

TOWN OF NARRAGANSETT, RHODE ISLAND
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2018

Laura K. Kenyon
Finance Director

Prepared by: Finance Department

INTRODUCTORY SECTION

THIS SECTION CONTAINS THE FOLLOWING:

- **Table of Contents**
- **Letter of Transmittal**
- **Town of Narragansett Organizational Chart**
- **List of Elected and Appointed Town Officials**

TOWN OF NARRAGANSETT, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2018

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

TRANSMITTAL LETTER	i
TOWN OF NARRAGANSETT ORGANIZATIONAL CHART	viii
LIST OF TOWN OFFICIALS	ix

II. FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT	1-3
REQUIRED SUPPLEMENTARY INFORMATION:	
 Management's Discussion and Analysis	4-13

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:

Statement of Net Position	14
Statement of Activities.....	15

Fund Financial Statements:

Balance Sheet – Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in the Fund Balances to Government-Wide Statement of Activities	19
Statement of Net Position – Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds.....	22-23
Statement of Fiduciary Net Position – Fiduciary Funds.....	24
Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	25

<i>Notes to Basic Financial Statements</i>	26-78
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REQUIRED SUPPLEMENTARY INFORMATION:

Town Other Post-Employment Benefit (OPEB) Plan – Schedule of Changes in the Town's Net OPEB Liability and Related Ratios	79
School Other Post-Employment Benefit (OPEB) Plan – Schedule of Changes in the Town's Net OPEB Liability and Related Ratios	80
Other Post-Employment Benefit (OPEB) Plans – Schedule of Town Contributions.....	81
Other Post-Employment Benefit (OPEB) Plan – Schedule of Investment Returns.....	82

TOWN OF NARRAGANSETT, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2018

TABLE OF CONTENTS (Continued)

Employees' Retirement System Pension Plan – Schedule of the Town's Proportionate Share of the Net Pension Liability	83
Police Pension Plan – Schedule of Changes in the Town's Net Pension Liability and Related Ratios	84
Town Pension Plan – Schedule of Changes in the Town's Net Pension Liability and Related Ratios	85
Pension Plans – Schedule of Town Contributions.....	86
Pension Plans – Schedule of Investment Returns	87
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	88-91
Notes to Required Supplementary Information	92-95

OTHER SUPPLEMENTARY INFORMATION:

Combining Balance Sheet – Nonmajor Governmental Funds	96-99
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	100-103
Combining Balance Sheet – Special Revenue Funds – School Restricted Fund.....	104-105
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds – School Restricted Fund	106-107
Combining Statement of Fiduciary Net Position – Pension Trust Funds	108
Combining Statement of Changes in Fiduciary Net Position – Pension Trust Funds	109
Combining Statement of Fiduciary Net Position – Other Post-Employment Benefit Trust Funds.....	110
Combining Statement of Changes in Fiduciary Net Position – Other Post-Employment Benefit Trust Funds.....	111
Combining Statement of Fiduciary Net Position – Private Purpose Trust Funds	112
Combining Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds	113
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds	114
Combining Statement of Changes in Fiduciary Assets and Liabilities – Agency Funds	115
Tax Collector's Annual Report	116-117
Combining Balance Sheet – General Fund.....	118-119
Combining Schedule of Revenue, Expenditures and Changes in Fund Balances – General Fund	120-121
Schedule of Assets, Liabilities and Fund Balance – School Unrestricted Fund	122
Schedule of Revenues, Expenditures and Changes in Fund Balance – School Unrestricted Fund	123

TOWN OF NARRAGANSETT, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2018

TABLE OF CONTENTS (Continued)

Schedule of Revenues and Expenditures – Budget and Actual	
– School Department Operating Budget	124
Schedule of General Fund – Fund Balance – Restricted for Education Programs	125
Annual Supplemental Transparency Report (MTP2) - Revenue	126
Annual Supplemental Transparency Report (MTP2) - Expenditures.....	127-128
Combining Schedule of Reportable Governmental Services with Reconciliation to MTP2	
– Municipal	129
Combining Schedule of Reportable Governmental Services with Reconciliation to MTP2	
– Education Department	130
Notes to Supplemental Information – Annual Supplemental Transparency Report (MTP2)	131

III. STATISTICAL SECTION

Net Position by Component – Last Ten Fiscal Years	132
Changes in Net Position – Last Ten Fiscal Years.....	133-134
Fund Balances – Governmental Funds – Last Ten Fiscal Years	135
Changes in Fund Balances – Governmental Funds – Last Ten Fiscal Years	136
Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	137
Principal Property Taxpayers – Current Year and Ten Years Ago	138
Property Tax Levies and Collections – Last Ten Fiscal Years.....	139
Property Tax Rates – Last Ten Fiscal Years	140
Ratio of General Bonded Debt to Assessed Value and Net Bonded Debt per	
Capita – Last Ten Fiscal Years	141
Computation of Legal Debt Margin – Last Ten Fiscal Years	142
Ratio of Annual Debt Service Expenditures for General Bond Debt to Total	
General Expenditures – Last Ten Fiscal Years	143
Principal Employers.....	144
Full-Time Equivalent Town Employees by Function – Last Ten Fiscal Years	145
Miscellaneous Statistics.....	146

<i>Report on the Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards</i>	147-148
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Town of Narragansett

Town Hall - 25 Fifth Avenue - Narragansett, RI 02882-3699

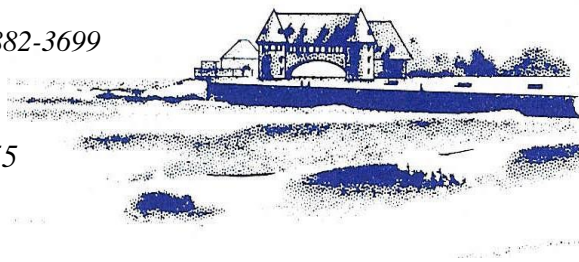
Finance Department

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January 18, 2019

To the Citizens of the Town of Narragansett:

The comprehensive annual financial report of the Town of Narragansett, Rhode Island, for the fiscal year ended June 30, 2018, is hereby submitted as mandated by both state statutes and the Town charter. State laws require that all general purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants licensed to practice in the State of Rhode Island .

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations management of the Town of Narragansett has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Narragansett's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Narragansett's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, I assert that, to the best of my knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Narragansett's financial statements have been audited by Bacon and Company, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Narragansett for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Narragansett's financial statements for the fiscal year ended June 30, 2018 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Narragansett was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in a separate Single Audit report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Narragansett's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The Town of Narragansett, incorporated as a town on March 28, 1901, is situated in Washington County, on the southeastern coast of the State of Rhode Island, approximately 30 miles south of Providence. It is bounded by Narragansett Bay and the Atlantic Ocean on the east; by the Atlantic Ocean on the south; by the Town of South Kingstown on the west; and the Town of North Kingstown on the north. The total area of the community is 18.3 square miles, which includes 4.4 square miles of inland water. The year-round population of the Town decreased from 16,361 persons counted in the 2000 census to 15,868 in the 2010 census. The actual population served is estimated to be approximately 10,000 persons higher with summer rentals and University of Rhode Island student and faculty rentals.

Government

The Town operates under a charter form of government, which provides for a five member elected Town Council which is responsible for enacting local legislation; and an appointed Town Manager who executes the laws and the administration of the town government. The Town has a home-rule charter and operates under the Council-Manager form of government. The Town Council is elected by popular vote every two years and is responsible for, among other things, passing ordinances, adopting a budget, appointing committees, and hiring both the Town Manager and Town Solicitor. The Town Manager is responsible for carrying out the policies of the Town Council, for overseeing the day-to-day operations of the Town, and for appointing all other employees, except for School Department personnel.

The Town provides a full range of municipal services including public safety protection, the repair and maintenance of highways, streets, and other infrastructure, libraries, recreational activities, planning and zoning, education and administrative services. In addition, the Town operates water, wastewater, the Town Beach and the Middlebridge Recreation Area.

The annual budget serves as the foundation for the Town's financial planning and control. The Town Council is granted all powers to enact, amend or repeal ordinances relating to the Town's property, affairs and government as well as the authorization of the issuance of

bonds or notes by ordinance, except that no bonded indebtedness may be incurred pledging the credit of the Town in excess of 1.5% of the budget in any one fiscal year unless submitted to a vote of the electors at either a general or special election and approved by a majority of the electors voting at said election.

Education

The general administration of the Narragansett School System is directed by a five-member School Committee that is elected at large at the regular biennial elections for staggered four-year terms. The School Committee determines and controls all policies affecting the administration, maintenance, and operation of the public schools in the Town. The School Committee appoints a Superintendent as its chief administrative agent; submits a detailed budget of expenditures and revenue to the Town Council and, once the school budget has been approved, determines the allocation of the amount appropriated. The cost of operating the Town's School System for the fiscal year ended June 30, 2018 was \$28,037,567. The School Department budget for fiscal year ended June 30, 2018 is \$29,559,824 and the budget for fiscal year ending June 30, 2019 is \$30,653,994. The budgeted cost per student in the fiscal year ending June 30, 2018 was \$22,326 shared by the Town and the State of Rhode Island in the form of School Operations Aid. The Town has one elementary school, one middle school and one high school. As of October at the beginning of each school year, the student enrollment in the Narragansett School System for the past five years has been and is projected to be as follows:

Fiscal Year	Actual	Fiscal Year	Projected
Ending	Enrollment	Ending	Enrollment
2014	1,408	2019	1,302
2015	1,353	2020	1,278
2016	1,331		
2017	1,337		
2018	1,324		

Municipal Services

The Town provides major public services which are detailed as follows:

Wastewater Facilities

The Town has 20 sewage pumping stations and approximately 90 miles of sanitary sewers. Service for the southern portion of Narragansett, including the commercial fishing port of Galilee, is provided at the Town-owned Scarborough Wastewater Treatment Plant, a 1.4 million gallon per day (MGD) extended aeration plant. The South Kingstown Regional Treatment Facility provides wastewater treatment for the Pier area and the northern portion of the Town. Approximately 7,848 connections are serviced by the Town. The annual rate for residential users is currently \$400 per unit. The Wastewater Division operates as an enterprise fund, with all operations funded from user fees and assessments. The Scarborough Treatment Plant underwent a \$1.0 million flood proofing project with a grant from Federal Community Development Block Grant disaster relief funds.

Water Facilities

The Town's Water Division is responsible for the treatment (i.e. chlorine injection) and conveyance of potable water for domestic, commercial, industrial and fire protection uses. All water used within the Town's system is purchased from SUEZ (formerly United Water of Rhode Island, a private company), or the Town of North Kingstown. In addition to its operational and maintenance activities related to the Town's water storage, transmission and conveyance systems and infrastructure, the Division provides technical assistance to the Town in reviewing water related plans or regulations. The Town owns, operates and maintains three water storage tanks, with a combined capacity of two million gallons, and approximately 85 miles of water mains. Approximately one-half of the Town's populated area (representing 5,285 accounts) is served by the Town water system, while service to the remaining citizens is provided directly by Suez Water. The Water Division operates as an enterprise fund, with all operations funded from user fees and assessments.

Public Works

The Town's Public Works Department provides a full range of services including street constructions/maintenance, snow removal and maintenance of Town property and vehicles. The Public Works Department expended \$2,891,207 for fiscal year ended June 30, 2018 and budgeted \$3,060,435 and \$3,098,379 for the fiscal years ending June 30, 2018 and 2019, respectively.

Public Safety

Services include fire prevention, emergency medical rescue, police patrol, investigations, community education, dispatching, harbor patrol and animal control functions. The Narragansett Police Department has a force that consists of 53 full-time police officers and other support personnel. The Police Department expended \$8,416,491 for fiscal year ended June 30, 2018 and budgeted \$8,172,327 and \$8,645,471 for the fiscal years ending June 30, 2018 and 2019, respectively. The Town has three fire stations staffed by 34 full-time fire fighters. The Fire Department expended \$5,558,697 for fiscal year ended June 30, 2018 and budgeted \$5,450,840 and \$5,680,617 for the fiscal years ending June 30, 2018 and 2019, respectively.

Employee Relations

As of June 30, 2018, the Town employs 166 full-time employees exclusive of those employed by the School Department. The School Department employs 142 teachers, 27 aides and approximately 69 support and administrative staff.

The current status of union contracts for municipal and school employees is as follows:

Police Department- 3 year contract expires June 30, 2019

Public Works & Municipal Clerical - 3 year contract expires June 30, 2020

School Dept. Non-Certified- 3 year contract expires June 30, 2021

Fire Department- 3 year contract expires June 30, 2019

Teachers- 3 year contract expires August 31, 2021

Municipal Middle Management – 3 Year contract expires June 30, 2020

Retirement Programs

The Town has a contributory pension plan covering substantially all of its employees. The retirement plans for policemen and municipal employees are administered by Town officials. The retirement plan for teachers is administered by the State of Rhode Island Retirement Board.

The Town Plan

The Town contributes to the Town Plan, a single employer public employee retirement plan established in accordance with the Town Charter. The Plan is considered part of the Town's financial reporting entity and is included in the Town's annual financial report. All permanent, regular and probationary status employees who work for at least five months of a year and for at least twenty hours per week are eligible to participate in the Town Plan, a single-employer defined benefit pension plan, except as follows: School System employees who have been, are, or will be eligible for membership in the Employees' Retirement System of Rhode Island and any police officer covered under the Police Plan who has refused to join the Town Plan. The Town Plan was established by the Town in accordance with Town Ordinance. The Town Plan is included in the Town's financial statements as a pension trust fund.

Police Plan

The Town contributes to the Police Plan, a single-employer public employee retirement plan. The Police Plan is considered part of the Town's financial reporting entity and is included in the Town's annual financial report as a pension trust fund. There are no active participants, and the Police Plan is closed to new entrants. All members of the permanent Police Force who were hired prior to July 1, 1978 and refused the September 1984 offer to join the Town Plan were eligible to participate in the Police Plan. All other policemen are covered by the Town Plan.

School Teachers' Retirement Plan

Town certified school personnel participate in the Rhode Island Retirement System, a statutory, mandatory, statewide, cost-sharing, multi-employer defined benefit plan, which first covered State teachers on July 1, 1949. This Teacher's Retirement System is administered as a unified statewide system by the State Retirement Board, the composition of which is set forth in the pertinent State statute. The assets are held in the custody of the State Treasurer as an undivided single fund.

Defined Contribution Plan for ERSRI Participants

The Rhode Island Retirement Act of 2011 changed the defined benefit plan to a hybrid plan which includes a defined contribution plan. The State selected TIAA-CREF to administer the plan. All employees in ERSRI are required to participate. ERSRI employees contribute 5% of their annual salary into the defined contribution plan, with an additional 2% contribution for those employees that do not participate in Social Security, and the Town must contribute 1% of salary. Participants have a selection of investments options chosen by the State and provided by TIAA-CREF.

Other Post-Employment Benefits

Town Plan

The Town administers a single-employer, defined benefit post-employment benefit plan. The plan provides medical, dental and life insurance for eligible retirees and their dependents through the Town's group 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 or as established by the Town Ordinance for non-union employees. On August 1, 2011 the Town Council authorized the creation of an OPEB Trust Fund. As such, the plan has been reported as a Trust Fund in the Town's financial statements in fiscal year 2013.

School Plan

The Narragansett School System administers a single-employer, defined benefit post-employment benefit plan. The plan provides medical and dental insurance for eligible retirees and their dependents through the School System's group insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations between the School System and the respective unions or as established by employee contract for non-union employees.

Long-term capital financial planning. As a part of the annual budget process, the Town Manager prepares and presents a capital improvement plan. This plan identifies costs and financing methods for those capital projects that the Town anticipates funding over the next six years. The plan provides for the needs of the general government and addresses such issues as infrastructure, major equipment replacement, school facilities where bonding is required, public safety, recreation and open space purchases. Other school capital planning is completed for a five year plan and is reviewed with the school annual operating budget process.

Cash management policies and practices. It is the policy of the Town to invest funds in a manner which will provide the highest investment return, with the maximum amount of security while meeting the daily cash flow needs of the Town and conforming to all state statutes governing the investment of municipal funds. Cash temporarily idle during the year was invested in insured cash sweep accounts, CDAR's, certificates of deposit, obligations of the U.S. Treasury and money market mutual funds. In addition, some trust funds held corporate stocks and bonds in their investment portfolios. Investment income includes appreciation in the fair value of investments. Increases or decreases in fair value during the current year, however do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

Risk management. The Town is a member of the Rhode Island Inter-Local Risk Management Pool. The cooperative pool was formed in 1986 to address the insurance needs of Rhode Island municipalities. Narragansett became a member on July 1, 1988. The pool provides all property, liability and worker's compensation insurance policies for the Town.

Property and liability claims are subject to a \$2,500 deductible with the exception of public officials' liability claims, which are subject to a \$5,000 deductible. The pool's self-insured retention levels range from \$10,000 to \$1,000,000 depending on the type of coverage provided. In addition to the self-insurance provided by the pool, there is also reinsurance through third party sources for claims up to \$5,000,000. In addition to the insurance coverage provided, the pool also provides various educational and training seminars to promote safety training and loss control efforts.

ACKNOWLEDGEMENTS

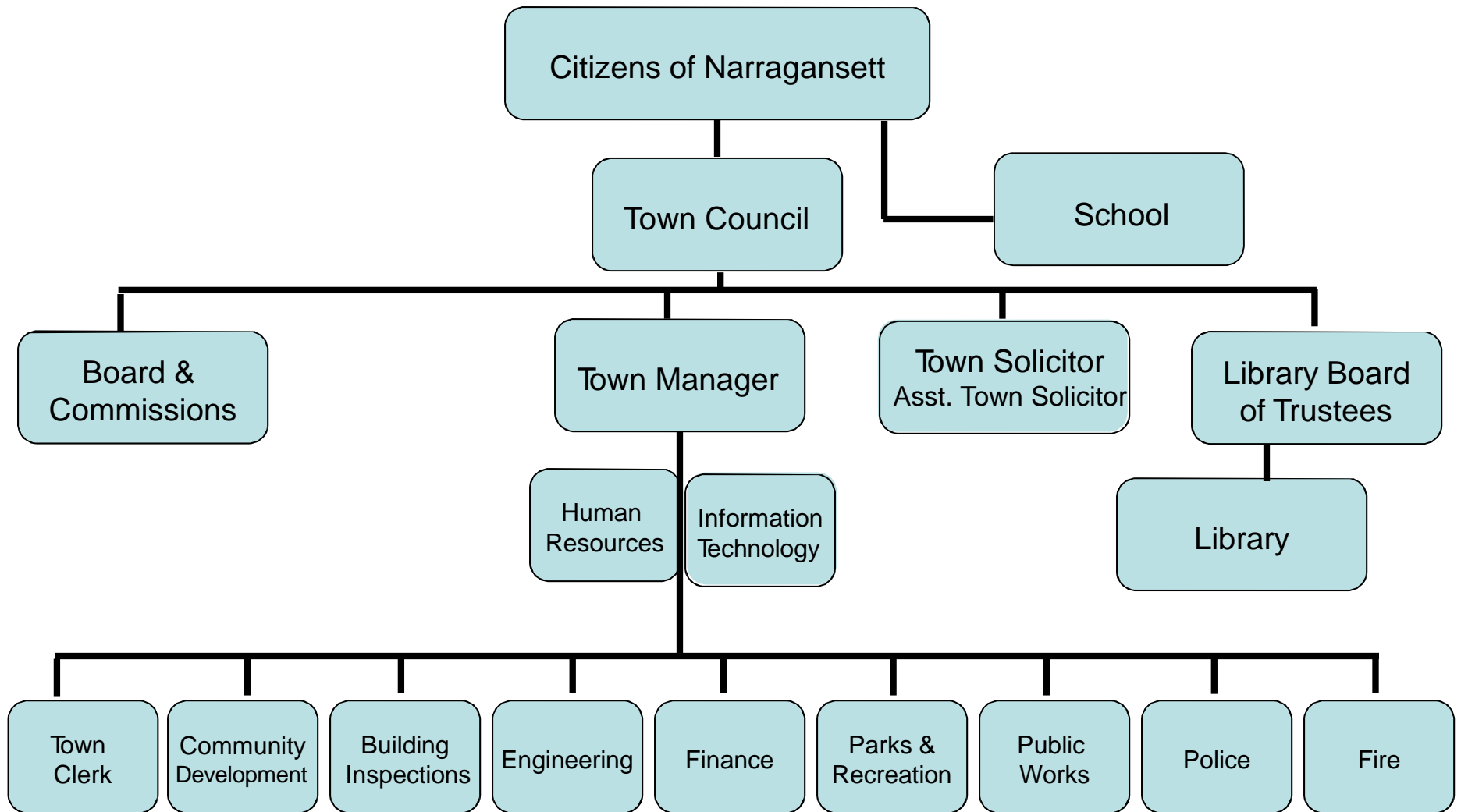
The preparation of this report was made possible by the efficient and dedicated services of the Controller, Christine Spagnoli, and the entire staff of the Finance Department. I sincerely appreciate their efforts in assisting me with preparing this comprehensive annual financial report.

In closing, I would like to express my appreciation to the Town Manager, James Manni and the Town Council for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully submitted,

Laura K. Kenyon
Finance Director

Governmental Organization



TOWN OF NARRAGANSETT, RHODE ISLAND
LIST OF ELECTED AND APPOINTED OFFICIALS

JUNE 30, 2018

Elected Officials

Council President	Susan Cicilline-Buonanno
President Pro Tempore	Matthew M. Mannix
Council Member	Patrick Murray
Council Member	Michael Moretti
Council Member	Jill Lawler
School Committee, Chairperson	Tammy McNeiece
School Committee, Vice-Chairperson	Diane S. Nobles
School Committee, Member	Frank White
School Committee, Member	Rebecca Durkin
School Committee, Member	Justin Skenyon

Appointed Officials

Town Manager	James M. Manni
Town Solicitor	Mark Davis
Town Solicitor	Emile Martineau, Andy Berg
Finance Director	Laura K. Kenyon
Town Clerk	Anne M. Irons
Town Engineer	Jeffrey Ceasrine
Police Chief	Sean Corrigan
Fire Chief	Scott Partington
Public Works Director	Michael DiCicco
Parks & Recreation Director	Steven T. Wright
Community Development Director	Michael J. DeLuca
Inspectional Services Director	Anthony L. Santilli
Human Resources Manager	Susan E. Healy
Town Controller	Christine Spagnoli
Tax Assessor	David Dolce
Tax Collector	Christine A. Beck
Purchasing Agent	Susan W. Gallagher
Library Director	Patti A. Arkwright
Superintendent of Schools	Peter J. Cummings
Director of Finance, School Department	Karen M. Hagan

FINANCIAL SECTION

THIS SECTION CONTAINS THE FOLLOWING:

- **Independent Auditor's Report**
- **Management Discussion and Analysis**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Other Supplementary Information**

Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and supplementary pension and other postemployment benefit information on pages 4 through 13 and pages 79 through 95 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 Narragansett, Rhode Island's basic financial statements. The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, Annual Supplemental Transparency Report (MTP2), other supplementary information, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

America. In our opinion, the combining nonmajor fund financial statements, the combining fiduciary fund financial statements, Annual Supplementary Transparency Report (MTP2), and other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report January 18, 2019 on our consideration of the Town of Narragansett, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Narragansett, Rhode Island's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Narragansett, Rhode Island's internal control over financial reporting and compliance.

Bacon & Company CPAs, LLC

Warwick, Rhode Island
January 18, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

As Finance Director for the Town of Narragansett (the Town), the following narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018 (FY2018) has been prepared. The Town administration encourages all to consider the information presented herein in conjunction with the additional information furnished in the *Letter of Transmittal*, which can be found at the beginning of this report.

Financial Highlights

At the end of the current fiscal year, the total fund balance for the General Fund was \$17,363,271 or 29.9% of the total 2018 budgeted revenues. This is an increase of \$121,893 from the prior year restated fund balance.

The total unassigned fund balance of the General Fund is \$9,897,474 or 17% of the total 2018 budgeted revenues. This is an decrease of \$357,958 from the prior year unassigned fund balance.

The total assigned, committed, restricted or nonspendable fund balance of the General Fund is \$7,465,797. This this is an increase of \$479,851 from the prior year restated total assigned, committed, restricted or nonspendable fund balance.

The Town General Fund ended the fiscal year 2018 with a budgetary operating surplus of \$1,081,479.

The total bonded debt amount of the Town of Narragansett decreased by \$1,585,000.

As reported in the government wide financial statements, the assets and deferred outflows of resources of the Town of Narragansett exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$30,305,929. The Town's capital asset base has been developed from both the current operations and debt. The Town has recorded its property and equipment at original values in order to insure proper asset management.

The Town's total net position increased by \$1,154,768 for the fiscal year ended June 30, 2018.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components:

1. Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.
 - a. *Statement of Net Position*: This statement presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the two reported as *net position*. Increases or decreases in net position may serve as a useful indicator of an improving or deteriorating financial position.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Overview of the Financial Statements (Continued)

- b. *Statement of Activities*: This statement presents information showing how the government's net position changed during the reporting period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (such as uncollected taxes and earned but unused personnel leaves).
- c. Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, education, public safety, public works and highway, community development and recreation. The business-type activities of the Town include Water, Sewer, Beach and the Middlebridge Recreation Fund operations.

The government-wide financial statements can be found on pages 14 and 15 of this report.

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

- a. *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, governmental 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. This information may be helpful in evaluating the Town's near-term financing requirements.

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

Funds are classified as "major" and "nonmajor." Data from major governmental funds is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances. Data from the nonmajor funds is combined into a single, aggregated presentation. Individual fund data

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Overview of the Financial Statements (Continued)

for each of these nonmajor governmental funds is provided in the form of *combining statements* and can be found on pages 96-103 of this report.

The Town adopted annual budgets for its General Fund, Water Fund, Sewer Fund, Beach Fund, and Middlebridge Recreation Fund. The School Committee adopts a budget for the operation of the Town's three schools. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 16-19 of this report.

- b. Proprietary Funds:* The Town maintains two types of proprietary funds.

Enterprise Funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its Water, Wastewater, Middlebridge Recreation and Beach operations.

Internal Service Funds are used to report activities that provide supplies and services for the Town's other programs and activities. The Town uses the Internal Service Fund to account for the self insured healthcare program.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Wastewater, Middlebridge Recreation and Beach operations, all of which are considered to be major funds of the Town.

The proprietary fund financial statements can be found on pages 20-23 of this report.

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

The fiduciary fund financial statements can be found on pages 24-25 of this report.

3. 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 can be found on pages 26-78 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Overview of the Financial Statements (Continued)

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information comparing budget to actual revenues and expenditures for the General Fund, and concerning the Town's progress in funding its obligations to provide pension and other postemployment benefits to its enrolled employees. Required supplementary information can be found on pages 79-95 of this report.

Government-wide Financial Analysis

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, the government-wide assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$30,305,929 at the close of this reporting period.

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

Town of Narragansett's Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 28,803,640	\$ 28,614,239	\$ 12,419,867	\$ 12,737,934	\$ 41,223,507	\$ 41,352,173
Capital assets	\$ 96,988,998	\$ 96,656,032	\$ 35,913,574	\$ 36,648,910	\$ 132,902,572	\$ 133,304,942
Total assets	<u>\$ 125,792,638</u>	<u>\$ 125,270,271</u>	<u>\$ 48,333,441</u>	<u>\$ 49,386,844</u>	<u>\$ 174,126,079</u>	<u>\$ 174,657,115</u>
Deferred outflows of resources	\$ 10,977,238	\$ 13,821,512	\$ -	\$ -	\$ 10,977,238	\$ 13,821,512
Current liabilities	\$ 5,464,763	\$ 5,495,702	\$ 1,030,033	\$ 1,499,297	\$ 6,494,796	\$ 6,994,999
Noncurrent liabilities	\$ 135,920,966	\$ 146,348,928	\$ 1,744,877	\$ 2,288,667	\$ 137,665,843	\$ 148,637,595
Total liabilities	<u>\$ 141,385,729</u>	<u>\$ 151,844,630</u>	<u>\$ 2,774,910</u>	<u>\$ 3,787,964</u>	<u>\$ 144,160,639</u>	<u>\$ 155,632,594</u>
Deferred inflows of resources	\$ 9,064,542	\$ 1,693,923	\$ 1,572,207	\$ 2,000,949	\$ 10,636,749	\$ 3,694,872
Net position:						
Net investment in capital assets	\$ 73,270,420	\$ 73,026,624	\$ 33,922,462	\$ 34,104,629	\$ 107,192,882	\$ 107,131,253
Restricted	\$ 5,306,428	\$ 4,483,692	\$ -	\$ -	\$ 5,306,428	\$ 4,483,692
Unrestricted	\$ (92,257,243)	\$ (91,957,086)	\$ 10,063,862	\$ 9,493,302	\$ (82,193,381)	\$ (82,463,784)
Total net position	<u>\$ (13,680,395)</u>	<u>\$ (14,446,770)</u>	<u>\$ 43,986,324</u>	<u>\$ 43,597,931</u>	<u>\$ 30,305,929</u>	<u>\$ 29,151,161</u>

At June 30, 2018, the Town is able to report positive balances in both categories of net position for its business-type activities. For governmental activities, the deficit in the Town's unrestricted net position increased, due principally to the recording of a liability for other postemployment benefits (OPEB) and pension.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis (Continued)

Governmental Activities: Governmental activities increased the Town's net position by \$766,375.

Town of Narragansett's Changes in Net Position.

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 5,477,108	\$ 5,589,438	\$ 8,840,251	\$ 8,967,174	\$ 14,317,359	\$ 14,556,612
Operating grants and contributions	5,795,935	5,396,724			5,795,935	5,396,724
Capital grants and contributions	1,378,981	847,113	72,164	992,131	1,451,145	1,839,244
General revenues:						
Property taxes	50,562,602	49,492,588			50,562,602	49,492,588
State aid and in lieu of taxes	1,984,238	1,822,669			1,984,238	1,822,669
Miscellaneous and interest	183,238	373,285	53,580	25,537	236,818	398,822
Total revenues	65,382,102	63,521,817	8,965,995	9,984,842	74,348,097	73,506,659
Expenses:						
General government	2,613,752	2,129,141			2,613,752	2,129,141
Financial administration	1,765,091	1,441,551			1,765,091	1,441,551
Public safety	17,752,138	14,422,218			17,752,138	14,422,218
Public works	5,042,949	4,650,783			5,042,949	4,650,783
Social Services	19,125	29,372			19,125	29,372
Parks and recreation	2,364,493	2,130,369			2,364,493	2,130,369
Plan, engineer & inspection	1,263,615	1,156,325			1,263,615	1,156,325
Library	964,371	907,202			964,371	907,202
Education	31,989,619	31,740,543			31,989,619	31,740,543
Interest on Long term debt	758,670	1,170,831			758,670	1,170,831
Water Fund			2,262,475	2,328,498	2,262,475	2,328,498
Sewer Fund			4,450,670	4,400,539	4,450,670	4,400,539
Beach Fund			1,920,459	1,861,793	1,920,459	1,861,793
Middlebridge Recreation			25,902	29,252	25,902	29,252
Total expenses	64,533,823	59,778,335	8,659,506	8,620,082	73,193,329	68,398,417
Transfers	(81,904)	(105,095)	81,904	105,095	-	-
Change in net position	766,375	3,638,387	388,393	1,469,855	1,154,768	5,108,242
Net position, beginning of year	(14,446,770)	(18,085,157)	43,597,931	42,128,076	29,151,161	24,042,919
Net position, end of year	\$ (13,680,395)	\$ (14,446,770)	\$ 43,986,324	\$ 43,597,931	\$ 30,305,929	\$ 29,151,161

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis (Continued)

Property taxes levied for FY 2017-18 based on the December 31, 2016 grand list increased by \$1,121,562 to \$50,416,485 from the amount levied for 2016-2017 of \$49,294,923. This was an increase of 2.3%, well below the State mandated cap increase of 4%, which is the maximum allowable increase permitted under state law. Chapter 253 of the Public Laws of 2006 (known as Senate 3050) entitled "Relating to Taxation – Property Taxes" modified the calculation of the property tax cap beginning in fiscal year 2008, changed the criteria for exemptions from the property tax cap, limited the increase that School Committees could request from municipal funds in their annual budget proposal and amended the definition of "state mandates." The state-wide property tax cap became effective on July 1, 2007. This cap limited the property tax levy increase to 5.25% in fiscal year 2008 and set in place a .25% reduction for each successive fiscal year until fiscal year 2013, when the cap will be set at 4.0%. The amount of current year taxes to be collected for FY 2018 was \$49,750,293 which was based on a rate of collection of 98.7%. Current year collections were \$50,197,210 compared to the budgeted amount of \$49,750,293, an increase of \$446,917 or .8%.

Business-type activities: Business-type activities increased the Town's net position by \$388,393. Key elements of the increase are as follows:

- a. Water Fund: The net position of the Water enterprise is down \$46,676 or .8%.
- b. Sewer Fund: The net position for the Sewer enterprise is down \$240,397 or .8%.
- c. Beach Fund: The net position for the Beach enterprise is up \$545,917 or 6.7%.
- d. Middlebridge: The net position for the Middlebridge Fund is up \$129,549 or 13.5%.

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the Town'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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the reporting period, the Town governmental funds reported combined ending fund balances of \$22,920,428. Approximately 43% of this total amount or \$9,858,898 constitutes *unassigned fund balance*, which is available for spending at the Town's discretion.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, *unassigned* fund balance of the General Fund was \$9,897,474, while total fund balance was \$17,363,271. As a measure of the General Fund's liquidity, it may be useful to compare both *unassigned* fund balance and total fund balance to total fund expenditures and transfers. Unassigned fund balance of \$9,897,474 represents 15.9% of total General Fund expenditures and transfers of \$62,088,132, while total fund balance represents 28% of the same amount.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis of the Town's Funds (Continued)

The Town's General Fund – Fund Balance increased by \$121,893 due mainly to the net between the lower expenditures in the operating budget of around \$281,960 and increased revenue of \$799,519 less the use of fund balance of \$2,047,135 in the town general fund , an increase of around \$333,500 in the other general accounts and the school operating surplus of around \$753,961.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

- a. Water Fund: The unrestricted net position of the Water Fund at June 30, 2018 was \$2,053,641.
- b. Sewer Fund: The unrestricted net position of the Sewer Fund at June 30, 2018 amounted to \$4,943,003.
- c. Beach Fund: The unrestricted net position of the Beach Fund at June 30, 2018 was \$3,001,959.
- d. Middlebridge Fund: The unrestricted net position of Middlebridge Recreation Fund at June 30, 2018 was \$65,259.

General Fund Budgetary Highlights

The general fund operating budget shows an operating surplus of \$1,081,479. This represents 1.9% of the \$58,152,434 budget as approved by the Town Council. The largest surplus in revenue above budget was from tax revenue for \$447,000, the increase of State aid for motor vehicles \$153,000, revaluation reimbursement \$80,000, hotel tax \$63,500 and the decrease in expenditures of 282,000.

Capital Assets and Debt Administration

1. Capital assets: The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounted to \$132,902,572 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads and bridges. The total decrease in the Town's investment in capital assets, net of accumulated depreciation, for FY2018 was \$402,370, or .3% (a. 3% increase for governmental activities and a 2% decrease for business-type activities).

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Capital Assets and Debt Administration (Continued)

Town of Narragansett's Capital Assets (Net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$44,058,624	\$44,058,624	\$3,186,280	\$3,186,280	\$47,244,904	\$47,244,904
Construction in progress	2,900,154	2,536,011	844,281	2,185,922	3,744,435	4,721,933
Buildings and improvements	23,423,802	24,854,384	12,143,559	12,698,044	35,567,361	37,552,428
Machinery and equipment	2,785,423	3,054,236	803,313	732,807	3,588,736	3,787,043
Vehicles	3,067,803	2,993,747	277,211	222,575	3,345,014	3,216,322
Infrastructure	20,753,192	19,159,030	18,658,930	17,623,282	39,412,122	36,782,312
Total	<u>\$96,988,998</u>	<u>\$96,656,032</u>	<u>\$35,913,574</u>	<u>\$36,648,910</u>	<u>\$132,902,572</u>	<u>\$133,304,942</u>

2. Debt administration: At the end of the fiscal year, the Town's governmental activities had total bonds, notes and capital leases outstanding of \$23,799,574, all of which is backed by the full faith and credit of the Town. Total debt was decreased from retirements of \$1,823,576 during FY2018.

The Town was upgraded from a "AA" rating to "AA+" from Standard & Poor's for general obligation debt.

Town of Narragansett's Outstanding Debt Bonds, Notes and Capital Leases (In thousands)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$22,284	\$23,724	\$ 295	\$ 440	\$22,579	\$24,164
Notes and loans	1,153	1,311	1,696	2,104	2,849	3,415
Capital leases	363	588	-	-	363	588
Total	<u>\$23,800</u>	<u>\$25,623</u>	<u>\$1,991</u>	<u>\$2,544</u>	<u>\$25,791</u>	<u>\$28,167</u>

Except as provided below, under Rhode Island general laws, the Town may not, without special statutory authorization, incur any debt which would increase its aggregate indebtedness not otherwise excepted by law to an amount greater than 3% of the taxable property of the Town. Deducted from the computation of aggregated indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any sinking funds maintained by the Town. The 3% debt limit of the Town is \$136,226,676 based on net assessed valuations of \$4,540,889,213 as of December 31, 2016. As of June 30, 2018, the Town had \$112,789,839 of debt that could be issued under the 3% debt limit provision.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Capital Assets and Debt Administration (Continued)

The Town is guided by a Debt Policy, adopted by a prior Town Council, which places internal limits on the amount of General Fund debt the Town may undertake. These restrictions are:

Debt Issuance Ratios	Limitation
Debt Service as a Percentage of Operating Budget	7% of Operating Budget Expenses
Outstanding Debt as a Percentage of Assessed Valuation	2.5% of assessed valuations
Debt Service as a Percentage of Maximum Allowable Tax Levy	8% of Maximum Allowable Tax Levy
Outstanding Debt Per Capita	\$2,500 per capita

Current general obligation debt for Governmental Activities of \$23,799,574 and debt service of \$2,623,932 for FY 2018 equates to the following (excludes compensated absences, pollution remediation obligations and pension and OPEB obligations):

4.51% Debt service as a Percent of the Operating Budget (FY 18 budget was \$58,152,434 while debt service was \$2,623,932).

.52% Outstanding general obligation debt as a percentage of Net Assessed valuation \$ 4,540,889,213

5.20% Debt service as a percent of net tax levy of \$50,416,485

\$1,499 Outstanding general obligation debt per capita of 15,868

As can be seen, the Town is well within the Debt Policy Guidelines.

MAXIMUM TO STAY WITHIN DEBT LIMITS

	LIMITS	CURRENT	
Debt service at 7% of operating budget	\$ 4,070,670	\$ 2,623,932	64.5%
Debt at 2.5% of assessed value	\$113,522,230	\$ 23,799,574	20.9%
Debt service at 8% of the tax levy	\$ 4,033,319	\$ 2,623,932	65.1%
Debt per capita at \$2,500	\$ 2,500	\$ 1,499	60.0%

The Town of Narragansett issued \$6.1 million in General Obligation bonds in October 2016 for the purpose of reimbursing the expense for renovating the Public Safety Building (\$2.0 million), reimbursing the expense for the School Athletic Field (\$1.8 million) and the continuation of the Road Construction Project (\$2.3 million). The School also obligated the Town to a 5 yr lease/purchase in the amount of \$410,450 for 5 busses. The Town also refunded a portion of the RIHEBC Public School bond issue of 2009 in May 2017 resulting in a savings of 7.71% or approximately \$973,000. The Town Council approved a bond authorization for a new library in the amount of \$5.8 million and an authorization of \$400,000 for the financing of a building adjacent to the proposed library building if it is deemed not to be used for a library purpose.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Subsequent Fiscal Year 2018-19 Budget and Tax Rates

The Town of Narragansett's total general fund budget for fiscal year 18/19 is \$59,374,116, which reflects an increase of \$1,221,682 from the fiscal year 2017/18 budget. The Town's tax rates for fiscal year 2018/19 are residential real estate \$9.95 per thousand of valuation, commercial real estate and property \$13.93 per thousand of valuation, and motor vehicles \$16.46 per thousand of valuation over \$6000 with a new State 5 year phase out planned for the motor vehicle tax.

Other subsequent events. The Town Council approved a bond authorization for a new library in the amount of \$5.8 million and an authorization of \$400,000 for the financing of the adjacent unit to the proposed library building if it is deemed not to be used for a library purpose. The building has been purchased for a total of \$2,800,000.

The State of Rhode Island passed a new tax law phasing out the local authority to tax motor vehicles R.I Gen. Laws 44-34.1 Article 11 of 2017-H 5175 Sub A. This is a five year phase out with FY 17/18 as the first year of implementation of this law. The State will reimburse the reduction of the revenue to the Town.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Director of Finance
Town of Narragansett
25 Fifth Avenue
Narragansett, RI 02882

BASIC FINANCIAL STATEMENTS

THE BASIC FINANCIAL STATEMENTS INCLUDE:

Government-Wide Financial Statements

Fund Financial Statements:

- Governmental Funds**
- Proprietary Funds**
- Fiduciary Funds**

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

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

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 17,608,104	\$ 10,053,885	\$ 27,661,989
Investments	5,989,077	-	5,989,077
Accrued interest receivable	-	24,164	24,164
Real estate and personal property tax receivable, net	498,780	-	498,780
Water and sewer use and assessments receivable	-	657,356	657,356
Due from federal and state government	1,197,320	-	1,197,320
Other receivables	719,537	16,135	735,672
Inventories	18,837	-	18,837
Prepaid expenses	278,296	-	278,296
Total current assets	26,309,951	10,751,540	37,061,491
Noncurrent assets:			
Sewer assessments receivable	-	1,668,327	1,668,327
Capital assets: (Note 2)			
Land and land easements	44,058,624	3,186,280	47,244,904
Depreciable buildings, property, equipment, infrastructure, net	50,030,220	31,883,013	81,913,233
Construction in progress	2,900,154	844,281	3,744,435
Other assets	2,493,689	-	2,493,689
Total noncurrent assets	99,482,687	37,581,901	137,064,588
Total assets	125,792,638	48,333,441	174,126,079
Deferred outflows of resources:			
Deferred amounts on refunding	326,199	-	326,199
Deferred pension amounts	9,243,956	-	9,243,956
Deferred other post-employment benefit amounts	1,407,083	-	1,407,083
Total deferred outflows of resources	10,977,238	-	10,977,238
Liabilities:			
Current Liabilities:			
Accounts payable and accrued liabilities	2,888,299	372,217	3,260,516
Accrued interest payable	153,164	14,610	167,774
Customer deposits payable	-	20,475	20,475
Unearned revenue	9,779	-	9,779
Compensated absences payable	499,542	59,462	559,004
Pollution remediation obligations	85,574	-	85,574
Long-term debt - due within one year (Note 7)	1,828,405	563,269	2,391,674
Total current liabilities	5,464,763	1,030,033	6,494,796
Noncurrent Liabilities:			
Long-term debt - due in more than one year (Note 7)	23,735,543	1,427,843	25,163,386
Compensated absences payable	3,420,938	317,034	3,737,972
Pollution remediation obligations	1,593,188	-	1,593,188
Net pension liabilities	72,130,905	-	72,130,905
Net other post-employment benefit liabilities	35,040,392	-	35,040,392
Total noncurrent liabilities	135,920,966	1,744,877	137,665,843
Total liabilities	141,385,729	2,774,910	144,160,639
Deferred Inflows of Resources:			
Deferred property taxes	20,244	-	20,244
Deferred pension amounts	4,837,654	-	4,837,654
Deferred other post-employment benefit amounts	4,206,644	-	4,206,644
Deferred sewer assessments	-	1,572,207	1,572,207
Total deferred inflows of resources	9,064,542	1,572,207	10,636,749
Net Position:			
Net investment in capital assets	73,270,420	33,922,462	107,192,882
Restricted for:			
Capital	98,962	-	98,962
Education programs	4,339,740	-	4,339,740
Public safety programs	80,720	-	80,720
Historical records preservation	156,743	-	156,743
Community service programs	434,986	-	434,986
Parks and recreation programs	106,001	-	106,001
Other programs	89,276	-	89,276
Unrestricted	(92,257,243)	10,063,862	(82,193,381)
Total net position	\$ (13,680,395)	\$ 43,986,324	\$ 30,305,929

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

TOWN OF NARRAGANSETT, RHODE ISLAND

*Statement of Activities
For the Fiscal Year Ended June 30, 2018*

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 2,613,752	\$ 1,560,044	\$ -	\$ 28,733	\$ (1,024,975)	\$ -	\$ (1,024,975)
Financial administration	1,765,091	700,566	80,803	-	(983,722)	-	(983,722)
Public safety	17,752,138	979,735	52,372	160,192	(16,559,839)	-	(16,559,839)
Public works	5,042,949	39,856	12,963	518,300	(4,471,830)	-	(4,471,830)
Social services	19,125	-	-	-	(19,125)	-	(19,125)
Parks and recreation	2,364,493	647,131	194,044	-	(1,523,318)	-	(1,523,318)
Planning, engineering and inspection	1,263,615	361,005	-	-	(902,610)	-	(902,610)
Library	964,371	15,125	192,502	-	(756,744)	-	(756,744)
Education	31,989,619	1,173,646	4,787,558	671,756	(25,356,659)	-	(25,356,659)
Interest on long-term debt	758,670	-	475,693	-	(282,977)	-	(282,977)
Total governmental activities	64,533,823	5,477,108	5,795,935	1,378,981	(51,881,799)	-	(51,881,799)
Business-Type Activities:							
Water	2,262,475	2,206,658	-	-	-	(55,817)	(55,817)
Sewer	4,450,670	4,171,610	-	7,869	-	(271,191)	(271,191)
Beach	1,920,459	2,388,572	-	64,295	-	532,408	532,408
Middlebridge Recreation	25,902	73,411	-	-	-	47,509	47,509
Total business-type activities	8,659,506	8,840,251	-	72,164	-	252,909	252,909
Total	\$ 73,193,329	\$ 14,317,359	\$ 5,795,935	\$ 1,451,145	(51,881,799)	252,909	(51,628,890)
General Revenues:							
Taxes:							
Property taxes					50,562,602	-	50,562,602
State aid and in lieu of taxes, not restricted for a specific purpose					1,984,238	-	1,984,238
Investment earnings					79,018	46,580	125,598
Miscellaneous					104,220	7,000	111,220
Transfers					(81,904)	81,904	-
Total general revenues and transfers					52,648,174	135,484	52,783,658
Change in net position					766,375	388,393	1,154,768
Net position - beginning of year					(14,446,770)	43,597,931	29,151,161
Net position - end of year					\$ (13,680,395)	\$ 43,986,324	\$ 30,305,929

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

TOWN OF NARRAGANSETT, RHODE ISLAND

*Balance Sheet
Governmental Funds
June 30, 2018*

	<i>General Fund</i>	<i>Street Improvement Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>
Assets				
Cash	\$ 13,202,074	\$ 915,979	\$ 3,623,996	\$ 17,742,049
Investments	5,989,077	-	-	5,989,077
Real estate and personal property				
tax receivable, net	498,780	-	-	498,780
Due from federal and state governments	222,337	518,300	456,683	1,197,320
Due from other funds	525,316	-	1,502,844	2,028,160
Other receivables	236,144	-	268,728	504,872
Inventory	18,837	-	-	18,837
Prepaid expenditures	278,296	-	-	278,296
Other assets	70,525	-	-	70,525
Total assets	<u>\$ 21,041,386</u>	<u>\$ 1,434,279</u>	<u>\$ 5,852,251</u>	<u>\$ 28,327,916</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Cash overdraft	\$ -	\$ -	\$ 133,945	\$ 133,945
Accounts payable and accrued expenditures	1,284,570	680,945	349,496	2,315,011
Due to other funds	1,686,635	-	310,651	1,997,286
Unearned revenue	-	-	9,779	9,779
Other liabilities	280,195	-	-	280,195
Total liabilities	<u>3,251,400</u>	<u>680,945</u>	<u>803,871</u>	<u>4,736,216</u>
Deferred Inflows of Resources:				
Deferred property taxes	356,190	-	-	356,190
Other deferred revenues	70,525	-	244,557	315,082
Total deferred inflows of resources	<u>426,715</u>	<u>-</u>	<u>244,557</u>	<u>671,272</u>
Fund Balances:				
Nonspendable:				
Inventory	18,837	-	-	18,837
Prepaid expenditures	278,296	-	-	278,296
Restricted for:				
Education programs	4,251,549	-	88,191	4,339,740
Public safety programs	-	-	80,720	80,720
Historical records preservation	-	-	156,743	156,743
Community service programs	-	-	190,429	190,429
Parks and recreation programs	-	-	106,001	106,001
Library programs	46,299	-	-	46,299
Capital projects	98,962	753,334	-	852,296
Other programs	-	-	42,977	42,977
Committed for:				
Capital projects	50,000	-	2,461,781	2,511,781
Debt service	-	-	495,125	495,125
Assigned to:				
2019 budget	1,677,610	-	-	1,677,610
Parks and recreation programs	124,116	-	-	124,116
Towers	399,036	-	-	399,036
Kinney Bungalow	359,601	-	-	359,601
Sunset Farm	18,757	-	-	18,757
Capital projects	-	-	1,220,432	1,220,432
Other	142,734	-	-	142,734
Unassigned	9,897,474	-	(38,576)	9,858,898
Total fund balances	<u>17,363,271</u>	<u>753,334</u>	<u>4,803,823</u>	<u>22,920,428</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,041,386</u>	<u>\$ 1,434,279</u>	<u>\$ 5,852,251</u>	<u>\$ 28,327,916</u>

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

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

Total Fund Balances - Total Governmental Funds \$ 22,920,428

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. See note 2 to the financial statements. 96,988,998

Other long-term receivables are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the Governmental Funds financial statements. 315,082

Delinquent taxes are recognized as revenue in the period for which levied in the Government-Wide financial statements, but are reported as deferred inflows of resources in the Governmental Funds financial statements. 335,946

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet. (153,164)

Deferred pension and other post-employment benefit amounts are not reported in the Governmental Funds financial statements, but are reported in the Government-Wide financial statements as follows:

Deferred outflows of resources 10,651,039

Deferred inflows of resources (9,044,298)

Long-term liabilities (including bonds, notes, loans, and capital leases payable, compensated absences, pollution remediation obligations, net pension liabilities and net other post employment benefit liabilities) are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. See note 7 to the financial statements. (138,334,487)

Deferred amounts on refunding are not reported in the Governmental Fund financial statements, but are reported net of accumulated amortization as deferred outflows of resources in the Government-Wide financial statements. 326,199

The Internal Service Fund is used by management to charge the costs of Health and Dental Insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in Governmental Activities in the Government-Wide Statement of Net Position. 2,313,862

Net Position of Governmental Activities \$ (13,680,395)

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

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

	General Fund	Street Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
General property taxes and payments in lieu of taxes	\$ 51,059,703	\$ -	\$ -	\$ 51,059,703
State and federal aid	5,655,952	-	639,506	6,295,458
Charges for services	5,243,743	-	332,757	5,576,500
Operating grants and contributions	144,751	-	1,137,564	1,282,315
Capital grants and contributions	-	518,300	192,442	710,742
Investment and interest income	46,530	22,085	10,403	79,018
Other revenues	59,346	-	37,432	96,778
Total revenues	<u>62,210,025</u>	<u>540,385</u>	<u>2,350,104</u>	<u>65,100,514</u>
Expenditures:				
Current:				
General government	1,985,366	-	27,414	2,012,780
Financial administration	1,563,238	-	-	1,563,238
Public safety	13,975,188	-	53,688	14,028,876
Public works	2,917,660	-	20,608	2,938,268
Social services	-	-	19,125	19,125
Parks and recreation	1,716,573	-	138,583	1,855,156
Planning, engineering and inspection	1,111,062	-	-	1,111,062
Library	874,144	-	-	874,144
Food service	-	-	366,913	366,913
Education	28,355,875	-	852,225	29,208,100
Town-wide	797,409	-	-	797,409
Other	3,077,000	-	-	3,077,000
Debt Service	-	-	2,708,550	2,708,550
Capital outlay	264,070	2,394,534	2,278,407	4,937,011
Total expenditures	<u>56,637,585</u>	<u>2,394,534</u>	<u>6,465,513</u>	<u>65,497,632</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>5,572,440</u>	<u>(1,854,149)</u>	<u>(4,115,409)</u>	<u>(397,118)</u>
Other financing sources (uses):				
Transfers from other funds	-	-	5,368,643	5,368,643
Transfers to other funds	(5,450,547)	-	-	(5,450,547)
Total other financing sources (uses)	<u>(5,450,547)</u>	<u>-</u>	<u>5,368,643</u>	<u>(81,904)</u>
Net change in fund balances	121,893	(1,854,149)	1,253,234	(479,022)
Fund balances - beginning of year-restated	<u>17,241,378</u>	<u>2,607,483</u>	<u>3,550,589</u>	<u>23,399,450</u>
Fund balances - end of year	<u><u>\$ 17,363,271</u></u>	<u><u>\$ 753,334</u></u>	<u><u>\$ 4,803,823</u></u>	<u><u>\$ 22,920,428</u></u>

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

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

Net Changes in Fund Balances - Total Governmental Funds	\$ (479,022)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental Funds financial statements report capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital asset additions recorded in the current period.	4,797,787
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in Governmental Funds financial statements.	(4,372,758)
Loss on disposal of capital assets is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, the loss on disposal of capital assets is not reported as an expenditure in the Governmental Funds financial statements.	(92,063)
Long-term compensated absences are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in Governmental Funds financial statements. This is the amount of the change in long-term compensated absences in the current period.	(364,085)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of debt principal is an expenditure in the Government Funds, but the payments reduce long-term liabilities in the Government-Wide Statement of Net Position. This amount represents debt principal payments during the current period.	1,823,576
Accrued interest on long-term debt is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in Governmental Funds financial statements. The following amount represents the change in accrued interest from prior year.	64,958
Debt issued at a premium provide current financial resources to Governmental Funds, but are deferred and amortized in the Government-Wide financial statements. Deferred amounts on refunding are expenditures in the Governmental Funds, but are deferred and amortized in the Government-Wide financial statements. This amount represents amortization of premium on debt during the current period. This amount represents amortization of deferred amounts on refunding during the current period.	150,382 (30,111)
Other long-term liabilities are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources. Therefore, other long-term liabilities are not reported as expenditures in Governmental Funds financial statements. This amount represents the change in pollution remediation obligations during the current period. This amount represents the change in the net pension liabilities and related deferred pension amounts during the current period. This amount represents the change in the net OPEB liabilities and related deferred OPEB amounts during the current period.	85,573 (2,482,886) 1,099,079
The Internal Service Fund is used by management to charge the costs of Health and Dental Insurance to individual funds. The net revenues (expenses) of the Internal Service Fund is reported with Governmental Activities in the Government-Wide financial statements.	625,273
Revenues in the Government-Wide Statement of Activities that are not measurable and available in Governmental Funds are not reported as revenue in the Governmental Funds.	(59,328)
Change in Net Position of Governmental Activities	<u><u>\$ 766,375</u></u>

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

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

	Business-Type Activities					Governmental Activities
	Water Fund	Sewer Fund	Beach Fund	Middlebridge Recreation Fund	Total Enterprise Funds	Internal Service Fund Healthcare Fund
Assets						
Current assets:						
Cash and cash equivalents	\$ 2,120,765	\$ 4,749,796	\$ 3,114,498	\$ 68,826	\$ 10,053,885	\$ -
Accounts receivable:						
Water and sewer use fees	269,021	350,010	-	-	619,031	-
Sewer assessment	-	38,325	-	-	38,325	-
Accrued interest	-	24,164	-	-	24,164	-
Other	-	16,135	-	-	16,135	-
Due from federal and state governments	-	-	-	-	-	-
Total current assets	2,389,786	5,178,430	3,114,498	68,826	10,751,540	-
Noncurrent assets:						
Sewer assessments receivable	-	1,668,327	-	-	1,668,327	-
Health insurance deposits	-	-	-	-	-	2,423,164
Capital assets:						
Non-depreciable assets	92,700	1,071,991	1,813,370	1,052,500	4,030,561	-
Depreciable assets - net	3,715,391	24,021,845	3,881,357	264,420	31,883,013	-
Total noncurrent assets	3,808,091	26,762,163	5,694,727	1,316,920	37,581,901	2,423,164
Total assets	6,197,877	31,940,593	8,809,225	1,385,746	48,333,441	2,423,164
Liabilities						
Current liabilities:						
Accounts payable and accrued expenses	141,456	140,560	89,362	839	372,217	-
Accrued interest payable	-	13,157	-	1,453	14,610	-
Claims payable	-	-	-	-	-	109,302
Accrued compensated absences	27,492	29,785	2,185	-	59,462	-
Customer and security deposits payable	-	-	19,200	1,275	20,475	-
Current portion of bonds, notes and loans payable	-	418,269	-	145,000	563,269	-
Total current liabilities	168,948	601,771	110,747	148,567	1,030,033	109,302
Noncurrent liabilities:						
Accrued compensated absences	167,197	148,045	1,792	-	317,034	-
Bonds, notes and loans payable	-	1,277,843	-	150,000	1,427,843	-
Total noncurrent liabilities	167,197	1,425,888	1,792	150,000	1,744,877	-
Total liabilities	336,145	2,027,659	112,539	298,567	2,774,910	109,302
Deferred Inflows of Resources						
Deferred sewer assessments	-	1,572,207	-	-	1,572,207	-
Total deferred inflows of resources	-	1,572,207	-	-	1,572,207	-
Net Position						
Net investment in capital assets	3,808,091	23,397,724	5,694,727	1,021,920	33,922,462	-
Unrestricted	2,053,641	4,943,003	3,001,959	65,259	10,063,862	2,313,862
Total net position	\$ 5,861,732	\$ 28,340,727	\$ 8,696,686	\$ 1,087,179	\$ 43,986,324	\$ 2,313,862

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

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

	Business-Type Activities					Governmental Activities
	Water Fund	Sewer Fund	Beach Fund	Middlebridge Recreation Fund	Total Enterprise Funds	Internal Service Fund Healthcare Fund
Operating revenues						
Assessments and user fees	\$ 2,175,648	\$ 4,145,589	\$ -	\$ -	\$ 6,321,237	\$ -
Admittance and rental fees	-	-	2,371,729	71,075	2,442,804	-
Charges for insurance	-	-	-	-	-	3,754,258
Other revenues	31,010	26,021	16,843	2,336	76,210	-
Total operating revenues	2,206,658	4,171,610	2,388,572	73,411	8,840,251	3,754,258
Operating expenses						
Salaries and benefits	704,268	1,244,043	901,387	-	2,849,698	-
Materials, supplies and maintenance	745,528	1,277,818	216,884	3,648	2,243,878	-
Utilities	15,489	248,766	32,694	1,628	298,577	-
Health and dental claims	-	-	-	-	-	2,934,493
Administrative and miscellaneous	283,516	721,758	493,907	4,597	1,503,778	194,492
Depreciation expense	513,674	916,431	274,848	7,732	1,712,685	-
Total operating expenses	2,262,475	4,408,816	1,919,720	17,605	8,608,616	3,128,985
Operating income (loss)	(55,817)	(237,206)	468,852	55,806	231,635	625,273
Nonoperating revenues (expenses)						
Other non-operating revenue	-	7,000	-	-	7,000	-
Investment income	9,141	23,794	13,509	136	46,580	-
Loss on disposal of capital assets	-	-	(739)	-	(739)	-
Interest expense	-	(41,854)	-	(8,297)	(50,151)	-
Total nonoperating revenues (expenses)	9,141	(11,060)	12,770	(8,161)	2,690	-
Income before capital contributions and transfers	(46,676)	(248,266)	481,622	47,645	234,325	625,273
Capital contributions	-	7,869	64,295	-	72,164	-
Transfers in	-	-	-	81,904	81,904	-
Change in net position	(46,676)	(240,397)	545,917	129,549	388,393	625,273
Total net position - beginning of year-restated	5,908,408	28,581,124	8,150,769	957,630	43,597,931	1,688,589
Total net position - end of year	\$ 5,861,732	\$ 28,340,727	\$ 8,696,686	\$ 1,087,179	\$ 43,986,324	\$ 2,313,862

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

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

	Business-Type Activities					Governmental Activities
	Water Fund	Sewer Fund	Beach Fund	Middlebridge Recreation Fund	Total Enterprise Funds	Internal Service Fund Healthcare Fund
Cash flows from operating activities						
Receipts from customers	\$ 2,190,976	\$ 4,104,431	\$ 2,371,729	\$ 71,075	\$ 8,738,211	\$ -
Receipts from interfund charges for insurance	-	-	-	-	-	3,754,258
Other operating receipts	31,010	33,021	16,843	2,336	83,210	-
Receipts of customer deposits	-	-	49,495	-	49,495	-
Payment of health insurance deposits	-	-	-	-	-	(504,932)
Payments to suppliers for goods and services	(846,988)	(1,677,782)	(396,971)	(9,361)	(2,931,102)	(194,492)
Payments to employees for services	(755,880)	(1,220,622)	(890,760)	-	(2,867,262)	-
Payments to other funds for services provided	(171,104)	(571,052)	(340,789)	-	(1,082,945)	-
Payments for health and dental claims	-	-	-	-	-	(3,054,834)
Return of customer deposits	-	-	(51,300)	-	(51,300)	-
Net cash provided by operating activities	448,014	667,996	758,247	64,050	1,938,307	-
Cash flows from non-capital financing activities						
Transfer from other funds	-	-	-	81,904	81,904	-
Net cash provided by non-capital related financing activities	-	-	-	81,904	81,904	-
Cash flows from capital and related financing activities						
Capital contributions received	-	543,556	64,295	-	607,851	-
Acquisition and construction of capital assets	(76,674)	(1,183,142)	(190,626)	-	(1,450,442)	-
Payment of interest on bonds and loans	-	(45,386)	-	(8,994)	(54,380)	-
Payment of principal on bonds and loans	-	(408,168)	-	(145,000)	(553,168)	-
Net cash used for capital and related financing activities	(76,674)	(1,093,140)	(126,331)	(153,994)	(1,450,139)	-
Cash flows from investing activities						
Interest on investments	9,141	23,794	13,509	136	46,580	-
Net cash provided by investing activities	9,141	23,794	13,509	136	46,580	-
Net increase(decrease) in cash and cash equivalents	380,481	(401,350)	645,425	(7,904)	616,652	-
Cash and cash equivalents - beginning of year	1,740,284	5,151,146	2,469,073	76,730	9,437,233	-
Cash and cash equivalents - end of year	\$ 2,120,765	\$ 4,749,796	\$ 3,114,498	\$ 68,826	\$ 10,053,885	\$ -

(Continued)

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

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

	Business-Type Activities					Governmental Activities
	Water Fund	Sewer Fund	Beach Fund	Middlebridge Recreation Fund	Total Enterprise Funds	Internal Service Fund Healthcare Fund
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ (55,817)	\$ (237,206)	\$ 468,852	\$ 55,806	\$ 231,635	\$ 625,273
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	513,674	916,431	274,848	7,732	1,712,685	-
Other non-operating revenue	-	7,000	-	-	7,000	-
Changes in assets, liabilities and deferred inflows of resources:						
(Increase) decrease in accounts receivable	8,842	387,583	-	-	396,425	-
(Increase) decrease in health insurance deposits	-	-	-	-	-	(504,932)
Increase (decrease) in accounts payable and accrued expenses	(34,642)	22,872	15,045	512	3,787	-
Increase (decrease) in accrued compensated absences	15,957	57	1,307	-	17,321	-
Increase (decrease) in claims payable	-	-	-	-	-	(120,341)
Increase (decrease) in deposits payable	-	-	(1,805)	-	(1,805)	-
Increase (decrease) in deferred sewer assessment revenue	-	(428,741)	-	-	(428,741)	-
Net cash provided by operating activities	\$ 448,014	\$ 667,996	\$ 758,247	\$ 64,050	\$ 1,938,307	\$ -

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

TOWN OF NARRAGANSETT, RHODE ISLAND
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	<u>Pension</u> <u>Trust Funds</u>	<u>Other Post-</u> <u>Employment</u> <u>Benefit</u> <u>Trust Funds</u>	<u>Private-</u> <u>Purpose</u> <u>Trust Funds</u>	<u>Agency Funds</u>
Assets				
Cash and cash equivalents	\$ 7,495,623	\$ 3,331,483	\$ 70,768	\$ -
Investments at fair value:				
U.S. government obligations	2,667,384	-	-	-
Municipal obligations	30,813	-	-	-
Corporate bonds	4,017,328	-	-	-
Mortgage backed securities	591,066	-	-	-
Common stock	26,649,535	2,061,944	-	-
Mutual and exchange traded funds - equities	26,891,393	389,562	8,694	-
Mutual and exchange traded funds - fixed income	18,349,111	1,109,010	-	-
Hedge fund	4,726,120	-	-	-
Pooled investments	-	1,197,901	-	-
Total investments	<u>83,922,750</u>	<u>4,758,417</u>	<u>8,694</u>	<u>-</u>
Contribution receivable	104,844	-	-	-
Due from other funds	-	-	-	183,791
Accrued interest receivable	55,736	-	-	-
Prepaid expenses	508,990	140,604	-	-
Total assets	<u>92,087,943</u>	<u>8,230,504</u>	<u>79,462</u>	<u>183,791</u>
Liabilities				
Accounts payable and accrued expenses	-	137,725	-	2,714
Due to other funds	214,665	-	-	-
Deposits held in custody for others	-	-	-	181,077
Total liabilities	<u>214,665</u>	<u>137,725</u>	<u>-</u>	<u>183,791</u>
Net Position				
Restricted for pension benefits, post-employment benefits and other purposes	<u>\$ 91,873,278</u>	<u>\$ 8,092,779</u>	<u>\$ 79,462</u>	<u>\$ -</u>

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

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

	<u><i>Pension Trust Funds</i></u>	<u><i>Other Post- Employment Benefit Trust Funds</i></u>	<u><i>Private- Purpose Trust Funds</i></u>
<i>Additions</i>			
Contributions:			
Employer	\$ 6,224,877	\$ 3,863,274	\$ -
Plan member	1,583,751	-	-
Total contributions	<u>7,808,628</u>	<u>3,863,274</u>	<u>-</u>
Investment income:			
Net increase (decrease) in fair value of investments	3,523,634	340,572	453
Interest and dividends	2,092,492	88,789	429
Less: investment expense	<u>(462,657)</u>	<u>(27,200)</u>	<u>-</u>
Net investment income	<u>5,153,469</u>	<u>402,161</u>	<u>882</u>
<i>Total additions</i>	<u>12,962,097</u>	<u>4,265,435</u>	<u>882</u>
<i>Deductions</i>			
Benefits	5,744,624	2,625,285	-
Refunds of contributions	143,737	-	-
Administrative expenses	64,895	8,250	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,000</u>
<i>Total deductions</i>	<u>5,953,256</u>	<u>2,633,535</u>	<u>1,000</u>
<i>Change in net position</i>	7,008,841	1,631,900	(118)
<i>Net position - beginning of year</i>	<u>84,864,437</u>	<u>6,460,879</u>	<u>79,580</u>
<i>Net position - end of year</i>	<u><u>\$ 91,873,278</u></u>	<u><u>\$ 8,092,779</u></u>	<u><u>\$ 79,462</u></u>

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Town of Narragansett was founded in 1888. The Town is governed largely under the 1966 Narragansett Home Rule Charter. 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. The Town operates under a Town Council/Town Manager form of government and provides the following services as authorized by its charter: public safety (police, fire, and emergency services); public works (highways, streets, and facilities management); parks and recreation; planning, engineering and inspection; education; social services; and general administrative services.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting entity, the Town applied the criteria prescribed by GASB Statement No. 14, as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units," GASB Statement No. 61 "Financial Reporting Entity Omnibus" and GASB Statement No. 80, "Blending Requirements for Certain Component Units". A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or based on the nature and significance of the organization's relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The Town of Narragansett does not have any component units.

B. BASIS OF PRESENTATION AND ACCOUNTING

Government-Wide Financial Statements

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

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

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

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. In the Statement of Activities, internal service fund transactions have been eliminated; however those transactions between governmental and business-type activities have not been eliminated.

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.

Governmental Fund Financial Statements

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

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

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

Major Governmental Funds:

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

Street Improvement Fund – The Street Improvement Fund accounts for debt proceeds used for road construction projects, other than those financed by proprietary funds.

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. A column representing Internal Service Funds is also presented in these statements. However, Internal Service balances and activities have been combined with the Governmental Activities in the Government-Wide Financial Statements.

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 four Enterprise Funds. The Town considers all Enterprise Funds to be major funds for financial statement purposes. The Town’s Enterprise Funds are as follows:

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

Sewer Fund – The Sewer Fund is used to account for the sewer use fees, the assessments, and the expenses associated with providing sewer services to Town residents and businesses.

Beach Fund – The Beach Fund is used to account for the fees and the expenses associated with the operation of the Town beach.

Middlebridge Recreation Fund – The Middlebridge Recreation Fund is used to account for rental fees and expenses associated with the operations of Middlebridge Recreation Area.

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

The Town has one Internal Service Fund as follows:

Healthcare Fund – The Healthcare Fund is used to account for the Town’s self-insured health and dental care programs.

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Net Position and a Statement of Changes in Net Position. The Town’s Fiduciary Funds include the Pension Trust Funds, the Other Post-Employment Benefits Trust Funds, the Private Purpose Trust Funds, and the 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 Funds – The Pension Trust Funds account for contributions made by the Town and its participating employees to provide pension benefits to these employees at retirement.

Other Post-Employment Benefits Trust Funds – The Other Post-Employment Benefits (OPEB) Trust Funds were established to account for contributions to finance other post-employment benefits paid by the Town and the payment of these benefits as they come due. The Town OPEB Fund was established by Town Ordinance effective August 1, 2011 and the School OPEB Fund was established by School Committee Resolution effective May 17, 2017.

Private Purpose Trust Funds – The Private Purpose Trust Funds account for funds held in trust for use by an outside committee to provide awards and scholarships in accordance with a donor’s instructions. All resources of the funds, including any earnings on investments, may be used. There is no requirement that any portion that these resources be considered nonexpendable.

Agency Funds – These funds account for assets held by the Town as agent for various student groups. The Agency Funds include the Student Activity Funds.

C. RECENTLY ISSUED ACCOUNTING STANDARDS

The Town has implemented the following new accounting pronouncements:

- GASB Statement No. 81 – *Irrevocable Split-Interest Agreements*, effective for the Town’s fiscal year ending June 30, 2018.
- GASB Statement No. 85 – *Omnibus 2017*, effective for the Town’s fiscal year ending June 30, 2018.
- GASB Statement No. 86 – *Certain Debt Extinguishment Issues*, effective for the Town’s fiscal year ending June 30, 2018.

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

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

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

- GASB Statement No. 83 – *Certain Asset Retirement Obligations*, Effective for the Town’s fiscal year ending June 30, 2019.
- GASB Statement No. 84 – *Fiduciary Activities*, effective for the Town’s fiscal year ending June 30, 2020.
- GASB Statement No. 87 – *Leases*, effective for the Town’s fiscal year ending June 30, 2021.
- GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the Town’s fiscal year ending June 30, 2019.
- GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the Town’s fiscal year ending June 30, 2021.
- GASB Statement No. 90 – *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for the Town’s fiscal year ending June 30, 2020.

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

D. CASH EQUIVALENTS

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

E. INVESTMENTS

The Town reports investments at fair value, except for investments in annuities which are reported at amortized cost and money market funds, the Trust OPEB Funding Program and the hedge fund which are reported at net asset value per share (which approximates fair value).

F. ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE

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

G. UNBILLED SERVICES RECEIVABLE

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

H. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

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

I. INVENTORY

Inventory is maintained on a periodic system and is stated at cost (first in, first out method of inventory valuation). Inventory is generally recorded as expenditures/expenses when consumed.

J. CAPITAL ASSETS AND DEPRECIATION

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

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

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

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

<u>Description</u>	<u>Estimated Useful Lives</u>
Land improvements	5 – 65 years
Buildings and improvements	25 – 65 years
Machinery and equipment	5 – 30 years
Vehicles	6 – 12 years
Infrastructure	15 – 65 years

K. 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.

L. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

In the Governmental Fund Financial Statements, deferred inflows of resources are reported for receivables recorded in the Governmental Fund Financial Statements for which the revenue is not available or amounts received before the period for which property taxes are levied. In the Government-Wide Financial Statements, deferred inflows of resources are reported for amounts received before the period for which property taxes are levied and deferred amounts related to refunding debt issues which will be amortized as a component of interest expense in future years.

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

Deferred outflows of resources and deferred inflows of resources are also reported for amounts related to the Town's pension plans and other post-employment benefit plans that will be amortized as a component of pension and other post-employment benefit expense in future years.

M. PROPERTY TAXES

The Town is permitted by Rhode Island General Law to levy property taxes. Current tax collections for the Town were approximately 99.25% of the total 2017 levy. The tax rate of the Town is established in accordance with Town Ordinance.

The Town's fiscal 2017-2018 property taxes were levied on May 15, 2017, on assessed valuation as of December 31, 2016. Upon levy, taxes are due and payable between July 1 and July 31 or may be paid quarterly on July 31, October 31, January 31 and April 30. Failure to mail payments by due dates will result in a lien on the taxpayer's property. Taxable assessed values are established by Tax Assessor's Office and are currently calculated at 100% of the full and fair value for real estate and tangible personal property and the value, as determined by the RI Vehicle Valuation Commission, for motor vehicles. A full revaluation of all property was completed as of December 31, 2014.

Rhode Island General Law restricts the Town's ability to increase its total tax levy by more than 4% over that of the preceding fiscal year for 2018.

N. COMPENSATED ABSENCES

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

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

O. ACCRUED LIABILITIES AND LONG-TERM DEBT

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

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

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

P. PENSIONS

For the purposes of measuring the net pension liabilities, 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 of the State of Rhode Island, the Town Pension, and 1666 Pension plans and the additions to/ deductions from each plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, the plans 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.

Q. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For the purposes of measuring the net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Town OPEB and School OPEB plans and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, the plans recognizes benefit payments when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

R. ESTIMATES

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

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

NOTE 2 - CAPITAL ASSETS

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

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Retirements</i>	<i>Ending Balance</i>
Governmental Activities:				
Nondepreciable assets:				
Land and land easements	\$ 44,058,624	\$ -	\$ -	\$ 44,058,624
Construction in progress	2,536,011	2,776,084	2,411,941	2,900,154
	<u>46,594,635</u>	<u>2,776,084</u>	<u>2,411,941</u>	<u>46,958,778</u>
Depreciable assets:				
Land improvements and infrastructure	48,299,586	3,018,537	-	51,318,123
Buildings and improvements	51,166,876	493,237	-	51,660,113
Machinery and equipment	8,769,336	243,613	1,338,327	7,674,622
Vehicles	9,198,881	678,258	977,372	8,899,767
	<u>117,434,679</u>	<u>4,433,645</u>	<u>2,315,699</u>	<u>119,552,625</u>
Total capital assets	<u>164,029,314</u>	<u>7,209,729</u>	<u>4,727,640</u>	<u>166,511,403</u>
Less accumulated depreciation for:				
Land improvements and infrastructure	29,140,556	1,424,375	-	30,564,931
Buildings and improvements	26,312,492	1,923,819	-	28,236,311
Machinery and equipment	5,715,100	425,580	1,251,481	4,889,199
Vehicles	6,205,134	598,984	972,154	5,831,964
Total accumulated depreciation	<u>67,373,282</u>	<u>4,372,758</u>	<u>2,223,635</u>	<u>69,522,405</u>
Governmental activities capital assets, net	<u>\$ 96,656,032</u>	<u>\$ 2,836,971</u>	<u>\$ 2,504,005</u>	<u>\$ 96,988,998</u>
Business-Type Activities:				
Nondepreciable assets:				
Land	\$ 3,186,280	\$ -	\$ -	\$ 3,186,280
Construction in progress	2,185,922	602,426	1,944,067	844,281
	<u>5,372,202</u>	<u>602,426</u>	<u>1,944,067</u>	<u>4,030,561</u>
Depreciable assets:				
System improvements and infrastructure	36,298,518	1,794,611	-	38,093,129
Buildings and improvements	22,048,867	268,270	-	22,317,137
Machinery and equipment	2,834,993	146,917	33,084	2,948,826
Vehicles	703,113	109,931	135,502	677,542
	<u>61,885,491</u>	<u>2,319,729</u>	<u>168,586</u>	<u>64,036,634</u>
Total capital assets	<u>67,257,693</u>	<u>2,922,155</u>	<u>2,112,653</u>	<u>68,067,195</u>
Less accumulated depreciation for:				
System improvements and infrastructure	18,675,236	758,963	-	19,434,199
Buildings and improvements	9,350,823	822,755	-	10,173,578
Machinery and equipment	2,102,186	75,672	32,345	2,145,513
Vehicles	480,538	55,295	135,502	400,331
Total accumulated depreciation	<u>30,608,783</u>	<u>1,712,685</u>	<u>167,847</u>	<u>32,153,621</u>
Business-type activities capital assets, net	<u>\$ 36,648,910</u>	<u>\$ 1,209,470</u>	<u>\$ 1,944,806</u>	<u>\$ 35,913,574</u>

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

Depreciation expense was charged to governmental functions as follows:

General government	\$ 169,739
Public safety	385,655
Public works	1,506,582
Parks and recreation	291,599
Public libraries	14,061
Education	2,005,122
Total Depreciation Expense	\$ 4,372,758

Depreciation expense was charged to the business-type functions as follows:

Water	\$ 513,674
Sewer	916,431
Beach	274,848
Middlebridge Recreation	7,732
Total Depreciation Expense	\$1,712,685

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. LEGAL DEBT MARGIN

The Town's legal debt margin as set forth by State Statute is limited to three percent of total taxable assessed value which approximates \$136,226,676. As of June 30, 2018, the Town's debt subject to the legal debt margin is \$23,436,837 and the Town is under the debt limit by \$112,789,839. The debt subject to the debt limitation is based on the type of debt that is issued.

B. DEFICIT FUND BALANCES/NET POSITION

The following governmental funds had a deficit in unassigned fund balance as of June 30, 2018:

- School Athletic Complex - \$(38,576)

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

NOTE 4 – CASH DEPOSITS

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

	<i>Carrying Amount</i>
Total Deposits	\$31,688,825
Add: Petty Cash and Cash on Hand	30,053
Add: Investments classified as cash equivalents	7,185,203
Less: Cash and cash equivalents classified as investments	(344,218)
<i>Total Cash and Cash Equivalents Reported in the Financial Statements</i>	<u><u>\$38,559,863</u></u>

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, \$27,152,919 of the Town’s bank balance of \$37,575,388 was exposed to custodial credit risk as follows:

	<i>Bank Balance</i>
Insured (federal depository insurance funds)	\$10,422,469
Collateralized with securities held by pledging financial institution or its agent, in the Town’s name	4,010,006
Uninsured and uncollateralized	23,142,913
<i>Total</i>	<u><u>\$37,575,388</u></u>

Under Rhode Island General Laws, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits which are time deposits with maturities greater than sixty (60) days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, regardless of maturity. At June 30, 2018, the Town's uncollateralized deposits with institutions were \$23,142,913. These deposits are held by institutions that meet the minimum capital standards prescribed by the federal regulators.

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

NOTE 5 – INVESTMENTS

The Town has investment policies for the Pension Trust Funds:

- Equities (including convertible securities) may represent up to 70% of the account's market value with a minimum requirement of 25%.
- International Securities should not exceed 20% of the total plan assets.
- Fixed income (including preferred stocks) is not to exceed 75% of the account's market value with a minimum requirement of 30%.
- Cash equivalents (including all senior debt securities with under 1 year to maturity) may be held to a maximum of 30% of the account's market value.
- No manager shall hold greater than 15% of the total pension plan assets, calculated on an annual basis.
- Manager's investments in any one equity security (except mutual funds, exchange traded funds (ETFs), and U.S. Government and Agency securities) should not exceed 5% at cost of the total market value of the respective manager's portfolio, and should not exceed 10% of the portfolio at any time.
- No more than 25% of the equity portfolio should be invested in any one of the following S&P 500 sectors: consumer cyclical, consumer staple, basic industrial, transportation, energy, capital goods and construction, utilities, finance, health care, and technology.
- Fixed income investments will be diversified by industry and by maturity. Not more than 5% of the portfolio value will be invested in any one issuer with the exception of the U.S. Government or its agencies.
- Average effective duration for the fixed income portfolio will not exceed six (6) years.
- At the time of purchase, all holdings must have a rating of A or higher from Moody's or a comparable established rating agency.
- Fixed income investments must be rated at least Baa2 or its equivalent by at least one recognized bond rating service. At least 80% of the fixed income portfolio must carry a rating of A or its equivalent by one rating agency.
- Current holdings that are not rated at least Baa2 or its equivalent by one rating agency must be sold within a reasonable period of time, not to exceed six (6) months.
- The Manager is prohibited from investing in private placements and from speculating in fixed income or interest rate futures.
- The Managers may invest in commercial paper, repurchase agreements, Treasury Bills, certificate of deposits, and money market funds. All such assets must represent maturities of one year or less at time of purchase. Commercial paper must be rated P-1 or A-1 by Standards & Poor's or Moody's respectively.

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

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

<u>Investments</u>	<u>Fair Value/Amortized Cost</u>	<u>Rating (Moody's)</u>
Corporate Bonds	\$ 161,085	AAA
Corporate Bonds	49,880	AA1
Corporate Bonds	102,218	AA2
Corporate Bonds	640,794	A1
Corporate Bonds	445,798	A2
Corporate Bonds	887,996	A3
Corporate Bonds	77,717	BAA
Corporate Bonds	1,065,444	BAA1
Corporate Bonds	537,425	BAA2
Corporate Bonds	193,710	BAA3
Corporate Bonds	48,361	BA1
Municipal Obligations	30,813	A1
US Government Obligations	2,667,385	AAA
US Gov. Agency Obligations	150,063	AAA
US Gov. Agency Obligations	101,202	AA2
Mortgage-Backed Securities	580,909	AAA
Mortgage-Backed Securities	41,715	Not rated
Mutual Funds & ETFs - Fixed Income	96,002	AAA
Mutual Funds & ETFs - Fixed Income	387,936	AA
Mutual Funds & ETFs - Fixed Income	3,703,582	A
Mutual Funds & ETFs - Fixed Income	1,749,959	B
Mutual Funds & ETFs - Fixed Income	6,095,277	BB
Mutual Funds & ETFs - Fixed Income	5,069,887	BBB
Mutual Funds & ETFs - Fixed Income	5,440,208	Not rated
Mutual Funds & ETFs - Equities	27,289,649	Not applicable
Common Stock	28,711,479	Not applicable
Money Market Funds	50,624	Not rated
Money Market Funds	7,185,115	Aaa-mf
Trust OPEB Funding Program	1,197,901	Not rated
Hedge Fund	4,726,120	Not rated
Annuity	2,033,669	Not rated
	<hr/> 101,519,923	
Add: Cash classified as investments	344,218	
Less: Investment classified as cash and cash equivalents	(7,185,203)	
	<hr/>	
<i>Total investments reported in the financial statements</i>	<u>\$ 94,678,938</u>	

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

Interest Rate Risk – Except as discussed above for the Pension Trust Funds, the Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the exposure of the Town’s securities to this risk is presented below:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>					
		<u>Less than</u> <u>1 Year</u>	<u>1-5</u> <u>Years</u>	<u>6-10</u> <u>Years</u>	<u>11-15</u> <u>Years</u>	<u>16-20</u> <u>Years</u>	<u>21-25</u> <u>Years</u>
Corporate Bonds	\$ 4,210,428	\$ 488,977	\$ 2,458,753	\$ 1,262,698	\$ -	\$ -	\$ -
Municipal Obligations	30,813	-	30,813	-	-	-	-
US Government Obligations	2,667,385	-	1,559,224	1,108,161	-	-	-
US Agency Obligations	251,265	101,202	150,063	-	-	-	-
Mortgage-Backed Securities	622,624	-	581,178	14,793	-	1,532	25,121
Mutual Funds & ETFs -							
Fixed Income	20,792,892	-	4,553,240	14,195,405	2,044,247	-	-
Money Market Funds	7,235,739	7,235,739	-	-	-	-	-
Total	\$35,811,146	\$ 7,825,918	\$ 9,333,271	\$ 16,581,057	\$2,044,247	\$ 1,532	\$ 25,121

Mutual fund and exchange traded fund maturity is based on average maturity of the fund. \$1,749,959 of the Town’s mutual funds and exchange traded funds do not have an average maturity.

Credit Risk – The Town is governed by State Laws that limit investment choices to short-term investments for its public deposits (General Fund). Except as discussed above for the Pension Trust Funds, the Town has no investment policy that would further limit its investment choices. The ratings for the Town’s investments are presented above.

Concentration of Credit Risk – Except as discussed above for the Pension Trust Funds, the Town does not have any policies that limit the amount that can be invested with one issuer.

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

Foreign Currency Risk – Except as discussed above for the Pension Trust Funds, the Town does not have any policies related to foreign currency risk. Information about exposure of the Town’s securities to this risk is presented below:

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

<u>Currency</u>	<u>Fair Value</u>	
	<u>Equities</u>	<u>Fixed Income Securities</u>
Australian dollar	\$ 135,702	\$ -
Bermudian dollar	118,207	-
Brazilian real	315,139	-
Canadian dollar	105,072	172,925
Cayman Islands dollar	314,590	-
Chinese renminbi	142,685	-
Danish krone	158,131	-
Euro	3,969,366	108,350
Hong Kong dollar	209,511	-
Indian rupee	63,944	-
Israeli new shekel	67,877	-
Japanese yen	1,181,148	-
Mexican peso	69,995	60,095
Netherlands Antillean guilder	184,936	-
Norwegian krone	101,888	-
Pound sterling	1,612,850	49,615
Russian ruble	51,271	-
Singapore dollar	101,597	-
South Korean won	148,879	-
Swiss franc	608,655	-
Turkish lira	28,468	-
	<u>\$ 9,689,911</u>	<u>\$ 390,985</u>

The Town's investment in mutual funds and ETFs includes \$4,818,920 in international fixed income funds and \$2,707,259 in international equity funds.

NOTE 6 – FAIR VALUE MEASUREMENTS

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

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

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

<u>Investments by fair value level:</u>	<u>June 30, 2018</u>	<u>Fair Value Measurements Using:</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Common Stock	\$ 28,711,479	\$ 28,711,479	\$ -	\$ -
Mutual Funds & ETFs - Equities	27,289,649	27,289,649	-	-
Mutual Funds & ETFs - Fixed Income	22,542,851	22,542,851	-	-
Corporate Bonds - Domestic Investment Grade	3,819,443	-	3,819,443	-
Fixed Income - Global/Foreign	390,985	-	390,985	-
Fixed Income - Government/Agency	2,918,650	-	2,918,650	-
Mortgage-Backed Securities	622,624	-	622,624	-
Municipal Bonds	30,813	-	30,813	-
<i>Total investments measured by fair value level</i>	86,326,494	\$ 78,543,979	\$ 7,782,515	\$ -
 <i>Investments measured at net asset value (NAV):</i>				
Money Market Funds	7,235,739			
Trust OPEB Funding Program	1,197,901			
Hedge Fund	4,726,120			
<i>Total investments measured at fair value</i>	\$ 99,486,254			

Equity and debt securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 are valued using multi-dimensional relational applications and models that consider benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data.

All money market investments have a maturity of less than one year. The fair value of these money market funds reflects the net asset value reported by the fund administrator which is a stable \$1 per unit. The underlining investments, which are short-term cash equivalent type investments are generally carried at amortized cost which approximates fair value. There are no participant's withdrawal limitations.

The Town's investment in the Trust OPEB Funding Program is valued using net asset value (NAV) per share (or its equivalent). The redemption frequency of the Trust OPEB Funding Program is daily and there is no redemption notice period. The Trust OPEB Funding Program investment utilizes a balanced strategy seeking both a reasonable level of income and long-term growth of capital and income. The Program invests in seven index and mutual funds: total stock market index fund, total international stock index fund, total bond market index fund, intermediate-term investment grade fund, short-term investment grade fund, inflation protected securities fund, and REIT index fund. The fair values of the underlying investments are used to determine NAV per share (or its equivalent) of the Trust OPEB Funding Program investment.

The Town's investment in the Hedge Fund is valued using the net asset value (NAV) per share (or its equivalent). The redemption frequency of the Hedge Fund is quarterly with redemption notice by the 25th calendar day of the second month of the quarter.

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

NOTE 7 – LONG TERM LIABILITIES

A. LONG-TERM LIABILITIES

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

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Retirements</i>	<i>Ending Balance</i>	<i>Amounts Due Within One Year</i>
Governmental Activities:					
Bonds, notes, loans and capital leases payable:					
General obligation bonds	\$ 23,724,000	\$ -	\$ 1,440,000	\$ 22,284,000	\$ 1,485,000
Notes and loans payable	1,310,849	-	158,012	1,152,837	162,206
Capital leases payable	588,301	-	225,564	362,737	181,199
	<u>25,623,150</u>	<u>-</u>	<u>1,823,576</u>	<u>23,799,574</u>	<u>1,828,405</u>
Plus amortized premium on bonds	1,914,756	-	150,382	1,764,374	-
Total bonds, notes, loans and capital leases	<u>27,537,906</u>	<u>-</u>	<u>1,973,958</u>	<u>25,563,948</u>	<u>1,828,405</u>
Other liabilities:					
Compensated absences	3,556,395	747,728	383,643	3,920,480	499,542
Pollution remediation obligations	1,764,335	-	85,573	1,678,762	85,574
Net pension liabilities	75,578,756	-	3,447,851	72,130,905	-
Net other post-employment benefit liabilities	40,379,839	-	5,339,447	35,040,392	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 148,817,231</u>	<u>\$ 747,728</u>	<u>\$ 11,230,472</u>	<u>\$ 138,334,487</u>	<u>\$ 2,413,521</u>
Business Type Activities:					
Bonds, notes and loans payable:					
General obligation bonds	\$ 440,000	\$ -	\$ 145,000	\$ 295,000	\$ 145,000
Notes and loans payable	2,104,280	-	408,168	1,696,112	418,269
Total bonds, notes and loans	<u>2,544,280</u>	<u>-</u>	<u>553,168</u>	<u>1,991,112</u>	<u>563,269</u>
Other liabilities:					
Compensated absences	359,174	17,322	-	376,496	59,462
Business-Type Activities Long-Term Liabilities	<u>\$ 2,903,454</u>	<u>\$ 17,322</u>	<u>\$ 553,168</u>	<u>\$ 2,367,608</u>	<u>\$ 622,731</u>

All debt of the Governmental Activities is general obligation debt. The payments on the bonds, notes and loans are made from the Debt Service Fund. The capital leases are paid from the General Fund and Debt Service Fund. The compensated absences from Governmental Activities are paid from the General Fund. The net pension liabilities and other post-employment benefit liabilities will be paid from the General Fund. All debt and compensated absences of the Business-Type activities are paid from the Water, Sewer, Beach and Middlebridge Recreation Enterprise Funds.

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

B. GENERAL OBLIGATION BONDS DEBT SERVICE REQUIREMENTS

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

<i>Fiscal Year Ended June 30,</i>	<i>Governmental Activities General Obligation Bonds</i>		<i>Business-Type Activities General Obligation Bonds</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2019	\$ 1,485,000	\$ 806,200	\$ 145,000	\$ 5,451
2020	1,509,000	746,925	150,000	1,838
2021	1,540,000	703,705	-	-
2022	1,580,000	649,255	-	-
2023	1,620,000	595,077	-	-
2024-2028	8,915,000	1,951,838	-	-
2029-2033	4,005,000	438,313	-	-
2034-2037	1,630,000	71,766	-	-
	<u>\$ 22,284,000</u>	<u>\$ 5,963,079</u>	<u>\$ 295,000</u>	<u>\$ 7,289</u>

C. NOTES AND LOANS PAYABLE DEBT SERVICE REQUIREMENTS

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

<i>Fiscal Year Ended June 30,</i>	<i>Governmental Activities Notes and Loans</i>		<i>Business-Type Activities Notes and Loans</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2019	\$ 162,206	\$ 17,408	\$ 418,269	\$ 34,489
2020	166,491	14,573	428,954	23,270
2021	170,871	11,607	163,000	15,931
2022	175,347	8,561	166,000	12,587
2023	179,922	5,470	169,000	9,137
2024-2028	226,000	7,488	350,889	7,450
2029-2030	72,000	-	-	-
	<u>\$ 1,152,837</u>	<u>\$ 65,107</u>	<u>\$ 1,696,112</u>	<u>\$ 102,864</u>

D. CAPITAL LEASE COMMITMENTS

The Town acquired equipment valued at \$239,538 and vehicles valued at \$841,003 that were financed with lease purchase agreements. Amortization of assets acquired under capital leases is included in depreciation expense for the year ended June 30, 2018.

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

<i>Fiscal Year Ended June 30,</i>	<i>Lease Payment Requirements</i>
2019	\$ 189,944
2020	99,805
2021	87,149
Total minimum lease payments	376,898
Less: Amount representing interest cost	(14,161)
Present value of minimum lease payments	<u>\$ 362,737</u>

TOWN OF NARRAGANSETT, RHODE ISLAND

Notes to Financial Statements

June 30, 2018

E. BONDS, NOTES AND LOANS 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>Refundings/ Maturities During Year</i>	<i>Outstanding June 30, 2018</i>
Governmental Activities:								
Bonds Payable:								
School Construction	05/15/2009	3.00-5.00%	05/15/2029	\$ 20,910,000	\$ 1,905,000	\$ -	\$ 930,000	\$ 975,000
Road Bond	07/02/2014	2.00-4.00%	07/15/2034	4,100,000	3,690,000	-	205,000	3,485,000
General Obligation Bond	11/08/2016	2.00-3.00%	11/01/2036	6,100,000	6,100,000	-	305,000	5,795,000
School Refunding	04/11/2017	3.00-5.00%	05/15/2029	12,029,000	12,029,000	-	-	12,029,000
Total Governmental Bonds					23,724,000	-	1,440,000	22,284,000
Notes and Loans Payable:								
Rose Hill Closing and Capping	09/03/2002	1.68%	09/01/2022	2,000,000	721,849	-	112,012	609,837
Narrow River	12/12/2007	1.64-2.04%	09/01/2029	600,000	415,000	-	28,000	387,000
Landfill Closure	12/15/2005	1.59-2.00%	09/01/2025	350,000	174,000	-	18,000	156,000
Total Governmental Notes and Loans					1,310,849	-	158,012	1,152,837
Total Governmental Activities					25,034,849	-	1,598,012	23,436,837
Business-Type Activities:								
Bonds Payable:								
Middlebridge	10/18/2012	2.45%	10/18/2019	974,000	440,000	-	145,000	295,000
Total Business-Type Bonds					440,000	-	145,000	295,000
Notes and Loans Payable:								
Sewer Projects	08/25/1999	3.25%	09/01/2019	780,000	145,594	-	47,221	98,373
Sewer Projects	02/04/1999	3.00%	09/01/2019	3,500,000	641,379	-	207,947	433,432
Briggs Farm Sewer Project	11/13/2003	0.97-2.12%	09/01/2024	4,200,000	1,317,307	-	153,000	1,164,307
Total Business-Type Notes and Loans					2,104,280	-	408,168	1,696,112
Total Business-Type Activities					2,544,280	-	553,168	1,991,112
Total Bonds, Notes and Loans Payable					\$ 27,579,129	\$ -	\$ 2,151,180	\$ 25,427,949

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

F. POLLUTION REMEDIATION OBLIGATIONS

The United States Environmental Protection Agency (US EPA) has notified the Town that two former landfills used by the Town, Rose Hill Regional Landfill (Rose Hill) and West Kingston/URI Disposal Area Landfill, have been placed on the Superfund list.

Rose Hill Regional Landfill – Rose Hill was previously operated by the Towns of South Kingstown and Narragansett. In September 2002, the US EPA, the Rhode Island Department of Environmental Management (RIDEM) and the Towns of Narragansett and South Kingstown entered into a Final Consent Decree for remediation of Rose Hill. Since then, the site has been capped and long-term groundwater and air monitoring has commenced to determine the effectiveness of the cap and what, if any, additional remediation actions may be necessary in the future. The current estimated total cost of completing the clean-up of Rose Hill is \$21,552,242. The Town's share of this obligation is estimated to be \$4,514,849. In prior years, the Town paid \$2,000,000 to the Federal Government to settle all past liabilities associated with Rose Hill and \$504,931 for its share of natural resource damages. The Final Consent Decree also requires reimbursement to the State of 30% of the costs associated with remediation of this landfill and ongoing operation and maintenance costs. These costs will be shared equally by the two towns. The Town has paid \$541,156 to date for its share of remediation of the landfill and operation and maintenance costs. The Town's remaining share of the estimated cost, totaling \$1,468,762 at June 30, 2018, will be paid to the State over a 20-year period. Accordingly, \$1,468,762 has been reported as a pollution remediation obligation in the government-wide financial statements.

West Kingston/URI Disposal Area Landfills – The West Kingston/URI Disposal Area Landfills, also known as the Plains Road Landfill (Plains Road), was added to the Superfund list in 1992. The Towns of Narragansett and South Kingstown and the University of Rhode Island (URI) were named as potentially responsible parties. The Towns of Narragansett and South Kingstown and URI have agreed to participate in the remediation of the site under State landfill closure regulations. A consent decree was entered for the site as well. The current estimated cost of completing the clean-up of Plains Road is \$7,525,869. The Town's share of this obligation is estimated to be \$1,702,713. The Town has paid \$1,492,713 to date related to its obligation with an estimated \$210,000 remaining for ongoing operation and maintenance costs at June 30, 2018. Accordingly, \$210,000 has been reported as a pollution remediation obligation in the government-wide financial statements.

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

NOTE 8 – INTERFUND BALANCES

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

	<i>Due From:</i>			<i>Total</i>
	<i>General Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Pension Trust Funds</i>	
<i>Due To:</i>				
General Fund	\$ -	\$ 310,651	\$ 214,665	\$ 525,316
Nonmajor Governmental Funds	1,502,844	-	-	1,502,844
Agency Funds	183,791	-	-	183,791
<i>Total</i>	\$ 1,686,635	\$ 310,651	\$ 214,665	\$ 2,211,951

The balances primarily result from the time lag between the dates the 1) transactions are recorded in the accounting system and 2) payments between funds are made.

NOTE 9 – INTERFUND TRANSFERS

	<i>Transfer From:</i>	
	<i>General Fund</i>	<i>Total</i>
<i>Transfer To:</i>		
Nonmajor Governmental Funds	\$ 5,368,643	\$ 5,368,643
Middlebridge Recreation Fund	81,904	81,904
<i>Total</i>	\$ 5,450,547	\$ 5,450,547

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.

NOTE 10 – NET POSITION/FUND BALANCES

The Government-Wide Financial Statements and Proprietary Fund 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 represents balances limited to uses specified either externally by creditors, contributors, laws and regulations of other governments or imposed through constitutional provisions or enabling legislation.

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

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

The Town considers restricted resources to have been spent when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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 includes items that are not expected to be converted to cash (e.g. inventories and prepaid expenditures).

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. These committed amounts cannot be used for any other purpose unless the Town removes or changes the specific use by taking the same type of action it employed to previously commit those amounts.

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

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

Committed fund balances are established, modified or rescinded by resolution adopted by the Town Council. The Town Council delegates to the Town Manager the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. 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.

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

NOTE 11 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

A. ACCOUNTS RECEIVABLE

The Town disaggregates significant components of receivables in the financial statements. Receivable balances determined immaterial are included as other receivables. The Town expects to receive all receivables within the subsequent year, except for sewer assessments, sewer lot development fees and community development loans receivable. The real estate and personal property tax receivable includes an allowance for doubtful accounts of \$275,000.

B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
<i>Governmental activities:</i>				
General Fund	\$ 395,946	\$ 819,593	\$ 642,319	\$ 1,857,858
Street Improvement Fund	680,189	756	-	680,945
Other Governmental Funds	342,123	7,373	-	349,496
<i>Total</i>	<u><u>\$ 1,418,258</u></u>	<u><u>\$ 827,722</u></u>	<u><u>\$ 642,319</u></u>	<u><u>\$ 2,888,299</u></u>
<i>Business-Type activities:</i>				
Water Fund	\$ 99,648	\$ 17,952	\$ 23,856	\$ 141,456
Sewer Fund	90,490	49,378	692	140,560
Beach Fund	34,284	55,078	-	89,362
Middlebridge Recreation Fund	839	-	-	839
<i>Total</i>	<u><u>\$ 225,261</u></u>	<u><u>\$ 122,408</u></u>	<u><u>\$ 24,548</u></u>	<u><u>\$ 372,217</u></u>

NOTE 12 – POST-EMPLOYMENT BENEFITS

A. TOWN PLAN

Plan Description

Plan Administration - The Town of Narragansett administers a single-employer, defined benefit post-employment benefit plan. This plan does not include the pension benefits discussed in Note 16. On August 1, 2011 the Town Council authorized the creation of an OPEB Trust Fund. The Finance Director is responsible for administration of the plan in accordance with the Trust Agreement dated September 8, 2011 with Town Council oversight. The plan is reported as a Trust Fund in the Town's financial statements. The plan does not issue a publicly available financial report.

Plan Membership - As of June 30, 2017, the plan membership data is as follows:

Active employees (with and without coverage)	163
Retirees and beneficiaries	123
	<u>286</u>

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

Benefits Provided - The plan provides medical, dental and life insurance for eligible retirees and their dependents through the Town's group 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 or as established by the Town Ordinance for non-union employees. The plan provides the following benefits based on employee group upon retirement:

Municipal Employees – Employees who have attained age 58 with 10 years of service or 20 years of service (whichever is earlier) are eligible for lifetime medical, dental and life insurance benefits, if hired prior to July 1, 2014. Effective July 1, 2001, those retirees eligible for lifetime benefits who are Medicare eligible are enrolled in Blue Cross Plan 65. Council 94 employees hired on/after July 1, 2014 who have attained the age of 65 with 10 years of service or 25 years of service (whichever is earlier) are eligible for medical and dental coverage until Medicare eligible. Local 1033 employees hired on/after July 1, 2014 who have attained the age of 58 with 10 years of service or 25 years of service (whichever is earlier) are eligible for medical and dental coverage until Medicare eligible. Employees retiring prior to January 1, 2010 have no employee contribution. If the employee has a spouse and retires prior to July 1, 2018, then the Town shall provide an individual health plan for the spouse and the retiree contribution requirements noted below apply to the spouse as well. Council 94 and Local 1033 employees retiring on/after July 1, 2018 who elect spousal coverage at retirement must contribute the full incremental cost of the spousal coverage. The following employee contribution requirements apply to employees retiring on/after January 1, 2010:

- Council 94 – date of retirement prior to January 1, 2012 – 2% of monthly pension; date of retirement on/after January 1, 2012 – 10% of health and dental premiums; date of retirement on/after July 1, 2012 – 12% of health and dental premiums; date of retirement on/after July 1, 2013 – 15% of health and dental premiums; date of retirement on/after July 1, 2018 – 20% of health and dental premiums
- Local 1033 – date of retirement prior to January 1, 2012 – 2% of monthly pension. For those hired prior to July 1, 1996 who: retire between July 1, 2014 and June 30, 2015 – 5% of health and dental premiums; retire between July 1, 2015 and June 30, 2016 – 10% of health and dental premiums; retire between July 1, 2016 and June 30, 2018 – 15% of health and dental premiums; retire after July 1, 2018 – 20% of health and dental premiums. For those hired on/after July 1, 1996 who retire on/after July 1, 2014 – 20% of health and dental premium.
- Non-Union – 2% of monthly pension

Council 94 and Local 1033 employees retiring on/after July 1, 2018 will receive individual health and dental benefits only until age 65 or Medicare eligible (whichever is earlier) regardless of date of hire.

Firefighters – Employees who have 20 years of service are eligible for lifetime medical, dental and life insurance benefits if hired prior to July 1, 2013. Firefighters hired on/after July 1, 2013 must have 25 years of service to be eligible for benefits. Employees retiring prior to January 1, 2011 have no employee contribution. Employees retiring on/after January 1, 2011 but prior to January 1, 2017 must contribute 20% of their health premium (for retirees and spouses). These retirees will no longer be eligible for subsidized Medicare Supplement coverage. Employees retiring on/after January 1, 2017 will receive health coverage through a Blue Solutions HDHP plan with no contribution requirement.

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

Police Officers – Employees who have attained age 58 with 10 years of service or 20 years of service (whichever is earlier) are eligible for lifetime medical, dental and life insurance benefits if hired prior to July 1, 2013. Officers hired on/after July 1, 2013 must have 25 years of service to be eligible for medical and dental coverage until Medicare eligibility and lifetime life insurance benefits. Employees retiring prior to January 1, 2010 have no employee contribution. Employees retiring on/after January 1, 2010 but prior to January 1, 2011 must contribute 2% of their monthly pension and employees retiring on/after January 1, 2011 but prior to July 1, 2013, must contribute 5% of their monthly pension towards health, dental and life insurance costs. Employees who retire on/after July 1, 2013 but prior to July 1, 2017 must contribute 15% of health and dental premiums. Employees who retire on/after July 1, 2017 but prior to July 1, 2018 must contribute 17% of health and dental premiums. Employees who retire on/after July 1, 2018 must contribute 20% of health and dental premiums.

Current and future Town retirees who waive coverage from the Town due to equivalent coverage elsewhere shall be reimbursed a percentage of the Town's cost of group health and dental depending on their coverage level (municipal employees and firefighters – 50%; police officers – 60% for retirements prior to July 1, 2017 and 50% for retirements on/after July 1, 2017). Council 94 and Local 1033 employees retiring on/after July 1, 2018 will receive this benefit until age 65 or Medicare eligible. Firefighters retiring on/after January 1, 2011 will receive this benefit until Medicare eligible. Police officers hired on/after July 1, 2013 will receive this benefit until Medicare eligible.

Contributions - Contribution requirements are negotiated between the Town and the respective unions or are established by Town Ordinance for non-union employees. The Town is required to contribute the cost of medical, dental and life benefits, less the amount of any applicable retiree share of premiums. For the year ended June 30, 2018, the Town's contribution was based on the adopted budget which was less than the actuarially determined contribution. For the fiscal year ended June 30, 2018, the Town contributed \$3,547,796 to the plan. Administrative costs are paid from plan assets.

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.

Investments

Investment Policy – The Finance Director may invest funds held in the OPEB Trust Fund in accordance with the Trust Agreement and State Law in the following types of investments: common or preferred stocks, bonds, notes, debentures, mortgages, equipment or investment trust certificates, mutual funds or other pooled investment vehicles, and other evidences of indebtedness.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
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 9.56%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Net OPEB Liability of the Town Plan

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

Total OPEB Liability	\$40,274,185
OPEB Plan Fiduciary Net Position	(6,894,878)
Net OPEB Liability	<u>\$33,379,307</u>

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	17.1%
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Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal Cost Method
Salary Increases	Age 20-29 - 6%; Age 30-39 - 5.5%; Age 40-49 – 4.5%; Age 50+ - 4%
Inflation	4%
Investment Rate of Return	7.20%
Mortality	SOA RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016

Health Care Trend Rates	<u>FYE</u>	<u>Medical</u>	<u>Dental</u>	<u>Part B</u>
	2018	9.00%	4.50%	3.25%
	2019	8.00%	4.00%	3.50%
	2020	7.00%	3.50%	3.75%
	2021	6.50%	3.00%	4.00%
	2022	6.00%	3.00%	4.25%
	2023	5.50%	3.00%	4.25%
	2024+	5.00%	3.00%	4.25%

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	35.0%	2.00%
Domestic Equity	50.0%	6.00%
International Equity	15.0%	5.00%
	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the OPEB liability was 7.0% for the Town Plan. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the greater of \$3,000,000 or the expected benefit payments. Based on those assumptions, the Town Plan’s net fiduciary position was not projected to be available to make all projected future benefit payments of current plan members. The long-term rate of return was applied to projected benefit payments through fiscal year 2057 and the municipal bond rate of 3.87% (Bond Buyer Go 20-Bond Municipal Bond Index) was applied for years thereafter. The prior measurement date used a discount rate of 6.6% and a municipal bond rate of 3.56%.

Town Plan - Changes in the Net OPEB Liability

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances as of June 30, 2017	\$43,680,916	\$5,338,068	\$38,342,848
Changes for the Year:			
Service cost	679,914	-	679,914
Interest on the total OPEB liability	2,852,809	-	2,852,809
Changes in benefits	-	-	-
Difference between expected and actual experience	(2,686,363)	-	(2,686,363)
Changes in assumptions	(1,943,284)	-	(1,943,284)
Employer contributions	-	3,547,796	(3,547,796)
Plan member contributions	-	-	-
Net investment income	-	327,071	(327,071)
Benefit payments, including employee refunds	(2,309,807)	(2,309,807)	-
Administrative expense	-	(8,250)	8,250
Other changes	-	-	-
Net changes	(3,406,731)	1,556,810	(4,963,541)
Balances as of June 30, 2018	\$40,274,185	\$6,894,878	\$33,379,307

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the Town Plan, as well as what the Town Plan's net OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower and 1-percentage-point higher than the current discount rate:

	1% Decrease <u>(6.0%)</u>	Current Discount Rate <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
Net OPEB Liability	\$38,546,685	\$33,379,307	\$29,128,764

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability of the Town Plan, as well as what the Town Plan's net OPEB liability would be if it were calculated using a healthcare cost trend rates 1-percentage-point lower (7.5% decreasing to 4%) and 1-percentage-point higher (9.5% decreasing to 6%) than the current healthcare cost trend rates:

	1% Decrease <u>(7.5% decreasing to 4%)</u>	Current Healthcare Cost Trend Rates <u>(8.5% decreasing to 5%)</u>	1% Increase <u>(9.5% decreasing to 6%)</u>
Net OPEB Liability	\$28,919,423	\$33,379,307	\$38,823,707

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

For the year ended June 30, 2018, the Town recognized OPEB expense of \$2,530,103. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$439,257	\$2,149,090
Changes in assumptions	862,658	1,554,627
Net difference between projected and actual earnings on OPEB plan investments	<u>69,674</u>	<u>-</u>
Total	<u>\$1,371,589</u>	<u>\$3,703,717</u>

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

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

Year ended June 30:

2019	\$(583,886)
2020	(583,886)
2021	(583,888)
2022	(580,468)
2023	-
Thereafter	-

B. SCHOOL PLAN

Plan Description

Plan Administration - The Narragansett School System administers a single-employer, defined benefit post-employment benefit plan. This plan does not include the pension benefits discussed in Note 16. On May 17, 2017 the School Committee authorized the creation of an OPEB Trust Fund. The Director of Finance and Administration is responsible for administration of the plan in accordance with the Trust Agreement effective May 17, 2017 with School Committee oversight. The plan is reported as a Trust Fund in the Town's financial statements. The plan does not issue a publicly available financial report.

Plan Membership - As of June 30, 2017 the plan membership data is as follows:

Active employees (with and without coverage)	228
Retirees and beneficiaries	35
	<u>263</u>

Benefits Provided - The plan provides medical and dental insurance for eligible retirees and their dependents through the School System's group insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations between the School System and the respective unions or as established by employee contract for non-union employees. The plan provides the following benefits based on employee group:

Certified Teachers - Employees who have 10 years of service are eligible for health and dental benefits until Medicare eligible once they meet the retirement eligibility requirements of the Employees Retirement System. Retirees are responsible for 100% of the premium cost plus a 2% administrative fee once any accrued sick leave balance which is converted to pay for health and dental insurance has been exhausted.

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

Other School Employees – Employees with 10 years of service, upon retirement, are eligible for health and dental benefits until Medicare eligible. Retirees are responsible for 100% of the premium cost plus a 2% administrative fee once any accrued sick leave balance which is converted to pay for health and dental insurance has been exhausted.

School System employees may convert accumulated vacation and sick pay, as applicable, to be used to purchase health and dental insurance based on requirements applicable to their employee group.

Contributions - Contribution requirements are negotiated between the School System and the respective unions or are established by employee contract for non-union employees. The School System is required to contribute the cost of medical and dental benefits, less the amount of any applicable retiree share of premiums. For the year ended June 30, 2018, the plan operated on a pay as you go basis and no provision has been made to fund future benefits to be provided to plan members. For the fiscal year ended June 30, 2018, the School System contributed \$315,478 to the plan.

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.

Investments

Investment Policy – The Director of Finance and Administration may invest funds held in the OPEB Trust Fund in accordance with the Trust Agreement and State Law. The School Plan utilizes a third-party investment advisor and has adopted a balanced strategy.

Rate of Return – For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 6.69%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Net OPEB Liability of the School Plan

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

Total OPEB Liability	\$2,858,986
OPEB Plan Fiduciary Net Position	(1,197,901)
Net OPEB Liability	<u>\$1,661,085</u>

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	41.9%
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TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2018

Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal Cost Method		
Salary Increases	General wage inflation of 3.50% plus merit increases		
Inflation	2.75% (3.50% previously)		
Investment Rate of Return	6.75%		
Mortality	SOA RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016		
Health Care Trend Rates	<u>FYE</u>	<u>Medical</u>	<u>Dental</u>
	2018	9.00%	4.50%
	2019	8.00%	4.00%
	2020	7.00%	3.50%
	2021	6.50%	3.00%
	2022	6.00%	3.00%
	2023	5.50%	3.00%
	2024+	5.00%	3.00%

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 OPEB 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	37.1%	5.90%
Non-US Equity	15.9%	6.30%
U.S. Aggregate Bonds	12.0%	1.60%
Intermediate-Term Credit	7.2%	2.20%
Short-Term Credit	4.8%	1.90%
Intermediate-Term TIPS	15.0%	0.70%
REITs	8.0%	4.70%
	<hr/>	
	100.00%	
	<hr/>	

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

Discount Rate – The discount rate used to measure the OPEB liability was 6.10% for the School Plan. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the expected benefit payments. Based on those assumptions, the School Plan's net fiduciary position was not projected to be available to make all projected future benefit payments of current plan members. The long-term rate of return was applied to projected benefit payments through fiscal year 2046 and the municipal bond rate of 3.87% (Bond Buyer Go 20-Bond Municipal Bond Index) was applied for years thereafter. The prior measurement date used a discount rate of 5.60% and a municipal bond rate of 3.56%.

School Plan - Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2017	\$3,159,802	\$1,122,811	\$2,036,991
Changes for the Year:			
Service cost	177,566	-	177,566
Interest on the total OPEB liability	178,180	-	178,180
Changes in benefits	-	-	-
Difference between expected and actual experience	(262,942)	-	(262,942)
Changes in assumptions	(78,142)	-	(78,142)
Employer contributions	-	315,478	(315,478)
Plan member contributions	-	-	-
Net investment income	-	75,090	(75,090)
Benefit payments, including employee refunds	(315,478)	(315,478)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	(300,816)	75,090	(375,906)
Balances as of June 30, 2018	\$2,858,986	\$1,197,901	\$1,661,085

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the School Plan, as well as what the School Plan's net OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower and 1-percentage-point higher than the current discount rate:

	1% Decrease (5.10%)	Current Discount Rate (6.10%)	1% Increase (7.10%)
Net OPEB Liability	\$1,819,389	\$1,661,085	\$1,511,081

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

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability of the School Plan, as well as what the School Plan's net OPEB liability would be if it were calculated using a healthcare cost trend rates 1-percentage-point lower (7.50% decreasing to 4%) and 1-percentage-point higher (9.50% decreasing to 6%) than the current healthcare cost trend rates:

	1% Decrease <u>7.50% decreasing to</u> <u>4%</u>	Current Healthcare Cost Trend Rates <u>(8.50% decreasing to 5%)</u>	1% Increase <u>(9.50% decreasing to</u> <u>6%)</u>
Net OPEB Liability	\$1,417,086	\$1,661,085	\$1,941,812

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

For the year ended June 30, 2018, the School System recognized OPEB expense of \$234,092. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$431,889
Changes in assumptions	12,660	71,038
Net difference between projected and actual earnings on OPEB plan investments	<u>22,834</u>	<u>-</u>
Total	<u>\$35,494</u>	<u>\$502,927</u>

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

Year ended June 30:

2019	\$(45,962)
2020	(45,962)
2021	(45,960)
2022	(53,410)
2023	(53,532)
Thereafter	(222,607)

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

C. AGGREGATE OPEB AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS

	Deferred Outflows of Resources – OPEB Amounts	Deferred Inflows of Resources – OPEB Amounts	Net OPEB Liability	OPEB Expense
Town Plan	\$1,371,589	\$3,703,717	\$33,379,307	\$2,530,103
School Plan	35,494	502,927	1,661,085	234,092
Total	<u>\$1,407,083</u>	<u>\$4,206,644</u>	<u>\$35,040,392</u>	<u>\$2,764,195</u>

NOTE 13 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

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

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

NOTE 14 – RISK MANAGEMENT

The Town of Narragansett 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 and School System participate in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) which provides coverage for property/liability claims for the Town and School System and workers' compensation claims for the Town. Upon joining the Trust, the Town and School System signed a participation agreement which outlines the rights and responsibilities of both the Trust and the Town/School System. The agreement states that for premiums paid by the Town/School System, the Trust will assume financial responsibility for losses up to the maximum amount of insurance purchased, minus any 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 School System has purchased commercial insurance for workers' compensation claims. Settled claims resulting from these risks have not exceeded the Trust or commercial insurance coverage in any of the past three fiscal years.

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

The School System also participates in a healthcare self-insurance pool administered by WB Community Health (WBCH). WB Community Health is a not-for-profit organization formed to administer health and dental programs for Rhode Island cities, towns and school districts. Upon joining WBCH each member enters into a member agreement with WBCH that outlines the rights and responsibilities of each member and WBCH.

WBCH is a claims-servicing or account pool, which is an arrangement by which a pool manages separate accounts for each pool member from which the claims and administration costs of each member are paid. This arrangement does not result in the transfer of risk to WBCH or the pooling (sharing) of risk amongst the members of WBCH. The School System is retaining the risk and it recognizes and measures its claims liabilities and related expenditures in accordance with GASB Statement No. 10 because the risk of loss has not been transferred to an unrelated third party. The School System's payments of premiums to WBCH are reported as deposits (other assets) and charges for insurance in the Internal Service Fund and the claims paid by WBCH on the School System's behalf and the administrative costs paid to WBCH are recorded as expenses in the Internal Service Fund and a reduction of deposits in the Internal Service Fund. The premiums are based on "working rates" determined by WBCH based on available funds on deposit and claims experience.

In order to avoid catastrophic losses, the School System purchases specific stop loss re-insurance. Under the stop loss re-insurance, the School System is covered for medical claims in excess of \$200,000 per person per contract period.

The claims liability of \$109,302 reported in the Internal Service Fund at June 30, 2018 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the Town's claims liability for the past two fiscal years were:

	<i><u>Beginning Fiscal Year Liability</u></i>	<i><u>Current Year Claims and Changes In Estimate</u></i>	<i><u>Claims Payments</u></i>	<i><u>Balance Fiscal Year End</u></i>
2016-2017	\$184,467	\$3,110,898	\$3,065,722	\$229,643
2017-2018	\$229,643	\$2,934,493	\$3,054,834	\$109,302

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

NOTE 15 – RESTATEMENTS

The following reclassifications and restatements have been reported in the General Fund and Internal Service Fund:

	<i>General Fund</i>	<i>Internal Service Fund</i>
Fund Balance/Net position, June 30, 2017, as previously reported	\$18,929,967	\$ -
Reclassification of Healthcare Fund to Internal Service Fund	(1,688,589)	1,688,589
<i>Fund Balance/Net position June 30, 2017, as restated</i>	<u><u>\$17,241,378</u></u>	<u><u>\$ 1,688,589</u></u>

NOTE 16 – PENSION PLANS

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

Defined Benefit Plan

General Information about the Pension Plan

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

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

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

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

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

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

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

Contributions - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2018, Narragansett School Department teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The State and the Narragansett School Department are required to contribute at an actuarially determined rate, 40% of which is to be paid by the State and the remaining 60% is to be paid by the Narragansett School Department; the rates were 9.89% and 13.24% of annual covered payroll for the fiscal year ended June 30, 2018 for the State and Narragansett School Department, respectively. The Narragansett School Department contributed \$1,660,661, \$1,615,659 and \$1,681,848 for the fiscal years ended June 30, 2018, 2017 and 2016, respectively, equal to 100% of the required contributions for each year. The State's share of contributions totaling \$1,192,998 for fiscal year 2018 are reflected as on-behalf payments and are included as both revenue and expenditures in the Governmental Funds financial statements.

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

At June 30, 2018, the Narragansett School Department reported a liability of \$21,793,447 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the State. The amount recognized by the Narragansett School Department as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the Narragansett School Department were as follows:

Narragansett School Department's proportionate share of the net pension liability	\$21,793,447
State's proportionate share of the net pension liability associated with the Narragansett School Department	<u>16,470,610</u>
Total net pension liability	<u>\$38,264,057</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

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

of June 30, 2016 rolled forward to June 30, 2017. The Narragansett School Department's proportion of the net pension liability was based on a projection of the Narragansett School Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State, actuarially determined. At June 30, 2017 the Narragansett School Department's proportion was 0.69095908%.

For the year ended June 30, 2018, the Narragansett School Department recognized in the Government-Wide financial statements gross pension expense of \$3,403,256 and revenue of \$1,579,728 for support provided by the State. At June 30, 2018, the Narragansett School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources:

Contributions subsequent to the measurement date	\$1,660,661
Change of assumptions	1,903,344
Changes in proportion and differences between employer contributions and proportionate share of contributions	573,904
Net difference between projected and actual earnings on pension plan investments	550,517
Total	<u>\$4,688,426</u>

Deferred inflows of resources:

Differences between expected and actual experience	\$516,671
Change of assumptions	343,431
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,463,545
Total	<u>\$2,323,647</u>

\$1,660,661 reported as deferred outflows of resources related to pensions resulting from the Narragansett School Department 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	\$107,085
2020	469,918
2021	201,388
2022	(181,680)
2023	32,799
Thereafter	74,608

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

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

Inflation	2.5%
Salary increases	3.0% to 13.50%
Investment rate of return	7.0%

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

The actuarial assumptions used in the June 30, 2016 valuation rolled forward to June 30, 2017 and the calculation of the total pension liability at June 30, 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:

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

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

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

The following changes in actuarial assumptions have been made since the prior measurement date: inflation was changed from 2.75% to 2.5%; salary increases were changed from 3.5% - 13.5% to 3% - 13.5%; investment rate of return was changed from 7.5% to 7.0%; and mortality was changed from 97% (males) and 92% (females) of rates in the GRS table based on teacher experience projected with scale AA from 2000 to variants of the RP-2014 tables with MP-2016 projection scale.

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. The prior measurement date used a discount rate of 7.5%.

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

1.00% Decrease	Current Discount	1.00 Increase
<u>(6.0%)</u>	<u>Rate</u>	<u>(8.0%)</u>
<u>(7.0%)</u>	<u>(7.0%)</u>	<u>(8.0%)</u>
\$27,389,156	\$21,793,447	\$17,625,535

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

Defined Contribution Plan

Plan Description

Employees participating in the defined benefit plan with less than 20 years of service as of June 30, 2012, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants.

Employees contribute 5% of their annual covered salary and employers contribute between 1% and 1.5% of annual covered salary depending on the employee's total years of service as of June 30, 2012. The employer contribution is split between the State and the school department. Employee

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

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 Narragansett School Department recognized pension expense of \$108,263 and employees contributed \$506,645 for the fiscal year ended June 30, 2018. For financial reporting purposes, the State's share of contributions totaling \$46,404 for fiscal year 2018 are reflected as on behalf-payments and are included as both revenue and expenditures in the accompanying financial statements.

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

B. POLICE PLAN

General Information about the Pension Plan

Plan Description and Administration – All police officers hired before July 1, 1978 who refused the September 1984 offer to join the Town Plan are covered by the Town of Narragansett's Police Pension Plan which is administered by the Town of Narragansett Pension Board. The Pension Board consists of seven members nominated and appointed by the Town Council. This plan is a single-employer defined benefit pension 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 separate publicly available financial report. The plan is closed to new entrants.

Plan Membership – As of July 1, 2017, membership data related to the pension plan was as follows:

Active members	-
Retired and beneficiaries	16
Terminated vested	-
	<hr/>
	16

Benefit Provided – The pension plan provides retirement, disability and survivorship benefits.

A police officer may retire upon the earlier of attainment of age 65 or the completion of 20 years of credited service. The normal retirement benefit is equal to 50% of final earnings. Retirement benefits are payable in the form of a 67.5% joint and survivor annuity if the participant is married at the retirement date or a life annuity if single.

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

Death benefits are provided for members with 25 years of service. The surviving spouse shall receive a monthly benefit equal to 67.5% of the member's accrued benefit continuing until his/her death or remarriage.

In the event a member becomes unable to perform active police duty by reason of a clearly proven physical or mental disability, he/she shall be entitled to a monthly pension in the amount of 50% of final earnings in the year of disability.

Benefit terms provide for a 3% compounded, annual cost-of-living adjustment (COLA) to a participant's retirement benefit for members who retired on or after July 1, 2002. Eligible members receive the COLA beginning on July 1 of the year the member turns 52 years old or July 1 of the year that is the 5th anniversary of the member's retirement, whichever occurs first. Participants who retired prior to July 1, 2002 do not receive COLA adjustments.

Contributions – Contribution requirements for the plan are established and may be amended by Town ordinance or union contract. Employees are not required to contribute to the Police Plan since there are no active members. 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 \$267,000.

Summary of Significant Accounting Policies

Basis of Accounting – The Police Pension Trust Fund's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which employees provide service to the Town. 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 a national or international exchange are valued at the last reported sales price at current exchange rates.

Investments

Investment Policy – The pension plan's policy is described in Note 5 – Investments.

Rate of Return – For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.91%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Net Pension Liability of the Town

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

Total Pension Liability	\$2,283,917
Plan Fiduciary Net Position	<u>(1,038,723)</u>
Town's Net Pension Liability	<u>\$1,245,194</u>
Plan fiduciary net position as a percentage of the total pension liability	45.48%

Actuarial Assumptions – The total pension liability was determined as of June 30, 2018, based on an actuarial valuation performed as of July 1, 2017 rolled forward to June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Method
Amortization Method	Closed amortization over average remaining expected lifetime of current retirees
Actuarial Assumptions:	
Inflation	2%
Salary Increases	Not applicable
Investment Rate of Return	7.20%
Mortality	<ul style="list-style-type: none"> • Healthy - RP-2014 Blue Collar with generational improvements from 2006 based on 2017 SSA Trustees' Report (2016 SSA Trustees' Report in prior year) • Disabled - RP-2014 Disabled with generational improvements from 2006 based on 2017 SSA Trustees' Report (2016 SSA Trustees' Report in prior year)
Cost of Living Adjustment	3% for eligible retirees; 0% otherwise

Given the size of the plan, there is not enough data available to conduct a credible experience study. The assumptions are not anticipated to produce significant cumulative actuarial gains or losses over time. The liabilities and data are analyzed each year in order to identify any trends of experience deviating from the actuarial assumptions.

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

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

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 in Note 5 – Investments) are summarized in the following table:

<u><i>Asset Class</i></u>	<u><i>Target Allocation</i></u>	<u><i>Long-Term Expected Real Rate of Return</i></u>
Fixed Income	35%	2.00%
Domestic Equity	50%	6.00%
International Equity	15%	5.00%
Alternatives	0%	2.20%
Cash	0%	1.00%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Police Plan
Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances as of June 30, 2017	\$2,352,410	\$934,315	\$1,418,095
Changes for the Year:			
Service cost	-	-	-
Interest on the total pension liability	160,506	-	160,506
Changes in benefits	-	-	-
Difference between expected and actual experience	22,730	-	22,730
Changes in assumptions	(5,407)	-	(5,407)
Employer contributions	-	267,000	(267,000)
Employee contributions	-	-	-
Net investment income	-	89,525	(89,525)
Benefit payments, including employee refunds	(246,322)	(246,322)	-
Administrative expense	-	(5,795)	5,795
Other changes	-	-	-
Net changes	(68,493)	104,408	(172,901)
Balances as of June 30, 2018	\$2,283,917	\$1,038,723	\$1,245,194

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Town, calculated using the discount rate of 7.20%, as well as what the Town’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.20%) or 1-percentage point higher (8.20%) than the current rate:

	1% Decrease <u>(6.20%)</u>	Current Discount <u>Rate (7.20%)</u>	1% Increase <u>(8.20%)</u>
Net Pension Liability	\$1,418,156	\$1,245,194	\$1,084,408

Pension Expense and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the Town recognized pension expense of \$125,142. The Town reported deferred inflows of resources related to pensions from the following sources:

Deferred Inflows of Resources:

Net difference between projected and actual investment earnings	<u>\$9,832</u>
Total	<u>\$9,832</u>

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

Year Ending June 30,	
<u>2019</u>	\$9,324
2020	(1,791)
2021	(13,022)
2022	(4,343)
2023	-
Thereafter	-

C. TOWN PENSION PLAN

General Information about the Pension Plan

Plan Description and Administration – All employees who work at least 5 months of a year for at least 20 hours per week, except for school system employees eligible for membership in the Employees’ Retirement System of the State of Rhode Island and any police officers covered by the Police Plan, are covered by the Town of Narragansett’s Town Pension Plan which is administered by the Town of Narragansett Pension Board. The Pension Board consists of seven members nominated and appointed by the Town Council. This plan is a single-employer defined benefit pension 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 separate publicly available financial report.

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

Plan Membership – As of July 1, 2017, membership data related to the pension plan was as follows:

Active members	250
Retired and beneficiaries	195
Terminated vested	17
	<hr/> 462 <hr/>

Benefit Provided – The pension plan provides retirement, disability and survivorship benefits.

A municipal or school system employee may retire upon the later of attainment of age 58 or the completion of ten years of credited service; but, in any case, the member can retire immediately after completing 20 years of credited service. Local 1033 employees hired on or after July 1, 2014 may retire upon completion of 25 years of credited service. Council 94 employees hired on or after July 1, 2014 and school employees hired after July 1, 2015 may retire upon the later of attainment of age 65 or the completion of ten year of credited service; but in any case, the member can retire immediately after completing 25 years of credited service. A police officer hired before July 1, 2013 may retire upon the earlier of attainment of age 58 or the completion of 20 years of credited service. A police officer hired on or after July 1 2013 may retire upon the completion of 25 years of credited service. A firefighter hired prior to July 1, 2011 may retire upon completion of 20 years of credited service. A firefighter hired on or after July 1, 2011, may retire upon completion of 23 years from their date of hire with a minimum of 20 years of credited service. A firefighter hired on or after July 1, 2013 may retire upon completion of 25 years of credited service. For employees hired prior to July 1, 2011, the normal retirement benefit is equal to 2.5% of final average compensation multiplied by years of credited service (subject to a maximum benefit of 75% of final average compensation). For Council 94 and Local 1033 employees hired on or after July 1, 2011, the normal retirement benefit is equal to 2% of final average compensation multiplied by years of credited service up to 20 and 2.5% of final average compensation multiplied by years of service in excess of 20, limited to 14 (subject to a maximum benefit of 75% of final average compensation). For Council 94 and Local 1033 employees hired on or after July 1, 2014 and school employees hired on or after July 1, 2015, the normal retirement benefit is equal to 2% of final average compensation multiplied by years of credited service (subject to a maximum of 75% of final average compensation). Police officers and firefighters hired on or after July 1, 2013 receive a normal retirement benefit equal to 2% of final average compensation multiplied by years of credited service. Final average compensation is the average annual basic compensation during the highest three consecutive years of service. In lieu of the normal form of benefit, any member who is married at the time of retirement may elect a pension that provides, upon the member's death, for 67.5% of the pension to continue to the dependent spouse or dependent children.

A member who has attained age 55 with 10 years of credited service, or has attained age 50 with 20 years of credited service may elect to retire early. A member who elects to retire early will receive a monthly benefit equal to the actuarial equivalent of the accrued benefit determined as of the normal retirement date.

Beneficiaries of municipal employees receiving death benefits for nonoccupational causes shall be entitled to the greater of a) a refund of employee contributions with interest plus a lump-sum death

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

benefit equal to \$400 times the number of years of credited service (subject to a minimum of \$2,000 and maximum of \$8,000) or b) for municipal employees with 10 or more years of credited service, a refund of employee contributions with interest plus a monthly benefit of 50% of the member's accrued benefit. For occupational causes, the death benefit is a refund of the municipal employee's contributions with interest, plus a benefit equal to 50% of compensation.

Beneficiaries of firefighters or police officers who have completed 10 years of credited service may elect either a refund of employee contributions with interest or a benefit equal to 50% of the member's accrued benefit. Special rules apply for death after meeting eligibility for retirement.

The disability benefit for nonoccupational causes for municipal employees with seven years of credited service but prior to attainment of age 58 is a monthly benefit equal to the greater of:

- a) 2.5% of final average compensation multiplied by years of credited service (subject to a minimum of 25% and a maximum of 50%).
- b) 1-2/3% of final average compensation multiplied by years of credited service (subject to a minimum of 25%).

Disability benefits for nonoccupational causes for firefighters and police officers with seven years of credited service but prior to attainment of age 58 (age 55 for firefighters) is a benefit equal to 2.5% of final average compensation multiplied by years of credited service (subject to a minimum of 25% and a maximum of 50%). Municipal employees, firefighters and police officers disabled due to occupational causes receive a disability benefit equal to 66-2/3% of the annualized rate of compensation determined as the date of disability, reduced by the monthly value of any payments provided for the member under any workers' compensation law.

Retirees receive cost of living adjustments (COLA) as follows:

- a) *Municipal Employees (excluding School System employees)* – who retire, on or after July 1, 2002 shall receive annual 3% compounded COLAs beginning on the July 1 of the year that the employee turns 58 years old. Council 94 employees hired on or after July 1, 2014 shall receive annual 3% simple COLAs beginning July 1 of the year the employee turns 58 years old.
- b) *School System Employees* – hired on or after July 1, 2015 shall receive a compounded COLA on each July 1 based on the COLA given to Social Security recipients, if any.
- c) *Firefighters* – who retire on or after July 1, 2002 and before July 1, 2015 shall receive annual 3% compounded COLAs beginning on the July 1 of the year that the firefighter turns 52 years old. Firefighters who retire on or after July 1, 2015 shall receive annual 3% simple COLAs beginning July 1 of the year the firefighter turns 52 years old. The COLA has been suspended for 8 years for active members as of July 1, 2013.
- d) *Police Officers* – who retire on or after July 1, 2002 if employed before July 1, 2013, shall receive annual 3% compounded COLAs beginning on the earlier of July 1 of the year that the

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

employee turns 52 years old or July 1 of the year that is the fifth anniversary of the police officer's retirement. Police officers hired on or after July 1, 2013 shall receive annual 3% simple COLAs at retirement and when eligible. The COLA has been suspended for 8 years for active members as of July 1, 2013.

Contributions – Contribution requirements for the plan are established and may be amended by Town ordinance or union contract.

Members are required to contribute a percentage of their pay as follows:

Police	11% of base salary, holiday, incentive and longevity
Fire	11% of base salary, holiday, incentive and longevity
Mid-managers; laborers; clerical	10% of base salary and longevity
Non-union	10% of base salary
School	10% of base salary
Council 94; Local 1033	11% of base salary

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 \$5,957,877.

Summary of Significant Accounting Policies

Basis of Accounting – The Town Pension Trust Fund's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which employees provide service to the Town. 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 a national or international exchange are valued at the last reported sales price at current exchange rates.

Investments

Investment Policy – The pension plan's policy is described in Note 5 – Investments.

Rate of Return – For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.11%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Net Pension Liability of the Town

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

Total Pension Liability	\$139,926,819
Plan Fiduciary Net Position	<u>(90,834,555)</u>
Town's Net Pension Liability	<u>\$49,092,264</u>
Plan fiduciary net position as a percentage of the total pension liability	64.92%

Actuarial Assumptions – The total pension liability was determined as of June 30, 2018, based on an actuarial valuation performed as of July 1, 2017 rolled forward to June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Method
Amortization Method	Closed 20-year level percent of pay amortization
Actuarial Assumptions:	
Inflation	2%
Salary Increases	Age 20-29 - 6%; Age 30-34 - 5.5%; Age 35-39 - 5%; Age 40-44 – 4.5%; Age 45+ - 4%
Investment Rate of Return	7.20%
Mortality	<ul style="list-style-type: none"> • Healthy Public Safety - RP-2014 Blue Collar with generational improvements from 2006 based on 2017 SSA Trustees' Report (2016 SSA Trustees' Report in prior year) • Healthy Non-Public Safety – RP-2014 with generational improvements from 2006 based on 2017 SSA Trustees' Report (2016 SSA Trustees' Report in prior year) • Disabled - RP-2014 Disabled with generational improvements from 2006 based on 2017 SSA Trustees' Report (2016 SSA Trustees' Report in prior year)
Cost of Living Adjustment	3% for eligible retirees; 0% otherwise

An experience study was performed for the experience over the July 1, 2007 to July 1, 2017 period. Assumptions with credible data to support updates have been implemented. The liabilities and data are analyzed each year in order to identify any trends of experience deviating from the actuarial assumptions.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
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 of ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 (see the discussion of the pension plan's investment policy in Note 5 – Investments) are summarized in the following table:

<u><i>Asset Class</i></u>	<u><i>Target Allocation</i></u>	<u><i>Long-Term Expected Real Rate of Return</i></u>
Fixed Income	35%	2.00%
Domestic Equity	50%	6.00%
International Equity	15%	5.00%
Alternatives	0%	2.20%
Cash	0%	1.00%
Total	<u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Town Plan
Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2017	\$135,845,224	\$83,930,122	\$51,915,102
Changes for the Year:			
Service cost	2,955,588	-	2,955,588
Interest on the total pension liability	9,790,545	-	9,790,545
Changes in benefits	-	-	-
Difference between expected and actual experience	(1,087,571)	-	(1,087,571)
Changes in assumptions	(1,934,928)	-	(1,934,928)
Employer contributions	-	5,957,877	(5,957,877)
Employee contributions	-	1,583,751	(1,583,751)
Net investment income	-	5,063,944	(5,063,944)
Benefit payments, including employee refunds	(5,642,039)	(5,642,039)	-
Administrative expense	-	(59,100)	59,100
Other changes	-	-	-
Net changes	4,081,595	6,904,433	(2,822,838)
Balances as of June 30, 2018	\$139,926,819	\$90,834,555	\$49,092,264

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Town, calculated using the discount rate of 7.20%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.20%) or 1-percentage point higher (8.20%) than the current rate:

	<i>1% Decrease (6.20%)</i>	<i>Current Discount Rate (7.20%)</i>	<i>1% Increase (8.20%)</i>
Net Pension Liability	\$68,392,561	\$49,092,264	\$32,131,401

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

For the year ended June 30, 2018, the Town recognized pension expense of \$8,419,754. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

Deferred Outflows of Resources:

Differences between expected and actual experience	\$449,152
Changes of assumptions	860,238
Net difference between projected and actual investment earnings	<u>3,246,140</u>
Total	<u><u>\$4,555,530</u></u>

Deferred Inflows of Resources:

Differences between expected and actual experience	\$815,678
Changes of assumptions	<u>1,688,497</u>
Total	<u><u>\$2,504,175</u></u>

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

Year Ending June 30,	
2019	\$2,454,692
2020	421,112
2021	(1,033,507)
2022	209,058
2023	-
Thereafter	-

D. AGGREGATE PENSION AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS

	Deferred Outflows of Resources – Pension Amounts	Deferred Inflows of Resources – Pension Amounts	Net Pension Liability	Pension Expense
Employees' Retirement System of RI	\$4,688,426	\$2,323,647	\$21,793,447	\$3,403,256
Police Plan	-	9,832	1,245,194	125,142
Town Plan	<u>4,555,530</u>	<u>2,504,175</u>	<u>49,092,264</u>	<u>8,419,754</u>
Total	<u><u>\$9,243,956</u></u>	<u><u>\$4,837,654</u></u>	<u><u>\$72,130,905</u></u>	<u><u>\$11,948,152</u></u>

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

NOTE 17 – OPERATING LEASES

The Town leases certain equipment under noncancellable operating leases expiring in June 2019. At June 30, 2018, future minimum lease payments are as follows:

<i>Year Ending June 30,</i>	
2019	<u>\$12,873</u>
	<u>\$12,873</u>

Rental expenditures for operating leases for the year ended June 30, 2018 totaled \$12,873.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- **Pension Plans and Other Post-employment Benefit Plans
Required Supplementary Information**
- **Budgetary Comparison Schedule - General Fund**

In addition, the notes to the required supplementary information are included to provide information that is essential to a user's understanding of the required supplementary information.

TOWN OF NARRAGANSETT, RHODE ISLAND
Required Supplementary Information - Town Other Post-Employment Benefit (OPEB) Plan
Schedule of Changes in the Town's Net OPEB Liability and Related Ratios (1)
"Unaudited"

	<u>2018</u>	<u>2017</u>
Total OPEB liability:		
Service cost	\$ 679,914	\$ 1,189,644
Interest	2,852,809	3,005,083
Changes of benefit terms	-	(6,256,712)
Differences between expected and actual experience	(2,686,363)	658,887
Changes of assumptions	(1,943,284)	1,293,986
Benefits payments	(2,309,807)	(2,090,025)
Net change in total OPEB liability	<u>(3,406,731)</u>	<u>(2,199,137)</u>
Total OPEB liability - beginning	43,680,916	45,880,053
Total OPEB liability - ending (a)	<u>\$ 40,274,185</u>	<u>\$ 43,680,916</u>
 Plan fiduciary net position:		
Contributions - employer	\$ 3,547,796	\$ 3,176,785
Contributions - employee	-	-
Net investment income	327,071	338,238
Benefits payments	(2,309,807)	(2,090,025)
Administrative expense	(8,250)	(26,250)
Other	-	-
Net change in plan fiduciary net position	<u>1,556,810</u>	<u>1,398,748</u>
Plan fiduciary net position - beginning	5,338,068	3,939,320
Plan fiduciary net position - ending (b)	<u>\$ 6,894,878</u>	<u>\$ 5,338,068</u>
 Town's net OPEB liability - ending (a) - (b)	<u>\$ 33,379,307</u>	<u>\$ 38,342,848</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	17.12%	12.22%
 Covered employee payroll	\$ 10,637,623	\$ 10,228,484
 Town's net OPEB liability as a percentage of covered employee payroll	313.79%	374.86%

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

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

TOWN OF NARRAGANSET, RHODE ISLAND
Required Supplementary Information - School Other Post-Employment Benefit (OPEB) Plan
Schedule of Changes in the Town's Net OPEB Liability and Related Ratios (1)
"Unaudited"

	<u>2018</u>	<u>2017</u>
Total OPEB liability:		
Service cost	\$ 177,566	\$ 199,504
Interest	178,180	167,455
Changes of benefit terms	-	-
Differences between expected and actual experience	(262,942)	(241,063)
Changes of assumptions	(78,142)	15,824
Benefits payments	<u>(315,478)</u>	<u>(399,334)</u>
Net change in total OPEB liability	(300,816)	(257,614)
Total OPEB liability - beginning	3,159,802	3,417,416
Total OPEB liability - ending (a)	<u>\$ 2,858,986</u>	<u>\$ 3,159,802</u>
 Plan fiduciary net position:		
Contributions - employer	\$ 315,478	\$ 1,522,122
Contributions - employee	-	-
Net investment income	75,090	23
Benefits payments	(315,478)	(399,334)
Administrative expense	-	-
Other	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	75,090	1,122,811
Plan fiduciary net position - beginning	1,122,811	-
Plan fiduciary net position - ending (b)	<u>\$ 1,197,901</u>	<u>\$ 1,122,811</u>
 Town's net OPEB liability - ending (a) - (b)	<u>\$ 1,661,085</u>	<u>\$ 2,036,991</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	41.90%	35.53%
 Covered employee payroll	N/A	N/A
 Town's net OPEB liability as a percentage of covered employee payroll	N/A	N/A

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

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

TOWN OF NARRAGANSETT, RHODE ISLAND
Required Supplementary Information - Other Post-employment Benefit (OPEB) Plans
Schedule of Town Contributions
Last Ten Fiscal Years
"Unaudited"

	<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>
<u>Town Plan</u>										
Actuarially determined contribution	\$ 3,567,929	\$ 3,517,887	\$ 4,620,054	\$ 5,047,958	\$ 5,030,992	\$ 5,117,673	\$ 5,960,237	\$ 5,308,196	\$ 6,549,964	\$ 6,406,441
Contributions in relation to the actuarially determined contribution	3,547,796	3,176,785	2,911,234	2,346,138	2,510,011	2,516,858	3,069,142	1,899,453	1,447,706	1,384,467
Contribution deficiency (excess)	<u>\$ 20,133</u>	<u>\$ 341,102</u>	<u>\$ 1,708,820</u>	<u>\$ 2,701,820</u>	<u>\$ 2,520,981</u>	<u>\$ 2,600,815</u>	<u>\$ 2,891,095</u>	<u>\$ 3,408,743</u>	<u>\$ 5,102,258</u>	<u>\$ 5,021,974</u>
Covered employee payroll	\$ 10,637,623	\$ 10,228,484	\$ 9,808,380	\$ 9,522,699	\$ 9,377,308	\$ 9,104,183	\$ 8,839,013	\$ 8,644,525	Not available	Not available
Contributions as a percentage of covered employee payroll	33.35%	31.06%	29.68%	24.64%	26.77%	27.65%	34.72%	21.97%	Not available	Not available
<u>School Plan (1)</u>										
Actuarially determined contribution	\$ 306,721	\$ 379,021	\$ 419,272	\$ 392,924	\$ 379,211	\$ 488,877	\$ 445,449	\$ 473,447		
Contributions in relation to the actuarially determined contribution	315,478	1,522,122	335,099	307,430	275,520	301,939	274,490	241,254		
Contribution deficiency (excess)	<u>\$ (8,757)</u>	<u>\$ (1,143,101)</u>	<u>\$ 84,173</u>	<u>\$ 85,494</u>	<u>\$ 103,691</u>	<u>\$ 186,938</u>	<u>\$ 170,959</u>	<u>\$ 232,193</u>		
Covered employee payroll	Not available	Not available	Not available	Not available	\$ 16,032,959	\$ 15,565,980	\$ 15,293,489	\$ 15,293,489		
Contributions as a percentage of covered employee payroll	Not available	Not available	Not available	Not available	1.72%	1.94%	1.79%	1.58%		

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

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

TOWN OF NARRAGANSETT, RHODE ISLAND
Required Supplementary Information - Other Post-Employment Benefit (OPEB) Plans
Schedule of Investment Returns (1)
"Unaudited"

	<u>2018</u>	<u>2017</u>
<i>Town Plan</i>		
Annual money-weighted rate of return, net of investment expense	<u>9.56%</u>	<u>12.52%</u>
<i>School Plan</i>		
Annual money-weighted rate of return, net of investment expense	<u>6.69%</u>	<u>0.00%</u>

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

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

TOWN OF NARRAGANSETT, RHODE ISLAND
Required Supplementary Information
Employees' Retirement System Pension Plan
Schedule of the Town's Proportionate Share of the Net Pension Liability (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.69095908%	0.74560016%	0.75381396%	0.71867874%
Town's proportionate share of the net pension liability	\$ 21,793,447	\$ 22,245,559	\$ 20,752,519	\$ 17,492,643
State's proportionate share of the net pension liability associated with the Town	<u>16,470,610</u>	<u>15,234,941</u>	<u>14,177,469</u>	<u>11,995,511</u>
Total	<u>\$ 38,264,057</u>	<u>\$ 37,480,500</u>	<u>\$ 34,929,988</u>	<u>\$ 29,488,154</u>
Town's covered-employee payroll	\$ 12,258,431	\$ 12,249,451	\$ 12,250,219	\$ 12,180,991
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	177.78%	181.60%	169.41%	143.61%
Plan fiduciary net position as a percentage of the total pension liability	54.01%	54.06%	57.55%	61.40%

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

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

TOWN OF NARRAGANSETT, RHODE ISLAND
Required Supplementary Information - Police Pension Plan
Schedule of Changes in the Town's Net Pension Liability and Related Ratios (1)
"Unaudited"

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	160,506	163,991	174,613	177,837	182,866
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	22,730	50,752	(37,247)	(20,730)	-
Changes of assumptions	(5,407)	(14,486)	33,213	85,996	-
Benefits payments, including refunds of member contributions	(246,322)	(251,011)	(254,103)	(255,145)	(244,698)
Net change in total pension liability	<u>(68,493)</u>	<u>(50,754)</u>	<u>(83,524)</u>	<u>(12,042)</u>	<u>(61,832)</u>
Total pension liability - beginning	<u>2,352,410</u>	<u>2,403,164</u>	<u>2,486,688</u>	<u>2,498,730</u>	<u>2,560,562</u>
Total pension liability - ending (a)	<u>\$2,283,917</u>	<u>\$ 2,352,410</u>	<u>\$ 2,403,164</u>	<u>\$2,486,688</u>	<u>\$ 2,498,730</u>
Plan fiduciary net position:					
Contributions - employer	\$ 267,000	\$ 267,000	\$ 355,000	\$ 126,770	\$ 124,954
Contributions - employee	-	-	-	-	-
Net investment income	89,525	102,865	930	2,633	-
Benefits payments, including refunds of member contributions	(246,322)	(251,011)	(254,103)	(255,145)	(244,698)
Administrative expense	(5,795)	(5,180)	(4,540)	-	-
Other	-	-	-	-	-
Net change in plan fiduciary net position	<u>104,408</u>	<u>113,674</u>	<u>97,287</u>	<u>(125,742)</u>	<u>(119,744)</u>
Plan fiduciary net position - beginning	<u>934,315</u>	<u>820,641</u>	<u>723,354</u>	<u>849,096</u>	<u>968,840</u>
Plan fiduciary net position - ending (b)	<u>\$1,038,723</u>	<u>\$ 934,315</u>	<u>\$ 820,641</u>	<u>\$ 723,354</u>	<u>\$ 849,096</u>
Town's net pension liability - ending (a) - (b)	<u>\$1,245,194</u>	<u>\$ 1,418,095</u>	<u>\$ 1,582,523</u>	<u>\$1,763,334</u>	<u>\$ 1,649,634</u>
Plan fiduciary net position as a percentage of the total pension liability	45.48%	39.72%	34.15%	29.09%	33.98%
Covered employee payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Town's net pension liability as a percentage of covered employee payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

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

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

TOWN OF NARRAGANSETT, RHODE ISLAND
Required Supplementary Information - Town Pension Plan
Schedule of Changes in the Town's Net Pension Liability and Related Ratios (1)
"Unaudited"

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 2,955,588	\$ 2,930,982	\$ 2,810,067	\$ 2,550,557	\$ 2,777,999
Interest	9,790,545	9,285,637	8,763,993	8,179,918	7,743,047
Changes of benefit terms	-	-	(420,257)	-	-
Differences between expected and actual experience	(1,087,571)	540,391	715,831	415,238	(138,666)
Changes of assumptions	(1,934,928)	(474,603)	3,440,952	2,569,581	(69,684)
Benefits payments, including refunds of member contributions	(5,642,039)	(4,946,770)	(4,846,536)	(4,369,538)	(4,151,080)
Net change in total pension liability	<u>4,081,595</u>	<u>7,335,637</u>	<u>10,464,050</u>	<u>9,345,756</u>	<u>6,161,616</u>
Total pension liability - beginning	<u>135,845,224</u>	<u>128,509,587</u>	<u>118,045,537</u>	<u>108,699,781</u>	<u>102,538,165</u>
Total pension liability - ending (a)	<u>\$ 139,926,819</u>	<u>\$ 135,845,224</u>	<u>\$ 128,509,587</u>	<u>\$ 118,045,537</u>	<u>\$ 108,699,781</u>
Plan fiduciary net position:					
Contributions - employer	\$ 5,957,877	\$ 5,399,268	\$ 5,190,005	\$ 4,999,356	\$ 3,237,890
Contributions - employee	1,583,751	1,474,196	1,427,810	1,465,617	1,272,360
Net investment income	5,063,944	7,844,533	(1,643,823)	472,799	10,071,983
Benefits payments, including refunds of member contributions	(5,642,039)	(4,946,770)	(4,846,536)	(4,369,538)	(4,151,082)
Administrative expense	(59,100)	(28,905)	(28,067)	(38,693)	(36,250)
Other	-	-	-	-	-
Net change in plan fiduciary net position	<u>6,904,433</u>	<u>9,742,322</u>	<u>99,389</u>	<u>2,529,541</u>	<u>10,394,901</u>
Plan fiduciary net position - beginning	<u>83,930,122</u>	<u>74,187,800</u>	<u>74,088,411</u>	<u>71,558,870</u>	<u>61,163,969</u>
Plan fiduciary net position - ending (b)	<u>\$ 90,834,555</u>	<u>\$ 83,930,122</u>	<u>\$ 74,187,800</u>	<u>\$ 74,088,411</u>	<u>\$ 71,558,870</u>
Town's net pension liability - ending (a) - (b)	<u>\$ 49,092,264</u>	<u>\$ 51,915,102</u>	<u>\$ 54,321,787</u>	<u>\$ 43,957,126</u>	<u>\$ 37,140,911</u>
Plan fiduciary net position as a percentage of the total pension liability	64.92%	61.78%	57.73%	62.76%	65.83%
Covered employee payroll	\$ 13,835,881	\$ 13,626,448	\$ 12,984,298	\$ 12,188,272	\$ 12,466,246
Town's net pension liability as a percentage of covered employee payroll	354.82%	380.99%	418.37%	360.65%	297.93%

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

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

TOWN OF NARRAGANSETT, RHODE ISLAND

Required Supplementary Information - Pension Plans

Schedule of Town Contributions

Last Ten Fiscal Years

"Unaudited"

	<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>
<u>Employees' Retirement System of RI (1)</u>										
Actuarially determined contribution	\$ 1,660,661	\$ 1,615,659	\$ 1,681,848	\$ 1,642,581						
Contributions in relation to the actuarially determined contribution	1,660,661	1,615,659	1,681,848	1,642,581						
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>						
Covered employee payroll	\$ 12,337,484	\$ 12,258,431	\$ 12,249,451	\$ 12,250,219						
Contributions as a percentage of covered employee payroll	13.46%	13.18%	13.73%	13.41%						
<u>Police Plan</u>										
Actuarially determined contribution	\$ 226,427	\$ 230,391	\$ 216,196	\$ 208,518	\$ 129,257	\$ 124,954	\$ 131,117	\$ 125,293	\$ 77,093	\$ 77,093
Contributions in relation to the actuarially determined contribution	267,000	267,000	355,000	126,770	124,954	102,200	102,200	130,000	120,000	-
Contribution deficiency (excess)	<u>\$ (40,573)</u>	<u>\$ (36,609)</u>	<u>\$ (138,804)</u>	<u>\$ 81,748</u>	<u>\$ 4,303</u>	<u>\$ 22,754</u>	<u>\$ 28,917</u>	<u>\$ (4,707)</u>	<u>\$ (42,907)</u>	<u>\$ 77,093</u>
Covered employee payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Contributions as a percentage of covered employee payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
<u>Town Plan</u>										
Actuarially determined contribution	\$ 5,858,887	\$ 5,428,475	\$ 5,082,997	\$ 4,881,459	\$ 5,619,927	\$ 5,432,159	\$ 4,359,974	\$ 3,581,961	\$ 2,462,870	\$ 2,462,870
Contributions in relation to the actuarially determined contribution	5,957,877	5,399,268	5,190,005	4,999,356	3,237,890	2,627,014	2,177,565	1,936,385	1,557,772	1,342,866
Contribution deficiency (excess)	<u>\$ (98,990)</u>	<u>\$ 29,207</u>	<u>\$ (107,008)</u>	<u>\$ (117,897)</u>	<u>\$ 2,382,037</u>	<u>\$ 2,805,145</u>	<u>\$ 2,182,409</u>	<u>\$ 1,645,576</u>	<u>\$ 905,098</u>	<u>\$ 1,120,004</u>
Covered employee payroll	\$ 13,835,881	\$ 13,626,448	\$ 12,984,298	\$ 12,188,272	\$ 12,466,246	\$ 12,482,365	\$ 11,393,405	\$ 11,975,586	\$ 9,620,655	\$ 9,620,655
Contributions as a percentage of covered employee payroll	43.06%	39.62%	39.97%	41.02%	25.97%	21.05%	19.11%	16.17%	16.19%	13.96%

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

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

TOWN OF NARRAGANSETT, RHODE ISLAND
Required Supplementary Information - Pension Plans
Schedule of Investment Returns (1)
"Unaudited"

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Police Plan</i>					
Annual money-weighted rate of return, net of investment expense	<u>7.91%</u>	<u>10.00%</u>	<u>0.09%</u>	<u>0.78%</u>	<u>0.00%</u>
<i>Town Plan</i>					
Annual money-weighted rate of return, net of investment expense	<u>6.11%</u>	<u>10.69%</u>	<u>-2.29%</u>	<u>0.71%</u>	<u>15.81%</u>

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

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

TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2018

	<i>Budgeted Amounts</i>		<i>Actual Amounts (Budgetary Basis)</i>	<i>Variance With Final Budget Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>		
Revenues:				
Property taxes:				
Current year taxes	\$ 49,750,293	\$ 49,750,293	\$ 50,197,210	\$ 446,917
Prior year taxes	280,141	280,141	245,212	(34,929)
	<u>50,030,434</u>	<u>50,030,434</u>	<u>50,442,422</u>	<u>411,988</u>
Investment and interest revenues:				
Interest on delinquent taxes	170,000	170,000	162,105	(7,895)
Interest from investments	125,000	125,000	33,448	(91,552)
	<u>295,000</u>	<u>295,000</u>	<u>195,553</u>	<u>(99,447)</u>
Intergovernmental revenues:				
Motor vehicle tax reimbursement	50,000	50,000	203,128	153,128
State beach parking	190,000	190,000	188,965	(1,035)
State telephone tax	203,230	203,230	197,800	(5,430)
State hotel tax	206,281	206,281	269,745	63,464
State meal and beverage tax	700,000	700,000	669,424	(30,576)
School housing aid	481,469	481,469	475,693	(5,776)
State reimbursement property revaluation	-	-	80,803	80,803
	<u>1,830,980</u>	<u>1,830,980</u>	<u>2,085,558</u>	<u>254,578</u>
Licenses and permits:				
Building permits	350,000	350,000	350,062	62
Mooring fees	59,000	59,000	60,308	1,308
Variance and exception fees	10,000	10,000	10,943	943
Fire alarm inspection fees	10,000	10,000	11,160	1,160
Road open permits	2,000	2,000	1,175	(825)
VIN inspection fees	5,000	5,000	6,205	1,205
	<u>436,000</u>	<u>436,000</u>	<u>439,853</u>	<u>3,853</u>
Fines and forfeitures:				
Police fees and fines	15,000	15,000	21,909	6,909
Municipal court	400,000	400,000	351,805	(48,195)
	<u>415,000</u>	<u>415,000</u>	<u>373,714</u>	<u>(41,286)</u>

(Continued)

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

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<i>PILOT & interfund revenues:</i>				
Beach in lieu of taxes	207,447	207,447	207,447	-
Housing authority in lieu of taxes	1,590	1,590	-	(1,590)
Water in lieu of taxes	32,015	32,015	32,015	-
Wastewater in lieu of taxes	142,992	142,992	142,992	-
Charter school	8,000	8,000	8,000	-
Federal PILOT	71,000	71,000	64,722	(6,278)
Water administrative fees	139,089	139,089	139,089	-
Wastewater administrative fees	428,060	428,060	428,135	75
Beach administrative fees	133,342	133,342	133,342	-
Rental registration transfer	146,000	146,000	146,000	-
Vehicle maintenance	100,000	100,000	74,547	(25,453)
	<u>1,409,535</u>	<u>1,409,535</u>	<u>1,376,289</u>	<u>(33,246)</u>
<i>Miscellaneous revenues:</i>				
Police finger print receipts	4,000	4,000	5,070	1,070
Town clerk general receipts	700,000	700,000	733,128	33,128
Town clerk alcoholic beverages	34,000	34,000	29,655	(4,345)
Police detail revenue	125,000	125,000	358,207	233,207
Cellular tower rentals	178,700	178,700	179,282	582
Miscellaneous receipts	40,000	40,000	24,230	(15,770)
Emergency medical services	400,000	400,000	457,280	57,280
Miscellaneous police receipts	20,000	20,000	29,122	9,122
Concessions	2,650	2,650	1,150	(1,500)
Fire marshal plan review	15,000	15,000	28,616	13,616
Retained claims	-	-	614	614
Miscellaneous fire department receipts	-	-	1,859	1,859
	<u>1,519,350</u>	<u>1,519,350</u>	<u>1,848,213</u>	<u>328,863</u>
<i>Recreation revenues:</i>				
Community center rental	8,000	8,000	10,630	2,630
Miscellaneous receipts	5,000	5,000	17,404	12,404
Basketball	40,000	40,000	37,332	(2,668)
Workshops	31,000	31,000	11,252	(19,748)
The Camp	70,000	70,000	56,793	(13,207)
Park rental	15,000	15,000	4,055	(10,945)
Concert revenue	-	-	5,750	5,750
	<u>169,000</u>	<u>169,000</u>	<u>143,216</u>	<u>(25,784)</u>
<i>Other financing sources:</i>				
Fund balance appropriation	<u>2,047,135</u>	<u>2,047,135</u>	<u>2,047,135</u>	<u>-</u>
<i>Total revenues and other financing sources</i>	<u>58,152,434</u>	<u>58,152,434</u>	<u>58,951,953</u>	<u>799,519</u>

(Continued)

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

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

	<i>Budgeted Amounts</i>		<i>Actual Amounts (Budgetary Basis)</i>	<i>Variance With Final Budget Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>		
Expenditures:				
General government:				
Town council	56,863	56,863	28,092	28,771
Town solicitor	120,000	120,000	140,229	(20,229)
Municipal court	211,754	214,179	201,807	12,372
Board of canvassers	104,324	105,109	142,369	(37,260)
Town manager	307,532	310,717	300,027	10,690
Human resources	127,883	128,998	121,241	7,757
Town clerk	407,922	411,422	443,193	(31,771)
Information technology	379,661	379,661	277,234	102,427
History commission	1,050	1,050	240	810
Conservation commission	1,300	1,300	290	1,010
Planning board	6,150	6,150	4,073	2,077
Zoning board of appeals	5,850	5,850	5,271	579
Special appropriations	164,259	164,259	158,259	6,000
	<u>1,894,548</u>	<u>1,905,558</u>	<u>1,822,325</u>	<u>83,233</u>
Financial administration:				
Financial and purchasing	375,450	379,365	378,148	1,217
Accounting	441,592	444,972	532,083	(87,111)
Tax assessor	324,016	355,616	363,794	(8,178)
Tax collector	293,929	299,724	289,213	10,511
	<u>1,434,987</u>	<u>1,479,677</u>	<u>1,563,238</u>	<u>(83,561)</u>
Public safety:				
Police administration	1,477,108	1,477,108	1,475,970	1,138
Uniformed patrol	4,620,163	4,620,163	4,813,828	(193,665)
Investigations	875,336	875,336	807,675	67,661
Animal control	200,959	200,959	231,745	(30,786)
Harbor master	42,350	42,350	50,847	(8,497)
Dispatching & records	950,521	956,411	1,036,426	(80,015)
Fire	5,437,699	5,437,699	5,554,334	(116,635)
Emergency management	13,141	13,141	4,363	8,778
	<u>13,617,277</u>	<u>13,623,167</u>	<u>13,975,188</u>	<u>(352,021)</u>
Public works:				
Public works administration	389,005	394,750	388,399	6,351
Highway	1,764,676	1,778,656	1,647,246	131,410
Facilities maintenance	213,774	213,774	213,633	141
Vehicle maintenance	673,255	673,255	641,929	31,326
	<u>3,040,710</u>	<u>3,060,435</u>	<u>2,891,207</u>	<u>169,228</u>

(Continued)

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

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<i>Parks and recreation:</i>				
Parks and recreation administration	178,085	183,550	187,021	(3,471)
Parks maintenance	799,323	802,323	733,253	69,070
Recreation programs	467,267	468,267	418,142	50,125
	<u>1,444,675</u>	<u>1,454,140</u>	<u>1,338,416</u>	<u>115,724</u>
<i>Planning, engineering and inspection:</i>				
Community development	443,983	448,038	494,109	(46,071)
Inspection services	323,732	323,732	317,568	6,164
Engineering	289,392	302,057	299,385	2,672
	<u>1,057,107</u>	<u>1,073,827</u>	<u>1,111,062</u>	<u>(37,235)</u>
<i>Town-wide expenditures</i>	<u>830,674</u>	<u>830,674</u>	<u>797,409</u>	<u>33,265</u>
<i>Education appropriation</i>	<u>25,661,983</u>	<u>25,661,983</u>	<u>25,661,983</u>	<u>-</u>
<i>Library appropriation</i>	<u>841,103</u>	<u>841,103</u>	<u>841,103</u>	<u>-</u>
<i>Other:</i>				
Contingency	300,000	193,530	10,000	183,530
OPEB contribution	2,800,000	2,800,000	2,800,000	-
Police Chapter 1666 pension contribution	267,000	267,000	267,000	-
Retirement and termination benefits	150,000	150,000	-	150,000
	<u>3,517,000</u>	<u>3,410,530</u>	<u>3,077,000</u>	<u>333,530</u>
<i>Other financing uses:</i>				
<i>Transfers to other funds:</i>				
Special Revenue Funds	12,000	12,000	12,000	-
Town Capital Projects Fund	2,047,135	2,020,505	2,020,505	-
Debt Service Fund	2,351,729	2,351,729	2,331,932	19,797
Land Conservancy Fund	50,000	50,000	50,000	-
Kinney Bungalow	269,602	269,602	269,602	-
Middlebridge Fund	81,904	81,904	81,904	-
Grant Transfer	-	25,600	25,600	-
	<u>4,812,370</u>	<u>4,811,340</u>	<u>4,791,543</u>	<u>19,797</u>
<i>Total expenditures and other financing uses</i>	<u>58,152,434</u>	<u>58,152,434</u>	<u>57,870,474</u>	<u>281,960</u>
<i>Net change in fund balance - budgetary basis</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,081,479</u>	<u>\$ 1,081,479</u>

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

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Required Supplementary Information
For the Year Ended June 30, 2018
"Unaudited"

NOTE 1 - SCHEDULE OF TOWN CONTRIBUTIONS - OPEB PLANS

	<u><i>Town Other Post-Employment Benefit Plan</i></u>	<u><i>School Other Post-Employment Benefit Plan</i></u>
Valuation date:	6/30/2017	6/30/2017
Methods and assumptions used to determine contribution rates:		
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level dollar - closed	Level dollar - closed
Remaining amortization period	29 years	29 years
Asset valuation method	Fair market value	Fair market value
Investment rate of return/ Discount rate	7.20% discount rate	6.75% discount rate
Inflation rate	4%	3.50%
Payroll growth rate	N/A	N/A
Medical trend cost rate	Medical - 9% per year graded off to an ultimate rate of 5% per year Part B - 3.25% per year increasing to an ultimate rate of 4.25% per year	Medical - 9% per year graded off to an ultimate rate of 5% per year
Dental trend cost rate	4.50% per year graded off to an ultimate rate of 3% per year	4.50% per year graded off to an ultimate rate of 3% per year
Mortality	SOA RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016	SOA RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2018
"Unaudited"

NOTE 2 - SCHEDULE OF TOWN CONTRIBUTIONS - PENSION PLANS

	<i>Employees' Retirement System of RI</i>	<i>Police Pension</i>	<i>Town Pension</i>												
Valuation date:	June 30, 2015 - Actuarially determined contribution rates are calculated as of June 30 of each plan year and effective 2 years later	July 1, 2016 - Actuarially determined contribution rates are based on the calculated contribution as a percentage of payroll from the prior valuation date	July 1, 2016 - Actuarially determined contribution rates are based on the calculated contribution as a percentage of payroll from the prior valuation date												
Methods and assumptions used to determine contribution rates:															
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal												
Amortization method	Level percentage of payroll over a closed period	Closed amortization over the average remaining expected lifetime of current retirees	Level percent of payroll over a closed 20 year period; for this purpose, payroll is assumed to grow at 4% annually												
Remaining amortization period	20 years	12 years	20 years												
Asset valuation method	5-year smoothed market	Fair market value of assets on the valuation date	Fair market value of assets on the valuation date adjusted for a 5 year phase in of gains and losses of plan assets												
Projected salary increases	Teachers - 3.5% - 13.5%	Not applicable	<table><tr><td><u>Age</u></td><td><u>Percent</u></td></tr><tr><td>20-29</td><td>6.00%</td></tr><tr><td>30-34</td><td>5.50%</td></tr><tr><td>35-39</td><td>5.00%</td></tr><tr><td>40-44</td><td>4.50%</td></tr><tr><td>45+</td><td>4.00%</td></tr></table> <p>Note: Different rates/amounts apply to Local 1033 and Council 94 members for fiscal years 2015, 2016 and 2017; thereafter revert to above table</p>	<u>Age</u>	<u>Percent</u>	20-29	6.00%	30-34	5.50%	35-39	5.00%	40-44	4.50%	45+	4.00%
<u>Age</u>	<u>Percent</u>														
20-29	6.00%														
30-34	5.50%														
35-39	5.00%														
40-44	4.50%														
45+	4.00%														
Investment rate of return	7.50%	7.20%	7.20%												
Inflation	2.75%	2%	2%												
Retirement rates	Experienced based table of rates that are specific to the type of eligibility condition	Not applicable	100% retirement at the earlier of age 58 with 10 years or 20 years for non-public safety. For public safety, age 58 or 20 years.												
Mortality	Teachers - Males - 97% of rates in GRS table based on male teacher experience, projected with Scale AA from 2000 Teachers - Females - 92% of rates in GRS table based on female teacher experience, projected with Scale AA from 2000	Healthy - RP-2014 Blue Collar with generational improvements from 2006 based on 2015 SSA Trustees' Report Disabled - RP-2014 Disabled with generational improvements from 2006 based on 2015 SSA Trustees' Report	Healthy - Public Safety - RP-2014 Blue Collar with generational improvements from 2006 based on 2015 SSA Trustees' Report Healthy - Non-Public Safety - RP-2014 with generational improvements from 2006 based on 2015 SSA Trustees' Report Disabled - RP-2014 Disabled with generational improvements from 2006 based on 2015 SSA Trustees' Report												
Other Information:	Employers participating in the Employees' Retirement System of RI are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year As part of the 2017 Actuarial Experience Investigation Study for the 6 year period ended 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 at the June 30, 2017 measurement date. The following summarizes the more significant changes in assumptions: decrease general inflation assumption from 2.75% to 2.5%; decrease investment return assumption from 7.5% to 7.0%; decrease general wage growth assumption from 3.25% to 3.0%; decrease salary increase assumptions; and updated post-retirement mortality tables to variants of the RP-2014 table with MP-2016 projection scale.	Prior to July 1, 2015, actuarially determined contribution rates were calculated as of July 1 of the fiscal year in which contributions were reported	Prior to July 1, 2015, actuarially determined contribution rates were calculated as of July 1 of the fiscal year in which contributions were reported												

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

NOTE 3 - BUDGETARY DATA AND BUDGETARY COMPLIANCE

In accordance with the Town's Charter, the Town has formally established budgetary accounting control for its General Fund and Enterprise Funds. It is the responsibility of the Town Manager to submit the proposed budgets to the Town Council. The General Fund budget includes the Municipal budget and School Department's total budgeted Town appropriation. The proposed School Department budget is approved by the School Committee prior to being presented to the Town Manager. The Town Council may then revise and adopt a recommended General Fund budget including changes to the School Department's total appropriation. At least two public hearings are conducted on the Town Council recommended budgets and the final recommended budgets are legally enacted through an ordinance by the Town Council prior to the start of the fiscal year. The General Fund's annual operating budget is not in conformity with accounting principles generally accepted in the United States of America. The budget to actual presentation in the financial statements for the General Fund is presented on a budgetary basis. The difference between the budgetary basis and the accounting principles generally accepted in the United States of America basis is explained below.

Appropriations in addition to those contained in the annual operating budget require Town Council approval. Amendments to the operating budgets that do not result in additional appropriations may be made within a department by means of a transfer. The Town Manager has authority to make such transfers within departments. Transfers made outside the departmental level require Town Council approval. All unencumbered appropriations lapse at the end of the fiscal year.

The table below shows the amounts by which certain municipal department expenditures exceeded fiscal year 2018 appropriations:

<u>Department</u>	<u>Expenditures In Excess of Budget</u>
Town solicitor	\$20,229
Board of canvassers	37,260
Town clerk	31,771
Accounting	87,111
Tax assessor	8,178
Uniformed patrol	193,665
Animal control	30,786
Harbor master	8,497
Dispatch & records	80,015
Fire	116,635
Parks and recreation administration	3,471
Community development	46,071

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

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

<u>Revenues and Other Financing Sources</u>	<u>General Fund</u>
Actual amounts (budgetary basis)	\$58,951,953
Differences – budget to GAAP:	
The pension contributions made to the Employees Retirement System by the State on behalf of the Town of Narragansett is not reported as budgetary revenue, but is a revenue for financial reporting purposes.	1,239,402
Unbudgeted revenues not included for budgetary purposes, but included for financial reporting purposes.	4,211,805
Transfer from other funds included as revenues for budgetary purposes, but not included for financial reporting purposes.	(146,000)
Appropriation of fund balance is a revenue for budgetary purposes, but is not a revenue for financial reporting purposes.	<u>(2,047,135)</u>
<i>Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds</i>	<u><u>\$62,210,025</u></u>
<u>Expenditures and Other Financing Uses</u>	<u>General Fund</u>
Actual amounts (budgetary basis)	\$57,870,474
Differences – budget to GAAP:	
The pension contributions made to the Employees Retirement System by the State on behalf of the Town of Narragansett is not reported as a budgetary expenditure, but is an expenditure for financial reporting purposes.	1,239,402
Unbudgeted expenditures and transfers to other funds not included for budgetary purposes, but included for financial reporting purposes.	<u>2,978,256</u>
<i>Total expenditures and other financing uses as reported in the statement of revenues, expenditures and changes in fund balances – governmental funds</i>	<u><u>\$62,088,132</u></u>

OTHER SUPPLEMENTARY INFORMATION

The information provided herein contains schedules which the Town deems necessary to provide additional disclosures.

THIS SECTION CONTAINS THE FOLLOWING:

- **Combining Fund Financial Statements for Nonmajor Governmental Funds**
- **Combining Fund Financial Statements for Pension Trust Funds**
- **Combining Fund Financial Statements for Other Post-Employment Benefit Trust Funds**
- **Combining Fund Financial Statements for Private Purpose Trust Funds**
- **Combining Statement of Assets and Liabilities for Agency Funds**
- **Other Supplementary Information**

**COMBINING FUND FINANCIAL STATEMENTS -
NONMAJOR GOVERNMENTAL FUNDS**

**THE FOLLOWING FUNDS OF THE TOWN
ARE REPORTED IN THIS SECTION:**

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service and capital projects

The Capital Projects Funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital facilities and other capital assets outlays, including the acquisition and/or construction of capital items, except those financed by the Proprietary Fund Types or Trust Funds.

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

	Special Revenue Funds						
	School Restricted Grants	Food Service Fund	Historic Preservation Grants	Community Development Fund	RI Legislative Grant	Safe Routes To School	Forfeited Funds
ASSETS							
Cash	\$ -	\$ 18,196	\$ 51,351	\$ 183,896	\$ 2,897	\$ -	\$ 44,458
Due from federal and state governments	291,463	11,859	-	-	-	-	-
Due from other funds	15,037	41,685	-	-	-	-	-
Other receivables	-	24,171	-	244,557	-	-	-
Total assets	\$ 306,500	\$ 95,911	\$ 51,351	\$ 428,453	\$ 2,897	\$ -	\$ 44,458
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	3,071	40,331	-	5,000	-	-	-
Due to other funds	261,039	-	-	-	-	-	-
Unearned revenue	-	9,779	-	-	-	-	-
Total liabilities	264,110	50,110	-	5,000	-	-	-
Deferred Inflows of Resources							
Other deferred revenue	-	-	-	244,557	-	-	-
Total deferred inflows of resources	-	-	-	244,557	-	-	-
Fund Balances (Deficits)							
Restricted for:							
Education programs	42,390	45,801	-	-	-	-	-
Public safety programs	-	-	-	-	-	-	44,458
Historical records preservation	-	-	-	-	-	-	-
Community service programs	-	-	-	178,896	-	-	-
Parks and recreation programs	-	-	50,812	-	2,897	-	-
Other programs	-	-	539	-	-	-	-
Committed for:							
Capital projects	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Assigned to:							
Capital projects	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	42,390	45,801	51,351	178,896	2,897	-	44,458
Total liabilities, deferred inflows of resources, and fund balances	\$ 306,500	\$ 95,911	\$ 51,351	\$ 428,453	\$ 2,897	\$ -	\$ 44,458

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2018

	<i>Special Revenue Funds</i>						
	<i>State Recycling Fund</i>	<i>Galilee Landing Fees Fund</i>	<i>Byrne Grants</i>	<i>RI EMA Grant</i>	<i>RI EMA MEDS Grant</i>	<i>Historical Records Preservation Fund</i>	<i>Earthday Mini grant</i>
ASSETS							
Cash	\$ 31,683	\$ 50,954	\$ 155	\$ 22,414	\$ 8,354	\$ 156,743	\$ 200
Due from federal and state governments	-	-	-	-	3,350	-	-
Due from other funds	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Total assets	<u>\$ 31,683</u>	<u>\$ 50,954</u>	<u>\$ 155</u>	<u>\$ 22,414</u>	<u>\$ 11,704</u>	<u>\$ 156,743</u>	<u>\$ 200</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	-	7,061	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>7,061</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources							
Other deferred revenue	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)							
Restricted for:							
Education programs	-	-	-	-	-	-	-
Public safety programs	-	-	155	22,414	11,704	-	-
Historical records preservation	-	-	-	-	-	156,743	-
Community service programs	-	-	-	-	-	-	-
Parks and recreation programs	-	43,893	-	-	-	-	200
Other programs	31,683	-	-	-	-	-	-
Committed for:							
Capital projects	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Assigned to:							
Capital projects	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>31,683</u>	<u>43,893</u>	<u>155</u>	<u>22,414</u>	<u>11,704</u>	<u>156,743</u>	<u>200</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 31,683</u>	<u>\$ 50,954</u>	<u>\$ 155</u>	<u>\$ 22,414</u>	<u>\$ 11,704</u>	<u>\$ 156,743</u>	<u>\$ 200</u>

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2018

	<i>Special Revenue Funds</i>					
	<i>RI Interlocal Trust Safety Grant</i>	<i>DEM Tree Grant</i>	<i>Fire Act Grants</i>	<i>CDBG Grant</i>	<i>Grant Miscellaneous</i>	<i>Total Special Revenue Funds</i>
ASSETS						
Cash	\$ 1,989	\$ 6,908	\$ -	\$ 11,533	\$ -	\$ 591,731
Due from federal and state governments	-	1,291	14,322	-	134,398	456,683
Due from other funds	-	-	-	-	-	56,722
Other receivables	-	-	-	-	-	268,728
Total assets	<u>\$ 1,989</u>	<u>\$ 8,199</u>	<u>\$ 14,322</u>	<u>\$ 11,533</u>	<u>\$ 134,398</u>	<u>\$ 1,373,864</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Cash overdraft	\$ -	\$ -	\$ 14,322	\$ -	\$ 119,623	\$ 133,945
Accounts payable and accrued expenditures	-	-	-	-	4,020	59,483
Due to other funds	-	-	-	-	-	261,039
Unearned revenue	-	-	-	-	-	9,779
Total liabilities	<u>-</u>	<u>-</u>	<u>14,322</u>	<u>-</u>	<u>123,643</u>	<u>464,246</u>
Deferred Inflows of Resources						
Other deferred revenue	-	-	-	-	-	244,557
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,557</u>
Fund Balances (Deficits)						
Restricted for:						
Education programs	-	-	-	-	-	88,191
Public safety programs	1,989	-	-	-	-	80,720
Historical records preservation	-	-	-	-	-	156,743
Community service programs	-	-	-	11,533	-	190,429
Parks and recreation programs	-	8,199	-	-	-	106,001
Other programs	-	-	-	-	10,755	42,977
Committed for:						
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Assigned to:						
Capital projects	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>1,989</u>	<u>8,199</u>	<u>-</u>	<u>11,533</u>	<u>10,755</u>	<u>665,061</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,989</u>	<u>\$ 8,199</u>	<u>\$ 14,322</u>	<u>\$ 11,533</u>	<u>\$ 134,398</u>	<u>\$ 1,373,864</u>

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2018

	Capital Project Funds						
	<i>Debt Service Fund</i>	<i>School Athletic Complex Fund</i>	<i>School Capital Projects Fund</i>	<i>Town Capital Projects Fund</i>	<i>Land Trust Fund</i>	<i>Total Capital Project Funds</i>	<i>Total Nonmajor Governmental Funds</i>
ASSETS							
Cash	\$ 495,125	\$ 11,036	\$ -	\$ 2,253,092	\$ 273,012	\$ 2,537,140	\$ 3,623,996
Due from federal and state governments	-	-	-	-	-	-	456,683
Due from other funds	-	-	1,446,122	-	-	1,446,122	1,502,844
Other receivables	-	-	-	-	-	-	268,728
Total assets	<u>\$ 495,125</u>	<u>\$ 11,036</u>	<u>\$ 1,446,122</u>	<u>\$ 2,253,092</u>	<u>\$ 273,012</u>	<u>\$ 3,983,262</u>	<u>\$ 5,852,251</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 133,945
Accounts payable and accrued expenditures	-	-	225,690	61,743	2,580	290,013	349,496
Due to other funds	-	49,612	-	-	-	49,612	310,651
Unearned revenue	-	-	-	-	-	-	9,779
Total liabilities	<u>-</u>	<u>49,612</u>	<u>225,690</u>	<u>61,743</u>	<u>2,580</u>	<u>339,625</u>	<u>803,871</u>
Deferred Inflows of Resources							
Other deferred revenue	-	-	-	-	-	-	244,557
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,557</u>
Fund Balances (Deficits)							
Restricted for:							
Education programs	-	-	-	-	-	-	88,191
Public safety programs	-	-	-	-	-	-	80,720
Historical records preservation	-	-	-	-	-	-	156,743
Community service programs	-	-	-	-	-	-	190,429
Parks and recreation programs	-	-	-	-	-	-	106,001
Other programs	-	-	-	-	-	-	42,977
Committed for:							
Capital projects	-	-	-	2,191,349	270,432	2,461,781	2,461,781
Debt service	495,125	-	-	-	-	-	495,125
Assigned to:							
Capital projects	-	-	1,220,432	-	-	1,220,432	1,220,432
Unassigned	-	(38,576)	-	-	-	(38,576)	(38,576)
Total fund balances (deficits)	<u>495,125</u>	<u>(38,576)</u>	<u>1,220,432</u>	<u>2,191,349</u>	<u>270,432</u>	<u>3,643,637</u>	<u>4,803,823</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 495,125</u>	<u>\$ 11,036</u>	<u>\$ 1,446,122</u>	<u>\$ 2,253,092</u>	<u>\$ 273,012</u>	<u>\$ 3,983,262</u>	<u>\$ 5,852,251</u>

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

	Special Revenue Funds						
	<i>School Restricted Grants</i>	<i>Food Service Fund</i>	<i>Historic Preservation Grants</i>	<i>Community Development Fund</i>	<i>RI Legislative Grant</i>	<i>Safe Routes To School</i>	<i>Forfeited Funds</i>
Revenues							
State aid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	208,304	-	-	-	-	-
Operating grants and contributions	885,381	136,705	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-
Investment and interest income	-	-	252	7,759	-	-	218
Other revenue	-	19,650	-	17,782	-	-	-
Total revenues	885,381	364,659	252	25,541	-	-	218
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	175	-
Public works	-	-	-	-	-	-	-
Social services	-	-	-	19,125	-	-	-
Parks and recreation	-	-	-	-	-	-	-
Food service	-	366,913	-	-	-	-	-
Education	852,225	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	852,225	366,913	-	19,125	-	175	-
Excess (deficiency) of revenues over (under) expenditures before other financing sources	33,156	(2,254)	252	6,416	-	(175)	218
Other financing sources							
Transfers from other funds	-	30,000	-	-	-	-	-
Total other financing sources	-	30,000	-	-	-	-	-
Net change in fund balance	33,156	27,746	252	6,416	-	(175)	218
Fund balances (deficits) - beginning of year	9,234	18,055	51,099	172,480	2,897	175	44,240
Fund balances (deficits) - end of year	\$ 42,390	\$ 45,801	\$ 51,351	\$ 178,896	\$ 2,897	\$ -	\$ 44,458

(Continued)

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

	Special Revenue Funds					
	<i>State Recycling Fund</i>	<i>Galilee Landing Fees Fund</i>	<i>Byrne Grants</i>	<i>RI EMA Grant</i>	<i>RI EMA MEDS Grant</i>	<i>Historical Records Preservation Fund</i> <i>Earthday Mini grant</i>
Revenues						
State aid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	138	94,678	-	-	-	29,637
Operating grants and contributions	12,963	-	11	-	11,721	-
Capital grants and contributions	-	-	-	-	-	-
Investment and interest income	-	51	-	-	63	821
Other revenue	-	-	-	-	-	-
Total revenues	13,101	94,729	11	-	11,784	30,458
Expenditures						
Current:						
General government	-	-	-	-	-	27,414
Public safety	-	-	20	-	12,853	-
Public works	20,608	-	-	-	-	-
Social services	-	-	-	-	-	-
Parks and recreation	-	90,814	-	-	-	-
Food service	-	-	-	-	-	-
Education	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	20,608	90,814	20	-	12,853	27,414
Excess (deficiency) of revenues over (under) expenditures before other financing sources	(7,507)	3,915	(9)	-	(1,069)	3,044
Other financing sources						
Transfers from other funds	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Net change in fund balance	(7,507)	3,915	(9)	-	(1,069)	3,044
Fund balances (deficits) - beginning of year	39,190	39,978	164	22,414	12,773	153,699
Fund balances (deficits) - end of year	\$ 31,683	\$ 43,893	\$ 155	\$ 22,414	\$ 11,704	\$ 156,743

(Continued)

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

	Special Revenue Funds					
	<i>RI Interlocal Trust Safety Grant</i>	<i>DEM Tree Grant</i>	<i>Fire Act Grants</i>	<i>CDBG Grant</i>	<i>Grant Miscellaneous</i>	<i>Total Special Revenue Funds</i>
Revenues						
State aid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	332,757
Operating grants and contributions	-	1,291	14,322	-	75,170	1,137,564
Capital grants and contributions	-	-	-	-	160,192	160,192
Investment and interest income	-	-	-	33	-	9,197
Other revenue	-	-	-	-	-	37,432
Total revenues	<u>-</u>	<u>1,291</u>	<u>14,322</u>	<u>33</u>	<u>235,362</u>	<u>1,677,142</u>
Expenditures						
Current:						
General government	-	-	-	-	-	27,414
Public safety	-	-	14,322	-	26,318	53,688
Public works	-	-	-	-	-	20,608
Social services	-	-	-	-	-	19,125
Parks and recreation	-	1,291	-	-	46,478	138,583
Food service	-	-	-	-	-	366,913
Education	-	-	-	-	-	852,225
Debt service:						
Principal	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-
Capital outlay	-	-	-	-	196,398	196,398
Total expenditures	<u>-</u>	<u>1,291</u>	<u>14,322</u>	<u>-</u>	<u>269,194</u>	<u>1,674,954</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>33</u>	<u>(33,832)</u>	<u>2,188</u>
Other financing sources						
Transfers from other funds	-	-	-	-	36,206	66,206
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,206</u>	<u>66,206</u>
Net change in fund balance	-	-	-	33	2,374	68,394
Fund balances (deficits) - beginning of year	<u>1,989</u>	<u>8,199</u>	<u>-</u>	<u>11,500</u>	<u>8,381</u>	<u>596,667</u>
Fund balances (deficits) - end of year	<u>\$ 1,989</u>	<u>\$ 8,199</u>	<u>\$ -</u>	<u>\$ 11,533</u>	<u>\$ 10,755</u>	<u>\$ 665,061</u>

(Continued)

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

	Capital Project Funds						
	<i>Debt Service Fund</i>	<i>School Athletic Complex Fund</i>	<i>School Capital Projects Fund</i>	<i>Town Capital Projects Fund</i>	<i>Land Trust Fund</i>	<i>Total Capital Project Funds</i>	<i>Total Nonmajor Governmental Funds</i>
Revenues							
State aid	\$ -	\$ -	\$ 639,506	\$ -	\$ -	\$ 639,506	\$ 639,506
Charges for services	-	-	-	-	-	-	332,757
Operating grants and contributions	-	-	-	-	-	-	1,137,564
Capital grants and contributions	-	32,250	-	-	-	32,250	192,442
Investment and interest income	-	-	-	-	1,206	1,206	10,403
Other revenue	-	-	-	-	-	-	37,432
Total revenues	<u>-</u>	<u>32,250</u>	<u>639,506</u>	<u>-</u>	<u>1,206</u>	<u>672,962</u>	<u>2,350,104</u>
Expenditures							
Current:							
General government	-	-	-	-	-	-	27,414
Public safety	-	-	-	-	-	-	53,688
Public works	-	-	-	-	-	-	20,608
Social services	-	-	-	-	-	-	19,125
Parks and recreation	-	-	-	-	-	-	138,583
Food service	-	-	-	-	-	-	366,913
Education	-	-	-	-	-	-	852,225
Debt service:							
Principal	1,685,050	-	79,600	-	-	79,600	1,764,650
Interest and fees	938,882	-	5,018	-	-	5,018	943,900
Capital outlay	-	-	653,585	1,424,264	4,160	2,082,009	2,278,407
Total expenditures	<u>2,623,932</u>	<u>-</u>	<u>738,203</u>	<u>1,424,264</u>	<u>4,160</u>	<u>2,166,627</u>	<u>6,465,513</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>(2,623,932)</u>	<u>32,250</u>	<u>(98,697)</u>	<u>(1,424,264)</u>	<u>(2,954)</u>	<u>(1,493,665)</u>	<u>(4,115,409)</u>
Other financing sources							
Transfers from other funds	2,331,932	-	900,000	2,020,505	50,000	2,970,505	5,368,643
Total other financing sources	<u>2,331,932</u>	<u>-</u>	<u>900,000</u>	<u>2,020,505</u>	<u>50,000</u>	<u>2,970,505</u>	<u>5,368,643</u>
Net change in fund balance	(292,000)	32,250	801,303	596,241	47,046	1,476,840	1,253,234
Fund balances (deficits) - beginning of year	<u>787,125</u>	<u>(70,826)</u>	<u>419,129</u>	<u>1,595,108</u>	<u>223,386</u>	<u>2,166,797</u>	<u>3,550,589</u>
Fund balances (deficits) - end of year	<u>\$ 495,125</u>	<u>\$ (38,576)</u>	<u>\$ 1,220,432</u>	<u>\$ 2,191,349</u>	<u>\$ 270,432</u>	<u>\$ 3,643,637</u>	<u>\$ 4,803,823</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet
Special Revenue Funds - School Restricted Fund
June 30, 2018

	<i>IDEA</i>	<i>Title I Part A</i>	<i>IDEA Preschool</i>	<i>Title II Part A</i>	<i>ELL Catagorical Aid</i>	<i>Tolerance Program</i>	<i>RI Foundation Spark</i>	<i>NE Dairy Council Grant</i>
ASSETS								
Due from federal and state government	\$ 144,271	\$ 74,096	\$ 258	\$ 19,965	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-	1,676	305	462
Total assets	<u>\$ 144,271</u>	<u>\$ 74,096</u>	<u>\$ 258</u>	<u>\$ 19,965</u>	<u>\$ -</u>	<u>\$ 1,676</u>	<u>\$ 305</u>	<u>\$ 462</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued expenses	\$ 3,071	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	141,200	74,096	258	19,965	-	-	-	-
Total liabilities	<u>144,271</u>	<u>74,096</u>	<u>258</u>	<u>19,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,676</u>	<u>305</u>	<u>462</u>
Total liabilities and fund balances	<u>\$ 144,271</u>	<u>\$ 74,096</u>	<u>\$ 258</u>	<u>\$ 19,965</u>	<u>\$ -</u>	<u>\$ 1,676</u>	<u>\$ 305</u>	<u>\$ 462</u>

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet (Continued)
Special Revenue Funds - School Restricted Fund
June 30, 2018

	<i>701 RI Learning Champions</i>	<i>801 RI Learning Champions</i>	<i>Casit, Inc. AP Italian Program</i>	<i>Drug Free Communities Support Program</i>	<i>Perkins Agriculture CTE Grant</i>	<i>Chartwell's Grant</i>	<i>Career & Technical Education</i>	<i>RI Trust CTE Grant</i>	<i>Total</i>
ASSETS									
Due from federal and state government	\$ 710	\$ 194	\$ -	\$ 24,936	\$ -	\$ -	\$ 27,033	\$ -	\$ 291,463
Due from other funds	-	-	519	-	-	1,876	4,585	5,614	15,037
Total assets	<u>\$ 710</u>	<u>\$ 194</u>	<u>\$ 519</u>	<u>\$ 24,936</u>	<u>\$ -</u>	<u>\$ 1,876</u>	<u>\$ 31,618</u>	<u>\$ 5,614</u>	<u>\$ 306,500</u>
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,071
Due to other funds	710	194	-	24,616	-	-	-	-	261,039
Total liabilities	<u>710</u>	<u>194</u>	<u>-</u>	<u>24,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>264,110</u>
Fund balances - restricted	<u>-</u>	<u>-</u>	<u>519</u>	<u>320</u>	<u>-</u>	<u>1,876</u>	<u>31,618</u>	<u>5,614</u>	<u>42,390</u>
Total liabilities and fund balances	<u>\$ 710</u>	<u>\$ 194</u>	<u>\$ 519</u>	<u>\$ 24,936</u>	<u>\$ -</u>	<u>\$ 1,876</u>	<u>\$ 31,618</u>	<u>\$ 5,614</u>	<u>\$ 306,500</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds - School Restricted Fund
For the Fiscal Year Ended June 30, 2018

	<i>IDEA</i>	<i>Title I Part A</i>	<i>IDEA Preschool</i>	<i>Title II Part A</i>	<i>ELL Catagorical Aid</i>	<i>Tolerance Program</i>	<i>RI Foundation Spark</i>	<i>NE Dairy Council Grant</i>
Revenues								
Operating grants and contributions	\$ 442,721	\$ 176,893	\$ 8,009	\$ 50,478	\$ 131	\$ -	\$ 779	\$ -
Total revenues	<u>442,721</u>	<u>176,893</u>	<u>8,009</u>	<u>50,478</u>	<u>131</u>	<u>-</u>	<u>779</u>	<u>-</u>
Expenditures								
Salaries	277,449	120,368	7,440	33,341	-	-	-	-
Employee benefits	165,272	53,229	569	17,137	-	-	-	-
Purchased services	-	1,517	-	-	131	-	-	-
Supplies and materials	-	1,779	-	-	-	-	244	-
Capital outlay	-	-	-	-	-	-	-	-
Other costs	-	-	-	-	-	-	230	-
Total expenditures	<u>442,721</u>	<u>176,893</u>	<u>8,009</u>	<u>50,478</u>	<u>131</u>	<u>-</u>	<u>474</u>	<u>-</u>
Net change in fund balances	-	-	-	-	-	-	305	-
Fund balances - beginning of year	-	-	-	-	-	1,676	-	462
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,676</u>	<u>\$ 305</u>	<u>\$ 462</u>

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Special Revenue Funds - School Restricted Fund
For the Fiscal Year Ended June 30, 2018

	<i>701 RI Learning Champions</i>	<i>801 RI Learning Champions</i>	<i>Casit, Inc. AP Italian Program</i>	<i>Drug Free Communities Support Program</i>	<i>Perkins Agriculture CTE Grant</i>	<i>Chartwell's Grant</i>	<i>Career & Technical Education</i>	<i>RI Trust CTE Grant</i>	<i>Total</i>
Revenues									
Operating grants and contributions	\$ 710	\$ 194	\$ 500	\$ 116,220	\$ 13,683	\$ -	\$ 27,033	\$ 48,030	\$ 885,381
Total revenues	<u>710</u>	<u>194</u>	<u>500</u>	<u>116,220</u>	<u>13,683</u>	<u>-</u>	<u>27,033</u>	<u>48,030</u>	<u>885,381</u>
Expenditures									
Salaries	660	180	-	-	-	-	-	-	439,438
Employee benefits	50	14	-	-	-	-	-	-	236,271
Purchased services	-	-	135	116,220	3,720	-	-	720	122,443
Supplies and materials	-	-	-	-	7,613	-	-	-	9,636
Capital outlay	-	-	-	-	1,678	-	86	41,696	43,460
Other costs	-	-	75	-	672	-	-	-	977
Total expenditures	<u>710</u>	<u>194</u>	<u>210</u>	<u>116,220</u>	<u>13,683</u>	<u>-</u>	<u>86</u>	<u>42,416</u>	<u>852,225</u>
Net change in fund balances	-	-	290	-	-	-	26,947	5,614	33,156
Fund balances - beginning of year	-	-	229	320	-	1,876	4,671	-	9,234
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 519</u>	<u>\$ 320</u>	<u>\$ -</u>	<u>\$ 1,876</u>	<u>\$ 31,618</u>	<u>\$ 5,614</u>	<u>\$ 42,390</u>

**COMBINING FUND FINANCIAL STATEMENTS -
PENSION TRUST FUNDS**

Pension Trust Funds account for contributions made by the Town and its participating employees to provide pension benefits to these employees at retirement.

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2018

	<u><i>Town Plan</i></u>	<u><i>Police Plan</i></u>	<u><i>Total Pension Trust Funds</i></u>
<i>Assets</i>			
Cash and cash equivalents	\$ 7,454,234	\$ 41,389	\$ 7,495,623
Investments at fair value:			
U.S. government obligations	2,667,384	-	2,667,384
Municipal obligations	30,813	-	30,813
Corporate bonds	4,017,328	-	4,017,328
Mortgage backed securities	591,066	-	591,066
Common stock	26,649,535	-	26,649,535
Mutual and exchange traded funds - equities	26,126,208	765,185	26,891,393
Mutual and exchange traded funds - fixed income	17,922,588	426,523	18,349,111
Hedge fund	4,726,120	-	4,726,120
Total investments	<u>82,731,042</u>	<u>1,191,708</u>	<u>83,922,750</u>
Accrued interest receivable	55,736	-	55,736
Contribution receivable	104,844	-	104,844
Prepaid expenses	488,699	20,291	508,990
<i>Total assets</i>	<u>90,834,555</u>	<u>1,253,388</u>	<u>92,087,943</u>
<i>Liabilities</i>			
Due to other funds	-	214,665	214,665
<i>Total liabilities</i>	<u>-</u>	<u>214,665</u>	<u>214,665</u>
<i>Net Position</i>			
Restricted for pension benefits	<u>\$ 90,834,555</u>	<u>\$ 1,038,723</u>	<u>\$ 91,873,278</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended June 30, 2018

	<u><i>Town Plan</i></u>	<u><i>Police Plan</i></u>	<u><i>Total Pension Trust Funds</i></u>
<i>Additions</i>			
Contributions:			
Employer	\$ 5,957,877	\$ 267,000	\$ 6,224,877
Plan member	1,583,751	-	1,583,751
Total contributions	<u>7,541,628</u>	<u>267,000</u>	<u>7,808,628</u>
Investment income:			
Net increase (decrease) in fair value of investments	3,451,511	72,123	3,523,634
Interest and dividends	2,068,007	24,485	2,092,492
Less: investment expense	<u>(455,574)</u>	<u>(7,083)</u>	<u>(462,657)</u>
Net investment income	<u>5,063,944</u>	<u>89,525</u>	<u>5,153,469</u>
<i>Total additions</i>	<u>12,605,572</u>	<u>356,525</u>	<u>12,962,097</u>
<i>Deductions</i>			
Benefits	5,498,302	246,322	5,744,624
Refunds of contributions	143,737	-	143,737
Administrative expenses	<u>59,100</u>	<u>5,795</u>	<u>64,895</u>
<i>Total deductions</i>	<u>5,701,139</u>	<u>252,117</u>	<u>5,953,256</u>
<i>Change in net position</i>	6,904,433	104,408	7,008,841
<i>Net position - beginning of year</i>	<u>83,930,122</u>	<u>934,315</u>	<u>84,864,437</u>
<i>Net position - end of year</i>	<u><u>\$ 90,834,555</u></u>	<u><u>\$ 1,038,723</u></u>	<u><u>\$ 91,873,278</u></u>

**COMBINING FUND FINANCIAL STATEMENTS -
OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS**

Other Post-Employment Trust Funds account for contributions made by the Town and School System to provide post-employment benefit benefits to employees at retirement.

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Fiduciary Net Position
Other Post-Employment Benefit Trust Funds
June 30, 2018

	<u>Town Plan</u>	<u>School Plan</u>	<u>Total Other Post- Employment Benefit Trust Funds</u>
Assets			
Cash and cash equivalents	\$ 3,331,483	\$ -	\$ 3,331,483
Investments at fair value:			
Common stock	2,061,944	-	2,061,944
Mutual and exchange traded funds - equities	389,562	-	389,562
Mutual and exchange traded funds - fixed income	1,109,010	-	1,109,010
Pooled investments	-	1,197,901	1,197,901
Total investments	<u>3,560,516</u>	<u>1,197,901</u>	<u>4,758,417</u>
Prepaid expenses	<u>140,604</u>	<u>-</u>	<u>140,604</u>
Total assets	<u>7,032,603</u>	<u>1,197,901</u>	<u>8,230,504</u>
Liabilities			
Accounts payable and accrued expenses	<u>137,725</u>	<u>-</u>	<u>137,725</u>
Total liabilities	<u>137,725</u>	<u>-</u>	<u>137,725</u>
Net Position			
Restricted for other post-employment benefits	<u>\$ 6,894,878</u>	<u>\$ 1,197,901</u>	<u>\$ 8,092,779</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Changes in Fiduciary Net Position
Other Post-Employment Benefit Trust Funds
For the Year Ended June 30, 2018

	<u><i>Town Plan</i></u>	<u><i>School Plan</i></u>	<u><i>Total Other Post- Employment Benefit Trust Funds</i></u>
<i>Additions</i>			
Contributions:			
Employer	\$ 3,547,796	\$ 315,478	\$ 3,863,274
Total contributions	<u>3,547,796</u>	<u>315,478</u>	<u>3,863,274</u>
Investment income:			
Net increase (decrease) in fair value of investments	262,551	78,021	340,572
Interest and dividends	88,789	-	88,789
Less: investment expense	<u>(24,269)</u>	<u>(2,931)</u>	<u>(27,200)</u>
Net investment income	<u>327,071</u>	<u>75,090</u>	<u>402,161</u>
<i>Total additions</i>	<u>3,874,867</u>	<u>390,568</u>	<u>4,265,435</u>
<i>Deductions</i>			
Benefits	2,309,807	315,478	2,625,285
Administrative expenses	<u>8,250</u>	<u>-</u>	<u>8,250</u>
<i>Total deductions</i>	<u>2,318,057</u>	<u>315,478</u>	<u>2,633,535</u>
<i>Change in net position</i>	1,556,810	75,090	1,631,900
<i>Net position - beginning of year</i>	<u>5,338,068</u>	<u>1,122,811</u>	<u>6,460,879</u>
<i>Net position - end of year</i>	<u><u>\$ 6,894,878</u></u>	<u><u>\$ 1,197,901</u></u>	<u><u>\$ 8,092,779</u></u>

**COMBINING FUND FINANCIAL STATEMENTS -
PRIVATE PURPOSE TRUST FUNDS**

Private Purpose Trust Funds were established to account for assets held by the Town in a fiduciary capacity for individuals, governmental entities and others. Trust funds are operated by carrying out specific requirements, or other governing regulations.

TOWN OF NARRAGANSETT, RHODE ISLAND

Combining Statement of Fiduciary Net Position

Private-Purpose Trust Funds

June 30, 2018

	<i>Barton Memorial Scholarship Fund</i>	<i>Richard Colvin Memorial Scholarship Fund</i>	<i>Peter Davis Burial Fund</i>	<i>Franklin Burial Fund</i>	<i>James Water Fund</i>	<i>Frank L. Robinson Fund</i>	<i>Total Private- Purpose Trusts</i>
Assets							
Cash and cash equivalents	\$ 5,406	\$ -	\$ 547	\$ 3,564	\$ 2,801	\$ 58,450	\$ 70,768
Investments	-	8,694	-	-	-	-	8,694
Total assets	<u>5,406</u>	<u>8,694</u>	<u>547</u>	<u>3,564</u>	<u>2,801</u>	<u>58,450</u>	<u>79,462</u>
Net Position							
Restricted for other purposes	<u>\$ 5,406</u>	<u>\$ 8,694</u>	<u>\$ 547</u>	<u>\$ 3,564</u>	<u>\$ 2,801</u>	<u>\$ 58,450</u>	<u>\$ 79,462</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds
For the Fiscal Year Ended June 30, 2018

	<i>Barton Memorial Scholarship Fund</i>	<i>Richard Colvin Memorial Scholarship Fund</i>	<i>Peter Davis Burial Fund</i>	<i>Franklin Burial Fund</i>	<i>James Water Fund</i>	<i>Frank L. Robinson Fund</i>	<i>Total Private- Purpose Trusts</i>
Additions							
Investment earnings:							
Net increase (decrease) in fair value of investments	\$ -	\$ 453	\$ -	\$ -	\$ -	\$ -	\$ 453
Interest and dividends	3	106	3	17	14	286	429
Net investment earnings	3	559	3	17	14	286	882
Total additions	3	559	3	17	14	286	882
Deductions							
Miscellaneous	500	500	-	-	-	-	1,000
Total deductions	500	500	-	-	-	-	1,000
Change in net position	(497)	59	3	17	14	286	(118)
Net position - beginning of year	5,903	8,635	544	3,547	2,787	58,164	79,580
Net position - end of year	\$ 5,406	\$ 8,694	\$ 547	\$ 3,564	\$ 2,801	\$ 58,450	\$ 79,462

A G E N C Y F U N D S

Agency Funds account for assets held by the Town as an agent for individuals, organizations or other governmental units.

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2018

	<i>Student Activities - High School</i>	<i>Student Activities - Pier School</i>	<i>Student Activities - Elementary School</i>	<i>Total</i>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets				
Due from other funds	\$ 82,402	\$ 53,202	\$ 48,187	\$ 183,791
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 82,402</u>	<u>\$ 53,202</u>	<u>\$ 48,187</u>	<u>\$ 183,791</u>
Liabilities				
Accounts payable	\$ 1,955	\$ -	\$ 759	\$ 2,714
Deposits held in custody for others	80,447	53,202	47,428	181,077
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 82,402</u>	<u>\$ 53,202</u>	<u>\$ 48,187</u>	<u>\$ 183,791</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018

	<i>Balance June 30, 2017</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance June 30, 2018</i>
STUDENT ACTIVITIES - HIGH SCHOOL				
<i>Assets</i>				
Due from other funds	\$ 99,364	\$ 165,578	\$ 182,540	\$ 82,402
Total assets	<u>\$ 99,364</u>	<u>\$ 165,578</u>	<u>\$ 182,540</u>	<u>\$ 82,402</u>
<i>Liabilities</i>				
Accounts payable	\$ 15,472	\$ 163,889	\$ 177,406	\$ 1,955
Deposits held in custody for others	83,892	165,578	169,023	80,447
Total liabilities	<u>\$ 99,364</u>	<u>\$ 329,467</u>	<u>\$ 346,429</u>	<u>\$ 82,402</u>
STUDENT ACTIVITIES - PIER SCHOOL				
<i>Assets</i>				
Due from other funds	\$ 61,156	\$ 77,642	\$ 85,596	\$ 53,202
Total assets	<u>\$ 61,156</u>	<u>\$ 77,642</u>	<u>\$ 85,596</u>	<u>\$ 53,202</u>
<i>Liabilities</i>				
Accounts payable	\$ 137	\$ 81,255	\$ 81,392	\$ -
Deposits held in custody for others	61,019	77,642	85,459	53,202
Total liabilities	<u>\$ 61,156</u>	<u>\$ 158,897</u>	<u>\$ 166,851</u>	<u>\$ 53,202</u>
STUDENT ACTIVITIES - ELEMENTARY SCHOOL				
<i>Assets</i>				
Due from other funds	\$ 42,239	\$ 40,311	\$ 34,363	\$ 48,187
Total assets	<u>\$ 42,239</u>	<u>\$ 40,311</u>	<u>\$ 34,363</u>	<u>\$ 48,187</u>
<i>Liabilities</i>				
Accounts payable	\$ 1,314	\$ 28,550	\$ 29,105	\$ 759
Deposits held in custody for others	40,925	40,311	33,808	47,428
Total liabilities	<u>\$ 42,239</u>	<u>\$ 68,861</u>	<u>\$ 62,913</u>	<u>\$ 48,187</u>
TOTAL AGENCY FUNDS				
<i>Assets</i>				
Due from other funds	\$ 202,759	\$ 283,531	\$ 302,499	\$ 183,791
Total assets	<u>\$ 202,759</u>	<u>\$ 283,531</u>	<u>\$ 302,499</u>	<u>\$ 183,791</u>
<i>Liabilities</i>				
Accounts payable	\$ 16,923	\$ 273,694	\$ 287,903	\$ 2,714
Deposits held in custody for others	185,836	283,531	288,290	181,077
Total liabilities	<u>\$ 202,759</u>	<u>\$ 557,225</u>	<u>\$ 576,193</u>	<u>\$ 183,791</u>

TOWN OF NARRAGANSETT, RHODE ISLAND

*Tax Collector's Annual Report
For the Fiscal Year Ended June 30, 2018*

Real Estate and Personal Property Taxes

<i>Tax Year</i>	<i>Balance June 30, 2017</i>	<i>Assessments December 31, 2016</i>	<i>Additions</i>	<i>Abatements and Adjustments</i>	<i>Amount to be Collected</i>	<i>Current Year Collections</i>	<i>Balance June 30, 2018</i>
2017	\$ -	\$ 50,416,485	\$ 31,420	\$ (22,826)	\$ 50,425,079	\$ 50,043,114	\$ 381,965
2016	421,957	-	-	(1,495)	420,462	353,226	67,236
2015	59,098	-	-	-	59,098	18,121	40,977
2014	43,967	-	-	-	43,967	2,986	40,981
2013	41,724	-	-	-	41,724	1,152	40,572
2012	43,093	-	-	-	43,093	907	42,186
2011	32,571	-	-	-	32,571	664	31,907
2010	30,806	-	-	-	30,806	530	30,276
2009	34,375	-	-	-	34,375	669	33,706
2008	53,565	-	-	-	53,565	613	52,952
2007	35,179	-	-	(27,945)	7,234	93	7,141
2006	2,874	-	-	-	2,874	-	2,874
2004	383	-	-	-	383	-	383
2003	624	-	-	-	624	-	624
	<u>\$ 800,216</u>	<u>\$ 50,416,485</u>	<u>\$ 31,420</u>	<u>\$ (52,266)</u>	<u>\$ 51,195,855</u>	<u>\$ 50,422,075</u>	773,780

Schedule of Most Recent Net Assessed Property Value by Category

Allowance for uncollectible accounts (275,000)

<u>Description of Property</u>	<u>Valuation</u>	<u>Levy</u>
<i>Real property</i>	\$ 4,547,409,900	\$ 49,595,162
<i>Motor vehicles</i>	158,316,606	2,605,891
<i>Tangible personal property</i>	73,552,048	1,165,064
<i>Total</i>	4,779,278,554	53,366,117
<i>Exemptions</i>	238,389,341	2,949,632
<i>Net assessed value</i>	<u>\$ 4,540,889,213</u>	<u>\$ 50,416,485</u>

Net Property Tax Receivable \$ 498,780

Reconciliation of Current Year Property Tax Revenue

Current year collections	\$ 50,422,075
Add: Revenue collected 60 days subsequent to fiscal year ending June 30, 2018	162,833
Less: Revenue collected 60 days subsequent to fiscal year ending June 30, 2017	<u>(142,486)</u>

Current year property tax revenue \$ 50,442,422

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND

Tax Collector's Annual Report (Continued)

For the Fiscal Year Ended June 30, 2018

Fiscal Year 2018 Cash Collection Summary

<u>Tax Year</u>	<u>July - August 2017 Collections Subject to 60 day FY 17 Accrual</u>	<u>September 2017 - June 2018 Collections</u>	<u>Total FY 2018 Cash Collections</u>	<u>July - August 2018 Collections Subject to 60 day FY 18 Accrual</u>
2017	\$ -	\$ 50,043,114	\$ 50,043,114	\$ 154,032
2016	138,675	214,551	353,226	7,134
2015	3,207	14,914	18,121	865
2014	441	2,545	2,986	43
2013	77	1,075	1,152	10
2012	17	890	907	42
2011	-	664	664	139
2010	6	524	530	155
2009	-	669	669	206
2008	35	578	613	207
2007	28	65	93	-
2006	-	-	-	-
2005	-	-	-	-
2004 and prior	-	-	-	-
	<u>\$ 142,486</u>	<u>\$ 50,279,589</u>	<u>\$ 50,422,075</u>	<u>\$ 162,833</u>

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

	<i>Town General</i>	<i>Library Fund</i>	<i>Retained Claims</i>	<i>Kinney Bungalow</i>	<i>Surplus Property</i>	<i>Towers Committee</i>	<i>Parks & Recreation Aid</i>	<i>Parks & Recreation Trust</i>	<i>Sunset Farm</i>	<i>Town Anniversary</i>
Assets										
Cash	\$ 11,094,720	\$ 919,189	\$ 5,892	\$ 372,456	\$ 55,400	\$ 422,225	\$ 16,360	\$ 109,070	\$ 18,757	\$ 1,394
Investments	5,989,077	-	-	-	-	-	-	-	-	-
Real estate and personal property										
tax receivable, net	498,780	-	-	-	-	-	-	-	-	-
Due from federal and state governments	200,064	-	-	-	-	-	-	-	-	-
Due from other funds	214,665	-	-	-	-	-	-	-	-	-
Other receivables	43,648	-	-	-	-	-	-	-	-	-
Inventory	18,837	-	-	-	-	-	-	-	-	-
Prepaid expenditures	136,937	-	-	-	-	-	-	-	-	-
Other assets	70,525	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 18,267,253</u>	<u>\$ 919,189</u>	<u>\$ 5,892</u>	<u>\$ 372,456</u>	<u>\$ 55,400</u>	<u>\$ 422,225</u>	<u>\$ 16,360</u>	<u>\$ 109,070</u>	<u>\$ 18,757</u>	<u>\$ 1,394</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances										
Liabilities:										
Accounts payable and accrued expenditures	\$ 967,113	\$ 14,861	\$ 605	\$ 1,855	\$ 102	\$ 11,631	\$ -	\$ 1,314	\$ -	\$ -
Due to other funds	5,727,303	-	-	-	-	-	-	-	-	-
Other liabilities	223,053	-	-	11,000	-	11,558	-	-	-	-
Total liabilities	<u>6,917,469</u>	<u>14,861</u>	<u>605</u>	<u>12,855</u>	<u>102</u>	<u>23,189</u>	<u>-</u>	<u>1,314</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:										
Deferred property taxes	356,190	-	-	-	-	-	-	-	-	-
Other deferred revenues	70,525	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>426,715</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:										
Nonspendable:										
Inventory	18,837	-	-	-	-	-	-	-	-	-
Prepaid expenditures	136,937	-	-	-	-	-	-	-	-	-
Restricted for:										
Education programs	-	-	-	-	-	-	-	-	-	-
Library programs	-	46,299	-	-	-	-	-	-	-	-
Capital projects	-	98,962	-	-	-	-	-	-	-	-
Committed for:										
Capital projects	-	50,000	-	-	-	-	-	-	-	-
Assigned to:										
2019 budget	1,677,610	-	-	-	-	-	-	-	-	-
Parks and recreation programs	-	-	-	-	-	-	16,360	107,756	-	-
Towers	-	-	-	-	-	399,036	-	-	-	-
Kinney Bungalow	-	-	-	359,601	-	-	-	-	-	-
Sunset Farm	-	-	-	-	-	-	-	-	18,757	-
Other	-	-	-	-	-	-	-	-	-	1,394
Unassigned	9,089,685	709,067	5,287	-	55,298	-	-	-	-	-
Total fund balances	<u>10,923,069</u>	<u>904,328</u>	<u>5,287</u>	<u>359,601</u>	<u>55,298</u>	<u>399,036</u>	<u>16,360</u>	<u>107,756</u>	<u>18,757</u>	<u>1,394</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,267,253</u>	<u>\$ 919,189</u>	<u>\$ 5,892</u>	<u>\$ 372,456</u>	<u>\$ 55,400</u>	<u>\$ 422,225</u>	<u>\$ 16,360</u>	<u>\$ 109,070</u>	<u>\$ 18,757</u>	<u>\$ 1,394</u>

(Continued)

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

	<i>Earle</i>	<i>Rental</i>	<i>Tipping</i>	<i>Total</i>	<i>School</i>	<i>Athletic</i>	<i>Total</i>	<i>Interfund</i>	<i>Total</i>
	<i>Water Tank</i>	<i>Registration</i>	<i>Fees</i>	<i>Town</i>	<i>Unrestricted</i>	<i>Gate Receipts</i>	<i>School</i>	<i>Elimination</i>	<i>General Fund</i>
								<i>Entries</i>	
Assets									
Cash	\$ 88	\$ 143,567	\$ 40,741	\$ 13,199,859	\$ 2,215	\$ -	\$ 2,215	\$ -	\$ 13,202,074
Investments	-	-	-	5,989,077	-	-	-	-	5,989,077
Real estate and personal property									
tax receivable	-	-	-	498,780	-	-	-	-	498,780
Due from federal and state governments	-	-	-	200,064	22,273	-	22,273	-	222,337
Due from other funds	-	-	-	214,665	6,037,952	29,457	6,067,409	(5,756,758)	525,316
Other receivables	-	-	-	43,648	192,496	-	192,496	-	236,144
Inventory	-	-	-	18,837	-	-	-	-	18,837
Prepaid expenditures	-	-	-	136,937	141,359	-	141,359	-	278,296
Other assets	-	-	-	70,525	-	-	-	-	70,525
Total assets	<u>\$ 88</u>	<u>\$ 143,567</u>	<u>\$ 40,741</u>	<u>\$ 20,372,392</u>	<u>\$ 6,396,295</u>	<u>\$ 29,457</u>	<u>\$ 6,425,752</u>	<u>\$ (5,756,758)</u>	<u>\$ 21,041,386</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances									
Liabilities:									
Accounts payable and accrued expenditures	\$ -	\$ 2,315	\$ 2,604	\$ 1,002,400	\$ 282,052	\$ 118	\$ 282,170	\$ -	\$ 1,284,570
Due to other funds	-	-	-	5,727,303	1,716,090	-	1,716,090	(5,756,758)	1,686,635
Other liabilities	-	-	-	245,611	34,584	-	34,584	-	280,195
Total liabilities	<u>-</u>	<u>2,315</u>	<u>2,604</u>	<u>6,975,314</u>	<u>2,032,726</u>	<u>118</u>	<u>2,032,844</u>	<u>(5,756,758)</u>	<u>3,251,400</u>
Deferred Inflows of Resources:									
Deferred property taxes	-	-	-	356,190	-	-	-	-	356,190
Other deferred revenues	-	-	-	70,525	-	-	-	-	70,525
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>426,715</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>426,715</u>
Fund Balances:									
Nonspendable:									
Inventory	-	-	-	18,837	-	-	-	-	18,837
Prepaid expenditures	-	-	-	136,937	141,359	-	141,359	-	278,296
Restricted for:									
Education programs	-	-	-	-	4,222,210	29,339	4,251,549	-	4,251,549
Library programs	-	-	-	46,299	-	-	-	-	46,299
Capital projects	-	-	-	98,962	-	-	-	-	98,962
Committed for:									
Capital projects	-	-	-	50,000	-	-	-	-	50,000
Assigned to:									
2019 budget	-	-	-	1,677,610	-	-	-	-	1,677,610
Parks and recreation programs	-	-	-	124,116	-	-	-	-	124,116
Towers	-	-	-	399,036	-	-	-	-	399,036
Kinney Bungalow	-	-	-	359,601	-	-	-	-	359,601
Sunset Farm	-	-	-	18,757	-	-	-	-	18,757
Other	88	141,252	-	142,734	-	-	-	-	142,734
Unassigned	-	-	38,137	9,897,474	-	-	-	-	9,897,474
Total fund balances	<u>88</u>	<u>141,252</u>	<u>38,137</u>	<u>12,970,363</u>	<u>4,363,569</u>	<u>29,339</u>	<u>4,392,908</u>	<u>-</u>	<u>17,363,271</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 88</u>	<u>\$ 143,567</u>	<u>\$ 40,741</u>	<u>\$ 20,372,392</u>	<u>\$ 6,396,295</u>	<u>\$ 29,457</u>	<u>\$ 6,425,752</u>	<u>\$ (5,756,758)</u>	<u>\$ 21,041,386</u>

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

	<i>Town General</i>	<i>Library Fund</i>	<i>Retained Claims</i>	<i>Kinney Bungalow</i>	<i>Surplus Property</i>	<i>Towers Committee</i>	<i>Parks & Recreation Aid</i>	<i>Parks & Recreation Trust</i>	<i>Sunset Farm</i>	<i>Town Anniversary</i>
Revenues:										
General property taxes and payments in lieu of taxes	\$ 51,059,703	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State and federal aid	2,085,558	191,652	-	-	-	-	-	-	-	-
Charges for services	3,580,109	15,125	-	101,176	-	306,911	-	-	-	-
Operating grants and contributions	-	850	-	9,000	-	126,401	6,000	2,500	-	-
Investment and interest income	33,448	7,667	11	1,049	232	1,973	82	534	93	7
Other revenues	-	-	2,770	-	14,705	3,321	-	-	-	-
Total revenues	56,758,818	215,294	2,781	111,225	14,937	438,606	6,082	3,034	93	7
Expenditures:										
<i>Current:</i>										
General government	1,822,325	-	7,180	-	977	-	-	-	-	-
Financial administration	1,563,238	-	-	-	-	-	-	-	-	-
Public safety	13,975,188	-	-	-	-	-	-	-	-	-
Public works	2,891,207	-	-	-	-	-	-	-	-	-
Parks and recreation	1,338,416	-	-	91,087	-	278,981	2,905	4,861	323	-
Planning, engineering and inspection	1,111,062	-	-	-	-	-	-	-	-	-
Library	-	874,144	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Town-wide	797,409	-	-	-	-	-	-	-	-	-
Other	3,077,000	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	264,070	-	-	-	-
Total expenditures	26,575,845	874,144	7,180	91,087	977	543,051	2,905	4,861	323	-
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	30,182,973	(658,850)	(4,399)	20,138	13,960	(104,445)	3,177	(1,827)	(230)	7
Other financing sources (uses):										
Transfers from other funds	146,000	841,103	12,000	269,602	-	-	-	-	-	-
Transfers to other funds	(31,294,629)	(10,606)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(31,148,629)	830,497	12,000	269,602	-	-	-	-	-	-
Net change in fund balances	(965,656)	171,647	7,601	289,740	13,960	(104,445)	3,177	(1,827)	(230)	7
Fund balances - beginning of year-restated	11,888,725	732,681	(2,314)	69,861	41,338	503,481	13,183	109,583	18,987	1,387
Fund balances - end of year	\$ 10,923,069	\$ 904,328	\$ 5,287	\$ 359,601	\$ 55,298	\$ 399,036	\$ 16,360	\$ 107,756	\$ 18,757	\$ 1,394

(Continued)

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

	<i>Earle Water Tank</i>	<i>Rental Registration</i>	<i>Tipping Fees</i>	<i>Total Town</i>	<i>School Unrestricted</i>	<i>Athletic Gate Receipts</i>	<i>Total School</i>	<i>Interfund Elimination Entries</i>	<i>Total General Fund</i>
Revenues:									
General property taxes and payments in lieu of taxes	\$ -	\$ -	\$ -	\$ 51,059,703	\$ -	\$ -	\$ -	\$ -	\$ 51,059,703
State and federal aid	-	-	-	2,277,210	3,378,742	-	3,378,742	-	5,655,952
Charges for services	-	236,537	38,543	4,278,401	951,655	13,687	965,342	-	5,243,743
Operating grants and contributions	-	-	-	144,751	-	-	-	-	144,751
Investment and interest income	-	1,051	383	46,530	-	-	-	-	46,530
Other revenues	-	-	-	20,796	38,550	-	38,550	-	59,346
Total revenues	-	237,588	38,926	57,827,391	4,368,947	13,687	4,382,634	-	62,210,025
Expenditures:									
<i>Current:</i>									
General government	-	154,884	-	1,985,366	-	-	-	-	1,985,366
Financial administration	-	-	-	1,563,238	-	-	-	-	1,563,238
Public safety	-	-	-	13,975,188	-	-	-	-	13,975,188
Public works	-	-	26,453	2,917,660	-	-	-	-	2,917,660
Parks and recreation	-	-	-	1,716,573	-	-	-	-	1,716,573
Planning, engineering and inspection	-	-	-	1,111,062	-	-	-	-	1,111,062
Library	-	-	-	874,144	-	-	-	-	874,144
Education	-	-	-	-	28,346,969	8,906	28,355,875	-	28,355,875
Town-wide	-	-	-	797,409	-	-	-	-	797,409
Other	-	-	-	3,077,000	-	-	-	-	3,077,000
Capital outlay	-	-	-	264,070	-	-	-	-	264,070
Total expenditures	-	154,884	26,453	28,281,710	28,346,969	8,906	28,355,875	-	56,637,585
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	82,704	12,473	29,545,681	(23,978,022)	4,781	(23,973,241)	-	5,572,440
Other financing sources (uses):									
Transfers from other funds	-	-	-	1,268,705	25,661,983	-	25,661,983	(26,930,688)	-
Transfers to other funds	-	(146,000)	-	(31,451,235)	(930,000)	-	(930,000)	26,930,688	(5,450,547)
Total other financing sources (uses)	-	(146,000)	-	(30,182,530)	24,731,983	-	24,731,983	-	(5,450,547)
Net change in fund balances	-	(63,296)	12,473	(636,849)	753,961	4,781	758,742	-	121,893
Fund balances - beginning of year-restated	88	204,548	25,664	13,607,212	3,609,608	24,558	3,634,166	-	17,241,378
Fund balances - end of year	\$ 88	\$ 141,252	\$ 38,137	\$ 12,970,363	\$ 4,363,569	\$ 29,339	\$ 4,392,908	\$ -	\$ 17,363,271

TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of Assets, Liabilities and Fund Balance
School Unrestricted Fund
June 30, 2018

ASSETS

Cash	\$ 2,215
Due from federal and state governments	22,273
Other receivables	192,496
Due from other funds	6,037,952
Prepaid expenditures	141,359
Total assets	\$ 6,396,295

LIABILITIES AND FUND BALANCES

Liabilities

Accounts payable and accrued expenditures	\$ 282,052
Due to other funds	1,716,090
Other liabilities	34,584
Total liabilities	2,032,726

Fund balances

Nonspendable:	
Prepaid expenditures	141,359
Restricted for:	
Education	4,222,210
Total fund balances	4,363,569

Total liabilities and fund balances	\$ 6,396,295
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TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of Revenues, Expenditures and Changes in Fund Balance
School Unrestricted Fund
For the Fiscal Year Ended June 30, 2018

REVENUES

Town appropriation	\$ 25,661,983
State aid	3,378,742
Charges for services	951,655
Other revenues	38,550
Total revenues	<u>30,030,930</u>

EXPENDITURES

Education	28,346,969
Total expenditures	<u>28,346,969</u>

*Excess of revenues over expenditures
before other financing uses*

1,683,961

Other financing uses:

Transfers to other funds	(930,000)
Total other financing uses	<u>(930,000)</u>

Net change in fund balances

753,961

Fund balances - beginning of year -restated

3,609,608

Fund balances - end of year

\$ 4,363,569

TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of Revenues and Expenditures - Budget and Actual
School Department Operating Budget
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Town appropriation	\$ 25,661,983	\$ 25,661,983	\$ 25,661,983	\$ -
State aid	2,137,486	2,139,471	2,139,340	(131)
Charges for services	576,000	586,015	951,655	365,640
Other revenues	17,000	5,000	38,550	33,550
Re-appropriated fund balance	1,167,355	1,167,355	1,167,355	-
Total revenues	<u>29,559,824</u>	<u>29,559,824</u>	<u>29,958,883</u>	<u>399,059</u>
Expenditures				
Salaries	16,432,837	16,411,918	16,211,529	200,389
Employee benefits	7,500,409	7,480,253	7,167,677	312,576
Purchased services	2,931,516	2,992,020	2,289,676	702,344
Supplies and materials	1,208,271	1,119,857	870,827	249,030
Capital outlay	493,896	565,763	526,931	38,832
Other costs	62,895	60,013	40,927	19,086
Total expenditures	<u>28,629,824</u>	<u>28,629,824</u>	<u>27,107,567</u>	<u>1,522,257</u>
Excess of revenues over expenditures before other financing uses	<u>930,000</u>	<u>930,000</u>	<u>2,851,316</u>	<u>1,921,316</u>
Other financing uses				
Transfer to other funds	(930,000)	(930,000)	(930,000)	-
Total other financing uses	<u>(930,000)</u>	<u>(930,000)</u>	<u>(930,000)</u>	<u>-</u>
Net change in fund balance (budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,921,316</u>	<u>\$ 1,921,316</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of General Fund - Fund Balance
Restricted for Education Programs
June 30, 2018

Restricted for Education:

School Committee designation for use in subsequent year budget	\$ 1,702,695
Undesignated	<u>2,548,854</u>

<i>Total</i>	<u><u>\$ 4,251,549</u></u>
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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)

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

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 50,197,210	\$ -
Last Year's Levy Tax Collection	219,478	-
Prior Years Property Tax Collection	25,735	-
Interest & Penalty	162,105	-
PILOT & Tax Treaty (excluded from levy) Collection	455,176	-
Other Local Property Taxes	-	-
Licenses and Permits	380,892	-
Fines and Forfeitures	388,838	-
Investment Income	46,530	-
Departmental	2,837,935	-
Rescue Run Revenue	457,280	-
Police & Fire Detail	365,328	-
Other Local Non-Property Tax Revenues	-	-
Tuition	-	643,357
Impact Aid	-	-
Medicaid	-	277,271
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	126,201
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	-	808,003
MV Excise Tax Reimbursement & Phase-out	203,128	-
State PILOT Program	-	-
Distressed Community Relief Fund	-	-
Library Resource Aid	191,652	-
Library Construction Aid	-	-
Public Service Corporation Tax	197,800	-
Meals & Beverage Tax / Hotel Tax	939,169	-
LEA Aid	-	2,139,471
Group Home	-	-
Housing Aid Capital Projects	-	639,506
Housing Aid Bonded Debt	475,693	-
State Food Service Revenue	-	4,462
Incentive Aid	-	-
Property Revaluation Reimbursement	80,803	-
Other State Revenue	188,965	75,967
Other Revenue	20,796	350,791
Local Appropriation for Education	-	25,661,983
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	\$ 57,834,512	\$ 30,727,011
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	-	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
Total Other Financing Sources	\$ -	\$ -

Town of Narragansett
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended 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	\$ 842,660	\$ 804,047	\$ -	\$ 105,753	\$ 633,861	\$ 413,911	\$ 969,252	\$ 850,425	\$ 3,292,210
Compensation - Group B	-	-	-	-	-	-	-	-	212,096
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	7,240	1,660	-	170	4,761	9,478	96,814	20,011	454,667
Overtime - Group B	-	-	-	-	-	-	-	-	8,619
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	128,234
Active Medical Insurance - Group A	122,428	182,593	-	6,700	123,687	60,837	201,633	91,505	432,215
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	54,333
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	7,180	10,079	-	410	6,035	2,316	13,902	4,839	20,346
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	2,957
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	66,937	59,881	-	9,803	48,728	31,468	80,462	67,239	318,330
Life Insurance	3,328	3,461	-	320	2,737	1,554	4,638	2,933	12,356
State Defined Contribution- Group A	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	288,998	-	-	-	-	-	-	529	73,073
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	249,329	248,754	-	34,283	214,294	77,872	328,039	164,367	1,629,139
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	61,640
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	267,000	-	-	-	-	61,597	-	6,329	-
Purchased Services	258,201	121,131	-	5,776	46,999	51,156	59,310	175,549	89,900
Materials/Supplies	25,783	13,991	-	8,518	10,012	107,883	39,296	82,840	106,745
Software Licenses	-	-	-	105,231	3,650	-	1,054	3,149	1,735
Capital Outlays	-	-	-	-	-	-	87,990	264,070	-
Insurance	400,303	-	-	-	-	-	-	-	-
Maintenance	-	-	-	-	450	29,097	36,226	107,626	30,553
Vehicle Operations	-	-	-	-	10,895	-	296,980	23,358	65,957
Utilities	2,224	1,594	-	270	4,954	26,975	372,790	115,875	102,370
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	247,623	-	-
Revaluation	-	116,048	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	55,197	-	-
Trash Removal & Recycling	-	-	-	-	-	-	26,452	-	-
Claims & Settlements	82,671	-	-	-	-	-	-	-	-
Community Support	158,259	-	-	-	-	-	-	-	-
Other Operation Expenditures	-	-	-	-	-	-	-	-	-
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 2,782,541	\$ 1,563,238	\$ -	\$ 277,234	\$ 1,111,062	\$ 874,143	\$ 2,917,659	\$ 1,980,643	\$ 7,097,473

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

<u>EXPENDITURES</u>	<u>Fire Department</u>	<u>Centralized Dispatch</u>	<u>Public Safety Other</u>	<u>Education Appropriation</u>	<u>Debt</u>	<u>OPEB</u>	<u>Total Municipal</u>	<u>Education Department</u>
Compensation- Group A	\$ 2,599,603	\$ 572,769	\$ 135,484	\$ -	\$ -	\$ -	\$ 11,219,974	\$ 11,794,617
Compensation - Group B	44,592	-	-	-	-	-	256,688	1,564,285
Compensation - Group C	-	-	-	-	-	-	-	3,246,939
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	873,606	106,893	4,105	-	-	-	1,579,404	-
Overtime - Group B	-	-	-	-	-	-	8,619	-
Overtime - Group C	-	-	-	-	-	-	-	45,127
Police & Fire Detail	7,121	-	-	-	-	-	135,355	-
Active Medical Insurance - Group A	341,515	105,701	18,166	-	-	-	1,686,978	1,639,520
Active Medical Insurance- Group B	6,398	-	-	-	-	-	60,731	177,033
Active Medical Insurance- Group C	-	-	-	-	-	-	-	736,749
Active Dental insurance- Group A	21,030	4,463	778	-	-	-	91,379	124,741
Active Dental Insurance- Group B	377	-	-	-	-	-	3,334	13,285
Active Dental Insurance- Group C	-	-	-	-	-	-	-	48,926
Payroll Taxes	260,153	52,041	10,316	-	-	-	1,005,358	1,251,194
Life Insurance	10,357	2,651	293	-	-	-	44,628	54,173
State Defined Contribution- Group A	-	-	-	-	-	-	-	56,319
State Defined Contribution - Group B	-	-	-	-	-	-	-	5,047
State Defined Contribution - Group C	-	-	-	-	-	-	-	-
Other Benefits- Group A	4,381	-	-	-	-	-	366,981	50,157
Other Benefits- Group B	-	-	-	-	-	-	-	5,994
Other Benefits- Group C	-	-	-	-	-	-	-	75,787
Local Defined Benefit Pension- Group A	1,104,776	180,695	21,467	-	-	-	4,253,016	-
Local Defined Benefit Pension - Group B	19,858	-	-	-	-	-	81,497	156,685
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	1,109,999
State Defined Benefit Pension- Group A	-	-	-	-	-	-	-	1,513,588
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	147,073
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	334,926	-
Purchased Services	89,302	1,817	74,023	-	-	-	973,164	2,374,114
Materials/Supplies	41,721	6,817	15,771	-	-	-	459,377	366,325
Software Licenses	15,657	-	-	-	-	-	130,476	72,016
Capital Outlays	-	-	-	-	-	-	352,060	1,042,172
Insurance	-	-	-	-	-	-	400,303	210,945
Maintenance	58,097	2,343	74	-	-	-	264,467	225,910
Vehicle Operations	29,263	236	5,036	-	-	-	431,725	243,761
Utilities	32,312	1,346	1,440	-	-	-	662,149	429,916
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	247,623	-
Revaluation	-	-	-	-	-	-	116,048	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	55,197	-
Trash Removal & Recycling	-	-	-	-	-	-	26,452	-
Claims & Settlements	-	-	-	-	-	-	82,671	-
Community Support	-	-	-	-	-	-	158,259	-
Other Operation Expenditures	-	-	-	-	-	-	-	53,737
Local Appropriation for Education	-	-	-	25,661,983	-	-	25,661,983	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	665,051	-	665,051	-
Municipal Debt- Interest	-	-	-	-	238,774	-	238,774	-
School Debt- Principal	-	-	-	-	1,020,000	-	1,020,000	-
School Debt- Interest	-	-	-	-	700,108	-	700,108	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	218,878
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	18,800
OPEB Contribution- Total	-	-	-	-	-	2,800,000	2,800,000	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 5,560,119	\$ 1,037,772	\$ 286,955	\$ 25,661,983	\$ 2,623,932	\$ 2,800,000	\$ 56,574,754	\$ 29,073,813

Financing Uses: Transfer to Capital Funds	\$ 2,020,505	\$ -
Financing Uses: Transfer to Other Funds	168,110	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ 2,188,615	\$ -
Net Change in Fund Balance¹	(928,858)	1,653,198
Fund Balance1- beginning of year	\$14,369,786	\$4,233,991
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	1,464,356
Prior period adjustments	-	(1,688,589)
Misc. Adjustment	24,551	-
Fund Balance¹ - beginning of year adjusted	14,394,337	4,009,758
Rounding		
Fund Balance¹ - end of year	\$ 13,465,479	\$ 5,662,956

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

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

Per Audited Fund Financial Statements									
Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2017						\$ 14,369,786		\$ 14,369,786	
<i>No funds removed from RGS for fiscal 2018</i>						-	-	-	
<i>No funds added to RGS for Fiscal 2018</i>						-	-	-	
<i>Revaluation expense adjustment impacting FY17 ending fund balance</i>						24,551	-	24,551	
Fund Balance¹ - per MTP-2 at June 30, 2017 adjusted						<u>\$ 14,394,337</u>		<u>\$ 14,394,337</u>	
General Fund	\$ 62,210,025	\$ -	\$ 56,637,585	\$ 5,450,547	\$ 121,893	\$ 18,929,967	\$ (1,688,589)	\$ 17,241,378	\$ 17,363,271
Debt Service Fund	-	2,331,932	2,623,932	-	(292,000)	787,125	-	787,125	495,125
Totals per audited financial statements	<u>\$ 62,210,025</u>	<u>\$ 2,331,932</u>	<u>\$ 59,261,517</u>	<u>\$ 5,450,547</u>	<u>\$ (170,107)</u>	<u>\$ 19,717,092</u>	<u>\$ (1,688,589)</u>	<u>\$ 18,028,503</u>	<u>\$ 17,858,396</u>
<u>Reconciliation from financial statements to MTP2</u>									
Reverse elimination entry from combining School Unrestricted Fund with Town's General Fund	\$ -	\$ 25,661,983	\$ -	\$ 25,661,983	\$ -	\$ -	\$ -	\$ -	\$ -
Remove School Unrestricted Fund from General Fund	(4,382,634)	(25,661,983)	(28,355,875)	(930,000)	(758,742)	(5,322,755)	1,688,589	(3,634,166)	(4,392,908)
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	-	-	25,661,983	(25,661,983)	-	-	-	-	-
Elimination of municipal appropriation for Debt	-	(2,331,932)	-	(2,331,932)	-	-	-	-	-
Fire Detail adjustment made for financial report credit to expense vs. revenue	7,121	-	7,121	-	-	-	-	-	-
Rounding	-	-	8	-	(9)	-	-	-	(9)
Totals Per MTP2	<u>\$ 57,834,512</u>	<u>\$ -</u>	<u>\$ 56,574,754</u>	<u>\$ 2,188,615</u>	<u>\$ (928,858)</u>	<u>\$ 14,394,337</u>	<u>\$ -</u>	<u>\$ 14,394,337</u>	<u>\$ 13,465,479</u>

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

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

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2017						\$ 4,233,991	-	\$ 4,233,991	
<i>Prior period adjustment for fiscal 2018</i>						-	(1,688,589)	(1,688,589)	
<i>Adjustment for WB Community Health transaction in FY17 added back in FY18</i>						1,464,356	-	1,464,356	
Fund Balance¹ - per MTP-2 at June 30, 2017 adjusted						<u>\$ 5,698,347</u>		<u>\$ 4,009,758</u>	
School Unrestrircted Fund	\$ 4,382,634	\$ 25,661,983	\$ 28,355,875	\$ 930,000	\$ 758,742	\$ 5,322,755	\$ (1,688,589)	\$ 3,634,166	\$ 4,392,908
School Special Revenue Funds - Restricted	885,381	-	852,225	-	33,156	9,234	-	9,234	42,390
School Special Revenue Funds - Food Service Fund	364,659	30,000	366,913	-	27,746	18,055	-	18,055	45,801
School Athletic Complex Fund	32,250	-	-	-	32,250	(70,826)	-	(70,826)	(38,576)
School Capital Projects Fund	639,506	900000	738,203	-	801,303	419,129	-	419,129	1,220,432
Totals per audited financial statements	<u>\$ 6,304,430</u>	<u>\$ 26,591,983</u>	<u>\$ 30,313,216</u>	<u>\$ 930,000</u>	<u>\$ 1,653,197</u>	<u>\$ 5,698,347</u>	<u>\$ (1,688,589)</u>	<u>\$ 4,009,758</u>	<u>\$ 5,662,955</u>
<u>Reconciliation from financial statements to MTP2</u>									
Municipal appropriation for Education reported as transfer on financial statements but as revenue on MTP2	\$ 25,661,983	\$ (25,661,983)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(1,239,402)	-	(1,239,402)	-	-	-	-	-	-
Transfer of unrestricted fund balance to capital projects fund	-	(900,000)	-	(900,000)	-	-	-	-	-
Transfer of unrestricted fund balance to food service fund	-	(30,000)	-	(30,000)	-	-	-	-	-
Rounding	-	-	(1)	-	1	-	-	-	1
Totals Per MTP2	<u>\$ 30,727,011</u>	<u>\$ -</u>	<u>\$ 29,073,813</u>	<u>\$ -</u>	<u>\$ 1,653,198</u>	<u>\$ 5,698,347</u>	<u>\$ (1,688,589)</u>	<u>\$ 4,009,758</u>	<u>\$ 5,662,956</u>
<u>Reconciliation from MTP2 to UCOA</u>									
Use of fund balance recorded as revenue in UCOA file	<u>1,167,355</u>		<u>-</u>						
Totals per UCOA Validated Totals Report	<u>\$ 31,894,366</u>		<u>\$ 29,073,813</u>						

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

Town of Narragansett, Rhode Island
Reportable Government Services with
MTP2 Notes
Fiscal Year Ended June 30, 2018

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

NOTE 1. Basis of Presentation

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

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

NOTE 2. Reportable Government Services

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

NOTE 3. Allocations

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

NOTE 4. Employee Groups - Compensation and Benefit Costs

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

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

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

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

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

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

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

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/>.

STATISTICAL SECTION

The Statistical Schedules differ from other financial statement presentations because they generally disclose more than one fiscal year and may present non-accounting data such as social and economic data and financial trends of the Town.

TOWN OF NARRAGANSETT, RHODE ISLAND

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Exhibit 1

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities:										
Net investment in capital assets	\$ 73,270,420	\$ 73,026,624	\$ 75,998,883	\$ 71,751,258	\$ 73,242,220	\$ 72,797,383	\$ 73,799,642	\$ 72,788,921	\$ 76,328,788	\$ 65,852,760
Restricted	5,306,428	4,483,692	5,685,301	7,550,352	7,151,671	6,041,787	5,465,023	5,048,391	-	-
Unrestricted	(92,257,243)	(91,957,086)	(99,769,341)	(72,894,919)	(71,834,567)	(68,600,464)	(26,820,119)	(21,287,061)	(13,189,145)	(12,642,946)
Total governmental activities net position	<u>\$ (13,680,395)</u>	<u>\$ (14,446,770)</u>	<u>\$ (18,085,157)</u>	<u>\$ 6,406,691</u>	<u>\$ 8,559,324</u>	<u>\$ 10,238,706</u>	<u>\$ 52,444,546</u>	<u>\$ 56,550,251</u>	<u>\$ 63,139,643</u>	<u>\$ 53,209,814</u>
Business-type activities:										
Net investment in capital assets	\$ 33,922,462	\$ 34,104,629	\$ 32,190,515	\$ 31,305,890	\$ 30,664,018	\$ 30,053,171	\$ 29,007,798	\$ 26,981,862	\$ 26,525,585	\$ 26,399,950
Unrestricted	10,063,862	9,493,302	9,937,571	9,319,004	9,301,453	9,188,467	7,993,878	9,644,978	10,288,862	9,643,685
Total business-type activities net position	<u>\$ 43,986,324</u>	<u>\$ 43,597,931</u>	<u>\$ 42,128,086</u>	<u>\$ 40,624,894</u>	<u>\$ 39,965,471</u>	<u>\$ 39,241,638</u>	<u>\$ 37,001,676</u>	<u>\$ 36,626,840</u>	<u>\$ 36,814,447</u>	<u>\$ 36,043,635</u>
Primary government:										
Net investment in capital assets	\$ 107,192,882	\$ 107,131,253	\$ 108,189,398	\$ 103,057,148	\$ 103,906,238	\$ 102,850,554	\$ 102,807,440	\$ 99,770,783	\$ 102,854,373	\$ 92,252,710
Restricted	5,306,428	4,483,692	5,685,301	7,550,352	7,151,671	6,041,787	5,465,023	5,048,391	-	-
Unrestricted	(82,193,381)	(82,463,784)	(89,831,770)	(63,575,915)	(62,533,114)	(59,411,997)	(18,826,241)	(11,642,083)	(2,900,283)	(2,999,261)
Total primary government net position	<u>\$ 30,305,929</u>	<u>\$ 29,151,161</u>	<u>\$ 24,042,929</u>	<u>\$ 47,031,585</u>	<u>\$ 48,524,795</u>	<u>\$ 49,480,344</u>	<u>\$ 89,446,222</u>	<u>\$ 93,177,091</u>	<u>\$ 99,954,090</u>	<u>\$ 89,253,449</u>

TOWN OF NARRAGANSETT, RHODE ISLAND

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)*Exhibit 2*

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
Governmental activities:										
General government	\$ 2,613,752	\$ 2,129,141	\$ 2,662,489	\$ 3,354,594	\$ 3,657,602	\$ 3,697,034	\$ 3,967,108	\$ 1,960,227	\$ 999,494	\$ 3,758,548
Financial administration	1,765,091	1,441,551	1,857,972	1,824,303	1,677,212	1,719,594	1,972,289	1,108,193	1,109,011	868,872
Public safety	17,752,138	14,422,218	18,133,546	15,338,485	15,180,592	15,284,664	14,644,220	11,627,180	10,922,031	10,932,393
Public works	5,042,949	4,650,783	4,984,541	4,913,307	4,978,149	4,757,802	4,107,512	4,523,343	3,921,244	3,757,059
Social services	19,125	29,372	16,893	140,703	93,240	54,874	93,959	187,285	362,588	249,641
Parks and recreation	2,364,493	2,130,369	2,484,974	2,214,141	2,398,295	2,403,126	2,323,745	1,387,846	1,460,487	1,451,280
Planning, engineering and inspection	1,263,615	1,156,325	1,454,157	1,273,212	1,204,386	1,333,057	1,226,549	1,491,691	1,282,366	1,843,867
Library	964,371	907,202	1,001,974	782,598	709,574	743,782	697,801	656,175	682,173	727,401
Food service	-	-	-	-	-	-	-	380,926	361,762	357,069
Other	-	-	-	-	-	-	-	5,953,585	6,816,208	7,590,833
Education	31,989,619	31,740,543	32,444,668	30,442,611	30,396,974	30,074,899	30,177,912	29,487,050	28,544,163	27,651,643
Interest on long-term debt	758,670	1,170,831	871,622	1,038,443	894,414	890,143	979,348	966,891	1,047,327	1,152,315
Total governmental activities expenses	64,533,823	59,778,335	65,912,836	61,322,397	61,190,438	60,958,975	60,190,443	59,730,392	57,508,854	60,340,921
Business-type activities:										
Water Fund	2,262,475	2,328,498	2,234,456	2,258,823	1,922,478	1,888,917	1,873,817	1,682,772	1,732,292	1,722,238
Sewer Fund	4,450,670	4,400,539	4,084,743	4,053,411	3,780,631	3,712,886	3,764,890	4,101,213	3,659,479	3,497,571
Beach Fund	1,920,459	1,861,793	1,918,514	1,749,799	1,768,047	2,027,956	1,613,978	1,439,581	1,383,501	1,194,320
Middlebridge Recreation Fund	25,902	29,252	33,660	35,923	43,983	189,469	-	-	-	-
Total business-type activities expenses	8,659,506	8,620,082	8,271,373	8,097,956	7,515,139	7,819,228	7,252,685	7,223,566	6,775,272	6,414,129
Total primary government expenses	73,193,329	68,398,417	74,184,209	69,420,353	68,705,577	68,778,203	67,443,128	66,953,958	64,284,126	66,755,050
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,560,044	1,700,014	1,549,178	1,461,007	1,369,157	1,356,215	1,271,041	1,415,282	1,033,620	1,018,126
Financial administration	700,566	700,491	700,566	716,726	700,491	700,491	656,167	656,167	641,989	645,099
Public safety	979,735	1,173,178	1,016,391	712,509	724,676	712,988	568,833	625,609	593,592	507,740
Public works	39,856	31,871	28,432	29,538	2,125	1,050	400	1,050	1,100	1,625
Social services	-	-	-	-	-	-	-	-	-	-
Parks and recreation	647,131	684,790	696,417	684,488	660,367	623,976	598,997	109,911	131,421	135,667
Planning, engineering and inspection	361,005	399,635	337,113	335,749	501,068	468,874	402,698	325,717	313,100	228,230
Library	15,125	15,362	11,610	15,254	12,811	9,619	10,619	8,412	6,997	6,644
Food Service	-	-	-	-	-	-	-	229,198	215,034	234,592
Other	-	-	-	-	-	-	-	500,793	368,003	381,414
Education	1,173,646	884,097	627,132	506,909	645,067	605,599	636,300	688,583	870,270	342,412
Operating grants and contributions	5,795,935	5,396,724	5,713,910	4,783,010	4,681,774	4,630,534	4,556,277	4,200,924	3,945,898	2,996,995
Capital grants and contributions	1,378,981	847,113	792,470	509,300	1,203,364	202,815	981,500	1,146,219	638,539	1,190,259
Total governmental activities program revenues	12,652,024	11,833,275	11,473,219	9,754,490	10,500,900	9,312,161	9,682,832	9,907,865	8,759,563	7,688,803
Business-type activities:										
Charges for services:										
Water Fund	2,206,658	2,390,322	2,418,909	2,048,386	2,015,463	2,123,262	1,541,433	1,291,766	1,371,384	1,263,442
Sewer Fund	4,171,610	4,120,966	4,283,991	4,312,525	4,334,115	4,576,529	4,177,713	3,900,155	3,995,311	3,935,886
Beach Fund	2,388,572	2,382,280	2,601,661	2,147,294	2,081,062	1,862,687	1,902,033	1,659,461	1,678,536	1,394,208
Middlebridge Recreation Fund	73,411	73,606	65,376	53,199	55,556	65,113	-	-	-	-
Operating grants and contributions, Beach Fund	-	-	115,647	140,376	-	-	-	-	-	-
Capital grants and contributions	72,164	992,131	-	-	-	-	-	-	-	-
Total business-type activities program revenues	8,912,415	9,959,305	9,485,584	8,701,780	8,486,196	8,627,591	7,621,179	6,851,382	7,045,231	6,593,536
Total primary government program revenues	21,564,439	21,792,580	20,958,803	18,456,270	18,987,096	17,939,752	17,304,011	16,759,247	15,804,794	14,282,339
Net (Expense) Revenue:										
Governmental activities	(51,881,799)	(47,945,060)	(54,439,617)	(51,567,907)	(50,689,538)	(51,646,814)	(50,507,611)	(49,822,527)	(48,749,291)	(52,652,118)
Business-type activities	252,909	1,339,223	1,214,211	603,824	971,057	808,363	368,494	(372,184)	269,959	179,407
Total primary government net expenses	(51,628,890)	(46,605,837)	(53,225,406)	(50,964,083)	(49,718,481)	(50,838,451)	(50,139,117)	(50,194,711)	(48,479,332)	(52,472,711)

(continued)

TOWN OF NARRAGANSETT, RHODE ISLAND

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes and in lieu of taxes	50,562,602	49,492,588	48,389,492	47,541,544	46,131,289	44,974,695	44,908,921	44,522,795	42,585,105	41,435,378
State aid, unrestricted	1,984,238	1,822,669	1,755,249	1,614,798	1,604,893	1,526,105	1,422,516	1,686,866	2,466,572	2,501,803
Investment income	79,018	271,919	179,241	131,188	280,124	40,703	168,042	65,845	274,532	(172,041)
Other revenues	104,220	101,366	93,574	284,380	651,609	30,182	101,577	159,064	90,826	111,390
Transfers	(81,904)	(105,095)	(129,225)	(156,636)	342,241	(924,669)	-	-	-	-
Total governmental activities	52,648,174	51,583,447	50,288,331	49,415,274	49,010,156	45,647,016	46,601,056	46,434,570	45,417,035	43,876,530
Business-type activities:										
Investment income	46,580	15,358	-	-	95,017	65,032	80,336	354,455	500,853	534,147
Transfers	81,904	105,095	129,225	156,636	(342,241)	924,669	-	-	-	-
Other revenues	7,000	10,179	159,746	-	-	392,087	-	-	-	-
Total business-type activities	135,484	130,632	288,971	156,636	(247,224)	1,381,788	80,336	354,455	500,853	534,147
Total primary government	52,783,658	51,714,079	50,577,302	49,571,910	48,762,932	47,028,804	46,681,392	46,789,025	45,917,888	44,410,677
Change in Net Position:										
Governmental activities	766,375	3,638,387	(4,151,286)	(2,152,633)	(1,679,382)	(5,999,798)	(3,906,555)	(3,387,957)	(3,332,256)	(8,775,588)
Business-type activities	388,393	1,469,855	1,503,182	760,460	723,833	2,190,151	448,830	(17,729)	770,812	713,554
Total primary government	\$ 1,154,768	\$ 5,108,242	\$ (2,648,104)	\$ (1,392,173)	\$ (955,549)	\$ (3,809,647)	\$ (3,457,725)	\$ (3,405,686)	\$ (2,561,444)	\$ (8,062,034)

(concluded)

TOWN OF NARRAGANSETT, RHODE ISLAND

FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Exhibit 3

	FISCAL YEAR									
	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 380,047	\$ 288,903
Unreserved:										
Designated for next year's budget	-	-	-	-	-	-	-	-	-	148,171
Undesignated	-	-	-	-	-	-	-	-	4,099,653	1,735,519
Nonspendable	297,133	2,031,217	2,171,270	1,664,899	1,787,715	2,000,281	2,112,420	331,498	-	-
Restricted	4,396,810	3,625,065	4,842,626	6,531,905	6,290,018	5,195,278	4,655,701	3,745,542	-	-
Committed	50,000	50,000	50,000	-	-	-	-	-	-	-
Assigned	2,721,854	2,968,253	1,274,978	1,602,708	407,462	2,219,760	414,758	-	-	-
Unassigned	9,897,474	10,255,432	9,913,554	8,781,159	8,204,658	4,229,693	6,580,480	6,340,414	-	-
Total General Fund	17,363,271	18,929,967	18,252,428	18,580,671	16,689,853	13,645,012	13,763,359	10,417,454	4,479,700	2,172,593
All Other Governmental Funds:										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved:										
Designated for next year's budget	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special Revenue Funds	-	-	-	-	-	-	-	-	4,802,382	5,864,427
Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-	-	-	3,216,836	(112,274)
Restricted	1,418,395	3,204,150	1,640,560	3,495,634	576,405	553,042	493,255	982,020	-	-
Committed	2,956,906	2,605,619	501,285	1,612,909	2,222,676	2,844,035	2,582,359	3,983,825	-	-
Assigned	1,220,432	419,129	1,213,844	624,837	324,837	452,219	561,192	729,013	-	-
Unassigned	(38,576)	(70,826)	(2,149,520)	(14,554)	(209,301)	(180,562)	(118,319)	(2,112,922)	-	-
Total All Other Governmental Funds	5,557,157	6,158,072	1,206,169	5,718,826	2,914,617	3,668,734	3,518,487	3,581,936	8,019,218	5,752,153
Grand Total	\$ 22,920,428	\$ 25,088,039	\$ 19,458,597	\$ 24,299,497	\$ 19,604,470	\$ 17,313,746	\$ 17,281,846	\$ 13,999,390	\$ 12,498,918	\$ 7,924,746

TOWN OF NARRAGANSETT, RHODE ISLAND

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

<i>Exhibit 4</i>	2017-18	2016-17	2015-16	FISCAL YEAR 2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Revenues:										
General property taxes and payments in lieu of taxes	\$ 51,059,703	\$ 49,896,038	\$ 48,793,179	\$ 47,915,634	\$ 46,583,683	\$ 45,255,391	\$ 45,232,567	\$ 44,897,780	\$ 43,132,950	\$ 40,314,466
State aid, unrestricted	6,295,458	5,390,295	5,397,906	5,124,796	5,012,113	4,752,274	4,453,025	2,629,201	3,358,167	3,715,817
Charges for services	5,576,500	5,726,864	5,141,830	4,567,613	4,603,869	4,445,998	4,097,518	4,560,722	4,175,126	3,501,549
Operating grants and contributions	1,282,315	1,284,692	1,176,369	1,302,315	1,133,829	1,219,449	1,350,198	2,285,726	1,966,682	2,180,945
Capital grants and contributions	710,742	837,757	743,116	361,843	976,344	32,425	811,998	1,184,276	638,539	1,190,259
Investment income	79,018	271,919	179,241	131,188	280,124	40,703	168,042	65,845	274,532	49,041
State contribution to teachers pension plan	-	-	-	-	-	-	-	933,945	-	-
Other revenues	96,778	53,489	48,463	126,892	642,769	60,529	148,322	465,288	980,017	117,189
Total revenues	65,100,514	63,461,054	61,480,104	59,530,281	59,232,731	55,806,769	56,261,670	57,022,783	54,526,013	51,069,266
Expenditures:										
Current:										
General government	2,012,780	1,903,098	1,990,605	1,623,795	1,904,804	1,895,652	1,832,287	1,767,415	1,278,395	1,728,193
Financial administration	1,563,238	1,346,402	1,346,256	1,460,933	1,266,781	1,275,723	1,541,310	1,118,473	1,054,645	957,878
Public safety	14,028,876	13,320,233	13,136,170	12,944,328	11,334,333	11,613,905	10,641,387	11,223,322	10,776,537	10,999,683
Public works	2,938,268	3,006,632	2,811,152	3,015,199	2,551,415	2,437,380	2,118,369	3,138,946	2,466,899	2,978,866
Social services	19,125	29,372	16,893	140,703	93,240	54,874	100,779	177,829	353,678	226,346
Parks and recreation	1,855,156	1,861,704	1,859,508	1,819,447	1,888,093	1,963,199	1,864,081	1,410,040	1,363,896	1,511,348
Planning, engineering and inspection	1,111,062	1,114,189	1,073,782	1,119,003	990,026	971,121	854,110	2,048,533	1,306,309	2,136,033
Library	874,144	881,832	848,756	770,261	697,892	690,615	670,406	649,384	679,346	634,152
Food services	366,913	389,010	369,185	401,748	403,267	-	-	380,926	-	357,069
Other	3,874,409	3,533,494	3,536,709	1,787,774	2,867,951	2,184,981	2,346,879	1,800,117	2,075,712	1,389,536
Education	29,208,100	29,814,373	28,207,782	28,991,540	27,330,462	27,397,152	27,630,424	27,659,222	27,062,964	26,087,223
Debt service:										
Principal	1,764,650	1,418,982	1,631,158	1,403,530	1,268,095	1,370,553	1,534,485	1,526,266	2,194,667	22,929,810
Interest	943,900	1,178,345	926,569	1,013,262	879,515	922,026	969,447	1,012,797	1,072,286	1,290,766
Capital outlay and Major Maintenance	4,937,011	4,899,189	8,315,844	3,107,553	3,810,103	2,378,620	2,367,389	1,011,065	146,592	9,482,535
Total expenditures	65,497,632	64,696,855	66,070,369	59,599,076	57,285,977	55,155,801	54,471,353	54,924,335	51,831,926	82,709,438
Excess (deficiency) of revenues over expenditures	(397,118)	(1,235,801)	(4,590,265)	(68,795)	1,946,754	650,968	1,790,317	2,098,448	2,694,087	(31,640,172)
Other financing sources (uses):										
Bond anticipation note, net	-	-	-	-	-	-	-	-	-	11,548,271
Bond proceeds	-	6,100,000	-	4,100,000	-	-	-	-	-	20,930,000
Bond premium	-	262,766	-	135,626	-	-	-	-	-	780,950
Issued and Premium of refunding bonds	-	13,594,550	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	(13,458,152)	-	-	-	-	-	-	-	-
Capital lease proceeds	-	455,670	-	624,870	-	280,540	142,041	709,807	-	-
Transfers from other funds	5,368,643	5,150,004	5,880,609	3,379,954	6,505,644	5,097,416	8,122,110	28,367,059	28,835,043	29,380,961
Transfers to other funds	(5,450,547)	(5,255,099)	(6,009,834)	(3,536,590)	(6,163,403)	(6,022,085)	(8,122,110)	(28,367,059)	(28,835,043)	(29,380,961)
Sale of capital assets	-	15,504	10,525	59,962	28,951	25,061	12,375	18,500	27,900	-
Total other financing sources (uses)	(81,904)	6,865,243	(118,700)	4,763,822	371,192	(619,068)	154,416	728,307	27,900	33,259,221
Net change in fund balances	\$ (479,022)	\$ 5,629,442	\$ (4,708,965)	\$ 4,695,027	\$ 2,317,946	\$ 31,900	\$ 1,944,733	\$ 2,826,755	\$ 2,721,987	\$ 1,619,049
Debt service as a percentage of noncapital expenditures	4.5%	4.3%	4.4%	4.3%	4.0%	4.3%	4.8%	4.7%	6.3%	33.1%

TOWN OF NARRAGANSETT, RHODE ISLAND

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

Exhibit 5

Assessment Date	Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed Valuation to Total Estimated Actual Value
		Assessed Valuations	Estimated Actual Value	Assessed Valuations	Estimated Actual Value	Assessed Valuations	Estimated Actual Value	
12/31/2007	2008-09	\$ 5,181,200,600	\$ 5,410,045,526	\$ 216,904,287	\$ 226,484,585	\$ 5,398,104,887	\$ 5,636,530,111	95.77%
12/31/2008	2009-10	4,617,076,700	4,821,005,221	189,473,696	197,842,431	4,806,550,396	5,018,847,652	95.77%
12/31/2009	2010-11	4,660,076,700	4,755,180,306	191,058,160	199,018,917	4,851,134,860	4,954,199,223	97.92%
12/31/2010	2011-12	4,638,015,302	4,732,668,676	126,150,948	126,150,948	4,764,166,250	4,858,819,624	98.05%
12/31/2011	2012-13	4,350,353,287	4,439,136,007	133,943,059	133,943,059	4,484,296,346	4,573,079,066	98.06%
12/31/2012	2013-14	4,351,278,768	4,542,366,625	132,860,822	132,860,822	4,484,139,590	4,675,227,447	95.91%
12/31/2013	2014-15	4,369,756,694	4,599,743,888	136,792,291	136,792,291	4,506,548,896	4,736,536,179	95.14%
12/31/2014	2015-16	4,476,928,059	4,815,206,205	147,375,176	147,375,176	4,624,303,235	4,962,581,381	93.18%
12/31/2015	2016-17	4,495,724,567	4,940,356,667	154,965,455	154,965,455	4,650,690,022	5,095,322,122	91.27%
12/31/2016	2017-18	4,382,903,592	4,724,562,848	157,985,621	157,985,621	4,540,889,213	4,882,548,469	93.00%

Source: Town of Narragansett, Rhode Island Assessor

TOWN OF NARRAGANSETT, RHODE ISLAND

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO
(UNAUDITED)

Exhibit 6

Taxpayer	Type of Business	FISCAL YEAR 2017-18 (ASSESSED VALUE AS OF 12-31-16)			FISCAL YEAR 2007-2008 (ASSESSED VALUE AS OF 12-31-06)		
		Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation
DPF Narragansett, LLC	Shopping Plaza	\$ 24,228,800	1	0.51%	Salt Pond Corp. \$ 27,509,500	1	0.51%
National Grid	Electric & Gas Utility	20,098,513	2	0.42%	Narragansett Electric 9,151,030	4	0.17%
Dunes Corporation	Private Beach Club	11,438,000	3	0.24%	Dunes Club 18,446,848	2	0.34%
Cox Communications	Cable Utility	10,737,825	4	0.22%			
United Water Company	Water Utility	9,812,700	5	0.21%	United Water RI 11,181,760	3	0.21%
Point Judith Country Club	Private Golf Course	8,332,300	6	0.17%	Point Judith Country Club 9,014,824	6	0.17%
JDL Family LTD Partnership	Shopping Plaza	7,752,200	7	0.16%			0.00%
Narragansett Recreation, LLC	Hotel/Restaurant	7,443,700	8	0.16%			
Remedy LLC	Residential Property	6,646,700	9	0.14%	J. Terrance Murray 7,369,700	8	0.14%
Murray, J Terrance	Residential Property	5,988,900	10	0.13%			
					Russell A. Boss 6,939,800	9	0.13%
					Narr. Pier Village Apartments 8,498,900	7	0.16%
					Town Dock Inc 9,079,722	5	0.17%
					Picerne, Ronald R.S. 6,838,000	10	0.13%
		<u>\$ 112,479,638</u>		<u>2.35%</u>	<u>\$ 114,030,084</u>		<u>2.13%</u>
Total assessed valuation (gross)		<u>\$ 4,779,278,554</u>			(gross) <u>\$ 5,360,420,590</u>		
TOP TEN ONLY							
Commercial/Industrial Values		\$ 99,844,038		2.09%	\$ 92,882,584		1.73%
Residential Values		12,635,600		0.26%	21,147,500		0.39%

Source: Town of Narragansett Assessor, certified tax roll.

TOWN OF NARRAGANSETT, RHODE ISLAND

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Exhibit 7

Fiscal Year Ended June 30	Taxes Outstanding for the Fiscal Year	Collected within the Fiscal year	
		Amount	Percentage of Balance
2008-09	\$ 41,264,467	\$ 38,670,037	93.71%
2009-10	44,923,670	43,608,209	97.07%
2010-11	45,357,123	44,407,854	97.91%
2011-12	45,657,642	44,917,809	98.38%
2012-13	45,635,119	44,843,811	98.27%
2013-14	46,855,316	46,113,597	98.42%
2014-15	48,173,623	47,352,195	98.29%
2015-16	49,094,018	48,320,442	98.42%
2016-17	50,151,603	49,351,387	98.40%
2017-18	51,195,855	50,422,075	98.49%

	Current Taxes	Current Year Collected	Percent of Levy
2008-09	\$ 40,477,770	\$ 38,251,119	94.50%
2009-10	42,258,667	41,425,591	98.03%
2010-11	44,053,922	43,613,626	99.00%
2011-12	44,736,568	44,380,651	99.20%
2012-13	44,946,199	44,547,908	99.11%
2013-14	46,107,795	45,754,896	99.23%
2014-15	47,455,661	47,043,390	99.13%
2015-16	48,342,629	47,937,036	99.16%
2016-17	49,396,535	48,974,578	99.15%
2017-18	50,425,079	50,043,114	99.24%

Source: Town of Narragansett Tax Collector

TOWN OF NARRAGANSETT, RHODE ISLAND

PROPERTY TAX RATES
(PER \$1000 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS
(UNAUDITED)

Exhibit 8

<u>List Year</u>	<u>Fiscal Year</u>	<u>Residential Property Rate</u>	<u>Commercial Property Rate</u>	<u>Personal Property Rate</u>	<u>Motor Vehicle Rate</u>
2007	2008-09	\$7.25	\$10.87	\$10.87	\$16.46
2008	2009-10	\$8.58	\$12.87	\$12.87	\$16.46
2009	2010-11	\$8.86	\$13.29	\$13.29	\$16.46
2010	2011-12	\$8.97	\$13.45	\$13.45	\$16.46
2011	2012-13	\$9.57	\$14.35	\$14.35	\$16.46
2012	2013-14	\$9.80	\$14.68	\$14.68	\$16.46
2013	2014-15	\$10.04	\$15.06	\$15.06	\$16.46
2014	2015-16	\$9.94	\$14.91	\$14.91	\$16.46
2015	2016-17	\$10.08	\$15.12	\$15.12	\$16.46
2016	2017-18	\$10.56	\$15.84	\$15.84	\$16.46

TOWN OF NARRAGANSETT, RHODE ISLAND

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(UNAUDITED)

Exhibit 9

Fiscal Year	Population	Assessed Valuation	Gross Bonded Debt (1)	Debt payable from Business Type Revenues	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt per Capita
2008-09	16,361	\$ 5,398,104,887	\$ 25,034,999	\$ 875,952	\$ 24,159,047	0.45%	\$ 1,476.62
2009-10	15,868	4,806,550,396	31,728,315	6,692,867	25,035,448	0.52%	1,577.73
2010-11	15,868	4,851,134,860	30,196,064	6,638,301	23,557,763	0.49%	1,484.61
2011-12	15,868	4,764,166,250	27,864,187	5,795,183	22,069,004	0.46%	1,390.79
2012-13	15,868	4,484,296,346	25,968,000	5,198,315	20,769,685	0.46%	1,308.90
2013-14	15,868	4,484,139,590	23,824,611	4,323,020	19,501,590	0.43%	1,228.99
2014-15	15,868	4,506,548,986	25,965,510	3,660,869	22,304,641	0.49%	1,405.64
2015-16	15,868	4,624,303,235	23,864,429	3,084,673	20,779,756	0.45%	1,309.54
2016-17	15,868	4,650,690,022	27,579,129	2,544,280	25,034,849	0.54%	1,577.69
2017-18	15,868	4,540,889,213	25,427,949	1,991,112	23,436,837	0.52%	1,476.99

(1) includes Business-type Activities

TOWN OF NARRAGANSETT, RHODE ISLAND

COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
(UNAUDITED)*Exhibit 10*

	Assessment Date 12/31/2016 FY 2017-18	Assessment Date 12/31/2015 FY 2016-17	Assessment Date 12/31/2014 FY 2015-16	Assessment Date 12/31/2013 FY 2014-15	Assessment Date 12/31/2012 FY 2013-14	Assessment Date 12/31/2011 FY 2012-13	Assessment Date 12/31/2010 FY 2011-12	Assessment Date 12/31/2009 FY 2010-11	Assessment Date 12/31/2008 FY 2009-10	Assessment Date 12/31/2007 FY 2008-09
Net assessed valuation	\$ 4,540,889,213	\$ 4,650,690,022	\$ 4,624,303,235	\$ 4,506,548,986	\$ 4,484,139,590	\$ 4,484,296,346	\$ 4,764,166,250	\$ 4,851,134,862	\$ 4,806,550,396	\$ 5,398,104,887
Debt limit	136,226,676	139,520,701	138,729,097	135,196,470	134,524,188	134,528,890	142,924,988	145,534,046	144,196,512	161,943,147
Total net debt applicable to limit	23,436,837	25,034,849	20,779,756	22,304,641	19,501,590	20,769,685	22,069,004	23,557,763	25,035,448	24,159,047
Legal debt margin	112,789,839	114,485,852	117,949,341	112,891,829	115,022,598	113,759,205	120,855,984	121,976,283	119,161,064	137,784,100
Total net debt applicable to limit as a percentage of the debt limit	17.20%	17.94%	14.98%	16.50%	14.50%	15.44%	15.44%	16.19%	17.36%	14.92%

TOWN OF NARRAGANSETT, RHODE ISLAND

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS
(UNAUDITED)

Exhibit 11

Fiscal Year	Principal	Interest	Total Debt Service (2)	Total Governmental Funds Expenditures (1)	Ratio of Total Debt Service to Total Governmental Expenditures
2009	\$ 1,429,810	\$ 1,290,766	\$ 2,720,576	\$ 61,209,438	4.44%
2010	2,194,667	1,072,286	3,266,953	51,831,926	6.30%
2011	1,526,266	1,012,797	2,539,063	54,924,335	4.62%
2012	1,534,485	969,447	2,503,932	54,471,353	4.60%
2013	1,370,553	922,026	2,292,579	55,155,801	4.16%
2014	1,268,095	879,015	2,147,110	57,285,977	3.75%
2015	1,296,950	839,622	2,136,572	59,599,076	3.58%
2016	1,524,885	928,436	2,453,321	66,070,369	3.71%
2017	1,248,906	944,472	2,193,378	64,696,855	3.39%
2018	1,598,012	935,930	2,533,942	65,497,632	3.87%

Note:

(1) Modified accrual basis of accounting

(2) General Obligation Bonds and Notes only

TOWN OF NARRAGANSETT, RHODE ISLAND

PRINCIPAL EMPLOYERS*

JUNE 30, 2018
(UNAUDITED)

Exhibit 12

Employer	Type of Business	Number of Employees
Town of Narragansett	Municipality/Schools/Library	435
University of Rhode Island/Bay Campus	Colleges & Universities	300
Dunes Club	Beach Club/Seasonal - Private	180
VNS Home Health Service	Healthcare Services	150
DeWal Industries	Manufacturer - Specialty films, tapes, etc.	135
Ocean Rose Inn	Hotel and Motel	120
George's of Galilee Restaurant	Restaurant	118
Stop & Shop	Grocery Retail - Supermarket	100
Aunt Carrie's Restaurant	Restaurant	100
Environmental Protection Agency	Federal Government Laboratory	100
Point Judith Country Club	Parks & Recreation - Private Club	80
NOAA National Marine Fisheries Service	Federal Government	70
Bonnet Shores Beach Club	Beach Club/Seasonal - Private	70
Unemployment rate: 4.3% - June 2018	* Source: R I Dept of Labor and Training	

TOWN OF NARRAGANSETT, RHODE ISLAND

FULL-TIME EQUIVALENT TOWN EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Exhibit 13

	<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>
Administration	13.0	13.0	10.0	10.0	10.0	11.0	11.0	11.0	10.0	9.0
Financial administration	12.0	12.0	15.0	15.0	15.0	15.0	16.0	16.0	16.0	15.0
Public safety:										
Police:										
Officers	41.0	41.0	40.0	40.0	40.0	41.0	41.0	41.0	42.0	42.0
Civilians	13.0	13.0	13.0	13.0	13.0	15.0	14.0	13.0	13.0	13.0
Fire:										
Firefighter and officers	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0
Civilians	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total Public Safety	89.0	89.0	88.0	88.0	88.0	91.0	90.0	89.0	90.0	90.0
Public works:										
Administration & Highway	13.0	13.0	12.0	12.0	12.0	13.0	13.0	13.0	13.0	13.0
Parks Maintenance	0.0	0.0	0.0	0.0	0.0	0.0	5.5	0.0	0.0	0.0
Engineering	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.7
Total Public Works & Engineering	15.6	15.6	14.6	14.6	14.6	15.6	15.6	21.1	21.1	21.2
Parks and recreation	5.5	5.5	4.5	4.5	4.5	4.5	3.5	3.5	3.5	3.5
Parks Maintenance	5.5	5.5	5.5	5.5	5.5	5.5	0.0	5.5	5.5	5.5
Planning and Development	7.5	7.5	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Education:										
Administrative, certified	9.0	8.0	8.5	8.5	8.0	8.0	8.0	8.0	8.0	9.0
Administrative, noncertified	10.6	10.6	11.6	11.6	11.7	11.4	11.0	11.0	11.0	11.0
Classroom aides	26.5	25.5	28.4	28.4	32.0	28.0	28.0	31.0	29.0	28.0
Teachers	145.8	145.8	152.1	152.1	153.9	154.8	154.9	158.0	158.0	154.0
Bus drivers, monitors, and bus aides	21.3	21.3	22.5	22.5	22.5	24.0	24.0	22.0	24.0	27.0
Clerks	12.0	12.0	12.0	12.0	12.0	12.0	12.0	11.0	11.0	12.0
Operation and maintenance	17.4	17.4	18.4	18.4	18.4	18.0	18.0	20.0	22.0	20.0
	242.5	240.5	253.5	253.5	258.5	256.2	255.9	261.0	263.0	261.0
Library - full-time	6.0	6.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	5.0
Library-part-time	10.0	10.0	12.0	12.0	15.0	18.0	18.0	16.0	16.0	16.0
Fleet Maintenance	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Water	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Wastewater Treatment	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8
Beach	1.5	1.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	427.5	425.5	435.5	435.5	443.5	449.2	447.9	449.0	451.0	448.1

TOWN OF NARRAGANSETT, RHODE ISLAND
MISCELLANEOUS STATISTICS
JUNE 30, 2018
(UNAUDITED)

Exhibit 14

Town Incorporation	1901	Municipal buildings:	
Type of Government	Council / Town Manager	Town Hall	1
Population:		Fire Stations	3
Official U.S. Census:		Police Station	1
1950	2,288	Port Facility Building	1
1960	3,444	Education	
1970	7,138	High School (Grades 9 – 12)	1
1980	12,088	Middle School (Grades 5 – 8)	1
1990	15,004	Elementary (Grades Pre-K – 4)	1
2000	16,361	Wastewater pumping stations	19
2010 (State of RI Est.)	17,454	Wastewater treatment plant	1
2010 Census	15,876	Water pumping stations	1
Area of Town	18.3 square miles	Water storage tanks	3
Shoreline	44.2 miles	Water chlorine injections stations	3
Miles of Streets:		Public works garage/maintenance facility	2
Local Paved	103	Library	1
State Paved	25	Parks/recreation buildings	10
Construction (Period 7/1/16 to 6/30/17):		Beach Cabanas – 83 units	1
Building Permits Issued	1,019	Beach clubhouse	1
Total Value	\$33,646,765	North Beach Pavilion – 263 units	1
		South Beach Pavilion – 218 units	1
		Kinney Bungalow	1
		Comfort station	1
		Community Center	1
		The Towers	1
Elections – November 2018:		Recreation Facilities:	
Registered voters	12,674	Public squares	3
Number of votes cast	7,134	Acres for recreation (developed)	48
Percentage voting	56%	Playgrounds	6
Fire Protection:		Tot lots	1
Fire alarm boxes	187	Major recreation facilities	12
Fire hydrants	698	Undeveloped sites	2
Education:		Municipal tennis courts	16
Student Enrollments:		Bathing beaches	1
Pre-Kindergarten	52	Diamonds:	
Elementary (grades k – 4)	399	Hard ball	4
Middle School (grades 5 – 8)	432	Soft ball	1
High (grades 9 – 12)	425	Basketball courts:	
Special Education-Out of Dist	5	Outdoor	7
Other out of district	11	Indoor (schools)	3
Total in all schools	1,324	Soccer Fields	7
Home Instruction	6	Marina - 37 slips	1
Charter Schools	15	Marina Building	1
Total	1,345	Residential Cottages	4
		Residential House	1
		Café/Restaurant Building	1
		Farm House (Sunset Farm)	1
		Barn (Sunset Farm)	1

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Narragansett, Rhode Island, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Narragansett, Rhode Island's basic financial statements, and have issued our report thereon dated January 18, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Bacon & Company CPAs, LLC

Warwick, Rhode Island
January 18, 2019