

**TOWN OF CUMBERLAND, RHODE ISLAND**

ANNUAL FINANCIAL STATEMENTS

*FOR THE YEAR ENDED JUNE 30, 2018*

# TOWN OF CUMBERLAND, RHODE ISLAND

For the year ended June 30, 2018

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*For the year ended June 30, 2018*

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### ***Independent Auditor's Report***

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

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

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

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

#### **Auditor's Responsibility**

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

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

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

*Continued*

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cumberland, Rhode Island, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, general fund budgetary comparison information, and supplementary pension and other post-employment benefit information on pages 4-17 and 94-116 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Cumberland, Rhode Island's basic financial statements. The combining non-major fund financial statements, the combining fiduciary fund financial statements, the other budgetary comparison information, the tax collector's annual report, schedule of school unrestricted fund balance, and the MTP2 annual transparency portal are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major fund financial statements, the combining fiduciary fund financial statements, the other budgetary comparison information, the tax collector's annual report, schedule of school unrestricted fund balance, and the MTP2 annual transparency portal are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major fund financial statements, the combining fiduciary fund financial statements, the remaining other comparison information, the tax collector's annual report, schedule of school unrestricted fund balance, and the MTP2 annual transparency portal are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

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

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

Fall River, Massachusetts  
December 28, 2018

## TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

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The management of the Town of Cumberland, Rhode Island (herein, the Town), provides this Management Discussion and Analysis of the Town of Cumberland's Annual Financial Report for the readers of the Town's financial statements. This narrative overview and analysis of the financial statements of the Town of Cumberland is for fiscal year ended June 30, 2018. We encourage readers to consider this information in conjunction with the additional information that is furnished in the Town's financial statements.

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

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

### FINANCIAL HIGHLIGHTS

- At the end of the current fiscal year, total fund balance for the General Fund was \$11,975,273 or 15.81% of total 2018 budgeted revenues of \$75,734,813. This is a decrease of \$1,955,978 from the prior year total fund balance.
- The total unassigned fund balance of the General Fund is \$9,781,175 or 12.92% of total 2018 budgeted revenues.
- The total assigned fund balance of the General Fund is \$1,643,092. This is an increase of \$78,716 from the prior year.
- The Town General Fund ended fiscal year 2018 with a budgetary operating surplus of \$1,520,087 and the School Unrestricted Fund ended with no budgetary operating variance.
- The total debt related to bonds, notes, and capital leases of the Town of Cumberland increased by \$14,174,357.
- As reported in the government-wide financial statements, the assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$55,256,580. The Town has chosen a conservative fiscal policy whereby it has developed its capital asset base from current operations rather than debt.
- The Town's total net position increased by \$5,414,946 for the fiscal year ended June 30, 2018.

*Continued*

## TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

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

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

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

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

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

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

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

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

*Continued*



## TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

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

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

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

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

#### **Fund Financial Statements**

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

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

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

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

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## TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

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

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

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

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

The governmental fund financial statements can be found on pages 24 through 25 of this report. The budgetary statements can be found on pages 113 through 116 and 118 through 124 of this report.

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

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

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

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

The proprietary fund financial statements can be found on pages 28 through 30 of this report. The budgetary statements can be found on pages 125 and 126 of this report.

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

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

*Continued*

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

### Notes to the Financial Statements

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

The notes of the financial statements are presented on pages 33 through 93.

### Required Information

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

Budgetary comparison schedules are presented to demonstrate compliance with the budget on pages 113 through 116.

The pension information included represents the state pension for municipal employees excluding police, the police pension and the teachers state pension and OPEB information is presented on pages 94 through 112.

### Supplementary Information

In addition to the basic financial statements, accompanying notes, and required supplementary information, this report includes a budgetary comparison for the school unrestricted fund, sewer fund, water fund, combining governmental funds, annual tax collector's report, schedule of school unrestricted fund balance, and MTP2 Annual Transparency Portal.

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

**Figure 1**

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

*Continued*

# TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2018

### Other Supplementary Information (Continued)

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

**Figure 2**

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

### Government-wide Financial Analysis

#### Analysis of the Town of Cumberland's Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Cumberland, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$55,256,580 as of June 30, 2018, an increase over the prior year of \$5,414,946.

In regard to the Town's net position, \$69,585,120 consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any debt used to acquire these assets which is still outstanding. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are highly unlikely to be used to liquidate these liabilities.

*Continued*

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Current assets	\$ 86,421,008	\$ 69,246,833	\$ 12,354,229	\$ 7,612,680	\$ 98,775,237	\$ 76,859,513
Non current assets	<u>114,851,805</u>	<u>107,482,441</u>	<u>29,253,081</u>	<u>29,473,046</u>	<u>144,104,886</u>	<u>136,955,487</u>
Total assets	<u>201,272,813</u>	<u>176,729,274</u>	<u>41,607,310</u>	<u>37,085,726</u>	<u>242,880,123</u>	<u>213,815,000</u>
<b>Deferred outflows of resources</b>						
Pension related outflows	19,712,655	20,557,523	-	-	19,712,655	20,557,523
OPEB related outflows	<u>1,607,941</u>	<u>2,411,911</u>	<u>-</u>	<u>-</u>	<u>1,607,941</u>	<u>2,411,911</u>
Total deferred outflows of resources	<u>21,320,596</u>	<u>22,969,434</u>	<u>-</u>	<u>-</u>	<u>21,320,596</u>	<u>22,969,434</u>
<b>Liabilities</b>						
Current liabilities	28,029,098	15,541,080	1,687,657	1,655,460	29,716,755	17,196,540
Long-term liabilities	<u>155,432,666</u>	<u>149,349,005</u>	<u>11,842,385</u>	<u>8,329,204</u>	<u>167,275,051</u>	<u>157,678,209</u>
Total liabilities	<u>183,461,764</u>	<u>164,890,085</u>	<u>13,530,042</u>	<u>9,984,664</u>	<u>196,991,806</u>	<u>174,874,749</u>
<b>Deferred inflows of resources</b>						
Pension related inflows	7,146,767	8,418,616	-	-	7,146,767	8,418,616
OPEB related outflows	1,725,355	100,434	-	-	1,725,355	100,434
Gain on refunding	1,137,562	1,243,519	-	-	1,137,562	1,243,519
Other deferred inflows	<u>1,942,649</u>	<u>2,305,482</u>	<u>-</u>	<u>-</u>	<u>1,942,649</u>	<u>2,305,482</u>
Total deferred inflows of resources	<u>11,952,333</u>	<u>12,068,051</u>	<u>-</u>	<u>-</u>	<u>11,952,333</u>	<u>12,068,051</u>
<b>Net Position</b>						
Net investment in capital assets	52,581,647	54,365,287	17,003,473	20,792,864	69,585,120	75,158,151
Restricted	10,174,596	5,743,305	-	-	10,174,596	5,743,305
Unrestricted	<u>(35,576,931)</u>	<u>(37,368,020)</u>	<u>11,073,795</u>	<u>6,308,198</u>	<u>(24,503,136)</u>	<u>(31,059,822)</u>
Total net position	<u>\$ 27,179,312</u>	<u>\$ 22,740,572</u>	<u>\$ 28,077,268</u>	<u>\$ 27,101,062</u>	<u>\$ 55,256,580</u>	<u>\$ 49,841,634</u>

An additional portion of the Town's net position \$10,174,956 represents resources that are subject to external restriction on how they may be used. This leaves a remaining balance for unrestricted net position of \$(35,576,931).

### Change in Net Position

The total net position of the Town of Cumberland increased by \$5,414,946 during fiscal year 2018.

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

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

The following analysis provides a summary of the Town's operations for the year ended June 30, 2018. Governmental activities increased the Town's net position by \$4,438,740, while business type activities increased the Town's net position by \$976,206.

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

*For the year ended June 30,*

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program Revenues:						
Charges for service	\$ 4,842,633	\$ 4,161,400	\$ 5,308,549	\$ 5,167,280	\$ 10,151,182	\$ 9,328,680
Operating grants & contributions	10,518,688	7,517,598	-	-	10,518,688	7,517,598
Capital grants & contributions	380,017	-	-	-	380,017	-
General Revenues:						
Property taxes	65,372,126	65,849,322	-	-	65,372,126	65,849,322
State aid to town	2,465,839	1,631,004	-	-	2,465,839	1,631,004
State aid to education	21,688,581	19,777,502	-	-	21,688,581	19,777,502
Other revenue	1,319,220	3,078,388	329,584	520,795	1,648,804	3,599,183
Earnings on investments	107,872	65,336	-	-	107,872	65,336
Total revenue	<u>106,694,976</u>	<u>102,080,550</u>	<u>5,638,133</u>	<u>5,688,075</u>	<u>112,333,109</u>	<u>107,768,625</u>
<b>Expenses</b>						
General government	2,705,922	50,163	-	-	2,705,922	50,163
Community development	580,447	615,226	-	-	580,447	615,226
Public safety	14,658,265	13,418,045	-	-	14,658,265	13,418,045
Public works	5,635,420	8,893,989	-	-	5,635,420	8,893,989
Social services	2,634,426	3,640,113	-	-	2,634,426	3,640,113
Education	74,139,602	76,052,122	-	-	74,139,602	76,052,122
Interest on debt	1,902,154	1,633,597	-	-	1,902,154	1,633,597
Water	-	-	4,870,941	4,926,829	6,773,095	6,560,426
Total expenses	<u>102,256,236</u>	<u>104,303,255</u>	<u>4,870,941</u>	<u>4,926,829</u>	<u>109,029,331</u>	<u>110,863,681</u>
<b>Increase(decrease) in net position before transfers</b>	<u>4,438,740</u>	<u>(2,222,705)</u>	<u>767,192</u>	<u>761,246</u>	<u>5,205,932</u>	<u>(1,461,459)</u>
Net position, July 1, restated	<u>22,740,572</u>	<u>24,963,277</u>	<u>27,101,062</u>	<u>26,339,816</u>	<u>49,841,634</u>	<u>51,303,093</u>
Net position, June 30	<u>\$ 27,179,312</u>	<u>\$ 22,740,572</u>	<u>\$ 27,868,254</u>	<u>\$ 27,101,062</u>	<u>\$ 55,047,566</u>	<u>\$ 49,841,634</u>

*Continued*

## TOWN OF CUMBERLAND, RHODE ISLAND

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

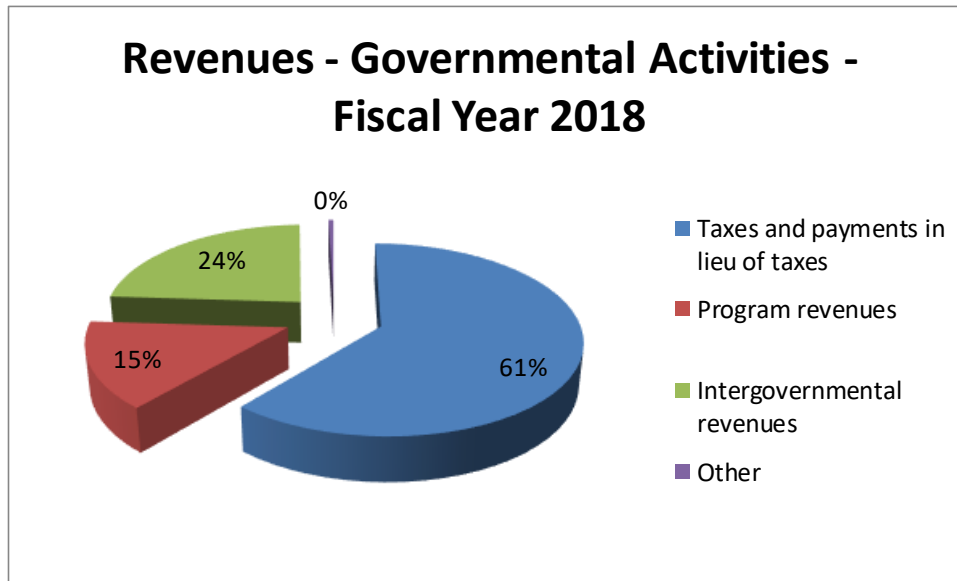
*For the Year Ended June 30, 2018*

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#### Revenue

##### *Governmental Activities*

Total governmental activities revenues for the Town are comprised of general revenues of \$90.9 million, charges for services \$4.8 million, and operating grants and contributions of \$10.9 million.



##### *General Revenues*

The majority of general revenues are tax collections from the Town's taxpayers. This amount represented 61% of the total general revenues or \$65.4 million.

Intergovernmental revenue is \$25.1 million representing 24% of general revenues. The largest portion of this figure totaling \$21.7 million represents amounts restricted for use on Education.

##### *Program Revenues*

Charges for services are \$4.8 million and represent a variety of departmental revenues. The public safety portion includes several types of permits revenue, traffic and moving violations revenues.

The operating grants are also a significant source of revenue for the Town. The total operating and capital grants for fiscal year ended June 30, 2018 amounted to \$10.9 million of which \$8.7 million were received for education.

## TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

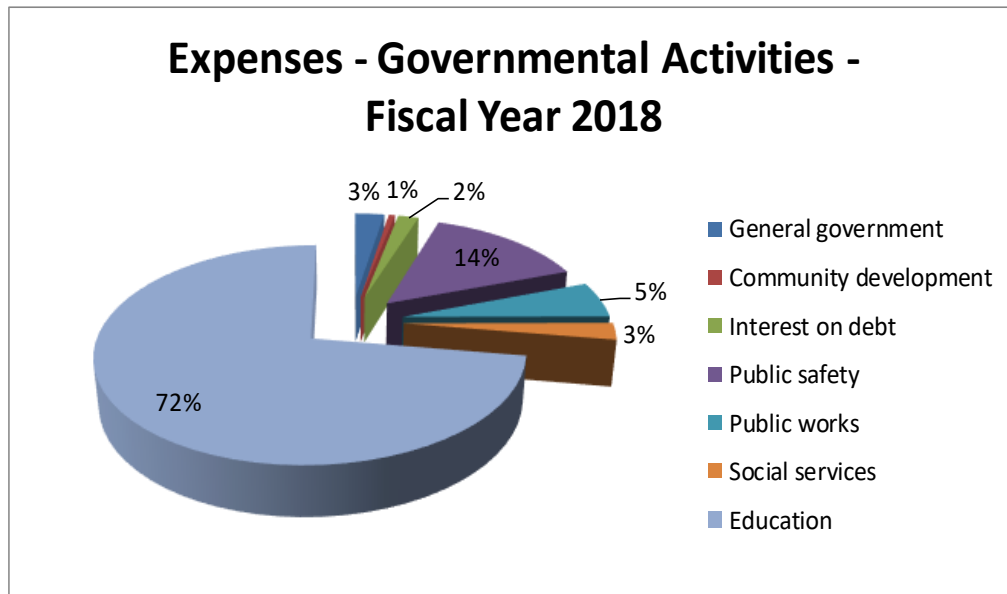
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#### Expenses

##### *Governmental Activities*

For fiscal year ended June 30, 2018, expenses for the governmental activities totaled \$102.3 million, which cover a range of services.

Education continues to be one of the Town's highest priorities and commitments representing \$74.1 million or 72.5% of the total governmental activity expenses.



##### *Business-Type Activity*

Business-type activity increased net position by \$976 thousand for the fiscal year ended June 30, 2018. Factors contributing to these results are as follows:

- The water fund had operating income of \$1.23 million and interest expense of \$250 thousand.

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

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$25,456,386. The General Fund reported an unassigned fund balance of \$9,781,175 representing approximately (38.42%) of total fund balance of all governmental funds.

*Continued*



## **TOWN OF CUMBERLAND, RHODE ISLAND**

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

*For the Year Ended June 30, 2018*

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

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

Unrestricted net position of the respective proprietary fund is the Cumberland Water Fund \$11,073,795.

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

The general fund ended the year with revenue recorded in the amount of \$1,223,636 over the budget. Property taxes received was higher than budgeted by \$579,655 and school housing aid received was higher than budgeted by \$681,477. The Town also received \$103,691 more than budgeted in rescue revenue and received \$300,000 less than budgeted for their national grid rebate.

The expenditures ended the year with a favorable variance of \$207,349. The most significant positive amount includes underspent employee benefits of \$156,212 followed by underspent public safety budget of \$62,079.

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

The Town of Cumberland's investment in capital assets for its governmental and business-type activities amounts to \$138,501,643 net of accumulated depreciation at June 30, 2018. Included are land, building and improvements, construction in progress, motor vehicles, furniture and equipment, and infrastructure.

#### **Major Capital Events During the Fiscal Year 2017-2018**

The major capital projects in 2017-2018 were the construction of the Public Safety Building, conversion of the street lights to LED, infrastructure improvements from road paving to parking lot resurfacing, the Franklin Farm rehab and the school building improvements. The major capital purchases were the Pascale property for the new highway garage and the Mercywoods property funded through open space and grants. Additionally, the town purchased equipment and vehicles for public works and public safety. The water system improvements were made on Diamond Hill, Martin Street, at Fisher Road Storage tank and at Girard Pump Station.

*Continued*

**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*For the Year Ended June 30, 2018***The Town of Cumberland's Capital Assets (continued)****TOWN OF CUMBERLAND'S CAPITAL ASSETS  
NET OF ACCUMULATED DEPRECIATION***For the year ended June 30,*

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Land	\$ 23,341,866	\$ 20,535,562	\$ 607,089	\$ 607,089	\$ 23,948,955	\$ 21,142,651
Construction in progress	6,037,183	502,083	2,365,832	2,158,653	8,403,015	2,660,736
Infrastructure, net	16,688,598	15,757,608	24,081,210	24,458,300	40,769,808	40,215,908
Land improvements, net	2,625,013	2,813,442	-	-	2,625,013	2,813,442
Building & improvements, net	57,275,952	57,869,674	2,168,562	2,222,926	59,444,514	60,092,600
Vehicles, net	1,796,074	1,874,933	30,388	26,078	1,826,462	1,901,011
Machinery and equipment, net	1,483,876	1,410,525	-	-	1,483,876	1,410,525
Total	<u>\$109,248,562</u>	<u>\$ 100,763,827</u>	<u>\$ 29,253,081</u>	<u>\$29,473,046</u>	<u>\$138,501,643</u>	<u>\$ 130,236,873</u>

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

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

At the end of the current fiscal year, the Town of Cumberland had a total bonded debt, including premiums of \$30,760,068, all of which was bonded debt for governmental activities.

**TOWN OF CUMBERLAND'S OUTSTANDING DEBT AT YEAR END BONDS,  
NOTES, LOANS AND CAPITALIZED LEASES PAYABLE***For the year ended June 30,*

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
General obligation bonds	\$ 30,760,068	\$ 20,148,425	\$ -	\$ -	\$30,760,068	\$ 20,148,425
Notes and loans payable	19,093,523	19,248,988	11,537,245	7,794,880	30,630,768	27,043,868
Capital leases	5,750,232	5,677,411	712,363	809,370	6,462,595	6,486,781
Total	<u>\$ 55,603,823</u>	<u>\$45,074,824</u>	<u>\$ 12,249,608</u>	<u>\$ 8,604,250</u>	<u>\$67,853,431</u>	<u>\$ 53,679,074</u>

*Continued*

## **TOWN OF CUMBERLAND, RHODE ISLAND**

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

*For the Year Ended June 30, 2018*

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

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

The State of Rhode Island imposes a limit of 3 percent of the fair market value of all taxable town property on the general obligation debt that a municipality can issue. The Town of Cumberland's limit is \$121,020,157 at year-end. The Town's outstanding general obligation debt subject to this limit is \$28,805,000 at year-end, which is \$92,215,157 under the State imposed limitation.

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

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

#### **Subsequent Fiscal Year 2018-2019 Budget and Tax Rates**

The Town of Cumberland's total general fund budget for fiscal year 2019 is \$100,821,923; which reflects an increase of \$3,239,935 over the final fiscal year 2018 budget. In the Town's 2019 budget, \$69,503,910 or 68.94% is allocated for educational purposes, which is an increase of \$3,350,424 or 5.06% over the fiscal year 2018 budget. \$31,318,013 or 31.06% is budgeted for all other purposes, which is a decrease of \$110,489 or -.03%.

Of the \$69,503,910 budgeted for educational purposes, the State of Rhode Island is budgeted for fiscal year 2019 to contribute \$20,687,833 to the Town's education department and the Town is budgeted to contribute \$45,625,231, which is an increase of \$1,659,001 or 3.77% over the fiscal year 2018 budget. The budget also appropriated the use of school surplus funds totaling \$300,000 in the fiscal year 2019 budget. The amount contributed by the State is based on the Town being considered an outlying suburban community. The total population of the Cumberland School District and the average level of wages earned by its citizens are the determining factors for this designation. Within the adopted fiscal year 2019 budget the Town has funded six separate master leases for the school department related to the capital needs of the school district over the past four years. The Town also has signed on for two separate new lease issuances to address health and safety issues in various schools throughout the Town, one being issued in the amount of \$1,100,000 for Fiscal Year 2018, and another in the amount of \$1,850,000 to be issued in Fiscal Year 2019.

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## **TOWN OF CUMBERLAND, RHODE ISLAND**

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

*For the Year Ended June 30, 2018*

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#### **General Economic Factors**

The May 2018 unemployment rate for the Town of Cumberland was 3.1%, which compares favorably to the unemployment rate of both the State of Rhode Island at 4.4% and the national rate of 3.8% from the same period. According to the Rhode Island City & Town Income American Community Survey, 5-year estimates, 2012 – 2017, the median family income of the Town was \$97,905, compared to the State average of \$79,043. Median family income in the Town increased from \$63,194 in 2000, an increase of 54.93%. The Town's median family income ranks fifteenth among Rhode Island cities and towns.

The per capita income of the Town of Cumberland was \$41,513, compared to \$33,315 for the state in the 2013 – 2017 period. Per capita income in the Town increased from \$25,592 in 2000, an increase of 62.21%. The Town's per capita income ranks eleventh among Rhode Island cities and towns.

#### **Request for Information**

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

*Continued*

## ***Basic Financial Statements***

**TOWN OF CUMBERLAND, RHODE ISLAND***Government Wide Financial Statements*

## Statement of Net Position

*June 30, 2018*

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,689,956	\$ 2,227,419	\$ 7,917,375
Restricted cash	-	1,078,294	1,078,294
Investments	20,045,604	-	20,045,604
Receivables, net			
Personal property taxes	38,534,856	-	38,534,856
User charges	1,285,825	2,340,168	3,625,993
Intergovernmental	1,478,582	-	1,478,582
Departmental and other	1,818,994	6,708,348	8,527,342
Due from other funds	16,852,020	-	16,852,020
Prepaid expenses	715,171	-	715,171
Net pension asset	5,603,243	-	5,603,243
Capital assets:			
Land	23,341,866	280,974	23,622,840
Construction in progress	6,037,183	2,691,947	8,729,130
Depreciable assets, net	<u>79,869,513</u>	<u>26,280,160</u>	<u>106,149,673</u>
Total capital assets	<u>109,248,562</u>	<u>29,253,081</u>	<u>138,501,643</u>
Total assets	<u>201,272,813</u>	<u>41,607,310</u>	<u>242,880,123</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related outflows	19,712,655	-	19,712,655
OPEB related outflows	<u>1,607,941</u>	<u>-</u>	<u>1,607,941</u>
Total assets and deferred outflows of resources	<u>\$ 222,593,409</u>	<u>\$ 41,607,310</u>	<u>\$ 264,200,719</u>

*The accompanying notes are an integral part of the basic financial statements*Continued  
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**TOWN OF CUMBERLAND, RHODE ISLAND***Government Wide Financial Statements*

## Statement of Net Position

*June 30, 2018*

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 4,324,599	\$ 592,718	\$ 4,917,317
Other liabilities	356,836	-	356,836
Accrued interest	668,958	96,734	765,692
Due to federal and state governments	56,211	-	56,211
Due to other funds	16,333,772	518,248	16,852,020
Unearned revenue	205,619	-	205,619
Current portion of capital leases	1,159,940	94,379	1,254,319
Current portion of deferred salary liability	183,807	-	183,807
Current portion of other commitments	17,850	-	17,850
Current portion of bonds and notes payable	3,238,452	-	3,238,452
Current portion of loans payable	1,449,581	385,578	1,835,159
Current portion of compensated absences	33,473	-	33,473
Portion due or payable in more than one year:			
Capital leases	4,590,292	617,984	5,208,276
Deferred salary liability	127,135	-	127,135
Other commitments	160,650	-	160,650
Bonds and notes payable	27,521,616	-	27,521,616
Loans payable	17,643,942	11,151,667	28,795,609
Compensated absences	1,884,249	72,734	1,956,983
Other post-employment benefit liability	20,986,634	-	20,986,634
Net pension liability	82,518,148	-	82,518,148
Total liabilities	183,461,764	13,530,042	196,991,806

*The accompanying notes are an integral part of the basic financial statements*Continued  
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**TOWN OF CUMBERLAND, RHODE ISLAND***Government Wide Financial Statements*

## Statement of Net Position

*June 30, 2018*

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related inflows	7,146,767	-	7,146,767
OPEB related inflows	1,725,355	-	1,725,355
Gain on debt refunding	1,137,562	-	1,137,562
Other deferred revenue	1,942,649	-	1,942,649
Total deferred inflows of resources	11,952,333	-	11,952,333
<b>NET POSITION</b>			
Net investment in capital assets	52,581,647	17,003,473	69,585,120
Restricted for general government	341,825	-	341,825
Restricted for public safety programs	7,907,336	-	7,907,336
Restricted for educational purposes	665,516	-	665,516
Restricted for community and economic development	197,858	-	197,858
Restricted for capital projects	1,062,061	-	1,062,061
Unrestricted	(35,576,931)	11,073,795	(24,503,136)
Total net position	27,179,312	28,077,268	55,256,580
Total liabilities, deferred inflows or resources and net position	\$ 222,593,409	\$ 41,607,310	\$ 264,200,719

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



# TOWN OF CUMBERLAND, RHODE ISLAND

## Government Wide Financial Statements Statement of Net Activities

*For the Year Ended June 30, 2018*

					Net (Expense) Revenue and Changes in Net Position		
					Primary Government		

# TOWN OF CUMBERLAND, RHODE ISLAND

## Government Wide Financial Statements Statement of Net Activities

*For the Year Ended June 30, 2018*

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>General revenues</b>			
Real estate and personal property, net of reserve for abatements	\$ 65,372,126	\$ -	\$ 65,372,126
Meals and beverage tax	540,710	-	540,710
Telephone tax	432,719	-	432,719
Realty transfer tax	441,010	-	441,010
School housing aid	2,612,080	-	2,612,080
Earnings on investments	107,872	-	107,872
State aid to town	943,785	-	943,785
State aid to education	19,076,501	-	19,076,501
Library housing	207,771	-	207,771
Library aid	285,364	-	285,364
Medicaid	548,625	-	548,625
Miscellaneous	385,075	(6,726)	378,349
Debt reduction surcharge	-	336,310	336,310
Total general revenues	<u>90,953,638</u>	<u>329,584</u>	<u>91,283,222</u>
Changes in net position	4,438,740	976,206	5,414,946
Net position - July 1, 2017, restated	<u>22,740,572</u>	<u>27,101,062</u>	<u>49,841,634</u>
Net position - June 30, 2018	<u>\$ 27,179,312</u>	<u>\$ 28,077,268</u>	<u>\$ 55,256,580</u>

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

# TOWN OF CUMBERLAND, RHODE ISLAND

## Governmental Funds Balance Sheet

June 30, 2018

	Major Fund				Non-Major	Total
	General	School	Public	Sewer	Governmental	Governmental
	Fund	Unrestricted	Safety Bond	Fund	Funds	Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 5,771,190	\$ (400,136)	\$ -	\$ -	\$ 318,902	\$ 5,689,956
Investments	20,045,604	-		-	-	20,045,604
Receivables:						
Property taxes, net	36,991,591	-	-	-	-	36,991,591
Intergovernmental	-	74,639	-	-	1,403,943	1,478,582
Sewer use and assessment	-	-	-	819,178	-	819,178
Other	1,339,030	20,382	-	-	385,112	1,744,524
Due from other funds	206,080	5,511,138	9,066,082	-	2,068,720	16,852,020
Other assets	551,006	164,165	-	-	-	715,171
Total assets	64,904,501	5,370,188	9,066,082	819,178	4,176,677	84,336,626
<b>Deferred outflows of resources</b>						
None	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 64,904,501	\$ 5,370,188	\$ 9,066,082	\$ 819,178	\$ 4,176,677	\$ 84,336,626
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ 1,148,046	\$ 1,499,784	\$ 1,286,907	\$ 5,500	\$ 384,362	\$ 4,324,599
Due to federal and state government	56,211	-	-	-	-	56,211
Other liabilities	308,615	10,402	-	-	37,819	356,836
Due to other funds	14,632,332	-	-	561,352	1,140,088	16,333,772
Unearned revenue	-	-	-	-	205,619	205,619
Total liabilities	16,145,204	1,510,186	1,286,907	566,852	1,767,888	21,277,037
<b>Deferred inflows of resources</b>						
Deferred property taxes	35,660,554	-	-	-	-	35,660,554
Other deferred revenue	1,123,470	-	-	819,179	-	1,942,649
Total deferred inflows of resources	36,784,024	-	-	819,179	-	37,603,203
<b>Fund balance</b>						
Nonspendable	551,006	164,165	-	-	-	715,171
Restricted	-	-	7,779,175	-	2,395,421	10,174,596
Committed	-	3,695,837	-	-	84,155	3,779,992
Assigned	1,643,092	-	-	-	23,280	1,666,372
Unassigned	9,781,175	-	-	(566,853)	(94,067)	9,120,255
Total fund balance	11,975,273	3,860,002	7,779,175	(566,853)	2,408,789	25,456,386
Total liabilities, deferred inflows of resources, and fund balance	\$ 64,904,501	\$ 5,370,188	\$ 9,066,082	\$ 819,178	\$ 4,176,677	\$ 84,336,626

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

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

	<b>Major Fund</b>				<b>Non-Major</b>	<b>Total</b>
	<b>General Fund</b>	<b>School Unrestricted</b>	<b>Public Safety Bond</b>	<b>Sewer Fund</b>	<b>Governmental Funds</b>	<b>Governmental Funds</b>
<b>Revenues</b>						
General property taxes and interest	\$ 65,182,854	\$ -	\$ -	\$ -	\$ -	\$ 65,182,854
Other local and departmental revenue	3,100,765	-	-	-	-	3,100,765
Intergovernmental	5,055,048	19,625,126	-	-	3,944,911	28,625,085
Charges for services	-	-	-	1,050,536	965,392	2,015,928
Investment income	107,869	-	-	-	3	107,872
State contribution to pension plan	-	2,709,839	-	-	-	2,709,839
Other revenue	908,807	379,845	-	-	1,676,544	2,965,196
Total revenue	<u>74,355,343</u>	<u>22,714,810</u>	<u>-</u>	<u>1,050,536</u>	<u>6,586,850</u>	<u>104,707,539</u>
<b>Expenditures</b>						
General government	1,693,667	-	-	-	33,336	1,727,003
Community development	430,346	-	-	-	29,846	460,192
Public safety	6,508,733	-	5,357,945	-	1,720,571	13,587,249
Public works	5,655,361	-	-	239,279	1,854,976	7,749,616
Social services	2,435,871	-	-	-	73,664	2,509,535
Other	1,125,190	-	-	-	-	1,125,190
Employee benefits	7,440,262	-	-	-	-	7,440,262
Education	-	63,054,789	-	-	3,209,528	66,264,317
Cafeteria	-	-	-	-	2,642,951	2,642,951
State contribution to pension plan	-	2,709,839	-	-	-	2,709,839
Capital outlay	1,694,289	-	-	-	-	1,694,289
Debt service						
Principal	4,064,000	-	-	15,250	4,465	4,083,715
Interest	1,578,214	-	-	220,000	3,135	1,801,349
Total expenditures	<u>32,625,933</u>	<u>65,764,628</u>	<u>5,357,945</u>	<u>474,529</u>	<u>9,572,472</u>	<u>113,795,507</u>
Excess (deficiency) of revenues over expenditures	41,729,410	(43,049,818)	(5,357,945)	576,007	(2,985,622)	(9,087,968)
<b>Other financing sources (uses)</b>						
Bond proceeds	-	-	12,500,000	-	-	12,500,000
Note proceeds	-	-	-	-	1,343,000	1,343,000
Lease proceeds	-	-	-	-	1,100,000	1,100,000
Premium proceeds	-	-	1,096,753	-	-	1,096,753
Transfers in	375,026	43,960,414	-	-	100,000	44,435,440
Transfers out	(44,060,414)	-	-	-	(375,026)	(44,435,440)
Other financing sources (uses)	<u>(43,685,388)</u>	<u>43,960,414</u>	<u>13,596,753</u>	<u>-</u>	<u>2,167,974</u>	<u>16,039,753</u>
<b>Excess of revenue and other sources over expenditures and other uses</b>	(1,955,978)	910,596	8,238,808	576,007	(817,648)	6,951,785
Fund balance, July 1, 2017, restated	<u>13,931,251</u>	<u>2,949,406</u>	<u>(459,633)</u>	<u>(1,142,860)</u>	<u>3,226,437</u>	<u>18,504,601</u>
Fund balance, June 30, 2018	<u>\$ 11,975,273</u>	<u>\$ 3,860,002</u>	<u>\$ 7,779,175</u>	<u>\$ (566,853)</u>	<u>\$ 2,408,789</u>	<u>\$ 25,456,386</u>

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

## TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2018

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Total governmental fund balances	\$ 25,456,386
Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets, net	109,248,562
Sewer assessment receivable	466,647
Accrued interest receivable	419,795
TSB net pension asset	5,603,243
Other deferred taxes are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds.	36,784,024
Other long-term liabilities related to net pension activity and other postemployment benefits and therefore, are deferred inflows of resources in the funds.	(8,872,122)
Other long-term assets related to net pension activity and other postemployment benefits and therefore, are deferred outflows of resources in the funds.	21,320,596
Long term liabilities relating to bond premiums amortized over the life of the bond.	(1,955,068)
In the statement of activities, interest is accrued on outstanding long-term debt whereas in governmental funds interest is not reported until due.	(668,958)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds.	
Bonds and notes payable	(49,036,085)
Capital leases	(5,675,762)
Compensated absences	(1,917,722)
Other postemployment benefits	(20,986,634)
Police net pension liability	(18,318,440)
ERS net pension liability	(55,473,711)
MERS net pension liability	(8,725,997)
Other commitments	(178,500)
Deferred salary liability	<u>(310,942)</u>
Net position of governmental activities	<u>\$ 27,179,312</u>

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

## TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

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Net change in fund balances - total governmental funds	\$ 6,951,785
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	8,484,735
Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.	525,750
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(9,934,885)
Bond premiums for long term debt are amortized over the course of the payable but are not reported as an expenditure on governmental fund statements.	(901,643)
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.	(100,805)
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the current financial resources, and therefore, are not reported as expenditures in the governmental funds.	423,155
The other postemployment benefit expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds.	(832,989)
The net pension liability expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds.	(378,020)
The deferred salary and other commitments expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds.	<u>201,657</u>
Change in net position of governmental activities	<u>\$ 4,438,740</u>

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

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

	<b><u>Water Fund</u></b>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 2,227,419
Restricted cash	1,078,294
Receivables, net:	
User fees, less allowance for doubtful accounts	2,340,168
Other	<u>6,708,348</u>
Total current assets	<u>12,354,229</u>
Non-current assets	
Nondepreciable	2,972,921
Depreciable, net	<u>26,280,160</u>
Total non-current assets	<u>29,253,081</u>
Total assets	<u><u>41,607,310</u></u>
<b>Deferred outflows of resources</b>	
None	<u>-</u>
Total assets and deferred outflows of resources	<u><u>\$ 41,607,310</u></u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable and accrued expenses	\$ 592,718
Accrued interest payable	96,734
Due to other funds	518,248
Current portion of lease payable	94,379
Current portion of loans payable	<u>385,578</u>
Total current liabilities	<u>1,687,657</u>
Non-current liabilities	
Compensated absences	72,734
Lease payable	617,984
Loans payable	<u>11,151,667</u>
Total non-current liabilities	<u>11,842,385</u>
Total liabilities	<u>13,530,042</u>
<b>Deferred inflows of resources</b>	
None	<u>-</u>
<b>Net position</b>	
Net investment in capital assets	17,003,473
Unrestricted	<u>11,073,795</u>
Total net position	<u><u>\$ 28,077,268</u></u>

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

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

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	<b><u>Water Fund</u></b>
<b>Operating revenues</b>	
User fees and charges	\$ 5,239,989
Other revenues	<u>61,834</u>
Total operating revenues	<u>5,301,823</u>
<b>Operating expenses</b>	
Personnel services	1,464,188
Maintenance and servicing	139,939
Operating supplies	1,408,479
Fixed and general charges	948,622
Depreciation and amortization	<u>659,574</u>
Total operating expenses	<u>4,620,802</u>
Operating income (loss)	<u>681,021</u>
<b>Nonoperating revenues (expenses)</b>	
Contributed capital	209,014
Debt reduction surcharge	336,310
Interest expense	<u>(250,139)</u>
Total nonoperating revenue (expenses)	<u>295,185</u>
Income (loss) before transfers	<u>976,206</u>
Change in net position	976,206
Net position, July 1, 2017, restated	<u>27,101,062</u>
Net position, June 30, 2018	<u><u>\$ 28,077,268</u></u>

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



# TOWN OF CUMBERLAND, RHODE ISLAND

## *Proprietary Funds* Statement of Cash Flows

*For the Year Ended June 30, 2018*

	<b>Water Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ (3,448,510)
Cash received from government	5,077,872
Cash received from other funds	71,014
Payments to suppliers and employees	<u>(4,268,024)</u>
Net cash provided (used) by operating activities	<u>(2,567,648)</u>
<b>Cash flows from capital and related financing activities:</b>	
Purchases and construction of capital assets	(439,609)
Contributed capital	209,014
Debt reduction surcharge	336,310
Principal paid on capital debt	(232,377)
Interest paid on capital debt	(229,337)
Proceeds restricted for debt	<u>3,992,735</u>
Net cash used by capital and related financing activities	<u>3,636,736</u>
Net increase in cash and cash equivalents	1,069,088
Balances-beginning of the year	<u>2,236,625</u>
Balances-end of the year	<u><u>\$ 3,305,713</u></u>
Displayed as:	
Cash and cash equivalents	<u><u>\$ 3,305,713</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ 681,021
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	659,574
Change in assets and liabilities:	
(Increase) decrease in user charges receivables, net	(223,951)
(Increase) decrease in other receivables	(3,448,510)
Increase (decrease) accounts payable and accrued expenses	(96,064)
Increase decrease in other liabilities	(209,014)
Increase (decrease) in due to other funds	71,014
Increase (decrease) compensated absences	<u>(1,718)</u>
Net cash provided (used) by operating activities	<u><u>\$ (2,567,648)</u></u>

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

# TOWN OF CUMBERLAND, RHODE ISLAND

## *Fiduciary Funds* Statement of Net Position

*June 30, 2018*

	<b>Employee Benefit Trust Funds</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 520,784	\$ 299,973	\$ 439,367
Investments, at fair value			
Equities	12,118,083	-	-
Fixed income	7,616,151	-	-
Real estate	149,085		
Mutual funds	529,863	-	-
Accounts receivable	-	-	40,894
Accrued interest receivable	10,987	-	-
	<u>20,944,953</u>	<u>299,973</u>	<u>480,261</u>
<b>Total assets</b>			
	<u>20,944,953</u>	<u>299,973</u>	<u>480,261</u>
<b>Deferred outflows of resources</b>			
None	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 20,944,953</u>	<u>\$ 299,973</u>	<u>\$ 480,261</u>
<b>Liabilities</b>			
Accounts payable	\$ 1,645	\$ 484	\$ 75,139
Deposits held	-	-	405,122
	<u>-</u>	<u>-</u>	<u>405,122</u>
<b>Total liabilities</b>	<u>1,645</u>	<u>484</u>	<u>480,261</u>
<b>Deferred inflows of resources</b>			
None	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>			
Restricted for OPEB	3,423,480	-	-
Restricted for pension	17,519,828	-	-
Restricted for private purposes	-	299,489	-
	<u>-</u>	<u>299,489</u>	<u>-</u>
<b>Total net position</b>	<u>20,943,308</u>	<u>299,489</u>	<u>-</u>
<b>Total liabilities and net position</b>	<u>\$ 20,944,953</u>	<u>\$ 299,973</u>	<u>\$ 480,261</u>

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

**TOWN OF CUMBERLAND, RHODE ISLAND***Fiduciary Funds*  
Statement of Changes in Fiduciary Net Position*For the Year Ended June 30, 2018*

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	<b>Employee Benefit Trust Funds</b>	<b>Private Purpose Trust Funds</b>
	<u>                    </u>	<u>                    </u>
<b>Additions</b>		
Employer contributions	\$ 3,722,348	\$ -
Plan member contributions	251,263	-
Investment income (net of related fees)	1,378,341	973
Other	<u>122,654</u>	<u>54,340</u>
Total additions	<u>5,474,606</u>	<u>55,313</u>
<b>Deductions</b>		
Benefits paid	2,827,393	-
Administrative expenses	67,025	-
Scholarships	-	58,474
Social services	<u>-</u>	<u>18</u>
Total deductions	<u>2,894,418</u>	<u>58,492</u>
Changes in fund equity held in trust for individuals, organizations, and other governments	2,580,188	(3,179)
Net position, July 1, 2017	<u>18,363,120</u>	<u>302,668</u>
Net position, June 30, 2018	<u>\$ 20,943,308</u>	<u>\$ 299,489</u>

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

# **TOWN OF CUMBERLAND, RHODE ISLAND**

## **Notes to the Financial Statements**

*June 30, 2018*

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

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

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

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

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

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

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

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

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

*Continued*

# TOWN OF CUMBERLAND, RHODE ISLAND

## Notes to the Financial Statements June 30, 2018

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

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

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

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

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

#### **Fund Financial Statements**

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

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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

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

#### **Fund Financial Statements (Continued)**

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

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

#### **1. Governmental Funds**

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

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

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

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

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

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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

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

#### **2. Proprietary Fund Financial Statements**

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

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

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

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

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

#### **3. Fiduciary Fund Financial Statements**

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

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

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

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

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

# **TOWN OF CUMBERLAND, RHODE ISLAND**

Notes to the Financial Statements  
*June 30, 2018*

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

### ***C. Implementation of New Accounting Standards***

Effective for the fiscal year ended June 30, 2018, the Town adopted the provisions of Statement No. 75 of the GASB, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). GASB 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses and expenditures related to other postemployment benefits ("OPEB") administered through trusts or equivalent arrangements. For defined benefit OPEBs, GASB 75 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, GASB 75 requires more extensive footnote disclosures in employer financial statements. GASB Statement numbers 81 – Irrevocable Split-Interest Agreements, 85 – Omnibus, and 86 – Certain Debt Extinguishment Issues were implemented in the current year but did not have a material impact on the financial statements.

### ***D. New Accounting Principles Not Yet Required to be Implemented***

Effective for the fiscal year ending June 30, 2021, the Town will be required to adopt the provisions of Statement No. 87 of the GASB, *Leases* ("GASB 87"). GASB 87 requires recognition of lease assets and liabilities for leases that previously were classified as operating leases and recognize as inflows of resources or outflows of resources based on the payment provisions of the contract. The Town is currently evaluating the effects of GASB 87 on its financial statements. The following GASB standards will also be evaluated by the Town: 1. GASB 83 – Certain Asset Retirement Obligations, 2. GASB 84 – Fiduciary Activities, 3. GASB 88 - Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, 4. GASB 89 – Accounting for Interest Cost Incurred Before the End of a Construction Period, and 5. GASB 90 Majority Equity Interests.

### ***E. Cash and Cash Equivalents***

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

### ***F. Investments***

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

### ***G. Accounts Receivable and Taxes Receivable***

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

Property taxes which were levied in April 2018 and other delinquent balances are recorded as receivables.



# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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

### ***H. Unbilled Services Receivable***

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

### ***I. Capital Assets and Depreciation***

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

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

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

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

### ***J. Debt Premiums***

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

### ***K. Deferred Inflows of Resources***

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

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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

#### ***L. Property Taxes***

The Town is permitted by State Law to levy property taxes. The Town's fiscal 2017-2018 property taxes were levied in April 2018 on assessed valuation as of December 31, 2017. Upon levy these taxes are payable quarterly and are due in May, August, November and February. Failure to mail payments by due dates will result in a lien on the taxpayer's property. Assessed values are established by Tax Assessor's Office.

#### ***M. Compensated Absences***

Under the terms of various contracts and agreements, Town employees are granted vacation and sick leave in varying amounts based on length of service. Vacation benefits are accrued as a liability based on the accumulated benefits earned at June 30. Sick leave benefits are based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The liability is calculated at the rate of pay in effect at June 30, 2018.

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

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

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

#### ***O. Pensions***

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

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

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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

### ***O. Pensions (Continued)***

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

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

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

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

#### *Police Pension*

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

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

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

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

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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

### *O. Pensions (Continued)*

#### Police Pension (Continued)

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

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

### **Investments**

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

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

The following was the Board's adopted asset allocation policy as of June 30, 2018:

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

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

*Continued*

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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

### ***O. Pensions (Continued)***

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

**Concentrations** - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in diversified mutual funds, external investment pools, and other pooled investments are excluded. As of June 30, 2018, the Plan had no investments in any one organization that represented 5% or more of the Plan's net position restricted for pension.

**Money-Weighted Rate of Return** - For the year ended June 30, 2018 the annual money-weighted rate of return on Plan investments was not provided by the independent actuary. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

**Custody and Management of Assets** - During 2018 Washington Trust Wealth Management served as asset custodian for all Plan assets. The Board has elected to hire professional investment managers to invest the assets of the Plan on a fully discretionary basis, subject to the investment policy of the Board. The Plan is evaluated periodically against the appropriate benchmark for his/her asset class and style. Failure to achieve the desired result does not necessitate, nor does achievement of the desired result preclude, termination of investment managers.

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

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. At June 30, 2018, there were no deposits subject to interest rate risk.

**Concentration of Credit Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. As of June 30, 2018, the Plan has no single issuer that exceeds 5% of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in diversified mutual funds, external investment pools, and other pooled investments are excluded.

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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

### ***O. Pensions (Continued)***

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

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

**Foreign Currency Risk** - Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment or a deposit. At June 30, 2018, there were no deposits subject to foreign currency risk.

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

Certain commingled funds held by the Plan at the year-end were permitted through their individual investment guidelines to use derivative instruments, including forwards, futures, swaps, and options. Disclosures about derivative holdings of the commingled fund managers can be found in their respective audited financial statements. The plan did not directly own any derivatives as of June 30, 2018.

### ***P. Estimates***

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

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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### Note 2. Stewardship, Compliance and Accountability

- A. *Legal Debt Margin* – The State of Rhode Island imposes a limit of 3 percent of the fair market value of all taxable town property on the general obligation debt that a municipality can issue. The Town of Cumberland's limit is \$121,020,157 at year-end. The Town's outstanding general obligation debt subject to this limit is \$28,805,000 at year-end, which is \$92,215,157 under the State imposed limitation.
- B. *Deficit Fund Balance in Fund Financial Statements* — The following individual funds reported deficits in fund balance in the fund financial statements at June 30, 2018:

<u>Major Funds</u>	
Sewer fund	\$ (566,853) *
<u>Town Special Revenue Funds</u>	
Substance abuse	(1,843) *
Sewer ferncrest willow	(69,009) *
Subtotal	<u>(70,852)</u>
<u>Capital Projects Funds</u>	
Road infrastructure bond	<u>(23,215) *</u>
Total	<u>\$ (660,920)</u>

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

### Note 3. Cash and cash equivalents

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

Water Fund cash and cash equivalents of \$1,078,294 are restricted for a debt service reserve in accordance with a trust indenture.

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

As of June 30, 2018, \$5,697,738 of the Town's bank balance of \$12,342,642 was exposed to custodial credit risk as follows:

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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## Note 3. Cash and cash equivalents (Continued)

	<u><i>Carrying Amount</i></u>
Total Deposits	\$ 9,809,479
Add: Investments classified as cash equivalents	<u>520,784</u>
<b><i>Total Cash and Cash Equivalents Reported in the Financial Statements</i></b>	<b><u>\$ 10,330,263</u></b>

	<u><i>Bank Balance</i></u>
Insured (Federal depository insurance funds)	\$ 1,534,733
Collateralized with securities held by pledging financial institution or its agent in the Town's name	5,110,171
Uninsured and uncollateralized	<u>5,697,738</u>
<b><i>Total</i></b>	<b><u>\$ 12,342,642</u></b>

Under Rhode Island general laws, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits which are time deposits with maturities greater than sixty (60) days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, regardless of maturity. At June 30, 2018 the Town's uncollateralized deposits with an institution was \$5,697,738.



# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

## Note 4. Investments

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

Investment	Maturity	Fair Value Measurement	
		Quote Prices in Active Markets for Identical Assets (Level 1)	
Domestic fixed income	N/A	\$	7,616,151
Domestic equity	N/A		12,118,083
Real estate	N/A		149,085
Mutual funds	N/A		20,575,467
<b>Total Investments Reported in the Financial Statements</b>		\$	<b>40,458,786</b>

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

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

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

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

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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### Note 4. Investments (Continued)

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

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

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

*Foreign Currency Risk* - The Town has policies related to foreign investments for its Police Pension Plan as described above. The Town does not have a formal policy related to foreign investments in the other funds. There was no exposure to foreign currency risk as of June 30, 2018. The currency that the foreign common stock is denominated in is the European euro.

# TOWN OF CUMBERLAND, RHODE ISLAND

## Notes to the Financial Statements June 30, 2018

### Note 5. Capital Assets

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

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Retirements</i>	<i>Ending Balance</i>
<b><i>Governmental Activities:</i></b>				
Nondepreciable assets:				
Land	\$ 20,535,562	\$ 2,806,304	\$ -	\$ 23,341,866
Construction in progress	<u>502,083</u>	<u>5,535,100</u>	<u>-</u>	<u>6,037,183</u>
	<u>21,037,645</u>	<u>8,341,404</u>	<u>-</u>	<u>29,379,049</u>
Depreciable assets:				
Land improvements	4,329,368	-	-	4,329,368
Infrastructure	33,325,825	1,719,830	-	35,045,655
Buildings and improvements	86,430,115	1,213,225	-	87,643,340
Machinery and equipment	5,828,846	414,523	-	6,243,369
Vehicles	<u>5,236,094</u>	<u>313,200</u>	<u>215,236</u>	<u>5,334,058</u>
	<u>135,150,248</u>	<u>3,660,778</u>	<u>215,236</u>	<u>138,595,790</u>
<b><i>Total Capital Assets</i></b>	<u>156,187,893</u>	<u>12,002,182</u>	<u>215,236</u>	<u>167,974,839</u>
Less accumulated depreciation for:				
Land improvements	1,515,926	188,429	-	1,704,355
Infrastructure	17,568,217	788,840	-	18,357,057
Buildings and improvements	28,560,441	1,806,947	-	30,367,388
Machinery and equipment	4,418,321	341,172	-	4,759,493
Vehicles	<u>3,361,161</u>	<u>392,059</u>	<u>215,236</u>	<u>3,537,984</u>
<b><i>Total Accumulated Depreciation</i></b>	<u>55,424,066</u>	<u>3,517,447</u>	<u>215,236</u>	<u>58,726,277</u>
<b><i>Governmental Activities Capital Assets, Net</i></b>	<u>\$ 100,763,827</u>	<u>\$ 8,484,735</u>	<u>\$ -</u>	<u>\$ 109,248,562</u>
<b><i>Business-Type Activities</i></b>				
Nondepreciable assets:				
Land	\$ 607,089	\$ -	\$ -	\$ 607,089
Construction in progress	<u>2,158,653</u>	<u>379,225</u>	<u>172,046</u>	<u>2,365,832</u>
	<u>2,765,742</u>	<u>379,225</u>	<u>172,046</u>	<u>2,972,921</u>
Depreciable assets:				
Buildings	3,213,316	-	-	3,213,316
Mains, laterals, standpipes and other	38,635,965	203,294	-	38,839,259
Vehicles	<u>426,673</u>	<u>29,136</u>	<u>-</u>	<u>455,809</u>
	<u>42,275,954</u>	<u>232,430</u>	<u>-</u>	<u>42,508,384</u>
<b><i>Total Capital Assets</i></b>	<u>45,041,696</u>	<u>611,655</u>	<u>172,046</u>	<u>45,481,305</u>
Less accumulated depreciation for:				
Buildings	990,390	54,364	-	1,044,754
Mains, laterals, standpipes and other	14,177,665	580,384	-	14,758,049
Vehicles	<u>400,595</u>	<u>24,826</u>	<u>-</u>	<u>425,421</u>
<b><i>Total Accumulated Depreciation</i></b>	<u>15,568,650</u>	<u>659,574</u>	<u>-</u>	<u>16,228,224</u>
<b><i>Business-Type Activities Capital Assets, Net</i></b>	<u>\$ 29,473,046</u>	<u>\$ (47,919)</u>	<u>\$ 172,046</u>	<u>\$ 29,253,081</u>

*Continued*  
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# TOWN OF CUMBERLAND, RHODE ISLAND

## Notes to the Financial Statements June 30, 2018

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### Note 5. Capital Assets (Continued)

Depreciation expense was charged to functions as follows:

General government	\$	26,101
Public safety		301,073
Public works		1,080,047
Social services		203,389
Education		<u>1,906,837</u>
<b>Total Depreciation Expense</b>	<b>\$</b>	<b><u>3,517,447</u></b>

### Note 6. Short Term Debt

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

Short-term debt activity for the year ended June 30, 2018, was as follows:

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

# TOWN OF CUMBERLAND, RHODE ISLAND

## Notes to the Financial Statements June 30, 2018

### Note 7. Long-Term Liabilities

A. Long-term liability activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Bonds, notes, loans, and capital leases payable:					
Bonds payable	\$ 19,095,000	\$ 12,500,000	\$ 2,790,000	\$ 28,805,000	\$ 3,040,000
Notes and loans payable	19,248,988	1,343,000	1,498,465	19,093,523	1,449,581
Capital lease payable	5,677,411	1,100,000	1,027,179	5,750,232	1,159,940
Plus amortized premium bonds and loans	<u>1,053,426</u>	<u>1,096,753</u>	<u>195,111</u>	<u>1,955,068</u>	<u>198,452</u>
<b>Total bonds, notes, loans, and capital leases payable</b>	<u>45,074,825</u>	<u>16,039,753</u>	<u>5,510,755</u>	<u>55,603,823</u>	<u>5,847,973</u>
Other liabilities:					
Deferred salary	494,749	-	183,807	310,942	24,913
Compensated absences	2,340,877	423,155	846,310	1,917,722	33,473
Net OPEB liability	22,582,536	-	1,595,902	20,986,634	-
Net pension liability	82,828,518	-	310,370	82,518,148	-
Other commitments	<u>196,350</u>	<u>-</u>	<u>17,850</u>	<u>178,500</u>	<u>17,850</u>
<b>Governmental activities</b>					
<b>Long-term liabilities</b>	<u>\$ 153,517,855</u>	<u>\$ 16,462,908</u>	<u>\$ 8,464,994</u>	<u>\$ 161,515,769</u>	<u>\$ 5,924,209</u>
<b>Business-Type Activities:</b>					
Bonds payable	\$ -	\$ -	\$ -	\$ -	\$ -
Loan payable	7,794,880	4,000,000	257,635	11,537,245	385,578
Capital lease payable	<u>809,370</u>	<u>-</u>	<u>97,007</u>	<u>712,363</u>	<u>94,379</u>
<b>Total bonds and loans payable</b>	8,604,250	4,000,000	354,642	12,249,608	479,957
Compensated absences	<u>79,075</u>	<u>-</u>	<u>6,341</u>	<u>72,734</u>	<u>-</u>
<b>Business-Type Activities:</b>					
<b>Long-term liabilities</b>	<u>\$ 8,683,325</u>	<u>\$ 4,000,000</u>	<u>\$ 360,983</u>	<u>\$ 12,322,342</u>	<u>\$ 479,957</u>

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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

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

### ***B. Capital Lease Commitments***

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

<b>Fiscal Year Ended June 30,</b>	<b>Lease Payment Requirements</b>
2019	\$ 1,460,933
2020	985,182
2021	798,114
2022	798,114
2023	798,114
Thereafter	<u>2,543,570</u>
Total minimum lease payments	7,384,027
Funds not drawn down at June 30, 2018	(237,548)
Less: Amount representing interest cost	<u>(921,432)</u>
Present value of minimum lease payments	<u><u>\$ 6,225,047</u></u>

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

The debt service requirements at June 30, 2018, were as follows:

<b><i>Fiscal Year Ending June 30,</i></b>	<b><i>Governmental Activities General Obligation Bonds</i></b>		<b><i>Business Type Activities General Obligation Bonds</i></b>	
	<b><i>Principal</i></b>	<b><i>Interest</i></b>	<b><i>Principal</i></b>	<b><i>Interest</i></b>
2019	\$ 3,040,000	\$ 1,141,730	\$ -	\$ -
2020	2,325,000	1,060,750	-	-
2021	2,395,000	972,791	-	-
2022	2,490,000	878,087	-	-
2023	2,220,000	776,344	-	-
2024-2028	6,775,000	2,735,438	-	-
2029-2033	5,245,000	1,484,738	-	-
2034-2038	4,315,000	484,899	-	-
	<u>\$ 28,805,000</u>	<u>\$ 9,534,777</u>	<u>\$ -</u>	<u>\$ -</u>

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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

### D. Schedule of Bonds Payable

<i>Purpose</i>	<i>Date Issued</i>	<i>Interest Rate</i>	<i>Maturity Date</i>	<i>Authorized and Issued</i>	<i>Outstanding June 30, 2017</i>	<i>New Issues</i>	<i>Maturities During Year</i>	<i>Outstanding June 30, 2018</i>
<b>Governmental Activities:</b>								
Library Bond (Refunding)	06/10/08	2.00%-4.76%	08/01/18	2,850,000	630,000	-	300,000	330,000
School Bond (Refunding)	06/10/08	2.00%-4.75%	08/01/18	5,740,000	1,260,000	-	620,000	640,000
Open Space Bond (Refunding)	11/30/11	3.00%-3.50%	10/01/21	1,000,000	545,000	-	100,000	445,000
Open Space/Recreation Bond	08/28/13	3.00%-5.00%	02/01/33	3,500,000	3,080,000	-	135,000	2,945,000
School Bond (Refunding)	11/30/11	3.00%-3.50%	10/01/21	2,010,000	1,070,000	-	200,000	870,000
School Bond (Refunding)	08/28/13	3.00%-5.00%	02/01/23	2,370,000	1,415,000	-	235,000	1,180,000
Judgment Bond (Refunding)	11/30/11	3.00%	10/01/16	205,000	-	-	-	-
Judgment Bond	06/10/08	5.14%	06/01/18	1,130,000	110,000	-	110,000	-
Road Improvements	11/30/11	3.00%-6.25%	11/01/31	2,500,000	1,875,000	-	125,000	1,750,000
Road Improvements	10/29/15	3.00%-5.00%	10/01/25	2,380,000	2,370,000	-	10,000	2,360,000
Sewer Bond (Refunding)	06/10/08	2.00%-4.77%	08/01/18	2,015,000	450,000	-	220,000	230,000
Public Safety Complex	03/22/18	3.00%-5.00%	03/15/38	12,500,000	-	12,500,000	-	12,500,000
School and Town (Refunding)	09/24/14	2.00%-4.00%	03/15/26	7,630,000	6,290,000	-	735,000	5,555,000
<b>Total Governmental Activities</b>				<u>45,830,000</u>	<u>19,095,000</u>	<u>12,500,000</u>	<u>2,790,000</u>	<u>28,805,000</u>
<b>Total Bonds Payable</b>				<u>\$ 45,830,000</u>	<u>\$ 19,095,000</u>	<u>\$ 12,500,000</u>	<u>\$ 2,790,000</u>	<u>\$ 28,805,000</u>

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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

### E. Loans Payable

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

Purpose	Date Issued	Interest Rate	Maturity Date	Authorized and Issued	Outstanding June 30, 2017	New Issues	Maturities During Year	Outstanding June 30, 2018
<b>Governmental Activities:</b>								
RIHBEC School Loan (Refunded)	05/01/08	4.125-5%	05/15/18	\$30,000,000	\$ 1,470,000	\$ -	\$ 1,470,000	\$ -
Lambert Property Note	05/01/97	2.59%	06/01/23	190,000	120,988	-	4,465	116,523
RI Infrastructure Bank	09/03/14	.12-2.48%	05/15/28	518,000	518,000	-	24,000	494,000
School RIHBC - Refunding	11/26/16	2.00-5.00%	05/15/28	17,230,000	17,140,000	-	-	17,140,000
RIIB EBF Street Lights	12/05/17	1.368-2.176%	09/01/28	1,343,000	-	1,343,000	-	1,343,000
<b>Total Governmental Activities</b>				<u>49,281,000</u>	<u>19,248,988</u>	<u>1,343,000</u>	<u>1,498,465</u>	<u>19,093,523</u>
<b>Business Type Activities</b>								
RI Clean Water Sewer Loan	03/10/93	3.56%	09/01/36	3,000,000	\$ 2,812,863	\$ -	\$ 937	\$ 2,811,926
RIIB Safe Drinking Water	06/12/18	1.0-2.85%	09/01/37	4,000,000	-	4,000,000	-	4,000,000
RI Clean Water Loan	11/19/09	1.15-4.04%	09/01/30	5,750,000	3,384,006	-	188,171	3,195,835
RI Infrastructure Bank	12/17/15	.31-2.90%	09/01/35	1,750,000	1,598,011	-	68,527	1,529,484
<b>Total Business Type Activities</b>				<u>14,500,000</u>	<u>7,794,880</u>	<u>4,000,000</u>	<u>257,635</u>	<u>11,537,245</u>
Total Loans Payable				<u>\$ 63,781,000</u>	<u>\$ 27,043,868</u>	<u>\$ 5,343,000</u>	<u>\$ 1,756,100</u>	<u>\$ 30,630,768</u>

On November 19, 2009 the Town entered into a loan agreement with Rhode Island Clean Water Finance Agency in the amount of \$5,750,000. The loan agreement includes ARRA principal forgiveness of \$1,333,742 for a net loan amount of \$4,416,258 that will be repaid by the Town. The loan proceeds are to be used by the Town for various water system projects. The Agency pays project invoices certified by the Town directly to the contractors or reimburses the Town for costs incurred on the projects. As of June 30, 2018, a loan payable of \$3,195,835 is reflected in the Water Fund. The Town is responsible to drawdown the full loan amount and to repay the net loan amount. The loan is secured by a pledge of water system revenues.

*Continued*



# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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

### E. Loans Payable (Continued)

The debt service requirements for the above notes and loans payable at June 30, 2018 were as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Governmental Activities</i>		<i>Business Type Activities</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2019	\$ 1,449,581	\$ 813,308	\$ 385,578	\$ 285,954
2020	1,614,700	754,992	560,317	327,466
2021	1,675,821	693,799	572,056	314,719
2022	1,738,946	630,034	586,564	300,870
2023	1,898,475	563,669	603,729	285,845
2024-2028	10,341,000	1,453,673	3,291,856	1,161,940
2029-2033	305,000	20,766	3,222,887	623,062
2034-2035	70,000	1,731	2,314,258	173,950
	<u>\$ 19,093,523</u>	<u>\$ 4,931,972</u>	<u>\$ 11,537,245</u>	<u>\$ 3,473,806</u>

### F. Refunding of Long-Term Debt

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

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

### G. Deferred Salary

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

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

### H. Other Commitments

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

*Continued*

# TOWN OF CUMBERLAND, RHODE ISLAND

## Notes to the Financial Statements June 30, 2018

### Note 8. Interfund Activity

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

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Other Financing Sources</u>	<u>Other Financing Uses</u>
<b><u>Major Governmental Funds</u></b>				
General fund	\$ 206,080	\$ 14,632,332	\$ 375,026	\$ 44,060,414
School unrestricted fund	5,511,138	-	43,960,414	-
Public safety bond	9,066,082	-	-	-
Sewer fund	-	561,352	-	-
<b><u>Non-Major Governmental Funds</u></b>				
Town special revenue	728,139	177,256	-	375,026
School special revenue	241,462	758,157	-	-
Capital projects	1,099,119	204,675	100,000	-
<b><u>Proprietary Funds</u></b>				
Water fund	-	518,248	-	-
Totals	<u>\$ 16,852,020</u>	<u>\$ 16,852,020</u>	<u>\$ 44,435,440</u>	<u>\$ 44,435,440</u>

Included above are loans made to provide financing resources to the following funds: \$561,352 Sewer. All remaining interfund balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Transfers are used to move revenues from the fund that the budget requires to collect them to the funds that the budget requires to expend them. For example, the \$43,960,414 is the School appropriation that is budgeted in the General Fund as a revenue source to be transferred to the School Unrestricted Fund and expended.

## TOWN OF CUMBERLAND, RHODE ISLAND

### Notes to the Financial Statements June 30, 2018

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

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

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

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

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

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

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

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

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

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

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

# TOWN OF CUMBERLAND, RHODE ISLAND

## Notes to the Financial Statements

June 30, 2018

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

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

The Town has the following minimum fund balance policies:

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

	Major Funds				Non-Major Funds		
	General Fund	School Unrestricted	Public Safety Bond	Sewer	Town Special Revenue	School Special Revenue	Capital Projects
<b>Fund Balances</b>							
<b>Nonspendable</b>							
In Form	\$ 551,006	\$ 164,165	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Restricted for</b>							
General government	-	-	-	-	341,825	-	-
Public safety programs	-	-	7,779,175	-	128,161	-	-
Educational purposes	-	-	-	-	-	665,516	-
Community and economic development	-	-	-	-	197,858	-	-
Capital projects	-	-	-	-	-	-	1,062,061
<b>Committed to</b>							
General government	-	-	-	-	84,155	-	-
Educational purposes	-	3,695,837	-	-	-	-	-
<b>Assigned to</b>							
Capital projects	89,102	-	-	-	-	-	23,280
Senior center	61,162	-	-	-	-	-	-
Recreation programs	275,926	-	-	-	-	-	-
Town properties	15,727	-	-	-	-	-	-
Educational purposes	11,898	-	-	-	-	-	-
Office of children, youth, and learning	153,926	-	-	-	-	-	-
Community and economic development	1,035,351	-	-	-	-	-	-
<b>Unassigned</b>	9,781,175	-	-	(566,853)	(70,852)	-	(23,215)
	<u>\$ 11,975,273</u>	<u>\$ 3,860,002</u>	<u>\$ 7,779,175</u>	<u>\$ (566,853)</u>	<u>\$ 681,147</u>	<u>\$ 665,516</u>	<u>\$ 1,062,126</u>

Continued

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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### Note 10. Other Post-Employment Benefits

#### *Plan Description*

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

The plan provides the following benefits based on employee group:

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

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

As of June 30, 2018, the plan membership data is as follows:

Description	Active Employees	Inactive or Beneficiaries Receiving Benefits	Total
Number	34	66	100

#### *Funding Policy*

Contribution requirements are negotiated between the Town and the respective unions. The Town is required to contribute the cost of medical and dental benefits, less the amount of any applicable employee share of medical or dental premiums. For the fiscal year ended June 30, 2018, the Town contributed \$1,503,461 to the plan, which is 89.64% of the annual required contribution.

# TOWN OF CUMBERLAND, RHODE ISLAND

## Notes to the Financial Statements June 30, 2018

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

#### *Summary of Significant Accounting Policies*

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

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

#### *Investment Policy*

The Town's policy in regard to the allocation of invested assets is established and may be amended by the committee by a majority vote of its members. It is the policy of the Town to pursue an investment strategy that reduced risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Town's adopted asset allocation policy as of June 30, 2018:

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

#### *Concentrations:*

There were no concentrations noted as of June 30, 2018.

#### *Rate of Return:*

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense was 7.46%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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

#### *Net OPEB Liability of the Town*

The components of the net OPEB liability of the Town at June 30, 2018 were as follows:

Total OPEB liability	\$ 24,410,114
Plans fiduciary net position	<u>3,423,480</u>
Town's net OPEB liability	<u>\$ 20,986,634</u>

Plan net position as a percentage of the total OPEB liability	14.02%
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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

#### *Actuarial Methods and Assumptions*

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

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

# TOWN OF CUMBERLAND, RHODE ISLAND

## Notes to the Financial Statements June 30, 2018

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

#### *Actuarial Methods and Assumptions (continued)*

Valuation date:	Actuarially Determined Contribution was calculated as of June 30, 2018.
Actuarial cost method:	Entry Age Normal Level % of salary method where: <ul style="list-style-type: none"><li>•service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and</li><li>•annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to Payroll Growth.</li></ul>
Asset-valuation method:	Market Value of Assets as of the Measurement Date, June 30, 2018.
<b>Actuarial assumptions:</b>	
Investment rate of return:	5.41%, net of OPEB plan investment expense
Medical inflation	For medical/rx benefits, the trend rates have been reset to an initial rate of 9.00% decreasing by 0.50% annually to an ultimate rate of 5.00%
Inflation:	2.00% as of June 30, 2017 and for future periods
Salary increases:	4.50% annually as of June 30, 2017 and for future periods
Pre-retirement mortality:	RPH-2014 mortality table with blue collar adjustments and Social Security 2016 generational improvements from 2006
Assumed rate of retirement:	70% for 20 or more years of service, 60% for age 60 with 25 years of service, and 60% for age 65 with 10 or more years of service
Marriage assumptions	80% of males and 80% of females assumed to be married with wives to be three years younger than their husbands
Discount rate	• Discount rate is 7.50%

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

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



# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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

### *Changes in the Net OPEB Liability*

		<b>Increase (Decrease)</b>	
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Balance at June 30, 2017	\$ 25,225,070	\$ 2,642,534	\$ 22,582,536
Service cost	426,356	-	426,356
Interest on net OPEB liability and service cost	1,890,431	-	1,890,431
Differences between actual and expected experience	(2,223,963)	-	(2,223,963)
Changes in assumptions	-	-	-
Benefit payments, including refunds	(907,780)	(907,780)	-
Trust administrative expenses		(11,990)	11,990
Contributions - employer	-	1,503,461	(1,503,461)
Contributions - active employees		-	-
Net investment income	-	197,255	(197,255)
Net changes	(814,956)	780,946	(1,595,902)
Balances at June 30, 2018	<u>\$ 24,410,114</u>	<u>\$ 3,423,480</u>	<u>\$ 20,986,634</u>

### *Discount rate*

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

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

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

	<b>Impact of 1% Change in Discount Rate</b>		
	<b>1% Decrease (6.50%)</b>	<b>Current discount rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
Total OPEB liability	\$ 24,307,947	\$ 20,986,634	\$ 18,273,911

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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

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

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

	<b>Impact of 1% Change in Healthcare Trend Rate</b>		
	<b>1% Decrease (8.00% decreasing to 4.00%)</b>	<b>Current trend rate (9.00% decreasing to 5.00%)</b>	<b>1% Increase (10.00% decreasing to 6.00%)</b>
Total OPEB liability	\$ 17,920,004	\$ 20,986,634	\$ 24,766,100

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

For the year ended June 30, 2018 the Town recognized OPEB expense of \$2,623,978. At June 30, 2018, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

Deferred outflows of resources	
Differences between actual and expected experience	\$ 1,410,564
Changes in assumptions	197,377
Deferred inflows of resources	
Net difference between projected and actual earnings on investments	57,383
Differences between actual and expected experience	<u>1,667,972</u>
Total	<u>\$ (117,414)</u>

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

Year ended June 30:	
2019	\$ 227,356
2020	227,357
2021	(576,611)
2022	4,484
2023	-
Thereafter	-

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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### Note 11. Pensions

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

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

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

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

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

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

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

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

*Continued*

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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### Note 11. Pensions (continued)

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

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

###### *General employees*

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

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

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

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

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

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

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

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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## Note 11. Pensions (continued)

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

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

##### *Police and Fire employees*

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

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

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

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

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

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

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

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

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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### Note 11. Pensions (continued)

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

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

##### ***Other benefit provisions***

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

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

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

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

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

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

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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## Note 11. Pensions (continued)

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

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

##### Employees covered by benefit terms.

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

	General Employees	Rescue Plan
Retirees and Beneficiaries	164	6
Inactive, Non-retired Members	123	7
Active Members	233	18
Total	520	31

**Contributions** - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees are required to contribute 1% of their salaries. Public safety employees are required to contribute 7% of their salaries. The Town contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The Town contributed \$1,130,596 to their general employee MERS plan in the year ended June 30, 2018 which was 11.93% of annual covered payroll and contributed \$94,482 to their rescue employee MERS plan in the year ended June 30, 2018 which was 7.98% of annual covered payroll.

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

# TOWN OF CUMBERLAND, RHODE ISLAND

## Notes to the Financial Statements June 30, 2018

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### Note 11. Pensions (continued)

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

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

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

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

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



# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

## Note 11. Pensions (continued)

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

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

Asset Class	Target allocation	Long-term expected real rate of return
<b>Global equity:</b>		
U.S. equity	20.60%	6.85%
International developed	15.90%	6.71%
International emerging markets	3.50%	8.91%
<b>Private Growth</b>		
Private Equity	11.30%	9.62%
Non-Core RE	2.20%	5.17%
OPP Private Credit	1.50%	9.62%
<b>Income</b>		
High Yield Infrastructure	1.00%	4.26%
REITS	1.00%	5.17%
Liquid Credit	2.80%	4.26%
Private Credit	3.20%	4.26%
<b>Crisis Protection Class</b>		
Treasury Duration	4.00%	0.83%
Systematic Trend	4.00%	3.81%
<b>Inflation Protection</b>		
Core Real Estate	3.60%	5.17%
Private Infrastructure	2.40%	5.57%
TIPs	1.00%	1.72%
Natural Resources	1.00%	3.98%
<b>Volatility Protection</b>		
IG Fixed Income	11.50%	2.12%
Absolute Return	6.50%	3.81%
Cash	3.00%	0.83%

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

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

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

## Note 11. Pension (continued)

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

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

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balance as of June 30, 2016</b>	\$ 32,059,417	\$ 23,093,087	\$ 8,966,330
<b>Changes for the year:</b>			
Service cost	755,616	-	755,616
Interest on total pension liability	2,368,285	-	2,368,285
Differences between expected and actual experience	(1,169,813)	-	(1,169,813)
Changes in assumptions	1,343,241	-	1,343,241
Contributions - employer	-	1,199,279	(1,199,279)
Contributions - employee	-	195,052	(195,052)
Net investment income	-	2,704,434	(2,704,434)
Benefit payments, including employee refunds	(1,720,193)	(1,720,193)	-
Administrative expense	-	(25,550)	25,550
Other changes	-	20,199	(20,199)
<b>Net changes</b>	<u>1,577,136</u>	<u>2,373,221</u>	<u>(796,085)</u>
<b>Balance as of June 30, 2017</b>	<u>\$ 33,636,553</u>	<u>\$ 25,466,308</u>	<u>\$ 8,170,245</u>

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balance as of June 30, 2016</b>	\$ 6,157,085	\$ 5,774,239	\$ 382,846
<b>Changes for the year:</b>			
Service cost	206,114	-	206,114
Interest on total pension liability	464,294	-	464,294
Differences between expected and actual experience	44,367	-	44,367
Changes in assumptions	353,594	-	353,594
Contributions - employer	-	101,415	(101,415)
Contributions - employee	-	107,091	(107,091)
Net investment income	-	693,525	(693,525)
Benefit payments, including employee refunds	(139,121)	(139,121)	-
Administrative expense	-	(6,552)	6,552
Other changes	-	(16)	16
<b>Net changes</b>	<u>929,248</u>	<u>756,342</u>	<u>172,906</u>
<b>Balance as of June 30, 2017</b>	<u>\$ 7,086,333</u>	<u>\$ 6,530,581</u>	<u>\$ 555,752</u>

*Continued*  
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# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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## Note 11. Pensions (continued)

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

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

**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 percent, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

#### General Employee Plan

	Current	
1% Decrease	Discount	1% Increase
(6.0%)	Rate (7.0%)	(8.0%)
\$ 12,062,339	\$ 8,170,245	\$ 5,271,933

#### Rescue Plan

	Current	
1% Decrease	Discount	1% Increase
(6.0%)	Rate (7.0%)	(8.0%)
\$ 1,349,593	\$ 555,752	\$ (35,149)

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

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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## Note 11. Pensions (continued)

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

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

##### **General Employees Plan**

For the year ended June 30, 2018 the employer recognized pension expense of \$1,315,977. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in assumptions	\$ 1,045,360	\$ -
Difference between expected and actual experience	222,577	1,353,913
Net difference between projected and actual earnings on pension plan investments	418,748	-
Contributions subsequent to the measurement date	<u>1,130,596</u>	<u>-</u>
	<u>\$ 2,817,281</u>	<u>\$ 1,353,913</u>
Net amount of deferred outflows and (inflows) excluding contributions subsequent to measurement date		<u>\$ 332,772</u>

\$1,130,596 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2018 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2019. Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

## Note 11. Pensions (continued)

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

Year ended June 30:		
2019	\$	101,336
2020		303,840
2021		106,609
2022		(179,013)
2023		-
Thereafter		-
	\$	<u>332,772</u>

### Rescue Employees Plan

For the year ended June 30, 2018 the employer recognized pension expense of \$146,319. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 298,425	\$ 25,331
Difference between expected and actual experience	37,445	247,476
Net difference between projected and actual earnings on pension plan investments	89,394	-
Contributions subsequent to the measurement date	<u>94,482</u>	<u>-</u>
	\$ <u>519,746</u>	\$ <u>272,807</u>
Net amount of deferred outflows and (inflows) excluding contributions subsequent to measurement date		\$ <u>152,457</u>

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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## Note 11. Pensions (continued)

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

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

\$94,482 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2018 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2019. Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 11,857
2020	86,610
2021	30,659
2022	(46,575)
2023	44,491
Thereafter	<u>25,415</u>
	<u>\$ 152,457</u>

### B. Defined Contribution Plan Description

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

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

The Town of Cumberland recognized pension expense of \$42,693, for the fiscal year ended June 30, 2018.

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

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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### Note 11. Pensions (continued)

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

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

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

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

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

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

**Contributions** - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2017, Town teachers were required to contribute 3.75% of their annual covered salary. The state and the Town are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by Town; the rates were 9.89% and 13.24% of annual covered payroll for the fiscal year ended June 30, 2018 for the state and Town, respectively. The Town contributed \$4,035,563, \$4,112,549 and \$3,138,074 for the fiscal years ended June 30, 2018, 2017 and 2016, respectively, equal to 100% of the required contributions for each year.

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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## Note 11. Pensions (continued)

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

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

At June 30, 2018, the Town reported a liability of \$55,473,711 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the Town were as follows:

Town proportionate share of the net pension liability	\$ 55,473,711
State's proportionate share of the net pension liability associated with the Town	<u>41,924,797</u>
Total net pension liability	<u>\$ 97,398,508</u>

The net pension liability was measured as of June 30, 2017, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017. The Town proportion of the net pension liability was based on a projection of the Town long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2017 the Town proportion was 1.75878849%.

For the year ended June 30, 2018 the Town recognized gross pension expense of \$9,877,632 and revenue of \$4,585,012 for support provided by the State. At June 30, 2018 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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## **Note 11. Pensions (continued)**

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

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,315,150
Changes of assumptions	4,844,829	874,179
Net difference between projected and actual earnings on pension plan investments	1,401,303	-
Changes in proportion and differences between System contributions and proportionate share contributions	3,234,744	1,723,726
Contributions subsequent to the measurement date	4,035,563	-
	<u>\$ 13,516,439</u>	<u>\$ 3,913,055</u>
Net amount of deferred outflows and (inflows) excluding BWRSD contributions subsequent to measurement date		<u>\$ 5,567,821</u>

# TOWN OF CUMBERLAND, RHODE ISLAND

## Notes to the Financial Statements June 30, 2018

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### Note 11. Pensions (continued)

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

\$4,035,563 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2018 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 923,532
2020	1,847,098
2021	1,163,575
2022	188,501
2023	860,584
Thereafter	584,531
	<u>\$ 5,567,821</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.

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

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

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

## Note 11. Pensions (continued)

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

Asset class	Target allocation	Long-term expected real rate of return
<b>Global equity:</b>		
U.S. equity	20.60%	6.85%
International developed	15.90%	6.71%
International emerging markets	3.50%	8.91%
<b>Private Growth</b>		
Private Equity	11.30%	9.62%
Non-Core RE	2.20%	5.17%
OPP Private Credit	1.50%	9.62%
<b>Income</b>		
High Yield Infrastructure	1.00%	4.26%
REITS	1.00%	5.17%
Liquid Credit	2.80%	4.26%
Private Credit	3.20%	4.26%
<b>Crisis Protection Class</b>		
Treasury Duration	4.00%	0.83%
Systematic Trend	4.00%	3.81%
<b>Inflation Protection</b>		
Core Real Estate	3.60%	5.17%
Private Infrastructure	2.40%	5.57%
TIPs	1.00%	1.72%
Natural Resources	1.00%	3.98%
<b>Volatility Protection</b>		
IG Fixed Income	11.50%	2.12%
Absolute Return	6.50%	3.81%
Cash	3.00%	0.83%

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

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

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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### Note 11. Pensions (continued)

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

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

<b>1.00% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1.00% Increase (8.0%)</b>
\$ 69,717,200	\$ 55,473,711	\$ 44,864,578

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

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

##### **Defined Contribution Plan Description:**

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

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

The Town of Cumberland recognized pension expense of \$888,519, for the fiscal year ended June 30, 2018.

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

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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### Note 11. Pensions (continued)

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

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

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

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

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

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

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

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

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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## Note 11. Pensions (continued)

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

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

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

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

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

The Town contributed \$47,775, \$39,954 and \$43,338 for the fiscal years ended June 30, 2018, 2017 and 2016, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2018 the Town reported an asset of \$5,603,243 for its proportionate share of the net pension asset related to its participation in TSB. The net pension asset was measured as of June 30, 2017, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2016. The Town proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2016 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2016 the Town proportion was 6.77322113%.

For the year ended June 30, 2018 the Town recognized pension expense of \$1,148,213 – an increase in the net pension asset. At June 30, 2018 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

## Note 11. Pensions (continued)

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

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,105,841	\$ 1,177,458
Changes of assumptions	923,085	-
Net difference between projected and actual earnings on pension plan investments	357,995	-
Changes in proportion and differences between System contributions and proportionate share contributions	43,366	219,281
Contributions subsequent to the measurement date	47,775	-
	<u>\$ 2,478,062</u>	<u>\$ 1,396,739</u>
Net amount of deferred outflows and (inflows) excluding Town contributions subsequent to measurement date		<u>\$ 1,033,548</u>

\$47,775 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2018 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 170,047
2020	445,549
2021	244,684
2022	(50,819)
2023	112,866
Thereafter	111,221
	<u>\$ 1,033,548</u>

## TOWN OF CUMBERLAND, RHODE ISLAND

### Notes to the Financial Statements June 30, 2018

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#### Note 11. Pensions (continued)

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

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

Inflation	2.50%
Salary increases	3.00% to 13.50%
Investment rate of return	7.00%

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

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

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

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



# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

## Note 11. Pensions (continued)

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

Asset Class	Target allocation	Long-term expected real rate of return
<b>Global equity:</b>		
U.S. equity	20.60%	6.85%
International developed	15.90%	6.71%
International emerging markets	3.50%	8.91%
<b>Private Growth</b>		
Private Equity	11.30%	9.62%
Non-Core RE	2.20%	5.17%
OPP Private Credit	1.50%	9.62%
<b>Income</b>		
High Yield Infrastructure	1.00%	4.26%
REITS	1.00%	5.17%
Liquid Credit	2.80%	4.26%
Private Credit	3.20%	4.26%
<b>Crisis Protection Class</b>		
Treasury Duration	4.00%	0.83%
Systematic Trend	4.00%	3.81%
<b>Inflation Protection</b>		
Core Real Estate	3.60%	5.17%
Private Infrastructure	2.40%	5.57%
TIPs	1.00%	1.72%
Natural Resources	1.00%	3.98%
<b>Volatility Protection</b>		
IG Fixed Income	11.50%	2.12%
Absolute Return	6.50%	3.81%
Cash	3.00%	0.83%

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

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

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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### Note 11. Pensions (continued)

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

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

1.00% Decrease (6.0%)	Current Discount Rate (7.0%)	1.00% Increase (8.0%)
\$ 3,832,461	\$ 5,603,243	\$ 6,921,544

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

#### F. Police Pension Plan

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

###### ***Plan Administration***

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

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

###### ***Plan Membership***

Inactive plan members or beneficiaries currently receiving benefits	71
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	42
Subtotal	<u>114</u>

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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### Note 11. Pensions (continued)

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

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

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

Police officered hired on or before July 1, 2013:

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

Police officers hired after July 1, 2013:

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

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

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

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

*Continued*

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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### Note 11. Pensions (continued)

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

##### ***Contributions***

Contribution requirements for the plan are established and may be amended by Town ordinances or union contract. Police officers hired on or before July 1, 2013 are required to contribute 8% of annual earnings by union contract. Police officers hired after July 1, 2013 are required to contribute 11% of annual earnings by union contract. The Town contribution is an actuarially determined amount recommended by an independent actuary. The actuarially determined amount is the estimated amount to finance the costs of benefits earned by plan members during the year, with an additional amount to finance the unfunded accrued liability. The town contribution for the year ended June 30, 2018 was \$2,218,887.

##### **Net Pension Liability of the Commission**

The components of the net pension liability of the Commission at June 30, 2018, were as follows:

Total pension liability	\$ 35,838,269
Plan fiduciary net position	<u>(17,519,829)</u>
Town's net pension liability	<u>\$ 18,318,440</u>
Plan fiduciary net position as a percentage of the total pension liability	48.89%

##### ***Actuarial assumptions***

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

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

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period ended June 30, 2018.

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

*Continued*

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

## Note 11. Pensions (continued)

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic fixed income	2.25%
Domestic equity	7.50%
International Equity	8.00%
Cash	0.25%

### *Discount rate*

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

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net (b)</u>	<u>Net Pension Liability (a) - (b)</u>
<b>Balance as of 7/1/2017</b>	\$ 34,582,341	\$ 15,843,241	\$18,739,100
<b>Changes for the year:</b>			
Service cost	654,232	-	654,232
Interest on total pension liability	2,570,757	-	2,570,757
Differences between expected and actual experience	(1,966)	-	(1,966)
Changes in assumptions	(47,482)	-	(47,482)
Contributions - employer	-	2,218,887	(2,218,887)
Contributions - employee	-	251,263	(251,263)
Net investment income	-	1,181,086	(1,181,086)
Benefit payments	(1,919,613)	(1,919,613)	-
Administrative expense	-	(55,035)	55,035
<b>Net changes</b>	<u>1,255,928</u>	<u>1,676,588</u>	<u>(420,660)</u>
<b>Balance as of 6/30/2018</b>	<u>\$ 35,838,269</u>	<u>\$ 17,519,829</u>	<u>\$18,318,440</u>

# TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

## Note 11. Pensions (continued)

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

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

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

	<b>1% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
Plan's Net Pension Liability	\$ 22,974,585	\$ 18,318,440	\$ 14,505,733

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

For the year ended June 30, 2018, the Commission recognized pension expense of \$1,984,183. At June 30, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 160,740	\$ (1,573)
Changes of assumptions	-	(208,680)
Difference between projected and actual earnings on plan investments	220,387	-
Total deferred outflows / (inflows)	<u>\$ 381,127</u>	<u>\$ (210,253)</u>

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

#### **Year ended June 30:**

2019	\$ 162,244
2020	96,528
2021	(75,567)
2022	(12,331)
2023	-
Thereafter	-
	<u>\$ 170,874</u>

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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

#### A. *Litigation*

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

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

The Town and School Department participates in a number of federally assisted programs. The audits of these programs through the year ended June 30, 2018 were audited in connection with the accompanying financial statements under the Single Audit concept and the auditor's reports thereon are presented in a separate Single Audit Report. The amount, if any, of expenditures which may be disallowed will not be material to the financial position of the Town.

### Note 13. Risk Management

#### A. *Health Care*

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

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

In order to avoid catastrophic losses, the Town "reinsures" the program by purchasing insurance known as "stop-loss insurance". Changes in claims liability for fiscal year 2018 were as follows:

<u>Beginning Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimate</u>	<u>Claims Payments</u>	<u>Balance Fiscal Year End</u>
\$ 316,452	\$ 4,603,452	\$ 4,663,995	\$ 255,909

#### B. *Other Insurance*

The Town of Cumberland is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. As a result, the Town participates in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) which provides coverage for property/liability claims. Upon joining the Trust, the Town signed a participation agreement which outlines the rights and responsibilities of both the Trust and the Town. The agreement states that for premiums paid by the Town, the Trust will assume financial responsibility for the Town's losses up to the maximum amount of insurance purchased, minus the Town's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its members. The Town purchases commercial insurance which provides coverage for workers' compensation claims. Settled claims resulting from these risks have not exceeded Trust or commercial coverage in any of the past three fiscal years. The Town is self-insured for unemployment benefits. There were "incurred but not reported" claims of \$255,909 as of June 30, 2018.

## TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements  
June 30, 2018

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### Note 14. Restatements

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>General Fund</u>	<u>Water Enterprise Fund</u>
Beginning balance, July 1, 2017	\$ 22,617,251	\$ 27,117,684	\$ 13,807,930	27,117,684
To restate fund balance to eliminate prior year deferred police detail revenue	102,727	-	102,727	-
To correct for miscellaneous prior year related items	<u>20,594</u>	<u>(16,622)</u>	<u>20,594</u>	<u>(16,622)</u>
Beginning balance, July 1, 2017	<u>\$ 22,740,572</u>	<u>\$ 27,101,062</u>	<u>\$ 13,931,251</u>	<u>\$ 27,101,062</u>

### Note 15. Subsequent Events

A. There are no material events subsequent to year end that the Town has determined to be necessary to disclose.



***Required Supplementary Information***

*See independent auditor's report*

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*Last 10 Fiscal Years*

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>Total OPEB liability</b>		
Service cost	\$ 426,356	\$ 434,661
Interest on net OPEB liability and service cost	1,890,431	1,568,378
Differences between actual and expected experience	(2,223,963)	2,821,128
Changes of assumptions	-	394,753
Benefit payments, including refunds	<u>(907,780)</u>	<u>(1,778,950)</u>
 Net change in total OPEB liability	 (814,956)	 3,439,970
 Total OPEB liability - beginning	 <u>25,225,070</u>	 <u>21,785,100</u>
Total OPEB liability - ending	<u><u>\$ 24,410,114</u></u>	<u><u>\$ 25,225,070</u></u>
 <b>OPEB fiduciary net position</b>		
Benefit payments, including refunds	\$ (907,780)	\$ (1,778,950)
Trust administrative expenses	(11,990)	(13,765)
Contributions - employer	1,503,461	1,903,000
Contribution - active employees	-	-
Net investment income	<u>197,255</u>	<u>297,230</u>
 Net change in plan fiduciary net position	 780,946	 407,515
 Plan fiduciary net position - beginning	 <u>2,642,534</u>	 <u>2,235,019</u>
Plan fiduciary net position - ending	<u><u>\$ 3,423,480</u></u>	<u><u>\$ 2,642,534</u></u>
 Plan's net pension liability - ending	 <u><u>\$ 20,986,634</u></u>	 <u><u>\$ 22,582,536</u></u>

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

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

## TOWN OF CUMBERLAND, RHODE ISLAND

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

*Last 10 Fiscal Years*

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<b>Actuarial Valuation Date</b>	<b>Fiduciary Net Position</b>	<b>Total OPEB Liability (TOL)</b>	<b>Net OPEB Liability (NOL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>NOL as a % of Covered Payroll</b>
6/30/2018	\$ 3,423,480	\$ 24,410,114	\$ 20,986,634	14.02%	\$ 2,210,352	949.47%
6/30/2017	2,642,534	25,225,070	22,582,536	10.48%	2,167,012	1042.10%

\* Second year of implementation of GASB 74/75, only two years of the ten required data is available.

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

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*Last 10 Fiscal Years*

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Actuarial determined contribution	\$ 1,677,202	\$ 1,778,950	\$ 1,393,964	\$ 1,294,570	\$ 1,578,570	\$ 1,657,531	\$ 3,521,332	\$ 4,393,000	\$ 3,973,000	\$ 3,743,000
Contributions in relation to the actuarially determined contribution	<u>1,503,461</u>	<u>1,903,000</u>	<u>1,550,643</u>	<u>1,420,875</u>	<u>1,320,001</u>	<u>1,311,166</u>	<u>1,565,322</u>	<u>857,393</u>	<u>1,166,224</u>	<u>1,569,191</u>
Contribution deficiency (excess)	<u>\$ 173,741</u>	<u>\$ (124,050)</u>	<u>\$ (156,679)</u>	<u>\$ (126,305)</u>	<u>\$ 258,569</u>	<u>\$ 346,365</u>	<u>\$ 1,956,010</u>	<u>\$ 3,535,607</u>	<u>\$ 2,806,776</u>	<u>\$ 2,173,809</u>
Covered-employee payroll	\$ 2,210,352	\$ 2,167,012	\$ 2,203,419	N/A	N/A	N/A	\$ 32,459,010	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	68.02%	87.82%	70.37%	N/A	N/A	N/A	4.82%	N/A	N/A	N/A

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

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

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*Last 10 Fiscal Years*

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Annual money-weighted rate of return, net of investment expense	7.46%	5.41%

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

### Notes to Required Supplementary Information:

Valuation date:	Actuarially Determined Contribution was calculated as of June 30, 2018.
Actuarial cost method:	Entry Age Normal Level % of salary method where: <ul style="list-style-type: none"> <li>•service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and</li> <li>•annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to Payroll Growth.</li> </ul>
Asset-valuation method:	Market Value of Assets as of the Measurement Date, June 30, 2018.
<b>Actuarial assumptions:</b>	
Investment rate of return:	5.41%, net of OPEB plan investment expense
Medical inflation	For medical/rx benefits, the trend rates have been reset to an initial rate of 9.00% decreasing by 0.50% annually to an ultimate rate of 5.00%
Inflation:	2.00% as of June 30, 2017 and for future periods
Salary increases:	4.50% annually as of June 30, 2017 and for future periods
Pre-retirement mortality:	RPH-2014 mortality table with blue collar adjustments and Social Security 2016 generational improvements from 2006
Assumed rate of retirement:	70% for 20 or more years of service, 60% for age 60 with 25 years of service, and 60% for age 65 with 10 or more years of service
Marriage assumptions	80% of males and 80% of females assumed to be married with wives to be three years younger than their husbands
Discount rate	<ul style="list-style-type: none"> <li>• Discount rate is 7.50%</li> </ul>

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

# TOWN OF CUMBERLAND, RHODE ISLAND

## *Required Supplementary Information*

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

*For the Year Ended June 30, 2018*

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

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

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Actuarially determined contribution	\$ 1,130,596	\$ 1,199,279	\$ 1,194,969	\$ 1,278,367
Contributions in relation to the actuarially determined contribution	<u>1,130,596</u>	<u>1,199,279</u>	<u>1,194,969</u>	<u>1,278,367</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 9,476,425	\$ 9,305,618	\$ 8,915,758	\$ 8,914,303
Contributions as a percentage of covered-employee payroll	11.93%	12.89%	13.40%	14.34%

**Notes:**

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

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

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

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

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

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



# TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

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

**Notes:**

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

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

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

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

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

***Notes:***

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

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

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

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 4,035,563	\$ 4,112,549	\$ 3,138,074	\$ 4,307,537
Contributions in relation to the actuarially determined contribution	<u>4,035,563</u>	<u>4,112,549</u>	<u>3,138,074</u>	<u>4,307,537</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 27,399,784	\$ 26,896,969	\$ 29,585,499	\$ 26,812,752
Contributions as a percentage of covered- employee payroll	14.73%	15.29%	10.61%	16.07%

**Notes:**

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

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

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

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

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

**Notes:**

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

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

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

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily determined contribution	\$ 47,775	\$ 39,954	\$ 43,338	\$ 39,802
Contributions in relation to the statutorily determined contribution	<u>47,775</u>	<u>39,954</u>	<u>43,338</u>	<u>39,802</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 27,399,784	\$ 26,896,969	\$ 29,585,499	\$ 26,812,752
Contributions as a percentage of covered- employee payroll	0.17%	0.15%	0.15%	0.15%

**Notes:**

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

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

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

## **TOWN OF CUMBERLAND, RHODE ISLAND**

### *Required Supplementary Information* Notes to Municipal Retirement Plans

*For the Year Ended June 30, 2018*

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

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

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

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

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

#### ***June 30, 2017 measurement date –***

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

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

#### ***June 30, 2016 measurement date –***

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

*See independent auditor's report*

## TOWN OF CUMBERLAND, RHODE ISLAND

### *Required Supplementary Information* Notes to Municipal Retirement Plans

*For the Year Ended June 30, 2018*

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#### ***June 30, 2015 measurement date –***

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

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

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

*See independent auditor's report*

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

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

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



**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*For the Year Ended June 30, 2018*

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

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

**TOWN OF CUMBERLAND, RHODE ISLAND**

*Required Supplementary Information*  
Schedule of Contributions  
Police Pension Plan

*For the Year Ended June 30, 2018*

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	\$2,168,246	\$2,138,355	\$2,110,186	\$1,997,828	\$1,980,631	\$1,986,232	\$1,650,489	\$1,507,130	\$1,315,293	\$1,135,722
Contributions in relation to the actuarially determined contribution	<u>2,218,887</u>	<u>2,182,000</u>	<u>2,112,000</u>	<u>1,997,828</u>	<u>2,064,871</u>	<u>1,650,000</u>	<u>1,400,000</u>	<u>1,000,000</u>	<u>211,425</u>	<u>1,135,722</u>
Contribution deficiency (excess)	<u>\$ (50,641)</u>	<u>\$ (43,645)</u>	<u>\$ (1,814)</u>	<u>\$ -</u>	<u>\$ (84,240)</u>	<u>\$ 336,232</u>	<u>\$ 250,489</u>	<u>\$ 507,130</u>	<u>\$1,103,868</u>	<u>\$ -</u>
Covered-employee payroll	2,817,547	2,805,661	2,966,003	2,686,120	2,633,451	2,651,185	2,511,260	2,538,594	2,839,887	2,873,991
Contributions as a percentage of covered-employee payroll	78.75%	77.77%	71.21%	74.38%	78.41%	62.24%	55.75%	39.39%	7.44%	39.52%

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

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

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

### Notes to the Schedules:

Valuation Date:

Actuarially determined contribution rates are calculated as of June 30, 2018.

Methods and assumptions used to determine contribution rates:

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

Mortality rates:

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

Retirement rates:

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

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

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

	Encumbrances Carried from FY17	Budget Amounts		Total Available	Actual Amounts (Budgetary Basis)	Encumbrances Carried to FY19	Variance Favorable (Unfavorable)
		Original	Final				
<b>Revenues:</b>							
General property taxes and interest	\$ -	\$ 66,444,112	\$ 64,550,732	\$ 64,550,732	\$ 65,130,387	\$ -	\$ 579,655
Investment and interest income	-	30,000	48,269	48,269	54,263	-	5,994
Other local and departmental revenue	-	2,056,365	2,038,553	2,038,553	2,207,854	-	169,301
Federal and State aid and grants	-	2,780,271	3,300,705	3,300,705	3,988,584	-	687,879
Rescue service revenue	-	1,000,000	1,029,805	1,029,805	1,133,496	-	103,691
Other revenues	-	1,054,999	1,337,764	1,337,764	1,014,880	-	(322,884)
<b>Total revenues</b>	-	<u>73,365,747</u>	<u>72,305,828</u>	<u>72,305,828</u>	<u>73,529,464</u>	-	<u>1,223,636</u>
<b>Expenditures</b>							
<b>General government:</b>							
Mayor's office	-	205,561	207,005	207,005	207,702	-	(697)
Town Clerk	-	223,464	226,227	226,227	230,698	-	(4,471)
Town Council	-	62,339	53,085	53,085	53,090	-	(5)
Town Solicitor	-	202,697	199,279	199,279	196,139	-	3,140
Municipal court	-	52,494	51,426	51,426	51,627	-	(201)
Town officers	-	8,157	8,109	8,109	8,229	-	(120)
Boards and commissions	-	1,000	800	800	500	-	300
Boards of canvassers	-	51,022	45,795	45,795	46,644	-	(849)
Finance office	-	568,223	583,183	583,183	580,704	-	2,479
Information technology	-	128,629	124,147	124,147	125,459	-	(1,312)
Tax Assessor	-	218,693	194,119	194,119	192,875	-	1,244
	-	<u>1,722,279</u>	<u>1,693,175</u>	<u>1,693,175</u>	<u>1,693,667</u>	-	<u>(492)</u>
<b>Community Development:</b>							
Planning	-	208,626	200,595	200,595	202,435	-	(1,840)
Inspection	-	200,272	214,186	214,186	213,443	-	743
Zoning	-	18,000	15,137	15,137	14,468	-	669
	-	<u>426,898</u>	<u>429,918</u>	<u>429,918</u>	<u>430,346</u>	-	<u>(428)</u>

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

(continued)

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

	Encumbrances Carried from FY17	Budget Amounts		Total Available	Actual Amounts (Budgetary Basis)	Encumbrances Carried to FY19	Variance Favorable (Unfavorable)
		Original	Final				
<b>Public Safety:</b>							
Police department	\$ 12,099	\$ 4,384,305	\$ 3,865,909	\$ 3,878,008	\$ 3,791,687	\$ -	\$ 86,321
Telecommunication	-	386,500	391,774	391,774	384,564	-	7,210
Rescue service	-	1,786,072	1,852,980	1,852,980	1,874,000	-	(21,020)
Animal control	-	152,570	133,184	133,184	131,517	-	1,667
	<u>12,099</u>	<u>6,709,447</u>	<u>6,243,847</u>	<u>6,255,946</u>	<u>6,181,768</u>	<u>-</u>	<u>74,178</u>
<b>Public Works:</b>							
Public works	27,000	2,730,332	2,763,343	2,790,343	2,793,532	-	(3,189)
Highway	-	2,417,554	2,475,066	2,475,066	2,423,634	-	51,432
Recreation	-	238,511	235,394	235,394	212,180	-	23,214
Town Hall	-	199,302	195,950	195,950	190,458	-	5,492
	<u>27,000</u>	<u>5,585,699</u>	<u>5,669,753</u>	<u>5,696,753</u>	<u>5,619,804</u>	<u>-</u>	<u>76,949</u>
<b>Social Services:</b>							
Library	-	1,632,234	1,598,057	1,598,057	1,644,841	-	(46,784)
Children and learning	-	191,751	188,266	188,266	191,654	-	(3,388)
Senior services	-	217,597	209,128	209,128	209,997	-	(869)
	<u>-</u>	<u>2,041,582</u>	<u>1,995,451</u>	<u>1,995,451</u>	<u>2,046,492</u>	<u>-</u>	<u>(51,041)</u>
<b>Other Expenditures:</b>							
Outside Agencies	-	82,500	89,176	89,176	77,486	-	11,690
Contingencies	-	100,000	74,270	74,270	94,552	-	(20,282)
Police Contract Negotiations	-	-	-	-	-	-	-
Efficiency Contingencies	-	-	-	-	-	-	-
Town/School Achievement Grant	-	20,000	-	-	-	-	-
Emergency Management	-	10,000	10,191	10,191	10,191	-	-
Stress	-	5,000	4,000	4,000	3,797	-	203
RI League of Cities and Towns	-	12,676	-	-	-	-	-
Traffic Calming	-	5,700	4,360	4,360	6,074	-	(1,714)
Library Literacy Program	-	-	-	-	-	-	-
Property & Liability Insurance	-	449,213	398,286	398,286	390,547	-	7,739
Veteran's Services	-	-	1,000	1,000	1,000	-	-
Litter Control	-	-	-	-	-	-	-
Property Revaluation	-	-	-	-	-	-	-
Economic Development	-	5,500	4,650	4,650	2,483	-	2,167
Fire Consolidation Study	-	-	-	-	-	-	-
School Capital Purchase	-	-	-	-	-	-	-
Franklin Farms	-	-	-	-	-	-	-
	<u>-</u>	<u>690,589</u>	<u>585,933</u>	<u>585,933</u>	<u>586,130</u>	<u>-</u>	<u>(197)</u>

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

(continued)

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

	Encumbrances Carried from FY17	Budget Amounts		Total Available	Actual Amounts (Budgetary Basis)	Encumbrances Carried to FY19	Variance Favorable (Unfavorable)
		Original	Final				
Employee benefits	\$ -	\$ 7,802,541	\$ 7,596,474	\$ 7,596,474	\$ 7,440,262	\$ -	\$ 156,212
<b>Debt Service:</b>							
Town debt service	-	1,619,834	1,369,133	1,369,133	1,362,456	-	6,677
School debt service	-	3,971,444	3,971,444	3,971,444	3,971,075	-	369
Master lease	-	474,703	469,659	469,659	469,659	-	-
	-	6,065,981	5,810,236	5,810,236	5,803,190	-	7,046
<b>Capital Outlay and Reserves:</b>							
Capital improvements	18,000	383,486	1,749,612	1,767,612	1,676,289	89,102	2,221
<b>Total expenditures</b>	57,099	31,428,502	31,774,399	31,831,498	31,477,948	89,102	264,448
Excess (deficiency) of revenues over expenditures	(57,099)	41,937,245	40,531,429	40,474,330	42,051,516	(89,102)	1,488,084
Other financing sources and (uses):							
Appropriation of surplus	-	2,028,985	3,428,985	3,428,985	3,428,985	-	-
Transfer to school unrestricted fund	-	(43,966,230)	(43,960,414)	(43,960,414)	(43,960,414)	-	-
<b>Total other financing sources and uses</b>	-	(41,937,245)	(40,531,429)	(40,531,429)	(40,531,429)	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	\$ (57,099)	\$ -	\$ -	\$ (57,099)	1,520,087	\$ (89,102)	\$ 1,488,084
Adjustment of budgetary basis to U.S. GAAP					(3,476,065)		
Excess of revenue and other financing sources over expenditures and other financing uses, U.S. GAAP basis					(1,955,978)		
Fund balance, beginning of year, restated					13,931,251		
Fund balance, end of year					\$ 11,975,273		

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

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# TOWN OF CUMBERLAND, RHODE ISLAND

## Notes to Required Supplementary Information

June 30, 2018

### Note 1 - Budgetary Data and Budgetary Compliance

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

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

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

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

	<u>General Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	\$ 1,520,087
Budgeted appropriation from general fund surplus	(3,428,985)
Reclassification of encumbrances recorded on budgetary basis	(57,099)
Unbudgeted police detail activity	32,896
Unbudgeted rescue activity	(36,523)
Unbudgeted recreation and OC&YL activity	<u>13,646</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	<u>\$ (1,955,978)</u>

See independent auditor's report

(continued)

## ***Supplementary Information***

*See independent auditor's report*

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

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

*For the Year Ended June 30, 2018*

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenue				
Local Appropriation	\$ 43,581,230	\$ 43,581,230	\$ 43,580,466	\$ (764)
Leasing Proceeds	385,000	385,000	402,044	17,044
Local Appropriation - other	300,000	300,000	-	
State Aid	19,131,656	19,131,656	19,076,501	(55,155)
Medicaid	420,000	420,000	548,625	128,625
Section 125 Co-Pays (1)	1,855,000	1,855,000	-	(1,855,000)
Retiree & COBRA Health, Life Insurance (2)	-	-	-	-
Building/Pool Rentals	200,000	200,000	179,376	(20,624)
Tuition From Other Districts	-	-	18,595	18,595
Preschool Tuitions/Transportation	90,000	90,000	105,432	15,432
Miscellaneous	10,000	10,000	7,639	(2,361)
Indirect Cost	-	-	19,807	19,807
Refund of Prior Year Expenses	30,600	30,600	26,900	(3,700)
Total Revenue	66,003,486	66,003,486	63,965,385	(1,738,101)
Expenditures				
Ashton				
Salaries Yr. Round Employees	231,314	231,314	231,648	(334)
Salaries-Certified Teachers	1,782,387	1,782,387	1,778,419	3,967
Salaries-Para/Aides	51,601	51,601	58,017	(6,416)
Services/Postage/Volunteers	12,832	12,832	15,749	(2,917)
Maint & Repairs	-	-	-	-
Materials & Supplies	48,403	48,403	55,645	(7,242)
Dues	650	650	595	55
Capital	36,000	36,000	30,842	5,158
	2,163,186	2,163,186	2,170,914	(7,728)
Community				
Salaries- Yr. Round Employees	275,075	275,075	252,458	22,617
Salaries-Certified Teachers	3,353,839	3,353,839	3,389,089	(35,250)
Salaries-Para/Aides	252,895	252,895	244,567	8,327
Services/Postage/Volunteers	22,104	22,104	26,813	(4,709)
Maint & Repairs	-	-	-	-
Materials & Supplies	100,680	100,680	119,951	(19,271)
Travel	-	-	-	-
Dues	650	650	595	55
Capital	34,800	34,800	34,020	780
	4,040,043	4,040,043	4,067,494	(27,451)

*See independent auditor's report*

*(continued)*

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

	<b>Budgeted Amounts</b>			<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>
<i>Cumberland Hill</i>				
Salaries- Yr. Round Employees	\$ 244,270	\$ 244,270	\$ 252,733	\$ (8,464)
Salaries-Certified Teachers	2,446,723	2,446,723	2,473,299	(26,576)
Salaries-Para/Aides	269,364	269,364	253,928	15,437
Services/Postage/Volunteers	16,430	16,430	18,980	(2,551)
Maint & Repairs	-	-	-	-
Materials & Supplies	61,652	61,652	60,430	1,222
Dues	650	650	595	55
Capital	38,000	38,000	38,054	(54)
	<u>3,077,088</u>	<u>3,077,088</u>	<u>3,098,019</u>	<u>(20,931)</u>
<i>Garvin</i>				
Salaries- Yr. Round Employees	233,939	233,939	226,841	7,098
Salaries-Certified Teachers	2,469,828	2,469,828	2,447,223	22,605
Salaries-Para/Aides	152,973	152,973	137,231	15,742
Services/Postage/Volunteers	17,071	17,071	19,329	(2,258)
Maint & Repairs	-	-	-	-
Materials & Supplies	65,926	65,926	66,246	(320)
Dues	650	650	595	55
Capital	35,000	35,000	40,911	(5,911)
	<u>2,975,388</u>	<u>2,975,388</u>	<u>2,938,378</u>	<u>37,010</u>
<i>BF Norton</i>				
Salaries Yr. Round Employees	248,509	248,509	253,035	(4,527)
Salaries-Certified Teachers	2,495,989	2,495,989	2,474,471	21,518
Salaries-Para/Aides	305,066	305,066	308,076	(3,010)
Services/Postage/Volunteers	19,982	19,982	18,914	1,067
Maint & Repairs	-	-	-	-
Materials & Supplies	67,213	67,213	68,662	(1,449)
Dues	600	600	595	5
Capital	27,000	27,000	37,644	(10,644)
	<u>3,164,358</u>	<u>3,164,358</u>	<u>3,161,398</u>	<u>2,961</u>
<i>Pre-School</i>				
Salaries- Year Round	83,896	83,896	83,896	-
Salaries-Certified Teachers	335,043	335,043	374,668	(39,625)
Salaries-Para/Aides	101,288	101,288	86,186	15,102
Child Outreach Salaries	24,000	24,000	19,649	4,351
Services/Postage	1,619	1,619	1,601	18
Materials & Supplies	4,450	4,450	1,979	2,471
Dues	650	650	595	55
Capital	2,000	2,000	-	2,000
	<u>552,946</u>	<u>552,946</u>	<u>568,574</u>	<u>(15,628)</u>

*See independent auditor's report*

*(continued)*

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

	<b>Budgeted Amounts</b>			<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>
<i>McCourt</i>				
Salaries- Year Round	\$ 391,139	\$ 391,139	\$ 355,361	\$ 35,779
Salaries-Certified Teachers	3,348,292	3,348,292	3,350,793	(2,501)
Salaries-Para/Aides	99,755	99,755	66,497	33,258
Services/Postage	26,036	26,036	33,958	(7,923)
Maint & Repairs	-	-	-	-
Materials & Supplies	70,232	70,232	62,404	7,828
Student Travel	4,000	4,000	4,421	(421)
Dues	1,250	1,250	1,190	60
Capital	<u>44,000</u>	<u>44,000</u>	<u>59,425</u>	<u>(15,425)</u>
	<u>3,984,704</u>	<u>3,984,704</u>	<u>3,934,048</u>	<u>50,656</u>
<i>NCM School</i>				
Salaries- Year Round	390,649	390,649	365,639	25,010
Salaries-Certified Teachers	3,896,646	3,896,646	3,925,384	(28,738)
Salaries-Para/Aides	216,553	216,553	205,898	10,654
Services/Postage	30,974	30,974	42,098	(11,124)
Maint & Repairs	-	-	-	-
Materials & Supplies	84,884	84,884	74,292	10,592
Student Travel	4,000	4,000	4,324	(324)
Dues	1,250	1,250	1,190	60
Capital	<u>97,500</u>	<u>97,500</u>	<u>100,616</u>	<u>(3,116)</u>
	<u>4,722,456</u>	<u>4,722,456</u>	<u>4,719,440</u>	<u>3,016</u>
<i>Cumberland High School</i>				
Salaries- Yr. Round Employees	853,582	853,582	716,265	137,317
Salaries-Certified Teachers	8,803,444	8,803,444	9,016,360	(212,917)
Salaries-Para/Aides	504,335	504,335	499,305	5,030
Services/Postage	187,074	187,074	214,732	(27,659)
Maint & Repairs, Rentals	8,000	8,000	3,404	4,596
Student Travel	22,250	22,250	20,360	1,890
Materials & Supplies	324,644	324,644	247,591	77,053
Dues	8,515	8,515	8,852	(337)
Capital	<u>344,211</u>	<u>344,211</u>	<u>351,325</u>	<u>(7,114)</u>
	<u>11,056,055</u>	<u>11,056,055</u>	<u>11,078,195</u>	<u>(22,140)</u>
<i>Summer School (ALL)</i>				
Salaries Remedial	27,000	27,000	31,301	(4,301)
Salaries-Certified ESY	108,500	108,500	106,449	2,051
Salaries-Para ESY	70,000	70,000	73,621	(3,621)
Services	-	-	-	-
Supplies, Maint & Repairs	<u>-</u>	<u>-</u>	<u>1,115</u>	<u>(1,115)</u>
	<u>205,500</u>	<u>205,500</u>	<u>212,487</u>	<u>(6,987)</u>
<i>Elem Cord/Attrition</i>				
Salaries-Certified Cord	352,094	352,094	448,141	(96,047)
Travel	<u>2,500</u>	<u>2,500</u>	<u>1,895</u>	<u>605</u>
	<u>354,594</u>	<u>354,594</u>	<u>450,036</u>	<u>(95,442)</u>

*See independent auditor's report*

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# TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

	<b>Budgeted Amounts</b>			<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>
<i>Special Education</i>				
Salaries- Year Round	\$ 215,580	\$ 215,580	\$ 215,951	\$ (371)
Salaries-Certified Teachers/Tutors	113,438	113,438	124,977	(11,539)
Services & Repairs	632,975	632,975	631,160	1,815
Tuitions	1,300,000	1,300,000	1,280,213	19,787
Materials & Supplies	24,000	24,000	15,818	8,182
Student Travel	-	-	-	-
Travel	4,500	4,500	4,514	(14)
Dues	1,000	1,000	694	306
Capital	53,000	53,000	52,280	720
504 Student Equipment	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
	<u>2,347,493</u>	<u>2,347,493</u>	<u>2,325,606</u>	<u>21,887</u>
<i>Superintendent &amp; School Committee</i>				
Salaries	223,111	223,111	223,311	(200)
School Committee Stipends	16,200	16,200	16,200	-
Services/Legal/Maint Repairs	136,400	136,400	118,468	17,932
Materials & Supplies	1,500	1,500	3,178	(1,678)
Travel	9,000	9,000	12,271	(3,271)
Dues	11,000	11,000	15,583	(4,583)
Equipment SC	<u>-</u>	<u>-</u>	<u>438</u>	<u>(438)</u>
	<u>397,211</u>	<u>397,211</u>	<u>389,449</u>	<u>7,762</u>
<i>Asst Superintendent</i>				
Salaries	286,916	286,916	195,268	91,648
Services/PD Training	73,750	73,750	62,199	11,551
Maint & Repairs	-	-	-	-
Travel	5,800	5,800	2,742	3,058
Materials & Supplies	22,500	22,500	13,674	8,826
Dues	2,400	2,400	1,920	480
Capital	<u>-</u>	<u>-</u>	<u>1,579</u>	<u>(1,579)</u>
	<u>391,366</u>	<u>391,366</u>	<u>277,382</u>	<u>113,984</u>
<i>Human Resources</i>				
Salaries	165,483	165,483	163,236	2,247
Services	40,500	40,500	39,815	685
Materials & Supplies	1,000	1,000	1,245	(245)
Dues	<u>200</u>	<u>200</u>	<u>199</u>	<u>1</u>
	<u>207,183</u>	<u>207,183</u>	<u>204,495</u>	<u>2,688</u>
<i>Technology</i>				
Salaries	419,181	419,181	421,247	(2,066)
Services	340,756	340,756	131,545	209,211
Maint & Repairs	-	-	8,177	(8,177)
Materials & Supplies	65,800	65,800	4,118	61,682
Dues	399	399	200	199
Capital	<u>81,984</u>	<u>81,984</u>	<u>52,370</u>	<u>29,614</u>
	<u>908,120</u>	<u>908,120</u>	<u>617,657</u>	<u>290,463</u>

*See independent auditor's report*

*(continued)*

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

	<b>Budgeted Amounts</b>			<b>Variance Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<i>Business Office</i>				
Salaries	\$ 374,468	\$ 374,468	\$ 377,563	\$ (3,095)
Services/Maint Services	79,550	79,550	75,036	4,514
Lease Payments	385,764	385,764	457,900	(72,136)
Postage/Supplies	4,250	4,250	2,849	1,401
Travel	2,000	2,000	-	2,000
Dues	500	500	-	500
PCORI Fee	-	-	12,992	(12,992)
	<u>846,532</u>	<u>846,532</u>	<u>926,340</u>	<u>(79,808)</u>
<i>Facilities</i>				
Salaries	224,385	224,385	214,864	9,521
Services/Maintenance	993,924	993,924	1,252,789	(258,865)
Insurance	202,000	202,000	218,806	(16,806)
Utilities	1,100,000	1,100,000	967,485	132,515
Materials & Supplies	6,000	6,000	63,545	(57,545)
Travel	-	-	647	(647)
Capital	<u>575,000</u>	<u>575,000</u>	<u>83,373</u>	<u>491,627</u>
	<u>3,101,309</u>	<u>3,101,309</u>	<u>2,801,508</u>	<u>299,801</u>
<i>Athletics &amp; Pool</i>				
Salaries - Athletics Director	72,422	72,422	72,422	-
Stipends - Coaches	162,500	162,500	155,425	7,075
Services /Rentals	29,250	29,250	27,919	1,331
Materials & Supplies	2,500	2,500	-	2,500
Transportation	82,669	82,669	87,371	(4,702)
Dues	38,800	38,800	58,120	(19,320)
Capital	<u>-</u>	<u>-</u>	<u>2,336</u>	<u>(2,336)</u>
	<u>388,141</u>	<u>388,141</u>	<u>403,592</u>	<u>3,868</u>
<i>Health Services</i>				
Salaries	3,000	3,000	7,000	(4,000)
Services	7,200	7,200	12,019	(4,819)
Materials and supplies / travel	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
	<u>11,200</u>	<u>11,200</u>	<u>19,019</u>	<u>(7,819)</u>
<i>School Safety</i>				
Salaries Truant Officer	32,744	32,744	33,235	(491)
Travel/Supplies	1,500	1,500	-	1,500
Salaries Bus Monitors Thru	<u>155,000</u>	<u>155,000</u>	<u>156,436</u>	<u>(1,436)</u>
	<u>189,244</u>	<u>189,244</u>	<u>189,671</u>	<u>(427)</u>
<i>Transportation/Travel</i>				
Services State	500,000	500,000	391,591	108,409
Summer School State & Durham	100,000	100,000	156,974	(56,974)
Services Durham	<u>2,264,913</u>	<u>2,264,913</u>	<u>2,216,274</u>	<u>48,639</u>
	<u>2,864,913</u>	<u>2,864,913</u>	<u>2,764,839</u>	<u>100,074</u>

*See independent auditor's report*

*(continued)*

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<i>Advertising</i>				
Services	\$ 6,000	\$ 6,000	\$ 8,977	\$ (2,977)
	<u>6,000</u>	<u>6,000</u>	<u>8,977</u>	<u>(2,977)</u>
<i>Other Tuitions - Charter Schools</i>				
Services	3,569,142	3,569,142	3,538,959	30,183
	<u>3,569,142</u>	<u>3,569,142</u>	<u>3,538,959</u>	<u>30,183</u>
<i>Area Voc Tuitions &amp; Met School</i>				
Services	260,000	260,000	241,907	18,093
	<u>260,000</u>	<u>260,000</u>	<u>241,907</u>	<u>18,093</u>
<i>Non-Public School Textbooks</i>				
Materials & Supplies	10,000	10,000	5,405	4,595
	<u>10,000</u>	<u>10,000</u>	<u>5,405</u>	<u>4,595</u>
<i>Benefits</i>				
CTA 3% All Empl. Severance	197,315	197,315	34,661	162,654
Tuitions/Travel	15,000	15,000	11,342	3,658
ICSE Longevity	70,000	70,000	62,456	7,544
Healthcare Buyback	110,616	110,616	90,840	19,776
Health Insurance Admin & Claims (1)	6,750,000	6,750,000	4,663,995	2,086,005
Dental (2)	494,000	494,000	387,598	106,402
Social Security	422,103	422,103	326,261	95,842
Medicare	535,162	535,162	513,988	21,174
Life Insurance	270,000	270,000	188,966	81,034
Workers Compensation	180,000	180,000	162,920	17,080
Unemployment Compensation	100,000	100,000	59,621	40,379
Survivors Benefits	42,000	42,000	47,775	(5,775)
Certified Retirement	4,864,587	4,864,587	4,841,270	23,317
Non-Certified Retirement	608,530	608,530	549,309	59,221
	<u>14,659,313</u>	<u>14,659,313</u>	<u>11,941,002</u>	<u>2,718,311</u>
Total expenditures	<u>66,453,486</u>	<u>66,453,486</u>	<u>63,054,789</u>	<u>3,418,016</u>
Other financing uses				
Fund Balance	<u>450,000</u>	<u>450,000</u>	<u>(910,596)</u>	<u>(1,360,596)</u>
Net change in fund balance, budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 319,319</u>
Fund balance - beginning of year			<u>2,949,406</u>	
Fund balance - end of year			<u>\$ 3,860,002</u>	

\*\*Use of fund balance was budgeted as revenue in the current year in the amount of \$910,596 which increased fund balance.

### Footnotes 1 & 2

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

*See independent auditor's report*

*(continued)*

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

	<b>Original Budget</b>	<b>Final</b>	<b>Actual Amounts</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenue</b>				
Other local and departmental revenue	\$ 850,850	\$ 850,850	\$ 1,050,536	\$ 199,686
<b>Total revenues</b>	<u>850,850</u>	<u>850,850</u>	<u>1,050,536</u>	<u>199,686</u>
<b>Expenditures</b>				
Public works	436,841	436,841	239,279	197,562
Debt service	<u>336,010</u>	<u>336,010</u>	<u>235,250</u>	<u>100,760</u>
<b>Total expenditures</b>	<u>772,851</u>	<u>772,851</u>	<u>474,529</u>	<u>298,322</u>
Excess(deficiency) of revenues over expenditures	77,999	77,999	576,007	498,008
<b>Other financing sources (uses)</b>				
Anticipated surplus	(77,999)	(77,999)	-	77,999
Transfer to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenses and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 576,007</u>	<u>\$ 576,007</u>
Adjustments of budgetary basis for US GAAP basis			<u>-</u>	
Excess of revenue and other source over expenditures and other financing uses, US GAAP basis			<u>576,007</u>	
<b>Fund balance, beginning of year</b>			<u>(1,142,860)</u>	
<b>Fund balance, end of year</b>			<u>\$ (566,853)</u>	

*See independent auditor's report*

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# TOWN OF CUMBERLAND, RHODE ISLAND

## *Supplementary Information*

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

*For the Year Ended June 30, 2018*

	<b>Original Budget</b>	<b>Budget As Adopted</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenue:</b>				
Charges for services	\$ 5,129,051	\$ 5,373,545	\$ 5,239,989	\$ (133,556)
Miscellaneous	<u>123,381</u>	<u>65,000</u>	<u>61,834</u>	<u>(3,166)</u>
Total revenues	<u>5,252,432</u>	<u>5,438,545</u>	<u>5,301,823</u>	<u>(136,722)</u>
<b>Expenditures:</b>				
Personnel services	1,552,478	1,517,536	1,464,188	53,348
Supplies and materials	146,400	147,300	124,303	22,997
Repairs and maintenance	237,500	226,000	139,939	86,061
Other charges and expenditures	3,054,298	3,344,011	2,791,665	552,346
Indirect cost	71,430	72,500	72,500	-
Debt service	<u>675,445</u>	<u>616,317</u>	<u>579,926</u>	<u>36,391</u>
Total expenditures	<u>5,737,551</u>	<u>5,923,664</u>	<u>5,172,521</u>	<u>751,143</u>
Excess(deficiency) of revenues over expenses	(485,119)	(485,119)	129,302	614,421
Other financing sources (uses):				
Contributed capital	335,200	335,200	209,014	(126,186)
Debt reduction surcharge	149,919	149,919	336,310	186,391
Transfers between funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenses and other uses	<u>\$ -</u>	<u>\$ -</u>	674,626	<u>\$ 614,421</u>
Adjustments of budgetary basis for US GAAP basis			<u>301,580</u>	
Excess of revenue and other source over expenditures and other financing uses, US GAAP basis			<u>976,206</u>	
Fund balance, beginning of year, restated			<u>27,101,062</u>	
Fund balance, end of year			<u>\$ 28,077,268</u>	

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

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**TOWN OF CUMBERLAND, RHODE ISLAND***Supplementary Information*  
Notes to Budgetary Comparison Information*For the Year Ended June 30, 2018*

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	<b>School</b> <b>Unrestricted</b>	<b>Sewer</b>	<b>Water</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	\$ -	\$ 576,007	\$ 674,626
Unbudgeted state on behalf pension plan revenue	(2,709,839)	-	-
Unbudgeted state on behalf pension plan expenditures	2,709,839	-	-
Budgeted capital expenditures which are capitalized under the GAAP basis of accounting	-	-	611,656
Unbudgeted depreciation expense	-	-	(659,574)
Principal payments which are budgeted for net netted against long term liabilities for GAAP purposes	-	-	349,498
Unbudgeted increase into school unrestricted surplus	<u>910,596</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	<u>\$ 910,596</u>	<u>\$ 576,007</u>	<u>\$ 976,206</u>

*See independent auditor's report**(continued)*  
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# TOWN OF CUMBERLAND, RHODE ISLAND

## Non-Major Governmental Funds Combined Balance Sheet

*June 30, 2018*

	<b>Town Special Revenue</b>	<b>School Special Revenue</b>	<b>Capital Projects</b>	<b>Total Non-Major Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 1,197	\$ 317,705	\$ -	\$ 318,902
Due from other governments	61,495	1,155,987	186,461	1,403,943
Other receivables, net	336,487	48,625	-	385,112
Due from other funds	<u>728,139</u>	<u>241,462</u>	<u>1,099,119</u>	<u>2,068,720</u>
Total assets	<u>1,127,318</u>	<u>1,763,779</u>	<u>1,285,580</u>	<u>4,176,677</u>
<b>Deferred outflows of resources</b>				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u><u>\$ 1,127,318</u></u>	<u><u>\$ 1,763,779</u></u>	<u><u>\$ 1,285,580</u></u>	<u><u>\$ 4,176,677</u></u>
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 63,296	\$ 302,287	\$ 18,779	\$ 384,362
Other liabilities	-	37,819	-	37,819
Due to other funds	177,256	758,157	204,675	1,140,088
Unearned revenue	<u>205,619</u>	<u>-</u>	<u>-</u>	<u>205,619</u>
Total liabilities	<u>446,171</u>	<u>1,098,263</u>	<u>223,454</u>	<u>1,767,888</u>
<b>Deferred inflows of resources</b>				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance</b>				
Restricted	667,844	665,516	1,062,061	2,395,421
Committed	84,155	-	-	84,155
Assigned	-	-	23,280	23,280
Unassigned	<u>(70,852)</u>	<u>-</u>	<u>(23,215)</u>	<u>(94,067)</u>
Total fund balance	<u>681,147</u>	<u>665,516</u>	<u>1,062,126</u>	<u>2,408,789</u>
Town liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 1,127,318</u></u>	<u><u>\$ 1,763,779</u></u>	<u><u>\$ 1,285,580</u></u>	<u><u>\$ 4,176,677</u></u>

*See independent auditor's report*

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# TOWN OF CUMBERLAND, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

	<b>Town Special Revenue</b>	<b>School Special Revenue</b>	<b>Capital Projects</b>	<b>Total Non-Major Governmental Funds</b>
<b>Revenues</b>				
Federal and state grant income	\$ 257,608	\$ 3,687,303	\$ -	\$ 3,944,911
Charges for services	-	965,392	-	965,392
Other revenue	511,224	70,320	1,095,000	1,676,544
Investment income	<u>3</u>	<u>-</u>	<u>-</u>	<u>3</u>
Total revenue	<u>768,835</u>	<u>4,723,015</u>	<u>1,095,000</u>	<u>6,586,850</u>
<b>Expenditures</b>				
General government	33,336	-	-	33,336
Public safety	213,596	-	1,506,975	1,720,571
Public works	250,178	-	1,604,798	1,854,976
Social services	73,664	-	-	73,664
Community development	29,846	-	-	29,846
Education	-	2,114,403	1,095,125	3,209,528
Cafeteria	-	2,642,951	-	2,642,951
Debt service - principal	-	-	4,465	4,465
Debt service - interest	<u>-</u>	<u>-</u>	<u>3,135</u>	<u>3,135</u>
Total Expenditures	<u>600,620</u>	<u>4,757,354</u>	<u>4,214,498</u>	<u>9,572,472</u>
Excess (deficiency) of revenues over expenditures	168,215	(34,339)	(3,119,498)	(2,985,622)
<b>Other financing sources (uses)</b>				
Loan proceeds	-	-	1,343,000	1,343,000
Lease proceeds	-	-	1,100,000	1,100,000
Transfers in	-	-	100,000	100,000
Transfers out	<u>(375,026)</u>	<u>-</u>	<u>-</u>	<u>(375,026)</u>
Total other financing sources (uses)	<u>(375,026)</u>	<u>-</u>	<u>2,543,000</u>	<u>2,167,974</u>
<b>Excess of revenue and other sources over expenditures and other uses</b>	(206,811)	(34,339)	(576,498)	(817,648)
Fund balance, July 1, 2017	<u>887,958</u>	<u>699,855</u>	<u>1,638,624</u>	<u>3,226,437</u>
Fund balance, June 30, 2018	<u>\$ 681,147</u>	<u>\$ 665,516</u>	<u>\$ 1,062,126</u>	<u>\$ 2,408,789</u>

*See independent auditor's report*

*(continued)*

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*June 30, 2018*

	<b>Substance Abuse</b>	<b>Animal Control</b>	<b>Impact Fees</b>	<b>Sewer Ferncrest Willow</b>	<b>Revolving Loan</b>	<b>Historical Records</b>
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ 1,197	\$ -	\$ -	\$ -
Federal and state grants receivable	-	-	-	-	-	-
Receivable, other, net	-	-	-	205,619	-	-
Due from other funds	-	27,928	82,958	-	50,047	64,206
<b>Total assets</b>	-	27,928	84,155	205,619	50,047	64,206
<b>Deferred outflows of resources</b>						
None	-	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<u>\$ -</u>	<u>\$ 27,928</u>	<u>\$ 84,155</u>	<u>\$ 205,619</u>	<u>\$ 50,047</u>	<u>\$ 64,206</u>
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ 971	\$ -	\$ -	\$ 17,850	\$ -	\$ -
Due to other funds	872	-	-	51,159	-	-
Unearned revenue	-	-	-	205,619	-	-
<b>Total liabilities</b>	<u>1,843</u>	<u>-</u>	<u>-</u>	<u>274,628</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>						
None	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>						
Restricted	-	27,928	-	-	50,047	64,206
Committed	-	-	84,155	-	-	-
Unassigned	(1,843)	-	-	(69,009)	-	-
<b>Total fund balances (deficits)</b>	<u>(1,843)</u>	<u>27,928</u>	<u>84,155</u>	<u>(69,009)</u>	<u>50,047</u>	<u>64,206</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<u>\$ -</u>	<u>\$ 27,928</u>	<u>\$ 84,155</u>	<u>\$ 205,619</u>	<u>\$ 50,047</u>	<u>\$ 64,206</u>

*See independent auditor's report*

*(continued)*

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*June 30, 2018*

	<b>Comprehensive Planning CDBG</b>	<b>Rescue Fund</b>	<b>Animal Husbandry</b>	<b>Wildwood CDBG</b>	<b>Heritage Park Dem Grant</b>	<b>DARE</b>
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants receivable	33,400	-	-	1,315	-	-
Receivable, other, net	-	-	-	-	4,850	-
Due from other funds	102,282	99	13,356	-	-	4,576
<b>Total assets</b>	<u>135,682</u>	<u>99</u>	<u>13,356</u>	<u>1,315</u>	<u>4,850</u>	<u>4,576</u>
<b>Deferred outflows of resources</b>						
None	-	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<u>\$ 135,682</u>	<u>\$ 99</u>	<u>\$ 13,356</u>	<u>\$ 1,315</u>	<u>\$ 4,850</u>	<u>\$ 4,576</u>
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	1,315	4,850	-
Unearned revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,315</u>	<u>4,850</u>	<u>-</u>
<b>Deferred inflows of resources</b>						
None	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>						
Restricted	135,682	99	13,356	-	-	4,576
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<u>135,682</u>	<u>99</u>	<u>13,356</u>	<u>-</u>	<u>-</u>	<u>4,576</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<u>\$ 135,682</u>	<u>\$ 99</u>	<u>\$ 13,356</u>	<u>\$ 1,315</u>	<u>\$ 4,850</u>	<u>\$ 4,576</u>

*See independent auditor's report*

*(continued)*

# TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2018

	<b>United Way Hasbro</b>	<b>Police Forfeiture</b>	<b>Police Tobacco</b>	<b>Police Underage Drinking</b>	<b>Homeland Security</b>
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants receivable	-	-	-	-	-
Receivable, other, net	1,800	-	-	-	-
Due from other funds	<u>61,098</u>	<u>39,689</u>	<u>-</u>	<u>-</u>	<u>39,788</u>
<b>Total assets</b>	<u>62,898</u>	<u>39,689</u>	<u>-</u>	<u>-</u>	<u>39,788</u>
<b>Deferred outflows of resources</b>					
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets and deferred outflows of resources</b>	<u><u>\$ 62,898</u></u>	<u><u>\$ 39,689</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 39,788</u></u>
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 722	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>					
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>					
Restricted	62,176	39,689	-	-	39,788
Committed	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total fund balances (deficits)</b>	<u>62,176</u>	<u>39,689</u>	<u>-</u>	<u>-</u>	<u>39,788</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<u><u>\$ 62,898</u></u>	<u><u>\$ 39,689</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 39,788</u></u>

See independent auditor's report

(continued)

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*June 30, 2018*

	<b>Emergency Performance</b>	<b>Bullet Proof Vest</b>	<b>Partnership For Success</b>	<b>RIPTIDE DUI</b>	<b>Certified Local Government</b>	<b>Assistance For Firefighters</b>
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants receivable	-	1,938	16,496	124	-	-
Receivable, other, net	-	-	-	-	444	-
Due from other funds	-	-	-	63	-	328
<b>Total assets</b>	-	1,938	16,496	187	444	328
<b>Deferred outflows of resources</b>						
None	-	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<u>\$ -</u>	<u>\$ 1,938</u>	<u>\$ 16,496</u>	<u>\$ 187</u>	<u>\$ 444</u>	<u>\$ 328</u>
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ -	\$ -	\$ 8,509	\$ 122	\$ 444	\$ 328
Due to other funds	-	1,938	5,681	-	-	-
Unearned revenue	-	-	-	-	-	-
<b>Total liabilities</b>	-	1,938	14,190	122	444	328
<b>Deferred inflows of resources</b>						
None	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	-	-	-	-	-	-
<b>Fund Balances</b>						
Restricted	-	-	2,306	65	-	-
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances (deficits)</b>	-	-	2,306	65	-	-
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<u>\$ -</u>	<u>\$ 1,938</u>	<u>\$ 16,496</u>	<u>\$ 187</u>	<u>\$ 444</u>	<u>\$ 328</u>

*See independent auditor's report*

*(continued)*

# TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2018

	<b>RIPTIDE Speed</b>	<b>Child Passenger Safety</b>	<b>Town Clerk Special</b>	<b>Click it or Ticket</b>	<b>Byrne / JAG</b>	<b>Franklin Farm Preservation</b>
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants receivable	222	-	-	-	-	-
Receivable, other, net	-	-	-	-	-	123,774
Due from other funds	-	-	227,572	354	-	-
<b>Total assets</b>	<u>222</u>	<u>-</u>	<u>227,572</u>	<u>354</u>	<u>-</u>	<u>123,774</u>
<b>Deferred outflows of resources</b>						
None	-	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<u>\$ 222</u>	<u>\$ -</u>	<u>\$ 227,572</u>	<u>\$ 354</u>	<u>\$ -</u>	<u>\$ 123,774</u>
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ 222	\$ -	\$ -	\$ -	\$ -	\$ 20,333
Due to other funds	-	-	-	-	-	103,441
Unearned revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<u>222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,774</u>
<b>Deferred inflows of resources</b>						
None	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>						
Restricted	-	-	227,572	354	-	-
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<u>-</u>	<u>-</u>	<u>227,572</u>	<u>354</u>	<u>-</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<u>\$ 222</u>	<u>\$ -</u>	<u>\$ 227,572</u>	<u>\$ 354</u>	<u>\$ -</u>	<u>\$ 123,774</u>

See independent auditor's report

(continued)



# TOWN OF CUMBERLAND, RHODE ISLAND

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

*June 30, 2018*

	<b>Byrne / JAG 2014</b>	<b>Champlin</b>	<b>Ashton Village</b>	<b>Total Town Special Revenue</b>
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,197
Federal and state grants receivable	-	-	8,000	61,495
Receivable, other, net	-	-	-	336,487
Due from other funds	<u>13,795</u>	<u>-</u>	<u>-</u>	<u>728,139</u>
<b>Total assets</b>	<u>13,795</u>	<u>-</u>	<u>8,000</u>	<u>1,127,318</u>
<b>Deferred outflows of resources</b>				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 13,795</u>	<u>\$ -</u>	<u>\$ 8,000</u>	<u>\$ 1,127,318</u>
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 13,795	\$ -	\$ -	\$ 63,296
Due to other funds	-	-	8,000	177,256
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,619</u>
<b>Total liabilities</b>	<u>13,795</u>	<u>-</u>	<u>8,000</u>	<u>446,171</u>
<b>Deferred inflows of resources</b>				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>				
Restricted	-	-	-	667,844
Committed	-	-	-	84,155
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,852)</u>
<b>Total fund balances (deficits)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>681,147</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<u>\$ 13,795</u>	<u>\$ -</u>	<u>\$ 8,000</u>	<u>\$ 1,127,318</u>

*See independent auditor's report*

*(continued)*

# TOWN OF CUMBERLAND, RHODE ISLAND

## *Non-Major Governmental Funds*

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

*For the Year Ended June 30, 2018*

	<b>Substance Abuse</b>	<b>Animal Control</b>	<b>Impact Fees</b>	<b>Sewer Ferncrest Willow</b>	<b>Revolving Loan</b>	<b>Historical Records</b>
<b>Revenues</b>						
Federal and state grants	\$ 10,567	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	17,776	232,718	21,505	-	5,607
Investment income	-	-	-	-	-	-
Total revenues	<u>10,567</u>	<u>17,776</u>	<u>232,718</u>	<u>21,505</u>	<u>-</u>	<u>5,607</u>
<b>Expenditures</b>						
General government	-	-	-	-	-	5,666
Public safety	-	-	-	-	-	-
Public works	-	-	-	17,850	-	-
Social services	17,311	-	-	-	-	-
Community development	-	-	-	-	-	-
Debt - principal	-	-	-	-	-	-
Debt - interest	-	-	-	-	-	-
Total expenditures	<u>17,311</u>	<u>-</u>	<u>-</u>	<u>17,850</u>	<u>-</u>	<u>5,666</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>(6,744)</u>	<u>17,776</u>	<u>232,718</u>	<u>3,655</u>	<u>-</u>	<u>(59)</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(375,026)	-	-	-
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<u>(6,744)</u>	<u>17,776</u>	<u>(142,308)</u>	<u>3,655</u>	<u>-</u>	<u>(59)</u>
<b>Fund Balance, June 30, 2017</b>	<u>4,901</u>	<u>10,152</u>	<u>226,463</u>	<u>(72,664)</u>	<u>50,047</u>	<u>64,265</u>
<b>Fund Balance, June 30, 2018</b>	<u>\$ (1,843)</u>	<u>\$ 27,928</u>	<u>\$ 84,155</u>	<u>\$ (69,009)</u>	<u>\$ 50,047</u>	<u>\$ 64,206</u>

*See independent auditor's report*

*(continued)*

# TOWN OF CUMBERLAND, RHODE ISLAND

## *Non-Major Governmental Funds*

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

*For the Year Ended June 30, 2018*

	<b>Comprehensive Planning CDBG</b>	<b>Rescue Fund</b>	<b>Animal Husbandry</b>	<b>Wildwood CDBG</b>	<b>Heritage Park Dem Grant</b>	<b>DARE</b>
<b>Revenues</b>						
Federal and state grants	\$ 18,675	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	104	1,210	-	4,850	-
Investment income	-	-	-	-	-	3
<b>Total revenues</b>	<u>18,675</u>	<u>104</u>	<u>1,210</u>	<u>-</u>	<u>4,850</u>	<u>3</u>
<b>Expenditures</b>						
General government	-	-	-	-	-	-
Public safety	-	1,296	-	-	-	-
Public works	-	-	-	-	-	-
Social services	-	-	-	-	4,850	-
Community development	16,051	-	-	-	-	-
Debt - principal	-	-	-	-	-	-
Debt - interest	-	-	-	-	-	-
Total expenditures	<u>16,051</u>	<u>1,296</u>	<u>-</u>	<u>-</u>	<u>4,850</u>	<u>-</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>2,624</u>	<u>(1,192)</u>	<u>1,210</u>	<u>-</u>	<u>-</u>	<u>3</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	2,624	(1,192)	1,210	-	-	3
<b>Fund Balance, June 30, 2017</b>	<u>133,058</u>	<u>1,291</u>	<u>12,146</u>	<u>-</u>	<u>-</u>	<u>4,573</u>
<b>Fund Balance, June 30, 2018</b>	<u>\$ 135,682</u>	<u>\$ 99</u>	<u>\$ 13,356</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,576</u>

*See independent auditor's report*

*(continued)*

# TOWN OF CUMBERLAND, RHODE ISLAND

## *Non-Major Governmental Funds*

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

*For the Year Ended June 30, 2018*

	<b>United Way Hasbro</b>	<b>Police Forfeiture</b>	<b>Police Tobacco</b>	<b>Police Underage Drinking</b>	<b>Homeland Security</b>
<b>Revenues</b>					
Federal and state grants	\$ -	\$ 12,200	\$ 483	\$ -	\$ 3,200
Other income	58,873	-	-	-	-
Investment income	-	-	-	-	-
<b>Total revenues</b>	<u>58,873</u>	<u>12,200</u>	<u>483</u>	<u>-</u>	<u>3,200</u>
<b>Expenditures</b>					
General government	-	-	-	-	-
Public safety	-	-	2,970	1,912	1,426
Public works	-	-	-	-	-
Social services	51,503	-	-	-	-
Community development	-	-	-	-	-
Debt - principal	-	-	-	-	-
Debt - interest	-	-	-	-	-
Total expenditures	<u>51,503</u>	<u>-</u>	<u>2,970</u>	<u>1,912</u>	<u>1,426</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>7,370</u>	<u>12,200</u>	<u>(2,487)</u>	<u>(1,912)</u>	<u>1,774</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	7,370	12,200	(2,487)	(1,912)	1,774
<b>Fund Balance, June 30, 2017</b>	<u>54,806</u>	<u>27,489</u>	<u>2,487</u>	<u>1,912</u>	<u>38,014</u>
<b>Fund Balance, June 30, 2018</b>	<u><u>\$ 62,176</u></u>	<u><u>\$ 39,689</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 39,788</u></u>

*See independent auditor's report*

*(continued)*

# TOWN OF CUMBERLAND, RHODE ISLAND

## *Non-Major Governmental Funds*

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

*For the Year Ended June 30, 2018*

	<b>Emergency Performance</b>	<b>Bullet Proof Vest</b>	<b>Partnership For Success</b>	<b>RIPTIDE DUI</b>	<b>Certified Local Government</b>	<b>Assistance For Firefighters</b>
<b>Revenues</b>						
Federal and state grants	\$ -	\$ -	\$ 172,838	\$ 3,156	\$ -	\$ -
Other income	-	10,075	-	-	444	-
Investment income	-	-	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>10,075</u>	<u>172,838</u>	<u>3,156</u>	<u>444</u>	<u>-</u>
<b>Expenditures</b>						
General government	-	-	-	-	-	-
Public safety	1,294	10,075	167,680	3,091	444	328
Public works	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Debt - principal	-	-	-	-	-	-
Debt - interest	-	-	-	-	-	-
Total expenditures	<u>1,294</u>	<u>10,075</u>	<u>167,680</u>	<u>3,091</u>	<u>444</u>	<u>328</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>(1,294)</u>	<u>-</u>	<u>5,158</u>	<u>65</u>	<u>-</u>	<u>(328)</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<u>(1,294)</u>	<u>-</u>	<u>5,158</u>	<u>65</u>	<u>-</u>	<u>(328)</u>
<b>Fund Balance, June 30, 2017</b>	<u>1,294</u>	<u>-</u>	<u>(2,852)</u>	<u>-</u>	<u>-</u>	<u>328</u>
<b>Fund Balance, June 30, 2018</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,306</u>	<u>\$ 65</u>	<u>\$ -</u>	<u>\$ -</u>

*See independent auditor's report*

*(continued)*

# TOWN OF CUMBERLAND, RHODE ISLAND

## Non-Major Governmental Funds

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

For the Year Ended June 30, 2018

	<b>RIPTIDE Speed</b>	<b>Child Passenger Safety</b>	<b>Town Clerk Special</b>	<b>Click it or Ticket</b>	<b>Byrne / JAG</b>	<b>Franklin Farm Preservation</b>
<b>Revenues</b>						
Federal and state grants	\$ 3,632	\$ 4,007	\$ -	\$ 5,852	\$ -	\$ -
Other income	-	-	34,288	-	-	123,774
Investment income	-	-	-	-	-	-
<b>Total revenues</b>	<u>3,632</u>	<u>4,007</u>	<u>34,288</u>	<u>5,852</u>	<u>-</u>	<u>123,774</u>
<b>Expenditures</b>						
General government	-	-	27,670	-	-	-
Public safety	3,632	4,007	-	5,498	240	-
Public works	-	-	-	-	-	232,274
Social services	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Debt - principal	-	-	-	-	-	-
Debt - interest	-	-	-	-	-	-
<b>Total expenditures</b>	<u>3,632</u>	<u>4,007</u>	<u>27,670</u>	<u>5,498</u>	<u>240</u>	<u>232,274</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>-</u>	<u>-</u>	<u>6,618</u>	<u>354</u>	<u>(240)</u>	<u>(108,500)</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<u>-</u>	<u>-</u>	<u>6,618</u>	<u>354</u>	<u>(240)</u>	<u>(108,500)</u>
<b>Fund Balance, June 30, 2017</b>	<u>-</u>	<u>-</u>	<u>220,954</u>	<u>-</u>	<u>240</u>	<u>108,500</u>
<b>Fund Balance, June 30, 2018</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,572</u>	<u>\$ 354</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report

(continued)

# TOWN OF CUMBERLAND, RHODE ISLAND

## Non-Major Governmental Funds

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

*For the Year Ended June 30, 2018*

	Byrne / JAG 2014	Champlin	Ashton Village	Total Town Special Revenue
<b>Revenues</b>				
Federal and state grants	\$ 13,795	\$ -	\$ 9,203	\$ 257,608
Other income	-	-	-	511,224
Investment income	-	-	-	3
<b>Total revenues</b>	<u>13,795</u>	<u>-</u>	<u>9,203</u>	<u>768,835</u>
<b>Expenditures</b>				
General government	-	-	-	33,336
Public safety	-	-	9,703	213,596
Public works	-	54	-	250,178
Social services	-	-	-	73,664
Community development	13,795	-	-	29,846
Debt - principal	-	-	-	-
Debt - interest	-	-	-	-
<b>Total expenditures</b>	<u>13,795</u>	<u>54</u>	<u>9,703</u>	<u>600,620</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>-</u>	<u>(54)</u>	<u>(500)</u>	<u>168,215</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(375,026)
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<u>-</u>	<u>(54)</u>	<u>(500)</u>	<u>(206,811)</u>
<b>Fund Balance, June 30, 2017</b>	<u>-</u>	<u>54</u>	<u>500</u>	<u>887,958</u>
<b>Fund Balance, June 30, 2018</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 681,147</u></u>

*See independent auditor's report*

*(continued)*

# TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2018

	SPED Part B	SPED Preschool	Title I Part A	Title II	Title III	USDA Fresh Fruit & Vegetables	K-3 Formative Assessment
<b>Assets</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-	-	-
Other receivable	-	-	-	-	-	-	-
Due from state or federal government	448,287	9,077	229,063	60,220	10,087	20,923	-
Total assets	448,287	9,077	229,063	60,220	10,087	20,923	-
<b>Deferred Outflows of Resources</b>							
None	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 448,287	\$ 9,077	\$ 229,063	\$ 60,220	\$ 10,087	\$ 20,923	\$ -
<b>Liabilities</b>							
Accounts payable and accrued expenses	\$ 7,208	\$ -	\$ -	\$ -	\$ 4,847	\$ 5,539	\$ -
Other current liabilities	-	-	-	-	-	-	-
Due to other funds	441,079	9,077	229,063	60,220	5,240	13,478	-
Total liabilities	448,287	9,077	229,063	60,220	10,087	19,017	-
<b>Deferred Inflows of Resources</b>							
None	-	-	-	-	-	-	-
Total deferred inflow of resources	-	-	-	-	-	-	-
Fund balances (deficits), restricted	-	-	-	-	-	1,906	-
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 448,287	\$ 9,077	\$ 229,063	\$ 60,220	\$ 10,087	\$ 20,923	\$ -

See independent auditor's report

(continued)



# TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2018

	<b>Literacy</b>	<b>USDA Healthier Us</b>	<b>Professional Development</b>	<b>Other Miscellaneous</b>	<b>School Lunch</b>	<b>Total School Special Revenue</b>
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ 254	\$ -	\$ 47,155	\$ 270,296	\$ 317,705
Due from other funds	146,207	-	380	13,495	81,380	241,462
Other receivable	-	-	-	-	48,625	48,625
Due from state or federal government	-	-	-	32,913	345,417	1,155,987
Total assets	<u>146,207</u>	<u>254</u>	<u>380</u>	<u>93,563</u>	<u>745,718</u>	<u>1,763,779</u>
<b>Deferred Outflows of Resources</b>						
None	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 146,207</u>	<u>\$ 254</u>	<u>\$ 380</u>	<u>\$ 93,563</u>	<u>\$ 745,718</u>	<u>\$ 1,763,779</u>
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 25,752	\$ 258,941	\$ 302,287
Other current liabilities	-	-	-	-	37,819	37,819
Due to other funds	-	-	-	-	-	758,157
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,752</u>	<u>296,760</u>	<u>1,098,263</u>
<b>Deferred Inflows of Resources</b>						
None	-	-	-	-	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), restricted	<u>146,207</u>	<u>254</u>	<u>380</u>	<u>67,811</u>	<u>448,958</u>	<u>665,516</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 146,207</u>	<u>\$ 254</u>	<u>\$ 380</u>	<u>\$ 93,563</u>	<u>\$ 745,718</u>	<u>\$ 1,763,779</u>

See independent auditor's report

(continued)

# TOWN OF CUMBERLAND, RHODE ISLAND

## *Non-Major Governmental Funds*

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

*For the Year Ended June 30, 2018*

	<b>SPED Part B</b>	<b>SPED Preschool</b>	<b>Title I Part A</b>	<b>Title II</b>	<b>Title III</b>	<b>USDA Fresh Fruit &amp; Vegetables</b>	<b>K-3 Formative Assessment</b>
<b>Revenues</b>							
Federal and state grant income	\$ 1,203,401	\$ 38,849	\$ 515,022	\$ 157,098	\$ 24,515	\$ 68,612	\$ -
Charges for services	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	1,203,401	38,849	515,022	157,098	24,515	68,612	-
<b>Expenditures</b>							
Education	1,203,401	38,849	515,022	157,098	24,515	72,954	4
Cafeteria	-	-	-	-	-	-	-
Excess (deficiency) of revenue over expenditures	-	-	-	-	-	(4,342)	(4)
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-	(4,342)	(4)
Fund balance, July 1, 2017	-	-	-	-	-	6,248	4
Fund balance, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,906</u>	<u>\$ -</u>

*See independent auditor's report*

*(continued)*

# TOWN OF CUMBERLAND, RHODE ISLAND

## *Non-Major Governmental Funds*

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

*For the Year Ended June 30, 2018*

	<u>Literacy</u>	<u>USDA Healthier Us</u>	<u>Professional Development</u>	<u>Other Miscellaneous</u>	<u>School Lunch</u>	<u>Total School Special Revenue</u>
<b>Revenues</b>						
Federal and state grant income	\$ -	\$ -	\$ -	\$ 24,754	\$ 1,655,052	\$ 3,687,303
Charges for services	-	-	-	-	965,392	965,392
Other	-	254	-	70,066	-	70,320
Total revenues	-	254	-	94,820	2,620,444	4,723,015
<b>Expenditures</b>						
Education	-	-	-	102,560	-	2,114,403
Cafeteria	-	-	-	-	2,642,951	2,642,951
Excess (deficiency) of revenue over expenditures	-	254	-	(7,740)	(22,507)	(34,339)
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	254	-	(7,740)	(22,507)	(34,339)
Fund balance, July 1, 2017	146,207	-	380	75,551	471,465	699,855
Fund balance, June 30, 2018	<u>\$ 146,207</u>	<u>\$ 254</u>	<u>\$ 380</u>	<u>\$ 67,811</u>	<u>\$ 448,958</u>	<u>\$ 665,516</u>

*See independent auditor's report*

*(continued)*

# TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2018

	<u>Drainage</u>	<u>Recreation Bond</u>	<u>Open Space</u>	<u>Road Infrastructure Bond 2015</u>	<u>Tucker Field Phase II</u>	<u>Street Lights</u>	<u>Master Lease</u>	<u>Total</u>
<b>Assets</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	186,461	-	186,461
Due from other funds	192,951	146,109	723,004	-	23,280	-	13,775	1,099,119
<b>Total assets</b>	<u>192,951</u>	<u>146,109</u>	<u>723,004</u>	<u>-</u>	<u>23,280</u>	<u>186,461</u>	<u>13,775</u>	<u>1,285,580</u>
<b>Deferred outflows of resources</b>								
None	-	-	-	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<u>\$ 192,951</u>	<u>\$ 146,109</u>	<u>\$ 723,004</u>	<u>\$ -</u>	<u>\$ 23,280</u>	<u>\$ 186,461</u>	<u>\$ 13,775</u>	<u>\$ 1,285,580</u>
<b>Liabilities</b>								
Accounts payable and accrued expense	\$ 512	\$ 5,666	\$ 7,600	\$ 5,001	\$ -	\$ -	\$ -	\$ 18,779
Due to other funds	-	-	-	18,214	-	186,461	-	204,675
<b>Total liabilities</b>	<u>512</u>	<u>5,666</u>	<u>7,600</u>	<u>23,215</u>	<u>-</u>	<u>186,461</u>	<u>-</u>	<u>223,454</u>
<b>Deferred inflows of resources</b>								
None	-	-	-	-	-	-	-	-
<b>Fund Balances</b>								
Restricted	192,439	140,443	715,404	-	-	-	13,775	1,062,061
Assigned	-	-	-	-	23,280	-	-	23,280
Unassigned	-	-	-	(23,215)	-	-	-	(23,215)
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 192,951</u>	<u>\$ 146,109</u>	<u>\$ 723,004</u>	<u>\$ -</u>	<u>\$ 23,280</u>	<u>\$ 186,461</u>	<u>\$ 13,775</u>	<u>\$ 1,285,580</u>

See independent auditor's report

(continued)

# TOWN OF CUMBERLAND, RHODE ISLAND

## *Non-Major Governmental Funds*

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

*For the Year Ended June 30, 2018*

	<u>Drainage</u>	<u>Recreation Bond</u>	<u>Open Space</u>	<u>Road Infrastructure Bond 2015</u>	<u>Tucker Field Phase II</u>	<u>Street Lights</u>	<u>Capital Reserve Library</u>	<u>Total</u>
<b>Revenues</b>								
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	1,095,000	-	-	-	-	1,095,000
<b>Total revenues</b>	-	-	1,095,000	-	-	-	-	1,095,000
<b>Expenditures</b>								
Public Safety	-	-	1,506,975	-	-	-	-	1,506,975
Public works	13,244	105,356	-	143,198	-	1,343,000	-	1,604,798
Education	-	-	-	-	8,900	-	1,086,225	1,095,125
Debt service	-	-	7,600	-	-	-	-	7,600
<b>Total expenditures</b>	13,244	105,356	1,514,575	143,198	8,900	1,343,000	1,086,225	4,214,498
<b>Excess (deficiency) of revenue over expenditures</b>	(13,244)	(105,356)	(419,575)	(143,198)	(8,900)	(1,343,000)	(1,086,225)	(3,119,498)
<b>Other financing sources (uses)</b>								
Debt proceeds	-	-	-	-	-	1,343,000	1,100,000	2,443,000
Bond premium proceeds	-	-	-	-	-	-	-	-
Transfer from (to) other funds	-	-	100,000	-	-	-	-	100,000
<b>Total other financing sources (uses)</b>	-	-	100,000	-	-	1,343,000	1,100,000	2,543,000
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	(13,244)	(105,356)	(319,575)	(143,198)	(8,900)	-	13,775	(576,498)
<b>Fund Balance, July 1, 2017</b>	205,683	245,799	1,034,979	119,983	32,180	-	-	1,638,624
<b>Fund Balance, June 30, 2018</b>	\$ 192,439	\$ 140,443	\$ 715,404	\$ (23,215)	\$ 23,280	\$ -	\$ 13,775	\$ 1,062,126

*See independent auditor's report*

*(continued)*

# TOWN OF CUMBERLAND, RHODE ISLAND

## Combining Statement of Net Position – Employee Benefit Trust Funds

*June 30, 2018*

	<b>Police Pension Trust</b>	<b>OPEB Trust</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 457,259	\$ 63,525	\$ 520,784
Investments, at fair value			
Equities	11,136,415	981,668	12,118,083
Fixed income	5,778,714	1,837,437	7,616,151
Real estate	149,085	-	149,085
Mutual funds	-	529,863	529,863
Accrued interest receivable	-	10,987	10,987
 Total assets	 <u>17,521,473</u>	 <u>3,423,480</u>	 <u>20,944,953</u>
 <b>Deferred outflows of resources</b>			
None	-	-	-
 Total assets and deferred outflows of resources	 <u>\$ 17,521,473</u>	 <u>\$ 3,423,480</u>	 <u>\$ 20,944,953</u>
 <b>Liabilities</b>			
Accounts payable	\$ 1,645	\$ -	\$ 1,645
Total liabilities	<u>1,645</u>	<u>-</u>	<u>1,645</u>
 <b>Deferred inflows of resources</b>			
None	-	-	-
 Restricted for OPEB	-	3,423,480	3,423,480
Restricted for pension	<u>17,519,828</u>	<u>-</u>	<u>17,519,828</u>
 Total net position	 <u>17,519,828</u>	 <u>3,423,480</u>	 <u>20,943,308</u>
 Total liabilities and net position	 <u>\$ 17,521,473</u>	 <u>\$ 3,423,480</u>	 <u>\$ 20,944,953</u>

*See independent auditor's report*

*(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*For the Year Ended June 30, 2018*

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	<b><u>Police Pension Trust</u></b>	<b><u>OPEB Trust</u></b>	<b><u>Total</u></b>
<b>Additions</b>			
Employer contributions	\$ 2,218,887	\$ 1,503,461	\$ 3,722,348
Plan member contributions	251,263	-	251,263
Investment income (net of related fees)	1,181,086	197,255	1,378,341
Other	<u>-</u>	<u>122,654</u>	<u>122,654</u>
Total additions	<u>3,651,236</u>	<u>1,823,370</u>	<u>5,474,606</u>
<b>Deductions</b>			
Benefits paid	1,919,613	907,780	2,827,393
Administrative expenses	<u>55,035</u>	<u>11,990</u>	<u>67,025</u>
Total deductions	<u>1,974,648</u>	<u>919,770</u>	<u>2,894,418</u>
Changes in fund equity held in trust for individuals, organizations, and other governments	1,676,588	903,600	2,580,188
Net position, July 1, 2017	<u>15,843,240</u>	<u>2,519,880</u>	<u>18,363,120</u>
Net position, June 30, 2018	<u>\$ 17,519,828</u>	<u>\$ 3,423,480</u>	<u>\$ 20,943,308</u>

*See independent auditor's report**(continued)*

**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*June 30, 2018*

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	<u>Burial</u>	<u>Scholarships</u>	<u>Total</u>
<b>Assets</b>			
Cash	<u>\$ 225,618</u>	<u>\$ 74,355</u>	<u>\$ 299,973</u>
<b>Total assets</b>	<u><u>\$ 225,618</u></u>	<u><u>\$ 74,355</u></u>	<u><u>\$ 299,973</u></u>
<b>Liabilities</b>			
Accounts payable	<u>\$ 484</u>	<u>\$ -</u>	<u>\$ 484</u>
<b>Net position</b>			
Restricted for other purposes	<u>225,134</u>	<u>74,355</u>	<u>299,489</u>
<b>Total liabilities and net position</b>	<u><u>\$ 225,618</u></u>	<u><u>\$ 74,355</u></u>	<u><u>\$ 299,973</u></u>

*See independent auditor's report*

*(continued)*



**TOWN OF CUMBERLAND, RHODE ISLAND**

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

*For the Year Ended June 30, 2018*

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	Burial	High School Scholarship	Total
<b>Additions</b>			
Donations	\$ -	\$ 54,340	\$ 54,340
Interest	973	-	973
Total additions	973	54,340	55,313
<b>Deductions</b>			
Scholarships	-	58,474	58,474
Social services	18	-	18
Total deductions	18	58,474	58,492
Excess of Revenues and Other Sources Over Expenditures and Other Uses	955	(4,134)	(3,179)
Fund balance, July 1, 2017	224,179	78,489	302,668
Fund balance, June 30, 2018	\$ 225,134	\$ 74,355	\$ 299,489

*See independent auditor's report*

*(continued)*

# TOWN OF CUMBERLAND, RHODE ISLAND

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

*June 30, 2018*

	Student Activities/ Alumni	Curb Cuts	Portuguese Exchange	Substance Abuse Prevention Task Force	Probate Deposits	School Fundraising	Cumberland Fest	Coalition of Communities	Police Evidence	Total
<b>Assets</b>										
Cash and cash equivalents	\$ 241,078	\$ 120,441	\$ -	\$ -	\$ -	\$ 38,309	\$ 465	\$ -	\$ 39,074	\$ 439,367
Accounts receivable	-	-	1,372	37,135	917	500	-	970	-	40,894
<b>Total assets</b>	<u>\$ 241,078</u>	<u>\$ 120,441</u>	<u>\$ 1,372</u>	<u>\$ 37,135</u>	<u>\$ 917</u>	<u>\$ 38,809</u>	<u>\$ 465</u>	<u>\$ 970</u>	<u>\$ 39,074</u>	<u>\$ 480,261</u>
<b>Liabilities</b>										
Accounts payable and accrued expenses	\$ -	\$ 73,701	\$ -	\$ -	\$ 917	\$ 521	\$ -	\$ -	\$ -	\$ 75,139
Deposits held in custody	241,078	46,740	1,372	37,135	-	38,288	465	970	39,074	405,122
<b>Total liabilities</b>	<u>\$ 241,078</u>	<u>\$ 120,441</u>	<u>\$ 1,372</u>	<u>\$ 37,135</u>	<u>\$ 917</u>	<u>\$ 38,809</u>	<u>\$ 465</u>	<u>\$ 970</u>	<u>\$ 39,074</u>	<u>\$ 480,261</u>

*See independent auditor's report*

*(continued)*

# TOWN OF CUMBERLAND, RHODE ISLAND

## *Fiduciary Funds* Combining Statement of Additions and Deductions – Agency Funds

*For the Year Ended June 30, 2018*

	Student Activities/ Alumni	Curb Cuts	Portuguese Exchange	Substance Abuse Prevention Task Force	Probate Deposits	School Fundraising	Cumberland Fest	Coalition of Communities	Police Evidence	Total
<b>Additions</b>										
Other	\$ 512,587	\$ 340	\$ -	\$ -	\$ -	\$ 7,319	\$ 133,694	\$ 5,000	\$ 2,614	\$ 661,554
Total revenue	<u>512,587</u>	<u>340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,319</u>	<u>133,694</u>	<u>5,000</u>	<u>2,614</u>	<u>661,554</u>
<b>Deductions</b>										
Public safety	-	-	-	-	4,471	-	-	-	12,585	17,056
Public works	-	72,101	-	-	-	-	-	-	-	72,101
Education	521,006	-	-	-	-	-	-	-	-	521,006
Parks, recreation, and other	-	-	-	-	-	-	133,694	4,030	-	137,724
Total expenditures	<u>521,006</u>	<u>72,101</u>	<u>-</u>	<u>-</u>	<u>4,471</u>	<u>-</u>	<u>133,694</u>	<u>4,030</u>	<u>12,585</u>	<u>747,887</u>
Excess of Additions over Deductions	(8,419)	(71,761)	-	-	(4,471)	7,319	-	970	(9,971)	(86,333)
Net position, July 1, 2017	<u>249,497</u>	<u>118,501</u>	<u>1,372</u>	<u>37,135</u>	<u>4,471</u>	<u>30,969</u>	<u>465</u>	<u>-</u>	<u>49,045</u>	<u>491,455</u>
Net position, June 30, 2018	<u>\$ 241,078</u>	<u>\$ 46,740</u>	<u>\$ 1,372</u>	<u>\$ 37,135</u>	<u>\$ -</u>	<u>\$ 38,288</u>	<u>\$ 465</u>	<u>\$ 970</u>	<u>\$ 39,074</u>	<u>\$ 405,122</u>

*See independent auditor's report*

*(continued)*

# TOWN OF CUMBERLAND, RHODE ISLAND

## Tax Collectors Annual Report

*June 30, 2018*

### FY 2018 Cash Collections Summary

July - August 2017 Collections Subject to 60-day FY17 Accrual	September - June-18 Collections	Total FY 2018 Cash Collections	July - August 2018 (FY 18) Cash Collections Subject to 60-day FY 18 Accrual
\$ -	\$ 29,699,916	\$ 29,699,916	\$ 804,025
619,613	33,660,559	34,280,172	308,506
207,425	544,743	752,168	15,573
13,323	72,808	86,131	5,501
2,627	24,711	27,338	4,601
994	15,598	16,592	1,118
446	10,403	10,849	368
48	4,435	4,483	321
182	6,098	6,280	89
156	12,991	13,147	10
230	3,570	3,800	30
66	2,590	2,656	125
-	765	765	-
-	4,028	4,028	274
<u>\$ 845,110</u>	<u>\$ 64,063,215</u>	<u>\$ 64,908,325</u>	<u>\$ 1,140,541</u>

<u>Tax Roll Year</u>	<u>Balance July 1, 2017</u>	<u>Assessment</u>	<u>New Receivable Additions</u>	<u>Abatements, Refunds &amp; Adjustments</u>	<u>Transfers</u>	<u>Amount to be collected</u>	<u>Collections</u>	<u>Balance June 30, 2018</u>
2018	-	66,105,475	-	(574,398)	(225,865)	65,305,212	29,699,916	\$ 35,605,296
2017	35,418,948	-	26,532	(178,814)	78,516	35,345,182	34,280,172	1,065,010
2016	1,008,110	-	1,224	4,734	3,733	1,017,801	752,168	265,633
2015	197,263	-	1,204	(10,011)	45,005	233,461	86,131	147,330
2014	201,839	-	1,210	(4,315)	14,669	213,403	27,338	186,065
2013	169,462	-	1,635	(4,501)	10,515	177,111	16,592	160,519
2012	130,312	-	1,597	(1,513)	6,505	136,901	10,849	126,052
2011	134,248	-	1,549	(821)	2,467	137,443	4,483	132,960
2010	194,464	-	1,508	(527)	(1,525)	193,920	6,280	187,640
2009	79,783	-	736	260	13,887	94,666	13,147	81,519
2008	86,112	-	544	475	3,204	90,335	3,800	86,535
2007	84,100	-	546	120	3,073	87,839	2,656	85,183
2006	28,959	-	530	-	2,130	31,619	765	30,854
2005 and prior	864,896	-	4,075	(5,711)	43,947	907,207	4,028	903,179
	<u>38,598,496</u>	<u>66,105,475</u>	<u>42,890</u>	<u>(775,022)</u>	<u>261</u>	<u>103,972,100</u>	<u>64,908,325</u>	<u>39,063,775</u>
Less: Allowance for Uncollectible accounts	<u>(2,282,535)</u>							<u>(2,072,184)</u>
	<u>\$ 36,315,961</u>							<u>\$ 36,991,591</u>

*See independent auditor's report*

*(continued)*

# TOWN OF CUMBERLAND, RHODE ISLAND

## Tax Collectors Annual Report

June 30, 2018

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### Schedule of property valuation assessed as of December 31, 2017:

	Valuation	Levy
Real property	3,759,948,874	57,978,412
Motor vehicles	292,731,448	5,816,574
Tangible personal property	196,952,454	5,900,696
Total	4,249,632,776	69,695,681
Less: Exemptions and motor vehicle phase out		
Real property	(156,358,965)	(2,412,483)
Motor vehicles	(59,262,921)	(1,177,554)
Tangible personal property	(5,640)	(169)
Total	<u>4,034,005,249</u>	<u>66,105,475</u>

### Reconciliation of Current Year Property Tax Revenue

Current Year Collections	\$ 64,908,325
60-day FY18 Accrual	1,140,541
July-August 2018 Collections	
60-day FY17 Accrual	<u>(845,110)</u>
July-August 2017 Collections	
Current Year Property Tax Revenue	<u>\$ 65,203,756</u>

See independent auditor's report

(continued)

## TOWN OF CUMBERLAND, RHODE ISLAND

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

*June 30, 2018*

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Nonspendable for Education	\$ 164,165
Committed for Education:	
Committed for capital	587,698
School Committee designation for medical insurance cost contingency	450,000
Undesignated (1)	<u>2,658,139</u>
Total fund balance	<u>\$ 3,860,002</u>

(1) The School Committee requires an undesignated fund balance of no less than 2-4% of the total School Unrestricted Fund budgeted operating expenditures of the current fiscal year. The School Unrestricted Fund undesignated fund balance is 4.22% of the total budgeted operating expenditures for the year-end June 30, 2018 and within the range required by the School Committee policy.

*See independent auditor's report*

**TOWN OF CUMBERLAND, RHODE ISLAND**

**MTP2 Annual Transparency Portal**

*June 30, 2018*

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**OTHER SUPPLEMENTARY INFORMATION**

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

Annual Supplemental Transparency Report (MTP2) - Revenue

Annual Supplemental Transparency Report (MTP2) – Expenditures

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

Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Education Department

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

*See independent auditor's report*

# TOWN OF CUMBERLAND, RHODE ISLAND

## MTP2 Annual Transparency Portal

*June 30, 2018*

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 30,137,509	\$ -
Last Year's Levy Tax Collection	33,882,089	-
Prior Years Property Tax Collection	717,015	-
Interest & Penalty	334,172	-
PILOT & Tax Treaty (excluded from levy) Collection	52,332	-
Other Local Property Taxes	-	-
Licenses and Permits	1,301,544	-
Fines and Forfeitures	-	-
Investment Income	107,868	-
Departmental	1,103,256	-
Rescue Run Revenue	1,133,496	-
Police & Fire Detail	344,404	-
Other Local Non-Property Tax Revenues	238,333	-
Tuition	-	124,027
Impact Aid	-	-
Medicaid	-	548,625
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	1,631,423
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	-	2,032,251
MV Excise Tax Reimbursement & Phase-out	943,785	-
State PILOT Program	135	-
Distressed Community Relief Fund	-	-
Library Resource Aid	285,364	-
Library Construction Aid	207,771	-
Public Service Corporation Tax	432,719	-
Meals & Beverage Tax / Hotel Tax	540,710	-
LEA Aid	-	19,076,501
Group Home	-	-
Housing Aid Capital Projects	1,368,625	-
Housing Aid Bonded Debt	1,080,158	-
State Food Service Revenue	-	23,629
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	17,284	-
Other Revenue	-	1,271,723
Local Appropriation for Education	-	43,580,466
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	379,948
Rounding	-	-
<b>Total Revenue</b>	<b>\$ 74,228,569</b>	<b>\$ 68,668,593</b>
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	375,026	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
<b>Total Other Financing Sources</b>	<b>\$ 375,026</b>	<b>\$ -</b>

*See independent auditor's report*



# TOWN OF CUMBERLAND, RHODE ISLAND

## MTP2 Annual Transparency Portal

June 30, 2018

<u>EXPENDITURES</u>	<u>General Government</u>	<u>Finance</u>	<u>Social Services</u>	<u>Centralized IT</u>	<u>Planning</u>	<u>Libraries</u>	<u>Public Works</u>	<u>Parks and Rec</u>	<u>Police Department</u>
Compensation- Group A	\$ 630,296	\$ 611,620	\$ 409,621	\$ -	\$ 385,216	\$ 909,554	\$ 1,707,808	\$ 198,706	\$ 2,996,205
Compensation - Group B	-	-	-	-	-	-	-	-	169,679
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	-	159	-	-	-	17,677	162,537	-	32,914
Overtime - Group B	-	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	304,675
Active Medical Insurance - Group A	90,722	151,786	64,123	-	86,673	114,210	595,011	17,281	700,745
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	67,975
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	6,274	8,836	4,036	-	4,772	4,126	34,343	913	41,799
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	2,631
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	47,056	45,201	24,205	-	27,655	70,437	136,466	7,054	241,184
Life Insurance	4,584	5,157	2,865	-	2,865	6,437	11,171	859	15,798
State Defined Contribution - Group A	4,173	3,020	2,782	-	2,457	5,849	11,780	408	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	2,645
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	-	-	-	6,004	-	-	179,816
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	2,218,887
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	45,252	39,434	30,659	-	29,289	69,754	154,320	4,864	-
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	32,584
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	11,940	19,088	-	-	10,728	-	-	4,952	-
Purchased Services	156,086	295,204	25,637	-	55,785	26,275	38,472	28,425	56,169
Materials/Supplies	17,183	29,401	57,031	-	8,110	164,540	37,439	90,551	70,260
Software Licenses	-	30,368	-	-	2,125	72,845	-	-	62,227
Capital Outlays	485,660	45,992	2,484	-	-	17,710	1,789,906	-	207,650
Insurance	370,498	-	-	-	-	-	-	-	-
Maintenance	18,769	-	10,627	-	-	18,661	134,741	34,794	5,122
Vehicle Operations	569	-	-	-	2,850	-	76,079	2,844	98,994
Utilities	53,128	-	33,964	-	-	106,915	26,037	56,761	31,594
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	674,245	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	346,257	-	-
Trash Removal & Recycling	-	-	-	-	-	-	1,915,219	-	-
Claims & Settlements	-	-	-	-	-	-	-	-	-
Community Support	78,986	-	-	-	-	-	-	-	-
Other Operation Expenditures	3,216	2,195	20,767	-	1,548	4,593	1,491	30,000	2,268
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 2,024,394</b>	<b>\$ 1,287,460</b>	<b>\$ 688,800</b>	<b>\$ -</b>	<b>\$ 620,073</b>	<b>\$ 1,615,586</b>	<b>\$ 7,853,322</b>	<b>\$ 478,411</b>	<b>\$ 7,541,822</b>

See independent auditor's report

# TOWN OF CUMBERLAND, RHODE ISLAND

## MTP2 Annual Transparency Portal

June 30, 2018

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ 1,239,801	\$ 346,230	\$ 117,873	\$ -	\$ -	\$ -	\$ 9,552,931	\$ 30,255,563
Compensation - Group B	40,443	-	-	-	-	-	210,123	3,040,285
Compensation - Group C	-	-	-	-	-	-	-	4,780,212
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	297,199	36,846	-	-	-	-	547,331	-
Overtime - Group B	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	67,970
Police & Fire Detail	6,690	-	-	-	-	-	311,365	-
Active Medical Insurance - Group A	277,048	115,465	25,926	-	-	-	2,238,990	3,660,233
Active Medical Insurance- Group B	1,500	-	-	-	-	-	69,475	260,956
Active Medical Insurance- Group C	-	-	-	-	-	-	-	1,093,524
Active Dental Insurance- Group A	18,158	6,389	1,821	-	-	-	131,470	233,419
Active Dental Insurance- Group B	-	-	-	-	-	-	2,631	17,072
Active Dental Insurance- Group C	-	-	-	-	-	-	-	65,126
Payroll Taxes	110,882	28,273	7,964	-	-	-	746,376	927,413
Life Insurance	11,173	2,005	859	-	-	-	63,775	192,979
State Defined Contribution- Group A	-	3,344	583	-	-	-	34,397	710,264
State Defined Contribution - Group B	-	-	-	-	-	-	2,645	50,222
State Defined Contribution - Group C	-	-	-	-	-	-	-	46,482
Other Benefits- Group A	43,870	1,488	4,260	-	-	-	235,438	194,054
Other Benefits- Group B	-	-	-	-	-	-	-	12,891
Other Benefits- Group C	-	-	-	-	-	-	-	39,837
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	2,218,887	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	91,476	41,218	12,045	-	-	-	518,310	3,980,001
State Defined Benefit Pension - Group B	4,933	-	-	-	-	-	37,517	387,861
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	484,548
Other Defined Benefit / Contribution	3,438	-	-	-	-	-	50,146	-
Purchased Services	56,677	664	525	-	-	-	739,917	12,329,584
Materials/Supplies	45,159	-	3,457	-	-	-	523,131	973,733
Software Licenses	-	-	-	-	-	-	167,565	5,214
Capital Outlays	134,556	-	20,293	-	-	-	2,704,252	1,065,885
Insurance	-	-	-	-	-	-	370,498	218,806
Maintenance	3,393	-	342	-	-	-	226,448	148,888
Vehicle Operations	58,869	-	65	-	-	-	240,269	25,517
Utilities	21,230	4,096	18,548	-	-	-	352,272	1,224,973
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	674,245	-
Revaluation	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	346,257	-
Trash Removal & Recycling	-	-	-	-	-	-	1,915,219	-
Claims & Settlements	-	-	-	-	-	-	-	163
Community Support	-	-	-	-	-	-	78,986	378
Other Operation Expenditures	1,000	-	-	-	-	-	67,079	822,349
Local Appropriation for Education	-	-	-	43,580,466	-	-	43,580,466	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	379,948	-	-	379,948	-
Municipal Debt- Principal	-	-	-	-	964,000	-	964,000	-
Municipal Debt- Interest	-	-	-	-	404,914	-	404,914	-
School Debt- principal	-	-	-	-	3,100,000	-	3,100,000	413,882
School Debt- Interest	-	-	-	-	1,173,300	-	1,173,300	44,018
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	1,044
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	16,991
OPEB Contribution- Total	-	-	-	-	-	1,479,000	1,479,000	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 2,467,496</b>	<b>\$ 586,018</b>	<b>\$ 214,564</b>	<b>\$ 43,960,414</b>	<b>\$ 5,642,215</b>	<b>\$ 1,479,000</b>	<b>\$ 76,459,574</b>	<b>\$ 67,792,336</b>
Financing Uses: Transfer to Capital Funds	-	-	-	-	-	-	\$ -	\$ -
Financing Uses: Transfer to Other Funds	-	-	-	-	-	-	100,000	-
Financing Uses: Payment to Bond Escrow Agent	-	-	-	-	-	-	-	-
Financing Uses: Other	-	-	-	-	-	-	-	-
<b>Total Other Financing Uses</b>	-	-	-	-	-	-	<b>\$ 100,000</b>	<b>\$ -</b>
<b>Net Change in Fund Balance<sup>1</sup></b>	-	-	-	-	-	-	<b>(1,955,978)</b>	<b>876,257</b>
<b>Fund Balance1- beginning of year</b>	-	-	-	-	-	-	<b>\$13,931,251</b>	<b>\$3,649,261</b>
Funds removed from Reportable Government Services (RGS)	-	-	-	-	-	-	-	-
Funds added to Reportable Government Services (RGS)	-	-	-	-	-	-	-	-
Prior period adjustments	-	-	-	-	-	-	-	-
Misc. Adjustment	-	-	-	-	-	-	-	-
<b>Fund Balance<sup>1</sup> - beginning of year adjusted</b>	-	-	-	-	-	-	<b>13,931,251</b>	<b>3,649,261</b>
<b>Rounding</b>	-	-	-	-	-	-	-	-
<b>Fund Balance<sup>1</sup> - end of year</b>	-	-	-	-	-	-	<b>\$ 11,975,273</b>	<b>\$ 4,525,518</b>

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

See independent auditor's report

# TOWN OF CUMBERLAND, RHODE ISLAND

## MTP2 Annual Transparency Portal

June 30, 2018

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance <sup>1</sup>	Beginning Fund Fund Balance <sup>1</sup> (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance <sup>1</sup> (Deficit)	Ending Fund Balance <sup>1</sup> (Deficit)
General Fund	\$ 74,355,343	\$ 375,026	\$ 32,625,933	\$ 44,060,414	\$ (1,955,978)	\$ 13,807,930	\$ 123,321	\$ 13,931,251	\$ 11,975,273
<b>Totals per audited financial statements</b>	<b>\$ 74,355,343</b>	<b>\$ 375,026</b>	<b>\$ 32,625,933</b>	<b>\$ 44,060,414</b>	<b>\$ (1,955,978)</b>	<b>\$ 13,807,930</b>	<b>\$ 123,321</b>	<b>\$ 13,931,251</b>	<b>\$ 11,975,273</b>
<b>Reconciliation from financial statements to MTP2</b>									
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	\$ -	\$ -	\$ 43,960,414	\$ (43,960,414)	\$ -	\$ -	\$ -	\$ -	\$ -
Reclassify Rescue collection services recorded as contra revenue account on Financial Statements	36,523	-	36,523	-	-	-	-	-	-
Reclassify Housing Aid used for Lease Payments	(163,297)	-	(163,297)	-	-	-	-	-	-
Rounding	0	-	1	-	(0)	-	-	-	(0)
<b>Totals Per MTP2</b>	<b>\$ 74,228,569</b>	<b>\$ 375,026</b>	<b>\$ 76,459,574</b>	<b>\$ 100,000</b>	<b>\$ (1,955,978)</b>	<b>\$ 13,807,930</b>	<b>\$ 123,321</b>	<b>\$ 13,931,251</b>	<b>\$ 11,975,273</b>

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

See independent auditor's report

# TOWN OF CUMBERLAND, RHODE ISLAND

## MTP2 Annual Transparency Portal

June 30, 2018

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance <sup>1</sup>	Beginning Fund Fund Balance <sup>1</sup> (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance <sup>1</sup> (Deficit)	Ending Fund Balance <sup>1</sup> (Deficit)
School Unrestricted Fund	\$ 22,714,810	\$ 43,960,414	\$ 65,764,628	\$ -	\$ 910,596	\$ 2,949,406	\$ -	\$ 2,949,406	\$ 3,860,002
School Special Revenue Funds	4,723,015	-	4,757,354	-	(34,339)	699,855	-	699,855	665,516
<b>Totals per audited financial statements</b>	<b>\$ 27,437,825</b>	<b>\$ 43,960,414</b>	<b>\$ 70,521,982</b>	<b>\$ -</b>	<b>\$ 876,257</b>	<b>\$ 3,649,261</b>	<b>\$ -</b>	<b>\$ 3,649,261</b>	<b>\$ 4,525,518</b>
<b><u>Reconciliation from financial statements to MTP2</u></b>									
Municipal appropriation for Education reported as a transfer on financial statements but as revenue on MTP2	\$ 43,580,466	\$ (43,580,466)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(2,709,839)	-	(2,709,839)	-	-	-	-	-	-
Transfer from Town recorded as revenue in MTP2	379,948	(379,948)	-	-	-	-	-	-	-
Indirect money	(19,807)	-	(19,807)	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
<b>Totals Per MTP2</b>	<b>\$ 68,668,593</b>	<b>\$ -</b>	<b>\$ 67,792,336</b>	<b>\$ -</b>	<b>\$ 876,257</b>	<b>\$ 3,649,261</b>	<b>\$ -</b>	<b>\$ 3,649,261</b>	<b>\$ 4,525,518</b>
<b><u>Reconciliation from MTP2 to UCOA</u></b>									
Unexplained variances between MTP2 & UCOA	39,615		-						
<b>Totals per UCOA Validated Totals Report</b>	<b>\$ 68,708,208</b>		<b>\$ 67,792,336</b>						

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

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

#### NOTE 1. Basis of Presentation

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

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

#### NOTE 2. Reportable Government Services

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

#### NOTE 3. Allocations

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

#### NOTE 4. Employee Groups - Compensation and Benefit Costs

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

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

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

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

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

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

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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.

#### NOTE 5. Education Revenue and Expenditures

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

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

*See independent auditor's report*