

TOWN OF JOHNSTON, RHODE ISLAND

FINANCIAL STATEMENTS
JUNE 30, 2019

**TOWN OF JOHNSTON, RHODE ISLAND
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 TABLE OF CONTENTS
 JUNE 30, 2019**

Introductory Section		Page
	List of Town Officials	i
Financial Section		
	Independent Auditors' Report	1-3
	Management's Discussion and Analysis	4-12
Basic Financial Statements		
Exhibit		
	Government-Wide Financial Statements:	
I	Statement of Net Position	13
II	Statement of Activities	14
	Fund Financial Statements:	
	Governmental Funds:	
III	Balance Sheet	15-16
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	17-18
	Proprietary Funds:	
V	Statement of Net Position	19
VI	Statement of Revenues, Expenses and Changes in Fund Net Position	20
VII	Statement of Cash Flows	21
	Fiduciary Funds:	
VIII	Statement of Net Position	22
IX	Statement of Changes in Plan Net Position	23
	Notes to the Financial Statements	24-84
Required Supplementary Information		
RSI-1	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary and Actual - General Fund	85-93
RSI-1A	Notes to Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Comparison Schedule - General Fund	94
RSI-2	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary and Actual - School Unrestricted Fund	95
RSI-2A	Notes to Schedule of Revenues, Expenditures and Changes in Fund Balance - School Unrestricted Fund - Budget and Actual Budgetary Basis	96
RSI-3	Schedule of Changes in the Net Position Liability and Related Ratios - Police Local Pension Plan	97
RSI-4	Schedule of Changes in the Net Position Liability and Related Ratios - Fire Local Pension Plan	98
RSI-5	Schedule of Contributions - Police and Fire Local Pension Plans	99
RSI-6	Schedule of Investment Returns - Police and Fire Local Pension Plans	100
RSI-7	Schedule of Proportionate Share of the Net Pension Liability - Employees' Retirement System	101

<u>Exhibit</u>		<u>Page</u>
RSI-8	Schedule of Contributions - Employees' Retirement System	102
RSI-9	Schedule of Changes in Net Pension Liability and Related Ratios - Municipal Employees' Retirement System (MERS) - General Employees	103
RSI-10	Schedule of Changes in Net Pension Liability and Related Ratios - Municipal Employees' Retirement System (MERS) - Police	104
RSI-11	Schedule of Changes in Net Pension Liability and Related Ratios - Municipal Employees' Retirement System (MERS) - Fire	105
RSI-12	Schedule of Contributions - Municipal Employee's Retirement System (MERS) - General Employees	106
RSI-13	Schedule of Contributions - Municipal Employee's Retirement System (MERS) - Police	107
RSI-14	Schedule of Contributions - Municipal Employee's Retirement System (MERS) - Fire	108
RSI-15	Schedule of Proportionate Share of the Net Pension Asset - Teachers' Survivors Benefits Plan	109
RSI-16	Schedule of Contributions - Teachers' Survivors Benefit Plan	110
RSI-17	Schedule of Changes in Net OPEB Liability and Related Ratios	111
RSI-18	Schedule of Employer Contributions - OPEB	112
RSI-19	Schedule of Investment Returns - OPEB	113

Other Supplementary Information

A-1	Combining Balance Sheet - Nonmajor Governmental Funds	114
A-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	115
A-3	Combining Balance Sheet - Special Revenue Funds - Town	116-117
A-4	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Special Revenue Funds - Town	118-119
A-5	Combining Balance Sheet - Special Revenue Funds - School Restricted Funds	120-124
A-6	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Special Revenue Funds - School Restricted Funds	125-129
A-7	Combining Balance Sheet - Capital Projects Funds	130-131
A-8	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Capital Projects Funds	132-133
B-1	Combining Statement of Net Position - Nonmajor Proprietary Funds	134
B-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Nonmajor Proprietary Funds	135
B-3	Combining Statement of Cash Flows - Nonmajor Proprietary Funds	136
C	Statement of Changes in Assets and Liabilities - Agency Funds	137
D	Tax Collector's Annual Report	138-140
E-1	Annual Supplemental Transparency Report (MTP2)	141-143
E-2	Combining Schedule of Reportable Government Services with Reconciliation to MTP2 - Municipal	144
E-3	Combining Schedule of Reportable Government Services with Reconciliation to MTP2 - Education	145
	Notes to Supplementary Information - Annual Supplemental Transparency Report	146-147



Introductory Section

PRINCIPAL OFFICIALS
Town of Johnston, Rhode Island

ELECTED OFFICIALS

Joseph M. Polisena

TOWN COUNCIL

Robert V. Russo, President
Robert J. Civetti
David J. Santinelli, Jr.

Joseph Polisena, Jr., Vice President
Linda Folcarelli

SCHOOL COMMITTEE
Robert A. Lafazia, Chairperson

Joseph W. Rotella, Vice Chairperson
Dawn M. Aloisio

David Santilli
Susan M. Mansolillo

DEPARTMENT DIRECTORS

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

Richard S. Tamburini
Peter Lamb
Doug Jeffrey
Vincent Bacari Jr.
Joseph L. Chiodo, CPA
Bethany Alviano
Kim Gallonio
William Conley
Dr. Bernard DiLullo, Jr.
Daniel Mazzulla
Lesli-Ann Powell
Arnold Vecchione



Financial Section

Independent Auditors' Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Johnston, Rhode Island, as of June 30, 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, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Johnston, Rhode Island's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and Annual Supplemental Transparency Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2020 on our consideration of the Town of Johnston, Rhode Island's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Johnston, Rhode Island's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

Cranston, Rhode Island
March 20, 2020

TOWN OF JOHNSTON, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

As management of the Town of Johnston, Rhode Island (Town), we offer readers of the Town of Johnston's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019.

Financial Highlights

- The liabilities and deferred inflows of resources of the Town's governmental activities exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$309,571,506 (net position). Business-type activity assets and deferred outflows exceeded liabilities by \$14,952,165 at year end. On a government-wide basis, liabilities and deferred inflows exceeded assets and deferred outflows by \$294,619,341.
- The Town's total net position increased by \$6,855,500. This was primarily due to an increase in property tax collections, an increase in motor vehicle phase out revenues and an increase in investment earnings.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$41,841,255, a decrease of \$1,388,546 in comparison with the prior year. The decrease is due to an operating deficit in the school unrestricted fund of \$2,381,305, operating deficits of \$2,368,817 in the Town's nonmajor funds, offset by an operating surplus in the general fund of \$3,361,576.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was \$31,839,053 or 33.9% of total General Fund expenditures and transfers out.

Overview of the Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Johnston, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Johnston can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

The Town of Johnston maintains fifty plus individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund and School Unrestricted Fund. Data from the remaining governmental funds are combined into single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of combining statements later in this report. The basic governmental fund financial statements can be found on pages 15 through 18 of this report. Details of the combined governmental funds can be found on pages 114 through 133.

Proprietary funds

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

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

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on Exhibits VIII and IX.

Notes to financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-84.

Other Information

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Town of Johnston, liabilities and deferred inflows of resources exceeded assets and deferred outflows by \$294,619,341 at the close of the fiscal year.

**Town of Johnston, Rhode Island
Statement of Net Position
June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 69,221,140	\$ 72,760,203	\$ 6,785,297	\$ 6,978,555	\$ 76,006,437	\$ 79,738,758
Capital assets, net of accumulated depreciation	<u>52,066,388</u>	<u>52,332,090</u>	<u>12,466,119</u>	<u>12,727,824</u>	<u>64,532,507</u>	<u>65,059,914</u>
Total assets	<u>121,287,528</u>	<u>125,092,293</u>	<u>19,251,416</u>	<u>19,706,379</u>	<u>140,538,944</u>	<u>144,798,672</u>
Deferred outflows of resources	<u>19,257,647</u>	<u>24,174,848</u>	<u>29,312</u>	<u>35,175</u>	<u>19,286,959</u>	<u>24,210,023</u>
Long-term liabilities	392,946,707	404,713,289	3,771,078	2,628,783	396,717,785	407,342,072
Other liabilities	<u>11,149,630</u>	<u>16,729,070</u>	<u>557,485</u>	<u>318,401</u>	<u>11,707,115</u>	<u>17,047,471</u>
Total liabilities	<u>404,096,337</u>	<u>421,442,359</u>	<u>4,328,563</u>	<u>2,947,184</u>	<u>408,424,900</u>	<u>424,389,543</u>
Deferred inflows of resources	<u>46,020,344</u>	<u>46,093,993</u>	<u>-</u>	<u>-</u>	<u>46,020,344</u>	<u>46,093,993</u>
Net Position:						
Net investment in capital assets	30,758,982	30,239,030	11,805,169	11,919,476	42,564,151	42,158,506
Unrestricted	<u>(340,330,488)</u>	<u>(348,508,241)</u>	<u>3,146,996</u>	<u>4,874,894</u>	<u>(337,183,492)</u>	<u>(343,633,347)</u>
Total Net Position	<u>\$ (309,571,506)</u>	<u>\$ (318,269,211)</u>	<u>\$ 14,952,165</u>	<u>\$ 16,794,370</u>	<u>\$ (294,619,341)</u>	<u>\$ (301,474,841)</u>

The largest portion of the Town's net position, \$42,564,151, reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure) less any related debt and related liabilities used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental Activities

Already noted was the statement of activities' purpose in presenting information on how the Town's net position changed during the most recent fiscal year. A summary of changes in net position follows. For the fiscal year, net position increased by \$8,697,705. The increase was due to decreases in costs associated with post-employment benefits for public safety employees and an increase in tax revenues due to a change in allowance methodology.

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

**Town of Johnston, Rhode Island
Statement of Changes in Net Position
June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 9,075,842	\$ 10,603,177	\$ 2,312,791	\$ 2,452,528	\$ 11,388,633	\$ 13,055,705
Operating grants and contributions	27,101,652	26,638,636	647,947	676,354	27,749,599	27,314,990
Capital grants and contributions	18,638				18,638	-
General revenues:						
Property taxes	80,863,455	78,510,812			80,863,455	78,510,812
Motor vehicle phase-out taxes	2,610,194	1,792,809			2,610,194	1,792,809
Grants and contributions not restricted to specific programs	4,171,990	4,033,181			4,171,990	4,033,181
Miscellaneous	323,069	137,992			323,069	137,992
Investment income	1,140,140	480,729	3,124	1,871	1,143,264	482,600
Total revenues	<u>125,304,980</u>	<u>122,197,336</u>	<u>2,963,862</u>	<u>3,130,753</u>	<u>128,268,842</u>	<u>125,328,089</u>
Program Expenses:						
General government	6,429,694	6,755,830			6,429,694	6,755,830
Public safety	36,524,152	41,131,241			36,524,152	41,131,241
Public works	7,001,754	6,848,110			7,001,754	6,848,110
Parks and recreation	1,430,351	1,441,290			1,430,351	1,441,290
Library	810,023	762,121			810,023	762,121
Education	64,578,398	63,480,417			64,578,398	63,480,417
Interest expense	1,549,396	1,026,821			1,549,396	1,026,821
Water control fund			1,276,040	1,156,559	1,276,040	1,156,559
Sewer fund			698,222	564,546	698,222	564,546
Cafeteria Fund			1,098,322	1,073,696	1,098,322	1,073,696
Summer School			16,990		16,990	-
Total expenses	<u>118,323,768</u>	<u>121,445,830</u>	<u>3,089,574</u>	<u>2,794,801</u>	<u>121,413,342</u>	<u>124,240,631</u>
Excess (deficiency) before transfers	6,981,212	751,506	(125,712)	335,952	6,855,500	1,087,458
Transfers	<u>1,716,493</u>	<u>(1,304,852)</u>	<u>(1,716,493)</u>	<u>1,304,852</u>	<u>-</u>	<u>-</u>
Change in net position	8,697,705	(553,346)	(1,842,205)	1,640,804	6,855,500	1,087,458
Net Position - Beginning of Year	<u>(318,269,211)</u>	<u>(317,715,865)</u>	<u>16,794,370</u>	<u>15,153,566</u>	<u>(301,474,841)</u>	<u>(302,562,299)</u>
Net Position - End of Year	<u>\$ (309,571,506)</u>	<u>\$ (318,269,211)</u>	<u>\$ 14,952,165</u>	<u>\$ 16,794,370</u>	<u>\$ (294,619,341)</u>	<u>\$ (301,474,841)</u>

- Significant changes from the prior year for revenues are as follows:
 - Property tax revenues increased \$2,352,643 due to a reduction in the allowance for doubtful accounts and an increase in tax collections.
 - Charges for services decreased \$1,527,335 predominantly due to decreases in public works activities of approximately \$1.3 million, decreases in public safety revenues of approximately \$550,000 offset by increases in general government activities of roughly \$350,000.

Revenues

Governmental activities revenues totaled \$125,304,980 for the fiscal year. Property taxes are the largest revenue source for the Town and represent 64.5% of governmental revenues. Operating grants and contributions revenues are the Town's second largest revenue. Operating grants and contributions revenues include grants for education, general government, libraries and various other functions.

Operating grants and contributions revenues account for 21.6% of governmental revenues for the year. Charges for services accounts for 7.2% of governmental revenues and includes revenues from various sources including but not limited to police details, fire rescue services, property tax interest and liens, and permits and recording fees. Grants and contributions not restricted to specific programs account for 5.4%. Investment income represents roughly 0.9% of governmental revenue. Capital grants and miscellaneous revenues represent 0.4% of governmental revenues.

Expenses

Significant changes from the prior year are as follows:

- Education expenses increased by \$1,097,981 due to increases in salaries, benefits and purchased services.
- Public safety expenses decreased by \$4,607,089 due to reductions in legacy costs accounted for in fiscal 2019 for pension benefits, OPEB benefits and compensated absences.

Governmental activities expenses totaled \$118,323,768 for the fiscal year. Of the expenditures, 54.6% was for education. Public safety expenses amounted to 30.9%, while public works amounted to 5.9%. Library expenses were 0.7%. Park and recreation expenses were 1.2%. Interest expense was 1.3%. General government expenses were 5.4%

Business-Type Activities

Revenues

General revenues do not support the Town's business-type activities; thus, the largest source of revenues comes from charges for services and operating grants. Of the \$2,963,862 in revenues from the Water Control Fund, the Sewer Fund, the Cafeteria Fund and the Athletic Fund, 78.0% comes from charges for services 21.9% comes from operating grants. Investment income makes up the final 0.1% of revenues for the Town's business activities.

Expenses

Business-type expenses totaled \$1,276,040, \$698,222, \$1,098,322 and \$16,990 for the Water Control Fund, the Sewer Fund, Cafeteria Fund, and Summer School, respectively, for the fiscal year ended June 30, 2019.

Governmental Funds

The focus of the Town of Johnston's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Johnston's financing requirements. In particular, the unassigned fund balance of \$31,821,590 may serve as a valuable assessment of a government's net resources available for spending at the end of the fiscal year. As of June 30, 2019, the Town of Johnston's governmental funds reported combined ending fund balances of \$41,841,255.

The General Fund is the chief operating fund of the Town of Johnston, excluding its school department. As of June 30, 2019, the total fund balance of the general fund was \$32,846,484 of which \$31,839,053 was unassigned. The Town's General Fund also has \$1,007,431 of nonspendable fund balance as of June 30, 2019.

The fund balance of the General Fund increased by \$3,361,576 in fiscal year 2019. Actual revenues exceeded budgeted revenues by \$3,852,047 (see RSI-1). Increases in actual revenues versus budgeted revenues were realized in total tax revenues of \$2,084,447, and in departmental revenues and fees of \$1,382,016. Total expenditures and other financing uses were \$1,116,456 more than appropriated amounts (see RSI-1). The most significant departmental expenditures which exceeded budgeted expenditures were in the Police (\$418,606) and Fire (\$866,603) departments.

The School Unrestricted Fund is the principal operating fund of the school department. Revenues are derived principally from town appropriations and state aid supplemented by certain miscellaneous revenues, principally federal Medicaid reimbursements. Expenditures for education totaled \$61,862,202 including a state on-behalf payment to pension funds of \$2,513,000 on behalf of the school department. The School Unrestricted Fund expenditures, net of the state pension contribution, accounted for approximately 52% of the combined General Fund and School Unrestricted Fund expenditures.

Proprietary Funds

The Town's proprietary funds provide the same information found in the government-wide financial statements, but in more detail. The Town's enterprise fund posted an overall decrease in net position of \$1,842,205 for the fiscal year.

Water Fund

Unrestricted net position of the Water Control Fund at the end of the year amounted to \$3,184,175.

Sewer Fund

Unrestricted net deficit of the Sewer Fund at the end of the year amounted to \$270,840.

Cafeteria Fund, Summer School and Athletic Field

Unrestricted net position (deficit) of the Cafeteria Fund, Summer School and Athletic Field at the end of the year amounted to \$214,494, \$19,571 and (\$25,117), respectively.

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

General Fund Budgetary Highlights

Overall, the Town finished the 2018-2019 fiscal year with a budgetary surplus of \$2,735,591.

Major General Fund Revenue Factors:

General Property Taxes - Property taxes are the largest single revenue source for the General Fund and account for 69.1% of total budgetary revenues. The town budgets current property tax at 94.7% of the assessment, while the actual collection rate was at approximately 97.0% of the original assessment.

Major Expenditure Factors:

Education Expense accounts for approximately 50.8% of the total budgetary expenditures within the General Fund of the Town, Public Safety representing 33.0%, Public Works representing 4.7% and the remaining functions represent 11.5%.

Capital Asset and Debt Administration

Capital assets

The Town of Johnston's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$64,532,507 net of accumulated depreciation. This investment in capital assets includes land, buildings, building improvements, vehicles, equipment, infrastructure, and construction in progress. The decrease in the Town of Johnston's net investment in capital assets for the current fiscal year was \$527,407 as depreciation of \$4,620,184 exceeded additions of \$4,092,777.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 8,979,477	\$ 8,979,477	\$ 40,000	\$ 40,000	\$ 9,019,477	\$ 9,019,477
Construction in progress		237,069				237,069
Land improvements	3,043,836	3,112,646			3,043,836	3,112,646
Buildings and improvements	27,041,484	27,861,167			27,041,484	27,861,167
Distribution and collection system			12,067,612	12,264,515	12,067,612	12,264,515
Infrastructure	8,174,455	7,308,621			8,174,455	7,308,621
Vehicles and equipment	4,827,136	4,833,110	358,507	423,309	5,185,643	5,256,419
Total	\$ 52,066,388	\$ 52,332,090	\$ 12,466,119	\$ 12,727,824	\$ 64,532,507	\$ 65,059,914

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

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

Long-Term Debt

At the end of the current fiscal year, the Town of Johnston has total bonds and notes outstanding of approximately \$28,925,118. State statutes limit the amount of general obligation debt a governmental entity may issue to three percent of its total equalized valuation.

Town of Johnston, Rhode Island Bonds and Notes Payable June 30, 2019 and 2018

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Public offerings	\$ 6,525,000	\$ 6,980,000	\$	\$	\$ 6,525,000	\$ 6,980,000
Direct borrowings and placements	19,296,556	23,151,640	3,103,562	1,730,102	22,400,118	24,881,742
Total	\$ 25,821,556	\$ 30,131,640	\$ 3,103,562	\$ 1,730,102	\$ 28,925,118	\$ 31,861,742

The Town currently has an “AA” rating from Standard and Poor’s and a “A2” rating from Moody’s for general obligation debt.

The current debt limitation for the Town of Johnston is approximately \$72,287,016 based on a net assessed value of \$2,409,567,114 at December 31,2017, which significantly exceeds the Town of Johnston’s current outstanding general obligation debt

Additional information on the Town’s long-term debt can be found on pages 42-44.

Next Year’s Budget and Rates

The Town elected and appointed officials considered many factors when setting the fiscal year 2019-2020 budget. The Town decided that it was important to continue the support of the schools and adopt a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2019-2020 budget, the Town recognized the need to continue its pattern of cost containment.

The 2019-2020 general fund budget will be \$111,232,740, an increase of \$779,352 over the fiscal year 2019 budget of \$110,453, 388. This represents an increase of less than 1%.

Requests for Information

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



Basic Financial Statements

TOWN OF JOHNSTON, RHODE ISLAND
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 54,110,739	\$ 478,778	\$ 54,589,517
Receivable:			
Property taxes, net	7,295,423		7,295,423
User charges, net		1,642,126	1,642,126
Intergovernmental	2,866,604	30,573	2,897,177
Other	2,505,886		2,505,886
Internal balances	(3,731,277)	3,731,277	-
Prepaid items	1,595,589		1,595,589
Other		14,931	14,931
Total current assets	<u>64,642,964</u>	<u>5,897,685</u>	<u>70,540,649</u>
Noncurrent assets:			
User charges, net		887,612	887,612
Net pension asset	4,578,176		4,578,176
Capital assets not being depreciated	8,979,477	40,000	9,019,477
Capital assets, net of accumulated depreciation	43,086,911	12,426,119	55,513,030
Total noncurrent assets	<u>56,644,564</u>	<u>13,353,731</u>	<u>69,998,295</u>
Total assets	<u>121,287,528</u>	<u>19,251,416</u>	<u>140,538,944</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	221,587	29,312	250,899
Related to pensions	17,390,244		17,390,244
Related to OPEB	1,645,816		1,645,816
Total deferred outflows of resources	<u>19,257,647</u>	<u>29,312</u>	<u>19,286,959</u>
Liabilities:			
Current liabilities:			
Accounts payable	1,925,561	175,249	2,100,810
Accrued expenses	3,529,598		3,529,598
Accrued interest payable	185,366	22,140	207,506
Unearned revenue	423,866		423,866
Current portion of long-term obligations	5,085,239	360,096	5,445,335
Total current liabilities	<u>11,149,630</u>	<u>557,485</u>	<u>11,707,115</u>
Noncurrent liabilities:			
Unearned revenue		1,027,612	1,027,612
Long-term obligations due in more than one year	392,946,707	2,743,466	395,690,173
Total noncurrent liabilities	<u>392,946,707</u>	<u>3,771,078</u>	<u>396,717,785</u>
Total liabilities	<u>404,096,337</u>	<u>4,328,563</u>	<u>408,424,900</u>
Deferred Inflows of Resources:			
Related to pensions	4,582,679		4,582,679
Related to OPEB	41,437,665		41,437,665
Total deferred inflows of resources	<u>46,020,344</u>	<u>-</u>	<u>46,020,344</u>
Net Position:			
Net investment in capital assets	30,758,982	11,805,169	42,564,151
Unrestricted	<u>(340,330,488)</u>	<u>3,146,996</u>	<u>(337,183,492)</u>
Total Net Position	<u>\$ (309,571,506)</u>	<u>\$ 14,952,165</u>	<u>\$ (294,619,341)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF JOHNSTON, RHODE ISLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:							
General government	\$ 6,429,694	\$ 3,460,702	\$ 1,807,306	\$	\$ (1,161,686)	\$	\$ (1,161,686)
Public safety	36,524,152	4,062,493	8,496		(32,453,163)		(32,453,163)
Public works	7,001,754	1,116,548	0		(5,885,206)		(5,885,206)
Parks and recreation	1,430,351	128,295	24,830		(1,277,226)		(1,277,226)
Library	810,023		120,586		(689,437)		(689,437)
Education	64,578,398	307,804	25,140,434	18,638	(39,111,522)		(39,111,522)
Debt service	1,549,396				(1,549,396)		(1,549,396)
Total governmental activities	<u>118,323,768</u>	<u>9,075,842</u>	<u>27,101,652</u>	<u>18,638</u>	<u>(82,127,636)</u>	<u>-</u>	<u>(82,127,636)</u>
Business-Type Activities:							
Water Control Fund	1,276,040	1,169,082				(106,958)	(106,958)
Sewer Fund	698,222	685,780				(12,442)	(12,442)
Cafeteria Fund	1,098,322	452,928	647,947			2,553	2,553
Summer School	16,990					(16,990)	(16,990)
Athletic Field		5,001				5,001	5,001
Total business-type activities	<u>3,089,574</u>	<u>2,312,791</u>	<u>647,947</u>	<u>-</u>	<u>-</u>	<u>(128,836)</u>	<u>(128,836)</u>
Total	<u>\$ 121,413,342</u>	<u>\$ 11,388,633</u>	<u>\$ 27,749,599</u>	<u>\$ 18,638</u>	<u>(82,127,636)</u>	<u>(128,836)</u>	<u>(82,256,472)</u>
General Revenues:							
Property taxes, levied for general purposes					80,863,455		80,863,455
Motor vehicle phase-out taxes					2,610,194		2,610,194
Grants and aid not restricted for specific programs					4,171,990		4,171,990
Unrestricted investment earnings					1,140,140	3,124	1,143,264
Miscellaneous					323,069		323,069
Transfers					1,716,493	(1,716,493)	-
Total general revenues and transfers					<u>90,825,341</u>	<u>(1,713,369)</u>	<u>89,111,972</u>
Change in net position					8,697,705	(1,842,205)	6,855,500
Net Position at Beginning of Year					<u>(318,269,211)</u>	<u>16,794,370</u>	<u>(301,474,841)</u>
Net Position at End of Year					<u>\$ (309,571,506)</u>	<u>\$ 14,952,165</u>	<u>\$ (294,619,341)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF JOHNSTON, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 37,246,907	\$ 625,065	\$ 6,263,779	\$ 44,135,751
Accounts receivable:				
Real estate and personal property taxes, net	5,727,423			5,727,423
Due from other governments	1,824,892	63,072	978,640	2,866,604
Other receivables	1,784,423	721,463		2,505,886
Due from other funds	28,932	1,817,519	1,007,731	2,854,182
Prepaid items	<u>1,007,431</u>	<u>204,041</u>		<u>1,211,472</u>
Total Assets	<u>\$ 47,620,008</u>	<u>\$ 3,431,160</u>	<u>\$ 8,250,150</u>	<u>\$ 59,301,318</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 612,248	\$ 1,291,797	\$ 21,516	\$ 1,925,561
Accrued expenses	2,199,123	83,730	46,468	2,329,321
Unearned revenue	423,866			423,866
Due to other funds	<u>5,702,043</u>	<u>295,054</u>	<u>947,974</u>	<u>6,945,071</u>
Total liabilities	<u>8,937,280</u>	<u>1,670,581</u>	<u>1,015,958</u>	<u>11,623,819</u>
Deferred inflows of resources:				
Unavailable revenues - taxes	4,395,846			4,395,846
Unavailable revenues - other receivables	<u>1,440,398</u>			<u>1,440,398</u>
Total deferred inflows of resources	<u>5,836,244</u>	<u>-</u>	<u>-</u>	<u>5,836,244</u>
Fund balances:				
Nonspendable	1,007,431	204,041		1,211,472
Restricted			6,940,747	6,940,747
Committed		1,556,538	310,908	1,867,446
Unassigned	<u>31,839,053</u>		<u>(17,463)</u>	<u>31,821,590</u>
Total fund balances	<u>32,846,484</u>	<u>1,760,579</u>	<u>7,234,192</u>	<u>41,841,255</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 47,620,008</u>	<u>\$ 3,431,160</u>	<u>\$ 8,250,150</u>	<u>\$ 59,301,318</u>

(Continued on next page)

TOWN OF JOHNSTON, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019

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

Fund balances - total governmental funds (Exhibit III)	\$	41,841,255
--------------------------------------------------------	----	------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	135,853,951	
Less accumulated depreciation		<u>(83,787,563)</u>	
Net capital assets			52,066,388

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

Interest receivable on property taxes, net of allowance	1,568,000
---------------------------------------------------------	-----------

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

Property tax receivables greater than 60 days	4,395,846
Other receivables - accrual basis change	1,440,398
Net pension asset	4,578,176
Deferred outflows related to pension	17,390,244
Deferred outflows related to OPEB	1,645,816

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

	9,518,440
--	-----------

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

Bonds and notes payable	(25,821,556)
Deferred charge on refunding	221,587
Unamortized premium on bonds payable	(124,080)
Interest payable on bonds and notes	(185,366)
Capital leases payable	(599,000)
Accrued compensated absences	(10,393,620)
Net pension liability	(171,202,637)
Deferred inflows related to pension	(4,582,679)
Net OPEB liability	(189,891,053)
Deferred inflows related to OPEB	<u>(41,437,665)</u>

Net Position of Governmental Activities (Exhibit I)	\$	<u><u>(309,571,506)</u></u>
-----------------------------------------------------	----	-----------------------------

The accompanying notes are an integral part of the financial statements

**TOWN OF JOHNSTON, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 78,848,661	\$	\$	\$ 78,848,661
Intergovernmental	9,644,860	21,469,133	2,603,481	33,717,474
Charges for services	7,904,526	302,598	716,423	8,923,547
Investment income	831,722	19,145	121,144	972,011
Other revenue	26,542	161,006	321,058	508,606
Total revenues	<u>97,256,311</u>	<u>21,951,882</u>	<u>3,762,106</u>	<u>122,970,299</u>
Expenditures:				
General government	6,537,144		172,019	6,709,163
Public safety	38,256,335		134,764	38,391,099
Public works	5,337,908		1,291	5,339,199
Public libraries	668,931		36,139	705,070
Parks and recreation	1,135,893		102,575	1,238,468
Education		61,862,202	2,462,374	64,324,576
Capital outlay			3,224,835	3,224,835
Debt service	4,404,509		13,419	4,417,928
Total expenditures	<u>56,340,720</u>	<u>61,862,202</u>	<u>6,147,416</u>	<u>124,350,338</u>
Excess (Deficiency) over Revenues over Expenditures	<u>40,915,591</u>	<u>(39,910,320)</u>	<u>(2,385,310)</u>	<u>(1,380,039)</u>
Other Financing Sources (Uses):				
Transfers in	125,000	37,529,015	150,000	37,804,015
Transfers out	(37,679,015)		(133,507)	(37,812,522)
Total other financing sources (uses)	<u>(37,554,015)</u>	<u>37,529,015</u>	<u>16,493</u>	<u>(8,507)</u>
Net Change in Fund Balances	3,361,576	(2,381,305)	(2,368,817)	(1,388,546)
Fund Balances at Beginning of Year	<u>29,484,908</u>	<u>4,141,884</u>	<u>9,603,009</u>	<u>43,229,801</u>
Fund Balances at End of Year	<u>\$ 32,846,484</u>	<u>\$ 1,760,579</u>	<u>\$ 7,234,192</u>	<u>\$ 41,841,255</u>

(Continued on next page)

TOWN OF JOHNSTON, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (1,388,546)
---------------------------------------------------------------------	----------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and is reported as depreciation expense.

Capital outlay	3,935,350
Depreciation expense	(4,201,052)

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

Property taxes collected after 60 days	2,014,794
Change in other receivables	151,758
Change in net pension asset	372,606
Change in deferred outflows related to pension	(4,257,601)
Change in deferred outflows related to OPEB	(615,283)

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

Change in accrued interest on bonds	(76,213)
Amortization of deferred charge on refunding	(44,317)
Amortization of bond premium	10,537
Principal payments on bonds and notes	2,585,084
Capital leases payments	398,000
Transfer of debt to business-type activity	1,725,000

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

Change in compensated absences	(430,119)
Change in OPEB obligation	9,832,624
Change in net pension liability	(2,286,699)
Change in deferred inflows related to pension	5,378,432
Change in deferred inflows related to OPEB	(5,304,783)

The net income of the internal service funds is reported with governmental activities	<u>898,133</u>
---------------------------------------------------------------------------------------	----------------

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 8,697,705</u>
----------------------------------------------------------------	---------------------

The accompanying notes are an integral part of the financial statements

TOWN OF JOHNSTON, RHODE ISLAND
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities				Governmental Activities
	Water Control Fund	Sewer Fund	Nonmajor	Total	Health Care Management Internal Service Fund
Assets:					
Current assets:					
Cash and cash equivalents	\$ 220,694	\$	\$ 258,084	\$ 478,778	\$ 9,974,988
Accounts receivable, net	1,203,108	439,018		1,642,126	
Intergovernmental receivable			30,573	30,573	
Due from other funds	3,329,077	296,878	130,439	3,756,394	359,612
Prepaid Expenses				-	3,917
Deposit				-	380,200
Other			14,931	14,931	
Total current assets	4,752,879	735,896	434,027	5,922,802	10,718,717
Noncurrent assets:					
Accounts receivable, net		887,612		887,612	
Capital assets not being depreciated	40,000			40,000	
Capital assets, net of accumulated depreciation	9,781,502	2,595,354	49,263	12,426,119	
Total noncurrent assets	9,821,502	3,482,966	49,263	13,353,731	-
Total assets	14,574,381	4,218,862	483,290	19,276,533	10,718,717
Deferred outflows of resources:					
Deferred charge on refunding		29,312		29,312	
Liabilities:					
Current liabilities:					
Accounts payable			175,249	175,249	
Accrued expenses				-	1,200,277
Accrued interest payable	13,704	8,436		22,140	
Due to other funds			25,117	25,117	
Current portion of long-term debt		360,096		360,096	
Total current liabilities	13,704	368,532	200,366	582,602	1,200,277
Noncurrent liabilities:					
Unearned revenue - assessments		1,027,612		1,027,612	
Bonds and loans payable	1,555,000	1,188,466		2,743,466	
Total noncurrent liabilities	1,555,000	2,216,078	-	3,771,078	-
Total liabilities	1,568,704	2,584,610	200,366	4,353,680	1,200,277
Net Position:					
Net investment in capital assets	9,821,502	1,934,404	49,263	11,805,169	
Unrestricted	3,184,175	(270,840)	233,661	3,146,996	9,518,440
Total Net Position	\$ 13,005,677	\$ 1,663,564	\$ 282,924	\$ 14,952,165	\$ 9,518,440

The accompanying notes are an integral part of the financial statements

**TOWN OF JOHNSTON, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Business-Type Activities				Health Care Management Internal Service Fund
	Water Control Fund	Sewer Fund	Nonmajor	Total	
Operating Revenues:					
Charges for services	\$ 1,153,458	\$ 668,270	\$ 457,929	\$ 2,279,657	\$ 18,917,654
Intergovernmental revenue		17,510	647,947	665,457	
Other operating revenue	15,624			15,624	
Total revenues	<u>1,169,082</u>	<u>685,780</u>	<u>1,105,876</u>	<u>2,960,738</u>	<u>18,917,654</u>
Operating Expenses:					
Salaries and benefits		342,636	21,390	364,026	
Contractual services	679,835	25,441	1,069,981	1,775,257	
Repairs and maintenance	36,446	99,934		136,380	
Utilities	57,382	44,909		102,291	
Administration	197,685	586		198,271	
Health Care Management				-	18,187,650
Depreciation and amortization	252,448	142,743	23,941	419,132	
Total operating expenses	<u>1,223,796</u>	<u>656,249</u>	<u>1,115,312</u>	<u>2,995,357</u>	<u>18,187,650</u>
Operating Income (Loss)	<u>(54,714)</u>	<u>29,531</u>	<u>(9,436)</u>	<u>(34,619)</u>	<u>730,004</u>
Nonoperating Revenues (Expenses):					
Investment income			3,124	3,124	168,129
Interest expense	(52,244)	(41,973)		(94,217)	
Net nonoperating revenues (expenses)	<u>(52,244)</u>	<u>(41,973)</u>	<u>3,124</u>	<u>(91,093)</u>	<u>168,129</u>
Income (Loss) Before Transfers	<u>(106,958)</u>	<u>(12,442)</u>	<u>(6,312)</u>	<u>(125,712)</u>	<u>898,133</u>
Other Financing Sources (Uses):					
Transfers in	8,507			8,507	
Transfers out	(1,725,000)			(1,725,000)	
Total other financing uses	<u>(1,716,493)</u>	<u>-</u>	<u>-</u>	<u>(1,716,493)</u>	<u>-</u>
Change in Net Position	(1,823,451)	(12,442)	(6,312)	(1,842,205)	898,133
Net Position at Beginning of Year	<u>14,829,128</u>	<u>1,676,006</u>	<u>289,236</u>	<u>16,794,370</u>	<u>8,620,307</u>
Net Position at End of Year	<u>\$ 13,005,677</u>	<u>\$ 1,663,564</u>	<u>\$ 282,924</u>	<u>\$ 14,952,165</u>	<u>\$ 9,518,440</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF JOHNSTON, RHODE ISLAND
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Business-Type Activities				Health Care Management Internal Service Fund
	Water Control Fund	Sewer Fund	Nonmajor	Total	
Cash Flows from Operating Activities:					
Receipts from customers and users	\$ 1,262,046	\$ 778,777	\$ 457,929	\$ 2,498,752	\$ 20,424,165
Intergovernmental receipts		17,510	643,572	661,082	
Payments to suppliers	(971,348)	(170,870)	(1,006,559)	(2,148,777)	
Payments to employees		(342,636)	(21,390)	(364,026)	
Claims paid				-	(19,430,511)
Net cash provided by (used in) operating activities	<u>290,698</u>	<u>282,781</u>	<u>73,552</u>	<u>647,031</u>	<u>993,654</u>
Cash Flows from Noncapital Financing Activities:					
Interfund loans	15,846	(62,926)	176,471	129,391	579,977
Transfers to other funds	(1,725,000)			(1,725,000)	
Transfers from other funds	8,507			8,507	
Net cash provided by (used in) noncapital financing activities	<u>(1,700,647)</u>	<u>(62,926)</u>	<u>176,471</u>	<u>(1,587,102)</u>	<u>579,977</u>
Cash Flows from Capital and Related Financing Activities:					
Principal paid on bonds, notes and loans	1,555,000	(181,540)		1,373,460	
Interest paid on bonds, notes and loans	(38,540)	(38,315)		(76,855)	
Additions to property, plant and equipment	(102,690)		(54,737)	(157,427)	
Net cash provided by (used in) capital and related financing activities	<u>1,413,770</u>	<u>(219,855)</u>	<u>(54,737)</u>	<u>1,139,178</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest and dividends on investments			3,124	3,124	168,129
Net Increase (Decrease) in Cash and Cash Equivalents	3,821	-	198,410	202,231	1,741,760
Cash and Cash Equivalents at Beginning of Year	<u>216,873</u>	<u>-</u>	<u>59,674</u>	<u>276,547</u>	<u>8,233,228</u>
Cash and Cash Equivalents at End of Year	<u>\$ 220,694</u>	<u>\$ -</u>	<u>\$ 258,084</u>	<u>\$ 478,778</u>	<u>\$ 9,974,988</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ (54,714)	\$ 29,531	\$ (9,436)	\$ (34,619)	\$ 730,004
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	252,448	142,743	23,941	419,132	
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	92,964	163,116	10,018	266,098	1,505,859
(Increase) decrease in prepaid expenses					652
(Increase) decrease in deposits					
Increase (decrease) in accounts payable and accrued expenses			63,422	63,422	(1,242,861)
Increase (decrease) in unearned revenue		(52,609)	(14,393)	(67,002)	
Net Cash Provided by (Used in) Operating Activities	<u>\$ 290,698</u>	<u>\$ 282,781</u>	<u>\$ 73,552</u>	<u>\$ 647,031</u>	<u>\$ 993,654</u>

The accompanying notes are an integral part of the financial statements

TOWN OF JOHNSTON, RHODE ISLAND
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2019

	<u>Pension and OPEB Trust Funds</u>	<u>Private Purpose Funds</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ 586,067	\$ 23,526	\$ 525,321
Restricted cash	200,330		
Prepaid expenses	798,195		
Funds held in escrow	830,234		
Investments, at fair value:			
Mutual funds	49,584,043		
Other receivables	<u>2,438</u>		<u>107,750</u>
Total assets	<u>52,001,307</u>	<u>23,526</u>	<u>\$ 633,071</u>
Liabilities:			
Accrued expenses	21,524		\$
Deposits held in custody of others	170,335		633,071
Claims and judgments	<u>1,030,564</u>		
Total liabilities	<u>1,222,423</u>	<u>-</u>	<u>\$ 633,071</u>
Net Position:			
Restricted for pension benefits, OPEB benefits and other trust purposes	<u>\$ 50,778,884</u>	<u>\$ 23,526</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF JOHNSTON, RHODE ISLAND
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Pension and OPEB Trust Funds	Private Purpose Funds
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer contributions	\$ 16,637,975	\$
Plan members contributions	520,628	
Total contributions	<u>17,158,603</u>	<u>-</u>
Investment income:		
Net change in fair value of investments	566,262	
Interest and dividends	1,386,733	372
Total investment income	<u>1,952,995</u>	<u>372</u>
Total additions	<u>19,111,598</u>	<u>372</u>
Deductions:		
Benefits	16,032,447	
Administration	143,225	
Total deductions	<u>16,175,672</u>	<u>-</u>
Change in Net Position	2,935,926	372
Net Position at Beginning of Year	<u>47,842,958</u>	<u>23,154</u>
Net Position at End of Year	<u>\$ 50,778,884</u>	<u>\$ 23,526</u>

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

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

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

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

B. Basis of Presentation

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

The Town reports the following major governmental funds:

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

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

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

The Town reports the following major proprietary funds:

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

Measurement Focus

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

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

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

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

Basis of Accounting

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

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

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

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

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

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

C. Cash

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

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

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

D. Investments

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

E. Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Accounts receivable are shown net of an allowance for uncollectable accounts. Allowances for accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Business-type activities report service fees as its major receivables.

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

F. Property Taxes

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

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

G. Prepaid Items

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

H. Encumbrances

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

I. Capital Assets and Depreciation

Government-Wide Statements

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

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

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

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

Fund Financial Statements

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

J. Deferred Outflows/Inflows of Resources

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

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

K. Interfund Receivables and Payables

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

L. Self Insurance

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

M. Long-Term Obligations

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

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

N. Compensated Absences

Under the terms of various contracts and agreements, Town employees are granted vacation, sick and personal leave in varying amounts based on length of service and bargaining unit. Unused vacation leave is paid upon an employee's termination. Up to one-half of unused sick leave is paid upon termination, retirement or death depending on bargaining unit. Severance pay and personal days are also paid to terminating employees depending on bargaining unit. The liability is calculated at the rate of pay in effect at June 30, 2019. The Town estimates the long-term versus short-term amount of earned but unpaid vacation and sick leave relating to governmental fund employees and records it in the applicable section of the liabilities in the government-wide financial statements.

O. Net Pension Asset/Liability

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

P. Net OPEB Liability

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

Q. Net Position/Fund Balance Classifications

Government-Wide Statements

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

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

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

Fund Financial Statements

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

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

Application of Funds

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

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

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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

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

N. Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Process

Adoption

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

General Fund

Actual General Fund expenditures on the schedule of revenues, expenditures and changes in fund balances - budget and actual (budgetary basis) (RSI-1) are adjusted to reflect the budgetary basis of accounting which differs from actual expenditures recognized for the General Fund in the statement of revenues, expenditures and changes in fund balance - governmental funds (Exhibit VI) in that School Aid, School Medicaid reimbursement and School's miscellaneous income is treated as revenue of the School Unrestricted Fund in accordance with the GASB No. 54 under generally accepted accounting principles purposes, but is reported as part of the Town's activity for budgetary purposes. In addition, activity of certain nonmajor governmental funds is combined with the General Fund in accordance with GASB No. 54 but is not reported for budgetary purposes.

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Special Revenue Funds

The actual revenues and expenditures of special revenue funds included in the combined schedule of revenues, expenditures and changes in fund balances - budget and actual - School Unrestricted Fund (RSI-2) are presented on the budgetary basis of accounting which differs from actual revenues and expenditures recognized under generally accepted accounting principles (Exhibit VI) in that encumbrances are considered to be expenditures for budgetary purposes but not for purposes of generally accepted accounting principles.

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

Legal Debt Margin

The Town's legal debt margin as set forth by State Statute is limited to 3% of total taxable assessed value. The legal debt margin for the Town is approximately \$72,287,013. As of June 30, 2019, the Town's debt subject to legal debt margin is \$27,545,312, and the Town is under the debt limit by \$44,741,701.

Excess of Expenditures over Appropriations

For the year ended June 30, 2019, expenditures exceeded appropriations in the following categories:

Town Clerk	\$	119,953
Police		418,606
Fire		866,603
Streets and highways		156,426
Emergency Management		3,142
Parks and recreation		28,224
Personnel		12,200
Miscellaneous appropriations		53,012
Transfers to School - State Aid and miscellaneous receipts		146,844

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Fund Deficits

At June 30, 2019, the Town reported deficit fund balances for the following funds:

Nonmajor Governmental Funds:	
School Implementation	\$ 6,200
Title II	3,841
Perkins Vocational	478
Race to the Top - HCD	1,000
Target Grant	3,786
Donations and miscellaneous grants	2,014
PTO Donations	144
Nonmajor Proprietary Funds:	
Summer School	25,117

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

3. CASH AND INVESTMENTS

Deposits

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

Deposit Custodial Credit Risk

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

As of June 30, 2019, the Town's entire bank balance of \$58,656,967 was covered by either FDIC insurance or collateral held in the Town's name.

Restricted Cash and Funds Held in Escrow

At June 30, 2019, the Police and Fire Pension Trust Fund reported restricted cash of \$200,030 representing post judgment statutory interest on \$830,234 of cash held in escrow by the Rhode Island Superior Court. These funds are the result of litigation between certain police retirees and the Town. Currently, the Town has appealed this judgment, and these funds are to be used to repay the plaintiffs should the Town lose its appeal.

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Funds held in escrow of \$830,234 are reported in the Police and Fire Pension Trust Fund at June 30, 2019. These funds represent cash held on deposit with the Rhode Island Superior Court as a result of litigation between certain police retirees and the Town. These funds will be held in the Superior Court's Registry until the case is resolved.

Investments

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

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

Other investments:	
Mutual Funds	\$ <u>49,584,043</u>

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Town has made it a practice to limit the maturities on General Fund investments.

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk

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

Fair Value

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

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

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

The three categories within the hierarchy are as follows:

Level 1

Quoted prices in active markets for identical assets and liabilities.

Level 2

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

Level 3

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

The Town has the following recurring fair value measurements as of June 30, 2019:

	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
Mutual Funds	\$ <u>49,584,043</u>	\$ <u>49,584,043</u>	\$ _____	\$ _____

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

4. RECEIVABLES

Receivable balances have been disaggregated by type and presented separately in the fund financial statements. Only receivables for the Town's government-wide financial statements with allowances for uncollectible accounts as of June 30, 2019, including the applicable allowances for uncollectible accounts, are presented below.

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Water Control Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor and Other Funds</u>
Receivables:					
Property taxes	\$ 8,916,304	\$	\$	\$	\$
Water and sewer use fees			1,203,108	1,440,368	
Intergovernmental	1,824,892	63,072			978,640
Other receivables	<u>1,784,423</u>	<u>721,463</u>			
Gross receivables	12,525,619	784,535	1,203,108	1,440,368	978,640
Less allowance for uncollectible	<u>(3,188,881)</u>			<u>(113,738)</u>	
Net Total Receivables	<u>\$ 9,336,738</u>	<u>\$ 784,535</u>	<u>\$ 1,203,108</u>	<u>\$ 1,326,630</u>	<u>\$ 978,640</u>

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

5. INTERFUND BALANCES AND TRANSFERS

A summary of interfund balances as of June 30, 2019 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 28,932	\$ 5,702,043
School unrestricted fund	1,817,519	295,054
Nonmajor governmental funds	1,007,731	947,974
Water control fund	3,329,077	
Sewer fund	296,878	
Nonmajor business-type activities	130,439	25,117
Internal service fund	359,612	
	<u>\$ 6,970,188</u>	<u>\$ 6,970,188</u>

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

A summary of interfund transfers for the year ended June 30, 2019 is as follows:

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Water Fund</u>	<u>Total Transfers Out</u>
Transfers out:					
General Fund	\$	\$ 37,529,015	\$ 150,000	\$	\$ 37,679,015
Nonmajor Governmental Funds	125,000			(1,716,493)	(1,591,493)
Total Transfers In	<u>\$ 125,000</u>	<u>\$ 37,529,015</u>	<u>\$ 150,000</u>	<u>\$ (1,716,493)</u>	<u>\$ 36,087,522</u>

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

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

6. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 8,979,477	\$	\$	\$	\$ 8,979,477
Construction in progress	237,069			(237,069)	-
Total capital assets not being depreciated	<u>9,216,546</u>	<u>-</u>	<u>-</u>	<u>(237,069)</u>	<u>8,979,477</u>
Capital assets being depreciated					
Land improvements	3,356,064				3,356,064
Buildings and improvements	49,587,811	94,339		237,069	49,919,219
Infrastructure	56,744,004	2,454,170			59,198,174
Vehicles and equipment	13,139,073	1,386,841	124,897		14,401,017
Total capital assets being depreciated	<u>122,826,952</u>	<u>3,935,350</u>	<u>124,897</u>	<u>237,069</u>	<u>126,874,474</u>
Less accumulated depreciation for:					
Land improvements	243,418	68,810			312,228
Buildings and improvements	21,726,644	1,151,091			22,877,735
Infrastructure	49,435,383	1,588,336			51,023,719
Vehicles and equipment	8,305,963	1,392,815	124,897		9,573,881
Total accumulated depreciation	<u>79,711,408</u>	<u>4,201,052</u>	<u>124,897</u>	<u>-</u>	<u>83,787,563</u>
Total capital assets being depreciated, net	<u>43,115,544</u>	<u>(265,702)</u>	<u>-</u>	<u>237,069</u>	<u>43,086,911</u>
Governmental Activities Capital Assets, Net	<u>\$ 52,332,090</u>	<u>\$ (265,702)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,066,388</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 40,000	\$	\$	\$	\$ 40,000
Total capital assets not being depreciated	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Capital assets being depreciated					
Distribution and collection systems	16,680,386	102,689			16,783,075
Machinery and equipment	538,898	54,738			593,636
Vehicles	309,377				309,377
Total capital assets being depreciated	<u>17,528,661</u>	<u>157,427</u>	<u>-</u>	<u>-</u>	<u>17,686,088</u>
Less accumulated depreciation for:					
Distribution and collection systems	4,415,871	299,592			4,715,463
Machinery and equipment	203,956	92,350			296,306
Vehicles	221,010	27,190			248,200
Total accumulated depreciation	<u>4,840,837</u>	<u>419,132</u>	<u>-</u>	<u>-</u>	<u>5,259,969</u>
Total capital assets being depreciated, net	<u>12,687,824</u>	<u>(261,705)</u>	<u>-</u>	<u>-</u>	<u>12,426,119</u>
Business-Type Activities Capital Assets, Net	<u>\$ 12,727,824</u>	<u>\$ (261,705)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,466,119</u>

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 154,808
Public safety	1,129,513
Public works	1,834,303
Public libraries	105,914
Parks and recreation	191,883
Education	<u>784,631</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>4,201,052</u></u>
 Business-type activities:	
Water fund	\$ 252,448
Sewer fund	142,743
Cafeteria fund	<u>23,941</u>
 Total Depreciation Expense - Business-Type Activities	 \$ <u><u>419,132</u></u>

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

7. LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

Changes in the Town's long-term liabilities for the year ended June 30, 2019 are as follows:

	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate %</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:									
Bonds and notes:									
Public offerings:									
General obligation bonds	\$ 4,430,000	09/09/09	09/01/29	3.00-7.00%	\$ 3,155,000	\$ -	\$ 200,000	\$ 2,955,000	\$ 215,000
General obligation bonds	5,000,000	06/12/13	06/01/33	2.00-4.00%	3,825,000	-	255,000	3,570,000	255,000
Total public offerings					6,980,000	-	455,000	6,525,000	470,000
Direct borrowings and placements:									
General obligation bonds	2,277,000	09/13/07	09/01/19	5.05%	480,000	-	235,000	245,000	245,000
General obligation refunding bonds	3,120,000	06/29/10	08/15/18	2.00-4.00%	435,000	-	435,000	-	-
General obligation refunding bonds	6,955,000	05/29/12	06/01/24	2.85%	3,441,275	-	532,525	2,908,750	550,425
General obligation bonds	4,000,000	05/01/14	05/01/29	2.48%	3,160,000	-	230,000	2,930,000	240,000
General obligation bonds	3,990,000	03/05/15	06/01/25	1.89%	2,820,000	-	385,000	2,435,000	395,000
General obligation bonds	2,500,000	05/24/16	05/01/31	2.19%	2,210,000	-	150,000	2,060,000	150,000
General obligation bonds	1,238,000	11/16/16	11/01/31	2.63%	1,169,000	-	71,000	1,098,000	73,000
Tax increment financing bond	1,400,000	02/15/17	06/15/42	4.66%	1,382,000	-	17,000	1,365,000	19,000
Note payable	34,228	06/08/17	05/27/22	5.45%	19,365	-	4,559	14,806	4,814
General obligation bonds	710,000	08/16/17	08/15/27	2.35%	2,435,000	-	1,795,000	640,000	70,000
General obligation bonds	5,600,000	06/14/18	07/15/28	2.94%	5,600,000	-	-	5,600,000	475,000
Total direct borrowings and placements					23,151,640	-	3,855,084	19,296,556	2,222,239
Total bonds and notes					30,131,640	-	4,310,084	25,821,556	2,692,239
Premiums	134,617				-	-	10,537	124,080	-
Total bonds, notes and premiums					30,266,257	-	4,320,621	25,945,636	2,692,239
Capital leases payable					997,000	-	398,000	599,000	313,000
Compensated absences					9,963,501	430,119	-	10,393,620	2,080,000
Net pension liability					168,915,938	2,286,699	-	171,202,637	-
Net OPEB liability					199,723,677	-	9,832,624	189,891,053	-
Total Governmental Activities - Long-Term Liabilities					\$ 409,866,373	\$ 2,716,818	\$ 14,551,245	\$ 398,031,946	\$ 5,085,239
Business-type activities:									
<u>Water Control Fund</u>									
Direct placement:									
General obligation bonds	\$ 1,725,000	08/16/17	08/15/27	2.35%	\$ -	\$ 1,725,000	\$ 170,000	\$ 1,555,000	\$ 170,000
<u>Sewer Fund</u>									
Direct borrowings and placements:									
General obligation refunding bonds	6,955,000	05/29/12	06/01/24	2.85%	403,725	-	62,475	341,250	64,575
RIIB Revolving Fund	750,000	04/01/02	09/01/22	varies	235,377	-	44,065	191,312	45,521
RIIB Revolving Fund	2,500,000	10/06/09	09/01/29	varies	1,091,000	-	75,000	1,016,000	80,000
Total direct borrowings and placements					1,730,102	-	181,540	1,548,562	190,096
Total Business-Type Activities - Long-Term Liabilities					\$ 1,730,102	\$ 1,725,000	\$ 351,540	\$ 3,103,562	\$ 360,096

Current year additions and reductions include \$1,725,000 in debt issued in the prior fiscal year and transferred from governmental activities to business-type activities in the current year.

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

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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

Year Ending June 30,	Public Offerings		Direct Borrowings and Placements			
	Governmental Activities		Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 470,000	\$ 246,080	\$ 2,222,239	\$ 516,975	\$ 360,096	\$ 65,899
2021	480,000	226,405	2,030,933	459,395	363,176	58,498
2022	490,000	209,555	2,092,659	406,551	376,830	50,878
2023	500,000	192,305	2,145,175	352,077	380,010	43,032
2024	510,000	172,105	2,212,550	296,184	337,450	35,041
2025-2029	2,725,000	562,078	6,885,000	814,431	1,180,000	73,827
2030-2034	1,350,000	101,775	977,000	239,482	106,000	1,247
2035-2039			446,000	131,645		
2040-2041			285,000	21,483		
	<u>\$ 6,525,000</u>	<u>\$ 1,710,303</u>	<u>\$ 19,296,556</u>	<u>\$ 3,238,223</u>	<u>\$ 3,103,562</u>	<u>\$ 328,422</u>

Tax Increment Financing Bond

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

In fiscal year 2017, the Town issued \$1,400,000 in special obligation tax increment revenue bonds. The debt service on these bonds is payable solely from the tax increment generated by the property within the project area. The Town and its taxpayers are not liable for such bonds, except to the extent of the additional property taxes generated within the project area and dedicated to repayment of the bonds. If the project does not generate enough additional taxes to pay the debt service on the bonds, the bondholders do not have any rights for claims against the Town's other taxes and revenues. The special obligation tax increment revenue bonds are not general obligations of the Town nor do they count against the Town's statutory debt limit. Total principal and interest remaining on the bonds is \$2,313,404 payable through 2041. For the current year, principal and interest paid was \$17,000 and \$64,401, respectively, while total incremental property tax revenues generated were \$81,158.

Capital Leases

The Town has entered into various lease agreements as lessee for financing the acquisition of vehicles, machinery and equipment valued at \$1,251,873. The depreciable assets have a five- to ten-year useful life. For the year ended June 30, 2019, \$191,567 was included in depreciation expense. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 are as follows:

	Governmental Activities
2020	\$ 324,170
2021	172,824
2022	119,947
Total minimum lease payments	<u>616,941</u>
Less amount for interest	<u>(17,941)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 599,000</u></u>

8. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2019 are as follows:

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Prepaid expenditures	\$ 1,007,431	\$ 204,041	\$	\$ 1,211,472
Restricted for:				
Community development			11,358	11,358
Public safety programs			83,233	83,233
Recreation programs			70,076	70,076
Historical document preservation			123,761	123,761
Library programs			155,127	155,127
Educational programs			400,562	400,562
School improvements			137,724	137,724
Property acquisition			5,938	5,938
Fire equipment			824,701	824,701
Dam escrow			1,477,624	1,477,624
Various capital improvement projects			3,650,643	3,650,643
Committed for:				
Education		1,556,538		1,556,538
Public safety programs			310,908	310,908
Unassigned	<u>31,839,053</u>		<u>(17,463)</u>	<u>31,821,590</u>
Total Fund Balances	<u><u>\$ 32,846,484</u></u>	<u><u>\$ 1,760,579</u></u>	<u><u>\$ 7,234,192</u></u>	<u><u>\$ 41,841,255</u></u>

9. DEFINED BENEFIT PENSION PLANS

A. Municipal Employees' Retirement System (MERS)

Plan Description

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

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

Benefits Provided

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

Salary

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

Service

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

Final Average Compensation (FAC)

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

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

General Employees

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

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

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

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

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

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

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

Police and Fire Employees

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

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.

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

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

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

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

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

Other Benefit Provisions

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

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

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

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

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

**TOWN OF JOHNSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019**

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 above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$25,000 for 2013, \$25,000 for 2014, \$25,168 for 2015, \$25,855 for 2016 and \$26,098 for 2017.

Employees Covered by Benefit Terms

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

	<u>General</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Retirees and Beneficiaries	207	-	3	210
Inactive, Nonretired Members	117	1	4	122
Active Members	<u>228</u>	<u>15</u>	<u>70</u>	<u>313</u>
Total	<u><u>552</u></u>	<u><u>16</u></u>	<u><u>77</u></u>	<u><u>645</u></u>

Contributions

The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 2% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. Public safety employees are required to contribute 10% of their salaries. The Town of Johnston contributes at a rate of covered-employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The Town contributed \$1,232,567 to the General Employees Plan, \$77,349 to the Police Plan and \$356,613 to the Fire Plan in the year ended June 30, 2019, which was 8% of General Employee annual covered payroll, 9% of Police annual covered payroll and 8% of Fire annual covered payroll.

**TOWN OF JOHNSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019**

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.

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2018 measurement date (June 30, 2017 valuation rolled forward to June 30, 2018)	
Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll - Closed
Actuarial Assumptions	
Investment Rate of Return	7.00%
Projected Salary Increases	General Employees - 3.50% to 7.50%; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.5 %
Mortality	Mortality - variants of the RP-2014 mortality tables - for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.
Cost of Living Adjustments	A 2% COLA is assumed after January 1, 2014.

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

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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:

<u>Type of Investment</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity		
U.S. Equity	20.80%	6.43%
International Developed Equity	14.40%	6.72%
Emerging Markets Equity	4.80%	8.90%
Private Equity		
Private Energy	11.30%	9.08%
Non-Core RE	2.20%	5.03%
OPP 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%	61.00%
	<u>100%</u>	

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

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Discount Rate

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

General Employees:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2017	\$ 45,322,654	\$ 31,306,602	\$ 14,016,052
Changes for the year:			
Service cost	766,931		766,931
Interest	3,099,262		3,099,262
Changes of benefit terms			-
Differences between expected and actual experience	(240,905)		(240,905)
Changes of assumptions			-
Employer contributions		1,279,294	(1,279,294)
Member contributions		220,303	(220,303)
Net investment income		2,405,314	(2,405,314)
Benefit payments, including refunds of member contributions	(2,861,885)	(2,861,885)	-
Administrative expenses		(32,021)	32,021
Other changes		(173,048)	173,048
Net changes	<u>763,403</u>	<u>837,957</u>	<u>(74,554)</u>
Balances as of June 30, 2018	<u>\$ 46,086,057</u>	<u>\$ 32,144,559</u>	<u>\$ 13,941,498</u>

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Police:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2017	\$ 711,496	\$ 660,583	\$ 50,913
Changes for the year:			
Service cost	166,174		166,174
Interest	55,621		55,621
Changes of benefit terms			-
Differences between expected and actual experience	(28,509)		(28,509)
Changes of assumptions			-
Employer contributions		65,893	(65,893)
Member contributions		81,237	(81,237)
Net investment income		65,258	(65,258)
Benefit payments, including refunds of member contributions			-
Administrative expenses		(869)	869
Other changes			-
Net changes	<u>193,286</u>	<u>211,519</u>	<u>(18,233)</u>
Balances as of June 30, 2018	\$ <u>904,782</u>	\$ <u>872,102</u>	\$ <u>32,680</u>

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Fire:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2017	\$ 8,559,159	\$ 7,935,522	\$ 623,637
Changes for the year:			
Service cost	846,595		846,595
Interest	624,347		624,347
Changes of benefit terms			-
Differences between expected and actual experience	602,544		602,544
Changes of assumptions			-
Employer contributions		338,814	(338,814)
Member contributions		407,671	(407,671)
Net investment income		681,992	(681,992)
Benefit payments, including refunds of member contributions	(126,426)	(126,426)	-
Administrative expenses		(9,079)	9,079
Other changes		(114,369)	114,369
Net changes	<u>1,947,060</u>	<u>1,178,603</u>	<u>768,457</u>
Balances as of June 30, 2018	\$ <u>10,506,219</u>	\$ <u>9,114,125</u>	\$ <u>1,392,094</u>

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

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

General Employees:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 19,322,432	\$ 13,941,498	\$ 9,926,736

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Police:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Net Pension Liability	\$ 132,652	\$ 32,680	\$ (41,763)

Fire:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Net Pension Liability	\$ 2,562,263	\$ 1,392,094	\$ 520,989

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2019, the employer recognized pension expense of \$1,936,777 for General Employees, \$88,955 for Police and \$659,346 for Fire. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

General Employees:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,814	\$ 692,867
Changes of assumptions	1,193,999	
Net difference between projected and actual earnings on pension plan investments	295,572	
Contributions subsequent to measurement date	1,232,567	
Total	<u>\$ 2,732,952</u>	<u>\$ 692,867</u>

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Police:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 28,748	\$ 48,878
Changes of assumptions	65,547	1,466
Net difference between projected and actual earnings on pension plan investments		15,193
Contributions subsequent to measurement date	<u>77,949</u>	<u> </u>
Total	<u>\$ 172,244</u>	<u>\$ 65,537</u>

Fire:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 563,862	\$ 154,021
Changes of assumptions	501,558	89,979
Net difference between projected and actual earnings on pension plan investments		49,493
Contributions subsequent to measurement date	<u>356,613</u>	<u> </u>
Total	<u>\$ 1,422,033</u>	<u>\$ 293,493</u>

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

\$1,232,567, \$77,349 and \$356,613 for the General Employees, Police and Fire, respectively, reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	General Employees Net Deferred Outflows (Inflows) of Resource	Police Net Deferred Outflows (Inflows) of Resource	Fire Net Deferred Outflows (Inflows) of Resource
2020	\$ 720,827	\$ 2,808	\$ 118,529
2021	424,687	223	64,982
2022	(273,110)	(5,726)	(27,223)
2023	(64,886)	462	39,495
2024		3,240	61,319
Thereafter		27,751	514,825
Total	\$ 807,518	\$ 28,758	\$ 771,927

B. Teachers' Pension Plan - Employees' Retirement System

Plan Description

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

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

Benefit Provisions

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

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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

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

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

Contributions

The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2019, Johnston School Department teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The State and the Johnston School Department are required to contribute at an actuarially determined rate, 40% of which is to be paid by the State and the remaining 60% is to be paid by the Johnston School Department; the rates were 10.06% and 13.45% of annual covered payroll for the fiscal year ended June 30, 2019 for the Johnston School Department, respectively. The Johnston School Department contributed \$3,381,580, \$3,333,663 and \$3,060,760 for the fiscal years ended June 30, 2019, 2018 and 2017, respectively, equal to 100% of the required contributions for each year. The State's share of contribution for fiscal 2019 was \$2,513,000 and is reported as on-behalf payments and included in both revenue and expenditures on the financial statements.

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

At June 30, 2019, the Town of Johnston reported a liability of \$44,322,186, its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the Johnston School Department as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the Johnston School Department were as follows:

Johnston School Department's proportionate share of the net pension liability	\$	44,322,186
State of Rhode Island's proportionate share of the net pension liability		<u>33,061,167</u>
Total Net Pension Liability	\$	<u><u>77,383,353</u></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 Johnston School Department's proportion of the net pension liability was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State, actuarially determined. At June 30, 2018, the Johnston School Department's proportion was 1.39%.

For the year ended June 30, 2019, the Johnston School Department recognized gross pension expense of \$7,889,235 and revenue of \$3,564,737 for support provided by the State. At June 30, 2019, the Johnston School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 648,280	\$ 845,363
Changes of assumptions	3,219,496	521,579
Net difference between projected and actual earnings on pension plan investments	529,410	
Changes in proportion and difference between employer contributions and proportionate share contributions	2,620,444	1,051,945
Contributions subsequent to measurement date	<u>3,381,580</u>	
Total	<u><u>\$ 10,399,210</u></u>	<u><u>\$ 2,418,887</u></u>

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

\$3,381,580 reported as deferred outflows of resources related to pensions resulting from the Town of Johnston School Department’s contributions in fiscal year 2019 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Net Deferred Outflows (Inflows) of Resource</u>
2020	\$ 1,572,826
2021	1,031,856
2022	260,140
2023	706,975
2024	642,070
Thereafter	<u>384,876</u>
Total	<u>\$ 4,598,743</u>

Actuarial Assumptions

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

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

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

The actuarial assumptions used in the June 30, 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.

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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:

<u>Type of Investment</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity		
U.S. Equity	20.80%	6.43%
International Developed Equity	14.40%	6.72%
Emerging Markets Equity	4.80%	8.90%
Private Equity		
Private Energy	11.30%	9.08%
Non-Core RE	2.20%	5.03%
OPP 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%	61.00%
	<u>100%</u>	

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

**TOWN OF JOHNSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019**

Discount Rate

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 55,764,902	\$ 44,322,186	\$ 35,799,388

Pension Plan Fiduciary Net Position

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

C. Local Police and Fire Pension Plan

Plan Description

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

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

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

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

As of June 30, 2019, membership in the plan was as follows:

Active participants - Police	47
Inactive employees or beneficiaries currently receiving benefits - Police	105
Active participants - Fire	19
Inactive employees or beneficiaries currently receiving benefits - Fire	<u>93</u>
Total Participants	<u><u>264</u></u>

Benefits Provided

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

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

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

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

**TOWN OF JOHNSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019**

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

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

Investment Policy

The Town’s Retirement Board establishes the pension plan’s policy regarding asset allocation. Plan assets are managed with a long-term objective of achieving a fully funded status of the benefit provided through the Plan. Market value as of the end of the 2019 fiscal year was used to determine the fair value of the Plan’s investments.

Contributions

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

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

Investment Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on the Police and Fire Pension Plan investments, net of investment expenses, was 3.61%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWN OF JOHNSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019**

Net Pension Liability

The total net pension liability for the Police and Fire Pension Trust was measured as of June 30, 2019 determined by an actuarial valuation as of that date. The components of the net pension liability of the at June 30, 2019 were as follows:

	<u>Police</u>	<u>Fire</u>
Total pension liability	\$ 77,795,962	\$ 79,480,450
Plan fiduciary net position	<u>21,891,502</u>	<u>23,870,731</u>
Town's Net Pension Liability	<u>\$ 55,904,460</u>	<u>\$ 55,609,719</u>

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an experience study for the period July 1, 2014 to June 30, 2017.

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

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

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

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 are summarized in the following table (rates shown include the inflation component). These rates are applicable for the Police and Fire Pension Trust Fund.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Domestic equity	40.0%	7.41%
International equity - developed markets	17.5%	6.96%
International equity - emerging markets	2.5%	9.86%
Fixed income - core	28.0%	1.96%
Fixed income - high yield	6.0%	4.16%
Real estate	5.0%	4.76%
Cash	1.0%	0.00%
	<u>100.0%</u>	

Discount Rate

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

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

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

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

Police:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Net Pension Liability	\$ 65,692,146	\$ 55,904,460	\$ 47,894,833

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Fire:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Net Pension Liability	\$ 65,044,324	\$ 55,609,719	\$ 47,841,573

Changes in Net Pension Liability

Police:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a)-(b)</u>
Balances as of July 1, 2018	\$ 75,853,812	\$ 20,382,631	\$ 55,471,181
Changes for the year:			
Service cost	1,477,049		1,477,049
Interest	5,447,208		5,447,208
Changes of benefit terms			-
Differences between expected and actual experience	(588,200)		(588,200)
Changes of assumptions			-
Employer contributions		4,854,090	(4,854,090)
Member contributions		314,146	(314,146)
Net investment income		763,639	(763,639)
Benefit payments, including refunds of member contributions	(4,393,907)	(4,393,907)	-
Administrative expenses		(66,174)	66,174
Other changes		37,077	(37,077)
Net changes	<u>1,942,150</u>	<u>1,508,871</u>	<u>433,279</u>
Balances as of June 30, 2019	\$ <u>77,795,962</u>	\$ <u>21,891,502</u>	\$ <u>55,904,460</u>

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Fire:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2018	\$ 79,693,271	\$ 23,663,500	\$ 56,029,771
Changes for the year:			
Service cost	621,647		621,647
Interest	5,644,481		5,644,481
Changes of benefit terms			-
Differences between expected and actual experience	(1,558,937)		(1,558,937)
Changes of assumptions			-
Employer contributions		4,163,560	(4,163,560)
Member contributions		171,202	(171,202)
Net investment income		858,655	(858,655)
Benefit payments, including refunds of member contributions	(4,920,012)	(4,920,012)	-
Administrative expenses		(66,174)	66,174
Other changes			-
Net changes	<u>(212,821)</u>	<u>207,231</u>	<u>(420,052)</u>
Balances as of June 30, 2019	\$ <u>79,480,450</u>	\$ <u>23,870,731</u>	\$ <u>55,609,719</u>

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 \$5,015,520 and \$3,542,364 for the Police and Fire portions of the plan. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Police:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 532,305	\$ -

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Fire:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 616,278	\$ -

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

Police:

<u>Year Ending June 30</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2020	\$ 247,301
2021	12,839
2022	123,942
2023	<u>148,223</u>
Total	<u>\$ 532,305</u>

Fire:

<u>Year Ending June 30</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2020	\$ 319,212
2021	(7,145)
2022	137,544
2023	<u>166,667</u>
Total	<u>\$ 616,278</u>

D. Teachers' Survivor Benefit

Plan Description

Certain employees of the Johnston School Department participate in a cost-sharing multiple-employer defined benefit pension plan - the Teachers' Survivors Benefit (TSB) 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.

**TOWN OF JOHNSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019**

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:

<u>Highest Annual Salary</u>	<u>Basic Monthly Spouse’s Benefit</u>
\$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:

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

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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 Johnston School Department contributed \$28,069, \$38,175 and \$29,998 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 Johnston School Department reported an asset of \$4,578,176 for its proportionate share of the net pension asset related to its participation in the TSB plan. 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 June 30, 2018. The Johnston School Department proportion of the net pension asset was based on its share of contributions to the TSB plan for fiscal year 2018 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2018, the Johnston School Department proportion was 5.013%.

For the year ended June 30, 2019, the Johnston School Department recognized negative pension expense of \$157,854 - an increase in the net pension asset. At June 30, 2019, the Johnston School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 780,038	\$ 768,253
Changes of assumptions	603,216	
Net difference between projected and actual earnings on pension plan investments	103,899	
Changes in proportion and difference between employer contributions and proportionate share contributions		343,642
Contributions subsequent to measurement date	<u>28,069</u>	
Total	<u>\$ 1,515,222</u>	<u>\$ 1,111,895</u>

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

\$28,069 reported as deferred outflows of resources related to pensions resulting from the Johnston School Department's contributions in fiscal year 2019 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2020	\$ 279,419
2021	127,261
2022	(96,586)
2023	27,408
2024	58,401
Thereafter	<u>(20,645)</u>
Total	<u>\$ 375,258</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, 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 2.50% 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.

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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:

<u>Type of Investment</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity		
U.S. Equity	20.80%	6.43%
International Developed Equity	14.40%	6.72%
Emerging Markets Equity	4.80%	8.90%
Private Equity		
Private Energy	11.30%	9.08%
Non-Core RE	2.20%	5.03%
OPP 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%	61.00%
	<u>100%</u>	

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

**TOWN OF JOHNSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019**

Discount Rate

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension (Asset) Liability	\$ (3,177,019)	\$ (4,578,176)	\$ (5,621,355)

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

10. DEFINED BENEFIT CONTRIBUTION PLAN

Plan Description

Employees participating in the defined benefit plan with less than 20 years of service as of June 30, 2012, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under Internal Revenue Service (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 IRS guidelines for such plans.

The Town of Johnston (including the School Department) recognized pension expense of \$747,507, for the fiscal year ended June 30, 2019. Of that amount, \$38,839 was for general employees, \$34,460 was for noncertified school employees and \$674,208 was for certified school employees.

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

11. OTHER POST EMPLOYMENT BENEFITS

Plan Description

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

At June 30, 2019, the date of the latest actuarial valuation, plan membership consisted of the following:

Active employees	659
Retired employees	<u>587</u>
Total	<u><u>1246</u></u>

Funding Policy and Benefits Provided

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

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

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

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

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

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

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

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

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

**TOWN OF JOHNSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019**

Investment Policy

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

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 8.01%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Town

The Town’s net OPEB liability was measured as of June 30, 2019. The components of the net OPEB liability of the Town at June 30, 2019.

Total OPEB liability	\$ 194,907,704
Plan fiduciary net position	<u>5,016,651</u>
Net OPEB Liability	<u><u>\$ 189,891,053</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	2.57%

Actuarial Assumptions

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:

Inflation	1.90%
Salary increases	3.50% per year
Investment rate of return	3.51%
Healthcare cost trend rates	8.50%, decreasing to 4.50%

Mortality rates used are as follows:

Healthy retiree: SOA Pub-2010 Total Dataset Mortality Table Headcount-Weighted fully generational projected using Scale MP-2018
 Disabled retiree: SOA Pub-2010 Disabled Mortality Table Headcount-Weighted fully generational projected using Scale MP-2018

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. aggregate bonds	24 %	1.70 %
Intermediate-term credit	20 %	2.30 %
Short-term credit	28 %	2.00 %
Inflation-protected securities	4 %	0.80 %
International fixed income	24 %	1.20 %
Total	<u>100 %</u>	<u>1.75 %</u>

Discount Rate

The discount rate used to measure the total OPEB liability was 3.51%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2018	\$ 203,520,505	\$ 3,796,828	\$ 199,723,677
Changes for the year:			
Service cost	6,198,704		6,198,704
Interest	7,987,364		7,987,364
Changes of assumptions	(4,383,253)		(4,383,253)
Differences between expected and actual experience	(11,697,088)		(11,697,088)
Employer contributions		7,618,528	(7,618,528)
Net investment income		330,700	(330,700)
Benefit payments	(6,718,528)	(6,718,528)	-
Administrative expenses		(10,877)	10,877
Net changes	(8,612,801)	1,219,823	(9,832,624)
Balances as of June 30, 2019	\$ 194,907,704	\$ 5,016,651	\$ 189,891,053

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.51%) or 1 percentage point higher (4.51%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	\$ 226,953,277	\$ 189,891,053	\$ 161,189,587

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 (7.50% decreasing to 3.50%) or 1 percentage point higher (9.50% decreasing to 5.50%) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$ 159,800,816	\$ 189,891,053	\$ 229,000,529

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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

For the year ended June 30, 2019, the Town recognized OPEB expense of \$3,705,970. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,645,816	\$ 18,303,400
Changes of assumptions		23,028,344
Net difference between projected and actual earnings on OPEB plan investments		<u>105,921</u>
Total	<u>\$ 1,645,816</u>	<u>\$ 41,437,665</u>

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

<u>Year Ending June 30</u>	<u>Net Deferred Outflows (Inflows) of Resource</u>
2020	\$ (10,342,660)
2021	(10,342,661)
2022	(10,337,649)
2023	(6,088,823)
2024	<u>(2,680,056)</u>
Total	<u>\$ (39,791,849)</u>

TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

The following schedule presents the net position held in trust for pension and OPEB benefits at June 30, 2019 and the changes in net position for the year ended June 30, 2019:

	Police and Fire Pension Trust Fund	OPEB Trust Fund	Total Pension and OPEB Trust Funds
Assets:			
Cash and cash equivalents	\$ 586,067	\$	\$ 586,067
Restricted cash	200,330		200,330
Prepaid expenses	798,195		798,195
Funds held in escrow	830,234		830,234
Investments, at fair value:			
Mutual funds	44,567,392	5,016,651	49,584,043
Due from other funds	2,438		2,438
	<u>46,984,656</u>	<u>5,016,651</u>	<u>52,001,307</u>
Liabilities:			
Accrued expenses	21,524		21,524
Deposits held in custody of others	170,335		170,335
Claims and judgments	1,030,564		1,030,564
	<u>1,222,423</u>	<u>-</u>	<u>1,222,423</u>
Net Position:			
Restricted for pension benefits and OPEB benefits	<u>\$ 45,762,233</u>	<u>\$ 5,016,651</u>	<u>\$ 50,778,884</u>

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

	Police and Fire Pension Trust Fund	OPEB Trust Fund	Total Pension and OPEB Trust Funds
Additions:			
Contributions:			
Employer contributions	\$ 9,019,447	\$ 7,618,528	\$ 16,637,975
Plan members contributions	520,628		520,628
Total contributions	<u>9,540,075</u>	<u>7,618,528</u>	<u>17,158,603</u>
Investments income (loss):			
Net change in fair value of investments	566,262		566,262
Interest and dividends	1,056,033	330,700	1,386,733
Total investment income	<u>1,622,295</u>	<u>330,700</u>	<u>1,952,995</u>
Total additions	<u>11,162,370</u>	<u>7,949,228</u>	<u>19,111,598</u>
Deductions:			
Benefits	9,313,919	6,718,528	16,032,447
Administration	132,348	10,877	143,225
Total deductions	<u>9,446,267</u>	<u>6,729,405</u>	<u>16,175,672</u>
Change in Net Position	1,716,103	1,219,823	2,935,926
Net Position at Beginning of Year	<u>44,046,130</u>	<u>3,796,828</u>	<u>47,842,958</u>
Net Position at End of Year	<u>\$ 45,762,233</u>	<u>\$ 5,016,651</u>	<u>\$ 50,778,884</u>

12. RISK MANAGEMENT AND HEALTHCARE MANAGEMENT FUND

Healthcare

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

The Town currently maintains stop loss insurance to protect the taxpayers from catastrophic loss resulting from excessive health insurance claims. At June 30, 2019, the stop loss insurance contract covered all claims exceeding \$250,000 per individual on an annual basis. In addition, specific stop loss maximum for the Town for the year is maintained at approximately \$1,750,000.

**TOWN OF JOHNSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019**

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

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

Medical Insurance							
	Liability July 1,		Current Year Claims and Changes in Estimates		Claim Payments		Liability June 30,
2017-18	\$ 1,382,640	\$	17,654,972	\$	(16,594,474)	\$	2,443,138
2018-19	2,443,138		18,187,650		(19,430,511)		1,200,277

Unemployment

The Town is self-insured for unemployment benefits.

Other Insurance

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

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

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

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

13. OTHER AGREEMENTS

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

The terms of the agreement are as follows:

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

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

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

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

Total revenue of \$3,183,624 was received under the terms of the agreement for the year ended June 30, 2019.

14. COMMITMENTS AND LITIGATION

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

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

**TOWN OF JOHNSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

The Town was named as the defendant in a case involving the pension obligation to three retirees. In fiscal 2012, the Town was unsuccessful in its defense but has appealed the verdict to the Rhode Island Supreme Court. The obligation resulting from this case, including interest in accordance with the initial judgment, was estimated to be \$826,810. This potential obligation has been reported as a liability in the Police and Fire Pension Trust Fund as of June 30, 2019. The obligation is reported in the Police and Fire Pension Trust Fund since the assets related to this obligation are a component of the assets which comprise the Trust Fund. At June 30, 2019, the Town has established a letter of credit for the potential interest owed on the judgment and deposited funds equal to that letter of credit into separate restricted cash accounts. In addition, the initial judgment of approximately \$199,130 has been placed on deposit with the State of Rhode Island Superior Court and is currently being held in escrow pending the outcome of the Town's appeal.

15. TAX ABATEMENTS

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

As of June 30, 2019, the Town of Johnston maintained two tax treaty/tax stabilization agreements. These agreements provided tax relief to businesses in the form of stabilization agreements for real and tangible property taxes. Listed below is a summary of information pertaining to these agreements for the fiscal year ended June 30, 2019.

Tax Treaty Agreements

- Agreement with Citizens Bank National Association entered into April 11, 2016, regarding the stabilized tax agreement at a new development site. The agreement shall be for a time period of 20 years. The developer and/or any other successor Project Owner shall make stabilized tax payments to the Town in the amount of \$250,000 per tax year, in lieu of any and all other real and personal property taxes during the term. The total taxes abated for the fiscal year ended June 30, 2019 were \$10,916.
- Agreement was entered into on March 21, 2007 between the Town and A. Duie Pyle, Inc., regarding tax stabilization. The term of the agreement is for the period of 17 years. The corporation made a one-time payment of \$650,000 due during the 17-year period. The total taxes abated for the fiscal year ended June 30, 2019 were \$53,056.

16. SUBSEQUENT EVENTS

In October 2019, the Town issued \$2,800,00 of general obligation refunding bonds. The bonds were issued to refund the Town's outstanding Series 2009 Bonds dated September 9, 2009.



Required Supplementary Information

TOWN OF JOHNSTON, RHODE ISLAND
BUDGETARY BASIS - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance - Positive (Negative)</u>
Tax Revenues:				
Current year	\$ 71,112,590	\$ 71,112,590	\$ 72,630,572	\$ 1,517,982
1st preceding year	2,318,000	2,318,000	1,760,423	(557,577)
2nd preceding year			660,922	660,922
All other preceding years			413,768	413,768
Abatements	(100,000)	(100,000)	(50,648)	49,352
Power plant tax treaty	3,183,624	3,183,624	3,183,624	
Citizens Bank tax stabilization	250,000	250,000	250,000	
Total tax revenues	<u>76,764,214</u>	<u>76,764,214</u>	<u>78,848,661</u>	<u>2,084,447</u>
Departmental Fees and Revenues:				
Business licenses and registration	67,000	67,000	63,575	(3,425)
Nonbusiness licenses and fees	100,000	100,000	90,474	(9,526)
Infrastructure fees	14,000	14,000	15,500	1,500
Inspection fees:				
Plumbing	95,000	95,000	77,870	(17,130)
Building	475,000	475,000	460,772	(14,228)
Electrical	120,000	120,000	120,946	946
Engineering fees	5,000	5,000	11,305	6,305
Demolition permit			900	900
Public works			2,617	2,617
DPW - release and discharge of liens	45,000	45,000	26,699	(18,301)
Zoning board	65,000	65,000	45,289	(19,711)
Planning board fees	65,000	65,000	37,865	(27,135)
Tax collector's fees	25,000	25,000	30,678	5,678
Investment and interest income	250,000	250,000	776,490	526,490
Municipal court fees	275,000	275,000	280,213	5,213
Recreation program fees	15,000	15,000	15,000	
Recreation Day Camp revenues			8,730	8,730
Entertainment licenses	2,500	2,500	2,500	
Marriage, death and birth certificates	27,000	27,000	28,471	1,471
Real estate conveyance - State of RI			52,017	52,017
Stamps	260,000	260,000	378,958	118,958
Advertising	14,000	14,000	19,136	5,136
Dog licenses	600	600	1,005	405
Other	13,000	13,000	9,870	(3,130)
Recording/probate land evidence	250,000	250,000	265,644	15,644
Probate fees	30,000	30,000	28,217	(1,783)
Police fees				
VIN number checks	35,000	35,000	56,678	21,678
BCI fees	2,000	2,000	1,445	(555)
Police department reimbursement	45,000	45,000	45,000	
Pistol permit fees	2,500	2,500	8,657	6,157
Fire department revenues	1,000	1,000	273	(727)
Medical reimbursements	325,000	325,000	372,631	47,631
FEMA / EMPG reimbursements			5,000	5,000
Pilot and settlement payments	542,142	542,142	611,097	68,955
Commercial vehicle surcharges	350,000	350,000	400,839	50,839
Cell phone towers	170,000	170,000	177,629	7,629
Insurance claims reimbursement			102,890	102,890
Interest and penalties on property tax	650,000	650,000	1,079,680	429,680
Rescue services reimbursement	950,000	950,000	950,000	
Housing authority	22,500	22,500	27,698	5,198
Total departmental fees and revenue	<u>5,308,242</u>	<u>5,308,242</u>	<u>6,690,258</u>	<u>1,382,016</u>
Intergovernmental:				
State Aid - School	17,811,270	17,811,270	18,125,814	314,544
School housing aid	241,577	241,577	365,820	124,243
Distressed community relief	1,065,944	1,065,944	1,065,944	
Motor vehicle phase out	2,571,705	2,571,705	2,610,194	38,489
Public service corporation tax	363,489	363,489	367,521	4,032
Meal and beverage tax distribution	714,730	714,730	749,805	35,075
Host community agreement	4,140,631	4,140,631	4,171,990	31,359
Library aid	120,586	120,586	120,586	
Total intergovernmental	<u>27,029,932</u>	<u>27,029,932</u>	<u>27,577,674</u>	<u>547,742</u>
Miscellaneous:				
Town	21,000	21,000	26,542	5,542
School	1,205,000	1,205,000	1,037,300	(167,700)
	<u>1,226,000</u>	<u>1,226,000</u>	<u>1,063,842</u>	<u>(162,158)</u>
Total revenues	<u>110,328,388</u>	<u>110,328,388</u>	<u>114,180,435</u>	<u>3,852,047</u>

(Continued on next page)

TOWN OF JOHNSTON, RHODE ISLAND
BUDGETARY BASIS - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance - Positive (Negative)</u>
Legislative, judicial and general administrative:				
Town Council:				
Salaries	\$ 32,700	\$ 32,700	\$ 32,700	\$ -
FICA	2,685	2,685	2,014	671
Retirement Town's share	1,109	1,109	1,816	(707)
Department	150	150	112	38
Telephone	2,000	2,000	1,815	185
Office	100	100		100
Town Sargent's salary	2,400	2,400	2,400	-
Claims	2,000	2,000		2,000
Contingency	4,000	4,000		4,000
Total Town Council	<u>47,144</u>	<u>47,144</u>	<u>40,857</u>	<u>6,287</u>
Mayor:				
Mayor's salary	75,000	75,000	75,000	-
Chief of Staff's salary	40,700	40,700	40,700	-
Full-time salaries	58,000	58,000	58,000	-
FICA	13,288	13,288	13,124	164
Health insurance	45,126	45,126	45,126	-
Life insurance	284	284	284	-
Retirement Town's share	9,935	9,935	10,204	(269)
Office	4,250	4,250	3,728	522
Equipment lease	2,295	2,295	1,771	524
Telephone	500	500		500
Department expense	3,250	3,250	4,379	(1,129)
Total Mayor	<u>252,628</u>	<u>252,628</u>	<u>252,316</u>	<u>312</u>
Courts:				
Probate court	7,500	7,500	7,522	(22)
FICA	574	574	552	22
Health insurance	17,131	17,131	17,131	-
Department	150	150		150
Total Courts	<u>25,355</u>	<u>25,355</u>	<u>25,205</u>	<u>150</u>
Canvassers:				
Full-time salaries	45,593	45,593	46,532	(939)
Part-time salaries	5,000	5,000		5,000
Overtime salaries			1,910	(1,910)
FICA	4,329	4,329	4,033	296
Life insurance	95	95	95	-
Health insurance	1,304	1,304	1,304	-
Retirement Town's share	7,924	7,924	8,075	(151)
Office	6,500	6,500	3,630	2,870
Board salaries	6,000	6,000	5,500	500
Election expense	45,000	45,000	31,486	13,514
Department expense	500	500	349	151
Equipment lease	1,200	1,200	978	222
Total Canvassers	<u>123,445</u>	<u>123,445</u>	<u>103,892</u>	<u>19,553</u>
Legal:				
Salaries	52,000	52,000	52,000	-
Health insurance	8,550	8,550	8,550	-
FICA	3,978	3,978	3,978	-
Hourly billings	475,000	475,000	422,345	52,655
Contingency: judgments	50,000	50,000	121,193	(71,193)
Legal services	25,000	25,000		25,000
Office	450	450	178	272
Total legal	<u>614,978</u>	<u>614,978</u>	<u>608,244</u>	<u>6,734</u>

(Continued on next page)

**TOWN OF JOHNSTON, RHODE ISLAND
BUDGETARY BASIS - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance - Positive (Negative)</u>
Town Clerk:				
Town clerk's salary	\$ 78,953	\$ 78,953	\$ 79,988	\$ (1,035)
Deputy clerk	5,303	5,303	5,121	182
Full-time salaries	88,977	88,977	130,656	(41,679)
Overtime salaries	10,000	10,000	10,965	(965)
Severance pay			72,025	(72,025)
FICA	14,017	14,017	22,328	(8,311)
Health insurance	51,884	51,884	51,884	-
Life insurance	284	284	403	(119)
Retirement Town's share	29,100	29,100	34,167	(5,067)
Stenographer	14,000	14,000	7,288	6,712
Department expense	1,500	1,500	1,267	233
Office	8,200	8,200	3,521	4,679
Advertising	17,000	17,000	15,332	1,668
Training	500	500	350	150
Equipment lease	2,500	2,500	1,741	759
Operating	35,000	35,000	40,135	(5,135)
Total Town clerk	<u>357,218</u>	<u>357,218</u>	<u>477,171</u>	<u>(119,953)</u>
Zoning Board:				
Board salaries	8,900	8,900	10,429	(1,529)
FICA	681	681	598	83
Postage	200	200		200
Building and advertising	4,000	4,000	2,299	1,701
Stenographer	5,500	5,500	5,802	(302)
Total zoning board	<u>19,281</u>	<u>19,281</u>	<u>19,128</u>	<u>153</u>
Total legislative, judicial and general administrative	<u>1,440,049</u>	<u>1,440,049</u>	<u>1,526,813</u>	<u>(86,764)</u>
Financial Administration:				
Finance:				
Salaries	497,745	497,745	487,284	10,461
Severance			3,530	(3,530)
Overtime	17,500	17,500	39,517	(22,017)
Conference fees	250	250		250
ACA processing	15,000	15,000	6,059	8,941
Health insurance	161,116	161,116	161,116	-
Life insurance	853	853	853	-
Retirement Town's share	81,455	81,455	85,037	(3,582)
FICA	39,416	39,416	38,209	1,207
Office	5,250	5,250	4,957	293
Audit	80,000	80,000	42,685	37,315
Consulting fee	80,000	80,000	84,607	(4,607)
Department expense	20,000	20,000	13,388	6,612
Dues, publications and subscriptions	1,100	1,100	1,137	(37)
Payroll processing	48,000	48,000	44,281	3,719
Training	3,200	3,200	1,360	1,840
Fiscal advisor	5,000	5,000	1,000	4,000
Computer service contracts	26,500	26,500	15,024	11,476
Postage	35,500	35,500	12,969	22,531
Bank and bond fees	5,000	5,000	4,152	848
Telephone	5,000	5,000	5,135	(135)
Tax collection fees	50,000	50,000	57,309	(7,309)
Equipment lease purchase	2,500	2,500	2,527	(27)
Total financial administration	<u>1,180,385</u>	<u>1,180,385</u>	<u>1,112,136</u>	<u>68,249</u>
Assessor:				
Full-time salaries	149,618	149,618	151,979	(2,361)
Part-time and overtime salaries	10,850	10,850	17,743	(6,893)
Severance pay			45,441	(45,441)
FICA	12,276	12,276	16,193	(3,917)
Health insurance	53,675	53,675	53,675	-
Life insurance	284	284	284	-
Retirement Town's share	25,405	25,405	25,751	(346)
Processing tax roll	52,000	52,000	31,102	20,898
Training and college	250	250		250
Computer service contracts	10,000	10,000	12,638	(2,638)
Consulting fee	5,000	5,000	300	4,700
Equipment service contract	1,700	1,700	1,369	331
Office	5,500	5,500	11,261	(5,761)
Maps and reproduction supplies	850	850		850
Department expense	1,950	1,950	2,013	(63)
Dues, publications and subscriptions	250	250	80	170
Bidding and advertising	250	250		250
Equipment lease	1,000	1,000	498	502
Full real estate tax valuation	185,000	185,000	135,104	49,896
Software support fees	1,000	1,000		1,000
Total assessor	<u>516,858</u>	<u>516,858</u>	<u>505,431</u>	<u>11,427</u>

(Continued on next page)

**TOWN OF JOHNSTON, RHODE ISLAND
BUDGETARY BASIS - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance - Positive (Negative)
Public Safety:				
Police Department:				
Salaries	\$ 4,778,194	\$ 4,778,194	\$ 4,686,415	\$ 91,779
Overtime salaries	950,000	950,000	986,230	(36,230)
JARE overtime salaries	100,000	100,000	104,588	(4,588)
Civilian overtime salaries	55,000	55,000	64,692	(9,692)
Part-time salaries	134,903	134,903	79,472	55,431
Holiday salaries	255,846	255,846	250,869	4,977
Training and college	40,000	40,000	39,716	284
Training and accreditation	15,515	15,515	12,722	2,793
FICA	540,166	540,166	576,390	(36,224)
Health insurance	1,388,509	1,388,509	1,388,509	-
Supplementary medical	9,801	9,801	9,801	-
Admin costs - HRA	5,481	5,481	5,481	-
HRA payments and claims	102,000	102,000	102,000	-
Life insurance	15,208	15,208	15,239	(31)
Severance pay	150,000	150,000	100,468	49,532
Longevity	357,449	357,449	357,564	(115)
Stipend - police retirees local plan	17,500	17,500	15,750	1,750
Accreditation stipend	71,000	71,000	67,000	4,000
Gasoline	108,000	108,000	111,647	(3,647)
Arms and ammunition	27,000	27,000	33,096	(6,096)
Clothing and maintenance	132,300	132,300	130,687	1,613
Firearm allowance	34,000	34,000	33,500	500
Medical examinations	3,750	3,750	80	3,670
Police pension	4,854,091	4,854,091	4,854,091	-
Bureau of criminal investigation	29,000	29,000	14,418	14,582
Office	20,900	20,900	11,290	9,610
Police chief department expense	3,000	3,000	1,374	1,626
Retirement	155,872	155,872	174,557	(18,685)
Retiree health insurance	1,404,702	1,404,702	2,021,020	(616,318)
Retiree life insurance	35,814	35,814	41,718	(5,904)
Dues and publications	3,500	3,500	3,690	(190)
Bids and advertising	1,750	1,750	863	887
Radio maintenance	4,000	4,000	3,652	348
Vehicle repair deductible	25,000	25,000	56,933	(31,933)
Equipment rental	8,850	8,850	7,457	1,393
Computer service contracts	42,000	42,000	36,121	5,879
Equipment maintenance	24,700	24,700	18,812	5,888
Explorer	10,000	10,000	4,850	5,150
Utilities	79,860	79,860	59,994	19,866
Telephone	41,480	41,480	39,351	2,129
Department expense	20,000	20,000	12,779	7,221
Recruits expense	32,540	32,540	33,285	(745)
Animal control	7,500	7,500	2,199	5,301
Grant matching funds	9,500	9,500	9,500	-
Injured on duty TPA	5,400	5,400	3,700	1,700
Information technology	8,500	8,500	3,769	4,731
SWAT Team (Special Response Team)	8,000	8,000	3,866	4,134
Medicare	241,650	241,650	241,650	-
Capital Purchases	45,000	45,000		45,000
Building maintenance	57,460	57,460	57,442	18
Total police department	<u>16,471,691</u>	<u>16,471,691</u>	<u>16,890,297</u>	<u>(418,606)</u>
Municipal Court:				
Full-time salaries	80,902	80,902	82,916	(2,014)
Part-time salaries	40,000	40,000	40,000	-
Overtime salaries	1,500	1,500	254	1,246
Auxiliary judge	3,000	3,000	800	2,200
FICA	9,364	9,364	8,689	675
Health insurance	45,126	45,126	45,126	-
Life insurance	190	190	190	-
Retirement Towns share	14,082	14,082	14,808	(726)
Office	3,200	3,200	1,694	1,506
Building maintenance	3,500	3,500	3,390	110
Heat	2,300	2,300	2,689	(389)
Electric	4,800	4,800	7,351	(2,551)
Telephone	2,000	2,000	1,294	706
Water	1,200	1,200	1,656	(456)
Interpreter Services	500	500		500
Service contracts	6,500	6,500	6,477	23
Department	4,000	4,000	2,036	1,964
Equipment lease	2,300	2,300	868	1,432
Total municipal court	<u>224,464</u>	<u>224,464</u>	<u>220,238</u>	<u>4,226</u>

(Continued on next page)

TOWN OF JOHNSTON, RHODE ISLAND
BUDGETARY BASIS - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance - Positive (Negative)</u>
Fire Department:				
Department salaries	\$ 5,538,164	\$ 5,538,164	\$ 5,487,520	\$ 50,644
Part-time salaries	12,270	12,270	9,597	2,673
Call-back and overtime salaries	2,503,850	2,503,850	2,767,967	(264,117)
Longevity	722,367	722,367	718,364	4,003
Holiday salaries	391,625	391,625	383,460	8,165
Unused sick day bonus	18,000	18,000	7,170	10,830
FICA	713,710	713,710	702,816	10,894
Health insurance	1,417,452	1,417,452	1,417,452	-
Admin costs - HRA	11,644	11,644	11,644	-
HRA payments and claims	102,000	102,000	102,000	-
Life insurance	18,880	18,880	18,792	88
Severance pay	150,000	150,000	103,052	46,948
Radio maintenance	25,000	25,000	37,067	(12,067)
Fire prevention	6,500	6,500	7,959	(1,459)
Sanitary supplies	20,000	20,000	15,603	4,397
Clothing and allowance	160,200	160,200	160,300	(100)
Fire alarm	15,000	15,000	38,950	(23,950)
First aid and ambulance service	150,000	150,000	120,072	29,928
Gasoline	40,000	40,000	93,107	(53,107)
Office	9,150	9,150	11,310	(2,160)
Haz-Mat stipend	69,420	69,420	68,634	786
Fire pension	4,163,559	4,163,559	4,163,559	-
SCBA operations	12,000	12,000	11,172	828
Utilities	82,000	82,000	110,186	(28,186)
Telephone	40,000	40,000	64,168	(24,168)
Rent	1,800	1,800	1,800	-
Hydrants	212,500	212,500	218,339	(5,839)
Hazardous materials	3,500	3,500	5,812	(2,312)
Fire chief contracted expense	3,280	3,280	560	2,720
Fire chief department expense	1,000	1,000	838	162
Retirement	398,460	398,460	384,359	14,101
Retiree health insurance	1,260,003	1,260,003	1,792,742	(532,739)
Training	17,000	17,000	15,521	1,479
Training and college	20,000	20,000	48,672	(28,672)
Equipment rental	2,000	2,000	1,251	749
Department expense	6,000	6,000	5,232	768
Building maintenance	65,000	65,000	64,900	100
Fire fighter equipment and supplies	91,000	91,000	103,556	(12,556)
Injured on duty TPA	7,600	7,600	5,400	2,200
Grant matching funds	50,000	50,000	49,536	464
Vehicle repairs	120,000	120,000	189,898	(69,898)
Medicare	188,207	188,207	188,207	-
Total fire department	<u>18,840,141</u>	<u>18,840,141</u>	<u>19,706,744</u>	<u>(866,603)</u>
Emergency Management:				
Salaries	10,000	10,000	12,885	(2,885)
FICA	765	765	1,022	(257)
Total emergency management	<u>10,765</u>	<u>10,765</u>	<u>13,907</u>	<u>(3,142)</u>
Total public safety	<u>35,547,061</u>	<u>35,547,061</u>	<u>36,831,186</u>	<u>(1,284,125)</u>
Public Works Department:				
Street and highways:				
Salaries	507,237	507,237	510,052	(2,815)
Part-time salaries	-	-	-	-
Overtime	65,000	65,000	168,384	(103,384)
Severance pay	-	-	11,416	(11,416)
FICA	43,776	43,776	52,654	(8,878)
Health insurance	214,700	214,700	214,700	-
Life insurance	1,138	1,138	1,082	56
Retirement Town's share	62,399	62,399	79,631	(17,232)
Snow removal	125,000	125,000	155,257	(30,257)
Drainage	12,000	12,000	6,957	5,043
Street lighting	850,000	850,000	851,181	(1,181)
Street and traffic control	20,000	20,000	15,553	4,447
Street and highway materials	60,000	60,000	43,070	16,930
Department expense	60,000	60,000	62,300	(2,300)
GPS expenditures	-	-	7,939	(7,939)
Equipment maintenance	2,500	2,500	2,500	-
Total streets and highways	<u>2,023,750</u>	<u>2,023,750</u>	<u>2,180,176</u>	<u>(156,426)</u>

(Continued on next page)

**TOWN OF JOHNSTON, RHODE ISLAND
BUDGETARY BASIS - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance - Positive (Negative)</u>
Building Maintenance:				
Salaries	\$ 141,744	\$ 141,744	\$ 144,764	\$ (3,020)
Part-time salaries	9,360	9,360	8,893	467
Overtime	7,000	7,000	3,676	3,324
FICA	12,095	12,095	11,897	198
Health insurance	31,112	31,112	31,112	-
Life insurance	284	284	284	-
Retirement Town's share	24,797	24,797	20,152	4,645
Building maintenance	25,000	25,000	24,700	300
Building supplies	800	800	350	450
Department expense	500	500		500
Capital purchases	25,000	25,000	21,152	3,848
Total building maintenance	<u>277,692</u>	<u>277,692</u>	<u>266,980</u>	<u>10,712</u>
Public Works Administration:				
Salaries	211,871	211,871	218,492	(6,621)
Overtime	10,000	10,000	6,849	3,151
FICA	16,973	16,973	17,015	(42)
Health insurance	54,045	54,045	54,045	-
Life insurance	379	379	379	-
Retirement Town's share	35,034	35,034	35,006	28
Bidding and advertising	700	700	709	(9)
Garbage collections	1,410,000	1,410,000	1,410,000	-
Recycling bins	6,000	6,000	1,964	4,036
Safety equipment	7,000	7,000	2,728	4,272
Tree removal	20,000	20,000	19,900	100
Gasoline	100,000	100,000	55,394	44,606
Equipment lease	10,000	10,000	3,159	6,841
Telephone	13,500	13,500	9,094	4,406
Utilities	38,500	38,500	34,562	3,938
Computer and software upgrades	7,000	7,000	3,958	3,042
Office expense	7,700	7,700	6,669	1,031
Department	4,000	4,000	2,256	1,744
Uniforms	6,700	6,700	4,998	1,702
Emergency repairs and security	30,000	30,000	26,283	3,717
Capital purchases	5,500	5,500	-	5,500
Total public works administration	<u>1,994,902</u>	<u>1,994,902</u>	<u>1,913,460</u>	<u>81,442</u>
Sewer Department:				
Salaries	65,010	65,010	71,462	(6,452)
Part-time salaries	11,000	11,000	-	11,000
Town engineer	27,496	27,496	26,678	818
FICA	7,918	7,918	6,833	1,085
Health insurance	22,563	22,563	22,563	-
Life insurance	95	95	95	-
Retirement Town's share	11,136	11,136	11,898	(762)
Department	500	500	205	295
GPS expenditures			492	(492)
Computer service contract	10,000	10,000	8,390	1,610
Total sewer department	<u>155,718</u>	<u>155,718</u>	<u>148,616</u>	<u>7,102</u>
Waste Water Management:				
Part-time salaries	8,925	8,925	4,806	4,119
FICA	1,218	1,218	706	512
Postage	350	350	222	128
Bidding and advertising	200	200		200
Board salaries	7,000	7,000	6,026	974
Total waste water management	<u>17,693</u>	<u>17,693</u>	<u>11,760</u>	<u>5,933</u>
Fleet Maintenance:				
Salaries	206,231	206,231	122,066	84,165
Overtime salaries	10,000	10,000	7,079	2,921
Severance pay			48,894	(48,894)
FICA	16,542	16,542	13,443	3,099
Health insurance	67,688	67,688	67,688	-
Life insurance	379	379	379	-
Retirement Town's share	34,784	34,784	18,424	16,360
Vehicle repair - Police	70,000	70,000	62,405	7,595
Vehicle repair - Highway	120,000	120,000	107,159	12,841
Vehicle repair - Inspections	1,000	1,000		1,000
Department expense	1,000	1,000	231	769
Capital purchases	9,000	9,000	1,728	7,272
Total fleet maintenance	<u>536,624</u>	<u>536,624</u>	<u>449,496</u>	<u>87,128</u>

(Continued on next page)

TOWN OF JOHNSTON, RHODE ISLAND
BUDGETARY BASIS - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance - Positive (Negative)</u>
Inspector's Fees:				
Overtime	\$ 2,500	\$ 2,500	\$	\$ 2,500
Plumbing inspector's salary	18,682	18,682	17,963	719
Building inspector's salary	31,200	31,200	32,700	(1,500)
Electrical inspector's salary	15,600	15,600	15,600	-
CDBG coordinator	65,000	65,000	65,000	-
Building official	85,000	85,000	85,280	(280)
FICA	16,676	16,676	16,584	92
Health insurance	22,563	22,563	22,563	-
Life insurance	190	190	190	-
Retirement Town's share	25,695	25,695	25,686	9
Dues, publications and subscriptions	300	300	100	200
Office	9,000	9,000	3,040	5,960
Department expense	4,000	4,000	3,526	474
Total inspector's office	<u>296,406</u>	<u>296,406</u>	<u>288,232</u>	<u>8,174</u>
Parks and recreation:				
Director salary	64,748	64,748	66,551	(1,803)
Park salaries	329,379	329,379	278,450	50,929
Recreation salaries	141,723	141,723	142,990	(1,267)
Overtime salaries	20,000	20,000	29,367	(9,367)
Part-time salaries	105,000	105,000	131,947	(26,947)
Severance pay			18,906	(18,906)
FICA	50,555	50,555	50,337	218
Health insurance	178,124	178,124	178,124	-
Life insurance	1,043	1,043	822	221
Retirement Town's share	63,197	63,197	77,275	(14,078)
Equipment maintenance	4,500	4,500	4,190	310
Park maintenance	40,000	40,000	38,333	1,667
Vehicle repairs	8,500	8,500	3,564	4,936
Equipment lease	1,800	1,800	1,251	549
Recreation supplies	500	500		500
Utilities	52,000	52,000	73,669	(21,669)
Gasoline	13,000	13,000	11,763	1,237
Telephone	8,000	8,000	5,444	2,556
Uniforms	3,600	3,600	1,211	2,389
Office	2,000	2,000	972	1,028
Day camp	5,000	5,000	8,852	(3,852)
Department	5,000	5,000	4,396	604
Grant matching funds			(4,835)	4,835
GPS expenditures			1,703	(1,703)
Rainone gym rent	5,000	5,000	5,000	-
Building maintenance	5,000	5,000	5,611	(611)
Total parks and recreation	<u>1,107,669</u>	<u>1,107,669</u>	<u>1,135,893</u>	<u>(28,224)</u>
Total public works	<u>6,410,454</u>	<u>6,410,454</u>	<u>6,394,613</u>	<u>15,841</u>
Municipal land trust:				
FICA	551	551	295	256
Board salaries	7,200	7,200	5,143	2,057
Department expense	500	500		500
Utilities	3,800	3,800	2,644	1,156
Total municipal land trust	<u>12,051</u>	<u>12,051</u>	<u>8,082</u>	<u>3,969</u>
Human Resources:				
General Public Assistance:				
Salaries	2,400	2,400	2,446	(46)
FICA	184	184	138	46
Department	50	50		50
Food stamps and holidays	1,000	1,000		1,000
Total general public assistance	<u>3,634</u>	<u>3,634</u>	<u>2,584</u>	<u>1,050</u>
Personnel:				
Full-time salaries	45,315	45,315	50,759	(5,444)
Severance pay			7,163	(7,163)
FICA	3,467	3,467	4,351	(884)
Health insurance	22,563	22,563	22,563	-
Life insurance	95	95	111	(16)
Retirement Town's share	7,762	7,762	7,739	23
Postage	500	500	87	413
Training	500	500		500
Department expense	600	600	229	371
Total personnel	<u>80,802</u>	<u>80,802</u>	<u>93,002</u>	<u>(12,200)</u>
Total human resources	<u>84,436</u>	<u>84,436</u>	<u>95,586</u>	<u>(11,150)</u>

(Continued on next page)

TOWN OF JOHNSTON, RHODE ISLAND
BUDGETARY BASIS - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance - Positive (Negative)</u>
Miscellaneous Appropriations:				
General liability insurance	\$ 700,083	\$ 700,083	\$ 648,387	\$ 51,696
Workers compensation insurance	253,308	253,308	252,297	1,011
FICA	19,475	19,475	13,379	6,096
Health insurance retirees	374,985	374,985	532,343	(157,358)
Declination - health and dental insurance	247,978	247,978	219,471	28,507
Unemployment compensation	6,500	6,500	566	5,934
Stop - loss health insurance	343,870	343,870	343,870	-
Dues, publications and subscriptions	3,000	3,000	748	2,252
Sealer of weights and measures	6,000	6,000	6,000	-
Tree warden	600	600		600
Contingency	12,000	12,000	12,026	(26)
Human needs program	5,000	5,000	5,000	-
Rent	3,800	3,800	3,800	-
Police/fire pension actuarial	30,000	30,000	28,400	1,600
Tri-Town	35,000	35,000	35,000	-
Admin fees	4,300	4,300	4,300	-
Utilities	20,500	20,500	29,953	(9,453)
Medicare	519,671	519,671	519,671	-
ACA Fed Govt costs	30,000	30,000	6,173	23,827
HRA Retiree Reimbursement	136,000	136,000	136,000	-
Johnston Senior Citizen Center, Inc.	225,949	225,949	233,670	(7,721)
Building maintenance - Town Hall	22,000	22,000	21,977	23
Total miscellaneous appropriations	<u>3,000,019</u>	<u>3,000,019</u>	<u>3,053,031</u>	<u>(53,012)</u>
Planning and Assessment Board:				
Planning Board:				
Town Planner	46,150	46,150	39,638	6,512
Full-time salaries	36,601	36,601	34,435	2,166
Overtime	5,000	5,000	122	4,878
Board salaries	7,000	7,000	8,010	(1,010)
FICA	7,248	7,248	6,225	1,023
Health insurance	8,550	8,550	8,550	-
Life insurance	95	95	95	-
Retirement Town's share	6,270	6,270	5,908	362
Stenographer	5,650	5,650	3,594	2,056
Department expense	1,800	1,800	2,779	(979)
Office	1,000	1,000	178	822
Building and advertising	2,500	2,500	2,181	319
Dues, publications and subscriptions	2,000	2,000		2,000
Capital purchases	9,000	9,000	12,986	(3,986)
Total planning board	<u>138,864</u>	<u>138,864</u>	<u>124,701</u>	<u>14,163</u>
Assessment Board:				
Board salaries	2,550	2,550	2,550	-
FICA	195	195	146	49
Total assessment board	<u>2,745</u>	<u>2,745</u>	<u>2,696</u>	<u>49</u>
Total planning board	<u>141,609</u>	<u>141,609</u>	<u>127,397</u>	<u>14,212</u>
Library:				
Full-time salaries	263,070	263,070	259,576	3,494
Part-time salaries	104,320	104,320	88,179	16,141
Overtime	500	500		500
FICA	28,144	28,144	26,100	2,044
Health insurance	129,912	129,912	129,912	-
Life insurance	664	664	664	-
Retirement Town's share	45,204	45,204	44,304	900
Books and media	16,000	16,000	13,460	2,540
Dues and publications	300	300	300	-
Bidding and advertising	250	250		250
Computer service contracts	50,500	50,500	46,644	3,856
Auto expense	500	500	155	345
Conferences	200	200	185	15
Printing	500	500	212	288
Training	500	500		500
Utilities	28,000	28,000	32,686	(4,686)
Telephone	1,200	1,200	938	262
Building maintenance	22,000	22,000	16,800	5,200
Office	5,000	5,000	3,183	1,817
Information technology equipment	4,000	4,000	3,704	296
Department expense	3,200	3,200	1,929	1,271
Total library	<u>703,964</u>	<u>703,964</u>	<u>668,931</u>	<u>35,033</u>

(Continued on next page)

TOWN OF JOHNSTON, RHODE ISLAND
BUDGETARY BASIS - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance - Positive (Negative)</u>
Debt Service:				
Bond interest expense	\$ 816,183	\$ 816,183	\$ 697,515	\$ 118,668
Master lease interest expense	16,950	16,950	15,469	1,481
Bonded debt payments	2,750,525	2,750,525	2,563,525	187,000
Master lease principal payments	407,559	407,559	398,000	9,559
Fund balance restoration	730,000	730,000	730,000	-
Total debt service	<u>4,721,217</u>	<u>4,721,217</u>	<u>4,404,509</u>	<u>316,708</u>
Total expenditures	<u>53,758,103</u>	<u>53,758,103</u>	<u>54,727,715</u>	<u>(969,612)</u>
Excess of Revenues over Expenditures	<u>56,570,285</u>	<u>56,570,285</u>	<u>59,452,720</u>	<u>2,882,435</u>
Other budgeted financing (sources) uses:				
Transfer in from Fire Review Plan Fund	(125,000)	(125,000)	(125,000)	
Transfer to Dam Escrow Fund	150,000	150,000	150,000	-
Transfer to School - Town appropriation	37,529,015	37,529,015	37,529,015	-
Transfer to School - State aid and miscellaneous receipts	19,016,270	19,016,270	19,163,114	(146,844)
Total other budgeted financing uses	<u>56,570,285</u>	<u>56,570,285</u>	<u>56,717,129</u>	<u>(146,844)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	2,735,591	<u>\$ 2,735,591</u>
Investment earnings on restoration fund note part of budget			54,384	
Inclusion of net income of Police Detail Fund with the General Fund, for GAAP purposes, not part of budget			556,645	
Inclusion of net income of Town grants fund with the General Fund, for GAAP purposes, not part of budget			<u>14,956</u>	
Net Change in Fund Balance - GAAP Basis (Exhibit IV)			<u>\$ 3,361,576</u>	

TOWN OF JOHNSTON, RHODE ISLAND
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2019

Revenues:	
Total General Fund Revenues and Other Financing Sources, from Exhibit IV	\$ 97,381,311
Adjustments:	
School State Aid budgeted in General Fund	18,125,814
School Medicaid reimbursement budgeted in General Fund	635,839
School's miscellaneous income budgeted in General Fund	401,461
Inclusion of revenue of Police Detail Fund with the General Fund, for GAAP purposes, not part of budget	(1,972,761)
Inclusion of revenue of Fire Dept. Detail Fund with the General Fund, for GAAP purposes, not part of the budget	(9,033)
Inclusion of revenue of Fund Balance Restoration with the General Fund, for GAAP purposes, not part of the budget	(54,384)
Inclusion of revenue of Town grants fund with the General Fund, for GAAP purposes, not part of the budget	<u>(202,812)</u>
Total Budgetary Basis Revenues and Other Financing Sources from RSI-1	<u>\$ 114,305,435</u>
Expenditures:	
Total General Fund Expenditures and Other Financing Uses, from Exhibit IV	\$ 94,019,735
Adjustments:	
School State Aid budgeted in General Fund	18,125,814
School Medicaid reimbursement budgeted in General Fund	635,839
School's miscellaneous income budgeted in General Fund	401,461
Inclusion of expenditures of Police Detail Fund with the General Fund, for GAAP purposes, not part of budget (includes transfers out)	(1,416,116)
Inclusion of expenditures of Fire Dept. Detail Funds with the General Fund, for GAAP purposes, not part of the budget	(9,033)
Inclusion of expenditures of Town grants fund with the General Fund, for GAAP purposes, not part of the budget	<u>(187,856)</u>
Total Budgetary Basis Expenditures and Other Financing Uses from RSI-1	<u>\$ 111,569,844</u>

TOWN OF JOHNSTON, RHODE ISLAND
BUDGET AND ACTUAL - BUDGETARY BASIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SCHOOL UNRESTRICTED FUND
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 17,811,270	\$ 17,811,270	\$ 18,120,660	\$ 309,390
Medicaid	890,000	890,000	835,473	(54,527)
Other income	315,000	315,000	482,749	167,749
Total revenues	<u>19,016,270</u>	<u>19,016,270</u>	<u>19,438,882</u>	<u>422,612</u>
Expenditures:				
Salaries:				
Certified personnel	23,687,731	23,687,731	24,311,197	(623,466)
Noncertified personnel	4,120,060	4,120,060	4,400,827	(280,767)
Administrative	1,890,431	1,890,431	2,048,354	(157,923)
Total salaries	<u>29,698,222</u>	<u>29,698,222</u>	<u>30,760,378</u>	<u>(1,062,156)</u>
Fringe Benefits:				
Health and dental benefits	7,091,254	7,091,254	8,681,030	(1,589,776)
Pension benefits	4,971,920	4,971,920	4,902,253	69,667
Payroll taxes	778,817	778,817	725,684	53,133
Life insurance and other	476,366	476,366	427,072	49,294
Total fringe benefits	<u>13,318,357</u>	<u>13,318,357</u>	<u>14,736,039</u>	<u>(1,417,682)</u>
Purchased Services:				
Out of District tuition	4,270,824	4,270,824	4,267,678	3,146
Transportation	3,514,500	3,514,500	4,050,720	(536,220)
Other	4,519,732	4,519,732	4,137,607	382,125
Total purchased services	<u>12,305,056</u>	<u>12,305,056</u>	<u>12,456,005</u>	<u>(150,949)</u>
Supplies and materials	<u>1,223,650</u>	<u>1,223,650</u>	<u>1,174,389</u>	<u>49,261</u>
Capital outlay	<u></u>	<u></u>	<u>222,391</u>	<u>(222,391)</u>
Total expenditures	<u>56,545,285</u>	<u>56,545,285</u>	<u>59,349,202</u>	<u>(2,803,917)</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(37,529,015)	(37,529,015)	(39,910,320)	(2,381,305)
Other Financing Sources (Uses):				
Transfer from Town of Johnston General Fund	<u>37,529,015</u>	<u>37,529,015</u>	<u>37,529,015</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(2,381,305)</u>	<u>\$ (2,381,305)</u>

**TOWN OF JOHNSTON, RHODE ISLAND
 BUDGET AND ACTUAL - BUDGETARY BASIS
 NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 SCHOOL UNRESTRICTED FUND
 FOR THE YEAR ENDED JUNE 30, 2019**

Revenues:		
Total School Unrestricted Revenues and Other Financing Sources, from Exhibit IV	\$	59,480,897
Adjustments:		
State on behalf pension contributions not budgeted		<u>(2,513,000)</u>
Total Budgetary Basis Revenues and Other Financing Sources from RSI-2	\$	<u><u>56,967,897</u></u>
Expenditures:		
Total School Unrestricted Expenditures and Other Financing Uses, from Exhibit IV	\$	61,862,202
Adjustments:		
State on behalf pension contributions not budgeted		<u>(2,513,000)</u>
Total Budgetary Basis Expenditures and Other Financing Uses from RSI-2	\$	<u><u>59,349,202</u></u>

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:						
Service cost	\$ 1,477,049	\$ 1,494,639	\$ 5,820,728	\$ 4,354,675	\$ 3,237,765	\$ 3,486,338
Interest	5,447,208	5,264,762	5,023,358	5,462,015	5,320,690	4,843,141
Changes of benefit terms			(15,869,440)			
Differences between expected and actual experience	(588,200)	(608,109)	(853,055)	(3,200,839)	1,627,147	5,744,046
Changes of assumptions		3,182,625	(87,523,217)	29,239,726	15,613,100	
Benefit payments, including refunds of member contributions	(4,393,907)	(4,364,593)	(4,100,493)	(4,002,706)	(3,982,881)	(3,929,063)
Net change in total pension liability	1,942,150	4,969,324	(97,502,119)	31,852,871	21,815,821	10,144,462
Total pension liability - beginning	75,853,812	70,884,488	168,386,607	136,533,736	114,717,915	104,573,453
Total pension liability - ending	<u>77,795,962</u>	<u>75,853,812</u>	<u>70,884,488</u>	<u>168,386,607</u>	<u>136,533,736</u>	<u>114,717,915</u>
Plan fiduciary net position:						
Contributions - employer	4,854,090	4,714,480	4,797,069	2,783,429	2,786,367	2,711,326
Contributions - employee	314,146	363,787	426,286	394,051	388,335	369,825
Net investment income	763,639	1,512,485	1,753,780	21,130	141,369	2,301,494
Benefit payments, including refunds of member contributions	(4,393,907)	(4,364,593)	(4,100,493)	(4,002,706)	(3,982,881)	(3,929,063)
Pension plan administrative expense	(66,174)	(73,110)	(84,157)	(77,728)	(71,000)	(127,317)
Other	37,077	4,215	(49,245)		(40,576)	
Net change in plan fiduciary net position	1,508,871	2,157,264	2,743,240	(881,824)	(778,386)	1,326,265
Plan fiduciary net position - beginning	20,382,631	18,225,367	15,482,127	16,363,951	17,142,337	15,816,072
Plan fiduciary net position - ending	<u>21,891,502</u>	<u>20,382,631</u>	<u>18,225,367</u>	<u>15,482,127</u>	<u>16,363,951</u>	<u>17,142,337</u>
Net Pension Liability - Ending	<u>\$ 55,904,460</u>	<u>\$ 55,471,181</u>	<u>\$ 52,659,121</u>	<u>\$ 152,904,480</u>	<u>\$ 120,169,785</u>	<u>\$ 97,575,578</u>
Plan fiduciary net position as a percentage of the total pension liability	28.14%	26.87%	25.71%	9.19%	11.99%	14.94%
Covered payroll	\$ 4,671,254	\$ 4,741,461	\$ 5,019,760	\$ 5,054,901	\$ 5,049,628	\$ 4,573,055
Net pension liability as a percentage of covered payroll	1196.78%	1169.92%	1049.04%	3024.88%	2379.78%	2133.71%

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:						
Service cost	\$ 621,647	\$ 528,576	\$ 2,268,136	\$ 2,314,587	\$ 1,991,455	\$ 2,208,787
Interest	5,644,481	5,808,544	4,778,023	5,227,209	5,462,967	5,185,774
Changes of benefit terms			(8,256,305)			
Differences between expected and actual experience	(1,558,937)	(4,039,743)	(3,153,677)	2,235,932	(2,195,103)	2,570,343
Changes of assumptions		2,939,026	(72,009,127)	24,437,339	12,115,339	
Benefit payments, including refunds of member contributions	<u>(4,920,012)</u>	<u>(4,923,617)</u>	<u>(4,918,521)</u>	<u>(4,584,209)</u>	<u>(4,148,770)</u>	<u>(4,035,577)</u>
Net change in total pension liability	(212,821)	312,786	(81,291,471)	29,630,858	13,225,888	5,929,327
Total pension liability - beginning	<u>79,693,271</u>	<u>79,380,485</u>	<u>160,671,956</u>	<u>131,041,098</u>	<u>117,815,210</u>	<u>111,885,883</u>
Total pension liability - ending	<u>79,480,450</u>	<u>79,693,271</u>	<u>79,380,485</u>	<u>160,671,956</u>	<u>131,041,098</u>	<u>117,815,210</u>
Plan fiduciary net position:						
Contributions - employer	4,163,560	4,041,720	3,924,059	2,576,831	2,620,273	2,706,157
Contributions - employee	171,202	160,257	185,921	233,585	295,539	356,584
Net investment income	858,655	1,814,122	2,283,935	29,412	199,660	3,228,280
Benefit payments, including refunds of member contributions	(4,920,012)	(4,923,617)	(4,918,521)	(4,584,209)	(4,148,770)	(4,035,577)
Pension plan administrative expense	(66,174)	(73,110)	(84,157)	(77,829)	(71,000)	(127,317)
Other						
Net change in plan fiduciary net position	<u>207,231</u>	<u>1,019,372</u>	<u>1,391,237</u>	<u>(1,822,210)</u>	<u>(1,104,298)</u>	<u>2,128,127</u>
Plan fiduciary net position - beginning	<u>23,663,500</u>	<u>22,644,128</u>	<u>21,252,891</u>	<u>23,075,101</u>	<u>24,179,399</u>	<u>22,051,272</u>
Plan fiduciary net position - ending	<u>23,870,731</u>	<u>23,663,500</u>	<u>22,644,128</u>	<u>21,252,891</u>	<u>23,075,101</u>	<u>24,179,399</u>
Net Pension Liability - Ending	<u>\$ 55,609,719</u>	<u>\$ 56,029,771</u>	<u>\$ 56,736,357</u>	<u>\$ 139,419,065</u>	<u>\$ 107,965,997</u>	<u>\$ 93,635,811</u>
Plan fiduciary net position as a percentage of the total pension liability	30.03%	29.69%	28.53%	13.23%	17.61%	20.52%
Covered payroll	\$ 2,285,342	\$ 2,200,925	\$ 1,988,230	\$ 2,205,173	\$ 2,977,948	\$ 3,023,153
Net pension liability as a percentage of covered payroll	2433.32%	2545.74%	2853.61%	6322.36%	3625.52%	3097.29%

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Police:						
Actuarially-determined contribution	\$ 4,854,090	\$ 8,509,584	\$ 8,073,936	\$ 7,197,627	\$ 6,579,139	\$ 6,633,618
Contributions in relation to the actuarially-determined contribution	<u>4,854,090</u>	<u>4,714,480</u>	<u>4,797,069</u>	<u>2,783,429</u>	<u>2,786,367</u>	<u>2,711,326</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ 3,795,104</u>	<u>\$ 3,276,867</u>	<u>\$ 4,414,198</u>	<u>\$ 3,792,772</u>	<u>\$ 3,922,292</u>
Covered payroll	\$ 4,671,254	\$ 4,741,461	\$ 5,019,760	\$ 5,054,901	\$ 5,049,628	\$ 4,573,055
Contributions as a percentage of covered payroll	103.91%	99.43%	95.56%	55.06%	55.18%	59.29%
Fire:						
Actuarially-determined contribution	\$ 4,163,560	\$ 7,430,222	\$ 6,954,295	\$ 6,607,532	\$ 6,331,388	\$ 6,325,477
Contributions in relation to the actuarially-determined contribution	<u>4,163,560</u>	<u>4,041,720</u>	<u>3,924,059</u>	<u>2,576,831</u>	<u>2,620,273</u>	<u>2,706,157</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ 3,388,502</u>	<u>\$ 3,030,236</u>	<u>\$ 4,030,701</u>	<u>\$ 3,711,115</u>	<u>\$ 3,619,320</u>
Covered payroll	\$ 2,285,342	\$ 2,200,925	\$ 1,988,230	\$ 2,205,173	\$ 2,977,948	\$ 3,023,153
Contributions as a percentage of covered payroll	182.19%	183.64%	197.36%	116.85%	87.99%	89.51%

Notes to Schedule

Valuation date June 30, 2019
Measurement date June 30, 2019

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed
Remaining amortization period	26.75 years - Police, 30.49 years - Fire
Asset valuation method	Market value
Inflation	2.75%
Salary increases	4.00%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	Refer to July 1, 2016 actuarial valuation report
Mortality	Refer to July 1, 2016 actuarial valuation report

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	3.61%	7.84%	0.01%	-0.01%	0.53%	14.72%

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	1.39%	1.35%	1.41%	1.40%	1.30%
Town's proportionate share of the net pension liability	\$ 44,322,186	\$ 42,724,384	\$ 42,089,055	\$ 37,498,898	\$ 31,616,141
State's proportionate share of the net pension liability associated with the school district	<u>33,061,167</u>	<u>32,289,369</u>	<u>28,824,823</u>	<u>25,618,070</u>	<u>21,680,644</u>
Total	<u>\$ 77,383,353</u>	<u>\$ 75,013,753</u>	<u>\$ 70,913,878</u>	<u>\$ 63,116,968</u>	<u>\$ 53,296,785</u>
Town's covered payroll	\$ 26,137,886	\$ 25,310,860	\$ 23,089,090	\$ 22,674,661	\$ 26,384,676
Town's proportionate share of the net pension liability as a percentage of its covered payroll	169.57%	168.80%	182.29%	165.38%	119.83%
Plan fiduciary net position as a percentage of the total pension liability	54.30%	54.00%	54.06%	57.55%	59.32%

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

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially-determined contribution	\$ 3,381,580	\$ 3,558,216	\$ 3,182,090	\$ 2,968,073	\$ 3,538,185
Contributions in relation to the actuarially-determined contribution	<u>3,381,580</u>	<u>3,558,216</u>	<u>3,182,090</u>	<u>2,968,073</u>	<u>3,538,185</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 26,137,886	\$ 25,310,860	\$ 23,089,090	\$ 22,674,661	\$ 26,384,676
Contributions as a percentage of covered payroll	12.94%	14.06%	13.78%	13.09%	13.41%

Notes to Schedule

Valuation date June 30, 2017
Measurement date June 30, 2018

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

Methods and assumptions used to determine contribution rates:

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

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

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 766,931	\$ 737,891	\$ 724,766	\$ 726,120	\$ 742,315
Interest	3,099,262	3,141,434	3,069,317	2,976,813	2,908,421
Changes of benefit terms				817,330	
Differences between expected and actual experience	(240,905)	(911,415)	38,342	(474,099)	
Changes of assumptions		2,265,521			30,100
Benefit payments, including refunds of member contributions	<u>(2,861,885)</u>	<u>(2,855,249)</u>	<u>(2,899,591)</u>	<u>(2,724,611)</u>	<u>(2,797,073)</u>
Net change in total pension liability	763,403	2,378,182	932,834	1,321,553	883,763
Total pension liability - beginning	<u>45,322,654</u>	<u>42,944,472</u>	<u>42,011,638</u>	<u>40,690,085</u>	<u>39,806,322</u>
Total pension liability - ending	<u>46,086,057</u>	<u>45,322,654</u>	<u>42,944,472</u>	<u>42,011,638</u>	<u>40,690,085</u>
Plan fiduciary net position:					
Contributions - employer	1,279,294	1,313,489	1,241,203	1,254,378	1,050,131
Contributions - employee	220,303	233,647	220,343	162,213	145,488
Net investment income	2,405,314	3,324,653	8,614	721,793	4,198,765
Benefit payments, including refunds of member contributions	(2,861,885)	(2,855,249)	(2,899,591)	(2,724,611)	(2,797,073)
Pension plan administrative expense	(32,021)	(31,410)	(46,174)	(28,933)	(26,293)
Other	<u>(173,048)</u>	<u>(2,573)</u>	<u>(2)</u>	<u>(110,090)</u>	<u>253,162</u>
Net change in plan fiduciary net position	837,957	1,982,557	(1,475,607)	(725,250)	2,824,180
Plan fiduciary net position - beginning	<u>31,306,602</u>	<u>29,324,045</u>	<u>30,799,652</u>	<u>31,524,902</u>	<u>28,700,722</u>
Plan fiduciary net position - ending	<u>32,144,559</u>	<u>31,306,602</u>	<u>29,324,045</u>	<u>30,799,652</u>	<u>31,524,902</u>
Net Pension Liability - Ending	<u>\$ 13,941,498</u>	<u>\$ 14,016,052</u>	<u>\$ 13,620,427</u>	<u>\$ 11,211,986</u>	<u>\$ 9,165,183</u>
Plan fiduciary net position as a percentage of the total pension liability	69.75%	69.07%	68.28%	73.31%	77.48%
Covered payroll	\$ 8,005,543	\$ 8,020,555	\$ 7,835,304	\$ 7,996,917	\$ 7,748,594
Net pension liability as a percentage of covered payroll	174.15%	174.75%	173.83%	140.20%	118.28%

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 166,174	\$ 125,451	\$ 110,120	\$ 93,320	\$ 79,271
Interest	55,621	41,289	30,769	17,733	10,616
Changes of benefit terms				16,739	
Differences between expected and actual experience	(28,509)	(17,348)	(8,279)	37,616	
Changes of assumptions		74,307			(2,021)
Benefit payments, including refunds of member contributions					(7)
Net change in total pension liability	193,286	223,699	132,610	165,408	87,859
Total pension liability - beginning	711,496	487,797	355,187	189,779	101,920
Total pension liability - ending	<u>904,782</u>	<u>711,496</u>	<u>487,797</u>	<u>355,187</u>	<u>189,779</u>
Plan fiduciary net position:					
Contributions - employer	65,893	65,378	61,293	56,198	35,823
Contributions - employee	81,237	70,238	61,429	42,390	35,823
Net investment income (loss)	65,258	70,152	(158)	7,812	30,268
Benefit payments, including refunds of member contributions					(7)
Pension plan administrative expense	(869)	(663)	(425)	(312)	(190)
Other		(1)	(1)	(1)	37,680
Net change in plan fiduciary net position	211,519	205,104	122,138	106,087	139,397
Plan fiduciary net position - beginning	660,583	455,479	333,341	227,254	87,857
Plan fiduciary net position - ending	<u>872,102</u>	<u>660,583</u>	<u>455,479</u>	<u>333,341</u>	<u>227,254</u>
Net Pension Liability - Ending	<u>\$ 32,680</u>	<u>\$ 50,913</u>	<u>\$ 32,318</u>	<u>\$ 21,846</u>	<u>\$ (37,475)</u>
Plan fiduciary net position as a percentage of the total pension liability	96.39%	92.84%	93.37%	93.85%	119.75%
Covered payroll	\$ 902,628	\$ 780,165	\$ 678,916	\$ 605,582	\$ 511,759
Net pension liability as a percentage of covered payroll	3.62%	6.53%	4.76%	3.61%	-7.32%

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 846,595	\$ 719,151	\$ 657,278	\$ 543,904	\$ 516,218
Interest	624,347	535,882	457,138	390,096	340,281
Changes of benefit terms				187,802	
Differences between expected and actual experience	602,544	(5,835)	6,024	(206,476)	
Changes of assumptions		583,764			(134,099)
Benefit payments, including refunds of member contributions	<u>(126,426)</u>	<u>(118,651)</u>	<u>(84,257)</u>	<u>(71,970)</u>	<u>(72,130)</u>
Net change in total pension liability	1,947,060	1,714,311	1,036,183	843,356	650,270
Total pension liability - beginning	<u>8,559,159</u>	<u>6,844,848</u>	<u>5,808,665</u>	<u>4,965,309</u>	<u>4,315,039</u>
Total pension liability - ending	<u>10,506,219</u>	<u>8,559,159</u>	<u>6,844,848</u>	<u>5,808,665</u>	<u>4,965,309</u>
Plan fiduciary net position:					
Contributions - employer	338,814	334,335	352,791	330,728	276,573
Contributions - employee	407,671	400,601	341,251	239,904	231,191
Net investment income (loss)	681,992	842,725	(2,251)	134,680	681,794
Benefit payments, including refunds of member contributions	(126,426)	(118,651)	(84,257)	(71,970)	(72,130)
Pension plan administrative expense	(9,079)	(7,962)	(6,055)	(5,394)	(4,269)
Other	<u>(114,369)</u>	<u>(18)</u>	<u>136,054</u>	<u>12</u>	<u>(1)</u>
Net change in plan fiduciary net position	1,178,603	1,451,030	737,533	627,960	1,113,158
Plan fiduciary net position - beginning	<u>7,935,522</u>	<u>6,484,492</u>	<u>5,746,959</u>	<u>5,118,999</u>	<u>4,005,841</u>
Plan fiduciary net position - ending	<u>9,114,125</u>	<u>7,935,522</u>	<u>6,484,492</u>	<u>5,746,959</u>	<u>5,118,999</u>
Net Pension Liability - Ending	<u>\$ 1,392,094</u>	<u>\$ 623,637</u>	<u>\$ 360,356</u>	<u>\$ 61,706</u>	<u>\$ (153,690)</u>
Plan fiduciary net position as a percentage of the total pension liability	86.75%	92.71%	94.74%	98.94%	103.10%
Covered payroll	\$ 4,529,668	\$ 4,273,030	\$ 3,990,758	\$ 3,427,246	\$ 3,302,741
Net pension liability as a percentage of covered payroll	30.73%	14.59%	9.03%	1.80%	-4.65%

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially-determined contribution	\$ 1,279,294	\$ 1,313,489	\$ 1,241,203	\$ 1,254,378	\$ 1,050,131
Contributions in relation to the actuarially-determined contribution	<u>1,279,294</u>	<u>1,313,489</u>	<u>1,241,203</u>	<u>1,254,378</u>	<u>1,050,131</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,005,543	\$ 8,020,555	\$ 7,835,304	\$ 7,996,917	\$ 7,873,321
Contributions as a percentage of covered payroll	15.98%	16.38%	15.84%	15.69%	13.34%

Notes to Schedule

Valuation date June 30, 2017
 Measurement date June 30, 2018

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed
Remaining amortization period	24 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.5% to 7.50%
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for 2014 valuation.
Mortality	Males: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially-determined contribution	\$ 65,893	\$ 65,378	\$ 61,293	\$ 56,198	\$ 35,823
Contributions in relation to the actuarially-determined contribution	<u>65,893</u>	<u>65,378</u>	<u>61,293</u>	<u>56,198</u>	<u>35,823</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 902,628	\$ 780,165	\$ 678,916	\$ 605,582	\$ 598,373
Contributions as a percentage of covered payroll	7.30%	8.38%	9.03%	9.28%	5.99%

Notes to Schedule

Valuation date June 30, 2017
Measurement date June 30, 2018

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed
Remaining amortization period	24 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	4.0% to 14.00%
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for 2014 valuation.
Mortality	Males: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially-determined contribution	\$ 338,814	\$ 334,335	\$ 352,791	\$ 330,728	\$ 276,573
Contributions in relation to the actuarially-determined contribution	<u>338,814</u>	<u>334,335</u>	<u>352,791</u>	<u>330,728</u>	<u>276,573</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,529,668	\$ 4,273,030	\$ 3,990,758	\$ 3,427,246	\$ 3,302,741
Contributions as a percentage of covered payroll	7.48%	7.82%	8.84%	9.65%	8.37%

Notes to Schedule

Valuation date June 30, 2017
 Measurement date June 30, 2018

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed
Remaining amortization period	24 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	4.0% to 14.00%
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for 2014 valuation.
Mortality	Males: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2014</u>
Town's proportion of the net pension asset	5.13%	5.08%	4.98%	4.93%	4.65%
Town's proportionate share of the net pension asset	\$ 4,578,176	\$ 4,205,570	\$ 4,958,163	\$ 4,604,566	\$ 5,779,628
Town's covered payroll	\$ 26,137,886	\$ 25,310,860	\$ 23,089,090	\$ 22,674,661	\$ 26,384,676
Town's proportionate share of the net pension asset as a percentage of its covered payroll	17.52%	16.62%	21.47%	20.31%	21.91%
Plan fiduciary net position as a percentage of the total pension liability	137.4%	136.1%	153.3%	146.6%	173.3%

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

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially-determined contribution	\$ 28,069	\$ 38,175	\$ 29,988	\$ 29,761	\$ 29,256
Contributions in relation to the actuarially-determined contribution	<u>28,069</u>	<u>38,175</u>	<u>29,988</u>	<u>29,761</u>	<u>29,256</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 26,137,886	\$ 25,310,860	\$ 23,089,090	\$ 22,674,661	\$ 26,384,676
Contributions as a percentage of covered payroll	0.11%	0.15%	0.13%	0.13%	0.11%

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

Notes:

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

Notes to Schedule:

Valuation date: June 30, 2017
Measurement date: June 30, 2018

Methods and assumptions used to determine contribution rates:

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:			
Service cost	\$ 6,198,704	\$ 7,067,566	\$ 8,833,235
Interest	7,987,364	7,777,513	6,598,353
Changes of benefit terms		1,555,927	
Changes of assumptions	(4,383,253)	(12,833,741)	(26,076,367)
Differences between expected and actual experience	(11,697,088)	(7,400,008)	2,971,612
Benefit payments	<u>(6,718,528)</u>	<u>(8,027,130)</u>	<u>(5,793,237)</u>
Net change in total OPEB liability	(8,612,801)	(11,859,873)	(13,466,404)
Total OPEB liability - beginning	<u>203,520,505</u>	<u>215,380,378</u>	<u>228,846,782</u>
Total OPEB liability - ending	<u>194,907,704</u>	<u>203,520,505</u>	<u>215,380,378</u>
Plan fiduciary net position:			
Contributions - employer	7,618,528	9,367,130	6,043,237
Contributions - member			
Net investment loss	330,700	15,818	102,793
Benefit payments	(6,718,528)	(8,027,130)	(5,793,237)
Administrative expense	<u>(10,877)</u>	<u>(6,309)</u>	<u>(5,466)</u>
Net change in plan fiduciary net position	1,219,823	1,349,509	347,327
Plan fiduciary net position - beginning	<u>3,796,828</u>	<u>2,447,319</u>	<u>2,099,992</u>
Plan fiduciary net position - ending	<u>5,016,651</u>	<u>3,796,828</u>	<u>2,447,319</u>
Net OPEB Liability - Ending	<u>\$ 189,891,053</u>	<u>\$ 199,723,677</u>	<u>\$ 212,933,059</u>
Plan fiduciary net position as a percentage of the total OPEB liability	2.57%	1.87%	1.14%
Covered payroll	N/A	N/A	N/A
Net OPEB liability as a percentage of covered payroll	N/A	N/A	N/A

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

Notes to Schedule:

1. Mortality table has been updated from RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017 for healthy retirees and RPH-2017 Disabled Mortality Table fully generational using Scale MP-2017 for disabled retirees to:

- Healthy Police/Fire participants: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2018
 - Healthy School Certified participants: SOA Pub-2010 Teachers Headcount Weighted Mortality Table fully generational using Scale MP-2018
 - All other healthy participants: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2018
 - Disabled Police/Fire participants: SOA Pub-2010 Public Safety Disabled Headcount Weighted Mortality Table fully generational using Scale MP- 2018
 - All other disabled participants: SOA Pub-2010 Non-Safety Disabled Headcount Weighted Mortality Table fully generational using Scale MP-2018
 - Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2018
- The impact of this change is an increase in the Town's liabilities.

2. The health care coverage election rate for active employees with current coverage has been updated from 100% to 90% based on the Town's 2019 experience study. This change has caused a decrease in liabilities.

3. The spousal coverage election rate has been updated from 60% for males and 50% for females to 40% for males and 30% for females based on the Town's 2019 experience study. This change has resulted in a decrease in liabilities.

4. The retirement and termination assumptions have been updated based on the Town's 2019 experience study. The impact of these changes is a slight increase in liabilities.

5. Discount rate as of the Measurement Date has been updated based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale) and the Town's expected asset rate of return. The current valuation uses a discount rate of 3.87% as of July 1, 2018 and 3.51% as of June 30, 2019. This change has caused an increase in liabilities.

6. Health care trend rates have been updated as follows. This change caused a decrease in the Town's liabilities.

- a. For medical and rx benefits, the trend rates have been updated to an initial rate of 8.50% decreasing by 0.50% annually to an ultimate rate of 4.50%.
- b. For HRA benefit, the trend rates have been reset to an initial rate of 1.70% decreasing annually to an ultimate rate of 0.40% in 9 years.
- c. For Medicare Part B benefit, the trend rates have been reset to an initial rate of 3.00% increasing by 0.25% annually to an ultimate rate of 4.50%.

TOWN OF JOHNSTON, RHODE ISLAND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB
LAST TEN FISCAL 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	\$ 18,140,760	\$ 18,051,553	\$ 16,785,322	\$ 16,032,814	\$ 15,214,424	\$ 15,214,424	\$ 14,727,631	\$ 17,249,186	\$ 17,249,187	\$ 19,218,165
Contributions in relation to the actuarially-determined contribution	<u>7,618,528</u>	<u>9,367,130</u>	<u>6,043,237</u>	<u>6,167,417</u>	<u>4,764,265</u>	<u>4,764,265</u>	<u>5,189,692</u>	<u>5,284,569</u>	<u>5,755,376</u>	<u>4,472,653</u>
Contribution Deficiency (Excess)	<u>\$ 10,522,232</u>	<u>\$ 8,684,423</u>	<u>\$ 10,742,085</u>	<u>\$ 9,865,397</u>	<u>\$ 10,450,159</u>	<u>\$ 10,450,159</u>	<u>\$ 9,537,939</u>	<u>\$ 11,964,617</u>	<u>\$ 11,493,811</u>	<u>\$ 14,745,512</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Valuation date:	June 30, 2019									
Measurement date:	June 30, 2019									

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Amortization period	20 years
Asset valuation method	Market value
Inflation	1.90%
Healthcare cost trend rates	8.50% initial, decreasing 0.50% per year to an ultimate rate of 4.50%
Salary increases	3.50%
Discount rate	3.51%
Mortality	See RSI-17 for details.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	8.01%	0.56%	3.56%

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



Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

Scholarship Fund - to account for private contributions and related expenditures for various educational purposes.

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

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

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

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

Memorial Library Fund - to account for library support services.

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

Nonmajor Governmental Funds

Capital Project Funds

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

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

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

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

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

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

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

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

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

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

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

**TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019**

	<u>Special Revenue Funds</u>			
	<u>Special Revenue Funds - Town</u>	<u>Special Revenue Funds - School Restricted</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 631,680	\$ 300	\$ 5,631,799	\$ 6,263,779
Accounts receivable:				
Intergovernmental	9,482	969,158		978,640
Due from other funds	<u>377,742</u>	<u>164,615</u>	<u>465,374</u>	<u>1,007,731</u>
Total Assets	<u>\$ 1,018,904</u>	<u>\$ 1,134,073</u>	<u>\$ 6,097,173</u>	<u>\$ 8,250,150</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 15,079	\$ 5,894	\$ 543	\$ 21,516
Accrued expenses	46,468			46,468
Due to other funds	<u>28,932</u>	<u>919,042</u>		<u>947,974</u>
Total liabilities	<u>90,479</u>	<u>924,936</u>	<u>543</u>	<u>1,015,958</u>
Fund balances:				
Restricted	617,517	226,600	6,096,630	6,940,747
Committed	310,908			310,908
Unassigned		<u>(17,463)</u>		<u>(17,463)</u>
Total fund balances	<u>928,425</u>	<u>209,137</u>	<u>6,096,630</u>	<u>7,234,192</u>
Total Liabilities and Fund Balances	<u>\$ 1,018,904</u>	<u>\$ 1,134,073</u>	<u>\$ 6,097,173</u>	<u>\$ 8,250,150</u>

**TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Special Revenue Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Special Revenue Funds - Town</u>	<u>Special Revenue Funds - School Restricted</u>	<u>Capital Projects Funds</u>	
Revenues:				
Intergovernmental	\$ 164,486	\$ 2,420,357	\$ 18,638	\$ 2,603,481
Charges for services	245,843	5,206	465,374	716,423
Investment and interest income	4,770		116,374	121,144
Contributions and private grants	185,000			185,000
Other revenue	80,637	55,421		136,058
Total revenues	<u>680,736</u>	<u>2,480,984</u>	<u>600,386</u>	<u>3,762,106</u>
Expenditures:				
General government	172,019			172,019
Public safety	134,764			134,764
Public works	1,291			1,291
Library	36,139			36,139
Parks and recreation	102,575			102,575
Education	30,791	2,431,583		2,462,374
Capital outlay			3,224,835	3,224,835
Debt service			13,419	13,419
Total expenditures	<u>477,579</u>	<u>2,431,583</u>	<u>3,238,254</u>	<u>6,147,416</u>
Excess (Deficiency) of Revenues over Expenditures	<u>203,157</u>	<u>49,401</u>	<u>(2,637,868)</u>	<u>(2,385,310)</u>
Other Financing Sources (Uses):				
Transfers in			150,000	150,000
Transfers out	(125,000)		(8,507)	(133,507)
Net other financing sources (uses)	<u>(125,000)</u>	<u>-</u>	<u>141,493</u>	<u>16,493</u>
Net Change in Fund Balances	78,157	49,401	(2,496,375)	(2,368,817)
Fund Balances at Beginning of Year	<u>850,268</u>	<u>159,736</u>	<u>8,593,005</u>	<u>9,603,009</u>
Fund Balances at End of Year	<u>\$ 928,425</u>	<u>\$ 209,137</u>	<u>\$ 6,096,630</u>	<u>\$ 7,234,192</u>

TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - TOWN
COMBINING BALANCE SHEET
JUNE 30, 2019

	<u>Community Development Block Grant</u>	<u>Police Special Account</u>	<u>Memorial Park Rec Fields Restoration</u>	<u>Blue Riptide Grant</u>	<u>BHDDH RI Partnership For Success</u>	<u>Scholarship Fund</u>	<u>Indoor Athletic Complex</u>
ASSETS							
Cash and cash equivalents	\$ 11,358	\$ 81,816	\$ 37,318	\$ -	\$ -	\$ 173,962	\$ 53,737
Intergovernmental	9,482						
Due from other funds		17,306			12,854		
Total Assets	<u>\$ 20,840</u>	<u>\$ 99,122</u>	<u>\$ 37,318</u>	<u>\$ -</u>	<u>\$ 12,854</u>	<u>\$ 173,962</u>	<u>\$ 53,737</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 12,854	\$ -	\$ 1,529
Accrued expenses		46,468					
Due to other funds	9,482						19,450
Total liabilities	<u>9,482</u>	<u>46,468</u>	<u>-</u>	<u>-</u>	<u>12,854</u>	<u>-</u>	<u>20,979</u>
Fund balances:							
Restricted	11,358	52,654	37,318			173,962	32,758
Committed							
Total fund balances	<u>11,358</u>	<u>52,654</u>	<u>37,318</u>	<u>-</u>	<u>-</u>	<u>173,962</u>	<u>32,758</u>
Total Liabilities and Fund Balances	<u>\$ 20,840</u>	<u>\$ 99,122</u>	<u>\$ 37,318</u>	<u>\$ -</u>	<u>\$ 12,854</u>	<u>\$ 173,962</u>	<u>\$ 53,737</u>

(Continued on next page)

TOWN OF JOHNSTON, RHODE ISLAND
 NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - TOWN
 COMBINING BALANCE SHEET (CONTINUED)
 JUNE 30, 2019

	<u>Historical Document Preservation</u>	<u>Fire Plan Review</u>	<u>Fire Prevention</u>	<u>Memorial Library Fund</u>	<u>Secure Our Schools</u>	<u>Champlin Grant</u>	<u>Total Special Revenue Funds - Town</u>
ASSETS							
Cash and cash equivalents	\$ 117,666	\$	\$	\$ 155,823	\$	\$	\$ 631,680
Intergovernmental							9,482
Due from other funds	<u>6,095</u>	<u>310,908</u>	<u>30,579</u>				<u>377,742</u>
Total Assets	<u>\$ 123,761</u>	<u>\$ 310,908</u>	<u>\$ 30,579</u>	<u>\$ 155,823</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,018,904</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	\$	\$	\$ 696	\$	\$	\$ 15,079
Accrued expenses							46,468
Due to other funds							<u>28,932</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>696</u>	<u>-</u>	<u>-</u>	<u>90,479</u>
Fund balances:							
Restricted	123,761		30,579	155,127			617,517
Committed		310,908					310,908
Total fund balances	<u>123,761</u>	<u>310,908</u>	<u>30,579</u>	<u>155,127</u>	<u>-</u>	<u>-</u>	<u>928,425</u>
Total Liabilities and Fund Balances	<u>\$ 123,761</u>	<u>\$ 310,908</u>	<u>\$ 30,579</u>	<u>\$ 155,823</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,018,904</u>

**TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - TOWN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Community Development Block Grant</u>	<u>Police Special Account</u>	<u>Memorial Park Rec Fields Restoration</u>	<u>Blue Riptide Grant</u>	<u>BHDDH RI Partnership For Success</u>	<u>Scholarship Fund</u>	<u>Indoor Athletic Complex</u>
Revenues:							
Intergovernmental	\$ -	\$	\$ 24,830	\$ 3,496	\$ 136,160	\$	\$
Charges for services							104,565
Investment and interest income			547			1,942	290
Contributions and private grants						185,000	
Other revenue	12,649	53,175					
Total revenues	<u>12,649</u>	<u>53,175</u>	<u>25,377</u>	<u>3,496</u>	<u>136,160</u>	<u>186,942</u>	<u>104,855</u>
Expenditures:							
General government					136,160	13,000	
Public safety		44,298		3,496			
Public works	1,291						
Library							
Parks and recreation			19,161				83,414
Education							
Total expenditures	<u>1,291</u>	<u>44,298</u>	<u>19,161</u>	<u>3,496</u>	<u>136,160</u>	<u>13,000</u>	<u>83,414</u>
Excess (Deficiency) of Revenues over Expenditures	11,358	8,877	6,216	-	-	173,942	21,441
Other Financing Sources (Uses):							
Transfers out							
Net Change in Fund Balances	11,358	8,877	6,216	-	-	173,942	21,441
Fund Balances at Beginning of Year	-	43,777	31,102	-	-	20	11,317
Fund Balances at End of Year	<u>\$ 11,358</u>	<u>\$ 52,654</u>	<u>\$ 37,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,962</u>	<u>\$ 32,758</u>

(Continued on next page)

**TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - TOWN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Historical Document Preservation</u>	<u>Fire Plan Review</u>	<u>Fire Prevention</u>	<u>Memorial Library Fund</u>	<u>Secure Our Schools</u>	<u>Champlin Grant</u>	<u>Total Special Revenue Funds - Town</u>
Revenues:							
Intergovernmental	\$	\$	\$	\$	\$	\$ -	\$ 164,486
Charges for services	34,162	94,336	12,780				245,843
Investment and interest income	1,991						4,770
Contributions and private grants							185,000
Other revenue				14,813	-		80,637
Total revenues	<u>36,153</u>	<u>94,336</u>	<u>12,780</u>	<u>14,813</u>	<u>-</u>	<u>-</u>	<u>680,736</u>
Expenditures:							
General government	22,859						172,019
Public safety		68,940	18,030				134,764
Public works							1,291
Library				6,648		29,491	36,139
Parks and recreation							102,575
Education					30,791		30,791
Total expenditures	<u>22,859</u>	<u>68,940</u>	<u>18,030</u>	<u>6,648</u>	<u>30,791</u>	<u>29,491</u>	<u>477,579</u>
Excess (Deficiency) of Revenues over Expenditures	13,294	25,396	(5,250)	8,165	(30,791)	(29,491)	203,157
Other Financing Sources (Uses):							
Transfers out		(125,000)					(125,000)
Net Change in Fund Balances	13,294	(99,604)	(5,250)	8,165	(30,791)	(29,491)	78,157
Fund Balances at Beginning of Year	<u>110,467</u>	<u>410,512</u>	<u>35,829</u>	<u>146,962</u>	<u>30,791</u>	<u>29,491</u>	<u>850,268</u>
Fund Balances at End of Year	<u>\$ 123,761</u>	<u>\$ 310,908</u>	<u>\$ 30,579</u>	<u>\$ 155,127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 928,425</u>

TOWN OF JOHNSTON, RHODE ISLAND
 NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
 COMBINING BALANCE SHEET
 JUNE 30, 2019

	<u>IDEA Part B</u>	<u>Preschool IDEA Section 619</u>	<u>School Implementation</u>	<u>Title I</u>	<u>Title II</u>	<u>Title III</u>	<u>Title IV</u>	<u>Perkins Vocational</u>
ASSETS								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$
Accounts receivable:								
Intergovernmental	348,834	12,662		248,338	77,715	21,365	55,735	
Due from other funds								
Total Assets	<u>\$ 348,834</u>	<u>\$ 12,662</u>	<u>\$ -</u>	<u>\$ 248,338</u>	<u>\$ 77,715</u>	<u>\$ 21,365</u>	<u>\$ 55,735</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenses	\$ 832	\$	\$	\$	\$ 1,899	\$ (215)	\$	\$
Due to other funds	<u>348,002</u>	<u>12,662</u>	<u>6,200</u>	<u>202,777</u>	<u>79,657</u>	<u>21,580</u>	<u>55,735</u>	<u>478</u>
Total liabilities	<u>348,834</u>	<u>12,662</u>	<u>6,200</u>	<u>202,777</u>	<u>81,556</u>	<u>21,365</u>	<u>55,735</u>	<u>478</u>
Fund balances:								
Restricted				45,561				
Unassigned			(6,200)		(3,841)			(478)
Total fund balances	<u>-</u>	<u>-</u>	<u>(6,200)</u>	<u>45,561</u>	<u>(3,841)</u>	<u>-</u>	<u>-</u>	<u>(478)</u>
Total Liabilities and Fund Balances	<u>\$ 348,834</u>	<u>\$ 12,662</u>	<u>\$ -</u>	<u>\$ 248,338</u>	<u>\$ 77,715</u>	<u>\$ 21,365</u>	<u>\$ 55,735</u>	<u>\$ -</u>

(Continued on next page)

TOWN OF JOHNSTON, RHODE ISLAND
 NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
 COMBINING BALANCE SHEET (CONTINUED)
 JUNE 30, 2019

	<u>USDA Fresh Fruits and Vegetables</u>	<u>Race to the Top - HCD</u>	<u>RIDHS Rising Star</u>	<u>Pre-K Grant</u>	<u>Healthier US Schools and Communities</u>	<u>Student Equity</u>	<u>General Assembly</u>	<u>Pre-K Demonstration Project</u>
ASSETS								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$ 300	\$
Accounts receivable:								
Intergovernmental	18,955			28,000				147,998
Due from other funds			2,000		2,000	7,684	6,513	135
Total Assets	<u>\$ 18,955</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 28,000</u>	<u>\$ 2,000</u>	<u>\$ 7,684</u>	<u>\$ 6,813</u>	<u>\$ 148,133</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenses	\$	\$	\$	\$	\$	\$	\$ 1,437	\$ 422
Due to other funds	18,955	1,000		28,000				137,073
Total liabilities	<u>18,955</u>	<u>1,000</u>	<u>-</u>	<u>28,000</u>	<u>-</u>	<u>-</u>	<u>1,437</u>	<u>137,495</u>
Fund balances:								
Restricted			2,000		2,000	7,684	5,376	10,638
Unassigned		(1,000)						
Total fund balances	<u>-</u>	<u>(1,000)</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>7,684</u>	<u>5,376</u>	<u>10,638</u>
Total Liabilities and Fund Balances	<u>\$ 18,955</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 28,000</u>	<u>\$ 2,000</u>	<u>\$ 7,684</u>	<u>\$ 6,813</u>	<u>\$ 148,133</u>

(Continued on next page)

TOWN OF JOHNSTON, RHODE ISLAND
 NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
 COMBINING BALANCE SHEET (CONTINUED)
 JUNE 30, 2019

	<u>RI State Council on the Arts</u>	<u>ELL Grant</u>	<u>Science Mini-Grant</u>	<u>RI Learning Champion</u>	<u>Feinstein Foundation</u>	<u>RI Education Foundation</u>	<u>Feinstein Elementary</u>	<u>Verizon Foundation</u>
ASSETS								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$
Accounts receivable:								
Intergovernmental		4,012	750					
Due from other funds	<u>4,285</u>	<u>3,206</u>		<u>4,053</u>	<u>2,350</u>	<u>150</u>	<u>7,974</u>	<u>3,512</u>
Total Assets	<u>\$ 4,285</u>	<u>\$ 7,218</u>	<u>\$ 750</u>	<u>\$ 4,053</u>	<u>\$ 2,350</u>	<u>\$ 150</u>	<u>\$ 7,974</u>	<u>\$ 3,512</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenses	\$	\$	\$	\$	14	\$	\$	\$
Due to other funds			750					
Total liabilities	<u>-</u>	<u>-</u>	<u>750</u>	<u>-</u>	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Restricted	4,285	7,218		4,053	2,336	150	7,974	3,512
Unassigned								
Total fund balances	<u>4,285</u>	<u>7,218</u>	<u>-</u>	<u>4,053</u>	<u>2,336</u>	<u>150</u>	<u>7,974</u>	<u>3,512</u>
Total Liabilities and Fund Balances	<u>\$ 4,285</u>	<u>\$ 7,218</u>	<u>\$ 750</u>	<u>\$ 4,053</u>	<u>\$ 2,350</u>	<u>\$ 150</u>	<u>\$ 7,974</u>	<u>\$ 3,512</u>

(Continued on next page)

TOWN OF JOHNSTON, RHODE ISLAND
 NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
 COMBINING BALANCE SHEET (CONTINUED)
 JUNE 30, 2019

	Scholarship America	Janice Mele Scholarship	Target Grant	Walmart Grant	Exxon Mobil	Stop & Shop A+ Rewards	Broadrock Energy	Panther Partner Donation
ASSETS								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$
Accounts receivable:								
Intergovernmental								
Due from other funds	720	1,315		150		2,731	65,634	18,615
Total Assets	\$ 720	\$ 1,315	\$ -	\$ 150	\$ -	\$ 2,731	\$ 65,634	\$ 18,615
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenses	\$	\$	\$	\$	\$	\$	\$	\$
Due to other funds			3,786					
Total liabilities	-	-	3,786	-	-	-	-	-
Fund balances:								
Restricted	720	1,315		150		2,731	65,634	18,615
Unassigned			(3,786)					
Total fund balances	720	1,315	(3,786)	150	-	2,731	65,634	18,615
Total Liabilities and Fund Balances	\$ 720	\$ 1,315	\$ -	\$ 150	\$ -	\$ 2,731	\$ 65,634	\$ 18,615

(Continued on next page)

TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2019

	Donations and Misc. Grants	EDC Grant	Lifetouch Commission	PTO Donations	SEAC	High School Donations	Total Special Revenue Funds - School Restricted
ASSETS							
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$ 300
Accounts receivable:							
Intergovernmental		4,794					969,158
Due from other funds			17,357		12,418	1,813	164,615
Total Assets	\$ -	\$ 4,794	\$ 17,357	\$ -	\$ 12,418	\$ 1,813	\$ 1,134,073
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued expenses	\$	\$	\$ 1,505	\$	\$	\$	\$ 5,894
Due to other funds	2,014	229		144			919,042
Total liabilities	2,014	229	1,505	144	-	-	924,936
Fund balances:							
Restricted		4,565	15,852		12,418	1,813	226,600
Unassigned	(2,014)			(144)			(17,463)
Total fund balances	(2,014)	4,565	15,852	(144)	12,418	1,813	209,137
Total Liabilities and Fund Balances	\$ -	\$ 4,794	\$ 17,357	\$ -	\$ 12,418	\$ 1,813	\$ 1,134,073

**TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>IDEA Part B</u>	<u>Preschool IDEA Section 619</u>	<u>School Implementation</u>	<u>Title I</u>	<u>Title II</u>	<u>Title III</u>	<u>Title IV</u>	<u>Perkins Vocational</u>
Revenues:								
Intergovernmental	\$ 1,027,018	\$ 28,763	\$	\$ 803,337	\$ 182,512	\$ 29,519	\$ 63,206	\$ 26,866
Charges for services								
Other revenue								
Total revenues	<u>1,027,018</u>	<u>28,763</u>	<u>-</u>	<u>803,337</u>	<u>182,512</u>	<u>29,519</u>	<u>63,206</u>	<u>26,866</u>
Expenditures:								
Education	<u>1,027,018</u>	<u>28,763</u>		<u>803,337</u>	<u>182,512</u>	<u>29,519</u>	<u>63,206</u>	<u>22,929</u>
Net Change in Fund Balances	-	-	-	-	-	-	-	3,937
Fund Balances at Beginning of Year	-	-	(6,200)	45,561	(3,841)	-	-	(4,415)
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,200)</u>	<u>\$ 45,561</u>	<u>\$ (3,841)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (478)</u>

(Continued on next page)

**TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>USDA Fresh Fruits and Vegetables</u>	<u>Race to the Top - HCD</u>	<u>RIDHS Rising Star</u>	<u>Pre-K Grant</u>	<u>Healthier US Schools and Communities</u>	<u>Student Equity</u>	<u>General Assembly</u>	<u>Pre-K Demonstration Project</u>
Revenues:								
Intergovernmental	\$ 43,100	\$	\$	\$	\$	\$	\$ 2,063	\$ 181,067
Charges for services								
Other revenue								
Total revenues	<u>43,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,063</u>	<u>181,067</u>
Expenditures:								
Education	<u>43,100</u>	<u>1,000</u>					<u>1,493</u>	<u>170,338</u>
Net Change in Fund Balances	-	(1,000)	-	-	-	-	570	10,729
Fund Balances at Beginning of Year	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>7,684</u>	<u>4,806</u>	<u>(91)</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ (1,000)</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 7,684</u>	<u>\$ 5,376</u>	<u>\$ 10,638</u>

(Continued on next page)

TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>RI State Council on the Arts</u>	<u>ELL Grant</u>	<u>Science Mini-Grant</u>	<u>RI Learning Champion</u>	<u>Feinstein Foundation</u>	<u>RI Education Foundation</u>	<u>Feinstein Elementary</u>	<u>Verizon Foundation</u>
Revenues:								
Intergovernmental	\$ 2,290	\$ 24,474	\$ -	\$ 2,739	\$ -	\$ -	\$ 2,783	\$ -
Charges for services								
Other revenue								
Total revenues	<u>2,290</u>	<u>24,474</u>	<u>-</u>	<u>2,739</u>	<u>-</u>	<u>-</u>	<u>2,783</u>	<u>-</u>
Expenditures:								
Education	<u>1,240</u>	<u>23,314</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,975</u>	<u>-</u>
Net Change in Fund Balances	1,050	1,160	-	1,739	-	-	808	-
Fund Balances at Beginning of Year	<u>3,235</u>	<u>6,058</u>	<u>-</u>	<u>2,314</u>	<u>2,336</u>	<u>150</u>	<u>7,166</u>	<u>3,512</u>
Fund Balances at End of Year	<u>\$ 4,285</u>	<u>\$ 7,218</u>	<u>\$ -</u>	<u>\$ 4,053</u>	<u>\$ 2,336</u>	<u>\$ 150</u>	<u>\$ 7,974</u>	<u>\$ 3,512</u>

(Continued on next page)

**TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Scholarship America</u>	<u>Janice Mele Scholarship</u>	<u>Target Grant</u>	<u>Walmart Grant</u>	<u>Exxon Mobil</u>	<u>Stop & Shop A+ Rewards</u>	<u>Broadrock Energy</u>	<u>Panther Partner Donation</u>
Revenues:								
Intergovernmental	\$ 620	\$	\$	\$	\$	\$	\$	\$
Charges for services								
Other revenue		1,315				829	50,000	
Total revenues	<u>620</u>	<u>1,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>829</u>	<u>50,000</u>	<u>-</u>
Expenditures:								
Education							26,881	
Net Change in Fund Balances	620	1,315	-	-	-	829	23,119	-
Fund Balances at Beginning of Year	<u>100</u>	<u>-</u>	<u>(3,786)</u>	<u>150</u>	<u>-</u>	<u>1,902</u>	<u>42,515</u>	<u>18,615</u>
Fund Balances at End of Year	<u>\$ 720</u>	<u>\$ 1,315</u>	<u>\$ (3,786)</u>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 2,731</u>	<u>\$ 65,634</u>	<u>\$ 18,615</u>

(Continued on next page)

**TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Donations and Misc. Grants</u>	<u>EDC Grant</u>	<u>Lifetouch Commission</u>	<u>PTO Donations</u>	<u>SEAC</u>	<u>High School Donations</u>	<u>Total Special Revenue Funds - School Restricted</u>
Revenues:							
Intergovernmental	\$	\$	\$	\$	\$	\$	\$ 2,420,357
Charges for services			5,206				5,206
Other revenue					2,777	500	55,421
Total revenues	<u>-</u>	<u>-</u>	<u>5,206</u>	<u>-</u>	<u>2,777</u>	<u>500</u>	<u>2,480,984</u>
Expenditures:							
Education	<u>910</u>		<u>2,833</u>			<u>215</u>	<u>2,431,583</u>
Net Change in Fund Balances	(910)	-	2,373	-	2,777	285	49,401
Fund Balances at Beginning of Year	<u>(1,104)</u>	<u>4,565</u>	<u>13,479</u>	<u>(144)</u>	<u>9,641</u>	<u>1,528</u>	<u>159,736</u>
Fund Balances at End of Year	<u><u>\$ (2,014)</u></u>	<u><u>\$ 4,565</u></u>	<u><u>\$ 15,852</u></u>	<u><u>\$ (144)</u></u>	<u><u>\$ 12,418</u></u>	<u><u>\$ 1,813</u></u>	<u><u>\$ 209,137</u></u>

**TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019**

	<u>School Facilities Fund</u>	<u>2016 Energy Bonds</u>	<u>Pezza Property Acquisition</u>	<u>Capital Lease 2016</u>	<u>Fire Equipment Fund</u>	<u>Dams Escrow Fund</u>
ASSETS						
Cash and cash equivalents	\$ 137,724	\$	\$ 5,938	\$	\$ 359,327	\$ 1,478,167
Due from other funds					465,374	
Total Assets	<u>\$ 137,724</u>	<u>\$ -</u>	<u>\$ 5,938</u>	<u>\$ -</u>	<u>\$ 824,701</u>	<u>\$ 1,478,167</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued expenses	\$	\$	\$	\$	\$	\$ 543
Fund balances:						
Restricted	<u>137,724</u>		<u>5,938</u>		<u>824,701</u>	<u>1,477,624</u>
Total Liabilities and Fund Balances	<u>\$ 137,724</u>	<u>\$ -</u>	<u>\$ 5,938</u>	<u>\$ -</u>	<u>\$ 824,701</u>	<u>\$ 1,478,167</u>

(Continued on next page)

TOWN OF JOHNSTON, RHODE ISLAND
 NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS
 COMBINING BALANCE SHEET (CONTINUED)
 JUNE 30, 2019

	<u>Capital Project 2013 Series A</u>	<u>Capital Projects Fund</u>	<u>2018 Capital Projects Fund</u>	<u>School Wireless Classroom Initiative</u>	<u>Total Capital Projects Funds</u>
ASSETS					
Cash and cash equivalents	\$ 587,754	\$ 447,825	\$ 2,615,064	\$ -	\$ 5,631,799
Due from other funds					<u>465,374</u>
Total Assets	<u>\$ 587,754</u>	<u>\$ 447,825</u>	<u>\$ 2,615,064</u>	<u>\$ -</u>	<u>\$ 6,097,173</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 543
Fund balances:					
Restricted	<u>587,754</u>	<u>447,825</u>	<u>2,615,064</u>	<u>-</u>	<u>6,096,630</u>
Total Liabilities and Fund Balances	<u>\$ 587,754</u>	<u>\$ 447,825</u>	<u>\$ 2,615,064</u>	<u>\$ -</u>	<u>\$ 6,097,173</u>

**TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>School Facilities Fund</u>	<u>2016 Energy Bonds</u>	<u>Pezza Property Acquisition</u>	<u>Capital Lease 2016</u>	<u>Fire Equipment Fund</u>	<u>Dams Escrow Fund</u>
Revenues:						
Intergovernmental	\$	\$	\$	\$	\$	\$
Investment and interest income	2,387	58	94		9,615	26,114
Charges for services					465,374	
Total revenues	<u>2,387</u>	<u>58</u>	<u>94</u>	<u>-</u>	<u>474,989</u>	<u>26,114</u>
Expenditures:						
Capital outlay				15,624	280,109	62,252
Debt service		13,384		35		
Total expenditures	<u>-</u>	<u>13,384</u>	<u>-</u>	<u>15,659</u>	<u>280,109</u>	<u>62,252</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,387</u>	<u>(13,326)</u>	<u>94</u>	<u>(15,659)</u>	<u>194,880</u>	<u>(36,138)</u>
Other Financing Sources (Uses):						
Transfers in						150,000
Transfers out						
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Net Change in Fund Balances	2,387	(13,326)	94	(15,659)	194,880	113,862
Fund Balances at Beginning of Year	<u>135,337</u>	<u>13,326</u>	<u>5,844</u>	<u>15,659</u>	<u>629,821</u>	<u>1,363,762</u>
Fund Balances at End of Year	<u>\$ 137,724</u>	<u>\$ -</u>	<u>\$ 5,938</u>	<u>\$ -</u>	<u>\$ 824,701</u>	<u>\$ 1,477,624</u>

(Continued on next page)

**TOWN OF JOHNSTON, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Capital Project 2013 Series A</u>	<u>Capital Projects Fund</u>	<u>2018 Capital Projects Fund</u>	<u>School Wireless Classroom Initiative</u>	<u>Total Capital Projects Funds</u>
Revenues:					
Intergovernmental	\$	\$	\$	\$	\$
Investment and interest income	11,270	7,714	59,122	18,638	18,638
Charges for services					116,374
Total revenues	<u>11,270</u>	<u>7,714</u>	<u>59,122</u>	<u>18,638</u>	<u>465,374</u> <u>600,386</u>
Expenditures:					
Capital outlay	74,117		2,792,733		3,224,835
Debt service					13,419
Total expenditures	<u>74,117</u>	<u>-</u>	<u>2,792,733</u>	<u>-</u>	<u>3,238,254</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(62,847)</u>	<u>7,714</u>	<u>(2,733,611)</u>	<u>18,638</u>	<u>(2,637,868)</u>
Other Financing Sources (Uses):					
Transfers in					150,000
Transfers out		(8,507)			(8,507)
Net other financing sources (uses)	<u>-</u>	<u>(8,507)</u>	<u>-</u>	<u>-</u>	<u>141,493</u>
Net Change in Fund Balances	(62,847)	(793)	(2,733,611)	18,638	(2,496,375)
Fund Balances at Beginning of Year	<u>650,601</u>	<u>448,618</u>	<u>5,348,675</u>	<u>(18,638)</u>	<u>8,593,005</u>
Fund Balances at End of Year	<u>\$ 587,754</u>	<u>\$ 447,825</u>	<u>\$ 2,615,064</u>	<u>\$ -</u>	<u>\$ 6,096,630</u>



Nonmajor Proprietary Funds

Nonmajor Proprietary Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges

Cafeteria Fund - This fund is to account for the activity associated with the school department's cafeteria operations

Credit Recovery - This fund is utilized to account for the school department's credit recovery program.

Summer School - This fund is used to account for the activity associated with summer school.

Athletic Field - This fund is used to account for activity of the school department's athletic fields.

TOWN OF JOHNSTON, RHODE ISLAND
COMBINING STATEMENT OF NET POSITION - NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2019

	Enterprise Funds				Total
	Cafeteria Fund	Credit Recovery	Summer School	Athletic Field	
Assets:					
Current assets:					
Cash and cash equivalents	\$ 258,084	\$	\$	\$	\$ 258,084
Accounts receivable, net					
Intergovernmental receivable	30,573				30,573
Due from other funds	86,155	19,571		24,713	130,439
Other	14,931				14,931
Total current assets	<u>389,743</u>	<u>19,571</u>	<u>-</u>	<u>24,713</u>	<u>434,027</u>
Noncurrent assets:					
Capital assets, net of accumulated depreciation	49,263				49,263
Total assets	<u>439,006</u>	<u>19,571</u>	<u>-</u>	<u>24,713</u>	<u>483,290</u>
Liabilities:					
Current liabilities:					
Accounts payable	175,249				175,249
Due to other funds			25,117		25,117
Total current liabilities	<u>175,249</u>	<u>-</u>	<u>25,117</u>	<u>-</u>	<u>200,366</u>
Net Position:					
Net investment in capital assets	49,263				49,263
Unrestricted	214,494	19,571	(25,117)	24,713	233,661
Total Net Position	<u>\$ 263,757</u>	<u>\$ 19,571</u>	<u>\$ (25,117)</u>	<u>\$ 24,713</u>	<u>\$ 282,924</u>

TOWN OF JOHNSTON, RHODE ISLAND
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Enterprise Funds				Total
	Cafeteria Fund	Credit Recovery	Summer School	Athletic Field	
Operating Revenues:					
Charges for services	\$ 452,928	\$	\$	5,001	\$ 457,929
Intergovernmental revenue	647,947				647,947
Total revenues	<u>1,100,875</u>	<u>-</u>	<u>-</u>	<u>5,001</u>	<u>1,105,876</u>
Operating Expenses:					
Salaries and benefits	4,400		16,990		21,390
Contractual services	1,069,981				1,069,981
Depreciation and amortization	23,941				23,941
Total operating expenses	<u>1,098,322</u>	<u>-</u>	<u>16,990</u>	<u>-</u>	<u>1,115,312</u>
Operating Income	2,553	-	(16,990)	5,001	(9,436)
Nonoperating Revenues (Expenses):					
Investment income	<u>3,124</u>				<u>3,124</u>
Change in Net Position	5,677	-	(16,990)	5,001	(6,312)
Net Position at Beginning of Year	<u>258,080</u>	<u>19,571</u>	<u>(8,127)</u>	<u>19,712</u>	<u>289,236</u>
Net Position at End of Year	<u>\$ 263,757</u>	<u>\$ 19,571</u>	<u>\$ (25,117)</u>	<u>24,713</u>	<u>\$ 282,924</u>

TOWN OF JOHNSTON, RHODE ISLAND
COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Enterprise Funds				
	Cafeteria Fund	Credit Recovery	Summer School	Athletic Field	Total
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 452,928	\$	\$	\$ 5,001	\$ 457,929
Intergovernmental receipts	643,572				643,572
Payments to suppliers	(1,006,559)				(1,006,559)
Payments to employees	(4,400)		(16,990)		(21,390)
Net cash provided by (used in) operating activities	<u>85,541</u>	<u>-</u>	<u>(16,990)</u>	<u>5,001</u>	<u>73,552</u>
Cash Flows from Noncapital Financing Activities:					
Interfund loans	164,482		16,990	(5,001)	176,471
Net cash provided by (used in) noncapital financing activities	<u>164,482</u>	<u>-</u>	<u>16,990</u>	<u>(5,001)</u>	<u>176,471</u>
Cash Flows from Capital and Related Financing Activities:					
Additions to property, plant and equipment	(54,737)				(54,737)
Net cash provided by (used in) capital and related financing activities	<u>(54,737)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(54,737)</u>
Cash Flows from Investing Activities					
Interest and dividends on investments	3,124				3,124
Net cash provided by (used in) investing activities	<u>3,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,124</u>
Net Increase in Cash and Cash Equivalents	198,410	-	-	-	198,410
Cash and Cash Equivalents at Beginning of Year	59,674	-	-	-	59,674
Cash and Cash Equivalents at End of Year	<u>\$ 258,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 258,084</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 2,553	\$	\$ (16,990)	\$ 5,001	\$ (9,436)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	23,941				23,941
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	10,018				10,018
Increase (decrease) in accounts payable and accrued expenses	63,422				63,422
Increase (decrease) in unearned revenue	(14,393)				(14,393)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 85,541</u>	<u>\$ -</u>	<u>\$ (16,990)</u>	<u>\$ 5,001</u>	<u>\$ 73,552</u>



Fiduciary Funds

Fiduciary Funds

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

Agency Funds

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

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

TOWN OF JOHNSTON, RHODE ISLAND
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
Student Activity Funds				
Assets:				
Cash and cash equivalents	\$ 273,599	\$ 276,839	\$ 271,455	\$ 278,983
Liabilities:				
Deposits held for others	\$ 273,599	\$ 276,839	\$ 271,455	\$ 278,983
Performance Bonds				
Assets:				
Cash and cash equivalents	\$ 242,424	\$ 3,914	\$	\$ 246,338
Other receivables	107,750			107,750
Total Assets	\$ 350,174	\$ 3,914	\$ -	\$ 354,088
Liabilities:				
Deposits held for others	\$ 350,174	\$ 3,914	\$ -	\$ 354,088
Total				
Assets:				
Cash and cash equivalents	\$ 516,023	\$ 280,753	\$ 271,455	\$ 525,321
Due from other funds	107,750			107,750
Total Assets	\$ 623,773	\$ 280,753	\$ 271,455	\$ 633,071
Liabilities:				
Deposits held for others	\$ 623,773	\$ 280,753	\$ 271,455	\$ 633,071



Other Schedules

**TOWN OF JOHNSTON, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

Tax Roll Year	Mill Rate	Balance July 1, 2018	Current Year Assessment	Transfers Addendums (Net)	Abatements and Adjustments	Amount to be Collected	Collections Net of Refunds	Balance June 30, 2019
2018	27.49	\$	\$ 74,976,714	\$ 463,611	\$ \$188,230	\$ 75,252,095	\$ \$71,886,592	\$ 3,365,503
2017	27.49	3,230,080		1,125	(38,465)	3,269,670	2,075,183	1,194,487
2016	27.49	1,482,177			(101,973)	1,584,150	679,204	904,946
2015	28.99	741,141			(145,092)	886,233	296,320	589,913
2014	28.99	454,364			(53,491)	507,855	59,278	448,577
2013	28.75	441,769			(48,254)	490,023	29,640	460,383
2012	24.75	422,680			(70,615)	493,295	26,209	467,086
2011	24.75	473,265			(47,911)	521,176	32,749	488,427
2010	23.81	409,874			(62,641)	472,515	23,768	448,747
2009	19.49	231,485			(49,428)	280,913	3,595	277,318
2008	18.91	263,253			168,447	94,806	773	94,033
2007	17.84	250,133			212,691	37,442	571	36,871
2006	17.41	30,903			426	30,477	197	30,280
2005	16.99	16,793			6	16,787		16,787
2004	16.40	13,707			459	13,248		13,248
2003	26.30	32,216				32,216	838	31,378
2002	25.10	28,156			416	27,740		27,740
2001	23.79	20,698				20,698	118	20,580
2000	27.06	11,342			11,342			
1999	27.06	11,279			11,279			
1998	25.89	12,629			12,629			
1997	20.90	7,886			7,886			
1996	20.90	3,291			3,291			
1995	20.90	3,555			3,500	55	55	
1994	20.90	2,520			2,520			
1993	34.64	7,122			7,122			
1992	32.90	3,545			3,545			
Total		8,605,863	\$ 74,976,714	\$ 464,736	\$ 15,919	\$ 84,031,394	\$ 75,115,090	8,916,304
Less: allowance for uncollectible accounts		<u>(5,271,354)</u>						<u>(3,188,881)</u>
Net property taxes receivable		\$ 3,334,509						\$ 5,727,423

(Continued on next page)

TOWN OF JOHNSTON, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT D

Collections Summary

Year	Subject to 60 Day Rule July 1, 2018 August 31, 2018	Not Subject to 60 Day Rule July 1, 2018 June 30, 2019	Subject to 60 Day Rule July 1, 2019 August 31, 2019	Tax Revenue Recognized Fiscal Year End June 30, 2019	
2018	\$	\$	71,886,592	862,023	\$ 72,748,615
2017	656,965	1,418,218	325,278	1,743,496	
2016	143,883	535,321	133,883	669,204	
2015	113,524	182,796	4,945	187,741	
2014	3,484	55,794	2,650	58,444	
2013	2,968	26,672	1,340	28,012	
2012	3,114	23,095	2,372	25,467	
2011	2,996	29,753	503	30,256	
2010	8,890	14,878	339	15,217	
2009	14,913	(11,318)	231	(11,087)	
2008	558	215		215	
2007	342	229		229	
2006	191	6	261	267	
2005	892	(892)		(892)	
2004					
2003		838		838	
2002					
2001		118		118	
2000					
1999					
1998					
1997					
1996					
1995		55		55	
1994					
1993					
1992					
	\$ <u>952,720</u>	\$ <u>74,162,370</u>	\$ <u>1,333,825</u>	\$ <u>75,496,195</u>	

(Continued on next page)

**TOWN OF JOHNSTON, RHODE ISLAND
SCHEDULE OF PROPERTY TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2019**

EXHIBIT D

Schedule of Net Assessed Property Value by Category
Assessed December 31, 2017

Description of Property	Valuations	Levy
Real property	\$ 2,432,920,561	\$ 55,864,690
Motor vehicle	236,340,816	7,772,591
Tangible property	<u>189,908,157</u>	<u>11,339,433</u>
Total	2,859,169,534	74,976,714
Exemptions and adjustments	<u>449,602,420</u>	
Net Assessed Value	<u>\$ 2,409,567,114</u>	<u>\$ 74,976,714</u>

Reconciliation of Current Year Property Tax Revenue

Current year collections	\$ 75,115,090
Revenue received 60 days subsequent to fiscal year ended June 30, 2019	<u>1,333,825</u>
Subtotal	76,448,915
2017 TIF Bonds Net Cost	(81,158)
Prior year revenue received in current year (2018 60 day rule)	<u>(952,720)</u>
Current Year Property Tax Revenue	75,415,037
Power Plant Tax Treaty	3,183,624
Citizens Bank Tax Stabilization	<u>250,000</u>
Tax Revenues per Exhibit IV	<u>\$ 78,848,661</u>



Annual Supplementary Transparency Report

Town of Johnston
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2019

EXHIBIT E-1

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 72,579,925	\$ -
Last Year's Levy Tax Collection	1,760,423	-
Prior Years Property Tax Collection	1,074,688	-
Interest & Penalty	1,110,358	-
PILOT & Tax Treaty (excluded from levy) Collection	3,433,624	-
Other Local Property Taxes	-	-
Licenses and Permits	195,581	-
Fines and Forfeitures	306,912	-
Investment Income	836,492	-
Departmental	7,869,799	-
Rescue Run Revenue	950,000	-
Police & Fire Detail	1,981,794	-
Other Local Non-Property Tax Revenues	-	-
Tuition	-	71,967
Impact Aid	-	-
Medicaid	-	835,473
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	632,869
CDBG	-	-
COPS Grants	8,496	-
SAFER Grants	-	-
Other Federal Aid Funds	-	2,314,203
MV Excise Tax Reimbursement	437,352	-
State PILOT Program	-	-
Distressed Community Relief Fund	1,065,944	-
Library Resource Aid	120,586	-
Library Construction Aid	-	-
Public Service Corporation Tax	367,521	-
Meals & Beverage Tax / Hotel Tax	749,805	-
LEA Aid	-	18,120,660
Group Home	-	-
Housing Aid Capital Projects	-	-
Housing Aid Bonded Debt	365,820	-
State Food Service Revenue	-	15,078
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	188,176	212,632
Motor Vehicle Phase Out	2,172,842	-
Other Revenue	348,259	825,984
Local Appropriation for Education	-	37,529,015
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	\$ 97,924,397	\$ 60,557,881
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	-	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
Total Other Financing Sources	\$ -	\$ -

Town of Johnston
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2019

EXHIBIT E-1

EXPENDITURES	General		Social	Centralized	Planning	Libraries	Public Works	Parks and Rec	Police Department
	Government	Finance	Services	IT					
Compensation- Group A	\$ 731,738	\$ 644,650	\$ 45,714	\$ -	\$ 82,083	\$ 347,754	\$ 1,334,923	\$ 619,939	\$ 4,984,431
Compensation - Group B	-	-	-	-	-	-	-	-	697,505
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	10,965	51,873	-	-	122	-	185,989	29,367	1,094,518
Overtime - Group B	-	-	-	-	-	-	-	-	64,692
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	1,416,116
Active Medical Insurance - Group A	388,996	202,315	2,847	-	8,180	122,653	389,218	168,451	1,093,924
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	208,372
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	12,476	12,476	-	-	370	7,259	23,453	9,673	71,889
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	13,694
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	73,192	54,402	3,370	-	6,225	26,100	119,427	50,337	577,411
Life Insurance	1,082	1,138	102	-	95	664	2,410	822	56,958
State Defined Contribution- Group A	5,328	6,446	-	-	345	2,742	12,148	3,271	91,029
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	5,579
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	551,521	48,970	501	-	-	-	60,310	18,906	100,468
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	4,854,091
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	71,481	104,342	-	-	5,563	41,562	178,652	74,004	77,949
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	470,311	263,993	57,809	-	3,594	-	19,900	-	3,866
Materials/Supplies	44,071	44,588	19,480	-	2,957	18,572	78,798	38,895	58,539
Software Licenses	-	31,012	-	-	-	46,645	8,390	-	39,890
Capital Outlays	5,357	3,025	-	-	-	3,704	32,725	6,251	7,457
Insurance	648,387	-	-	-	-	-	-	-	-
Maintenance	25,367	-	1,674	-	12,986	16,800	200,983	48,134	79,906
Vehicle Operations	-	-	-	-	-	155	224,958	15,327	168,580
Utilities	44,758	5,134	2,850	-	-	33,623	49,801	149,864	99,344
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	909,803	-	-
Revaluation	-	135,104	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	155,256	-	-
Trash Removal & Recycling	-	-	-	-	-	-	1,411,964	-	-
Claims & Settlements	133,219	-	-	-	-	-	-	-	-
Community Support	53,000	-	-	-	-	-	-	-	-
Other Operation Expenditures	133,642	8,098	238,065	-	2,181	36,836	17,693	10,063	121,322
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	\$ 3,404,891	\$ 1,617,566	\$ 372,412	\$ -	\$ 124,701	\$ 705,069	\$ 5,416,801	\$ 1,243,304	\$ 15,987,530

Town of Johnston
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2019

EXHIBIT E-1

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ 6,719,563	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,510,795	\$ 25,631,115
Compensation - Group B	115,482	-	-	-	-	-	812,987	2,191,887
Compensation - Group C	-	-	-	-	-	-	-	4,522,908
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	2,764,041	-	-	-	-	-	4,136,875	-
Overtime - Group B	9,326	-	-	-	-	-	74,018	-
Overtime - Group C	-	-	-	-	-	-	-	94,845
Police & Fire Detail	9,033	-	-	-	-	-	1,425,149	-
Active Medical Insurance - Group A	1,297,719	-	-	-	-	-	3,674,303	4,134,077
Active Medical Insurance- Group B	26,484	-	-	-	-	-	234,856	501,916
Active Medical Insurance- Group C	-	-	-	-	-	-	-	2,771,833
Active Dental insurance- Group A	90,384	-	-	-	-	-	227,980	314,167
Active Dental Insurance- Group B	1,865	-	-	-	-	-	15,559	29,458
Active Dental Insurance- Group C	-	-	-	-	-	-	-	112,346
Payroll Taxes	702,816	-	-	-	-	-	1,613,280	784,397
Life Insurance	18,792	-	-	-	-	-	82,063	115,618
State Defined Contribution- Group A	-	-	-	-	-	-	121,309	662,018
State Defined Contribution - Group B	762	-	-	-	-	-	6,341	42,397
State Defined Contribution - Group C	-	-	-	-	-	-	-	34,520
Other Benefits- Group A	80,830	-	-	-	-	-	861,506	-
Other Benefits- Group B	22,222	-	-	-	-	-	22,222	-
Other Benefits- Group C	-	-	-	-	-	-	-	10,800
Local Defined Benefit Pension- Group A	4,163,559	-	-	-	-	-	9,017,650	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	383,598	-	-	-	-	-	937,151	3,468,966
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	284,007
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	693,529
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-
Purchased Services	6,372	-	-	-	-	-	825,845	13,001,483
Materials/Supplies	343,581	-	-	-	-	-	649,481	574,622
Software Licenses	1,251	-	-	-	-	-	127,188	93,853
Capital Outlays	-	-	-	-	-	-	58,519	267,230
Insurance	-	-	-	-	-	-	648,387	194,160
Maintenance	101,967	-	-	-	-	-	487,817	444,851
Vehicle Operations	283,005	-	-	-	-	-	692,025	28,336
Utilities	174,354	-	-	-	-	-	559,728	784,546
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	909,803	-
Revaluation	-	-	-	-	-	-	135,104	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	155,256	-
Trash Removal & Recycling	-	-	-	-	-	-	1,411,964	-
Claims & Settlements	-	-	-	-	-	-	133,219	-
Community Support	-	-	-	-	-	-	53,000	-
Other Operation Expenditures	385,313	-	-	-	-	-	953,213	114,882
Tipping Fees	-	-	-	-	-	-	-	-
Local Appropriation for Education	-	-	-	37,529,015	-	-	37,529,015	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	2,961,525	-	2,961,525	-
Municipal Debt- Interest	-	-	-	-	712,984	-	712,984	-
School Debt- Principal	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	6,537,114	6,537,114	914,380
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 17,702,319	\$ -	\$ -	\$ 37,529,015	\$ 3,674,509	\$ 6,537,114	\$ 94,315,231	\$ 62,819,149

Financing Uses: Transfer to Capital Funds	\$ -	\$ -
Financing Uses: Transfer to Other Funds	150,000	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ 150,000	\$ -
Net Change in Fund Balance¹	3,459,166	(2,261,268)
Fund Balance1- beginning of year	\$30,304,386	\$4,687,201
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	-
Misc. Adjustment	-	(114,812)
Fund Balance¹ - beginning of year adjusted	30,304,386	4,572,389
Rounding	-	-
Fund Balance¹ - end of year	\$ 33,763,552	\$ 2,311,121

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

Town of Johnston
Annual Supplemental Transparency Report (MTP2)
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Municipal
Fiscal Year Ended June 30, 2019

EXHIBIT E-2

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2018						\$ 30,304,386	-	\$ 30,304,386	
<i>No funds removed from RGS for fiscal 2018</i>						-	-	-	
<i>No funds added to RGS for Fiscal 2018</i>						-	-	-	
<i>No misc. adjustments made for fiscal 2018</i>						-	-	-	
Fund Balance¹ - per MTP-2 at June 30, 2018 adjusted						<u>\$ 30,304,386</u>	<u>-</u>	<u>\$ 30,304,386</u>	
General Fund	\$ 97,256,311	\$ 125,000	\$ 56,340,720	\$ 37,679,015	\$ 3,361,576	\$ 29,484,908	-	\$ 29,484,908	\$ 32,846,484
Scholarship fund	186,942	-	13,000	-	173,942	20	-	20	173,962
Johnston Memorial Library Fund	14,813	-	6,648	-	8,165	146,962	-	146,962	155,127
Champlin Foundation Grant Fund	-	-	29,491	-	(29,491)	29,491	-	29,491	-
Police Seizure Fund - Federal	537	-	-	-	537	27,372	-	27,372	27,909
BDDH Partnership for Success Fund	136,159	-	136,159	-	-	-	-	-	-
Police Seizure Fund - Other Than Federal Funds	52,638	-	44,298	-	8,340	16,405	-	16,405	24,745
Memorial Park Recreation Fields Restoration Fund	25,377	-	19,160	-	6,217	31,101	-	31,101	37,318
Fire Prevention Fund	12,780	-	18,030	-	(5,250)	35,830	-	35,830	30,580
Indoor athletic Complex Fund	104,855	-	83,414	-	21,441	11,318	-	11,318	32,759
Blue Riptide Grant Fund	3,496	-	3,496	-	-	-	-	-	-
Fire Plan Review Fund	94,336	-	68,940	125,000	(99,604)	410,512	-	410,512	310,908
Historical Records Fund	36,153	-	22,860	-	13,293	110,467	-	110,467	123,760
Totals per audited financial statements	<u>\$ 97,924,397</u>	<u>\$ 125,000</u>	<u>\$ 56,786,216</u>	<u>\$ 37,804,015</u>	<u>\$ 3,459,166</u>	<u>\$ 30,304,386</u>	<u>\$ -</u>	<u>\$ 30,304,386</u>	<u>\$ 33,763,552</u>
<u>Reconciliation from financial statements to MTP2</u>									
Municipal Appropriations for Education Reported as transfer on financial statements by a revenue on MTP2	\$ -	\$ -	\$ 37,529,015	\$ (37,529,015)	\$ -	\$ -	\$ -	\$ -	\$ -
Elimination of transfer between general fund and fire plan review fund	-	(125,000)	-	(125,000)	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 97,924,397</u>	<u>\$ -</u>	<u>\$ 94,315,231</u>	<u>\$ 150,000</u>	<u>\$ 3,459,166</u>	<u>\$ 30,304,386</u>	<u>\$ -</u>	<u>\$ 30,304,386</u>	<u>\$ 33,763,552</u>

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

Town of Johnston
Annual Supplemental Transparency Report (MTP2)
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Education Department
Fiscal Year Ended June 30, 2019

EXHIBIT E-3

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2018						\$ 4,687,201	-	\$ 4,687,201	
<i>Misc. adjustments made for fiscal 2018 due to indirect costs</i>						<u>(114,812)</u>	-	<u>(114,812)</u>	
Fund Balance¹ - per MTP-2 at June 30, 2018 adjusted						<u>\$ 4,572,389</u>	-	<u>\$ 4,572,389</u>	
School Unrestricted Fund	\$ 21,951,882	\$ 37,529,015	\$ 61,862,202	\$ -	\$ (2,381,305)	\$ 4,141,884	\$ -	\$ 4,141,884	\$ 1,760,579
School Enterprise Fund ¹	1,109,000	-	1,115,312	-	(6,312)	289,236	-	289,236	282,924
School Capital Fund	-	-	-	-	-	-	-	-	-
School Special Revenue Funds	2,480,984	-	2,431,583	-	49,401	159,736	-	159,736	209,137
Totals per audited financial statements	<u>\$ 25,541,866</u>	<u>\$ 37,529,015</u>	<u>\$ 65,409,097</u>	<u>\$ -</u>	<u>\$ (2,338,216)</u>	<u>\$ 4,590,856</u>	<u>\$ -</u>	<u>\$ 4,590,856</u>	<u>\$ 2,252,640</u>
<u>Reconciliation from financial statements to MTP2</u>									
Municipal appropriation for Education reported as a transfer on financial statements but a revenue on MTP2	\$ 37,529,015	\$ (37,529,015)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(2,513,000)	-	(2,513,000)	-	-	-	-	-	-
For financial statements, indirect cost charges and recovery are reported in federal grant funds and also actual expenditures & reimbursement reported in School Unrestricted Fund.	-	-	(107,744)	-	107,744	-	-	-	107,744
Depreciation Expenses recognized on Financial Statements NOT recognized for MTP2 or UCOA, Capital Purchase, and Net Investment in Capital Assets for School Lunch Fund not recognized in UCOA	-	-	30,796	-	(30,796)	(18,467)	-	(18,467)	(49,263)
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 60,557,881</u>	<u>\$ -</u>	<u>\$ 62,819,149</u>	<u>\$ -</u>	<u>\$ (2,261,268)</u>	<u>\$ 4,572,389</u>	<u>\$ -</u>	<u>\$ 4,572,389</u>	<u>\$ 2,311,121</u>
<u>Reconciliation from MTP2 to UCOA</u>									
Grant expense over expenditure	\$ -		\$ 4,886						
Cell tower revenue	18,605		-						
Misc variances between MTP2 and UCOA	(1.24)		(109,474)						
Capital purchase for cafeteria fund in FY19 not reflected in UCOA	-		54,737						
Totals per UCOA Validated Totals Report	<u>\$ 60,576,485</u>		<u>\$ 62,769,298</u>						

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

TOWN OF JOHNSTON, RHODE ISLAND

NOTES TO SUPPLEMENTARY INFORMATION ANNUAL SUPPLEMENTAL TRANSPARENCY REPORT (MTP2) JUNE 30, 2019

1. BASIS OF PRESENTATION

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

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

2. REPORTABLE GOVERNMENT SERVICES

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

3. ALLOCATIONS

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

4. EMPLOYEE GROUPS - COMPENSATION AND BENEFIT COSTS

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

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

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

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

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

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

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

5. EDUCATION REVENUE AND EXPENDITURES

The revenues and expenditures presented on the MTP2 under the Education Department are 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/>.