TOWN OF
CHARLESTOWN, RHODE ISLAND

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2017

Prepared by:

Patricia M. Anderson

Treasurer

TABLE OF CONTENTS

(CONTINUED)

TABLE OF CONTENTS

(CONCLUDED)

TOWN OF CHARLESTOWN

INTRODUCTORY SECTION

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 29, 2017

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, 2017, 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, 2017. 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 relating to federal financial assistance is required for the 2017 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 $750,000 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 2016-2017 fiscal year:

> The Town of Charlestown began a program in FY16 to promote public awareness of the profligate consumption of single-use plastic bags, and the environmental impact of plastic waste. The Charlestown Town Council held two public discussions pertaining to this matter which prompted the town to ban single-use plastic bags on municipal properties only, and to otherwise focus on reducing consumption at retail outlets by promoting reusable tote bags. The council appropriated funds toward weaning shoppers from plastic by subsidizing reusable washable tote bags. The bags, made of natural fiber, were to be provided to local merchants at about half the cost incurred by the town, on the condition that they would be resold to customers without markup. Each bag is embossed with an attractive logo, created by the town GIS office that identifies the bag as a product of the Town of Charlestown and its "Green Consumer Initiative". The bags come with a similarly embossed bumper sticker to promote the

initiative. Merchants were invited to advertise their voluntary participation in the program by posting the sticker for prominent display at their place of business. The Town continues to promote the program.

The Charlestown Police Department was awarded accreditation based on an assessment by the Rhode Island Police Accreditation Commission. The detailed evaluation ensures that the police adhere to best practices and are operating at the highest level possible when it comes to meeting state and national police standards. This is an ongoing process.

The land evidence software continues to be updated through ACS.

The Police Department completed the hurricane screen protection project and purchased a new pickup truck.

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 heavy duty dump truck. A new vehicle was also purchased for use by the WasteWater and GIS Departments.

On May 1, 2015 the Town was accepted into the Community Rating System [CRS] 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 receive discounts on their Flood Insurance Premiums based on the "Class" rating in the CRS Program. The Town 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 having a "standard" flood insurance policy with a 15% discount on their flood insurance premiums. The CRS program requires an annual review and recertification followed by a 5 year complete re-application process. To date, the Town has continued to implement the activities credited by the program to maintain the Class 7 rating. Additionally, on July 25, 2017, after 2 years of vigorous work by the Natural Hazard Mitigation Committee, the Hazard Mitigation Plan has been completed and officially approved by FEMA. The adoption of a Hazard Mitigation Plan is an essential part of maintaining the Town's CRS rating. Currently, there are 728 Flood Insurance Policies in effect in the Town of Charlestown with the Class 7 rating saving property owners in Charlestown a total of $168,658 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 2018. 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 saw an increase in program revenues generated through summer camp, beaches, youth basketball and other new programs. The tennis courts and basketball courts in Ninigret Park were renovated and spectator benches were placed at the basketball court along with new benches at the tennis courts. A bike path was constructed within Ninigret Park. Two composting toilets were placed across from the playgrounds allowing for access after the facilities are closed for the winter. In Columbia Heights, the Clark Memorial Field playground was moved to a more central location and a Summer Block Party was held to bring a sense of community to that area.

The Senior Community Center kitchen floor was replaced and a generator was installed. The parking lot lighting project began in 2017. Attendance has been high at all fitness programs and center related programs.

The Town started using a Lockbox with The Washington Trust Company for tax payments. Tax payments are sent to the bank instead of the Town hall. The payments are deposited into the Town's general fund account that day and a file is prepared by the bank that is sent to the Town to be uploaded into the Vision software to record the payments to the individual taxpayers' account. This ensures accuracy and timely deposits.

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 2017 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 2017 the Town experienced minimal losses on insurance claims and the Town anticipates a similar situation in 2018. 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, 2017 through 2019 in response to the Town's request for proposal issued in 2017.

Sincerely,

Patricia M. Anderson

Patricia M. Anderson
Treasurer

MUNICIPAL OFFICERS

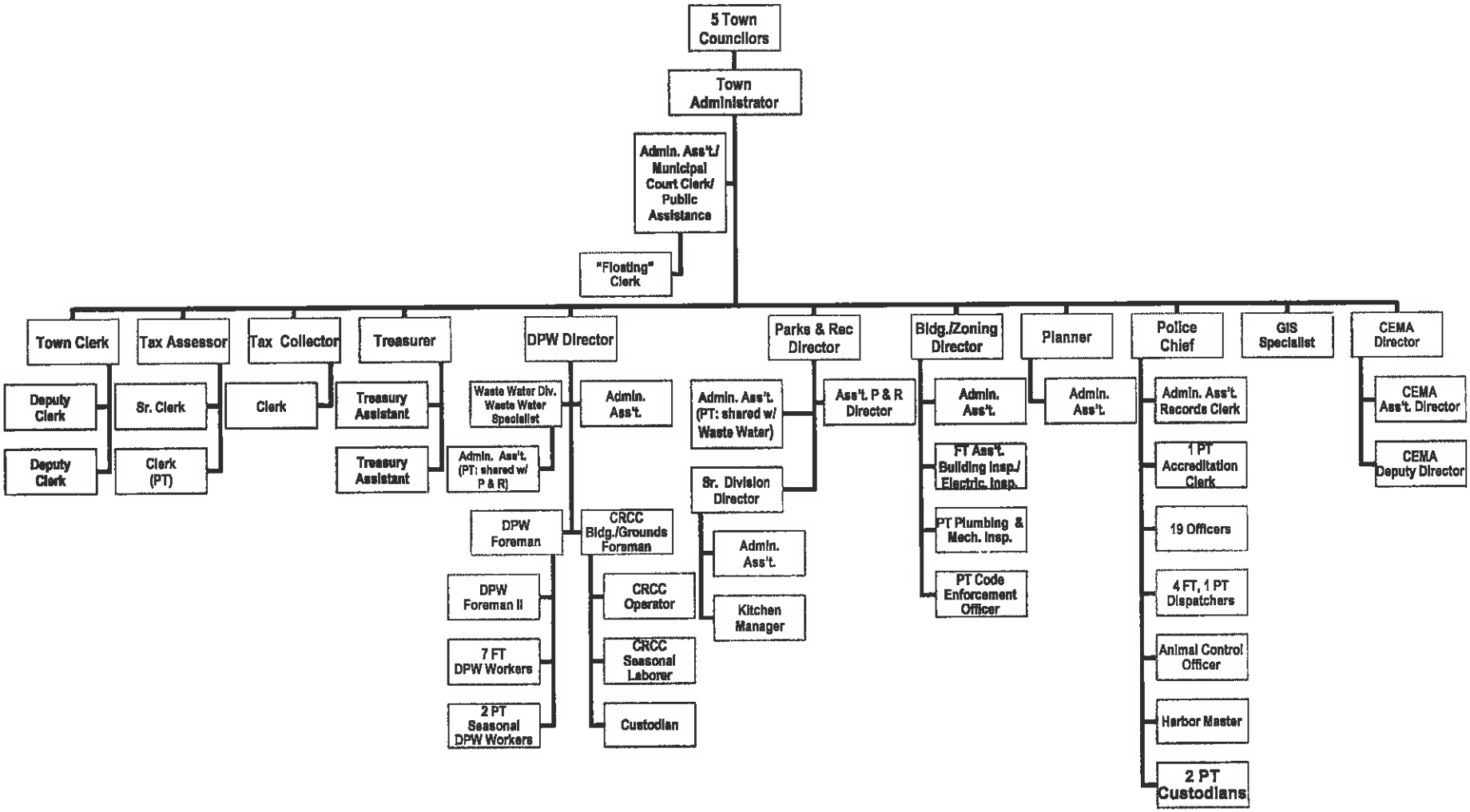
Town Council

Virginia Lee, President
Julie A. Carroccia, Vice President
Denise Rhodes
Bonnie Van Slyke
Steven J. Williams

Town Officials

Town Administrator	*Mark S. Stankiewicz*
Chief of Police	*Jeffrey Allen*
Town Clerk	*Amy Rose Weinreich*
Treasurer	*Patricia M. Anderson*
Tax Assessor	*Kenneth J. Swain*
Tax Collector	*Jo-Anne Santos*
Building & Zoning Official	*Joseph Warner*
Public Works Director	*Alan A. Arsenault*
Parks & Recreation Director	*Vicky Hilton*
Town Planner	*Jane Weidman*
Animal Control Officer	*Kathy M. McA'Nulty*
Harbormaster	*Justin Vail*
Town Solicitor	*Peter Ruggiero*
Probate Solicitor	*Robert Craven*
Solicitor Indian Affairs	*Joseph Larisa, Jr.*
Emergency Management	*Kevin Gallup*
Town Moderator	*Leo Mainelli*
Sealer of Weights & Measures	*Bernard Augustine*
Custodian of Cemeteries	*Francis Fenner*
Public Assistance	*Michele Voislow*
GIS	*Steven McCandless*

Charlestown, RI
Government Organizational Chart



TOWN OF CHARLESTOWN

FINANCIAL SECTION

Cayer Caccia

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, 2017, and the related notes to the financial statements, which collectively comprise the Town of Charlestown, Rhode Island's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Charlestown, Rhode Island, as of June 30, 2017, 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.

Changes in Accounting Principles

As discussed in Note 20 to the financial statements, during the fiscal year ended June 30, 2017, the Town adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB).* The net position of the Town has been restated to recognize the net OPEB liability required in implementing GASB No. 75. 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 76 through 90 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, Tax Collector's Annual Report, and Annual Supplemental Transparency Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Charlestown, Rhode Island's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Charlestown, Rhode Island's internal control over financial reporting and compliance.

Cayer Caccia, LLP

December 29, 2017

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, 2016, the Town of Charlestown implemented GASB Statement No. 74 and early implemented GASB Statement No. 75 which established new financial reporting and disclosure requirements for state and local governments. See Note 20 for additional explanation.

Highlights

Financial Highlights

The Town's net position increased by $2,822,755 (or 12.2%). Governmental net position increased by $2,823,033, (or 12.3%), while the business-type activities net position decreased by $278, (or 0.1%). In 2016, governmental net position decreased by $885,536 (or 3.72%), while the business-type activities net position decreased by $16,596, (or 7.7%).

Governmental activities revenues for the year ending June 30, 2017 totaled $31,737,737 including charges for services at $1,432,958, operating grants and contributions at $5,892,369, capital grants and contributions at $11,119 with the balance of revenue from property taxes, revenue sharing, investment interest, and contributions not restricted to specific programs of $24,401,291.

Business-type activities revenues for the year ending June 30, 2017 totaled $238,496 including charges for services of $212,924, investment income of $572, and transfers in of $25,000.

Governmental fund expenditures for the fiscal year totaled $28,914,704. Business-type activities expenses for the fiscal year totaled $238,774.

On the GAAP basis, expenditures and other financing uses were $26,990,924 for the general fund; $3,727,089 for the CDBG – Disaster Recovery Fund; $971,909 for the non-major governmental funds; and $238,774 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	
	2017	2016 As Restated	2017	2016	2017	2016 As Restated
Current and Other Assets	$15,124,583	$13,576,170	$ 54,456	$ 47,832	$15,179,039	$13,624,002
Capital Assets	26,110,726	25,620,138	166,506	172,361	26,277,232	25,792,499
Total Assets	41,235,309	39,196,308	220,962	220,193	41,456,271	39,416,501
Deferred Outflows of Resources	2,002,020	1,282,489	0	0	2,002,020	1,282,489
Current Liabilities	2,883,378	3,907,720	11,938	11,150	2,895,316	3,918,870
Long Term Liabilities	13,439,943	12,641,066	10,363	10,104	13,450,306	12,651,170
Total Liabilities	16,323,321	16,548,786	22,301	21,254	16,345,622	16,570,040
Deferred Inflows of Resources	1,158,646	997,682	0	0	1,158,646	997,682
Net Investment in Capital Assets	20,246,216	20,316,446	166,506	172,361	20,412,722	20,488,807
Restricted for Other Purpose	5,498,817	4,211,199	10,000	10,000	5,508,817	4,221,199
Unrestricted	10,329	(1,595,316)	22,155	16,578	32,484	(1,578,738)
Total Net Position	$25,755,362	$22,932,329	$198,661	$198,939	$25,954,023	$23,131,268

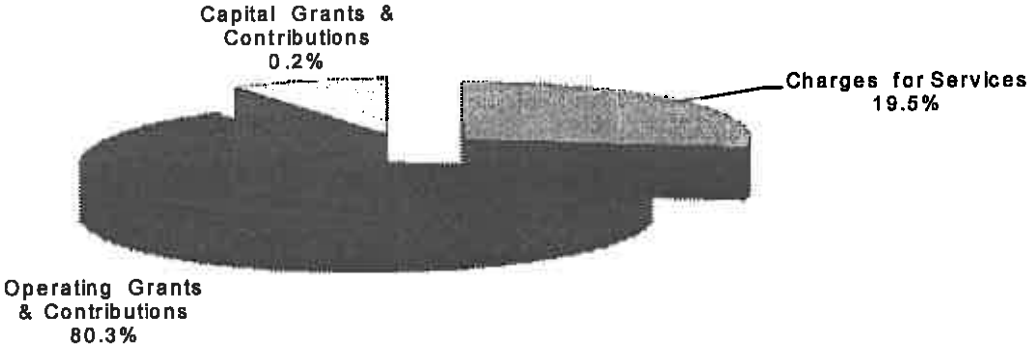
Net Position equals Total Assets plus Deferred Outflows of Resources less Total Liabilities and Deferred Inflows of Resources.

Changes in Net Position
For fiscal Year Ended
June 30:

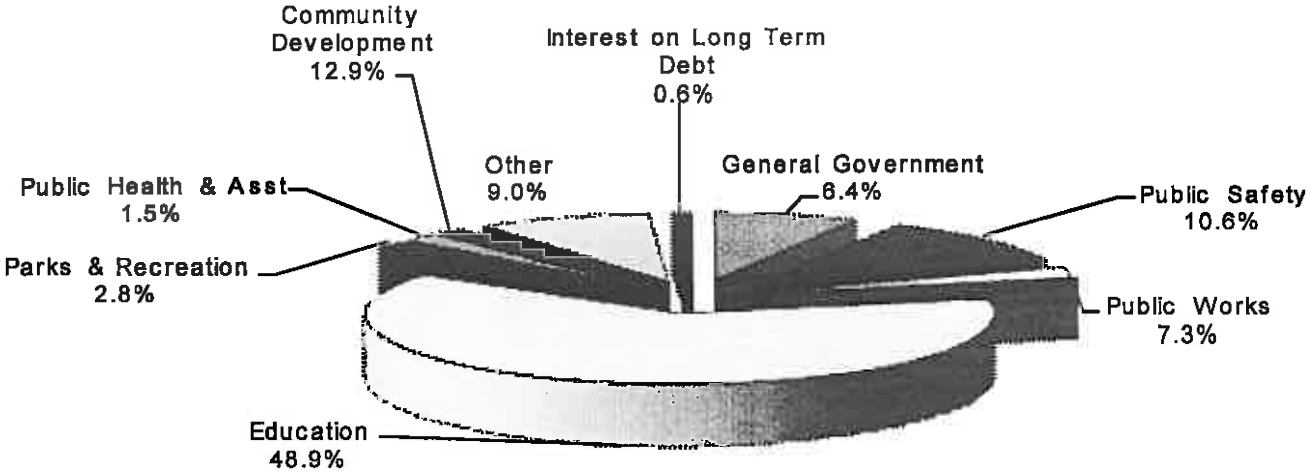
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016 As Restated	2017	2016	2017	2016 As Restated
Revenue:						
Program Revenue:						
Charges for services	$ 1,432,958	$ 1,441,132	$ 212,924	$ 211,345	$ 1,645,882	$ 1,652,477
Operating Grants & Contributions	5,892,369	2,702,580			5,892,369	2,702,580
Capital Grants & Contributions	11,119	23,697			11,119	23,697
Total Program Revenue	7,336,446	4,167,409	212,924	211,345	7,549,370	4,378,754
General Revenue:						
Property Tax	24,175,022	23,834,028			24,175,022	23,834,028
Gain on sale of Capital Asset						
Unrestricted Investment Earnings	45,648	28,847	572	560	46,220	29,407
Contributions not restricted to specific programs	180,621	320,000			180,621	320,000
Total General Revenue	24,401,291	24,182,875	572	560	24,401,863	24,183,435
Total Revenue	31,737,737	28,350,284	213,496	211,905	31,951,233	28,562,189
Expenses:						
General Government	1,844,562	2,128,016			1,844,562	2,128,016
Public Safety	3,059,957	6,011,414			3,059,957	6,011,414
Public Works	2,117,436	2,184,469			2,117,436	2,184,469
Education	14,135,172	14,287,885			14,135,172	14,287,885
Parks & Recreation	806,072	721,722			806,072	721,722
Public Health & Asst	427,547	420,852			427,547	420,852
Community Development	3,728,827	504,724			3,728,827	504,724
Other	2,596,478	2,818,886	238,774	243,501	2,835,252	3,062,387
Interest on Long Term Debt	173,653	142,852			173,653	142,852
Total Expenses	28,889,704	29,220,820	238,774	243,501	29,128,478	29,464,321
Excess (deficiency) Of Revenue Over Expenditures Before Transfers	2,848,033	(870,536)	(25,278)	(31,596)	2,822,755	(902,132)
Transfers	(25,000)	(15,000)	25,000	15,000		
Change in Net Position	2,823,033	(885,536)	(278)	(16,596)	2,822,755	(902,132)
Net Position Beginning, as Restated	22,932,329	23,817,865	198,939	215,535	23,131,268	24,033,400
Net Position Ending	$ 25,755,362	$ 22,932,329	$ 198,661	$ 198,939	$ 25,954,023	$ 23,131,268

This is the fifteenth 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 2017. 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.

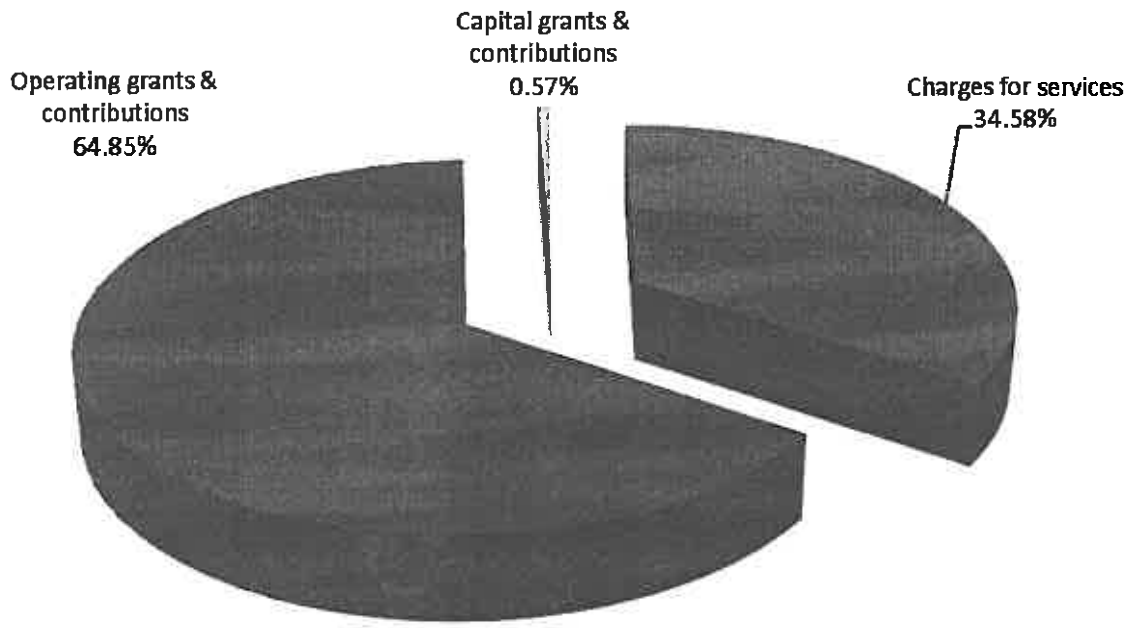
2017 Program Revenues



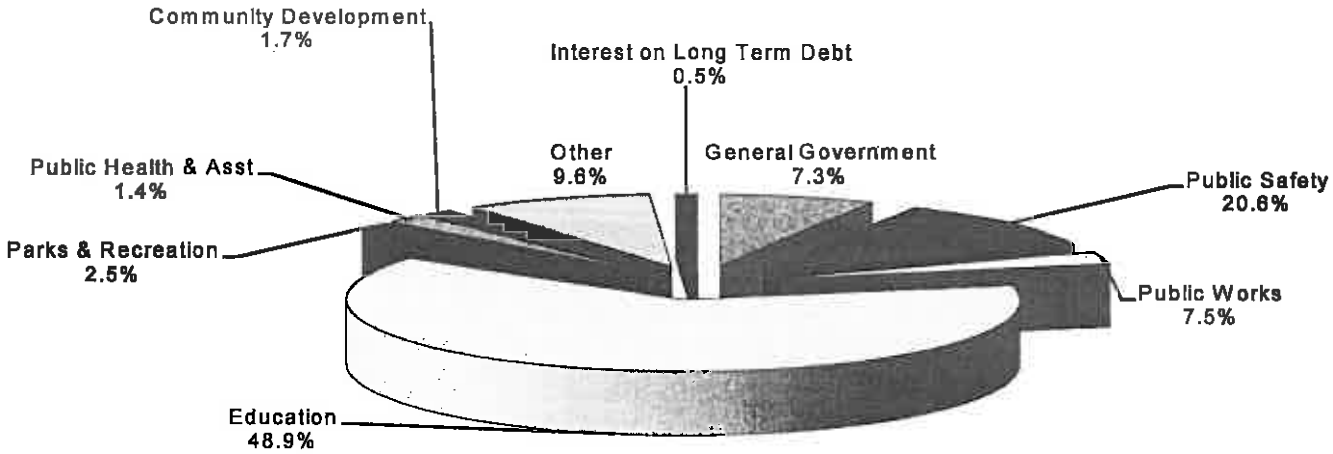
2017 Expenses



2016 Program Revenues



2016 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 $2,822,755 and $(902,132) for fiscal year 2017 and 2016, respectively, resulting from the difference between expenses and revenues. For fiscal year 2017, expenses net of their pertinent revenues were $21,579,108, while revenue not attributed to any activity in the government were $24,401,863, therefore netting an increase of $2,822,755 in net position. For fiscal year 2016, expenses net of their pertinent revenues was $25,085,567, while revenues not attributed to any activity in the government were $24,183,435, therefore netting an increase of $(902,132) in net position.

Business-type Activities:

The change in net position for the business-type activities for fiscal year 2017 and 2016 was $(278) and $(16,596), 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 2017, the general fund balance sheet showed a fund balance of $8,794,931. This figure results from all assets allocated to the fund less its liabilities, as presented on page 21. Of this total, $587,204 was nonspendable for tax sale property and prepaid expenditures, $1,197,288 was restricted mainly for employee severance benefits and general government expenditures, and $7,010,439 was unassigned. The Town was also required to show any other major funds which are determined by criteria listed by the GASB. The CDBG – Disaster Recovery Fund has been designated a major fund. Other governmental funds had a fund balance of $3,776,185 of which $1,540 was nonspendable for perpetual care, $4,006,185 was restricted mainly for capital projects, community development, and general government expenditures, $129,257 was committed mainly for parks and recreation and $(360,797) was unassigned. The total fund balance for the aforementioned funds is $12,571,116. 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 $1,195,013 at June 30, 2017.

At the end of June 2016, the general fund balance sheet showed a fund balance of $7,970,141. This figure results from all assets allocated to the fund less its liabilities, as presented on page 21. Of this total, $1,265,227 was nonspendable for tax sale property and prepaid expenditures, $1,033,738 was restricted mainly for employee severance benefits and general government expenditures, and $5,671,176 was unassigned. The Town was also required to show any other major funds which are determined by criteria listed by the GASB. The CDBG – Disaster Recovery Fund has been designated a major fund. Other governmental funds had a fund balance of $1,893,496 of which $1,540 was nonspendable for perpetual care, $2,206,544 was restricted mainly for capital projects, community development, and general government expenditures, $138,494 was committed mainly for parks and recreation and $(453,082) was unassigned. The total fund balance for the aforementioned funds is $9,863,637. 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 $1,033,961 at June 30, 2016.

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 $198,661 at June 30, 2017, of which $166,506 is the net investment in capital assets, $10,000 is restricted and $22,155 is unrestricted. At June 30, 2016, these two entities combined had total net position of $198,939 of which $172,361 was the net investment in capital assets, $10,000 was restricted and $16,578 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-6" on page 83. 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, 2017, the general fund revenues exceeded budget projections by $462,616, or 1.7%. The general fund expenditures were less than the budget by $476,122, or 1.7%. This resulted in a $938,738 budgetary surplus in the general fund for the year ending June 30, 2017.

The most significant revenue variances are the tax collection and interest on delinquent taxes in the amount of $(31,163), beverage/meals tax of $81,888, transfer stamps of $62,921, and investment income of $36,693. The most significant expense variances were savings in the Public Works department for highway and public building and grounds and the Police Department, WasteWater and the Tax Collector's Office.

For the year ended June 30, 2016, the general fund revenues exceeded budget projections by $945,584, or 3.5%. The general fund expenditures were less than the budget by $484,032, or 1.8%. This resulted in a $1,429,616 budgetary surplus in the general fund for the year ending June 30, 2016.

The most significant revenue variances are the tax collection and interest on delinquent taxes in the amount of $112,768, beach receipts of $128,003, building inspecting fees of $61,247 and a reimbursement of transportation aid in the amount of $101,223. The most significant expense variances were savings in the Public Works department for highway and public building and grounds and the Police Department. There were also savings of $148,911 on employee insurance and benefits.

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, 2017 and 2016 amounted to $26.3 and $25.8 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 GASB34.

Capital Assets at June 30:
(In Millions)

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Motor Vehicles	$ 3.4	$ 3.3			$ 3.4	$ 3.3
Equipment	1.2	1.1	$0.3	$0.3	1.5	1.4
Infrastructure	47.8	47.2			47.8	47.2
Buildings and Improvements	9.5	9.2			9.5	9.2
Land and Land Improvements	10.6	10.0	0.2	0.2	10.8	10.2
Construction-in-progress	0.1				0.1	
Total Assets	72.6	70.8	0.5	0.5	73.1	71.3
Less: Accumulated Depreciation	(46.5)	(45.2)	(0.3)	(0.3)	(46.8)	(45.5)
Net Capital Assets	$26.1	$25.6	$0.2	$0.2	$26.3	$25.8

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2017 was $73.1 million less accumulated depreciation of $46.8 million for a net investment in capital assets of $26.3 million.

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2016 was $71.3 million less accumulated depreciation of $45.5 million for a net investment in capital assets of $25.8 million.

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

- $ 661,763 for Infrastructure
- $ 579,975 for Land Improvements
- $ 289,867 for Building Improvements
- $ 276,636 for Vehicles
- $ 52,368 for Equipment

Additional information on the Town's capital assets can be found on Note 13 on page 64 – 65 of this report.

Long-Term Debt

As of June 30, 2017, the Town had total long-term liabilities of $6.9 million. Of that, $5.4 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 $0.4 million related to leases payable.

As of June 30, 2016, the Town had total long-term liabilities of $6.3 million. Of that, $4.9 million related to bonded debt guaranteed by the Town's assets, $0.1 related to landfill monitoring costs; $.9 million related to compensated absences; and $0.4 million related to leases payable.

The business-type activities had long-term liabilities $10,363 at June 30, 2017. This is related to compensated absences.

The business-type activities had long-term liabilities $10,104 at June 30, 2016. 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

TOWN OF CHARLESTOWN, RHODE ISLAND

STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	$ 10,722,805	$ 793,404	$ 11,516,209
Restricted cash and cash equivalents		15,964	15,964
Investments	500		500
Receivables:			
Taxes, net	635,781		635,781
Other receivables	26,398	4,348	30,746
Internal balances	760,260	(760,260)	
Due from other governments	2,685,035		2,685,035
Prepaid expenses	21,727	1,000	22,727
Tax sale property	272,077		272,077
Total current assets	15,124,583	54,456	15,179,039
Noncurrent assets:			
Capital assets:			
Non-depreciable	9,801,422	99,500	9,900,922
Depreciable, net	16,309,304	67,006	16,376,310
Total noncurrent assets	26,110,726	166,506	26,277,232
TOTAL ASSETS	41,235,309	220,962	41,456,271
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	1,994,301		1,994,301
Deferred expense on refunding bonds	7,719		7,719
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,002,020	0	2,002,020
LIABILITIES:			
Current liabilities:			
Accounts payable	864,716	11,938	876,654
Retainage payable	181,145		181,145
Accrued interest	23,528		23,528
Due to other governments	26,114		26,114
Current portion of long-term debt	565,845		565,845
Unearned revenue	1,195,948		1,195,948
Other liabilities	26,082		26,082
Total current liabilities	2,883,378	11,938	2,895,316
Noncurrent liabilities:			
Long-term debt, net	6,384,978	10,363	6,395,341
Net pension liability	4,621,787		4,621,787
Net other post-employment benefit liability	2,433,178		2,433,178
Total noncurrent liabilities	13,439,943	10,363	13,450,306
TOTAL LIABILITIES	16,323,321	22,301	16,345,622

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	1,158,646		1,158,646
TOTAL DEFERRED INFLOWS OF RESOURCES	1,158,646	0	1,158,646
NET POSITION:			
Net investment in capital assets	20,246,216	166,506	20,412,722
Restricted - nonexpendable	295,344	10,000	305,344
Restricted for:			
Community development	328,252		328,252
Education	400,310		400,310
Capital projects	3,134,242		3,134,242
Employee severance benefits	562,518		562,518
Special purposes	778,151		778,151
Unrestricted	10,329	22,155	32,484
TOTAL NET POSITION	$ 25,755,362	$ 198,661	$ 25,954,023

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Functions/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
General government	$ 1,844,562	$ 741,341	$ 383,867		$ (719,354)		$ (719,354)
Public safety	3,059,957	56,356	6,052	$ 7,605	(2,989,944)		(2,989,944)
Public works	2,117,436				(2,117,436)		(2,117,436)
Education	14,135,172		1,687,921		(12,447,251)		(12,447,251)
Parks and recreation	806,072	635,261	33,167	3,514	(134,130)		(134,130)
Public health and assistance	427,547				(427,547)		(427,547)
Community development	3,728,827		3,781,362		52,535		52,535
Other	2,596,478				(2,596,478)		(2,596,478)
Interest on long-term debt	173,653				(173,653)		(173,653)
Total governmental activities	28,889,704	1,432,958	5,892,369	11,119	(21,553,258)		(21,553,258)
Business-type activities:							
Residential Collection Center	180,212	156,899				$ (23,313)	(23,313)
Coastal Pond Management	58,562	56,025				(2,537)	(2,537)
Total business-type activities	238,774	212,924	0	0	0	(25,850)	(25,850)
Total	$ 29,128,478	$ 1,645,882	$ 5,892,369	$ 11,119	(21,553,258)	(25,850)	(21,579,108)
General revenues:							
Property taxes					24,175,022		24,175,022
Unrestricted investment earnings					45,648	572	46,220
Contributions not restricted to specific programs					180,621		180,621
Transfers					(25,000)	25,000	
Total general revenues and transfers					24,376,291	25,572	24,401,863
Change in net position					2,823,033	(278)	2,822,755
Net Position - beginning, as restated					22,932,329	198,939	23,131,268
Net Position - ending					$ 25,755,362	$ 198,661	$ 25,954,023

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	CDBG - Disaster Recovery	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	$ 10,260,004		$ 462,801	$ 10,722,805
Investments			500	500
Receivables:				
Taxes, net	635,781			635,781
Other	26,398			26,398
Due from:				
Other funds	1,826,979		3,719,863	5,546,842
Other governments	111,242	$ 1,766,155	807,638	2,685,035
Prepaid expenditures	315,127			315,127
Tax sale property	272,077			272,077
TOTAL ASSETS	$ 13,447,608	$ 1,766,155	$ 4,990,802	$ 20,204,565
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:				
LIABILITIES:				
Accounts payable	$ 197,606	$ 650,540	$ 16,570	$ 864,716
Retainage payable	10,994	167,651	2,500	181,145
Due to:				
Other funds	3,724,402	553,389	508,791	4,786,582
Other governments	26,114			26,114
Unearned revenues	139,427	394,575	661,946	1,195,948
Other liabilities	1,272		24,810	26,082
TOTAL LIABILITIES	4,099,815	1,766,155	1,214,617	7,080,587
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	552,862		0	552,862
TOTAL DEFERRED INFLOWS OF RESOURCES	552,862	0	0	552,862
FUND BALANCES:				
Nonspendable	587,204		1,540	588,744
Restricted	1,197,288		4,006,185	5,203,473
Committed			129,257	129,257
Unassigned	7,010,439		(360,797)	6,649,642
TOTAL FUND BALANCES	8,794,931	0	3,776,185	12,571,116
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 13,447,608	$ 1,766,155	$ 4,990,802	$ 20,204,565

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, 2017

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

Total Fund Balance (B-1)		$ 12,571,116
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Governmental capital assets	72,579,228	
Less: accumulated depreciation	(46,468,502)	
		26,110,726
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.		1,994,301
Net other post-employment benefit (OPEB) liability is not reported in the governmental funds. This amount represents accumulated plan contributions in excess of annual OPEB costs.		(2,433,178)
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	(5,365,000)	
Prepayment on bonds payable	(293,400)	
Leases payable	(445,047)	
Premium	(63,547)	
Current year amortization	9,084	
Deferred expense on refunding bonds	9,003	
Current year amortization	(1,284)	
Compensated absences	(984,198)	
Landfill closure and post-closure care costs	(102,115)	
		(7,236,504)
Net pension liability is not reported in the governmental funds.		(4,621,787)
Pension related deferrals are not reported in the governmental funds.		(1,158,646)
Certain deferred inflows of resources in governmental funds are susceptible to full accrual on the entity-wide statements.		552,862
Accrued interest payable is recorded in governmental activities, but is not recorded in the funds.		(23,528)
Total Net Position (A-1)		$ 25,755,362

(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, 2017

	General Fund	CDBG - Disaster Recovery	Other Governmental Funds	Total Governmental Funds
REVENUES:				
General property taxes	$ 24,110,974			$ 24,110,974
Intergovernmental	2,120,113	$ 3,727,089	$ 102,020	5,949,222
Departmental	1,353,429			1,353,429
Investment income	45,193		455	45,648
Other	1,562		85,779	87,341
TOTAL REVENUES	27,631,271	3,727,089	188,254	31,546,614
EXPENDITURES:				
Current:				
General government	1,698,643		45,420	1,744,063
Public safety	2,541,636		5,432	2,547,068
Public works	1,565,524			1,565,524
Education	14,111,439			14,111,439
Parks and recreation	601,632		5,306	606,938
Public health and assistance	427,547			427,547
Community development		3,645,032	83,795	3,728,827
Other	2,553,374			2,553,374
Debt Service:				
Principal	430,000			430,000
Interest and other costs	278,461		18,583	297,044
Capital:				
Capital outlay	629,824	82,057	763,373	1,475,254
TOTAL EXPENDITURES	24,838,080	3,727,089	921,909	29,487,078
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	2,793,191	0	(733,655)	2,059,536
OTHER FINANCING SOURCES (USES):				
Transfers in	50,000		1,666,344	1,716,344
Transfers out	(2,141,344)		(50,000)	(2,191,344)
Proceeds from bond issuance			1,000,000	1,000,000
Proceeds from capital leases	134,443			134,443
Landfill monitoring	(11,500)			(11,500)
NET OTHER FINANCING SOURCES (USES)	(1,968,401)	0	2,616,344	647,943
NET CHANGE IN FUND BALANCES	824,790	0	1,882,689	2,707,479
FUND BALANCE AT BEGINNING OF YEAR	7,970,141	0	1,893,496	9,863,637
FUND BALANCE AT END OF YEAR	$ 8,794,931	$ 0	$ 3,776,185	$ 12,571,116

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, 2017

Net Change in Fund Balances - Total Governmental Funds (B-2):	$	2,707,479
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.		490,588
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities		535,613
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 liability.		235,311
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.		(579,878)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds.		10,502
Adjustment to accrued interest payable related to long-term liabilities which is required to be recorded for government-wide financial statement presentation.		2,135
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.		(578,717)
Change in Net Position of Governmental Activities in the Statement of Activities (A-2)	$	2,823,033

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Residential Collection Center	Coastal Pond Management	Totals
ASSETS:			
Current Assets:			
Cash and cash equivalents	$ 524,438	$ 268,966	$ 793,404
Restricted cash and cash equivalents		15,964	15,964
Receivables, net	4,348		4,348
Prepaid expenses	1,000		1,000
Total Current Assets	529,786	284,930	814,716
Noncurrent Assets:			
Net capital assets	131,147	35,359	166,506
Total Noncurrent Assets	131,147	35,359	166,506
TOTAL ASSETS	660,933	320,289	981,222
LIABILITIES:			
Current Liabilities:			
Accounts payable	7,965	3,973	11,938
Due to other funds	556,333	203,927	760,260
Total Current Liabilities	564,298	207,900	772,198
Noncurrent Liabilities:			
Accrued compensated absences	10,363		10,363
Total Noncurrent Liabilities	10,363	0	10,363
TOTAL LIABILITIES	574,661	207,900	782,561
NET POSITION:			
Net investment in capital assets	131,147	35,359	166,506
Restricted for endowment		10,000	10,000
Unrestricted	(44,875)	67,030	22,155
TOTAL NET POSITION	$ 86,272	$ 112,389	$ 198,661

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, 2017

	Residential Collection Center	Coastal Pond Management	Totals
OPERATING REVENUES:			
Charges for usage and service	$ 156,899	$ 56,025	$ 212,924
Total Operating Revenues	156,899	56,025	212,924
OPERATING EXPENSES:			
Operations	84,191	20,341	104,532
Personnel	95,606	32,781	128,387
Depreciation	415	5,440	5,855
Total Operating Expenses	180,212	58,562	238,774
OPERATING LOSS	(23,313)	(2,537)	(25,850)
NONOPERATING REVENUES:			
Investment income	379	193	572
Total Nonoperating Revenues	379	193	572
LOSS BEFORE TRANSFERS	(22,934)	(2,344)	(25,278)
TRANSFERS IN	25,000	0	25,000
CHANGE IN NET POSITION	2,066	(2,344)	(278)
TOTAL NET POSITION - BEGINNING	84,206	114,733	198,939
TOTAL NET POSITION - ENDING	$ 86,272	$ 112,389	$ 198,661

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	Residential Collection Center	Coastal Pond Management	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 157,518	$ 56,025	$ 213,543
Cash paid to suppliers	(81,022)	(21,722)	(102,744)
Cash paid to employees	(95,347)	(32,781)	(128,128)
Net cash provided by (used for) operating activities	(18,851)	1,522	(17,329)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers from General Fund	25,000		25,000
Increase in due to other funds	69,237	33,629	102,866
Net cash provided by noncapital financing activities	94,237	33,629	127,866
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	379	193	572
Net cash provided by investing activities	379	193	572
NET INCREASE IN CASH AND CASH EQUIVALENTS	75,765	35,344	111,109
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	448,673	249,586	698,259
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 524,438	$ 284,930	$ 809,368

Reconciliation of operating loss to net cash provided by (used for) operating activities:

Operating loss	$ (23,313)	$ (2,537)	$ (25,850)
Adjustments to reconcile:			
Depreciation	415	5,440	5,855
Decrease in receivables, net	619		619
Decrease in prepaid expenses	1,000		1,000
Increase (decrease) in accounts payable	2,169	(1,381)	788
Increase in accrued compensated absences	259		259
Net cash provided by (used for) operating activities	$ (18,851)	$ 1,522	$ (17,329)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Other Post-Employment Benefit Trust Fund
ASSETS:	
Investments, at fair value	$ 5,311,870
Total assets	5,311,870
LIABILITIES	0
NET POSITION:	
Held in trust for other post-employment benefits	$ 5,311,870

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, 2017

	Other Post-Employment Benefit Trust Fund
ADDITIONS:	
Contributions:	
Employer contributions	$ 450,000
Total contributions	450,000
Investment income:	
Interest and dividends	580,919
Total investment income	580,919
Total additions	1,030,919
DEDUCTIONS:	
Benefits	0
Administrative expenses	0
Total deductions	0
CHANGE IN NET POSITION	1,030,919
NET POSITION - BEGINNING	4,280,951
NET POSITION - ENDING	$ 5,311,870

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

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:

* Chariho Regional School District. Education services are provided to the Town by the Chariho 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 Chariho Regional School District.

(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently Issued Accounting Standards

The Town implemented the following pronouncements for the year ended June 30, 2017.

→ GASB Statement No. 74 - Financial Reporting for Postemployment Benefit Plans Other than Pension Plans.

→ GASB Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.

→ GASB Statement No. 77 - Tax Abatement Disclosures.

→ GASB Statement No. 78 – Pensions Provided through Certain Multiple – Employer Defined Benefit Pension Plans.

→ GASB Statement No. 82 – Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73.

With the exception of GASB Statements No. 74 and 75, the adoption of these Statements did not have an impact on the Town's financial position or results of operations. See Note 20 for implementation details.

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

→ GASB Statement No. 83 - Certain Asset Retirement Obligations, effective for the Town's fiscal year ending June 30, 2019.

→ GASB Statement No. 84 – Fiduciary Activities, effective for the Town's fiscal year ending June 30, 2020.

→ GASB Statement No. 85 – Omnibus 2017, effective for the Town's fiscal year ending June 30, 2018.

→ GASB Statement No. 86 – Certain Debt Extinguishment Issues, effective for the Town's fiscal year ending June 30, 2018.

→ GASB Statement No. 87 – Leases, effective for the Town's fiscal year ending June 30, 2021.

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

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.

(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2017.

Major and Non-Major Funds

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

Fund	Brief Description
Major:	
General:	See above for description
Special Revenue:	CDBG-Disaster Recovery: accounts for funds allocated to the Town of Charlestown to build affordable housing. This fund will account for all grant expenditures and reimbursements.
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.
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, Operation Blue Riptide, Flagpole Gardens Accessible Playground, Animal Spaying/Neutering, Ninigret Park Fund, Bicentennial Fund, FEMA, Developer Bond Deposits, Open Space Fees, CH-Arts, Naval Airfield Memorial, Police Forfeiture, Municipal Planning, Affordable Housing Initiatives, US EPA, Birthday Committee, Affordable Housing Acquisitions, Community Development Block Grant, Police Evidence Property, Historical and Vital Records, Ninigret Dog Park, Roof Drainage System Performance Bond, Comprehensive Planning Grant and Special Donations.
Capital Projects:	Open Space 2016, Open Space Acquisitions, Klondike Road, Asphalt Resurfacing, Stormwater Elimination Project, Burdickville Road Improvement, Town Capital Maintenance Fund, Kings Factory Road Culvert, DPW Road Engineering, Recreation Bond 2016, Web Based GIS, and Pond and Beach Preservation.
Permanent:	Zenis Ellis Trust and Cemetery Fund

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Prepaid expenditures on the fund financial statements consist primarily of debt service prepayments.

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:

Classes	Useful Life
Buildings and improvements	15 - 50 years
Land improvements	10 - 15 years
Equipment	3 - 30 years
Vehicles	5 - 10 years
Infrastructure	20 - 50 years

(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2017 amounted to $984,198. 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, 2017.

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

The Town is required to present budgetary comparisons for the General Fund and for major individual special revenue funds for which annual budgets are adopted. As such, budgetary schedules have been prepared for the General Fund. An annual budget was not adopted for the CDBG – Disaster Recovery Fund, and therefore, budgetary schedules have not been prepared for this 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.

(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets (Continued)

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:

	Revenues and Transfers	Expenditures and Transfers
Schedule of Revenues, Expenditures and Changes in Fund Balance (Non-GAAP Budgetary Basis) Budget and Actual (E-6)...	$28,065,384	$27,126,646
Transfer from Fund Balance	(275,000)	
Activity of funds classified with the General Fund for purposes of GASB Statement No. 54	25,330	(135,722)
Statement of Revenues, Expenditures and Changes in Fund Balance (B-2)	$27,815,714	$26,990,924

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.

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".

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications (Continued)

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.

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.

(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 $490,588 difference are as follows:

Capital outlays	$ 1,877,861
Capital dispositions	(163,545)
Depreciation expense, net	(1,223,728)
Net adjustment	$ 490,588

(CONTINUED)

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 $(579,878) difference are as follows:

Bonds payable	$(570,000)
Add: prepayment of bonds payable at June 30, 2016	245,000
Less: prepayment of bonds payable at June 30, 2017	(245,000)
Bond premium	9,084
Deferred outflow of resources	(1,284)
Capital leases payable	98
Compensated absences	(24,861)
Landfill monitoring	7,085
Net adjustment	$(579,878)

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. 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 $1,480,359 while the bank balance was $1,790,072 of which $497,822 was covered by federal depository insurance, $1,292,250 was collateralized. In addition, at June 30, 2017 the Town had deposits of $10,049,389 held through an Insured Cash Sweep Service (ICS) agreement between the Town and its banks. The ICS places Town funds at other FDIC insured banks in amounts that do not exceed the FDIC insured maximum. Through the ICS program the Town can exclude specific banks to insure the FDIC insured limit is never exceeded at the destination banks.

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, 2017.

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	$ 1,464,395
Restricted cash deposits	15,964
Insured Cash Sweep	10,049,389
Petty cash	2,425
Total cash and cash equivalents – (A-1)	$11,532,173

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)

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, 2017, the Town's non-fiduciary fund investments consisted entirely of a U.S. Series HH Bond.

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

Investments Of The Retiree Healthcare Fund (The OPEB Trust) – Effective October 1, 2015, all OPEB Trust Investments are held in the Public Agencies Retirement Services (PARS) Post-Retirement Health Care Plan Trust by its trustee, US Bank. Vanguard Advisors, Inc. is contracted to manage the portfolio in accordance with the Trust Documents and Vanguard Discretionary Advisory Agreement as approved by the Town Council. The Vanguard Agreement Schedule B requires that portfolio assets be allocated across broad asset and subasset classes in accordance with the guidelines including equities, fixed income, and REITS.

Custodial Credit Risk – The OPEB Trust does not have a formal policy for custodial credit risk, but as of June 30, 2017, all investments are registered in the name of the Town of Charlestown PARS Post-Retirement Health Care Plan Trust in a master trust custodial agreement.

Concentration Of Credit Risk – The Vanguard agreement addresses concentration limits on a manager basis. As of June 30, 2017, the OPEB Trust's investments were all registered in The Trust's name.

(CONTINUED)

3. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Investments included in The Trust's OPEB Fiduciary Fund consisted of the following at June 30, 2017:

	% of Assets	Market Value
Equity:		
Vanguard Total Stock Market Index Fund	48.3%	$2,565,633
Vanguard Total International Stock Market Index Fund	20.7%	1,099,557
Total Equity	69.0%	3,665,190
Fixed Income:		
Vanguard Inflation-Protected Securities Fund	5.0%	265,594
Vanguard Total Bond Market Index Fund	9.0%	478,068
Vanguard Intermediate-Term Investment-Grade Fund	5.4%	286,841
Vanguard Short-Term Investment-Grade Fund	3.6%	191,227
Total Fixed Income	23.0%	1,221,730
Real Estate:		
Vanguard REIT Index Fund	8.0%	424,950
Total Real Estate	8.0%	424,950
Total OPEB Trust	100.0%	$5,311,870

As of June 30, 2017, investments other than those included in the Fiduciary Fund included:

Description	Fair Value	Interest Rate	Maturity
Series HH Bond.....	$ 500	N/A	N/A
Total investments (A-1)	$ 500		

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, 2017 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 2017 were based on an assessed value of approximately $2,331,682,276 at December 31, 2015 and amounted to $24,015,249. Collections through June 30, 2017 amounted to $23,750,916 which represents 99% of the total tax levy.

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4. TAXES RECEIVABLE (Continued)

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, 2017 of $1,117,081 are recorded as a receivable, net of an allowance for uncollectible property taxes of $481,300. Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2017 are recorded as unavailable revenue and amounted to $529,854 at June 30, 2017. Property taxes recognized as revenue for the fiscal year ended June 30, 2017 (due to their collection within the 60 days immediately following June 30, 2017) amounted to $105,927.

5. INTERGOVERNMENTAL RECEIVABLES/PAYABLES

Intergovernmental receivables and payables consisted of the following at June 30, 2017:

	Due From	Due To
Governmental activities:		
State of Rhode Island:		
Major funds:		
General Fund	$ 102,511	$26,114
Federal government:		
Major funds:		
General Fund	8,731	
CDBG –Disaster Recovery	1,766,155	
Non-major funds	807,638	
Total	2,582,524	0
Total governmental activities	$2,685,035	$26,114

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 persons that have elected to participate. Benefit provisions are subject to amendment by the General Assembly.

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

(CONTINUED)

6. DEFINED BENEFIT PENSION PLANS (Continued)

General Information about the Pension Plan (Continued)

Benefits Provided

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

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

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

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

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

General employees

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

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

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6. DEFINED BENEFIT PENSION PLANS (Continued)

General Information about the Pension Plan (Continued)

General Employees (Continued)

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

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

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

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

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

Police and Fire employees

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

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

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

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

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

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6. DEFINED BENEFIT PENSION PLANS (Continued)

General Information about the Pension Plan (Continued)

Police and Fire Employees (Continued)

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

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

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

Other benefit provisions

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

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

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

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

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

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

(CONTINUED)

6. DEFINED BENEFIT PENSION PLANS (Continued)

Employees covered by benefit terms

At the June 30, 2015 valuation date, the following employees were covered by the benefit terms:

	General Employees	Police Employees
Retirees and Beneficiaries	11	13
Inactive, Nonretired Members	15	2
Active Members	45	20
Total	71	35

Contributions

The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 2% of their salaries General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. Public safety employees are required to contribute 10% of their salaries. The Town of 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 $203,197 in the year ended June 30, 2017 for general employees and $332,416 for public safety employees, which was 8.58% and 24.34% of annual covered payroll, respectively.

Net Pension Liability (Asset)

The total pension liability was determined by actuarial valuations performed as of June 30, 2015 and rolled forward to June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement.

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2016 measurement date (June 30, 2015 valuation rolled forward to June 30, 2016)	
Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Actuarial Assumptions	
Investment Rate of Return	7.50%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.75%
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.
Cost of Living Adjustments	A 2% COLA is assumed after January 1, 2014.

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6. DEFINED BENEFIT PENSION PLANS (Continued)

Net Pension Liability (Asset) (Continued)

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

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

Type of Investment	Target Allocation	Long-term expected real rate of return
Global Equity:	38.0%	-
U.S. Equity	-	6.98%
International Developed	-	7.26%
International Emerging Markets	-	9.57%
Equity Hedge Funds	8.0%	4.10%
Private Equity	7.0%	10.15%
Core Fixed Income	15.0%	2.37%
Absolute Return Hedge Funds	7.0%	4.10%
Infrastructure	3.0%	5.58%
Real Estate	8.0%	5.33%
Other Real Return Assets:	11.0%	-
Master Limited Partnerships	-	4.97%
Credit	-	4.97%
Inflation Linked Bonds	-	1.76%
Cash, Overlay, Money Market	3.0%	0.82%
	100.0%	

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

Discount Rate

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

(CONTINUED)

6. DEFINED BENEFIT PENSION PLANS (Continued)

Net Pension Liability (Asset) (Continued)

Changes in the Net Pension Liability (Asset) - General Employees			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2015	$ 7,205,128	$ 6,644,429	$ 560,699
Changes for the Year			
Service cost	198,767		198,767
Interest on the total pension liability	537,624		537,624
Changes in benefits			
Difference between expected and actual experience	(320,845)		(320,845)
Employer contributions		222,768	(222,768)
Employee contributions		80,033	(80,033)
Net investment income		(2,314)	2,314
Benefit payments, including employee refunds	(272,370)	(272,370)	
Administrative expense		(6,225)	6,225
Other changes			
Net changes	143,176	21,892	121,284
Balances as of June 30, 2016	$ 7,348,304	$ 6,666,321	$ 681,983

Changes in the Net Pension Liability (Asset) - Police Employees			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2015	$ 11,879,585	$ 8,421,452	$ 3,458,133
Changes for the Year			
Service cost	260,761		260,761
Interest on the total pension liability	880,676		880,676
Changes in benefits			
Difference between expected and actual experience	(194,211)		(194,211)
Employer contributions		330,618	(330,618)
Employee contributions		140,033	(140,033)
Net investment income		(2,899)	2,899
Benefit payments, including employee refunds	(535,251)	(535,251)	
Administrative expense		(7,798)	7,798
Other changes		5,601	(5,601)
Net changes	411,975	(69,696)	481,671
Balances as of June 30, 2016	$ 12,291,560	$ 8,351,756	$ 3,939,804

(CONTINUED)

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.

	1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00 Increase (8.5%)
General Employees	$1,444,974	$ 681,983	$ 57,596
Police Employees	$5,224,333	$3,939,804	$2,888,555

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, 2017, the employer recognized pension expense of $131,114 for the general employees. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	General Employees	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	$ 0	$513,902
Differences in assumptions	0	27,870
Excess (deficit) investment returns	599,186	176,754
Employer contributions subsequent to measurement date	203,197	
Total	$802,383	$718,526

(CONTINUED)

6. DEFINED BENEFIT PENSION PLANS (Continued)

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

Deferred outflows of resources totaling $203,197 related to pensions resulting from the Town of Charlestown's contributions in fiscal year 2017 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows of Resources
2018	$(32,229)
2019	(32,227)
2020	56,149
2021	(1,271)
2022	(83,493)
Thereafter	(26,269)
Total	$(119,340)

For the year ended June 30, 2017, the employer recognized pension expense of $455,453 for the police employees. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Police Employees	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	$101,240	$159,286
Differences in assumptions	0	55,878
Excess (deficit) investment returns	758,262	224,956
Employer contributions subsequent to measurement date	332,416	
Total	$1,191,918	$440,120

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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)

Deferred outflows of resources totaling $332,416 related to pensions resulting from the Town of Charlestown's contributions in fiscal year 2017 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows of Resources
2018	$ 80,956
2019	80,954
2020	193,433
2021	106,827
2022	(27,755)
Thereafter	(15,033)
Total	$419,382

7. OTHER PENSION PLANS

Defined Contribution Plan

Certain employees participating in the defined benefit plan, as described above, may also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Contribution rates for general employees, public safety employees, and the employer were as follows for the fiscal year ended June 30, 2017:

	Employee Contribution	Employer Contribution
General employees with more than 20 years of service on July 1, 2012	No DC plan contributions after July 1, 2015	
General employees that had less than 20 years of service on July 1, 2012	5%	1% to 1.5% depending on years of service
Public safety employees	No DC plan participation	

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7. OTHER PENSION PLANS (Continued)

Defined Contribution Plan (Continued)

Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

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

The Town of Charlestown recognized pension expense of $18,252, for the fiscal year ended June 30, 2017.

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

Town Funded Retirement Benefits

During fiscal year 2017, 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, 2017, the total cost to the Town for providing retirement benefits amounted to $10,605.

8. INTERFUND BALANCES

Interfund receivable and payable balances at June 30, 2017 are as follows:

	Due From Other Funds	Due To Other Funds
Governmental activities:		
Major funds:		
General Fund	$1,826,979	$3,724,402
CDBG-Disaster Recovery		553,389
Non-major funds	3,719,863	508,791
Total governmental activities	$5,546,842	$4,786,582
Business-type activities:		
Major funds:		
Residential Collection Center		$556,333
Coastal Pond Management		203,927
Total business-type activities	$ 0	$760,260

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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. A portion of the remaining $1,000,000 of bond proceeds has been used for financing affordable housing initiatives consistent with the approved Charlestown affordable housing plan.

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, 2017 financial statements.

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

Description	Defeased Bonds Outstanding June 30, 2017
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)

9. LONG-TERM LIABILITIES (Continued)

(a) Long-Term Liability Activity (Continued)

2016 Series A Bonds

On November 23, 2016, the Town issued the 2016 Series A Bonds, with term bonds of $1,000,000 at an interest rate of 2.58%. The term bonds mature at various dates from November 15, 2017 through November 15, 2026. Bonds proceeds were used to finance the construction and furnishings of recreational facilities at Ninigret Park.

Long-term liability activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Long-term debt:					
General obligation debt	$4,795,000	$1,000,000	$ 430,000	$5,365,000	$280,000
Leases payable	445,145	134,443	134,541	445,047	93,445
Subtotal	5,240,145	1,134,443	564,541	5,810,047	373,445
Plus: bond premium, net of amortization	63,547		9,084	54,463	
Total long-term debt	5,303,692	1,134,443	573,625	5,864,510	373,445
Other long-term liabilities:					
Compensated absences	959,337	508,710	483,849	984,198	185,000
Landfill monitoring costs	109,200		7,085	102,115	7,400
Total other long-term liabilities	1,068,537	508,710	490,934	1,086,313	192,400
Governmental activities:					
Long-term liabilities	$6,372,229	$1,643,153	$1,064,559	$6,950,823	$565,845
Business-type activities:					
Other long-term liabilities:					
Compensated absences	$ 10,104	$ 6,015	$ 5,756	$ 10,363	$ 0
Business-type activities:					
Long-term liabilities	$ 10,104	$ 6,015	$ 5,756	$ 10,363	$ 0

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)

9. LONG-TERM LIABILITIES (Continued)

(b) Debt Maturity

At June 30, 2017, the Town had $2,000,000 of remaining authorized unissued bond authority.

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

Year ending June 30:	Principal	Interest	Total
2018	$ 280,000	$ 104,051	$ 384,051
2019	525,000	140,995	665,995
2020	535,000	128,607	663,607
2021	540,000	115,326	655,326
2022	545,000	101,941	646,941
2023	555,000	87,583	642,583
2024	565,000	72,394	637,394
2025	430,000	58,998	488,998
2026	220,000	49,790	269,790
2027	225,000	42,838	267,838
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
Totals	$5,365,000	$1,052,135	$6,417,135

At June 30, 2017, 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, 2017, the Town incurred the following interest expense:

2013 Series A bond	$ 70,050
2013 Series B bond (Refunding bond)	29,200
2014 Series A bond	37,142
2016 Series A bond	12,398
Total	$148,790

(CONTINUED)

9. LONG-TERM LIABILITIES (Continued)

(c) Bonds Outstanding

At June 30, 2017, the Town's bonds payable consisted of the following:

GOVERNMENTAL ACTIVITIES

Description	Date Issued	Original Principal	Due Date	Interest Rate	Outstanding June 30, 2016	Issued	Paid (1)	Outstanding June 30, 2017
2013 Series A Bond	08/22/13	$2,190,000	07/01/33	2.00% - 4.50%	$1,940,000		$ 90,000	$1,850,000
2013 Series B Refunding Bond	08/22/13	1,520,000	07/01/23	2.00% - 3.00%	1,035,000		155,000	880,000
2014 Series A Bond	07/07/14	2,000,000	07/15/24	2.15%	1,820,000		185,000	1,635,000
2016 Series A Bond	11/23/16	1,000,000	11/15/26	2.58%		$1,000,000		1,000,000
		Total general obligation debt			$4,795,000	$1,000,000	$430,000	$5,365,000

(1) The Town prepaid $245,000 of its fiscal year 2018 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)

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, 2017:

Beginning balance of deferred outflows of resources.....	$ 9,003
Additions	0
Reductions	(1,284)
Ending balance of deferred outflows of resources..	$ 7,719

(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

	Public Safety	Public Works
Assets:		
Vehicles and equipment.....	$ 544,616	$ 1,719,076
Less: accumulated depreciation.....	(463,459)	(1,147,790)
Total.....	$ 81,157	$ 571,286

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, 2017:

Fiscal year ending June 30:	Governmental Activities
2018	$109,510
2019	100,971
2020	100,970
2021	80,350
2022	80,350
2023	21,372
Total minimum lease payments.....	493,523
Less: amount representing interest.....	(48,476)
Present value of future minimum lease payments	$445,047

(CONTINUED)

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 families). 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.

The Town received funding from the federal government through the Town's Community Development Block Grant to construct 24 affordable housing units. The original contract was for $4,494,960, not including subsequent change orders of $94,470. Expenditures incurred through June 30, 2017 totaled $2,521,811, leaving a remaining commitment of $1,378,105.

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)

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, 2017 totaled $11,500. 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 $7,400 - $7,900 annually for the remaining 13 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.

	General Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Perpetual care		$ 1,540	$ 1,540
Tax sale property	$ 272,077		272,077
Prepaid expenditures	315,127		315,127
Restricted for:			
General government	382,744	280,057	662,801
Public safety		95,503	95,503
Parks and recreation	2,026	17,821	19,847
Community development		328,252	328,252
Education	250,000	150,310	400,310
Capital projects		3,134,242	3,134,242
Employee severance benefits	562,518		562,518
Committed to:			
Parks and recreation		129,257	129,257
Unassigned	7,010,439	(360,797)	6,649,642
Total Fund Balances	$8,794,931	$ 3,776,185	$12,571,116

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12. FUND EQUITY (Continued)

(b) Net Position

Restriction of net position at June 30, 2017 was as follows:

Enterprise Funds:	
Restriction for endowment	$ 10,000

(c) Fund Deficits

The following funds had cumulative deficits at June 30, 2017:

Non-major Governmental Funds:

Affordable Housing Initiatives	$ 5,736
US EPA	$ 11,100
Open Space 2016	$ 343,961

The deficit in the Affordable Housing Initiatives Fund will be funded by a General Fund contribution. The deficit in the US EPA Fund will be funded by grant proceeds. The deficit in the Open Space 2016 Fund will be funded by proceeds from general obligation bonds.

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13. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 9,714,871			$ 9,714,871
Construction-in-progress	69,299	$ 17,252		86,551
Total capital assets not being depreciated	9,784,170	17,252		9,801,422
Other capital assets:				
Buildings and improvements	9,226,893	289,867		9,516,760
Land improvements	261,937	579,975		841,912
Equipment	1,111,918	52,368		1,164,286
Vehicles	3,317,177	276,636	(163,545)	3,430,268
Infrastructure	47,162,817	661,763		47,824,580
Total other capital assets	61,080,742	1,860,609	(163,545)	62,777,806
Less: accumulated depreciation for:				
Buildings and improvements	(2,985,319)	(258,478)		(3,243,797)
Land improvements	(71,497)	(55,192)		(126,689)
Equipment	(756,473)	(90,914)		(847,387)
Vehicles	(2,138,153)	(295,085)	157,547	(2,275,691)
Infrastructure	(39,293,332)	(681,606)		(39,974,938)
Total accumulated depreciation	(45,244,774)	(1,381,275)	157,547	(46,468,502)
Other capital assets, net	15,835,968	479,334	(5,998)	16,309,304
Governmental activities capital assets, net	$25,620,138	$ 496,586	$ (5,998)	$26,110,726
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 99,500			$ 99,500
Total capital assets not being depreciated	99,500	$ 0	$ 0	99,500
Other capital assets:				
Buildings	18,550			18,550
Land improvements	113,684			113,684
Machinery and equipment	304,357			304,357
Total other capital assets	436,591	0	0	436,591
Less: accumulated depreciation for:				
Buildings	(18,550)			(18,550)
Land improvements	(113,684)			(113,684)
Machinery and equipment	(231,496)	(5,855)		(237,351)
Total accumulated depreciation	(363,730)	(5,855)	0	(369,585)
Other capital assets, net	72,861	(5,855)	0	67,006
Business-type activities capital assets, net	$ 172,361	$(5,855)	$ 0	$ 166,506

(CONTINUED)

13. CAPITAL ASSETS (Continued

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	$ 67,343
Public safety	262,556
Recreation	157,698
Public works	869,945
Education	23,733
Total governmental activities	$1,381,275
Business-type activities:	
Residential Collection Center	$ 415
Coastal Pond Management	5,440
Total business type activities	$ 5,855

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, 2017. 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, 2017 were $42,255. 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-two fiscal years.

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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, 2017, 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, 2017, the amount of loans outstanding under this program was approximately $337,052.

17. INTERFUND TRANSFERS

Interfund transfers for fiscal year ended June 30, 2017 are as follows:

	Transfers In	Transfers Out
Governmental activities:		
Major funds:		
General Fund	$ 50,000	$2,141,344
Non-major funds	1,666,344	50,000
Total governmental activities	$1,716,344	$2,191,344
Business-type activities:		
Major funds:		
Residential Collection Center	$ 25,000	$ 0
Fiduciary funds:		
Other Post-Employment Benefit Trust Fund	$450,000	$ 0

(CONTINUED)

18. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

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)

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:

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

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 2017 totaling $450,000 consist of the current year general fund appropriation of $450,000.

(CONTINUED)

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, 2017

Assets:	
Investments, at fair value	$ 5,311,870
Liabilities	0
Net Position:	
Held in trust for OPEB benefits	$ 5,311,870

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
YEAR ENDED JUNE 30, 2017

Additions:	
Employer contributions	$ 450,000
Investment income, net of investment expenses	580,919
Total additions	1,030,919
Deductions:	
Benefits	0
Administration	0
Total deductions	0
Change in Net Position	1,030,919
Net Position - July 1, 2016	4,280,951
Net Position - June 30, 2017	$ 5,311,870

(CONTINUED)

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

Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 12.34% for Police and 12.72% for CPMA. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Town

The components of the net OPEB liability of the Town at June 30, 2017 were as follows:

	CPMA	Police
Total OPEB liability	$583,680	$7,161,368
Plan fiduciary net position	535,097	4,776,773
Town's net OPEB liability	$48,583	$2,384,595
Plan fiduciary net position as a percentage of the total OPEB liability	91.68%	66.70%

The Town of Charlestown, Rhode Island's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2015.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman Inc.'s Financial Reporting Valuation as of June 30, 2016.

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Large Caps	S&P 500	40.00%	4.86%	3.61%
US Small Caps	Russell 2000	10.00%	6.11%	4.10%
US Mid Caps	Russell MidCap	20.00%	5.41%	3.76%
Foreign Developed Equity	MSCI EAFE NR	20.00%	5.88%	4.20%
Emerging Markets Equity	MSCI EM NR	10.00%	8.14%	4.79%
Assumed Inflation – Mean			2.70%	2.70%
Assumed Inflation – Standard Deviation			1.89%	1.89%
Portfolio Real Mean Return			5.63%	4.18%
Portfolio Nominal Mean Return			8.34%	6.97%
Portfolio Stand Deviation				17.48%
Long-Term Expected Rate of Return				**7.50%**

(CONTINUED)

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

Discount Rate

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

Changes in the Net OPEB Liability:

	Police Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2016	$ 6,683,867	$ 3,821,105	$ 2,862,762
Changes for the Year			
Service cost	175,113		175,113
Interest on the total pension liability	506,894		506,894
Changes in assumptions			
Difference between expected and actual experience			
Employer contributions		639,506	(639,506)
Net investment income		520,668	(520,668)
Benefit payments	(204,506)	(204,506)	
Administrative expense			
Net changes	477,501	955,668	(478,167)
Balances as of June 30, 2017	$ 7,161,368	$ 4,776,773	$ 2,384,595

	CPMA Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2016	$ 580,390	$ 459,846	$ 120,544
Changes for the Year			
Service cost	737		737
Interest on the total pension liability	42,128		42,128
Changes in assumptions			
Difference between expected and actual experience			
Employer contributions		54,575	(54,575)
Net investment income		60,251	(60,251)
Benefit payments	(39,575)	(39,575)	
Administrative expense			
Net changes	3,290	75,251	(71,961)
Balances as of June 30, 2017	$ 583,680	$ 535,097	$ 48,583

(CONTINUED)

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

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

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

	1% Decrease 6.50%	Current Discount 7.50%	1% Increase 8.50%
Net OPEB Liability - Police	$3,604,285	$2,384,595	$1,414,398
Net OPEB Liability - CPMA	$ 113,238	$ 48,583	$ (5,381)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Town, calculated using the current healthcare cost trend rates as well as what the Town's net OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability - Police	$1,222,759	$2,384,595	$3,875,324
Net OPEB Liability - CPMA	$ (15,658)	$ 48,583	$ 125,121

(CONTINUED)

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

Funded Status and Funding Progress

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 following actuarial methods and assumptions were used in the July 1, 2015 funding valuation:

Discount Rate	7.50%
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent
Amortization Growth	3.00%
Amortization Period (decreasing)	22 years (CPMA) 12 years (Police)
Valuation Type	Closed Group
Initial medical inflation rate	5.3%
Ultimate medical inflation rate	4.6%
Years until ultimate inflation rate reached	70 years
Asset Valuation Method	Market Value
Inflation	2.7%
Salary Increase	3.5%

(CONTINUED)

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. (through June 22, 2010). 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 the Trust, 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 1) at a level sufficient, in the aggregate, to satisfy the funding requirements of the Pool, and 2) with the intent that over the long term each member is contributing its fair share. 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 participation in the Pool at its discretion, but a withdrawal may only be effective on June 30th of any year. Any election to terminate participation in the Pool requires a written notification to the Trust of such intent to withdraw no later than May 1st or two (2) months prior to the policy expiration date, whichever date is earlier. Liquidated damages would 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, 2017, unaudited results indicate that the Pool generated $141,397,622 in revenues and had a change in net position, revenues less expenses, of ($2,099,236). The Pool had $56,071,374 in total assets and $31,212,128 in total equity as of June 30, 2017.

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 Stoploss Account internal to the Trust that is funded by annual Stoploss Account payments from the Health Pool. As of June 30, 2017, the Pool's membership consisted of 45 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)

20. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

As disclosed in Note 2, the Town implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended June 30, 2017. GASB Statements No. 74 and 75, have substantially revised the accounting requirements previously mandated under GASB Statements No. 43 and 45. The most notable change is that the Annual Required Contribution (ARC) has been eliminated and the Net OPEB Liability will be reported on the employer's financial statement rather than a footnote disclosure.

GASB No. 74 applies to financial reporting for public OPEB plans funded by OPEB trusts and is required to be implemented for plan fiscal years beginning after June 15, 2016. Under GASB No. 74, enhancements to the financial statement disclosures are required, along with certain required supplementary information.

GASB No. 75 governs the specifics of accounting for public OPEB plan obligations for participating employers and is required to be implemented for employer fiscal years beginning after June 15, 2017. The Town elected to early implement GASB No. 75. GASB No. 75 requires a liability to be recorded for OPEB obligations, known as the NET OPEB Liability, on the statement of net position of participating employers. Changes in the Net OPEB Liability will be immediately recognized as OPEB Expenses on the statement of activities or reported as deferred inflows/outflows of resources depending on the nature of the change.

The following restatements were recorded to the beginning net position of the governmental activities as a result of the implementation of GASB Statements No. 74 and 75:

Net position at June 30, 2016, as previously reported	$ 26,156,796
Adjustments:	
Eliminate net OPEB assets reported per GASB No. 45	(555,980)
Adjust net OPEB liability per GASB No. 75	(2,668,487)
Net position at July 1, 2016, as restated	$ 22,932,329

(CONCLUDED)

TOWN OF CHARLESTOWN

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF CHARLESTOWN, RHODE ISLAND

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	General Employees			Police Employees		
	Year Ended June 30, 2016	Year Ended June 30, 2015	Year Ended June 30, 2014	Year Ended June 30, 2016	Year Ended June 30, 2015	Year Ended June 30, 2014
A. Total pension liability						
1. Service Cost	$ 198,767	$ 187,950	$ 188,698	$ 260,761	$ 241,600	$ 237,878
2. Interest on the Total Pension Liability	537,624	521,066	491,136	880,676	800,834	765,642
3. Changes of benefit terms	0	102,265	0	0	372,401	0
4. Difference between expected and actual experience of the Total Pension Liability	(320,845)	(346,031)	0	(194,211)	153,052	0
5. Changes of assumptions	0	0	(55,194)	0	0	(80,385)
6. Benefit payments, including refunds of employee contributions	(272,370)	(227,375)	(223,033)	(535,251)	(490,580)	(420,969)
7. Net change in total pension liability	143,176	237,875	401,607	411,975	1,077,307	502,166
8. Total pension liability – beginning	7,205,128	6,967,253	6,565,646	11,879,585	10,802,278	10,300,112
9. Total pension liability – ending (a)	7,348,304	7,205,128	6,967,253	12,291,560	11,879,585	10,802,278
B. Plan fiduciary net position						
1. Contributions – employer	222,768	218,126	210,455	330,618	341,485	274,357
2. Contributions – employee	80,033	43,108	50,998	140,033	112,078	116,698
3. Net investment income	(2,314)	155,713	860,546	(2,899)	197,358	1,101,220
4. Benefit payments, including refunds of employee contributions	(272,370)	(227,375)	(223,033)	(535,251)	(490,580)	(420,969)
5. Pension Plan Administrative Expense	(6,225)	(6,244)	(5,389)	(7,798)	(7,916)	(6,896)
6. Other	0	2	3,872	5,601	920	1,706
7. Net change in plan fiduciary net position	21,892	183,330	897,449	(69,696)	153,345	1,066,116
8. Plan fiduciary net position – beginning	6,644,429	6,461,099	5,563,650	8,421,452	8,268,107	7,201,991
9. Plan fiduciary net position – ending (b)	6,666,321	6,644,429	6,461,099	8,351,756	8,421,452	8,268,107
C. Net pension liability - ending (a) - (b)	$ 681,983	$ 560,699	$ 506,154	$ 3,939,804	$ 3,458,133	$ 2,534,171
D. Plan fiduciary net position as a percentage of the total pension liability	90.72%	92.22%	92.74%	67.95%	70.89%	76.54%
E. Covered employee payroll	$ 2,253,594	$ 2,155,394	$ 2,087,371	$ 1,404,962	$ 1,398,956	$ 1,399,280
F. Net pension liability as a percentage of covered payroll	30.26%	26.01%	24.25%	280.42%	247.19%	181.11%

TOWN OF CHARLESTOWN, RHODE ISLAND

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Municipal Employees' Retirement System - General Employees

	Fiscal 2017	Fiscal 2016	Fiscal 2015
Actuarially determined contribution	$ 203,197	$ 214,918	$ 218,126
Contributions in relation to the actuarially determined contribution	(203,197)	(214,918)	(218,126)
Contribution deficiency (excess)	$ 0	$ 0	$ 0
Covered-employee payroll	$ 2,367,205	$ 2,253,594	$ 2,155,394
Contributions as a percentage of covered-employee payroll	8.58%	9.54%	10.12%

Municipal Employees' Retirement System - Police Employees

	Fiscal 2017	Fiscal 2016	Fiscal 2015
Actuarially determined contribution	$ 332,416	$ 330,618	$ 341,485
Contributions in relation to the actuarially determined contribution	(332,416)	(330,618)	(341,485)
Contribution deficiency (excess)	$ 0	$ 0	$ 0
Covered-employee payroll	$ 1,365,715	$ 1,404,962	$ 1,398,956
Contributions as a percentage of covered-employee payroll	24.34%	23.53%	24.41%

Notes:

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

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

3.) 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.

(CONTINUED)

Changes in benefit provisions:

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

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and municipal general employees will contribute 8.25% (9.25% for units with a COLA provision) and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.

- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service. Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.

- MERS public safety employees may retire at age 50 with 25 years of service, or any age with 27 years of service. MERS public safety employees will contribute 9.00% (10.00% for units with a COLA provision)

- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan based on the members years of service (an additional .25% for members with 10-15 years of service and .50% for members with 15-20 years of service) . Also, members who earn less than $35,000 per year will not be required to pay the administrative fees to the defined contribution plan.

- Members who retired from a COLA eligible plan before 7/1/2012 will received a one-time cost of living adjustment of 2% of the first $25,000 paid as soon as administratively possible.

- Retirees as of June 30, 2015 will receive two $500 stipends; the interim cost of living increases will occur at 4 year rather than 5 year intervals.

- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5.5% (5yr return - 5.5%, with a max of 4%) and 50% calculated using previous year's CPI-U (max of 3%) for a total max COLA of 3.5%. This COLA is calculated on the first $25,855, effective 01/01/16, and indexed as of that date as well. (The indexing formula is run annually regardless of funding level each year.)

- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

(CONCLUDED)

TOWN OF CHARLESTOWN, RHODE ISLAND

SCHEDULE OF CHANGES IN THE TOWN'S NET OPEB LIABILITY AND RELATED RATIOS
OPEB TRUST FUND
LAST FISCAL YEAR*

	General Employees Year Ended June 30, 2017	Police Employees Year Ended June 30, 2017
Total OPEB liability		
Service cost	$ 737	$ 175,113
Interest on the total OPEB liability	42,128	506,894
Changes of benefit terms	0	0
Changes of assumptions	0	0
Differences between expected and actual experience	0	0
Benefit payments	(39,575)	(204,506)
Net change in total OPEB liability	3,290	477,501
Total OPEB liability - beginning	580,390	6,683,867
Total OPEB liability - ending	583,680	7,161,368
Plan fiduciary net position		
Contributions - employer	54,575	639,506
Contributions - retired members	0	0
Net investment income	60,251	520,668
Benefit payments	(39,575)	(204,506)
OPEB plan administrative expense	0	0
Net change in plan fiduciary net position	75,251	955,668
Plan fiduciary net position - beginning	459,846	3,821,105
Plan fiduciary net position - ending	535,097	4,776,773
Net pension liability (asset) - ending	$ 48,583	$ 2,384,595
Plan fiduciary net position as a percentage of the total pension liability	91.68%	66.70%
Covered employee payroll	$ 242,125	$ 1,408,128
Net OPEB liability as a percentage of covered payroll	20.07%	169.35%

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

TOWN OF CHARLESTOWN, RHODE ISLAND

SCHEDULE OF TOWN CONTRIBUTIONS
OPEB TRUST FUND
LAST TEN FISCAL YEARS

	General Employees									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution (1)	$ 11,376	$ 20,000	$ 20,000	$ 20,000	$ 52,000	$ 52,000	$ 52,000	$ 78,000	$ 75,000	N/A
Contributions in relation to the actuarially determined contribution	54,575	48,000	110,420	45,000	59,000	56,000	117,000	104,625	130,000	N/A
Contribution deficiency (excess)	$ (43,199)	$ (28,000)	$ (90,420)	$ (25,000)	$ (7,000)	$ (4,000)	$ (65,000)	$ (26,625)	$ (55,000)	N/A
Covered-employee payroll	$ 242,125	$ 232,000	$ 232,000	$ 232,000	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	22.54%	20.69%	47.59%	19.40%	N/A	N/A	N/A	N/A	N/A	N/A

	Police Employees									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution (1)	$ 438,528	$ 486,000	$ 486,000	$ 486,000	$ 475,000	$ 475,000	$ 475,000	$ 323,000	$ 310,000	N/A
Contributions in relation to the actuarially determined contribution	639,506	527,000	501,580	493,000	491,000	475,000	449,000	344,375	506,782	N/A
Contribution deficiency (excess)	$ (200,978)	$ (41,000)	$ (15,580)	$ (7,000)	$ (16,000)	$ 0	$ 26,000	$ (21,375)	$ (196,782)	N/A
Covered-employee payroll	$ 1,408,128	$ 1,265,000	$ 1,265,000	$ 1,265,000	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	45.42%	41.66%	39.65%	38.97%	N/A	N/A	N/A	N/A	N/A	N/A

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2017 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

SCHEDULE OF TOWN CONTRIBUTIONS
OPEB TRUST FUND
LAST TEN FISCAL YEARS

Notes to Schedule:

Valuation date:	June 30,2015
Measurement date:	June 30,2017

The Town of Charlestown has opted to disclose OPEB liabilities under GASB 75 for the current valuation. The prior valuation was disclosed under GASB 45.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Discount rate	7.50%
Amortization method	Level percentage of payroll, closed
Amortization period at July 1, 2015	22 (General Employees); 12 (Police)
Amortization growth rate	3.00%
Asset valuation method	Market value of assets
Inflation	2.70%
Salary Increases	3.50%
Investment rate of return	7.50%
Healthcare trend rates	5.30% - 4.60% over 70 years

(CONCLUDED)

TOWN OF CHARLESTOWN, RHODE ISLAND

SCHEDULE OF INVESTMENT RETURNS
OPEB TRUST FUND
LAST FISCAL YEAR*

	General Employees 2017	Police Employees 2017
Annual money-weighted rate of return, net of investment expense	12.72%	12.34%

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

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, 2017

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
REVENUES:				
General property taxes	$ 24,142,137	$ 24,142,137	$ 24,110,974	$ (31,163)
Intergovernmental	2,006,664	2,006,664	2,096,345	89,681
Investment income	8,500	8,500	45,193	36,693
Departmental	1,120,467	1,120,467	1,353,429	232,962
Total revenues	27,277,768	27,277,768	27,605,941	328,173
EXPENDITURES:				
Current:				
General government	1,667,995	1,675,960	1,558,292	117,668
Public safety	2,652,748	2,652,748	2,494,591	158,157
Public works	1,748,909	1,709,704	1,565,524	144,180
Education	14,111,439	14,111,439	14,111,439	0
Recreation	627,547	634,772	601,632	33,140
Public health and assistance	427,831	427,831	427,547	284
Miscellaneous	2,739,908	2,670,008	2,536,028	133,980
Debt service:				
Principal	430,000	430,000	430,000	0
Interest and other costs	245,088	266,063	278,461	(12,398)
Capital:				
Capital improvements	1,743,653	527,405	626,794	(99,389)
Total expenditures	26,395,118	25,105,930	24,630,308	475,622
Excess of revenues over expenditures	882,650	2,171,838	2,975,633	803,795
Other financing sources (uses):				
Transfers from fund balance	275,000	275,000	275,000	0
Proceeds from capital leases	0	0	134,443	134,443
Transfers in	50,000	50,000	50,000	0
Transfers out	(1,195,650)	(2,484,838)	(2,484,838)	0
Landfill monitoring	(12,000)	(12,000)	(11,500)	500
Net other financing sources (uses)	(882,650)	(2,171,838)	(2,036,895)	134,943
Excess of revenues and other sources over expenditures and other uses	$ 0	$ 0	938,738	$ 938,738
Less: transfer from fund balance			(275,000)	
Add: excess of revenues and other sources over expenditures and other uses of funds classified with the General Fund for purposes of GASB Statement No. 54			161,052	
Fund balance, beginning of year			7,970,141	
Fund balance, end of year			$ 8,794,931	

TOWN OF CHARLESTOWN, RHODE ISLAND

GENERAL FUND

SCHEDULE OF BUDGET ESTIMATES AND ACTUAL REVENUES
YEAR ENDED JUNE 30, 2017

	Original and Final Budget	Actual Revenues	Variance Positive (Negative)
Property taxes:			
Current and prior years	$ 23,947,137	$ 23,952,914	$ 5,777
Interest on delinquent taxes	195,000	158,060	(36,940)
Total property taxes	24,142,137	24,110,974	(31,163)
Intergovernmental revenues:			
State of Rhode Island including:			
Beach parking fees	17,000	29,099	12,099
School aid	1,706,432	1,687,921	(18,511)
Beverage/meals tax	117,928	199,816	81,888
Hotel tax	19,158	27,816	8,658
Public service corporation tax	96,784	97,097	313
Motor vehicle phaseout	42,696	44,815	2,119
DEM PILOT	6,666	8,731	2,065
Incentive aid		1,050	1,050
Total intergovernmental revenues	2,006,664	2,096,345	89,681
Departmental revenues:			
Town Clerk:			
Business licenses and fees	20,000	18,010	(1,990)
Non-business licenses and fees	5,200	11,958	6,758
Transfer stamps	180,000	242,921	62,921
Probate fees	13,000	15,208	2,208
Tax certificates	9,000	11,500	2,500
Recording fees	100,000	115,949	15,949
Building inspector	200,000	225,148	25,148
Municipal court	25,000	21,801	(3,199)
Police department	45,000	48,763	3,763
Recreation	80,000	101,615	21,615
Town beach parking and concessions	130,500	153,226	22,726
Beach passes	90,000	101,138	11,138
Blue Shutters parking and concessions	170,000	219,970	49,970
Animal control	4,000	6,819	2,819
Ninigret Park	9,000	11,357	2,357
Planning Board	4,000	3,955	(45)
Zoning Board and Review	5,000	4,925	(75)
Senior/Community Center	25,767	22,980	(2,787)
Other revenues	5,000	16,186	11,186
Total departmental revenues	1,120,467	1,353,429	232,962
Investment income	8,500	45,193	36,693

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

GENERAL FUND

SCHEDULE OF BUDGET ESTIMATES AND ACTUAL REVENUES
YEAR ENDED JUNE 30, 2017

	Original and Final Budget	Actual Revenues	Variance Positive (Negative)
Other financing sources:			
Transfers from fund balance	275,000	275,000	0
Transfers in	50,000	50,000	0
Proceeds from capital leases	0	134,443	134,443
Total other financing sources	325,000	459,443	134,443
Total revenues and other financing sources	$ 27,602,768	$ 28,065,384	$ 462,616

(CONCLUDED)

TOWN OF CHARLESTOWN, RHODE ISLAND

GENERAL FUND

SCHEDULE OF APPROPRIATIONS AND ACTUAL EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Amendments	Final Budget	Actual Expenditures and Transfers	Adjustments to Budgetary Basis	Expenditures and Transfers on Budgetary Basis	Variance Positive (Negative)
General Government:							
Central services	$ 286,500		$ 286,500	$ 234,325		$ 234,325	$ 52,175
Town clerk	223,533	$ (4,900)	218,633	211,042		211,042	7,591
Treasurer	207,564	2,000	209,564	223,007		223,007	(13,443)
Town administrator	183,556	6,050	189,606	188,462		188,462	1,144
Tax assessor	155,249		155,249	156,928		156,928	(1,679)
Building inspector	199,622		199,622	190,495		190,495	9,127
Tax collector	111,355		111,355	73,353		73,353	38,002
Town planner	122,635		122,635	117,244		117,244	5,391
Town council	28,950		28,950	24,048		24,048	4,902
Elections unit	22,799	4,695	27,494	26,008		26,008	1,486
Boards, agencies, and committees	24,400		24,400	18,905		18,905	5,495
GIS	95,032	120	95,152	88,066		88,066	7,086
Municipal court	6,800		6,800	6,409		6,409	391
Total general government	1,667,995	7,965	1,675,960	1,558,292	$ 0	1,558,292	117,668
Public Safety:							
Police department	2,494,150		2,494,150	2,350,418		2,350,418	143,732
Animal control	94,719		94,719	90,189		90,189	4,530
Civil preparedness	63,879		63,879	53,984		53,984	9,895
Total public safety	2,652,748	0	2,652,748	2,494,591	0	2,494,591	158,157
Public Works:							
Highway department	1,148,616	(39,570)	1,109,046	1,050,141		1,050,141	58,905
Public buildings and grounds	325,044		325,044	276,986		276,986	48,058
Administration	150,961	365	151,326	150,545		150,545	781
Wastewater management	124,288		124,288	87,852		87,852	36,436
Total public works	1,748,909	(39,205)	1,709,704	1,565,524	0	1,565,524	144,180

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

GENERAL FUND

SCHEDULE OF APPROPRIATIONS AND ACTUAL EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Amendments	Final Budget	Actual Expenditures and Transfers	Adjustments to Budgetary Basis	Expenditures and Transfers on Budgetary Basis	Variance Positive (Negative)
Recreation:							
Participation recreation	271,426	7,225	278,651	275,953		275,953	2,698
Senior/Community Center	125,566		125,566	109,843		109,843	15,723
Blue Shutters Beach	92,101		92,101	89,509		89,509	2,592
Town Beach	105,348		105,348	95,280		95,280	10,068
Ninigret Park	33,106		33,106	31,047		31,047	2,059
Total recreation	627,547	7,225	634,772	601,632	0	601,632	33,140
Public Health and Assistance:							
Cross Mills Library	225,081		225,081	225,081		225,081	0
Ambulance services	166,800		166,800	166,800		166,800	0
South County Home Health	2,000		2,000	2,000		2,000	0
Gateway Healthcare, Inc.	3,500		3,500	3,500		3,500	0
Wood River Health	4,000		4,000	4,000		4,000	0
Public Assistance	5,000		5,000	4,716		4,716	284
Warm Shelter	1,000		1,000	1,000		1,000	0
Southern RI Volunteers	1,500		1,500	1,500		1,500	0
Thundermist Health Center of South County	2,000		2,000	2,000		2,000	0
RI CAN	3,500		3,500	3,500		3,500	0
Washington County Coalition Children	1,000		1,000	1,000		1,000	0
Neighbors Helping Neighbors RI	1,500		1,500	1,500		1,500	0
Community 2000 Education Foundation	1,700		1,700	1,700		1,700	0
Wildlife Rehabilitators of Rhode Island	750		750	750		750	0
Memorial Day Parade	500		500	500		500	0
Charlestown Memorial Parade	2,500		2,500	2,500		2,500	0
Charlestown Historical Society	2,500		2,500	2,500		2,500	0
Chamber of Commerce	3,000		3,000	3,000		3,000	0
Total public health and assistance	427,831	0	427,831	427,547	0	427,547	284

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

GENERAL FUND

SCHEDULE OF APPROPRIATIONS AND ACTUAL EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Amendments	Final Budget	Actual Expenditures and Transfers	Adjustments to Budgetary Basis	Expenditures and Transfers on Budgetary Basis	Variance Positive (Negative)
Education:							
Chariho Regional School District	14,111,439	0	14,111,439	14,111,439		14,111,439	0
Debt Service:							
General Obligation Bond:							
Principal	430,000		430,000	430,000		430,000	0
Interest	136,391		136,391	148,790		148,790	(12,399)
Capital leases	108,697	20,975	129,672	129,671		129,671	1
Total debt service	675,088	20,975	696,063	708,461	0	708,461	(12,398)
Miscellaneous:							
Employee insurance and benefits	2,142,108	(57,400)	2,084,708	2,070,995		2,070,995	13,713
Council contingency	15,000	2,500	17,500	13,964		13,964	3,536
Town insurance	235,000	(15,000)	220,000	215,134		215,134	4,866
Auditing	40,000		40,000	38,360		38,360	1,640
Legal services	307,800		307,800	197,575		197,575	110,225
Total miscellaneous	2,739,908	(69,900)	2,670,008	2,536,028	0	2,536,028	133,980
Capital Improvements Program:							
Public safety	170,313	4,225	174,538	146,685		146,685	27,853
Public works	1,381,485	(1,197,188)	184,297	171,753		171,753	12,544
Parks and recreation	45,855	68,715	114,570	129,778		129,778	(15,208)
CRCC	6,000		6,000	2,811		2,811	3,189
General government	140,000	(92,000)	48,000	41,324		41,324	6,676
Capital leases	0		0	134,443		134,443	(134,443)
Total capital improvements	1,743,653	(1,216,248)	527,405	626,794	0	626,794	(99,389)

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

GENERAL FUND

SCHEDULE OF APPROPRIATIONS AND ACTUAL EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Amendments	Final Budget	Actual Expenditures and Transfers	Adjustments to Budgetary Basis	Expenditures and Transfers on Budgetary Basis	Variance Positive (Negative)
Other financing uses:							
Transfers out:							
Special revenue funds - Revaluation	65,000		65,000	65,000		65,000	0
Special revenue funds - Open Space Acquisitions	19,157		19,157	19,157		19,157	0
Special revenue funds - Reserve for Severance	150,000		150,000	150,000		150,000	0
Special revenue funds - Health Care Reserve	450,000		450,000	450,000		450,000	0
Special revenue funds - Pond and Beach Preservation	250,000		250,000	250,000		250,000	0
Special revenue funds - Town Hall Generator	0	92,000	92,000	92,000		92,000	0
Special revenue funds - Reserve for Legal Fees	21,493		21,493	21,493		21,493	0
Special revenue funds - Landfill Monitoring	15,000		15,000	15,000		15,000	0
Capital project funds - Kings Factory Road Culvert	0	45,965	45,965	45,965		45,965	0
Capital project funds - Burdickville Road Improvement	0	1,038,787	1,038,787	1,038,787		1,038,787	0
Capital project funds - Town Capital Maintenance	200,000		200,000	200,000		200,000	0
Capital project funds - Asphalt Resurfacing	0	112,436	112,436	112,436		112,436	0
Enterprise funds - Residential Collection Center	25,000		25,000	25,000		25,000	0
Total transfers out	1,195,650	1,289,188	2,484,838	2,484,838	0	2,484,838	0
Other:							
Landfill monitoring	12,000		12,000	11,500		11,500	500
Total other	12,000	0	12,000	11,500	0	11,500	500
Total expenditures	$ 27,602,768	$ 0	$ 27,602,768	$ 27,126,646	$ 0	$ 27,126,646	$ 476,122

(CONCLUDED)

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, 2017:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	$938,738
Transfer from fund balance	(275,000)
Excess of revenues and other sources over expenditures and other uses of funds classified with the General Fund for purposes of GASB Statement No. 54	161,052
Excess of revenues and other sources over expenditures and other uses (GAAP)	$824,790

The Town does not budget annually for its CDBG – Disaster Recovery Fund.

TOWN OF CHARLESTOWN

OTHER SUPPLEMENTARY INFORMATION

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 accounts for donations being made to the improvements at Ninigret Park.

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.

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.

(CONTINUED)

Town Of Charlestown

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED)

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.

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.

CH-Arts

This fund accounts for the revenues and expenses of the Charlestown Art Show.

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.

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.

(CONTINUED)

SPECIAL REVENUE FUNDS (CONTINUED)

US EPA

This fund will account for grant revenue and expenditures related to the EPA Grant.

Birthday Committee

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

Affordable Housing Acquisitions

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

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.

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.

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)

NON-MAJOR GOVERNMENTAL FUNDS

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 2016

This fund accounts for the expenses related to the purchase of open space land with bond 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 accounts for the cost associated with the elimination of stormwater discharge into Alan's Cove.

Burdickville Road Improvement

This fund accounts for improvements to Burdickville Road.

Town Capital Maintenance Fund

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

Kings Factory Road Culvert

This fund will account for the improvements to Kings Factory Road Culvert.

DPW Road Engineering

This fund accounts for costs related to road engineering.

Recreation Bond 2016

This fund accounts for the expenses related to recreation expenses with bond funds.

(CONTINUED)

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)

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)

TOWN OF CHARLESTOWN, RHODE ISLAND

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds					
	Senior Community Activities	Police Grants - JAG	MEDS Grant - RI Dept of Health	Frisbee Golf Course	School Impact Fees	Friends of Ninigret
ASSETS:						
Cash and cash equivalents					$ 150,310	
Investments						
Due from:						
Other funds	$ 5,018		$ 4,648	$ 1,303		$ 1,147
Other governments		$ 7,365				
TOTAL ASSETS	$ 5,018	$ 7,365	$ 4,648	$ 1,303	$ 150,310	$ 1,147
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable						
Retainage payable						
Due to:						
Other funds		$ 7,365				
Unearned revenues						
Other liabilities						
TOTAL LIABILITIES	$ 0	7,365	$ 0	$ 0	$ 0	$ 0
FUND BALANCES:						
Nonspendable:						
Perpetual care						
Restricted for:						
General government						
Public safety			4,648			
Parks and recreation				1,303		1,147
Community development						
Education					150,310	
Capital projects						
Committed for:						
Parks and recreation	5,018					
Unassigned						
TOTAL FUND BALANCES	5,018	0	4,648	1,303	150,310	1,147
TOTAL LIABILITIES AND FUND BALANCES	$ 5,018	$ 7,365	$ 4,648	$ 1,303	$ 150,310	$ 1,147

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds					
	Operation Blue Riptide	Flagpole Gardens Accessible Playground	Animal Spaying/ Neutering	Ninigret Park Fund	Bicentennial Fund	FEMA
ASSETS:						
Cash and cash equivalents				$ 133,372	$ 2,215	
Investments						
Due from:						
Other funds		$ 8,037	$ 5,537	286		
Other governments						$ 74,552
TOTAL ASSETS	$0	$ 8,037	$ 5,537	$ 133,658	$ 2,215	$ 74,552
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable				$ 9,419		
Retainage payable						
Due to:						
Other funds						$ 74,552
Unearned revenues						
Other liabilities						
TOTAL LIABILITIES	$0	$ 0	$ 0	9,419	$ 0	74,552
FUND BALANCES:						
Nonspendable:						
Perpetual care						
Restricted for:						
General government						
Public safety			5,537			
Parks and recreation		8,037			2,215	
Community development						
Education						
Capital projects						
Committed for:						
Parks and recreation				124,239		
Unassigned						
TOTAL FUND BALANCES	0	8,037	5,537	124,239	2,215	0
TOTAL LIABILITIES AND FUND BALANCES	$0	$ 8,037	$ 5,537	$ 133,658	$ 2,215	$ 74,552

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds					
	Developer Bond Deposits	Open Space Fees	CH-Arts	Naval Airfield Memorial	Police Forfeiture	Municipal Planning
ASSETS:						
Cash and cash equivalents		$ 46,616		$ 4,550	$ 9,448	
Investments						
Due from:						
Other funds	$ 8,908	4,800	$ 513			$ 79,119
Other governments						
TOTAL ASSETS	$ 8,908	$ 51,416	$ 513	$ 4,550	$ 9,448	$ 79,119
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable						
Retainage payable						
Due to:						
Other funds				$ 2,608		
Unearned revenues						
Other liabilities	$ 8,908					
TOTAL LIABILITIES	8,908	$ 0	$ 0	2,608	$ 0	$ 0
FUND BALANCES:						
Nonspendable:						
Perpetual care						
Restricted for:						
General government		51,416				79,119
Public safety					9,448	
Parks and recreation			513	1,942		
Community development						
Education						
Capital projects						
Committed for:						
Parks and recreation						
Unassigned						
TOTAL FUND BALANCES	0	51,416	513	1,942	9,448	79,119
TOTAL LIABILITIES AND FUND BALANCES	$ 8,908	$ 51,416	$ 513	$ 4,550	$ 9,448	$ 79,119

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds						
	Affordable Housing Initiatives	US EPA	Birthday Committee	Affordable Housing Acquisitions	Community Development Block Grant	Police Evidence Property	Historical and Vital Records
ASSETS:							
Cash and cash equivalents					$ 2,287	$ 3,901	
Investments							
Due from:							
Other funds			$ 1,906	$ 328,173			$ 116,571
Other governments		$ 674,201			51,520		
TOTAL ASSETS	$ 0	$ 674,201	$ 1,906	$ 328,173	$ 53,807	$ 3,901	$ 116,571
LIABILITIES AND FUND BALANCES:							
LIABILITIES:							
Accounts payable		$ 2,514					$ 540
Retainage payable							
Due to:							
Other funds	$ 5,736	42,906			$ 31,663		
Unearned revenues		639,881			22,065		
Other liabilities						$ 3,901	
TOTAL LIABILITIES	5,736	685,301	$ 0	$ 0	53,728	3,901	540
FUND BALANCES:							
Nonspendable:							
Perpetual care							
Restricted for:							
General government							116,031
Public safety							
Parks and recreation			1,906				
Community development				328,173	79		
Education							
Capital projects							
Committed for:							
Parks and recreation							
Unassigned	(5,736)	(11,100)					
TOTAL FUND BALANCES	(5,736)	(11,100)	1,906	328,173	79	0	116,031
TOTAL LIABILITIES AND FUND BALANCES	$ 0	$ 674,201	$ 1,906	$ 328,173	$ 53,807	$ 3,901	$ 116,571

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds				Capital Project Funds		
	Ninigret Dog Park	Roof Drainage System Performance Bond	Comprehensive Planning Grant	Special Donations	Open Space 2016	Open Space Acquisitions	Klondike Road
ASSETS:							
Cash and cash equivalents			$ 33,491	$ 75,660			
Investments							
Due from:							
Other funds	$ 758	$ 12,000		210			$ 2,500
Other governments							
TOTAL ASSETS	$ 758	$ 12,000	$ 33,491	$ 75,870	$ 0	$0	$ 2,500
LIABILITIES AND FUND BALANCES:							
LIABILITIES:							
Accounts payable							
Retainage payable							$ 2,500
Due to:							
Other funds					$ 343,961		
Unearned revenues							
Other liabilities		$ 12,000					
TOTAL LIABILITIES	$ 0	12,000	$ 0	$ 0	343,961	$0	2,500
FUND BALANCES:							
Nonspendable:							
Perpetual care							
Restricted for:							
General government			33,491				
Public safety				75,870			
Parks and recreation	758						
Community development							
Education							
Capital projects							
Committed for:							
Parks and recreation							
Unassigned					(343,961)		
TOTAL FUND BALANCES	758	0	33,491	75,870	(343,961)	0	0
TOTAL LIABILITIES AND FUND BALANCES	$ 758	$ 12,000	$ 33,491	$ 75,870	$ 0	$0	$ 2,500

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Capital Project Funds					
	Asphalt Resurfacing	Stormwater Elimination Project	Burdickville Road Improvement	Town Capital Maintenance Fund	Kings Factory Road Culvert	DPW Road Engineering
ASSETS:						
Cash and cash equivalents						
Investments						
Due from:						
Other funds	$ 159,129	$ 313,933	$ 1,038,787	$ 242,403	$ 45,965	$ 130,435
Other governments						
TOTAL ASSETS	$ 159,129	$ 313,933	$ 1,038,787	$ 242,403	$ 45,965	$ 130,435
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable				$ 4,097		
Retainage payable						
Due to:						
Other funds						
Unearned revenues						
Other liabilities						
TOTAL LIABILITIES	$ 0	$ 0	$ 0	4,097	$ 0	$ 0
FUND BALANCES:						
Nonspendable:						
Perpetual care						
Restricted for:						
General government						
Public safety						
Parks and recreation						
Community development						
Education						
Capital projects	159,129	313,933	1,038,787	238,306	45,965	130,435
Committed for:						
Parks and recreation						
Unassigned						
TOTAL FUND BALANCES	159,129	313,933	1,038,787	238,306	45,965	130,435
TOTAL LIABILITIES AND FUND BALANCES	$ 159,129	$ 313,933	$ 1,038,787	$ 242,403	$ 45,965	$ 130,435

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Capital Project Funds			Permanent Funds		
	Recreation Bond 2016	Web Based GIS	Pond and Beach Preservation	Zenis Ellis Trust	Cemetery Fund	Total Non-Major Governmental Funds
ASSETS:						
Cash and cash equivalents				$ 951		$ 462,801
Investments					$ 500	500
Due from:						
Other funds	$ 255,687	$ 2,000	$ 950,000		90	3,719,863
Other governments						807,638
TOTAL ASSETS	$ 255,687	$ 2,000	$ 950,000	$ 951	$ 590	$ 4,990,802
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable						$ 16,570
Retainage payable						2,500
Due to:						
Other funds						508,791
Unearned revenues						661,946
Other liabilities				$ 1		24,810
TOTAL LIABILITIES	$ 0	$ 0	$ 0	1	$ 0	1,214,617
FUND BALANCES:						
Nonspendable:						
Perpetual care				950	590	1,540
Restricted for:						
General government						280,057
Public safety						95,503
Parks and recreation						17,821
Community development						328,252
Education						150,310
Capital projects	255,687	2,000	950,000			3,134,242
Committed for:						
Parks and recreation						129,257
Unassigned						(360,797)
TOTAL FUND BALANCES	255,687	2,000	950,000	950	590	3,776,185
TOTAL LIABILITIES AND FUND BALANCES	$ 255,687	$ 2,000	$ 950,000	$ 951	$ 590	$ 4,990,802

(CONCLUDED)

TOWN OF CHARLESTOWN, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds					
	Senior Community Activities	Police Grants-JAG	MEDS Grant - RI Dept of Health	Frisbee Golf Course	School Impact Fees	Friends of Ninigret
REVENUES:						
Intergovernmental		$ 7,605	$ 1,100			
Investment income					$ 192	
Other	$ 2,713				31,394	$ 100
TOTAL REVENUES	2,713	7,605	1,100	$ 0	31,586	100
EXPENDITURES:						
Current:						
General government						
Public safety			710			
Parks and recreation	301					
Community development						
Debt service:						
Interest and other costs						
Capital:						
Capital outlay		7,605				
TOTAL EXPENDITURES	301	7,605	710	0	0	0
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	2,412	0	390	0	31,586	100
OTHER FINANCING SOURCES (USES):						
Proceeds from bond issuance						
Transfers in						
Transfers out					(50,000)	
NET OTHER FINANCING SOURCES (USES)	0	0	0	0	(50,000)	0
NET CHANGE IN FUND BALANCES	2,412	0	390	0	(18,414)	100
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	2,606	0	4,258	1,303	168,724	1,047
FUND BALANCE (DEFICIT) AT END OF YEAR	$ 5,018	$ 0	$ 4,648	$ 1,303	$ 150,310	$ 1,147

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds					
	Operation Blue Riptide	Flagpole Gardens Accessible Playground	Animal Spaying/ Neutering	Ninigret Park Fund	Bicentennial Fund	FEMA
REVENUES:						
Intergovernmental	$ 4,722					
Investment income				$ 125	$ 10	
Other		$ 3,514	$ 774	23,465		
TOTAL REVENUES	4,722	3,514	774	23,590	10	$0
EXPENDITURES:						
Current:						
General government						
Public safety	4,722					
Parks and recreation		7				
Community development						
Debt service:						
Interest and other costs						
Capital:						
Capital outlay				11,453		
TOTAL EXPENDITURES	4,722	7	0	11,453	0	0
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	0	3,507	774	12,137	10	0
OTHER FINANCING SOURCES (USES):						
Proceeds from bond issuance						
Transfers in						
Transfers out						
NET OTHER FINANCING SOURCES (USES)	0	0	0	0	0	0
NET CHANGE IN FUND BALANCES	0	3,507	774	12,137	10	0
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	0	4,530	4,763	112,102	2,205	0
FUND BALANCE (DEFICIT) AT END OF YEAR	$ 0	$ 8,037	$ 5,537	$ 124,239	$ 2,215	$0

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds					
	Developer Bond Deposits	Open Space Fees	CH-Arts	Naval Airfield Memorial	Police Forfeiture	Municipal Planning
REVENUES:						
Intergovernmental						
Investment income		$ 47		$ 5		
Other		5,100	$ 1,510			
TOTAL REVENUES	$0	5,147	1,510	5	$ 0	$ 0
EXPENDITURES:						
Current:						
General government						
Public safety						
Parks and recreation			1,372	2,928		
Community development						
Debt service:						
Interest and other costs						
Capital:						
Capital outlay						
TOTAL EXPENDITURES	0	0	1,372	2,928	0	0
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	0	5,147	138	(2,923)	0	0
OTHER FINANCING SOURCES (USES):						
Proceeds from bond issuance						
Transfers in						
Transfers out						
NET OTHER FINANCING SOURCES (USES)	0	0	0	0	0	0
NET CHANGE IN FUND BALANCES	0	5,147	138	(2,923)	0	0
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	0	46,269	375	4,865	9,448	79,119
FUND BALANCE (DEFICIT) AT END OF YEAR	$0	$ 51,416	$ 513	$ 1,942	$ 9,448	$ 79,119

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds						
	Affordable Housing Initiatives	US EPA	Birthday Committee	Affordable Housing Acquisitions	Community Development Block Grant	Police Evidence Property	Historical and Vital Records
REVENUES:							
Intergovernmental		$ 34,320			$ 54,273		
Investment income							
Other							$ 15,724
TOTAL REVENUES	$ 0	34,320	$ 0	$ 0	54,273	$0	15,724
EXPENDITURES:							
Current:							
General government		45,420					
Public safety							
Parks and recreation							
Community development	29,522				54,273		
Debt service:							
Interest and other costs							
Capital:							
Capital outlay							
TOTAL EXPENDITURES	29,522	45,420	0	0	54,273	0	0
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(29,522)	(11,100)	0	0	0	0	15,724
OTHER FINANCING SOURCES (USES):							
Proceeds from bond issuance							
Transfers in							
Transfers out							
NET OTHER FINANCING SOURCES (USES)	0	0	0	0	0	0	0
NET CHANGE IN FUND BALANCES	(29,522)	(11,100)	0	0	0	0	15,724
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	23,786	0	1,906	328,173	79	0	100,307
FUND BALANCE (DEFICIT) AT END OF YEAR	$ (5,736)	$ (11,100)	$ 1,906	$ 328,173	$ 79	$0	$ 116,031

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds				Capital Project Funds		
	Ninigret Dog Park	Roof Drainage System Performance Bond	Comprehensive Planning Grant	Special Donations	Open Space 2016	Open Space Acquisitions	Klondike Road
REVENUES:							
Intergovernmental							
Investment income				$ 76			
Other	$ 1,255			230			
TOTAL REVENUES	1,255	$0	$ 0	306	$ 0	$ 0	$0
EXPENDITURES:							
Current:							
General government							
Public safety							
Parks and recreation	698						
Community development							
Debt service:							
Interest and other costs							
Capital:							
Capital outlay							
TOTAL EXPENDITURES	698	0	0	0	0	0	0
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	557	0	0	306	0	0	0
OTHER FINANCING SOURCES (USES):							
Proceeds from bond issuance							
Transfers in						19,156	
Transfers out							
NET OTHER FINANCING SOURCES (USES)	0	0	0	0	0	19,156	0
NET CHANGE IN FUND BALANCES	557	0	0	306	0	19,156	0
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	201	0	33,491	75,564	(343,961)	(19,156)	0
FUND BALANCE (DEFICIT) AT END OF YEAR	$ 758	$0	$ 33,491	$ 75,870	$ (343,961)	$ 0	$0

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Capital Project Funds					
	Asphalt Resurfacing	Stormwater Elimination Project	Burdickville Road Improvement	Town Capital Maintenance Fund	Kings Factory Road Culvert	DPW Road Engineering
REVENUES:						
Intergovernmental						
Investment income						
Other						
TOTAL REVENUES	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
EXPENDITURES:						
Current:						
General government						
Public safety						
Parks and recreation						
Community development						
Debt service:						
Interest and other costs						
Capital:						
Capital outlay		5,762		98,775		4,013
TOTAL EXPENDITURES	0	5,762	0	98,775	0	4,013
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	0	(5,762)	0	(98,775)	0	(4,013)
OTHER FINANCING SOURCES (USES):						
Proceeds from bond issuance						
Transfers in	112,436		1,038,787	200,000	45,965	
Transfers out						
NET OTHER FINANCING SOURCES (USES)	112,436	0	1,038,787	200,000	45,965	0
NET CHANGE IN FUND BALANCES	112,436	(5,762)	1,038,787	101,225	45,965	(4,013)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	46,693	319,695	0	137,081	0	134,448
FUND BALANCE (DEFICIT) AT END OF YEAR	$ 159,129	$ 313,933	$ 1,038,787	$ 238,306	$ 45,965	$ 130,435

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Capital Project Funds			Permanent Funds		
	Recreation Bond 2016	Web Based GIS	Pond and Beach Preservation	Zenis Ellis Trust	Cemetery Fund	Total Non-Major Governmental Funds
REVENUES:						
Intergovernmental						$ 102,020
Investment income						455
Other						85,779
TOTAL REVENUES	$ 0	$ 0	$ 0	$ 0	$ 0	188,254
EXPENDITURES:						
Current:						
General government						45,420
Public safety						5,432
Parks and recreation						5,306
Community development						83,795
Debt service:						
Interest and other costs	18,583					18,583
Capital:						
Capital outlay	635,765					763,373
TOTAL EXPENDITURES	654,348	0	0	0	0	921,909
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(654,348)	0	0	0	0	(733,655)
OTHER FINANCING SOURCES (USES):						
Proceeds from bond issuance	1,000,000					1,000,000
Transfers in			250,000			1,666,344
Transfers out						(50,000)
NET OTHER FINANCING SOURCES (USES)	1,000,000	0	250,000	0	0	2,616,344
NET CHANGE IN FUND BALANCES	345,652	0	250,000	0	0	1,882,689
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	(89,965)	2,000	700,000	950	590	1,893,496
FUND BALANCE (DEFICIT) AT END OF YEAR	$ 255,687	$ 2,000	$ 950,000	$ 950	$ 590	$ 3,776,185

(CONCLUDED)

TOWN OF CHARLESTOWN, RHODE ISLAND

TAX COLLECTOR'S ANNUAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Real Estate and Personal Property Taxes

Fiscal Year End	Balance July 1, 2016	Current year Assessment	Additions	(Abatements)	Refunds and Adjustments	Amount to be Collected	Collections	Balance June 30, 2017
2017		$ 24,015,249	$ 497	$ 20,345	$ 83,843	$ 24,079,244	$ 23,750,916	$ 328,328
2016	$ 354,633			150	(680)	353,803	236,874	116,929
2015	112,619			150	(696)	111,773	36,301	75,472
2014	74,268			148	(889)	73,231	11,081	62,150
2013	65,248				(931)	64,317	4,806	59,511
2012	56,436				1,073	57,509	10,963	46,546
2011	44,393				596	44,989	4,547	40,442
2010	27,891					27,891	86	27,805
2009	29,096					29,096	1,813	27,283
2008	32,420					32,420		32,420
2007 and prior	300,504					300,504	309	300,195
	1,097,508	$ 24,015,249	$ 497	$ 20,793	$ 82,316	$ 25,174,777	$ 24,057,696	1,117,081
Less:estimated allowance for uncollectible accounts	(445,200)							(481,300)
Net property taxes	$ 652,308							$ 635,781

Schedule of Most Recent Net Assessed Property Value by Category

Description of Property	Rates	Assessed Valuations	Levy
Real-Property- Residential	$ 10.21	$2,188,136,300	$ 22,123,802
Real-Property-Commercial/Industrial	10.21	73,445,700	746,410
Motor Vehicles	13.08	85,545,089	954,651
Tangible and Personal Property	10.21	18,635,479	190,386
Total		2,365,762,568	$ 24,015,249
Exemptions		(34,080,292)	
Net Assessed Values		$2,331,682,276	

Reconciliation of Current Year Property Tax Revenue

Current year collections	$ 24,057,696
Adjustments and reversals	
Add: Revenue collected 60 days subsequent to fiscal year ended ended June 30, 2017	105,927
Less: Prior year revenue collected 60 days subsequent to fiscal year ended June 30, 2016	(126,099)
Less refunds and adjustments	(84,610)
Current year property tax revenue	$ 23,952,914

Town Charlestown
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2017

REVENUE	Municipal	Education Department
Current Year Levy Tax Collection	$ 23,670,026	$ -
Last Year's Levy Tax Collection	249,279	-
Prior Years Property Tax Collection	33,609	-
Interest & Penalty	158,060	-
PILOT & Tax Treaty (excluded from levy) Collection	8,731	-
Other Local Property Taxes	-	-
Licenses and Permits	23,562	-
Fines and Forfeitures	15,208	-
Investment Income	45,193	-
Departmental	1,329,757	-
Rescue Run Revenue	-	-
Police & Fire Detail	-	-
Other Local Non-Property Tax Revenues	-	-
Tuition	-	-
Impact Aid	-	-
Medicaid	-	-
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	-
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	-	-
MV Excise Tax Reimbursement	44,815	-
State PILOT Program	-	-
Distressed Community Relief Fund	-	-
Library Resource Aid	-	-
Library Construction Aid	-	-
Public Service Corporation Tax	97,097	-
Meals & Beverage Tax / Hotel Tax	227,632	-
LEA Aid	-	-
Group Home	-	-
Housing Aid Capital Projects	-	-
Housing Aid Bonded Debt	-	-
State Food Service Revenue	-	-
Incentive Aid	1,050	-
Property Revaluation Reimbursement	23,768	-
Other State Revenue	1,687,921	-
Other Revenue	15,559	-
Local Appropriation for Education	-	-
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	$ 27,631,267	$ -
Financing Sources: Transfer from Capital Funds	$ -	$ -
Financing Sources: Transfer from Other Funds	50,000	-
Financing Sources: Debt Proceeds	134,443	-
Financing Sources: Other	-	-
Rounding	-	-
Total Other Financing Sources	$ 184,443	$ -

Town Charlestown
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2017

EXPENDITURES	General Government	Finance	Social Services	Centralized IT	Planning	Libraries	Public Works	Parks and Rec	Police Department
Compensation- Group A	$ 498,069	$ 419,749	$ 63,947	$ -	$ 111,320	$ -	$ 738,155	$ 338,420	$ 1,538,302
Compensation - Group B	-	-	-	-	-	-	-	-	46,274
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	905	-	-	-	1,448	-	31,431	9,662	255,634
Overtime - Group B	-	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	75,270
Active Medical Insurance - Group A	101,418	86,640	-	-	23,528	-	154,875	71,171	302,919
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	9,483
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental Insurance- Group A	7,051	6,023	-	-	1,636	-	10,766	4,948	21,060
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	659
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	42,135	35,996	5,615	-	9,775	-	64,344	29,568	129,790
Life Insurance	1,979	1,691	-	-	459	-	3,023	1,389	6,097
State Defined Contribution- Group A	64,928	55,467	8,653	-	15,063	-	99,151	45,564	193,929
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	6,071
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	-	-	-	-	-	-	2,797
Other Benefits- Group B	-	-	-	-	-	-	-	-	88
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	242,741	227,701	32,867	-	714	-	400,099	37,295	32,979
Materials/Supplies	17,651	9,832	7,176	-	386	-	116,698	13,789	20,517
Software Licenses	25,016	34,280	1,490	-	-	-	1,000	-	-
Capital Outlays	50,137	13,760	-	-	1,243	-	309,359	255,837	173,863
Insurance	215,134	-	-	-	-	-	-	-	-
Maintenance	-	-	1,486	-	-	-	32,518	15,347	47,441
Vehicle Operations	-	1,011	-	-	-	-	73,604	3,936	39,638
Utilities	4,196	3,054	9,889	-	562	-	121,071	2,330	76,116
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	-	-	-
Trash Removal & Recycling	-	-	-	-	-	-	-	-	-
Claims & Settlements	-	-	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	-	-	-
Other Operation Expenditures	69,347	14,578	31,779	-	4,703	225,081	76,183	85,581	112,239
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	$ 1,340,707	$ 909,782	$ 162,902	$ -	$ 170,837	$ 225,081	$ 2,232,277	$ 914,837	$ 3,091,166

Town Charlestown
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2017

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	$ -	$ 113,853	$ 221,549	$ -	$ -	$ -	$ 4,043,364	$ -
Compensation - Group B	-	27,533	78,068	-	-	-	151,875	-
Compensation - Group C	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	-	33,231	5,213	-	-	-	337,524	-
Overtime - Group B	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	75,270	-
Active Medical Insurance - Group A	-	29,883	62,986	-	-	-	833,420	-
Active Medical Insurance- Group B	-	-	-	-	-	-	9,483	-
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-
Active Dental Insurance- Group A	-	2,077	4,380	-	-	-	57,941	-
Active Dental Insurance- Group B	-	-	-	-	-	-	659	-
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-
Payroll Taxes	-	12,415	26,168	-	-	-	355,806	-
Life Insurance	-	583	1,229	-	-	-	16,450	-
State Defined Contribution- Group A	-	19,131	40,324	-	-	-	542,210	-
State Defined Contribution - Group B	-	-	-	-	-	-	6,071	-
State Defined Contribution - Group C	-	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	-	-	-	-	2,797	-
Other Benefits- Group B	-	-	-	-	-	-	88	-
Other Benefits- Group C	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-
Purchased Services	-	596	12,401	-	-	-	987,393	-
Materials/Supplies	-	545	7,907	-	-	-	194,501	-
Software Licenses	-	-	2,000	-	-	-	63,786	-
Capital Outlays	-	-	3,347	-	-	-	807,546	-
Insurance	-	-	-	-	-	-	215,134	-
Maintenance	-	-	-	-	-	-	96,792	-
Vehicle Operations	-	6,455	2,371	-	-	-	127,015	-
Utilities	-	3,889	838	-	-	-	221,945	-
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	-	-
Trash Removal & Recycling	-	-	-	-	-	-	-	-
Claims & Settlements	-	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	-	-
Other Operation Expenditures	-	8,887	176,671	-	-	-	805,049	-
Local Appropriation for Education	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	14,111,439	-	-	14,111,439	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	430,000	-	430,000	-
Municipal Debt- Interest	-	-	-	-	148,790	-	148,790	-
School Debt- Principal	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	195,725	195,725	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	$ -	$ 259,078	$ 645,452	$ 14,111,439	$ 578,790	$ 195,725	$ 24,838,073	$ -

Financing Uses: Transfer to Capital Funds	$ 1,489,188	$ -
Financing Uses: Transfer to Other Funds	663,657	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	$ 2,152,845	$ -
Net Change In Fund Balance[1]	824,792	-
Fund Balance1- beginning of year	7,970,141	-
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	-
Misc. Adjustment	-	-
Fund Balance[1] - beginning of year adjusted	7,970,141	-
Rounding	(2)	-
Fund Balance[1] - end of year	$ 8,794,931	$ -

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

Town Charlestown
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Municipal
Fiscal Year Ended June 30, 2017

G-2

Check header Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance[1]	Beginning Fund Fund Balance[1] (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance[1] (Deficit)	Ending Fund Balance[1] (Deficit)
General Fund	$ 27,631,271	$ 184,443	$ 24,838,080	$ 2,152,844	$ 824,790	$ 7,970,141	$ -	$ -	$ 8,794,931
Totals per audited financial statements	$ 27,631,271	$ 184,443	$ 24,838,080	$ 2,152,844	$ 824,790	$ 7,970,141	$ -	$ -	$ 8,794,931
Reconciliation from financial statements to MTP2									
Rounding	$ (4)	$ -	$ (7)	$ 1	$ 2	$ -	$ -	$ 7,970,141	$ -
Totals Per MTP2	$ 27,631,267	$ 184,443	$ 24,838,073	$ 2,152,845	$ 824,792	$ 7,970,141	$ -	$ 7,970,141	$ 8,794,931

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

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO SUPPLEMENTARY INFORMATION – ANNUAL SUPPLEMENTAL TRANSPARENCY REPORT (MTP2)
JUNE 30, 2017

NOTE 1. Basis of Presentation

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

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

NOTE 2. Reportable Government Services

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

NOTE 3. Allocations

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

NOTE 4. Employee Groups - Compensation and Benefit Costs

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

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

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

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

Group B: For Police and Fire Departments, compensation and benefits paid to its administrative employees and civilian dispatch employees are reported under Group B.

(CONTINUED)

NOTE 4. Employee Groups - Compensation and Benefit Costs (Continued)

Other post-employment benefits (OPEB) are not reported by employee groups on the MTP2. They are reported in total as either (1) contributions to a qualified OPEB trust or (2) the amount paid for medical and dental insurance for retirees when an OPEB trust fund has not been established.

The Town of Charlestown is a member of the Chariho Regional School District. Chariho provides education services to the Town and is a separate legal entity.

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

(CONCLUDED)

TOWN OF CHARLESTOWN

REPORT IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Cayer Caccia

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, Rhode Island, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Charlestown, Rhode Island's basic financial statements, and have issued our report thereon dated December 29, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Cayer Caccia, LLP

December 29, 2017