

TOWN OF CUMBERLAND, RHODE ISLAND

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

TOWN OF CUMBERLAND, RHODE ISLAND

For the year ended June 30, 2019

Table of Contents

Independent Auditor's Report 1

Management's Discussion and Analysis (Unaudited) 4

Basic Financial Statements 19

 Government-Wide Financial Statements 20

 Statement of Net Position..... 20

 Statement of Activities 23

 Fund Financial Statements 25

 Balance Sheet - Governmental Funds 25

 Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position..... 26

 Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds..... 27

 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in the Fund Balances to Government-Wide Statement of Activities..... 28

 Statement of Net Position - Proprietary Funds..... 29

 Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds 30

 Statement of Cash Flows - Proprietary Funds..... 31

 Statement of Fiduciary Net Position - Fiduciary Funds 32

 Statement of Changes in Fiduciary Net Position - Fiduciary Funds 33

 Notes to the Financial Statements 34

Required Supplementary Information..... 99

 Other Post-Employment Benefits – Net OPEB Liability and Related Ratios..... 100

 Other Post-Employment Benefits – Schedule of Contributions..... 102

 Other Post-Employment Benefits – Schedule of Investment Returns and Notes 103

 Schedule of Changes in the Town’s Net Pension Liability and Related Ratios – General Employee Plan.... 104

 Schedule of Employer Contributions – General Employee Plan 105

 Schedule of Changes in the Town’s Net Pension Liability and Related Ratios – EMS Employee Plan 106

 Schedule of Contributions – EMS Employee Plan 107

 Schedule of Town’s Proportionate Share of the Net Pension Liability – Employee Retirement System..... 108

 Schedule of Town’s Contribution – Employee Retirement System..... 109

 Schedule of Town’s Proportionate Share of Net Pension Liability – Teacher Survivors’ Benefit Plan..... 110

 Schedule of Contributions – Teachers’ Survivors’ Benefit Plan 111

 Notes to Municipal Retirement Plans..... 112

 Schedule of Changes in Town’s Net Pension Liability and Related Ratios – Police Pension Plan 114

TOWN OF CUMBERLAND, RHODE ISLAND

For the year ended June 30, 2019

Schedule of Contributions – Police Pension Plan	116
Schedule of Investment Returns and Notes – Police Pension Plan	117
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund ...	118
Notes to Required Supplementary Information	121
Supplementary Information	122
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – School Unrestricted Fund	123
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Sewer Fund	129
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Water Fund	130
Notes to Budgetary Comparison Information	131
Combined Balance Sheet - Non-Major Governmental Funds.....	132
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	133
Non-Major Governmental Funds	134
Combining Balance Sheet – Town Special Revenue Funds	134
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Town Special Revenue Funds	140
Combining Balance Sheet – School Special Revenue Funds.....	146
Combining Statement of Revenues, Expenditures and Changes in Fund Balance– School Special Revenue Funds	148
Combining Balance Sheet – Capital Project Funds.....	150
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Capital Project Funds	151
Fiduciary Funds.....	152
Combining Statement of Fiduciary Net Position – Employee Benefit Trust Funds	152
Combining Statement of Changes in Fiduciary Net Position – Employee Benefit Trust Funds.....	153
Combining Statement of Fiduciary Net Position – Private Purpose Trust Funds	154
Combining Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds	155
Combining Statement of Assets and Liabilities – Agency Funds	156
Combining Statement of Additions and Deductions – Agency Funds.....	157
Tax Collector’s Annual Report	158
Schedule of Unrestricted Fund - Fund Balance - Restricted for Education Programs	160
MTP2 Annual Transparency Portal.....	161
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	169

CERTIFIED PUBLIC ACCOUNTANTS
126 President Avenue
Fall River, MA 02720
TEL. (508) 675-7889
FAX (508) 675-7859
www.hague-sahady.com

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cumberland, Rhode Island (Town) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cumberland, Rhode Island, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

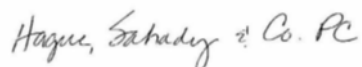
Other Information

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

The Combining Non-Major Fund financial statements, the Combining Fiduciary fund financial statements, the Other Budgetary Comparison Information, the Tax Collector's Annual Report, Schedule of School Unrestricted Fund Balance, and the Annual Supplemental Transparency Report (MTP2) are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Non-Major Fund financial statements, the Combining Fiduciary Fund financial statements, the Other Budgetary Comparison Information, the Tax Collector's Annual Report, Schedule of School Unrestricted Fund Balance, and the Annual Supplemental Transparency Report (MTP2) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2020 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws; regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Cumberland, Rhode Island's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Hague, Sabady & Co. PC". The signature is written in dark ink on a light-colored background.

Fall River, Massachusetts
January 15, 2020

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2019

The management of the Town of Cumberland, Rhode Island (herein, the Town), provides this Management Discussion and Analysis of the Town of Cumberland's Annual Financial Report for the readers of the Town's financial statements. This narrative overview and analysis of the financial statements of the Town of Cumberland is for fiscal year ended June 30, 2019. We encourage readers to consider this information in conjunction with the additional information that is furnished in the Town's financial statements.

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

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

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements:

- As reported in the government-wide financial statements, the assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$58,355,393. The Town has chosen a conservative fiscal policy whereby it has developed its capital asset base from current operations rather than through borrowings of debt.
- The Town's total net position increased by \$3,098,813 for the fiscal year ended June 30, 2019.
- The total debt related to bonds, notes, and capital leases of the Town of Cumberland decreased by \$4,567,958.

Governmental Fund Financial Statements:

- At the end of the current fiscal year, total fund balance for the General Fund was \$22,672,384 or 22.49% of total 2019 budgeted revenues of \$100,813,923. This is an increase of \$2,633,601 from the prior year total fund balance, as restated.
- The total unassigned fund balance of the General Fund is \$19,455,779 or 19.30% of total 2019 budgeted revenues.
- The total assigned fund balance of the General Fund is \$1,740,343. This is an increase of \$97,251 from the prior year.
- The General Fund ended fiscal year 2019 with a budgetary operating surplus of \$1,228,954 and the School Unrestricted Fund ended with a budgetary operating deficit of \$93,398.

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2019

FINANCIAL HIGHLIGHTS (CONTINUED)

Differences Between Budgetary Basis and Governmental Fund Financial Statements (GAAP) Basis:

The audited GAAP basis Governmental Fund financial statements for fiscal year ended June 30, 2019 reflect a restatement of the beginning General Fund balance (July 1, 2018), increasing it by \$8,063,510 to \$20,038,783 (see pages 97 and 98.) This represents a change in accounting method, or correction of an error, of the 60-day modified accrual basis rule as it relates to property tax revenue recognition. This method will be applied consistently, each year on a go-forward basis.

Management's intention is to clarify to the taxpayers that there have been no changes in the operations of the Town. Additionally, the increase in the Town's fund balance related to the 60-day accrual change has no impact on the Town's cash position as of June 30, 2019. The fund balance available for the operations of the Town, which totals \$11,125,585, is reflected in the Town's General Fund budgetary statements which can be found on pages 118 through 121.

In previous years, the July and August tax collections from the most recent tax assessment (i.e. in the June 2018 financial statements the collections from July and August 2018's collections on the 12/31/2017 tax assessment) were excluded from the 60-day accrual, so for the first year in 2019, the July and August tax collections were added into revenue (from the 12/31/2018 tax assessment) as a book-keeping entry. It is customary for municipalities to include as revenue the July and August receipts, which follow the June 30th year-end close. Since the tax levy resolution for the 12/31/2018 assessment was voted to support the 2018-2019 fiscal year, it is appropriate to reflect the revenues collected during the fiscal year end through June and also the 60 days thereafter (July and August), for governmental fund purposes but not for budgetary presentation.

Each year, going forward, it is our intention to segregate and restrict, in the General Fund, the August collections, which principally represent collections due August 31st (2nd quarter), for use in a future year. This continues our past practice of allocating August collections as revenues in the actual fiscal year in which they have been collected. August 2019 cash collections approximated \$8,900,000. This will be accomplished by establishing a "Revenue Stabilization" segment of the General Fund balance.

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2019

Overview of the Financial Statements

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

Government-Wide Financial Statement

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

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

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2019

Government-Wide Financial Statements (Continued)

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

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

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

Fund Financial Statements

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

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2019

Fund Financial Statements (Continued)

Governmental funds (Continued):

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

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

The governmental fund financial statements can be found on pages 25 through 28 of this report. The budgetary statements can be found on pages 118 through 121 and 123 through 129 of this report.

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

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

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

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

The proprietary fund financial statements can be found on pages 29 through 31 of this report. The budgetary statements can be found on pages 130 through 131.

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

The fiduciary funds financial statements can be found on pages 32 through 33 of this report.

TOWN OF CUMBERLAND, RHODE ISLAND

Management’s Discussion and Analysis (MD&A)

For the Year Ended June 30, 2019

Notes to the Financial Statements

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

The notes of the financial statements are presented on pages 34 through 98.

Required Supplementary Information

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

Budgetary comparison schedules are presented to demonstrate compliance with the budget on pages 118 through 121.

The pension information included represents the state pension for municipal employees excluding police, the police pension and the teachers state pension and OPEB information is presented on pages 100 through 117.

Supplementary Information

In addition to the basic financial statements, accompanying notes, and required supplementary information, this report includes a Budgetary Comparison for the School Unrestricted Fund, Sewer Fund, Water Fund, Combining Governmental Funds, Annual Tax Collector’s Report, Schedule of School Unrestricted Fund Balance, and the Annual Supplemental Transparency Report (MTP2). Supplementary information can be found on pages 123 through 168.

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

Figure 1

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

TOWN OF CUMBERLAND, RHODE ISLAND

Management’s Discussion and Analysis (MD&A)

For the Year Ended June 30, 2019

Supplementary Information (Continued)

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

Figure 2

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

Government-wide Financial Analysis

Analysis of the Town of Cumberland’s Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Cumberland, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$58,355,393 as of June 30, 2019, an increase over the prior year of \$3,098,813.

In regard to the Town's net position, \$83,569,017 consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any debt used to acquire these assets which is still outstanding. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are highly unlikely to be used to liquidate these liabilities.

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2019

TOWN OF CUMBERLAND'S NET POSITION
June 30,

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current assets	\$ 60,648,844	\$ 86,421,008	\$ 7,537,473	\$ 12,354,229	\$ 68,186,317	\$ 98,775,237
Non current assets	119,886,771	114,851,805	33,960,851	29,253,081	153,847,622	144,104,886
Total assets	<u>180,535,615</u>	<u>201,272,813</u>	<u>41,498,324</u>	<u>41,607,310</u>	<u>222,033,939</u>	<u>242,880,123</u>
Deferred outflows of resources						
Pension related outflows	18,477,544	19,712,655	-	-	18,477,544	19,712,655
OPEB related outflows	803,971	1,607,941	-	-	803,971	1,607,941
Total deferred outflows of resources	<u>19,281,515</u>	<u>21,320,596</u>	<u>-</u>	<u>-</u>	<u>19,281,515</u>	<u>21,320,596</u>
Liabilities						
Current liabilities	9,059,599	28,029,098	1,790,843	1,687,657	10,850,442	29,716,755
Long-term liabilities	148,920,468	155,432,666	11,196,638	11,842,385	160,117,106	167,275,051
Total liabilities	<u>157,980,067</u>	<u>183,461,764</u>	<u>12,987,481</u>	<u>13,530,042</u>	<u>170,967,548</u>	<u>196,991,806</u>
Deferred inflows of resources						
Pension related inflows	7,113,334	7,146,767	-	-	7,113,334	7,146,767
OPEB related outflows	3,626,981	1,725,355	-	-	3,626,981	1,725,355
Gain on refunding	1,065,575	1,137,562	-	-	1,065,575	1,137,562
Other deferred inflows	186,623	1,942,649	-	-	186,623	1,942,649
Total deferred inflows of resources	<u>11,992,513</u>	<u>11,952,333</u>	<u>-</u>	<u>-</u>	<u>11,992,513</u>	<u>11,952,333</u>
Net Position						
Net investment in capital assets	61,484,504	52,581,647	22,084,513	17,003,473	83,569,017	69,585,120
Restricted	3,250,881	10,174,596	-	-	3,250,881	10,174,596
Unrestricted	(34,890,835)	(35,576,931)	6,426,330	11,073,795	(28,464,505)	(24,503,136)
Total net position	<u>\$ 29,844,550</u>	<u>\$ 27,179,312</u>	<u>\$ 28,510,843</u>	<u>\$ 28,077,268</u>	<u>\$ 58,355,393</u>	<u>\$ 55,256,580</u>

An additional portion of the Town's net position \$3,250,881 represents resources that are subject to external restriction on how they may be used. This leaves a remaining balance for unrestricted net position of \$(28,464,505).

Change in Net Position

The total net position of the Town of Cumberland increased by \$3,098,813 during fiscal year 2019.

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2019

Analysis of the Town of Cumberland's Operations

The following analysis provides a summary of the Town's operations for the year ended June 30, 2019. Governmental activities increased the Town's net position by \$2,665,238, while business type activities increased the Town's net position by \$433,575.

TOWN OF CUMBERLAND'S CHANGES IN NET POSITION

For the year ended June 30,

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues:						
Charges for service	\$ 8,013,957	\$ 4,842,633	\$ 5,289,587	\$ 5,239,989	\$ 13,303,544	\$ 10,082,622
Operating grants & contributions	9,130,158	10,518,688	-	-	9,130,158	10,518,688
Capital grants & contributions	216,572	380,017	-	-	216,572	380,017
General Revenues:						
Property taxes	67,987,253	65,372,126	-	-	67,987,253	65,372,126
State aid to town	2,902,717	2,465,839	-	-	2,902,717	2,465,839
State aid to education	22,446,862	21,688,581	-	-	22,446,862	21,688,581
Other revenue	1,075,223	1,319,220	930	607,158	1,076,153	1,926,378
Earnings on investments	170,146	107,872	-	-	170,146	107,872
Total revenue	<u>111,942,888</u>	<u>106,694,976</u>	<u>5,290,517</u>	<u>5,847,147</u>	<u>117,233,405</u>	<u>112,542,123</u>
Expenses						
General government	2,498,507	2,705,922	-	-	2,498,507	2,705,922
Community development	622,496	580,447	-	-	622,496	580,447
Public safety	15,289,306	14,658,265	-	-	15,289,306	14,658,265
Public works	7,524,218	5,635,420	-	-	7,524,218	5,635,420
Social services	3,132,997	2,634,426	-	-	3,132,997	2,634,426
Education	78,876,348	74,139,602	-	-	78,876,348	74,139,602
Interest on debt	1,333,778	1,902,154	-	-	1,333,778	1,902,154
Water	-	-	4,856,942	4,870,941	6,190,720	6,773,095
Total expenses	<u>109,277,650</u>	<u>102,256,236</u>	<u>4,856,942</u>	<u>4,870,941</u>	<u>115,468,370</u>	<u>109,029,331</u>
Increase(decrease) in net position before transfers	<u>2,665,238</u>	<u>4,438,740</u>	<u>433,575</u>	<u>976,206</u>	<u>3,098,813</u>	<u>5,414,946</u>
Net position, July 1	27,179,312	22,740,572	28,077,268	27,101,062	55,256,580	49,841,634
Net position, June 30	<u>\$ 29,844,550</u>	<u>\$ 27,179,312</u>	<u>\$ 28,510,843</u>	<u>\$ 28,077,268</u>	<u>\$ 58,355,393</u>	<u>\$ 55,256,580</u>

TOWN OF CUMBERLAND, RHODE ISLAND

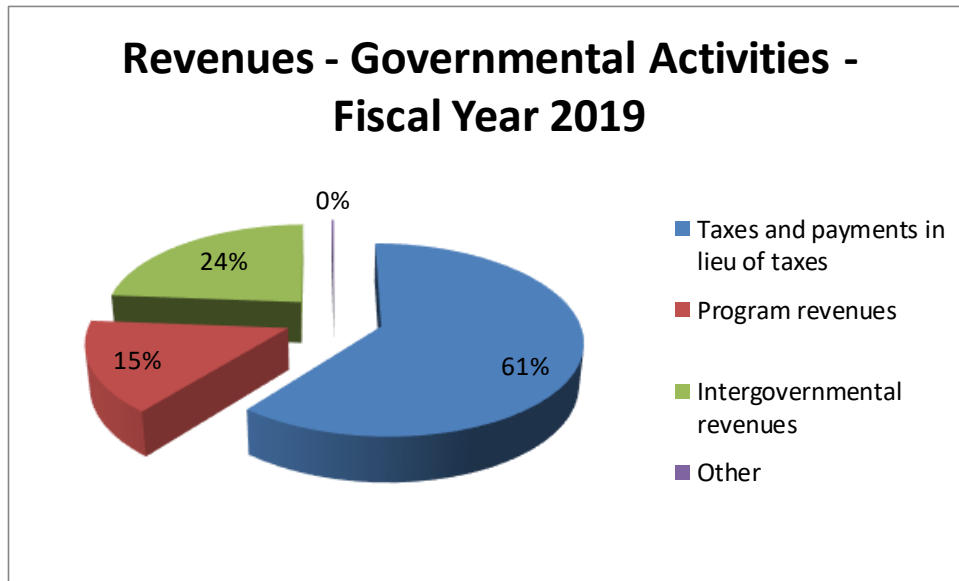
Management’s Discussion and Analysis (MD&A)

For the Year Ended June 30, 2019

Revenue

Governmental Activities

Total governmental activities revenues for the Town are comprised of general revenues of \$94.6 million, charges for services \$8.2 million, and operating/capital grants and contributions of \$9.3 million.



General Revenues

The majority of general revenues are tax collections from the Town’s taxpayers. This amount represented 61% of the total revenues or \$68.0 million.

Intergovernmental revenue is \$25.3 million representing 24% of total revenues. The largest portion of this figure totaling \$22.4 million represents amounts restricted for use on Education.

Program Revenues

Charges for services are \$8.0 million and represent a variety of departmental revenues. Charges for services includes \$1.3 million for EMS services and \$756 thousand for police detail. The public safety portion also includes several types of permits revenue, traffic and moving violations revenues.

The operating and capital grants are also a significant source of revenue for the Town. The total operating and capital grants for fiscal year ended June 30, 2019 amounted to \$9.3 million of which \$8.7 million were received for education.

TOWN OF CUMBERLAND, RHODE ISLAND

Management’s Discussion and Analysis (MD&A)

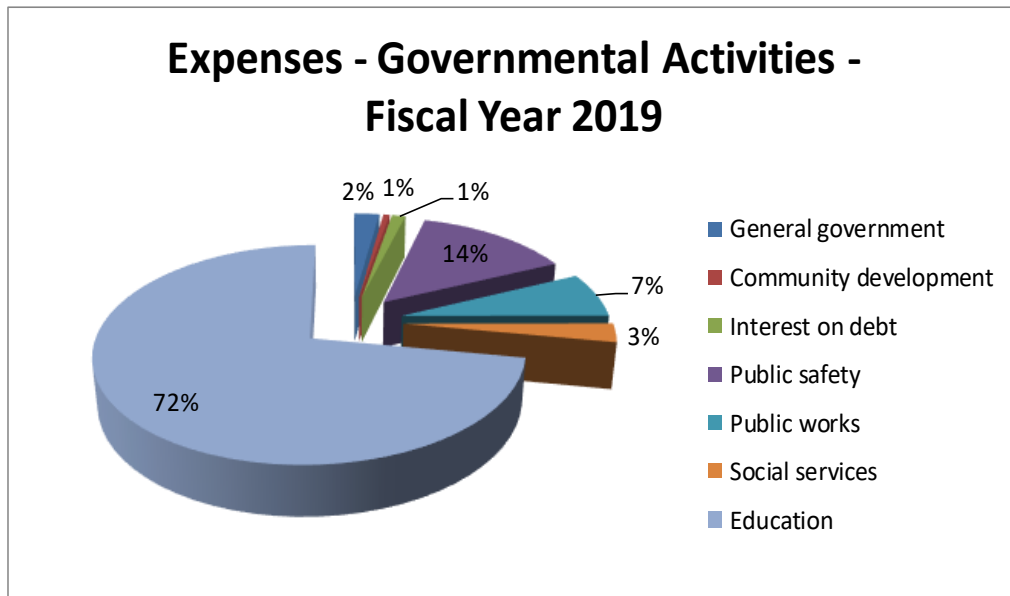
For the Year Ended June 30, 2019

Expenses

Governmental Activities

For fiscal year ended June 30, 2019, expenses for the governmental activities totaled \$109.3 million, which cover a range of services.

Education continues to be one of the Town’s highest priorities and commitments representing \$78.9 million or 72.2% of the total governmental activity expenses.



Business-Type Activity

Business-type activity increased net position by \$434 thousand for the fiscal year ended June 30, 2019. Factors contributing to these results are as follows:

- The water fund had operating income of \$750 thousand and interest expense of \$326 thousand.

Financial Analysis of the Town of Cumberland's Funds

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$29,603,441. The General Fund reported an unassigned fund balance of \$19,455,779 representing approximately (65.72%) of total fund balance of all governmental funds.

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2019

Financial Analysis of the Town of Cumberland's Funds (Continued)

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

Unrestricted net position of the respective proprietary fund is the Cumberland Water Fund \$6,426,330.

The Town of Cumberland's General Fund Budgetary Highlights

The general fund ended the year with revenue recorded in the amount of \$2,338,673 in excess of the budget. Property taxes received was higher than budgeted by \$2,429,273. The Town also received \$233,677 more than budgeted in realty transaction tax and received \$356,250 less than budgeted for EMS revenue.

The expenditures ended the year with a favorable variance of \$201,137. The most significant positive amount includes underspent public works budget of \$104,110 followed by underspent public safety budget of \$102,112.

The Town of Cumberland's Capital Assets

The Town of Cumberland's investment in capital assets for its governmental and business-type activities amounts to \$147,947,136 net of accumulated depreciation at June 30, 2019. Included are land, building and improvements, construction in progress, motor vehicles, furniture and equipment, and infrastructure.

Major Capital Events During the Fiscal Year 2018-2019

The Town of Cumberland took on several major capital projects in 2018-2019.

Cumberland's Emergency Medical Services (EMS) department is the only ALL Paramedic EMS agency in the state and in order to meet their needs the Town entered into an agreement to purchase two new ambulances to serve the community.

The Town continued and completed work on the Diamond Hill Road water main replacement project. There were four crews working, two installing water services on the new main between Nate Whipple Highway and West Valley Drive and two working on main line side street extensions between West Valley and Lonesome Pine Road.

Computers were upgraded in preparation for Windows 7 operating system's phaseout. To date all network computers have been replaced or upgraded to Windows 10.

The Cumberland Highway Department made capital purchases to work towards the completion of the Pascale property which will serve as the Town's new and more modern highway garage and they purchased four vehicles to enhance departmental operations.

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2019

Major Capital Events During the Fiscal Year 2018-2019 (Continued)

The long-awaited restoration of Cumberland's Senior Center began in February. New ceilings, light fixtures and flooring have been installed. Bathrooms were completely upgraded and made to be ADA compliant. Work was also completed to enlarge the exercise area. Cumberland has secured \$500k in funding through a Community Development Block Grant to complete the restoration in the spring of 2020. These awarded funds will be used to replace the kitchen, upgrade the electrical system, install a new heating system, and provide a much-needed-face lift to the exterior with a new entrance, insulation, siding and outdoor garden area. In addition to rehabilitating the Senior Center building, the Town has also secured a brand-new ADA compliant 26 passenger bus to transport seniors to and from the center as well as trips and outings.

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

For the year ended June 30,

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 23,341,866	\$ 23,341,866	\$ 607,089	\$ 607,089	\$ 23,948,955	\$ 23,948,955
Construction in progress	12,104,784	6,037,183	4,445,722	2,365,832	16,550,506	8,403,015
Infrastructure, net	16,129,571	16,688,598	24,936,347	24,081,210	41,065,918	40,769,808
Land improvements, net	2,460,647	2,625,013	-	-	2,460,647	2,625,013
Building & improvements, net	57,013,367	57,275,952	3,954,211	2,168,562	60,967,578	59,444,514
Vehicles, net	1,424,762	1,796,074	17,482	30,388	1,442,244	1,826,462
Machinery and equipment, net	1,511,288	1,483,876	-	-	1,511,288	1,483,876
Total	\$ 113,986,285	\$ 109,248,562	\$ 33,960,851	\$ 29,253,081	\$ 147,947,136	\$ 138,501,643

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

The Town of Cumberland's Debt Administration

At the end of the current fiscal year, the Town of Cumberland had a total bonded debt, including premiums of \$27,521,616, all of which was bonded debt for governmental activities.

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

For the year ended June 30,

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 27,521,616	\$ 30,760,068	\$ -	\$ -	\$ 27,521,616	\$ 30,760,068
Notes and loans payable	19,398,768	19,093,523	11,151,668	11,537,245	30,550,436	30,630,768
Capital leases	4,590,292	5,750,232	623,129	712,363	5,213,421	6,462,595
Total	\$ 51,510,676	\$ 55,603,823	\$ 11,774,797	\$ 12,249,608	\$ 63,285,473	\$ 67,853,431

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2019

The Town of Cumberland's Debt Administration (Continued)

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

The State of Rhode Island imposes a limit of 3 percent of the fair market value of all taxable town property on the general obligation debt that a municipality can issue. The Town of Cumberland's limit is \$121,056,907 at year-end. The Town's outstanding general obligation debt subject to this limit is \$25,765,000 at year-end, which is \$95,291,907 under the State imposed limitation.

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

The Town recorded additions to the loans payable in the amount of \$1.8 million for 2019 which represented the drawdowns in accordance with Master Lease agreements to finance purchases for the Town and School Improvements totaling \$2.9 million. As of June 30, 2019 there are remaining commitments of \$1.2 million to purchase qualifying assets. The additional debt will be recorded once the related assets are acquired.

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

Subsequent Fiscal Year 2019-2020 Budget and Tax Rates

The Town of Cumberland's total general fund budget for fiscal year 2020 is \$103,134,210; which reflects an increase of \$2,567,287 over the final fiscal year 2019 budget. In the Town's 2020 budget, \$71,135,023 or 68.97% is allocated for educational purposes, which is an increase of \$1,631,113 or 2.34% over the fiscal year 2019 budget. \$31,999,187 or 31.03% is budgeted for all other purposes, which is an increase of \$681,174 or -2.1%.

Of the \$71,135,023 budgeted for educational purposes, the State of Rhode Island is budgeted for fiscal year 2020 to contribute \$21,628,792 to the Town's education department and the Town is budgeted to contribute \$45,576,075, which is an increase of \$465,000 or 1.03% over the fiscal year 2019 budget. The budget also appropriated the use of school surplus funds totaling \$525,000 in the fiscal year 2020 budget. The amount contributed by the State is based on the Town being considered an outlying suburban community. The total population of the Cumberland School District and the average level of wages earned by its citizens are the determining factors for this designation. Within the adopted fiscal year 2020 budget the Town has funded four separate master leases for the school department related to the capital needs of the school district. The Town signed on for an issuance to address health and safety issues in various schools throughout the Town, in the amount of \$1,850,000 and \$1,070,000 in capital items in fiscal year 2019.

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2019

General Economic Factors

The May 2019 unemployment rate for the Town of Cumberland was 3.1%, which compares favorably to the unemployment rate of both the State of Rhode Island at 4.4% and the national rate of 3.8% from the same period. According to the Rhode Island City & Town Income American Community Survey, 5-year estimates, 2014 – 2018, the median family income of the Town was \$103,737, compared to the State average of \$81,822. Median family income in the Town increased from \$63,194 in 2000, an increase of 64.2%. The Town's median family income ranks eleventh among Rhode Island cities and towns.

The per capita income of the Town of Cumberland was \$43,193, compared to \$34,619 for the state in the 2014 – 2018 period. Per capita income in the Town increased from \$25,592 in 2000, an increase of 68.8%. The Town's per capita income ranks eleventh among Rhode Island cities and towns.

Request for Information

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

Basic Financial Statements

TOWN OF CUMBERLAND, RHODE ISLAND

Government Wide Financial Statements

Statement of Net Position

June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 15,279,772	\$ 2,386,095	\$ 17,665,867
Restricted cash	-	1,087,923	1,087,923
Investments	3,701,598	-	3,701,598
Receivables, net			
Personal property taxes	35,498,006	-	35,498,006
User charges	996,036	2,327,760	3,323,796
Intergovernmental	1,240,635	-	1,240,635
Departmental and other	2,721,259	2,604,956	5,326,215
Internal balances	869,261	(869,261)	-
Receivables from external parties	87,426		87,426
Prepaid expenses	254,851	-	254,851
Net pension asset	5,900,486	-	5,900,486
Capital assets:			
Land	23,341,866	607,089	23,948,955
Construction in progress	12,104,784	4,445,722	16,550,506
Depreciable assets, net	78,539,635	28,908,040	107,447,675
Total capital assets	113,986,285	33,960,851	147,947,136
Total assets	180,535,615	41,498,324	222,033,939
DEFERRED OUTFLOWS OF RESOURCES			
Pension related outflows	18,477,544	-	18,477,544
OPEB related outflows	803,971	-	803,971
Total deferred outflows of resources	19,281,515	-	19,281,515
Total assets and deferred outflows of resources	\$ 199,817,130	\$ 41,498,324	\$ 241,315,454

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

TOWN OF CUMBERLAND, RHODE ISLAND

Government Wide Financial Statements

Statement of Net Position

June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable and accrued expenses	\$ 2,224,084	\$ 1,032,020	\$ 3,256,104
Incurred but not reported claims	450,000	-	450,000
Other liabilities	293,143	-	293,143
Accrued interest	599,361	101,541	700,902
Due to federal and state governments	82,851	-	82,851
Payables to external parties	40,644		40,644
Current portion of capital leases	718,750	96,965	815,715
Current portion of deferred salary liability	32,956	-	32,956
Current portion of other commitments	17,850	-	17,850
Current portion of bonds and notes payable	2,489,815	-	2,489,815
Current portion of loans payable	1,845,996	560,317	2,406,313
Current portion of compensated absences	264,149	-	264,149
Portion due or payable in more than one year:			
Capital leases	3,871,542	526,164	4,397,706
Deferred salary liability	251,166	-	251,166
Other commitments	142,800	-	142,800
Bonds and notes payable	25,031,801	-	25,031,801
Loans payable	17,552,772	10,591,351	28,144,123
Compensated absences	1,948,374	79,123	2,027,497
Other post-employment benefit liability	18,102,224	-	18,102,224
Net pension liability	82,019,789	-	82,019,789
Total liabilities	157,980,067	12,987,481	170,967,548

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

TOWN OF CUMBERLAND, RHODE ISLAND

Government Wide Financial Statements

Statement of Net Position

June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Pension related inflows	7,113,334	-	7,113,334
OPEB related inflows	3,626,981	-	3,626,981
Gain on debt refunding	1,065,575	-	1,065,575
Other unearned revenue	186,623	-	186,623
Total deferred inflows of resources	11,992,513	-	11,992,513
NET POSITION			
Net investment in capital assets	61,484,504	22,084,513	83,569,017
Restricted	3,250,881	-	3,250,881
Unrestricted	(34,890,835)	6,426,330	(28,464,505)
Total net position	29,844,550	28,510,843	58,355,393
Total liabilities, deferred inflows or resources and net position	\$ 199,817,130	\$ 41,498,324	\$ 241,315,454

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

TOWN OF CUMBERLAND, RHODE ISLAND

*Government Wide Financial Statements
Statement of Activities*

For the Year Ended June 30, 2019

	<u>Net (Expense) Revenue and Changes in Net Position</u>						
	<u>Expenses</u>	<u>Program Revenues</u>			<u>Primary Government</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities							
General government	\$ 2,498,507	\$ 916,684	\$ 44,378	\$ 155,314	\$ (1,382,131)	\$ -	\$ (1,382,131)
Community development	622,496	-	-	1,950	(620,546)	-	(620,546)
Public safety	15,289,306	3,563,657	323,141	-	(11,402,508)	-	(11,402,508)
Public works	7,524,218	1,373,172	19,106	24,308	(6,107,632)	-	(6,107,632)
Social services	3,132,997	457,907	-	35,000	(2,640,090)	-	(2,640,090)
Education	71,646,803	1,702,537	4,321,112	-	(65,623,154)	-	(65,623,154)
Cafeteria	2,807,124	-	-	-	(2,807,124)	-	(2,807,124)
State contribution to teachers pension plan	4,422,421	-	4,422,421	-	-	-	-
Interest on debt	1,333,778	-	-	-	(1,333,778)	-	(1,333,778)
Total governmental activities	<u>109,277,650</u>	<u>8,013,957</u>	<u>9,130,158</u>	<u>216,572</u>	<u>(91,916,963)</u>	<u>-</u>	<u>(91,916,963)</u>
Business-Type Activities							
Water fund	<u>4,856,942</u>	<u>5,289,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>432,645</u>	<u>432,645</u>
Total business-type activities	<u>4,856,942</u>	<u>5,289,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>432,645</u>	<u>432,645</u>
Total Town of Cumberland	<u>\$ 114,134,592</u>	<u>\$ 13,303,544</u>	<u>\$ 9,130,158</u>	<u>\$ 216,572</u>	<u>\$ (91,916,963)</u>	<u>\$ 432,645</u>	<u>\$ (91,484,318)</u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

*Government Wide Financial Statements
Statement of Activities*

For the Year Ended June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Town of Cumberland	\$ (91,916,963)	\$ 432,645	\$ (91,484,318)
General revenues			
Real estate and personal property, net of reserve for abatements	67,987,253	-	67,987,253
Meals and beverage tax	467,704	-	467,704
Telephone tax	434,814	-	434,814
Realty transfer tax	533,677	-	533,677
School housing aid	1,759,029	-	1,759,029
Earnings on invesments	170,146	-	170,146
State aid to town	1,435,030	-	1,435,030
State aid to education	20,687,833	-	20,687,833
Library housing	216,196	-	216,196
Library aid	279,091	-	279,091
Medicaid	565,169	-	565,169
Miscellaneous	46,259	930	47,189
Total general revenues	<u>94,582,201</u>	<u>930</u>	<u>94,583,131</u>
Changes in net position	2,665,238	433,575	3,098,813
Net position - July 1, 2018	<u>27,179,312</u>	<u>28,077,268</u>	<u>55,256,580</u>
Net position - June 30, 2019	<u>\$ 29,844,550</u>	<u>\$ 28,510,843</u>	<u>\$ 58,355,393</u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

Governmental Funds
Balance Sheet

June 30, 2019

	Major Fund				Non-Major	Total
	General Fund	School Unrestricted	Public Safety Bond	Sewer Fund	Governmental Funds	Governmental Funds
Assets						
Cash and cash equivalents	\$ 15,090,098	\$ (178,971)	\$ -	\$ -	\$ 368,645	\$ 15,279,772
Investments	3,701,598	-	-	-	-	3,701,598
Receivables:						
Property taxes, net	35,498,006	-	-	-	-	35,498,006
Intergovernmental	-	77,629	-	-	1,163,006	1,240,635
Sewer use and assessment	-	-	-	736,399	-	736,399
Other	1,634,651	106,724	-	-	236,579	1,977,954
Due from other funds	1,092,714	4,856,610	1,065,513	-	2,212,142	9,226,979
Intra-entity receivable	87,426	-	-	-	-	87,426
Prepaid expenses	90,686	164,165	-	-	-	254,851
Other assets	35,466	258,839	-	-	-	294,305
Total assets	57,230,645	5,284,996	1,065,513	736,399	3,980,372	68,297,925
Deferred outflows of resources						
Deferred outflows	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 57,230,645	\$ 5,284,996	\$ 1,065,513	\$ 736,399	\$ 3,980,372	\$ 68,297,925
Liabilities						
Accounts payable and accrued expenses	\$ 827,105	\$ 1,057,886	\$ 54,128	\$ 4,397	\$ 280,568	\$ 2,224,084
Incurred but not reported claims	-	450,000	-	-	-	450,000
Due to federal and state government	82,851	-	-	-	-	82,851
Other liabilities	249,289	10,506	-	-	33,348	293,143
Due to other funds	7,035,350	-	-	205,664	1,116,704	8,357,718
Intra-entity payable	40,644	-	-	-	-	40,644
Total liabilities	8,235,239	1,518,392	54,128	210,061	1,430,620	11,448,440
Deferred inflows of resources						
Deferred property taxes	25,115,203	-	-	-	-	25,115,203
Unearned revenue - other	1,207,819	-	-	736,399	186,623	2,130,841
Total deferred inflows of resources	26,323,022	-	-	736,399	186,623	27,246,044
Fund balance						
Nonspendable	90,686	164,165	-	-	-	254,851
Restricted	-	-	1,011,385	-	2,239,496	3,250,881
Committed	1,385,576	3,602,439	-	-	239,469	5,227,484
Assigned	1,740,343	-	-	-	12,230	1,752,573
Unassigned	19,455,779	-	-	(210,061)	(128,066)	19,117,652
Total fund balance	22,672,384	3,766,604	1,011,385	(210,061)	2,363,129	29,603,441
Total liabilities, deferred inflows of resources, and fund balance	\$ 57,230,645	\$ 5,284,996	\$ 1,065,513	\$ 736,399	\$ 3,980,372	\$ 68,297,925

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2019

Total governmental fund balances	\$ 29,603,441
Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets, net	113,986,285
Sewer assessment receivable	259,637
Accrued interest receivable	374,530
TSB net pension asset	5,900,486
Other deferred taxes are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds.	
	27,059,421
Other long-term liabilities related to net pension activity and other postemployment benefits and therefore, are deferred inflows of resources in the funds.	
	(10,740,315)
Other long-term assets related to net pension activity and other postemployment benefits and therefore, are deferred outflows of resources in the funds.	
	19,281,515
Long term liabilities relating to bond premiums amortized over the life of the bond.	
	(1,756,616)
In the statement of activities, interest is accrued on outstanding long-term debt whereas in governmental funds interest is not reported until due.	
	(599,361)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds.	
Bonds and notes payable	(46,229,343)
Capital leases	(4,515,822)
Compensated absences	(2,212,523)
Other postemployment benefits	(18,102,224)
Police net pension liability	(18,702,273)
ERS net pension liability	(56,077,472)
MERS net pension liability	(7,240,044)
Other commitments	(160,650)
Deferred salary liability	(284,122)
Net position of governmental activities	\$ 29,844,550

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2019

	Major Fund				Non-Major	Total
	General Fund	School Unrestricted	Public Safety Bond	Sewer Fund	Governmental Funds	Governmental Funds
Revenues						
General property taxes and interest	\$ 70,430,010	\$ -	\$ -	\$ -	\$ -	\$ 70,430,010
Other local and departmental revenue	3,062,762	-	-	-	-	3,062,762
Intergovernmental	4,741,492	21,253,002	-	-	4,368,841	30,363,335
Charges for services	-	-	-	896,846	997,345	1,894,191
Investment income	169,638	508	-	-	-	170,146
State contribution to pension plan	-	2,915,038	-	-	-	2,915,038
Other revenue	2,556,394	625,192	-	-	331,805	3,513,391
Total revenue	80,960,296	24,793,740	-	896,846	5,697,991	112,348,873
Expenditures						
General government	2,192,988	-	-	-	49,330	2,242,318
Community development	543,166	-	-	-	77,535	620,701
Public safety	9,586,186	-	6,767,790	-	368,855	16,722,831
Public works	6,478,363	-	-	304,735	83,276	6,866,374
Social services	2,528,300	-	-	-	55,064	2,583,364
Other	2,106,749	-	-	-	-	2,106,749
Employee benefits	3,989,877	-	-	-	-	3,989,877
Education	-	67,225,975	-	-	2,302,467	69,528,442
Cafeteria	-	-	-	-	2,807,124	2,807,124
State contribution to pension plan	-	2,915,038	-	-	-	2,915,038
Capital outlay	1,744,380	-	-	-	-	1,744,380
Debt service						
Principal	4,255,000	-	-	230,000	-	4,485,000
Interest	1,402,637	-	-	5,319	-	1,407,956
Total expenditures	34,827,646	70,141,013	6,767,790	540,054	5,743,651	118,020,154
Excess (deficiency) of revenues over expenditures	46,132,650	(45,347,273)	(6,767,790)	356,792	(45,660)	(5,671,281)
Other financing sources (uses)						
Loan proceeds	1,612,026	142,800	-	-	-	1,754,826
Note proceeds	-	-	-	-	-	-
Lease proceeds	-	-	-	-	-	-
Premium proceeds	-	-	-	-	-	-
Transfers in	-	45,111,075	-	-	-	45,111,075
Transfers out	(45,111,075)	-	-	-	-	(45,111,075)
Total other financing sources (uses)	(43,499,049)	45,253,875	-	-	-	1,754,826
Excess of revenue and other sources over expenditures and other uses	2,633,601	(93,398)	(6,767,790)	356,792	(45,660)	(3,916,455)
Fund balance, July 1, 2018, restated	20,038,783	3,860,002	7,779,175	(566,853)	2,408,789	33,519,896
Fund balance, June 30, 2019	\$ 22,672,384	\$ 3,766,604	\$ 1,011,385	\$ (210,061)	\$ 2,363,129	\$ 29,603,441

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2019

Net change in fund balances - total governmental funds	\$ (3,916,455)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	4,737,723
Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.	(1,913,368)
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,966,682
Bond premiums for long term debt are amortized over the course of the payable but are not reported as an expenditure on governmental fund statements.	198,452
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.	69,597
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the current financial resources, and therefore, are not reported as expenditures in the governmental funds.	(294,801)
The other postemployment benefit expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds.	178,814
The net pension liability expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds.	(406,076)
The deferred salary and other commitments expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds.	<u>44,670</u>
Change in net position of governmental activities	<u>\$ 2,665,238</u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

Proprietary Funds
Statement of Net Position

June 30, 2019

	<u>Water Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 2,386,095
Restricted cash	1,087,923
Receivables, net:	
User fees, net	2,327,760
Other	2,604,956
Total current assets	<u>8,406,734</u>
Non-current assets	
Nondepreciable	5,052,811
Depreciable, net	28,908,040
Total non-current assets	<u>33,960,851</u>
Total assets	<u><u>42,367,585</u></u>
Deferred outflows of resources	
Deferred outflows	-
Total deferred outflows of resources	<u>-</u>
Total assets and deferred outflows of resources	<u><u>\$ 42,367,585</u></u>
Liabilities	
Current liabilities	
Accounts payable and accrued expenses	\$ 1,032,020
Accrued interest payable	101,541
Due to other funds	869,261
Current portion of lease payable	96,965
Current portion of loans payable	560,317
Total current liabilities	<u>2,660,104</u>
Non-current liabilities	
Compensated absences	79,123
Lease payable	526,164
Loans payable	10,591,351
Total non-current liabilities	<u>11,196,638</u>
Total liabilities	<u>13,856,742</u>
Deferred inflows of resources	
Unearned revenue	-
Total deferred inflows of resources	<u>-</u>
Net position	
Net investment in capital assets	22,084,513
Unrestricted	6,426,330
Total net position	<u><u>\$ 28,510,843</u></u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2019

	Water Fund
Operating revenues	
User fees and charges	\$ 5,206,262
Other revenues	<u>74,627</u>
Total operating revenues	<u>5,280,889</u>
Operating expenses	
Personnel services	1,459,300
Maintenance and servicing	202,150
Operating supplies	1,376,062
Fixed and general charges	787,012
Depreciation and amortization	<u>706,737</u>
Total operating expenses	<u>4,531,261</u>
Operating income (loss)	<u>749,628</u>
Nonoperating revenues (expenses)	
Interest income	9,628
Interest expense	<u>(325,681)</u>
Total nonoperating revenue (expenses)	<u>(316,053)</u>
Income (loss) before transfers	<u>433,575</u>
Change in net position	433,575
Net position, July 1, 2018	<u>28,077,268</u>
Net position, June 30, 2019	<u><u>\$ 28,510,843</u></u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

Proprietary Funds
Statement of Cash Flows

For the Year Ended June 30, 2019

	Water Fund
Cash flows from operating activities:	
Cash received from customers	\$ 5,293,436
Cash received from other funds	351,013
Payments to suppliers and employees	(3,378,832)
Net cash provided by operating activities	2,265,617
Cash flows from capital and related financing activities:	
Purchases and construction of capital assets	(1,311,254)
Principal paid on capital debt and leases	(474,812)
Interest paid on capital debt and leases	(320,874)
Interest received	9,628
Net cash used by capital and related financing activities	(2,097,312)
Net increase in cash and cash equivalents	168,305
Balances-beginning of the year	3,305,713
Balances-end of the year	\$ 3,474,018
Displayed as:	
Cash and cash equivalents	\$ 2,386,095
Restricted cash	1,087,923
Total Cash and cash equivalents	\$ 3,474,018
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 749,628
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	706,737
Change in assets and liabilities:	
(Increase) decrease in user charges receivables, net	12,408
(Increase) decrease in other receivables	139
Increase (decrease) accounts payable and accrued expenses	439,303
Increase (decrease) compensated absences	6,389
Net cash provided (used) by operating activities	\$ 2,265,617
Summary of Non-Cash Items:	
Disbursement from Rhode Island Infrastructure Bank for fixed asset related expenses made on behalf of the Town of Cumberland.	\$ 4,103,253

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

TOWN OF CUMBERLAND, RHODE ISLAND

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2019

	Employee Benefit Trust Funds	Private Purpose Trust Funds	Agency Funds
Assets			
Cash and cash equivalents	\$ 563,316	\$ 294,296	\$ 591,663
Investments, at fair value			
Equities	13,578,538	-	-
Fixed income	9,424,435	-	-
Real estate	125,640	-	-
Mutual funds	569,142	-	-
Due from external parties - primary government	-	-	40,644
Accrued interest receivable	14,097	-	-
Total assets	24,275,168	294,296	632,307
Deferred outflows of resources			
Deferred outflows	-	-	-
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 24,275,168	\$ 294,296	\$ 632,307
Liabilities			
Due to external parties - primary government	\$ 1,645	\$ 484	\$ 85,297
Deposits held	-	-	547,010
Total liabilities	1,645	484	632,307
Deferred inflows of resources			
Unearned revenues	-	-	-
Total deferred inflows of resources	-	-	-
Net Position			
Restricted for OPEB	4,523,497	-	-
Restricted for pension	19,750,026	-	-
Restricted for private purposes	-	293,812	-
Total net position	24,273,523	293,812	-
Total liabilities and net position	\$ 24,275,168	\$ 294,296	\$ 632,307

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

TOWN OF CUMBERLAND, RHODE ISLAND

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2019

	Employee Benefit Trust Funds	Private Purpose Trust Funds
Additions		
Employer contributions	\$ 3,838,585	\$ -
Plan member contributions	273,795	-
Investment income (net of related fees)	2,069,412	1,667
Donations	-	54,181
	<hr/>	<hr/>
Total additions	6,181,792	55,848
Deductions		
Benefits paid	2,806,734	-
Administrative expenses	44,843	-
Scholarships	-	61,525
	<hr/>	<hr/>
Total deductions	2,851,577	61,525
Changes in net position	3,330,215	(5,677)
Net position, July 1, 2018	20,943,308	299,489
	<hr/>	<hr/>
Net position, June 30, 2019	<u>\$ 24,273,523</u>	<u>\$ 293,812</u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 1. Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

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

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

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

B. Government-Wide Financial Statements

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

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

B. Government-Wide Financial Statements (Continued)

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

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

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

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

C. Fund Financial Statements

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

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

C. Fund Financial Statements (Continued)

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

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

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

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

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

1. Governmental Funds

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

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

C. Fund Financial Statements (Continued)

1. Governmental Funds (Continued)

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

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

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

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

2. Proprietary Fund Financial Statements

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

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

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

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

C. Fund Financial Statements (Continued)

3. Fiduciary Fund Financial Statements

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

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

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

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

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

D. Cash and Cash Equivalents

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

E. Investments

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

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

F. Accounts Receivable and Taxes Receivable

In the government-wide financial statements accounts receivable and taxes receivable are shown at net realizable value which includes an allowance for uncollectible accounts. The allowances are calculated from the age of the individual receivables. The Town has recorded an allowance of \$2,072,184 for the year ended June 30, 2019.

Property taxes which were levied in April 2019 and other delinquent balances are recorded as receivables.

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

G. Unbilled Services Receivable

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

H. Intergovernmental Receivables

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

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

I. Capital Assets and Depreciation

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

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

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

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

J. Debt Premiums

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

K. Deferred Inflows of Resources

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

L. Property Taxes

The Town is permitted by State Law to levy property taxes. The Town's fiscal 2018-2019 property taxes were levied in April 2019 on the assessed valuation as of December 31, 2018. Upon levy these taxes are payable quarterly and are due in May, August, November and February. Failure to mail payments by due dates will result in a lien on the taxpayer's property. Assessed values are established by Tax Assessor's Office.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

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

M. Compensated Absences

Under the terms of various contracts and agreements, Town employees are granted vacation and sick leave in varying amounts based on length of service. Vacation benefits are accrued as a liability based on the accumulated benefits earned and unused at June 30. Sick leave benefits are based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The liability is calculated at the rate of pay in effect at June 30, 2019.

The entire compensated absence liability is reported on the Government-Wide Financial Statements. For the Governmental Fund Financial Statements, the amount of accumulated vacation and sick leave has been recorded as a current liability to the extent that the amounts are due to employees that have resigned or retired. The portion of the liability related to the Water Enterprise fund is reflected in the accrual basis proprietary fund financial statements.

N. Accrued Liabilities and Long-Term Debt

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

O. Pensions

Municipal Employees' Retirement System (MERS)

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

Employees' Retirement System plan (ERS)

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

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

O. Pensions (Continued)

Teachers' Survivors Benefit plan (TSB)

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

Police Pension

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

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

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

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

O. Pensions (Continued)

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

Investments

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

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

The following was the Board’s adopted asset allocation policy as of June 30, 2019:

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

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

O. Pensions (Continued)

Police Pension (Continued)

Concentrations - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in diversified mutual funds, external investment pools, and other pooled investments are excluded. As of June 30, 2019, the Plan had no investments in any one organization that represented 5% or more of the Plan's net position restricted for pension.

Money-Weighted Rate of Return - For the year ended June 30, 2019 the annual money-weighted rate of return on Plan investments was not provided by the independent actuary. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

Custody and Management of Assets - During 2019 Washington Trust Wealth Management served as asset custodian for all Plan assets. The Board has elected to hire professional investment managers to invest the assets of the Plan on a fully discretionary basis, subject to the investment policy of the Board. The Plan is evaluated periodically against the appropriate benchmark for his/her asset class and style. Failure to achieve the desired result does not necessitate, nor does achievement of the desired result preclude, termination of investment managers.

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

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. At June 30, 2019, there were no deposits subject to interest rate risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. As of June 30, 2019, the Plan has no single issuer that exceeds 5% of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in diversified mutual funds, external investment pools, and other pooled investments are excluded.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

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

O. Pensions (Continued)

Police Pension (Continued)

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

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment or a deposit. At June 30, 2019, there were no deposits subject to foreign currency risk.

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

Certain commingled funds held by the Plan at the year-end were permitted through their individual investment guidelines to use derivative instruments, including forwards, futures, swaps, and options. Disclosures about derivative holdings of the commingled fund managers can be found in their respective audited financial statements. The plan did not directly own any derivatives as of June 30, 2019.

P. Interfund Transactions

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

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

Q. Fund balance/net position:

Government-wide and proprietary fund financial statements:

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

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

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

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

Governmental fund financial statements:

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

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

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

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

Assigned – amounts that are intended by the Town to be used for specified purposes, but are neither restricted nor committed. The Town Council delegates the Mayor the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

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

R. Estimates

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

S. Accounting Pronouncements Implemented in the Current Year

GASB Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, is effective for periods beginning after June 15, 2018. The objective of this statement is to improve the information that is disclosed in the notes to government financial statements related to debt including direct borrowings and direct placements. This statement requires that additional essential information related to debt be disclosed in the notes to the financial statements, including unused lines of credit, assets pledged as collateral for the debt, and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. The Town of Cumberland, Rhode Island has implemented this standard in FY2019 and expects an impact to the financial reporting framework related specifically to note disclosures.

T. Recently issued accounting pronouncements not yet effective

GASB Statement 84, *Fiduciary Activities* is effective for periods beginning after December 15, 2018. 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. The 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. An activity meeting the criteria should present a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. The impact of this standard will be evaluated by the Town of Cumberland's management.

Effective for the fiscal year ending June 30, 2021, the Town will be required to adopt the provisions of Statement No. 87 of the GASB, *Leases* ("GASB 87"). GASB 87 requires recognition of lease assets and liabilities for leases that previously were classified as operating leases and recognize as inflows of resources or outflows of resources based on the payment provisions of the contract. The Town is currently evaluating the effects of GASB 87 on its financial statements. The following GASB standards will also be evaluated by the Town: 1) GASB 89 – Accounting for Interest Cost Incurred Before the End of a Construction Period, 2) GASB 90 Majority Equity Interests and 3) GASB 91 Conduit Debt Obligations.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 2. Stewardship, Compliance and Accountability

- A. *Legal Debt Margin* – The State of Rhode Island imposes a limit of 3 percent of the fair market value of all taxable town property on the general obligation debt that a municipality can issue. The Town of Cumberland’s limit is \$121,056,907 at year-end. The Town’s outstanding general obligation debt subject to this limit is \$25,765,000 at year-end, which is \$95,291,907 under the State imposed limitation.
- B. *Deficit Fund Balance in Fund Financial Statements* — The following individual funds reported deficits in fund balance in the fund financial statements at June 30, 2019:

<u>Major Funds</u>	
Sewer fund	\$ (210,061) *
<u>Town Special Revenue Funds</u>	
Substance abuse	(883) *
Heritage park dem grant	(10,361) *
Bulletproof vest	(387) *
Partnership for success	(1,847) *
Certified local government	(783) *
Assistance for firefighters	(1,123) *
Byrne/Jag	(9,899) *
Historic district national register	(9,500) *
Sewer ferncrest willow	(49,903) *
Subtotal	<u>(84,686)</u>
<u>Capital Projects Funds</u>	
Street lights	\$ (15,165) *
Road infrastructure bond	(28,215) *
Subtotal	<u>(43,380)</u>
Total	<u>\$ (338,127)</u>

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

Note 3. Cash and cash equivalents

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

Water Fund cash and cash equivalents of \$1,087,923 are restricted for a debt service reserve in accordance with a trust indenture.

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

As of June 30, 2019, \$14,801,833 of the Town's bank balance of \$20,836,224 was exposed to custodial credit risk as follows:

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 3. Cash and cash equivalents (Continued)

	<i>Carrying Amount</i>
Total Deposits	\$ 19,625,974
Add: Investments classified as cash equivalents	577,091
<i>Total Cash and Cash Equivalents reported in the Financial Statements</i>	<u><u>\$ 20,203,065</u></u>

	<i>Bank Balance</i>
Insured (Federal depository insurance funds)	\$ 1,365,127
Collateralized with securities held by pledging financial institution or its agent in the Town's name	4,669,264
Uninsured and uncollateralized	14,801,833
<i>Total Bank Balance</i>	<u><u>\$ 20,836,224</u></u>

Under Rhode Island general laws, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits which are time deposits with maturities greater than sixty (60) days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, regardless of maturity. At June 30, 2019 the Town's uncollateralized deposits with an institution was \$14,801,833.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 4. Investments

As of June 30, 2019, the Town had the following investments:

Investment	Maturity	Fair Value Measurement Quote Prices in Active Markets for Identical Assets (Level 1)
Domestic fixed income	N/A	\$ 8,757,060
Domestic equity	N/A	13,639,477
International equity	N/A	1,175,578
Real estate	N/A	125,640
Mutual funds	N/A	3,701,598
<i>Total Investments Reported in the Financial Statements</i>		\$ 27,399,353

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

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 4. Investments (Continued)

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

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

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

Foreign Currency Risk – The Town has policies related to foreign investments for its Police Pension Plan as described above. The Town does not have a formal policy related to foreign investments in the other funds. There was no exposure to foreign currency risk as of June 30, 2019. The currency that the foreign common stock is denominated in is European's euro.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 5. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Retirements</i>	<i>Ending Balance</i>
Governmental Activities:				
Nondepreciable assets:				
Land	\$ 23,341,866	\$ -	\$ -	\$ 23,341,866
Construction in progress	6,037,183	6,379,384	311,783	12,104,784
	<u>29,379,049</u>	<u>6,379,384</u>	<u>311,783</u>	<u>35,446,650</u>
Depreciable assets:				
Land improvements	4,329,368	-	-	4,329,368
Infrastructure	35,045,655	48,149	-	35,093,804
Buildings and improvements	87,643,340	1,596,005	-	89,239,345
Machinery and equipment	6,243,369	326,558	-	6,569,927
Vehicles	5,334,058	-	276,312	5,057,746
	<u>138,595,790</u>	<u>1,970,712</u>	<u>276,312</u>	<u>140,290,190</u>
Total Capital Assets	<u>167,974,839</u>	<u>8,350,096</u>	<u>588,095</u>	<u>175,736,840</u>
Less accumulated depreciation for:				
Land improvements	1,704,355	164,366	-	1,868,721
Infrastructure	18,357,057	607,176	-	18,964,233
Buildings and improvements	30,367,388	1,858,590	-	32,225,978
Machinery and equipment	4,759,493	299,146	-	5,058,639
Vehicles	3,537,984	356,230	261,230	3,632,984
	<u>58,726,277</u>	<u>3,285,508</u>	<u>261,230</u>	<u>61,750,555</u>
Governmental Activities Capital Assets, Net	<u>\$ 109,248,562</u>	<u>\$ 5,064,588</u>	<u>\$ 326,865</u>	<u>\$ 113,986,285</u>
Business-Type Activities:				
Nondepreciable assets:				
Land	\$ 607,089	\$ -	\$ -	\$ 607,089
Construction in progress	2,365,832	4,445,722	2,365,832	4,445,722
	<u>2,972,921</u>	<u>4,445,722</u>	<u>2,365,832</u>	<u>5,052,811</u>
Depreciable assets:				
Buildings	3,213,316	1,877,561	-	5,090,877
Mains, laterals, standpipes and other	38,839,259	1,457,056	-	40,296,315
Vehicles	455,809	-	-	455,809
	<u>42,508,384</u>	<u>3,334,617</u>	<u>-</u>	<u>45,843,001</u>
Total Capital Assets	<u>45,481,305</u>	<u>7,780,339</u>	<u>2,365,832</u>	<u>50,895,812</u>
Less accumulated depreciation for:				
Buildings	1,044,754	91,912	-	1,136,666
Mains, laterals, standpipes and other	14,758,049	601,919	-	15,359,968
Vehicles	425,421	12,906	-	438,327
	<u>16,228,224</u>	<u>706,737</u>	<u>-</u>	<u>16,934,961</u>
Business-Type Activities Capital Assets, Net	<u>\$ 29,253,081</u>	<u>\$ 7,073,602</u>	<u>\$ 2,365,832</u>	<u>\$ 33,960,851</u>

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 5. Capital Assets (Continued)

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

Governmental Activities:

General government	\$	26,668
Public safety		260,987
Public works		865,950
Social services		196,899
Education		1,935,004
Total Depreciation Expense	\$	3,285,508

Business-Type Activities:

Water	\$	706,737
Total Depreciation Expense	\$	706,737

Note 6. Short Term Debt

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

Short-term debt activity for the year ended June 30, 2019, was as follows:

	<u><i>Beginning Balance</i></u>	<u><i>Issued</i></u>	<u><i>Redeemed</i></u>	<u><i>Ending Balance</i></u>
General obligation tax anticipation notes	\$ -	\$ 8,500,000	\$ 8,500,000	\$ -

Interest expense reported for tax anticipation notes totaled \$73,382 for the year ended June 30, 2019.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 7. Long-Term Liabilities

A. Long-term liability activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds, notes, loans, and capital leases payable:					
Bonds payable	\$ 28,805,000	\$ -	\$ 3,040,000	\$ 25,765,000	\$ 2,325,000
Notes and loans payable	19,093,523	1,754,826	1,449,581	19,398,768	1,845,996
Capital lease payable	5,750,232	-	1,159,940	4,590,292	718,750
Plus amortized premium bonds and loans	1,955,068	-	198,452	1,756,616	164,815
Total bonds, notes, loans, and capital leases payable	55,603,823	1,754,826	5,847,973	51,510,676	5,054,561
Other liabilities:					
Deferred salary	310,942	-	26,820	284,122	32,956
Compensated absences	1,917,722	328,274	33,473	2,212,523	264,149
Net OPEB liability	20,986,634	-	2,884,410	18,102,224	-
Net pension liability	82,518,148	-	498,359	82,019,789	-
Other commitments	178,500	-	17,850	160,650	17,850
Governmental activities Long-term liabilities	\$ 161,515,769	\$ 2,083,100	\$ 9,308,885	\$ 154,289,984	\$ 5,369,516
Business-Type Activities:					
Loan payable	\$ 11,537,245	\$ -	\$ 385,577	\$ 11,151,668	\$ 560,317
Capital lease payable	712,363	-	89,234	623,129	96,965
Total bonds and loans payable	12,249,608	-	474,811	11,774,797	657,282
Compensated absences	72,734	6,389	-	79,123	-
Business-Type Activities: Long-term liabilities	\$ 12,322,342	\$ 6,389	\$ 474,811	\$ 11,853,920	\$ 657,282

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 7. Long-Term Liabilities (Continued)

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

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

B. Capital Lease Commitments

Obligations under capital leases at June 30, 2019 were as follows:

Fiscal Year Ended June 30,	Lease Payment Requirements
2020	\$ 985,182
2021	798,114
2022	798,114
2023	798,114
2024	798,114
Thereafter	1,750,602
Total minimum lease payments	5,928,240
Funds not drawn down at June 30, 2019	(237,548)
Less: Amount representing interest cost	(714,819)
Present value of minimum lease payments	\$ 4,975,873

C. General Obligation Bonds Debt Service Requirements

The debt service requirements at June 30, 2019, were as follows:

<i>Issued Through Public Sale</i> <i>Fiscal Year Ending June 30,</i>	<i>Governmental Activities</i> <i>General Obligation Bonds</i>	
	<i>Principal</i>	<i>Interest</i>
2020	\$ 2,325,000	\$ 1,060,750
2021	2,395,000	972,791
2022	2,490,000	878,088
2023	2,220,000	776,344
2024	2,070,000	681,500
2025-2029	5,690,000	2,449,009
2030-2034	5,060,000	1,252,047
2035-2038	3,515,000	322,519
	\$ 25,765,000	\$ 8,393,048

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

Note 7. Long-Term Liabilities (Continued)

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

<u>Issued Through Public Sale Purpose</u>	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Authorized and Issued</u>	<u>Outstanding June 30, 2018</u>	<u>New Issues</u>	<u>Maturities During Year</u>	<u>Outstanding June 30, 2019</u>
<i>Governmental Activities:</i>								
Library Bond (Refunding)	06/10/08	2.00%-4.76%	08/01/18	\$ 2,850,000	\$ 330,000	\$ -	\$ 330,000	\$ -
School Bond (Refunding)	06/10/08	2.00%-4.75%	08/01/18	5,740,000	640,000	-	640,000	-
Open Space Bond (Refunding)	11/30/11	3.00%-3.50%	10/01/21	1,000,000	445,000	-	105,000	340,000
Open Space/Recreation Bond	08/28/13	3.00%-5.00%	02/01/33	3,500,000	2,945,000	-	140,000	2,805,000
School Bond (Refunding)	11/30/11	3.00%-3.50%	10/01/21	2,010,000	870,000	-	210,000	660,000
School Bond (Refunding)	08/28/13	3.00%-5.00%	02/01/23	2,370,000	1,180,000	-	235,000	945,000
Road Improvements	11/30/11	3.00%-6.25%	11/01/31	2,500,000	1,750,000	-	125,000	1,625,000
Road Improvements	10/29/15	3.00%-5.00%	10/01/25	2,380,000	2,360,000	-	260,000	2,100,000
Sewer Bond (Refunding)	06/10/08	2.00%-4.77%	08/01/18	2,015,000	230,000	-	230,000	-
Public Safety Complex	03/22/18	3.00%-5.00%	03/15/38	12,500,000	12,500,000	-	-	12,500,000
School and Town (Refunding)	09/24/14	2.00%-4.00%	03/15/26	7,630,000	5,555,000	-	765,000	4,790,000
<i>Total Governmental Activities</i>				<u>44,495,000</u>	<u>28,805,000</u>	<u>-</u>	<u>3,040,000</u>	<u>25,765,000</u>
<i>Total Bonds Payable</i>				<u>\$ 44,495,000</u>	<u>\$ 28,805,000</u>	<u>\$ -</u>	<u>\$ 3,040,000</u>	<u>\$ 25,765,000</u>

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

Note 7. Long-Term Liabilities (Continued)

E. Loans Payable

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

<u>Issued through Public Sale Purpose</u>	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Authorized and Issued</u>	<u>Outstanding June 30, 2018</u>	<u>New Issues</u>	<u>Maturities During Year</u>	<u>Outstanding June 30, 2019</u>
<i>Governmental Activities:</i>								
<i>Issued Through Public Sale:</i>								
School RIHEBC - Refunding	11/26/16	2.00-5.00%	05/15/28	\$ 17,230,000	\$ 17,140,000	\$ -	\$ 1,420,000	\$ 15,720,000
<i>Total Governmental Activities - Issued through Public Sale</i>				<u>17,230,000</u>	<u>17,140,000</u>	<u>-</u>	<u>1,420,000</u>	<u>15,720,000</u>
<i>Issued Through Direct Borrowing:</i>								
Lambert Property Note	05/01/97	2.59%	06/01/23	190,000	116,523	-	4,581	111,942
RI Infrastructure Bank	09/03/14	.12-2.48%	05/15/28	518,000	494,000	-	25,000	469,000
RIIB EBF Street Lights	12/05/17	1.368-2.176%	09/01/28	1,343,000	1,343,000	-	-	1,343,000
Municipal Leasing - Town Vehicles and Improvements	01/30/19	3.89%	07/25/23	1,070,000		43,859	-	43,859
Municipal Leasing - School Improvements	01/30/19	3.99%	07/25/28	1,850,000		1,710,967	-	1,710,967
<i>Total Governmental Activities - Issued through Direct Borrowing</i>				<u>4,971,000</u>	<u>1,953,523</u>	<u>1,754,826</u>	<u>29,581</u>	<u>3,678,768</u>
<i>Total Governmental Activities</i>				<u>22,201,000</u>	<u>19,093,523</u>	<u>1,754,826</u>	<u>1,449,581</u>	<u>19,398,768</u>
<i>Business Type Activities</i>								
<i>Issued Through Direct Borrowing:</i>								
RI Clean Water Sewer Loan	03/10/93	3.56%	09/01/36	3,000,000	2,811,926	-	120,015	2,691,911
RIIB Safe Drinking Water	06/12/18	1.0-2.85%	09/01/37	4,000,000	4,000,000	-	1,000	3,999,000
RI Clean Water Loan	11/19/09	1.15-4.04%	09/01/30	5,750,000	3,195,835	-	195,083	3,000,752
RI Infrastructure Bank	12/17/15	.31-2.90%	09/01/35	1,750,000	1,529,484	-	69,479	1,460,005
<i>Total Business Type Activities</i>				<u>14,500,000</u>	<u>11,537,245</u>	<u>-</u>	<u>385,577</u>	<u>11,151,668</u>
Total Loans Payable				<u>\$ 36,701,000</u>	<u>\$ 30,630,768</u>	<u>\$ 1,754,826</u>	<u>\$ 1,835,158</u>	<u>\$ 30,550,436</u>

On November 19, 2009 the Town entered into a loan agreement with Rhode Island Clean Water Finance Agency in the amount of \$5,750,000. The loan agreement includes ARRA principal forgiveness of \$1,333,742 for a net loan amount of \$4,416,258 that will be repaid by the Town. The loan proceeds are to be used by the Town for various water system projects. The Agency pays project invoices certified by the Town directly to the contractors or reimburses the Town for costs incurred on the projects. As of June 30, 2019, a loan payable of \$3,000,752 is reflected in the Water Fund. The Town is responsible to drawdown the full loan amount and to repay the net loan amount. The loan is secured by a pledge of water system revenues.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 7. Long-Term Liabilities (Continued)

E. Loans Payable (Continued)

The debt service requirements for the above notes and loans payable at June 30, 2019 were as follows:

<u>Fiscal Year Ending June 30,</u>	<i>Governmental Activities Issued Through Public Sale</i>		<i>Governmental Activities Issued Through Direct Borrowings</i>		<i>Total Governmental Activities</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
	2020	\$ 1,460,000	\$ 713,550	\$ 385,996	\$ 80,269	\$ 1,845,996
2021	1,520,000	655,150	312,857	105,318	1,832,857	760,468
2022	1,580,000	594,350	322,279	96,056	1,902,279	690,406
2023	1,645,000	531,150	423,358	86,340	2,068,358	617,490
2024	1,725,000	448,900	335,695	73,755	2,060,695	522,655
2025-2029	7,790,000	907,700	1,698,583	194,867	9,488,583	1,102,567
2030-2034	-	-	165,000	14,843	165,000	14,843
2035-2038	-	-	35,000	434	35,000	434
	<u>\$ 15,720,000</u>	<u>\$ 3,850,800</u>	<u>\$ 3,678,768</u>	<u>\$ 651,882</u>	<u>\$ 19,398,768</u>	<u>\$ 4,502,682</u>

<u>Fiscal Year Ending June 30,</u>	<i>Business Type Activities Issued Through Direct Borrowings</i>	
	<i>Principal</i>	<i>Interest</i>
2020	\$ 560,317	\$ 327,466
2021	572,056	314,719
2022	586,564	300,870
2023	603,729	285,845
2024	620,894	269,595
2025-2029	3,394,125	1,062,652
2030-2034	3,011,196	521,060
2035-2038	1,802,787	105,644
	<u>\$ 11,151,668</u>	<u>\$ 3,187,851</u>

F. Refunding of Long-Term Debt

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 7. Long-Term Liabilities (Continued)

G. Deferred Salary

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

In connection with the school certified personnel collective bargaining agreement signed in 2011, a salary deferral arrangement was also negotiated for 2011 whereby members deferred 50% of the 2010-2011 raise, step increase and advance payments. The deferral will be paid out from 2012 through 2025 based on years of service at September 1, 2010. The balance of deferred salary presented in the government-wide financial statements totaled \$284,122 as of June 30, 2019.

H. Other Commitments

The Town is committed to reimburse a private installer 75% of the reimbursable cost associated with the sewer project for Ferncrest and Willow Drives. The reimbursement of \$357,000 will be paid over 20 years beginning in fiscal year 2009 without interest in equal payments of \$17,850. The unpaid balance as of June 30, 2019 is \$160,650.

The Town has committed to future purchases and repayments for the following Master Lease agreements:

- Town Vehicles and Improvements of \$1,026,141 at an interest rate of 3.89% and;
- School Improvements of \$139,033 at an interest rate of 3.99%.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 8. Interfund Activity

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

	Due from Other Funds	Due to Other Funds	Other Financing Sources	Other Financing Uses
<u>Major Governmental Funds</u>				
General fund	\$ 1,092,714	\$ 7,035,350	\$ -	\$ 45,111,075
School unrestricted fund	4,856,610	-	45,111,075	-
Public safety bond	1,065,513	-	-	-
Sewer fund	-	205,664	-	-
<u>Non-Major Governmental Funds</u>				
Town special revenue	818,391	85,092	-	-
School special revenue	391,733	806,772	-	-
Capital projects	1,002,018	224,840	-	-
<u>Proprietary Funds</u>				
Water fund	-	869,261	-	-
Totals	\$ 9,226,979	\$ 9,226,979	\$ 45,111,075	\$ 45,111,075

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 9. Net Position/Fund Balances

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

The Town has the following minimum fund balance policies:

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

	<u>Major Funds</u>				<u>Non-Major Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>School Unrestricted</u>	<u>Public Safety Bond</u>	<u>Sewer</u>	<u>Town Special Revenue</u>	<u>School Special Revenue</u>	<u>Capital Projects</u>	
Fund Balances								
Nonspendable								
Prepaid items	\$ 90,686	\$ 164,165	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 254,851
Restricted for								
General government	-	-	-	-	339,721	-	-	339,721
Public safety programs	-	-	1,011,385	-	181,137	-	-	1,192,522
Educational purposes	-	-	-	-	-	661,769	-	661,769
Community and economic development	-	-	-	-	84,252	-	-	84,252
Capital projects	-	-	-	-	-	-	972,617	972,617
Committed to								
General government's FY20 budget	860,576	-	-	-	239,469	-	-	1,100,045
Educational purposes FY20 budget	525,000	3,602,439	-	-	-	-	-	4,127,439
Assigned to								
Capital projects	91,330	-	-	-	-	-	12,230	103,560
Senior center	88,294	-	-	-	-	-	-	88,294
Recreation programs	337,181	-	-	-	-	-	-	337,181
Town properties	15,727	-	-	-	-	-	-	15,727
Office of children, youth, and learning	172,460	-	-	-	-	-	-	172,460
Community and economic development	1,035,351	-	-	-	-	-	-	1,035,351
Unassigned	19,455,779	-	-	(210,061)	(84,686)	-	(43,380)	19,117,652
	<u>\$ 22,672,384</u>	<u>\$ 3,766,604</u>	<u>\$ 1,011,385</u>	<u>\$ (210,061)</u>	<u>\$ 759,893</u>	<u>\$ 661,769</u>	<u>\$ 941,467</u>	<u>\$ 29,603,441</u>

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 10. Other Post-Employment Benefits

Plan Description

The Town of Cumberland administers a single-employer, defined benefit post-employment health insurance plan. This plan does not include the pension benefits discussed in Note 11. The plan provides medical and dental insurance for eligible retirees and their dependents through the Town's group health and dental insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations between the Town and the respective unions. The plan is reported as a Trust Fund in the Town's financial statements. The plan does not issue a publicly available financial report. The Town implemented GASB Statement No. 75 in fiscal year 2017 on a retroactive basis.

The plan provides the following benefits based on employee group:

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

As of June 30, 2019, the plan membership data is as follows:

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

Funding Policy

Contribution requirements are negotiated between the Town and the respective unions. The Town is required to contribute the cost of medical and dental benefits, less the amount of any applicable employee share of medical or dental premiums. For the fiscal year ended June 30, 2019, the Town contributed \$1,575,235 to the plan, which is 97.9% of the annual required contribution.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 10. Other Post-Employment Benefits (Continued)

Summary of Significant Accounting Policies

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

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

Investment Policy

The Town's policy in regard to the allocation of invested assets is established and may be amended by the committee by a majority vote of its members. It is the policy of the Town to pursue an investment strategy that reduced risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Town's adopted asset allocation policy as of June 30, 2019:

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

Concentrations:

There were no concentrations noted as of June 30, 2019.

Rate of Return:

For the year ended June 30, 2019, the annual average rate of return on investments, net of investment expense was 7.16%. The average rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 10. Other Post-Employment Benefits (Continued)

Net OPEB Liability of the Town

The components of the net OPEB liability of the Town at June 30, 2019 were as follows:

Total OPEB liability	\$ 22,625,721
Plans fiduciary net position	<u>4,523,497</u>
Town's net OPEB liability	<u>\$ 18,102,224</u>
Plan net position as a percentage of the total OPEB liability	19.99%

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

Actuarial Methods and Assumptions

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 10. Other Post-Employment Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

Valuation date:	Actuarially Determined Contribution was calculated as of June 30, 2019.
Actuarial cost method:	Entry Age Normal Level % of salary method where: Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to Payroll Growth.
Asset-valuation method:	Market Value of Assets as of the Measurement Date, June 30, 2019.
Actuarial assumptions:	
Investment rate of return:	5.16%, net of OPEB plan investment expense
Medical inflation	For medical/rx benefits, the trend rates have been reset to an initial rate of 8.00% decreasing by 0.50% annually to an ultimate rate of 4.50%
Inflation:	2.00% as of June 30, 2019 and for future periods
Salary increases:	4.50% annually as of June 30, 2019 and for future periods
Pre-retirement mortality:	RP-2014 mortality table with blue collar adjustments and Social Security 2019 generational improvements from 2006
Assumed rate of retirement:	70% for 20 years of service, 70% for 21-24 and 26-29 years of service 70% for 25 years of service, and 100% for 30 or more years of service.
Marriage assumptions	70% of males and 70% of females assumed to be married with wives to be three years younger than their husbands
Discount rate	Discount rate is 7.25%

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 are summarized in the following table:

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 10. Other Post-Employment Benefits (Continued)

Changes in the Net OPEB Liability

	Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2018	\$ 24,410,114	\$ 3,423,480	\$ 20,986,634
Service cost	426,530	-	426,530
Interest on net OPEB liability and service cost	1,832,913	-	1,832,913
Differences between actual and expected experience	(3,102,808)	-	(3,102,808)
Changes in assumptions	(130,760)	-	(130,760)
Benefit payments, including refunds	(810,268)	(810,268)	-
Trust administrative expenses	-	(15,633)	15,633
Contributions - employer	-	1,575,235	(1,575,235)
Net investment income	-	350,683	(350,683)
Net changes	(1,784,393)	1,100,017	(2,884,410)
Balances at June 30, 2019	\$ 22,625,721	\$ 4,523,497	\$ 18,102,224

Discount rate

The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

	Impact of 1% Change in Discount Rate		
	1% Decrease (6.25%)	Current discount rate (7.25%)	1% Increase (8.25%)
Total OPEB liability	\$ 21,115,229	\$ 18,102,224	\$ 15,639,892

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 10. Other Post-Employment Benefits (Continued)

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (8.0 percent decreasing to 4.50 percent) or 1-percentage-point higher (10.0 percent decreasing to 5.50 percent) than the current healthcare cost trend rates:

	Impact of 1% Change in Healthcare Trend Rate		
	1% Decrease (8.00% decreasing to 4.50%)	Current trend rate (7.00% decreasing to 3.50%)	1% Increase (9.00% decreasing to 5.50%)
Total OPEB liability	\$ 15,538,431	\$ 18,102,224	\$ 21,242,574

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

For the year ended June 30, 2019 the Town recognized OPEB expense of \$1,396,421. At June 30, 2019, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

Deferred outflows of resources:

Differences between actual and expected experience	\$ 705,282
Changes in assumptions	98,689

Deferred inflows of resources:

Net difference between projected and actual earnings on investments	89,824
Changes in assumptions	98,070
Differences between actual and expected experience	3,439,087

Total	<u>\$ (2,823,010)</u>
-------	-----------------------

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

Year ended June 30:	
2020	\$ (594,301)
2021	(1,398,269)
2022	(817,174)
2023	(13,266)
Total	(2,823,010)

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions

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

General Information about the Pension Plan

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

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

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions (Continued)

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

General Information about the Pension Plan (Continued)

General employees

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

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

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

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

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions (Continued)

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

General Information about the Pension Plan (Continued)

Police and Fire employees

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

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

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

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

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

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions (Continued)

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

General Information about the Pension Plan (Continued)

Other benefit provisions

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

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

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

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions (Continued)

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

General Information about the Pension Plan (continued)

Employees covered by benefit terms.

At the June 30, 2017 valuation date, the following employees were covered by the benefit terms:

	General Employees	Rescue Plan
Retirees and Beneficiaries	162	6
Inactive, Non-retired Members	117	7
Active Members	236	18
Total	<u>515</u>	<u>31</u>

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 1% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. Public safety employees are required to contribute 9% of their salaries. The Town contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The Town contributed \$1,138,219 to their general employee MERS plan in the year ended June 30, 2019 which was 12.05% of annual covered payroll and contributed \$106,691 to their EMS employee MERS plan in the year ended June 30, 2019 which was 9.35% of annual covered payroll.

Net Pension Liability (Asset) - The total pension liability was determined by actuarial valuations performed as of June 30, 2017 and rolled forward to June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions (Continued)

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

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

The actuarial assumptions used in the June 30, 2017 valuation rolled forward to June 30, 2018 and the calculation of the total pension liability at June 30, 2018 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2018 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

Note 11. Pensions (Continued)

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

Asset Class	Target allocation	Long-term expected real rate of return
Global equity:		
U.S. equity	20.80%	6.43%
International developed	14.40%	6.72%
International emerging markets	4.80%	8.90%
Private Growth		
Private Equity	11.30%	9.08%
Non-Core RE	2.20%	5.03%
Opportunistic Private Credit	1.50%	9.08%
Income		
High Yield Infrastructure	1.00%	3.81%
REITS	1.00%	5.03%
Liquid Credit	2.80%	3.81%
Private Credit	3.20%	3.81%
Crisis Protection Class		
Treasury Duration	4.00%	0.61%
Systematic Trend	4.00%	4.00%
Inflation Protection		
Core Real Estate	3.60%	5.03%
Private Infrastructure	2.40%	5.61%
TIPs	1.00%	1.75%
Natural Resources	1.00%	3.81%
Volatility Protection		
IG Fixed Income	11.50%	2.14%
Absolute Return	6.50%	4.00%
Cash	3.00%	0.61%

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pension (Continued)

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2017	\$ 33,636,553	\$ 25,466,308	\$ 8,170,245
Changes for the year:			
Service cost	787,451	-	787,451
Interest on total pension liability	2,324,019	-	2,324,019
Differences between expected and actual experience	(858,909)	-	(858,909)
Contributions - employer	-	1,138,960	(1,138,960)
Contributions - employee	-	199,538	(199,538)
Net investment income	-	2,025,735	(2,025,735)
Benefit payments, including employee refunds	(1,660,018)	(1,660,018)	-
Administrative expense	-	(26,968)	26,968
Other changes	-	(71,676)	71,676
Net changes	<u>592,543</u>	<u>1,605,571</u>	<u>(1,013,028)</u>
Balance as of June 30, 2018	<u>\$ 34,229,096</u>	<u>\$ 27,071,879</u>	<u>\$ 7,157,217</u>
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2017	\$ 7,086,333	\$ 6,530,581	\$ 555,752
Changes for the year:			
Service cost	252,781	-	252,781
Interest on total pension liability	499,458	-	499,458
Differences between expected and actual experience	(465,179)	-	(465,179)
Contributions - employer	-	94,482	(94,482)
Contributions - employee	-	118,397	(118,397)
Net investment income	-	533,924	(533,924)
Benefit payments, including employee refunds	(155,220)	(155,220)	-
Administrative expense	-	(7,108)	7,108
Other changes	-	20,290	(20,290)
Net changes	<u>131,840</u>	<u>604,765</u>	<u>(472,925)</u>
Balance as of June 30, 2018	<u>\$ 7,218,173</u>	<u>\$ 7,135,346</u>	<u>\$ 82,827</u>

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions (Continued)

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

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

General Employee Plan

1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
\$ 11,107,033	\$ 7,157,217	\$ 4,216,039

EMS Plan

1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
\$ 893,147	\$ 82,827	\$ (520,364)

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions (Continued)

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

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

General Employees Plan

For the year ended June 30, 2019 the employer recognized pension expense of \$1,105,225. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 741,276	\$ -
Difference between expected and actual experience	56,240	1,582,601
Net difference between projected and actual earnings on pension plan investments	138,564	-
Contributions subsequent to the measurement date	<u>1,138,219</u>	<u>-</u>
	<u>\$ 2,074,299</u>	<u>\$ 1,582,601</u>
Net amount of deferred outflows and (inflows) excluding contributions subsequent to measurement date		<u>\$ (646,521)</u>

\$1,138,219 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2019 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2020. Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions (Continued)

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

Year ended June 30:

2020	\$	65,089
2021		(132,142)
2022		(417,764)
2023		<u>(161,704)</u>
	\$	<u><u>(646,521)</u></u>

EMS Employees Plan

For the year ended June 30, 2019 the employer recognized pension expense of \$82,624. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 243,256	\$ 17,278
Difference between expected and actual experience	30,523	579,242
Net difference between projected and actual earnings on pension plan investments	14,131	-
Contributions subsequent to the measurement date	<u>106,691</u>	<u>-</u>
	<u>\$ 394,601</u>	<u>\$ 596,520</u>
Net amount of deferred outflows and (inflows) excluding contributions subsequent to measurement date		<u>\$ (308,610)</u>

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions (Continued)

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

General Information about the Pension Plan (continued)

\$106,691 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2019 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2020. Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ (3,663)
2021	(59,614)
2022	(136,848)
2023	(45,781)
2024	(49,997)
Thereafter	<u>(12,707)</u>
	<u>\$ (308,610)</u>

B. Defined Contribution Plan Description

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

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

The Town of Cumberland recognized pension expense of \$44,444, for the fiscal year ended June 30, 2019.

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions (Continued)

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

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

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

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

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

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

Contributions - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2019, Town teachers were required to contribute 3.75% of their annual covered salary except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The state and the Town are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by Town; the rates were 10.06% and 13.45% of annual covered payroll for the fiscal year ended June 30, 2019 for the state and Town, respectively. The Town contributed \$4,341,190, \$4,217,829 and \$4,112,549 for the fiscal years ended June 30, 2019, 2018 and 2017, respectively, equal to 100% of the required contributions for each year.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions (Continued)

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

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

At June 30, 2019, the Town reported a liability of \$56,077,472 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the Town were as follows:

Town proportionate share of the net pension liability	\$ 56,077,472
State's proportionate share of the net pension liability associated with the Town	<u>41,829,766</u>
Total net pension liability	<u>\$ 97,907,238</u>

The net pension liability was measured as of June 30, 2018, 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, 2017 rolled forward to June 30, 2018. The Town proportion of the net pension liability was based on a projection of the Town long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2018 the Town proportion was 1.76496986%.

For the year ended June 30, 2019 the Town recognized gross pension expense of \$9,787,403 and revenue of \$4,422,421 for support provided by the State. At June 30, 2019 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions (Continued)

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

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 820,219	\$ 1,069,573
Changes of assumptions	4,073,382	659,914
Net difference between projected and actual earnings on pension plan investments	669,822	-
Changes in proportion and differences between System contributions and proportionate share contributions	2,729,604	1,447,297
Contributions subsequent to the measurement date	4,341,190	-
	\$ 12,634,217	\$ 3,176,784
Net amount of deferred outflows and (inflows) excluding the Town's contributions subsequent to measurement date		\$ 5,116,243

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions (Continued)

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

\$4,341,190 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2019 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 1,883,502
2021	1,199,054
2022	222,662
2023	895,717
2024	641,442
Thereafter	273,866
	<u>\$ 5,116,243</u>

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

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

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

The actuarial assumptions used in the June 30, 2017 valuation rolled forward to June 30, 2018 and the calculation of the total pension liability at June 30, 2018 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 34 sources. The June 30, 2018 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

Note 11. Pensions (Continued)

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

Asset class	Target allocation	Long-term expected real rate of return
Global equity:		
U.S. equity	20.80%	6.43%
International developed	14.40%	6.72%
International emerging markets	4.80%	8.90%
Private Growth		
Private Equity	11.30%	9.08%
Non-Core RE	2.20%	5.03%
Opportunistic Private Credit	1.50%	9.08%
Income		
High Yield Infrastructure	1.00%	3.81%
REITS	1.00%	5.03%
Liquid Credit	2.80%	3.81%
Private Credit	3.20%	3.81%
Crisis Protection Class		
Treasury Duration	4.00%	0.61%
Systematic Trend	4.00%	4.00%
Inflation Protection		
Core Real Estate	3.60%	5.03%
Private Infrastructure	2.40%	5.61%
TIPs	1.00%	1.75%
Natural Resources	1.00%	3.81%
Volatility Protection		
IG Fixed Income	11.50%	2.14%
Absolute Return	6.50%	4.00%
Cash	3.00%	0.61%

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions (Continued)

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

Sensitivity of the net pension liability (asset) to changes in the discount rate - the following presents the net pension liability (asset) calculated using the discount rate of 7.0 percent as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1.00% Decrease	Current Discount Rate	1.00% Increase
(6.0%)	(7.0%)	(8.0%)
\$ 70,555,065	\$ 56,077,472	\$ 45,294,227

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

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

Defined Contribution Plan Description:

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

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

The Town of Cumberland recognized pension expense of \$939,467, for the fiscal year ended June 30, 2019.

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions (Continued)

E. Teachers' Survivors Defined Benefit Pension Plan

General Information about the Pension Plan

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

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

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

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions (Continued)

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

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

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

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

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

The Town contributed \$50,296, \$49,201 and \$39,954 for the fiscal years ended June 30, 2019, 2018 and 2017, 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, 2019 the Town reported an asset of \$5,900,486 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, 2018, 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, 2017 rolled forward to 2018. The Town proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2018 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2019 the Town proportion was 6.61272309%.

For the year ended June 30, 2019 the Town recognized pension expense of \$(135,325) – a decrease in the net pension asset. At June 30, 2019 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions (continued)

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

Description of Outflows/Inflows	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,005,336	\$ 990,146
Changes of assumptions	777,443	-
Net difference between projected and actual earnings on pension plan investments	133,908	-
Changes in proportion and differences between System contributions and proportionate share contributions	178,893	184,603
Contributions subsequent to the measurement date	<u>50,296</u>	<u>-</u>
	<u>\$ 2,145,876</u>	<u>\$ 1,174,749</u>
Net amount of deferred outflows and (inflows) excluding Town contributions subsequent to measurement date		<u>\$ 920,831</u>

\$50,296 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2019 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 428,245
2021	232,140
2022	(56,360)
2023	103,446
2024	143,391
Thereafter	<u>69,969</u>
	<u>\$ 920,831</u>

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions (Continued)

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

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

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

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

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

The actuarial assumptions used in the June 30, 2017 valuation and the calculation of the total pension liability at June 30, 2018 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2018 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions (Continued)

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

Asset Class	Target allocation	Long-term expected real rate of return
Global equity:		
U.S. equity	20.80%	6.43%
International developed	14.40%	6.72%
International emerging markets	4.80%	8.90%
Private Growth		
Private Equity	11.30%	9.08%
Non-Core RE	2.20%	5.03%
Opportunistic Private Credit	1.50%	9.08%
Income		
High Yield Infrastructure	1.00%	3.81%
REITS	1.00%	5.03%
Liquid Credit	2.80%	3.81%
Private Credit	3.20%	3.81%
Crisis Protection Class		
Treasury Duration	4.00%	0.61%
Systematic Trend	4.00%	4.00%
Inflation Protection		
Core Real Estate	3.60%	5.03%
Private Infrastructure	2.40%	5.61%
TIPs	1.00%	1.75%
Natural Resources	1.00%	3.81%
Volatility Protection		
IG Fixed Income	11.50%	2.14%
Absolute Return	6.50%	4.00%
Cash	3.00%	0.61%

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions (Continued)

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

Sensitivity of the net pension liability (asset) to changes in the discount rate - the following presents the net pension liability (asset) calculated using the discount rate of 7.0 percent as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1.00% Decrease (6.0%)	Current Discount Rate (7.0%)	1.00% Increase (8.0%)
\$ 4,094,634	\$ 5,900,486	\$ 7,244,966

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

F. Police Pension Plan

General Information about the Plan

Plan Administration

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

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

Plan Membership

Inactive plan members or beneficiaries currently receiving benefit	70
Inactive plan members entitled to but not yet receiving benefit	1
Active plan members	45
Subtotal	116

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

Note 11. Pensions (Continued)

F. Police Pension Plan (Continued)

Benefits Provided

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

Police officers hired on or before July 1, 2013:

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

Police officers hired after July 1, 2013:

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

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions (Continued)

F. Police Pension Plan (Continued)

Contributions

Contribution requirements for the plan are established and may be amended by Town ordinances or union contract. Police officers hired on or before July 1, 2013 are required to contribute 8% of annual earnings by union contract. Police officers hired after July 1, 2013 are required to contribute 11% of annual earnings by union contract. The Town contribution is an actuarially determined amount recommended by an independent actuary. The actuarially determined amount is the estimated amount to finance the costs of benefits earned by plan members during the year, with an additional amount to finance the unfunded accrued liability. The town contribution for the year ended June 30, 2019 was \$2,263,350.

Net Pension Liability of the Commission

The components of the net pension liability of the Commission at June 30, 2019, were as follows:

Total pension liability	\$ 38,452,300
Plan fiduciary net position	<u>(19,750,027)</u>
Town's net pension liability	<u>\$ 18,702,273</u>
Plan fiduciary net position as a percentage of the total pension liability	 51.36%

Actuarial assumptions

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

Inflation	2.00 percent
Cost of living increases	3.00% non-compounded from age 57 for retirement on or after July 1, 1992 No COLA for retirement before July 1, 1992
Salary increases	1.00% - 6.00%, age graded
Discount rate	7.25 percent
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were based on RP-2014 Blue Collar Mortality with 2017 Social Security Generational Improvement Scale from 2006.

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions (Continued)

F. Police Pension Plan (Continued)

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2019 (see the discussion of the pension plan’s investment policy) are summarized in the following table:

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

Discount rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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.

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balance as of 7/1/2018	\$ 35,838,269	\$ 17,519,829	\$18,318,440
Changes for the year:			
Service cost	682,675	-	682,675
Interest on total pension liability	2,664,203	-	2,664,203
Change of benefit terms	81,505	-	81,505
Differences between expected and actual experience	129,230	-	129,230
Changes in assumptions	1,052,884	-	1,052,884
Contributions - employer	-	2,263,350	(2,263,350)
Contributions - employee	-	273,795	(273,795)
Net investment income	-	1,718,729	(1,718,729)
Benefit payments	(1,996,466)	(1,996,466)	-
Administrative expense	-	(29,210)	29,210
Net changes	<u>2,614,031</u>	<u>2,230,198</u>	<u>383,833</u>
Balance as of 6/30/2019	<u>\$ 38,452,300</u>	<u>\$ 19,750,027</u>	<u>\$18,702,273</u>

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions (Continued)

F. Police Pension Plan (Continued)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Plan's Net Pension Liability	\$ 23,817,595	\$ 18,702,273	\$ 14,526,313

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

For the year ended June 30, 2019, the Town recognized pension expense of \$2,172,186. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 208,902	\$ (1,180)
Changes of assumptions	842,307	(146,570)
Difference between projected and actual earnings on plan investments	177,342	(434,930)
Total deferred outflows / (inflows)	\$ 1,228,551	\$ (582,680)

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

Year ended June 30:

2020	\$	255,839
2021		83,744
2022		146,980
2023		159,308
	\$	645,871

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 11. Pensions (Continued)

G. Aggregate Pension Amounts Reported in the Financial Statements:

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

	MERS General	MERS Rescue	ERS	TSB	Town Plan - Police	Total
Net Pension Asset	\$ -	\$ -	\$ -	\$ 5,900,486	\$ -	\$ 5,900,486
Deferred Outflows of Resources - Pension	2,074,299	394,601	12,634,217	2,145,876	1,228,551	18,477,544
Deferred Inflows of Resources - Pension	1,582,601	596,520	3,176,784	1,174,749	582,680	7,113,334
Net Pension Liability	7,157,217	82,827	56,077,472	-	18,702,273	82,019,789
Pension Expense	1,105,225	82,624	9,787,403	(135,325)	2,172,186	13,012,113
	<u>\$ 11,919,342</u>	<u>\$ 1,156,572</u>	<u>\$ 81,675,876</u>	<u>\$ 9,085,786</u>	<u>\$ 22,685,690</u>	<u>\$ 126,523,266</u>

Note 12. Summary Disclosure of Significant Commitments and Contingencies

A. Litigation

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

B. Federal Assisted Programs – Compliance Audits

The Town and School Department participates in a number of federally assisted programs. The audits of these programs through the year ended June 30, 2019 were audited in connection with the accompanying financial statements under the Single Audit concept and the auditor's reports thereon are presented in a separate Single Audit Report. The amount, if any, of expenditures which may be disallowed will not be material to the financial position of the Town.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2019

Note 13. Risk Management

A. Health Care

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

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

In order to avoid catastrophic losses, the Town "reinsures" the program by purchasing insurance known as "stop-loss insurance". Changes in claims liability for fiscal year 2019 were as follows:

Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimate	Claims Payments	Balance Fiscal Year End
\$ 255,909	\$ 6,973,820	\$ 6,779,729	\$ 450,000

B. Other Insurance

The Town of Cumberland is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. As a result, the Town participates in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) which provides coverage for property/liability claims. Upon joining the Trust, the Town signed a participation agreement which outlines the rights and responsibilities of both the Trust and the Town. The agreement states that for premiums paid by the Town, the Trust will assume financial responsibility for the Town's losses up to the maximum amount of insurance purchased, minus the Town's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its members. The Town purchases commercial insurance which provides coverage for workers' compensation claims. Settled claims resulting from these risks have not exceeded Trust or commercial coverage in any of the past three fiscal years. The Town is self-insured for unemployment benefits. There were "incurred but not reported" claims of \$450,000 as of June 30, 2019.

Note 14. Restatement

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

	General Fund
Beginning balance, July 1, 2018	\$ 11,975,273
To restate fund balance for corrected 60 day accrual in accordance with GASB No. 33	8,063,510
Beginning balance, July 1, 2018	\$ 20,038,783

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

Note 14. Restatement (Continued)

The 60 day accrual restatement impacts only the governmental fund financial statements since the Government-Wide financial statements has already been adjusted to a full accrual basis, thereby previously recognizing revenues for taxes levied, net of allowances. Therefore, the restatement has no impact on the Government-Wide financial statement presentation. The 60 day accrual was restated since tax revenues collected within 60 days after year end on the most recent tax levy were considered to be “measureable” and “available” in accordance with GASB Statement No. 33 and Interpretation No. 5.

Note 15. Subsequent Events

Management has evaluated subsequent events through the report date of January 15, 2020. No material events have occurred that require disclosures.

Required Supplementary Information

TOWN OF CUMBERLAND, RHODE ISLAND

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

*Last 10 Fiscal Years**

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

*Last 10 Fiscal Years**

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

Last 10 Fiscal Years

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Actuarial determined contribution	\$ 1,608,912	\$ 1,677,202	\$ 1,778,950	\$ 1,393,964	\$ 1,294,570	\$ 1,578,570	\$ 1,657,531	\$ 3,521,332	\$ 4,393,000	\$ 3,973,000
Contributions in relation to the actuarially determined contribution	1,575,235	1,503,461	1,903,000	1,550,643	1,420,875	1,320,001	1,311,166	1,565,322	857,393	1,166,224
Contribution deficiency (excess)	<u>\$ 33,677</u>	<u>\$ 173,741</u>	<u>\$ (124,050)</u>	<u>\$ (156,679)</u>	<u>\$ (126,305)</u>	<u>\$ 258,569</u>	<u>\$ 346,365</u>	<u>\$ 1,956,010</u>	<u>\$ 3,535,607</u>	<u>\$ 2,806,776</u>
Covered-employee payroll	\$ 2,159,513	\$ 2,210,352	\$ 2,167,012	\$ 2,203,419	N/A	N/A	N/A	\$ 32,459,010	N/A	N/A
Contributions as a percentage of covered-employee payroll	72.94%	68.02%	87.82%	70.37%	N/A	N/A	N/A	4.82%	N/A	N/A

** Actuarial determined contributions are based on the Annual Required Contributions calculated in the prior GASB 45 actuarial valuations.

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

*Last 10 Fiscal Years**

	June 30, 2019	June 30, 2018	June 30, 2017
Annual average rate of return, net of investment expense	7.16%	7.46%	5.41%

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

Notes to Required Supplementary Information:

Valuation date:	Actuarially Determined Contribution was calculated as of June 30, 2019.
Actuarial cost method:	Entry Age Normal Level % of salary method where: Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to Payroll Growth.
Asset-valuation method:	Market Value of Assets as of the Measurement Date, June 30, 2019.
Actuarial assumptions:	
Investment rate of return:	5.16%, net of OPEB plan investment expense
Medical inflation	For medical/rx benefits, the trend rates have been reset to an initial rate of 8.00% decreasing by 0.50% annually to an ultimate rate of 4.50%
Inflation:	2.00% as of June 30, 2019 and for future periods
Salary increases:	4.50% annually as of June 30, 2019 and for future periods
Pre-retirement mortality:	RP-2014 mortality table with blue collar adjustments and Social Security 2019 generational improvements from 2006
Assumed rate of retirement:	70% for 20 years of service, 70% for 21-24 and 26-29 years of service 70% for 25 years of service, and 100% for 30 or more years of service.
Marriage assumptions	70% of males and 70% of females assumed to be married with wives to be three years younger than their husbands
Discount rate	Discount rate is 7.25%

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

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information

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

*Last 10 Years**

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

*Last 10 Years**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Actuarially determined contribution	\$ 1,138,219	\$ 1,138,960	\$ 1,199,279	\$ 1,194,969	\$ 1,278,367
Contributions in relation to the actuarially determined contribution	<u>1,138,219</u>	<u>1,138,960</u>	<u>1,199,279</u>	<u>1,194,969</u>	<u>1,278,367</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 9,448,739	\$ 9,556,447	\$ 9,305,618	\$ 8,915,758	\$ 8,914,303
Contributions as a percentage of covered-employee payroll	12.05%	11.92%	12.89%	13.40%	14.34%

Notes:

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

*Last 10 Years**

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
Schedule of Contributions – EMS Rescue Employee Plan

*Last 10 Years**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Actuarially determined contribution	\$ 106,691	\$ 94,482	\$ 101,415	\$ 121,820	\$ 117,481
Contributions in relation to the actuarially determined contribution	<u>106,691</u>	<u>94,482</u>	<u>101,415</u>	<u>121,820</u>	<u>117,481</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,141,544	\$ 1,183,984	\$ 1,075,188	\$ 1,132,406	\$ 1,074,854
Contributions as a percentage of covered-employee payroll	9.35%	7.98%	9.43%	10.76%	10.93%

Notes:

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

*Last 10 Years**

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

Notes:

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

*Last 10 Years**

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

Notes:

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

*Last 10 Years**

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

Notes:

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

*Last 10 Years**

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

Notes:

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information Notes to Municipal Retirement Plans

For the Year Ended June 30, 2019

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

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

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

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

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

June 30, 2018 measurement date –

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

June 30, 2017 measurement date –

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

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

June 30, 2016 measurement date –

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

June 30, 2015 measurement date –

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

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information Notes to Municipal Retirement Plans

For the Year Ended June 30, 2019

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

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

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

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

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

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

*Last 10 Years**

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

*Last 10 Years**

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
 Schedule of Contributions
 Police Pension Plan

Last 10 Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contribution	\$2,256,529	\$2,168,246	\$2,138,355	\$2,110,186	\$1,997,828	\$1,980,631	\$1,986,232	\$1,650,489	\$1,507,130	\$1,315,293
Contributions in relation to the actuarially determined contribution	<u>2,263,350</u>	<u>2,218,887</u>	<u>2,182,000</u>	<u>2,112,000</u>	<u>1,997,828</u>	<u>2,064,871</u>	<u>1,650,000</u>	<u>1,400,000</u>	<u>1,000,000</u>	<u>211,425</u>
Contribution deficiency (excess)	<u>\$ (6,821)</u>	<u>\$ (50,641)</u>	<u>\$ (43,645)</u>	<u>\$ (1,814)</u>	<u>\$ -</u>	<u>\$ (84,240)</u>	<u>\$ 336,232</u>	<u>\$ 250,489</u>	<u>\$ 507,130</u>	<u>\$1,103,868</u>
Covered-employee payroll	2,994,240	2,817,547	2,805,661	2,966,003	2,686,120	2,633,451	2,651,185	2,511,260	2,538,594	2,839,887
Contributions as a percentage of covered-employee payroll	75.59%	78.75%	77.77%	71.21%	74.38%	78.41%	62.24%	55.75%	39.39%	7.44%

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Annual average rate of return, net of investment expense	7.16%	7.45%	12.97%	5.38%	4.98%	12.54%

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

Notes to the Schedules:

Valuation Date:

Actuarially determined contribution rates are calculated as of June 30, 2019.

Methods and assumptions used to determine contribution rates:

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

Mortality rates:

Healthy	RP-2014 Blue Collar Mortality with fully generational improvements from 2006 based on assumptions from 2017 Social Security Administration Trustees Report
Disabled	1985 Pension Disability Table. All Disability is assumed to be duty-related.

Retirement rates:

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2019

	Encumbrances Carried from FY19	Budget Amounts		Total Available	Actual Amounts (Budgetary Basis)	Encumbrances Carried to FY20	Variance Favorable (Unfavorable)
		Original	Final				
Revenues:							
General property taxes and interest	\$ -	\$ 66,960,950	\$ 66,960,950	\$ 66,960,950	\$ 69,390,223	\$ -	\$ 2,429,273
Investment and interest income	-	55,000	85,348	85,348	169,638	-	84,290
Payments in lieu of taxes	-	53,902	51,531	51,531	51,531	-	-
Other local and departmental revenue	-	2,908,524	2,976,288	2,976,288	3,156,803	-	180,515
Federal and State aid and grants	-	24,721,549	24,308,208	24,308,208	24,363,067	-	54,859
Cell tower revenue	-	135,000	147,600	147,600	88,676	-	(58,924)
Rescue service revenue	-	1,075,000	1,125,000	1,125,000	768,750	-	(356,250)
Recreation	-	217,000	217,000	217,000	221,910	-	4,910
Total revenues	-	<u>96,126,925</u>	<u>95,871,925</u>	<u>95,871,925</u>	<u>98,210,598</u>	-	<u>2,338,673</u>
Expenditures							
General government:							
Mayor's office	-	209,355	209,355	209,355	211,917	-	(2,562)
Town Clerk	-	240,988	240,988	240,988	238,093	-	2,895
Town Council	-	108,399	85,207	85,207	62,602	-	22,605
Town Solicitor	-	169,123	191,480	191,480	180,775	-	10,705
Municipal court	-	53,940	53,940	53,940	53,473	-	467
Town officers	-	14,935	14,935	14,935	14,690	-	245
Boards and commissions	-	500	500	500	500	-	-
Boards of canvassers	-	103,667	95,175	95,175	87,943	-	7,232
Finance office	-	535,479	527,018	527,018	495,194	-	31,824
Information technology	-	127,838	127,838	127,838	95,743	-	32,095
Human Resources	-	69,207	74,207	74,207	75,260	-	(1,053)
Tax Assessor	-	219,635	219,635	219,635	215,206	-	4,429
	-	<u>1,853,066</u>	<u>1,840,278</u>	<u>1,840,278</u>	<u>1,731,396</u>	-	<u>108,882</u>
Community Development:							
Planning	-	207,231	203,231	203,231	195,560	-	7,671
Inspection	-	213,463	203,463	203,463	204,669	-	(1,206)
Zoning	-	16,650	16,650	16,650	12,864	-	3,786
	-	<u>437,344</u>	<u>423,344</u>	<u>423,344</u>	<u>413,093</u>	-	<u>10,251</u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2019

	Encumbrances Carried from FY19	Budget Amounts		Total Available	Actual Amounts (Budgetary Basis)	Encumbrances Carried to FY20	Variance Favorable (Unfavorable)
		Original	Final				
Public Safety:							
Police department	\$ -	\$ 4,406,834	\$ 4,306,834	\$ 4,306,834	\$ 4,118,372	\$ -	\$ 188,462
Telecommunication	-	414,549	414,549	414,549	396,189	-	18,360
EMS service	-	1,879,134	1,879,134	1,879,134	1,978,980	-	(99,846)
Animal control	-	107,068	107,068	107,068	111,932	-	(4,864)
	-	6,807,585	6,707,585	6,707,585	6,605,473	-	102,112
Public Works:							
Public works	-	2,716,806	2,654,406	2,654,406	2,677,536	-	(23,130)
Highway	-	2,419,209	2,369,209	2,369,209	2,244,285	-	124,924
Recreation	-	246,758	226,758	226,758	217,034	247	9,477
Town Hall	-	200,585	200,585	200,585	207,746	-	(7,161)
	-	5,583,358	5,450,958	5,450,958	5,346,601	247	104,110
Social Services:							
Library	-	1,682,540	1,682,540	1,682,540	1,663,517	-	19,023
Children and learning	-	196,115	196,115	196,115	197,768	-	(1,653)
Senior services	-	222,665	222,665	222,665	234,237	-	(11,572)
	-	2,101,320	2,101,320	2,101,320	2,095,522	-	5,798
Other Expenditures:							
Outside Agencies	-	71,500	71,500	71,500	68,000	-	3,500
Contingencies/Miscellaneous	-	50,000	50,000	50,000	3,077	-	46,923
Police Contract Negotiations	-	80,000	90,000	90,000	87,786	-	2,214
Recreation	-	247,000	247,000	247,000	160,901	-	86,099
Emergency Management	-	10,191	10,191	10,191	8,397	-	1,794
NRI Chamber of Commerce	-	800	800	800	800	-	-
RI League of Cities and Towns	-	14,006	14,006	14,006	14,006	-	-
Traffic Calming	-	5,700	5,700	5,700	4,529	-	1,171
Property & Liability Insurance	-	410,262	444,510	444,510	390,236	-	54,274
Economic Development	-	15,000	15,000	15,000	7,222	-	7,778
Legal Judgments	-	-	133,906	133,906	-	-	133,906
	-	904,459	1,082,613	1,082,613	744,954	-	337,659

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2019

	Encumbrances Carried from FY19	Budget Amounts		Total Available	Actual Amounts (Budgetary Basis)	Encumbrances Carried to FY20	Variance Favorable (Unfavorable)
		Original	Final				
Employee benefits	-	7,699,247	7,888,494	7,888,494	7,912,756	-	(24,262)
Debt Service:							
Town debt service	-	1,418,890	1,418,890	1,418,890	1,734,761	-	(315,871)
School debt service	-	4,137,244	4,137,244	4,137,244	4,137,244	-	-
Master lease	-	474,703	424,703	424,703	552,245	-	(127,542)
	-	6,030,837	5,980,837	5,980,837	6,424,250	-	(443,413)
Capital Outlay and Reserves:							
Capital improvements	89,102	147,797	134,582	223,684	132,354	91,330	-
Total expenditures	89,102	31,565,013	31,610,011	31,699,113	31,406,399	91,577	201,137
Excess (deficiency) of revenues over expenditures	(89,102)	64,561,912	64,261,914	64,172,812	66,804,199	(91,577)	2,539,810
Other financing sources and (uses):							
Appropriation of general fund surplus	-	1,721,152	1,721,152	1,721,152	-	-	(1,721,152)
Appropriation of school surplus	-	300,000	300,000	300,000	-	-	(300,000)
Other financing sources - recreation	-	30,000	30,000	30,000	-	-	(30,000)
Transfer to school unrestricted fund - operations	-	(45,111,075)	(45,111,075)	(45,111,075)	(45,111,075)	-	-
Transfer to school unrestricted fund - other	-	(21,501,989)	(21,201,991)	(21,201,991)	(20,464,170)	-	737,821
Total other financing sources and uses	-	(64,561,912)	(64,261,914)	(64,261,914)	(65,575,245)	-	(1,313,331)
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	\$ (89,102)	\$ -	\$ -	\$ (89,102)	1,228,954	\$ (91,577)	\$ 1,226,479
Fund balance, beginning of year, budgetary basis					9,896,631		
Fund balance, end of year, budgetary basis					\$ 11,125,585		

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to Required Supplementary Information

June 30, 2019

Note 1 - Budgetary Data and Budgetary Compliance

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

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

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

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

	Beginning Balance	2019 activity	Ending Balance
Beginning fund balance, GAAP Basis	\$ 20,038,783	\$ 2,633,601	\$ 22,672,384
Unbudgeted 60 day accrual	(9,394,547)	(988,256)	(10,382,803)
Unbudgeted police detail	(531,790)	39,022	(492,768)
Unbudgeted EMS activities	-	(410,470)	(410,470)
Unbudgeted senior center activities	(61,162)	(27,132)	(88,294)
Unbudgeted monastery activities	(727)	723	(4)
Unbudgeted OC&YL	(153,926)	(18,535)	(172,461)
Rounding		1	1
Beginning fund balance, Budgetary basis	\$ 9,896,631	\$ 1,228,954	\$ 11,125,585

See independent auditor's report

Supplementary Information

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Revenue				
Local Appropriation	\$ 45,111,075	\$ 45,111,075	\$ 45,111,075	\$ -
Leasing Proceeds	214,156	214,156	142,800	(71,356)
Local Appropriation - other	300,000	-	-	-
State Aid	20,687,833	20,687,833	20,687,833	-
Medicaid	475,000	475,000	565,169	90,169
Section 125 Co-Pays (1)	1,855,000	1,855,000	-	(1,855,000)
Building/Pool Rentals	200,000	200,000	300,417	100,417
Tuition From Other Districts	-	-	28,056	28,056
Preschool Tuitions/Transportation	100,000	100,000	100,898	898
Miscellaneous	114,640	114,640	804	(113,836)
Commission on Pictures	-	-	871	871
Earnings on Investments	-	-	508	508
Rebate of Prior Year Expenses	-	-	65,000	65,000
Refund of Prior Year Expenses	-	-	129,146	129,146
Total Revenue	<u>69,057,704</u>	<u>68,757,704</u>	<u>67,132,577</u>	<u>(1,625,127)</u>
Expenditures				
<i>Ashton</i>				
Salaries Yr. Round Employees	233,779	233,779	233,156	623
Salaries-Certified Teachers	1,850,872	1,850,872	1,824,937	25,935
Salaries-Para/Aides	77,223	77,223	77,419	(196)
Services/Postage/Volunteers	8,026	8,026	10,474	(2,448)
Materials & Supplies	50,292	50,292	37,644	12,648
Dues	650	650	595	55
Capital	1,475	1,475	7,587	(6,112)
	<u>2,222,317</u>	<u>2,222,317</u>	<u>2,191,812</u>	<u>30,505</u>
<i>Community</i>				
Salaries- Yr. Round Employees	305,517	305,517	294,615	10,902
Salaries-Certified Teachers	3,453,287	3,453,287	3,392,046	61,241
Salaries-Para/Aides	248,866	248,866	238,427	10,439
Services/Postage/Volunteers	10,037	10,037	16,754	(6,717)
Materials & Supplies	79,445	79,445	72,014	7,431
Dues	650	650	595	55
Capital	2,000	2,000	7,289	(5,289)
	<u>4,099,802</u>	<u>4,099,802</u>	<u>4,021,740</u>	<u>78,062</u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<i>Cumberland Hill</i>				
Salaries- Yr. Round Employees	\$ 251,195	\$ 251,195	\$ 240,395	\$ 10,800
Salaries-Certified Teachers	2,599,045	2,599,045	2,630,215	(31,170)
Salaries-Para/Aides	274,736	274,736	255,127	19,609
Services/Postage/Volunteers	8,529	8,529	12,299	(3,770)
Materials & Supplies	55,860	55,860	45,998	9,862
Dues	650	650	595	55
Capital	2,500	2,500	10,878	(8,378)
	<u>3,192,515</u>	<u>3,192,515</u>	<u>3,195,507</u>	<u>(2,992)</u>
<i>Garvin</i>				
Salaries- Yr. Round Employees	230,562	230,562	224,559	6,003
Salaries-Certified Teachers	2,555,586	2,555,586	2,439,763	115,823
Salaries-Para/Aides	167,985	167,985	154,835	13,150
Services/Postage/Volunteers	9,201	9,201	12,109	(2,908)
Materials & Supplies	54,521	54,521	52,031	2,490
Dues	650	650	595	55
Capital	2,500	2,500	9,326	(6,826)
	<u>3,021,005</u>	<u>3,021,005</u>	<u>2,893,218</u>	<u>127,787</u>
<i>BF Norton</i>				
Salaries Yr. Round Employees	288,673	288,673	273,722	14,951
Salaries-Certified Teachers	2,464,890	2,464,890	2,545,028	(80,138)
Salaries-Para/Aides	330,748	330,748	298,980	31,768
Services/Postage/Volunteers	8,959	8,959	11,263	(2,304)
Materials & Supplies	59,732	59,732	48,098	11,634
Dues	650	650	595	55
Capital	3,000	3,000	9,998	(6,998)
	<u>3,156,652</u>	<u>3,156,652</u>	<u>3,187,684</u>	<u>(31,032)</u>
<i>Pre-School</i>				
Salaries- Year Round	84,735	84,735	83,122	1,613
Salaries-Certified Teachers	367,945	367,945	374,919	(6,974)
Salaries-Para/Aides	91,909	91,909	88,131	3,778
Child Outreach Salaries	24,000	24,000	17,216	6,784
Services/Postage	50	50	-	50
Materials & Supplies	4,750	4,750	1,722	3,028
Dues	650	650	595	55
Capital	1,500	1,500	-	1,500
	<u>575,539</u>	<u>575,539</u>	<u>565,705</u>	<u>9,834</u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<i>McCourt</i>				
Salaries- Year Round	\$ 498,433	\$ 498,433	\$ 461,618	\$ 36,815
Salaries-Certified Teachers	3,473,660	3,473,660	3,452,093	21,567
Salaries-Para/Aides	101,594	101,594	111,245	(9,651)
Services/Postage	31,755	31,755	33,629	(1,874)
Materials & Supplies	55,658	55,658	28,747	26,911
Student Travel	-	-	4,270	(4,270)
Dues	1,300	1,300	1,785	(485)
Capital	65,050	65,050	54,049	11,001
	<u>4,227,450</u>	<u>4,227,450</u>	<u>4,147,436</u>	<u>80,014</u>
<i>NCM School</i>				
Salaries- Year Round	412,240	412,240	331,054	81,186
Salaries-Certified Teachers	3,962,900	3,962,900	3,942,239	20,661
Salaries-Para/Aides	195,954	195,954	230,987	(35,033)
Services/Postage	34,947	34,947	39,976	(5,029)
Materials & Supplies	73,500	73,500	51,678	21,822
Student Travel	-	-	4,767	(4,767)
Dues	1,300	1,300	1,190	110
Capital	90,350	90,350	76,135	14,215
	<u>4,771,191</u>	<u>4,771,191</u>	<u>4,678,026</u>	<u>93,165</u>
<i>Cumberland High School</i>				
Salaries- Yr. Round Employees	1,064,276	1,064,276	949,754	114,522
Salaries-Certified Teachers	9,634,563	9,634,563	9,620,240	14,323
Salaries-Para/Aides	488,577	488,577	558,379	(69,802)
Dual Enrollment	-	-	46,823	(46,823)
Services/Postage	186,995	186,995	202,207	(15,212)
Maint & Repairs, Rentals	8,000	8,000	72,727	(64,727)
Student Travel	22,250	22,250	19,193	3,057
Materials & Supplies	120,694	120,694	137,944	(17,250)
Dues	8,515	8,515	6,635	1,880
Capital	136,634	136,634	158,246	(21,612)
	<u>11,670,504</u>	<u>11,670,504</u>	<u>11,772,148</u>	<u>(101,644)</u>
<i>Summer School (ALL)</i>				
Salaries Remedial	7,000	7,000	22,581	(15,581)
Salaries-Certified ESY	122,500	122,500	97,849	24,651
Salaries-Para ESY	72,000	72,000	57,596	14,404
Services	20,000	20,000	-	20,000
Supplies, Maint & Repairs	500	500	1,111	(611)
	<u>222,000</u>	<u>222,000</u>	<u>179,137</u>	<u>42,863</u>
<i>Elem Cord/Attrition</i>				
Salaries-Certified Cord	271,918	271,918	270,294	1,624
	<u>271,918</u>	<u>271,918</u>	<u>270,294</u>	<u>1,624</u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<i>Special Education</i>				
Salaries- Year Round	\$ 218,393	\$ 218,393	\$ 218,876	\$ (483)
Salaries-Certified Teachers/Tutors	340,601	340,601	335,480	5,121
Services & Repairs	684,975	684,975	681,320	3,655
Tuitions	1,300,000	1,300,000	1,475,976	(175,976)
Materials & Supplies	21,306	21,306	16,681	4,625
Student Travel	15,000	15,000	15,805	(805)
Travel	4,500	4,500	2,040	2,460
Dues	1,000	1,000	324	676
Capital	15,000	15,000	6,370	8,630
	<u>2,600,775</u>	<u>2,600,775</u>	<u>2,752,872</u>	<u>(152,097)</u>
<i>Superintendent & School Committee</i>				
Salaries	225,342	225,342	228,242	(2,900)
School Committee Stipends	19,200	19,200	16,200	3,000
Services/Legal/Maint Repairs	129,400	129,400	160,069	(30,669)
Materials & Supplies	7,350	7,350	1,611	5,739
Travel	6,000	6,000	3,000	3,000
Dues	11,000	11,000	16,522	(5,522)
	<u>398,292</u>	<u>398,292</u>	<u>425,644</u>	<u>(27,352)</u>
<i>Asst Superintendent</i>				
Salaries	194,987	194,987	195,041	(54)
Services/PD Training	92,200	92,200	81,609	10,591
Purchased Services	-	-	117	(117)
Travel	1,800	1,800	-	1,800
Materials & Supplies	30,900	30,900	19,223	11,677
Dues	2,400	2,400	2,000	400
	<u>322,287</u>	<u>322,287</u>	<u>297,990</u>	<u>24,297</u>
<i>Human Resources</i>				
Salaries	186,010	186,010	153,070	32,940
Services	39,500	39,500	46,987	(7,487)
Materials & Supplies	1,000	1,000	-	1,000
Travel	1,500	1,500	1,462	38
Dues	-	-	140	(140)
	<u>228,010</u>	<u>228,010</u>	<u>201,659</u>	<u>26,351</u>
<i>Technology</i>				
Salaries	470,738	470,738	406,178	64,560
Maint & Repairs	275,978	275,978	89,882	186,096
Materials & Supplies	38,300	38,300	13,680	24,620
Travel	9,000	9,000	5,936	3,064
Dues	-	-	200	(200)
Capital	271,615	271,615	133,835	137,780
	<u>1,065,631</u>	<u>1,065,631</u>	<u>649,711</u>	<u>415,920</u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
<i>Business Office</i>				
Salaries	\$ 359,122	\$ 359,122	\$ 357,857	\$ 1,265
Services/Maint Services	78,050	78,050	66,822	11,228
Lease Payments	608,096	308,096	374,430	(66,334)
Postage/Supplies	4,000	4,000	3,739	261
Travel	1,800	1,800	2,040	(240)
Dues	500	500	-	500
	<u>1,051,568</u>	<u>751,568</u>	<u>804,888</u>	<u>(53,320)</u>
<i>Facilities</i>				
Salaries	236,928	236,928	210,637	26,291
Services/Maintenance	1,015,984	1,015,984	1,318,044	(302,060)
Insurance	234,122	234,122	237,784	(3,662)
Utilities	1,141,000	1,141,000	991,088	149,912
Materials & Supplies	25,050	25,050	39,415	(14,365)
Travel	-	-	2,612	(2,612)
Dues	-	-	27	(27)
Capital	175,000	675,000	653,304	21,696
	<u>2,828,084</u>	<u>3,328,084</u>	<u>3,452,911</u>	<u>(124,827)</u>
<i>Athletics & Pool</i>				
Salaries - Athletics Director	83,146	83,146	73,181	9,965
Stipends - Coaches	162,500	162,500	149,000	13,500
Services /Rentals	71,700	71,700	72,106	(406)
Materials & Supplies	21,500	21,500	19,836	1,664
Transportation	84,735	84,735	101,080	(16,345)
Dues	-	-	1,613	(1,613)
Capital	-	-	285	(285)
	<u>423,581</u>	<u>423,581</u>	<u>417,101</u>	<u>6,480</u>
<i>Health Services</i>				
Stipends	7,200	7,200	7,000	200
Services	-	-	7,898	(7,898)
Materials and supplies / travel	1,000	1,000	-	1,000
	<u>8,200</u>	<u>8,200</u>	<u>14,898</u>	<u>(6,698)</u>
<i>School Safety</i>				
Salaries Truant Officer	33,235	33,235	33,567	(332)
Travel/Supplies	1,500	1,500	-	1,500
Salaries Bus Monitors Thru	163,000	163,000	163,897	(897)
	<u>197,735</u>	<u>197,735</u>	<u>197,464</u>	<u>271</u>
<i>Transportation/Travel</i>				
Services State	450,000	450,000	480,725	(30,725)
Summer School State & Durham	200,000	200,000	97,285	102,715
Services Durham	2,685,000	2,685,000	2,783,336	(98,336)
	<u>3,335,000</u>	<u>3,335,000</u>	<u>3,361,346</u>	<u>(26,346)</u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<i>Advertising Services</i>	\$ 6,000	\$ 6,000	\$ 11,723	\$ (5,723)
	<u>6,000</u>	<u>6,000</u>	<u>11,723</u>	<u>(5,723)</u>
<i>Other Tuitions - Charter Schools Services</i>	3,921,120	3,921,120	3,647,751	273,369
	<u>3,921,120</u>	<u>3,921,120</u>	<u>3,647,751</u>	<u>273,369</u>
<i>Area Voc Tuitions & Met School Services</i>	250,000	250,000	383,649	(133,649)
	<u>250,000</u>	<u>250,000</u>	<u>383,649</u>	<u>(133,649)</u>
<i>Non-Public School Textbooks Materials & Supplies</i>	10,000	10,000	1,793	8,207
	<u>10,000</u>	<u>10,000</u>	<u>1,793</u>	<u>8,207</u>
<i>Benefits</i>				
CTA 3% All Empl. Severance	35,651	35,651	79,465	(43,814)
Tuitions/Travel	8,200	8,200	6,032	2,168
ICSE Longevity	65,000	65,000	61,938	3,062
Healthcare Buyback	150,000	150,000	132,873	17,127
Health Insurance Admin & Claims (1)	7,035,000	7,035,000	5,863,996	1,171,004
Dental (2)	508,000	508,000	327,442	180,558
Social Security	440,224	440,224	330,932	109,292
Medicare	563,958	563,958	535,151	28,807
Life Insurance	300,000	300,000	230,306	69,694
Workers Compensation	185,000	185,000	169,809	15,191
Unemployment Compensation	100,000	100,000	32,828	67,172
Survivors Benefits	52,000	52,000	48,755	3,245
Certified Retirement	5,341,997	5,341,997	5,127,229	214,768
Non-Certified Retirement	641,704	641,704	555,112	86,592
	<u>15,426,734</u>	<u>15,426,734</u>	<u>13,501,868</u>	<u>1,924,866</u>
Total expenditures	<u>69,503,910</u>	<u>69,703,910</u>	<u>67,225,975</u>	<u>2,477,935</u>
Other financing sources				
Fund Balance	<u>446,206</u>	<u>946,206</u>	<u>-</u>	<u>(946,206)</u>
Net change in fund balance, budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>(93,398)</u>	<u>\$ (93,398)</u>
Fund balance - beginning of year			<u>3,860,002</u>	
Fund balance - end of year			<u>\$ 3,766,604</u>	

Footnotes 1 & 2

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue				
Other local and departmental revenue	\$ 930,850	\$ 930,850	\$ 896,846	\$ (34,004)
Total revenues	<u>930,850</u>	<u>930,850</u>	<u>896,846</u>	<u>(34,004)</u>
Expenditures				
Public works	657,531	657,531	304,735	352,796
Debt service	<u>235,319</u>	<u>235,319</u>	<u>235,319</u>	<u>-</u>
Total expenditures	<u>892,850</u>	<u>892,850</u>	<u>540,054</u>	<u>352,796</u>
Excess(deficiency) of revenues over expenditures before other financing sources	<u>\$ 38,000</u>	<u>\$ 38,000</u>	<u>356,792</u>	<u>\$ 318,792</u>
Other Financing Sources (Uses)				
Deficit reduction	<u>(38,000)</u>	<u>(38,000)</u>	<u>-</u>	<u>(38,000)</u>
Total other financing sources (uses)				
Excess(deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	356,792	<u>\$ 280,792</u>
Adjustments of budgetary basis for US GAAP basis			<u>-</u>	
Excess of revenue and other source over expenditures and other financing uses, US GAAP basis			<u>356,792</u>	
Fund balance, beginning of year			<u>(566,853)</u>	
Fund balance, end of year			<u>\$ (210,061)</u>	

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

TOWN OF CUMBERLAND, RHODE ISLAND

Supplementary Information

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

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget As Adopted</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:					
Charges for services	\$ 5,389,648	\$ 5,389,648	\$ 5,206,262	\$ -	\$ (183,386)
Miscellaneous	<u>67,500</u>	<u>67,500</u>	<u>84,255</u>	<u>-</u>	<u>16,755</u>
Total revenues	<u>5,457,148</u>	<u>5,457,148</u>	<u>5,290,517</u>	<u>-</u>	<u>(166,631)</u>
Expenditures:					
Personnel services	1,607,954	1,607,954	1,459,300	-	148,654
Supplies and materials	156,200	156,200	143,623	1,215	11,362
Repairs and maintenance	241,000	241,000	236,733	-	4,267
Other charges and expenditures	2,752,218	3,352,218	3,221,121	72	131,025
Indirect cost	75,000	75,000	75,000	-	-
Debt service	<u>775,241</u>	<u>775,241</u>	<u>805,636</u>	<u>-</u>	<u>(30,395)</u>
Total expenditures	<u>5,607,613</u>	<u>6,207,613</u>	<u>5,941,413</u>	<u>1,287</u>	<u>264,913</u>
Excess(deficiency) of revenues over expenses	(150,465)	(750,465)	(650,896)	(1,287)	98,282
Other financing sources (uses):					
Debt reduction surcharge	<u>150,465</u>	<u>750,465</u>	<u>-</u>	<u>-</u>	<u>(750,465)</u>
Total other financing sources (uses)	<u>150,465</u>	<u>750,465</u>	<u>-</u>	<u>-</u>	<u>(750,465)</u>
Excess (deficiency) of revenues and other sources over expenses and other uses	<u>\$ -</u>	<u>\$ -</u>	(650,896)	<u>\$ (1,287)</u>	<u>\$ (652,183)</u>
Adjustments of budgetary basis for US GAAP basis			<u>1,084,471</u>		
Excess of revenue and other source over expenditures and other financing uses, US GAAP basis			<u>433,575</u>		
Fund balance, beginning of year			<u>28,077,268</u>		
Fund balance, end of year			<u>\$ 28,510,843</u>		-

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

TOWN OF CUMBERLAND, RHODE ISLAND

Supplementary Information
Notes to Budgetary Comparison Information

For the Year Ended June 30, 2019

	<u>School Unrestricted</u>	<u>Sewer</u>	<u>Water</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	\$ (93,398)	\$ 356,792	\$ (650,896)
Unbudgeted state on behalf pension plan revenue	(2,915,038)	-	-
Unbudgeted state on behalf pension plan expenditures	2,915,038	-	-
Budgeted capital expenditures which are capitalized under the GAAP basis of accounting	-	-	1,311,253
Unbudgeted depreciation expense	-	-	(706,737)
Principal payments which are budgeted for net netted against long term liabilities for GAAP purposes	-	-	479,955
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	<u>\$ (93,398)</u>	<u>\$ 356,792</u>	<u>\$ 433,575</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2019

	<u>Town Special Revenue</u>	<u>School Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 1,332	\$ 367,313	\$ -	\$ 368,645
Intergovernmental receivables	36,100	940,445	186,461	1,163,006
Other receivables, net	193,186	43,393	-	236,579
Due from other funds	818,391	391,733	1,002,018	2,212,142
Total assets	<u>1,049,009</u>	<u>1,742,884</u>	<u>1,188,479</u>	<u>3,980,372</u>
Deferred outflows of resources				
Deferred outflows	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 1,049,009</u>	<u>\$ 1,742,884</u>	<u>\$ 1,188,479</u>	<u>\$ 3,980,372</u>
Liabilities				
Accounts payable and accrued expenses	\$ 17,401	\$ 240,995	\$ 22,172	\$ 280,568
Other liabilities	-	33,348	-	33,348
Due to other funds	85,092	806,772	224,840	1,116,704
Total liabilities	<u>289,116</u>	<u>1,081,115</u>	<u>247,012</u>	<u>1,430,620</u>
Deferred inflows of resources				
Unearned revenue	186,623	-	-	186,623
Total deferred inflows of resources	<u>186,623</u>	<u>-</u>	<u>-</u>	<u>186,623</u>
Fund balances				
Restricted	605,110	661,769	972,617	2,239,496
Committed	239,469	-	-	239,469
Assigned	-	-	12,230	12,230
Unassigned	(84,686)	-	(43,380)	(128,066)
Total fund balances	<u>759,893</u>	<u>661,769</u>	<u>941,467</u>	<u>2,363,129</u>
Town liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,049,009</u>	<u>\$ 1,742,884</u>	<u>\$ 1,188,479</u>	<u>\$ 3,980,372</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2019

	Town Special Revenue	School Special Revenue	Capital Projects	Total Non-Major Governmental Funds
Revenues				
Intergovernmental	\$ 339,788	\$ 4,029,053	\$ -	\$ 4,368,841
Charges for services	-	997,345	-	997,345
Other revenue	263,409	68,396	-	331,805
Total revenue	<u>603,197</u>	<u>5,094,794</u>	<u>-</u>	<u>5,697,991</u>
Expenditures				
General government	49,330	-	-	49,330
Public safety	318,214	-	50,641	368,855
Public works	24,308	-	58,968	83,276
Social services	55,064	-	-	55,064
Community development	77,535	-	-	77,535
Education	-	2,291,417	11,050	2,302,467
Cafeteria	-	2,807,124	-	2,807,124
Total Expenditures	<u>524,451</u>	<u>5,098,541</u>	<u>120,659</u>	<u>5,743,651</u>
Excess (deficiency) of revenues over expenditures	78,746	(3,747)	(120,659)	(45,660)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue and other sources over expenditures and other uses	78,746	(3,747)	(120,659)	(45,660)
Fund balance, July 1, 2018	<u>681,147</u>	<u>665,516</u>	<u>1,062,126</u>	<u>2,408,789</u>
Fund balance, June 30, 2019	<u>\$ 759,893</u>	<u>\$ 661,769</u>	<u>\$ 941,467</u>	<u>\$ 2,363,129</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2019

	Substance Abuse	Animal Control	Impact Fees	Ferncrest Willow	Revolving Loan	Historical Records
Assets						
Cash and cash equivalents	\$ -	\$ 135	\$ 1,197	\$ -	\$ -	\$ -
Intergovernmental receivables	-	-	-	-	-	-
Other receivables, net	-	-	-	186,623	-	-
Due from other funds	4,277	35,904	238,272	-	50,047	65,558
Total assets	4,277	36,039	239,469	186,623	50,047	65,558
Deferred outflows of resources						
Deferred outflows	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 4,277	\$ 36,039	\$ 239,469	\$ 186,623	\$ 50,047	\$ 65,558
Liabilities						
Accounts payable and accrued expenses	\$ 5,160	\$ -	\$ -	\$ -	\$ -	\$ 4
Due to other funds	-	-	-	49,903	-	-
Unearned revenue	-	-	-	186,623	-	-
Total liabilities	5,160	-	-	236,526	-	4
Deferred inflows of resources						
Unearned revenues	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances						
Restricted	-	36,039	-	-	50,047	65,554
Committed	-	-	239,469	-	-	-
Unassigned	(883)	-	-	(49,903)	-	-
Total fund balances (deficits)	(883)	36,039	239,469	(49,903)	50,047	65,554
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 4,277	\$ 36,039	\$ 239,469	\$ 186,623	\$ 50,047	\$ 65,558

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2019

	Comprehensive Planning CDBG	EMS Fund	Animal Husbandry	Wildwood CDBG	Heritage Park Dem Grant	DARE
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental receivables	33,400	-	-	1,315	-	-
Other receivables, net	-	-	-	-	\$ 4,850	-
Due from other funds	26,697	5,383	14,630	-	-	4,576
Total assets	60,097	5,383	14,630	1,315	4,850	4,576
Deferred outflows of resources						
Deferred outflows	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 60,097	\$ 5,383	\$ 14,630	\$ 1,315	\$ 4,850	\$ 4,576
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	1,315	15,211	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	-	-	-	1,315	15,211	-
Deferred inflows of resources						
Unearned revenues	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances						
Restricted	60,097	5,383	14,630	-	-	4,576
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	(10,361)	-
Total fund balances (deficits)	60,097	5,383	14,630	-	(10,361)	4,576
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 60,097	\$ 5,383	\$ 14,630	\$ 1,315	\$ 4,850	\$ 4,576

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2019

	United Way Hasbro	Police Forfeiture	Police Tobacco	Epheta Park	Homeland Security
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental receivables	-	-	-	-	-
Other receivables, net	925	-	-	-	-
Due from other funds	22,298	42,396	-	25,000	42,299
Total assets	23,223	42,396	-	25,000	42,299
Deferred outflows of resources					
Deferred outflows	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 23,223	\$ 42,396	\$ -	\$ 25,000	\$ 42,299
Liabilities					
Accounts payable and accrued expenses	\$ 565	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	565	-	-	-	-
Deferred inflows of resources					
Unearned revenues	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances					
Restricted	22,658	42,396	-	25,000	42,299
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficits)	22,658	42,396	-	25,000	42,299
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 23,223	\$ 42,396	\$ -	\$ 25,000	\$ 42,299

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2019

	<u>Community Gazebo at Monastery</u>	<u>Bullet Proof Vest</u>	<u>Partnership For Success</u>	<u>RIPTIDE DUI</u>	<u>Certified Local Government</u>	<u>Assistance For Firefighters</u>
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental receivables	-	388	-	-	-	-
Other receivables, net	-	-	-	122	444	-
Due from other funds	10,000	-	4,000	-	187	-
Total assets	<u>10,000</u>	<u>388</u>	<u>4,000</u>	<u>122</u>	<u>631</u>	<u>-</u>
Deferred outflows of resources						
Deferred outflows	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 10,000</u>	<u>\$ 388</u>	<u>\$ 4,000</u>	<u>\$ 122</u>	<u>\$ 631</u>	<u>\$ -</u>
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ 775	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	5,847	57	1,414	1,123
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>775</u>	<u>5,847</u>	<u>57</u>	<u>1,414</u>	<u>1,123</u>
Deferred inflows of resources						
Unearned revenues	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted	10,000	-	-	65	-	-
Committed	-	-	-	-	-	-
Unassigned	-	(387)	(1,847)	-	(783)	(1,123)
Total fund balances (deficits)	<u>10,000</u>	<u>(387)</u>	<u>(1,847)</u>	<u>65</u>	<u>(783)</u>	<u>(1,123)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 10,000</u>	<u>\$ 388</u>	<u>\$ 4,000</u>	<u>\$ 122</u>	<u>\$ 631</u>	<u>\$ -</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2019

	RIPTIDE Speed	Child Passenger Safety	Town Clerk Special	Click it or Ticket	Byrne / JAG	Franklin Farm Preservation
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental receivables	-	-	-	-	-	-
Other receivables, net	222	-	-	-	-	-
Due from other funds	-	409	225,118	340	-	-
Total assets	222	409	225,118	340	-	-
Deferred outflows of resources						
Deferred outflows	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 222	\$ 409	\$ 225,118	\$ 340	\$ -	\$ -
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ 998	\$ -	\$ 9,899	\$ -
Due to other funds	222	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	222	-	998	-	9,899	-
Deferred inflows of resources						
Unearned revenues	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances						
Restricted	-	409	224,120	340	-	-
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	(9,899)	-
Total fund balances (deficits)	-	409	224,120	340	(9,899)	-
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 222	\$ 409	\$ 225,118	\$ 340	\$ -	\$ -

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2019

	Historic District National Register	Champlin	Ashton Village	Total Town Special Revenue
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,332
Intergovernmental receivables	-	-	997	36,100
Other receivables, net	-	-	-	193,186
Due from other funds	500	-	500	818,391
Total assets	500	-	1,497	1,049,009
Deferred outflows of resources				
Deferred outflows	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 500	\$ -	\$ 1,497	\$ 1,049,009
Liabilities				
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 17,401
Due to other funds	10,000	-	-	85,092
Unearned revenue	-	-	-	186,623
Total liabilities	10,000	-	-	289,116
Deferred inflows of resources				
Unearned revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances				
Restricted	-	-	1,497	605,110
Committed	-	-	-	239,469
Unassigned	(9,500)	-	-	(84,686)
Total fund balances (deficits)	(9,500)	-	1,497	759,893
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 500	\$ -	\$ 1,497	\$ 1,049,009

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Governmental Funds*

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

For the Year Ended June 30, 2019

	Substance Abuse	Animal Control	Impact Fees	Ferncrest Willow	Revolving Loan	Historical Records
Revenues						
Intergovernmental	\$ 960	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	8,111	155,314	19,106	-	5,249
Total revenues	960	8,111	155,314	19,106	-	5,249
Expenditures						
General government	-	-	-	-	-	3,901
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	3,901
Excess (deficiency) of revenue over expenditures	960	8,111	155,314	19,106	-	1,348
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	960	8,111	155,314	19,106	-	1,348
Fund Balance, June 30, 2018	(1,843)	27,928	84,155	(69,009)	50,047	64,206
Fund Balance, June 30, 2019	\$ (883)	\$ 36,039	\$ 239,469	\$ (49,903)	\$ 50,047	\$ 65,554

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Governmental Funds*

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

For the Year Ended June 30, 2019

	Comprehensive Planning CDBG	EMS Fund	Animal Husbandry	Wildwood CDBG	Heritage Park Dem Grant	DARE
Revenues						
Intergovernmental	\$ 1,950	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	7,651	1,274	-	-	-
Total revenues	<u>1,950</u>	<u>7,651</u>	<u>1,274</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures						
General government	-	-	-	-	-	-
Public safety	-	2,367	-	-	-	-
Public works	-	-	-	-	-	-
Social services	-	-	-	-	10,361	-
Community development	77,535	-	-	-	-	-
Total expenditures	<u>77,535</u>	<u>2,367</u>	<u>-</u>	<u>-</u>	<u>10,361</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	<u>(75,585)</u>	<u>5,284</u>	<u>1,274</u>	<u>-</u>	<u>(10,361)</u>	<u>-</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(75,585)</u>	<u>5,284</u>	<u>1,274</u>	<u>-</u>	<u>(10,361)</u>	<u>-</u>
Fund Balance, June 30, 2018	135,682	99	13,356	-	-	4,576
Fund Balance, June 30, 2019	<u>\$ 60,097</u>	<u>\$ 5,383</u>	<u>\$ 14,630</u>	<u>\$ -</u>	<u>\$ (10,361)</u>	<u>\$ 4,576</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Governmental Funds*

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

For the Year Ended June 30, 2019

	United Way Hasbro	Police Forfeiture	Police Tobacco	Epheta Park	Homeland Security
Revenues					
Intergovernmental	\$ -	\$ 2,707	\$ 40	\$ 25,000	\$ 4,350
Other income	5,185	-	-	-	-
Total revenues	<u>5,185</u>	<u>2,707</u>	<u>40</u>	<u>25,000</u>	<u>4,350</u>
Expenditures					
General government	-	-	-	-	-
Public safety	-	-	40	-	1,839
Public works	-	-	-	-	-
Social services	44,703	-	-	-	-
Community development	-	-	-	-	-
Total expenditures	<u>44,703</u>	<u>-</u>	<u>40</u>	<u>-</u>	<u>1,839</u>
Excess (deficiency) of revenue over expenditures	<u>(39,518)</u>	<u>2,707</u>	<u>-</u>	<u>25,000</u>	<u>2,511</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(39,518)</u>	<u>2,707</u>	<u>-</u>	<u>25,000</u>	<u>2,511</u>
Fund Balance, June 30, 2018	62,176	39,689	-	-	39,788
Fund Balance, June 30, 2019	<u>\$ 22,658</u>	<u>\$ 42,396</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 42,299</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Governmental Funds*

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

For the Year Ended June 30, 2019

	Community Gazebo at Monastery	Bullet Proof Vest	Partnership For Success	RIPTIDE DUI	Certified Local Government	Assistance For Firefighters
Revenues						
Intergovernmental	\$ 10,000	\$ -	\$ 58,504	\$ 2,201	\$ -	\$ 216,124
Other income	-	4,263	-	-	971	-
Total revenues	<u>10,000</u>	<u>4,263</u>	<u>58,504</u>	<u>2,201</u>	<u>971</u>	<u>216,124</u>
Expenditures						
General government	-	-	-	-	-	-
Public safety	-	4,650	62,657	2,201	1,754	217,247
Public works	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>4,650</u>	<u>62,657</u>	<u>2,201</u>	<u>1,754</u>	<u>217,247</u>
Excess (deficiency) of revenue over expenditures	<u>10,000</u>	<u>(387)</u>	<u>(4,153)</u>	<u>-</u>	<u>(783)</u>	<u>(1,123)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>10,000</u>	<u>(387)</u>	<u>(4,153)</u>	<u>-</u>	<u>(783)</u>	<u>(1,123)</u>
Fund Balance, June 30, 2018	-	-	2,306	65	-	-
Fund Balance, June 30, 2019	<u>\$ 10,000</u>	<u>\$ (387)</u>	<u>\$ (1,847)</u>	<u>\$ 65</u>	<u>\$ (783)</u>	<u>\$ (1,123)</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Governmental Funds*

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

For the Year Ended June 30, 2019

	RIPTIDE Speed	Child Passenger Safety	Town Clerk Special	Click it or Ticket	Byrne / JAG	Franklin Farm Preservation
Revenues						
Intergovernmental	\$ 1,380	\$ 2,711	\$ -	\$ 6,088	\$ 5,306	\$ -
Other income	-	-	31,977	-	-	24,308
Total revenues	<u>1,380</u>	<u>2,711</u>	<u>31,977</u>	<u>6,088</u>	<u>5,306</u>	<u>24,308</u>
Expenditures						
General government	-	-	35,429	-	-	-
Public safety	1,380	2,302	-	6,102	15,205	-
Public works	-	-	-	-	-	24,308
Social services	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Total expenditures	<u>1,380</u>	<u>2,302</u>	<u>35,429</u>	<u>6,102</u>	<u>15,205</u>	<u>24,308</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>409</u>	<u>(3,452)</u>	<u>(14)</u>	<u>(9,899)</u>	<u>-</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>-</u>	<u>409</u>	<u>(3,452)</u>	<u>(14)</u>	<u>(9,899)</u>	<u>-</u>
Fund Balance, June 30, 2018	<u>-</u>	<u>-</u>	<u>227,572</u>	<u>354</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30, 2019	<u>\$ -</u>	<u>\$ 409</u>	<u>\$ 224,120</u>	<u>\$ 340</u>	<u>\$ (9,899)</u>	<u>\$ -</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Governmental Funds*

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

For the Year Ended June 30, 2019

	Historic		Ashton	Total Town
	District National		Village	Special
	Register	Champlin		Revenue
Revenues				
Intergovernmental	\$ 500	\$ -	\$ 1,967	\$ 339,788
Other income	-	-	-	263,409
Total revenues	<u>500</u>	<u>-</u>	<u>1,967</u>	<u>603,197</u>
Expenditures				
General government	10,000	-	-	49,330
Public safety	-	-	470	318,214
Public works	-	-	-	24,308
Social services	-	-	-	55,064
Community development	-	-	-	77,535
Total expenditures	<u>10,000</u>	<u>-</u>	<u>470</u>	<u>524,451</u>
Excess (deficiency) of revenue over expenditures	<u>(9,500)</u>	<u>-</u>	<u>1,497</u>	<u>78,746</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(9,500)</u>	<u>-</u>	<u>1,497</u>	<u>78,746</u>
Fund Balance, June 30, 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>681,147</u>
Fund Balance, June 30, 2019	<u><u>\$ (9,500)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,497</u></u>	<u><u>\$ 759,893</u></u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2019

	SPED Part B	SPED Preschool	Title I Part A	Title II	Title III	USDA Fresh Fruit & Vegetables
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-	14,790
Other receivables, net	-	-	-	-	-	-
Intergovernmental receivables	461,350	10,921	254,994	62,390	2,240	15,713
Total assets	<u>461,350</u>	<u>10,921</u>	<u>254,994</u>	<u>62,390</u>	<u>2,240</u>	<u>30,503</u>
Deferred Outflows of Resources						
Deferred outflows	-	-	-	-	-	-
Total deferred outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 461,350</u>	<u>\$ 10,921</u>	<u>\$ 254,994</u>	<u>\$ 62,390</u>	<u>\$ 2,240</u>	<u>\$ 30,503</u>
Liabilities						
Accounts payable and accrued expenses	\$ 12	\$ -	\$ 2,126	\$ 5,600	\$ -	\$ 5,442
Other liabilities	-	-	-	-	-	-
Due to other funds	461,338	10,921	252,868	56,790	2,240	22,615
Total liabilities	<u>461,350</u>	<u>10,921</u>	<u>254,994</u>	<u>62,390</u>	<u>2,240</u>	<u>28,057</u>
Deferred Inflows of Resources						
Unearned revenues	-	-	-	-	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted						2,446
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,446</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 461,350</u>	<u>\$ 10,921</u>	<u>\$ 254,994</u>	<u>\$ 62,390</u>	<u>\$ 2,240</u>	<u>\$ 30,503</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2019

	Literacy	USDA Healthier Us	Professional Development	Other Miscellaneous	School Lunch	Total School Special Revenue
Assets						
Cash and cash equivalents	\$ -	\$ 254	\$ -	\$ 71,079	\$ 295,980	\$ 367,313
Due from other funds	146,207	-	380	869	229,487	391,733
Other receivables, net	-	-	-	-	43,393	43,393
Intergovernmental receivables	-	-	-	-	132,837	940,445
Total assets	<u>146,207</u>	<u>254</u>	<u>380</u>	<u>71,948</u>	<u>701,697</u>	<u>1,742,884</u>
Deferred Outflows of Resources						
Deferred outflows	-	-	-	-	-	-
Total deferred outflows	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 146,207</u>	<u>\$ 254</u>	<u>\$ 380</u>	<u>\$ 71,948</u>	<u>\$ 701,697</u>	<u>\$ 1,742,884</u>
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 6,162	\$ 221,653	\$ 240,995
Other liabilities	-	-	-	-	33,348	33,348
Due to other funds	-	-	-	-	-	806,772
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,162</u>	<u>255,001</u>	<u>1,081,115</u>
Deferred Inflows of Resources						
Unearned revenues	-	-	-	-	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted	146,207	254	380	65,786	446,696	661,769
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>146,207</u>	<u>254</u>	<u>380</u>	<u>65,786</u>	<u>446,696</u>	<u>661,769</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 146,207</u>	<u>\$ 254</u>	<u>\$ 380</u>	<u>\$ 71,948</u>	<u>\$ 701,697</u>	<u>\$ 1,742,884</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Governmental Funds*

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

For the Year Ended June 30, 2019

	SPED Part B	SPED Preschool	Title I Part A	Title II	Title III	USDA Fresh Fruit & Vegetables
Revenues						
Intergovernmental	\$ 1,228,699	\$ 39,665	\$ 617,981	\$ 201,031	\$ 25,111	\$ 70,141
Charges for services	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>1,228,699</u>	<u>39,665</u>	<u>617,981</u>	<u>201,031</u>	<u>25,111</u>	<u>70,141</u>
Expenditures						
Education	1,228,699	39,665	617,981	201,031	25,111	69,601
Cafeteria	-	-	-	-	-	-
Total expenditures	<u>1,228,699</u>	<u>39,665</u>	<u>617,981</u>	<u>201,031</u>	<u>25,111</u>	<u>69,601</u>
Excess (deficiency) of revenue over expenditures	-	-	-	-	-	540
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-	540
Fund balance, July 1, 2018	-	-	-	-	-	1,906
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,446</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Governmental Funds*

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

For the Year Ended June 30, 2019

	<u>Literacy</u>	<u>USDA Healthier Us</u>	<u>Professional Development</u>	<u>Other Miscellaneous</u>	<u>School Lunch</u>	<u>Total School Special Revenue</u>
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ 38,908	\$ 1,807,517	\$ 4,029,053
Charges for services	-	-	-	-	997,345	997,345
Other	-	-	-	68,396	-	68,396
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,304</u>	<u>2,804,862</u>	<u>5,094,794</u>
Expenditures						
Education	-	-	-	109,329	-	2,291,417
Cafeteria	-	-	-	-	2,807,124	2,807,124
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,329</u>	<u>2,807,124</u>	<u>5,098,541</u>
Excess (deficiency) of revenue over expenditures	-	-	-	(2,025)	(2,262)	(3,747)
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	(2,025)	(2,262)	(3,747)
Fund balance, July 1, 2018	<u>146,207</u>	<u>254</u>	<u>380</u>	<u>67,811</u>	<u>448,958</u>	<u>665,516</u>
Fund balance, June 30, 2019	<u>\$ 146,207</u>	<u>\$ 254</u>	<u>\$ 380</u>	<u>\$ 65,786</u>	<u>\$ 446,696</u>	<u>\$ 661,769</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2019

	<u>Drainage</u>	<u>Recreation Bond</u>	<u>Open Space</u>	<u>Road Infrastructure Bond 2015</u>	<u>Tucker Field Phase II</u>	<u>Street Lights</u>	<u>Master Lease</u>	<u>Total</u>
Assets								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental receivables	-	-	-	-	-	186,461	-	186,461
Due from other funds	161,057	140,443	672,363	-	14,380	-	13,775	1,002,018
Total assets	<u>161,057</u>	<u>140,443</u>	<u>672,363</u>	<u>-</u>	<u>14,380</u>	<u>186,461</u>	<u>13,775</u>	<u>1,188,479</u>
Deferred outflows of resources								
Deferred outflows	-	-	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 161,057</u>	<u>\$ 140,443</u>	<u>\$ 672,363</u>	<u>\$ -</u>	<u>\$ 14,380</u>	<u>\$ 186,461</u>	<u>\$ 13,775</u>	<u>\$ 1,188,479</u>
Liabilities								
Accounts payable and accrued expense	\$ 1,755	\$ 5,666	\$ 7,600	\$ 5,001	\$ 2,150	\$ -	\$ -	\$ 22,172
Due to other funds	-	-	-	23,214	-	201,626	-	224,840
Total liabilities	<u>1,755</u>	<u>5,666</u>	<u>7,600</u>	<u>28,215</u>	<u>2,150</u>	<u>201,626</u>	<u>-</u>	<u>247,012</u>
Deferred inflows of resources								
Unearned revenues	-	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances								
Restricted	159,302	134,777	664,763	-	-	-	13,775	972,617
Assigned	-	-	-	-	12,230	-	-	12,230
Unassigned	-	-	-	(28,215)	-	(15,165)	-	(43,380)
Total fund balances	<u>159,302</u>	<u>134,777</u>	<u>664,763</u>	<u>(28,215)</u>	<u>12,230</u>	<u>(15,165)</u>	<u>13,775</u>	<u>941,467</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 161,057</u>	<u>\$ 140,443</u>	<u>\$ 672,363</u>	<u>\$ -</u>	<u>\$ 14,380</u>	<u>\$ 186,461</u>	<u>\$ 13,775</u>	<u>\$ 1,188,479</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Governmental Funds*

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

For the Year Ended June 30, 2019

	<u>Drainage</u>	<u>Recreation Bond</u>	<u>Open Space</u>	<u>Road Infrastructure Bond 2015</u>	<u>Tucker Field Phase II</u>	<u>Street Lights</u>	<u>Master Lease</u>	<u>Total</u>
Revenues								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures								
Public Safety	-	-	50,641	-	-	-	-	50,641
Public works	33,137	5,666	-	5,000	-	15,165	-	58,968
Education	-	-	-	-	11,050	-	-	11,050
Total expenditures	<u>33,137</u>	<u>5,666</u>	<u>50,641</u>	<u>5,000</u>	<u>11,050</u>	<u>15,165</u>	<u>-</u>	<u>120,659</u>
Excess (deficiency) of revenue over expenditures	(33,137)	(5,666)	(50,641)	(5,000)	(11,050)	(15,165)	-	(120,659)
Other financing sources (uses)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(33,137)	(5,666)	(50,641)	(5,000)	(11,050)	(15,165)	-	(120,659)
Fund Balance, July 1, 2018	<u>192,439</u>	<u>140,443</u>	<u>715,404</u>	<u>(23,215)</u>	<u>23,280</u>	<u>-</u>	<u>13,775</u>	<u>1,062,126</u>
Fund Balance, June 30, 2019	<u>\$ 159,302</u>	<u>\$ 134,777</u>	<u>\$ 664,763</u>	<u>\$ (28,215)</u>	<u>\$ 12,230</u>	<u>\$ (15,165)</u>	<u>\$ 13,775</u>	<u>\$ 941,467</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2019

	Police Pension Trust	OPEB Trust	Total
Assets			
Cash and cash equivalents	\$ 391,873	\$ 171,443	\$ 563,316
Investments, at fair value			
Equities	12,159,683	1,418,855	13,578,538
Fixed income	7,074,475	2,349,960	9,424,435
Real estate	125,640	-	125,640
Mutual funds	-	569,142	569,142
Accrued interest receivable	-	14,097	14,097
	19,751,671	4,523,497	24,275,168
Deferred outflows of resources			
Deferred outflows	-	-	-
	-	-	-
Total deferred outflows of resources	-	-	-
	-	-	-
Total assets and deferred outflows of resources	\$ 19,751,671	\$ 4,523,497	\$ 24,275,168
Liabilities			
Due to external parties - primary government	\$ 1,645	\$ -	\$ 1,645
Total liabilities	1,645	-	1,645
Deferred inflows of resources			
Unearned revenues	-	-	-
	-	-	-
Total deferred inflows of resources	-	-	-
	-	-	-
Net Position			
Restricted for OPEB	-	4,523,497	4,523,497
Restricted for pension	19,750,026	-	19,750,026
	19,750,026	4,523,497	24,273,523
Total net position	19,750,026	4,523,497	24,273,523
	19,750,026	4,523,497	24,273,523
Total liabilities and net position	\$ 19,751,671	\$ 4,523,497	\$ 24,275,168

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND*Supplementary Information*

Combining Statement of Changes in Fiduciary Net Position – Employee Benefit Trust Funds

For the Year Ended June 30, 2019

	<u>Police Pension Trust</u>	<u>OPEB Trust</u>	<u>Total</u>
Additions			
Employer contributions	\$ 2,263,350	\$ 1,575,235	\$ 3,838,585
Plan member contributions	273,795	-	273,795
Investment income (net of related fees)	1,718,729	350,683	2,069,412
	<u>4,255,874</u>	<u>1,925,918</u>	<u>6,181,792</u>
Deductions			
Benefits paid	1,996,466	810,268	2,806,734
Administrative expenses	29,210	15,633	44,843
	<u>2,025,676</u>	<u>825,901</u>	<u>2,851,577</u>
Changes in net position	2,230,198	1,100,017	3,330,215
Net position, July 1, 2018	<u>17,519,828</u>	<u>3,423,480</u>	<u>20,943,308</u>
Net position, June 30, 2019	<u>\$ 19,750,026</u>	<u>\$ 4,523,497</u>	<u>\$ 24,273,523</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Fiduciary Funds*

Combining Statement of Fiduciary Net Position – Private Purpose Trust Funds

June 30, 2019

	<u>Burial</u>	<u>High School Scholarship</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 227,285	\$ 67,011	\$ 294,296
Total assets	<u>\$ 227,285</u>	<u>\$ 67,011</u>	<u>\$ 294,296</u>
Liabilities			
Interfund payable	\$ 484	\$ -	\$ 484
Net position			
Restricted for other purposes	226,801	67,011	293,812
Total liabilities and net position	<u>\$ 227,285</u>	<u>\$ 67,011</u>	<u>\$ 294,296</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Non-Major Fiduciary Funds*

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

For the Year Ended June 30, 2019

	<u>Burial</u>	<u>High School Scholarship</u>	<u>Total</u>
Additions			
Donations	\$ -	\$ 54,181	\$ 54,181
Interest	1,667	-	1,667
Total additions	<u>1,667</u>	<u>54,181</u>	<u>55,848</u>
Deductions			
Scholarships	-	61,525	61,525
Social services	-	-	-
Total deductions	<u>-</u>	<u>61,525</u>	<u>61,525</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	1,667	(7,344)	(5,677)
Fund balance, July 1, 2018	<u>225,134</u>	<u>74,355</u>	<u>299,489</u>
Fund balance, June 30, 2019	<u>\$ 226,801</u>	<u>\$ 67,011</u>	<u>\$ 293,812</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

*Supplementary Information
Fiduciary Funds*

Combining Statement of Fiduciary Net Position – Agency Funds

June 30, 2019

	Student Activities/ Alumni	Curb Cuts	Portuguese Exchange	Substance Abuse Prevention Task Force	Probate Deposits	School Fundraising	Cumberland Fest	Coalition of Communities	Police Evidence	Total
Assets										
Cash and cash equivalents	\$ 325,484	\$ 120,658	\$ -	\$ -	\$ -	40,497	\$ 501	\$ -	\$ 104,523	\$ 591,663
Interfund receivables	-	-	1,372	37,135	917	-	-	1,220	-	40,644
Total assets	<u>\$ 325,484</u>	<u>\$ 120,658</u>	<u>\$ 1,372</u>	<u>\$ 37,135</u>	<u>\$ 917</u>	<u>\$ 40,497</u>	<u>\$ 501</u>	<u>\$ 1,220</u>	<u>\$ 104,523</u>	<u>\$ 632,307</u>
Liabilities										
Interfund payables	\$ -	\$ 75,701	\$ -	\$ -	\$ 917	\$ 8,679	\$ -	\$ -	\$ -	\$ 85,297
Deposits held in custody	325,484	44,957	1,372	37,135	-	31,818	501	1,220	104,523	547,010
Total liabilities	<u>\$ 325,484</u>	<u>\$ 120,658</u>	<u>\$ 1,372</u>	<u>\$ 37,135</u>	<u>\$ 917</u>	<u>\$ 40,497</u>	<u>\$ 501</u>	<u>\$ 1,220</u>	<u>\$ 104,523</u>	<u>\$ 632,307</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Supplementary Information

Fiduciary Funds

Combining Statement of Additions and Deductions – Agency Funds

For the Year Ended June 30, 2019

	Student Activities/ Alumni	Curb Cuts	Portuguese Exchange	Substance Abuse Prevention Task Force	Probate Deposits	School Fundraising	Cumberland Fest	Coalition of Communities	Police Evidence	Total
Additions										
Other	\$ 540,294	\$ 217	\$ -	\$ -	\$ -	\$ 2,187	\$ 63,434	\$ 250	\$ 74,554	\$ 680,936
Total revenue	<u>540,294</u>	<u>217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,187</u>	<u>63,434</u>	<u>250</u>	<u>74,554</u>	<u>680,936</u>
Deductions										
Public safety	-	-	-	-	-	-	-	-	9,105	9,105
Public works	-	2,000	-	-	-	-	-	-	-	2,000
Education	455,888	-	-	-	-	8,657	-	-	-	464,545
Parks, recreation, and other	-	-	-	-	-	-	63,398	-	-	63,398
Total expenditures	<u>455,888</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,657</u>	<u>63,398</u>	<u>-</u>	<u>9,105</u>	<u>539,048</u>
Excess of Additions over Deductions	84,406	(1,783)	-	-	-	(6,470)	36	250	65,449	141,888
Net position, July 1, 2018	241,078	46,740	1,372	37,135	-	38,288	465	970	39,074	405,122
Net position, June 30, 2019	<u>\$ 325,484</u>	<u>\$ 44,957</u>	<u>\$ 1,372</u>	<u>\$ 37,135</u>	<u>\$ -</u>	<u>\$ 31,818</u>	<u>\$ 501</u>	<u>\$ 1,220</u>	<u>\$ 104,523</u>	<u>\$ 547,010</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Supplementary Information
Tax Collectors Annual Report

June 30, 2019

FY2019 Tax Collections Summary

Jul-Aug 2018 (FY18) Tax Collections Subject to 60- day FY18 Accrual	Sept-June 2019 Collections	Total FY 2019 Cash Collections	Jul - Aug 2019 (FY19) Cash Collections Subject to 60- day FY19 Accrual
\$ -	\$ 33,009,742	\$ 33,009,742	\$ 10,086,244
9,058,382	26,058,957	35,117,339	273,093
308,655	564,208	872,863	12,839
15,573	93,545	109,118	3,530
5,001	34,417	39,418	3,110
4,601	25,295	29,896	1,743
1,118	13,078	14,196	1,120
368	7,380	7,748	568
321	5,389	5,710	291
89	6,455	6,544	232
10	4,892	4,902	33
30	3,411	3,441	-
125	3,114	3,239	-
274	23,045	23,319	-
\$ 9,394,547	\$ 59,852,927	\$ 69,247,474	\$ 10,382,803

Tax Roll Year	Balance July 1,2018	Assessment	New Receivable Additions	Abatements, Refunds & Adjustments	Transfers	Amount to be collected	Collections	Balance June 30,2019
2019		\$ 67,813,802	\$ 2,318	\$ (441,020)	\$ (88,079)	\$ 67,284,703	\$ 32,928,719	\$ 34,355,984
2018	\$ 35,605,296		50,898	12,104	29,567	35,697,865	34,929,880	767,985
2017	1,065,010		2,320	(8,157)	29,533	1,088,706	807,878	280,828
2016	265,633		2,341	(3,739)	984	265,219	87,317	177,902
2015	147,330		1,981	(1,784)	2,346	149,873	28,668	121,205
2014	186,065		1,981	(7,313)	6,883	187,616	20,808	166,808
2013	160,519		1,833	(2,007)	2,941	163,286	9,252	154,034
2012	126,052		400	(3,489)	355	123,318	4,348	118,970
2011	132,960		518	(16,143)	131	117,466	3,068	114,398
2010	187,640		1,291	(20,782)	(856)	167,293	2,987	164,306
2009	81,519		1,909	(9,379)	(760)	73,289	2,405	70,884
2008	86,535		2,606	(40,087)	(1,353)	47,701	2,029	45,672
2007	85,183		2,540	(46,818)	(773)	40,132	1,820	38,312
2006 and prior	934,033		10,670	(4,421)	3,977	944,259	7,433	936,826
	39,063,775	67,813,802	83,606	(593,035)	(15,104)	106,350,726	68,836,612	37,514,114
Less: Allowance for Uncollectable accounts	(2,072,184)							(2,072,184)
	<u>\$ 36,991,591</u>							<u>\$ 35,441,930</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Supplementary Information
Tax Collectors Annual Report

June 30, 2019

Schedule of property valuation assessed as of December 31, 2018:

	<u>Valuation</u>	<u>Levy</u>
Real property	\$ 3,788,243,374	\$ 60,157,305
Motor vehicles	290,301,295	5,768,287
Tangible personal property	<u>192,943,608</u>	<u>5,954,240</u>
Total	4,271,488,277	71,879,832
Less: Exemptions and motor vehicle phase out		
Real property	(158,641,561)	(2,522,621)
Motor vehicles	(77,610,846)	(1,543,234)
Tangible personal property	<u>(5,640)</u>	<u>(174)</u>
Total	<u>\$ 4,035,230,229</u>	<u>\$ 67,813,803</u>

Reconciliation of Current Year Property Tax Revenue

Current Year Collections	\$ 68,812,123
60-day FY19 Accrual	<u>10,382,803</u>
	79,194,926
<i>July-August 2019 Collections</i>	
60-day FY18 Accrual	<u>(9,394,547)</u>
<i>July-August 2018 Collections</i>	
Current Year Property Tax Revenue	<u>\$ 69,800,379</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Supplementary Information

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

June 30, 2019

Nonspendable for Education	\$ 164,165
Committed for Education:	
Committed for capital	55,247
School Committee designation for medical insurance cost contingency	450,000
School Committee designation for FY20 budget - education supplies	125,000
School Committee designation for fund balance FY20 budget	450,000
Undesignated (1)	<u>2,522,192</u>
Total fund balance	<u><u>\$ 3,766,604</u></u>

(1) The School Committee requires an undesignated fund balance of no less than 2-4% of the total School Unrestricted Fund budgeted operating expenditures of the current fiscal year. The School Unrestricted Fund undesignated fund balance is 3.62% of the total budgeted operating expenditures for the year-end June 30, 2019 and within the range required by the School Committee policy.

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

MTP2 Annual Transparency Portal

June 30, 2019

OTHER SUPPLEMENTARY INFORMATION

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

Annual Supplemental Transparency Report (MTP2) - Revenue
Annual Supplemental Transparency Report (MTP2) – Expenditures
Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Municipal
Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Education Department
Notes to Supplementary Information – Annual Supplemental Transparency Report (MTP2)

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

MTP2 Annual Transparency Portal

June 30, 2019

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 35,243,300	\$ -
Last Year's Levy Tax Collection	34,088,623	-
Prior Years Property Tax Collection	640,730	-
Interest & Penalty	351,573	-
PILOT & Tax Treaty (excluded from levy) Collection	51,531	-
Other Local Property Taxes	-	-
Licenses and Permits	1,375,211	-
Fines and Forfeitures	-	-
Investment Income	169,638	-
Departmental	1,432,201	-
Rescue Run Revenue	1,179,221	-
Police & Fire Detail	1,627,519	-
Other Local Non-Property Tax Revenues	173,708	-
Tuition	-	128,954
Impact Aid	-	-
Medicaid	-	565,169
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	1,782,167
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	-	2,179,126
MV Excise Tax Reimbursement	253,650	-
State PILOT Program	-	-
Distressed Community Relief Fund	-	-
Library Resource Aid	279,091	-
Library Construction Aid	216,196	-
Public Service Corporation Tax	432,719	-
Meals & Beverage Tax / Hotel Tax	467,704	-
LEA Aid	-	20,702,239
Group Home	-	-
Housing Aid Capital Projects	464,609	-
Housing Aid Bonded Debt	1,294,420	-
State Food Service Revenue	-	25,350
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	30,429	-
Motor Vehicle Phase Out	1,181,380	-
Other Revenue	6,843	1,590,492
Local Appropriation for Education	-	45,111,075
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	<u>\$ 80,960,296</u>	<u>\$ 72,084,571</u>
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	-	-
Financing Sources: Debt Proceeds	1,612,026	142,800
Financing Sources: Other	-	-
Rounding	-	-
Total Other Financing Sources	<u>\$ 1,612,026</u>	<u>\$ 142,800</u>

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

MTP2 Annual Transparency Portal

June 30, 2019

EXPENDITURES	General Government	Finance	Social Services	Centralized IT	Planning	Libraries	Public Works	Parks and Rec	Police Department
Compensation- Group A	\$ 664,398	\$ 635,610	\$ 325,430	\$ -	\$ 369,548	\$ 940,504	\$ 1,831,179	\$ 106,754	\$ 3,289,383
Compensation - Group B	-	-	-	-	-	-	-	-	188,166
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	842	558	728	-	-	17,979	127,547	-	29,745
Overtime - Group B	-	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	1,674,308
Active Medical Insurance- Group A	86,515	134,815	55,915	-	68,633	142,599	669,094	16,704	885,458
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	50,651
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental Insurance- Group A	6,363	9,145	3,475	-	4,207	4,776	31,272	833	43,880
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	2,510
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	52,948	46,843	24,542	-	27,694	70,793	149,543	8,248	271,026
Life Insurance	4,130	4,918	3,056	-	1,289	3,867	11,291	859	16,674
State Defined Contribution- Group A	26,885	2,430	2,860	-	2,255	5,456	17,012	787	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	11,735
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	452	-	-	-	-	5,601	-	-	183,662
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	2,263,350
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	55,887	57,142	31,519	-	24,848	65,072	208,853	9,521	-
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	35,328
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	10,622	-	-	-	-	-	-	-	-
Purchased Services	318,056	176,115	-	-	32,279	64,963	283,120	314,470	54,502
Materials/Supplies	13,474	24,075	9,388	-	5,097	141,329	38,603	3,101	49,677
Software Licenses	-	33,423	-	-	-	66,993	-	-	71,469
Capital Outlays	463,109	10,474	783	-	-	4,841	1,861,806	-	136,142
Insurance	608,989	-	-	-	-	-	-	-	-
Maintenance	-	-	9,829	-	-	17,905	129,448	10,237	3,596
Vehicle Operations	11	-	-	-	4,971	-	18,196	2,529	105,199
Utilities	195,378	-	-	-	-	106,461	-	-	36,467
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	266,749	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Snow Removal- Raw Material & External Contracts	-	-	-	-	-	-	230,681	-	-
Trash Removal & Recycling	-	-	-	-	-	-	1,963,016	-	-
Claims & Settlements	155,195	-	-	-	-	-	-	-	-
Community Support	81,806	-	-	-	-	-	-	-	-
Other Operation Expenditures	2,989	1,150	41,847	-	2,546	5,687	559	-	2,291
Tipping Fees	-	-	-	-	-	-	-	-	-
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 2,748,043	\$ 1,136,698	\$ 509,372	\$ -	\$ 543,367	\$ 1,664,826	\$ 7,834,969	\$ 474,043	\$ 9,405,219

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

MTP2 Annual Transparency Portal

June 30, 2019

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation - Group A	\$ -	\$ 354,236	\$ 1,486,664	\$ -	\$ -	\$ -	\$ 10,003,706	\$ 31,275,136
Compensation - Group B	-	-	43,128	-	-	-	231,294	3,523,605
Compensation - Group C	-	-	-	-	-	-	-	4,961,304
Compensation - Volunteer	-	-	-	-	-	-	-	-
Overtime - Group A	-	41,117	256,700	-	-	-	475,216	-
Overtime - Group B	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	88,514
Police & Fire Detail	-	-	-	-	-	-	1,674,308	-
Active Medical Insurance - Group A	-	152,001	253,881	-	-	-	2,465,615	4,357,806
Active Medical Insurance - Group B	-	-	7,493	-	-	-	58,144	412,570
Active Medical Insurance - Group C	-	-	-	-	-	-	-	1,488,186
Active Dental Insurance - Group A	-	5,950	16,377	-	-	-	126,278	220,848
Active Dental Insurance - Group B	-	-	472	-	-	-	2,982	21,548
Active Dental Insurance - Group C	-	-	-	-	-	-	-	72,938
Payroll Taxes	-	29,392	123,851	-	-	-	804,880	929,677
Life Insurance	-	2,005	12,582	-	-	-	60,671	235,122
State Defined Contribution - Group A	-	3,587	357	-	-	-	61,629	765,700
State Defined Contribution - Group B	-	-	-	-	-	-	11,735	68,686
State Defined Contribution - Group C	-	-	-	-	-	-	-	45,069
Other Benefits - Group A	-	723	57,486	-	-	-	247,324	180,279
Other Benefits - Group B	-	-	-	-	-	-	-	25,717
Other Benefits - Group C	-	-	-	-	-	-	-	21,189
Local Defined Benefit Pension - Group A	-	-	-	-	-	-	2,263,250	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group A	-	40,632	119,972	-	-	-	610,446	4,141,333
State Defined Benefit Pension - Group B	-	-	6,073	-	-	-	41,401	460,176
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	496,838
Other Defined Benefit / Contribution	-	-	4,231	-	-	-	14,853	-
Purchased Services	-	16,567	-	-	-	-	1,260,072	13,505,897
Materials/Supplies	-	-	48,701	-	-	-	333,445	729,024
Software Licenses	-	-	-	-	-	-	171,885	14,635
Capital Outlays	-	-	96,006	-	-	-	2,573,155	1,335,466
Insurance	-	-	-	-	-	-	608,989	237,794
Maintenance	-	-	7,023	-	-	-	178,038	240,444
Vehicle Operations	-	-	51,850	-	-	-	182,756	10,649
Utilities	-	-	33,685	-	-	-	371,991	1,262,009
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	266,749	-
Revaluation	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	230,681	-
Trash Removal & Recycling	-	-	-	-	-	-	1,963,016	-
Claims & Settlements	-	-	-	-	-	-	155,195	-
Community Support	-	-	-	-	-	-	81,806	314
Other Operation Expenditures	-	-	5,495	-	-	-	62,564	800,348
Tiping Fees	-	-	-	-	-	-	-	-
Local Appropriation for Education	-	-	-	45,111,075	-	-	45,111,075	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	1,155,000	-	1,155,000	-
Municipal Debt- Interest	-	-	-	-	365,393	-	365,393	-
School Debt- Principal	-	-	-	-	3,100,000	-	3,100,000	258,155
School Debt- Interest	-	-	-	-	1,037,244	-	1,037,244	115,356
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	(5,042)
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	27,216
OPEB Contribution- Total	-	-	-	-	-	1,575,235	1,575,235	-
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ -	\$ 629,643	\$ 2,648,594	\$ 45,111,075	\$ 5,637,637	\$ 1,575,235	\$ 79,938,721	\$ 72,324,516

Financing Uses: Transfer to Capital Funds	\$ -	\$ -
Financing Uses: Transfer to Other Funds	-	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ -	\$ -
Net Change in Fund Balance¹	2,633,601	(97,145)
Fund Balance¹- beginning of year	\$11,975,273	\$4,525,518
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	8,063,510	-
Misc. Adjustment	-	-
Fund Balance¹ - beginning of year adjusted	20,038,783	4,525,518
Rounding	-	-
Fund Balance¹ - end of year	\$ 22,672,384	\$ 4,428,373

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

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

MTP2 Annual Transparency Portal

June 30, 2019

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance ² - per MTP-2 at June 30, 2018						\$ 11,975,273	\$ 8,063,510	\$ 20,038,783	
No funds removed from RGS for fiscal 2018						-	-	-	
No funds added to RGS for Fiscal 2018						-	-	-	
No misc. adjustments made for fiscal 2018						-	-	-	
Fund Balance ² - per MTP-2 at June 30, 2018 adjusted						\$ 11,975,273	\$ 8,063,510	\$ 20,038,783	
General Fund	\$ 80,960,296	\$ 1,612,026	\$ 34,827,646	\$ 45,111,075	\$ 2,633,601	\$ 11,975,273	\$ 8,063,510	\$ 20,038,783	\$ 22,672,384
Totals per audited financial statements	\$ 80,960,296	\$ 1,612,026	\$ 34,827,646	\$ 45,111,075	\$ 2,633,601	\$ 11,975,273	\$ 8,063,510	\$ 20,038,783	\$ 22,672,384
<u>Reconciliation from financial statements to MTP2</u>									
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	\$ -	\$ -	\$ 45,111,075	\$ (45,111,075)	\$ -	\$ -	\$ -	\$ -	\$ -
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	\$ 80,960,296	\$ 1,612,026	\$ 79,938,721	\$ -	\$ 2,633,601	\$ 11,975,273	\$ 8,063,510	\$ 20,038,783	\$ 22,672,384

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

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

MTP2 Annual Transparency Portal

June 30, 2019

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance ¹ - per MTP-2 at June 30, 2018 <i>No misc. adjustments made for fiscal 2018</i>						\$ 4,525,518	-	\$ 4,525,518	
Fund Balance ¹ - per MTP-2 at June 30, 2018 adjusted						<u>\$ 4,525,518</u>	<u>-</u>	<u>\$ 4,525,518</u>	
School Unrestricted Fund	\$ 24,793,740	\$ 45,233,875	\$ 70,141,013	\$ -	[93,398]	\$ 3,860,002	-	\$ 3,860,002	\$ 3,766,604
School Special Revenue Funds	5,094,794	-	5,098,341	-	(3,747)	665,516	-	665,516	661,769
Totals per audited financial statements	<u>\$ 29,888,534</u>	<u>\$ 45,233,875</u>	<u>\$ 75,239,354</u>	<u>\$ -</u>	<u>[97,145]</u>	<u>\$ 4,525,518</u>	<u>\$ -</u>	<u>\$ 4,525,518</u>	<u>\$ 4,428,373</u>
Reconciliation from financial statements to MTP2									
Municipal appropriation for Education reported as a transfer on financial statements but as revenue on MTP2	\$ 45,111,075	[45,111,075]	-	-	-	-	-	-	-
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(2,915,038)	-	(2,915,038)	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 72,084,571</u>	<u>\$ 142,800</u>	<u>\$ 72,324,516</u>	<u>\$ -</u>	<u>[97,145]</u>	<u>\$ 4,525,518</u>	<u>\$ -</u>	<u>\$ 4,525,518</u>	<u>\$ 4,428,373</u>
Reconciliation from MTP2 to UCOA									
Lease proceeds reflected as source on MTP2 and Revenue on UCOA	\$ 142,800	[142,800]	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	[4]
Totals per UCOA Validated Totals Report	<u>\$ 72,227,371</u>	<u>\$ -</u>	<u>\$ 72,324,512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

MTP2 Annual Transparency Portal

June 30, 2019

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

NOTE 1. Basis of Presentation

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

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

NOTE 2. Reportable Government Services

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

NOTE 3. Allocations

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

NOTE 4. Employee Groups - Compensation and Benefit Costs

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

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

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

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

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

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

Other post-employment benefits (OPEB) are not reported by employee groups on the MTP2. They are reported in total as

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

MTP2 Annual Transparency Portal

June 30, 2019

either (1) contributions to a qualified OPEB trust or (2) the amount paid for medical and dental insurance for retirees when an OPEB trust fund has not been established. The detail employee group information for the Education Department can be found on the State's Municipal Transparency portal website.

NOTE 5. Education Revenue and Expenditures

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

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

See independent auditor's report

CERTIFIED PUBLIC ACCOUNTANTS
126 President Avenue
Fall River, MA 02720
TEL. (508) 675-7889
FAX (508) 675-7859
www.hague-sahady.com

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Cumberland (Town), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 15, 2020.

Internal Control over Financial Reporting

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

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

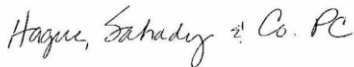
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



Hague, Sabady & Co. PC

Fall River, Massachusetts
January 15, 2020