>	<u>125,328,089</u>	<u>121,463,321</u>
Program Expenses:						
General government	6,755,830	58,297,250			6,755,830	58,297,250
Public safety	41,131,241	35,584,023			41,131,241	35,584,023
Public works	6,848,110	7,433,103			6,848,110	7,433,103
Parks and recreation	1,441,290				1,441,290	-
Library	762,121	737,821			762,121	737,821
Contributions to OPEB		250,000			-	250,000
Education	63,480,417	59,897,338			63,480,417	59,897,338
Other		3,818,743			-	3,818,743
Interest expense	1,026,821	779,944			1,026,821	779,944
Water control fund			1,156,559	978,901	1,156,559	978,901
Sewer fund			564,546	616,099	564,546	616,099
Cafeteria Fund			1,073,696	1,141,505	1,073,696	1,141,505
Total expenses	<u>121,445,830</u>	<u>166,798,222</u>	<u>2,794,801</u>	<u>2,736,505</u>	<u>124,240,631</u>	<u>169,534,727</u>
Excess (deficiency) before transfers	751,506	(49,171,044)	335,952	1,099,638	1,087,458	(48,071,406)
Transfers	<u>(1,304,852)</u>	<u>-</u>	<u>1,304,852</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(553,346)	(49,171,044)	1,640,804	1,099,638	1,087,458	(48,071,406)
Net Position - Beginning of Year	(317,715,865)	(415,030,510)	15,153,566	14,053,928	(302,562,299)	(400,976,582)
Restatement		146,485,689			-	146,485,689
Net Position - End of Year	<u>\$ (318,269,211)</u>	<u>\$ (317,715,865)</u>	<u>\$ 16,794,370</u>	<u>\$ 15,153,566</u>	<u>\$ (301,474,841)</u>	<u>\$ (302,562,299)</u>

- Significant changes from the prior year for revenues are as follows:
 - Property tax revenues decreased \$1,959,902 due to decreases in current year and prior year collections.
 - Operating grants and contributions increased \$4,323,973 predominantly due to increases in education aid.

Revenues

Governmental activities revenues totaled \$122,197,336 for the fiscal year. Property taxes are the largest revenue source for the Town and represent 64.2 % of governmental revenues. Operating grants and contributions revenues are the Town's second largest revenue. Operating grants and contributions revenues include grants for education, general government, libraries and various other functions.

Operating grants and contributions revenues account for 21.8% of governmental revenues for the year. Charges for services accounts for 8.7% of governmental revenues and includes revenues from various sources including but not limited to police details, fire rescue services, property tax interest and liens, and permits and recording fees. Grants and contributions not restricted to specific programs account for 4.8 %. Investment income represents roughly 0.4 % of governmental revenue. Miscellaneous revenues represent less than 0.1% of governmental revenues.

Expenses

Significant changes from the prior year are as follows:

- Education expenses increased by \$3,583,079 due to increases in salaries, benefits and purchased services.
- Public safety expenses increased by \$5,547,218 due to increases in local pension contributions, salaries and benefits.

Governmental activities expenses totaled \$121,445,830 for the fiscal year. Of the expenditures, 52.3% or was for education. Public safety expenses amounted to 33.9%, while public works amounted to 5.6%. Library expenses were 0.6%. Park and recreation expenses were 1.2%. Interest expense was 0.8 %. General government expenses were 5.6%

Business-Type Activities

Revenues

General revenues do not support the Town's business-type activities; thus, the largest source of revenues comes from charges for services and operating grants. Of the \$3,130,753 in revenues from the Water Control Fund, the Sewer Fund, the Cafeteria Fund and the Athletic Fund, 78.3% comes from charges for services 21.6% comes from operating grants. Investment income makes up the final 0.1% of revenues for the Town's business activities.

Expenses

Business-type expenses totaled \$1,156,559, \$564,546 and \$1,073,69 for the Water Control Fund, the Sewer Fund and the Cafeteria Fund, respectively, for the fiscal year ended June 30, 2018.

Governmental Funds

The focus of the Town of Johnston's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Johnston's financing requirements. In particular, the unassigned fund balance of \$29,456,000 may serve as a valuable assessment of a government's net resources available for spending at the end of the fiscal year. As of June 30, 2018, the Town of Johnston's governmental funds reported combined ending fund balances of \$43,229,801.

The General Fund is the chief operating fund of the Town of Johnston, excluding its school department. As of June 30, 2018, the total fund balance of the general fund was \$29,484,908 of which \$29,181,161 was unassigned. The Town's General Fund also has \$296,747 of nonspendable fund balance as of June 30, 2018.

The fund balance of the General Fund increased by \$4,743,374 in fiscal year 2018. Actual revenues and exceeded budgeted revenues by \$6,954,231 (see RSI-1). Increases in actual revenues versus budgeted revenues were realized in total tax revenues \$2,390,365, and in departmental revenues and fees \$2,574,126. Total expenditures and other financing uses were \$2,732,174 more than appropriated amounts (see RSI-1). The most significant departmental expenditures which exceeded budgeted expenditures were in the Police (\$625,035) and Fire (\$1,383,837) departments.

The School Unrestricted Fund is the principal operating fund of the school department. Revenues are derived principally from town appropriations and state aid supplemented by certain miscellaneous revenues, principally federal Medicaid reimbursements. Expenditures for education totaled \$60,114,199 including a state on-behalf payment to pension funds of \$2,397,000 on behalf of the school department. The School Unrestricted Fund expenditures, net of the state pension contribution, accounted for approximately 54% of the combined General Fund and School Unrestricted Fund expenditures.

Proprietary Funds

The Town's proprietary funds provide the same information found in the government-wide financial statements, but in more detail. The Town's enterprise fund posted an overall increase in net position of \$1,640,804 for the fiscal year. This was primarily due to the transfer into the water fund of completed assets.

Water Fund

Unrestricted net position of the Water Control Fund at the end of the year amounted to \$4,857,868.

Sewer Fund

Unrestricted net deficit of the Sewer Fund at the end of the year amounted to \$272,210.

Cafeteria Fund, Summer School and Athletic Field

Unrestricted net position of the Cafeteria Fund, Summer School and Athletic Field at the end of the year amounted to \$239,613, \$11,144 and \$19,712 respectively.

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

General Fund Budgetary Highlights

Overall the Town finished the 2017-2018 fiscal year with a budgetary surplus of \$4,222,057

Major General Fund Revenue Factors:

General Property Taxes - Property taxes are the largest single revenue source for the General Fund and account for 69.2% of total budgetary revenues. The town budgets current property tax at 94.7% of the assessment, while the actual collection rate was at approximately 97.0% of the original assessment.

Major Expenditure Factors:

Education Expense accounts for approximately 52.3% of the total budgetary expenditures within the General Fund of the Town, Public Safety representing 32.0%, Public Works representing 4.6%, and the remaining functions represent 11.1%.

Capital Asset and Debt Administration

Capital assets

The Town of Johnston's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounts to \$65,059,914 net of accumulated depreciation. This investment in capital assets includes land, buildings, building improvements, vehicles, equipment, infrastructure, and construction in progress. The decrease in the Town of Johnston's net investment in capital assets for the current fiscal year was \$462,058 as depreciation of \$4,437,704 exceeded additions of \$4,084,980 coupled with a loss on disposal of assets of \$109,334.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 8,979,477	\$ 8,979,477	\$ 40,000	\$ 40,000	\$ 9,019,477	\$ 9,019,477
Construction in progress	237,069	195,924		16,747	237,069	212,671
Land improvements	3,112,646	3,182,191			3,112,646	3,182,191
Buildings and improvements	27,861,167	28,782,839			27,861,167	28,782,839
Distribution and collection system			12,264,515	11,323,986	12,264,515	11,323,986
Infrastructure	7,308,621	8,783,926			7,308,621	8,783,926
Vehicles and equipment	4,833,110	4,037,289	423,309	179,593	5,256,419	4,216,882
Total	\$ 52,332,090	\$ 53,961,646	\$ 12,727,824	\$ 11,560,326	\$ 65,059,914	\$ 65,521,972

Major additions to the Town's capital assets related to its governmental fund activities realized during the year, included: the purchase of public safety vehicles; the purchase of public works vehicles; buildings improvements and road resurfacing.

Additional information on the Town of Johnston's capital assets can be found on pages 40 and 41.

Long-Term Debt

At the end of the current fiscal year, the Town of Johnston has total bonded debt outstanding of approximately \$30,516,000. In addition, the Town had notes payable commitments outstanding of \$1,345,742. State statutes limit the amount of general obligation debt a governmental entity may issue to three percent of its total equalized valuation.

Town of Johnston, Rhode Island Bonds and Notes Payable June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 28,730,275	\$ 23,128,375	\$ 403,725	\$ 464,625	\$ 29,134,000	\$ 23,593,000
Tax increment financing bond	1,382,000	1,391,000			1,382,000	1,391,000
Notes payable	19,365	37,329			19,365	37,329
Sewer notes			1,326,377	1,444,032	1,326,377	1,444,032
Total	\$ 30,131,640	\$ 24,556,704	\$ 1,730,102	\$ 1,908,657	\$ 31,861,742	\$ 26,465,361

The Town currently has an “AA-” rating from Standard and Poor’s for general obligation debt.

The current debt limitation for the Town of Johnston is approximately \$65,318,948 based on a net assessed value of \$2,177,298,266 at December 31, 2016, which significantly exceeds the Town of Johnston’s current outstanding general obligation debt

Additional information on the Town’s long-term debt can be found on pages 41-44.

Next Year’s Budget and Rates

The Town elected and appointed officials considered many factors when setting the fiscal year 2018-2019 budget. The Town decided that it was important to continue the support of the schools and adopt a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2018-2019 budget, the Town recognized the need to continue its pattern of cost containment.

The 2018-2019 general fund budget will be \$110,453,388 an increase of 3.67% over the prior year budget.

Requests for Information

This financial report is designed to provide a general overview of the Town of Johnston’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director’s Office, Johnston Town Hall, 1385 Hartford Avenue, Johnston, RI 02919.



Basic Financial Statements

TOWN OF JOHNSTON, RHODE ISLAND
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 59,906,950	\$ 276,547	\$ 60,183,497
Receivable:			
Property taxes, net	4,901,772		4,901,772
User charges, net		1,845,597	1,845,597
Intergovernmental	3,093,045	40,591	3,133,636
Other	3,555,676		3,555,676
Internal balances	(3,860,668)	3,860,668	-
Prepaid items	957,858		957,858
Other		14,931	14,931
Total current assets	<u>68,554,633</u>	<u>6,038,334</u>	<u>74,592,967</u>
Noncurrent assets:			
User charges, net		940,221	940,221
Net pension asset	4,205,570		4,205,570
Capital assets not being depreciated	9,216,546	40,000	9,256,546
Capital assets, net of accumulated depreciation	43,115,544	12,687,824	55,803,368
Total noncurrent assets	<u>56,537,660</u>	<u>13,668,045</u>	<u>70,205,705</u>
Total assets	<u>125,092,293</u>	<u>19,706,379</u>	<u>144,798,672</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	265,904	35,175	301,079
Related to pensions	21,647,845		21,647,845
Related to OPEB	2,261,099		2,261,099
Total deferred outflows of resources	<u>24,174,848</u>	<u>35,175</u>	<u>24,210,023</u>
Liabilities:			
Current liabilities:			
Accounts payable	2,566,247	111,827	2,678,074
Accrued expenses	7,536,936		7,536,936
Accrued interest payable	109,153	10,641	119,794
Unearned revenue	1,363,650	14,393	1,378,043
Current portion of long-term obligations	5,153,084	181,540	5,334,624
Total current liabilities	<u>16,729,070</u>	<u>318,401</u>	<u>17,047,471</u>
Noncurrent liabilities:			
Unearned revenue		1,080,221	1,080,221
Long-term obligations due in more than one year	404,713,289	1,548,562	406,261,851
Total noncurrent liabilities	<u>404,713,289</u>	<u>2,628,783</u>	<u>407,342,072</u>
Total liabilities	<u>421,442,359</u>	<u>2,947,184</u>	<u>424,389,543</u>
Deferred Inflows of Resources:			
Related to pensions	9,961,111		9,961,111
Related to OPEB	36,132,882		36,132,882
Total deferred inflows of resources	<u>46,093,993</u>	<u>-</u>	<u>46,093,993</u>
Net Position:			
Net investment in capital assets	28,514,030	11,919,476	40,433,506
Unrestricted	(346,783,241)	4,874,894	(341,908,347)
Total Net Position	<u>\$ (318,269,211)</u>	<u>\$ 16,794,370</u>	<u>\$ (301,474,841)</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF JOHNSTON, RHODE ISLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 6,755,830	\$ 3,113,455	\$ 1,690,470	\$ -	\$ (1,951,905)	\$ -	\$ (1,951,905)
Public safety	41,131,241	4,609,971	9,285	-	(36,511,985)	-	(36,511,985)
Public works	6,848,110	2,421,101	9,482	-	(4,417,527)	-	(4,417,527)
Parks and recreation	1,441,290	142,217	23,075	-	(1,275,998)	-	(1,275,998)
Library	762,121	-	124,168	-	(637,953)	-	(637,953)
Education	63,480,417	316,433	24,782,156	-	(38,381,828)	-	(38,381,828)
Debt service	1,026,821	-	-	-	(1,026,821)	-	(1,026,821)
Total governmental activities	<u>121,445,830</u>	<u>10,603,177</u>	<u>26,638,636</u>	<u>-</u>	<u>(84,204,017)</u>	<u>-</u>	<u>(84,204,017)</u>
Business-Type Activities:							
Water Control Fund	1,156,559	1,232,935	-	-	-	76,376	76,376
Sewer Fund	564,546	747,939	-	-	-	183,393	183,393
Cafeteria Fund	1,073,696	460,913	676,354	-	-	63,571	63,571
Athletic Field	-	10,741	-	-	-	10,741	10,741
Total business-type activities	<u>2,794,801</u>	<u>2,452,528</u>	<u>676,354</u>	<u>-</u>	<u>-</u>	<u>334,081</u>	<u>334,081</u>
Total	<u>\$ 124,240,631</u>	<u>\$ 13,055,705</u>	<u>\$ 27,314,990</u>	<u>\$ -</u>	<u>(84,204,017)</u>	<u>334,081</u>	<u>(83,869,936)</u>
General Revenues:							
Property taxes, levied for general purposes	-	-	-	-	78,510,812	-	78,510,812
Motor vehicle phase-out taxes	-	-	-	-	1,792,809	-	1,792,809
Grants and aid not restricted for specific programs	-	-	-	-	4,033,181	-	4,033,181
Unrestricted investment earnings	-	-	-	-	480,729	1,871	482,600
Miscellaneous	-	-	-	-	137,992	-	137,992
Transfers	-	-	-	-	(1,304,852)	1,304,852	-
Total general revenues and transfers	-	-	-	-	<u>83,650,671</u>	<u>1,306,723</u>	<u>84,957,394</u>
Change in net position	-	-	-	-	(553,346)	1,640,804	1,087,458
Net Position at Beginning of Year, as Restated	-	-	-	-	(317,715,865)	15,153,566	(302,562,299)
Net Position at End of Year	-	-	-	-	<u>\$ (318,269,211)</u>	<u>\$ 16,794,370</u>	<u>\$ (301,474,841)</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF JOHNSTON, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018**

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 42,509,629	\$ 314,666	\$ 8,849,427	\$ 51,673,722
Accounts receivable:				
Real estate and personal property taxes, net	3,333,772			3,333,772
Due from other governments	1,640,708	95,371	1,356,966	3,093,045
Other receivables	1,562,817	487,000		2,049,817
Due from other funds		5,547,567	1,263,962	6,811,529
Prepaid items	296,747	276,342		573,089
Total Assets	<u>\$ 49,343,673</u>	<u>\$ 6,720,946</u>	<u>\$ 11,470,355</u>	<u>\$ 67,534,974</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 552,854	\$ 841,177	\$ 342,388	\$ 1,736,419
Accrued expenses	4,274,284	770,268	49,246	5,093,798
Unearned revenue	1,213,650		150,000	1,363,650
Due to other funds	10,148,285	967,617	1,325,712	12,441,614
Total liabilities	<u>16,189,073</u>	<u>2,579,062</u>	<u>1,867,346</u>	<u>20,635,481</u>
Deferred inflows of resources:				
Unavailable revenues - taxes	2,381,052			2,381,052
Unavailable revenues - other receivables	1,288,640			1,288,640
Total deferred inflows of resources	<u>3,669,692</u>	<u>-</u>	<u>-</u>	<u>3,669,692</u>
Fund balances:				
Nonspendable	296,747	276,342		573,089
Restricted			9,224,658	9,224,658
Committed		3,865,542	410,512	4,276,054
Unassigned	29,188,161		(32,161)	29,156,000
Total fund balances	<u>29,484,908</u>	<u>4,141,884</u>	<u>9,603,009</u>	<u>43,229,801</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 49,343,673</u>	<u>\$ 6,720,946</u>	<u>\$ 11,470,355</u>	<u>\$ 67,534,974</u>

(Continued on next page)

TOWN OF JOHNSTON, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018

Amounts reported for governmental activities in the statement of net position (Exhibit I) are different from the governmental fund balance sheet. The details of the difference are as follows:

Fund balances - total governmental funds (Exhibit III)	\$ 43,229,801
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 132,043,498	
Less accumulated depreciation	<u>(79,711,408)</u>	
Net capital assets		52,332,090

Other long-term assets are not available resources and, therefore, are not reported in the funds:

Interest receivable on property taxes, net of allowance	1,568,000
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Other long-term assets and deferred outflows are not available to pay for current-period expenditures and, therefore, are unavailable in the funds:

Property tax receivables greater than 60 days	2,381,052
Other receivables - accrual basis change	1,288,640
Net pension asset	4,205,570
Deferred outflows related to pension	21,647,845
Deferred outflows related to OPEB	2,261,099

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.

	8,620,307
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(30,131,640)
Deferred charge on refunding	265,904
Unamortized premium on bonds payable	(134,617)
Interest payable on bonds and notes	(109,153)
Capital leases payable	(997,000)
Accrued compensated absences	(9,963,501)
Net pension liability	(168,915,938)
Deferred inflows related to pension	(9,961,111)
Net OPEB liability	(199,723,677)
Deferred inflows related to OPEB	<u>(36,132,882)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ (318,269,211)</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF JOHNSTON, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 78,498,645	\$	\$	\$ 78,498,645
Intergovernmental	8,084,032	21,728,766	2,651,828	32,464,626
Charges for services	8,725,036	310,074	1,195,293	10,230,403
Investment income	374,412	12,736	30,172	417,320
Other revenue	40,922	18,411	78,896	138,229
Total revenues	<u>95,723,047</u>	<u>22,069,987</u>	<u>3,956,189</u>	<u>121,749,223</u>
Expenditures:				
General government	6,244,014		161,462	6,405,476
Public safety	36,346,627		124,001	36,470,628
Public works	5,063,041		105,220	5,168,261
Public libraries	622,630		5,551	628,181
Parks and recreation	1,157,263		116,965	1,274,228
Education		60,055,500	2,453,070	62,508,570
Capital outlay			2,577,629	2,577,629
Debt service	3,767,083	58,699	63,210	3,888,992
Total expenditures	<u>53,200,658</u>	<u>60,114,199</u>	<u>5,607,108</u>	<u>118,921,965</u>
Excess (Deficiency) over Revenues over Expenditures	<u>42,522,389</u>	<u>(38,044,212)</u>	<u>(1,650,919)</u>	<u>2,827,258</u>
Other Financing Sources (Uses):				
Issuance of bonds			8,035,000	8,035,000
Transfers in		37,529,015	1,218,760	38,747,775
Transfers out	<u>(37,779,015)</u>		<u>(2,273,612)</u>	<u>(40,052,627)</u>
Total other financing sources (uses)	<u>(37,779,015)</u>	<u>37,529,015</u>	<u>6,980,148</u>	<u>6,730,148</u>
Net Change in Fund Balances	4,743,374	(515,197)	5,329,229	9,557,406
Fund Balances at Beginning of Year, as Restated	<u>24,741,534</u>	<u>4,657,081</u>	<u>4,273,780</u>	<u>33,672,395</u>
Fund Balances at End of Year	<u>\$ 29,484,908</u>	<u>\$ 4,141,884</u>	<u>\$ 9,603,009</u>	<u>\$ 43,229,801</u>

(Continued on next page)

**TOWN OF JOHNSTON, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 9,557,406
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and is reported as depreciation expense.

Capital outlay	2,519,776
Depreciation expense	(4,039,998)
Loss on disposal of capital assets	(109,334)

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

Property taxes collected after 60 days	28,167
Change in interest receivable on property taxes, net of allowance	(25,000)
Change in other receivables	372,537
Change in net pension asset	(752,593)
Change in deferred outflows related to pension	3,950,312
Change in deferred outflows related to OPEB	(481,927)

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

Change in accrued interest on bonds	39,611
Amortization of deferred charge on refunding	(44,317)
Amortization of bond premium	10,536
Debt issuance	(8,035,000)
Principal payments on bonds and notes	2,460,064
Capital leases payments	414,500

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

Change in compensated absences	(1,717,847)
Change in OPEB obligation	13,209,382
Change in net pension liability	(3,418,304)
Change in deferred inflows related to pension	(4,555,410)
Change in deferred inflows related to OPEB	(12,042,348)

The net income of the internal service funds is reported with governmental activities	<u>2,106,441</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ (553,346)</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF JOHNSTON, RHODE ISLAND
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2018

	Enterprise Funds					Total	Health Care Management Internal Service Fund
	Water Control Fund	Sewer Fund	Cafeteria Fund	Summer School	Athletic Field		
Assets:							
Current assets:							
Cash and cash equivalents	\$ 216,873	\$	\$ 59,674	\$	\$	\$ 276,547	\$ 8,233,228
Accounts receivable, net	1,296,072	549,525				1,845,597	1,505,859
Intergovernmental receivable			40,591			40,591	
Due from other funds	3,344,923	233,952	250,637	19,571	19,712	3,868,795	939,589
Prepaid expenses						-	4,569
Deposit						-	380,200
Other			14,931			14,931	
Total current assets	<u>4,857,868</u>	<u>783,477</u>	<u>365,833</u>	<u>19,571</u>	<u>19,712</u>	<u>6,046,461</u>	<u>11,063,445</u>
Noncurrent assets:							
Accounts receivable, net		940,221				940,221	
Capital assets not being depreciated	40,000					40,000	
Capital assets, net of accumulated depreciation	<u>9,931,260</u>	<u>2,738,097</u>	<u>18,467</u>			<u>12,687,824</u>	
Total noncurrent assets	<u>9,971,260</u>	<u>3,678,318</u>	<u>18,467</u>	<u>-</u>	<u>-</u>	<u>13,668,045</u>	<u>-</u>
Total assets	<u>14,829,128</u>	<u>4,461,795</u>	<u>384,300</u>	<u>19,571</u>	<u>19,712</u>	<u>19,714,506</u>	<u>11,063,445</u>
Deferred outflows of resources:							
Deferred charge on refunding		35,175				35,175	-
Liabilities:							
Current liabilities:							
Accounts payable			111,827			111,827	
Accrued expenses						-	2,443,138
Accrued interest payable		10,641				10,641	
Unearned revenue			14,393			14,393	
Due to other funds				8,127		8,127	
Current portion of long-term debt		181,540				181,540	
Total current liabilities	<u>-</u>	<u>192,181</u>	<u>126,220</u>	<u>8,127</u>	<u>-</u>	<u>326,528</u>	<u>2,443,138</u>
Noncurrent liabilities:							
Unearned revenue - assessments		1,080,221				1,080,221	
Bonds and loans payable		1,548,562				1,548,562	
Total noncurrent liabilities	<u>-</u>	<u>2,628,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,628,783</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>2,820,964</u>	<u>126,220</u>	<u>8,127</u>	<u>-</u>	<u>2,955,311</u>	<u>2,443,138</u>
Net Position:							
Net investment in capital assets	9,971,260	1,948,216	18,467			11,919,476	
Unrestricted	<u>4,857,868</u>	<u>(272,210)</u>	<u>239,613</u>	<u>11,444</u>	<u>19,712</u>	<u>4,874,894</u>	<u>8,620,307</u>
Total Net Position	<u>\$ 14,829,128</u>	<u>\$ 1,676,006</u>	<u>\$ 258,080</u>	<u>\$ 11,444</u>	<u>\$ 19,712</u>	<u>\$ 16,794,370</u>	<u>\$ 8,620,307</u>

The accompanying notes are an integral part of the financial statements

TOWN OF JOHNSTON, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Enterprise Funds					Total	Health Care Management Internal Service Fund
	Water Control Fund	Sewer Fund	Cafeteria Fund	Summer School	Athletic Field		
Operating Revenues:							
Charges for services	\$ 1,210,862	\$ 730,882	\$ 460,913	\$	\$ 10,741	\$ 2,413,398	\$ 19,698,004
Intergovernmental revenue		17,057	676,354			693,411	
Other operating revenue	22,073					22,073	
Total revenues	<u>1,232,935</u>	<u>747,939</u>	<u>1,137,267</u>	<u>-</u>	<u>10,741</u>	<u>3,128,882</u>	<u>19,698,004</u>
Operating Expenses:							
Salaries and benefits		278,257	4,237			282,494	
Contractual services	618,143	48,691	1,064,265			1,731,099	
Repairs and maintenance	16,916	25,957				42,873	
Utilities	40,685	27,958				68,643	
Administration	224,060	504				224,564	
Health Care Management						-	17,654,972
Depreciation and amortization	256,755	135,757	5,194			397,706	
Total operating expenses	<u>1,156,559</u>	<u>517,124</u>	<u>1,073,696</u>	<u>-</u>	<u>-</u>	<u>2,747,379</u>	<u>17,654,972</u>
Operating Income	<u>76,376</u>	<u>230,815</u>	<u>63,571</u>	<u>-</u>	<u>10,741</u>	<u>381,503</u>	<u>2,043,032</u>
Nonoperating Revenues (Expenses):							
Investment income			1,871			1,871	63,409
Interest expense		(47,422)				(47,422)	
Net nonoperating revenues (expenses)	<u>-</u>	<u>(47,422)</u>	<u>1,871</u>	<u>-</u>	<u>-</u>	<u>(45,551)</u>	<u>63,409</u>
Income Before Transfers	76,376	183,393	65,442		10,741	335,952	2,106,441
Transfers in	1,304,852					1,304,852	
Change in Net Position	1,381,228	183,393	65,442	-	10,741	1,640,804	2,106,441
Net Position at Beginning of Year	13,447,900	1,492,613	192,638	11,444	8,971	15,153,566	6,513,866
Net Position at End of Year	<u>\$ 14,829,128</u>	<u>\$ 1,676,006</u>	<u>\$ 258,080</u>	<u>\$ 11,444</u>	<u>\$ 19,712</u>	<u>\$ 16,794,370</u>	<u>\$ 8,620,307</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF JOHNSTON, RHODE ISLAND
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Enterprise Funds						Health Care Management Internal Service Fund
	Water Control Fund	Sewer Fund	Cafeteria Fund	Summer School	Athletic Field	Total	
Cash Flows from Operating Activities							
Receipts from customers and users	\$ 892,874	\$ 683,009	\$ 460,913	\$ -	\$ 10,741	\$ 2,047,537	\$ 18,167,368
Intergovernmental receipts		17,057	786,679			803,736	
Payments to suppliers	(899,804)	(103,110)	(1,081,299)			(2,084,213)	
Payments to employees		(278,257)	(4,237)			(282,494)	
Claims paid						-	(16,594,474)
Net cash provided by (used in) operating activities	(6,930)	318,699	162,056	-	10,741	484,566	1,572,894
Cash Flows from Noncapital Financing Activities:							
Interfund loans	230,623	(59,462)	(326,266)		(10,741)	(165,846)	(333,405)
Transfers from other funds	1,304,852					1,304,852	
Net cash provided by (used in) noncapital financing activities	1,535,475	(59,462)	(326,266)	-	(10,741)	1,139,006	(333,405)
Cash Flows from Capital and Related Financing Activities:							
Principal paid on bonds, notes and loans		(178,555)				(178,555)	
Interest paid on bonds, notes and loans		(42,333)				(42,333)	
Additions to property, plant and equipment	(1,526,855)	(38,349)				(1,565,204)	
Net cash provided by (used in) capital and related financing activities	(1,526,855)	(259,237)	-	-	-	(1,786,092)	-
Cash Flows from Investing Activities							
Interest and dividends on investments			1,871			1,871	63,409
Net Increase (Decrease) in Cash and Cash Equivalents	1,690	-	(162,339)	-	-	(160,649)	1,302,898
Cash and Cash Equivalents at Beginning of Year	215,183	-	222,013	-	-	437,196	6,930,330
Cash and Cash Equivalents at End of Year	\$ 216,873	\$ -	\$ 59,674	\$ -	\$ -	\$ 276,547	\$ 8,233,228
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:							
Operating income (loss)	\$ 76,376	\$ 230,815	\$ 63,571	\$ -	\$ 10,741	\$ 381,503	\$ 2,043,032
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation and amortization	256,755	135,757	5,194			397,706	
Change in assets and liabilities:							
(Increase) decrease in accounts receivable	(340,061)	91,812	95,932			(152,317)	(1,505,859)
(Increase) decrease in prepaid expenses							523
(Increase) decrease in deposits							(25,300)
Increase (decrease) in accounts payable and accrued expenses			(17,034)			(17,034)	1,060,498
Increase (decrease) in unearned revenue		(139,685)	14,393			(125,292)	
Net Cash Provided by (Used in) Operating Activities	\$ (6,930)	\$ 318,699	\$ 162,056	\$ -	\$ 10,741	\$ 484,566	\$ 1,572,894

The accompanying notes are an integral part of the financial statements

TOWN OF JOHNSTON, RHODE ISLAND
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018

	<u>Police and Fire Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Private-Purpose Funds</u>	<u>Agency Funds</u>
Assets:				
Cash and cash equivalents	\$ 289,275	\$	\$ 23,154	\$ 516,023
Restricted cash	200,030			
Prepaid expenses	785,377			
Funds held in escrow	828,464			
Investments, at fair value:				
Mutual funds	43,025,025	3,241,828		
Due from other funds	<u>167,078</u>	<u>555,000</u>		<u>107,750</u>
Total assets	<u>45,295,249</u>	<u>3,796,828</u>	<u>23,154</u>	<u>\$ 623,773</u>
Liabilities:				
Accrued expenses	21,584			\$
Deposits held in custody of others	199,041			623,773
Claims and judgments	<u>1,028,494</u>			
Total liabilities	<u>1,249,119</u>	<u>-</u>	<u>-</u>	<u>\$ 623,773</u>
Net Position:				
Restricted for pension benefits, OPEB benefits and other trust purposes	<u>\$ 44,046,130</u>	<u>\$ 3,796,828</u>	<u>\$ 23,154</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF JOHNSTON, RHODE ISLAND
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Police and Fire Pension Trust Fund	OPEB Trust Fund	Private-Purpose Funds
Additions:			
Contributions:			
Employer contributions	\$ 8,758,212	\$ 9,367,130	\$
Plan members contributions	526,247		
Total contributions	<u>9,284,459</u>	<u>9,367,130</u>	<u>-</u>
Investments income (loss):			
Net change in fair value of investments	1,906,730		
Interest and dividends	1,419,877	15,818	152
Total investment income	<u>3,326,607</u>	<u>15,818</u>	<u>152</u>
Total additions	<u>12,611,066</u>	<u>9,382,948</u>	<u>152</u>
Deductions:			
Benefits	9,288,211	8,027,130	
Administration	146,220	6,309	
Total deductions	<u>9,434,431</u>	<u>8,033,439</u>	<u>-</u>
Change in Net Position	3,176,635	1,349,509	152
Net Position at Beginning of Year	<u>40,869,495</u>	<u>2,447,319</u>	<u>23,002</u>
Net Position at End of Year	<u>\$ 44,046,130</u>	<u>\$ 3,796,828</u>	<u>\$ 23,154</u>

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Johnston, Rhode Island (the Town) was incorporated in 1759. The Town covers 24.4 square miles located in southeastern New England. The Town operates under a Council-Mayor form of government and the charter provides for public safety (police and fire), highway and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning and general administrative services.

The financial statements of the Town 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.

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. 61. Under GASB Statement No. 61, a legally separate entity is required to be included as a component unit if it is fiscally dependent upon the primary government and there is a financial benefit or burden relationship present. The primary government is financially accountable if it appoints the voting majority of the organization's governing board and 1) it is able to impose its will on that organization or 2) there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the primary government. A potential component unit has a financial benefit or burden relationship with the primary government if, for example, any one of the following conditions exists:

- The primary government is legally entitled to or can otherwise access the organization's resources.
- The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
- The primary government is obligated in some manner for the debt of the organization.

The following entities were considered for classification as component units for fiscal year 2018:

- Johnston Senior Citizens Center, Inc.
- Johnston Housing Authority
- Johnston Municipal Land Trust

The entities noted above did not meet the criteria to be reported as component units and as such were omitted from these financial statements.

Although the Johnston School Department meets certain criteria of the tests listed above, this entity is not deemed to have separate legal status apart from the Town, and the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. As a result, the financial data of the Johnston School Department has been included as a major special revenue fund within the Town's financial statements.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities report information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary and fiduciary. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements. A fund is considered a major fund if it is the primary operating fund of the Town or meets the following criteria:

- Total assets and deferred outflow of resources, liabilities, and deferred inflow of resources, revenues, or expenditures of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category type, and
- Total assets and deferred outflow of resources, liabilities, and deferred inflow of resources, revenues, or expenditures of the individual, governmental fund, or enterprise funds are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

The *School Unrestricted Fund* accounts for operations of the Johnston School Department. Revenues are derived primarily from transfers from the Town and State and Federal Aid.

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The Town reports the following major proprietary funds:

The *Water Control Fund* accounts for fees and expenses associated with providing water services to Town residents.

The *Sewer Fund* is to account for sewer operations for the Town residents.

The *Cafeteria Fund*, the *Summer School Fund* and the *Athletic Field Fund* did not meet the criteria for reporting as major funds; however, management elected to present them as major to remain consistent with the prior period.

Additionally, the Town reports the following fund types:

The *Internal Service Fund* is to pay medical and dental costs incurred by those individuals covered by the Town and School Department health plans.

The *Agency Funds* account for assets held by the Town in a purely custodial capacity for various student groups and funds held in escrow for other parties.

The *Pension Trust Fund* accounts for the activities of the Local Police and Fire Pension Trust which accumulates resources for pension benefit payments to qualified participants.

The *OPEB Trust Fund* accounts for resources held in trust for other post-employment obligations of the Town.

The *Private Purpose Trust Funds* account for resources legally in trust held by the Town under various trust arrangements for the benefit of certain individuals and groups.

Measurement Focus

On the Government-wide Statement of Net Position and the Statement of Activities both governmental and business-like activities are presented using the economic resources management focus as defined in item (b) below and the accrual basis of accounting.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- All governmental funds utilize a “current financial resources” measurement focus and the modified accrual basis of accounting. Only current financial assets, deferred outflow of resources, liabilities and deferred inflow of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The Town considers property taxes as available if they are collected within 60 days after year end. Grant revenue related to expenditure reimbursement grants of the governmental funds is generally recognized as revenue when earned as long as the payment is expected to be received within twelve months after year end. Substantially all other revenue (excluding municipal court fees and fines, and fire rescue services) of the governmental funds is recognized as it is earned and available. Municipal court fees and fines and fire rescue services are reported as receivable and unearned revenue until the amounts are collected.

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

- The proprietary funds and private purpose trust funds utilize “economic resources” measurement focus and the accrual basis of accounting. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flow. All inflows of resources associated with their activities are reported. Fund equity is classified as net position.
- Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide statement of net position and statement of activities both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets used. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities, and deferred inflow of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis. Under this modified accrual basis of accounting, revenues such as property taxes, are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectable within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds, agency funds, private purpose trust funds, police, fire and town and school employees’ pension trust funds, and the OPEB Trust Fund utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset is used.

Amounts reported as program revenues include charges to customers or applicants for services or privileges provided, operating grants and contributions, and capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with proprietary fund’s principal operation. The principal operating revenue of the enterprise fund are charges for services provided in accordance with the fund's purpose. Operating expenses for the enterprise funds include the costs of providing the services, including administration and depreciation on capital assets. All other revenue and expense items not meeting these criteria are reported as nonoperating revenues and expenses.

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity

C. Cash

Cash and cash equivalents are carried at cost. Cash equivalents include amounts invested in certificate of deposits as management believes that these certificates can be accessed at any point in time. Substantially, all of the Town's cash and cash equivalents are held in public deposit institutions.

Pursuant to Section 35-10-1 of the Rhode Island General Laws, as of October 1, 1991, public institutions are required to insure accounts which hold public funds in excess of the \$250,000 which is guaranteed by FDIC. At times, the Town pools cash resources of its various funds to facilitate the management of cash and maximize investment returns.

State statutes authorize governments to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

D. Investments

The town invests in various types of investments, which are stated at fair value based on quoted market prices.

E. Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Accounts receivable are shown net of an allowance for uncollectable accounts. Allowances for accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The property tax receivable allowance at June 30, 2018 of \$5,271,354 is equal to 61.3% of outstanding property taxes on that date. Business-type activities report service fees as its major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes, fire rescue services, municipal court fees and traffic fines, grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectable but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Proprietary fund material receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectable accounts receivables are based upon historical trends and the periodic aging of accounts receivable.

F. Property Taxes

Real and personal property taxes are based on values assessed as of December 31 (lien date) and attach an enforceable lien on the property as of August 1 (levy date). Taxes may be paid in full or in equal installments on August 24, October 24, January 24 and April 24 following the levy date. Taxes due and unpaid after the respective due dates are subject to interest at a rate of 12% per annum calculated on the unpaid portion of the total tax. An automatic lien is placed on the taxpayer's property if payment has not been received by the tax due date. Property taxes levied are recorded as receivables in the fiscal year of the levy. Property tax revenues are recorded in accordance with the modified accrual basis of accounting in the fund financial statements.

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

G. Prepaid Items

Prepaid items are accounted for under the allocation method whereby a prepaid asset is established at the date of payment and subsequently amortized over the accounting periods expected to benefit from the initial payment. Prepaid items recorded in the governmental type fund do not reflect current appropriate resources and, as such, an equivalent portion of the fund balance is reported as nonspendable.

H. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in certain governmental funds. Open encumbrances are reported as restricted, committed or assigned, and should not result in separate display of the encumbered amount within those classifications. Encumbrances do not constitute expenditures or liabilities under generally accepted accounting principles.

I. Capital Assets and Depreciation

Government-Wide Statements

Long-lived assets are accounted for as capital assets and are reported in the government-wide statement of net position, but are not reported in the governmental fund financial statements.

All capital assets are capitalized at historical or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at the fair market values as of the date received. The Town follows the policy of capitalizing assets with a cost of \$5,000 or more and a useful life of more than one year.

Depreciation of all exhaustible capital assets is recorded, as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is calculated on the straight-line basis over the following useful lives:

<u>Description</u>	<u>Useful Life</u>
Buildings and improvements	10-50 years
Land improvements	20 years
Infrastructure	20-100 years
Machinery and equipment	5-10 years
Vehicles	5-10 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the government fund upon acquisition. Capital assets used in the proprietary fund operations are accounted for in the same manner as in the government-wide statements.

J. Deferred Outflows/Inflows of Resources

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

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

K. Interfund Receivables and Payables

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

L. Self Insurance

The Town's self-insurance costs for healthcare is accounted for in the Town's internal service fund. Claims incurred but not paid, including those which have not been reported, are accounted for as expenses and accrued claims when incurred.

M. Long-term Obligations

In the government-wide financial statement, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond premium or discount.

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

N. Compensated Absences

Under the terms of various contracts and agreements, Town employees are granted vacation, sick and personal leave in varying amounts based on length of service and bargaining unit. Unused vacation leave is paid upon an employee's termination. Up to one-half of unused sick-leave is paid upon termination, retirement or death depending on bargaining unit. Severance pay and personal days are also paid to terminating employees depending on bargaining unit. The liability is calculated at the rate of pay in effect at June 30, 2018. The Town estimates the long-term versus short-term amount of earned but unpaid vacation and sick leave relating to governmental fund employees and records it in the applicable section of the liabilities in the government-wide financial statements.

O. Net Pension Asset/Liability

The net pension asset/liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

P. Net OPEB Liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Q. Net Position/Fund Balance Classifications

Government-Wide Statements

Net position is classified as net assets and displayed in three components:

- Net investment in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bond, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, laws/regulations of other governments, law through constitutional provisions, or enabling legislation.

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

- Unrestricted net position - All remaining net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements

Governmental fund equity is classified as fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. These categories are described below:

- Nonspendable - Includes the amount of fund balances that cannot be spent because it is either not in spendable form or legally or contractually required to be maintained intact.
- Restricted - Includes amounts that are restricted to specific purposes. Fund balance is reported as restricted when constraints placed in the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed Fund Balance - Includes amounts that can be used only for the specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Town Council is the highest level of decision-making authority and utilizes Town Ordinances as a formal procedure to commit fund balance. In addition, the passage of the budget by the taxpayers at the annual financial Town meeting is considered the commitment of funds for the line items included in the fiscal budget.
- Assigned Fund Balance - Includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by the governing-body itself or a body (a budget or finance committee) or official to which the governing-body has delegate the authority to assign amounts to be used for specific purposes. The Mayor through the Town Council has the authority to assign fund balance. Fund balance assigned by the Finance Director is documented through issuance of a memorandum
- Unassigned Fund Balance - Is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The unassigned fund balance may also include negative balances for any governmental funds if the expenditures exceed amounts restricted, committed, or assigned for specific purposes.

Application of Funds

The following policy has been established by the Town in order to address the implementation of Governmental Accounting Standards Board (GASB) Statement No., 54, *Fund Balance Reporting and Governmental Funds Definitions*. The policy is created in consideration of unanticipated events that could adversely affect the financial condition of the Town and jeopardize the continuation of necessary public service. The policy ensures that the Town maintains an adequate fund balance and reserves in order to:

- Provide sufficient cash flow for daily financial needs
- Provide funds for unforeseen expenditures related to emergencies
- Offset significant economic downturns or revenue shortfalls

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

The Town maintains a spending policy in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This policy states when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available, it shall be the policy of the Town is to consider restricted amounts to have been used first. When expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the Town that committed funds would be spent first, followed by assigned amounts and then unassigned amounts.

Proprietary fund equity is classified the same as in the government-wide statements.

R. Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Process

Adoption

It is the responsibility of the Mayor to submit a proposed budget for the following fiscal year to the Town Council on or before the first day of April each year. Public hearings are conducted on the proposed budget and shall enact the budget ordinance on or before the first day of May each year. Annual appropriated budgets are adopted for the General Fund and the School Department Unrestricted Fund, which is a Special Revenue Fund. All annual appropriations lapse at the end of the fiscal year. During the last quarter of the budget year, the Town Council may revise the budget between departments other than the School Department.

General Fund

Actual General Fund expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) (RSI- 1) are adjusted to reflect the budgetary basis of accounting which differs from actual expenditures recognized for the General Fund in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit VI) in that School Aid, School Medicaid reimbursement and School's miscellaneous income is treated as revenue of the School Unrestricted Fund in accordance with the GASB No. 54 under generally accepted accounting principles purposes, but is reported as part of the Town's activity for budgetary purposes. In addition, activity of certain nonmajor governmental funds is combined with the General Fund in accordance with GASB No. 54 but is not reported for budgetary purposes.

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Special Revenue Funds

The actual revenues and expenditures of Special Revenue Funds included in the combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual-School Unrestricted Fund (RSI 2) are presented on the budgetary basis of accounting which differs from actual revenues and expenditures recognized under generally accepted accounting principles (Exhibit VI) in that encumbrances are considered to be expenditures for budgetary purposes but not for purposes of generally accepted accounting principles.

Encumbrances for fiscal year 2017 of \$32,304 were relieved in the current period.

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

Legal Debt Margin

The Town's legal debt margin as set forth by State Statute is limited to 3% of total taxable assessed value. The legal debt margin for the Town is approximately \$65,318,948. As of June 30, 2018, the Town's debt subject to legal debt margin is \$30,460,377, and the Town is under the debt limit by \$34,858,571.

Excess of Expenditures over Appropriations

For the year ended June 30, 2018, expenditures exceeded appropriations in the following categories:

Mayor	\$	1,095
Canvassers		1,449
Legal		281,212
Town Clerk		27,199
Zoning Board		2,980
Assessor		16,180
Police		625,035
Fire		1,383,837
Emergency Management		14
Public works department		482,105
Sewer Department		9,556
Waste water management		4,947
Fleet maintenance		26,055
Parks and recreation		183,351
Miscellaneous appropriations		4,041
Transfers to School - State Aid and miscellaneous receipts		348,942

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Fund Deficits

At June 30, 2018, the Town reported deficit fund balances for the following funds:

Nonmajor Governmental Funds:	
School Implementation	\$ 6,200
Title II	3,841
Perkins Vocational	4,415
Pre-K Demonstration Project	91
Target Grant	3,786
Donations and miscellaneous grants	1,104
PTO Donations	144
School Wireless Classroom Initiative	18,638

The fund deficits will be eliminated by future grant funding and fund transfers.

3. CASH AND INVESTMENTS

Deposits

Substantially all of the Town's cash and cash equivalents are held in public deposit institutions. Pursuant to Section 35-10-1 of the Rhode Island General Laws, as of October 1, 1991, public deposit institutions are required to insure accounts that hold public funds in excess of the \$250,000 that is guaranteed by FDIC. At times, the Town pools cash resources of its various funds to facilitate the management of cash and maximize investment returns.

Deposit Custodial Credit Risk

Custodial credit risk in the case of deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned. The State of Rhode Island requires that certain uninsured deposits be collateralized. Section 35-10.1-7 of the General Laws of the State of Rhode Island, dealing with the collateralization of public deposits, requires that all time deposits with maturities of greater than 60 days and all deposits in institutions that do not meet the minimum capital requirements of its federal regulator must be collateralized. The Town does not have a formal deposit policy for custodial credit risk but is governed by State laws as described above.

As of June 30, 2018, the Town's entire bank balance of \$61,753,568 was covered by either FDIC insurance or collateral held in the Town's name.

Restricted Cash and Funds Held in Escrow

At June 30, 2018, the Police and Fire Pension Trust Fund reported restricted cash of \$200,030 representing post judgment statutory interest on \$828,464 of cash held in escrow by the Rhode Island Superior Court. These funds are the result of litigation between certain police retirees and the Town. Currently, the Town has appealed this judgment, and these funds are to be used to repay the plaintiffs should the Town lose its appeal.

Funds held in escrow of \$828,464 are reported in the Police and Fire Pension Trust Fund at June 30, 2018. These funds represent cash held on deposit with the Rhode Island Superior Court as a result of litigation between certain police retirees and the Town. These funds will be held in the Superior Court's Registry until the case is resolved.

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Investments

General Fund investments are governed by Title 35, Chapter 10, Section 11 of the State's General Laws. This law generally allows for short-term investments, such as certificates of deposit, money market funds and obligations guaranteed by the United States government with the goal of seeking reasonable income while preserving capital. The Pension and OPEB Trust Fund's investments are not restricted in this manner.

As of June 30, 2018, the Town had the following investments:

Other investments:	
Mutual Funds	\$ <u>46,266,853</u>

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. The Town has made it a practice to limit the maturities on General Fund investments.

Credit Risk

State law limits investments in U.S. Treasury bills, U.S. Treasury notes and bonds, U.S. Agency obligations, certificates of deposit, repurchase agreements, commercial paper and money market mutual funds. The Town has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The Town does not have any policies that limit the amount that can be invested in any one issuer.

Custodial Credit Risk

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

Fair Value

The Town uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

TOWN OF JOHNSTON, RHODE ISLAND
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Fair value measurements focus on exit prices in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The Town's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

The three categories within the hierarchy are as follows:

Level 1

Quoted prices in active markets for identical assets and liabilities.

Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads and market-corroborated inputs.

Level 3

Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement.

The Town has the following recurring fair value measurements as of June 30, 2018:

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Mutual Funds	\$ 46,266,853	\$ 46,266,853	\$	\$

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

4. RECEIVABLES

Receivable balances have been disaggregated by type and presented separately in the fund financial statements. Only receivables for the Town's government-wide financial statements with allowances for uncollectible accounts as of June 30, 2018, including the applicable allowances for uncollectible accounts, are presented below.

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor and Other Funds</u>
Receivables:					
Property taxes	\$ 8,605,126	\$	\$	\$	\$
Water and sewer use fees			1,296,072	1,657,301	
Due from other governments	1,640,708	95,371			1,356,966
Other receivables	<u>1,562,817</u>	<u>487,000</u>			
Gross receivables	11,808,651	582,371	1,296,072	1,657,301	1,356,966
Less allowance for uncollectibles	<u>(5,271,354)</u>			<u>(167,555)</u>	
Net Total Receivables	<u>\$ 6,537,297</u>	<u>\$ 582,371</u>	<u>\$ 1,296,072</u>	<u>\$ 1,489,746</u>	<u>\$ 1,356,966</u>

5. INTERFUND BALANCES AND TRANSFERS

A summary of interfund balances as of June 30, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
School special revenue unrestricted fund	General fund	\$ 4,216,228
School special revenue unrestricted fund	Nonmajor governmental funds	1,323,122
School special revenue unrestricted fund	Summer school	8,217
Nonmajor governmental funds	General fund	1,140,515
Nonmajor governmental funds	School special revenue unrestricted fund	123,447
Water control fund	General fund	3,344,923
Sewer fund	General fund	233,952
Cafeteria fund	School special revenue unrestricted fund	250,637
Summer school	School special revenue unrestricted fund	19,571
Athletic fund	School special revenue unrestricted fund	19,712
Healthcare management internal service fund	General fund	939,589
Pension trust	General fund	167,078
OPEB trust	General fund	555,000
Performance bonds	General fund	107,750
		<u>\$ 12,449,741</u>

The General Fund holds primarily all the cash for the Town, and the resulting due to/from other funds results from these cash allocations.

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

A summary of interfund transfers for the year ended June 30, 2018 is as follows:

	School Special Revenue Unrestricted Fund	Nonmajor Governmental Funds	Water Fund	Total Transfers Out
Transfers out:				
General Fund	\$ 37,529,015	\$ 250,000		\$ 37,779,015
Nonmajor Governmental Funds		<u>968,760</u>	<u>1,304,852</u>	<u>2,273,612</u>
Total Transfers In	<u>\$ 37,529,015</u>	<u>\$ 1,218,760</u>	<u>\$ 1,304,852</u>	<u>\$ 40,052,627</u>

Transfers are used to account for the financing by the General Fund of various programs and activities in other funds.

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

6. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 8,979,477	\$	\$	\$	\$ 8,979,477
Construction in progress	195,924	237,069		(195,924)	237,069
Total capital assets not being depreciated	<u>9,175,401</u>	<u>237,069</u>	<u>-</u>	<u>(195,924)</u>	<u>9,216,546</u>
Capital assets being depreciated					
Land improvements	3,356,064				3,356,064
Buildings and improvements	49,477,469	110,342			49,587,811
Infrastructure	56,724,664	19,340			56,744,004
Vehicles and equipment	13,903,483	2,153,025	3,113,359	195,924	13,139,073
Total capital assets being depreciated	<u>123,461,680</u>	<u>2,282,707</u>	<u>3,113,359</u>	<u>195,924</u>	<u>122,826,952</u>
Less accumulated depreciation for:					
Land improvements	173,873	69,545			243,418
Buildings and improvements	20,694,630	1,032,014			21,726,644
Infrastructure	47,940,738	1,494,645			49,435,383
Vehicles and equipment	9,866,194	1,443,794	3,004,025		8,305,963
Total accumulated depreciation	<u>78,675,435</u>	<u>4,039,998</u>	<u>3,004,025</u>	<u>-</u>	<u>79,711,408</u>
Total capital assets being depreciated, net	<u>44,786,245</u>	<u>(1,757,291)</u>	<u>109,334</u>	<u>195,924</u>	<u>43,115,544</u>
Governmental Activities Capital Assets, Net	<u>\$ 53,961,646</u>	<u>\$ (1,520,222)</u>	<u>\$ 109,334</u>	<u>\$ -</u>	<u>\$ 52,332,090</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 40,000	\$	\$	\$	\$ 40,000
Construction in progress	16,747			(16,747)	-
Total capital assets not being depreciated	<u>56,747</u>	<u>-</u>	<u>-</u>	<u>(16,747)</u>	<u>40,000</u>
Capital assets being depreciated					
Distribution and collection systems	15,405,665	1,257,974		16,747	16,680,386
Machinery and equipment	231,668	307,230			538,898
Vehicles	309,377				309,377
Total capital assets being depreciated	<u>15,946,710</u>	<u>1,565,204</u>	<u>-</u>	<u>16,747</u>	<u>17,528,661</u>
Less accumulated depreciation for:					
Distribution and collection systems	4,081,679	334,192			4,415,871
Machinery and equipment	168,765	35,191			203,956
Vehicles	192,687	28,323			221,010
Total accumulated depreciation	<u>4,443,131</u>	<u>397,706</u>	<u>-</u>	<u>-</u>	<u>4,840,837</u>
Total capital assets being depreciated, net	<u>11,503,579</u>	<u>1,167,498</u>	<u>-</u>	<u>16,747</u>	<u>12,687,824</u>
Business-Type Activities Capital Assets, Net	<u>\$ 11,560,326</u>	<u>\$ 1,167,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,727,824</u>

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 305,854
Public safety	974,879
Public works	1,636,487
Public libraries	104,942
Parks and recreation	189,530
Education	<u>828,306</u>
Total Depreciation Expense - Governmental Activities	\$ <u>4,039,998</u>
Business-type activities:	
Water fund	\$ 256,755
Sewer fund	135,757
Cafeteria fund	<u>5,194</u>
Total Depreciation Expense - Business-Type Activities	\$ <u>397,706</u>

7. LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

Changes in the Town's long-term liabilities for the year ended June 30, 2018 are as follows:

	<u>Beginning Balance (as Restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
Bonds and notes payable	\$ 24,556,704	\$ 8,035,000	\$ 2,460,064	\$ 30,131,640	\$ 2,755,084
Premium	145,153		10,536	134,617	
Total bonds, notes and premiums	<u>24,701,857</u>	<u>8,035,000</u>	<u>2,470,600</u>	<u>30,266,257</u>	<u>2,755,084</u>
Capital leases payable	1,411,500		414,500	997,000	398,000
Compensated absences	8,245,654	1,717,847		9,963,501	2,000,000
Net pension liability	165,497,634	3,418,304		168,915,938	
Net OPEB liability	<u>212,933,059</u>		<u>13,209,382</u>	<u>199,723,677</u>	
Total Governmental Activities - Long-Term Liabilities	\$ <u>412,789,704</u>	\$ <u>13,171,151</u>	\$ <u>16,094,482</u>	\$ <u>409,866,373</u>	\$ <u>5,153,084</u>
Business-type activities:					
Bonds payable	<u>\$ 1,908,657</u>		<u>\$ 178,555</u>	<u>\$ 1,730,102</u>	<u>\$ 181,540</u>

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The Rhode Island General Laws provide that no city or town shall without special statutory authority, incur any debt which would increase its aggregate indebtedness beyond 3% of the taxable property of the city or town. Tax anticipation notes are not included in the computation of the debt limit. Debt may be incurred in excess of the 3% limit with the approval of the state director of administration. All of the town's bonds and notes outstanding or authorized but unissued are either specifically exempt from the 3% debt limit or are within such limit.

The current 3% limit of the Town of Johnston is \$65,318,948, based on the net assessed valuation at December 31, 2016 of \$2,177,298,266.

Bonds and Notes

Bonds and notes outstanding as of June 30, 2018 consisted of the following:

<u>Description</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate %</u>	<u>Balance Outstanding June 30, 2018</u>
Governmental Activities:					
General obligation bonds	\$ 2,277,000	09/13/07	09/01/19	5.05%	\$ 480,000
General obligation bonds	4,430,000	09/09/09	09/01/29	3.00-7.00%	3,155,000
General obligation refunding bonds	3,120,000	06/29/10	08/15/18	2.00-4.00%	435,000
General obligation refunding bonds	6,955,000	05/29/12	06/01/24	2.85%	3,441,275
General obligation bonds	5,000,000	06/12/13	06/01/33	2.00-4.00%	3,825,000
General obligation bonds	4,000,000	05/01/14	05/01/29	2.48%	3,160,000
General obligation bonds	3,990,000	03/05/15	06/01/25	1.89%	2,820,000
General obligation bonds	2,500,000	05/24/16	05/01/31	2.19%	2,210,000
General obligation bonds	1,238,000	11/16/16	11/01/31	2.63%	1,169,000
General obligation bonds	2,435,000	08/16/17	08/15/27	2.35%	2,435,000
General obligation bonds	6,955,000	06/14/18	07/15/28	2.94%	<u>5,600,000</u>
Total general obligation bonds					28,730,275
Tax increment financing bond	1,400,000	02/15/17	06/15/42	4.66%	1,382,000
Note Payable	34,228	6/8/2017	05/27/22	5.45%	<u>19,365</u>
Total Bonds and Notes					<u>\$ 30,131,640</u>
Business-Type Activities:					
Sewer Fund					
RIIB Revolving Fund	750,000	4/1/2002	9/1/2022	varies	\$ 235,377
RIIB Revolving Fund	2,500,000	10/6/2009	9/1/2029	varies	1,091,000
General obligation refunding bonds	6,955,000	5/29/2012	6/1/2024	2.85%	<u>403,725</u>
Total Bonds and Notes					<u>\$ 1,730,102</u>

The sewer improvement bonds are supported by means of an assessment program. All obligations are backed by the full faith and credit of the Town.

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

The annual debt service requirements of bonds and notes are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 2,755,084	\$ 803,651	\$ 181,540	\$ 39,229	\$ 2,936,624	\$ 842,880
2020	2,862,239	787,874	190,096	35,589	3,052,335	823,463
2021	2,680,933	708,464	193,176	31,762	2,874,109	740,226
2022	2,757,659	636,602	201,830	27,760	2,959,489	664,362
2023	2,820,175	562,711	205,010	23,577	3,025,185	586,288
2024-2028	11,304,550	1,734,719	547,450	63,410	11,852,000	1,798,129
2029-2033	4,149,000	462,364	211,000	5,782	4,611,364	468,146
2029-2033	415,000	150,984			565,984	150,984
2029-2033	387,000	39,517			426,517	39,517
	<u>\$ 30,131,640</u>	<u>\$ 5,886,886</u>	<u>\$ 1,730,102</u>	<u>\$ 227,109</u>	<u>\$ 32,303,607</u>	<u>\$ 6,113,995</u>

Tax Increment Financing Bond

Tax increment financing (TIF) is an economic development tool in which a municipality earmarks a portion of its property taxes to help finance development in a particular area or site. During fiscal year 2017, the Town of Johnston participated in a tax incremental financing agreement with a local real estate developer to advance empty space along Hartford Avenue. The types of businesses that have been or will be completed on this site include: a supermarket, a bank, two restaurants and a gasoline station. All of the bond proceeds will go toward site improvements.

In fiscal year 2017, the Town issued \$1,400,000 in special obligation tax increment revenue bonds. The debt service on these bonds is payable solely from the tax increment generated by the property within the project area. The Town and its taxpayers are not liable for such bonds, except to the extent of the additional property taxes generated within the project area and dedicated to repayment of the bonds. If the project does not generate enough additional taxes to pay the debt service on the bonds, the bondholders do not have any rights for claims against the Town's other taxes and revenues. The special obligation tax increment revenue bonds are not general obligations of the Town nor do they count against the Town's statutory debt limit. Total principal and interest remaining on the bonds is \$2,394,805 payable through 2041. For the current year, principal and interest paid was \$9,000 and \$64,821, respectively, while total incremental property tax revenues generated were \$74,730.

Capital Leases

The Town has entered into various lease agreements as lessee for financing the acquisition of vehicles, machinery and equipment valued at \$1,251,873. The depreciable assets have a five- to ten-year useful life. For the year ended June 30, 2018, \$211,533 was included in depreciation expense. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 are as follows:

	Governmental Activities
2019	\$ 413,458
2020	324,170
2021	172,824
2022	<u>119,947</u>
Total minimum lease payments	1,030,399
Less amount for interest	<u>(33,399)</u>
Present Value of Minimum Lease Payments	<u>\$ 997,000</u>

8. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2018 are as follows:

	General Fund	School Special Revenue Unrestricted Fund	Nonmajor Governmental Funds	Total
Fund balances:				
Nonspendable:				
Prepaid expenditures	\$ 296,747	\$ 276,342	\$	\$ 573,089
Restricted for:				
Public safety programs			79,606	79,606
Recreation programs			42,419	42,419
Historical document preservation			110,467	110,467
Library programs			146,962	146,962
School safety			30,791	30,791
Champlin grants			29,491	29,491
Educational programs			173,279	173,279
School improvements			135,337	135,337
Energy efficiency improvements			13,326	13,326
Property acquisition			5,844	5,844
Fire equipment			629,821	629,821
Dam escrow			1,363,762	1,363,762
Various capital improvement projects			6,463,553	6,463,553
Committed for:				
Education		3,865,542		3,865,542
Public safety programs			410,512	410,512
Unassigned	<u>29,188,161</u>		<u>(32,161)</u>	<u>29,156,000</u>
Total Fund Balances	<u>\$ 29,484,908</u>	<u>\$ 4,141,884</u>	<u>\$ 9,603,009</u>	<u>\$ 43,229,801</u>

9. DEFINED BENEFIT PENSION PLANS

A. Municipal Employees' Retirement System (MERS)

Plan Description

The Municipal Employees' Retirement System (MERS) - an agent multiple-employer defined benefit pension plan - provides certain retirement, disability and death benefits to plan members and beneficiaries. MERS was established under Rhode Island General Law and placed under the management of the Employee's Retirement System of Rhode Island (ERSRI) Board to provide retirement allowances to employees of municipalities, housing authorities, water and sewer districts, and municipal police and fire persons that have elected to participate. Benefit provisions are subject to amendment by the General Assembly.

MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the ERSRI website at www.ersri.org.

Benefits Provided

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

Salary

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

Service

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

Final Average Compensation (FAC)

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

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

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.

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.

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

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

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

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

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

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

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

Other Benefit Provisions

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

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

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

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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.

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%.

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

Employees Covered by Benefit Terms

At the June 30, 2016 valuation date, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Retirees and Beneficiaries	203	-	3	206
Inactive, Nonretired Members	115	1	4	120
Active Members	<u>221</u>	<u>13</u>	<u>67</u>	<u>301</u>
Total	<u><u>539</u></u>	<u><u>14</u></u>	<u><u>74</u></u>	<u><u>627</u></u>

Contributions

The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 2% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. Public safety employees are required to contribute 10% of their salaries. The Town of Johnston contributes at a rate of covered-employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The Town contributed \$619,349 to the General Employees Plan, \$68,705 to the Police Plan and \$350,257 to the Fire Plan in the year ended June 30, 2018, which was 8% of General Employee annual covered payroll, 9% of Police annual covered payroll and 8% of Fire annual covered payroll.

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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.

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability 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	7.00%
Projected Salary Increases	General Employees - 3.50% to 7.50%; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.5 %
Mortality	Mortality - variants of the RP-2014 mortality tables - for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.
Cost of Living Adjustments	A 2% COLA is assumed after January 1, 2014.

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

TOWN OF JOHNSTON, RHODE ISLAND
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The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

<u>Type of Investment</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity		
US Equity	20.60%	6.85%
International Developed Equity	15.90%	6.71%
Emerging Markets Equity	3.50%	8.91%
Private Equity		
Private Energy	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%
	<u>100%</u>	

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

TOWN OF JOHNSTON, RHODE ISLAND
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Discount Rate

The discount rate used to measure the total pension liability of the plans was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's 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.

General Employees:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2016	\$ 42,944,472	\$ 29,324,045	\$ 13,620,427
Changes for the year:			
Service cost	737,891		737,891
Interest	3,141,434		3,141,434
Changes of benefit terms			-
Differences between expected and actual experience	(911,415)		(911,415)
Changes of assumptions	2,265,521		2,265,521
Employer contributions		1,313,489	(1,313,489)
Member contributions		233,647	(233,647)
Net investment income		3,324,653	(3,324,653)
Benefit payments, including refunds of member contributions	(2,855,249)	(2,855,249)	-
Administrative expenses		(31,410)	31,410
Other changes		(2,573)	2,573
Net changes	<u>2,378,182</u>	<u>1,982,557</u>	<u>395,625</u>
Balances as of June 30, 2017	\$ <u>45,322,654</u>	\$ <u>31,306,602</u>	\$ <u>14,016,052</u>

TOWN OF JOHNSTON, RHODE ISLAND
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Police:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2016	\$ 487,797	\$ 455,479	\$ 32,318
Changes for the year:			
Service cost	125,451		125,451
Interest	41,289		41,289
Changes of benefit terms			-
Differences between expected and actual experience	(17,348)		(17,348)
Changes of assumptions	74,307		74,307
Employer contributions		65,378	(65,378)
Member contributions		70,238	(70,238)
Net investment income		70,152	(70,152)
Benefit payments, including refunds of member contributions			-
Administrative expenses		(663)	663
Other changes		(1)	1
Net changes	<u>223,699</u>	<u>205,104</u>	<u>18,595</u>
Balances as of June 30, 2017	\$ <u>711,496</u>	\$ <u>660,583</u>	\$ <u>50,913</u>

**TOWN OF JOHNSTON, RHODE ISLAND
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Fire:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2016	\$ 6,844,848	\$ 6,484,492	\$ 360,356
Changes for the year:			
Service cost	719,151		719,151
Interest	535,882		535,882
Changes of benefit terms			-
Differences between expected and actual experience	(5,835)		(5,835)
Changes of assumptions	583,764		583,764
Employer contributions		334,335	(334,335)
Member contributions		400,601	(400,601)
Net investment income		842,725	(842,725)
Benefit payments, including refunds of member contributions	(118,651)	(118,651)	-
Administrative expenses		(7,962)	7,962
Other changes		(18)	18
Net changes	<u>1,714,311</u>	<u>1,451,030</u>	<u>263,281</u>
Balances as of June 30, 2017	\$ <u>8,559,159</u>	\$ <u>7,935,522</u>	\$ <u>623,637</u>

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

The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.0%, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

General Employees:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 19,322,432	\$ 14,016,052	\$ 10,064,025

**TOWN OF JOHNSTON, RHODE ISLAND
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Police:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Net Pension Liability	\$ 129,587	\$ 50,913	\$ (7,674)

Fire:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Net Pension Liability	\$ 1,579,344	\$ 623,637	\$ (87,871)

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 employer recognized pension expense of \$1,867,629 for General Employees, \$61,342 for Police and \$377,210 for Fire. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

General Employees:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 19,990	\$ 836,198
Changes of assumptions	1,733,108	
Net difference between projected and actual earnings on pension plan investments	1,982,747	1,360,092
Contributions subsequent to measurement date	619,349	
Total	<u>\$ 4,355,194</u>	<u>\$ 2,196,290</u>

**TOWN OF JOHNSTON, RHODE ISLAND
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Police:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 30,965	\$ 23,615
Changes of assumptions	69,927	1,577
Net difference between projected and actual earnings on pension plan investments	23,015	28,662
Contributions subsequent to measurement date	<u>68,705</u>	<u> </u>
 Total	 <u>\$ 192,612</u>	 <u>\$ 53,854</u>

Fire:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 5,136	\$ 168,799
Changes of assumptions	542,661	98,803
Net difference between projected and actual earnings on pension plan investments	383,705	339,898
Contributions subsequent to measurement date	<u>350,257</u>	<u> </u>
 Total	 <u>\$ 1,281,759</u>	 <u>\$ 607,500</u>

TOWN OF JOHNSTON, RHODE ISLAND
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\$619,349, 68,705 and \$350,257 for the General Employees, Police and Fire respectively, reported as deferred outflows of resources related to pensions resulting from the Town's contributions in fiscal year 2018 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2019, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	General Employees	Police	Fire
	Net Deferred	Net Deferred	Net Deferred
	Outflows (Inflows)	Outflows (Inflows)	Outflows (Inflows)
	of Resource	of Resource	of Resource
2019	\$ 333,605	\$ 3,397	\$ 23,946
2020	832,009	7,317	96,980
2021	535,869	4,732	43,433
2022	(161,928)	(1,217)	(48,772)
2023		4,969	17,945
Thereafter		50,855	190,470
Total	\$ <u>1,539,555</u>	\$ <u>70,053</u>	\$ <u>324,002</u>

B. Teachers' Pension Plan - Employees' Retirement System

Plan Description

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

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

Benefit Provisions

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

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

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

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

Contributions

The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2017, Johnston School Department teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The state and the Johnston School Department are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by the Johnston School Department; the rates were 9.89% and 13.24% of annual covered payroll for the fiscal year ended June 30, 2017 for the Johnston School Department, respectively. The Johnston School Department contributed \$3,558,216, \$3,060,760 and \$3,182,090 for the fiscal years ended June 30, 2018, 2017 and 2016, respectively, equal to 100% of the required contributions for each year.

TOWN OF JOHNSTON, RHODE ISLAND
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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2018, the Town of Johnston reported a liability of \$42,724,384, its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the Johnston School Department as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the Johnston School Department were as follows:

Johnston School Department's proportionate share of the net pension liability	\$ 42,724,384
State of Rhode Island's proportionate share of the net pension liability	<u>32,289,369</u>
Total Net Pension Liability	<u><u>\$ 75,013,753</u></u>

The net pension liability was measured as of June 30, 2017, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017. The Johnston School Department's proportion of the net pension liability was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State, actuarially determined. At June 30, 2017 the Johnston School Department's proportion was 1.35%.

For the year ended June 30, 2018 the Johnston School Department recognized gross pension expense of \$7,499,947 and revenue of \$3,481,335 for support provided by the State. At June 30, 2018, the Johnston School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 3,731,359	\$ 1,012,894
Changes of assumptions	3,305,790	673,269
Net difference between projected and actual earnings on pension plan investments	2,027,020	2,226,544
Changes in proportion and difference between employer contributions and proportionate share contributions	3,558,216	1,252,864
Contributions subsequent to measurement date	<u> </u>	<u> </u>
Total	<u><u>\$ 12,622,385</u></u>	<u><u>\$ 5,165,571</u></u>

TOWN OF JOHNSTON, RHODE ISLAND
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\$3,558,216 reported as deferred outflows of resources related to pensions resulting from the Town of Johnston School Department's contributions in fiscal year 2018 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending June 30, 2019, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Net Deferred Outflows (Inflows) of Resource</u>
2019	\$ 653,656
2020	1,364,962
2021	838,530
2022	87,554
2023	519,088
Thereafter	<u>434,808</u>
Total	<u>\$ 3,898,598</u>

Actuarial Assumptions

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

Inflation	2.5%
Salary increases	3.0 to 13.5%
Investment rate of return	7.0%

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

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

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The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

<u>Type of Investment</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity		
US Equity	20.60%	6.85%
International Developed Equity	15.90%	6.71%
Emerging Markets Equity	3.50%	8.91%
Private Equity		
Private Energy	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%
	<u>100%</u>	

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

**TOWN OF JOHNSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

Discount Rate

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

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

The following presents the net pension liability calculated using the discount rate of 7.0% as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Net Pension Liability	\$ 53,694,343	\$ 42,724,384	\$ 34,553,510

Pension Plan Fiduciary Net Position

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

C. Local Police and Fire Pension Plan

Plan Description

The Town administers and contributes to the Police and Fire Pension Plan, a single-employer retirement plan. The assets of the Police and Fire Pension Plan are held in a Trust which is reported in the fiduciary fund on the Town’s annual financial statements. The Police and Fire Pension Plan was established by the Town in accordance with the Town Charter.

Police and fire department employees are covered under this pay-as-you-go pension plan, except for firefighters hired after July 1, 1999 and police employees hired after July 1, 2010 who are covered under the State of Rhode Island MERS retirement system. The pay-as-you-go retirement plans are considered, in the labor contracts, to be defined benefit plans although they currently are not set up to meet the specifications of a defined benefit plan.

Any police officer or firefighter currently receiving a pension under the pay-as-you-go plan of the Town will also receive a cost of living allowance (COLA) equal to 50% of the increase awarded to current active police officers and firefighters.

**TOWN OF JOHNSTON, RHODE ISLAND
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As of June 30, 2018, membership in the plan was as follows:

Actively Participants - Police	49
Inactive employees or beneficiaries currently receiving benefits - Police	102
Actively Participants - Fire	19
Inactive employees or beneficiaries currently receiving benefits - Fire	<u>94</u>
Total Participants	<u><u>264</u></u>

Benefits Provided

In April 2011, the Town established an irrevocable Police and Fire Pension Trust Fund.

Effective July 1, 2012 and July 1, 1992, the required contribution rate for the pay-as-you-go police and fire pension plan, respectively is 8% by the employees and 12% by the Town. The contribution is calculated on the employee’s annual salary, holiday pay, overtime pay, etc.

The police officer pay-as-you-go plan provides retirement benefits as well as death and disability benefits. All members of the police department hired before July 1, 2010 are eligible to participate. Participants in the plan are eligible to retire after 18 years of service. Benefits are equal to a percentage of the employee’s final average salary, documented on the W-2 tax form, over a three-year period (see chart below). Employees are vested in their retirement benefits upon completion of 10 years of service. All police officers who retire on disability receive sixty-six and two-thirds percent of their salary as defined in their collective bargaining agreement, at the time of disability. For retirements prior to July 1, 2005, pensions for retirees are indexed to one-half of the negotiated base pay increases for active police after benefit commencement. For retirements after July 1, 2005, pensions for retirees shall increase by a 3.00% compounded Cost of Living Adjustment (COLA). The COLA shall begin in the 25th month following the date of the officer’s retirement.

The firefighter pay-as-you-go plan provides retirement benefits as well as death and disability benefits. All members of the fire department hired before July 1, 1999 are eligible to participate. Participants in the plan are eligible to retire after 20 years of service. Benefits are equal to a percentage of the final average of the employee’s three highest consecutive years of compensation based on the base salary, holiday, longevity, clothing allowance, clothing maintenance allowance, “severance pay” (unused sick and vacation pay distributed at retirement), and seventy-five percent of overtime pay (see chart below). Employees shall be able to accrue an addition 2-1/2% in benefits for each year of service credited over 20 years up to a maximum of 30 years for a benefit of 75% of final average salary. Employees are vested in their retirement benefits on completion of 10 years of service and attainment of age 55. All firefighters who retire on disability receive sixty-six and two-thirds percent of their final average salary. Retirees receive a COLA of one-half of the negotiated pay increases for active firefighters.

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The following reflects the retirement benefits schedule for members of the police and fire departments:

Years of Service	Percentage of Final Average Salary	
	Police	Fire
18	45.0%	
19	47.5%	
20	50.0%	50.0%
21	52.5%	52.5%
22	55.0%	55.0%
23	57.5%	57.5%
24	60.0%	60.0%
25	62.5%	65.0%
26	65.0%	66.0%
27	67.5%	67.0%
28	70.0%	68.0%
29	72.5%	69.0%
30+	75.0%	70.0%

Investment Policy

The Town’s Retirement Board establishes the pension Plan’s policy regarding asset allocation. Plan assets are managed with a long-term objective of achieving a fully funded status of the benefit provided through the Plan. Market value as of the end of the 2017 fiscal year was used to determine the fair value of the Plan’s investments.

Contributions

The amount of employee contributions has been established under the plan. For the police department, employee contributions are equal to 8% of gross pay. Police employees terminated before retirement may withdraw the employee-provided account and forfeit their right to pension benefits. The Town of Johnston has adopted a policy to increase the prior year’s employer contribution 2.75% annually.

For the fire department, employee contributions are equal to 8% of salary including base, holiday, longevity, clothing allowance, clothing maintenance allowance, severance and overtime. The Town of Johnston has adopted a policy to increase the prior year’s employer contribution 2.75% annually.

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Investment Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on the Police and fire Pension Plan investments, net of investment expenses, was 7.84%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The total net pension liability for the Police and Fire Pension Trust was measured as of June 30, 2018 determined by an actuarial valuation as of that date. The components of the net pension liability of the at June 30, 2018 were as follows:

	<u>Police</u>	<u>Fire</u>
Total pension liability	\$ 75,853,812	\$ 79,693,271
Plan fiduciary net position	<u>20,382,631</u>	<u>23,663,500</u>
Town's Net Pension Liability	<u>\$ 55,471,181</u>	<u>\$ 56,029,771</u>

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an experience study for the period July 1, 2014 to June 30, 2017.

Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

Healthy mortality rates were based on the sex-distinct RP-2000 Combined Health White Collar Mortality Table using 115% of males rates and 95% of female rates for females, adjusted to the valuation date, using general projection under Scale AA to reflect future mortality improvement.

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

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table (rates shown include the inflation component). These rates are applicable for the police and fire pension trust fund.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Domestic equity	40.0%	6.40%
International equity - developed markets	17.5%	7.40%
International equity - emerging markets	2.5%	9.80%
Fixed income - core	28.0%	1.75%
Fixed income - high yield	6.0%	4.30%
Real estate	5.0%	5.10%
Cash	1.0%	0.00%
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current 8% contribution rate and that the Town of Johnston's contributions of \$8.5 million for the fiscal year ended June 30, 2017 will increase 3.00% each year, unless otherwise provided. Based on these assumptions, the Pension System's fiduciary net position was not 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 investment of 7.25% was applied to all periods.

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

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

The schedule of changes in the Town's net pension liability, employer contributions, and investment returns are presented as required supplementary information following the notes to the basic financial statements.

Police:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Net Pension Liability	\$ 65,097,249	\$ 55,471,181	\$ 47,604,313

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Fire:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Net Pension Liability	\$ 65,574,157	\$ 56,029,771	\$ 48,186,718

Changes in Net Pension Liability

Police:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a)-(b)</u>
Balances as of July 1, 2017	\$ 70,884,488	\$ 18,225,367	\$ 52,659,121
Changes for the year:			
Service cost	1,494,639		1,494,639
Interest	5,264,762		5,264,762
Changes of benefit terms			-
Differences between expected and actual experience	(608,109)		(608,109)
Changes of assumptions	3,182,625		3,182,625
Employer contributions		4,714,480	(4,714,480)
Member contributions		363,787	(363,787)
Net investment income		1,512,485	(1,512,485)
Benefit payments, including refunds of member contributions	(4,364,593)	(4,364,593)	-
Administrative expenses		(73,110)	73,110
Other changes		4,215	(4,215)
Net changes	<u>4,969,324</u>	<u>2,157,264</u>	<u>2,812,060</u>
Balances as of June 30, 2018	\$ <u>75,853,812</u>	\$ <u>20,382,631</u>	\$ <u>55,471,181</u>

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Fire:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2017	\$ 79,380,485	\$ 22,644,128	\$ 56,736,357
Changes for the year:			
Service cost	528,576		528,576
Interest	5,808,544		5,808,544
Changes of benefit terms			-
Differences between expected and actual experience	(4,039,743)		(4,039,743)
Changes of assumptions	2,939,026		2,939,026
Employer contributions		4,041,720	(4,041,720)
Member contributions		160,257	(160,257)
Net investment income		1,814,122	(1,814,122)
Benefit payments, including refunds of member contributions	(4,923,617)	(4,923,617)	-
Administrative expenses		(73,110)	73,110
Other changes			-
Net changes	<u>312,786</u>	<u>1,019,372</u>	<u>(706,586)</u>
Balances as of June 30, 2018	\$ <u>79,693,271</u>	\$ <u>23,663,500</u>	\$ <u>56,029,771</u>

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

For the year ended June 30, 2018, the Town recognized pension expense of \$7,968,988 and \$3,946,273 for the Police and Fire portions of the plan. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Police:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$
Net difference between projected and actual earnings on pension plan investments	<u>260,456</u>	<u></u>
Total	\$ <u>260,456</u>	\$ <u>-</u>

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Fire:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$	\$
Net difference between projected and actual earnings on pension plan investments	<u>415,134</u>	<u> </u>
Total	<u>\$ 415,134</u>	<u>\$ -</u>

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

Police:

Year Ending June 30	Net Deferred Outflows (Inflows) of Resource
<u> </u>	<u> </u>
2019	\$ 321,043
2020	99,078
2021	(135,384)
2022	(24,281)
Thereafter	<u> </u>
Total	<u>\$ 260,456</u>

Fire:

Year Ending June 30	Net Deferred Outflows (Inflows) of Resource
<u> </u>	<u> </u>
2019	\$ 464,524
2020	152,545
2021	(173,812)
2022	(29,123)
Thereafter	<u> </u>
Total	<u>\$ 414,134</u>

D. Teachers’ Survivor Benefit

Plan Description

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

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

Eligibility and Plan Benefits

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

In January, a yearly cost-of-living adjustment for spouse’s benefits is paid and based on the annual social security adjustment. Survivors are eligible for benefits if the member has made contributions for at least six months prior to death or retirement.

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

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

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

TOWN OF JOHNSTON, RHODE ISLAND
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Contributions

The contribution requirements of active employees and the participating school districts were established under Chapter 16-16 of the Rhode Island General Laws, which may be amended by the General Assembly. The cost of the benefits provided by the plan are two percent (2%) of the member's annual salary up to but not exceeding an annual salary of \$9,600; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the respective school district by which the member is employed. These contributions are in addition to the contributions required for regular pension benefits.

The Johnston School Department contributed \$30,574, \$29,988 and \$31,982 for the fiscal years ended June 30, 2018, 2017 and 2016, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2018 the Johnston School Department reported an asset of \$4,205,570 for its proportionate share of the net pension asset related to its participation in TSB. The net pension asset was measured as of June 30, 2017, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2016. The Johnston School Department proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2016 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2016 Johnston School Department proportion was 5.08%

For the year ended June 30, 2018, the Johnston School Department recognized pension expense of \$807,978 - a decrease in the net pension asset. At June 30, 2018, the Johnston School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 830,000	\$ 883,753
Changes of assumptions	692,831	
Net difference between projected and actual earnings on pension plan investments	966,900	698,202
Changes in proportion and difference between employer contributions and proportionate share contributions		355,941
Contributions subsequent to measurement date	<u>30,574</u>	
Total	<u>\$ 2,520,305</u>	<u>\$ 1,937,896</u>

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

\$30,574 reported as deferred outflows of resources related to pensions resulting from the Johnston School Department's contributions in fiscal year 2018 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Net Deferred Outflows (Inflows) of Resource</u>
2019	\$ 95,320
2020	302,100
2021	151,339
2022	(70,453)
2023	52,402
Thereafter	<u>21,127</u>
Total	<u>\$ 551,835</u>

Actuarial Assumptions

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

Inflation	2.55%
Salary increases	3.50% to 13.50%
Investment rate of return	7.00%

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

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

The actuarial assumptions used in the June 30, 2016 valuation 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.

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

<u>Type of Investment</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity		
US Equity	20.60%	6.85%
International Developed Equity	15.90%	6.71%
Emerging Markets Equity	3.50%	8.91%
Private Equity		
Private Energy	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%
	<u>100%</u>	

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

**TOWN OF JOHNSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

Discount Rate

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

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

The following presents the net pension liability (asset) calculated using the discount rate of 7.5% as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Net Pension (Asset) Liability	\$ (2,876,492)	\$ (4,205,570)	\$ (5,195,035)

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

10. DEFINED BENEFIT CONTRIBUTION PLAN

Plan Description

Employees participating in the defined benefit plan with less than 20 years of service as of June 30, 2012, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 5% of their annual covered salary and employers contribute between 1% and 1.5% of annual covered salary depending on the employee’s total years of service as of June 30, 2012. 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 Johnston (including the School Department) recognized pension expense of \$697,801, for the fiscal year ended June 30, 2018. Of that amount, \$34,259 was for general employees, \$41,322 was for noncertified school employees and \$622,220 was for certified school employees.

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

11. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The Town provides post employment health benefits for Firefighters, Police Officers, Teachers and certain other retirees. This benefit is provided per various bargaining agreements. The Town pays for 100% of retiree and spouse costs. The Town is also required to provide dental insurance to certain other retirees until the retirees reach the age of 65 or unless covered elsewhere. The post-employment benefits plan is a single-employer defined benefit healthcare plan administered by the Town. The post-employment benefits plan is considered to be part of the Town’s financial reporting entity and is included in the Town’s financial report as the Other Post-Employment Benefits Trust Fund. The Town does not issue a separate stand-alone financial statement for this program. Management of the post-employment benefits plan is vested with the Town.

At June 30, 2018, the date of the latest actuarial valuation, plan membership consisted of the following:

Active employees	631
Retired employees	<u>576</u>
Total	<u><u>1207</u></u>

Funding Policy and Benefits Provided

The Town has established a trust fund to irrevocably segregate assets to fund the liability associated with post-employment benefits. The fund is reported as a trust fund in accordance with GASB guidelines. The annual actuarially determined contribution payment is transferred into this account annually from the General Fund and budgeted as part of the budgeting process, which is approved by the Town Council.

Firefighters are eligible for lifetime retiree health benefits upon attainment of 20 years of service.

Police officers are eligible for lifetime retiree health benefits upon attainment of 18 years of service.

Town general employees are eligible for lifetime retiree health benefits upon attainment of age 58 with 10 years of service or 26 years of service with no age requirement. For Laborers’ Local 808, only employees hired prior to April 19, 2012 are eligible for retiree health benefits.

School Certified employees are eligible for retiree health benefits upon meeting Rhode Island Employees Retirement System eligibility requirements as described in the next section. Retirees electing spousal coverage are required to pay the full incremental spouse cost. No spousal coverage is available once the retiree reaches Medicare eligibility.

School Noncertified employees are eligible for retiree health benefits according to the requirements below:

Hired prior to September 1, 1999: age 58 with 15 years of service or 25 years of service

Hired on/after September 1, 1999: Age 60 with 20 years of service or age 55 with 25 years of service

There is no spousal coverage available at retirement (pre or post Medicare).

**TOWN OF JOHNSTON, RHODE ISLAND
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 JUNE 30, 2018**

Investment Policy

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

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 0.56%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Town

The Town’s net OPEB liability was measured as of June 30, 2018. The components of the net OPEB liability of the Town at June 30, 2018.

Total OPEB liability	\$ 203,520,505
Plan fiduciary net position	<u>3,796,828</u>
 Net OPEB Liability	 <u><u>\$ 199,723,677</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 1.87%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.50%
Salary increases	3% per year
Investment rate of return	3.87%
Healthcare cost trend rates	9.00%, decreasing to 5%

Mortality rates used are as follows:

Healthy retiree: RPH-2017 Total Dataset Mortality Table Headcount-Weighted fully generational projected using Scale MP-2017

Disabled retiree: RPH-2017 Disabled Mortality Table Headcount-Weighted fully generational projected using Scale MP-2017

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic (US) fixed income investment grade	72 %	3.60 %
Inflation protected securities	4	0.70
International fixed income	<u>24</u>	<u>1.40</u>
Total	<u><u>100</u> %</u>	<u><u>2.96</u> %</u>

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of June 30, 2017	\$ 215,380,378	\$ 2,447,319	\$ 212,933,059
Changes for the year:			
Service cost	7,067,566		7,067,566
Interest	7,777,513		7,777,513
Changes of benefit terms	1,555,927		1,555,927
Changes of assumptions	(7,400,008)		(7,400,008)
Differences between expected and actual experience	(12,833,741)		(12,833,741)
Employer contributions		9,367,130	(9,367,130)
Member contributions			-
Net investment income		15,818	(15,818)
Benefit payments	(8,027,130)	(8,027,130)	-
Administrative expenses		(6,309)	6,309
Net changes	<u>(11,859,873)</u>	<u>1,349,509</u>	<u>(13,209,382)</u>
Balances as of June 30, 2018	<u>\$ 203,520,505</u>	<u>\$ 3,796,828</u>	<u>\$ 199,723,677</u>

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87%) or 1 percentage point higher (4.87%) than the current discount rate:

	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
Net OPEB Liability	\$ 238,541,659	\$ 199,723,677	\$ 169,635,132

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (8.00% decreasing to 4.00%) or 1 percentage point higher (10.00% decreasing to 6.00%) than the current healthcare cost trend rates:

	1% Decrease 8.0% decreasing to 4.0%	Healthcare cost Trend Rates 9.0% decreasing to 5.0%	1% Increase 10.0% decreasing to 6.0%
Net OPEB Liability	\$ 167,858,389	\$ 199,723,677	\$ 241,215,601

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

For the year ended June 30, 2018, the Town recognized OPEB expense of \$8,682,023. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,194,421	\$ 10,694,784
Changes of assumptions		25,423,067
Net difference between projected and actual earnings on OPEB plan investments	66,678	15,031
Total	<u>\$ 2,261,099</u>	<u>\$ 36,132,882</u>

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

Year Ending June 30	Net Deferred Outflows (Inflows) of Resource
2019	\$ (7,626,126)
2020	(7,626,126)
2021	(7,626,127)
2022	(7,621,115)
2022	<u>(3,372,289)</u>
Total	<u>\$ (33,871,783)</u>

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The following schedule presents the net position held in trust for OPEB benefits at June 30, 2018 and the changes in net position for the year ended June 30, 2018:

	<u>Town OPEB Trust Fund</u>
Assets:	
Investments, at fair value:	\$ 3,241,828
Mutual funds - equity	
Due from other funds	<u>555,000</u>
Total assets	<u>3,796,828</u>
Net Position:	
Restricted for OPEB Benefits	<u>\$ 3,796,828</u>
	<u>OPEB Trust Fund</u>
Additions:	
Contributions:	
Employer	<u>\$ 9,367,130</u>
Investment income:	
Interest and dividends	<u>15,818</u>
Total additions	<u>9,382,948</u>
Deductions:	
Benefits	8,027,130
Administration	<u>6,309</u>
Total deductions	<u>8,033,439</u>
Change in Net Position	1,349,509
Net Position - Beginning of Year	<u>2,447,319</u>
Net Position - End of Year	<u>\$ 3,796,828</u>

**TOWN OF JOHNSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

12. RISK MANAGEMENT AND HEALTHCARE MANAGEMENT FUND

Healthcare

Effective July 1, 2008 the Town of Johnston established a healthcare management fund (an internal service fund) to account for its healthcare coverage programs for current active and retired employees. In addition, effective July 1, 2008, the Town became a member of Rhode Island Municipal Insurance Corporation (RIMIC), a collaborative of various municipal entities, for health insurance claims. All departments of the Town participate in the self-insurance program (cost plus basis) through RIMIC. Effective fiscal year 2011, the Town also became self-insured for dental insurance.

The Town currently maintains stop loss insurance to protect the taxpayers from catastrophic loss resulting from excessive health insurance claims. At June 30, 2018, the stop loss insurance contract covered all claims exceeding \$250,000 per individual on an annual basis. In addition, specific stop loss maximum for the Town for the year is maintained at approximately \$1,750,000.

The Town’s finance department oversees the self-insured program for all Town employees and claims payment services are provided by Blue Cross and Blue Shield of Rhode Island and Delta Dental of Rhode Island (Plan Administration). All funds of the Town make payments to the Healthcare Management Fund (an Internal Service Fund) based on actual claims of based on estimated working rates.

An analysis of the activity in the claims liability for the medical insurance fund is as follows:

Medical Insurance							
	Liability July 1,		Current Year Claims and Changes in Estimates		Claim Payments		Liability June 30,
2016-17	\$ 973,565	\$	16,776,978	\$	(16,367,903)	\$	1,382,640
2017-18	1,382,640		17,654,972		(16,594,474)		2,443,138

Unemployment

The Town is self-insured for unemployment benefits.

Other Insurance

The Town is a member of the Rhode Island Inter-Local Risk Management Trust. This cooperative pool with other Rhode Island cities and towns provides insurance coverage for the Town risks of loss.

The Trust provides all property and liability insurance coverage for the Town. Property and liability claims are subject to a \$2,500 per occurrence deductible with the exception of public officials’ liability claims, which are subject to a \$5,000 per occurrence deductible. The Trust’s self-insured retention levels range from \$100,000 to \$500,000 depending on the type of coverage provided. In addition to the self-insurance provided by the Trust, there is also reinsurance through third-party sources for claims up to \$4,000,000.

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

The Trust is a nonprofit organization which is governed by a board of Trustees composed of officials of member organizations or their representatives. In addition to insurance coverage, the Trust provides risk management services with emphasis on loss control, risk management, education and training, claims administrations and other services to its members.

Upon joining the Trust, members sign a participation agreement which outline the rights and responsibilities of both members and the Trust. The agreement states that for premiums paid by members, the Trust will assume financial responsibility for member's losses up to a maximum amount of insurance purchased, minus member's deductible amounts. Additionally, should a member decide to withdraw from the Trust, the participation agreement requires three months' notice and the payment of a severance penalty.

13. OTHER AGREEMENTS

In March 1996, the Town entered into an agreement with the Rhode Island Solid Waste Management Corporation (the Corporation). The agreement shall remain in effect for as long as the Corporation, its successor or assignee owns or operates solid waste management facilities and landfills on the property in the Town.

The terms of the agreement are as follows:

- The Town received \$3,150,000 in April 1996 as settlement of all disputed amounts owed to the Town by the Corporation from the beginning of time up to the effective date of the agreement.
- Annual payments shall be made to the Town in the amount of \$1,500,000 plus 3-1/2% of the Corporation's gross revenue. However, the annual payment must not be less than \$1,500,000 nor greater than 10% of the corporation's gross revenue.
- The annual payments are due on a quarterly basis beginning July 1996. If the corporation fails to make a payment within thirty (30) days after the due date, interest shall accrue from the expiration of the due date at the rate of six percent (6%) per annum.
- For the contract year beginning April 1, 2001, and every five (5) years shall be increased ten percent (10%)

On March 16, 2015, the Town and Energy Rhode Island State Energy L.P. (ERISE) entered into an agreement regarding the supply of energy to certain parts of the Town. In May of 1999, the town entered into the original agreement regarding this matter with predecessors' organizations. The current agreement commenced on January 2015 and expires on December 31, 2035.

ERISE agrees to provide energy at a significant benefit to the industrial customers located in the industrial park site where the energy facility is constructed. Also, the agreement provides additional benefits to the Town through the provision of discounted generation supply to the Town for use in its municipal facilities.

The agreement allows for an evaluation of the escalation rate every fifth year. Annual payments are due on or before January 31 of each year of the term.

Total revenue of \$3,121,200 was received under the terms of the agreement for the year ended June 30, 2018.

14. COMMITMENTS AND LITIGATION

Amounts received or receivable from federal and state grantor agencies are subject to audit and adjustment by grantor agencies. 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.

The Town is a defendant in various lawsuits and the outcome of these lawsuits is not presently determinable. In the opinion of the Town attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

The Town was named as the defendant in a case involving the pension obligation to three retirees. In fiscal 2012, the Town was unsuccessful in its defense but has appealed the verdict to the Rhode Island Supreme Court. The obligation resulting from this case including interest in accordance with the initial judgment was estimated to be \$826,810. This potential obligation has been reported as a liability in the Police and Fire Pension Trust Fund as of June 30, 2018. The obligation is reported in the Police and Fire Pension Trust Fund since the assets related to this obligation are a component of the assets which comprise the Trust Fund. At June 30, 2018, the Town has established a letter of credit for the potential interest owed on the judgment and deposited funds equal to that letter of credit into separate restricted cash accounts. In addition, the initial judgment of approximately \$199,130 has been placed on deposit with the State of Rhode Island Superior Court and is currently being held in escrow pending the outcome of the Town's appeal.

15. TAX ABATEMENTS

The Town of Johnston, Rhode Island may, from time to time, enter into Tax Stabilization agreements (tax treaty agreements) with local businesses in accordance with provisions of Rhode Island Public Laws, 1960, Chapter 7, and various provisions of the General Laws of the State of Rhode Island. In accordance with the applicable Public Law and the General Laws of the State of Rhode Island, the Town may enter into tax treaty agreements which provide stabilization of taxes as a means to induce businesses to locate to the Town of Johnston. These agreements are considered to be in the best public interest of the Town as they provide incentives for businesses to locate in the Town of Johnston, which will result an increase in the tax base of the Town, provide increased tax revenue, enhance property values in Town, help the overall economic climate of the Town, and, in some instances, create employment opportunity for the residents of the Town of Johnston.

As of June 30, 2018, the Town of Johnston maintained two tax treaty/tax stabilization agreements. These agreements provided tax relief to businesses in the form of stabilization agreements for real and tangible property taxes. Listed below is a summary of information pertaining to these agreements for the fiscal year ended June 30, 2018.

Tax Treaty Agreements

- Agreement with Citizens Bank National Association, entered into April 11, 2016, regarding the stabilized tax agreement at a new development site. The agreement shall be for a time period of 20 years. The developer and/or any other successor Project Owner shall make stabilized tax payments to the Town in the amount of \$250,000 per tax year, in lieu of any and all other real and personal property taxes during the term. Abatement for the year is unknown as the property is still in the process of being assessed.

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

- Agreement was entered into on March 21, 2007 between the Town and A. Duie Pyle, Inc. regarding tax stabilization. The term of the agreement is for the period of 17 years. The corporation made a onetime payment of \$650,000 due during the 17-year period. The total taxes abated for the fiscal year ended June 30, 2018 were \$78,213.

16. ON BEHALF PAYMENTS

The amount recognized in the General Fund intergovernmental revenues and education expenditures for contribution made by the state on behalf of the Town's teachers to the State Employees' Retirement System of Rhode Island was \$2,397,000.

17. RESTATEMENT

The government-wide activities, School Unrestricted Fund and Nonmajor Governmental Funds net position and fund balances have been restated as follows:

	<u>Governmental Activities</u>	<u>School Unrestricted Fund</u>	<u>Nonmajor Governmental Funds</u>
Net position/fund balance as previously reported at June 30, 2017	\$ 464,201,554	\$ (5,175,415)	\$ (4,310,702)
To restate net pension liability - Town Plan	(182,928,067)		
To restate deferred outflows - Town Plan	36,571,576		
To restate deferred inflows - Town Plan	(482,454)		
To record tax increment financing bond liability	1,391,000		
To record tax interest and liens receivable net of allowance	(1,593,000)		
To correct the impact of prior year liabilities not reported on the balance sheet	518,334	518,334	
To correct various balances	<u>36,922</u>		<u>36,922</u>
Net Position/Fund Balance as Restated at July 1, 2017	<u>\$ 317,715,865</u>	<u>\$ (4,657,081)</u>	<u>\$ (4,273,780)</u>

The restatement to the net pension liability and the related deferred outflows and inflows was to recognize a change in the measurement date which is now current with the financial reporting date.

A restatement was required to recognize the tax increment financing bond as long-term debt of the Town.

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

A restatement was required to record interest and liens receivable, net of allowances, on outstanding taxes receivable.

A restatement was required to correct the impact of prior year liabilities omitted from the School Unrestricted Fund (\$518,334) and also to correct various nonmajor account balances (\$39,922).

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition and disclosure through December 28, 2018, the date the financial statements were available to be issued.

On November 28, 2018, a settlement was reached between the Town and The Narragansett Electric Company d/b/a National Grid relative to disputed payments for streetlight service. The agreement stipulates a one-time payment of \$3,182,801 representing the total arrearage of the disputed streetlight services. The liability is properly reflected as of June 30, 2018 in the Town's general fund.

19. GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS

The GASB has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements.

GASB Statement No. 83, *Certain Asset Retirement Obligations*

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

GASB Statement No. 84, *Fiduciary Activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

GASB Statement No. 87, *Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.



Required Supplementary Information

**TOWN OF JOHNSTON, RHODE ISLAND
BUDGETARY BASIS - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance - Positive (Negative)
Tax Revenues:				
Current year	\$ 71,348,280	\$ 71,348,280	\$ 72,635,438	\$ 1,287,158
1st preceding year	1,700,000	1,700,000	1,526,217	(173,783)
2nd preceding year			753,646	753,646
All other preceding years			296,062	296,062
Abatements	(250,000)	(250,000)	(83,918)	166,082
Power plant tax treaty	3,060,000	3,060,000	3,121,200	61,200
Citizens Bank tax stabilization	250,000	250,000	250,000	-
Total tax revenues	<u>76,108,280</u>	<u>76,108,280</u>	<u>78,498,645</u>	<u>2,390,365</u>
Departmental Fees and Revenues:				
Business licenses and registration	65,000	65,000	61,775	(3,225)
Non business licenses and fees	100,000	100,000	103,870	3,870
Infrastructure fees	14,000	14,000	33,998	19,998
Inspection fees:				
Plumbing	50,000	50,000	231,507	181,507
Building	325,000	325,000	1,015,847	690,847
Electrical	65,000	65,000	261,923	196,923
Engineering fees	5,000	5,000	9,710	4,710
Demolition permit			1,500	1,500
Public works			2,588	2,588
DPW - release and discharge of liens	45,000	45,000	47,826	2,826
Zoning board	65,000	65,000	117,118	52,118
Planning board fees	65,000	65,000	16,343	(48,657)
Tax collector's fees	25,000	25,000	32,857	7,857
Investment and interest income	100,000	100,000	350,364	250,364
Municipal court fees	250,000	250,000	226,300	(23,700)
Recreation program fees			15,000	15,000
Recreation Day Camp revenues			37,454	37,454
Entertainment licenses	2,500	2,500	2,600	100
Marriage, death and birth certificates	27,000	27,000	28,566	1,566
Real estate conveyance - State of RI			38,618	38,618
Stamps	200,000	200,000	382,124	182,124
Advertising	14,000	14,000	16,680	2,680
Dog licenses	600	600	925	325
Other	13,000	13,000	15,768	2,768
Recording/probate land evidence	240,000	240,000	287,118	47,118
Probate fees	30,000	30,000	26,903	(3,097)
Police fees	2,000	2,000	500	(1,500)
VIN number checks	35,000	35,000	57,186	22,186
BCI fees			1,545	1,545
Police department reimbursement	45,000	45,000	45,000	-
Pistol permit fees	2,500	2,500	1,855	(645)
Fire department revenues	1,000	1,000	698	(302)
Renewable Energy reimbursement			53,292	53,292
Medical reimbursements	325,000	325,000	351,152	26,152
FEMA / EMPG reimbursements			109,126	109,126
Pilot and settlement payments	542,142	542,142	691,999	149,857
Commercial vehicle surcharges	325,000	325,000	407,742	82,742
Cell phone towers	160,000	160,000	179,860	19,860
Interest and penalties on property tax	525,000	525,000	966,576	441,576
Rescue services reimbursement	950,000	950,000	950,000	-
Housing authority	22,500	22,500	28,555	6,055
Total departmental fees and revenue	<u>4,636,242</u>	<u>4,636,242</u>	<u>7,210,368</u>	<u>2,574,126</u>
Intergovernmental:				
State Aid - School	18,259,774	18,259,774	18,312,233	52,459
School housing aid	275,000	275,000	454,102	179,102
Distressed community relief	601,333	601,333	601,333	-
Motor vehicle phase out	422,637	422,637	1,792,809	1,370,172
Public service corporation tax	373,181	373,181	367,606	(5,575)
Meal and beverage tax distribution	668,165	668,165	708,375	40,210
Host community agreement	3,997,365	3,997,365	4,033,181	35,816
Library aid	124,168	124,168	124,168	-
Total intergovernmental	<u>24,721,623</u>	<u>24,721,623</u>	<u>26,393,807</u>	<u>1,672,184</u>
Miscellaneous:				
Town	20,000	20,000	41,073	21,073
School	1,059,000	1,059,000	1,355,483	296,483
	<u>1,079,000</u>	<u>1,079,000</u>	<u>1,396,556</u>	<u>317,556</u>
Total revenues before other financing uses	<u>106,545,145</u>	<u>106,545,145</u>	<u>113,499,376</u>	<u>6,954,231</u>

(Continued on next page)

**TOWN OF JOHNSTON, RHODE ISLAND
BUDGETARY BASIS - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance - Positive (Negative)</u>
Legislative, judicial and general administrative:				
Town Council:				
Salaries	\$ 32,700	\$ 32,700	\$ 32,700	\$ -
FICA	2,685	2,685	2,685	-
Retirement Town's share	1,173	1,173	1,094	79
Department	100	100		100
Telephone	2,000	2,000	1,467	533
Office	100	100		100
Town Sargent salary	2,400	2,400	2,400	-
Claims	2,000	2,000		2,000
Contingency	4,000	4,000		4,000
Total Town Council	<u>47,158</u>	<u>47,158</u>	<u>40,346</u>	<u>6,812</u>
Mayor:				
Mayor's salary	75,000	75,000	75,000	-
Chief of Staff salary	40,700	40,700	40,700	-
Full-time salaries	55,000	55,000	55,000	-
FICA	13,059	13,059	12,894	165
Health insurance	39,762	39,762	39,762	-
Life insurance	284	284	284	-
Retirement Town's share	9,339	9,339	9,616	(277)
Office	3,750	3,750	2,686	1,064
Equipment lease	2,295	2,295	1,674	621
Telephone	500	500		500
Department expense	3,000	3,000	6,168	(3,168)
Total Mayor	<u>242,689</u>	<u>242,689</u>	<u>243,784</u>	<u>(1,095)</u>
Courts:				
Probate court	7,500	7,500	7,500	-
FICA	574	574	574	-
Health insurance	7,613	7,613	7,613	-
Department	100	100		100
Total Courts	<u>15,787</u>	<u>15,787</u>	<u>15,687</u>	<u>100</u>
Canvassers:				
Board salaries	6,000	6,000	5,500	500
Full-time salaries	45,597	45,597	44,862	735
FICA	4,330	4,330	3,817	513
Health insurance	1,296	1,296	1,296	-
Life insurance	95	95	95	-
Retirement Town's share	7,742	7,742	7,666	76
Office	4,000	4,000	8,031	(4,031)
Department expense	500	500		500
Equipment lease	1,200	1,200	942	258
Total Canvassers	<u>70,760</u>	<u>70,760</u>	<u>72,209</u>	<u>(1,449)</u>
Legal:				
Salaries	52,000	52,000	52,000	-
Health insurance	7,519	7,519	7,519	-
FICA	3,978	3,978	3,978	-
Hourly billings	350,000	350,000	631,267	(281,267)
Contingency: judgements	50,000	50,000	72,198	(22,198)
Legal services	25,000	25,000	3,066	21,934
Office	450	450	131	319
Total legal	<u>488,947</u>	<u>488,947</u>	<u>770,159</u>	<u>(281,212)</u>

(Continued on next page)

**TOWN OF JOHNSTON, RHODE ISLAND
BUDGETARY BASIS - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance - Positive (Negative)</u>
Town Clerk:				
Town clerk salary	\$ 77,400	\$ 77,400	\$ 77,743	\$ (343)
Deputy clerk	5,250	5,250	4,254	996
Full-time salaries	87,242	87,242	92,972	(5,730)
Overtime salaries	10,000	10,000	10,441	(441)
FICA	13,762	13,762	13,804	(42)
Health insurance	47,281	47,281	47,281	-
Life insurance	284	284	300	(16)
Retirement Town's share	27,956	27,956	28,215	(259)
Stenographer	15,000	15,000	10,882	4,118
Department expense	1,500	1,500	1,618	(118)
Office	3,200	3,200	9,635	(6,435)
Advertising	15,000	15,000	15,684	(684)
Training	500	500	130	370
Equipment lease	2,000	2,000	1,674	326
Operating	25,000	25,000	43,941	(18,941)
Total Town clerk	331,375	331,375	358,574	(27,199)
Zoning Board:				
Board salaries	8,800	8,800	10,250	(1,450)
FICA	673	673	784	(111)
Postage	200	200	200	-
Building and advertising	1,000	1,000	2,617	(1,617)
Stenographer	5,100	5,100	5,102	(2)
Total zoning board	15,773	15,773	18,753	(2,980)
Total legislative, judicial and general administrative	1,212,489	1,212,489	1,519,512	(307,023)
Financial Administration:				
Finance:				
Salaries	495,540	495,540	485,464	10,076
Severance				-
Overtime	11,500	11,500	23,329	(11,829)
Health insurance	139,168	139,168	139,168	-
Life insurance	853	853	837	16
Retirement Town's share	80,115	80,115	77,649	2,466
FICA	38,789	38,789	37,759	1,030
Office	5,250	5,250	4,232	1,018
Audit	90,000	90,000	24,750	65,250
Consulting fee	80,500	80,500	71,922	8,578
Department expense	19,700	19,700	10,479	9,221
Dues, publications and subscriptions	1,000	1,000	998	2
Payroll processing	60,000	60,000	65,293	(5,293)
Training	3,200	3,200	2,205	995
Fiscal advisor	5,000	5,000		5,000
Computer service contracts	18,400	18,400	19,307	(907)
Postage	14,000	14,000	53,272	(39,272)
Bank and bond fees	5,000	5,000	6,492	(1,492)
Telephone	5,000	5,000	4,754	246
Tax collection fees	10,000	10,000	25,746	(15,746)
Equipment lease purchase	2,000	2,000	2,369	(369)
Total financial administration	1,085,015	1,085,015	1,056,025	28,990
Assessor:				
Full-time salaries	144,873	144,873	142,266	2,607
Part-time and overtime salaries	6,350	6,350	18,534	(12,184)
FICA	11,569	11,569	12,034	(465)
Health insurance	47,281	47,281	47,281	-
Life insurance	284	284	284	-
Retirement Town's share	24,600	24,600	23,829	771
Processing tax roll	50,000	50,000	56,650	(6,650)
Training & college	250	250		250
Computer service contracts	10,000	10,000	9,600	400
Consulting fee	4,500	4,500	4,481	19
Equipment service contract	1,700	1,700	1,319	381
Office	3,000	3,000	7,875	(4,875)
Maps and reproduction supplies	3,350	3,350	351	2,999
Department expense	1,250	1,250	1,533	(283)
Dues, publications and subscriptions	250	250	80	170
Bidding and advertising	250	250	70	180
Equipment lease	1,000	1,000		1,000
Full real estate tax valuation	100,000	100,000	99,500	500
Software support fees			1,000	(1,000)
Total assessor	410,507	410,507	426,687	(16,180)

(Continued on next page)

TOWN OF JOHNSTON, RHODE ISLAND
BUDGETARY BASIS - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance - Positive (Negative)</u>
Public Safety:				
Police Department:				
Salaries	\$ 4,673,527	\$ 4,673,527	\$ 4,458,156	\$ 215,371
Overtime salaries	850,000	850,000	1,098,184	(248,184)
JARE overtime salaries	125,000	125,000	55,686	69,314
Civilian overtime salaries	30,000	30,000	77,459	(47,459)
Part-time salaries	51,740	51,740	76,517	(24,777)
Holiday salaries	246,890	246,890	237,753	9,137
Training and college	40,000	40,000	40,310	(310)
Training and accreditation	15,515	15,515	14,685	830
FICA	502,909	502,909	580,332	(77,423)
Health insurance	1,431,596	1,431,596	1,422,130	9,466
Supplementary medical			9,290	(9,290)
Admin costs - HRA			176	(176)
Life insurance	15,302	15,302	15,073	229
Severance pay	150,000	150,000	182,489	(32,489)
Longevity	357,378	357,378	329,811	27,567
Stipend - police retirees local plan			16,450	(16,450)
Accreditation stipend			133,000	(133,000)
Gasoline	81,000	81,000	107,587	(26,587)
Arms and ammunition	22,000	22,000	21,934	66
Clothing and maintenance	132,300	132,300	132,614	(314)
Firearm allowance	34,000	34,000	33,113	887
Medical examinations	3,750	3,750	2,058	1,692
Police pension	4,713,280	4,713,280	4,713,280	-
Bureau of criminal investigation	25,000	25,000	23,954	1,046
Office	14,700	14,700	18,187	(3,487)
Police chief department expense	3,000	3,000	2,490	510
Retirement	158,752	158,752	153,176	5,576
Retiree health insurance	1,205,900	1,205,900	1,547,900	(342,000)
Retiree life insurance	35,814	35,814	36,934	(1,120)
Dues and publications	3,500	3,500	3,250	250
Bids and advertising	1,750	1,750	1,562	188
Radio maintenance	4,000	4,000	3,994	6
Vehicle repair deductible	25,000	25,000	4,081	20,919
Equipment rental	8,850	8,850	7,900	950
Computer service contracts	37,014	37,014	33,065	3,949
Equipment maintenance	20,000	20,000	17,417	2,583
Explorer	9,000	9,000	16,785	(7,785)
Utilities	59,280	59,280	71,376	(12,096)
Telephone	38,480	38,480	37,749	731
Department expense	20,000	20,000	17,206	2,794
Recruits expense	8,035	8,035	27,269	(19,234)
Animal control	7,500	7,500	7,598	(98)
Grant matching funds	5,663	5,663	5,663	-
Injured on duty TPA	5,400	5,400	5,400	-
Information technology	5,500	5,500	8,456	(2,956)
SWAT Team (Special Response Team)	8,000	8,000	7,631	369
Medicare	252,691	252,691	252,691	-
Building maintenance	45,480	45,480	39,710	5,770
Total police department	<u>15,484,496</u>	<u>15,484,496</u>	<u>16,109,531</u>	<u>(625,035)</u>
Municipal Court:				
Full-time salaries	79,340	79,340	81,186	(1,846)
Part-time salaries	40,000	40,000	40,000	-
Overtime salaries	1,500	1,500	276	1,224
Auxiliary judge	3,000	3,000	1,000	2,000
FICA	9,244	9,244	9,133	111
Health insurance	39,762	39,762	39,762	-
Life insurance	190	190	190	-
Retirement Town's share	13,472	13,472	13,645	(173)
Office	3,000	3,000	2,620	380
Building maintenance	3,000	3,000	3,453	(453)
Heat	2,000	2,000	2,891	(891)
Electric	4,800	4,800	5,260	(460)
Telephone	1,500	1,500	1,600	(100)
Water	1,200	1,200	1,016	184
Interpreter Services	500	500		500
Service contracts	6,500	6,500	6,214	286
Department	4,000	4,000	3,798	202
Equipment lease	2,300	2,300	1,531	769
Total municipal court	<u>215,308</u>	<u>215,308</u>	<u>213,575</u>	<u>1,733</u>

(Continued on next page)

TOWN OF JOHNSTON, RHODE ISLAND
BUDGETARY BASIS - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance - Positive (Negative)</u>
Fire Department:				
Department salaries	\$ 5,226,879	\$ 5,226,879	\$ 5,292,134	\$ (65,255)
Part-time salaries	19,290	19,290	9,944	9,346
Call-back and overtime salaries	1,753,850	1,753,850	2,589,801	(835,951)
Longevity	651,737	651,737	664,605	(12,868)
Holiday salaries	350,933	350,933	367,194	(16,261)
Unused sick day bonus	18,000	18,000		18,000
FICA	625,500	625,500	665,848	(40,348)
Health insurance	1,586,779	1,586,779	1,586,779	-
Life insurance	18,880	18,880	18,652	228
Severance pay	150,000	150,000	10,941	139,059
Radio maintenance	20,000	20,000	49,206	(29,206)
Fire prevention	6,000	6,000	9,323	(3,323)
Sanitary supplies	20,000	20,000	19,522	478
Clothing and allowance	160,200	160,200	161,200	(1,000)
Fire alarm	15,000	15,000	15,113	(113)
First aid and ambulance service	87,000	87,000	141,195	(54,195)
Gasoline	35,000	35,000	67,430	(32,430)
Office	9,050	9,050	12,620	(3,570)
Haz-Mat stipend	69,420	69,420	69,183	237
Fire pension	4,041,720	4,041,720	4,041,720	-
SCBA operations	10,000	10,000	12,744	(2,744)
Utilities	87,500	87,500	101,809	(14,309)
Telephone	40,000	40,000	62,706	(22,706)
Rent	1,800	1,800		1,800
Hydrants	212,500	212,500	218,226	(5,726)
Hazardous materials	3,500	3,500	1,522	1,978
Fire chief contracted expense	3,280	3,280	2,552	728
Fire chief department expense	1,000	1,000	1,294	(294)
Retirement	355,307	355,307	362,301	(6,994)
Retiree health insurance	1,165,036	1,165,036	1,488,286	(323,250)
Training	17,000	17,000	14,217	2,783
Training and college	20,000	20,000	27,744	(7,744)
Equipment rental	2,000	2,000	1,194	806
Department expense	6,000	6,000	7,874	(1,874)
Building maintenance	60,000	60,000	44,709	15,291
Fire fighter equipment and supplies	81,000	81,000	99,000	(18,000)
Injured on duty TPA	7,600	7,600	7,600	-
Grant matching funds	50,000	50,000	50,000	-
Vehicle repairs	80,000	80,000	156,410	(76,410)
Medicare	188,874	188,874	188,874	-
Total fire department	17,257,635	17,257,635	18,641,472	(1,383,837)
Emergency Management:				
Salaries	10,000	10,000	10,000	-
FICA	765	765	779	(14)
Retirement	1,200	1,200	1,200	-
Total emergency management	11,965	11,965	11,979	(14)
Total public safety	32,969,404	32,969,404	34,976,557	(2,007,153)
Public Works Department:				
Street and highways:				
Salaries	511,216	511,216	503,474	7,742
Part-time salaries				-
Overtime	65,000	65,000	170,756	(105,756)
FICA	44,081	44,081	50,726	(6,645)
Health insurance	154,205	154,205	154,205	-
Life insurance	1,043	1,043	995	48
Severance pay			8,693	(8,693)
Retirement Town's share	85,106	85,106	74,922	10,184
Snow removal	125,000	125,000	225,208	(100,208)
Drainage	12,000	12,000	7,650	4,350
Street lighting	500,000	500,000	735,076	(235,076)
Street and traffic control	20,000	20,000	15,889	4,111
Street and highway materials	60,000	60,000	54,466	5,534
Department expense			60,005	(60,005)
Equipment maintenance	2,500	2,500	191	2,309
Total streets and highways	1,580,151	1,580,151	2,062,256	(482,105)

(Continued on next page)

**TOWN OF JOHNSTON, RHODE ISLAND
BUDGETARY BASIS - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance - Positive (Negative)</u>
Building Maintenance:				
Salaries	\$ 183,385	\$ 183,385	\$ 138,760	\$ 44,625
Part-time salaries	7,800	7,800	6,453	1,347
Overtime	7,000	7,000	2,531	4,469
FICA	15,161	15,161	11,163	3,998
Health insurance	47,281	47,281	47,281	-
Life insurance	379	379	332	47
Retirement Town's share	31,139	31,139	24,090	7,049
Building maintenance	20,000	20,000	18,788	1,212
Building supplies	800	800	525	275
Department expense	500	500		500
Capital purchases	3,000	3,000		3,000
Total building maintenance	<u>316,445</u>	<u>316,445</u>	<u>249,923</u>	<u>66,522</u>
Public Works Administration:				
Salaries	209,634	209,634	211,050	(1,416)
Overtime	1,000	1,000	5,320	(4,320)
Severance pay				-
FICA	16,113	16,113	16,329	(216)
Health insurance	47,648	47,648	47,648	-
Life insurance	379	379	379	-
Retirement Town's share	34,465	34,465	34,103	362
Bidding and advertising	700	700	716	(16)
Garbage collections	1,370,000	1,370,000	1,370,000	-
Recycling bins	6,000	6,000	3,042	2,958
Safety equipment	7,000	7,000	5,560	1,440
Tree removal	18,000	18,000	21,600	(3,600)
Gasoline	100,000	100,000	69,842	30,158
Equipment lease	10,000	10,000	2,653	7,347
Telephone	13,500	13,500	8,929	4,571
Utilities	37,000	37,000	30,828	6,172
Office expense	7,700	7,700	5,903	1,797
Department	4,000	4,000	4,140	(140)
Uniforms	6,500	6,500	7,609	(1,109)
Emergency repairs and security			29,689	(29,689)
Capital purchases	12,000	12,000	16,454	(4,454)
Total public works administration	<u>1,901,639</u>	<u>1,901,639</u>	<u>1,891,794</u>	<u>9,845</u>
Sewer Department:				
Salaries	30,000	30,000	35,815	(5,815)
Part-time salaries			7,404	(7,404)
Town engineer	25,000	25,000	29,105	(4,105)
FICA	4,208	4,208	5,294	(1,086)
Health insurance	19,881	19,881	19,881	-
Life insurance	95	95	95	-
Retirement Town's share	5,094	5,094	6,219	(1,125)
Department	500	500	299	201
Materials			222	(222)
Computer service contract	10,000	10,000		10,000
Total sewer department	<u>94,778</u>	<u>94,778</u>	<u>104,334</u>	<u>(9,556)</u>
Waste Water Management:				
Part-time salaries			4,732	(4,732)
FICA	536	536	898	(362)
Postage	250	250	303	(53)
Bidding and advertising	200	200		200
Board salaries	7,000	7,000	7,000	-
Total waste water management	<u>7,986</u>	<u>7,986</u>	<u>12,933</u>	<u>(4,947)</u>
Fleet Maintenance:				
Salaries	200,728	200,728	182,054	18,674
Overtime salaries	10,000	10,000	2,569	7,431
FICA	16,121	16,121	13,885	2,236
Health insurance	59,643	59,643	59,643	-
Life insurance	379	379	379	-
Retirement Town's share	33,829	33,829	33,027	802
Vehicle repair - Police	45,000	45,000	53,123	(8,123)
Vehicle repair - Highway	70,000	70,000	121,347	(51,347)
Vehicle repair - Inspections	1,000	1,000		1,000
Department expense	1,000	1,000	479	521
Capital Purchases	4,000	4,000	1,249	2,751
Total fleet maintenance	<u>441,700</u>	<u>441,700</u>	<u>467,755</u>	<u>(26,055)</u>

(Continued on next page)

**TOWN OF JOHNSTON, RHODE ISLAND
BUDGETARY BASIS - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance - Positive (Negative)</u>
Inspector's Fees:				
Overtime	\$ 2,500	\$ 2,500	\$	\$ 2,500
Plumbing inspector's salary	18,682	18,682	18,083	599
Building inspector's salary	31,200	31,200	19,340	11,860
Electrical inspector's salary	15,600	15,600	15,600	-
CDBG coordinator	65,000	65,000	64,740	260
Building official	85,000	85,000	85,100	(100)
FICA	16,676	16,676	15,485	1,191
Health insurance	19,881	19,881	19,881	-
Life insurance	190	190	190	-
Retirement Town's share	25,470	25,470	25,476	(6)
Dues, publications and subscriptions	150	150	86	64
Office	4,000	4,000	8,065	(4,065)
Department expense	3,000	3,000	2,000	1,000
Total inspector's office	<u>287,349</u>	<u>287,349</u>	<u>274,046</u>	<u>13,303</u>
Parks and recreation:				
Director salary	63,479	63,479	65,256	(1,777)
Park salaries	273,270	273,270	308,199	(34,929)
Recreation salaries	175,100	175,100	151,342	23,758
Overtime salaries	5,000	5,000	31,311	(26,311)
Part-time salaries	60,000	60,000	116,363	(56,363)
Severance pay			19,662	(19,662)
FICA	44,129	44,129	52,124	(7,995)
Health insurance	156,879	156,879	156,879	-
Life insurance	1,043	1,043	956	87
Retirement Town's share	86,912	86,912	75,662	11,250
Equipment maintenance	4,000	4,000	3,095	905
Park maintenance	25,000	25,000	25,595	(595)
Vehicle repairs	6,500	6,500	8,774	(2,274)
Equipment lease	1,800	1,800	1,194	606
Recreation supplies	500	500	-	500
Utilities	31,500	31,500	63,898	(32,398)
Gasoline	12,000	12,000	10,676	1,324
Telephone	7,500	7,500	5,552	1,948
Uniforms	3,000	3,000	1,365	1,635
Office	1,300	1,300	1,277	23
Day camp	1,000	1,000	14,998	(13,998)
Rainons gym parking rental	5,000	5,000	5,000	-
Department	4,000	4,000	4,327	(327)
Grant matching funds			4,835	(4,835)
Capital expenditures			27,944	(27,944)
Building maintenance	5,000	5,000	979	4,021
Total parks and recreation	<u>973,912</u>	<u>973,912</u>	<u>1,157,263</u>	<u>(183,351)</u>
Total public works	<u>5,603,960</u>	<u>5,603,960</u>	<u>6,220,304</u>	<u>(616,344)</u>
Municipal land trust:				
FICA	551	551	413	138
Board salaries	7,200	7,200	5,400	1,800
Department expense	500	500		500
Utilities	3,350	3,350	1,057	2,293
Total municipal land trust	<u>11,601</u>	<u>11,601</u>	<u>6,870</u>	<u>4,731</u>
Human Resources:				
General Public Assistance:				
Salaries	2,400	2,400	2,400	-
FICA	184	184	184	-
Department	50	50		50
Food stamps and holidays	1,000	1,000		1,000
Total general public assistance	<u>3,634</u>	<u>3,634</u>	<u>2,584</u>	<u>1,050</u>
Personnel:				
Full-time salaries	45,315	45,315	44,475	840
FICA	3,467	3,467	3,323	144
Health insurance	19,881	19,881	19,881	-
Life insurance	95	95	95	-
Retirement Town's share	7,694	7,694	7,513	181
Postage	100	100	578	(478)
Training	500	500		500
Department expense	600	600	274	326
Total personnel	<u>77,652</u>	<u>77,652</u>	<u>76,139</u>	<u>1,513</u>
Total human resources	<u>81,286</u>	<u>81,286</u>	<u>78,723</u>	<u>2,563</u>

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**TOWN OF JOHNSTON, RHODE ISLAND
BUDGETARY BASIS - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance - Positive (Negative)</u>
Miscellaneous Appropriations:				
General liability insurance	\$ 650,000	\$ 650,000	\$ 704,019	\$ (54,019)
Workers compensation insurance	325,000	325,000	183,851	141,149
FICA	18,384	18,384	14,801	3,583
Health insurance retirees	329,622	329,622	414,372	(84,750)
Declination - health & dental insurance	233,719	233,719	235,839	(2,120)
Unemployment compensation	5,000	5,000	14,150	(9,150)
Stop - loss health insurance	300,000	300,000	300,000	-
Dues, publications and subscriptions	3,000	3,000	1,155	1,845
Sealer of weights and measures	6,000	6,000	6,000	-
Tree warden	600	600		600
Contingency	10,000	10,000	15,976	(5,976)
Human needs program	5,000	5,000	5,000	-
Rent	3,800	3,800	3,800	-
Police/fire pension actuarial	30,000	30,000	38,729	(8,729)
Tri-Town	35,000	35,000	35,000	-
Utilities	16,500	16,500	26,000	(9,500)
Medicare	535,494	535,494	535,494	-
ACA Fed Govt costs	40,000	40,000		40,000
HRA Retiree Reimbursement	235,000	235,000	235,000	-
Johnston Senior Citizen Center, Inc.	225,949	225,949	228,874	(2,925)
Building maintenance - Town Hall	20,000	20,000	34,049	(14,049)
Total miscellaneous appropriations	<u>3,028,068</u>	<u>3,028,068</u>	<u>3,032,109</u>	<u>(4,041)</u>
Planning and Assessment Board:				
Planning Board:				
Town Planner	45,000	45,000	34,863	10,137
Full-time salaries	35,892	35,892	34,239	1,653
Overtime	5,000	5,000	1,947	3,053
Board salaries	7,000	7,000	8,029	(1,029)
FICA	7,106	7,106	6,148	958
Health insurance	7,519	7,519	7,519	-
Life insurance	95	95	95	-
Retirement Town's share	6,095	6,095	5,745	350
Stenographer	4,500	4,500	2,978	1,522
Department expense	1,500	1,500	1,047	453
Office	1,000	1,000	144	856
Building and advertising	2,000	2,000	1,593	407
Dues, publications and subscriptions	2,000	2,000		2,000
Capital Purchases	17,000	17,000	16,996	4
Total planning board	<u>141,707</u>	<u>141,707</u>	<u>121,343</u>	<u>20,364</u>
Assessment Board:				
Board salaries	2,550	2,550	2,550	-
FICA	195	195	195	-
Total assessment board	<u>2,745</u>	<u>2,745</u>	<u>2,745</u>	<u>-</u>
Total planning board	<u>144,452</u>	<u>144,452</u>	<u>124,088</u>	<u>20,364</u>
Library:				
Full-time salaries	285,141	285,141	255,705	29,436
Part-time salaries	115,440	115,440	79,641	35,799
Overtime	500	500		500
FICA	30,205	30,205	25,137	5,068
Health insurance	121,962	121,962	121,962	-
Life insurance	758	758	616	142
Retirement Town's share	48,417	48,417	43,798	4,619
Books and media	20,000	20,000	20,353	(353)
Dues and publications	300	300	300	-
Bidding and advertising	250	250		250
Computer service contracts	37,500	37,500	28,562	8,938
Auto expense	500	500	58	442
Conferences	200	200		200
Printing	500	500		500
Training	500	500		500
Utilities	27,000	27,000	23,214	3,786
Telephone	2,000	2,000	963	1,037
Building maintenance	24,000	24,000	12,984	11,016
Office	4,800	4,800	2,898	1,902
Information technology equipment			4,214	(4,214)
Department expense	3,000	3,000	2,225	775
Total library	<u>722,973</u>	<u>722,973</u>	<u>622,630</u>	<u>100,343</u>

(Continued on next page)

TOWN OF JOHNSTON, RHODE ISLAND
BUDGETARY BASIS - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance - Positive (Negative)</u>
Debt Service:				
Bond interest expense	\$ 822,822	\$ 822,822	\$ 685,907	\$ 136,915
Master lease interest expense	23,179	23,179	23,576	(397)
Bonded debt payments	2,677,100	2,677,100	2,393,100	284,000
Master lease principal payments	404,500	404,500	414,500	(10,000)
Fund balance restoration	250,000	250,000	250,000	-
Total debt service	<u>4,177,601</u>	<u>4,177,601</u>	<u>3,767,083</u>	<u>410,518</u>
 Total expenditures before other financing uses	 <u>49,447,356</u>	 <u>49,447,356</u>	 <u>51,830,588</u>	 <u>(2,383,232)</u>
Other budgeted financing uses:				
Transfer to Dam Escrow Fund	250,000	250,000	250,000	-
Transfer to School - Town appropriation	37,529,015	37,529,015	37,529,015	-
Transfer to School - State aid and miscellaneous receipts	<u>19,318,774</u>	<u>19,318,774</u>	<u>19,667,716</u>	<u>(348,942)</u>
Total other budgeted financing uses	<u>57,097,789</u>	<u>57,097,789</u>	<u>57,446,731</u>	<u>(348,942)</u>
 Total expenditures and other budgeted financing uses	 <u>106,545,145</u>	 <u>106,545,145</u>	 <u>109,277,319</u>	 <u>(2,732,174)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>-</u>	4,222,057	<u>\$ 4,222,057</u>
Investment earnings on restoration fund note part of budget			24,048	
Inclusion of net income of Police Detail Fund with the General fund, for GAAP purposes, not part of budget			449,319	
Inclusion of net income of Fire Dept. Detail Fund with the General fund, for GAAP purposes, not part of budget			(16,953)	
Inclusion of net income of Town grants fund with the General fund, for GAAP purposes, not part of budget			<u>64,903</u>	
Net Change in Fund Balances - GAAP Basis (Exhibit IV)			<u>\$ 4,743,374</u>	

TOWN OF JOHNSTON, RHODE ISLAND
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
NOTES TO STATEMENTS OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018

Revenues:		
Total General Fund Revenues and Other Financing Sources, from Exhibit IV	\$	95,723,047
Adjustments:		
School State Aid budgeted in General Fund		18,312,233
School Medicaid reimbursement budgeted in General Fund		1,014,262
School's miscellaneous income budgeted in General Fund		341,221
Inclusion of revenue of Police Detail Fund with the General Fund, for GAAP purposes, not part of budget		(1,798,247)
Inclusion of revenue of Fire Dept. Detail Fund with the General Fund, for GAAP purposes, not part of the budget		(4,189)
Inclusion of revenue of Fund Balance Restoration with the General Fund, for GAAP purposes, not part of the budget		(24,048)
Inclusion of revenue of Town grants fund with the General Fund, for GAAP purposes, not part of the budget		<u>(64,903)</u>
Total Budgetary Basis Revenues and Other Financing Sources from RSI-1	\$	<u><u>113,499,376</u></u>
Expenditures:		
Total General Fund Expenditures and Other Financing Sources, from Exhibit IV	\$	90,979,673
Adjustments:		
School State Aid budgeted in General Fund		18,312,233
School Medicaid reimbursement budgeted in General Fund		1,014,262
School's miscellaneous income budgeted in General Fund		341,221
Inclusion of expenditures of Police Detail Fund with the General Fund, for GAAP purposes, not part of budget (includes transfers out)		(1,348,928)
Inclusion of expenditures of Fire Dept. Detail Funds with the General Fund, for GAAP purposes, not part of the budget		<u>(21,142)</u>
Total Budgetary Basis Expenditures and Other Financing Sources from RSI-1	\$	<u><u>109,277,319</u></u>

TOWN OF JOHNSTON, RHODE ISLAND
BUDGET AND ACTUAL - BUDGETARY BASIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SCHOOL UNRESTRICTED FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Intergovernmental	\$ 18,255,966	\$ 18,255,966	\$ 18,317,504	\$ 61,538
Medicaid	845,000	845,000	1,014,262	169,262
Other income	214,000	214,000	341,221	127,221
Total revenues	<u>19,314,966</u>	<u>19,314,966</u>	<u>19,672,987</u>	<u>358,021</u>
Expenditures:				
Salaries:				
Certified personnel	23,337,353	23,337,353	23,382,565	(45,212)
Noncertified personnel	4,746,999	4,746,999	4,474,103	272,896
Administrative	1,649,494	1,649,494	2,061,307	(411,813)
Total salaries	<u>29,733,846</u>	<u>29,733,846</u>	<u>29,917,975</u>	<u>(184,129)</u>
Fringe Benefits:				
Health and dental benefits	7,623,324	7,623,324	8,204,955	(581,631)
Pension benefits	4,546,702	4,546,702	5,420,255	(873,553)
Payroll taxes	778,924	778,924	666,313	112,611
Life insurance and other	560,594	560,594	414,352	146,242
Total fringe benefits	<u>13,509,544</u>	<u>13,509,544</u>	<u>14,705,875</u>	<u>(1,196,331)</u>
Purchased Services:				
Out of District tuition	4,422,192	4,422,192	3,870,823	551,369
Transportation	3,607,660	3,607,660	3,204,565	403,095
Other	3,938,877	3,938,877	3,595,836	343,041
Total purchased services	<u>11,968,729</u>	<u>11,968,729</u>	<u>10,671,224</u>	<u>1,297,505</u>
Supplies and materials	<u>1,631,862</u>	<u>1,631,862</u>	<u>1,239,310</u>	<u>392,552</u>
Capital outlay		<u>472,394</u>	<u>1,091,812</u>	<u>(619,418)</u>
Total expenditures	<u>56,843,981</u>	<u>57,316,375</u>	<u>57,626,196</u>	<u>(309,821)</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(37,529,015)</u>	<u>(38,001,409)</u>	<u>(37,953,209)</u>	<u>48,200</u>
Other Financing Sources (Uses):				
Use of fund balance		472,394	472,394	-
Transfer from Town of Johnston General Fund	<u>37,529,015</u>	<u>37,529,015</u>	<u>37,529,015</u>	-
Total other financing sources (uses)	<u>37,529,015</u>	<u>38,001,409</u>	<u>38,001,409</u>	-
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	48,200	<u>\$ 48,200</u>
Less fiscal 2017 encumbrances considered expenditures for GAAP			(32,304)	
Inclusion of expenditures in debt service fund with the School Unrestricted Fund for GAAP purposes, not part of the budget			(58,699)	
Less use of fund balance - not GAAP			<u>(472,394)</u>	
Net Change in Fund Balances - GAAP Basis (Exhibit IV)			<u>\$ (515,197)</u>	

**TOWN OF JOHNSTON, RHODE ISLAND
 BUDGET AND ACTUAL - BUDGETARY BASIS
 NOTES TO STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 SCHOOL UNRESTRICTED FUND
 FOR THE YEAR ENDED JUNE 30, 2018**

Revenues:		
Total School Unrestricted Revenues and Other Financing Sources, from Exhibit IV	\$	59,599,002
Adjustments:		
Use of fund balance		472,394
State on behalf pension contributions not budgeted		<u>(2,397,000)</u>
Total Budgetary Basis Revenues and Other Financing Sources from RSI-2	\$	<u>57,674,396</u>
Expenditures:		
Total School Unrestricted Expenditures and Other Financing Sources, from Exhibit IV	\$	60,114,199
Adjustments:		
Prior year encumbrances		(32,304)
Inclusion of expenditures in debt service fund for GAAP purposes		(58,699)
State on behalf pension contributions not budgeted		<u>(2,397,000)</u>
Total Budgetary Basis Expenditures and Other Financing Sources from RSI-2	\$	<u>57,626,196</u>

TOWN OF JOHNSTON, RHODE ISLAND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE LOCAL PENSION PLAN
LAST FIVE FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 1,494,639	\$ 5,820,728	\$ 4,354,675	\$ 3,237,765	\$ 3,486,338
Interest	5,264,762	5,023,358	5,462,015	5,320,690	4,843,141
Changes of benefit terms		(15,869,440)			
Differences between expected and actual experience	(608,109)	(853,055)	(3,200,839)	1,627,147	5,744,046
Changes of assumptions	3,182,625	(87,523,217)	29,239,726	15,613,100	
Benefit payments, including refunds of member contributions	<u>(4,364,593)</u>	<u>(4,100,493)</u>	<u>(4,002,706)</u>	<u>(3,982,881)</u>	<u>(3,929,063)</u>
Net change in total pension liability	4,969,324	(97,502,119)	31,852,871	21,815,821	10,144,462
Total pension liability - beginning	<u>70,884,488</u>	<u>168,386,607</u>	<u>136,533,736</u>	<u>114,717,915</u>	<u>104,573,453</u>
Total pension liability - ending	<u>75,853,812</u>	<u>70,884,488</u>	<u>168,386,607</u>	<u>136,533,736</u>	<u>114,717,915</u>
Plan fiduciary net position:					
Contributions - employer	4,714,480	4,797,069	2,783,429	2,786,367	2,711,326
Contributions - employee	363,787	426,286	394,051	388,335	369,825
Net investment income	1,512,485	1,753,780	21,130	141,369	2,301,494
Benefit payments, including refunds of member contributions	(4,364,593)	(4,100,493)	(4,002,706)	(3,982,881)	(3,929,063)
Pension plan administrative expense	(73,110)	(84,157)	(77,728)	(71,000)	(127,317)
Other	<u>4,215</u>	<u>(49,245)</u>	<u>(40,576)</u>	<u>(40,576)</u>	<u>(40,576)</u>
Net change in plan fiduciary net position	2,157,264	2,743,240	(881,824)	(778,386)	1,326,265
Plan fiduciary net position - beginning	<u>18,225,467</u>	<u>15,482,227</u>	<u>16,364,051</u>	<u>17,142,437</u>	<u>15,816,172</u>
Plan fiduciary net position - ending	<u>20,382,731</u>	<u>18,225,467</u>	<u>15,482,227</u>	<u>16,364,051</u>	<u>17,142,437</u>
Net Pension Liability - Ending	<u>\$ 55,471,081</u>	<u>\$ 52,659,021</u>	<u>\$ 152,904,380</u>	<u>\$ 120,169,685</u>	<u>\$ 97,575,478</u>
Plan fiduciary net position as a percentage of the total pension liability	26.87%	25.71%	9.19%	11.99%	14.94%
Covered payroll	\$ 4,741,461	\$ 5,019,760	\$ 5,054,901	\$ 5,049,628	\$ 4,573,055
Net pension liability as a percentage of covered payroll	1169.92%	1049.03%	3024.87%	2379.77%	2133.70%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available

TOWN OF JOHNSTON, RHODE ISLAND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIRE LOCAL PENSION PLAN
LAST FIVE FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 528,576	\$ 2,268,136	\$ 2,314,587	\$ 1,991,455	\$ 2,208,787
Interest	5,808,544	4,778,023	5,227,209	5,462,967	5,185,774
Changes of benefit terms		(8,256,305)			
Differences between expected and actual experience	(4,039,743)	(3,153,677)	2,235,932	(2,195,103)	2,570,343
Changes of assumptions	2,939,026	(72,009,127)	24,437,339	12,115,339	
Benefit payments, including refunds of member contributions	(4,923,617)	(4,918,521)	(4,584,209)	(4,148,770)	(4,035,577)
Net change in total pension liability	312,786	(81,291,471)	29,630,858	13,225,888	5,929,327
Total pension liability - beginning	79,380,485	160,671,956	131,041,098	117,815,210	111,885,883
Total pension liability - ending	79,693,271	79,380,485	160,671,956	131,041,098	117,815,210
Plan fiduciary net position:					
Contributions - employer	4,041,720	3,924,059	2,576,831	2,620,273	2,706,157
Contributions - employee	160,257	185,921	233,585	295,539	356,584
Net investment income	1,814,122	2,283,935	29,412	199,660	3,228,280
Benefit payments, including refunds of member contributions	(4,923,617)	(4,918,521)	(4,584,209)	(4,148,770)	(4,035,577)
Pension plan administrative expense	(73,110)	(84,157)	(77,829)	(71,000)	(127,317)
Other					
Net change in plan fiduciary net position	1,019,372	1,391,237	(1,822,210)	(1,104,298)	2,128,127
Plan fiduciary net position - beginning	22,644,128	21,252,891	23,075,101	24,179,399	22,051,272
Plan fiduciary net position - ending	23,663,500	22,644,128	21,252,891	23,075,101	24,179,399
Net Pension Liability - Ending	\$ <u>56,029,771</u>	\$ <u>56,736,357</u>	\$ <u>139,419,065</u>	\$ <u>107,965,997</u>	\$ <u>93,635,811</u>
Plan fiduciary net position as a percentage of the total pension liability	29.69%	28.53%	13.23%	17.61%	20.52%
Covered payroll	\$ 2,200,925	\$ 1,988,230	\$ 2,205,173	\$ 2,977,948	\$ 3,023,153
Net pension liability as a percentage of covered payroll	2545.74%	2853.61%	6322.36%	3625.52%	3097.29%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available

**TOWN OF JOHNSTON, RHODE ISLAND
SCHEDULE OF CONTRIBUTIONS
POLICE AND FIRE LOCAL PENSION PLAN
LAST FIVE FISCAL YEARS***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Police:					
Actuarially-determined contribution	\$ 8,509,584	\$ 8,073,936	\$ 7,197,627	\$ 6,579,139	\$ 6,633,618
Contributions in relation to the actuarially-determined contribution	<u>4,714,480</u>	<u>4,797,069</u>	<u>2,783,429</u>	<u>2,786,367</u>	<u>2,711,326</u>
Contribution Deficiency (Excess)	<u>\$ 3,795,104</u>	<u>\$ 3,276,867</u>	<u>\$ 4,414,198</u>	<u>\$ 3,792,772</u>	<u>\$ 3,922,292</u>
Covered payroll	\$ 4,741,461	\$ 5,019,760	\$ 5,054,901	\$ 5,049,628	\$ 4,573,055
Contributions as a percentage of covered payroll	99.43%	95.56%	55.06%	55.18%	59.29%
Fire:					
Actuarially-determined contribution	\$ 7,430,222	\$ 6,954,295	\$ 6,607,532	\$ 6,331,388	\$ 6,325,477
Contributions in relation to the actuarially-determined contribution	<u>4,041,720</u>	<u>3,924,059</u>	<u>2,576,831</u>	<u>2,620,273</u>	<u>2,706,157</u>
Contribution Deficiency (Excess)	<u>\$ 3,388,502</u>	<u>\$ 3,030,236</u>	<u>\$ 4,030,701</u>	<u>\$ 3,711,115</u>	<u>\$ 3,619,320</u>
Covered payroll	\$ 2,200,925	\$ 1,988,230	\$ 2,205,173	\$ 2,977,948	\$ 3,023,153
Contributions as a percentage of covered payroll	183.64%	197.36%	116.85%	87.99%	89.51%

Notes to Schedule

Valuation date June 30, 2018
Measurement date June 30, 2018

Actuarially-determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed
Remaining amortization period	20 years
Asset valuation method	Market value
Inflation	2.75%
Salary increases	4.00%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	Refer to July 1, 2016 actuarial valuation report
Mortality	Refer to July 1, 2016 actuarial valuation report

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available

**TOWN OF JOHNSTON, RHODE ISLAND
SCHEDULE OF INVESTMENT RETURNS
POLICE AND FIRE LOCAL PENSION PLAN
LAST FIVE FISCAL YEARS***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	7.84%	0.01%	-0.01%	0.53%	14.72%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available

**TOWN OF JOHNSTON, RHODE ISLAND
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 EMPLOYEES' RETIREMENT SYSTEM
 LAST FOUR FISCAL YEARS***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	1.35%	1.41%	1.40%	1.30%
Town's proportionate share of the net pension liability	\$ 42,724,384	\$ 42,089,055	\$ 37,498,898	\$ 31,616,141
State's proportionate share of the net pension liability associated with the school district	<u>32,289,369</u>	<u>28,824,823</u>	<u>25,618,070</u>	<u>21,680,644</u>
Total	75,013,753	70,913,878	63,116,968	53,296,785
Town's covered payroll	\$ 25,310,860	\$ 23,089,090	\$ 22,674,661	\$ 26,384,676
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	168.80%	182.29%	165.38%	119.83%
Plan fiduciary net position as a percentage of the total pension liability	54.00%	54.06%	57.55%	59.32%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available

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

**TOWN OF JOHNSTON, RHODE ISLAND
SCHEDULE OF CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially-determined contribution	\$ 3,558,216	\$ 3,182,090	\$ 2,968,073	\$ 3,538,185
Contributions in relation to the actuarially-determined contribution	<u>3,558,216</u>	<u>3,182,090</u>	<u>2,968,073</u>	<u>3,538,185</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Covered payroll	\$ 25,310,860	\$ 23,089,090	\$ 22,674,661	\$ 26,384,676
Contributions as a percentage of covered payroll	14.06%	13.78%	13.09%	13.41%

Notes to Schedule

Valuation date June 30, 2016
Measurement date June 30, 2017

Actuarially-determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry Age Normal
Amortization method Level percent, closed
Remaining amortization period 20 years at June 30, 2017
Inflation 2.50%
Salary increases Teachers - 3.0% to 13.0%
Investment rate of return 7.00%
Mortality

Males: PR-2014 Combined Healthy for Males with White Collar adjustments, projected with Scale Ultimate MP16.
Females: PR-2014 Combined Healthy for Females with White Collar adjustments, projected with Scale Ultimate MP16.

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available

TOWN OF JOHNSTON, RHODE ISLAND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS) - GENERAL EMPLOYEES
LAST FOUR FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Service cost	\$ 737,891	\$ 724,766	\$ 726,120	\$ 742,315
Interest	3,141,434	3,069,317	2,976,813	2,908,421
Changes of benefit terms			817,330	
Differences between expected and actual experience	(911,415)	38,342	(474,099)	
Changes of assumptions	2,265,521			30,100
Benefit payments, including refunds of member contributions	<u>(2,855,249)</u>	<u>(2,899,591)</u>	<u>(2,724,611)</u>	<u>(2,797,073)</u>
Net change in total pension liability	2,378,182	932,834	1,321,553	883,763
Total pension liability - beginning	<u>42,944,472</u>	<u>42,011,638</u>	<u>40,690,085</u>	<u>39,806,322</u>
Total pension liability - ending	<u>45,322,654</u>	<u>42,944,472</u>	<u>42,011,638</u>	<u>40,690,085</u>
Plan fiduciary net position:				
Contributions - employer	1,313,489	1,241,203	1,254,378	1,050,131
Contributions - employee	233,647	220,343	162,213	145,488
Net investment income	3,324,653	8,614	721,793	4,198,765
Benefit payments, including refunds of member contributions	(2,855,249)	(2,899,591)	(2,724,611)	(2,797,073)
Pension plan administrative expense	(31,410)	(46,174)	(28,933)	(26,293)
Other	<u>(2,573)</u>	<u>(2)</u>	<u>(110,090)</u>	<u>253,162</u>
Net change in plan fiduciary net position	1,982,557	(1,475,607)	(725,250)	2,824,180
Plan fiduciary net position - beginning	<u>29,324,045</u>	<u>30,799,652</u>	<u>31,524,902</u>	<u>28,700,722</u>
Plan fiduciary net position - ending	<u>31,306,602</u>	<u>29,324,045</u>	<u>30,799,652</u>	<u>31,524,902</u>
Net Pension Liability - Ending	<u>\$ 14,016,052</u>	<u>\$ 13,620,427</u>	<u>\$ 11,211,986</u>	<u>\$ 9,165,183</u>
Plan fiduciary net position as a percentage of the total pension liability	69.07%	68.28%	73.31%	77.48%
Covered payroll	\$ 8,020,555	\$ 7,835,304	\$ 7,996,917	\$ 7,748,594
Net pension liability as a percentage of covered payroll	174.75%	173.83%	140.20%	118.28%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available

TOWN OF JOHNSTON, RHODE ISLAND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS) - POLICE
LAST FOUR FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Service cost	\$ 125,451	\$ 110,120	\$ 93,320	\$ 79,271
Interest	41,289	30,769	17,733	10,616
Changes of benefit terms			16,739	
Differences between expected and actual experience	(17,348)	(8,279)	37,616	
Changes of assumptions	74,307			(2,021)
Benefit payments, including refunds of member contributions				(7)
Net change in total pension liability	<u>223,699</u>	<u>132,610</u>	<u>165,408</u>	<u>87,859</u>
Total pension liability - beginning	<u>487,797</u>	<u>355,187</u>	<u>189,779</u>	<u>101,920</u>
Total pension liability - ending	<u>711,496</u>	<u>487,797</u>	<u>355,187</u>	<u>189,779</u>
Plan fiduciary net position:				
Contributions - employer	65,378	61,293	56,198	35,823
Contributions - employee	70,238	61,429	42,390	35,823
Net investment income	70,152	(158)	7,812	30,268
Benefit payments, including refunds of member contributions				(7)
Pension plan administrative expense	(663)	(425)	(312)	(190)
Other	(1)	(1)	(1)	37,680
Net change in plan fiduciary net position	<u>205,104</u>	<u>122,138</u>	<u>106,087</u>	<u>139,397</u>
Plan fiduciary net position - beginning	<u>455,479</u>	<u>333,341</u>	<u>227,254</u>	<u>87,857</u>
Plan fiduciary net position - ending	<u>660,583</u>	<u>455,479</u>	<u>333,341</u>	<u>227,254</u>
Net Pension Liability - Ending	<u>\$ 50,913</u>	<u>\$ 32,318</u>	<u>\$ 21,846</u>	<u>\$ (37,475)</u>
Plan fiduciary net position as a percentage of the total pension liability	92.84%	93.37%	93.85%	119.75%
Covered payroll	\$ 780,165	\$ 678,916	\$ 605,582	\$ 511,759
Net pension liability as a percentage of covered payroll	6.53%	4.76%	3.61%	-7.32%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available

TOWN OF JOHNSTON, RHODE ISLAND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS) - FIRE
LAST FOUR FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Service cost	\$ 719,151	\$ 657,278	\$ 543,904	\$ 516,218
Interest	535,882	457,138	390,096	340,281
Changes of benefit terms			187,802	
Differences between expected and actual experience	(5,835)	6,024	(206,476)	
Changes of assumptions	583,764			(134,099)
Benefit payments, including refunds of member contributions	<u>(118,651)</u>	<u>(84,257)</u>	<u>(71,970)</u>	<u>(72,130)</u>
Net change in total pension liability	1,714,311	1,036,183	843,356	650,270
Total pension liability - beginning	<u>6,844,848</u>	<u>5,808,665</u>	<u>4,965,309</u>	<u>4,315,039</u>
Total pension liability - ending	<u>8,559,159</u>	<u>6,844,848</u>	<u>5,808,665</u>	<u>4,965,309</u>
Plan fiduciary net position:				
Contributions - employer	334,335	352,791	330,728	276,573
Contributions - employee	400,601	341,251	239,904	231,191
Net investment income	842,725	(2,251)	134,680	681,794
Benefit payments, including refunds of member contributions	(118,651)	(84,257)	(71,970)	(72,130)
Pension plan administrative expense	(7,962)	(6,055)	(5,394)	(4,269)
Other	<u>(18)</u>	<u>136,054</u>	<u>12</u>	<u>(1)</u>
Net change in plan fiduciary net position	1,451,030	737,533	627,960	1,113,158
Plan fiduciary net position - beginning	<u>6,484,492</u>	<u>5,746,959</u>	<u>5,118,999</u>	<u>4,005,841</u>
Plan fiduciary net position - ending	<u>7,935,522</u>	<u>6,484,492</u>	<u>5,746,959</u>	<u>5,118,999</u>
Net Pension Liability - Ending	<u>\$ 623,637</u>	<u>\$ 360,356</u>	<u>\$ 61,706</u>	<u>\$ (153,690)</u>
Plan fiduciary net position as a percentage of the total pension liability	92.71%	94.74%	98.94%	103.10%
Covered payroll	\$ 4,273,030	\$ 3,990,758	\$ 3,427,246	\$ 3,302,741
Net pension liability as a percentage of covered payroll	14.59%	9.03%	1.80%	-4.65%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available

TOWN OF JOHNSTON, RHODE ISLAND
SCHEDULE OF CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS) - GENERAL EMPLOYEES
LAST FOUR FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially-determined contribution	\$ 1,313,489	\$ 1,241,203	\$ 1,254,378	\$ 1,050,131
Contributions in relation to the actuarially-determined contribution	<u>1,313,489</u>	<u>1,241,203</u>	<u>1,254,378</u>	<u>1,050,131</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,020,555	\$ 7,835,304	\$ 7,996,917	\$ 7,873,321
Contributions as a percentage of covered payroll	16.38%	15.84%	15.69%	13.34%

Notes to Schedule

Valuation date July 1, 2016
Measurement date June 30, 2017

Actuarially-determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed
Remaining amortization period	19 years
Asset valuation method	5 year smoothed market
Inflation	2.75%
Salary increases	3.5% to 7.50%
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for 2014 valuation.
Mortality	Males: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available

TOWN OF JOHNSTON, RHODE ISLAND
SCHEDULE OF CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS) - POLICE
LAST FOUR FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially-determined contribution	\$ 65,378	\$ 61,293	\$ 56,198	\$ 35,823
Contributions in relation to the actuarially-determined contribution	<u>65,378</u>	<u>61,293</u>	<u>56,198</u>	<u>35,823</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 780,165	\$ 678,916	\$ 605,582	\$ 598,373
Contributions as a percentage of covered payroll	8.38%	9.03%	9.28%	5.99%

Notes to Schedule

Valuation date	July 1, 2016
Measurement date	June 30, 2017

Actuarially-determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed
Remaining amortization period	19 years
Asset valuation method	5 year smoothed market
Inflation	2.75%
Salary increases	4.0% to 14.00%
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for 2014 valuation.
Mortality	Males: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available

**TOWN OF JOHNSTON, RHODE ISLAND
SCHEDULE OF CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS) - FIRE
LAST FOUR FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially-determined contribution	\$ 334,335	\$ 352,791	\$ 330,728	\$ 276,573
Contributions in relation to the actuarially-determined contribution	<u>334,335</u>	<u>352,791</u>	<u>330,728</u>	<u>276,573</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,273,030	\$ 3,990,758	\$ 3,427,246	\$ 3,302,741
Contributions as a percentage of covered payroll	7.82%	8.84%	9.65%	8.37%

Notes to Schedule

Valuation date	July 1, 2016
Measurement date	June 30, 2017

Actuarially-determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed
Remaining amortization period	19 years
Asset valuation method	5 year smoothed market
Inflation	2.75%
Salary increases	4.0% to 14.00%
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for 2014 valuation.
Mortality	Males: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available

**TOWN OF JOHNSTON, RHODE ISLAND
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET
 TEACHERS' SURVIVORS BENEFITS PLAN
 LAST FOUR FISCAL YEARS***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension asset	5.08%	4.98%	4.93%	4.65%
Town's proportionate share of the net pension asset	\$ 4,205,570	\$ 4,958,163	\$ 4,604,566	\$ 5,779,628
Town's covered payroll	\$ 25,310,860	\$ 23,089,090	\$ 22,674,661	\$ 26,384,676
Town's proportionate share of the net pension asset as a percentage of its covered payroll	16.62%	21.47%	20.31%	21.91%
Plan fiduciary net position as a percentage of the total pension liability	153.30%	153.30%	146.60%	173.30%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available

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

**TOWN OF JOHNSTON, RHODE ISLAND
SCHEDULE OF CONTRIBUTIONS
TEACHERS' SURVIVORS BENEFIT PLAN
LAST FOUR FISCAL YEARS***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially-determined contribution	\$ 30,574	\$ 31,982	\$ 29,761	\$ 29,256
Contributions in relation to the actuarially determined contribution	<u>30,574</u>	<u>31,982</u>	<u>29,761</u>	<u>29,256</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 25,310,860	\$ 23,089,090	\$ 22,674,661	\$ 26,384,676
Contributions as a percentage of covered payroll	0.12%	0.14%	0.13%	0.11%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available

Notes:

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

Notes to Schedule:

Valuation date: June 30, 2016
Measurement date: June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal
Amortization method Level percentage of payroll, closed
Remaining amortization period 20 years at June 30, 2017
Inflation 2.50%
Salary Increases Teachers - 3.0% to 13.0%
Investment rate of return 7.00%
Mortality Males: PR-2014 Combined Healthy for Males with White Collar adjustments, projected with Scale Ultimate MP16.
 Females: PR-2014 Combined Healthy for Females with White Collar adjustments, projected with Scale Ultimate MP16.

TOWN OF JOHNSTON, RHODE ISLAND
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS*

	<u>2018</u>	<u>2017</u>
Total OPEB liability:		
Service cost	\$ 7,067,566	\$ 8,833,235
Interest	7,777,513	6,598,353
Changes of benefit terms	1,555,927	
Differences between expected and actual experience	(7,400,008)	2,971,612
Changes of assumptions	(12,833,741)	(26,076,367)
Benefit payments	<u>(8,027,130)</u>	<u>(5,793,237)</u>
Net change in total OPEB liability	(11,859,873)	(13,466,404)
Total OPEB liability - beginning	<u>215,380,378</u>	<u>228,846,782</u>
Total OPEB liability - ending	<u>203,520,505</u>	<u>215,380,378</u>
Plan fiduciary net position:		
Contributions - employer	9,367,130	6,043,237
Contributions - member		
Net investment loss	15,818	102,793
Benefit payments	(8,027,130)	(5,793,237)
Administrative expense	<u>(6,309)</u>	<u>(5,466)</u>
Net change in plan fiduciary net position	1,349,509	347,327
Plan fiduciary net position - beginning	<u>2,447,319</u>	<u>2,099,992</u>
Plan fiduciary net position - ending	<u>3,796,828</u>	<u>2,447,319</u>
Net OPEB Liability - Ending	<u>\$ 199,723,677</u>	<u>\$ 212,933,059</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.87%	1.14%
Covered payroll	N/A	N/A
Net OPEB liability as a percentage of covered payroll	N/A	N/A

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available

Notes to Schedule:

Mortality table has been updated from RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016 to RPH-2017 Total Dataset

Mortality Table fully generational using Scale MP-2017 for healthy retirees and from RPH-2016 Disabled Mortality Table fully generational using Scale MP-2016 to RPH-2017 Disabled Mortality Table fully generational using Scale MP-2017 for disabled retirees. The impact of this change is a decrease in the Town's liabilities.

Health care trend rates have been updated as follows. This change caused an increase in the Town's liabilities.

- For medical and rx benefits, the trend rates have been reset to an initial rate of 9.00% decreasing by 0.50% annually to an ultimate rate of 5.00%.
- For HRA benefit, the trend rates have been updated to an initial rate of 1.70% decreasing annually to an ultimate rate of 0.40% in 9 years.
- For Medicare Part B benefit, the trend rates have been updated to an initial rate of 3.00% increasing by 0.25% annually to an ultimate rate of 5.00%.

TOWN OF JOHNSTON, RHODE ISLAND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB
LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution (1)	\$ 18,051,553	\$ 16,785,322	\$ 16,032,814	\$ 15,214,424	\$ 15,214,424	\$ 14,727,631	\$ 17,249,186	\$ 17,249,187	\$ 19,218,165	\$ 18,202,814
Contributions in relation to the actuarially determined contribution	<u>9,367,130</u>	<u>6,043,237</u>	<u>6,167,417</u>	<u>4,764,265</u>	<u>4,764,265</u>	<u>5,189,692</u>	<u>5,284,569</u>	<u>5,755,376</u>	<u>4,472,653</u>	<u>4,397,410</u>
Contribution Deficiency (Excess)	<u>\$ 8,684,423</u>	<u>\$ 10,742,085</u>	<u>\$ 9,865,397</u>	<u>\$ 10,450,159</u>	<u>\$ 10,450,159</u>	<u>\$ 9,537,939</u>	<u>\$ 11,964,617</u>	<u>\$ 11,493,811</u>	<u>\$ 14,745,512</u>	<u>\$ 13,805,404</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2018 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Amortization period	21 years
Asset valuation method	5-year smoothed market
Inflation	3.50%
Healthcare cost trend rates	9.00% initial, decreasing 0.50% per year to an ultimate rate of 5.00%
Salary increases	3.50%
Discount rate	3.87%
Mortality	Healthy retiree: RPH-2017 Total Dataset Mortality Table Headcount-Weighted fully generational projected using Scale MP-2017 Disabled retiree: RPH-2017 Disabled Mortality Table Headcount-Weighted fully generational projected using Scale MP-2017

**TOWN OF JOHNSTON, RHODE ISLAND
SCHEDULE OF INVESTMENT RETURNS
OPEB
LAST FISCAL YEAR***

	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	0.56%	3.56%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available



Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Community Development Block Grant - to account for the annual Entitlement Community program of the U.S. Department of Housing and Urban Development and related expenditures addressing housing and community development needs.

Police Special Account - to account for the receipt and disbursement of state and federal seizure funds.

Memorial Park Rec Fields Restoration - to account for receipts and disbursements related to Memorial Park

Blue Riptide Grant - to account for receipts and disbursements relative to this grant.

BHDDH RI Partnership for Success - to account for revenues and expenses associated with this grant.

Mayor's Fund - to account for private contributions and related expenditures for various educational purposes.

Indoor Athletic Complex - to account for revenues generated by rents and vending machines utilized for operational expenses.

Historical Document Preservation - to account for receipts and disbursements associated with historical documents preservation.

Fire Plan Review - to account for receipts and disbursements associated with fire plan review.

Fire Prevention - to account for receipts and disbursements of fire inspection fees dedicated to fire prevention.

Memorial Library Fund - to account for library support services.

Secure Our Schools - to account for receipts and disbursements associated with school security.

Champlin Grant - to account for activities of the Champlin grants.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

School Restricted Funds - Funds established to account for federal, state, and private grant monies used for the benefit of the Warwick School Department. The following is a list of the School funds included in this section:

- IDEA Part B
- Pre-School IDEA Section 619
- School Implementation
- Title I
- Title II
- Title III
- Title IV
- Perkins Vocational
- USDA Fresh Fruit & Vegetables
- RIDHS Rising Star
- Pre-K Grant
- Healthier US Schools and Communities
- Student Equity
- General Assembly
- Pre-K Demonstration Project
- RI State Council on the Arts
- ELL Grant
- Science Mini Grant
- RI Learning Champion
- Feinstein Foundation
- RI Education Foundation
- Feinstein Elementary
- Verizon Foundation
- Scholarship America
- Target Grant
- Walmart Grant
- Exxon Mobile
- Stop & Shop A+ Rewards
- Broadrock Energy
- Panther Partner Donation
- Donations and Misc. Grants
- EDC Grant
- Lifetouch Commission
- PTO Donations
- SEAC
- High School Donations

Nonmajor Governmental Funds

Capital Project Funds

The Capital Project Funds account for all resources used for the acquisition and/or construction of capital facilities by the City, except those financed by the Enterprise Funds.

School Facilities Fund - to account for capital expenditures of the Johnston Schools.

2016 Energy Bonds - to account for capital energy expenses for town and school buildings.

Pezza Property Acquisition - to account for activities relative to the acquisition of the property.

Capital Lease 2015 - to account for expenditure of the 2015 capital lease proceeds.

Capital Lease 2014 - to account for expenditure of the 2014 capital lease proceeds.

Capital Lease 2016 - to account for. expenditure of the 2016 capital lease proceeds.

Fire Equipment Fund - to account for revenues generated by ambulance rescue services which are then used to purchase fire equipment.

Dams Escrow Fund - to account for monies set aside per agreement for dam repairs.

Capital Project 2013 Series A - to account for proceeds used for capital expenditures relative to this bond issuance.

Capital Projects Fund - to account for proceeds used for capital expenditures relative to 2017bond issuance.

Johnston Indoor Rec Center - to account for construction and development of the Center.

2018 Capital Projects Fund - to account for proceeds used for capital expenditures relative to this bond issuance.

School Wireless Classroom Initiative - to account for expenditures relative to the initiative.

**TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018**

	<u>Special Revenue Funds</u>			
	<u>Special Revenue Funds - Town</u>	<u>Special Revenue Funds - School Restricted</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 399,177	\$ 819	\$ 8,449,431	\$ 8,849,427
Due from other governments	9,482	1,164,642	182,842	1,356,966
Due from other funds	566,575	123,447	573,940	1,263,962
Total Assets	<u>\$ 975,234</u>	<u>\$ 1,288,908</u>	<u>\$ 9,206,213</u>	<u>\$ 11,470,355</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 73,970	\$ 6,690	\$ 261,728	\$ 342,388
Accrued expenses	49,246			49,246
Unearned revenue			150,000	150,000
Due to other funds	1,750	1,122,482	201,480	1,325,712
Total liabilities	<u>124,966</u>	<u>1,129,172</u>	<u>613,208</u>	<u>1,867,346</u>
Fund balances:				
Restricted	439,756	173,259	8,611,643	9,224,658
Committed	410,512			410,512
Unassigned		(13,523)	(18,638)	(32,161)
Total fund balances	<u>850,268</u>	<u>159,736</u>	<u>8,593,005</u>	<u>9,603,009</u>
Total Liabilities and Fund Balances	<u>\$ 975,234</u>	<u>\$ 1,288,908</u>	<u>\$ 9,206,213</u>	<u>\$ 11,470,355</u>

**TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Special Revenue Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Special Revenue Funds - Town</u>	<u>Special Revenue Funds - School Restricted</u>	<u>Capital Projects Funds</u>	
Revenues:				
Intergovernmental	\$ 214,771	\$ 2,437,057	\$	\$ 2,651,828
Charges for services	642,939	6,359	545,995	1,195,293
Investment and interest income	1,054		29,118	30,172
Other revenue	38,652	40,244		78,896
Total revenues	<u>897,416</u>	<u>2,483,660</u>	<u>575,113</u>	<u>3,956,189</u>
Expenditures:				
General government	161,462			161,462
Public safety	124,001			124,001
Public works	105,220			105,220
Library	5,551			5,551
Parks and recreation	116,965			116,965
Education		2,453,070		2,453,070
Capital outlay			2,577,629	2,577,629
Debt service			63,210	63,210
Total expenditures	<u>513,199</u>	<u>2,453,070</u>	<u>2,640,839</u>	<u>5,607,108</u>
Excess (Deficiency) of Revenues over Expenditures	<u>384,217</u>	<u>30,590</u>	<u>(2,065,726)</u>	<u>(1,650,919)</u>
Other Financing Sources (Uses):				
Issuance of bonds			8,035,000	8,035,000
Transfers in			1,218,760	1,218,760
Transfers out	(313,723)		(1,959,889)	(2,273,612)
Net other financing sources (uses)	<u>(313,723)</u>	<u>-</u>	<u>7,293,871</u>	<u>6,980,148</u>
Net Change in Fund Balances	70,494	30,590	5,228,145	5,329,229
Fund Balances at Beginning of Year, as Restated	<u>779,774</u>	<u>129,146</u>	<u>3,364,860</u>	<u>4,273,780</u>
Fund Balances at End of Year	<u>\$ 850,268</u>	<u>\$ 159,736</u>	<u>\$ 8,593,005</u>	<u>\$ 9,603,009</u>

**TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - TOWN
COMBINING BALANCE SHEET
JUNE 30, 2018**

	<u>Community Development Block Grant</u>	<u>Police Special Account</u>	<u>Memorial Park Rec Fields Restoration</u>	<u>Blue Riptide Grant</u>	<u>BHDDH RI Partnership For Success</u>	<u>Mayor's Fund</u>	<u>Indoor Athletic Complex</u>
ASSETS							
Cash and cash equivalents	\$	\$ 93,023	\$ 36,833	\$	\$	20	13,858
Due from other governments	9,482						
Due from other funds			960		54,283		1,750
Total Assets	<u>\$ 9,482</u>	<u>\$ 93,023</u>	<u>\$ 37,793</u>	<u>\$ -</u>	<u>\$ 54,283</u>	<u>\$ 20</u>	<u>\$ 15,608</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 9,482	\$	\$ 4,941	\$	\$ 54,283	\$	\$ 4,291
Accrued expenses		49,246					
Due to other funds			1,750				
Total liabilities	<u>9,482</u>	<u>49,246</u>	<u>6,691</u>	<u>-</u>	<u>54,283</u>	<u>-</u>	<u>4,291</u>
Fund balances:							
Restricted		43,777	31,102			20	11,317
Committed							
Total fund balances	<u>-</u>	<u>43,777</u>	<u>31,102</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>11,317</u>
Total Liabilities and Fund Balances	<u>\$ 9,482</u>	<u>\$ 93,023</u>	<u>\$ 37,793</u>	<u>\$ -</u>	<u>\$ 54,283</u>	<u>\$ 20</u>	<u>\$ 15,608</u>

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TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - TOWN
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2018

	Historical Document Preservation	Fire Plan Review	Fire Prevention	Memorial Library Fund	Secure Our Schools	Champlin Grant	Total Special Revenue Funds - Town
ASSETS							
Cash and cash equivalents	\$ 107,508	\$	\$	\$ 147,935	\$	\$	\$ 399,177
Due from other governments							9,482
Due from other funds	2,959	410,512	35,829		30,791	29,491	566,575
Total Assets	\$ 110,467	\$ 410,512	\$ 35,829	\$ 147,935	\$ 30,791	\$ 29,491	\$ 975,234
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	\$	\$	\$ 973	\$	\$	\$ 73,970
Accrued expenses							49,246
Due to other funds							1,750
Total liabilities	-	-	-	973	-	-	124,966
Fund balances:							
Restricted	110,467		35,829	146,962	30,791	29,491	439,756
Committed		410,512					410,512
Total fund balances	110,467	410,512	35,829	146,962	30,791	29,491	850,268
Total Liabilities and Fund Balances	\$ 110,467	\$ 410,512	\$ 35,829	\$ 147,935	\$ 30,791	\$ 29,491	\$ 975,234

**TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - TOWN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Community Development Block Grant</u>	<u>Police Special Account</u>	<u>Memorial Park Rec Fields Restoration</u>	<u>Blue Riptide Grant</u>	<u>BHDDH RI Partnership For Success</u>	<u>Mayor's Fund</u>	<u>Indoor Athletic Complex</u>
Revenues:							
Intergovernmental	\$ 9,482	\$	\$ 23,075	\$ 6,827	\$ 130,887	\$ 15,000	
Charges for services							89,763
Investment and interest income			203			18	110
Other revenue	7,500	8,383					8,677
Total revenues	<u>16,982</u>	<u>8,383</u>	<u>23,278</u>	<u>6,827</u>	<u>130,887</u>	<u>15,018</u>	<u>98,550</u>
Expenditures:							
General government					130,887	15,000	
Public safety		18,617		6,827			
Public works	105,220						
Library							
Parks and recreation			19,183				97,782
Total expenditures	<u>105,220</u>	<u>18,617</u>	<u>19,183</u>	<u>6,827</u>	<u>130,887</u>	<u>15,000</u>	<u>97,782</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(88,238)</u>	<u>(10,234)</u>	<u>4,095</u>	<u>-</u>	<u>-</u>	<u>18</u>	<u>768</u>
Other Financing Sources (Uses):							
Transfers out							
Net Change in Fund Balances	(88,238)	(10,234)	4,095	-	-	18	768
Fund Balances at Beginning of Year	<u>88,238</u>	<u>54,011</u>	<u>27,007</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>10,549</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 43,777</u>	<u>\$ 31,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 11,317</u>

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**TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - TOWN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Historical Document Preservation</u>	<u>Fire Plan Review</u>	<u>Fire Prevention</u>	<u>Memorial Library Fund</u>	<u>Secure Our Schools</u>	<u>Champlin Grant</u>	<u>Total Special Revenue Funds - Town</u>
Revenues:							
Intergovernmental	\$	\$	\$	\$	\$	29,500	\$ 214,771
Charges for services	35,215	505,406	12,555				642,939
Investment and interest income	723						1,054
Other revenue				14,092			38,652
Total revenues	<u>35,938</u>	<u>505,406</u>	<u>12,555</u>	<u>14,092</u>	<u>-</u>	<u>29,500</u>	<u>897,416</u>
Expenditures:							
General government	15,575						161,462
Public safety		94,894	3,663				124,001
Public works							105,220
Library				4,879		672	5,551
Parks and recreation							116,965
Total expenditures	<u>15,575</u>	<u>94,894</u>	<u>3,663</u>	<u>4,879</u>	<u>-</u>	<u>672</u>	<u>513,199</u>
Excess (Deficiency) of Revenues over Expenditures	<u>20,363</u>	<u>410,512</u>	<u>8,892</u>	<u>9,213</u>	<u>-</u>	<u>28,828</u>	<u>384,217</u>
Other Financing Sources (Uses):							
Transfers out		<u>(313,723)</u>					<u>(313,723)</u>
Net Change in Fund Balances	20,363	96,789	8,892	9,213	-	28,828	70,494
Fund Balances at Beginning of Year	<u>90,104</u>	<u>313,723</u>	<u>26,937</u>	<u>137,749</u>	<u>30,791</u>	<u>663</u>	<u>779,774</u>
Fund Balances at End of Year	<u>\$ 110,467</u>	<u>\$ 410,512</u>	<u>\$ 35,829</u>	<u>\$ 146,962</u>	<u>\$ 30,791</u>	<u>\$ 29,491</u>	<u>\$ 850,268</u>

TOWN OF JOHNSTON, RHODE ISLAND
 NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
 COMBINING BALANCE SHEET
 JUNE 30, 2018

	<u>IDEA Part B</u>	<u>Preschool IDEA Section 619</u>	<u>School Implementation</u>	<u>Title I</u>	<u>Title II</u>	<u>Title III</u>	<u>Title IV</u>	<u>Perkins Vocational</u>
ASSETS								
Cash and cash equivalents	\$ 270	\$	\$	\$ 342	\$ 207	\$	\$	\$
Due from other governments	520,062	13,589		346,594	62,399	10,525	1,800	
Due from other funds								
Total Assets	\$ 520,332	\$ 13,589	\$ -	\$ 346,936	\$ 62,606	\$ 10,525	\$ 1,800	\$ -
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenses	\$ 122	\$	\$	\$ 901	\$	\$ 882	\$	\$
Due to other funds	520,210	13,589	6,200	300,474	66,447	9,643	1,800	4,415
Total liabilities	520,332	13,589	6,200	301,375	66,447	10,525	1,800	4,415
Fund balances:								
Restricted				45,561				
Unassigned			(6,200)		(3,841)			(4,415)
Total fund balances	-	-	(6,200)	45,561	(3,841)	-	-	(4,415)
Total Liabilities and Fund Balances	\$ 520,332	\$ 13,589	\$ -	\$ 346,936	\$ 62,606	\$ 10,525	\$ 1,800	\$ -

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TOWN OF JOHNSTON, RHODE ISLAND
 NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
 COMBINING BALANCE SHEET (CONTINUED)
 JUNE 30, 2018

	USDA Fresh Fruits & Vegetables	RIDHS Rising Star	Pre-K Grant	Healthier US Schools and Communities	Student Equity	General Assembly	Pre-K Demonstration Project
ASSETS							
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$
Due from other governments	14,872		28,000				145,000
Due from other funds		2,000		2,000	7,684	4,806	
Total Assets	<u>\$ 14,872</u>	<u>\$ 2,000</u>	<u>\$ 28,000</u>	<u>\$ 2,000</u>	<u>\$ 7,684</u>	<u>\$ 4,806</u>	<u>\$ 145,000</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued expenses	\$	\$	\$	\$	\$	\$	\$ 955
Due to other funds	14,872		28,000				144,136
Total liabilities	<u>14,872</u>	<u>-</u>	<u>28,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,091</u>
Fund balances:							
Restricted		2,000		2,000	7,684	4,806	
Unassigned							(91)
Total fund balances	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>7,684</u>	<u>4,806</u>	<u>(91)</u>
Total Liabilities and Fund Balances	<u>\$ 14,872</u>	<u>\$ 2,000</u>	<u>\$ 28,000</u>	<u>\$ 2,000</u>	<u>\$ 7,684</u>	<u>\$ 4,806</u>	<u>\$ 145,000</u>

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TOWN OF JOHNSTON, RHODE ISLAND
 NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
 COMBINING BALANCE SHEET (CONTINUED)
 JUNE 30, 2018

	<u>RI State Council on the Arts</u>	<u>ELL Grant</u>	<u>Science Mini- Grant</u>	<u>RI Learning Champion</u>	<u>Feinstein Foundation</u>	<u>RI Education Foundation</u>	<u>Feinstein Elementary</u>	<u>Verizon Foundation</u>
ASSETS								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$
Due from other governments		16,257	750					
Due from other funds	<u>3,235</u>			<u>2,314</u>	<u>2,350</u>	<u>150</u>	<u>7,166</u>	<u>3,512</u>
Total Assets	<u>\$ 3,235</u>	<u>\$ 16,257</u>	<u>\$ 750</u>	<u>\$ 2,314</u>	<u>\$ 2,350</u>	<u>\$ 150</u>	<u>\$ 7,166</u>	<u>\$ 3,512</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenses	\$	\$ 3,516	\$	\$	\$ 14	\$	\$	\$
Due to other funds		<u>6,683</u>	<u>750</u>					
Total liabilities	<u>-</u>	<u>10,199</u>	<u>750</u>	<u>-</u>	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Restricted		3,235		2,314	2,336	150	7,166	3,512
Unassigned		<u>6,058</u>						
Total fund balances		<u>3,235</u>	<u>6,058</u>	<u>-</u>	<u>2,314</u>	<u>2,336</u>	<u>150</u>	<u>7,166</u>
Total Liabilities and Fund Balances	<u>\$ 3,235</u>	<u>\$ 16,257</u>	<u>\$ 750</u>	<u>\$ 2,314</u>	<u>\$ 2,350</u>	<u>\$ 150</u>	<u>\$ 7,166</u>	<u>\$ 3,512</u>

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TOWN OF JOHNSTON, RHODE ISLAND
 NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
 COMBINING BALANCE SHEET (CONTINUED)
 JUNE 30, 2018

	<u>Scholarship America</u>	<u>Target Grant</u>	<u>Walmart Grant</u>	<u>Exxon Mobil</u>	<u>Stop & Shop A+ Rewards</u>	<u>Broadrock Energy</u>	<u>Panther Partner Donation</u>
ASSETS							
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$
Due from other governments							
Due from other funds	<u>100</u>		<u>150</u>		<u>1,902</u>	<u>42,515</u>	<u>18,615</u>
Total Assets	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 1,902</u>	<u>\$ 42,515</u>	<u>\$ 18,615</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued expenses	\$	\$	\$	\$	\$	\$	\$
Due to other funds		<u>3,786</u>					
Total liabilities	<u>-</u>	<u>3,786</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Restricted	100		150		1,902	42,515	18,615
Unassigned		<u>(3,786)</u>					
Total fund balances	<u>100</u>	<u>(3,786)</u>	<u>150</u>	<u>-</u>	<u>1,902</u>	<u>42,515</u>	<u>18,615</u>
Total Liabilities and Fund Balances	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 1,902</u>	<u>\$ 42,515</u>	<u>\$ 18,615</u>

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TOWN OF JOHNSTON, RHODE ISLAND
 NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
 COMBINING BALANCE SHEET (CONTINUED)
 JUNE 30, 2018

	<u>Donations & Misc. Grants</u>	<u>EDC Grant</u>	<u>Lifetouch Commission</u>	<u>PTO Donations</u>	<u>SEAC</u>	<u>High School Donations</u>	<u>Total Special Revenue Funds - School Restricted</u>
ASSETS							
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$ 819
Due from other governments		4,794					1,164,642
Due from other funds			13,779		9,641	1,528	123,447
Total Assets	\$ -	\$ 4,794	\$ 13,779	\$ -	\$ 9,641	\$ 1,528	\$ 1,288,908
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued expenses	\$	\$	\$ 300	\$	\$	\$	\$ 6,690
Due to other funds	1,104	229		144			1,122,482
Total liabilities	1,104	229	300	144	-	-	1,129,172
Fund balances:							
Restricted		4,565	13,479		9,641	1,528	173,259
Unassigned	(1,104)			(144)			(13,523)
Total fund balances	(1,104)	4,565	13,479	(144)	9,641	1,528	159,736
Total Liabilities and Fund Balances	\$ -	\$ 4,794	\$ 13,779	\$ -	\$ 9,641	\$ 1,528	\$ 1,288,908

**TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - SCHOOL UNRESTRICTED
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>IDEA Part B</u>	<u>Preschool IDEA Section 619</u>	<u>School Implementation</u>	<u>Title I</u>	<u>Title II</u>	<u>Title III</u>	<u>Title IV</u>	<u>Perkins Vocational</u>
Revenues:								
Intergovernmental	\$ 1,093,295	\$ 32,600	\$ -	\$ 819,791	\$ 197,225	\$ 28,364	\$ 1,800	\$ 21,797
Charges for services								
Other revenue								
Total revenues	<u>1,093,295</u>	<u>32,600</u>	<u>-</u>	<u>819,791</u>	<u>197,225</u>	<u>28,364</u>	<u>1,800</u>	<u>21,797</u>
Expenditures:								
Education	<u>1,093,295</u>	<u>32,600</u>	<u>6,200</u>	<u>819,791</u>	<u>197,225</u>	<u>28,364</u>	<u>1,800</u>	<u>23,081</u>
Total expenditures	<u>1,093,295</u>	<u>32,600</u>	<u>6,200</u>	<u>819,791</u>	<u>197,225</u>	<u>28,364</u>	<u>1,800</u>	<u>23,081</u>
Net Change in Fund Balances	-	-	(6,200)	-	-	-	-	(1,284)
Fund Balances at Beginning of Year, as Restated	-	-	-	45,561	(3,841)	-	-	(3,131)
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,200)</u>	<u>\$ 45,561</u>	<u>\$ (3,841)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,415)</u>

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**TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>USDA Fresh Fruits & Vegetables</u>	<u>RIDHS Rising Star</u>	<u>Pre-K Grant</u>	<u>Healthier US Schools and Communities</u>	<u>Student Equity</u>	<u>General Assembly</u>	<u>Pre-K Demonstration Project</u>
Revenues:							
Intergovernmental	\$ 32,894	\$ -	\$ 28,000	\$ -	\$ -	\$ 2,500	\$ 145,000
Charges for services							
Other revenue							
Total revenues	<u>32,894</u>	<u>-</u>	<u>28,000</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>145,000</u>
Expenditures:							
Education	<u>32,894</u>	<u>-</u>	<u>28,000</u>	<u>-</u>	<u>-</u>	<u>413</u>	<u>145,091</u>
Total expenditures	<u>32,894</u>	<u>-</u>	<u>28,000</u>	<u>-</u>	<u>-</u>	<u>413</u>	<u>145,091</u>
Net Change in Fund Balances	-	-	-	-	-	2,087	(91)
Fund Balances at Beginning of Year, as Restated	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>7,684</u>	<u>2,719</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 7,684</u>	<u>\$ 4,806</u>	<u>\$ (91)</u>

(Continued on next page)

TOWN OF JOHNSTON, RHODE ISLAND
 NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>RI State Council on the Arts</u>	<u>ELL Grant</u>	<u>Science Mini- Grant</u>	<u>RI Learning Champion</u>	<u>Feinstein Foundation</u>	<u>RI Education Foundation</u>	<u>Feinstein Elementary</u>	<u>Verizon Foundation</u>
Revenues:								
Intergovernmental	\$ 2,974	\$ 21,153	\$ 750	\$ 2,814	\$ -	\$ -	\$ 6,000	\$ -
Charges for services								
Other revenue								
Total revenues	<u>2,974</u>	<u>21,153</u>	<u>750</u>	<u>2,814</u>	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>-</u>
Expenditures:								
Education	<u>1,347</u>	<u>15,095</u>	<u>750</u>	<u>500</u>	<u>402</u>	<u>-</u>	<u>5,666</u>	<u>-</u>
Total expenditures	<u>1,347</u>	<u>15,095</u>	<u>750</u>	<u>500</u>	<u>402</u>	<u>-</u>	<u>5,666</u>	<u>-</u>
Net Change in Fund Balances	1,627	6,058	-	2,314	(402)	-	334	-
Fund Balances at Beginning of Year, as Restated	<u>1,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,738</u>	<u>150</u>	<u>6,832</u>	<u>3,512</u>
Fund Balances at End of Year	<u>\$ 3,235</u>	<u>\$ 6,058</u>	<u>\$ -</u>	<u>\$ 2,314</u>	<u>\$ 2,336</u>	<u>\$ 150</u>	<u>\$ 7,166</u>	<u>\$ 3,512</u>

(Continued on next page)

TOWN OF JOHNSTON, RHODE ISLAND
 NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Scholarship America</u>	<u>Target Grant</u>	<u>Walmart Grant</u>	<u>Exxon Mobil</u>	<u>Stop & Shop A+ Rewards</u>	<u>Broadrock Energy</u>	<u>Panther Partner Donation</u>
Revenues:							
Intergovernmental	\$ 100	\$	\$	\$	\$	\$	\$
Charges for services							
Other revenue					909	37,500	
Total revenues	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>909</u>	<u>37,500</u>	<u>-</u>
Expenditures:							
Education		6,167				11,183	
Total expenditures	<u>-</u>	<u>6,167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,183</u>	<u>-</u>
Net Change in Fund Balances	100	(6,167)	-	-	909	26,317	-
Fund Balances at Beginning of Year, as Restated	<u>-</u>	<u>2,381</u>	<u>150</u>	<u>-</u>	<u>993</u>	<u>16,198</u>	<u>18,615</u>
Fund Balances at End of Year	<u>\$ 100</u>	<u>\$ (3,786)</u>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 1,902</u>	<u>\$ 42,515</u>	<u>\$ 18,615</u>

(Continued on next page)

**TOWN OF JOHNSTON, RHODE ISLAND
 NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Donations & Misc. Grants</u>	<u>EDC Grant</u>	<u>Lifetouch Commission</u>	<u>PTO Donations</u>	<u>SEAC</u>	<u>High School Donations</u>	<u>Total Special Revenue Funds - School Restricted</u>
Revenues:							
Intergovernmental	\$	\$	\$	\$	\$	\$	\$ 2,437,057
Charges for services			6,359				6,359
Other revenue					1,835		40,244
Total revenues	<u>-</u>	<u>-</u>	<u>6,359</u>	<u>-</u>	<u>1,835</u>	<u>-</u>	<u>2,483,660</u>
Expenditures:							
Education	1,104		2,102				2,453,070
Total expenditures	<u>1,104</u>	<u>-</u>	<u>2,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,453,070</u>
Net Change in Fund Balances	(1,104)	-	4,257	-	1,835	-	30,590
Fund Balances at Beginning of Year, as Restated	-	4,565	9,222	(144)	7,806	1,528	129,146
Fund Balances at End of Year	<u>\$ (1,104)</u>	<u>\$ 4,565</u>	<u>\$ 13,479</u>	<u>\$ (144)</u>	<u>\$ 9,641</u>	<u>\$ 1,528</u>	<u>\$ 159,736</u>

TOWN OF JOHNSTON, RHODE ISLAND
 NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2018

	<u>School Facilities Fund</u>	<u>2016 Energy Bonds</u>	<u>Pezza Property Acquisition</u>	<u>Capital Lease 2015</u>	<u>Capital Lease 2014</u>	<u>Capital Lease 2016</u>	<u>Fire Equipment Fund</u>
ASSETS							
Cash and cash equivalents	\$ 135,337	\$ 13,326	\$ 5,844	\$	\$	\$ 15,659	\$ 83,825
Due from other governments							
Due from other funds							545,996
Total Assets	\$ <u>135,337</u>	\$ <u>13,326</u>	\$ <u>5,844</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>15,659</u>	\$ <u>629,821</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued expenses	\$	\$	\$	\$	\$	\$	\$
Unearned revenue							
Due to other funds							
Total liabilities	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Fund balances:							
Restricted	135,337	13,326	5,844			15,659	629,821
Unassigned							
Total fund balances	\$ <u>135,337</u>	\$ <u>13,326</u>	\$ <u>5,844</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>15,659</u>	\$ <u>629,821</u>
Total Liabilities and Fund Balances	\$ <u>135,337</u>	\$ <u>13,326</u>	\$ <u>5,844</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>15,659</u>	\$ <u>629,821</u>

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TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2018

	<u>Dams Escrow Fund</u>	<u>Capital Project 2013 Series A</u>	<u>Capital Projects Fund</u>	<u>Johnston Indoor Rec Center</u>	<u>2018 Capital Projects Fund</u>	<u>School Wireless Classroom Initiative</u>	<u>Total Capital Projects Funds</u>
ASSETS							
Cash and cash equivalents	\$ 1,515,749	\$ 650,617	\$ 460,574	\$ -	\$ 5,568,500	\$ -	\$ 8,449,431
Due from other governments						182,842	182,842
Due from other funds			27,944				573,940
Total Assets	<u>\$ 1,515,749</u>	<u>\$ 650,617</u>	<u>\$ 488,518</u>	<u>\$ -</u>	<u>\$ 5,568,500</u>	<u>\$ 182,842</u>	<u>\$ 9,206,213</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued expenses	\$ 1,987	\$ 16	\$ 39,900	\$ -	\$ 219,825	\$ -	\$ 261,728
Unearned revenue	150,000						150,000
Due to other funds						201,480	201,480
Total liabilities	<u>151,987</u>	<u>16</u>	<u>39,900</u>	<u>-</u>	<u>219,825</u>	<u>201,480</u>	<u>613,208</u>
Fund balances:							
Restricted	1,363,762	650,601	448,618	-	5,348,675		8,611,643
Unassigned						(18,638)	(18,638)
Total fund balances	<u>1,363,762</u>	<u>650,601</u>	<u>448,618</u>	<u>-</u>	<u>5,348,675</u>	<u>(18,638)</u>	<u>8,593,005</u>
Total Liabilities and Fund Balances	<u>\$ 1,515,749</u>	<u>\$ 650,617</u>	<u>\$ 488,518</u>	<u>\$ -</u>	<u>\$ 5,568,500</u>	<u>\$ 182,842</u>	<u>\$ 9,206,213</u>

**TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>School Facilities Fund</u>	<u>2016 Energy Bonds</u>	<u>Pezza Property Acquisition</u>	<u>Capital Lease 2015</u>	<u>Capital Lease 2014</u>	<u>Capital Lease 2016</u>	<u>Fire Equipment Fund</u>
Revenues:							
Investment and interest income	\$ 1,055	\$ 2,953	\$ 39	\$ 41	\$ 144	\$ -	\$ 2,805
Charges for services							545,995
Total revenues	<u>1,055</u>	<u>2,953</u>	<u>39</u>	<u>41</u>	<u>144</u>	<u>-</u>	<u>548,800</u>
Expenditures:							
Capital outlay		786,376		26,824	148,422	189,702	955,796
Debt service						210	
Total expenditures	<u>-</u>	<u>786,376</u>	<u>-</u>	<u>26,824</u>	<u>148,422</u>	<u>189,912</u>	<u>955,796</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,055</u>	<u>(783,423)</u>	<u>39</u>	<u>(26,783)</u>	<u>(148,278)</u>	<u>(189,912)</u>	<u>(406,996)</u>
Other Financing Sources (Uses):							
Bond Proceeds							
Transfers in							313,723
Transfers out							
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>313,723</u>
Net Change in Fund Balances	1,055	(783,423)	39	(26,783)	(148,278)	(189,912)	(93,273)
Fund Balances at Beginning of Year	<u>134,282</u>	<u>796,749</u>	<u>5,805</u>	<u>26,783</u>	<u>148,278</u>	<u>205,571</u>	<u>723,094</u>
Fund Balances at End of Year	<u>\$ 135,337</u>	<u>\$ 13,326</u>	<u>\$ 5,844</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,659</u>	<u>\$ 629,821</u>

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TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Dams Escrow Fund</u>	<u>Capital Project 2013 Series A</u>	<u>Capital Projects Fund</u>	<u>Johnston Indoor Rec Center</u>	<u>2018 Capital Projects Fund</u>	<u>School Wireless Classroom Initiative</u>	<u>Total Capital Projects Funds</u>
Revenues:							
Investment and interest income	\$ 10,879	\$ 6,289	\$ 4,855	\$ 58	\$ -	\$ -	\$ 29,118
Charges for services							545,995
Total revenues	<u>10,879</u>	<u>6,289</u>	<u>4,855</u>	<u>58</u>	<u>-</u>	<u>-</u>	<u>575,113</u>
Expenditures:							
Capital outlay	3,653	247,031			219,825		2,577,629
Debt service			31,500		31,500		63,210
Total expenditures	<u>3,653</u>	<u>247,031</u>	<u>31,500</u>	<u>-</u>	<u>251,325</u>	<u>-</u>	<u>2,640,839</u>
Excess (Deficiency) of Revenues over Expenditures	<u>7,226</u>	<u>(240,742)</u>	<u>(26,645)</u>	<u>58</u>	<u>(251,325)</u>	<u>-</u>	<u>(2,065,726)</u>
Other Financing Sources (Uses):							
Bond Proceeds			2,435,000		5,600,000		8,035,000
Transfers in	250,000			655,037			1,218,760
Transfers out			(1,959,889)				(1,959,889)
Net other financing sources (uses)	<u>250,000</u>	<u>-</u>	<u>475,111</u>	<u>655,037</u>	<u>5,600,000</u>	<u>-</u>	<u>7,293,871</u>
Net Change in Fund Balances	257,226	(240,742)	448,466	655,095	5,348,675	-	5,228,145
Fund Balances at Beginning of Year	<u>1,106,536</u>	<u>891,343</u>	<u>152</u>	<u>(655,095)</u>	<u>-</u>	<u>(18,638)</u>	<u>3,364,860</u>
Fund Balances at End of Year	<u>\$ 1,363,762</u>	<u>\$ 650,601</u>	<u>\$ 448,618</u>	<u>\$ -</u>	<u>\$ 5,348,675</u>	<u>\$ (18,638)</u>	<u>\$ 8,593,005</u>



Fiduciary Funds

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations, other governments, and/or other funds.

Agency Funds

Student Activity - This fund is established to account for receipt of funds from school related activities. The funds are in turn expended to benefit the students (field trips, books, supplies).

Performance Bonds - This fund is utilized to account for the bonds required for various Town projects and building construction activity.

TOWN OF JOHNSTON, RHODE ISLAND
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
Student Activity Funds				
Assets:				
Cash and cash equivalents	\$ 289,353	\$ 251,267	\$ 267,021	\$ 273,599
Liabilities:				
Deposits held for others	\$ 289,353	\$ 251,267	\$ 267,021	\$ 273,599
Performance Bonds				
Assets:				
Cash and cash equivalents	\$ 240,819	\$ 1,645	\$ 40	\$ 242,424
Due from other funds	107,750			107,750
Total Assets	\$ 348,569	\$ 1,645	\$ 40	\$ 350,174
Liabilities:				
Deposits held for others	\$ 348,569	\$ 1,645	\$ 40	\$ 350,174
Total				
Assets:				
Cash and cash equivalents	\$ 530,172	\$ 252,912	\$ 267,061	\$ 516,023
Due from other funds	107,750			107,750
Total Assets	\$ 637,922	\$ 252,912	\$ 267,061	\$ 623,773
Liabilities:				
Deposits held for others	\$ 637,922	\$ 252,912	\$ 267,061	\$ 623,773



Other Schedules

**TOWN OF JOHNSTON, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Tax Roll Year</u>	<u>Mill Rate</u>	<u>Balance July 1, 2017</u>	<u>Current Year Assessment</u>	<u>Transfers Addendums (Net)</u>	<u>Abatements and Adjustments</u>	<u>Amount to be Collected</u>	<u>Collections Net of Refunds</u>	<u>Balance June 30, 2018</u>
2017	27.49	\$	\$ 75,406,445	\$ 187,048	\$ 378,841	\$ 75,214,652	\$ 71,985,309	\$ 3,229,343
2016	27.49	3,452,037		58,372	44,997	3,465,412	1,983,235	1,482,177
2015	28.99	1,555,314		43,145	42,682	1,555,777	814,636	741,141
2014	28.99	550,935		(2,423)	11,181	537,331	82,967	454,364
2013	28.75	495,060		2,865	7,669	490,256	48,487	441,769
2012	24.75	458,414		6,005	2,641	461,778	39,098	422,680
2011	24.75	485,464		4,223	224	489,463	16,198	473,265
2010	23.81	423,066		1,379	245	424,200	14,326	409,874
2009	19.49	262,478		3,716	259	265,935	34,450	231,485
2008	18.91	265,252				265,252	1,999	263,253
2007	17.84	251,470			98	251,372	1,239	250,133
2006	17.41	228,653			196,203	32,450	1,547	30,903
2005	16.99	235,970		410	219,485	16,895	102	16,793
2004	16.40	260,844			246,514	14,330	623	13,707
2003	26.30	32,622			332	32,290	74	32,216
2002	25.10	28,707			551	28,156		28,156
2001	23.79	20,722			24	20,698		20,698
2000	27.06	12,427			1,085	11,342		11,342
1999	27.06	14,409			3,064	11,345	66	11,279
1998	25.89	13,320			691	12,629		12,629
1997	20.90	7,886				7,886		7,886
1996	20.90	3,291				3,291		3,291
1995	20.90	3,555				3,555		3,555
1994	20.90	2,520				2,520		2,520
1993	34.64	7,122				7,122		7,122
1992	32.90	3,545				3,545		3,545
Total		9,075,083	\$ 75,406,445	\$ 304,740	\$ 1,156,786	\$ 83,629,482	\$ 75,024,356	8,605,126
Less: allowance for uncollectible accounts		<u>(5,947,296)</u>						<u>(5,271,354)</u>
Net property taxes receivable		<u>\$ 3,127,787</u>						<u>\$ 3,333,772</u>

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TOWN OF JOHNSTON, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT C

Collections Summary

Year	Subject to 60 Day Rule July 1, 2017 August 31, 2017	Not Subject to 60 Day Rule July 1, 2017 June 30, 2018	Subject to 60 Day Rule July 1, 2018 August 31, 2018	Tax Revenue Recognized Fiscal Year End June 30, 2018
2017	\$	\$ 71,985,309	\$ 656,965	\$ 72,642,274
2016	608,838	1,374,397	143,883	1,518,280
2015	133,164	681,472	113,524	794,996
2014	9,951	73,016	3,484	76,500
2013	2,467	46,020	2,968	48,988
2012	1,839	37,259	3,114	40,373
2011	1,361	14,837	2,996	17,833
2010	1,772	12,554	8,890	21,444
2009	14,582	19,868	14,913	34,781
2008	280	1,719	558	2,277
2007	411	828	342	1,170
2006	236	1,311	191	1,502
2005		102	892	994
2004		623		623
2003		74		74
2002				
2001				
2000				
1999		66		66
1998				
1997				
1996				
1995				
1994				
1993				
1992				
	\$ <u>774,901</u>	\$ <u>74,249,455</u>	\$ <u>952,720</u>	\$ <u>75,202,175</u>

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**TOWN OF JOHNSTON, RHODE ISLAND
SCHEDULE OF PROPERTY TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2018**

EXHIBIT C

**Schedule of Net Assessed Property Value by Category
Assessed December 31, 2016**

<u>Description of Property</u>	<u>Valuations</u>	<u>Levy</u>
Real property	\$ 2,428,428,384	\$ 55,892,092
Motor vehicle	246,274	8,589,976
Tangible property	<u>182,956,960</u>	<u>10,924,377</u>
Total	2,611,631,618	75,406,445
Exemptions and adjustments	<u>434,333,352</u>	
Net Assessed Value	\$ <u><u>2,177,298,266</u></u>	\$ <u><u>75,406,445</u></u>

Reconciliation of Current Year Property Tax Revenue

Current year collections	\$ 75,024,356
Revenue received 60 days subsequent to fiscal year ended June 30, 2018	<u>952,720</u>
Subtotal	75,977,076
2017 TIF Bonds Net Cost	(74,730)
Prior year revenue received in current year (2017 60 day rule)	<u>(774,901)</u>
Current Year Property Tax Revenue	75,127,445
Power Plant Tax Treaty	3,121,200
Citizens Bank Tax Stabilization	<u>250,000</u>
Tax Revenues per Exhibit IV	\$ <u><u>78,498,645</u></u>



Annual Supplementary Transparency Report

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

EXHIBIT D-1

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 72,551,523	\$ -
Last Year's Levy Tax Collection	1,526,217	-
Prior Years Property Tax Collection	1,049,705	-
Interest & Penalty	999,434	-
PILOT & Tax Treaty (excluded from levy) Collection	3,371,200	-
Other Local Property Taxes	-	-
Licenses and Permits	201,242	-
Fines and Forfeitures	274,127	-
Investment Income	375,467	-
Departmental	8,558,738	-
Rescue Run Revenue	950,000	-
Police & Fire Detail	1,802,435	-
Other Local Non-Property Tax Revenues	-	-
Tuition	-	94,689
Impact Aid	-	-
Medicaid	-	1,014,262
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	661,017
CDBG	-	-
COPS Grants	6,827	-
SAFER Grants	-	-
Other Federal Aid Funds	109,126	2,227,765
MV Excise Tax Reimbursement & Phase-out	1,792,809	-
State PILOT Program	-	-
Distressed Community Relief Fund	601,333	-
Library Resource Aid	124,168	-
Library Construction Aid	-	-
Public Service Corporation Tax	367,606	-
Meals & Beverage Tax / Hotel Tax	708,375	-
LEA Aid	-	18,338,657
Group Home	-	-
Housing Aid Capital Projects	133,941	-
Housing Aid Bonded Debt	320,161	-
State Food Service Revenue	-	15,337
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	199,005	182,038
Other Revenue	266,323	772,762
Local Appropriation for Education	-	37,529,015
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	<u>\$ 96,289,760</u>	<u>\$ 60,835,542</u>
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	-	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
Total Other Financing Sources	<u>\$ -</u>	<u>\$ -</u>

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

EXHIBIT D-1

EXPENDITURES	General		Social	Centralized	Planning	Libraries	Public Works	Parks and Rec	Police Department
	Government	Finance	Services	IT					
Compensation- Group A	\$ 676,369	\$ 631,943	\$ 49,481	\$ -	\$ 77,130	\$ 335,346	\$ 1,334,109	\$ 641,161	\$ 4,804,752
Compensation - Group B	-	-	-	-	-	-	-	-	629,489
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	10,441	37,650	-	-	1,947	-	181,176	31,311	1,159,271
Overtime - Group B	-	-	-	-	-	-	-	-	77,459
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	1,348,926
Active Medical Insurance - Group A	300,714	174,416	5,539	-	7,151	114,378	325,964	147,264	1,335,918
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	-
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	12,400	12,033	-	-	368	7,584	22,575	9,615	71,573
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	14,639
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	65,988	49,793	3,692	-	6,148	25,137	114,193	52,124	581,111
Life Insurance	964	1,122	267	-	95	616	2,370	956	52,007
State Defined Contribution- Group A	4,859	6,038	-	-	338	2,684	10,979	3,275	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	5,312
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	433,840	-	1,774	-	-	-	8,693	19,662	182,489
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	4,964,480
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	62,891	95,441	-	-	5,407	41,114	186,859	72,387	66,115
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	81,749
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	695,260	249,842	38,866	-	2,978	-	21,600	-	7,631
Materials/Supplies	51,113	77,691	19,711	-	1,191	25,476	81,942	78,555	78,434
Software Licenses	-	28,907	-	-	-	28,568	-	-	41,521
Capital Outlays	5,820	2,369	-	-	-	4,214	25,916	34,138	7,900
Insurance	704,019	-	-	-	-	-	-	-	-
Maintenance	37,502	-	2,268	-	16,996	12,984	48,667	29,669	61,122
Vehicle Operations	-	-	-	-	-	58	244,312	19,450	111,668
Utilities	38,233	4,754	2,257	-	-	24,176	35,470	113,463	109,124
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	805,431	-	-
Revaluation	-	99,500	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	225,208	-	-
Trash Removal & Recycling	-	-	-	-	-	-	1,373,042	-	-
Claims & Settlements	88,174	-	-	-	-	-	-	-	-
Community Support	55,000	-	-	-	-	-	-	-	-
Other Operation Expenditures	67,327	11,213	238,489	-	1,593	5,852	21,404	16,362	143,133
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	\$ 3,310,915	\$ 1,482,711	\$ 362,344	\$ -	\$ 121,343	\$ 628,186	\$ 5,069,911	\$ 1,269,393	\$ 15,935,822

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

EXHIBIT D-1

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ 6,448,389	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,998,678	\$ 24,322,820
Compensation - Group B	115,872	-	-	-	-	-	745,360	1,711,244
Compensation - Group C	-	-	-	-	-	-	-	5,208,346
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	2,585,732	-	-	-	-	-	4,007,529	-
Overtime - Group B	11,669	-	-	-	-	-	89,128	-
Overtime - Group C	-	-	-	-	-	-	-	97,703
Police & Fire Detail	21,142	-	-	-	-	-	1,370,069	-
Active Medical Insurance - Group A	1,491,830	-	-	-	-	-	3,903,174	4,638,544
Active Medical Insurance- Group B	-	-	-	-	-	-	-	240,710
Active Medical Insurance- Group C	-	-	-	-	-	-	-	2,213,695
Active Dental insurance- Group A	93,046	-	-	-	-	-	229,194	298,720
Active Dental Insurance- Group B	1,903	-	-	-	-	-	16,542	19,979
Active Dental Insurance- Group C	-	-	-	-	-	-	-	123,373
Payroll Taxes	665,848	-	-	-	-	-	1,564,036	691,275
Life Insurance	18,652	-	-	-	-	-	77,049	121,540
State Defined Contribution- Group A	-	-	-	-	-	-	28,174	777,702
State Defined Contribution - Group B	773	-	-	-	-	-	6,085	52,634
State Defined Contribution - Group C	-	-	-	-	-	-	-	42,684
Other Benefits- Group A	10,941	-	-	-	-	-	657,399	305,248
Other Benefits- Group B	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	4,041,720	-	-	-	-	-	9,006,200	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	344,628	-	-	-	-	-	874,841	3,671,450
State Defined Benefit Pension - Group B	16,900	-	-	-	-	-	98,649	299,929
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	799,359
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-
Purchased Services	4,074	-	-	-	-	-	1,020,251	11,240,709
Materials/Supplies	380,061	-	-	-	-	-	794,174	647,232
Software Licenses	-	-	-	-	-	-	98,995	30,576
Capital Outlays	1,194	-	-	-	-	-	81,551	1,057,008
Insurance	-	-	-	-	-	-	704,019	190,576
Maintenance	93,916	-	-	-	-	-	303,123	313,328
Vehicle Operations	223,841	-	-	-	-	-	599,329	17,351
Utilities	164,515	-	-	-	-	-	491,993	735,193
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	805,431	-
Revaluation	-	-	-	-	-	-	99,500	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	225,208	-
Trash Removal & Recycling	-	-	-	-	-	-	1,373,042	-
Claims & Settlements	-	-	-	-	-	-	88,174	-
Community Support	-	-	-	-	-	-	55,000	-
Other Operation Expenditures	352,202	-	-	-	-	-	857,575	273,281
Local Appropriation for Education	-	-	-	37,529,015	-	-	37,529,015	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	2,518,488	-	2,518,488	-
Municipal Debt- Interest	-	-	-	-	619,735	-	619,735	-
School Debt- Principal	-	-	-	-	289,112	-	289,112	-
School Debt- Interest	-	-	-	-	89,748	-	89,748	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	4,822,083	4,822,083	981,753
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 17,088,847	\$ -	\$ -	\$ 37,529,015	\$ 3,517,083	\$ 4,822,083	\$ 91,137,652	\$ 61,123,961

Financing Uses: Transfer to Capital Funds	\$ 250,000	\$ -
Financing Uses: Transfer to Other Funds	-	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ 250,000	\$ -

Net Change in Fund Balance¹ 4,902,108 (288,418)

Fund Balance¹- beginning of year \$25,402,279 \$5,672,642

Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	(555,256)
Misc. Adjustment	-	(141,767)
Fund Balance¹ - beginning of year adjusted	25,402,279	4,975,619

Rounding (1)
Fund Balance¹ - end of year \$ 30,304,386 \$ 4,687,201

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

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

EXHIBIT D-2

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 ² (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2017						\$ 25,402,279		\$ 25,402,279	
<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>\$ 25,402,279</u>		<u>\$ 25,402,279</u>	
General Fund	\$ 95,723,047	\$ -	\$ 53,200,658	\$ 37,779,015	\$ 4,743,374	\$ 24,741,533	\$ -	\$ 24,741,533	\$ 29,484,907
Mayor's Fund	15,018	-	15,000	-	18	2	-	2	20
Johnston Memorial Library Fund	14,092	-	4,880	-	9,213	137,749	-	137,749	146,962
Champlin Foundation Grant Fund	29,500	-	672	-	28,828	663	-	663	29,491
Police Seizure Fund - Federal	237	-	-	-	237	27,135	-	27,135	27,372
BDDH Partnership for Success Fund	130,887	-	130,887	-	-	-	-	-	-
Police Seizure Fund -Other Than Federal Funds	8,146	-	18,618	-	(10,471)	26,876	-	26,876	16,405
Memorial Park Recreation Fields Restoration Fund	23,278	-	19,184	-	4,094	27,007	-	27,007	31,101
Fire Prevention Fund	12,555	-	3,663	-	8,893	26,937	-	26,937	35,830
Indoor Athletic Complex Fund	98,551	-	97,782	-	769	10,549	-	10,549	11,318
Blue Riptide Grant Fund	6,827	-	6,827	-	-	-	-	-	-
Fire Plan Review Fund	191,683	-	94,894	-	96,789	313,723	-	313,723	410,512
Historical Records Fund	35,938	-	15,575	-	20,363	90,104	-	90,104	110,467
Totals per audited financial statements	<u>\$ 96,289,760</u>	<u>\$ -</u>	<u>\$ 53,608,637</u>	<u>\$ 37,779,015</u>	<u>\$ 4,902,108</u>	<u>\$ 25,402,278</u>	<u>\$ -</u>	<u>\$ 25,402,278</u>	<u>\$ 30,304,386</u>
<u>Reconciliation from financial statements to MTP2</u>									
Other Financing Uses - Amount to School Fund Unrestricted FY 2018 Local Appropriation Rounding	\$ -	\$ -	\$ 37,529,015.00	\$ (37,529,015.00)	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	1	-	1	-
Totals Per MTP2	<u>\$ 96,289,760</u>	<u>\$ -</u>	<u>\$ 91,137,652</u>	<u>\$ 250,000</u>	<u>\$ 4,902,108</u>	<u>\$ 25,402,279</u>	<u>\$ -</u>	<u>\$ 25,402,279</u>	<u>\$ 30,304,386</u>

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

Town of Johnston
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Education Department
Fiscal Year Ended June 30, 2018

EXHIBIT D-3

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						\$ 5,672,642		\$ 5,672,642	
<i>Prior period audit adjustments for general fund for fiscal year 2018</i>						-	(518,334)	(518,334)	
<i>Miscellaneous adjustments to Ending Fund balance in '17 impacting '18</i>						(141,767)	-	(141,767)	
<i>Prior period audit adjustments for special revenue fund for fiscal year 2018</i>						-	(36,922)	(36,922)	
Fund Balance¹ - per MTP-2 at June 30, 2017 adjusted						<u>\$ 5,530,875</u>		<u>\$ 4,975,619</u>	
School Unrestricted Fund	\$ 22,069,987	\$ 37,529,015	\$ 60,114,199	\$ -	\$ (515,197)	\$ 5,175,415	\$ (518,334)	\$ 4,657,081	\$ 4,141,884
Enterprise Fund1	1,149,880	-	1,073,696	-	76,184	213,053	-	213,053	289,237
SBA School Capital Project Fund	-	-	-	-	-	-	-	-	-
School Special Revenue Funds	2,483,660	-	2,453,070	-	30,590	166,068	(36,922)	129,146	159,736
Totals per audited financial statements	<u>\$ 25,703,527</u>	<u>\$ 37,529,015</u>	<u>\$ 63,640,965</u>	<u>\$ -</u>	<u>\$ (408,423)</u>	<u>\$ 5,554,536</u>	<u>\$ (555,256)</u>	<u>\$ 4,999,280</u>	<u>\$ 4,590,857</u>
<u>Reconciliation from financial statements to MTP2</u>									
Municipal appropriation for Education reported as a transfer on financial statements but a revenue on MTP2	\$ 37,529,015	\$ (37,529,015)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(2,397,000)	-	(2,397,000)	-	-	-	-	-	-
Depreciation Expenses recognized on Financial Statements NOT recognized for MTP2 or UCOA and Net Investment in Capital Assets for School Lunch Fund as of June 30, 2016 not recognized in UCOA	-	-	(5,194)	-	5,194	(23,661)	-	(23,661)	(18,467)
For financial statements, indirect cost charges and recovery are reported in federal grant funds and also actual expenditures & reimbursement reported in School Unrestricted Fund.	-	-	(114,811)	-	114,811	-	-	-	114,811
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 60,835,542</u>	<u>\$ -</u>	<u>\$ 61,123,961</u>	<u>\$ -</u>	<u>\$ (288,418)</u>	<u>\$ 5,530,875</u>	<u>\$ (555,256)</u>	<u>\$ 4,975,619</u>	<u>\$ 4,687,201</u>
<u>Reconciliation from MTP2 to UCOA</u>									
No reconciling items from MTP2 to UCOA	<u>\$ -</u>		<u>\$ -</u>						
Totals per UCOA Validated Totals Report	<u>\$ 60,835,542</u>		<u>\$ 61,123,961</u>						

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

TOWN OF JOHNSTON, RHODE ISLAND

NOTES TO SUPPLEMENTARY INFORMATION ANNUAL SUPPLEMENTAL TRANSPARENCY REPORT (MTP2) JUNE 30, 2018

1. BASIS OF PRESENTATION

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

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

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.

3. ALLOCATIONS

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

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.

5. EDUCATION REVENUE AND EXPENDITURES

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

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