

**TOWN OF
CHARLESTOWN, RHODE ISLAND**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED
JUNE 30, 2019

Prepared by:

Julie R. Goucher

Treasurer

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

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TOWN OF CHARLESTOWN

INTRODUCTORY SECTION

Julie R. Goucher, Treasurer
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RHODE ISLAND 02813
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TOWN OF CHARLESTOWN

December 16, 2019

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, 2019, 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, 2019. The Comprehensive Annual Financial Report is a joint effort between Town Management and our auditing firm, Cayer Caccia, LLP Certified Public Accountants.

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

A single audit section relating to federal financial assistance is not required for the 2019 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 2018-2019 fiscal year:

The Town met with RI EMA regarding a proposed communication tower. RI EMA was aware of "dead" spots in South Kingstown and Westerly. The location of the tower in Charlestown appears to be best suited with the focus along the Route 1 corridor. The Town suggested an alternative location at the police station. RI EMA found the new site acceptable for the new radio tower. The additional development cost will be approximately \$80,000, which will be the Town's responsibility. A finalized MOU has been presented to the Town.

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 continued to promote this program during Fiscal Year 2019.

The Charlestown Police Department continued its program of compliance with the Rhode Island Police Accreditation Commission (RIPAC) requirements. This police accreditation process involves the agency adopting industry best practices and policies in pursuit of excellence in delivery of law enforcement services in the community. Also, during this time, the agency continued to develop the potential of all its employees through a program of continuing education and training.

The department was able to fill several vacancies within the agency, both sworn officers and civilian staff. In addition, the department was able to produce and disseminate its first annual report which outlined the proactive nature of the agency and its efforts to the community. The department expanded upon its community policing model through a variety of outreach initiatives throughout the year and was able to enhance its social media profile and agency image.

The department took possession of two new police vehicles, one for administrative and one for patrol functions. The department updated the office furniture in two lieutenant's offices, added an additional electronic message board and upgraded its last remaining all-terrain vehicle (ATV).

The Town received notice from the U.S. Federal Emergency Agency (FEMA) that its Natural Hazard Mitigation Plan had been formally approved. With the approval, Charlestown continues to be eligible to apply for state and federal grants administered through FEMA and the Rhode Island Emergency Management Agency (RIEMA). Charlestown will also be eligible for an upgraded score for the National Flood Insurance Program's Community Rating System (CRS).

A ceremony was held to recognize the substantial completion of the Quonochontaug Breachway Pond Restoration Project. The event recognized the completion of the first phase of the salt marsh restoration by elevating the sinking marsh with a new layer of sediment. This project is expected to restore habitat for fish and wildlife. The project should also increase local resilience to sea level rise and coastal storms. Most of the \$2 million for the work came from a \$980,000 coastal resilience grant from NOAA. Charlestown contributed \$450,000 and private organizations and individuals from Charlestown and Westerly raised \$350,000. Other partners in the project are the U.S. Fish and Wildlife Service, the Rhode Island Department of Environmental Management, and Save The Bay. The Salt Ponds

Coalition coordinated the private fundraising effort, which included the Weekapaug Foundation for Conservation, the Weekapaug Yacht Club, the Shelter Harbor Conservation Society, the Ocean House Marina, the Weekapaug Inn and the Westerly Yacht Club.

The Town contracted with Blum Shapiro Consulting to review our current information technology capacity and make recommendations for future operational needs. Over the past several years, the Town's use of technology has grown in size and complexity. While we continue to provide high quality services, we have now reached a critical point where we need to analyze existing IT operations and infrastructure within the Town to better utilize technologies and serve the entire organization and departments more efficiently and effectively. The report notes that Charlestown's progression toward more technology has reached a point where we need to consider two major issues: (1) to maintain our existing hardware and software processing or move toward services from "the cloud" and (2) to utilize consultants for support services or move toward an "in-house" IT professional.

The Patricia Sprague Forest Preserve, a 27 acre area was formally opened and a ribbon cutting ceremony was held for the newly installed entrance sign to Ninigret Park.

Historic murals of George Washington and the Marquis de Lafayette were installed in the Council Chambers. The murals were discovered during some work at the Card House located on Old Coach Road built in 1732. It was determined the paintings were done in 1836 or 1837.

The land evidence software continues to be updated through ACS.

The Town has continued to work on crack sealing and stone sealing the Town's roads. Fifteen roads were crack sealed and another fifteen were stone sealed. Rubberized asphalt chip seal and asphalt stone seal was completed on Burdickville Road.

The Public Works Department installed a new generator at the Town Hall. This will provide electricity to the entire Town Hall during power failures or other emergencies. The DPW Department also replaced all fluorescent and incandescent lighting fixtures within the Town Hall to LEDs. The Project is part of an energy efficiency program through National Grid and RISE Engineering.

The Town has continued to replace the DPW vehicles on a regular cycle with the purchase of a new wing mower.

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 688 Flood Insurance Policies in effect in the Town of Charlestown with the Class 7 rating saving property owners in Charlestown a total of \$171,814 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 developments 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.

The Parks and Recreation Department saw an increase in program revenues and attendance generated through summer camp, beaches, adult flag football and other new program even though the number of campers was limited to 150. The tennis courts and girls fast pitch softball field in the Harry Wicklund Park that were newly renovated have begun to be used by local Chariho teams. A Gaga Pit was built as part of an Eagle Scout project in Ninigret Park and has quickly become very popular in the playground. The department sponsored many special events including teen dances, fitness programs, youth programs and the adult painting classes.

The Senior Community Center flooring project was completed. Attendance has been high and continues to grow at all fitness programs and center related programs. A new art program is proving very popular.

The Town's On-site 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 On-site Wastewater Management Program continued to implement its public health protection and environmental management policies through the wastewater management ordinance. Last calendar year the office:

- Successfully applied for and received \$300,000 in funding from the Rhode Island Infrastructure Bank through the State Revolving Fund to be utilized as 1% low interest loans for cesspool replacement and failing and substandard OWTS replacement through the Charlestown Community Septic System Loan Program (CSSLP),
- Disbursed over \$86,000 in CSSLP low interest loans,
- Oversaw and/or reviewed over 2,022 OWTS inspections and/or maintenance activities,
- Identified and managed 48 failing OWTS with the potential for causing threats to human and/or the environment,
- The EPA Grant funding allowed for 15 of the most polluting substandard/failing conventional septic systems within the Eastern Ninigret Pond/Green Hill Pond watershed to be removed and replaced with nitrogen reducing technology. Over a ten year period, these upgrades will reduce the total nitrogen load to this fragile watershed by approximately 2 tons.

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 2019 budget.

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, 2021.

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, festival area and a multi-purpose trail. 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 Washington County Community Development Consortium, 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.

Ms. Alice Buckley, 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, Ms. Buckley is coordinating the improvement and expansion of the Shannock Water District for Charlestown and Richmond. Additional federal funds of approximately \$1.8 million were obtained for use by the Shannock Water District. Ms. Buckley 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 2019 the Town experienced minimal losses on insurance claims and the Town anticipates a similar situation in 2020. 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 its insurance needs. The Trust is a member owned and operated insurance alternative; it has 128 member municipalities, schools, and special purpose districts. 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,



Julie R. Goucher
Treasurer

MUNICIPAL OFFICERS

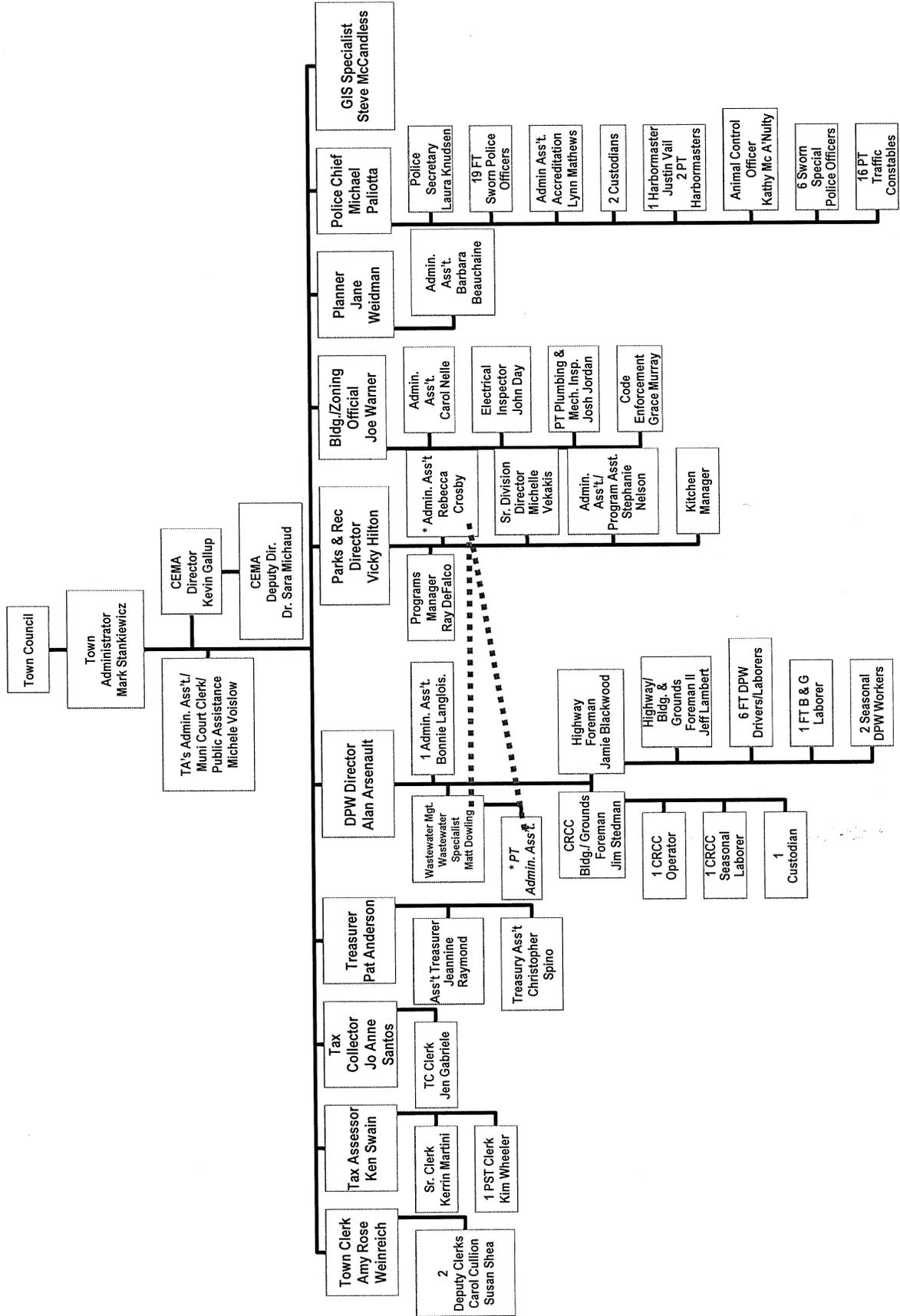
Town Council

Virginia Lee, President
Deborah A. Carney, Vice President
Julie A. Carroccia
Bonnie Van Slyke
David M. Wilkinson

Town Officials

| | |
|---|----------------------------|
| <i>Town Administrator</i> | <i>Mark S. Stankiewicz</i> |
| <i>Chief of Police</i> | <i>Michael Paliotta</i> |
| <i>Town Clerk</i> | <i>Amy Rose Weinreich</i> |
| <i>Treasurer</i> | <i>Julie R. Goucher</i> |
| <i>Tax Assessor</i> | <i>Kenneth J. Swain</i> |
| <i>Tax Collector</i> | <i>Jo-Anne Santos</i> |
| <i>Building & Zoning Official</i> | <i>Joseph Warner</i> |
| <i>Public Works Director</i> | <i>Alan A. Arsenault</i> |
| <i>Parks & Recreation Director</i> | <i>Vicky Hilton</i> |
| <i>Town Planner</i> | <i>Jane Weidman</i> |
| <i>Animal Control Officer</i> | <i>Kathy M. McA'Nulty</i> |
| <i>Harbormaster</i> | <i>Justin Vail</i> |
| <i>Town Solicitor</i> | <i>Peter Ruggiero</i> |
| <i>Probate Solicitor</i> | <i>Robert Craven</i> |
| <i>Solicitor Indian Affairs</i> | <i>Joseph Larisa, Jr.</i> |
| <i>Emergency Management</i> | <i>Kevin Gallup</i> |
| <i>Town Moderator</i> | <i>Charles Beck</i> |
| <i>Sealer of Weights & Measures</i> | <i>Anthony Goes</i> |
| <i>Custodian of Cemeteries</i> | <i>Francis Fenner</i> |
| <i>Public Assistance</i> | <i>Michele Voislow</i> |
| <i>GIS</i> | <i>Steven McCandless</i> |

Charlestown, RI Government Organizational Chart



TOWN OF CHARLESTOWN

FINANCIAL SECTION



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, 2019, 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, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, historical pension and other post-employment benefit information, and budgetary comparison information on pages 4 through 17 and 77 through 93 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 20, 2019, 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

Warwick, Rhode Island
December 20, 2019

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 (MD&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).

Highlights

Financial Highlights

The Town's net position increased by \$1,104,119 (or 3.9%). Governmental net position increased by \$1,072,019, (or 3.8%), while the business-type activities net position increased by \$32,100, (or 15.1%). In 2018, governmental net position increased by \$2,584,279 (or 10.0%), while the business-type activities net position increased by \$13,891, (or 7.0%).

Governmental activities revenues for the year ending June 30, 2019 totaled \$28,705,523 including charges for services at \$1,743,407, operating grants and contributions at \$2,282,298, capital grants and contributions at \$16,000 with the balance of revenue from property taxes, revenue sharing, investment interest, and contributions not restricted to specific programs of \$24,663,818.

Business-type activities revenues for the year ending June 30, 2019 totaled \$297,001 including charges for services of \$271,404, investment income of \$597, and transfers from the general fund of \$25,000.

Governmental fund expenditures for the fiscal year totaled \$30,461,791. Business-type activities expenses for the fiscal year totaled \$264,901.

On the GAAP basis, expenditures and other financing uses were \$27,686,069 for the general fund; \$2,775,722 for the non-major governmental funds; and \$264,901 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 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. 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 | |
|----------------------------------|-------------------------|---------------------|--------------------------|------------------|--------------------------|---------------------|
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| Current and Other Assets | \$15,725,935 | \$15,463,670 | \$114,660 | \$ 77,708 | \$15,840,595 | \$15,541,378 |
| Capital Assets | 26,607,270 | 26,446,942 | 155,109 | 160,652 | 26,762,379 | 26,607,594 |
| Total Assets | 42,333,205 | 41,910,612 | 269,769 | 238,360 | 42,602,974 | 42,148,972 |
| Deferred Outflows of Resources | 2,406,077 | 2,977,784 | 0 | 0 | 2,406,077 | 2,977,784 |
| Current Liabilities | 1,780,519 | 1,716,474 | 6,908 | 8,845 | 1,787,427 | 1,725,319 |
| Long Term Liabilities | 12,068,882 | 13,039,114 | 18,209 | 16,963 | 12,087,091 | 13,056,077 |
| Total Liabilities | 13,849,401 | 14,755,588 | 25,117 | 25,808 | 13,874,518 | 14,781,396 |
| Deferred Inflows of Resources | 1,478,221 | 1,793,167 | 0 | 0 | 1,478,221 | 1,793,167 |
| Net Investment in Capital Assets | 21,787,918 | 21,204,961 | 155,109 | 160,652 | 21,943,027 | 21,365,613 |
| Restricted for Other Purpose | 3,871,676 | 6,350,197 | 10,000 | 10,000 | 3,881,676 | 6,360,197 |
| Unrestricted | 3,752,066 | 784,483 | 79,543 | 41,900 | 3,831,609 | 826,383 |
| Total Net Position | \$29,411,660 | \$28,339,641 | \$244,652 | \$212,552 | \$29,656,312 | \$28,552,193 |

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

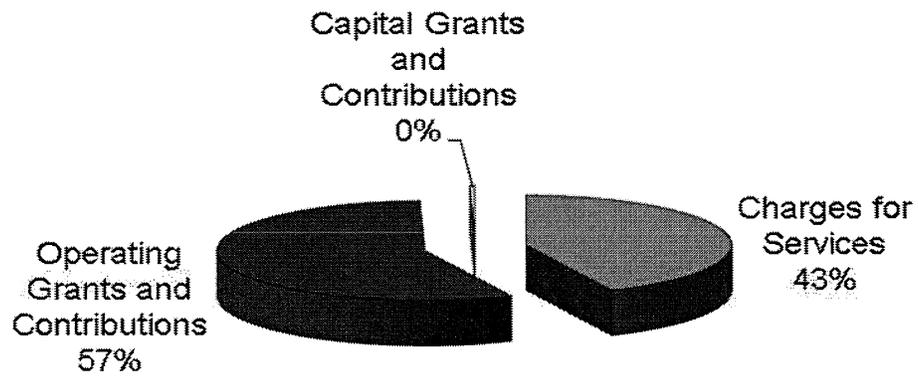
**Changes in Net Position
For fiscal Year Ended**

June 30:

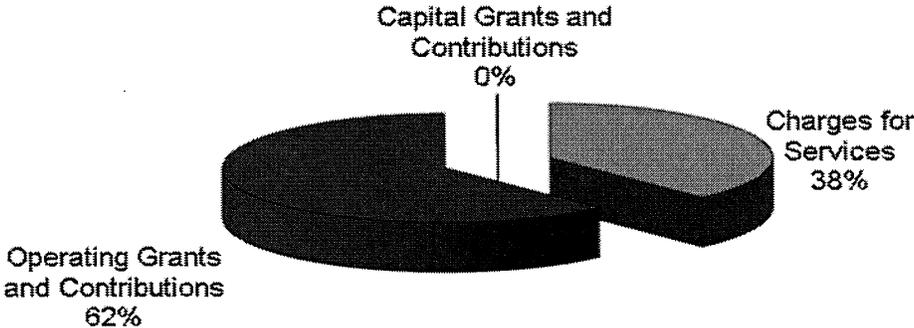
| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|--|----------------------------|----------------------|-----------------------------|-------------------|-----------------------------|----------------------|
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| Revenue: | | | | | | |
| Program Revenue: | | | | | | |
| Charges for services | \$ 1,743,407 | \$ 1,511,658 | \$ 271,404 | \$ 237,735 | \$ 2,014,811 | \$ 1,749,393 |
| Operating Grants & Contributions | 2,282,298 | 2,457,051 | | | 2,282,298 | 2,457,051 |
| Capital Grants & Contributions | 16,000 | 3,748 | | | 16,000 | 3,748 |
| Total Program Revenue | 4,041,705 | 3,972,457 | 271,404 | 237,735 | 4,313,109 | 4,210,192 |
| General Revenue: | | | | | | |
| Property Tax | 24,556,746 | 24,781,050 | | | 24,556,746 | 24,781,050 |
| Gain on sale of Capital Asset | 2,450 | 21,500 | | | 2,450 | 21,500 |
| Unrestricted Investment Earnings | 104,622 | 60,047 | 597 | 679 | 105,219 | 60,726 |
| Total General Revenue | 24,663,818 | 24,862,597 | 597 | 679 | 24,664,415 | 24,863,276 |
| Total Revenue | 28,705,523 | 28,835,054 | 272,001 | 238,414 | 28,977,524 | 29,073,468 |
| Expenses: | | | | | | |
| General Government | 2,393,748 | 1,998,134 | | | 2,393,748 | 1,998,134 |
| Public Safety | 3,111,441 | 3,005,609 | | | 3,111,441 | 3,005,609 |
| Public Works | 2,141,237 | 2,168,260 | | | 2,141,237 | 2,168,260 |
| Education | 14,240,355 | 14,144,970 | | | 14,240,355 | 14,144,970 |
| Parks & Recreation | 2,285,273 | 855,424 | | | 2,285,273 | 855,424 |
| Public Health & Asst | 446,147 | 442,213 | | | 446,147 | 442,213 |
| Community Development | 35,840 | 551,241 | | | 35,840 | 551,241 |
| Other | 2,813,756 | 2,904,702 | 264,901 | 249,523 | 3,078,657 | 3,154,225 |
| Interest on Long Term Debt | 140,707 | 155,222 | | | 140,707 | 155,222 |
| Total Expenses | 27,608,504 | 26,225,775 | 264,901 | 249,523 | 27,873,405 | 26,475,298 |
| Excess (deficiency) Of Revenue Over Expenditures Before Transfers | 1,097,019 | 2,609,279 | 7,100 | (11,109) | 1,104,119 | 2,598,170 |
| Transfers | (25,000) | (25,000) | 25,000 | 25,000 | | |
| Change in Net Position | 1,072,019 | 2,584,279 | 32,100 | 13,891 | 1,104,119 | 2,598,170 |
| Net Position Beginning | 28,339,641 | 25,755,362 | 212,552 | 198,661 | 28,552,193 | 25,954,023 |
| Net Position Ending | \$ 29,411,660 | \$ 28,339,641 | \$ 244,652 | \$ 212,552 | \$ 29,656,312 | \$ 28,552,193 |

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.

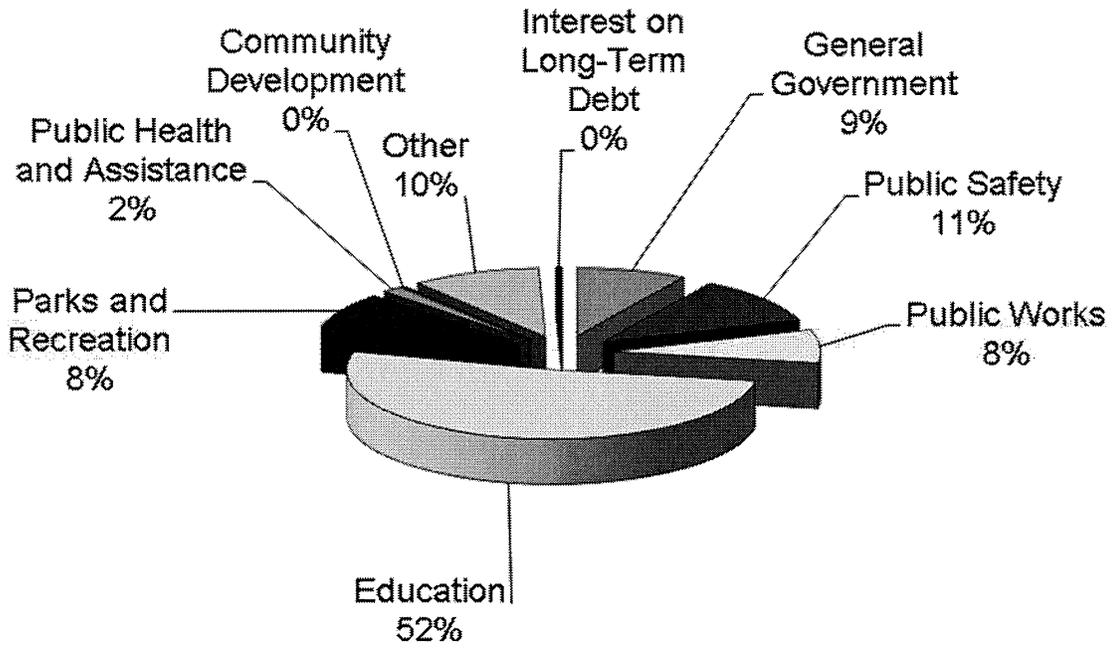
2019 Program Revenues



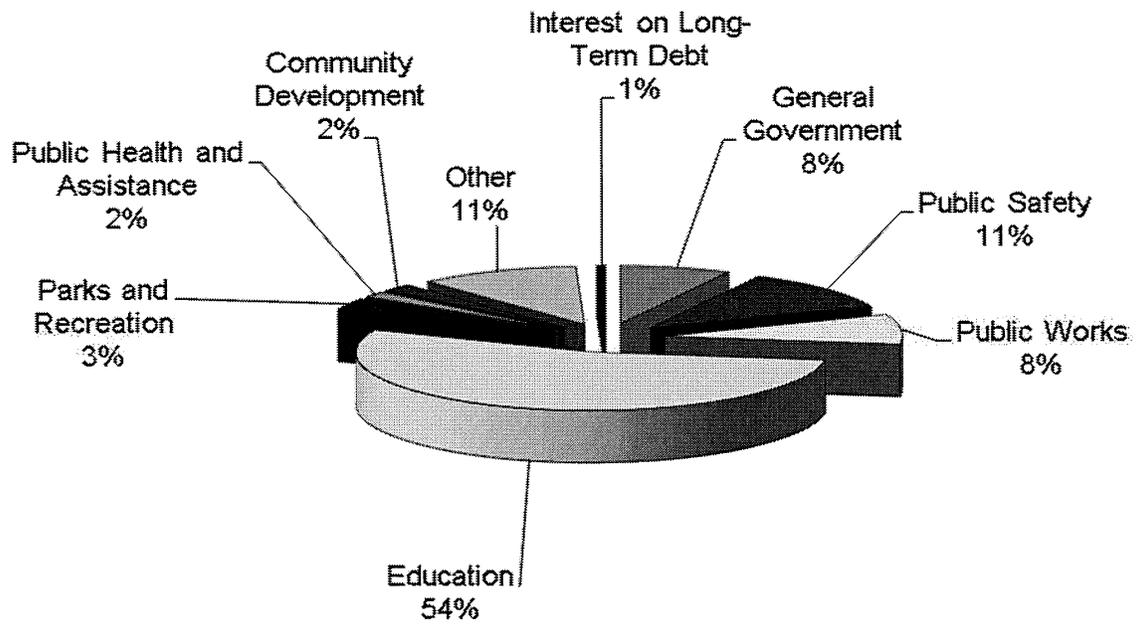
2018 Program Revenues



2019 Expenses



2018 Expenses



Normal Impact:

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

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

Changes in net position of the Town's activities as a whole (includes governmental and business-type activities) was \$1,104,119 and \$2,598,170 for fiscal year 2019 and 2018, respectively, resulting from the difference between expenses and revenues. For fiscal year 2019, expenses net of their pertinent revenues were \$23,560,296, while revenue not attributed to any activity in the government were \$24,664,415, therefore netting an increase of \$1,104,119 in net position. For fiscal year 2018, expenses net of their pertinent revenues was \$22,265,106, while revenues not attributed to any activity in the government were \$24,863,276, therefore netting an increase of \$2,598,170 in net position.

Business-type Activities:

The change in net position for the business-type activities for fiscal year 2019 and 2018 was \$32,100 and \$13,891, 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 2019, the general fund balance sheet showed a fund balance of \$11,201,250. This figure results from all assets allocated to the fund less its liabilities, as presented on page 21. Of this total, \$572,712 was nonspendable for tax sale property and prepaid expenditures, \$1,567,874 was committed mainly for employee severance benefits and general government expenditures, and \$9,060,664 was unassigned. The Town was also required to show any other major funds which are determined by criteria listed by the GASB. Other governmental funds had a fund balance of \$3,039,595 of which \$1,540 was nonspendable for perpetual care, \$3,580,862 was restricted mainly for capital projects, community development, and general government expenditures, \$121,447 was committed mainly for parks and recreation and \$(664,254) was unassigned. The total fund balance for the aforementioned funds is \$14,240,845. 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 \$1,605,292 at June 30, 2019.

At the end of June 2018, the general fund balance sheet showed a fund balance of \$9,886,486. Of this total, \$1,309,642 was nonspendable for tax sale property and prepaid expenditures, \$1,272,108 was committed mainly for employee severance benefits and general government expenditures, and \$6,935,171 was unassigned. The Town was also required to show any other major funds which are determined by criteria listed by the GASB. Other governmental funds had a fund balance of \$3,733,055 of which \$1,540 was nonspendable for perpetual care, \$4,052,857 was restricted mainly for capital projects, community development, and general government expenditures, \$145,999 was committed mainly for parks and recreation and \$(467,341) was unassigned. The total fund balance for the aforementioned funds was \$13,619,541.

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 \$1,286,837 at June 30, 2018.

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 \$244,652 at June 30, 2019, of which \$155,109 is the net investment in capital assets, \$10,000 is restricted and \$79,543 is unrestricted. At June 30, 2018, these two entities combined had total net position of \$212,552 of which \$160,652 was the net investment in capital assets, \$10,000 was restricted and \$41,900 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 86. 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, 2019, the general fund revenues exceeded budget projections by \$884,216, or 3.1%. The general fund expenditures were less than the budget by \$481,658, or 1.7%. This resulted in a \$1,365,874 budgetary surplus in the general fund for the year ending June 30, 2019.

The most significant revenue variances were tax collections in the amount of \$234,245, Building Inspection departmental revenue in the amount of \$100,152, and Recreation/Beach departmental revenue of \$113,149. The most significant expense variances were savings in the Public Works department for highways and public buildings and grounds as well as the council contingency and legal services.

For the year ended June 30, 2018, the general fund revenues exceeded budget projections by \$255,213, or 0.9%. The general fund expenditures were less than the budget by \$744,518, or 2.7%. This resulted in a \$999,731 budgetary surplus in the general fund for the year ending June 30, 2018.

The most significant revenue variances were tax collections in the amount of \$(100,667), Motor Vehicle Phase Out in the amount of \$121,975, Transfer Stamps of \$78,033, beach receipts of \$52,130 and Police receipts of \$36,969. The most significant expense variances were savings in the Public Works department for highway and public building and grounds and the Police Department.

Capital Assets and Long-Term Debt

Capital Assets

The Town of Charlestown's net investment in capital assets for its governmental and business-type activities as of June 30, 2019 and 2018 amounted to \$26.8 and \$26.6 million, respectively (net of accumulated depreciation). This net investment in capital assets includes construction-in-progress, land, buildings and improvements, motor vehicles, equipment and infrastructure.

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

Capital Assets at June 30:
(In Millions)

| | Governmental Activities | | Business-Type Activities | | Totals | |
|--------------------------------|------------------------------------|--------------------|-------------------------------------|--------------------|--------------------|--------------------|
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| Motor Vehicles | \$ 4.0 | \$ 3.7 | | | \$ 4.0 | \$ 3.7 |
| Equipment | 1.3 | 1.3 | \$0.3 | \$0.3 | 1.6 | 1.6 |
| Infrastructure | 48.8 | 48.4 | | | 48.8 | 48.4 |
| Buildings and Improvements | 9.7 | 9.6 | | | 9.7 | 9.6 |
| Land and Land Improvements | 11.2 | 10.9 | 0.2 | 0.2 | 11.4 | 11.1 |
| Construction-in-progress | 0.6 | 0.2 | | | 0.6 | 0.2 |
| Total Assets | 75.6 | 74.1 | 0.5 | 0.5 | 76.1 | 74.6 |
| Less: Accumulated Depreciation | (49.0) | (47.7) | (0.3) | (0.3) | (49.3) | (48.0) |
| Net Capital Assets | \$26.6 | \$26.4 | \$0.2 | \$0.2 | \$26.8 | \$26.6 |

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2019 was \$76.1 million less accumulated depreciation of \$49.3 million for a net investment in capital assets of \$26.8 million.

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2018 was \$74.6 million less accumulated depreciation of \$48.0 million for a net investment in capital assets of \$26.6 million.

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

- \$ 324,498 for Infrastructure
- \$ 338,558 for Vehicles
- \$ 582,118 for Construction in Progress
- \$ 159,596 for Buildings and Improvements
- \$ 110,000 for Land
- \$ 195,187 for Land Improvements

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

Long-Term Debt

As of June 30, 2019, the Town had total long-term liabilities of \$6.0 million. Of that, \$4.3 million related to bonded debt guaranteed by the Town's assets, \$0.1 related to landfill monitoring costs; \$1.1 million related to compensated absences; and \$0.5 million related to leases payable.

As of June 30, 2018, 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; \$0.9 million related to compensated absences; and \$0.4 million related to leases payable.

The business-type activities had long-term liabilities \$18,209 at June 30, 2019. This is related to compensated absences.

The business-type activities had long-term liabilities \$16,963 at June 30, 2018. 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 ISLANDSTATEMENT OF NET POSITION
JUNE 30, 2019

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|-------------------|
| ASSETS: | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 13,806,457 | \$ 536,672 | \$ 14,343,129 |
| Restricted cash and cash equivalents | | 15,996 | 15,996 |
| Investments | 2,740 | | 2,740 |
| Receivables: | | | |
| Taxes, net | 727,374 | | 727,374 |
| Other receivables | 32,717 | 6,686 | 39,403 |
| Internal balances | 446,694 | (446,694) | |
| Due from other governments | 420,679 | | 420,679 |
| Prepaid expenses | 13,588 | 2,000 | 15,588 |
| Tax sale property | 275,686 | | 275,686 |
| Total current assets | 15,725,935 | 114,660 | 15,840,595 |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Non-depreciable | 10,480,351 | 99,500 | 10,579,851 |
| Depreciable, net | 16,126,919 | 55,609 | 16,182,528 |
| Total noncurrent assets | 26,607,270 | 155,109 | 26,762,379 |
| TOTAL ASSETS | 42,333,205 | 269,769 | 42,602,974 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Deferred outflows related to pensions | 2,179,895 | | 2,179,895 |
| Deferred outflows related to other post-employment benefits | 221,031 | | 221,031 |
| Deferred expense on refunding bonds | 5,151 | | 5,151 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 2,406,077 | 0 | 2,406,077 |
| LIABILITIES: | | | |
| Current liabilities: | | | |
| Accounts payable | 588,547 | 6,908 | 595,455 |
| Retainage payable | 24,481 | | 24,481 |
| Accrued interest | 17,395 | | 17,395 |
| Due to other governments | 40,409 | | 40,409 |
| Current portion of long-term debt | 591,079 | | 591,079 |
| Unearned revenue | 489,134 | | 489,134 |
| Other liabilities | 29,474 | | 29,474 |
| Total current liabilities | 1,780,519 | 6,908 | 1,787,427 |
| Noncurrent liabilities: | | | |
| Long-term debt, net | 5,390,601 | 18,209 | 5,408,810 |
| Net pension liability | 5,237,892 | | 5,237,892 |
| Net other post-employment benefit liability | 1,440,389 | | 1,440,389 |
| Total noncurrent liabilities | 12,068,882 | 18,209 | 12,087,091 |
| TOTAL LIABILITIES | 13,849,401 | 25,117 | 13,874,518 |

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLANDSTATEMENT OF NET POSITION
JUNE 30, 2019

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Deferred inflows related to pensions | 1,083,651 | | 1,083,651 |
| Deferred inflows related to other post-employment benefits | 394,570 | | 394,570 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 1,478,221 | 0 | 1,478,221 |
| NET POSITION: | | | |
| Net investment in capital assets | 21,787,918 | 155,109 | 21,943,027 |
| Restricted - nonexpendable | 290,814 | 10,000 | 300,814 |
| Restricted for: | | | |
| Community development | 89,474 | | 89,474 |
| Education | 176,263 | | 176,263 |
| Capital projects | 2,918,581 | | 2,918,581 |
| Special purposes | 396,544 | | 396,544 |
| Unrestricted | 3,752,066 | 79,543 | 3,831,609 |
| TOTAL NET POSITION | \$ 29,411,660 | \$ 244,652 | \$ 29,656,312 |

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

| Functions/Programs: | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | |
|---|----------------------|-------------------------|--|--|----------------------------|-----------------------------|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | | |
| General government | \$ 2,393,748 | \$ 944,931 | \$ 609,266 | \$ 16,000 | \$ (839,551) | \$ | \$ (839,551) |
| Public safety | 3,111,441 | 120,639 | 11,915 | | (2,962,887) | | (2,962,887) |
| Public works | 2,141,237 | | | | (2,141,237) | | (2,141,237) |
| Education | 14,240,355 | | 1,598,581 | | (12,641,774) | | (12,641,774) |
| Parks and recreation | 2,285,273 | 677,837 | 26,696 | | (1,580,740) | | (1,580,740) |
| Public health and assistance | 446,147 | | | | (446,147) | | (446,147) |
| Community development | 35,840 | | 35,840 | | 0 | | 0 |
| Other | 2,813,756 | | | | (2,813,756) | | (2,813,756) |
| Interest on long-term debt | 140,707 | | | | (140,707) | | (140,707) |
| Total governmental activities | 27,608,504 | 1,743,407 | 2,282,298 | 16,000 | (23,566,799) | | (23,566,799) |
| Business-type activities: | | | | | | | |
| Residential Collection Center | 208,846 | 213,865 | | | | \$ 5,019 | 5,019 |
| Coastal Pond Management | 56,055 | 57,539 | | | | 1,484 | 1,484 |
| Total business-type activities | 264,901 | 271,404 | 0 | 0 | 0 | 6,503 | 6,503 |
| Total | \$ 27,873,405 | \$ 2,014,811 | \$ 2,282,298 | \$ 16,000 | (23,566,799) | 6,503 | (23,560,296) |
| General revenues: | | | | | | | |
| Property taxes | | | | | 24,556,746 | | 24,556,746 |
| Unrestricted investment earnings | | | | | 104,622 | 597 | 105,219 |
| Gain on sale of capital asset | | | | | 2,450 | | 2,450 |
| Transfers | | | | | (25,000) | 25,000 | |
| Total general revenues and transfers | | | | | 24,638,818 | 25,597 | 24,664,415 |
| Change in net position | | | | | 1,072,019 | 32,100 | 1,104,119 |
| Net Position - beginning | | | | | 28,339,641 | 212,552 | 28,552,193 |
| Net Position - ending | | | | | \$ 29,411,660 | \$ 244,652 | \$ 29,656,312 |

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

| | General Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|--------------------------------|--------------------------------|
| ASSETS: | | | |
| Cash and cash equivalents | \$ 13,353,592 | \$ 452,865 | \$ 13,806,457 |
| Investments | | 2,740 | 2,740 |
| Receivables: | | | |
| Taxes, net | 727,374 | | 727,374 |
| Other | 32,717 | | 32,717 |
| Due from: | | | |
| Other funds | 1,074,432 | 3,666,962 | 4,741,394 |
| Other governments | 103,886 | 316,793 | 420,679 |
| Prepaid expenditures | 297,026 | | 297,026 |
| Tax sale property | 275,686 | | 275,686 |
| TOTAL ASSETS | \$ 15,864,713 | \$ 4,439,360 | \$ 20,304,073 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES: | | | |
| LIABILITIES: | | | |
| Accounts payable | \$ 211,470 | \$ 377,077 | \$ 588,547 |
| Retainage payable | 617 | 23,864 | 24,481 |
| Due to: | | | |
| Other funds | 3,666,960 | 627,740 | 4,294,700 |
| Other governments | 40,409 | | 40,409 |
| Unearned revenues | 133,628 | 355,506 | 489,134 |
| Other liabilities | 13,896 | 15,578 | 29,474 |
| TOTAL LIABILITIES | 4,066,980 | 1,399,765 | 5,466,745 |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Unavailable revenue - property taxes | 596,483 | 0 | 596,483 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 596,483 | 0 | 596,483 |
| FUND BALANCES: | | | |
| Nonspendable | 572,712 | 1,540 | 574,252 |
| Restricted | 0 | 3,580,862 | 3,580,862 |
| Committed | 1,567,874 | 121,447 | 1,689,321 |
| Unassigned | 9,060,664 | (664,254) | 8,396,410 |
| TOTAL FUND BALANCES | 11,201,250 | 3,039,595 | 14,240,845 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 15,864,713 | \$ 4,439,360 | \$ 20,304,073 |

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, 2019**

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

| | | |
|---|---------------------|----------------------|
| Total Fund Balance (B-1) | | \$ 14,240,845 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | |
| Governmental capital assets | 75,657,275 | |
| Less: accumulated depreciation | <u>(49,050,005)</u> | |
| | | 26,607,270 |
| Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position. | | |
| | | 2,179,895 |
| Contributions to the other post-employment benefit plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position. | | |
| | | 221,031 |
| 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. | | |
| | | (1,440,389) |
| 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 | (4,320,000) | |
| Prepayment on bonds payable | (283,438) | |
| Leases payable | (463,057) | |
| Premium | (45,379) | |
| Current year amortization | 9,084 | |
| Deferred expense on refunding bonds | 6,435 | |
| Current year amortization | (1,284) | |
| Compensated absences | (1,075,263) | |
| Landfill closure and post-closure care costs | <u>(87,065)</u> | |
| | | (6,259,967) |
| Net pension liability is not reported in the governmental funds. | | |
| | | (5,237,892) |
| Pension related deferrals are not reported in the governmental funds. | | |
| | | (1,083,651) |
| Other post-employment benefit related deferrals are not reported in the governmental funds. | | |
| | | (394,570) |
| Certain deferred inflows of resources in governmental funds are susceptible to full accrual on the entity-wide statements. | | |
| | | 596,483 |
| Accrued interest payable is recorded in governmental activities, but is not recorded in the funds. | | |
| | | (17,395) |
| Total Net Position (A-1) | | <u>\$ 29,411,660</u> |

(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, 2019**

| | General Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|--------------------------------|--------------------------------|
| REVENUES: | | | |
| General property taxes | \$ 24,621,003 | | \$ 24,621,003 |
| Intergovernmental | 2,229,863 | \$ 316,202 | 2,546,065 |
| Departmental | 1,657,910 | | 1,657,910 |
| Investment income | 104,196 | 426 | 104,622 |
| Other | 1,536 | 87,894 | 89,430 |
| TOTAL REVENUES | 28,614,508 | 404,522 | 29,019,030 |
| EXPENDITURES: | | | |
| Current: | | | |
| General government | 1,828,718 | 375,761 | 2,204,479 |
| Public safety | 2,741,613 | 9,321 | 2,750,934 |
| Public works | 1,444,491 | | 1,444,491 |
| Education | 14,216,622 | | 14,216,622 |
| Parks and recreation | 681,877 | 2,401 | 684,278 |
| Public health and assistance | 446,147 | | 446,147 |
| Community development | | 35,840 | 35,840 |
| Other | 2,720,722 | | 2,720,722 |
| Debt Service: | | | |
| Principal | 525,000 | | 525,000 |
| Interest and other costs | 242,544 | | 242,544 |
| Capital: | | | |
| Capital outlay | 677,945 | 2,221,964 | 2,899,909 |
| TOTAL EXPENDITURES | 25,525,679 | 2,645,287 | 28,170,966 |
| EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES) | 3,088,829 | (2,240,765) | 848,064 |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | 130,435 | 1,677,740 | 1,808,175 |
| Transfers out | (2,152,740) | (130,435) | (2,283,175) |
| Proceeds from capital leases | 255,890 | | 255,890 |
| Landfill monitoring | (7,650) | | (7,650) |
| NET OTHER FINANCING SOURCES (USES) | (1,774,065) | 1,547,305 | (226,760) |
| NET CHANGE IN FUND BALANCES | 1,314,764 | (693,460) | 621,304 |
| FUND BALANCE AT BEGINNING OF YEAR | 9,886,486 | 3,733,055 | 13,619,541 |
| FUND BALANCE AT END OF YEAR | \$ 11,201,250 | \$ 3,039,595 | \$ 14,240,845 |

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, 2019**

| | | |
|---|-----------|------------------|
| Net Change in Fund Balances - Total Governmental Funds (B-2): | \$ | 621,304 |
| 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. | | 160,328 |
| Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities. | | 597,317 |
| 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. | | 423,169 |
| 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. | | 287,006 |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds. | | (315,957) |
| Adjustment to accrued interest payable related to long-term liabilities which is required to be recorded for government-wide financial statement presentation. | | 5,602 |
| 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. | | (717,622) |
| Other post-employment benefit 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 the governmental funds. | | 10,872 |
| Change in Net Position of Governmental Activities in the Statement of Activities (A-2) | \$ | 1,072,019 |

TOWN OF CHARLESTOWN, RHODE ISLAND

**STATEMENT OF FUND NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2019**

| | <u>Residential Collection Center</u> | <u>Coastal Pond Management</u> | <u>Totals</u> |
|--------------------------------------|--|------------------------------------|-------------------|
| ASSETS: | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 358,225 | \$ 178,447 | \$ 536,672 |
| Restricted cash and cash equivalents | | 15,996 | 15,996 |
| Receivables, net | 6,686 | | 6,686 |
| Prepaid expenses | 2,000 | | 2,000 |
| Total Current Assets | <u>366,911</u> | <u>194,443</u> | <u>561,354</u> |
| Noncurrent Assets: | | | |
| Net capital assets | 130,628 | 24,481 | 155,109 |
| Total Noncurrent Assets | <u>130,628</u> | <u>24,481</u> | <u>155,109</u> |
| TOTAL ASSETS | <u>497,539</u> | <u>218,924</u> | <u>716,463</u> |
| LIABILITIES: | | | |
| Current Liabilities: | | | |
| Accounts payable | 6,678 | 230 | 6,908 |
| Due to other funds | 345,933 | 100,761 | 446,694 |
| Total Current Liabilities | <u>352,611</u> | <u>100,991</u> | <u>453,602</u> |
| Noncurrent Liabilities: | | | |
| Accrued compensated absences | 18,209 | | 18,209 |
| Total Noncurrent Liabilities | <u>18,209</u> | <u>0</u> | <u>18,209</u> |
| TOTAL LIABILITIES | <u>370,820</u> | <u>100,991</u> | <u>471,811</u> |
| NET POSITION: | | | |
| Net investment in capital assets | 130,628 | 24,481 | 155,109 |
| Restricted for endowment | | 10,000 | 10,000 |
| Unrestricted | (3,909) | 83,452 | 79,543 |
| TOTAL NET POSITION | <u>\$ 126,719</u> | <u>\$ 117,933</u> | <u>\$ 244,652</u> |

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2019**

| | <u>Residential Collection Center</u> | <u>Coastal Pond Management</u> | <u>Totals</u> |
|---------------------------------------|--|------------------------------------|-------------------|
| OPERATING REVENUES: | | | |
| Charges for usage and service | \$ 213,865 | \$ 57,539 | \$ 271,404 |
| Total Operating Revenues | <u>213,865</u> | <u>57,539</u> | <u>271,404</u> |
| OPERATING EXPENSES: | | | |
| Operations | 94,923 | 23,218 | 118,141 |
| Personnel | 113,819 | 27,398 | 141,217 |
| Depreciation | 104 | 5,439 | 5,543 |
| Total Operating Expenses | <u>208,846</u> | <u>56,055</u> | <u>264,901</u> |
| OPERATING INCOME | <u>5,019</u> | <u>1,484</u> | <u>6,503</u> |
| NONOPERATING REVENUES: | | | |
| Investment income | 396 | 201 | 597 |
| Total Nonoperating Revenues | <u>396</u> | <u>201</u> | <u>597</u> |
| INCOME BEFORE TRANSFERS | <u>5,415</u> | <u>1,685</u> | <u>7,100</u> |
| TRANSFERS IN | <u>25,000</u> | <u>0</u> | <u>25,000</u> |
| CHANGE IN NET POSITION | <u>30,415</u> | <u>1,685</u> | <u>32,100</u> |
| TOTAL NET POSITION - BEGINNING | <u>96,304</u> | <u>116,248</u> | <u>212,552</u> |
| TOTAL NET POSITION - ENDING | <u>\$ 126,719</u> | <u>\$ 117,933</u> | <u>\$ 244,652</u> |

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2019**

| | Residential Collection Center | Coastal Pond Management | Totals |
|---|----------------------------------|----------------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash received from customers | \$ 211,017 | \$ 57,539 | \$ 268,556 |
| Cash paid to suppliers | (97,376) | (24,702) | (122,078) |
| Cash paid to employees | (112,573) | (27,398) | (139,971) |
| Net cash provided by operating activities | <u>1,068</u> | <u>5,439</u> | <u>6,507</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | |
| Transfers from General Fund | 25,000 | | 25,000 |
| Decrease in due to other funds | (292,115) | (134,687) | (426,802) |
| Net cash used for noncapital financing activities | <u>(267,115)</u> | <u>(134,687)</u> | <u>(401,802)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest on investments | 396 | 201 | 597 |
| Net cash provided by investing activities | <u>396</u> | <u>201</u> | <u>597</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (265,651) | (129,047) | (394,698) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>623,876</u> | <u>323,490</u> | <u>947,366</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 358,225</u> | <u>\$ 194,443</u> | <u>\$ 552,668</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income | \$ 5,019 | \$ 1,484 | \$ 6,503 |
| Adjustments to reconcile: | | | |
| Depreciation | 104 | 5,439 | 5,543 |
| Increase in receivables, net | (2,848) | | (2,848) |
| Increase in prepaid expenses | (2,000) | | (2,000) |
| Decrease in accounts payable | (453) | (1,484) | (1,937) |
| Increase in accrued compensated absences | 1,246 | | 1,246 |
| Net cash provided by operating activities | <u>\$ 1,068</u> | <u>\$ 5,439</u> | <u>\$ 6,507</u> |

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLANDSTATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

| | Other Post-Employment Benefit Trust Fund |
|--|---|
| | <u> </u> |
| ASSETS: | |
| Investments, at fair value | \$ 7,180,483 |
| Total assets | <u>7,180,483</u> |
| LIABILITIES | <u>0</u> |
| NET POSITION: | |
| Held in trust for other post-employment benefits | <u>\$ 7,180,483</u> |

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2019

| | <u>Other Post-Employment Benefit Trust Fund</u> |
|---------------------------------|---|
| ADDITIONS: | |
| Contributions: | |
| Employer contributions | \$ 450,000 |
| Total contributions | <u>450,000</u> |
| Investment income: | |
| Interest and dividends | 469,593 |
| Total investment income | <u>469,593</u> |
| Total additions | <u>919,593</u> |
| DEDUCTIONS: | |
| Benefits | 0 |
| Administrative expenses | 0 |
| Total deductions | <u>0</u> |
| CHANGE IN NET POSITION | 919,593 |
| NET POSITION - BEGINNING | 6,260,890 |
| NET POSITION - ENDING | <u><u>\$ 7,180,483</u></u> |

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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 Regional 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)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently Issued Accounting Standards

The Town implemented the following pronouncements for the year ended June 30, 2019.

- GASB Statement No. 83 - Certain Asset Retirement Obligations.
- GASB Statement No. 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.

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

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

- GASB Statement No. 84 – Fiduciary Activities, effective for the Town's fiscal year ending June 30, 2020.
- GASB Statement No. 87 – Leases, effective for the Town's fiscal year ending June 30, 2021.
- GASB Statement No. 89 – Accounting for Interest Costs Incurred Before the End of a Construction Period, 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)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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, 2019.

Major and Non-Major Funds

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

| <u>Fund</u> | <u>Brief Description</u> |
|-------------------|--|
| Major: | |
| General: | See above for description |
| Proprietary: | Residential Collection Center: accounts for the operation and maintenance of the Residential Collection Center. Coastal Pond Management: accounts for the operation of the Coastal Pond Management Fund. |
| 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, Project Review, Opioid Grant, 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, Special Donations, and On-Site Wastewater Treatment Systems. |
| Capital Projects: | External Fuel Tank, Open Space 2016, Asphalt Resurfacing, Stormwater Elimination Project, Burdickville Road Improvement, Town Capital Maintenance Fund, Kings Factory Road Culvert, Old Mill Road, DPW Road Engineering, Recreation Bond 2016, Web Based GIS, and Pond and Beach Preservation. |
| Permanent: | Zenis Ellis Trust and Cemetery Fund |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based on historical trends and the periodic aging of accounts receivable. The allowance for uncollectible accounts totaled \$525,000 for property taxes. Major receivable balances for the governmental activities include property taxes and intergovernmental grants and aid. Business-type activities report service fees as its major receivables.

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

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in certain governmental funds. Encumbrances do not constitute expenditures or liabilities under generally accepted accounting principles. The Town did not have any encumbrances as of June 30, 2019.

Investments

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

Short-term Interfund Receivables/Payables

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

Advances to Other Funds

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

Interfund Transfers

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

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Debt

In the governmental-wide financial statements, long-term debt obligations are reported as liabilities in the statement of net position. Bonds payable are reported net of the applicable bond premium or discount. Bond premiums, included in long-term debt, are amortized using the effective interest method over the respective life of the associated bond issues. Amortization of bond premiums, which are charged against interest expense, totaled \$9,084 for fiscal year 2019.

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

Prepaid bond insurance costs are reported as an asset and are recognized as an expense over the duration of the related debt using the straight-line method. The Town did not have any prepaid bond insurance costs at June 30, 2019.

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

The total bond premiums at June 30, 2019 were \$89,281, while the accumulated amortization was \$52,986.

Amount Deferred on Refunding

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

Deferred Inflows and Outflows of Resources

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

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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

Deferred Inflows and Outflows of Resources (Continued)

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

Materials and Supplies

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

Prepaid Items

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

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment (Continued)

Government-Wide Statements (Continued)

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

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

Fund Financial Statements

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

Interfund Transactions

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

Reciprocal interfund activities:

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

Non-reciprocal interfund activities:

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

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, 2019 amounted to \$1,075,263. 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, 2019.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

| | <u>Revenues and Transfers</u> | <u>Expenditures and Transfers</u> |
|---|-----------------------------------|---------------------------------------|
| Schedule of Revenues, Expenditures and Changes in Fund | | |
| Balance (Non-GAAP Budgetary Basis) Budget and Actual (E-6) .. | \$29,368,862 | \$28,002,988 |
| Transfer from fund balance..... | (369,565) | |
| Activity of funds classified with the General Fund for purposes of GASB Statement No. 54 | <u>1,536</u> | <u>(316,919)</u> |
| Statement of Revenues, Expenditures and Changes in Fund | | |
| Balance (B-2) | <u>\$29,000,833</u> | <u>\$27,686,069</u> |

Use of Estimates

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

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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

Equity Classifications

Government-Wide Statements

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

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

Fund Statements

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

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

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

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

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)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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 \$160,328 difference are as follows:

| | |
|---------------------------|--------------------|
| Capital outlays..... | \$ 1,619,161 |
| Depreciation expense..... | <u>(1,458,833)</u> |
| Net adjustment..... | <u>\$ 160,328</u> |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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 \$287,006 difference are as follows:

| | |
|--|------------------|
| Bonds payable..... | \$525,000 |
| Add: prepayment of bonds payable at June 30, 2018..... | 240,000 |
| Less: prepayment of bonds payable at June 30, 2019 | (240,000) |
| Bond premium..... | 9,084 |
| Deferred outflow of resources..... | (1,284) |
| Capital leases payable | (111,455) |
| Compensated absences | (142,254) |
| Landfill monitoring | <u>7,915</u> |
| Net adjustment..... | <u>\$287,006</u> |

3. DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk, Deposits - Custodial credit risk is the risk that in the event of bank failure, the Town's deposits may not be returned. 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 \$2,282,477 while the bank balance was \$2,502,309 of which \$500,000 was covered by federal depository insurance, \$2,002,309 was collateralized. The Town also had nonnegotiable certificates of deposit totaling \$1,025,300 which were FDIC insured under the Certificate of Deposit Account Registry Service (CDARS) at June 30, 2019. In addition, at June 30, 2019 the Town had deposits of \$11,048,423 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, 2019.

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..... | \$ 2,266,481 |
| Restricted cash deposits | 15,996 |
| Insured Cash Sweep | 11,048,423 |
| Petty cash..... | 2,925 |
| Certificate of deposit, 2.25%, dated September 20, 2018, due September 19, 2019..... | <u>1,025,300</u> |
| <i>Total cash and cash equivalents – (A-1)</i> | <u>\$14,359,125</u> |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

3. DEPOSITS AND INVESTMENTS (Continued)

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.

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, 2019, 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, 2019, 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.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

3. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Concentration of Credit Risk – The Vanguard agreement addresses concentration limits on a manager basis. As of June 30, 2019, the OPEB Trust’s investments were all registered in the Trust’s name.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2019:

Investments included in The Trust’s OPEB Fiduciary Fund consisted of the following at June 30, 2019:

| | <u>June 30, 2019</u> | <u>Fair Value Measurements Using</u> | | |
|----------------------------------|----------------------|--------------------------------------|----------------|----------------|
| | | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Investments by fair value level: | | | | |
| Mutual funds..... | \$7,180,483 | \$7,180,483 | | |
| Total OPEB Trust | \$7,180,483 | \$7,180,483 | \$0 | \$0 |

As of June 30, 2019, investments other than those included in the Fiduciary Fund included:

| <u>Description</u> | <u>Fair Value</u> | <u>Interest Rate</u> | <u>Maturity</u> |
|--------------------------------------|-------------------|----------------------|-----------------|
| Certificate of deposit | \$ 2,240 | 3.0% | 7/16/22 |
| Series HH Bond | 500 | N/A | N/A |
| Total investments (A-1) | \$ 2,740 | | |

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, 2019 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 2019 were based on an assessed value of approximately \$2,510,039,583 at December 31, 2017 and amounted to \$24,401,143. Collections through June 30, 2019 amounted to \$23,541,144 which represents 96.5% of the total tax levy.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019 of \$1,252,374 are recorded as a receivable, net of an allowance for uncollectible property taxes of \$525,000. Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2019 are recorded as unavailable revenue and amounted to \$429,955 at June 30, 2019. Property taxes recognized as revenue for the fiscal year ended June 30, 2019 (due to their collection within the 60 days immediately following June 30, 2019) amounted to \$297,419.

5. INTERGOVERNMENTAL RECEIVABLES/PAYABLES

Intergovernmental receivables and payables consisted of the following at June 30, 2019:

| | <u>Due From</u> | <u>Due To</u> |
|--|------------------|-----------------|
| Governmental activities: | | |
| State of Rhode Island: | | |
| Major funds: | | |
| General Fund | \$103,886 | \$40,409 |
| Total | <u>103,886</u> | <u>40,409</u> |
| Federal government: | | |
| Non-major funds | 316,793 | |
| Total | <u>316,793</u> | 0 |
| Total governmental activities | <u>\$420,679</u> | <u>\$40,409</u> |

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)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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.

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 described above. The interpolation is based on service as of June 30, 2012 divided by projected service at the member's prior Retirement Date. The minimum retirement age is 59.

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

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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

General Information about the Pension Plan (Continued)

General Employees (Continued)

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.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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 (a) 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)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

6. DEFINED BENEFIT PENSION PLANS (Continued)

Employees covered by benefit terms

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

| | <u>General Employees</u> | <u>Police Employees</u> |
|------------------------------|------------------------------|-----------------------------|
| Retirees and Beneficiaries | 13 | 16 |
| Inactive, Nonretired Members | 15 | 3 |
| Active Members | 46 | 19 |
| Total | 74 | 38 |

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 9.25%. 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 \$186,909 in the year ended June 30, 2019 for general employees and \$410,408 for public safety employees, which was 7.51% and 27.74% of annual covered payroll, respectively.

Net Pension Liability (Asset)

The total pension liability was determined by actuarial valuations performed as of June 30, 2017 and rolled forward to June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement.

| Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2018 measurement date (June 30, 2017 valuation rolled forward to June 30, 2018) | |
|---|---|
| Actuarial Cost Method | Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used. |
| Amortization Method | Level Percent of Payroll – Closed |
| Actuarial Assumptions | |
| Investment Rate of Return | 7.00% |
| Projected Salary Increases | General Employees - 3.50% to 7.50% ; Police & Fire Employees - 4.00% to 14.00% |
| Inflation | 2.50% |
| Mortality | Mortality – variants of the RP-2014 mortality tables – for the improvement scale, update to the ultimate rates of the MP-2016 projection scale. |
| Cost of Living Adjustments | A 2% COLA is assumed after January 1, 2014. |

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

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

6. DEFINED BENEFIT PENSION PLANS (Continued)

Net Pension Liability (Asset) (Continued)

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 34 sources. The June 30, 2018 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Asset Allocation</u> | <u>Long-Term Expected Arithmetic Real Rate of Return</u> |
|--------------------------------|---|---|
| GROWTH: | | |
| Global Equity | | |
| U.S. Equity | 20.80% | 6.43% |
| International Developed Equity | 14.40% | 6.72% |
| Emerging Markets Equity | <u>4.80%</u> | 8.90% |
| Subtotal | <u>40.00%</u> | |
| Private Growth | | |
| Private Equity | 11.30% | 9.08% |
| Non-Core RE | 2.20% | 5.03% |
| OPP Private Credit | <u>1.50%</u> | 9.08% |
| Subtotal | <u>15.00%</u> | |
| INCOME: | | |
| High Yield Infrastructure | 1.00% | 3.81% |
| REITS | 1.00% | 5.03% |
| Liquid Credit | 2.80% | 3.81% |
| Private Credit | <u>3.20%</u> | 3.81% |
| Subtotal | <u>8.00%</u> | |
| STABILITY: | | |
| Crisis Protection Class | | |
| Treasury Duration | 4.00% | 0.61% |
| Systematic Trend | <u>4.00%</u> | 4.00% |
| Subtotal | <u>8.00%</u> | |
| Inflation Protection | | |
| Core Real Estate | 3.60% | 5.03% |
| Private Infrastructure | 2.40% | 5.61% |
| TIPs | 1.00% | 1.75% |
| Natural Resources | <u>1.00%</u> | 3.81% |
| Subtotal | <u>8.00%</u> | |
| Volatility Protection | | |
| IG Fixed Income | 11.50% | 2.14% |
| Absolute Return | 6.50% | 4.00% |
| Cash | <u>3.00%</u> | 0.61% |
| Subtotal | <u>21.00%</u> | |
| Total | <u>100.00%</u> | |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

6. DEFINED BENEFIT PENSION PLANS (Continued)

Net Pension Liability (Asset) (Continued)

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

| 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, 2017 | \$ 8,204,656 | \$ 7,478,028 | \$ 726,628 |
| Changes for the Year | | | |
| Service cost | 225,873 | | 225,873 |
| Interest on the total pension liability | 572,591 | | 572,591 |
| Changes in benefits | | | |
| Difference between expected and actual experience | (125,262) | | (125,262) |
| Changes of assumptions | | | |
| Employer contributions | | 180,697 | (180,697) |
| Employee contributions | | 87,610 | (87,610) |
| Net investment income | | 603,596 | (603,596) |
| Benefit payments, including employee refunds | (275,453) | (275,453) | |
| Administrative expense | | (8,035) | 8,035 |
| Other changes | | | |
| Net changes | 397,749 | 588,415 | (190,666) |
| Balances as of June 30, 2018 | \$ 8,602,405 | \$ 8,066,443 | \$ 535,962 |

| 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, 2017 | \$ 13,886,361 | \$ 9,229,053 | \$ 4,657,308 |
| Changes for the Year | | | |
| Service cost | 277,712 | | 277,712 |
| Interest on the total pension liability | 956,158 | | 956,158 |
| Changes in benefits | | | |
| Difference between expected and actual experience | 33,371 | | 33,371 |
| Changes of assumptions | | | |
| Employer contributions | | 324,241 | (324,241) |
| Employee contributions | | 132,559 | (132,559) |
| Net investment income | | 727,331 | (727,331) |
| Benefit payments, including employee refunds | (731,633) | (731,633) | |
| Administrative expense | | (9,683) | 9,683 |
| Other changes | | 48,171 | (48,171) |
| Net changes | 535,608 | 490,986 | 44,622 |
| Balances as of June 30, 2018 | \$ 14,421,969 | \$ 9,720,039 | \$ 4,701,930 |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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

| | 1.00% Decrease (6.0%) | Current Discount Rate (7.0%) | 1.00 Increase (8.0%) |
|-------------------|----------------------------------|---|---------------------------------|
| General Employees | \$1,511,994 | \$ 535,962 | \$ (190,665) |
| Police Employees | \$6,369,661 | \$4,701,930 | \$3,460,057 |

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

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

For the year ended June 30, 2019, the employer recognized pension expense of \$121,985 for the general employees. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

| | <u>General Employees</u> | |
|--|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences in experience | \$ 36,867 | \$418,189 |
| Differences in assumptions | 225,048 | 9,654 |
| Excess (deficit) investment returns | 266,602 | 240,636 |
| Employer contributions subsequent to measurement date | <u>186,909</u> | <u>0</u> |
| Total | <u>\$715,426</u> | <u>\$668,479</u> |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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 \$186,909 related to pensions resulting from the Town of Charlestown's contributions in fiscal year 2019 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending <u>June 30</u> | Net Deferred Outflows (Inflows) of <u>Resources</u> |
|----------------------------------|---|
| 2020 | \$ 14,403 |
| 2021 | (43,017) |
| 2022 | (125,237) |
| 2023 | (9,313) |
| 2024 | 33,089 |
| Thereafter | ____(9,887) |
| Total | \$ <u>(139,962)</u> |

For the year ended June 30, 2019, the employer recognized pension expense of \$595,149 for the police employees. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

| | <u>Police Employees</u> | |
|--|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences in experience | \$ 231,862 | \$ 89,436 |
| Differences in assumptions | 485,179 | 39,540 |
| Excess (deficit) investment returns | 337,020 | 286,196 |
| Employer contributions subsequent to measurement date | ____410,408 | _____ |
| Total | <u>\$1,464,469</u> | <u>\$ 415,172</u> |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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 \$410,408 related to pensions resulting from the Town of Charlestown's contributions in fiscal year 2019 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending June 30</u> | <u>Net Deferred Outflows of Resources</u> |
|------------------------------------|---|
| 2020 | \$282,567 |
| 2021 | 195,961 |
| 2022 | 61,377 |
| 2023 | 105,482 |
| 2024 | (6,498) |
| Thereafter | <u>0</u> |
| Total | <u>\$638,889</u> |

7. OTHER PENSION PLANS

Defined Contribution Pension 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, 2019:

| | <u>Employee Contribution</u> | <u>Employer Contribution</u> |
|--|---|--|
| 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 | |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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 \$20,214, for the fiscal year ended June 30, 2019.

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 2019, 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, 2019, the total cost to the Town for providing retirement benefits amounted to \$11,250.

8. INTERFUND BALANCES

Interfund receivable and payable balances at June 30, 2019 are as follows:

| | <u>Due From Other Funds</u> | <u>Due To Other Funds</u> |
|---|---------------------------------|-------------------------------|
| Governmental activities: | | |
| Major funds: | | |
| General Fund | \$1,074,432 | \$3,666,960 |
| Non-major funds | <u>3,666,962</u> | <u>627,740</u> |
| Total governmental activities | <u>\$4,741,394</u> | <u>\$4,294,700</u> |
| Business-type activities: | | |
| Major funds: | | |
| Residential Collection Center | | \$345,933 |
| Coastal Pond Management | | <u>100,761</u> |
| Total business-type activities | <u>\$ 0</u> | <u>\$446,694</u> |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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.

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.

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.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

9. LONG-TERM LIABILITIES (Continued)

(a) Long-Term Liability Activity (Continued)

Long-term liability activity for the year ended June 30, 2019 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Amounts Due Within One Year</u> |
|---|------------------------------|-------------------|--------------------|---------------------------|--|
| Governmental Activities: | | | | | |
| Long-term debt: | | | | | |
| General obligation debt..... | \$4,845,000 | | \$ 525,000 | \$4,320,000 | \$295,000 |
| Plus: bond premium, net of amortization | 45,379 | | 9,084 | 36,295 | |
| Total long-term debt | 4,890,379 | \$ 0 | 534,084 | 4,356,295 | 295,000 |
| Other long-term liabilities: | | | | | |
| Leases payable..... | 351,602 | 255,890 | 144,435 | 463,057 | 139,164 |
| Compensated absences | 933,009 | 706,120 | 563,866 | 1,075,263 | 149,000 |
| Landfill monitoring costs | 94,980 | | 7,915 | 87,065 | 7,915 |
| Total other long-term liabilities..... | 1,379,591 | 962,010 | 716,216 | 1,625,385 | 296,079 |
| Governmental activities: | | | | | |
| Long-term liabilities | \$6,269,970 | \$ 962,010 | \$1,250,300 | \$5,981,680 | \$591,079 |
| Business-type activities: | | | | | |
| Other long-term liabilities: | | | | | |
| Compensated absences | \$ 16,963 | \$ 9,890 | \$ 8,644 | \$ 18,209 | \$ 0 |
| Business-type activities: | | | | | |
| Long-term liabilities | \$ 16,963 | \$ 9,890 | \$ 8,644 | \$ 18,209 | \$ 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)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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

(b) **Debt Maturity**

At June 30, 2019, the Town had \$2,000,000 of remaining authorized unissued bond authority.

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

| <u>Year ending June 30:</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|--------------------|------------------|--------------------|
| 2020 | \$ 295,000 | \$ 85,169 | \$ 380,169 |
| 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 | 3,378 | 153,378 |
| Totals | <u>\$4,320,000</u> | <u>\$763,654</u> | <u>\$5,083,654</u> |

At June 30, 2019, 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, 2019, the Town incurred the following interest expense:

| | |
|--|------------------|
| 2013 Series A bond..... | \$ 66,388 |
| 2013 Series B bond (Refunding bond)..... | 23,000 |
| 2014 Series A bond..... | 28,972 |
| 2016 Series A bond..... | 23,213 |
| Total | <u>\$141,573</u> |

(CONTINUED)

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

9. LONG-TERM LIABILITIES (Continued)

(c) Bonds Outstanding

At June 30, 2019, the Town's bonds payable consisted of the following:

GOVERNMENTAL ACTIVITIES

| <u>Description</u> | <u>Date Issued</u> | <u>Original Principal</u> | <u>Due Date</u> | <u>Interest Rate</u> | <u>Outstanding June 30, 2018</u> | <u>Issued</u> | <u>Paid</u> | <u>Outstanding June 30, 2019</u> |
|--------------------------------------|--------------------|---------------------------|-----------------|----------------------|----------------------------------|---------------|------------------|----------------------------------|
| 2013 Series A Bond | 08/22/13 | \$2,190,000 | 07/01/33 | 2.00% - 4.50% | \$1,760,000 | | \$ 90,000 | \$1,670,000 |
| 2013 Series B Refunding Bond | 08/22/13 | 1,520,000 | 07/01/23 | 2.00% - 3.00% | 730,000 | | 150,000 | 580,000 |
| 2014 Series A Bond | 07/07/14 | 2,000,000 | 07/15/24 | 2.15% | 1,445,000 | | 195,000 | 1,250,000 |
| 2016 Series A Bond | 11/23/16 | 1,000,000 | 11/15/26 | 2.58% | 910,000 | | 90,000 | 820,000 |
| Total general obligation debt | | | | | \$4,845,000 | \$ 0 | \$525,000 | \$4,320,000 |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2019:

| | |
|--|------------------------|
| Beginning balance of deferred outflows of resources | \$ 6,435 |
| Additions | 0 |
| Reductions | <u>(1,284)</u> |
| Ending balance of deferred outflows of resources .. | <u>\$ 5,151</u> |

(e) **Capital Leases**

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

The assets acquired through capital leases are as follows:

Governmental Activities

| | <u>Public Safety</u> | <u>Public Works</u> |
|-------------------------------------|--------------------------|--------------------------|
| Assets: | | |
| Vehicles and equipment..... | \$ 255,890 | \$ 638,176 |
| Less: accumulated depreciation..... | <u>(2,132)</u> | <u>(298,080)</u> |
| Total..... | <u>\$ 253,758</u> | <u>\$ 340,096</u> |

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, 2019:

| Fiscal year ending <u>June 30:</u> | Governmental <u>Activities</u> |
|---|-----------------------------------|
| 2020 | \$155,052 |
| 2021 | 134,431 |
| 2022 | 134,431 |
| 2023 | <u>75,453</u> |
| Total minimum lease payments..... | 499,367 |
| Less: amount representing interest..... | <u>(36,310)</u> |
| Present value of future minimum lease payments | <u>\$463,057</u> |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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 bond proceeds were received in August 2013 as part of the Town's 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. Expenditures incurred through June 30, 2019 totaled \$2,789,640.

The Town has no ownership rights in the land acquisitions or future housing units but the projects will meet the requirements of affordable housing under the State's 10% Affordable Housing mandate.

Grants

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

Litigation

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

11. LANDFILL ENTERPRISE FUND - CLOSURE AND POSTCLOSURE CARE COSTS

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

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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, 2019 totaled \$7,650. 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 \$7,915 annually for the remaining 11 years. These estimates are based on an independent evaluation of the cost to perform postclosure monitoring. In fiscal year 2010, the Rhode Island Department of Environmental Management approved a reduction in the scope of the Town's postclosure monitoring activities resulting in the associated cost reductions. Actual costs may be higher due to inflation, deflation, changes in technology or changes in applicable laws and regulations. Annual postclosure monitoring costs are expected to be funded through General Fund appropriations.

12. FUND EQUITY

(a) Fund Balance Constraints

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

| | <u>General Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|---|---|
| <i>Nonspendable:</i> | | | |
| Perpetual care..... | | \$ 1,540 | \$ 1,540 |
| Tax sale property | \$ 275,686 | | 275,686 |
| Prepaid expenditures | 297,026 | | 297,026 |
| <i>Restricted for:</i> | | | |
| General government | | 285,401 | 285,401 |
| Public safety..... | | 102,473 | 102,473 |
| Parks and recreation..... | | 8,670 | 8,670 |
| Community development .. | | 89,474 | 89,474 |
| Education | | 176,263 | 176,263 |
| Capital projects | | 2,918,581 | 2,918,581 |
| <i>Committed to:</i> | | | |
| General government | 654,451 | | 654,451 |
| Parks and recreation..... | 2,026 | 121,447 | 123,473 |
| Education | 250,000 | | 250,000 |
| Employee severance benefits..... | 661,397 | | 661,397 |
| <i>Unassigned</i> | <u>9,060,664</u> | <u>(664,254)</u> | <u>8,396,410</u> |
| <i>Total Fund Balances</i> | <u>\$11,201,250</u> | <u>\$ 3,039,595</u> | <u>\$14,240,845</u> |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

12. FUND EQUITY (Continued)

(b) Net Position

Restriction of net position at June 30, 2019 was as follows:

Enterprise Funds:

| | |
|---------------------------------|-----------|
| Restriction for endowment | \$ 10,000 |
|---------------------------------|-----------|

(c) Fund Deficits

The following funds had cumulative deficits at June 30, 2019:

Non-major Governmental Funds:

| | |
|-------------------------------------|------------|
| Affordable Housing Initiatives..... | \$ 5,736 |
| US EPA | \$ 124,941 |
| Open Space 2016 | \$ 533,577 |

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.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

13. CAPITAL ASSETS

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

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|--------------------|---------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 9,794,487 | \$ 110,000 | | \$ 9,904,487 |
| Construction-in-progress..... | 153,783 | 582,118 | \$(160,037) | 575,864 |
| Total capital assets not being depreciated .. | 9,948,270 | 692,118 | (160,037) | 10,480,351 |
| Other capital assets: | | | | |
| Buildings and improvements | 9,588,984 | 159,596 | | 9,748,580 |
| Land improvements | 1,142,133 | 195,187 | | 1,337,320 |
| Equipment..... | 1,278,036 | 69,241 | (6,934) | 1,340,343 |
| Vehicles..... | 3,708,454 | 338,558 | (60,572) | 3,986,440 |
| Infrastructure..... | 48,439,743 | 324,498 | | 48,764,241 |
| Total other capital assets | 64,157,350 | 1,087,080 | (67,506) | 65,176,924 |
| Less: accumulated depreciation for: | | | | |
| Buildings and improvements..... | (3,514,731) | (272,203) | | (3,786,934) |
| Land improvements | (255,312) | (109,417) | | (364,729) |
| Equipment..... | (936,773) | (87,050) | 6,934 | (1,016,889) |
| Vehicles..... | (2,315,824) | (336,164) | 55,572 | (2,596,416) |
| Infrastructure..... | (40,636,038) | (648,999) | | (41,285,037) |
| Total accumulated depreciation | (47,658,678) | (1,453,833) | 62,506 | (49,050,005) |
| Other capital assets, net..... | 16,498,672 | (366,753) | (5,000) | 16,126,919 |
| Governmental activities capital assets, net | \$26,446,942 | \$ 325,365 | \$ (165,037) | \$26,607,270 |
| 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..... | (243,205) | (5,543) | | (248,748) |
| Total accumulated depreciation | (375,439) | (5,543) | 0 | (380,982) |
| Other capital assets, net..... | 61,152 | (5,543) | 0 | 55,609 |
| Business-type activities capital assets, net | \$ 160,652 | \$(5,543) | \$ 0 | \$ 155,109 |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

13. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

| | |
|---|---------------------------|
| Governmental activities: | |
| General government | \$ 98,720 |
| Public safety | 251,355 |
| Recreation | 220,072 |
| Public works | 859,953 |
| Education | <u>23,733</u> |
| Total governmental activities | <u>\$1,453,833</u> |
| | |
| Business-type activities: | |
| Residential Collection Center | \$ 104 |
| Coastal Pond Management | <u>5,439</u> |
| Total business type activities | <u>\$ 5,543</u> |

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, 2019. Employees are allowed to make contributions to the Plan up to IRC limits, currently \$19,000 (\$25,000 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, 2019 were \$16,605. 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-four fiscal years.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019, 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 Infrastructure Bank (formerly 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, 2019, the amount of loans outstanding under this program was approximately \$408,044.

17. INTERFUND TRANSFERS

Interfund transfers for fiscal year ended June 30, 2019 are as follows:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|--|---------------------|----------------------|
| Governmental activities: | | |
| Major funds: | | |
| General Fund | \$ 130,435 | \$2,152,740 |
| Non-major funds | <u>1,677,740</u> | <u>130,435</u> |
| Total governmental activities | <u>\$1,808,175</u> | <u>\$2,283,175</u> |
| Business-type activities: | | |
| Major funds: | | |
| Residential Collection Center | <u>\$ 25,000</u> | <u>\$ 0</u> |
| Fiduciary funds: | | |
| Other Post-Employment Benefit Trust Fund | <u>\$450,000</u> | <u>\$ 0</u> |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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.

Teamsters:

Teamsters retiring before the age of 65 in accordance with the Rhode Island Municipal Employees Retirement System with the COLA provision.

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 June 30, 2014:

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

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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.

Teamsters:

Retirees must pay 100% of the health premium for self and spouse.

The latest actuarial valuation was performed as of July 1, 2017. 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, 2017 (date of the last actuarial valuation) membership data consisted of the following:

| | <u>CPMA</u> | <u>Police</u> | <u>Total</u> |
|--|-------------|---------------|--------------|
| Active employees | 3 | 19 | 22 |
| Retirees and beneficiaries currently receiving benefits | <u>6</u> | <u>22</u> | <u>28</u> |
| Total | <u>9</u> | <u>41</u> | <u>50</u> |

Benefit Provisions

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

Employer Contributions

The Town's contributions are actuarially determined on a three-year cycle using the level percent amortization method. Contributions made during fiscal year 2019 totaling \$450,000 consist of the current year general fund appropriation of \$450,000.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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, 2019**

| | |
|--------------------------------------|---------------------|
| Assets: | |
| Investments, at fair value..... | <u>\$ 7,180,483</u> |
| Liabilities | |
| | <u>0</u> |
| Net Position: | |
| Held in trust for OPEB benefits..... | <u>\$ 7,180,483</u> |

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
YEAR ENDED JUNE 30, 2019**

| | |
|--|---------------------|
| Additions: | |
| Employer contributions | \$ 450,000 |
| Investment income, net of investment expenses | <u>469,593</u> |
| Total additions | <u>919,593</u> |
| Deductions: | |
| Benefits | 0 |
| Administration | <u>0</u> |
| Total deductions | <u>0</u> |
| Change in Net Position | 919,593 |
| Net Position - July 1, 2018 | <u>6,260,890</u> |
| Net Position - June 30, 2019 | <u>\$ 7,180,483</u> |

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 6.98% for Police and 7.15% for CPMA. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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

Net OPEB Liability of the Town

The components of the net OPEB liability of the Town at June 30, 2019 were as follows:

| | <u>CPMA</u> | <u>Police</u> | <u>Total</u> |
|---|------------------|--------------------|--------------------|
| Total OPEB liability | \$668,126 | \$7,952,746 | \$8,620,872 |
| Plan fiduciary net position | <u>657,911</u> | <u>6,522,572</u> | <u>7,180,483</u> |
| Town's net OPEB liability | <u>\$ 10,215</u> | <u>\$1,430,174</u> | <u>\$1,440,389</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 98.47% | 82.02% | 83.29% |

The Town of Charlestown, Rhode Island's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017.

The assumption 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 investment consulting practice as of June 30, 2018.

| <u>Asset Class</u> | <u>Index</u> | <u>Target Allocation</u> | <u>Long-Term Expected Arithmetic Real Rate of Return</u> | <u>Long-Term Expected Geometric Real Rate of Return</u> |
|--|---------------------|--------------------------|--|---|
| US Cash | BAML: 3-Mon Tbill | 1.40% | 0.36% | 0.35% |
| US Core Bonds | Barclays Gvt/Credit | 19.60% | 2.29% | 2.13% |
| US Mortgages | Barclays MBS | 0.20% | 2.64% | 2.53% |
| Non-US Bonds | JPM GBI Global xUS | 2.90% | 0.38% | (0.17%) |
| US Equity Market | Russell 3000 | 55.70% | 4.61% | 3.32% |
| Non-US Equity | MSCI ACWI xUS NR | 20.20% | 5.81% | 4.11% |
| Assumed Inflation – Mean | | | 2.70% | 2.70% |
| Assumed Inflation – Standard Deviation | | | 1.85% | 1.85% |
| Portfolio Real Mean Return | | | 4.21% | 3.85% |
| Portfolio Nominal Mean Return | | | 6.93% | 6.64% |
| Portfolio Standard Deviation | | | | 7.93% |
| Long-Term Expected Rate of Return | | | | 7.25% |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. 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 <u>Increase (Decrease)</u> | |
|--|---------------------------------------|--|-------------------------------------|
| | <u>Total OPEB</u> <u>Liability</u> | <u>Plan Fiduciary</u> <u>Net Position</u> | <u>Net OPEB</u> <u>Liability</u> |
| Balances as of June 30, 2018 | \$ 7,454,047 | \$ 5,661,891 | \$ 1,792,156 |
| Changes for the Year | | | |
| Service cost | 194,747 | | 194,747 |
| Interest on the total OPEB liability | 545,919 | | 545,919 |
| Effect of assumptions changes or inputs | | | |
| Effect of economic/demographic gains or losses | | | |
| Employer contributions | | 676,967 | (676,967) |
| Net investment income | | 425,681 | (425,681) |
| Benefit payments | (241,967) | (241,967) | |
| Administrative expense | | | |
| Net changes | <u>498,699</u> | <u>860,681</u> | <u>(361,982)</u> |
| Balances as of June 30, 2019 | \$ <u>7,952,746</u> | \$ <u>6,522,572</u> | \$ <u>1,430,174</u> |

| | | CPMA <u>Increase (Decrease)</u> | |
|--|---------------------------------------|--|-------------------------------------|
| | <u>Total OPEB</u> <u>Liability</u> | <u>Plan Fiduciary</u> <u>Net Position</u> | <u>Net OPEB</u> <u>Liability</u> |
| Balances as of June 30, 2018 | \$ 670,401 | \$ 598,999 | \$ 71,402 |
| Changes for the Year | | | |
| Service cost | 761 | | 761 |
| Interest on the total OPEB liability | 46,881 | | 46,881 |
| Effect of assumptions changes or inputs | | | |
| Effect of economic/demographic gains or losses | | | |
| Employer contributions | | 64,917 | (64,917) |
| Net investment income | | 43,912 | (43,912) |
| Benefit payments | (49,917) | (49,917) | |
| Administrative expense | | | |
| Net changes | <u>(2,275)</u> | <u>58,912</u> | <u>(61,187)</u> |
| Balances as of June 30, 2019 | \$ <u>668,126</u> | \$ <u>657,911</u> | \$ <u>10,215</u> |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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

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

For the year ended June 30, 2019, the employer recognized OPEB expense of \$32,750 for the general employees. The employer reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | <u>General Employees</u> | |
|-------------------------------------|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences in experience | \$ 19,861 | |
| Differences in assumptions | 4,704 | |
| Excess (deficit) investment returns | <u>49</u> | <u>\$ 4,918</u> |
| Total | <u>\$ 24,614</u> | <u>\$ 4,918</u> |

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

| <u>Year Ending June 30</u> | <u>Net Deferred Outflows (Inflows) of Resources</u> |
|------------------------------------|---|
| 2020 | \$22,938 |
| 2021 | (1,627) |
| 2022 | (1,628) |
| 2023 | <u>13</u> |
| Total | <u>\$19,696</u> |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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

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

For the year ended June 30, 2019, the employer recognized OPEB expense of \$275,093 for the police employees. The employer reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | <u>Police Employees</u> | |
|-------------------------------------|---------------------------------------|--------------------------------------|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences in experience | | \$344,390 |
| Differences in assumptions | \$195,947 | |
| Excess (deficit) investment returns | <u>470</u> | <u>45,262</u> |
| Total | <u>\$196,417</u> | <u>\$389,652</u> |

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

| <u>Year Ending June 30</u> | <u>Net Deferred Inflows of Resources</u> |
|----------------------------|--|
| 2020 | \$ (39,304) |
| 2021 | (39,304) |
| 2022 | (39,305) |
| 2023 | (24,219) |
| 2024 | (24,335) |
| Thereafter | <u>(26,768)</u> |
| Total | <u>\$(193,235)</u> |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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 7.25%, 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 (6.25%) or 1 percentage point higher (8.25%) than the current rate.

| | 1% Decrease <u>6.25%</u> | Current Discount <u>7.25%</u> | 1% Increase <u>8.25%</u> |
|-----------------------------|---|--|---|
| Net OPEB Liability - Police | \$2,652,888 | \$1,430,174 | \$271,676 |
| Net OPEB Liability - CPMA | \$ 82,668 | \$ 10,215 | \$ (50,337) |

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 | Current <u>Trend Rate</u> | 1% Increase |
|-----------------------------|--------------------|--|--------------------|
| Net OPEB Liability - Police | \$ 66,994 | \$1,430,174 | \$2,943,131 |
| Net OPEB Liability - CPMA | \$ (61,867) | \$ 10,215 | \$ 95,834 |

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.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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

Actuarial Methods and Assumptions

The following actuarial methods and assumptions were used in the July 1, 2017 funding valuation:

| | |
|--|------------------|
| Discount Rate..... | 7.25% |
| Actuarial Cost Method..... | Entry Age Normal |
| Amortization Method | Level Percent |
| Amortization Growth..... | 3.00% |
| Amortization Period at July 1, 2017... | 10 years |
| Valuation Type | Closed Group |
| Initial medical inflation rate..... | 5.2% |
| Ultimate medical inflation rate..... | 4.6% |
| Years until ultimate inflation rate reached | 68 years |
| Asset Valuation Method | Actuarial Value |
| Inflation..... | 2.7% |
| Salary Increase | 3.5% |

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). 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, Blue Cross Blue Shield of Rhode Island for medical coverage, and CVS for pharmacy coverage.

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.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

19. PUBLIC ENTITY RISK POOL (Continued)

The Health Pool (Continued)

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, 2019, unaudited results indicate that the Pool generated \$141,489,880 in revenues and had a change in net position, revenues less expenses, of \$2,384,714. The Pool had \$57,026,995 in total assets and \$32,925,463 in total equity as of June 30, 2019.

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, 2019, the Pool's membership consisted of 46 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.

(CONCLUDED)

TOWN OF CHARLESTOWN

REQUIRED SUPPLEMENTARY
INFORMATION

TOWN OF CHARLESTOWN, RHODE ISLAND

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

| | General Employees | | | | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Year Ended June 30, 2018 | Year Ended June 30, 2017 | Year Ended June 30, 2016 | Year Ended June 30, 2015 | Year Ended June 30, 2014 |
| A. Total pension liability | | | | | |
| 1. Service Cost | \$ 225,873 | \$ 204,691 | \$ 198,767 | \$ 187,950 | \$ 188,698 |
| 2. Interest on the Total Pension Liability | 572,591 | 548,930 | 537,624 | 521,066 | 491,136 |
| 3. Changes of benefit terms | 0 | 0 | 0 | 102,265 | 0 |
| 4. Difference between expected and actual experience of the Total Pension Liability | (125,262) | 51,503 | (320,845) | (346,031) | 0 |
| 5. Changes of assumptions | 0 | 314,400 | 0 | 0 | (55,194) |
| 6. Benefit payments, including refunds of employee contributions | (275,453) | (263,172) | (272,370) | (227,375) | (223,033) |
| 7. Net change in total pension liability | 397,749 | 856,352 | 143,176 | 237,875 | 401,607 |
| 8. Total pension liability – beginning | 8,204,656 | 7,348,304 | 7,205,128 | 6,967,253 | 6,565,646 |
| 9. Total pension liability – ending (a) | 8,602,405 | 8,204,656 | 7,348,304 | 7,205,128 | 6,967,253 |
| B. Plan fiduciary net position | | | | | |
| 1. Contributions – employer | 180,697 | 203,506 | 222,768 | 218,126 | 210,455 |
| 2. Contributions – employee | 87,610 | 84,753 | 80,033 | 43,108 | 50,998 |
| 3. Net investment income | 603,596 | 794,141 | (2,314) | 155,713 | 860,546 |
| 4. Benefit payments, including refunds of employee contributions | (275,453) | (263,172) | (272,370) | (227,375) | (223,033) |
| 5. Pension Plan Administrative Expense | (8,035) | (7,503) | (6,225) | (6,244) | (5,389) |
| 6. Other | 0 | (18) | 0 | 2 | 3,872 |
| 7. Net change in plan fiduciary net position | 588,415 | 811,707 | 21,892 | 183,330 | 897,449 |
| 8. Plan fiduciary net position – beginning | 7,478,028 | 6,666,321 | 6,644,429 | 6,461,099 | 5,563,650 |
| 9. Plan fiduciary net position – ending (b) | 8,066,443 | 7,478,028 | 6,666,321 | 6,644,429 | 6,461,099 |
| C. Net pension liability - ending (a) - (b) | \$ 535,962 | \$ 726,628 | \$ 681,983 | \$ 560,699 | \$ 506,154 |
| D. Plan fiduciary net position as a percentage of the total pension liability | 93.77% | 91.14% | 90.72% | 92.22% | 92.74% |
| E. Covered employee payroll | \$ 2,455,146 | \$ 2,369,105 | \$ 2,253,594 | \$ 2,155,394 | \$ 2,087,371 |
| F. Net pension liability as a percentage of covered payroll | 21.83% | 30.67% | 30.26% | 26.01% | 24.25% |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

| | Police Employees | | | | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Year Ended June 30, 2018 | Year Ended June 30, 2017 | Year Ended June 30, 2016 | Year Ended June 30, 2015 | Year Ended June 30, 2014 |
| A. Total pension liability | | | | | |
| 1. Service Cost | \$ 277,712 | \$ 261,944 | \$ 260,761 | \$ 241,600 | \$ 237,878 |
| 2. Interest on the Total Pension Liability | 956,158 | 910,596 | 880,676 | 800,834 | 765,642 |
| 3. Changes of benefit terms | 0 | 0 | 0 | 372,401 | 0 |
| 4. Difference between expected and actual experience of the Total Pension Liability | 33,371 | 239,204 | (194,211) | 153,052 | 0 |
| 5. Changes of assumptions | 0 | 745,559 | 0 | 0 | (80,385) |
| 6. Benefit payments, including refunds of employee contributions | (731,633) | (562,502) | (535,251) | (490,580) | (420,969) |
| 7. Net change in total pension liability | 535,608 | 1,594,801 | 411,975 | 1,077,307 | 502,166 |
| 8. Total pension liability – beginning | 13,886,361 | 12,291,560 | 11,879,585 | 10,802,278 | 10,300,112 |
| 9. Total pension liability – ending (a) | 14,421,969 | 13,886,361 | 12,291,560 | 11,879,585 | 10,802,278 |
| B. Plan fiduciary net position | | | | | |
| 1. Contributions – employer | 324,241 | 332,416 | 330,618 | 341,485 | 274,357 |
| 2. Contributions – employee | 132,559 | 136,572 | 140,033 | 112,078 | 116,698 |
| 3. Net investment income | 727,331 | 980,094 | (2,899) | 197,358 | 1,101,220 |
| 4. Benefit payments, including refunds of employee contributions | (731,633) | (562,502) | (535,251) | (490,580) | (420,969) |
| 5. Pension Plan Administrative Expense | (9,683) | (9,260) | (7,798) | (7,916) | (6,896) |
| 6. Other | 48,171 | (23) | 5,601 | 920 | 1,706 |
| 7. Net change in plan fiduciary net position | 490,986 | 877,297 | (69,696) | 153,345 | 1,066,116 |
| 8. Plan fiduciary net position – beginning | 9,229,053 | 8,351,756 | 8,421,452 | 8,268,107 | 7,201,991 |
| 9. Plan fiduciary net position – ending (b) | 9,720,039 | 9,229,053 | 8,351,756 | 8,421,452 | 8,268,107 |
| C. Net pension liability - ending (a) - (b) | \$ 4,701,930 | \$ 4,657,308 | \$ 3,939,804 | \$ 3,458,133 | \$ 2,534,171 |
| D. Plan fiduciary net position as a percentage of the total pension liability | 67.40% | 66.46% | 67.95% | 70.89% | 76.54% |
| E. Covered employee payroll | \$ 1,325,594 | \$ 1,365,715 | \$ 1,404,962 | \$ 1,398,956 | \$ 1,399,280 |
| F. Net pension liability as a percentage of covered payroll | 354.70% | 341.02% | 280.42% | 247.19% | 181.11% |
| | | | | | (CONCLUDED) |

TOWN OF CHARLESTOWN, RHODE ISLANDSCHEDULE OF EMPLOYER CONTRIBUTIONS**Municipal Employees' Retirement System - General Employees**

| | <u>Fiscal 2019</u> | <u>Fiscal 2018</u> | <u>Fiscal 2017</u> | <u>Fiscal 2016</u> | <u>Fiscal 2015</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Actuarially determined contribution | \$ 186,909 | \$ 181,185 | \$ 203,197 | \$ 214,918 | \$ 218,126 |
| Contributions in relation to the actuarially determined contribution | (186,909) | (181,185) | (203,197) | (214,918) | (218,126) |
| Contribution deficiency (excess) | <u>\$ 0</u> |
| Covered-employee payroll | \$ 2,553,389 | \$ 2,455,146 | \$ 2,369,105 | \$ 2,253,594 | \$ 2,155,394 |
| Contributions as a percentage of covered-employee payroll | 7.32% | 7.38% | 8.58% | 9.54% | 10.12% |

Municipal Employees' Retirement System - Police Employees

| | <u>Fiscal 2019</u> | <u>Fiscal 2018</u> | <u>Fiscal 2017</u> | <u>Fiscal 2016</u> | <u>Fiscal 2015</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Actuarially determined contribution | \$ 410,408 | \$ 324,241 | \$ 332,416 | \$ 330,618 | \$ 341,485 |
| Contributions in relation to the actuarially determined contribution | (410,408) | (324,241) | (332,416) | (330,618) | (341,485) |
| Contribution deficiency (excess) | <u>\$ 0</u> |
| Covered-employee payroll | \$ 1,480,277 | \$ 1,325,594 | \$ 1,365,715 | \$ 1,404,962 | \$ 1,398,956 |
| Contributions as a percentage of covered-employee payroll | 27.73% | 24.46% | 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.) Employees 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)

TOWN OF CHARLESTOWN, RHODE ISLAND

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Changes in benefit provisions:

June 30, 2018 measurement date:

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2018 measurement date compared to the June 30, 2017 measurement date.

(CONCLUDED)

TOWN OF CHARLESTOWN, RHODE ISLAND

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

| | General Employees | | |
|---|-----------------------------|-----------------------------|-----------------------------|
| | Year Ended June 30, 2019 | Year Ended June 30, 2018 | Year Ended June 30, 2017 |
| Total OPEB liability | | | |
| Service cost | \$ 761 | \$ 651 | \$ 737 |
| Interest on the total OPEB liability | 46,881 | 42,272 | 42,128 |
| Effect of economic/demographic gains or losses | 0 | 69,515 | 0 |
| Effect of assumptions changes or inputs | 0 | 16,466 | 0 |
| Differences between expected and actual experience | 0 | 0 | 0 |
| Benefit payments | (49,917) | (42,183) | (39,575) |
| Net change in total OPEB liability | (2,275) | 86,721 | 3,290 |
| Total OPEB liability - beginning | 670,401 | 583,680 | 580,390 |
| Total OPEB liability - ending | 668,126 | 670,401 | 583,680 |
| Plan fiduciary net position | | | |
| Contributions - employer | 64,917 | 57,183 | 54,575 |
| Contributions - retired members | 0 | 0 | 0 |
| Net investment income | 43,912 | 48,902 | 60,251 |
| Benefit payments | (49,917) | (42,183) | (39,575) |
| OPEB plan administrative expense | 0 | 0 | 0 |
| Net change in plan fiduciary net position | 58,912 | 63,902 | 75,251 |
| Plan fiduciary net position - beginning | 598,999 | 535,097 | 459,846 |
| Plan fiduciary net position - ending | 657,911 | 598,999 | 535,097 |
| Net pension liability (asset) - ending | \$ 10,215 | \$ 71,402 | \$ 48,583 |
| Plan fiduciary net position as a percentage of the total pension liability | 98.47% | 89.35% | 91.68% |
| Covered employee payroll | \$ 266,463 | \$ 242,125 | \$ 242,125 |
| Net OPEB liability as a percentage of covered payroll | 3.83% | 29.49% | 20.07% |

*Schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

TOWN OF CHARLESTOWN, RHODE ISLAND

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

| | Police Employees | | |
|---|-----------------------------|-----------------------------|-----------------------------|
| | Year Ended June 30, 2019 | Year Ended June 30, 2018 | Year Ended June 30, 2017 |
| Total OPEB liability | | | |
| Service cost | \$ 194,747 | \$ 174,579 | \$ 175,113 |
| Interest on the total OPEB liability | 545,919 | 541,851 | 506,894 |
| Effect of economic/demographic gains or losses | 0 | (457,304) | 0 |
| Effect of assumptions changes or inputs | 0 | 260,191 | 0 |
| Differences between expected and actual experience | 0 | 0 | 0 |
| Benefit payments | (241,967) | (226,638) | (204,506) |
| Net change in total OPEB liability | 498,699 | 292,679 | 477,501 |
| Total OPEB liability - beginning | 7,454,047 | 7,161,368 | 6,683,867 |
| Total OPEB liability - ending | <u>7,952,746</u> | <u>7,454,047</u> | <u>7,161,368</u> |
| Plan fiduciary net position | | | |
| Contributions - employer | 676,967 | 661,638 | 639,506 |
| Contributions - retired members | 0 | 0 | 0 |
| Net investment income | 425,681 | 450,118 | 520,668 |
| Benefit payments | (241,967) | (226,638) | (204,506) |
| OPEB plan administrative expense | 0 | 0 | 0 |
| Net change in plan fiduciary net position | 860,681 | 885,118 | 955,668 |
| Plan fiduciary net position - beginning | 5,661,891 | 4,776,773 | 3,821,105 |
| Plan fiduciary net position - ending | <u>6,522,572</u> | <u>5,661,891</u> | <u>4,776,773</u> |
| Net pension liability (asset) - ending | <u>\$ 1,430,174</u> | <u>\$ 1,792,156</u> | <u>\$ 2,384,595</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 82.02% | 75.96% | 66.70% |
| Covered employee payroll | \$ 1,421,254 | \$ 1,408,128 | \$ 1,408,128 |
| Net OPEB liability as a percentage of covered payroll | 100.63% | 127.27% | 169.35% |

*Schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

(CONCLUDED)

TOWN OF CHARLESTOWN, RHODE ISLAND
SCHEDULE OF TOWN CONTRIBUTIONS
OPEB TRUST FUND
LAST TEN FISCAL YEARS

General Employees

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|-------------------|--------------------|--------------------|
| Actuarially determined contribution (1) | \$ 18,300 | \$ 11,376 | \$ 11,376 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 52,000 | \$ 52,000 | \$ 52,000 | \$ 78,000 |
| Contributions in relation to the actuarially determined contribution | 64,917 | 57,183 | 54,575 | 48,000 | 110,420 | 45,000 | 59,000 | 56,000 | 117,000 | 104,625 |
| Contribution deficiency (excess) | <u>\$ (46,617)</u> | <u>\$ (45,807)</u> | <u>\$ (43,199)</u> | <u>\$ (28,000)</u> | <u>\$ (90,420)</u> | <u>\$ (25,000)</u> | <u>\$ (7,000)</u> | <u>\$ (4,000)</u> | <u>\$ (65,000)</u> | <u>\$ (26,625)</u> |
| Covered-employee payroll | \$ 266,463 | \$ 242,125 | \$ 242,125 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Contributions as a percentage of covered-employee payroll | 24.36% | 23.62% | 22.54% | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

Police Employees

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|---------------------|---------------------|---------------------|--------------------|--------------------|-------------------|--------------------|-------------|------------------|--------------------|
| Actuarially determined contribution (1) | \$ 474,751 | \$ 438,528 | \$ 438,528 | \$ 486,000 | \$ 486,000 | \$ 486,000 | \$ 475,000 | \$ 475,000 | \$ 475,000 | \$ 323,000 |
| Contributions in relation to the actuarially determined contribution | 676,967 | 661,638 | 639,506 | 527,000 | 501,580 | 493,000 | 491,000 | 475,000 | 449,000 | 344,375 |
| Contribution deficiency (excess) | <u>\$ (202,216)</u> | <u>\$ (223,110)</u> | <u>\$ (200,978)</u> | <u>\$ (41,000)</u> | <u>\$ (15,580)</u> | <u>\$ (7,000)</u> | <u>\$ (16,000)</u> | <u>\$ 0</u> | <u>\$ 26,000</u> | <u>\$ (21,375)</u> |
| Covered-employee payroll | \$ 1,421,254 | \$ 1,408,128 | \$ 1,408,128 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Contributions as a percentage of covered-employee payroll | 47.63% | 46.99% | 45.42% | N/A | 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: July 1, 2017
Measurement date: June 30, 2019

The Town of Charlestown has disclosed OPEB liabilities under GASB 75 for the current valuation.

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------------|-------------------------------------|
| Actuarial cost method | Entry Age Normal |
| Discount rate | 7.25% |
| Amortization method | Level percentage of payroll, closed |
| Amortization period at July 1, 2017 | 10 years |
| Amortization growth rate | 3.00% |
| Asset valuation method | Actuarial value of assets |
| Smoothing period | 5 years |
| Inflation | 2.70% |
| Salary increases | 3.50% |
| Healthcare trend rates | 5.20% - 4.60% over 68 years |

TOWN OF CHARLESTOWN, RHODE ISLAND

SCHEDULE OF INVESTMENT RETURNS
 OPEB TRUST FUND
 LAST THREE FISCAL YEARS*

| | General Employees | | | Police Employees | | |
|---|-------------------|-------|--------|------------------|-------|--------|
| | 2019 | 2018 | 2017 | 2019 | 2018 | 2017 |
| Annual money-weighted rate of return, net of investment expense | 7.15% | 8.89% | 12.72% | 6.98% | 8.64% | 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, 2019**

| | Originally Adopted Budget | Final Approved Budget | Actual (Budgetary Basis) | Variance Positive (Negative) |
|--|---------------------------------|-----------------------------|--------------------------------|------------------------------------|
| REVENUES: | | | | |
| General property taxes | \$ 24,386,758 | \$ 24,386,758 | \$ 24,621,003 | \$ 234,245 |
| Intergovernmental | 2,284,541 | 2,284,541 | 2,229,863 | (54,678) |
| Investment income | 45,000 | 45,000 | 104,196 | 59,196 |
| Departmental | 1,268,347 | 1,268,347 | 1,657,910 | 389,563 |
| Total revenues | <u>27,984,646</u> | <u>27,984,646</u> | <u>28,612,972</u> | <u>628,326</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 1,778,125 | 1,811,000 | 1,795,660 | 15,340 |
| Public safety | 2,690,113 | 2,701,653 | 2,738,297 | (36,644) |
| Public works | 1,770,425 | 1,692,637 | 1,436,659 | 255,978 |
| Education | 14,216,622 | 14,216,622 | 14,216,622 | 0 |
| Recreation | 665,914 | 678,211 | 681,877 | (3,666) |
| Public health and assistance | 446,726 | 446,726 | 446,147 | 579 |
| Miscellaneous | 3,074,813 | 3,059,266 | 2,720,722 | 338,544 |
| Debt service: | | | | |
| Principal | 525,000 | 525,000 | 525,000 | 0 |
| Interest and other costs | 241,967 | 241,967 | 242,544 | (577) |
| Capital: | | | | |
| Capital improvements | 564,976 | 585,699 | 677,945 | (92,246) |
| Total expenditures | <u>25,974,681</u> | <u>25,958,781</u> | <u>25,481,473</u> | <u>477,308</u> |
| Excess of revenues over expenditures | <u>2,009,965</u> | <u>2,025,865</u> | <u>3,131,499</u> | <u>1,105,634</u> |
| Other financing sources (uses): | | | | |
| Transfers from fund balance | 369,565 | 369,565 | 369,565 | 0 |
| Proceeds from capital leases | 0 | 0 | 255,890 | 255,890 |
| Transfers in | 130,435 | 130,435 | 130,435 | 0 |
| Transfers out | (2,497,965) | (2,513,865) | (2,513,865) | 0 |
| Landfill monitoring | (12,000) | (12,000) | (7,650) | 4,350 |
| Net other financing sources (uses) | <u>(2,009,965)</u> | <u>(2,025,865)</u> | <u>(1,765,625)</u> | <u>260,240</u> |
| Excess of revenues and other sources over expenditures and other uses | <u>\$ 0</u> | <u>\$ 0</u> | <u>1,365,874</u> | <u>\$ 1,365,874</u> |
| Less: transfer from fund balance | | | (369,565) | |
| 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 | | | 318,455 | |
| Fund balance, beginning of year | | | <u>9,886,486</u> | |
| Fund balance, end of year | | | <u>\$ 11,201,250</u> | |

TOWN OF CHARLESTOWN, RHODE ISLANDGENERAL FUND**SCHEDULE OF BUDGET ESTIMATES AND ACTUAL REVENUES
YEAR ENDED JUNE 30, 2019**

| | Original and Final Budget | Actual Revenues | Variance Positive (Negative) |
|---|---------------------------------|--------------------|------------------------------------|
| Property taxes: | | | |
| Current and prior years | \$ 24,226,758 | \$ 24,446,428 | \$ 219,670 |
| Interest on delinquent taxes | 160,000 | 174,575 | 14,575 |
| Total property taxes | 24,386,758 | 24,621,003 | 234,245 |
| Intergovernmental revenues: | | | |
| State of Rhode Island including: | | | |
| Beach parking fees | 24,750 | 25,496 | 746 |
| School aid | 1,624,182 | 1,598,581 | (25,601) |
| Beverage/meals tax | 196,282 | 198,442 | 2,160 |
| Hotel tax | 74,851 | 41,811 | (33,040) |
| Public service corporation tax | 97,097 | 97,833 | 736 |
| Motor vehicle phaseout | 243,680 | 243,559 | (121) |
| DEM PILOT | 7,699 | 8,141 | 442 |
| Other revenues | 16,000 | 16,000 | 0 |
| Total intergovernmental revenues | 2,284,541 | 2,229,863 | (54,678) |
| Departmental revenues: | | | |
| Town Clerk: | | | |
| Business licenses and fees | 20,000 | 17,110 | (2,890) |
| Non-business licenses and fees | 5,500 | 11,387 | 5,887 |
| Transfer stamps | 215,000 | 285,730 | 70,730 |
| Probate fees | 13,000 | 10,599 | (2,401) |
| Tax certificates | 11,000 | 10,950 | (50) |
| Recording fees | 135,000 | 117,106 | (17,894) |
| Building inspector | 245,000 | 345,152 | 100,152 |
| Municipal court | 20,000 | 18,164 | (1,836) |
| Police department | 48,000 | 113,527 | 65,527 |
| Recreation | 100,000 | 140,045 | 40,045 |
| Town beach parking and concessions | 130,000 | 146,098 | 16,098 |
| Beach passes | 90,000 | 103,694 | 13,694 |
| Blue Shutters parking and concessions | 180,000 | 223,312 | 43,312 |
| Animal control | 4,000 | 6,405 | 2,405 |
| Ninigret Park | 10,500 | 10,758 | 258 |
| Planning Board | 4,000 | 4,500 | 500 |
| Zoning Board and Review | 4,000 | 4,400 | 400 |
| Senior/Community Center | 26,347 | 34,090 | 7,743 |
| Other revenues | 7,000 | 54,883 | 47,883 |
| Total departmental revenues | 1,268,347 | 1,657,910 | 389,563 |
| Investment income | 45,000 | 104,196 | 59,196 |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLANDGENERAL FUND**SCHEDULE OF BUDGET ESTIMATES AND ACTUAL REVENUES
YEAR ENDED JUNE 30, 2019**

| | Original and Final <u>Budget</u> | Actual <u>Revenues</u> | Variance Positive (Negative) |
|--|--|---------------------------|------------------------------------|
| <i>Other financing sources:</i> | | | |
| Transfers from fund balance | 369,565 | 369,565 | 0 |
| Transfers in | 130,435 | 130,435 | 0 |
| Proceeds from capital leases | 0 | 255,890 | 255,890 |
| <i>Total other financing sources</i> | <u>500,000</u> | <u>755,890</u> | <u>255,890</u> |
| <i>Total revenues and other financing sources</i> | <u>\$ 28,484,646</u> | <u>\$ 29,368,862</u> | <u>\$ 884,216</u> |

(CONCLUDED)

TOWN OF CHARLESTOWN, RHODE ISLAND

GENERAL FUND

**SCHEDULE OF APPROPRIATIONS AND ACTUAL EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2019**

| | 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 | \$ 317,187 | \$ 26,720 | \$ 343,907 | \$ 320,974 | | \$ 320,974 | \$ 22,933 |
| Town clerk | 193,701 | | 193,701 | 196,478 | | 196,478 | (2,777) |
| Treasurer | 235,859 | | 235,859 | 239,810 | | 239,810 | (3,951) |
| Town administrator | 193,297 | 675 | 193,972 | 199,133 | | 199,133 | (5,161) |
| Tax assessor | 160,462 | (1,035) | 159,427 | 161,145 | | 161,145 | (1,718) |
| Building inspector | 223,623 | 8,205 | 231,828 | 231,537 | | 231,537 | 291 |
| Tax collector | 121,902 | 1,035 | 122,937 | 126,206 | | 126,206 | (3,269) |
| Town planner | 128,995 | | 128,995 | 127,247 | | 127,247 | 1,748 |
| Town council | 29,572 | (675) | 28,897 | 27,832 | | 27,832 | 1,065 |
| Elections unit | 30,645 | | 30,645 | 25,634 | | 25,634 | 5,011 |
| Boards, agencies, and committees | 27,500 | 3,250 | 30,750 | 28,034 | | 28,034 | 2,716 |
| GIS | 107,682 | (5,300) | 102,382 | 104,530 | | 104,530 | (2,148) |
| Municipal court | 7,700 | | 7,700 | 7,100 | | 7,100 | 600 |
| Total general government | 1,778,125 | 32,875 | 1,811,000 | 1,795,660 | \$ 0 | 1,795,660 | 15,340 |
| Public Safety: | | | | | | | |
| Police department | 2,523,581 | 11,540 | 2,535,121 | 2,583,458 | | 2,583,458 | (48,337) |
| Animal control | 99,293 | | 99,293 | 91,241 | | 91,241 | 8,052 |
| Civil preparedness | 67,239 | | 67,239 | 63,598 | | 63,598 | 3,641 |
| Total public safety | 2,690,113 | 11,540 | 2,701,653 | 2,738,297 | 0 | 2,738,297 | (36,644) |
| Public Works: | | | | | | | |
| Highway department | 1,163,023 | (72,188) | 1,090,835 | 857,484 | | 857,484 | 233,351 |
| Public buildings and grounds | 336,643 | | 336,643 | 306,874 | | 306,874 | 29,769 |
| Administration | 158,699 | | 158,699 | 163,170 | | 163,170 | (4,471) |
| Wastewater management | 112,060 | (5,600) | 106,460 | 109,131 | | 109,131 | (2,671) |
| Total public works | 1,770,425 | (77,788) | 1,692,637 | 1,436,659 | 0 | 1,436,659 | 255,978 |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

GENERAL FUND

**SCHEDULE OF APPROPRIATIONS AND ACTUAL EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2019**

| | 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 | 300,083 | 12,795 | 312,878 | 319,888 | | 319,888 | (7,010) |
| Senior/Community Center | 128,970 | (920) | 128,050 | 122,375 | | 122,375 | 5,675 |
| Blue Shutters Beach | 94,775 | (3,360) | 91,415 | 92,617 | | 92,617 | (1,202) |
| Town Beach | 103,085 | 8,177 | 111,262 | 112,636 | | 112,636 | (1,374) |
| Ninigret Park | 39,001 | (4,395) | 34,606 | 34,361 | | 34,361 | 245 |
| Total recreation | 665,914 | 12,297 | 678,211 | 681,877 | 0 | 681,877 | (3,666) |
| Public Health and Assistance: | | | | | | | |
| Cross Mills Library | 238,526 | | 238,526 | 238,526 | | 238,526 | 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 |
| Wood River Health | 5,000 | | 5,000 | 5,000 | | 5,000 | 0 |
| Public Assistance | 5,000 | | 5,000 | 4,421 | | 4,421 | 579 |
| 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 | 3,500 | | 3,500 | 3,500 | | 3,500 | 0 |
| The Samaritans | 500 | | 500 | 500 | | 500 | 0 |
| RI CAN | 4,500 | | 4,500 | 4,500 | | 4,500 | 0 |
| Washington County Coalition Children | 1,000 | | 1,000 | 1,000 | | 1,000 | 0 |
| Neighbors Helping Neighbors | 2,000 | | 2,000 | 2,000 | | 2,000 | 0 |
| Community 2000 Education Foundation | 1,900 | | 1,900 | 1,900 | | 1,900 | 0 |
| Memorial Day Parade | 500 | | 500 | 500 | | 500 | 0 |
| Charlestown Memorial Parade | 5,000 | | 5,000 | 5,000 | | 5,000 | 0 |
| Charlestown Historical Society | 5,000 | | 5,000 | 5,000 | | 5,000 | 0 |
| Chamber of Commerce | 3,000 | | 3,000 | 3,000 | | 3,000 | 0 |
| Total public health and assistance | 446,726 | 0 | 446,726 | 446,147 | 0 | 446,147 | 579 |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

GENERAL FUND

**SCHEDULE OF APPROPRIATIONS AND ACTUAL EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2019**

| | Original Budget | Budget Amendments | Final Budget | Actual Expenditures and Transfers | Adjustments to Budgetary Basis | Expenditures and Transfers on Budgetary Basis | Variance Positive (Negative) |
|--------------------------------------|--------------------|----------------------|------------------|---|--------------------------------------|---|------------------------------------|
| Education: | | | | | | | |
| Charlto Regional School District | 14,216,622 | 0 | 14,216,622 | 14,216,622 | 0 | 14,216,622 | 0 |
| Debt Service: | | | | | | | |
| General Obligation Bond: | | | | | | | |
| Principal | 525,000 | | 525,000 | 525,000 | 0 | 525,000 | 0 |
| Interest | 140,996 | | 140,996 | 141,573 | (577) | 141,573 | (577) |
| Capital leases | 100,971 | | 100,971 | 100,971 | 0 | 100,971 | 0 |
| Total debt service | 766,967 | 0 | 766,967 | 767,544 | 0 | 767,544 | (577) |
| Miscellaneous: | | | | | | | |
| Employee insurance and benefits | 2,300,088 | (15,547) | 2,284,541 | 2,252,514 | 0 | 2,252,514 | 32,027 |
| Council contingency | 195,525 | | 195,525 | 33,762 | | 33,762 | 161,763 |
| Town insurance | 250,000 | | 250,000 | 227,902 | | 227,902 | 22,098 |
| Auditing/Technology | 42,000 | | 42,000 | 42,325 | | 42,325 | (325) |
| Legal services | 287,200 | | 287,200 | 164,219 | | 164,219 | 122,981 |
| Total miscellaneous | 3,074,813 | (15,547) | 3,059,266 | 2,720,722 | 0 | 2,720,722 | 338,544 |
| Capital Improvements Program: | | | | | | | |
| Public safety | 159,576 | | 159,576 | 154,688 | | 154,688 | 4,888 |
| Public works | 138,000 | | 138,000 | 160,223 | | 160,223 | (22,223) |
| Parks and recreation | 92,400 | (5,000) | 87,400 | 22,879 | | 22,879 | 64,521 |
| General government | 175,000 | 25,723 | 200,723 | 84,265 | | 84,265 | 116,458 |
| Capital leases | 0 | | 0 | 255,890 | | 255,890 | (255,890) |
| Total capital improvements | 564,976 | 20,723 | 585,699 | 677,945 | 0 | 677,945 | (92,246) |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

GENERAL FUND

**SCHEDULE OF APPROPRIATIONS AND ACTUAL EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2019**

| | 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 - 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 - Reserve for Legal Fees | 110,225 | | 110,225 | 110,225 | | 110,225 | 0 |
| Special revenue funds - Wastewater Testing | 0 | 5,600 | 5,600 | 5,600 | | 5,600 | 0 |
| Special revenue funds - Landfill Monitoring | 25,000 | | 25,000 | 25,000 | | 25,000 | 0 |
| Special revenue funds - Naval Airfield Memorial | 1,000 | | 1,000 | 1,000 | | 1,000 | 0 |
| Special revenue funds - GIS Project | | 5,300 | 5,300 | 5,300 | | 5,300 | 0 |
| Capital project funds - Kings Factory Road Culvert | 250,000 | (250,000) | 0 | 0 | | 0 | 0 |
| Capital project funds - Town Capital Maintenance | 150,000 | 5,000 | 155,000 | 155,000 | | 155,000 | 0 |
| Capital project funds - DPW Road Engineering | 0 | 250,000 | 250,000 | 250,000 | | 250,000 | 0 |
| Capital project funds - Old Mill Road | 1,006,740 | | 1,006,740 | 1,006,740 | | 1,006,740 | 0 |
| Capital project funds - External Fuel Tank CRCC | 15,000 | | 15,000 | 15,000 | | 15,000 | 0 |
| Enterprise funds - Residential Collection Center | 25,000 | | 25,000 | 25,000 | | 25,000 | 0 |
| Total transfers out | 2,497,965 | 15,900 | 2,513,865 | 2,513,865 | 0 | 2,513,865 | 0 |
| Other: | | | | | | | |
| Landfill monitoring | 12,000 | | 12,000 | 7,650 | | 7,650 | 4,350 |
| Total other | 12,000 | 0 | 12,000 | 7,650 | 0 | 7,650 | 4,350 |
| Total expenditures | \$ 28,484,646 | \$ 0 | \$ 28,484,646 | \$ 28,002,988 | \$ 0 | \$ 28,002,988 | \$ 481,658 |

(CONCLUDED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

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, 2019:

| | |
|---|--------------------|
| Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)..... | \$1,365,874 |
| Transfer from fund balance..... | (369,565) |
| 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..... | <u>318,455</u> |
| Excess of revenues and other sources over expenditures and other uses (GAAP)... | <u>\$1,314,764</u> |

TOWN OF CHARLESTOWN

OTHER SUPPLEMENTARY INFORMATION

Town Of Charlestown

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Senior Community Activities

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

Police Grants - JAG

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

MEDS Grant – RI Dept. of Health

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

Frisbee Golf Course

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

School Impact Fees

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

Friends of Ninigret

This fund accounts for donations received for 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.

Project Review

This fund accounts for the expenditures related to the review of the Dollar General Store looking to locate in Charlestown.

Opioid Grant

This fund accounts for grant revenue related to the opioid epidemic.

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.

(CONTINUED)

Town Of Charlestown

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED)

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.

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 accounts 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.

(CONTINUED)

Town Of Charlestown

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED)

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.

On-Site Wastewater Treatment Systems

This fund will account for activity related to the on-site wastewater treatment systems.

(CONTINUED)

Town Of Charlestown

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.

External Fuel Tank

This fund will track the expenses of replacing the fuel tank located at the CRCC.

Open Space 2016

This fund accounts for the expenses related to the purchase of open space land with bond funds.

Asphalt Resurfacing

This fund accounts for expenses associated with resurfacing Town roads.

Stormwater Elimination Project

This fund accounts for the costs 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 improvements to Kings Factory Road Culvert.

Old Mill Road

This fund will account for expenses of Old Mill Road reconstruction.

DPW Road Engineering

This fund accounts for costs related to road engineering.

Recreation Bond 2016

This fund accounts for recreation related expenditures.

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 expenditures associated with pond dredging. The Town has set aside funds and the State will also provide funds for this project.

Town Of Charlestown

NON-MAJOR GOVERNMENTAL FUNDS

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.

TOWN OF CHARLESTOWN, RHODE ISLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

| | 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 | | | | | | | |
| Investments | | | | | | | |
| Due from: | | | | | | | |
| Other funds | \$ 5,437 | | \$ 9,809 | \$ 1,803 | | | \$ 1,147 |
| Other governments | | \$ 6,955 | | | | | |
| TOTAL ASSETS | \$ 5,437 | \$ 6,955 | \$ 9,809 | \$ 1,803 | \$ 176,263 | \$ 1,147 | \$ 1,147 |
| | | | | | | | |
| LIABILITIES AND FUND BALANCES: | | | | | | | |
| LIABILITIES: | | | | | | | |
| Accounts payable | | | | | | | |
| Retainage payable | | | | | | | |
| Due to other funds | | \$ 6,955 | | | | | |
| Unearned revenues | | | | | | | |
| Other liabilities | | | | | | | |
| TOTAL LIABILITIES | \$ 0 | \$ 6,955 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| | | | | | | | |
| FUND BALANCES: | | | | | | | |
| Nonspendable: | | | | | | | |
| Perpetual care | | | | | | | |
| Restricted for: | | | | | | | |
| General government | | | 9,809 | | | | |
| Public safety | | | | 1,803 | | | 1,147 |
| Parks and recreation | | | | | | | |
| Community development | | | | | 176,263 | | |
| Education | | | | | | | |
| Capital projects | | | | | | | |
| Committed for: | | | | | | | |
| Parks and recreation | 5,437 | | | | | | |
| Unassigned | | | | | | | |
| TOTAL FUND BALANCES | \$ 5,437 | \$ 0 | \$ 9,809 | \$ 1,803 | \$ 176,263 | \$ 1,147 | \$ 1,147 |
| | | | | | | | |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 5,437 | \$ 6,955 | \$ 9,809 | \$ 1,803 | \$ 176,263 | \$ 1,147 | \$ 1,147 |

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

| | Special Revenue Funds | | | | | |
|--|------------------------|--|--------------------------|--------------------|-------------------|-----------|
| | Operation Blue Riptide | Flagpole Gardens Accessible Playground | Animal Spaying/Neutering | Ninigret Park Fund | Bicentennial Fund | FEMA |
| ASSETS: | | | | | | |
| Cash and cash equivalents | | | | \$ 116,010 | \$ 2,240 | |
| Investments | | | | | | |
| Due from: | | | | | | |
| Other funds | \$ 480 | \$ 480 | \$ 6,824 | | | \$ 68,190 |
| Other governments | | | | | | |
| TOTAL ASSETS | \$ 480 | \$ 480 | \$ 6,824 | \$ 116,010 | \$ 2,240 | \$ 68,190 |
| LIABILITIES AND FUND BALANCES: | | | | | | |
| LIABILITIES: | | | | | | |
| Accounts payable | | | | | | |
| Retainage payable | | | | | | |
| Due to other funds | | | | | | \$ 68,190 |
| Unearned revenues | | | | | | |
| Other liabilities | | | | | | |
| TOTAL LIABILITIES | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 68,190 |
| FUND BALANCES: | | | | | | |
| Nonspendable: | | | | | | |
| Perpetual care | | | | | | |
| Restricted for: | | | | | | |
| General government | | | 6,824 | | | |
| Public safety | | | | | | |
| Parks and recreation | | 480 | | | 2,240 | |
| Community development | | | | | | |
| Education | | | | | | |
| Capital projects | | | | | | |
| Committed for: | | | | 116,010 | | |
| Parks and recreation | | | | | | |
| Unassigned | | | | | | |
| TOTAL FUND BALANCES | 0 | 480 | 6,824 | 116,010 | 2,240 | 0 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 0 | \$ 480 | \$ 6,824 | \$ 116,010 | \$ 2,240 | \$ 68,190 |

TOWN OF CHARLESTOWN, RHODE ISLAND

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Special Revenue Funds

| | Developer Bond Deposits | Open Space Fees | Project Review | Opioid Grant | Naval Airfield Memorial | Police Forfeiture | Municipal Planning |
|---------------------|----------------------------|--------------------|-------------------|-----------------|----------------------------|----------------------|-----------------------|
| | | \$ 54,617 | | | \$ 970 | \$ 9,448 | |
| | \$ 6,908 | | | \$ 2,199 | | | \$ 79,119 |
| TOTAL ASSETS | \$ 6,908 | \$ 54,617 | \$ 0 | \$ 2,199 | \$ 970 | \$ 9,448 | \$ 79,119 |

ASSETS:

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

LIABILITIES AND FUND BALANCES:

LIABILITIES:

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

TOTAL LIABILITIES

FUND BALANCES:

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

79,119

9,448

970

54,617

2,199

\$0

0

6,908

TOTAL FUND BALANCES

TOTAL LIABILITIES AND FUND BALANCES

79,119

9,448

970

54,617

2,199

\$0

0

6,908

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

| | 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 | | | | | | \$ 4,669 | |
| Investments | | | | | | | |
| Due from: | | | | | | | |
| Other funds | | \$ 183,219 | \$ 1,906 | \$ 53,173 | \$ 79 | | \$ 139,765 |
| Other governments | | \$ 183,219 | \$ 1,906 | \$ 53,173 | \$ 58,429 | | |
| TOTAL ASSETS | \$ 0 | \$ 366,438 | \$ 3,812 | \$ 106,346 | \$ 137,508 | \$ 4,669 | \$ 139,765 |
| LIABILITIES AND FUND BALANCES: | | | | | | | |
| LIABILITIES: | | | | | | | |
| Accounts payable | | | | | | | \$ 573 |
| Retainage payable | | | | | | | |
| Due to other funds | \$ 5,736 | \$ 20,237 | | | \$ 58,429 | | |
| Unearned revenues | | \$ 287,923 | | | | \$ 4,669 | |
| Other liabilities | | | | | | | |
| TOTAL LIABILITIES | \$ 5,736 | \$ 308,160 | \$ 0 | \$ 0 | \$ 58,429 | \$ 4,669 | \$ 573 |
| FUND BALANCES: | | | | | | | |
| Nonspendable: | | | | | | | |
| Perpetual care | | | | | | | |
| Restricted for: | | | | | | | |
| General government | | | | | | | 139,192 |
| Public safety | | | 1,906 | | | | |
| Parks and recreation | | | | | | | |
| Community development | | | | 53,173 | 79 | | |
| Education | | | | | | | |
| Capital projects | | | | | | | |
| Committed for: | | | | | | | |
| Parks and recreation | | | | | | | |
| Unassigned | (5,736) | (124,941) | 1,906 | 53,173 | 79 | 0 | 139,192 |
| TOTAL FUND BALANCES | (5,736) | (124,941) | 1,906 | 53,173 | 79 | 0 | 139,192 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 0 | \$ 183,219 | \$ 1,906 | \$ 53,173 | \$ 58,508 | \$ 4,669 | \$ 139,765 |

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

| | Special Revenue Funds | | | | | Capital Project Funds | | |
|--|-----------------------|---------------------------------------|------------------------------|-------------------|--------------------------------------|-----------------------|-----------------|-------------------|
| | Ninigret Dog Park | Roof Drainage System Performance Bond | Comprehensive Planning Grant | Special Donations | On-Site Wastewater Treatment Systems | External Fuel Tank | Open Space 2016 | |
| ASSETS: | | | | | | | | |
| Cash and cash equivalents | | | \$ 13,545 | \$ 76,392 | | | | |
| Investments | | | | | | | | |
| Due from: | | | | | | | | |
| Other funds | \$ 124 | \$ 4,000 | | | \$ 36,222 | \$ 15,000 | | |
| Other governments | | | | | | | | |
| TOTAL ASSETS | \$ 124 | \$ 4,000 | \$ 13,545 | \$ 76,392 | \$ 36,222 | \$ 15,000 | \$ 0 | |
| LIABILITIES AND FUND BALANCES: | | | | | | | | |
| LIABILITIES: | | | | | | | | |
| Accounts payable | | | \$ 1,072 | | | | | \$ 533,577 |
| Retainage payable | | | | | | | | |
| Due to other funds | | | | | | | | |
| Unearned revenues | | | | | | | | |
| Other liabilities | | | | | | | | |
| TOTAL LIABILITIES | \$ 0 | \$ 4,000 | \$ 1,072 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 533,577 |
| FUND BALANCES: | | | | | | | | |
| Nonspendable: | | | | | | | | |
| Perpetual care | | | | | | | | |
| Restricted for: | | | | | | | | |
| General government | | | 12,473 | 76,392 | | | | |
| Public safety | | | | | | | | |
| Parks and recreation | 124 | | | | 36,222 | | | |
| Community development | | | | | | | | |
| Education | | | | | | | | |
| Capital projects | | | | | | 15,000 | | |
| Committed for: | | | | | | | | |
| Parks and recreation | | | | | | | | (533,577) |
| Unassigned | 124 | 0 | 12,473 | 76,392 | 36,222 | 15,000 | | (533,577) |
| TOTAL FUND BALANCES | \$ 124 | \$ 4,000 | \$ 13,545 | \$ 76,392 | \$ 36,222 | \$ 15,000 | \$ 0 | \$ 0 |
| TOTAL LIABILITIES AND FUND BALANCES | | | | | | | | |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

| | | Capital Project Funds | | | | | |
|--|---------|-----------------------|--------------|-------------|--------------|---------------|-------------|
| | | Town | | | Kings | | |
| | | Stormwater | Burdickville | Capital | Factory Road | Old Mill Road | DPW Road |
| | | Elimination | Road | Maintenance | Culvert | | Engineering |
| | | Project | Improvement | Fund | | | |
| Asphalt Resurfacing | | | | | | | |
| \$ | 345,687 | \$ 103,089 | \$ 1,105,238 | \$ 50,205 | \$ 415,965 | \$ 1,006,740 | \$ 75,435 |
| \$ | 345,687 | \$ 103,089 | \$ 1,105,238 | \$ 50,205 | \$ 415,965 | \$ 1,006,740 | \$ 75,435 |
| ASSETS: | | | | | | | |
| Cash and cash equivalents | | | | | | | |
| Investments | | | | | | | |
| Due from: | | | | | | | |
| Other funds | | | | | | | |
| Other governments | | | | | | | |
| TOTAL ASSETS | | | | | | | |
| LIABILITIES AND FUND BALANCES: | | | | | | | |
| LIABILITIES: | | | | | | | |
| Accounts payable | | | | | | | |
| Retainage payable | | | | | | | |
| Due to other funds | | | | | | | |
| Unearned revenues | | | | | | | |
| Other liabilities | | | | | | | |
| TOTAL LIABILITIES | | | | | | | |
| \$ | 0 | \$ 0 | \$ 368,624 | \$ 6,808 | \$ 0 | \$ 0 | \$ 0 |
| | | | \$ 23,864 | | | | |
| | | | \$ 392,488 | \$ 6,808 | \$ 0 | \$ 0 | \$ 0 |
| FUND BALANCES: | | | | | | | |
| Nonspendable: | | | | | | | |
| Perpetual care | | | | | | | |
| Restricted for: | | | | | | | |
| General government | | | | | | | |
| Public safety | | | | | | | |
| Parks and recreation | | | | | | | |
| Community development | | | | | | | |
| Education | | | | | | | |
| Capital projects | | | | | | | |
| Committed for: | | | | | | | |
| Parks and recreation | | | | | | | |
| Unassigned | | | | | | | |
| TOTAL FUND BALANCES | | | | | | | |
| | 345,687 | 103,089 | 712,750 | 43,397 | 415,965 | 1,006,740 | 75,435 |
| \$ | 345,687 | \$ 103,089 | \$ 1,105,238 | \$ 50,205 | \$ 415,965 | \$ 1,006,740 | \$ 75,435 |
| TOTAL LIABILITIES AND FUND BALANCES | | | | | | | |

TOWN OF CHARLESTOWN, RHODE ISLAND

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

| | Capital Project Funds | | | | Permanent Funds | | Total Non-Major Governmental Funds |
|--|-------------------------|---------------------|-----------------------------------|----------------------|------------------|--|---|
| | Recreation Bond 2016 | Web Based GIS | Pond and Beach Preservation | Zenis Ellis Trust | Cemetery Fund | | |
| ASSETS: | | | | | | | |
| Cash and cash equivalents | | | | \$ 951 | \$ 500 | | \$ 452,865 |
| Investments | | | | | | | 2,740 |
| Due from: | | | | | | | |
| Other funds | \$ 108,624 | \$ 2,000 | \$ 89,894 | | 90 | | 3,666,962 |
| Other governments | | | | | | | 316,793 |
| TOTAL ASSETS | \$ 108,624 | \$ 2,000 | \$ 89,894 | \$ 951 | \$ 590 | | \$ 4,439,360 |
| LIABILITIES AND FUND BALANCES: | | | | | | | |
| LIABILITIES: | | | | | | | |
| Accounts payable | | | | | | | \$ 377,077 |
| Retainage payable | | | | | | | 23,864 |
| Due to other funds | | | | | | | 627,740 |
| Unearned revenues | | | | | | | 355,506 |
| Other liabilities | | | | \$ 1 | | | 15,578 |
| TOTAL LIABILITIES | \$ 0 | \$ 0 | \$ 0 | \$ 1 | \$ 0 | | \$ 1,399,765 |
| FUND BALANCES: | | | | | | | |
| Nonspendable: | | | | | | | |
| Perpetual care | | | | 950 | 590 | | 1,540 |
| Restricted for: | | | | | | | |
| General government | | | | | | | 285,401 |
| Public safety | | | | | | | 102,473 |
| Parks and recreation | | | | | | | 8,670 |
| Community development | | | | | | | 89,474 |
| Education | | | | | | | 176,263 |
| Capital projects | 108,624 | 2,000 | 89,894 | | | | 2,918,581 |
| Committed for: | | | | | | | |
| Parks and recreation | | | | | | | 121,447 |
| Unassigned | | | | | | | (664,254) |
| TOTAL FUND BALANCES | 108,624 | 2,000 | 89,894 | 950 | 590 | | 3,039,595 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 108,624 | \$ 2,000 | \$ 89,894 | \$ 951 | \$ 590 | | \$ 4,439,360 |

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

| | 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 | | | \$ 4,350 | | \$ 159 | | |
| Investment income | \$ 1,100 | | | | 41,383 | | |
| Other | 1,100 | \$0 | 4,350 | \$ 0 | 41,542 | \$ 0 | |
| TOTAL REVENUES | | | | | | | |
| EXPENDITURES: | | | | | | | |
| Current: | | | | | | | |
| General government | | | 1,891 | | | | |
| Public safety | | | | | | | |
| Parks and recreation | 481 | | | | | | |
| Community development | | | | | | | |
| Capital: | | | | | | | |
| Capital outlay | 481 | 0 | 1,891 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | | | | | | | |
| | 619 | 0 | 2,459 | 0 | 41,542 | 0 | |
| EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES) | | | | | | | |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Transfers in | | | | | | | |
| Transfers out | 619 | 0 | 2,459 | 0 | 41,542 | 0 | |
| NET OTHER FINANCING SOURCES (USES) | | | | | | | |
| | 4,818 | 0 | 7,350 | 1,803 | 134,721 | 1,147 | |
| NET CHANGE IN FUND BALANCES | | | | | | | |
| | \$ 5,437 | \$0 | \$ 9,809 | \$ 1,803 | \$ 176,263 | \$ 1,147 | |
| FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR | | | | | | | |
| FUND BALANCE (DEFICIT) AT END OF YEAR | | | | | | | |

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

| | Special Revenue Funds | | | | | |
|--|------------------------------|---|---------------------------------|-----------------------|----------------------|------------|
| | Operation Blue Riptide | Flagpole Gardens Accessible Playground | Animal Spaying/ Neutering | Ninigret Park Fund | Bicentennial Fund | FEMA |
| REVENUES: | | | | | | |
| Intergovernmental | \$ 4,504 | | | \$ 136 | | |
| Investment income | | | \$ 707 | 19,840 | | |
| Other | | | 707 | 19,976 | 0 | \$0 |
| TOTAL REVENUES | 4,504 | \$ 0 | \$ 707 | \$ 19,976 | 0 | \$0 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government | | | | | | |
| Public safety | 4,504 | | 125 | | | |
| Parks and recreation | | | | | | |
| Community development | | | | | | |
| Capital: | | | | | | |
| Capital outlay | 4,504 | 0 | 125 | 45,147 | 0 | 0 |
| TOTAL EXPENDITURES | 4,504 | 0 | 125 | 45,147 | 0 | 0 |
| EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES) | 0 | 0 | 582 | (25,171) | 0 | 0 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in | | | | | | |
| Transfers out | 0 | 0 | 0 | 0 | 0 | 0 |
| NET OTHER FINANCING SOURCES (USES) | 0 | 0 | 582 | (25,171) | 0 | 0 |
| NET CHANGE IN FUND BALANCES | 0 | 0 | 6,242 | 141,181 | 2,240 | 0 |
| FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR | 0 | 480 | 6,824 | \$ 116,010 | \$ 2,240 | \$0 |
| FUND BALANCE (DEFICIT) AT END OF YEAR | 0 | \$ 480 | \$ 6,824 | \$ 116,010 | \$ 2,240 | \$0 |

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

| | Special Revenue Funds | | | | | | |
|--|----------------------------|--------------------|-------------------|-----------------|----------------------------|----------------------|-----------------------|
| | Developer Bond Deposits | Open Space Fees | Project Review | Opioid Grant | Naval Airfield Memorial | Police Forfeiture | Municipal Planning |
| REVENUES: | | | | | | | |
| Intergovernmental | | 54 | | 2,801 | | | |
| Investment income | | 600 | 4,960 | | \$ 1 | | |
| Other | | 654 | 4,960 | | 1 | | |
| TOTAL REVENUES | \$ 0 | \$ 654 | \$ 4,960 | 2,801 | 1 | \$ 0 | \$ 0 |
| EXPENDITURES: | | | | | | | |
| Current: | | | | | | | |
| General government | | | 6,020 | | | | |
| Public safety | | | | 2,801 | | | |
| Parks and recreation | | | | | 1,325 | | |
| Community development | | | | | | | |
| Capital: | | | | | | | |
| Capital outlay | | | | | | | |
| TOTAL EXPENDITURES | 0 | 0 | 6,020 | 2,801 | 1,325 | 0 | 0 |
| EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES) | 0 | 654 | (1,060) | 0 | (1,324) | 0 | 0 |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Transfers in | | | | | 1,000 | | |
| Transfers out | | | | | | | |
| NET OTHER FINANCING SOURCES (USES) | 0 | 0 | 0 | 0 | 1,000 | 0 | 0 |
| NET CHANGE IN FUND BALANCES | 0 | 654 | (1,060) | 0 | (324) | 0 | 0 |
| FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR | 0 | 53,963 | 1,060 | 0 | 1,294 | 9,448 | 79,119 |
| FUND BALANCE (DEFICIT) AT END OF YEAR | \$ 0 | \$ 54,617 | \$ 0 | \$ 0 | \$ 970 | \$ 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, 2019**

| | 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 | | \$ 268,707 | | | \$ 35,840 | | \$ 15,496 |
| Investment income | | | | | | | 15,496 |
| Other | | | | | | \$0 | |
| TOTAL REVENUES | \$ 0 | 268,707 | \$ 0 | \$ 0 | 35,840 | \$0 | 15,496 |
| EXPENDITURES: | | | | | | | |
| Current: | | | | | | | |
| General government | | 355,620 | | | | | |
| Public safety | | | | | | | |
| Parks and recreation | | | | | 35,840 | | |
| Community development | | | | | | | |
| Capital: | | | | | | | |
| Capital outlay | 0 | 355,620 | 0 | 0 | 35,840 | 0 | 7,984 |
| TOTAL EXPENDITURES | 0 | 355,620 | 0 | 0 | 35,840 | 0 | 7,984 |
| EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES) | 0 | (86,913) | 0 | 0 | 0 | 0 | 7,512 |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Transfers in | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers out | 0 | (86,913) | 0 | 0 | 0 | 0 | 7,512 |
| NET OTHER FINANCING SOURCES (USES) | (5,736) | (86,913) | 1,906 | 53,173 | 79 | 0 | 131,680 |
| NET CHANGE IN FUND BALANCES | (5,736) | (86,913) | 1,906 | 53,173 | 79 | 0 | 131,680 |
| FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR | \$ (5,736) | \$ (124,941) | \$ 1,906 | \$ 53,173 | \$ 79 | \$ 0 | \$ 139,192 |
| FUND BALANCE (DEFICIT) AT END OF YEAR | | | | | | | |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

| | Special Revenue Funds | | | | | Capital Project Funds | | |
|--|-----------------------|------------------------------|-------------------|--------------------------------------|--------------------|-----------------------|------|--------------|
| | Roof Drainage System | Comprehensive Planning Grant | Special Donations | On-Site Wastewater Treatment Systems | External Fuel Tank | Open Space 2016 | | |
| REVENUES: | | | | | | | | |
| Intergovernmental | | | | 76 | | | | |
| Investment income | 100 | | 260 | 975 | | | | |
| Other | 100 | \$ 0 | 336 | 975 | \$ 0 | \$ 0 | \$ 0 | |
| TOTAL REVENUES | | \$ 0 | | 975 | \$ 0 | \$ 0 | \$ 0 | |
| EXPENDITURES: | | | | | | | | |
| Current: | | | 14,121 | | | | | |
| General government | | | | | | | | |
| Public safety | | | | | | | | |
| Parks and recreation | 595 | | | | | | | |
| Community development | | | | | | | | |
| Capital: | | | | | | | | |
| Capital outlay | 595 | | 14,121 | 0 | 0 | 0 | 0 | 110,000 |
| TOTAL EXPENDITURES | | | | | | | | 110,000 |
| EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES) | (495) | 0 | (14,121) | 336 | 975 | 0 | 0 | (110,000) |
| OTHER FINANCING SOURCES (USES): | | | | | | 15,000 | | |
| Transfers in | | | | | | | | |
| Transfers out | 0 | 0 | 0 | 0 | 0 | 15,000 | 0 | 0 |
| NET OTHER FINANCING SOURCES (USES) | | | | | | 15,000 | | |
| NET CHANGE IN FUND BALANCES | (495) | 0 | (14,121) | 336 | 975 | 15,000 | | (110,000) |
| FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR | 619 | 0 | 26,594 | 76,056 | 35,247 | 0 | | (423,577) |
| FUND BALANCE (DEFICIT) AT END OF YEAR | \$ 124 | \$ 0 | \$ 12,473 | \$ 76,392 | \$ 36,222 | \$ 15,000 | \$ 0 | \$ (533,577) |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

| | Capital Project Funds | | | | | | |
|--|-----------------------|--------------------------------|-------------------------------|-------------------------------|----------------------------|---------------|----------------------|
| | Asphalt Resurfacing | Stormwater Elimination Project | Burdickville Road Improvement | Town Capital Maintenance Fund | Kings Factory Road Culvert | Old Mill Road | DPW Road Engineering |
| REVENUES: | | | | | | | |
| Intergovernmental | | | | | | | |
| Investment income | | | | \$ 2,473 | | | |
| Other | | | | 2,473 | | | |
| TOTAL REVENUES | \$ 0 | \$ 0 | \$ 0 | \$ 2,473 | \$ 0 | \$ 0 | \$ 0 |
| EXPENDITURES: | | | | | | | |
| Current: | | | | | | | |
| General government | | | | | | | |
| Public safety | | | | | | | |
| Parks and recreation | | | | | | | |
| Community development | | | | | | | |
| Capital: | | | | | | | |
| Capital outlay | 0 | 0 | 486,037 | 143,880 | 0 | 0 | 11,015 |
| TOTAL EXPENDITURES | 0 | 0 | 486,037 | 143,880 | 0 | 0 | 11,015 |
| EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES) | 0 | 0 | (486,037) | (141,407) | 0 | 0 | (11,015) |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Transfers in | | | | 155,000 | 250,000 | 1,006,740 | |
| Transfers out | | | | | | | (130,435) |
| NET OTHER FINANCING SOURCES (USES) | 0 | 0 | 0 | 155,000 | 250,000 | 1,006,740 | (130,435) |
| NET CHANGE IN FUND BALANCES | 0 | 0 | (486,037) | 13,593 | 250,000 | 1,006,740 | (141,450) |
| FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR | 345,687 | 103,089 | 1,198,787 | 29,804 | 165,965 | 0 | 216,885 |
| FUND BALANCE (DEFICIT) AT END OF YEAR | \$ 345,687 | \$ 103,089 | \$ 712,750 | \$ 43,397 | \$ 415,965 | \$ 1,006,740 | \$ 75,435 |

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

| | Capital Project Funds | | | | Permanent Funds | | | Total Non-Major Governmental Funds |
|--|-------------------------|---------------------|-----------------------------------|----------------------|------------------|------|--------------|---|
| | Recreation Bond 2016 | Web Based GIS | Pond and Beach Preservation | Zenis Ellis Trust | Cemetery Fund | | | |
| REVENUES: | | | | | | | | |
| Intergovernmental | | | | | | | \$ 316,202 | |
| Investment income | | | | | | | 426 | |
| Other | | | | | | | 87,894 | |
| TOTAL REVENUES | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 404,522 | |
| EXPENDITURES: | | | | | | | | |
| Current: | | | | | | | | |
| General government | | | | | | | 375,761 | |
| Public safety | | | | | | | 9,321 | |
| Parks and recreation | | | | | | | 2,401 | |
| Community development | | | | | | | 35,840 | |
| Capital: | | | | | | | | |
| Capital outlay | 57,795 | | 1,360,106 | | | | 2,221,964 | |
| TOTAL EXPENDITURES | 57,795 | 0 | 1,360,106 | 0 | 0 | 0 | 2,645,287 | |
| EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES) | (57,795) | 0 | (1,360,106) | 0 | 0 | 0 | (2,240,765) | |
| OTHER FINANCING SOURCES (USES): | | | | | | | | |
| Transfers in | | | 250,000 | | | | 1,677,740 | |
| Transfers out | | | | | | | (130,435) | |
| NET OTHER FINANCING SOURCES (USES) | 0 | 0 | 250,000 | 0 | 0 | 0 | 1,547,305 | |
| NET CHANGE IN FUND BALANCES | (57,795) | 0 | (1,110,106) | 0 | 0 | 0 | (693,460) | |
| FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR | 166,419 | 2,000 | 1,200,000 | 950 | 590 | | 3,733,055 | |
| FUND BALANCE (DEFICIT) AT END OF YEAR | \$ 108,624 | \$ 2,000 | \$ 89,894 | \$ 950 | \$ 590 | \$ | \$ 3,039,595 | |

(CONCLUDED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**TAX COLLECTOR'S ANNUAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| Real Estate and Personal Property Taxes | | Current year | Refunds and | Amount to be | Collections | Balance |
|--|--------------|---------------|--------------|--------------|--------------|---------------|
| Fiscal Year | Balance | Assessment | Adjustments | Collected | | June 30, 2019 |
| End | July 1, 2018 | Additions | (Abatements) | | | |
| 2019 | | \$ 24,401,143 | \$ 1,671 | \$ 27,402 | \$ (349,759) | \$ 24,025,653 |
| 2018 | \$ 302,242 | | 379 | | | 301,863 |
| 2017 | 111,951 | | 212 | | 89 | 111,828 |
| 2016 | 88,732 | | 1,671 | | | 87,061 |
| 2015 | 65,669 | | 2,870 | | | 62,799 |
| 2014 | 56,111 | | 414 | | (6) | 55,691 |
| 2013 | 56,124 | | 1,205 | | | 54,919 |
| 2012 | 39,816 | | 852 | | | 38,964 |
| 2011 | 40,541 | | 1,259 | | | 39,282 |
| 2010 | 26,242 | | 395 | | | 25,847 |
| 2009 and prior | 354,719 | | 945 | | 6 | 353,780 |
| | | \$ 24,401,143 | \$ 1,671 | \$ 37,604 | \$ (349,670) | \$ 25,157,687 |
| | 1,142,147 | | | | | \$ 23,905,313 |
| Less: estimated allowance for uncollectible accounts | (520,000) | | | | | |
| Net property taxes | \$ 622,147 | | | | | \$ 727,374 |

| Schedule of Most Recent Net Assessed Property Value by Category | | Rates | Assessed Valuations | Levy |
|--|----|-------|------------------------|----------------------|
| Description of Property | | | | |
| Real-Property- Residential | \$ | 9.64 | \$2,377,732,599 | \$ 22,698,095 |
| Real-Property-Commercial/Industrial | | 9.64 | 75,872,100 | 728,705 |
| Motor Vehicles | | 13.08 | 75,059,978 | 777,318 |
| Tangible and Personal Property | | 9.64 | 21,212,315 | 197,025 |
| Total | | | <u>2,549,876,992</u> | <u>\$ 24,401,143</u> |
| Exemptions | | | (39,837,409) | |
| Net Assessed Values | | | <u>\$2,510,039,583</u> | |

| Reconciliation of Current Year Property Tax Revenue | |
|--|----------------------|
| Current year collections | \$ 23,905,313 |
| Adjustments and reversals | |
| Add: Revenue collected 60 days subsequent to fiscal year ended June 30, 2019 | 297,419 |
| Less: Prior year revenue collected 60 days subsequent to fiscal year ended June 30, 2018 | (105,880) |
| Add: refunds and adjustments Other adjustments | 349,670 |
| Current year property tax revenue | <u>\$ 24,446,428</u> |

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

G-2

| <u>REVENUE</u> | <u>Municipal</u> |
|--|-----------------------------|
| Current Year Levy Tax Collection | \$ 24,056,882 |
| Last Year's Levy Tax Collection | 252,704 |
| Prior Years Property Tax Collection | 136,842 |
| Interest & Penalty | 174,575 |
| PILOT & Tax Treaty (excluded from levy) Collection | 8,141 |
| Other Local Property Taxes | - |
| Licenses and Permits | 23,647 |
| Fines and Forfeitures | 10,599 |
| Investment Income | 104,196 |
| Departmental | 1,586,061 |
| Rescue Run Revenue | - |
| Police & Fire Detail | 526,584 |
| Other Local Non-Property Tax Revenues | 39,138 |
| Tuition | - |
| Impact Aid | - |
| Medicaid | - |
| Federal Stabilization Funds | - |
| Federal Food Service Reimbursement | - |
| CDBG | - |
| COPS Grants | - |
| SAFER Grants | - |
| Other Federal Aid Funds | - |
| MV Excise Tax Reimbursement | 198,744 |
| State PILOT Program | - |
| Distressed Community Relief Fund | - |
| Library Resource Aid | - |
| Library Construction Aid | - |
| Public Service Corporation Tax | 97,833 |
| Meals & Beverage Tax / Hotel Tax | 240,253 |
| LEA Aid | - |
| Group Home | - |
| Housing Aid Capital Projects | - |
| Housing Aid Bonded Debt | - |
| State Food Service Revenue | - |
| Incentive Aid | - |
| Property Revaluation Reimbursement | - |
| Other State Revenue | 1,624,077 |
| Motor Vehicle Phase Out | 44,815 |
| Other Revenue | - |
| Local Appropriation for Education | - |
| Regional Appropriation for Education | - |
| Supplemental Appropriation for Education | - |
| Regional Supplemental Appropriation for Education | - |
| Other Education Appropriation | - |
| Rounding | - |
| Total Revenue | <u>\$ 29,125,091</u> |
| Financing Sources: Transfer from Capital Funds | \$ 16,000 |
| Financing Sources: Transfer from Other Funds | 130,435 |
| Financing Sources: Debt Proceeds | 255,890 |
| Financing Sources: Other | - |
| Rounding | - |
| Total Other Financing Sources | <u>\$ 402,325</u> |

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

| EXPENDITURES | General Government | Finance | Social Services | Centralized IT | Planning | Libraries | Public Works | Parks and Rec | Police Department |
|---|-----------------------|-------------------|--------------------|-------------------|-------------------|-------------------|---------------------|-------------------|----------------------|
| Compensation- Group A | \$ 570,795 | \$ 473,050 | \$ 69,399 | \$ - | \$ 348,901 | \$ - | \$ 773,082 | \$ 398,815 | \$ 1,582,485 |
| Compensation - Group B | - | - | - | - | - | - | - | - | 89,103 |
| Compensation - Group C | - | - | - | - | - | - | - | - | - |
| Compensation -Volunteer | - | - | - | - | - | - | - | - | - |
| Overtime- Group A | - | 442 | - | - | 3,070 | - | 37,368 | 6,378 | 239,639 |
| Overtime - Group B | - | - | - | - | - | - | - | - | - |
| Overtime - Group C | - | - | - | - | - | - | - | - | - |
| Police & Fire Detail | - | - | - | - | - | - | - | - | 657,709 |
| Active Medical Insurance - Group A | 139,242 | 79,473 | - | - | 57,890 | - | 277,258 | 49,903 | 431,580 |
| Active Medical Insurance- Group B | - | - | - | - | - | - | - | - | 23,824 |
| Active Medical Insurance- Group C | - | - | - | - | - | - | - | - | - |
| Active Dental insurance- Group A | 8,173 | 6,298 | - | - | 5,823 | - | 15,724 | 2,623 | 18,747 |
| Active Dental Insurance- Group B | - | - | - | - | - | - | - | - | 1,035 |
| Active Dental Insurance- Group C | - | - | - | - | - | - | - | - | - |
| Payroll Taxes | 43,714 | 36,262 | 5,315 | - | 26,955 | - | 62,068 | 31,031 | 156,380 |
| Life Insurance | 1,971 | 1,873 | - | - | 1,271 | - | 3,592 | 669 | 5,662 |
| State Defined Contribution- Group A | 4,744 | 3,826 | 689 | - | 2,972 | - | 4,563 | 1,537 | - |
| State Defined Contribution - Group B | - | - | - | - | - | - | - | - | 473 |
| State Defined Contribution - Group C | - | - | - | - | - | - | - | - | - |
| Other Benefits- Group A | 11,626 | - | - | - | - | - | - | - | 3,316 |
| Other Benefits- Group B | - | - | - | - | - | - | - | - | - |
| 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 | 76,436 | 63,346 | 9,293 | - | 46,722 | - | 103,524 | 53,406 | 211,912 |
| State Defined Benefit Pension - Group B | - | - | - | - | - | - | - | - | 11,932 |
| State Defined Benefit Pension - Group C | - | - | - | - | - | - | - | - | - |
| Other Defined Benefit / Contribution | - | - | - | - | - | - | - | - | - |
| Purchased Services | 244,135 | 35,614 | 9,230 | - | 547 | - | 56,874 | 30,585 | 24,956 |
| Materials/Supplies | 96,237 | 24,366 | 2,206 | - | 2,821 | - | 94,067 | 15,444 | 34,766 |
| Software Licenses | 41,875 | 43,692 | - | - | 2,000 | - | - | - | 49,946 |
| Capital Outlays | 84,265 | - | - | - | - | - | 145,723 | 37,379 | 98,688 |
| Insurance | 227,902 | - | - | - | - | - | - | - | - |
| Maintenance | - | - | 858 | - | - | - | 231,709 | 15,639 | 95,786 |
| Vehicle Operations | 11 | 1,470 | - | - | 1,845 | - | 72,242 | 5,103 | 59,090 |
| Utilities | 18,868 | 17,902 | 11,712 | - | 5,115 | - | 33,825 | 5,115 | 48,889 |
| Contingency | - | - | - | - | - | - | - | - | - |
| Street Lighting | - | - | - | - | - | - | 6,409 | - | - |
| Revaluation | - | 20,068 | - | - | - | - | - | - | - |
| Snow Removal-Raw Material & External Contracts | - | - | - | - | - | - | 90,718 | - | - |
| Trash Removal & Recycling | - | - | - | - | - | - | - | - | - |
| Claims & Settlements | - | - | - | - | - | - | - | - | - |
| Community Support | 204,200 | - | - | - | - | - | - | - | - |
| Other Operation Expenditures | 151,949 | 9,753 | 34,294 | - | 5,996 | 238,526 | 17,402 | 97,680 | 92,028 |
| Tipping Fees | - | - | - | - | - | - | - | - | - |
| Local Appropriation for Education | - | - | - | - | - | - | - | - | - |
| Regional Appropriation for Education | - | - | - | - | - | - | - | - | - |
| Supplemental Appropriation for Education | - | - | - | - | - | - | - | - | - |
| Regional Supplemental Appropriation for Education | - | - | - | - | - | - | - | - | - |
| Other Education Appropriation | - | - | - | - | - | - | - | - | - |
| Municipal Debt- Principal | - | - | - | - | - | - | - | - | - |
| Municipal Debt- Interest | - | - | - | - | - | - | - | - | - |
| School Debt- Principal | - | - | - | - | - | - | - | - | - |
| School Debt- Interest | - | - | - | - | - | - | - | - | - |
| Retiree Medical Insurance- Total | - | - | - | - | - | - | - | - | - |
| Retiree Dental Insurance- Total | - | - | - | - | - | - | - | - | - |
| OPEB Contribution- Total | - | - | - | - | - | - | - | - | - |
| Rounding | - | - | - | - | - | - | - | - | - |
| Total Expenditures | \$ 1,926,143 | \$ 817,435 | \$ 142,996 | \$ - | \$ 511,928 | \$ 238,526 | \$ 2,026,148 | \$ 751,307 | \$ 3,937,946 |

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

| EXPENDITURES | Fire Department | Centralized Dispatch | Public Safety Other | Education Appropriation | Debt | OPEB | Total Municipal |
|---|--------------------|-------------------------|------------------------|----------------------------|-------------------|-------------------|----------------------|
| Compensation- Group A | \$ - | \$ 89,251 | \$ 115,796 | \$ - | \$ - | \$ - | \$ 4,421,574 |
| Compensation - Group B | - | - | - | - | - | - | 89,103 |
| Compensation - Group C | - | - | - | - | - | - | - |
| Compensation -Volunteer | - | - | - | - | - | - | - |
| Overtime- Group A | - | 33,896 | 1,330 | - | - | - | 322,123 |
| Overtime - Group B | - | - | - | - | - | - | - |
| Overtime - Group C | - | - | - | - | - | - | - |
| Police & Fire Detail | - | - | - | - | - | - | 657,709 |
| Active Medical Insurance - Group A | - | 64,850 | - | - | - | - | 1,100,196 |
| Active Medical Insurance- Group B | - | - | - | - | - | - | 23,824 |
| Active Medical Insurance- Group C | - | - | - | - | - | - | - |
| Active Dental insurance- Group A | - | 2,275 | 354 | - | - | - | 60,017 |
| Active Dental Insurance- Group B | - | - | - | - | - | - | 1,035 |
| Active Dental Insurance- Group C | - | - | - | - | - | - | - |
| Payroll Taxes | - | 8,363 | 8,970 | - | - | - | 379,058 |
| Life Insurance | - | 1,070 | 268 | - | - | - | 16,376 |
| State Defined Contribution- Group A | - | 1,411 | - | - | - | - | 19,742 |
| State Defined Contribution - Group B | - | - | - | - | - | - | 473 |
| State Defined Contribution - Group C | - | - | - | - | - | - | - |
| Other Benefits- Group A | - | - | - | - | - | - | 14,942 |
| Other Benefits- Group B | - | - | - | - | - | - | - |
| 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 | - | 15,120 | 15,506 | - | - | - | 595,265 |
| State Defined Benefit Pension - Group B | - | - | - | - | - | - | 11,932 |
| State Defined Benefit Pension - Group C | - | - | - | - | - | - | - |
| Other Defined Benefit / Contribution | - | - | - | - | - | - | - |
| Purchased Services | - | - | 12,736 | - | - | - | 414,677 |
| Materials/Supplies | - | - | 14,463 | - | - | - | 284,370 |
| Software Licenses | - | - | 610 | - | - | - | 138,123 |
| Capital Outlays | - | - | 255,890 | - | - | - | 621,945 |
| Insurance | - | - | - | - | - | - | 227,902 |
| Maintenance | - | - | 6,045 | - | - | - | 350,037 |
| Vehicle Operations | - | - | 4,660 | - | - | - | 144,421 |
| Utilities | - | 8,627 | 76 | - | - | - | 150,129 |
| Contingency | - | - | - | - | - | - | - |
| Street Lighting | - | - | - | - | - | - | 6,409 |
| Revaluation | - | - | - | - | - | - | 20,068 |
| Snow Removal-Raw Material & External Contracts | - | - | - | - | - | - | 90,718 |
| Trash Removal & Recycling | - | - | - | - | - | - | - |
| Claims & Settlements | - | - | - | - | - | - | - |
| Community Support | - | - | - | - | - | - | 204,200 |
| Other Operation Expenditures | - | - | 6,753 | - | - | - | 654,381 |
| Tipping Fees | - | - | - | - | - | - | - |
| Local Appropriation for Education | - | - | - | 14,216,622 | - | - | 14,216,622 |
| Regional Appropriation for Education | - | - | - | - | - | - | - |
| Supplemental Appropriation for Education | - | - | - | - | - | - | - |
| Regional Supplemental Appropriation for Education | - | - | - | - | - | - | - |
| Other Education Appropriation | - | - | - | - | - | - | - |
| Municipal Debt- Principal | - | - | - | - | 681,970 | - | 681,970 |
| Municipal Debt- Interest | - | - | - | - | 141,573 | - | 141,573 |
| School Debt- Principal | - | - | - | - | - | - | - |
| School Debt- Interest | - | - | - | - | - | - | - |
| Retiree Medical Insurance- Total | - | - | - | - | - | - | - |
| Retiree Dental Insurance- Total | - | - | - | - | - | - | - |
| OPEB Contribution- Total | - | - | - | - | - | 450,000 | 450,000 |
| Rounding | - | - | - | - | - | - | - |
| Total Expenditures | \$ - | \$ 224,863 | \$ 443,457 | \$ 14,216,622 | \$ 823,543 | \$ 450,000 | \$ 26,510,914 |

| | |
|--|----------------------|
| Financing Uses: Transfer to Capital Funds | \$ 1,295,615 |
| Financing Uses: Transfer to Other Funds | 406,125 |
| Financing Uses: Payment to Bond Escrow Agent | - |
| Financing Uses: Other | - |
| Total Other Financing Uses | \$ 1,701,740 |
| Net Change in Fund Balance¹ | 1,314,762 |
| Fund Balance¹- beginning of year | \$9,886,486 |
| Funds removed from Reportable Government Services (RGS) | - |
| Funds added to Reportable Government Services (RGS) | - |
| Prior period adjustments | - |
| Misc. Adjustment | - |
| Fund Balance¹ - beginning of year adjusted | 9,886,486 |
| Rounding | - |
| Fund Balance¹ - end of year | \$ 11,201,248 |

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

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

| 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 Balance ¹ (Deficit) | Prior Period Adjustment | Restated Beginning Fund Balance ¹ (Deficit) | Ending Fund Balance ¹ (Deficit) |
|---|----------------------|-------------------------------------|-----------------------|----------------------------------|---|---|----------------------------|--|--|
| Fund Balance¹ - per MTP-2 at June 30, 2018 | | | | | | \$ 9,886,486 | - \$ | \$ 9,886,486 | |
| <i>No funds removed from RGS for fiscal 2018</i> | | | | | | - | - | - | |
| <i>No funds added to RGS for fiscal 2018</i> | | | | | | - | - | - | |
| <i>No misc. adjustments made for fiscal 2018</i> | | | | | | - | - | - | |
| Fund Balance¹ - per MTP-2 at June 30, 2018 adjusted | | | | | | <u>\$ 9,886,486</u> | <u>- \$</u> | <u>\$ 9,886,486</u> | |
| General Fund | \$ 28,598,507 | \$ 402,325 | \$ 25,984,330 | \$ 1,701,740 | \$ 1,314,762 | \$ 9,886,486 | \$ - | \$ 9,886,486 | \$ 11,201,248 |
| Totals per audited financial statements | <u>\$ 28,598,507</u> | <u>\$ 402,325</u> | <u>\$ 25,984,330</u> | <u>\$ 1,701,740</u> | <u>\$ 1,314,762</u> | <u>\$ 9,886,486</u> | <u>\$ -</u> | <u>\$ 9,886,486</u> | <u>\$ 11,201,248</u> |

Reconciliation from financial statements to MTP2

Reimbursement for police details reported as a receivable on financial statements and revenue/expense on MTP-2

Rounding

| | | | | | | | | | |
|------------------------|----------------------|-------------------|----------------------|---------------------|---------------------|---------------------|-------------|---------------------|----------------------|
| \$ 526,584.00 | \$ - | \$ 526,584.00 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Totals Per MTP2 | <u>\$ 29,125,091</u> | <u>\$ 402,325</u> | <u>\$ 26,510,914</u> | <u>\$ 1,701,740</u> | <u>\$ 1,314,762</u> | <u>\$ 9,886,486</u> | <u>\$ -</u> | <u>\$ 9,886,486</u> | <u>\$ 11,201,248</u> |

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, 2019**

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 Town's budget and accounting system. To report these costs, the Town made allocations of costs to the State's departmental groupings based on a reasonable basis.

NOTE 4. Employee Groups - Compensation and Benefit Costs

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

For Public Safety departments (i.e., police, fire, and centralized dispatch), 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)

TOWN OF CHARLESTOWN, RHODE ISLAND

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

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



Gerard R. Cayer
CPA, MST

Mark V. Caccia
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**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, 2019, 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 20, 2019.

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

Warwick, Rhode Island
December 20, 2019