

**TOWN OF  
CHARLESTOWN, RHODE ISLAND**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2015**

**Prepared by:**

**Patricia M. Anderson**

**Treasurer**



**TOWN OF CHARLESTOWN, RHODE ISLAND**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2015**

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# TOWN OF CHARLESTOWN

## INTRODUCTORY SECTION

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**Patricia M. Anderson**  
**Treasurer**  
PAnderson@CharlestownRI.org



**TOWN OF CHARLESTOWN**

**4540 South County Trail**  
**Charlestown**  
**Rhode Island, 02813**  
**Phone (401) 364-1235**  
**Fax (401) 364-1238**

December 23, 2015

To the Honorable Town Council:

The Comprehensive Annual Financial Report of the Town of Charlestown is hereby submitted for the fiscal year ended June 30, 2015, in accordance with the Town Charter, Section C-72. Responsibility for the accuracy of data, and completeness of the presentation, including disclosures, rests with management. To the best of our knowledge, the information contained herein is accurate and representative of the financial position of the Town of Charlestown. It clearly reflects the operation of the Town as measured by the financial activity of its various funds.

This document provides a summary of related costs for providing services to its citizenry, as well as changes in fund balance and financial resources for the year ended June 30, 2015. The Comprehensive Annual Financial Report is a joint effort between Town Management and our auditing firm, Cayer Caccia, LLP Certified Public Accountants.

The Comprehensive Annual Financial Report is presented in three sections. The introductory section is not audited and includes this letter of transmittal; an organizational chart and a listing of the Town of Charlestown's principal elected and appointed officials. The financial section includes the Government-wide Financial Statements, the Statement of Net Position, Statement of Activities, Business Activities statements and all required supplemental information including the Management Discussion and Analysis as required by Governmental Accounting Standards Board Statement No. 34.

A single audit section relating to federal financial assistance is not required for the 2015 fiscal year. In 1996, the US Office of Management and Budget issued Circular A-133 rescinding Circular A-128 as it related to Audits of State and Local Governments. The Single Audit applies in years that the Town of Charlestown expends \$500,000 or more in federal funds.

Copies of this report are on file in the Town Clerk's Office and the Cross Mills Public Library for public inspection. Individuals wishing to obtain a copy may do so by submitting a written request to the Treasurer's Office at 4540 South County Trail, Charlestown, Rhode Island 02813. This report is forwarded to the Rhode Island Auditor General's Office, as prescribed by state law, and to state, local and other miscellaneous agencies such as the Town's financial advisors.

## Community Description

The Town of Charlestown, incorporated on August 22, 1738, is a seaside community located in the southwest portion of Rhode Island. It encompasses thirty-six square miles of land, six miles of inland water and approximately six miles of coastline along Block Island Sound. The Town is a physically diverse community with flourishing beach colonies, unique village centers, and large tracts of open space. The Town is a perennial vacation and tourist location offering exceptional swimming, camping and fishing opportunities. Consequently, between the months of May to September the Town's population swells to more than twenty thousand, including seasonal inhabitants.

Charlestown's year-round population, according to the year 2010 census was 7,827, a decrease of 32 from the year 2000. In 1970, year-round residents totaled 3,200, 1980 totaled 4,800, an increase of 1,600 residents. In 1990, the population of year-round residents had grown to 6,478, increasing another 1,678, or 35%. The 2000 census showed an increase of 21% to a total year-round resident count of 7,851. In 2010, the population dropped to 7,827 or a decrease of 0.3%.

The Town of Charlestown has operated under a Council-Administrator government since November 1980. Pursuant to the Charter and subject only to the limitations imposed by the State Constitution, all powers of the Town, except those vested in the Financial Town Meeting, are vested in the Town Council, the governing body. The Town Council determines policies, enacts laws, and appoints the Town Administrator. The Town Administrator executes the laws, and controls the government under the authority of the Town Council. The Town Council consists of five members, elected at large. They serve a term of two years and thereafter until their successors are elected and qualified.

## Major Initiatives

The government's staff and committees, following specific direction of the Governing Council and Administrator, were involved in a variety of projects throughout the year.

The Governing Council identifies needs to meet citizen's demands for services and to safeguard the environment with conformity to applicable local, state and federal law. Following is a list of undertakings initiated, or completed, during the 2014-2015 fiscal year:

The renovation of the council chambers was completed with the installation of the carpeting and a new sound system.

The land evidence software continues to be updated through ACS.

The Town has continued to work on crack sealing the Town's roads. Rubberized asphalt chip seal and asphalt stone seal was completed on designated roads.

The Town has continued to replace the DPW vehicles on a regular cycle with the purchase of a new dump truck. A new box van was also purchased for use by the Parks and Recreation department and DPW.

On May 1, 2015 the town was accepted into the CRS Program by the Federal Emergency Management Agency (FEMA). The CRS Program is a voluntary program that recognizes communities for floodplain management activities that exceed the minimum National Flood Insurance Program (NFIP) standards. Property owners in the Town of Charlestown will receive discounts on their Flood Insurance Premiums based on the "Class" rating in the CRS Program. The Town has achieved a Class 7 rating, the first in the State of Rhode Island and the second community to receive such a great rating in the entire northeast. The Class 7 rating qualifies all property owners with a "standard" flood insurance policy to a 15% discount on their flood insurance premiums. Currently, there are 794 Flood Insurance Policies in effect in the Town of Charlestown. The Class 7 rating will save property owners in Charlestown a total of \$173,850 per year.

The GIS Manager and the Wastewater Manager/Environmental Scientist prepared an application for U.S. Department of Interior restoration Grant for resiliency programs along the coastline. The Town of Charlestown was awarded \$3,250,000. The project will restore and enhance approximately 30 acres of degraded salt marsh habitat within Ninigret Pond barrier and coastal lagoon complex by the placement and dispersal of dredged material on the marsh surface to increase surface elevations. Increasing marsh surface elevations and replanting the restored areas will in turn enhance salt marsh vegetation, increasing the lifespan and resiliency of the marsh complex from future coastal storms and increased rates of sea level rise induced by climate change. This will allow the marsh to continue to function as a storm surge buffer and flood storage area. It will also preserve and extend the marsh's many functions and values that support the tourism, recreation, fishing and boating industries that are crucial to the economic wellbeing of the surrounding communities. Funds may also be used to assess opportunities for additional projects in two other ponds. The state will provide \$423,650 in matching funds for this project.

Rising sea levels are degrading the barrier-marsh complex and negatively affecting many of the species that rely on the marsh habitat. Marshes are not only essential for wildlife, but also provide a significant natural buffer between the open ocean development around the Salt Ponds. The marshlands, as a buffer and the wildlife that rely on the marshes as well as the beach and the Coastal Ponds are arguably one of the most important economic draws for the Town of Charlestown. This grant provides a means to rebuild the degraded marsh areas with material provided by the necessary and required maintenance dredging of the entrapped sediments from the Charlestown Breachway into Ninigret pond, thus protecting and enhancing these important habitats.

Dredging of the Charlestown Breachway's existing sedimentation basin and relief channel was last completed in March of 2012 and is scheduled for maintenance dredging in the Spring 2017. Based on recent (2014) data collected by the Town's GIS Office, the two existing maintenance areas are at approximately capacity and will need dredging sooner than 2017 in order to limit sedimentation and impairment of the pond. Furthermore, given the rapid accumulation of material in the sedimentation basin, a secondary sedimentation basin has been proposed and approved.

Dredging and placement of dredged material on the beach within the intertidal zone, which was conducted during previous maintenance dredging activities has an estimated cost of \$1.5 million.

The Parks and Recreation Department was cited as the “Department of the Year” for making significant and exemplary contributions that enhance the lives of the community members. The Director received the Walter A. Henry Leadership Award in recognition of dedicated service and leadership in her role in making significant improvements to park facilities and recreation programs.

The Senior Center continues to increase its membership. The Town has continued to update the center by adding new blinds. A new generator and ice maker will added soon. The fitness and wellness programs and usage of the center continue to grow. Over the past year, changes to the senior nutrition program have been made across the state shifting towards a Café style program with more diverse menu options, catering to the older and younger seniors.

The Town’s Onsite-Wastewater Management Office continued to successfully manage its program in accordance with Town Ordinance. To protect Charlestown’s groundwater (our only drinking water source) and our surface water bodies, the Town inspected 968 septic systems and identified 22 failing systems. Forty-two Notices of Intent to Enforce and/or Notices of Violation were issued. Eighty-two new or replacement septic systems were installed including the replacement of twenty-two polluting cesspools and twenty-two hazardous failing septic systems. The Town’s cesspool phase-out program has now successfully removed 99.9% of all polluting cesspools in Charlestown and has provided the foundation for the State of Rhode Island’s statewide cesspool removal program.

The Town Office of Wastewater Management brought twenty-one on-site wastewater treatment related Violations before the Charlestown Municipal Court and closed forty-one case files for compliance. Additionally, the Town sampled over thirty drinking water wells in densely developed areas of Charlestown for analysis for harmful nutrients and bacteria. The On-site Wastewater Manager was an author of the successful \$3.25 Million grant for Salt Pond Dredging and Resiliency and obtained an additional \$300,000 to be utilized as Low Interest Loans for the Community Septic Loan Program.

The Town’s Onsite Wastewater Management Program is widely recognized as a model for local groundwater protection programs and continues to be a benchmark for state and municipal programs.

The Town continued to manage all of the Town facilities at the lowest possible cost to the taxpayers of Charlestown. The Town maintained sound capital investment in new equipment and improved Town facilities as allotted for within the 2015 budget.

On July 1, 2000 the town opened a newly constructed Residential Collection Center that replaced the previous Landfill Facility. The Town then initiated the capping and covering of the closed facility. In fiscal year 2001, \$435,000 was allocated for this closure from the unreserved General Fund in lieu of bonding the project. On June 30, 2006, the capping of the landfill was at a standstill due to a problem found by RIDEM with the covering used to cap the landfill. The Town had entered into a Consent Agreement with RIDEM whereby the Town agreed to remove a portion of the initial covering and replace it with appropriate material. As of June 30, 2009, the Town had performed the proper remediation and was determined by RIDEM to be in compliance with its order. On June 20, 2008, RIDEM issued a Release and Discharge of Violation to finalize the closure of the landfill.

The Town continued to maintain an excellent working relationship with all units representing employees within the structure of government for the Town. Bargaining agreements with all of the Town's unions and the professional management group expire as of June 30, 2018.

Charlestown owes much of its identity to the unparalleled caliber of its recreational virtues. The Town boasts of a vast catalog of federal, state, local and non-profit facilities intended to both preserve and provide public access to open space.

The Town owns and operates two public beaches; a one-hundred and seventy-two acre multi-faceted park complete with professional bicycle course, walking trails, basketball and tennis courts, fresh and salt water access, softball and soccer fields, a playground and festival area. The festival area accommodates seasonal family-oriented activities. Other significant facilities include:

- a. US Fish & Wildlife Refuge Area
- b. Burlingame State Park
- c. Ninigret Conservation Area
- d. Quonochontaug Breachway
- e. Kimball Wildlife Refuge
- f. Wicklund and Columbia Parks
- g. Cross Mills Library
- h. School House Pond
- i. South Farm

### Community Development

Charlestown is very mindful of its current physical and economic assets and recognizes that various outstanding needs must be met. Consequently, the Town attempts to address issues that it feels are vital to its future. The Town has a substantial investment in maintaining affordable housing in the community. Since 1996 Charlestown has been awarded more than \$1.3 million through the Community Development Block Grant Program (CDBG), a federally funded program. A portion of each of the grants, distributed through the Community Development Consortium of East Greenwich, is allocated to housing rehabilitation for low and moderate-income families. The Town continues to contract with the Consortium to handle all aspects of these grants, except the writing thereof.

Mr. Geoffrey Marchant, who heads the Consortium, is also in charge of the Shannock Village Revitalization project between the Towns of Charlestown and Richmond. This project has been awarded approximately \$1.2 million since 2000. Additionally, Mr. Marchant is coordinating the improvement and expansion of the Shannock Water District for Charlestown and Richmond. Mr. Marchant has also secured \$431,000 TEA-21 enhancement funding for the "Columbia Heights Housing & Streetscape Plan." Additional federal funds of approximately \$1.8 million were obtained for use by the Shannock Water District. Both of these projects are being worked on in conjunction with each other. Mr. Marchant has also received approximately \$4.4 million dollars from CDBG-DR for the "Churchwoods" affordable housing project.

### Financial Management

The Town's Management is responsible for maintaining and establishing internal controls designed to ensure that the government's assets are protected from loss or misuse and to provide financial accountability that conforms to accepted accounting principles. An internal control structure provides reasonable accountability for the everyday operation of the government and its various departments. Reasonable accountability recognizes that: (1) the cost of a control does not exceed the benefit; and (2) valuation of costs and benefits requires judgment on the part of management.

The Treasurer's department manages all funds for the Town of Charlestown. The General Fund, primarily funded with tax dollars and miscellaneous departmental revenues, includes the operation of all departments within the Town except for the two enterprise funds that are self-funded through an established fee structure. Financial statements are issued monthly to the governing Council and management and are on record in the Treasurer's office for public inspection. Cash and investments are monitored weekly and reported monthly. The unassigned fund balance, which the Town has maintained over several years, enables a smooth transition from one fiscal year to another, as cash flow is maintained at a level sufficient for governmental operation before tax collections. The Town has many special revenue funds in which revenue deposited is restricted for particular expenditures.

Management also maintains extensive budgetary controls to ensure that the monies allocated through tax dollars are expended in the manner for which they were intended.

### Risk Management

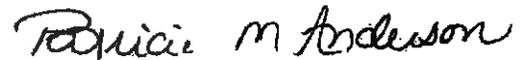
During 2015 the Town experienced minimal losses on insurance claims and the Town anticipates a similar situation in 2016. The Town has taken steps to maintain adequate and cost effective insurance coverage for all related municipal services and facilities. Our insurance carrier reviews all Town facilities each year so that we minimize exposure to any risk of liability. In addition, the Town is subject to an annual review by the Occupational Safety and Health Administration (OSHA) to detect any existing or potential hazards to municipal employees or citizens while on Town property.

In July of 1991 the Town entered into an insurance contract with Rhode Island Interlocal Risk Management Trust for all of its insurance needs. The Trust is a member-owned and operated insurance alternative; it has 58 member municipalities, schools, and public agencies. The Trust monitors and evaluates existing and developing risk exposure for all the municipalities it covers. Through the Trust, local governments jointly self-insure risks arising from worker's compensation and liability claims. The Town's member deductible per occurrence is \$2,500 except for Public Officials' Liability of \$5,000 per occurrence. Worker's compensation coverage has no deductible.

#### Independent Audit

State law requires an annual audit of Town finances by an independent certified public accountant. The accounting firm of Cayer Caccia, LLP was awarded the bid to conduct the Town's audit for the fiscal year ending June 30, 2014 through 2016 in response to the Town's request for proposal issued in 2014.

Sincerely,



Patricia M. Anderson  
Treasurer



## **MUNICIPAL OFFICERS**

### *Town Council*

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**Thomas B. Gentz, President**  
**George C. Trembley, Vice President**  
**Virginia Lee**  
**Denise Rhodes**  
**Bonnie Van Slyke**

### *Town Officials*

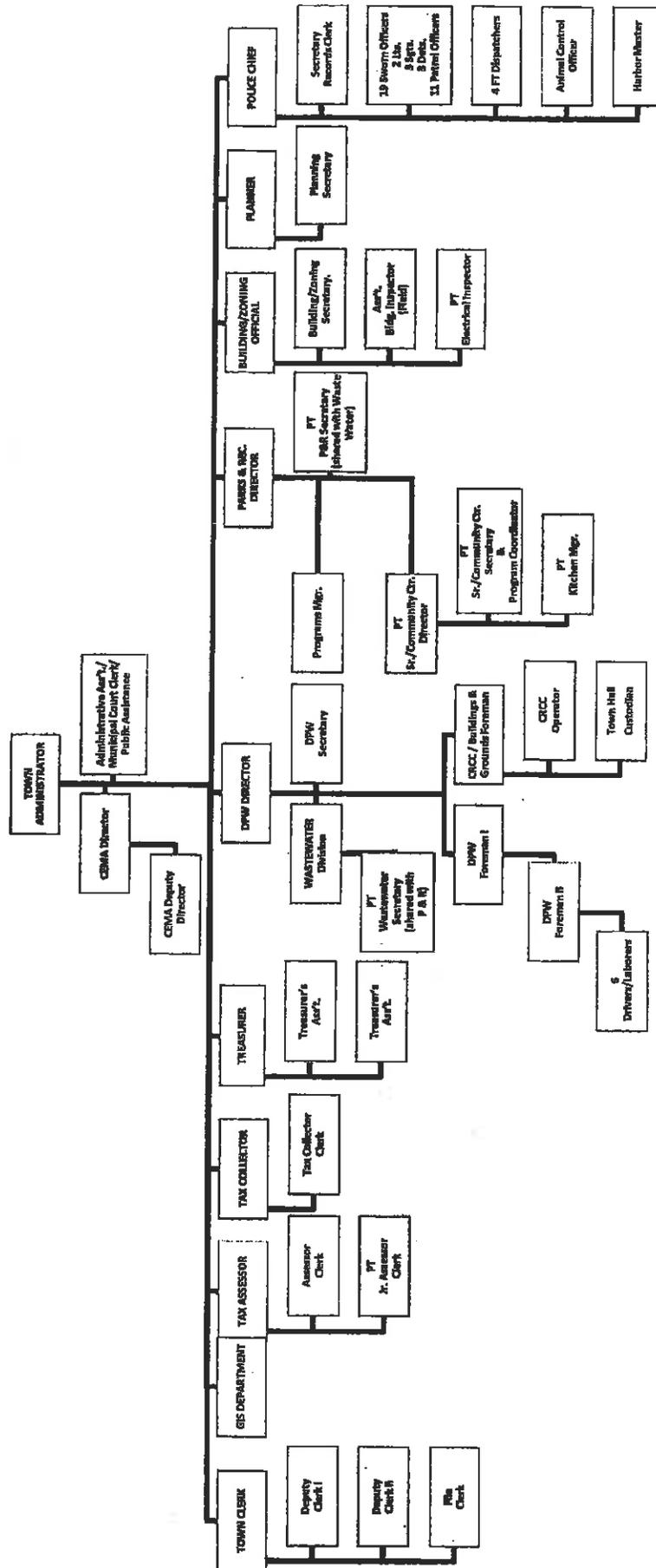
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*Town Administrator*  
*Chief of Police*  
*Town Clerk*  
*Treasurer*  
*Tax Assessor*  
*Tax Collector*  
*Building & Zoning Official*  
*Public Works Director*  
*Parks & Recreation Director*  
*Town Planner*  
*Animal Control Officer*  
*Harbormaster*  
*Town Solicitor*  
*Probate Solicitor*  
*Solicitor Indian Affairs*  
*Emergency Management*  
*Town Moderator*  
*Sealer of Weights & Measures*  
*Custodian of Cemeteries*  
*Public Assistance*  
*GIS*

*Mark S. Stankiewicz*  
*Jeffrey Allen*  
*Amy Rose Weinreich*  
*Patricia M. Anderson*  
*Kenneth J. Swain*  
*Jo-Anne Santos*  
*Joseph Warner*  
*Alan A. Arsenault*  
*Vicky Hilton*  
*Jane Weidman*  
*Kathy M. McA'Nulty*  
*Justin Vail*  
*Peter Ruggiero*  
*Robert Craven*  
*Joseph Larisa, Jr.*  
*Kevin Gallup*  
*Leo Mainelli*  
*Bernard Augustine*  
*Francis Fenner*  
*Deb Nigrelli*  
*Steven McCandless*



# Charlestown Town Hall Organizational Chart





# TOWN OF CHARLESTOWN

## FINANCIAL SECTION

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**Gerard R. Cayer**  
CPA, MST

**Mark V. Caccia**  
CPA, MST

**Donna T. Caccia**  
CPA, MST, CFP™

## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Town Council  
Charlestown, 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 Charlestown, Rhode Island, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Charlestown, Rhode Island, as of June 30, 2015, 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.

## **Emphasis of Matter**

As described in Note 1 to the financial statements, in 2015, the Town of Charlestown, Rhode Island adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, as amended by GASB Statement No. 71*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, historical pension and other post-employment benefit information, and budgetary comparison information on pages 4 through 17 and 73 through 83 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 Charlestown, Rhode Island's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and Tax Collector's Annual Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*Other Information (Continued)*

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015, on our consideration of the Town of Charlestown, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Charlestown, Rhode Island's internal control over financial reporting and compliance.

*Cayer Caccia, LLP*

December 23, 2015



**Town of Charlestown, Rhode Island**  
**Management's Discussion and Analysis**

The Town of Charlestown's Management Discussion and Analysis is designed to assist the reader in focusing on significant issues. It provides an overview of the Town's financial activity and changes in financial position for the current year only. Since the Management Discussion and Analysis (M D & A) is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the Transmittal Letter and the Financial Statements (beginning on page 18).

Effective July 1, 2014, the Town of Charlestown implemented GASB Statement No. 68, which established new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. See Note 2 for additional explanation.

**Highlights**

**Financial Highlights**

The Town's net position increased by \$1,692,493 (or 7.6%). Governmental net position increased by \$1,715,911, (or 7.8%), while the business-type activities net position decreased by \$23,418, (or 9.8%). In 2014, governmental net position decreased by \$20,682 (or 0.09%), while the business-type activities net position decreased by \$43,006, (or 15.3%).

Governmental activities revenues for the year ending June 30, 2015 totaled \$27,164,628 including charges for services at \$1,189,305, operating grants and contributions at \$2,299,513, capital grants and contributions at \$239,957 with the balance of revenue from property taxes, revenue sharing, investment interest, and contributions not restricted to specific programs of \$23,435,853.

Business-type activities revenues for the year ending June 30, 2015 totaled \$222,645 including charges for services of \$201,898, investment income of \$497, gain on sale of capital assets of \$5,250, and transfers in of \$15,000.

Governmental fund expenditures for the fiscal year totaled \$25,448,717. Business-type activities expenses for the fiscal year totaled \$246,063.

On the GAAP basis, expenditures and other financing uses were \$25,672,245 for the general fund; \$2,128,505 for the non-major governmental funds; and \$246,063 for business-type funds.

## **Use of the Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 18 through 20) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 21. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

The financial statement focus is on both the Town as a whole and its government-wide funds, as well as its business type activities. All these perspectives allow the user to address relevant questions, broaden the basis for comparison, and enhance the accountability.

### **Reporting the Town as a whole:**

One of the most important questions asked about Town finances is "Is the Town as a whole better or worse financially as a result of this year's activities"? The Statement of Net Position and Statement of Activities reports information in a way that gives the reader the answer to the above question. Statements include all assets and liabilities using the accrual method of accounting, similar to that of private business. All current revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes therein. The Town's net position is the difference between actual assets and liabilities against said assets. This measures the Town's financial health or financial position. Over time, increases or decrease in net position are an indicator of whether the financial health of the Town is improving or declining. Other non-financial factors to consider are changes in the Town's property tax base and the condition of town roads and buildings when assessing the overall financial picture. In the Statement of Net Position and Statement of Activities the Town is divided into two sections: Governmental and Business-type (Enterprise) activities.

### **Significant Funds**

The analysis of the Town's most significant fund begins on page 21. The Fund Financial Statements provide detailed information on the general fund, not the Town as a whole. Some funds are required to be established by State law or by bond covenants. However, the Town Council mainly through the Financial Town Referendum establishes other funds to help control and manage money for a particular purpose or project. Individual funds track costs more closely than in the general everyday use of funds (i.e. road paving, engineering) or to show that all legal responsibilities for using certain grants, and other miscellaneous funds donated or sent to the Town through other sources than property taxes.

Proprietary funds are those that the Town charges its customers for a service it provides – such as the Collection Center where taxpayers deliver their rubbish and recyclables or Coastal Ponds for the registration and use of pond moorings for ocean front property owners. Proprietary funds are like little businesses and are accounted for individually in order to know whether the funding for the service is adequate for the service provided.

The Town may be a trustee for certain types of funds or a fiduciary for certain activities. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purpose. At the present time the Town has only one fiduciary fund for the other post-employment benefit trust fund.

**Town as a Whole**

**Analysis as a Whole**

Included below is a condensed Statement of Net Position for the Town. The condensed format allows the reader to view the overall financial position of the Town.

**Governments Wide Statements**  
**Statement of Net Position**  
**As of June 30:**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014 (as restated)	2015	2014	2015	2014 (as restated)
Current and Other Assets	\$10,340,139	\$ 7,646,728	\$ 55,808	\$116,484	\$ 10,395,747	\$ 7,763,212
Capital Assets	25,038,539	24,525,388	178,216	191,649	25,216,755	24,717,037
<b>Total Assets</b>	<b>35,378,678</b>	<b>32,172,116</b>	<b>233,824</b>	<b>308,133</b>	<b>35,612,502</b>	<b>32,480,249</b>
Deferred Outflows of Resources	569,898	496,383	0	0	569,898	496,383
Current Liabilities	2,248,224	1,769,425	9,653	61,153	2,257,877	1,830,578
Long Term Liabilities	8,960,765	8,797,120	8,636	8,027	8,969,401	8,805,147
<b>Total Liabilities</b>	<b>11,208,989</b>	<b>10,566,545</b>	<b>18,289</b>	<b>69,180</b>	<b>11,227,278</b>	<b>10,635,725</b>
Deferred Inflows of Resources	921,722	0	0	0	921,722	0
Net Investment in Capital Assets	19,516,088	20,588,580	178,216	191,649	19,694,304	20,780,229
Restricted for Other Purpose	2,688,346	3,301,806	10,000	10,000	2,698,346	3,311,806
Unrestricted	1,613,431	(1,788,432)	27,319	37,304	1,640,750	(1,751,128)
<b>Total Net Position</b>	<b>\$23,817,865</b>	<b>\$22,101,954</b>	<b>\$215,535</b>	<b>\$238,953</b>	<b>\$24,033,400</b>	<b>\$22,340,907</b>

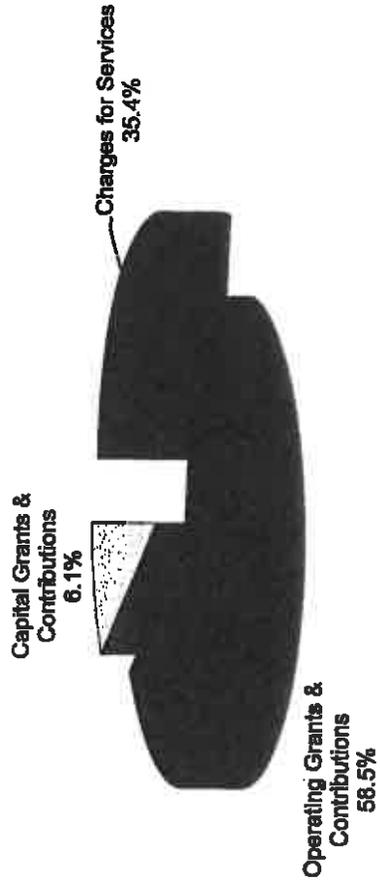
Net Position equals Total Assets plus Deferred Outflows of Resources less Total Liabilities and Deferred Inflows of Resources. The Town is showing a prior period adjustment of beginning net position as of July 1, 2013 of \$3,615,305 to recognize the net pension liability.

**Changes in Net Position  
For fiscal Year Ended  
June 30:**

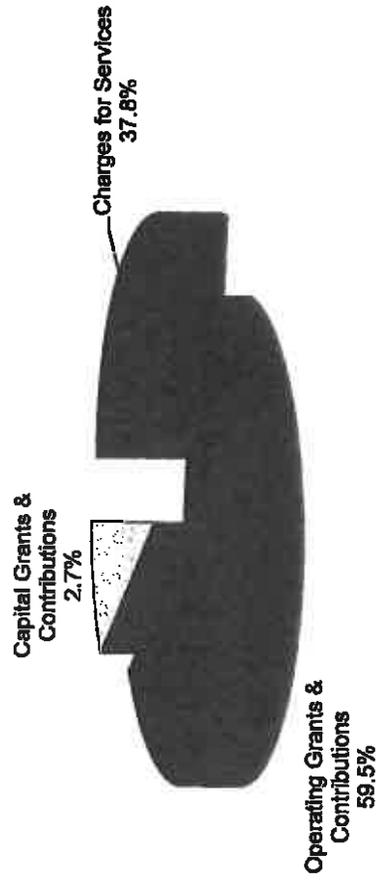
	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2015</u>	2014 <u>(as restated)</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	2014 <u>(as restated)</u>
<b>Revenue:</b>						
<b>Program Revenue:</b>						
Charges for services	\$ 1,189,305	\$ 1,151,239	\$ 201,898	\$ 222,099	\$ 1,391,203	\$ 1,373,338
Operating Grants & Contributions	2,299,513	2,160,991			2,299,513	2,160,991
Capital Grants & Contributions	239,957	97,866			239,957	97,866
<b>Total Program Revenue</b>	<b>3,728,775</b>	<b>3,410,096</b>	<b>201,898</b>	<b>222,099</b>	<b>3,930,673</b>	<b>3,632,195</b>
<b>General Revenue:</b>						
Property Tax	23,312,505	22,824,301			23,312,505	22,824,301
Gain on sale of Capital Asset			5,250		5,250	
Unrestricted Investment Earnings	8,348	5,697	497	413	8,845	6,110
Contributions not restricted to specific programs	115,000	38,830			115,000	38,830
<b>Total General Revenue</b>	<b>23,435,853</b>	<b>22,868,828</b>	<b>5,747</b>	<b>413</b>	<b>23,441,600</b>	<b>22,869,241</b>
<b>Total Revenue</b>	<b>27,164,628</b>	<b>26,278,924</b>	<b>207,645</b>	<b>222,512</b>	<b>27,372,273</b>	<b>26,501,436</b>
<b>Expenses:</b>						
General Government	1,669,844	2,671,813			1,669,844	2,671,813
Public Safety	2,824,862	2,786,913			2,824,862	2,786,913
Public Works	2,191,097	2,149,227			2,191,097	2,149,227
Education	14,336,661	14,669,090			14,336,661	14,669,090
Parks & Recreation	638,160	686,068			638,160	686,068
Public Health & Asst	420,171	412,147			420,171	412,147
Community Development	632,544	87,302			632,544	87,302
Other	2,550,173	2,645,781	246,063	265,518	2,796,236	2,911,299
Interest on Long Term Debt	170,205	149,901			170,205	149,901
<b>Total Expenses</b>	<b>25,433,717</b>	<b>26,258,242</b>	<b>246,063</b>	<b>265,518</b>	<b>25,679,780</b>	<b>26,523,760</b>
<b>Excess (deficiency) Of Revenue Over Expenditures Before Transfers</b>	<b>1,730,911</b>	<b>20,682</b>	<b>(38,418)</b>	<b>(43,006)</b>	<b>1,692,493</b>	<b>(22,324)</b>
<b>Transfers</b>	<b>(15,000)</b>		<b>15,000</b>			
<b>Change in Net Position</b>	<b>1,715,911</b>	<b>20,682</b>	<b>(23,418)</b>	<b>(43,006)</b>	<b>1,692,493</b>	<b>(22,324)</b>
<b>Net Position Beginning, as Restated</b>	<b>22,101,954</b>	<b>22,081,272</b>	<b>238,953</b>	<b>281,959</b>	<b>22,340,907</b>	<b>22,363,231</b>
<b>Net Position Ending</b>	<b>\$ 23,817,865</b>	<b>\$ 22,101,954</b>	<b>\$ 215,535</b>	<b>\$ 238,953</b>	<b>\$ 24,033,400</b>	<b>\$ 22,340,907</b>

This is the thirteenth year Charlestown is reporting fixed assets in its financials and infrastructure additions are included. Infrastructure, roads, culverts, bridges, etc. were inventoried, valued and reported in the financials for fiscal year 2015. The following pie charts delineate the preceding chart by percentages. Sometimes it is easier to envision the totals when looking at it as pie slices.

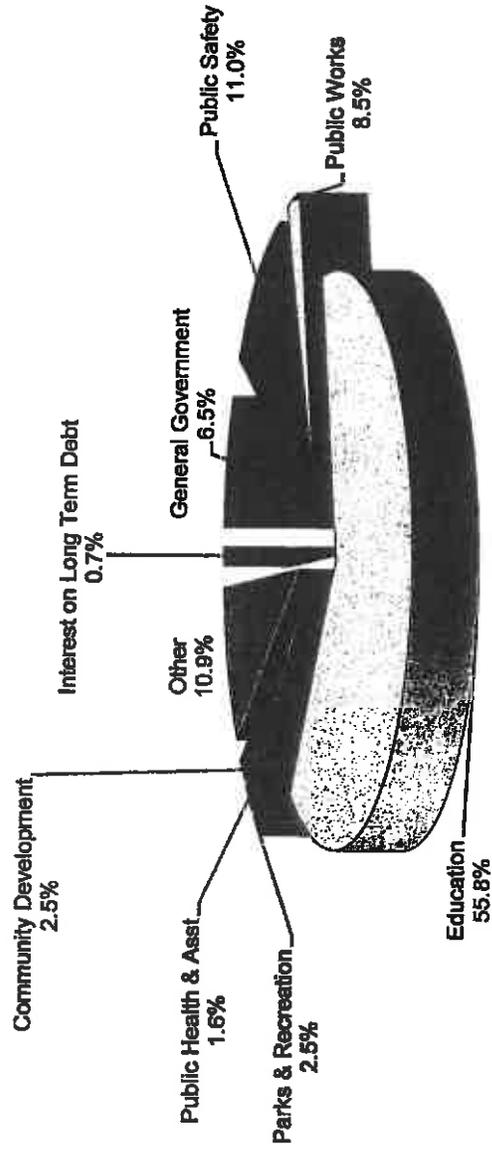
## 2015 Program Revenues



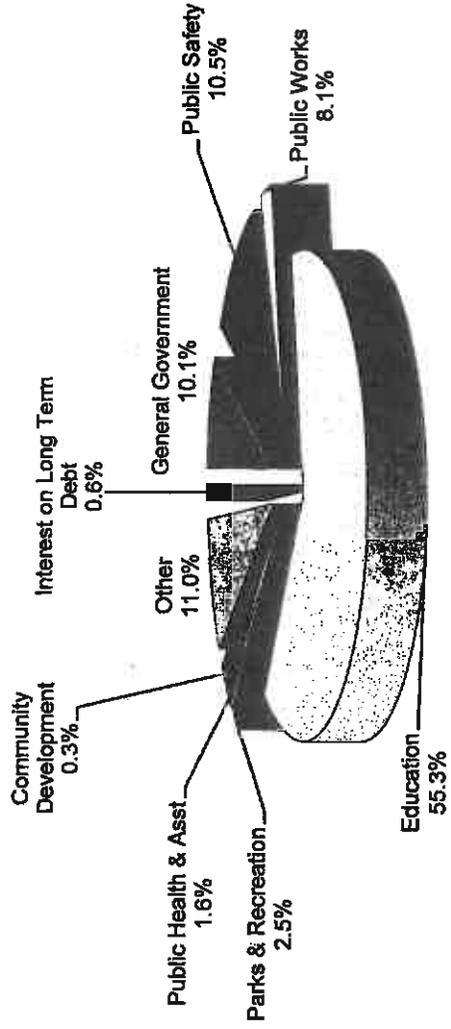
**2014 Program Revenues**



## 2015 Expenses



## 2014 Expenses



### **Normal Impacts:**

There are six basic transactions that affect comparability of Net Position.

1. Net results of activities – will increase or decrease current and unrestricted
2. Borrowing of Capital – increases current assets and long term debt
3. Spending Borrowed Proceeds on New Capital – reduces current assets and increases capital. Also, a second impact occurs – increase in the net investment in capital assets and an increase in related net debt – note the investment in capital assets will not change the capital asset net of debt.
4. Spending of non-borrowed Current Assets on New Capital – will (a) reduce current assets and increase capital assets and (b) reduce unrestricted net assets and increase invested in capital assets, net of debt.
5. Principal Payment on Debt – a) reduce current assets and long-term debt and (b) reduce unrestricted assets and increase invested capital assets, net of debt.
6. Reduction of Assets through Depreciation – reduces capital assets and invested in capital assets, net of debt.

Changes in net position of the Town's activities as a whole (includes governmental and business-type activities) was \$1,692,493 and \$(22,324) for fiscal year 2015 and 2014, respectively, resulting from the difference between expenses and revenues. For fiscal year 2015, expenses net of their pertinent revenues were \$21,749,107, while revenue not attributed to any activity in the government were \$23,441,600, therefore netting an increase of \$1,692,493 in net position. For fiscal year 2014, expenses net of their pertinent revenues was \$22,891,565, while revenues not attributed to any activity in the government were \$22,869,241, therefore netting an decrease of \$22,324 in net position.

### **Business-type Activities:**

The change in net position for the business-type activities for fiscal year 2015 and 2014 was \$(23,418) and \$(43,006), respectively.

## **Town's Funds:**

### **General Fund & Other Governmental funds:**

The Town implemented the provisions of Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) in fiscal year 2011. GASB 54 establishes criteria for classifying fund balances into specifically defined classifications and clarifies the definitions for governmental funds. GASB 54 defines the following five categories of fund balance:

**Nonspendable** -- items that cannot be spent because they are not in a spendable form, or legally or contractually required to be maintained intact.

**Restricted** -- items that are restricted by external parties or imposed by grants, laws or legislation.

**Committed** -- items that have been committed by formal action by the entity's highest level of decision-making authority.

**Assigned** -- items that have been allocated by committee action where the government's intent is to use the funds for a specific purpose.

**Unassigned** -- items that have no restrictions placed on them.

At the end of June 2015, the general fund balance sheet showed a fund balance of \$6,097,765. This figure results from all assets allocated to the fund less its liabilities, as presented on page 21. Of this total, \$532,978 was nonspendable for tax sale property and prepaid expenditures, \$590,894 was restricted mainly for employee severance benefits and general government expenditures, and \$4,973,893 was unassigned. The Town was also required to show any other major funds which are determined by criteria listed by the GASB. There were no additional major funds for fiscal year 2015. Other governmental funds had a fund balance of \$1,901,604 of which \$1,540 was nonspendable for perpetual care, \$1,861,234 was restricted mainly for capital projects, community development, and general government expenditures, \$139,718 was committed mainly for parks and recreation and \$(100,888) was unassigned. The total fund balance for the aforementioned funds is \$7,999,369. See Schedule B-1.

The Town maintains certain funds that have been reclassified to the Town General Fund under GASB 54. The ending fund balance of these funds was \$591,201 at June 30, 2015.

At the end of June 2014, the general fund balance sheet showed a fund balance of \$5,071,526. This figure results from all assets allocated to the fund less its liabilities. Of this total, \$459,855 was nonspendable for tax sale property and prepaid expenditures, \$702,120 was restricted mainly for general government expenditures and employee severance benefits and \$3,909,551 was unassigned. The Town was also required to show any other major funds which are determined by criteria listed by the GASB. The other major fund of the Town for fiscal year 2014 was the Open Space Acquisition Fund. At the end of June 2014, the Open Space Acquisition showed a fund deficit of \$(2,014,846). Other governmental funds had a fund balance of \$2,622,285 of which \$1,540 was nonspendable for perpetual care, \$2,360,836 was restricted mainly for education and capital projects, \$260,116 was committed for parks and recreation and \$(207) was unassigned. The total fund balance for the aforementioned funds is \$5,678,965.

The Town maintains certain funds that have been reclassified to the Town General Fund under GASB 54. The ending fund balance of these funds was \$637,898 at June 30, 2014.

#### **Business-type Activities:**

The business-type activities for the Town are the Residential Collection Center and the Coastal Pond Management. These two entities combined had total net position of \$215,535 at June 30, 2015, of which \$178,216 is the net investment in capital assets, \$10,000 is restricted and \$27,319 is unrestricted. At June 30, 2014, these two entities combined had total net position of \$238,953 of which \$191,649 was the net investment in capital assets, \$10,000 was restricted and \$37,304 was unrestricted.

#### **Required Supplemental Information**

In addition to this MD&A and the basic financial statements, this report also presents certain Required Supplemental Information. For the Town of Charlestown, this Required Supplemental Information includes the Budgetary Comparison Schedule for the General Fund that can be found on "Schedule E-4" on page 76. The presentation under GASB 34 requires disclosure of both the original and final budget. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations and other legally authorized legislative and executive changes applicable to the fiscal year.

#### **Analysis of Significant Budget Variations in the General Fund**

For the year ended June 30, 2015, the general fund revenues exceeded budget projections by \$224,931, or 0.9%. The general fund expenditures were less than the budget by \$912,405, or 3.4%. This resulted in a \$1,137,336 budgetary surplus in the general fund for the year ending June 30, 2015.

The most significant revenue variances are the tax collection and interest on delinquent taxes in the amount of \$204,812. The most significant expense variances were savings in the Public Works department for highway and public building and grounds. The Town also received \$96,476 from the RI Interlocal Risk Management Trust for reimbursement of Injured on Duty wages for a police officer who had been out for almost three years. In addition, the Town budgeted \$275,000 for the principal payments for the open space, affordable housing and the beach pavilion bonds. The open space bond is new and the affordable housing and the beach pavilion bonds were refunded. They were structured so no principal payment was due in FY2015. There were also savings of \$87,762 on employee insurance and benefits.

For the year ended June 30, 2014, the general fund revenues exceeded budget projections by \$1,455,391 or 5.0%. The general fund expenditures were greater than the budget by \$1,282,411, or 4.4%. This resulted in a \$172,980 budgetary surplus in the general fund for the year ended June 30, 2014.

The most significant revenue variances were the Incentive Aid and the Local Roads Programs. The Governor had included these in his budget but the Local Roads Program was not included in the final state budget. This accounted for a variance in an amount of \$257,230. The Town also recognized bond premiums in the amount of \$43,712. The most significant expense variances were an over expenditure of \$26,970 in central services due mostly to advertising savings of \$38,295 for employee insurance and benefits and \$104,119 in legal expenses. In addition, \$100,000 was not spent in fiscal year 2014 because the first principal payments for the affordable housing and the beach pavilion bonds was not due until fiscal year 2015. There were also savings of \$41,982 in the police department and \$58,185 in the public works department.

## Capital Assets and Long-Term Debt

### Capital Assets

The Town of Charlestown's net investment in capital assets for its governmental and business-type activities as of June 30, 2015 and 2014 amounted to \$25.2 and \$24.7 million, respectively (net of accumulated depreciation). This net investment in capital assets includes construction-in-progress, land, buildings and improvements, motor vehicles, equipment and infrastructure.

The presentation below for the current fiscal year lists the major categories of capital assets for governmental activities and business-type activities. Infrastructure assets, assets that are long-lived and can be preserved for a significantly greater number of years than most capital assets and that normally are stationary in nature such as streets, sidewalks and curbing are subject to different rules under the standards established by GASB 34.

**Capital Assets at June 30:**  
**(In Millions)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Motor Vehicles	\$ 3.0	\$ 3.0			\$ 3.0	\$ 3.0
Equipment	0.9	0.9	\$0.2	\$0.2	1.1	1.1
Infrastructure	46.4	44.5			46.4	44.5
Buildings and Improvements	8.8	8.7	0.1	0.1	8.9	8.8
Land and Land Improvements	9.6	9.6	0.2	0.2	9.8	9.8
Construction-in-progress	0.5	0.9			0.5	0.9
<b>Total Assets</b>	<b>69.2</b>	<b>67.6</b>	<b>0.5</b>	<b>0.5</b>	<b>69.7</b>	<b>68.1</b>
<b>Less: Accumulated Depreciation</b>	<b>(44.2)</b>	<b>(43.1)</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(44.5)</b>	<b>(43.4)</b>
<b>Net Capital Assets</b>	<b>\$25.0</b>	<b>\$24.5</b>	<b>\$0.2</b>	<b>\$0.2</b>	<b>\$25.2</b>	<b>\$24.7</b>

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2015 was \$69.7 million less accumulated depreciation of \$44.5 million for a net investment in capital assets of \$25.2 million.

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2014 was \$68.1 million less accumulated depreciation of \$43.4 million for a net investment in capital assets of \$24.7 million.

Major capital asset additions during the current fiscal year included the following:

- \$ 1,935,762 for Infrastructure
- \$ 154,353 for Vehicles
- \$ 59,034 for Building Improvements
- \$ 53,186 for Equipment

Additional information on the Town's capital assets can be found on Note 13 on page 63 - 64 of this report.

### **Long-Term Debt**

As of June 30, 2015, the Town had total long-term liabilities of \$6.6 million. Of that, \$5.3 million related to bonded debt guaranteed by the Town's assets, \$0.1 related to landfill monitoring costs; \$1.0 million related to compensated absences; and \$0.2 million related to leases payable.

As of June 30, 2014, the Town had total long-term liabilities of \$4.9 million. Of that, \$3.5 million related to bonded debt guaranteed by the Town's assets, \$0.1 related to landfill monitoring costs; \$0.9 million related to compensated absences; and \$0.4 million related to leases payable.

The business-type activities had long-term liabilities \$8,636 at June 30, 2015. This is related to compensated absences.

The business-type activities had long-term liabilities \$8,027 at June 30, 2014. This is related to compensated absences.

The Town's bond ratings are as follows:

- Moody's: Aa2

### **Request for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional information, contact the Office of the Treasurer at the Town of Charlestown, 4540 South County Trail, Charlestown, RI 02813.

TOWN OF CHARLESTOWN

BASIC  
FINANCIAL STATEMENTS

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TOWN OF CHARLESTOWN, RHODE ISLANDSTATEMENT OF NET POSITION  
JUNE 30, 2015

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 6,845,977	\$ 575,605	\$ 7,421,582
Restricted cash and cash equivalents		15,932	15,932
Investments	500		500
Receivables:			
Taxes, net	705,262		705,262
Other receivables	18,117	8,161	26,278
Internal balances	547,090	(547,090)	
Due from other governments	1,495,862		1,495,862
Prepaid expenses	10,066	3,000	13,066
Tax sale property	224,612		224,612
<b>Total current assets</b>	<b>9,847,486</b>	<b>55,608</b>	<b>9,903,094</b>
<b>Noncurrent assets:</b>			
Capital assets:			
Non-depreciable	9,830,663	99,500	9,930,163
Depreciable, net	15,207,876	78,716	15,286,592
Net other post-employment benefit asset	492,653		492,653
<b>Total noncurrent assets</b>	<b>25,531,192</b>	<b>178,216</b>	<b>25,709,408</b>
<b>TOTAL ASSETS</b>	<b>35,378,678</b>	<b>233,824</b>	<b>35,612,502</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension contributions subsequent to measurement date	559,611		559,611
Deferred expense on refunding bonds	10,287	0	10,287
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>569,898</b>	<b>0</b>	<b>569,898</b>
<b>LIABILITIES:</b>			
<b>Current liabilities:</b>			
Accounts payable	399,714	9,653	409,367
Retainage payable	2,500		2,500
Accrued interest	23,784		23,784
Due to other governments	24,230		24,230
Current portion of long-term debt	685,829		685,829
Unearned revenue	1,055,329		1,055,329
Other liabilities	56,838		56,838
<b>Total current liabilities</b>	<b>2,248,224</b>	<b>9,653</b>	<b>2,257,877</b>
<b>Noncurrent liabilities:</b>			
Long-term debt, net	5,920,440	8,636	5,929,076
Net pension liability	3,040,325		3,040,325
<b>Total noncurrent liabilities</b>	<b>8,960,765</b>	<b>8,636</b>	<b>8,969,401</b>
<b>TOTAL LIABILITIES</b>	<b>11,208,989</b>	<b>18,289</b>	<b>11,227,278</b>

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLANDSTATEMENT OF NET POSITION  
JUNE 30, 2015

	Governmental Activities	Business-type Activities	Total
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Pension deferrals	921,722		921,722
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>921,722</b>	<b>0</b>	<b>921,722</b>
<b>NET POSITION:</b>			
Net investment in capital assets	19,516,088	178,216	19,694,304
Restricted - nonexpendable	236,218	10,000	246,218
Restricted for:			
Community development	328,339		328,339
Education	181,425		181,425
Capital projects	1,025,615		1,025,615
Employee severance benefits	417,519		417,519
Special purposes	499,230		499,230
Unrestricted	1,613,431	27,319	1,640,750
<b>TOTAL NET POSITION</b>	<b>\$ 23,817,865</b>	<b>\$ 215,535</b>	<b>\$ 24,033,400</b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

(CONCLUDED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015**

Functions/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 1,668,844	\$ 601,989	\$ 284,667	\$ 9,500	\$ (763,688)	\$	\$ (763,688)
Public safety	2,824,862	76,995	14,582	29,609	(2,703,676)		(2,703,676)
Public works	2,191,097				(2,191,097)		(2,191,097)
Education	14,336,661		1,708,666		(12,627,995)		(12,627,995)
Parks and recreation	638,160	501,249	25,404	200,848	89,341		89,341
Public health and assistance	420,171				(420,171)		(420,171)
Community development	632,544	9,072	206,194		(417,278)		(417,278)
Other	2,550,173		50,000		(2,500,173)		(2,500,173)
Interest on long-term debt	170,205				(170,205)		(170,205)
<b>Total governmental activities</b>	<b>25,433,717</b>	<b>1,189,305</b>	<b>2,299,513</b>	<b>239,957</b>	<b>(21,704,942)</b>		<b>(21,704,942)</b>
<b>Business-type activities:</b>							
Residential Collection Center	189,392	146,658				\$ (42,734)	(42,734)
Coastal Pond Management	56,671	55,240				(1,431)	(1,431)
<b>Total business-type activities</b>	<b>246,063</b>	<b>201,898</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(44,165)</b>	<b>(44,165)</b>
<b>Total</b>	<b>\$ 25,679,780</b>	<b>\$ 1,391,203</b>	<b>\$ 2,299,513</b>	<b>\$ 239,957</b>	<b>(21,704,942)</b>	<b>(44,165)</b>	<b>(21,749,107)</b>
<b>General revenues:</b>							
Property taxes					23,312,505		23,312,505
Unrestricted investment earnings					8,348	497	8,845
Gain on sale of capital asset						5,250	5,250
Contributions not restricted to specific programs					115,000		115,000
Transfers					(15,000)	15,000	
<b>Total general revenues and transfers</b>					<b>23,420,853</b>	<b>20,747</b>	<b>23,441,600</b>
<b>Change in net position</b>					<b>1,715,911</b>	<b>(23,418)</b>	<b>1,692,493</b>
<b>Net Position - beginning, as restated</b>					<b>22,101,954</b>	<b>238,953</b>	<b>22,340,907</b>
<b>Net Position - ending</b>					<b>\$ 23,817,865</b>	<b>\$ 215,535</b>	<b>\$ 24,033,400</b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 6,445,272	\$ 400,705	\$ 6,845,977
Investments		500	500
Receivables:			
Taxes, net	705,262		705,262
Other	18,117		18,117
Due from:			
Other funds	1,044,366	1,681,435	2,725,801
Other governments	130,437	1,365,425	1,495,862
Prepaid expenditures	308,366		308,366
Tax sale property	224,612		224,612
<b>TOTAL ASSETS</b>	<b>\$ 8,876,432</b>	<b>\$ 3,448,065</b>	<b>\$ 12,324,497</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND AND FUND BALANCES:</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 339,259	\$ 60,455	\$ 399,714
Retainage payable		2,500	2,500
Due to:			
Other funds	1,685,126	493,585	2,178,711
Other governments	24,230		24,230
Unearned revenues	122,246	933,083	1,055,329
Other liabilities		56,838	56,838
<b>TOTAL LIABILITIES</b>	<b>2,170,861</b>	<b>1,546,461</b>	<b>3,717,322</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue - property taxes	607,806	0	607,806
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>607,806</b>	<b>0</b>	<b>607,806</b>
<b>FUND BALANCES:</b>			
Nonspendable	532,978	1,540	534,518
Restricted	590,894	1,861,234	2,452,128
Committed		139,718	139,718
Unassigned	4,973,893	(100,888)	4,873,005
<b>TOTAL FUND BALANCES</b>	<b>6,097,765</b>	<b>1,901,604</b>	<b>7,999,369</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 8,876,432</b>	<b>\$ 3,448,065</b>	<b>\$ 12,324,497</b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET (B-1)  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION (A-1)  
JUNE 30, 2015**

**Amounts reported for governmental activities in the Statement of Net Position differ because:**

**Total Fund Balance (B-1)** \$ 7,999,369

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

Governmental capital assets	69,271,300	
Less: accumulated depreciation	<u>(44,232,761)</u>	25,038,539

Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position. 559,611

Net other post-employment benefit (OPEB) asset is not reported in the governmental funds. This amount represents accumulated plan contributions in excess of annual OPEB costs. 492,653

Some liabilities, including bonds payable and related deferred outflows of resources, are not due and payable in the current period and therefore are not reported in the funds.

Governmental bonds payable	(5,220,000)	
Prepayment on bonds payable	(298,300)	
Leases payable	(229,820)	
Premium	(81,715)	
Current year amortization	9,084	
Deferred expense on refunding bonds	11,571	
Current year amortization	(1,284)	
Compensated absences	(966,818)	
Landfill closure and post-closure care costs	<u>(117,000)</u>	(6,894,282)

Net pension liability (3,040,325)

Pension related deferrals (921,722)

Certain deferred inflows of resources in governmental funds are susceptible to full accrual on the entity-wide statements. 607,806

Accrued interest payable is recorded in governmental activities, but is not recorded in the funds. (23,784)

**Total Net Position (A-1)** \$ 23,817,865

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>			
General property taxes	\$ 23,395,601		\$ 23,395,601
Intergovernmental	2,073,261	\$ 427,345	2,500,606
Departmental	1,115,496		1,115,496
Investment income	7,874	474	8,348
Other	51,808	112,549	164,357
<b>TOTAL REVENUES</b>	<b>26,644,040</b>	<b>540,368</b>	<b>27,184,408</b>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
General government	1,550,364	86,406	1,636,770
Public safety	2,390,053	12,751	2,402,804
Public works	1,534,358		1,534,358
Education	14,312,928		14,312,928
Parks and recreation	528,581	10,472	539,053
Public health and assistance	420,171		420,171
Community development		632,544	632,544
Other	2,879,684		2,879,684
<b>Debt Service:</b>			
Principal	160,000		160,000
Interest and other costs	305,027	19,157	324,184
<b>Capital:</b>			
Capital outlay	422,169	1,177,639	1,599,808
<b>TOTAL EXPENDITURES</b>	<b>24,503,335</b>	<b>1,938,969</b>	<b>26,442,304</b>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<b>2,140,705</b>	<b>(1,398,601)</b>	<b>742,104</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	54,444	882,302	936,746
Transfers out	(1,162,210)	(189,536)	(1,351,746)
Proceeds from bond issuance		2,000,000	2,000,000
Landfill monitoring	(6,700)		(6,700)
<b>NET OTHER FINANCING SOURCES (USES)</b>	<b>(1,114,466)</b>	<b>2,692,766</b>	<b>1,578,300</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,026,239</b>	<b>1,294,165</b>	<b>2,320,404</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>5,071,526</b>	<b>607,439</b>	<b>5,678,965</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 6,097,765</b>	<b>\$ 1,901,604</b>	<b>\$ 7,999,369</b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE (B-2)  
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (A-2)  
YEAR ENDED JUNE 30, 2015**

<b>Net Change in Fund Balances - Total Governmental Funds (B-2):</b>	<b>\$ 2,320,404</b>
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	513,151
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities	559,611
The governmental funds report OPEB contributions as expenditures when paid. However, in the Statement of Activities, differences between OPEB plan contributions and OPEB costs for the year are reported as an OPEB asset.	101,838
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences.	(1,733,477)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds.	(134,780)
Adjustment to accrued interest payable related to long-term liabilities which is required to be recorded for government-wide financial statement presentation.	(14,094)
Pension expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.	(346,742)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	<u>450,000</u>
<b>Change in Net Position of Governmental Activities in the Statement of Activities (A-2)</b>	<b><u>\$ 1,715,911</u></b>

TOWN OF CHARLESTOWN, RHODE ISLAND

**STATEMENT OF FUND NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2015**

	<u>Residential Collection Center</u>	<u>Coastal Pond Management</u>	<u>Totals</u>
<b>ASSETS:</b>			
<i>Current Assets:</i>			
Cash and cash equivalents	\$ 379,027	\$ 196,578	\$ 575,605
Restricted cash and cash equivalents		15,932	15,932
Receivables, net	8,161		8,161
Prepaid expenses	3,000		3,000
<b>Total Current Assets</b>	<u>390,188</u>	<u>212,510</u>	<u>602,698</u>
<i>Noncurrent Assets:</i>			
Net capital assets	131,977	46,239	178,216
<b>Total Noncurrent Assets</b>	<u>131,977</u>	<u>46,239</u>	<u>178,216</u>
<b>TOTAL ASSETS</b>	<u>522,165</u>	<u>258,749</u>	<u>780,914</u>
<b>LIABILITIES:</b>			
<i>Current Liabilities:</i>			
Accounts payable	6,109	3,544	9,653
Due to other funds	408,489	138,601	547,090
<b>Total Current Liabilities</b>	<u>414,598</u>	<u>142,145</u>	<u>556,743</u>
<i>Noncurrent Liabilities:</i>			
Accrued compensated absences	8,636		8,636
<b>Total Noncurrent Liabilities</b>	<u>8,636</u>	<u>0</u>	<u>8,636</u>
<b>TOTAL LIABILITIES</b>	<u>423,234</u>	<u>142,145</u>	<u>565,379</u>
<b>NET POSITION:</b>			
Net investment in capital assets	131,977	46,239	178,216
Restricted for endowment		10,000	10,000
Unrestricted	(33,046)	60,365	27,319
<b>TOTAL NET POSITION</b>	<u>\$ 98,931</u>	<u>\$ 116,604</u>	<u>\$ 215,535</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2015**

	<u>Residential Collection Center</u>	<u>Coastal Pond Management</u>	<u>Totals</u>
<b>OPERATING REVENUES:</b>			
Charges for usage and service	\$ 146,658	\$ 55,240	\$ 201,898
<b>Total Operating Revenues</b>	<u>146,658</u>	<u>55,240</u>	<u>201,898</u>
<b>OPERATING EXPENSES:</b>			
Operations	85,708	17,325	103,033
Personnel	95,691	33,906	129,597
Depreciation	7,993	5,440	13,433
<b>Total Operating Expenses</b>	<u>189,392</u>	<u>56,671</u>	<u>246,063</u>
<b>OPERATING LOSS</b>	<u>(42,734)</u>	<u>(1,431)</u>	<u>(44,165)</u>
<b>NONOPERATING REVENUES:</b>			
Gain on sale of capital asset		5,250	5,250
Investment income	311	186	497
<b>Total Nonoperating Revenues</b>	<u>311</u>	<u>5,436</u>	<u>5,747</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(42,423)</u>	<u>4,005</u>	<u>(38,418)</u>
<b>TRANSFERS IN</b>	<u>15,000</u>	<u>0</u>	<u>15,000</u>
<b>CHANGE IN NET POSITION</b>	<u>(27,423)</u>	<u>4,005</u>	<u>(23,418)</u>
<b>TOTAL NET POSITION - BEGINNING</b>	<u>126,354</u>	<u>112,599</u>	<u>238,953</u>
<b>TOTAL NET POSITION - ENDING</b>	<u>\$ 98,931</u>	<u>\$ 116,604</u>	<u>\$ 215,535</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2015**

	Residential Collection Center	Coastal Pond Management	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 150,173	\$ 55,240	\$ 205,413
Cash paid to suppliers	(87,759)	(68,775)	(156,534)
Cash paid to employees	(95,082)	(33,906)	(128,988)
<b>Net cash used for operating activities</b>	<b>(32,668)</b>	<b>(47,441)</b>	<b>(80,109)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers from General Fund	15,000		15,000
Increase in due to other funds	77,283	35,912	113,195
<b>Net cash provided by noncapital financing activities</b>	<b>92,283</b>	<b>35,912</b>	<b>128,195</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from sale of capital asset		5,250	5,250
Interest on investments	311	186	497
<b>Net cash provided by investing activities</b>	<b>311</b>	<b>5,436</b>	<b>5,747</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>59,926</b>	<b>(6,093)</b>	<b>53,833</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>319,101</b>	<b>218,603</b>	<b>537,704</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 379,027</b>	<b>\$ 212,510</b>	<b>\$ 591,537</b>
<b>Reconciliation of operating loss to net cash used for operating activities:</b>			
Operating loss	\$ (42,734)	\$ (1,431)	\$ (44,165)
Adjustments to reconcile:			
Depreciation	7,993	5,440	13,433
Decrease in receivables, net	3,515		3,515
Increase in prepaid expenses	(2,000)		(2,000)
Decrease in accounts payable	(51)	(51,450)	(51,501)
Increase in accrued compensated absences	609		609
<b>Net cash used for operating activities</b>	<b>\$ (32,668)</b>	<b>\$ (47,441)</b>	<b>\$ (80,109)</b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015**

	<u>Other Post-Employment Benefit Trust Fund</u>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 114,152
Investments, at fair value	3,710,631
<b>Total assets</b>	<u>3,824,783</u>
<b>LIABILITIES</b>	
	<u>0</u>
<b>NET POSITION:</b>	
Held in trust for other post-employment benefits	<u>\$ 3,824,783</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2015**

	<u>Other Post-Employment Benefit Trust Fund</u>
<b>ADDITIONS:</b>	
<b>Contributions:</b>	
Employer contributions	\$ 400,000
<b>Total contributions</b>	<u>400,000</u>
<b>Investment income:</b>	
Interest and dividends	90,178
Net realized gains on sale of investments	161,046
Net decrease in fair value of investments	(65,234)
<b>Total investment income</b>	<u>185,990</u>
<b>Total additions</b>	<u>585,990</u>
<b>DEDUCTIONS:</b>	
Benefits	0
Administrative expenses	0
<b>Total deductions</b>	<u>0</u>
<b>CHANGE IN NET POSITION</b>	585,990
<b>NET POSITION - BEGINNING</b>	3,238,793
<b>NET POSITION - ENDING</b>	<u>\$ 3,824,783</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**1. REPORTING ENTITY**

In accordance with the requirements of the Governmental Accounting Standards Board, *The Financial Reporting Entity*, the accompanying basic financial statements present the Town of Charlestown (the primary government).

The Town complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds also apply the same principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

***Primary Government***

The Town is a municipal corporation governed by a Council/Town Administrator form of government with a five-member Town Council headed by a Council President. The Town provides the following services as authorized by its charter: public safety, highway and streets, sanitation, health and social services, culture-recreation, public improvements, planning, zoning and inspection, and general administrative services.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made through the application of GASB criteria. Under GASB, the financial reporting entity includes both the primary government and all of its component units. GASB defines component units as legally separate entities that meet any one of the following three tests:

**Test 1** - The primary government appoints the voting majority of the board of the potential component unit and;

\* is able to impose its will on the potential component unit and/or

\* is in a relationship of financial benefit or burden with the potential component unit;

**Test 2** - The potential component unit is fiscally dependent upon the primary government; or

**Test 3** - The financial statements would be misleading if data from the potential component unit were not included.

Potential component unit:

\* **Charlho Regional School District:** Education services are provided to the Town by the Charlho School District. The District serves the Towns of Charlestown, Richmond and Hopkinton, and is a separate legal entity from its member Towns with no financial interdependency. The District has a separately elected governing authority, and a separate designation of management. In addition, the Town has no ability to significantly influence operations and no accountability over fiscal matters of the School District. As a result, the Town has no oversight responsibilities and the School District's separate financial statements are not included herein.

For the purpose of these financial statements, the financial reporting entity includes only the Town of Charlestown, Rhode Island. No other organizations satisfy the criteria necessary to be categorized as component units under the requirements of GASB. The potential component unit discussed above has not been included within the Town's reporting entity due to the Town's lack of financial accountability and inability to significantly influence the operations of the Charlho Regional School District.

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Recently Issued Accounting Standards***

The Town implemented the following pronouncements for the year ended June 30, 2015.

- GASB Statement No. 69 - Government Combinations and Disposals of Government Operations.

The adoption of this Statement did not have an impact on the Town's financial position or results of operations.

The Town also implemented GASB Statement No. 68 - Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 and GASB Statement No. 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. During fiscal year 2015, the Town implemented the revised requirements which established new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB Statement No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by GASB Statement No. 71. The adoption of these statements decreased the July 1, 2014 net position by \$3,615,305 as described in Note 12.

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

- GASB Statement No. 72 - Fair Value Measurement and Application, effective for the Town's fiscal year ending June 20, 2016.
- GASB Statement No. 73 - Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68, effective for the Town's fiscal year ending June 30, 2016.
- GASB Statement No. 74 - Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, effective for the Town's fiscal year ending June 30, 2017.
- GASB Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, effective for the Town's fiscal year ending June 30, 2018.
- GASB Statement No. 76 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, effective for the Town's fiscal year ending June 30, 2016.
- GASB Statement No. 77 - Tax Abatement Disclosures, effective for the Town's fiscal year ending June 30, 2017.

Management is in the process of determining the impact of these pronouncements on the Town's financial statements.

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Basis of Presentation***

***Government-Wide Financial Statements***

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds and component units that are fiduciary in nature. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, receivables and payables.

***Fund Financial Statements***

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

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

The funds of the financial reporting entity are described below:

***Governmental Funds***

**General Fund**

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

**Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

**Capital Project Funds**

Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Basis of Presentation (Continued)***

**Permanent Funds**

Permanent Funds are used to account for assets held by the Town pursuant to a trust agreement. The principal portion of these funds must remain intact, but the earnings may be used to achieve the objectives of the fund.

***Proprietary Funds***

Proprietary funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. Operating revenues of the Proprietary Funds consist of customer/taxpayer charges for uses and services and certain other miscellaneous revenues. All other revenues of the Proprietary Funds are considered non-operating sources of revenue.

***Fiduciary Funds (Not included in government-wide statements)***

**Other Post-Employment Benefit Trust Funds**

Other post-employment benefit trust funds are used to account for resources legally held in trust for the payment of benefits other than pensions. The Other Post-Employment Benefit Trust Fund accumulates resources for future retiree health benefits for eligible retirees.

**Agency Funds**

Agency funds account for assets held by the Town in a purely custodial capacity. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. The Town did not have any agency funds at June 30, 2015.

***Major and Non-Major Funds***

The funds are further classified as major or non-major as follows:

<u>Fund</u>	<u>Brief Description</u>
<b>Major:</b>	
General:	See above for description
Proprietary:	Residential Collection Center: accounts for the operation and maintenance of the Residential Collection Center.  Coastal Pond Management: accounts for the operation of the Coastal Pond Management Fund.

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Major and Non-Major Funds (Continued)**

**Non-Major:**

Special Revenue:	Senior Community Activities, Police Grants – JAG, MEDS Grant - R.I. Dept. of Health, Frisbee Golf Course, School Impact Fees, Friends of Ninigret, Hazard Mitigation, Operation Blue Riptide, Flagpole Gardens Accessible Playground, Animal Spaying/Neutering, Ninigret Park Fund, Bicentennial Fund, Affordable Housing Acquisitions, FEMA, Developer Bond Deposits, Open Space Fees, Charlestown Community Garden, Naval Airfield Memorial, Police Forfeiture, Municipal Planning, Affordable Housing Initiatives, Birthday Committee, CDBG - Disaster Recovery, Commission on Disabilities, Community Development Block Grant, Police Evidence Property, Historical and Vital Records, Ninigret Dog Park, Roof Drainage System Performance Bond, Taquonck's Treasures, Comprehensive Planning Grant and Special Donations.
Capital Projects:	Open Space Acquisitions, Klondike Road, Asphalt Resurfacing, Stormwater Elimination Project, RI DEM Ninigret Park, Town Capital Maintenance Fund, Columbia Heights Streetscape Enhancement, DPW Road Engineering, Beach Pavilions, Web Based GIS, and Pond and Beach Preservation.
Permanent:	Zenis Ellis Trust and Cemetery Fund

**Measurement Focus**

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

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

- (a) All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The Town considers property taxes as available if they are collected within 60 days after year end.
- (b) All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- (c) Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Basis of Accounting***

In the government-wide Statement of Net Position and Statement of Activities both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

All proprietary funds and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

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

During fiscal year 2015, the Town implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27. The revised requirements establish new financial reporting requirements for state and local governments, which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB Statement No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

***Accounts Receivable***

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based on historical trends and the periodic aging of accounts receivable. The allowance for uncollectible accounts totaled \$431,700 for property taxes. Major receivable balances for the governmental activities include property taxes and intergovernmental grants and aid. Business-type activities report service fees as its major receivables.

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

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Encumbrances***

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in certain governmental funds. Encumbrances do not constitute expenditures or liabilities under generally accepted accounting principles. The Town did not have any encumbrances as of June 30, 2015.

***Investments***

Investments are stated at fair value. For purposes of the statements of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town's cash and cash equivalents consist of cash on hand, demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition. Substantially all of the Town's cash and cash equivalents are held in public deposit institutions.

***Short-term Interfund Receivables/Payables***

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

***Advances to Other Funds***

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

***Interfund Transfers***

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

***Long-Term Debt***

In the governmental-wide financial statements, long-term debt obligations are reported as liabilities in the statement of net position. Bonds payable are reported net of the applicable bond premium or discount. Bond premiums, included in long-term debt, are amortized using the effective interest method over the respective life of the associated bond issues. Amortization of bond premiums, which are charged against interest expense, totaled \$9,084 for fiscal year 2015.

Bond issuance costs are recorded as operating expenses when incurred. The implementation of GASB Statement No. 65 resulted in the write-off of bond issuance costs as of July 1, 2013.

Prepaid bond insurance costs are reported as an asset and are recognized as an expense over the duration of the related debt using the straight-line method. The Town did not have any prepaid bond insurance costs at June 30, 2015.

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Long-Term Debt (Continued)***

Governmental funds recognize bond premiums and discounts, as well as bond issuance costs, in the period issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources and discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures. Interest is reported as an expenditure in the period in which the related payment is made.

The total bond premiums at June 30, 2015 were \$89,281, while the accumulated amortization was \$16,650.

***Amount Deferred on Refunding***

During periods of declining interest rates, the Town has refunded certain bond obligations reducing aggregate debt service. The difference between the reacquisition price and the net carrying amount of the refunded bonds is recorded as an amount deferred on refunding. The deferred amount on refunding is amortized over the remaining life of the refunded bonds, or the life of the new bonds, whichever is shorter. The amortization amount is a component of interest on bonds, and the unamortized balances are recorded as deferred outflows or inflows on the government-wide Statement of Net Position.

***Deferred Inflows and Outflows of Resources***

In addition to assets, the government-wide statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has two items which qualify for reporting in this category: contributions subsequent to the measurement date for pensions which will be applied to the net pension liability in the next fiscal year and the deferred charges on refunding.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has two items which qualify for reporting in this category. On the Statement of Net Position, the Town reports the deferral of pension expense that results from the implementation of GASB Statement No. 68. On the governmental funds Balance Sheet, under the modified accrual basis of accounting, the Town reports unavailable revenue from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

***Materials and Supplies***

The costs of governmental fund-type inventories are recorded as expenditures when purchased.

***Prepaid Items***

Prepaid items are accounted for under the allocation method whereby a prepaid asset is established at the date of payment and subsequently amortized over the accounting periods expected to benefit from the initial payment.

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Property, Plant and Equipment***

The accounting treatment for property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

**Government-Wide Statements**

In the government-wide financial statements, all capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. Infrastructure, such as streets and drainage systems, are capitalized. The capitalization threshold is any individual item with a total cost equal to or greater than \$5,000.

Prior to July 1, 2002, governmental funds infrastructure assets were not capitalized. During fiscal year 2007, the Town conducted a detailed study of all infrastructure assets in order to have a complete inventory of its infrastructure assets and be in compliance with GASB Statement No. 34. As of June 30, 2007, the government-wide financial statements include all infrastructure assets in accordance with GASB Statement No. 34.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Classes</u>	<u>Useful Life</u>
Buildings and improvements .....	15 - 50 years
Land improvements .....	10 - 15 years
Equipment .....	3 - 30 years
Vehicles .....	5 - 15 years
Infrastructure .....	20 - 50 years

**Fund Financial Statements**

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

***Interfund Transactions***

Interfund activity within and among the funds of the Town have been classified and reported as follows:

**Reciprocal interfund activities:**

- Interfund loans are reported as interfund receivables in the lending fund and interfund payables in borrower funds.

**Non-reciprocal interfund activities:**

- Interfund transfers are reported in governmental funds as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Compensated Absences***

The Town's policy is to recognize the cost of sick leave and vacation pay in governmental funds at the time payments are made. Vested sick leave and accumulated vacation pay for governmental fund employees at June 30, 2015 amounted to \$966,818. The amount of earned but unpaid vacation and sick leave relating to governmental fund employees is recorded as long-term debt in the government-wide financial statements. The liability is calculated at the rate of pay in effect at June 30, 2015.

***Pensions***

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

***Budgets***

Town ordinances require an annual budget for the General Fund. The practices used in the preparation of the budget differ in certain respects from the presentation of the actual results of operations prepared in accordance with GAAP. The actual results of operations, for purposes of the Statement of Revenues and Expenditures (Non-GAAP Budgetary Basis) Budget and Actual - General Fund has been adjusted to a basis consistent with the Town's budget. Transfers of appropriations between departments require the approval of the Town Council. All annual budget appropriations lapse at fiscal year end.

The adjustments necessary to reconcile actual revenues and expenditures reported on a budgetary basis to actual revenues and expenditures reported in accordance with generally accepted accounting principles are as follows:

	<u>Revenues and Transfers</u>	<u>Expenditures and Transfers</u>
Schedule of Revenues, Expenditures and Changes in Fund		
Balance (Non-GAAP Budgetary Basis) Budget and Actual (E-4) ..	\$26,711,076	\$25,573,740
Reappropriated fund balance.....	(64,400)	
Activity of funds classified with the General Fund for purposes of GASB Statement No. 54 .....	<u>51,808</u>	<u>98,505</u>
Statement of Revenues, Expenditures and Changes in Fund		
Balance (B-2) .....	<u>\$26,698,484</u>	<u>\$25,672,245</u>

***Use of Estimates***

The preparation of financial statements requires management to make assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Equity Classifications***

**Government-Wide Statements**

Equity is classified as net position and displayed in three components:

- (a) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (b) Restricted net position - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- (c) Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

**Fund Statements**

Governmental fund equity is classified as fund balance. Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

***Nonspendable*** - The nonspendable fund balance classification includes amounts that cannot be spent because they are not expected to be converted to cash, or legally or contractually required to be maintained intact.

***Restricted*** - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

***Committed*** - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Town Council. Those committed amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action it employed to previously commit those accounts.

***Assigned*** - Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Town Council or a management official delegated that authority by formal Town Council action.

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**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Equity Classifications (Continued)***

**Fund Statements (Continued)**

***Unassigned*** - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

***Net Position Flow Assumption***

The Town occasionally funds outlays for a particular purpose from both restricted and unrestricted resources. To determine the amounts to be reported as restricted and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to use restricted resources first, then unrestricted as they are needed.

***Fund Balance Flow Assumption***

The Town may fund outlays for a particular purpose from both restricted and unrestricted (total committed, assigned and unassigned fund balances) resources. To calculate the amounts to report as restricted, committed, assigned or unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

***Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-Wide Statement of Activities***

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense". The details of this \$513,151 difference are as follows:

Capital outlays.....	\$ 1,801,319
Capital dispositions .....	(139,113)
Depreciation expense, net .....	<u>(1,149,055)</u>
Net adjustment.....	<u>\$ 513,151</u>

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-Wide Statement of Activities (Continued)***

Another element of that reconciliation explains that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes financial resources of governmental funds". The details of this \$1,733,477 difference are as follows:

Bonds payable .....	\$ (1,755,000)
Add: prepayment of bonds payable at June 30, 2014.....	160,000
Less: prepayment of bonds payable at June 30, 2015 .....	(245,000)
Bond premium.....	9,084
Deferred outflow of resources.....	(1,284)
Capital leases payable.....	160,273
Compensated absences .....	(69,350)
Landfill monitoring .....	7,800
Net adjustment.....	<u>\$ (1,733,477)</u>

**3. DEPOSITS AND INVESTMENTS**

***Deposits***

**Custodial Credit Risk, Deposits - Custodial credit risk is the risk that in the event of bank failure, the Town's deposits may not be returned to it. The Town does not have a policy for custodial credit risk.**

The Town maintains deposits at local financial institutions. At year end, the carrying amount of such deposits was \$5,417,730 while the bank balance was \$5,522,168 of which \$250,000 was covered by federal depository insurance, \$1,138,525 was uninsured, and \$4,133,643 was collateralized. The Town also had nonnegotiable certificates of deposit totaling \$2,016,959 which were FDIC insured under the Certificate of Deposit Account Registry Service (CDARS) at June 30, 2015. Rhode Island General Law 35-10.1 requires that public deposits which are time deposits with maturities greater than 60 days be insured or pledged by collateral. In addition, collateral must be insured or pledged for depository institutions, which do not meet minimum capital standards. The Town of Charlestown was in compliance with this law at June 30, 2015.

The carrying value of the Town's cash and cash equivalents related to the Town's Statement of Net Position (A-1) totals as follows:

Unrestricted cash deposits.....	\$5,401,798
Restricted cash deposits.....	15,932
Petty cash.....	2,825
Certificate of deposit, 0.23%, dated April 23, 2015, due July 23, 2015.....	1,008,403
Certificate of deposit, 0.23%, dated May 21, 2015, due August 20, 2015 .....	<u>1,008,556</u>
<b>Total cash and cash equivalents - (A-1).....</b>	<b><u>\$7,437,514</u></b>

***Investments***

The Town accounts for its investments in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," which requires that investments be reported at fair value. Fair values are established by quoted market values. Unrealized gains and losses from changes in fair value are recognized as investment income.

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**3. DEPOSITS AND INVESTMENTS (Continued)**

***Investments (Continued)***

Investments included in the fiduciary fund for the Other Post-Employment Benefits (OPEB) trust fund are valued at fair value. Securities traded on national exchanges are valued at the latest reported sales prices.

Interest rate risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Town minimizes its exposure to interest rate risk by investing in short-term, highly liquid investments.

The Town does not hold long-term investments other than those managed by the trustee of the OPEB trust fund. Managed investments are subject to interest rate risk. The risk associated with OPEB investments is mitigated by evaluation of the portfolio performance by the Town's Trust Investment Consortium. The Town receives monthly investment performance reports from the OPEB trust fund trustee and the Consortium meets quarterly to evaluate the trust's activity in comparison to the investment performance policies set forth in the OPEB trust investment policy statement.

Custodial Credit Risk, Investments – The Town does not have a formal custodial credit risk policy. Custodial credit risk is the risk that in the event of financial institution failure, the Town's investments may not be returned or the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk - At June 30, 2015, the Town's non-fiduciary fund investments consisted entirely of a U.S. Series H Bond.

The OPEB trust fund (fiduciary fund) held the following investments, which represent five percent or more of the net assets available for benefits at June 30, 2015:

SPDR S&P Midcap 400 ETF Trust, closed end equity mutual fund .....	\$219,299
Vanguard Intermediate - Term Bond Index fund, fixed income mutual fund .....	\$494,780
Templeton Institutional Foreign, International equity mutual fund .....	\$202,123

In accordance with the Home Rule Charter of the Town, the responsibility for conducting investment transactions resides with the Town Treasurer after consultation with the Town Administrator. As outlined in the Town's investment manual, funds of the Town may be invested in the following instruments:

- U.S. Treasury Bills
- Short term obligations of U.S. Government agencies
- Treasury bills and notes maturing within one (1) year
- Insured or collateralized certificates of deposit
- Repurchase agreements collateralized by U.S. Treasury securities
- State investment pools
- Money market mutual funds whose portfolios consist of a majority of U.S. Government securities or in broadly diversified money market instruments which are based in Rhode Island
- A1/P1 rated commercial paper secured by an irrevocable line of credit
- BBB (S&P) and higher rated bonds issued by corporations and utilities

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**3. DEPOSITS AND INVESTMENTS (Continued)**

***Investments (Continued)***

The OPEB trust fund trustee retains the discretion to invest and reinvest fund assets within the guidelines of the OPEB trust fund's "Investment Policy Statement and Implementation Strategy". The fund's primary investment objective is providing consistent long-term growth of principal and income without undue exposure to risk. The investment objective is to achieve a total return including appreciation which will satisfy the financial needs of the Post Retirement Plan, protect and increase its long-term inflation adjusted value, and minimize short run volatility.

As of June 30, 2015, investments other than those included in the Fiduciary Fund included:

<u>Description</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>
Series H Bond.....	\$ 500	N/A	N/A
<b>Total Investments (A-1) .....</b>	<b><u>500</u></b>		

Investments included in the Fiduciary Fund consisted of the following at June 30, 2015:

<u>Description</u>	<u>Fair Value</u>	<u>Percentage of Portfolio at Year End</u>	<u>Maturity</u>	<u>Credit Rating</u>
<b>U.S. Government agencies:</b>				
Federal Home Loan Mortgage Corp ...	\$ 25,697	0.7%	7/30/19	AA+
Federal Farm Credit Bank .....	25,851	0.7%	11/22/17	AA+
Federal Farm Credit Bank .....	<u>25,998</u>	<u>0.7%</u>	11/19/18	AA+
Subtotal.....	<u>77,546</u>	<u>2.1%</u>		
<b>Corporate bonds:</b>				
Bank of America .....	25,412	0.7%	9/1/15	A-
General Electric Capital Corp .....	25,515	0.7%	9/21/15	AA+
General Electric .....	<u>28,084</u>	<u>0.8%</u>	1/7/21	AA+
Subtotal.....	<u>79,011</u>	<u>2.2%</u>		
<b>Municipal bonds:</b>				
New Jersey Environmental .....	27,732	0.7%	9/1/19	AAA
New York, NY GO .....	26,519	0.7%	10/1/18	AA
Northborough, MA GO .....	28,581	0.8%	10/15/18	Aa1
Pittsburgh, PA Urban Development....	<u>25,982</u>	<u>0.7%</u>	5/1/17	AA-
Subtotal.....	<u>108,814</u>	<u>2.9%</u>		
Corporate equity securities .....	<u>1,928,910</u>	<u>52.0%</u>	(not applicable)	(not rated)
Equity mutual funds .....	<u>583,953</u>	<u>15.7%</u>	(not applicable)	(not rated)
Fixed income mutual funds.....	<u>932,397</u>	<u>25.1%</u>	(not applicable)	AA
<b>Total Investments .....</b>	<b><u>\$3,710,631</u></b>	<b><u>100.0%</u></b>		

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**4. TAXES RECEIVABLE**

Taxes are assessed each December 31, and the levy thereon may be paid in full or quarterly, without penalty, at the taxpayer's option. A 12% penalty is imposed for all taxes in an overdue status.

Taxes are due in equal quarterly installments on August 1, November 1, February 1, and May 1 during the fiscal year although they may be paid in full by September 1, at the option of the taxpayer.

Unpaid property taxes at June 30, 2015 include delinquent installments of the current and prior years. The Town does not record interest earned on delinquent taxes until payment is received. Delinquent installments which are not received within sixty days after the close of the fiscal year are recorded as unavailable revenue.

Net property taxes levied for the fiscal year 2015 were based on an assessed value of approximately \$2,310,582,454 at December 31, 2013 and amounted to \$23,095,033. Collections through June 30, 2015 amounted to \$22,742,945 which represents 98% of the total tax levy.

The Town recognizes property tax revenues in accordance with Section P70, "Property Taxes" of the Codification of Governmental Accounting and Financial Reporting Standards. Unpaid property taxes as of June 30, 2015 of \$1,136,962 are recorded as a receivable, net of an allowance for uncollectible property taxes of \$431,700. Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2015 are recorded as unavailable revenue and amounted to \$592,059 at June 30, 2015. Property taxes recognized as revenue for the fiscal year ended June 30, 2015 (due to their collection within the 60 days immediately following June 30, 2015) amounted to \$113,203.

**5. INTERGOVERNMENTAL RECEIVABLES/PAYABLES**

Intergovernmental receivables and payables consisted of the following at June 30, 2015:

	<u>Due From</u>	<u>Due To</u>
<b>Governmental activities:</b>		
<b>State of Rhode Island:</b>		
<b>Major funds:</b>		
General Fund .....	\$ 127,713	\$24,230
<b>Non-major funds</b> .....	314,116	
<b>Total</b> .....	<u>441,829</u>	<u>24,230</u>
<b>Federal government:</b>		
<b>Major funds:</b>		
General Fund .....	2,724	
<b>Non-major funds</b> .....	1,051,309	
<b>Total</b> .....	<u>1,054,033</u>	<u>0</u>
<b>Total governmental activities</b> .....	<u>\$1,495,862</u>	<u>\$24,230</u>

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**6. DEFINED BENEFIT PENSION PLANS**

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

***Plan Description***

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

MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the ERSRI website at [www.ersri.org](http://www.ersri.org).

***Benefits Provided***

For general employees prior to June 30, 2012 the plan provided retirement benefits equal to 2% of a member's final average salary multiplied by the number of years of total service up to a maximum of 75%. Such benefits are available to members at least age 58 with 10 years of service or after 30 years of service at any age. Benefits accrued at June 30, 2012 are protected under the Rhode Island Retirement Security Act until it is exceeded by the member's full years of service credit, including service after June 30, 2012, multiplied by the average of five consecutive years of compensation. Effective July 1, 2012 the retirement age will mirror the Social Security Normal Retirement Age not to exceed age 67. Members will receive a benefit accrual of 1.0% per year based on the five-year average compensation.

Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age sixty-two (62) and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two (62), including cost-of-living increases, minus the member's estimated social security benefit payable at age sixty-two (62).

Prior to June 30, 2012 police and fire personnel may retire at age 55 if they have 10 years of service or after 25 years of service at any age. An option may be elected to provide a 20 year service pension with a benefit equal to 2.5% for each year of service up to a maximum of 75% for police and fire personnel. Benefits are based on the average of the highest three consecutive years' earnings, exclusive of overtime.

The new retirement age will be 55 years old with 25 years of total service or for members with five years of service but less than 25 years of service the new retirement age will mirror the Social Security Normal Retirement Age not to exceed 67. Police officers or firefighters, that are at least 45 years old, have 10 or more years of contributing service and are eligible to retire prior to age 52 under the law in effect on June 30, 2012, may retire at age 52.

As of June 30, 2012 members will continue to have a frozen benefit accrual of 2.0% per year for a standard 25 year with any age and out plan; 2.5% for a standard 20 year with any age and out plan. Effective July 1, 2012 the optional 20 and 25 year with retirement at any age plans have been eliminated. The benefit accrual for all plans will be 2.0% per year based on the five-year average compensation, exclusive of overtime. Police and fire employees may retire with a reduced pension benefit if they have 20 years of service and are within five years of their retirement eligibility. The actuarially reduced benefit will be calculated based on how close the member is to the eligibility date that is prescribed in the Rhode Island Retirement Security Act.

The plan also provides survivor's benefits; and certain lump sum death benefits.

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**6. DEFINED BENEFIT PENSION PLANS (Continued)**

**General Information about the Pension Plan (Continued)**

**Benefits Provided (Continued)**

Plan members are vested after five years of service.

An optional cost-of-living provision may be elected for police and fire personnel and general employees. The Cost of Living Adjustment (COLA) has been suspended for any unit whose funding level is less than 80%. The COLA provision can be reviewed in a five-year interval. When the funding level of a plan exceeds 80% funded eligible retirees may receive a COLA annually effective on their date of retirement plus one month.

The COLA will be calculated as the five (5) year smoothed investment rate of return less 5.50%, with a 0.00% floor and a 4.00% cap. For police and fire units, COLA will be delayed until the later of age 55 or three years after retirement. For general employee units, COLA will be delayed until the later of the Social Security Normal Retirement Age or three years after retirement. The COLA will be applied to the first \$25,000 of benefits indexed annually.

The plan also provides nonservice-connected disability benefits after 5 years of service; service-connected disability pensions with no minimum service requirement.

**Employees covered by benefit terms**

At the June 30, 2013 valuation date, the following employees were covered by the benefit terms:

	<u>General Employees</u>	<u>Police Employees</u>
Retirees and Beneficiaries	11	12
Inactive, Nonretired Members	12	3
Active Members	43	19
Total	66	34

**Contributions**

The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees are required to contribute 2% of their salaries. Public safety employees are required to contribute 8% of their salaries. The Town of Charlestown contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The Town of Charlestown contributed \$218,126 in the year ended June 30, 2015 for general employees and \$341,485 for public safety employees, which was 10.1% and 24.4% of annual covered payroll, respectively.

**Net Pension Liability (Asset)**

The total pension liability was determined by actuarial valuations performed as of June 30, 2013 and rolled forward to June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement.

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**6. DEFINED BENEFIT PENSION PLANS (Continued)**

**Net Pension Liability (Asset) (Continued)**

<b>Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2014 measurement date (June 30, 2013 valuation rolled forward to June 30, 2014)</b>	
Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Equivalent Single Remaining Amortization Period	21 years at June 30, 2014
Actuarial Assumptions	
Investment Rate of Return	7.50%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.75%
Mortality	<ul style="list-style-type: none"><li>• Male Employees, MERS General and MERS P&amp;F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.</li><li>• Female Employees, MERS General and MERS P&amp;F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.</li></ul>
Cost of Living Adjustments	COLA is equal to the average five-year fund asset performance (percent) greater than 5.5% up to a maximum of 4% - the COLA is to be applied to the first \$25,000 of benefits, indexed over time. COLA is delayed until the latter of Social Security eligibility age or 3 years after retirement except for MERS Police and Fire for which the COLA is delayed until the later of age 55 or 3 years after retirement. A 2% COLA is assumed after January 1, 2014.

The actuarial assumptions used in the June 30, 2013 valuation rolled forward to June 30, 2014 and the calculation of the total pension liability at June 30, 2014 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2015**

**6. DEFINED BENEFIT PENSION PLANS (Continued)**

**Net Pension Liability (Asset) (Continued)**

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 forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms. The June 30, 2014 expected arithmetic returns over the medium term by asset class as developed by the State Investment Commission's investment consultant, which are generally consistent with the averages utilized by the actuary, are summarized in the following table:

<b>Asset Class</b>	<b>Target allocation</b>	<b>Medium-term expected real rate of return</b>
Global Equity	38%	6.05%
Private Equity	7%	9.05%
Equity Hedge funds	8%	4.75%
Absolute return hedge	7%	2.95%
Real Return	14%	3.85%
Real Estate	8%	4.45%
Core Fixed	15%	0.25%
Cash	3%	-0.50%
	100%	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall medium-term expected rate of return best-estimate on an arithmetic basis. To arrive at the long-term expected return estimate, the actuary adjusts the medium-term number to reflect the longer 30-year time frame required for actuarial calculations. This process produces the actuarial expected return, which is based on a 30-year horizon, and can differ from the medium-term, 10-year-horizon return expectations.

**Discount Rate**

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

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**6. DEFINED BENEFIT PENSION PLANS (Continued)**

**Net Pension Liability (Asset) (Continued)**

<b>Changes in the Net Pension Liability (Asset) - General Employees</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Balances as of June 30, 2013	\$ 6,565,646	\$ 5,563,650	\$1,001,996
<b>Changes for the Year</b>			
Service cost	188,698		188,698
Interest on the total pension liability	491,136		491,136
<b>Changes in benefits</b>			
Difference between expected and actual experience			
Changes in assumptions	(55,194)		(55,194)
Employer contributions		210,455	(210,455)
Employee contributions		50,998	(50,998)
Net investment income		860,546	(860,546)
Benefit payments, including employee refunds	(223,033)	(223,033)	
Administrative expense		(5,389)	5,389
Other changes		3,872	(3,872)
<b>Net changes</b>	<b>401,607</b>	<b>897,449</b>	<b>(495,842)</b>
Balances as of June 30, 2014	\$ 6,967,253	\$ 6,461,099	\$ 506,154

<b>Changes in the Net Pension Liability (Asset) - Police Employees</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Balances as of June 30, 2013	\$ 10,300,112	\$ 7,201,991	\$ 3,098,121
<b>Changes for the Year</b>			
Service cost	237,878		237,878
Interest on the total pension liability	765,642		765,642
<b>Changes in benefits</b>			
Difference between expected and actual experience			
Changes in assumptions	(80,385)		(80,385)
Employer contributions		274,357	(274,357)
Employee contributions		116,698	(116,698)
Net investment income		1,101,220	(1,101,220)
Benefit payments, including employee refunds	(420,969)	(420,969)	
Administrative expense		(6,896)	6,896
Other changes		1,706	(1,706)
<b>Net changes</b>	<b>502,166</b>	<b>1,066,116</b>	<b>(563,950)</b>
Balances as of June 30, 2014	\$ 10,802,278	\$ 8,268,107	\$ 2,534,171

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**6. DEFINED BENEFIT PENSION PLANS (Continued)**

**Net Pension Liability (Asset) (Continued)**

**Sensitivity of the Net Pension Liability to changes in the discount rate.** The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5 percent, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<b>1.00% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1.00 Increase (8.5%)</b>
General Employees	\$1,226,019	\$ 506,154	\$ (213,711)
Police Employees	\$3,658,074	\$2,534,171	\$1,410,267

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

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

For the year ended June 30, 2015, the employer recognized pension expense of \$218,126 for the general employees. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b><u>General Employees</u></b>	
	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience in the measurement of the total pension liability	\$ 0	\$ 0
Differences in assumptions	0	46,086
Net difference between projected and actual earnings on pension plan investments	0	353,510
Employer contributions subsequent to measurement date	<u>218,126</u>	<u>0</u>
<b>Total</b>	<b><u>\$218,126</u></b>	<b><u>\$399,596</u></b>

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**6. DEFINED BENEFIT PENSION PLANS (Continued)**

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

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

<u>Year Ending June 30</u>	<u>Net Deferred Inflows of Resources</u>
2016	\$ 97,486
2017	97,486
2018	97,486
2019	97,484
2020	9,108
Thereafter	<u>546</u>
<b>Total</b>	<b><u>\$ 399,586</u></b>

For the year ended June 30, 2015, the employer recognized pension expense of \$341,485 for the police employees. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b><u>Police Employees</u></b>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience in the measurement of the total pension liability	\$ 0	\$ 0
Differences in assumptions	0	72,216
Net difference between projected and actual earnings on pension plan investments	0	449,910
Employer contributions subsequent to measurement date	<u>341,485</u>	<u>0</u>
<b>Total</b>	<b><u>\$341,485</u></b>	<b><u>\$522,126</u></b>

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**6. DEFINED BENEFIT PENSION PLANS (Continued)**

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

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

<u>Year Ending June 30</u>	<u>Net Deferred Inflows of Resources</u>
2016	\$120,646
2017	120,646
2018	120,646
2019	120,648
2020	8,169
Thereafter	<u>31,371</u>
<b>Total</b>	<b><u>\$522,126</u></b>

**7. OTHER PENSION PLANS**

***Defined Contribution Plan***

Employees participating in the defined benefit plan, 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. General employees contribute 5% of their annual covered salary and employers contribute 1% of annual covered salary. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

As previously indicated in the disclosure of recently-enacted pension legislation, the employer contribution for certain qualifying employees will increase slightly beginning in fiscal 2016.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans. Plan members contributed \$109,482 during the fiscal year ended June 30, 2015.

The Town of Charlestown recognized pension expense of \$21,554, for the fiscal year ended June 30, 2015.

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

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**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**7. OTHER PENSION PLANS (Continued)**

**Town Funded Retirement Benefits**

During fiscal year 2015, the Town provided retirement benefits to the spouse of one former employee. This pension is self-funded by the Town on a pay-as-you-go basis. The pension has a June 30, 1987 base amount of \$9,000 and is increased annually by 3%. Since the retiree predeceased his spouse, the surviving spouse is entitled to 50% of the benefits for the remainder of the spouse's life or until the spouse remarries. For the year ended June 30, 2015, the total cost to the Town for providing retirement benefits amounted to \$9,996.

**8. INTERFUND BALANCES**

Interfund receivable and payable balances at June 30, 2015 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<b>Governmental activities:</b>		
<b>Major funds:</b>		
General Fund .....	\$1,044,366	\$1,685,126
<b>Non-major funds</b> .....	<u>1,681,435</u>	<u>493,585</u>
<b>Total governmental activities</b> .....	<u>\$2,725,801</u>	<u>\$2,178,711</u>
<b>Business-type activities:</b>		
<b>Major funds:</b>		
Residential Collection Center .....		\$408,489
Coastal Pond Management .....		<u>138,601</u>
<b>Total business-type activities</b> .....	<u>\$ 0</u>	<u>\$547,090</u>

**9. LONG-TERM LIABILITIES**

**(a) Long-Term Liability Activity**

**2013 Series A Bonds**

On August 22, 2013, the Town issued the 2013 Series A Bonds, with term bonds of \$2,190,000 at rates varying from 2.00% to 4.50%. The term bonds mature at various dates from July 1, 2014 through July 1, 2033. Bond proceeds of \$1,190,000 were used to finance the construction and furnishings of permanent beach structures at Charlestown Beach and Blue Shutters Beach. The remaining \$1,000,000 of bond proceeds are to be used for financing affordable housing initiatives consistent with the approved Charlestown affordable housing plan.

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**9. LONG-TERM LIABILITIES (Continued)**

**(a) Long-Term Liability Activity (Continued)**

**2013 Series B Refunding Bonds**

On August 22, 2013, the Town issued the 2013 Series B Refunding Bonds with term bonds of \$1,520,000 at rates varying from 2.00% to 3.00%. The term bonds mature at varying dates from January 1, 2014 through July 1, 2023.

The Town issued the 2013 Series B Refunding Bonds to fully defease the 2004 Series A General Obligation Open Space Bonds. Upon delivery of the 2013 Series B Refunding Bonds, the Town established an irrevocable escrow trust fund pursuant to a Refunding Trust Agreement between the Town and U.S. Bank National Association. Under terms of the Refunding Trust Agreement, the proceeds of the 2013 Series B Refunding Bonds were deposited into escrow funds established for each series of refunded bonds which were invested in investment obligations maturing in amounts and bearing interest at rates sufficient to pay, when due, interest, and upon maturity or prior redemption on the earliest available redemption date, the outstanding principal of the refunded bonds. The escrow fund is pledged solely for the benefit of holders of the applicable series of refunded bonds.

The Town completed the August 22, 2013 refunding to reduce its total debt service payments over the next ten years by \$133,953 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$90,350. The deferred charge is amortized over the shorter of the life of the refunded or refunding debt.

Since those bonds have, in effect, been redeemed under the defeasance, they are no longer outstanding under the Town's bond resolution and therefore, the liability for those bonds and related escrow funds are not reflected in the June 30, 2015 financial statements.

The outstanding principal of the Town's defeased bonds is summarized below:

<u>Description</u>	<u>Defeased Bonds Outstanding June 30, 2015</u>
2004 Series A Open Space Bonds	\$0

The 2004 Open Space Bonds were redeemed February 1, 2014.

**2014 Series A Bonds**

On July 7, 2014, the Town issued the 2014 Series A Bonds, with term bonds of \$2,000,000 at an interest rate of 2.15%. The term bonds mature at various dates from July 15, 2015 through July 15, 2024. Bonds proceeds of \$2,000,000 were used to reimburse the General Fund for the purchase of approximately 78 acres of land known as the "Whalerock Property" (a.k.a. Charlestown Moraine Preserve) for preservation of open space.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**9. LONG-TERM LIABILITIES (Continued)**

**(a) Long-Term Liability Activity (Continued)**

Long-term liability activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
<b>Long-term debt:</b>					
General obligation debt.....	\$3,465,000	\$2,000,000	\$ 245,000	\$5,220,000	\$425,000
Leases payable.....	390,093		160,273	229,820	98,029
Subtotal.....	3,855,093	2,000,000	405,273	5,449,820	523,029
Plus: bond premium, net of amortization .....	81,715		9,084	72,631	
<b>Total long-term debt.....</b>	<b>3,936,808</b>	<b>2,000,000</b>	<b>414,357</b>	<b>5,522,451</b>	<b>523,029</b>
<b>Other long-term liabilities:</b>					
Compensated absences .....	897,468	473,742	404,392	966,818	155,000
Landfill monitoring costs .....	124,800		7,800	117,000	7,800
<b>Total other long-term liabilities.....</b>	<b>1,022,268</b>	<b>473,742</b>	<b>412,192</b>	<b>1,083,818</b>	<b>162,800</b>
<b>Governmental activities: Long-term liabilities.....</b>	<b>\$4,959,076</b>	<b>\$2,473,742</b>	<b>\$ 826,549</b>	<b>\$6,606,269</b>	<b>\$685,829</b>
<b>Business-type activities:</b>					
<b>Other long-term liabilities:</b>					
Compensated absences .....	\$ 8,027	\$ 4,555	\$ 3,946	\$ 8,636	\$ 0
<b>Business-type activities: Long-term liabilities.....</b>	<b>\$ 8,027</b>	<b>\$ 4,555</b>	<b>\$ 3,946</b>	<b>\$ 8,636</b>	<b>\$ 0</b>

All debt of the governmental activities is general obligation debt. Payments on all long-term debt and other long-term liabilities that pertain to the Town's governmental activities are made by the general fund.

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**9. LONG-TERM LIABILITIES (Continued)**

**(b) Debt Maturity**

At June 30, 2015, the Town had \$3,000,000 of remaining authorized unissued bond authority.

Annual principal and interest requirements on long-term liabilities are as follows:

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016 .....	\$ 180,000	\$ 91,915	\$ 271,915
2017 .....	430,000	136,391	566,391
2018 .....	435,000	127,460	562,460
2019 .....	435,000	118,359	553,359
2020 .....	440,000	108,337	548,337
2021 .....	445,000	97,594	542,594
2022 .....	445,000	86,758	531,758
2023 .....	455,000	75,016	530,016
2024 .....	460,000	62,485	522,485
2025 .....	325,000	51,859	376,859
2026 .....	110,000	45,463	155,463
2027 .....	115,000	41,388	156,388
2028 .....	120,000	37,275	157,275
2029 .....	125,000	32,675	157,675
2030 .....	130,000	27,575	157,575
2031 .....	135,000	22,275	157,275
2032 .....	140,000	16,425	156,425
2033 .....	145,000	10,012	155,012
2034 .....	150,000	3,375	153,375
<b>Totals</b> .....	<b>\$5,220,000</b>	<b>\$1,192,637</b>	<b>\$6,412,637</b>

At June 30, 2015, the Town was in compliance with Rhode Island General Law 45-12-2 which places a 3% cap on the ratio of the Town's maximum aggregate indebtedness, excluding debt in the enterprise funds, to taxable property.

During the fiscal year ended June 30, 2015, the Town incurred the following interest expense:

2013 Series A bond .....	\$ 72,600
2013 Series B bond (Refunding bond).....	35,600
2014 Series A bond .....	21,500
<b>Total</b> .....	<b>\$129,700</b>

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**9. LONG-TERM LIABILITIES (Continued)**

**(c) Bonds Outstanding**

At June 30, 2015, the Town's bonds payable consisted of the following:

**GOVERNMENTAL ACTIVITIES**

<u>Description</u>	<u>Date Issued</u>	<u>Original Principal</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2014</u>	<u>Issued</u>	<u>Paid (1)</u>	<u>Outstanding June 30, 2015</u>
2013 Series A Bond	08/22/13	\$2,180,000	07/01/33	2.00% - 4.50%	\$2,110,000		\$ 85,000	\$2,025,000
2013 Series B Bond (Refunding Bond)	08/22/13	1,520,000	07/01/23	2.00% - 3.00%	1,355,000		160,000	1,195,000
2014 Series A Bond	07/07/14	2,000,000	07/15/24	2.15%	0	\$2,000,000		2,000,000
		<b>Total general obligation debt</b>			<b>\$3,465,000</b>	<b>\$2,000,000</b>	<b>\$245,000</b>	<b>\$5,220,000</b>

(1) The Town prepaid \$245,000 of its fiscal year 2016 debt obligation. This amount is shown as a prepaid expenditure in the fund financial statements Balance Sheet, but as a reduction in bonds payable on the government-wide Statement of Net Position.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**9. LONG-TERM LIABILITIES (Continued)**

**(d) Deferred Outflows of Resources**

When the Town refunds or advance refunds its bonds, it calculates the difference between the reacquisition price and the net carrying amount of the old debt. The resulting accounting gain or loss is then amortized over the remaining life of the refunding bonds, or the life of the new bonds, whichever is shorter. The net unamortized excess of reacquisition price over the net carrying value of the defeased bonds is recorded in deferred outflows of resources on the Statements of Net Position.

Excess of reacquisition price over net carrying value of defeased bonds was as follows at June 30, 2015:

Beginning balance of deferred outflows of resources.....	\$ 11,571
Additions .....	0
Reductions .....	<u>(1,284)</u>
<b>Ending balance of deferred outflows of resources..</b>	<b><u>\$ 10,287</u></b>

**(e) Capital Leases**

The Town has several lease agreements for financing the acquisition of various public works and public safety equipment.

The assets acquired through capital leases are as follows:

**Governmental Activities**

	<u>Public Safety</u>	<u>Public Works</u>
<b>Assets:</b>		
Vehicles and equipment.....	\$ 544,616	\$ 1,503,539
Less: accumulated depreciation.....	<u>(367,357)</u>	<u>(1,194,824)</u>
<b>Total.....</b>	<b><u>\$ 177,259</u></b>	<b><u>\$ 308,715</u></b>

**Business-type Activities**

Residential Recycling Center

<b>Assets:</b>	
Equipment.....	\$31,025
Less: accumulated depreciation .....	<u>0</u>
<b>Total.....</b>	<b><u>\$31,025</u></b>

The following schedule summarizes the future minimum lease payments under those capital leases, and the present value of the net minimum lease payments at June 30, 2015:

Fiscal year ending <u>June 30:</u>	<u>Governmental Activities</u>
2016 .....	\$106,506
2017 .....	70,703
2018 .....	29,159
2019 .....	20,620
2020 .....	<u>20,620</u>
<b>Total minimum lease payments .....</b>	<b>247,608</b>
Less: amount representing interest .....	<u>(17,788)</u>
<b>Present value of future minimum lease payments</b>	<b><u>\$229,820</u></b>

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**10. COMMITMENTS AND CONTINGENT LIABILITIES**

***Affordable Housing***

In March 2013, the Town entered into a funding agreement with the Washington County Community Development Corporation (WCCDC), South County Habitat for Humanity and the Church Community Housing Corporation for the development of seven affordable housing units and with WCCDC for two housing projects totaling thirty-five affordable units (24 senior and 11 family). The Town's total commitment for these projects is \$950,000, including \$800,000 for land acquisition and \$150,000 for preconstruction costs. The total cost of the projects is currently estimated at \$7,250,000 with additional funding expected from Community Development Block Grants (CDBG), Rhode Island Housing HOME program funds, possible low-income housing tax credits and the Housing Resources Commission's Building Homes Rhode Island program.

In January 2013, the Town Council approved a resolution authorizing the issuance of a \$1,000,000 general obligation bond previously approved by vote of the electorate on November 7, 2006 to finance affordable housing initiatives in the Town consistent with the Town's approved affordable housing plan. The proceeds of this bond were issued and received in August 2013 as part of General Obligation Bonds, Series 2013A totaling \$2,190,000.

For the fiscal year ending June 30, 2015, the Town has expended \$410,720 for affordable housing land acquisitions and \$100,502 for preconstruction costs for the affordable housing projects. The Town has no ownership rights in the land acquisitions or future housing units but the projects will meet the requirements of affordable housing under the State's 10% Affordable Housing mandate.

***Grants***

Under the terms of federal and state grants, periodic compliance audits by the grantors or their representatives are required and, consequently, certain costs may be questioned as not being appropriate, and result in reimbursement to the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies could not be determined at this time. Town officials believe that such disallowances, if any, would not be material.

***Litigation***

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's attorneys, the resolution of these matters will not have a materially adverse effect on the financial condition of the Town.

**11. LANDFILL ENTERPRISE FUND - CLOSURE AND POSTCLOSURE CARE COSTS**

The Town accounts for its closure and postclosure care costs under GASB Statement No. 18. This Statement is based on the October 9, 1991, U.S. Environmental Protection Agency (EPA) rule, "Solid Waste Disposal Facility Criteria," which establishes closure requirements for all municipal solid waste landfills (MSWLF's) that receive solid waste after October 9, 1991. The EPA rule also establishes thirty-year postclosure care requirements for MSWLF's that accept solid waste after October 9, 1993. The effect of the EPA rule and similar state laws or regulations is to obligate MSWLF owners and operators to perform certain closing functions and postclosure monitoring and maintenance functions as a condition for the right to operate the MSWLF in the current period.

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**11. LANDFILL ENTERPRISE FUND - CLOSURE AND POSTCLOSURE CARE COSTS (Continued)**

State and federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Town reported a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The Town closed the Landfill effective June 30, 2000. General Fund postclosure costs incurred during the fiscal year ended June 30, 2015 totaled \$6,700. Postclosure monitoring costs were originally estimated at \$50,000 to \$100,000 per year. Based upon revised estimates from an independent consultant, the costs should approximate \$7,800 annually for the remaining 15 years. These estimates are based on an independent evaluation of the cost to perform postclosure monitoring. In fiscal year 2010, the Rhode Island Department of Environmental Management approved a reduction in the scope of the Town's postclosure monitoring activities resulting in the associated cost reductions. Actual costs may be higher due to inflation, deflation, changes in technology or changes in applicable laws and regulations. Annual postclosure monitoring costs are expected to be funded through General Fund appropriations.

**12. FUND EQUITY**

**(a) Fund Balance Constraints**

The constraints on fund balance as reported in aggregate in the Governmental Funds Balance Sheet are detailed below according to fund balance classification.

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><i>Nonspendable:</i></b>			
Perpetual care.....		\$ 1,540	\$ 1,540
Tax sale property .....	\$ 224,612		224,612
Prepaid expenditures .....	308,366		308,366
<b><i>Restricted for:</i></b>			
General government .....	164,354	217,867	382,221
Public safety.....		90,554	90,554
Public works.....	6,500		6,500
Parks and recreation.....	2,521	17,434	19,955
Community development...		328,339	328,339
Education .....		181,425	181,425
Capital projects .....		1,025,615	1,025,615
Employee severance benefits .....	417,519		417,519
<b><i>Committed to:</i></b>			
Community development...		36,346	36,346
Parks and recreation.....		103,372	103,372
<b><i>Unassigned</i></b> .....	<b>4,973,893</b>	<b>(100,888)</b>	<b>4,873,005</b>
<b><i>Total Fund Balances</i></b> ....	<b><u>\$6,097,765</u></b>	<b><u>\$ 1,901,604</u></b>	<b><u>\$7,999,369</u></b>

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**12. FUND EQUITY (Continued)**

**(b) Net Position**

Restriction of net position at June 30, 2015 was as follows:

**Enterprise Funds:**

Restriction for endowment .....	\$ 10,000
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**(c) Fund Deficits**

The following funds had cumulative deficits at June 30, 2015:

**Non-major Governmental Funds:**

Open Space Acquisitions .....	\$34,003
Klondike Road .....	\$26,728
RI DEM - Ninigret Park .....	\$40,157

The deficits in the funds listed above will be funded by General Fund contributions.

**(d) Restatement**

As a result of implementing GASB Statement No. 68 as discussed in Note 2, the Town restated its governmental activities net position at July 1, 2014 from \$25,717,259 to \$22,101,954.

Net position as of July 1, 2014, as originally reported .....	\$25,717,259
To record the effect of the net pension liability at July 1, 2014 .....	(4,100,117)
To record deferred outflows related to pensions .....	484,812
Net position as of July 1, 2014, as restated .....	<u>\$22,101,954</u>

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**13. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land .....	\$ 9,370,910			\$ 9,370,910
Construction-in-progress.....	860,769	\$ 1,137,114	\$ (1,538,130)	459,753
<b>Total capital assets not being depreciated</b>	<b>10,231,679</b>	<b>1,137,114</b>	<b>(1,538,130)</b>	<b>9,830,663</b>
<b>Other capital assets:</b>				
Buildings and improvements.....	8,694,618	59,034		8,753,652
Land improvements .....	261,937			261,937
Equipment.....	892,590	53,186	(29,915)	915,861
Vehicles .....	2,987,812	154,353	(109,198)	3,032,967
Infrastructure.....	44,540,458	1,935,762		46,476,220
<b>Total other capital assets</b>	<b>57,377,415</b>	<b>2,202,335</b>	<b>(139,113)</b>	<b>59,440,637</b>
Less: accumulated depreciation for:				
Buildings and improvements.....	(2,517,479)	(228,428)		(2,745,907)
Land improvements .....	(19,109)	(26,194)		(45,303)
Equipment.....	(605,733)	(79,718)	29,560	(655,891)
Vehicles .....	(2,009,049)	(282,422)	109,198	(2,182,273)
Infrastructure.....	(37,932,336)	(671,051)		(38,603,387)
<b>Total accumulated depreciation</b>	<b>(43,083,706)</b>	<b>(1,287,813)</b>	<b>138,758</b>	<b>(44,232,761)</b>
<b>Other capital assets, net</b> .....	<b>14,293,709</b>	<b>914,522</b>	<b>(355)</b>	<b>15,207,876</b>
<b>Governmental activities capital assets, net</b> .....	<b>\$24,525,388</b>	<b>\$ 2,051,636</b>	<b>\$(1,538,485)</b>	<b>\$25,038,539</b>
<b>Business-type activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land .....	\$ 99,500			\$ 99,500
<b>Total capital assets not being depreciated</b> ..	<b>99,500</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>99,500</b>
<b>Other capital assets:</b>				
Buildings.....	18,550			18,550
Land improvements .....	113,684			113,684
Machinery and equipment.....	284,863		(1,300)	283,563
<b>Total other capital assets</b> .....	<b>417,097</b>	<b>0</b>	<b>(1,300)</b>	<b>415,797</b>
Less: accumulated depreciation for:				
Buildings.....	(18,548)			(18,548)
Land improvements .....	(106,106)	(7,579)		(113,685)
Machinery and equipment.....	(200,294)	(5,854)	1,300	(204,848)
<b>Total accumulated depreciation</b> .....	<b>(324,948)</b>	<b>(13,433)</b>	<b>1,300</b>	<b>(337,081)</b>
<b>Other capital assets, net</b> .....	<b>92,149</b>	<b>(13,433)</b>	<b>0</b>	<b>78,716</b>
<b>Business-type activities capital assets, net</b> .....	<b>\$ 191,649</b>	<b>\$(13,433)</b>	<b>\$ 0</b>	<b>\$ 178,216</b>

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**13. CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions as follows:

<b>Governmental activities:</b>	
General government.....	\$ 60,528
Public safety.....	266,397
Recreation.....	93,493
Public works.....	843,662
Education.....	<u>23,733</u>
<b>Total governmental activities .....</b>	<b><u>\$1,287,813</u></b>
<b>Business-type activities:</b>	
Residential Collection Center.....	\$ 7,993
Coastal Pond Management .....	<u>5,440</u>
<b>Total business type activities .....</b>	<b><u>\$ 13,433</u></b>

**14. DEFERRED COMPENSATION PLAN**

The Town offers its municipal employees a deferred compensation plan established in accordance with the provisions of Internal Revenue Code Section 457. The Plan, available to all municipal employees, permits the deferral of a portion of their salary. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Town Council is responsible for establishing or amending the Plan's provisions and establishing or amending contribution requirements. The defined contribution Plan is currently administered by Vantagepoint.

The Town has implemented the Governmental Accounting Standards Board, Statement No. 32, "Accounting for Internal Revenue Code Section 457 Deferred Compensation Plans." All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. As a result, deferred compensation investments and the respective liability have not been included in the Town's financial statements for the year ended June 30, 2015. Employees are allowed to make contributions to the Plan up to IRC limits, currently \$18,000 (\$24,000 if age 50 or older). There is no Town required contribution and no additional obligation incurred by the Town as a result of the employee contributions. Employee contributions to the Plan for the year ended June 30, 2015 were \$37,140. The Town has an obligation to prudently manage these monies.

**15. RISK MANAGEMENT**

The Town of Charlestown is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. As a result, the Town participates in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) which provides coverage for property/liability claims and workers' compensation claims. Upon joining the Trust, the Town signed a participation agreement, which outlines the rights and responsibilities of both the Trust and the Town. The agreement states that for premiums paid by the Town, the Trust will assume financial responsibility for the Town's losses up to the maximum amount of insurance purchased, minus the Town's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its Members. Under the participation agreement, the Town is insured for a maximum of \$5,000,000 per occurrence. Settled claims resulting from these risks have not exceeded the Trust Coverage in any of the past twenty fiscal years.

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**15. RISK MANAGEMENT (Continued)**

The Trust is obligated to make payments on the Town's behalf without any further obligation of the Town, unless the Town's applicable limit of liability was exhausted by the size of the loss or the nature of the loss would fall outside the parameters of the Trust policy. As of June 30, 2015, the Town believes there is minimal, if any, potential exposure for outstanding claims which would fall outside the parameter of the Trust policy.

**16. COMMUNITY SEPTIC LOAN PROGRAM**

On June 9, 1999, the Town entered into an agreement with the Rhode Island Clean Water Finance Agency to finance the Town's Community Septic System Loan Program. The loan agreement provides the Town with a non-restoring line-of-credit. The proceeds of the loan shall be used by the Town for the establishment and operation of a Community Septic System Loan Program. The Program provides for the Town to make loans to property owners of the Town for the repair or replacement of failed or failing septic systems. The individual loans made to property owners shall be underwritten by the Town with the assistance of the Rhode Island Housing Mortgage Finance Corporation (RIHMFC). RIHMFC, on behalf of the Town shall perform all administrative functions related to servicing the individual loans, including disbursing loans to property owners and collecting and remitting borrower loan payments. The loan has a zero interest rate to the Town and 4% to property owners. The Town is only required to make principal repayments in the event that individual property owners default on their loans. As of June 30, 2015, the amount of loans outstanding under this program was approximately \$658,060.

**17. INTERFUND TRANSFERS**

Interfund transfers for fiscal year ended June 30, 2015 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Governmental activities:</b>		
<b>Major funds:</b>		
General Fund .....	\$ 54,444	\$1,162,210
<b>Non-major funds</b> .....	<u>882,302</u>	<u>189,536</u>
<b>Total governmental activities</b> .....	<u>\$936,746</u>	<u>\$1,351,746</u>
<b>Business-type activities:</b>		
<b>Major funds:</b>		
Residential Collection Center .....	<u>\$ 15,000</u>	<u>\$ 0</u>
<b>Fiduciary funds:</b>		
Other Post-Employment Benefit Trust Fund .....	<u>\$400,000</u>	<u>\$ 0</u>

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**18. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

***Plan Description***

The cost of post-employment health care benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. The Town adopted the requirements of GASB No. 45 during the year ended June 30, 2009, and recognizes the cost of post-employment healthcare in the year when the employee services are rendered, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows.

The Town of Charlestown's OPEB Plan is a single-employer defined benefit plan offering individual or two-party (spousal) health insurance to police retirees and retirees of the Charlestown Professional Management Association (CPMA). Police and CPMA retirees vest for OPEB when they vest for pension benefits.

***Summary of Plan Provisions***

***Eligibility***

**Police:**

A police-officer retiring, who is at least 60 years old, or who has completed at least 20 years of service regardless of age (25 years of service if hired on or after July 1, 2011) and eligible for pension benefits under the State of Rhode Island, Optional Retirement for Members of Police Force and Firefighters, shall be eligible to continue health insurance coverage for self and spouse.

**CPMA:**

Eligible for retirement at an individually determined age. This age is based on the members' social security retirement age with a proportional downward adjustment based on years of service as of June 30, 2012. The minimum retirement age is 59.

***Cost Sharing***

**Police:**

Retiring on or after July 1, 2012 but before June 30, 2014:

Pre-65	85% Town-paid for retiree and spouse.
Post-65	85% Town-paid for retiree and spouse (BC Plan 65); Medicare Part B reimbursement for retiree and spouse.

Retiring on or after July 1, 2014:

Pre-65	80% Town-paid for retiree and spouse.
Post-65	80% Town-paid for retiree and spouse (BC Plan 65); Medicare Part B reimbursement for retiree and spouse.

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**18. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

**Summary of Plan Provisions (Continued)**

**Cost Sharing (Continued)**

**CPMA:**

Hired prior to July 1, 1996:

Pre-65            80% Town-paid for retiree and spouse.

Post-65          80% Town-paid for retiree and spouse (BC Plan 65).

Hired on or after July 1, 1996:

Not eligible for Town-paid Post Retirement Health Benefits.

The latest actuarial valuation was performed as of July 1, 2015. The post-retirement plan does not issue a stand-alone financial report.

**Summary of Significant Accounting Policies and Plan Asset Matters**

**Basis of Accounting**

In fiscal year 2009, the Town established an OPEB trust fund to fund future OPEB liabilities. The OPEB trust fund financial statements are prepared on the accrual basis of accounting. Contributions are recognized when due, pursuant to formal budgetary commitments and contractual requirements. Investment income is recognized when earned and expenses (benefits and administration) are recognized when they are due and payable in accordance with the terms of the plan.

**Classes of Employees Covered**

As of July 1, 2015 (date of the last actuarial valuation) membership data consisted of the following:

	<u>CPMA</u>	<u>Police</u>	<u>Total</u>
Active employees	3	20	23
Retirees and beneficiaries currently receiving benefits	<u>6</u>	<u>21</u>	<u>27</u>
<b>Total</b>	<u>9</u>	<u>41</u>	<u>50</u>

**Benefit Provisions**

The Town plan provides for medical benefits for all eligible Police and CPMA retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from investment earnings.

**Employer Contributions**

The Town's contributions are actuarially determined on a three-year cycle using the level percent amortization method. Contributions made during fiscal year 2015 totaling \$612,000 consist of the current year general fund appropriation of \$400,000 and \$212,000 of general fund pay-as-you-go benefit payments and implicit rate subsidies.

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**18. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

**Summary Financial Information**

The Other Post-Employment Benefit Trust summary financial information reported in the financial statements is as follows:

**STATEMENT OF FIDUCIARY NET POSITION  
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND  
JUNE 30, 2015**

<b>Assets:</b>	
Cash and cash equivalents.....	\$ 114,152
Investments, at fair value.....	<u>3,710,631</u>
<b>Total</b> .....	<u>3,824,783</u>
<b>Liabilities</b> .....	<u>0</u>
<b>Net Position:</b>	
Held in trust for OPEB benefits.....	<u>\$ 3,824,783</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND  
YEAR ENDED JUNE 30, 2015**

<b>Additions:</b>	
Employer contributions .....	\$ 400,000
Investment income, net of investment expenses .....	90,178
Realized investment gains.....	161,046
Unrealized investment losses .....	<u>(65,234)</u>
<b>Total additions</b> .....	<u>585,990</u>
<b>Deductions:</b>	
Benefits.....	0
Administration .....	<u>0</u>
<b>Total deductions</b> .....	<u>0</u>
<b>Changes in Net Position</b> .....	585,990
<b>Net Position - July 1, 2014</b> .....	<u>3,238,793</u>
<b>Net Position - June 30, 2015</b> .....	<u>\$ 3,824,783</u>

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**18. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

***Annual OPEB Cost and Net OPEB Obligation***

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation. These amounts are based upon an actuarial valuation date of July 1, 2012.

Annual required contribution .....	\$ 506,000
Interest on net OPEB obligation.....	(29,311)
Adjustment to annual required contribution .....	<u>33,473</u>
Annual OPEB cost (expense) .....	<u>510,162</u>
 Contributions made:	
Employer contributions .....	400,000
Retiree benefit payments .....	<u>212,000</u>
Total contributions made .....	<u>612,000</u>
 Increase (decrease) in net OPEB obligation.....	
Net OPEB obligation, (asset) - July 1, 2014 .....	<u>(390,815)</u>
Net OPEB obligation, (asset) - June 30, 2015.....	<u>\$(492,653)</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 2014 and 2015 is as follows:

Fiscal Year <u>Ended</u>	Annual <u>OPEB Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation/(Asset)</u>
June 30, 2013	\$528,757	104.0%	\$(361,797)
June 30, 2014	\$508,982	105.7%	\$(390,815)
June 30, 2015	\$510,162	120.0%	\$(492,653)

***Funded Status and Funding Progress***

The funded status of the plan as of July 1, 2015 (the date of the most recent actuarial valuation) was as follows:

Actuarial Valuation <u>Date</u>	(A) Actuarial Value of <u>Assets</u>	(B) Actuarially Accrued Liability (AAL) Protected <u>Unit Credit</u>	(A-B) Unfunded <u>AAL</u>	(A/B) Funded <u>AAL Ratio</u>	(C) Covered <u>Payroll</u>	[(A-B)/C] Under Funded AAL as A Percentage of Covered <u>Payroll</u>
July 1, 2015	\$3,825,000	\$6,141,000	\$2,316,000	62.3%	\$1,650,000	140.3%

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**18. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

***Funded Status and Funding Progress (Continued)***

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

***Actuarial Methods and Assumptions***

The accompanying schedules of employer contributions present trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed twenty years for Police and thirty years for CPMA.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with the perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The annual OPEB cost was determined as part of the actuarial valuation as of July 1, 2012. Only assets that have been contributed to the OPEB Trust are considered available for liabilities for purposes of the valuation. Assets are valued at fair market value. Additional information and assumptions used as of the last actuarial valuation (July 1, 2015) is summarized below:

Discount Rate .....	7.50% (net of administrative expenses)
Actuarial Method .....	Projected Unit Credit Cost Method
Amortization Method .....	Level Percent
Amortization Growth .....	3.00%
Amortization Period (decreasing).....	30 years (CPMA) 20 years (Police)
Valuation Type .....	Closed Group
Initial medical inflation rate.....	5.6%
Ultimate medical inflation rate.....	4.6%
Years until ultimate inflation rate reached .....	49 years

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**19. PUBLIC ENTITY RISK POOL**

***The Health Pool***

The Town participates in a public entity risk pool through the Rhode Island Interlocal Risk Management Trust (the Trust) entitled the Health Pool (the Pool), formerly known as The Governmental Health Group of Rhode Island, Inc. The Pool is part of a not-for-profit organization (the Trust) formed to provide programs of liability, workers compensation, and health insurance coverage to Rhode Island cities, towns and other governmental units. The Pool is governed by the Trust Board of Directors (Board).

Upon joining the Pool, members execute a member agreement. That document, pursuant to which the Pool was established and operates, outlines the rights and responsibilities of both the members and the Pool. Members of the Pool participate in the Pool's health insurance plan administered through the Trust and Blue Cross Blue Shield of Rhode Island (BCBSRI).

Using the rate calculations prepared by BCBSRI, the Trust sets annual contribution rates for the subscribers of each member for each program offered. The Pool agreement requires that those contribution rates be set at a level sufficient, in the aggregate, to satisfy the funding requirements of the Pool. The contributions of each member are used to pay for claims, reinsurance and all administrative expenses. The Pool agreement provides for an annual independent audit of its financial statements.

A member's share of surplus or deficit is equal to the ratio of the member's subscribers (employees and retirees) participating in the Pool's plan for each month of a policy year divided by the sum of all subscribers in the Pool for the same period.

The Pool agreement provides the Trust's Board a discretionary, fully allocable assessment feature with respect to specified circumstances.

After it has been a member of the Pool for an initial three-year period, a member may withdraw from the Pool by providing the Trust with 90 days notice; otherwise, liquidated damages would also be assessed at the time of departure prior to the initial three-year period. The Trust may terminate a member's coverage for failure to pay amounts due.

For the year ended June 30, 2015, unaudited results indicate that the Pool generated \$121,823,249 in revenues and excess of revenues over expenses of \$1,316,333. The Pool had \$65,920,738 in total assets and \$40,700,704 in total equity as of June 30, 2015.

The Pool retains certain levels of insurance risk. Specific losses in excess of \$1 million to a limit of \$2 million are covered by a Health Excess Claims Stopless Account internal to the Trust that is funded by annual Stopless Account payments from the Health Pool. As of June 30, 2015, the Pool's membership consisted of 44 cities, towns or other governmental units.

Separate financial statements are available at the RI Interlocal Risk Management Trust, 501 Wampanoag Trail, Suite 301, East Providence, RI 02915.

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**20. SUBSEQUENT EVENTS**

Shannock Village Cottages are being built as a Low and Moderate Income Housing project in Charlestown. The Town of Charlestown has guaranteed the Washington County Community Development Corporation \$275,000 of bond funds towards the acquisition of the property. This amount is included in the Town's Affordable Housing Acquisitions Special Revenue Fund at June 30, 2015. Washington County CDC has received a loan from Rhode Island Housing in the amount of \$245,000 while the appraised value of the land is \$325,000. Washington County CDC has asked the Town to provide a loan guarantee in the amount of \$80,000 to ensure the property will not be sold to another party. On September 14, 2015, the Town committed to the project and approved the guarantee.

(CONCLUDED)

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TOWN OF CHARLESTOWN

REQUIRED SUPPLEMENTARY  
INFORMATION

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TOWN OF CHARLESTOWN, RHODE ISLAND**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

	<b>General Employees</b> Year Ended June 30, 2014	<b>Police Employees</b> Year Ended June 30, 2014
<b>A. Total pension liability</b>		
1. Service Cost	\$ 188,698	\$ 237,878
2. Interest on the Total Pension Liability	491,136	765,642
3. Changes of benefit terms	0	0
4. Difference between expected and actual experience of the Total Pension Liability	0	0
5. Changes of assumptions	(55,194)	(80,385)
6. Benefit payments, including refunds of employee contributions	(223,033)	(420,969)
7. Net change in total pension liability	401,607	502,166
8. Total pension liability – beginning	6,565,646	10,300,112
9. Total pension liability – ending (a)	6,967,253	10,802,278
<b>B. Plan fiduciary net position</b>		
1. Contributions – employer	210,455	274,357
2. Contributions – employee	50,998	116,698
3. Net investment income	860,546	1,101,220
4. Benefit payments, including refunds of employee contributions	(223,033)	(420,969)
5. Pension Plan Administrative Expense	(5,389)	(6,896)
6. Other	3,872	1,706
7. Net change in plan fiduciary net position	897,449	1,066,116
8. Plan fiduciary net position – beginning	5,563,650	7,201,991
9. Plan fiduciary net position – ending (b)	6,461,099	8,268,107
<b>C. Net pension liability - ending (a) - (b)</b>	\$ 506,154	\$ 2,534,171
<b>D. Plan fiduciary net position as a percentage of the total pension liability</b>	92.74%	76.54%
<b>E. Covered employee payroll</b>	\$ 2,087,371	\$ 1,399,280
<b>F. Net pension liability as a percentage of covered payroll</b>	24.25%	181.11%

TOWN OF CHARLESTOWN, RHODE ISLAND

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

**Municipal Employees' Retirement System - General Employees**

	<u>Fiscal 2015</u>
Actuarially determined contribution	\$ 218,126
Contributions in relation to the actuarially determined contribution	(218,126)
Contribution deficiency (excess)	<u>\$ 0</u>
Covered-employee payroll	\$ 2,155,294
Contributions as a percentage of covered-employee payroll	10.12%

**Municipal Employees' Retirement System - Police Employees**

	<u>Fiscal 2015</u>
Actuarially determined contribution	\$ 341,485
Contributions in relation to the actuarially determined contribution	(341,485)
Contribution deficiency (excess)	<u>\$ 0</u>
Covered-employee payroll	\$ 1,398,956
Contributions as a percentage of covered-employee payroll	24.41%

**Notes:**

- 1.) Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.
- 2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

Notes to Schedule	
Actuarial cost method	Entry age normal.
Amortization method	Level percentage of payroll, open
Remaining amortization period	21 years
Inflation	2.75%
Salary Increases	General Employees - 3.50% to 7.50% Police & Fire Employees - 4.00% to 14.00%
Investment rate of return	7.50%
Retirement age	Varies depending on Years of Service and Age
Mortality	Male Employees, MERS General and MERS P&F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.  Female Employees, MERS General and MERS P&F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

**TOWN OF CHARLESTOWN, RHODE ISLAND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**(UNAUDITED)**

**SCHEDULE OF FUNDING PROGRESS**

**OPEB Trust Plan**

Actuarial Valuation Date <u>June 30.</u>	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Overfunded) Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
7/1/09	\$ 502,000	\$4,947,000	\$4,445,000	10.2%	Not Available	N/A
7/1/12	\$1,794,000	\$5,361,000	\$3,567,000	33.4%	\$1,497,000	238.3%
7/1/15	\$3,825,000	\$6,141,000	\$2,316,000	62.3%	\$1,650,000	140.3%

**Notes to the Schedule of Funding Progress**

***Changes affecting the July 1, 2015 actuarial valuation:***

**Medical age curves:** Age curves were updated based on the analysis of the claims experience and premium information provided for this valuation.

**Medical inflation:** The medical cost inflation trend used in this valuation was derived from the "Getzen Model" established by the Society of Actuaries for developing long-term medical cost trends. The Getzen Model was subsequently updated to reflect the latest economic growth factors, and an adjustment was made to reflect the value of the expected excise tax payable in 2018 and later and the Affordable Care Act fees starting in 2014. This assumption was revised to an initial inflation rate of 5.30%, grading down to an ultimate inflation rate of 4.60% over a period of 70 years (Prior: an initial inflation rate of 5.60% graded down to an ultimate inflation rate of 4.60% over a period of 49 years).

**Pension:** The valuation reflects the applicable changes in retirement eligibility as part of the 2015 Settlement Agreement in conjunction with the Rhode Island Retirement Security Act of 2011.

The combined effect of the above changes decreased the Accrued Liability by about \$1.9 million and decreased the Annual Contribution by about \$250,000.

TOWN OF CHARLESTOWN, RHODE ISLAND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)  
AND CHANGES IN FUND BALANCE (NON GAAP BUDGETARY BASIS)  
BUDGET AND ACTUAL**

**GENERAL FUND  
YEAR ENDED JUNE 30, 2015**

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
<b>REVENUES:</b>				
General property taxes	\$ 23,190,789	\$ 23,190,789	\$ 23,395,601	\$ 204,812
Intergovernmental	2,071,984	2,071,984	2,073,261	1,277
Investment income	5,000	5,000	7,874	2,874
Departmental	1,103,972	1,103,972	1,115,496	11,524
<b>Total revenues</b>	<b>26,371,745</b>	<b>26,371,745</b>	<b>26,592,232</b>	<b>220,487</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
General government	1,580,257	1,583,732	1,500,157	83,575
Public safety	2,553,623	2,553,623	2,390,053	163,570
Public works	1,706,427	1,700,480	1,534,358	166,122
Education	14,351,417	14,351,417	14,312,928	38,489
Recreation	585,198	585,198	528,581	56,617
Public health and assistance	420,310	420,310	420,171	139
Miscellaneous	2,636,920	2,632,892	2,546,326	86,566
<b>Debt service:</b>				
Principal	435,000	435,000	160,000	275,000
Interest and other costs	319,015	319,015	305,027	13,988
<b>Capital:</b>				
Capital improvements	803,578	446,952	421,329	25,623
<b>Total expenditures</b>	<b>25,391,745</b>	<b>25,028,619</b>	<b>24,118,930</b>	<b>909,689</b>
<b>Excess of revenues over expenditures</b>	<b>980,000</b>	<b>1,343,126</b>	<b>2,473,302</b>	<b>1,130,176</b>
<b>Other financing sources (uses):</b>				
Transfers from fund balance	64,400	64,400	64,400	0
Transfers in	50,000	50,000	54,444	4,444
Transfers out	(1,079,400)	(1,442,526)	(1,448,110)	(5,584)
Landfill monitoring	(15,000)	(15,000)	(6,700)	8,300
<b>Net other financing sources (uses)</b>	<b>(980,000)</b>	<b>(1,343,126)</b>	<b>(1,335,966)</b>	<b>7,160</b>
<b>Excess of revenues and other sources over expenditures and other uses</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>1,137,336</b>	<b>\$ 1,137,336</b>
Less: transfer from fund balance			(64,400)	
Less: deficiency of revenues and other sources under expenditures and other uses of funds classified with the General Fund for purposes of GASB Statement No. 54			(46,697)	
<b>Fund balance, beginning of year</b>			<b>5,071,526</b>	
<b>Fund balance, end of year</b>			<b>\$ 6,097,765</b>	

TOWN OF CHARLESTOWN, RHODE ISLANDGENERAL FUND**SCHEDULE OF BUDGET ESTIMATES AND ACTUAL REVENUES  
YEAR ENDED JUNE 30, 2015**

	Original and Final Budget	Actual Revenues	Variance Positive (Negative)
<b>Property taxes:</b>			
Current and prior years	\$ 23,040,789	\$ 23,185,033	\$ 144,244
Interest on delinquent taxes	150,000	210,568	60,568
<b>Total property taxes</b>	<b>23,190,789</b>	<b>23,395,601</b>	<b>204,812</b>
<b>Intergovernmental revenues:</b>			
<b>State of Rhode Island including:</b>			
Beach parking fees	23,000	18,244	(4,756)
School aid	1,716,895	1,708,666	(8,229)
Beverage/meals tax	117,928	141,836	23,908
Hotel tax	19,158	18,787	(371)
Public service corporation tax	98,381	96,784	(1,597)
Motor vehicle phaseout	42,696	44,361	1,665
DEM PILOT	6,666	7,323	657
Incentive aid	37,260	37,260	0
FEMA grant	10,000	0	(10,000)
<b>Total intergovernmental revenues</b>	<b>2,071,984</b>	<b>2,073,261</b>	<b>1,277</b>
<b>Departmental revenues:</b>			
<b>Town Clerk:</b>			
Business licenses and fees	20,000	18,870	(1,130)
Non-business licenses and fees	5,500	9,332	3,832
Transfer stamps	180,000	177,479	(2,521)
Probate fees	13,000	17,468	4,468
Tax certificates	9,000	10,800	1,800
Recording fees	125,000	107,757	(17,243)
Building inspector	175,000	185,531	10,531
Municipal court	25,000	24,921	(79)
Police department	58,000	68,832	10,832
Recreation	77,950	79,795	1,845
Town beach parking and concessions	126,000	118,961	(7,039)
Beach passes	85,000	81,826	(3,174)
Blue Shutters parking and concessions	152,000	164,033	12,033
Animal control	3,500	7,388	3,888
Ninigret Park	13,000	9,881	(3,119)
Planning Board	4,000	4,110	110
Zoning Board and Review	4,000	3,785	(215)
Senior/Community Center	24,022	24,727	705
Other revenues	4,000	0	(4,000)
<b>Total departmental revenues</b>	<b>1,103,972</b>	<b>1,115,496</b>	<b>11,524</b>
<b>Investment Income</b>	<b>5,000</b>	<b>7,874</b>	<b>2,874</b>

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLANDGENERAL FUND**SCHEDULE OF BUDGET ESTIMATES AND ACTUAL REVENUES  
YEAR ENDED JUNE 30, 2015**

	Original and Final <u>Budget</u>	Actual <u>Revenues</u>	Variance Positive <u>(Negative)</u>
<b><i>Other financing sources:</i></b>			
Transfers from fund balance	64,400	64,400	0
Transfers in	50,000	54,444	4,444
<b><i>Total other financing sources</i></b>	<u>114,400</u>	<u>118,844</u>	<u>4,444</u>
<b><i>Total revenues and other financing sources</i></b>	<u>\$ 26,486,145</u>	<u>\$ 26,711,076</u>	<u>\$ 224,931</u>

(CONCLUDED)

TOWN OF CHARLESTOWN, RHODE ISLAND

GENERAL FUND

**SCHEDULE OF APPROPRIATIONS AND ACTUAL EXPENDITURES - BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Amendments</u>	<u>Final Budget</u>	<u>Actual Expenditures and Transfers</u>	<u>Adjustments to Budgetary Basis</u>	<u>Expenditures and Transfers on Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>General Government:</b>							
Central services	\$ 275,100		\$ 275,100	\$ 256,078		\$ 256,078	\$ 19,022
Town clerk	219,438		219,438	208,123		208,123	11,315
Treasurer	189,243	516	189,759	186,693		186,693	3,066
Town administrator	174,397		174,397	174,346		174,346	51
Tax assessor	148,954		148,954	143,346		143,346	5,608
Building inspector	171,251	2,959	174,210	160,703		160,703	13,507
Tax collector	111,411		111,411	109,468		109,468	1,943
Town planner	118,765		118,765	101,184		101,184	17,581
Town council	28,350		28,350	27,943		27,943	407
Elections unit	18,179		18,179	21,031		21,031	(2,852)
Boards, agencies, and committees	26,530		26,530	18,102		18,102	8,428
GIS	91,839		91,839	86,568		86,568	5,271
Municipal court	6,800		6,800	6,572		6,572	228
<b>Total general government</b>	<b>1,580,257</b>	<b>3,475</b>	<b>1,583,732</b>	<b>1,500,157</b>	<b>\$ 0</b>	<b>1,500,157</b>	<b>83,575</b>
<b>Public Safety:</b>							
Police department	2,401,868		2,401,868	2,254,942		2,254,942	146,926
Animal control	91,007		91,007	82,841		82,841	8,166
Civil preparedness	60,748		60,748	52,270		52,270	8,478
<b>Total public safety</b>	<b>2,553,623</b>	<b>0</b>	<b>2,553,623</b>	<b>2,390,053</b>	<b>0</b>	<b>2,390,053</b>	<b>163,570</b>
<b>Public Works:</b>							
Highway department	1,103,256		1,103,256	1,031,918		1,031,918	71,338
Public buildings and grounds	351,394		351,394	263,827		263,827	87,567
Administration	140,430	553	140,983	137,927		137,927	3,056
Wastewater management	111,347	(6,500)	104,847	100,686		100,686	4,161
<b>Total public works</b>	<b>1,706,427</b>	<b>(5,947)</b>	<b>1,700,480</b>	<b>1,534,358</b>	<b>0</b>	<b>1,534,358</b>	<b>166,122</b>

TOWN OF CHARLESTOWN, RHODE ISLAND

GENERAL FUND

**SCHEDULE OF APPROPRIATIONS AND ACTUAL EXPENDITURES - BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Amendments</u>	<u>Final Budget</u>	<u>Actual Expenditures and Transfers</u>	<u>Adjustments to Budgetary Basis</u>	<u>Expenditures and Transfers on Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>Recreation:</b>							
Participation recreation	247,513		247,513	244,273		244,273	3,240
Senior/Community Center	120,286		120,286	108,683		108,683	11,603
Blue Shutters Beach	85,050		85,050	71,411		71,411	13,639
Town Beach	96,880		96,880	79,291		79,291	17,589
Ninigret Park	35,469		35,469	24,923		24,923	10,546
<b>Total recreation</b>	<b>585,198</b>	<b>0</b>	<b>585,198</b>	<b>528,581</b>	<b>0</b>	<b>528,581</b>	<b>56,617</b>
<b>Public Health and Assistance:</b>							
Cross Mills Library	212,160		212,160	212,160		212,160	0
Ambulance services	166,800		166,800	166,800		166,800	0
VNS Home Health Services	2,000		2,000	2,000		2,000	0
South Shore Mental Health	3,500		3,500	3,500		3,500	0
Wood River Health	4,000		4,000	4,000		4,000	0
Domestic Violence of South County	2,000		2,000	2,000		2,000	0
Public Assistance	13,100		13,100	12,961		12,961	139
Warm Shelter	1,000		1,000	1,000		1,000	0
Southern RI Volunteers	1,000		1,000	1,000		1,000	0
Thundermist Health Center of South County	1,500		1,500	1,500		1,500	0
The Samaritans	500		500	500		500	0
RI CAN	3,500		3,500	3,500		3,500	0
Charlho Soccer League	250		250	250		250	0
Washington County Coalition Children	750		750	750		750	0
Wildlife Rehabilitators of Rhode Island	750		750	750		750	0
Memorial Day Parade	500		500	500		500	0
Charlestown Memorial Parade	2,000		2,000	2,000		2,000	0
Charlestown Historical Society	2,000		2,000	2,000		2,000	0
Chamber of Commerce	3,000		3,000	3,000		3,000	0
<b>Total public health and assistance</b>	<b>420,310</b>	<b>0</b>	<b>420,310</b>	<b>420,171</b>	<b>0</b>	<b>420,171</b>	<b>139</b>

TOWN OF CHARLESTOWN, RHODE ISLAND

GENERAL FUND

**SCHEDULE OF APPROPRIATIONS AND ACTUAL EXPENDITURES - BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Amendments</u>	<u>Final Budget</u>	<u>Actual Expenditures and Transfers</u>	<u>Adjustments to Budgetary Basis</u>	<u>Expenditures and Transfers on Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>Education:</b>							
Charlho Regional School District	14,351,417	0	14,351,417	14,312,928		14,312,928	38,489
<b>Debt Service:</b>							
General Obligation Bond:							
Principal	435,000		435,000	160,000		160,000	275,000
Interest	143,147		143,147	129,700		129,700	13,447
Capital leases	175,868		175,868	175,327		175,327	541
<b>Total debt service</b>	<b>754,015</b>	<b>0</b>	<b>754,015</b>	<b>465,027</b>	<b>0</b>	<b>465,027</b>	<b>288,988</b>
<b>Miscellaneous:</b>							
Employee insurance and benefits	2,072,320		2,072,320	1,984,558		1,984,558	87,762
Council contingency	19,000	(4,028)	14,972	16,369		16,369	(1,397)
Town insurance	205,000		205,000	225,642		225,642	(20,642)
Auditing	40,000	220	40,220	40,870		40,870	(650)
Legal services	300,600	(220)	300,380	145,263		145,263	155,117
Claims and judgments	0		0	133,624		133,624	(133,624)
<b>Total miscellaneous</b>	<b>2,636,920</b>	<b>(4,028)</b>	<b>2,632,892</b>	<b>2,546,326</b>	<b>0</b>	<b>2,546,326</b>	<b>86,566</b>
<b>Capital Improvements Program:</b>							
Police	217,089	(37,668)	179,421	187,730		187,730	(8,309)
Public works	509,489	(303,851)	205,638	195,123		195,123	10,515
Parks and recreation	47,000	(21,207)	25,793	25,793		25,793	0
General government	30,000	6,100	36,100	12,683		12,683	23,417
<b>Total capital improvements</b>	<b>803,578</b>	<b>(356,626)</b>	<b>446,952</b>	<b>421,329</b>	<b>0</b>	<b>421,329</b>	<b>25,623</b>

TOWN OF CHARLESTOWN, RHODE ISLAND

GENERAL FUND

**SCHEDULE OF APPROPRIATIONS AND ACTUAL EXPENDITURES - BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Amendments</u>	<u>Final Budget</u>	<u>Actual Expenditures and Transfers</u>	<u>Adjustments to Budgetary Basis</u>	<u>Expenditures and Transfers on Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>Other financing uses:</b>							
<b>Transfers out:</b>							
Special revenue funds - Revaluation	65,000		65,000	65,000		65,000	0
Special revenue funds - Reserve for Severance	150,000		150,000	150,000		150,000	0
Special revenue funds - Health Care Reserve	400,000		400,000	400,000		400,000	0
Special revenue funds - Pond and Beach Preservation	250,000		250,000	250,000		250,000	0
Special revenue funds - Comprehensive Planning Grant	35,000		35,000	35,000		35,000	0
Special revenue funds - Reserve for Legal Fees	64,400		64,400	64,400		64,400	0
Special revenue funds - Commission on Disabilities	0		0	233		233	(233)
Special revenue funds - Community Garden	0		0	33		33	(33)
Special revenue funds - Wastewater Testing	0	6,500	6,500	6,500		6,500	0
Special revenue funds - ACO Quarantine Building	0	45,000	45,000	45,000		45,000	0
Special revenue funds - Stormwater Discharge Elimination	0	296,626	296,626	296,626		296,626	0
Capital project funds - RI DEM Ninigret Park	0	15,000	15,000	20,318		20,318	(5,318)
Capital project funds - Town Capital Maintenance	100,000		100,000	100,000		100,000	0
Enterprise funds - Residential Collection Center	15,000		15,000	15,000		15,000	0
<b>Total transfers out</b>	<b>1,079,400</b>	<b>363,126</b>	<b>1,442,526</b>	<b>1,448,110</b>	<b>0</b>	<b>1,448,110</b>	<b>(5,584)</b>
<b>Other:</b>							
Landfill monitoring	15,000		15,000	6,700		6,700	8,300
<b>Total other</b>	<b>15,000</b>	<b>0</b>	<b>15,000</b>	<b>6,700</b>	<b>0</b>	<b>6,700</b>	<b>8,300</b>
<b>Total expenditures</b>	<b>\$ 26,486,145</b>	<b>\$ 0</b>	<b>\$ 26,486,145</b>	<b>\$ 25,573,740</b>	<b>\$ 0</b>	<b>\$ 25,573,740</b>	<b>\$ 912,405</b>

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2015**

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**BUDGETARY TO GAAP BASIS RECONCILIATION**

The following reconciliation summarizes the differences for the Town's General Fund between budgetary and GAAP basis for the year ended June 30, 2015:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis).....	\$ 1,137,336
Reappropriated fund balance.....	(64,400)
Deficiency of revenues and other sources under expenditures and other uses of funds classified with the General Fund for purposes of GASB Statement No. 54.....	<u>(46,697)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP)....	<u>\$ 1,026,239</u>

# Town Of Charlestown

## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

#### Senior Community Activities

This fund accounts for revenues and expenses related to activities at the Senior/Community Center.

#### Police Grants - JAG

The purpose of this fund is to account for police grants received from the Governor's Justice Commission.

#### MEDS Grant - RI Dept. of Health

The purpose of this fund is to account for a grant received from the RI Department of Health to develop and maintain a Medical Emergency Distributions System (MEDS) Point of Dispensing (POD) Plan. The Town will be required to develop and maintain a MEDS POD plan that describes how the Town will activate and execute the mass distribution of antibiotics or mass administration of a vaccine.

#### Frisbee Golf Course

This fund accounts for the donations and expenses in establishing a Frisbee Golf Course at Ninigret Park.

#### School Impact Fees

This fund accounts for fees collected from new construction to be used for school facilities.

#### Friends of Ninigret

This fund will account for the donations being made to the improvements at Ninigret Park.

#### Hazard Mitigation

This fund accounts for the expenditures in updating the Town's Hazard Mitigation Plan.

#### Operation Blue Riptide

This fund accounts for grant revenues and expenses associated with the police department's efforts to control driving under the influence of alcohol.

(CONTINUED)

# Town Of Charlestown

## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS (CONTINUED)

#### Flagpole Gardens Accessible Playground

Funds are being raised to build a handicap accessible playground in Ninigret Park. This fund is tracking the funds as they are being deposited and will eventually account for expenses to build the playground.

#### Animal Spaying/Neutering

This fund accounts for surcharges collected on dog licenses issued by the Town to fund low-cost spay/neuter programs.

#### Ninigret Park Fund

This fund accounts for revenues generated at the Ninigret Park recreational facility.

#### Bicentennial Fund

This fund accounts for donations which are restricted to cover costs associated with the Town's next Bicentennial Celebration.

#### Affordable Housing - Acquisitions

This fund will account for the acquisition grants for affordable housing.

#### FEMA

This fund accounts for storm related expenditures and reimbursements from FEMA.

#### Developer Bond Deposits

This fund accounts for activity related to construction deposits held by the Town.

#### Open Space Fees

This fund accounts for fees charged to developers which are to be set aside for future open space and recreational facilities.

#### Charlestown Community Garden

This fund accounts for the donations and expenses in establishing a Community Garden at Ninigret Park.

#### Naval Airfield Memorial

This fund accounts for donations received by the Town which will be used to build a monument at the old Naval Air Base in the Town of Charlestown.

(CONTINUED)

# Town Of Charlestown

## NON-MAJOR GOVERNMENTAL FUNDS

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### SPECIAL REVENUE FUNDS (CONTINUED)

#### Police Forfeiture

The Police Forfeiture Fund accounts for funds received from drug related indictments.

#### Municipal Planning

The purpose of this fund is to account for monies set-aside for municipal planning.

#### Affordable Housing Initiatives

This fund will account for the initiative grants for affordable housing.

#### Birthday Committee

This fund accounts for donations received by the Town which will be used for the Town's Centennial celebrations.

#### CDBG - Disaster Recovery

This fund accounts for funds expended for the various projects approved by the Community Development Block Grant Disaster Recovery.

#### Commission on Disabilities

This fund accounts for the expenses related to making two polling places handicap accessible.

#### Community Development Block Grants

This fund accounts for funds obtained through the Community Development Block Grant Program and the U.S. Department of Housing and Urban Development, which are restricted for specific purposes or programs.

#### Police Evidence Property

This fund accounts for any cash evidence that is confiscated during an arrest.

#### Historical and Vital Records

This fund is to account for fees collected for the filing of state documents and recording fees. The revenue received is to be used for the preservation of public records of historical value maintained by the municipal clerk.

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(CONTINUED)

# Town Of Charlestown

## NON-MAJOR GOVERNMENTAL FUNDS

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### SPECIAL REVENUE FUNDS (CONTINUED)

#### *Ninigret Dog Park*

This fund accounts for donations to create a dog park at Ninigret Park.

#### *Roof Drainage System Performance Bond*

This fund tracks the bonds deposited by the Town to ensure that the drainage system is properly constructed.

#### *Taquonck's Treasures*

This fund accounts for funds raised to purchase handicap accessible playground equipment and the associated expenditures.

#### *Comprehensive Planning Grant*

The Planning and Land Use Grant fund accounts for monies received from the state to be used by the Town in preparation of its comprehensive plans.

#### *Special Donations*

This fund accounts for donations received from various sources to support specific programs such as Kiducation.

(CONTINUED)

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# Town Of Charlestown

## NON-MAJOR GOVERNMENTAL FUNDS

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### CAPITAL PROJECT FUNDS

Capital Project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

#### Open Space Acquisitions

This fund accounts for costs related to the purchase of open space land.

#### Klondike Road

This fund accounts for the cost associated with reconstructing Klondike Road.

#### Asphalt Resurfacing

This fund accounts for the expenses associated with the cost to resurface Town roads.

#### Stormwater Elimination Project

This fund will account for the cost associated with the elimination of stormwater discharge into Alan's Cove.

#### RI DEM - Ninigret Park

This fund accounts for expenses to renovate the bathrooms at Ninigret Park and to install composting toilets and a pavilion in the Park.

#### Town Capital Maintenance Fund

This fund was created to reserve funds for Town-wide capital maintenance, projects and renovations.

#### Columbia Heights Streetscapes Enhancements

This fund will account for grant monies received for the revitalization plan for the Columbia Heights neighborhood.

#### DPW Road Engineering

This fund accounts for costs related to road engineering.

#### Beach Pavilions

This fund accounts for the construction of pavilions at Town Beach and Blue Shutters Beach.

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(CONTINUED)

# Town Of Charlestown

## NON-MAJOR GOVERNMENTAL FUNDS

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### CAPITAL PROJECT FUNDS (CONTINUED)

#### Web Based GIS

This fund will account for the cost to purchase a web based GIS system.

#### Pond and Beach Preservation

This fund accounts for the expenditures associated with dredging of the ponds. The Town has set aside funds and the State will be providing funds for this project.

(CONTINUED)

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# Town Of Charlestown

## NON-MAJOR GOVERNMENTAL FUNDS

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### PERMANENT FUNDS

The Permanent Funds are used to account for assets held by the Town pursuant to a trust agreement. The principal portion of these funds must remain intact, but the interest may be used to achieve the objective of the funds.

#### Zenis Ellis Trust

The Zenis Ellis Fund accounts for monies provided by a private donor for the benefit of the Narragansett Indian Sunday School of Charlestown. The principal amount of the gift is to be maintained intact and invested. Investment earnings are given to the Sunday School.

#### Cemetery Fund

The Cemetery Fund accounts for monies provided by individuals to be used for the perpetual care of Town cemeteries.

(CONCLUDED)

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**TOWN OF CHARLESTOWN, RHODE ISLAND**

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

Special Revenue Funds

	Senior Community Activities	Police Grants - JAG	MEDS Grant - RI Dept of Health	Frisbee Golf Course	School Impact Fees	Friends of Ninigret	Hazard Mitigation
					\$ 181,425		
\$	1,474	\$ 6,965	\$ 1,618	\$ 1,903		\$ 728	\$ 9,765
\$	1,474	\$ 6,965	\$ 1,618	\$ 1,903	\$ 181,425	\$ 728	\$ 9,765

**ASSETS:**

Cash and cash equivalents  
Investments  
Due from:  
Other funds  
Other governments  
**TOTAL ASSETS**

**LIABILITIES AND FUND BALANCES:**

**LIABILITIES:**

Accounts payable  
Retainage payable  
Due to:  
Other funds  
Unearned revenues  
Other liabilities  
**TOTAL LIABILITIES**

**FUND BALANCES:**

Nonspendable:  
Perpetual care  
Restricted for:  
General government  
Public safety  
Parks and recreation  
Community development  
Education  
Capital projects  
Committed for:  
Community development  
Parks and recreation  
Unassigned  
**TOTAL FUND BALANCES**

**TOTAL LIABILITIES AND FUND BALANCES**

\$	405	\$	0	\$	0	\$	0
\$	405	\$	4,595				\$ 3,919
			2,370				5,846
\$	1,069						\$ 9,765
\$	1,069	0	1,618	1,903	181,425	728	0
\$	1,474	\$ 6,965	\$ 1,618	\$ 1,903	\$ 181,425	\$ 728	\$ 9,765

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	Special Revenue Funds						
	Operation Blue Riptide	Flagpole Gardens Accessible Playground	Animal Spaying/ Neutering	Ninigret Park Fund	Bicentennial Fund	Affordable Housing Acquisitions	FEMA
				\$ 102,303	\$ 2,199		
	\$ 5,466	\$ 4,251		\$ 328,173			
<b>TOTAL ASSETS</b>	<b>\$ 5,466</b>	<b>\$ 4,251</b>	<b>\$ 102,303</b>	<b>\$ 2,199</b>	<b>\$ 328,173</b>	<b>\$ 101,462</b>	<b>\$ 101,462</b>

**ASSETS:**

Cash and cash equivalents  
Investments  
Due from:  
Other funds  
Other governments  
**TOTAL ASSETS**

**LIABILITIES AND FUND BALANCES:**

**LIABILITIES:**

Accounts payable  
Retainage payable  
Due to:  
Other funds  
Unearned revenues  
Other liabilities  
**TOTAL LIABILITIES**

\$ 93,812  
7,650

**FUND BALANCES:**

Nonspendable:  
Perpetual care  
Restricted for:  
General government  
Public safety  
Parks and recreation  
Community development  
Education  
Capital projects  
Committed for:  
Community development  
Parks and recreation  
Unassigned

\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	5,466	4,251		2,199			
0	5,466	4,251	102,303	2,199	328,173		0
\$0	\$ 5,466	\$ 4,251	\$ 102,303	\$ 2,199	\$ 328,173	\$ 101,462	\$ 101,462

0	5,466	4,251	102,303	2,199	328,173		0
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**TOTAL LIABILITIES AND FUND BALANCES**

\$0	\$ 5,466	\$ 4,251	\$ 102,303	\$ 2,199	\$ 328,173	\$ 101,462	\$ 101,462
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**TOWN OF CHARLESTOWN, RHODE ISLAND**

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	Special Revenue Funds					
	Developer Bond Deposits	Open Space Fees	Charlestown Community Garden	Naval Airfield Memorial	Police Forfeiture	Municipal Planning
<b>ASSETS:</b>						
Cash and cash equivalents		\$ 40,827		\$ 5,404	\$ 9,417	
Investments						
Due from:						
Other funds	\$ 37,678					\$ 79,119
Other governments						
<b>TOTAL ASSETS</b>	<b>\$ 37,678</b>	<b>\$ 40,827</b>	<b>\$ 0</b>	<b>\$ 5,404</b>	<b>\$ 9,417</b>	<b>\$ 79,119</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>LIABILITIES:</b>						
Accounts payable						
Retainage payable						
Due to:						
Other funds				\$ 537		
Unearned revenues						
Other liabilities	\$ 37,678					
<b>TOTAL LIABILITIES</b>	<b>\$ 37,678</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 537</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>FUND BALANCES:</b>						
Nonspendable:						
Perpetual care						
Restricted for:						
General government		40,827				79,119
Public safety						
Parks and recreation					9,417	
Community development				4,867		
Education						
Capital projects						
Committed for:						
Community development						
Parks and recreation						
Unassigned						
<b>TOTAL FUND BALANCES</b>	<b>0</b>	<b>40,827</b>	<b>0</b>	<b>4,867</b>	<b>9,417</b>	<b>79,119</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 37,678</b>	<b>\$ 40,827</b>	<b>\$ 0</b>	<b>\$ 5,404</b>	<b>\$ 9,417</b>	<b>\$ 79,119</b>

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

**Special Revenue Funds**

	Affordable Housing Initiatives	Birthday Committee	CDBG - Disaster Recovery	Commission on Disabilities	Community Development Block Grant	Police Evidence Property	Historical and Vital Records
	\$ 36,346	\$ 1,906	\$ 369,300		247,355	\$ 1,159	\$ 86,616
<b>TOTAL ASSETS</b>	<b>\$ 36,346</b>	<b>\$ 1,906</b>	<b>\$ 369,300</b>	<b>\$ 0</b>	<b>\$ 251,091</b>	<b>\$ 1,159</b>	<b>\$ 86,616</b>

**ASSETS:**

Cash and cash equivalents  
Investments  
Due from:  
Other funds  
Other governments  
**TOTAL ASSETS**

**LIABILITIES AND FUND BALANCES:**

**LIABILITIES:**

Accounts payable			\$ 9,534				\$ 615
Retainage payable							
Due to:							
Other funds			91,232		\$ 37,346		
Unearned revenues			268,534		213,579	\$ 1,159	
Other liabilities							
<b>TOTAL LIABILITIES</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 369,300</b>	<b>\$ 0</b>	<b>\$ 250,925</b>	<b>\$ 1,159</b>	<b>\$ 615</b>

**FUND BALANCES:**

Nonspendable:							
Perpetual care							
Restricted for:							
General government							86,001
Public safety							
Parks and recreation							
Community development		1,906			166		
Education							
Capital projects							
Committed for:							
Community development							
Parks and recreation							
Unassigned	36,346						
<b>TOTAL FUND BALANCES</b>	<b>\$ 36,346</b>	<b>\$ 1,906</b>	<b>\$ 369,300</b>	<b>\$ 0</b>	<b>\$ 251,091</b>	<b>\$ 1,159</b>	<b>\$ 86,616</b>

**TOTAL LIABILITIES AND FUND BALANCES**

TOWN OF CHARLESTOWN, RHODE ISLAND  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015

	Special Revenue Funds					Capital Project Funds	
	Ninigret Dog Park	Roof Drainage System Performance Bond	Taquonck's Treasures	Comprehensive Planning Grant	Special Donations	Open Space Acquisitions	Klondike Road
<b>ASSETS:</b>							
Cash and cash equivalents				\$ 23,030	\$ 30,254		
Investments							
Due from:							
Other funds	\$ 365	\$ 18,000		45,014			
Other governments							
<b>TOTAL ASSETS</b>	\$ 365	\$ 18,000	\$0	\$ 23,030	\$ 75,268	\$ 0	\$ 0
<b>LIABILITIES AND FUND BALANCES:</b>							
<b>LIABILITIES:</b>							
Accounts payable							
Retainage payable							\$ 2,500
Due to:							
Other funds				11,110		34,003	24,228
Unearned revenues							
Other liabilities							
<b>TOTAL LIABILITIES</b>	\$ 0	\$ 18,000	\$0	\$ 11,110	\$ 0	\$ 34,003	\$ 26,728
<b>FUND BALANCES:</b>							
Nonspendable:							
Perpetual care							
Restricted for:							
General government				11,920			
Public safety							
Parks and recreation					75,268		
Community development							
Education							
Capital projects	365						
Committed for:							
Community development							
Parks and recreation							
Unassigned							
<b>TOTAL FUND BALANCES</b>	\$ 365	\$ 0	\$ 0	\$ 11,920	\$ 75,268	\$ (34,003)	\$ (26,728)
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$ 365	\$ 18,000	\$0	\$ 23,030	\$ 75,268	\$ 0	\$ 0

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	Capital Project Funds				
	Asphalt Resurfacing	Stormwater Elimination Project	RI DEM - Ninigret Park	Town Capital Maintenance Fund	Columbia Heights Streetscapes Enhancement
\$ 46,693	\$ 324,613	\$ 235,000	\$ 89,934	\$ 395,578	\$ 38,448
\$ 46,693	\$ 324,613	\$ 235,000	\$ 89,934	\$ 395,578	\$ 38,448

**ASSETS:**

Cash and cash equivalents  
Investments  
Due from:  
Other funds  
Other governments  
**TOTAL ASSETS**

**LIABILITIES AND FUND BALANCES:**

**LIABILITIES:**

Accounts payable  
Retainage payable  
Due to:  
Other funds  
Unearned revenues  
Other liabilities

**TOTAL LIABILITIES**

**FUND BALANCES:**

Nonspendable:  
Perpetual care  
Restricted for:  
General government  
Public safety  
Parks and recreation  
Community development  
Education  
Capital projects  
Committed for:  
Community development  
Parks and recreation  
Unassigned

**TOTAL FUND BALANCES**

**TOTAL LIABILITIES AND FUND BALANCES**

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	Capital Project Funds				Permanent Funds		Total Non-Major Governmental Funds
	Beach Pavilions	Web Based GIS	Pond and Beach Preservation	Zenis Ellis Trust	Cemetery Fund		
<b>ASSETS:</b>							
Cash and cash equivalents				\$ 951		\$ 400,705	
Investments					\$ 500	500	
Due from:							
Other funds	\$ 8,000	\$ 525,000		90		1,681,435	
Other governments						1,365,425	
<b>TOTAL ASSETS</b>	<b>\$ 8,000</b>	<b>\$ 525,000</b>	<b>\$ 951</b>	<b>\$ 590</b>	<b>\$ 3,448,065</b>		
<b>LIABILITIES AND FUND BALANCES:</b>							
<b>LIABILITIES:</b>							
Accounts payable						\$ 60,455	
Retainage payable						2,500	
Due to:							
Other funds						493,585	
Unearned revenues						933,083	
Other liabilities				1		56,838	
<b>TOTAL LIABILITIES</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1</b>	<b>\$ 0</b>	<b>\$ 1,546,461</b>	
<b>FUND BALANCES:</b>							
Nonspendable:							
Perpetual care						1,540	
Restricted for:				950	590		
General government						217,867	
Public safety						90,554	
Parks and recreation						17,434	
Community development						328,339	
Education						181,425	
Capital projects	8,000	525,000				1,025,615	
Committed for:							
Community development						36,346	
Parks and recreation						103,372	
Unassigned						(100,888)	
<b>TOTAL FUND BALANCES</b>	<b>0</b>	<b>8,000</b>	<b>525,000</b>	<b>950</b>	<b>590</b>	<b>1,901,604</b>	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 0</b>	<b>\$ 8,000</b>	<b>\$ 525,000</b>	<b>\$ 951</b>	<b>\$ 590</b>	<b>\$ 3,448,065</b>	

(CONCLUDED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds							
	Senior Community Activities	Police Grants- JAG	MEDS Grant - RI Dept of Health	Frisbee Golf Course	School Impact Fees	Friends of Ninigret	Hazard Mitigation	
<b>REVENUES:</b>								
Intergovernmental		\$ 4,595	\$ 2,000				\$ 1,444	
Investment income	\$ 1,050			\$ 626	\$ 198			
Other					22,832	\$ 335		
<b>TOTAL REVENUES</b>	<b>1,050</b>	<b>4,595</b>	<b>2,000</b>	<b>626</b>	<b>23,030</b>	<b>335</b>	<b>1,444</b>	
<b>EXPENDITURES:</b>								
<b>Current:</b>								
General government			4,140				1,237	
Public safety	405			1,662		745		
Parks and recreation								
Community development								
<b>Debt service:</b>								
Interest and other costs								
<b>Capital:</b>								
Capital outlay		4,595						
<b>TOTAL EXPENDITURES</b>	<b>405</b>	<b>4,595</b>	<b>4,140</b>	<b>1,662</b>	<b>0</b>	<b>745</b>	<b>1,237</b>	
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<b>645</b>	<b>0</b>	<b>(2,140)</b>	<b>(1,056)</b>	<b>23,030</b>	<b>(410)</b>	<b>207</b>	
<b>OTHER FINANCING SOURCES (USES):</b>								
Proceeds from bond issuance								
Transfers in								
Transfers out					(50,000)			
<b>NET OTHER FINANCING SOURCES (USES)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(50,000)</b>	<b>0</b>	<b>0</b>	
<b>NET CHANGE IN FUND BALANCES</b>	<b>645</b>	<b>0</b>	<b>(2,140)</b>	<b>(1,056)</b>	<b>(26,970)</b>	<b>(410)</b>	<b>207</b>	
<b>FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR</b>	<b>424</b>	<b>0</b>	<b>3,758</b>	<b>2,959</b>	<b>208,395</b>	<b>1,138</b>	<b>(207)</b>	
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	<b>\$ 1,069</b>	<b>\$ 0</b>	<b>\$ 1,618</b>	<b>\$ 1,903</b>	<b>\$ 181,425</b>	<b>\$ 728</b>	<b>\$ 0</b>	

TOWN OF CHARLESTOWN, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015

	Special Revenue Funds							
	Operation Blue Riptide	Flagpole Gardens Accessible Playground	Animal Spaying/ Neutering	Ninigret Park Fund	Bicentennial Fund	Affordable Housing Acquisitions	FEMA	
REVENUES:								
Intergovernmental	7,710							
Investment income								
Other		5,374	775	21,400	168		2	
<b>TOTAL REVENUES</b>	<b>7,710</b>	<b>5,374</b>	<b>775</b>	<b>21,568</b>	<b>168</b>	<b>0</b>	<b>2</b>	<b>\$0</b>
EXPENDITURES:								
Current:								
General government								
Public safety	7,710							
Parks and recreation			355					410,720
Community development								
Debt service:								
Interest and other costs								
Capital:								
Capital outlay				1,035				
<b>TOTAL EXPENDITURES</b>	<b>7,710</b>	<b>0</b>	<b>355</b>	<b>1,035</b>	<b>0</b>	<b>410,720</b>	<b>0</b>	<b>0</b>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<b>0</b>	<b>5,374</b>	<b>420</b>	<b>20,533</b>	<b>2</b>	<b>(410,720)</b>	<b>0</b>	<b>0</b>
OTHER FINANCING SOURCES (USES):								
Proceeds from bond issuance		92						
Transfers in								
Transfers out				(135,000)				
<b>NET OTHER FINANCING SOURCES (USES)</b>	<b>0</b>	<b>92</b>	<b>0</b>	<b>(135,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>0</b>	<b>5,466</b>	<b>420</b>	<b>(114,467)</b>	<b>2</b>	<b>(410,720)</b>	<b>0</b>	<b>0</b>
<b>FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR</b>	<b>0</b>	<b>0</b>	<b>3,831</b>	<b>216,770</b>	<b>2,197</b>	<b>738,893</b>	<b>0</b>	<b>0</b>
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	<b>\$ 0</b>	<b>\$ 5,466</b>	<b>\$ 4,251</b>	<b>\$ 102,303</b>	<b>\$ 2,199</b>	<b>\$ 328,173</b>	<b>\$0</b>	<b>\$0</b>

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds					
	Developer Bond Deposits	Open Space Fees	Charlestown Community Garden	Naval Airfield Memorial	Police Forfeiture	Municipal Planning
		\$ 38		\$ 5,000	\$ 428	
		3,300			10	
<b>TOTAL REVENUES</b>	<b>\$0</b>	<b>\$ 3,338</b>	<b>\$ 0</b>	<b>\$ 5,000</b>	<b>\$ 3,438</b>	<b>\$ 0</b>

**EXPENDITURES:**

**Current:**

General government 307  
 Public safety  
 Parks and recreation  
 Community development

**Debt service:**

Interest and other costs

**Capital:**

Capital outlay

**TOTAL EXPENDITURES**

**EXCESS OF REVENUE OVER (UNDER) EXPENDITURES  
BEFORE OTHER FINANCING SOURCES (USES)**

**OTHER FINANCING SOURCES (USES):**

Proceeds from bond issuance  
 Transfers in  
 Transfers out

**NET OTHER FINANCING SOURCES (USES)**

**NET CHANGE IN FUND BALANCES**

**FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR**

**FUND BALANCE (DEFICIT) AT END OF YEAR**

	0	0	6,270	737	546	307
	0	3,338	(6,270)	4,263	2,892	(307)
	0	0	33	0	0	0
	0	3,338	(6,237)	4,263	2,892	(307)
	0	37,489	6,237	604	6,525	79,426
<b>\$0</b>	<b>\$ 40,827</b>	<b>\$ 0</b>	<b>\$ 4,867</b>	<b>\$ 9,417</b>	<b>\$ 79,119</b>	

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds						
	Affordable Housing Initiatives	Birthday Committee	CDBG - Disaster Recovery	Commission on Disabilities	Community Development Block Grant	Police Evidence Property	Historical and Vital Records
<b>REVENUES:</b>							
Intergovernmental			\$ 100,766	\$ 9,500	\$ 105,428		
Investment income							
Other	\$ 0	\$ 0	100,766	9,500	9,072	\$ 0	\$ 13,996
<b>TOTAL REVENUES</b>							
<b>EXPENDITURES:</b>							
<b>Current:</b>							
General government							31,529
Public safety							
Parks and recreation							
Community development	6,576		100,766		114,482		
<b>Debt service:</b>							
Interest and other costs							
<b>Capital:</b>							
Capital outlay				9,733			
<b>TOTAL EXPENDITURES</b>							
	6,576	0	100,766	9,733	114,482	0	31,529
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	(6,576)	0	0	(233)	18	0	(17,533)
<b>OTHER FINANCING SOURCES (USES):</b>							
Proceeds from bond issuance							
Transfers in				233			
Transfers out							
<b>NET OTHER FINANCING SOURCES (USES)</b>	0	0	0	233	0	0	0
<b>NET CHANGE IN FUND BALANCES</b>	(6,576)	0	0	0	18	0	(17,533)
<b>FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR</b>	42,922	1,906	0	0	148	0	103,534
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	\$ 36,346	\$ 1,906	\$ 0	\$ 0	\$ 166	\$ 0	\$ 86,001

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds						Capital Project Funds	
	Ninigret Dog Park	Roof Drainage System Performance Bond	Taquonck's Treasures	Comprehensive Planning Grant	Special Donations	Open Space Acquisitions	Klondike Road	
<b>REVENUES:</b>								
Intergovernmental				\$ 31	\$ 27			
Investment income	775				25,014			
Other	775	\$0	\$ 0	31	25,041	0	0	\$ 0
<b>TOTAL REVENUES</b>								
	633	0	0	53,333	0	19,157	726,267	726,267
<b>EXPENDITURES:</b>								
<b>Current:</b>								
General government				53,333				
Public safety								
Parks and recreation	633							
Community development								
<b>Debt service:</b>						19,157		
Interest and other costs								
<b>Capital:</b>								
Capital outlay								
<b>TOTAL EXPENDITURES</b>								
	142	0	0	(53,302)	25,041	(19,157)	(726,267)	(726,267)
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>								
	0	0	(92)	35,000	45,000	2,000,000		
<b>OTHER FINANCING SOURCES (USES):</b>								
Proceeds from bond issuance								
Transfers in								
Transfers out								
<b>NET OTHER FINANCING SOURCES (USES)</b>								
	142	0	(92)	(18,302)	70,041	1,980,843	(726,267)	(726,267)
<b>NET CHANGE IN FUND BALANCES</b>								
	223	0	92	30,222	5,227	(2,014,846)	699,539	699,539
<b>FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR</b>								
	365	\$0	\$ 0	11,920	\$ 75,268	\$ (34,003)	\$ (26,728)	(26,728)
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>								

TOWN OF CHARLESTOWN, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015

	Capital Project Funds					
	Asphalt Resurfacing	Stormwater Elimination Project	RI DEM - Ninigret Park	Town Capital Maintenance Fund	Columbia Heights Streetscapes Enhancement	DPW Road Engineering
			\$ 195,474			
<b>TOTAL REVENUES</b>	\$ 0	\$ 0	\$ 195,474	\$ 0	\$ 0	\$ 0

**REVENUES:**

Intergovernmental  
Investment income  
Other

**TOTAL REVENUES**

**EXPENDITURES:**

**Current:**  
General government  
Public safety  
Parks and recreation  
Community development  
**Debt service:**  
Interest and other costs

**Capital:**

Capital outlay

**TOTAL EXPENDITURES**

**EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)**

**OTHER FINANCING SOURCES (USES):**

Proceeds from bond issuance  
Transfers in  
Transfers out

**NET OTHER FINANCING SOURCES (USES)**

**NET CHANGE IN FUND BALANCES**

**FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR**

**FUND BALANCE (DEFICIT) AT END OF YEAR**

	0	(5,171)	(195,475)	(39,889)	0	0
	0	296,626	155,318	100,000		
	0	296,626	155,318	100,000	0	0
	0	291,455	(40,157)	60,111	0	0
	46,693	33,158	0	22,750	0	38,448
<b>\$</b>	<b>46,693</b>	<b>\$ 324,613</b>	<b>\$ (40,157)</b>	<b>\$ 82,861</b>	<b>\$ 0</b>	<b>\$ 38,448</b>

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015**

	Capital Project Funds				Permanent Funds			Total Non-Major Governmental Funds
	Beach Pavilions	Web Based GIS	Pond and Beach Preservation	Zenis Ellis Trust	Cemetery Fund			
<b>REVENUES:</b>								
Intergovernmental							\$	427,345
Investment income								474
Other								112,549
<b>TOTAL REVENUES</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$	540,368
<b>EXPENDITURES:</b>								
<b>Current:</b>								
General government								86,406
Public safety								12,751
Parks and recreation								10,472
Community development								632,544
Debt service:								
Interest and other costs								19,157
<b>Capital:</b>								
Capital outlay								1,177,639
<b>TOTAL EXPENDITURES</b>	0	0	0	0	0	0		1,938,969
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	0	0	0	0	0	0		(1,398,601)
<b>OTHER FINANCING SOURCES (USES):</b>								
Proceeds from bond issuance			250,000					2,000,000
Transfers in	(4,444)							882,302
Transfers out	(4,444)	0	250,000	0	0	0		(189,536)
<b>NET OTHER FINANCING SOURCES (USES)</b>	(4,444)	0	250,000	0	0	0		2,692,766
<b>NET CHANGE IN FUND BALANCES</b>	(4,444)	0	250,000	0	0	0		1,294,165
<b>FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR</b>	4,444	8,000	275,000	950	590			607,439
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	\$ 0	\$ 8,000	\$ 525,000	\$ 950	\$ 590	\$	\$	1,901,604

(CONCLUDED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**TAX COLLECTOR'S ANNUAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<b>Real Estate and Personal Property Taxes</b>		Current year	Refunds and	Amount to be	Collections	Balance
Fiscal Year	Balance	Assessment	(Abate-ments)	Collected		June 30, 2015
End	July 1, 2014	Additions	Adjustments			
2015		\$ 23,095,033	\$ 47,640	\$ 23,119,720	\$ 22,742,945	\$ 376,775
2014	\$ 543,330	752	1,840	545,170	422,085	123,085
2013	201,676		(37)	201,639	116,209	85,430
2012	125,083		2,147	127,230	46,761	80,469
2011	85,544		(88)	85,456	24,118	61,338
2010	43,840		(95)	43,745	2,640	41,105
2009	37,817			37,817	5,482	32,335
2008	35,370			35,370	406	34,964
2007	32,895			32,895	720	32,175
2006	30,939			30,939	368	30,571
2005 and prior	241,397			241,397	2,682	238,715
	1,377,891	\$ 23,095,033	\$ 51,407	\$ 24,501,378	\$ 23,364,416	1,136,962
Less: estimated allowance for uncollectible accounts	(396,700)					(431,700)
<b>Net property taxes</b>	<b>\$ 981,191</b>					<b>\$ 705,262</b>
<b>Schedule of Most Recent Net Assessed Property Value by Category</b>						
		Assessed Valuations	Levy	Reconciliation of Current Year Property Tax Revenue		
<b>Description of Property</b>	<b>Rates</b>			Current year collections		\$ 23,364,416
Real-Property- Residential	9.90	\$ 2,170,797,300	\$ 21,263,971	<u>Adjustments and reversals</u>		
Real-Property-Commercial/Industrial	9.90	73,662,400	729,258	Add: Revenue collected 60 days subsequent to fiscal year ended ended June 30, 2015		
Motor Vehicles	13.08	81,855,430	906,163			113,203
Tangible and Personal Property	9.90	19,749,617	195,641			
<b>Total</b>		<b>2,346,064,747</b>	<b>\$ 23,095,033</b>			
			(35,482,293)			(238,605)
<b>Exemptions</b>			<b>\$ 2,310,582,454</b>			<b>(53,981)</b>
<b>Net Assessed Values</b>				Less refunds and adjustments		
				Current year property tax revenue		\$ 23,185,033



TOWN OF CHARLESTOWN

REPORT IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

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Gerard R. Cayer  
CPA, MST

Mark V. Caccia  
CPA, MST

Donna T. Caccia  
CPA, MST, CFP™

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

To the Honorable Town Council  
Charlestown, 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 Charlestown, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Charlestown's basic financial statements, and have issued our report thereon dated December 23, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Charlestown'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 Charlestown's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Charlestown'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 Charlestown'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.

December 23, 2015

*Cayen Caccia, LLP*