

TOWN OF CUMBERLAND, RHODE ISLAND

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

TOWN OF CUMBERLAND, RHODE ISLAND

For the year ended June 30, 2015

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cumberland, Rhode Island (Town) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Continued

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cumberland, Rhode Island, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Adoption of GASB Statement No. 68

As discussed in Note 1 to the financial statements, during fiscal year 2015, the Town adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Cumberland, Rhode Island's basic financial statements. The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, and the other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Continued

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws; regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Cumberland, Rhode Island's internal control over financial reporting and compliance.

Hague, Sabady & Co. PC

Fall River, Massachusetts
November 30, 2015

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2015

The management of the Town of Cumberland, Rhode Island (herein, the Town), provides this Management Discussion and Analysis of the Town of Cumberland's Annual Financial Report for the readers of the Town's financial statements. This narrative overview and analysis of the financial statements of the Town of Cumberland is for fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the additional information that is furnished in the Town's financial statements.

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

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

FINANCIAL HIGHLIGHTS

- At the end of the current fiscal year, total fund balance for the General Fund was \$14,356,945 or 20.77% of total 2015 budgeted revenues of \$69,134,828. This is an increase of \$237,814 from the prior year total fund balance.
- The total unassigned fund balance of the General Fund is \$12,911,174 or 18.68% of total 2015 budgeted revenues.
- The total assigned fund balance of the General Fund is \$1,455,771. This is an increase of \$73,700 from the prior year.
- The Town General Fund ended fiscal year 2015 with a budgetary operating surplus of \$660,250 and the School Unrestricted Fund ended with a budgetary operating surplus of \$1,030,243.
- The total debt related to bonds, notes, and capital leases of the Town of Cumberland decreased by \$3,858,557.
- As reported in the government wide financial statements, the assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$62,076,395. The Town has chosen conservative fiscal policy whereby it has developed its capital asset base from current operations rather than debt.
- The Town's total net position increased by \$6,336,369 for the fiscal year ended June 30, 2015.

Continued

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2015

Overview of the Financial Statements

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

Government-Wide Financial Statement

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

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

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

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

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

Continued

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2015

Government-Wide Financial Statements (continued)

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

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

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

Fund Financial Statements

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

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

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

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

Continued

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2015

Fund Financial Statements (continued)

Governmental funds (continued):

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

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

The governmental fund financial statements can be found on pages 24 through 25 of this report. The budgetary statements can be found on pages 100 through 110 of this report.

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

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

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

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

The proprietary fund financial statements can be found on pages 28 through 30 of this report. The budgetary statements can be found on pages 115 and 116 of this report.

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

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

Continued

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2015

Notes to the Financial Statements

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

The notes of the financial statements are presented on pages 33 through 85.

Other Required Information

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

Budgetary comparison schedules are presented to demonstrate compliance with the budget on pages 100 through 111.

The pension information included represents the state pension for municipal employees excluding police, the police pension and the teachers state pension is presented on pages 90 through 99.

Other Supplementary Information

In addition to the basic financial statements, accompanying notes, and required supplementary information, this report includes a budgetary comparison for the water fund and combining governmental funds.

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

Figure 1

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

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2015

Other Supplementary Information (Continued)

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

Figure 2

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

Government-wide Financial Analysis

Analysis of the Town of Cumberland's Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Cumberland, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$62,076,395 as of June 30, 2015, an increase over the prior year of \$6,336,369.

In regard to the Town's net position, \$76,452,058 consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any debt used to acquire these assets which is still outstanding. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are highly unlikely to be used to liquidate these liabilities.

Continued

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2015

TOWN OF CUMBERLAND'S NET POSITION

June 30,

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current assets	\$ 74,873,977	\$ 63,861,514	\$ 4,520,786	\$ 1,725,969	\$ 79,394,763	\$ 65,587,483
Non current assets	<u>108,724,751</u>	<u>109,703,936</u>	<u>28,614,589</u>	<u>28,511,308</u>	<u>137,339,340</u>	<u>138,215,244</u>
Total assets	<u>183,598,728</u>	<u>173,565,450</u>	<u>33,135,375</u>	<u>30,237,277</u>	<u>216,734,103</u>	<u>203,802,727</u>
Deferred outflows of resources						
Net pension activity	5,377,319	4,523,217	-	-	5,377,319	4,523,217
Other deferred outflows	<u>450,638</u>	<u>251,021</u>	<u>5,058</u>	<u>7,587</u>	<u>455,696</u>	<u>258,608</u>
Total deferred outflows of resources	<u>5,827,957</u>	<u>4,774,238</u>	<u>5,058</u>	<u>7,587</u>	<u>5,833,015</u>	<u>4,781,825</u>
Liabilities						
Current liabilities	20,990,560	12,545,940	2,856,506	808,087	23,847,066	13,354,027
Long-term liabilities	<u>123,644,968</u>	<u>133,754,110</u>	<u>3,765,177</u>	<u>4,068,358</u>	<u>127,410,145</u>	<u>137,822,468</u>
Total liabilities	<u>144,635,528</u>	<u>146,300,050</u>	<u>6,621,683</u>	<u>4,876,445</u>	<u>151,257,211</u>	<u>151,176,495</u>
Deferred inflows of resources						
Net pension activity	7,618,877	-	-	-	7,618,877	-
Other deferred inflows	<u>1,608,900</u>	<u>1,668,031</u>	<u>5,735</u>	<u>-</u>	<u>1,614,635</u>	<u>1,668,031</u>
Total deferred inflows of resources	<u>9,227,777</u>	<u>1,668,031</u>	<u>5,735</u>	<u>-</u>	<u>9,233,512</u>	<u>1,668,031</u>
Net Position						
Investment in capital assets, net of related debt	51,876,482	52,633,161	24,575,576	24,562,162	76,452,058	77,195,323
Restricted	7,966,350	4,895,674	-	-	7,966,350	4,895,674
Unrestricted	<u>(24,279,452)</u>	<u>(27,157,228)</u>	<u>1,937,439</u>	<u>806,257</u>	<u>(22,342,013)</u>	<u>(26,350,971)</u>
Total net position	<u>\$ 35,563,380</u>	<u>\$ 30,371,607</u>	<u>\$ 26,513,015</u>	<u>\$ 25,368,419</u>	<u>\$ 62,076,395</u>	<u>\$ 55,740,026</u>

An additional portion of the Town's net position \$7,966,350 represents resources that are subject to external restriction on how they may be used. This leaves a remaining balance for unrestricted net position of \$(22,342,013).

Change in Net Position

The total net position of the Town of Cumberland increased by \$6,336,369 during fiscal year 2014-2015.

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TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2015

Analysis of the Town of Cumberland's Operations

The following analysis provides a summary of the Town's operations for the year ended June 30, 2015. Governmental activities increased the Town's net position by \$5,191,773 accounting for 82% of the Town's total increase in net position, while business type activities increased the Town's net position by \$1,144,596 accounting for 18% of the Town's total increase in net position.

TOWN OF CUMBERLAND'S CHANGES IN NET POSITION

For the year ended June 30,
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues:						
Charges for service	\$ 3,883,035	\$ 6,144,032	\$ 4,869,918	\$ 4,794,265	\$ 8,752,953	\$ 10,938,297
Operating grants & contributions	5,742,035	2,925,995	209,014	-	5,951,049	2,925,995
Capital grants & contributions	-	377,890	-	22,000	-	399,890
General Revenues:						
Property taxes	61,688,931	61,548,176	-	-	61,688,931	61,548,176
State aid to town	1,643,119	1,281,608	-	-	1,643,119	1,281,608
State aid to education	19,308,991	19,244,021	-	-	19,308,991	19,244,021
Other revenue	3,257,399	2,227,652	332,415	-	3,589,814	2,227,652
Earnings on investments	66,782	89,487	13	2	66,795	89,489
Total revenue	<u>95,590,292</u>	<u>93,838,861</u>	<u>5,411,373</u>	<u>4,816,267</u>	<u>101,001,665</u>	<u>98,655,128</u>
Expenses						
General government	4,769,602	4,284,515	-	-	4,769,602	4,284,515
Community development	578,668	624,117	-	-	578,668	624,117
Public safety	10,085,628	9,996,783	-	-	10,085,628	9,996,783
Public works	9,197,748	7,365,119	-	-	9,197,748	7,365,119
Social services	2,692,490	2,312,506	-	-	2,692,490	2,312,506
Education	60,322,110	60,715,289	-	-	60,322,110	60,715,289
Interest on debt	1,770,598	2,440,673	-	-	1,770,598	2,440,673
Water	-	-	4,266,777	4,314,650	6,037,375	6,755,323
Total expenses	<u>89,416,844</u>	<u>87,739,002</u>	<u>4,266,777</u>	<u>4,314,650</u>	<u>95,454,219</u>	<u>94,494,325</u>
Increase(decrease) in net assets before transfers	6,173,448	6,099,859	1,144,596	501,617	7,318,044	6,601,476
Proceeds from capital leases	848,607	-	-	-	848,607	-
Proceeds from bonds	109,578	-	-	-	109,578	-
Increase(decrease) in net position	7,131,633	6,099,859	1,144,596	501,617	8,276,229	6,601,476
Net position, July 1, restated	<u>30,371,607</u>	<u>24,271,748</u>	<u>25,368,419</u>	<u>24,866,802</u>	<u>55,740,026</u>	<u>49,138,550</u>
Net position, June 30	<u>\$ 37,503,240</u>	<u>\$30,371,607</u>	<u>\$ 26,513,015</u>	<u>\$ 25,368,419</u>	<u>\$64,016,255</u>	<u>\$ 55,740,026</u>

** These statement are not comparative in the current year due to prior year misgrouping of revenue categories.

TOWN OF CUMBERLAND, RHODE ISLAND

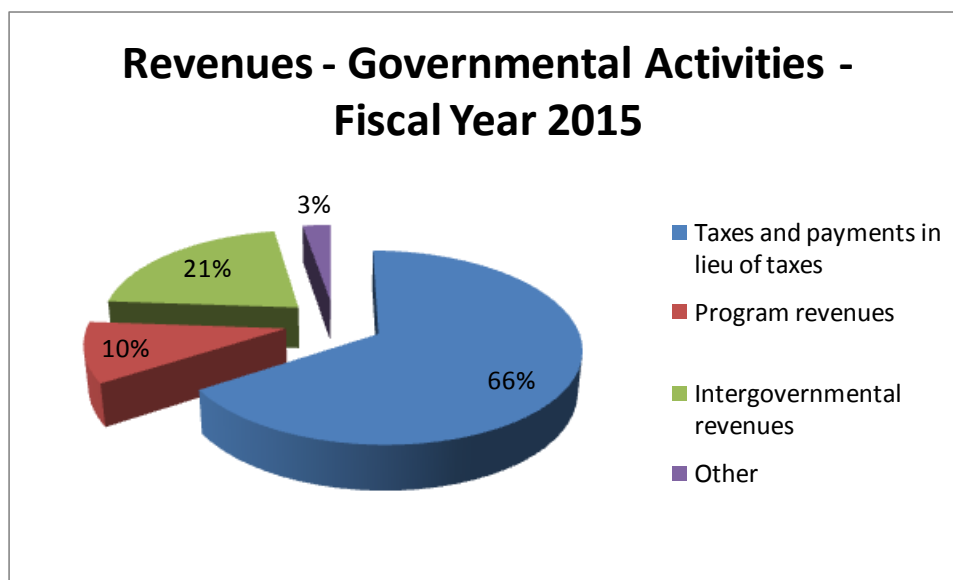
Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2015

Revenue

Governmental Activities

Total governmental activities revenues for the Town are comprised of general revenues of \$86.0 million, charges for services \$3.9 million, and operating grants and contributions of \$3.8 million.



General Revenues

The majority of general revenues are tax collections from the Town's taxpayers. This amount represented 66% of the total general revenues or \$61.7 million.

Intergovernmental revenue not restricted to a specific program is \$21.8 million representing 23% of general revenues.

Program Revenues

Charges for services are \$3.9 million and represent a variety of departmental revenues. The public safety portion includes several types of permits revenue, traffic and moving violations revenues..

The operating grants are also a significant source of revenue for the Town. The total operating grants for fiscal year ended June 30, 2015 amounted to \$3.8 million of which \$3.2 million were received for education.

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

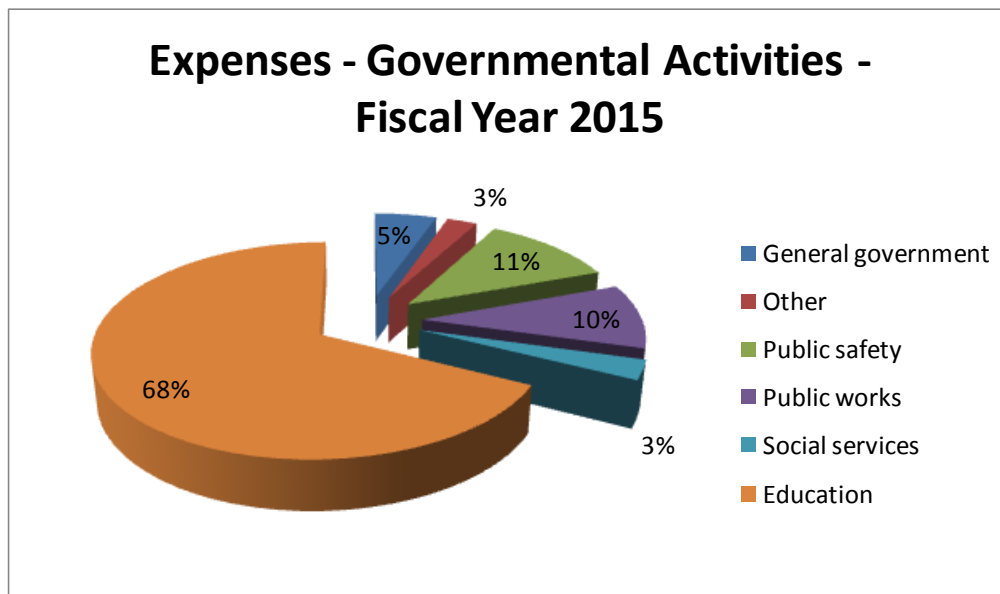
For the Year Ended June 30, 2015

Expenses

Governmental Activities

For fiscal year ended June 30, 2015, expenses for the governmental activities totaled \$89.4 million, which cover a range of services.

Education continues to be one of the Town's highest priorities and commitments representing \$60.3 million or 67.4% of the total governmental activity expenses.



Business-Type Activity

Business-type activity increased net position by \$1.1 million for the fiscal year ended June 30, 2015. Factors contributing to these results are as follows:

- The water fund had operating income of \$1.4 million and interest expense of \$225 thousand.

Financial Analysis of the Town of Cumberland's Funds

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$21,644,393. The General Fund reported an unassigned fund balance of \$12,911,174 representing approximately (59.6%) of total fund balance of all governmental funds.

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2015

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

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

Unrestricted net position of the respective proprietary fund is the Cumberland Water Fund \$1,937,439.

The Town of Cumberland's General Fund Budgetary Highlights

The general fund ended the year with revenue recorded in the amount of \$47,545 over the budget. The categories are presented on page 100 and include both favorable and unfavorable differences,

The expenditures ended the year with a favorable variance of \$612,705. The most significant positive amount includes unspent school debt budget of \$330,197 and under spend employee benefits of \$135,171.

Note that in 2004, the Town adopted by ordinance a fund balance policy, which requires that the fund balance amount be maintained at a minimum of 10% of operating revenues. Operating revenues, which do not include General and Educational Aid from the State of Rhode Island, total \$70,225,569. The fund balance amount of \$14,356,945 equals 20.44% of the total operating expenses.

The Town of Cumberland's Capital Assets

The Town of Cumberland's investment in capital assets for its governmental and business-type activities amounts to \$129,219,739 net of accumulated depreciation at June 30, 2015. Included are land, building and improvements, construction in progress, motor vehicles, furniture and equipment, and infrastructure.

Major Capital Events During the Fiscal Year 2014-2015

The major capital projects in 2014-2015 were infrastructure improvements from road paving projects, parking lot resurfacing projects, equipment additions within public works and public safety and finally vehicle additions and building improvements throughout the Town. The water system improvements, which included but was not limited to a water main replacement project is being paid by subsidized low interest loans and master leases. Open space land purchases were made via the Town's open space fund and recreation upgrades were funded through the Town's Recreation Bond Fund. Road improvements were funded from the Road Improvement Bond or State Roadway Investment Grant.

Continued

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

*For the Year Ended June 30, 2015***The Town of Cumberland's Capital Assets (continued)****TOWN OF CUMBERLAND'S CAPITAL ASSETS
NET OF ACCUMULATED DEPRECIATION***For the year ended June 30,*

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 19,882,983	\$ 19,882,983	\$ 280,974	\$ 280,974	\$ 20,163,957	\$ 20,163,957
Construction in progress	41,647	630,119	692,824	767,419	734,471	1,397,538
Infrastructure, net	13,877,222	13,688,413	25,208,911	25,761,022	39,086,133	39,449,435
Land improvements, net	2,705,511	2,768,543	-	-	2,705,511	2,768,543
Building & improvements, net	61,179,192	61,525,778	2,348,805	1,627,852	63,527,997	63,153,630
Vehicles, net	1,464,400	1,031,684	83,075	74,041	1,547,475	1,105,725
Machinery and equipment, net	1,454,195	1,951,321	-	-	1,454,195	1,951,321
Total	<u>\$100,605,150</u>	<u>\$ 101,478,841</u>	<u>\$28,614,589</u>	<u>\$28,511,308</u>	<u>\$129,219,739</u>	<u>\$ 129,990,149</u>

Additional information on the Town of Cumberland's Capital assets is located in note 2 of the notes to the financial statements.

The Town of Cumberland's Debt Administration

At the end of the current fiscal year, the Town of Cumberland had a total bonded debt of \$22,155,000. Of this amount, \$240,000 comprised was bonded debt for the Enterprise Funds.

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 22,155,000	\$ 25,260,000	\$ 240,000	\$ 350,000	\$22,395,000	\$ 25,610,000
Notes payable	23,576,715	25,124,939	3,744,219	3,917,029	27,320,934	29,041,968
Capital leases	<u>1,631,769</u>	<u>554,292</u>	<u>-</u>	<u>-</u>	<u>1,631,769</u>	<u>554,292</u>
Total	<u>\$ 47,363,484</u>	<u>\$ 50,939,231</u>	<u>\$ 3,984,219</u>	<u>\$ 4,267,029</u>	<u>\$51,347,703</u>	<u>\$ 55,206,260</u>

Continued

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2015

The Town of Cumberland's Debt Administration (continued)

The Town's general obligation bond rating was upgraded by Moody's Investors Services in July of 2014 to Aa3 (Stable). Standard & Poor's upgraded the Town's general obligation bond rating in October of 2015 to AA (Positive).

The State of Rhode Island imposes a limit of 3 percent of the fair market value of all taxable town property on the general obligation debt that a municipality can issue. The Town of Cumberland's limit is \$104,706,027 at year-end. The Town's outstanding general obligation debt subject to this limit is \$2,668,500 at year-end, which is \$102,037,527 under the State imposed limitation.

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

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

Subsequent Fiscal Year 2015-2016 Budget and Tax Rates

The Town of Cumberland's total general budget for fiscal year 2016 is \$90,498,462; which reflects an increase of \$2,466,006 over the fiscal year 2015 budget. In the Town's 2016 budget, \$60,837,835 or 67.23% is allocated for educational purposes and \$29,660,627 or 32.77% is budgeted for other purposes.

Of the \$60,837,835 budgeted for educational purposes, the State of Rhode Island is budgeted for fiscal year 2016 to contribute \$16,685,704 to the Town's education department and the Town is budgeted to contribute \$40,437,082. The budget also appropriates the use of school surplus funds totaling \$830,204. The amount contributed by the State is based on the Town being considered an outlying suburban community. The total population of the School District and the average level of wages earned by its citizens are the determining factors for this designation. Within fiscal year 2016, the Town purchased chrome books for three additional secondary education grades, to complete an initiative begun in fiscal year 2015. The Town also partnered with the school department on the financing of necessary health and safety upgrades at various schools throughout the district.

Continued

TOWN OF CUMBERLAND, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2015

General Economic Factors

The June 2015 unemployment rate for the Town of Cumberland was 4.5%, which compares favorably to the unemployment rate of both the State of Rhode Island at 5.6% and the national rate of 5.3% from the same period. According to the Rhode Island City & Town Income American Community Survey, 5-year Estimates, 2009 – 2013, the median family income of the Town was \$85,127, compared to the State average of \$72,717. Median family income in the Town increased from \$63,194 in 2000, an increase of 34.71%. The Town's median family income ranks twentieth among Rhode Island cities and towns.

The per capita income of the Town of Cumberland was \$35,378, compared to \$30,469 for the State in 2013. Per capita income in the Town increased from \$25,592 in 2000, an increase of 41.77%. The Town's per capita income ranks twenty second among the thirty-nine Rhode Island cities and towns.

Request for Information

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

Basic Financial Statements

TOWN OF CUMBERLAND, RHODE ISLAND

Government Wide Financial Statements

Statement of Net Position

June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 20,776,919	\$ 1,501,598	\$ 22,278,517
Restricted cash	2,176,878	824,396	3,001,274
Receivables, net			
Personal property taxes	36,759,244	-	36,759,244
User charges	1,556,045	2,080,675	3,636,720
Intergovernmental	887,558	-	887,558
Departmental and other	1,558,063	114,117	1,672,180
Due from other funds	10,854,320	-	10,854,320
Prepaid expenses	304,950	-	304,950
TSB - net pension asset	8,119,601	-	8,119,601
Capital assets:			
Land	19,882,983	280,974	20,163,957
Construction in progress	41,647	692,824	734,471
Depreciable assets, net	80,680,520	27,640,791	108,321,311
Total capital assets	100,605,150	28,614,589	129,219,739
Total assets	183,598,728	33,135,375	216,734,103
DEFERRED OUTFLOWS OF RESOURCES			
Police Pension - difference between projected and actual earnings on investments	262,878	-	262,878
TSB - contributions made subsequent to measurement date	39,802	-	39,802
ERS - contributions made subsequent to measurement date	4,307,537	-	4,307,537
MERS - contributions made subsequent to measurement date	754,797	-	754,797
MERS - change in assumptions	12,305	-	12,305
Loss on refunding	450,638	5,058	455,696
Total assets and deferred outflows of resources	\$ 189,426,685	\$ 33,140,433	\$ 222,567,118

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

TOWN OF CUMBERLAND, RHODE ISLAND

Government Wide Financial Statements

Statement of Net Position

June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable and accrued expenses	\$ 3,557,403	\$ 438,287	\$ 3,995,690
Retainage payable	-	-	-
BAN payable	-	-	-
Other liabilities	367,578	209,014	576,592
Accrued interest	469,117	54,794	523,911
Due to federal and state governments	68,222		68,222
Deposits held	2,176,878	505,483	2,682,361
Due to other funds	9,358,278	1,356,510	10,714,788
Current portion of capital leases	387,443	-	387,443
Current portion of deferred salary liability	74,767	-	74,767
Current portion of other commitments	17,850	-	17,850
Current portion of bonds and notes payable	2,685,000	115,000	2,800,000
Current portion of loans payable	1,617,050	177,418	1,794,468
Current portion of bond premium	144,969	-	144,969
Current portion of compensated absences	66,005	-	66,005
Portion due or payable in more than one year:			
Capital leases	1,244,326	-	1,244,326
Deferred salary liability	711,951	-	711,951
Other commitments	214,200	-	214,200
Bonds and notes payable	19,470,000	125,000	19,595,000
Loans payable	21,959,665	3,566,801	25,526,466
Bond premium	1,201,736	-	1,201,736
Compensated absences	2,122,088	73,376	2,195,464
Other post-employment benefit obligation	10,846,327	-	10,846,327
Police net pension liability	18,917,838	-	18,917,838
ERS net pension liability	40,693,201	-	40,693,201
MERS net pension liability	6,263,636	-	6,263,636
Total liabilities	144,635,528	6,621,683	151,257,211

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

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

Statement of Net Position

June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
TSB - Net difference between projected and actual earnings			
on investments	1,062,625	-	1,062,625
ERS - change of assumptions	1,441,431	-	1,441,431
ERS - Net difference between projected and actual earnings			
on investments	3,504,120	-	3,504,120
MERS - change of assumptions	49,490	-	49,490
MERS - Net difference between projected and actual earnings			
on investments	1,561,211	-	1,561,211
Other deferred revenue	1,608,900	-	1,608,900
Bond premium	-	5,735	5,735
Total deferred inflows of resources	9,227,777	5,735	9,233,512
NET POSITION			
Net investment in capital assets	51,876,482	24,575,576	76,452,058
Restricted	7,966,350	-	7,966,350
Unrestricted	(24,279,452)	1,937,439	(22,342,013)
Total liabilities, deferred inflows or resources			
and net position	\$ 189,426,685	\$ 33,140,433	\$ 222,567,118

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

TOWN OF CUMBERLAND, RHODE ISLAND

Government Wide Financial Statements Statement of Net Activities

For the Year Ended June 30, 2015

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

TOWN OF CUMBERLAND, RHODE ISLAND

Government Wide Financial Statements Statement of Net Activities

For the Year Ended June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
General revenues			
Real estate and personal property, net of reserve for abatements	\$ 61,688,931	\$ -	\$ 61,688,931
Meals and beverage tax	449,395	-	449,395
Telephone tax	417,215	-	417,215
Realty transfer tax	337,400	-	337,400
School housing aid	1,704,737	-	1,704,737
Earnings on investments	66,782	13	66,795
State aid to town	405,654	-	405,654
State aid to education	15,664,394	-	15,664,394
Library housing	211,377	-	211,377
Library aid	273,137	-	273,137
Medicaid	370,855	-	370,855
Miscellaneous	2,435,485	3,238	2,438,723
Debt reduction surcharge	-	329,190	329,190
Total general revenues	84,025,362	332,441	84,357,803
Proceeds from capital leases	848,607	-	848,607
Proceeds from bonds	109,578	-	109,578
Total general revenues, special items, and transfers	84,983,547	332,441	85,315,988
Changes in net position	5,191,773	1,144,596	6,336,369
Net position - July 1, 2014, restated	30,371,607	25,368,419	55,740,026
Net position - June 30, 2015	\$ 35,563,380	\$ 26,513,015	\$ 62,076,395

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

TOWN OF CUMBERLAND, RHODE ISLAND

Governmental Funds Balance Sheet

June 30, 2015

	Major Fund			Non-Major	Total
	General Fund	School Unrestricted	Sewer Fund	Governmental Funds	Governmental Funds
Assets					
Cash and investments	\$ 17,890,283	\$ (164,410)	\$ -	\$ 3,051,046	\$ 20,776,919
Restricted cash - debt service	2,176,878	-	-	-	2,176,878
Receivables:					
Property taxes, net	36,332,639	-	-	-	36,332,639
Intergovernmental	-	36,480	-	851,078	887,558
Sewer use and assessment	-	-	1,305,055	-	1,305,055
Other	1,269,030	4,948	-	284,085	1,558,063
Due from other funds	1,335,282	6,526,484	-	2,992,554	10,854,320
Other assets	<u>170,550</u>	<u>134,400</u>	<u>-</u>	<u>-</u>	<u>304,950</u>
Total assets	<u>59,174,662</u>	<u>6,537,902</u>	<u>1,305,055</u>	<u>7,178,763</u>	<u>74,196,382</u>
Deferred outflows of resources					
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 59,174,662</u>	<u>\$ 6,537,902</u>	<u>\$ 1,305,055</u>	<u>\$ 7,178,763</u>	<u>\$ 74,196,382</u>
Liabilities					
Accounts payable and accrued expenses	\$ 1,454,131	\$ 1,704,112	\$ 7,043	\$ 392,117	\$ 3,557,403
Due to federal and state government	68,222	-	-	-	68,222
Other liabilities	341,998	250	-	25,330	367,578
Deposits held for debt service	2,176,878	-	-	-	2,176,878
Due to other funds	<u>5,324,613</u>	<u>-</u>	<u>1,299,495</u>	<u>2,734,170</u>	<u>9,358,278</u>
Total liabilities	<u>9,365,842</u>	<u>1,704,362</u>	<u>1,306,538</u>	<u>3,151,617</u>	<u>15,528,359</u>
Deferred inflows of resources					
Deferred property taxes	35,414,730	-	-	-	35,414,730
Other deferred revenue	<u>37,145</u>	<u>-</u>	<u>1,305,055</u>	<u>266,700</u>	<u>1,608,900</u>
Total deferred inflows of resources	<u>35,451,875</u>	<u>-</u>	<u>1,305,055</u>	<u>266,700</u>	<u>37,023,630</u>
Fund balance					
Nonspendable	-	134,400	-	-	134,400
Restricted	-	4,699,140	-	3,267,210	7,966,350
Committed	-	-	-	508,516	508,516
Assigned	1,445,771	-	-	62,180	1,507,951
Unassigned	<u>12,911,174</u>	<u>-</u>	<u>(1,306,538)</u>	<u>(77,460)</u>	<u>11,527,176</u>
Total fund balance	<u>14,356,945</u>	<u>4,833,540</u>	<u>(1,306,538)</u>	<u>3,760,446</u>	<u>21,644,393</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 59,174,662</u>	<u>\$ 6,537,902</u>	<u>\$ 1,305,055</u>	<u>\$ 7,178,763</u>	<u>\$ 74,196,382</u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2015

	General Fund	Major Fund School Unrestricted	Sewer Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
General property taxes and interest	\$ 62,105,888	\$ -	\$ -	\$ -	\$ 62,105,888
Other local and departmental revenue	3,168,284	-	-	-	3,168,284
Intergovernmental	4,023,826	16,035,249	-	3,392,219	23,451,294
Charges for services	-	-	903,329	785,496	1,688,825
Investment income	66,769	-	-	13	66,782
State contribution to pension plan	-	2,464,092	-	-	2,464,092
Other revenue	<u>860,802</u>	<u>380,806</u>	<u>-</u>	<u>409,956</u>	<u>1,651,564</u>
Total revenue	<u>70,225,569</u>	<u>18,880,147</u>	<u>903,329</u>	<u>4,587,684</u>	<u>94,596,729</u>
Expenditures					
General government	1,559,046	-	-	112,101	1,671,147
Community development	394,105	-	-	51,255	445,360
Public safety	6,140,098	-	-	114,641	6,254,739
Public works	4,996,532	-	286,770	300,901	5,584,203
Social services	2,197,902	-	-	79,278	2,277,180
Other	1,999,089	-	-	-	1,999,089
Employee benefits	6,954,502	-	-	-	6,954,502
Education	46,199	55,821,501	-	1,893,636	57,761,336
Cafeteria	-	-	-	2,030,845	2,030,845
State contributin to pension plan	-	2,464,092	-	-	2,464,092
Capital outlay	814,870	-	-	-	814,870
Debt service					
Principal	3,600,000	-	484,087	239,135	4,323,222
Interest	<u>1,807,908</u>	<u>-</u>	<u>62,582</u>	<u>98,640</u>	<u>1,969,130</u>
Total expenditures	<u>30,510,251</u>	<u>58,285,593</u>	<u>833,439</u>	<u>4,920,432</u>	<u>94,549,715</u>
Excess (deficiency) of revenues over expenditures	39,715,318	(39,405,446)	69,890	(332,748)	47,014
Other financing sources (uses)					
Proceeds from capital leases	-	848,607	-	-	848,607
Bond proceeds	109,578	-	-	-	109,578
Transfers in	-	39,587,082	-	-	39,587,082
Transfers out	<u>(39,587,082)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,587,082)</u>
Other financing sources (uses)	<u>(39,477,504)</u>	<u>40,435,689</u>	<u>-</u>	<u>-</u>	<u>958,185</u>
Excess of revenue and other sources over expenditures and other uses	237,814	1,030,243	69,890	(332,748)	1,005,199
Fund balance, July 1, 2014	<u>14,119,131</u>	<u>3,803,297</u>	<u>(1,376,428)</u>	<u>4,093,194</u>	<u>20,639,194</u>
Fund balance, June 30, 2015	<u>\$ 14,356,945</u>	<u>\$ 4,833,540</u>	<u>\$ (1,306,538)</u>	<u>\$ 3,760,446</u>	<u>\$ 21,644,393</u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2015

Total governmental fund balances	\$ 21,644,393
Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets, net	100,605,150
Sewer assessment receivable	250,990
Accrued interest receivable	389,460
TSB net pension asset	8,119,601
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds.	35,451,875
Other long-term assets related to net pension activity and therefore, are deferred inflows of resources in the funds.	(7,618,877)
Other long-term liabilities related to net pension activity and therefore, are deferred outflows of resources in the funds.	5,377,319
Long term liabilities relating to bond premiums amortized over the life of the bond	(1,346,705)
In the statement of activities, interest is accrued on outstanding long-term debt whereas in governmental funds interest is not reported until due.	(469,117)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds	
Bonds and notes payable	(45,281,077)
Capital leases	(1,631,769)
Compensated absences	(2,188,093)
Other postemployment benefits	(10,846,327)
Police net pension liability	(18,917,838)
ERS net pension liability	(40,693,201)
MERS net pension liability	(6,263,636)
Other commitments	(232,050)
Deferred salary liability	<u>(786,718)</u>
Net position of governmental activities	<u>\$ 35,563,380</u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2015

Net change in fund balances - total governmental funds	\$ 1,005,199
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.	(873,691)
Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.	(422,065)
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,775,365
Bond premiums for long term debt are amortized over the course of the payable but are not reported as an expenditure on governmental fund statements	(574,156)
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.	198,532
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the current financial resources, and therefore, are not reported as expenditures in the governmental funds.	(188,109)
The other postemployment benefit expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds	(115,895)
The net pension liability expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds	2,289,090
The deferred salary and other commitments expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds	<u>97,503</u>
Change in net position of governmental activities	<u>\$ 5,191,773</u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

Proprietary Funds Statement of Net Position

June 30, 2015

	<u>Water Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 1,501,598
Restricted cash	824,396
Receivables, net:	
User fees, less allowance for doubtful accounts	2,080,675
Other	<u>114,117</u>
Total current assets	<u>4,520,786</u>
Non-current assets	
Nondepreciable	973,798
Depreciable, net	<u>27,640,791</u>
Total non-current assets	<u>28,614,589</u>
Total assets	<u><u>33,135,375</u></u>
Deferred outflows of resources	
Loss on refunding	<u>5,058</u>
Total assets and deferred outflows of resources	<u><u>\$ 33,140,433</u></u>
Liabilities	
Current liabilities:	
Accounts payable and accrued expenses	\$ 438,287
Accrued interest payable	54,794
Due to other funds	1,356,510
Deposits held for debt service	505,483
Other liabilities	209,014
Current portion of loans payable	177,418
Current portion of bonds payable	<u>115,000</u>
Total current liabilities	<u>2,856,506</u>
Non-current liabilities:	
Compensated absences	73,376
Loans payable	3,566,801
Bonds payable	<u>125,000</u>
Total non-current liabilities	<u>3,765,177</u>
Total liabilities	<u><u>6,621,683</u></u>
Deferred inflows of resources	
Bond premium	<u>5,735</u>
Net position	
Net investment in capital assets	24,575,576
Unrestricted	<u>1,937,439</u>
Total net position	<u><u>\$ 26,513,015</u></u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2015

	<u>Water Fund</u>
Operating revenues	
User fees and charges	\$ 4,802,821
Other revenues	<u>608,552</u>
Total operating revenues	<u>5,411,373</u>
Operating expenses	
Personnel services	1,309,051
Maintenance and servicing	148,444
Operating supplies	932,957
Fixed and general charges	994,777
Depreciation and amortization	<u>656,700</u>
Total operating expenses	<u>4,041,929</u>
Operating income (loss)	<u>1,369,444</u>
Nonoperating revenues (expenses)	
Interest expense	<u>(224,848)</u>
Income (loss) before transfers	<u>1,144,596</u>
Transfers	
Transfers in - operating	-
Transfers out - operating	<u>-</u>
Total Transfers	<u>-</u>
Change in net position	1,144,596
Net position, July 1, 2014	<u>25,368,419</u>
Net position, June 30, 2015	<u><u>\$ 26,513,015</u></u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

Proprietary Funds Statement of Cash Flows

For the Year Ended June 30, 2015

	<u>Water Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ (110,196)
Cash received from government	5,274,869
Cash received from other funds	(607,774)
Payments to suppliers and employees	<u>(3,383,382)</u>
Net cash provided (used) by operating activities	<u>1,173,517</u>
Cash flows from capital and related financing activities:	
Purchases and construction of capital assets	(759,981)
Principal paid on capital debt	(110,338)
Interest paid on capital debt	(224,848)
Proceeds restricted for debt	<u>505,483</u>
Net cash used by capital and related financing activities	<u>(589,684)</u>
Net increase in cash and cash equivalents	583,833
Balances-beginning of the year	<u>1,742,161</u>
Balances-end of the year	<u><u>\$ 2,325,994</u></u>
Displayed as:	
Cash and cash equivalents	<u><u>\$ 2,325,994</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 1,369,444
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	656,700
Change in assets and liabilities:	
(Increase) decrease in user charges receivables, net	(136,504)
(Increase) decrease in other receivables	(110,196)
Increase (decrease) accounts payable and accrued expenses	(32,196)
Increase decrease in other liabilities	209,014
Increase (decrease) in due to other funds	(607,774)
Increase (decrease) in loans payable	(172,810)
Increase (decrease) compensated absences	<u>(2,161)</u>
Net cash provided (used) by operating activities	<u><u>\$ 1,173,517</u></u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

Fiduciary Funds Statement of Net Position

June 30, 2015

	Police Pension Trust	OPEB Trust	Private Purpose Trust Funds	Agency Funds	Total Fiduciary Funds
Assets					
Cash and cash equivalents	\$ 310,995	\$ 365,489	\$ 276,212	\$ 555,039	\$ 1,507,735
Investments, at fair value					
U.S. government obligations	294,733	49,638	-	-	344,371
Municipal obligations	781,064	51,249	-	-	832,313
Corporate bonds	2,973,337	49,203	-	-	3,022,540
Common stock	6,941,056	574,355	-	-	7,515,411
Certificates of deposit	395,964	173,760	-	-	569,724
Foreign domiciled common stock	142,596	15,552	-	-	158,148
Mutual funds - fixed income	468,089	355,959	-	-	824,048
Mutual funds - equity	970,992	121,920	-	-	1,092,912
Accrued interest receivable	45,062	4,906	-	-	49,968
Total assets	<u>13,323,888</u>	<u>1,762,031</u>	<u>276,212</u>	<u>555,039</u>	<u>15,917,170</u>
Deferred outflows of resources					
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u><u>\$ 13,323,888</u></u>	<u><u>\$ 1,762,031</u></u>	<u><u>\$ 276,212</u></u>	<u><u>\$ 555,039</u></u>	<u><u>\$ 15,917,170</u></u>
Liabilities					
Accounts payable	\$ 7,087	\$ -	\$ -	\$ 3,474	\$ 10,561
Other liabilities	-	-	-	-	-
Due to other funds	42,274	10,182	-	87,076	139,532
Deposits held	<u>-</u>	<u>-</u>	<u>-</u>	<u>464,489</u>	<u>464,489</u>
Total liabilities	<u>49,361</u>	<u>10,182</u>	<u>-</u>	<u>555,039</u>	<u>614,582</u>
Deferred inflows of resources					
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position					
Restricted	<u>13,274,527</u>	<u>1,751,849</u>	<u>276,212</u>	<u>-</u>	<u>15,302,588</u>
Total net position	<u>13,274,527</u>	<u>1,751,849</u>	<u>276,212</u>	<u>-</u>	<u>15,302,588</u>
Total liabilities and net position	<u><u>\$ 13,323,888</u></u>	<u><u>\$ 1,762,031</u></u>	<u><u>\$ 276,212</u></u>	<u><u>\$ 555,039</u></u>	<u><u>\$ 15,917,170</u></u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

Fiduciary Funds Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2015

	Police Pension Trust	OPEB Trust	Private Purpose Trust Funds	Total Fiduciary Funds
Additions				
Employer contributions	\$ 1,997,828	\$ 1,420,875	\$ -	\$ 3,418,703
Plan member contributions	260,793	-	-	260,793
Investment income (net of related fees)	673,317	43,106	888	717,311
Other	<u>-</u>	<u>-</u>	<u>23,308</u>	<u>23,308</u>
Total additions	<u>2,931,938</u>	<u>1,463,981</u>	<u>24,196</u>	<u>4,420,115</u>
Deductions				
Benefits paid	1,765,110	280,659	-	2,045,769
Administrative expenses	106,733	12,673	-	119,406
Scholarships	-	-	59,820	59,820
Social services	<u>-</u>	<u>-</u>	<u>18</u>	<u>18</u>
Total deductions	<u>1,871,843</u>	<u>293,332</u>	<u>59,838</u>	<u>2,225,013</u>
Changes in fund equity held in trust for individuals, organizations, and other governments	1,060,095	1,170,649	(35,642)	2,195,102
Net position, July 1, 2014	<u>12,214,432</u>	<u>581,200</u>	<u>311,854</u>	<u>13,107,486</u>
Net position, June 30, 2015	<u>\$ 13,274,527</u>	<u>\$ 1,751,849</u>	<u>\$ 276,212</u>	<u>\$ 15,302,588</u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements June 30, 2015

Note 1. Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

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

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

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

B. Government-Wide Financial Statements

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

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

B. Government-Wide Financial Statements (Continued)

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

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

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

Fund Financial Statements

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

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

Fund Financial Statements (Continued)

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

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

1. Governmental Funds

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

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

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

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

2. Proprietary Fund Financial Statements

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

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

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

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

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

3. Fiduciary Fund Financial Statements

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

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

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

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

C. Recently Issued Accounting Standards

For the year ending June 30, 2015, the Authority implemented the following pronouncements issued by the GASB:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*
- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*

The implementation GASB Statements No. 68 and 71 represented a significant change in the accounting and reporting of pension expense and the related liability. For the first time, the Authority recognized its long-term obligation for pension benefits as a liability to more comprehensively measure the annual costs of pension benefits. The implementation of this Statement also expanded pension related note disclosures and required supplementary information. As a result of this change in accounting principle, the Authority has restated its beginning net position within the business-type activities. See “Note 14 Restatement” for more information.

The implementation of GASB Statement No. 69 had no material reporting impact for the Town.

C. Cash Equivalents

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

D. Investments

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

E. Accounts Receivable and Taxes Receivable

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

Property taxes which were levied in April 2014 and other delinquent balances are recorded as receivables.

F. Unbilled Services Receivable

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

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

G. Capital Assets and Depreciation

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

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

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

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

L Debt Premiums

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

J. Deferred Inflows of Resources

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

K. Property Taxes

The Town is permitted by State Law to levy property taxes. The Town's fiscal 2014-2015 property taxes were levied in April 2015 on assessed valuation as of December 31, 2014. Upon levy these taxes are payable quarterly and are due in May, August, November and February. Failure to mail payments by due dates will result in a lien on the taxpayer's property. Assessed values are established by Tax Assessor's Office.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

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

L. Compensated Absences

Under the terms of various contracts and agreements, Town employees are granted vacation and sick leave in varying amounts based on length of service. Vacation benefits are accrued as a liability based on the accumulated benefits earned at June 30. Sick leave benefits are based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The liability is calculated at the rate of pay in effect at June 30, 2015.

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

M. Accrued Liabilities and Long-Term Debt

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

N. Pensions

Municipal Employees' Retirement System (MERS)

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

N. Pensions (continued)

Employees' Retirement System plan (ERS)

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

Teachers' Survivors Benefit plan (TSB)

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

Police Pension

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

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

N. Pensions (continued)

Police Pension (Continued)

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

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

Investments

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

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

The following was the Board's adopted asset allocation policy as of June 30, 2015:

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

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

Continued

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

N. Pensions (continued)

Police Pension (Continued)

Concentrations - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in diversified mutual funds, external investment pools, and other pooled investments are excluded. As of June 30, 2015, the Plan had no investments in any one organization that represented 5% or more of the Plan's net position restricted for pension.

Money-Weighted Rate of Return - For the year ended June 30, 2015 the annual money-weighted rate of return on Plan investments was not provided by the independent actuary. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

Custody and Management of Assets - During 2015 Washington Trust Wealth Management served as asset custodian for all Plan assets. The Board has elected to hire professional investment managers to invest the assets of the Plan on a fully discretionary basis, subject to the investment policy of the Board. The Plan is evaluated periodically against the appropriate benchmark for his/her asset class and style. Failure to achieve the desired result does not necessitate, nor does achievement of the desired result preclude, termination of investment managers.

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

At June 30, 2015, there were no deposits subject to custodial credit risk.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. At June 30, 2015, there were no deposits subject to interest rate risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. As of June 30, 2015, the Plan has no single issuer that exceeds 5% of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in diversified mutual funds, external investment pools, and other pooled investments are excluded.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

N. Pensions (continued)

Police Pension (Continued)

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

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment or a deposit. At June 30, 2015, there were no deposits subject to foreign currency risk.

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

Certain commingled funds held by the Plan at the year-end were permitted through their individual investment guidelines to use derivative instruments, including forwards, futures, swaps, and options. Disclosures about derivative holdings of the commingled fund managers can be found in their respective audited financial statements. The plan did not directly own any derivatives as of June 30, 2015.

O. Estimates

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements June 30, 2015

Note 2. Capital Assets

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

	<i>Beginning</i>			<i>Ending</i>
	<i>Balance</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balance</i>
Governmental Activities:				
Nondepreciable assets:				
Land	\$ 19,882,983	\$ -	\$ -	\$ 19,882,983
Construction in progress	<u>630,119</u>	<u>-</u>	<u>588,472</u>	<u>41,647</u>
	<u>20,513,102</u>	<u>-</u>	<u>588,472</u>	<u>19,924,630</u>
Depreciable assets:				
Land improvements	3,746,156	110,075	-	3,856,231
Infrastructure	28,961,879	911,802	44,280	29,829,401
Buildings and improvements	84,851,043	1,374,228	-	86,225,271
Machinery and equipment	5,522,531	164,256	-	5,686,787
Vehicles	<u>4,072,217</u>	<u>865,607</u>	<u>318,710</u>	<u>4,619,114</u>
	<u>127,153,826</u>	<u>3,425,968</u>	<u>362,990</u>	<u>130,216,804</u>
Total Capital Assets	<u>147,666,928</u>	<u>3,425,968</u>	<u>951,462</u>	<u>150,141,434</u>
Less accumulated depreciation for:				
Land improvements	977,613	173,107	-	1,150,720
Infrastructure	15,273,466	678,713	-	15,952,179
Buildings and improvements	23,325,265	1,720,814	-	25,046,079
Machinery and equipment	3,571,210	661,382	-	4,232,592
Vehicles	<u>3,040,533</u>	<u>402,454</u>	<u>288,273</u>	<u>3,154,714</u>
Total Accumulated Depreciation	<u>46,188,087</u>	<u>3,636,470</u>	<u>288,273</u>	<u>49,536,284</u>
Governmental Activities Capital Assets, Net	<u>\$ 101,478,841</u>	<u>\$ (210,502)</u>	<u>\$ 663,189</u>	<u>\$ 100,605,150</u>
Business-Type Activities				
Nondepreciable assets:				
Land	\$ 280,974	\$ -	\$ -	\$ 280,974
Construction in progress	<u>767,419</u>	<u>567,865</u>	<u>642,460</u>	<u>692,824</u>
	<u>1,048,393</u>	<u>567,865</u>	<u>642,460</u>	<u>973,798</u>
Depreciable assets:				
Buildings	2,451,934	761,383	-	3,213,317
Mains, laterals, standpipes and other	38,166,247	37,800	-	38,204,047
Vehicles	<u>436,371</u>	<u>35,394</u>	<u>-</u>	<u>471,765</u>
	<u>41,054,552</u>	<u>834,577</u>	<u>-</u>	<u>41,889,129</u>
Total Capital Assets	<u>42,102,945</u>	<u>1,402,442</u>	<u>642,460</u>	<u>42,862,927</u>
Less accumulated depreciation for:				
Buildings	824,082	40,430	-	864,512
Mains, laterals, standpipes and other	12,405,225	589,911	-	12,995,136
Vehicles	<u>362,330</u>	<u>26,359</u>	<u>-</u>	<u>388,689</u>
Total Accumulated Depreciation	<u>13,591,637</u>	<u>656,700</u>	<u>-</u>	<u>14,248,337</u>
Business-Type Activities Capital Assets, Net	<u>\$ 28,511,308</u>	<u>\$ 745,742</u>	<u>\$ 642,460</u>	<u>\$ 28,614,590</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements June 30, 2015

Note 2. Capital Assets (Continued)

Depreciation expense was charged to functions as follows:

General government	\$	26,379
Public safety		370,396
Public works		958,068
Social services		179,060
Education		<u>2,102,567</u>
Total Depreciation Expense	\$	<u>3,636,470</u>

Note 3. Stewardship, Compliance and Accountability

- A. *Legal Debt Margin* - The Town's legal debt margin as set forth by State Statute is limited to three percent of the total taxable assessed value which approximates \$103,728,828. As of June 30, 2015, the Town's debt subject to the debt limit is \$2,668,500 and the Town is under the debt limit by \$101,060,328. The debt subject to the debt limitation is based on the type of debt issued.
- B. *Deficit Fund Balance in Fund Financial Statements* – The following individual funds reported deficits in fund balance in the fund financial statements at June 30, 2015:

<u>Major Funds</u>	
Sewer fund	\$ (1,306,538) *
<u>Town Special Revenue Funds</u>	
Sewer ferncrest willow	<u>(77,460) *</u>
Total	<u><u>\$ (1,383,998)</u></u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements June 30, 2015

Note 4. Cash Deposits

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

Water Fund cash and cash equivalents of \$824,396 are restricted for a debt service reserve in accordance with a trust indenture.

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

As of June 30, 2015, \$26,787,526 of the Town's bank balance of \$24,860,449 was exposed to custodial credit risk as follows:

	<i>Carrying Amount</i>
Total Deposits	\$ 26,111,042
Add: Investments classified as cash equivalents	971,217
<i>Total Cash and Cash Equivalents Reported in the Financial Statements</i>	<i>\$ 27,082,259</i>

	<i>Bank Balance</i>
Insured (Federal depository insurance funds)	\$ 1,801,709
Collateralized with securities held by pledging financial institution or its agent in the Town's name	10,159,737
Uninsured and uncollateralized	12,899,003
<i>Total</i>	<i>\$ 24,860,449</i>

Under Rhode Island general laws, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits which are time deposits with maturities greater than sixty (60) days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, regardless of maturity. At June 30, 2015 the Town's uncollateralized deposits with an institution was \$12,899,003.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 5. Investments

As of June 30, 2015, the Town had the following investments:

Investment	Maturity	Fair Value	Moody's Rating
US Government Obligation - FFCB	6/17/2024	\$ 124,976	Aaa
US Government Obligation - FFCB CONS	11/21/2024	96,871	Aaa
US Government Obligation - FHLB	9/6/2022	24,643	Aaa
US Government Obligation - FHLMC	6/12/2023	97,881	Aaa
Municipal Bond	9/1/2019	54,861	Aa1
Municipal Bond	4/1/2023	56,572	Aa3
Municipal Bond	8/1/2023	114,727	Aaa
Municipal Bond	10/1/2023	101,666	Aa2
Municipal Bond	5/1/2024	103,500	A1
Municipal Bond	2/1/2026	24,255	Aa1
Municipal Bond	6/1/2030	55,006	Aa2
Municipal Bond	10/1/2034	26,994	Aa2
Corporate Bond	1/15/2016	102,596	A1
Corporate Bond	9/30/2016	105,686	A3
Corporate Bond	5/15/2017	215,346	A2
Corporate Bond	12/6/2017	217,858	A1
Corporate Bond	12/15/2017	109,837	A3
Corporate Bond	4/1/2018	250,173	A3
Corporate Bond	6/1/2018	329,031	A1
Corporate Bond	7/15/2018	77,779	Aaa
Corporate Bond	9/10/2018	51,167	A2
Corporate Bond	10/15/2018	101,525	A1
Corporate Bond	1/15/2020	109,339	A1
Corporate Bond	1/23/2020	24,567	A3
Corporate Bond	5/20/2020	82,954	A1
Corporate Bond	5/27/2020	76,009	A2
Corporate Bond	6/1/2020	101,025	A1
Corporate Bond	7/8/2020	106,442	Aa2
Corporate Bond	8/9/2020	111,802	Baa1
Corporate Bond	9/17/2020	66,510	A1
Corporate Bond	11/1/2020	48,384	A2
Corporate Bond	4/1/2021	53,730	Baa1
Corporate Bond	5/19/2021	53,570	Aa2
Corporate Bond	3/8/2022	102,721	A2
Corporate Bond	9/23/2022	99,351	A3
Corporate Bond	11/30/2022	49,424	A2
Corporate Bond	12/15/2022	48,886	A1
Corporate Bond	1/10/2023	123,181	Aa3
Corporate Bond	12/15/2023	104,057	Aaa
Corporate Bond	12/15/2024	99,590	A2
Certificates of Deposit	7/1/2020-5/28/2025	569,724	Not Rated
Mutual Funds - Fixed Income	N/A	824,048	Not Rated
Common Stock	N/A	7,515,411	Not Rated
Foreign Stock	N/A	158,148	Not Rated
Mutual Funds - Balanced	N/A	143,775	Not Rated
Mutual Funds - Equity	N/A	949,136	Not Rated
Total Investments Reported in the Financial Statements		\$ 14,064,734	

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TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 5. Investments (Continued)

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

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

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

<u>Moody's</u>	<u>S&P</u>	<u>Value</u>
Aaa	AAA	4
Aa	AA	3
A	A	2

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

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

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

Foreign Currency Risk – The Town has policies related to foreign investments for its Police Pension Plan as described above. The Town does not have a formal policy related to foreign investments in the other funds. The Town's exposure to foreign currency risk was made up of common stock with a fair value of \$158,148 at June 30, 2015. The currency that the foreign common stock is denominated in is the European euro.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements June 30, 2015

Note 6. Short Term Debt

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

Short-term debt activity for the year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
General obligation tax anticipation notes	\$ -	\$ 8,500,000	\$ 8,500,000	\$ -

Note 7. Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds, notes, loans, and capital leases payable:					
Bonds payable	\$ 25,260,000	\$ 7,630,000	\$ 10,735,000	\$ 22,155,000	\$ 2,685,000
Notes and loans payable	25,124,939	-	1,548,224	23,576,715	1,617,050
Capital lease payable	554,292	1,322,527	245,050	1,631,769	387,443
Plus amortized premium bonds and loans	<u>772,549</u>	<u>722,467</u>	<u>148,311</u>	<u>1,346,705</u>	<u>144,969</u>
Total bonds, notes, loans, and capital leases payable	51,711,780	9,674,994	12,676,585	48,710,189	4,834,462
Other liabilities:					
Deferred salary	866,371	-	79,653	786,718	74,767
Compensated absences	1,999,984	254,579	66,470	2,188,093	66,005
Net OPEB obligation	10,730,432	115,895	-	10,846,327	-
Net pension liability	73,200,244	-	7,325,569	65,874,675	-
Other commitments	<u>249,900</u>	<u>-</u>	<u>17,850</u>	<u>232,050</u>	<u>17,850</u>
Governmental activities					
Long-term liabilities	<u>\$ 138,758,711</u>	<u>\$ 10,045,468</u>	<u>\$ 20,166,127</u>	<u>\$ 128,638,052</u>	<u>\$ 4,993,084</u>
Business-Type Activities:					
Bonds payable	\$ 350,000	\$ -	\$ 110,000	\$ 240,000	\$ 115,000
Loan payable	3,917,029	-	172,810	3,744,219	177,418
Plus amortized premium bonds	<u>8,602</u>	<u>-</u>	<u>2,868</u>	<u>5,734</u>	<u>-</u>
Total bonds and loans payable	4,275,631	-	285,678	3,989,953	292,418
Compensated absences	<u>75,537</u>	<u>10,676</u>	<u>-</u>	<u>86,213</u>	<u>-</u>
Business-Type Activities:					
Long-term liabilities	<u>\$ 4,351,168</u>	<u>\$ 10,676</u>	<u>\$ 285,678</u>	<u>\$ 4,076,166</u>	<u>\$ 292,418</u>

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 7. Long-Term Liabilities (Continued)

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

B. Capital Lease Commitments

Obligations under capital leases at June 30, 2015 were as follows:

Fiscal Year Ended June 30,	Lease Payment Requirements	Town General Fund	School General Fund	Water Fund	Total
2016	\$ 562,173	\$ 221,703	\$ 226,431	\$ 114,039	\$ 562,173
2017	553,500	221,703	217,758	114,039	553,500
2018	553,500	221,703	217,758	114,039	553,500
2019	553,500	221,703	217,758	114,039	553,500
2020	163,321	49,282	-	114,039	163,321
Thereafter	570,193	-	-	570,193	570,193
Total minimum lease payments	2,956,187	<u>\$ 936,094</u>	<u>\$ 879,705</u>	<u>\$ 1,140,388</u>	<u>\$ 2,956,187</u>
Funds not drawn down at June 30, 2015	(762,666)				
Less: Amount representing interest cost	(263,864)				
Present value of minimum lease payments	<u>\$ 1,929,657</u>				

C. General Obligation Bonds Debt Service Requirements

The debt service requirements at June 30, 2015, were as follows:

Fiscal Year Ending June 30,	Governmental Activities General Obligation Bonds		Business Type Activities General Obligation Bonds	
	Principal	Interest	Principal	Interest
2016	\$ 2,685,000	\$ 862,041	\$ 115,000	\$ 8,600
2017	2,745,000	758,020	125,000	2,938
2018	2,780,000	650,314	-	-
2019	2,780,000	539,506	-	-
2020	1,625,000	456,125	-	-
2021-2025	6,625,000	1,324,503	-	-
2026-2030	1,910,000	470,106	-	-
2031-2033	1,005,000	84,475	-	-
	<u>\$ 22,155,000</u>	<u>\$ 5,145,090</u>	<u>\$ 240,000</u>	<u>\$ 11,538</u>

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 7. Long-Term Liabilities (Continued)

D. Schedule of Bonds Payable

<i>Purpose</i>	<i>Date Issued</i>	<i>Interest Rate</i>	<i>Maturity Date</i>	<i>Authorized and Issued</i>	<i>Outstanding 30-Jun-14</i>	<i>New Issues</i>	<i>Maturities During Year</i>	<i>Outstanding June 30, 2015</i>
Governmental Activities:								
School Bond (Refunding)	06/10/08	2.00%-3.45%	08/01/14	\$ 3,570,000	\$ 570,000	\$ -	\$ 570,000	\$ -
Library Bond (Refunding)	06/10/08	2.00%-4.76%	08/01/18	2,850,000	1,470,000	-	265,000	1,205,000
School Bond (Refunding)	06/10/08	2.00%-4.75%	08/01/18	5,740,000	2,960,000	-	545,000	2,415,000
Open Space Bond (Refunding)	11/30/11	3.00%-3.50%	10/01/21	1,000,000	830,000	-	90,000	740,000
Open Space/Recreation Bond	08/28/13	3.00%-5.00%	02/01/33	3,500,000	3,450,000	-	120,000	3,330,000
School Bond (Refunding)	11/30/11	3.00%-3.50%	10/01/21	2,010,000	1,645,000	-	190,000	1,455,000
School Bond (Refunding)	08/28/13	3.00%-5.00%	02/01/23	2,370,000	2,115,000	-	235,000	1,880,000
Judgment Bond (Refunding)	11/30/11	3.00%	10/01/16	205,000	130,000	-	40,000	90,000
Judgment Bond	06/10/08	5.14%	06/01/18	1,130,000	440,000	-	110,000	330,000
High School Improvements	03/15/04	3.50%-5.00%	03/15/24	5,500,000	3,955,000	-	3,955,000	-
Road Improvements	03/15/04	3.50%-5.00%	03/15/24	2,000,000	1,435,000	-	1,435,000	-
Road Improvements	11/30/11	3.00%-6.25%	11/01/31	2,500,000	2,250,000	-	125,000	2,125,000
Library Bond	03/15/04	3.50%-5.00%	03/15/24	400,000	285,000	-	285,000	-
School Bond	03/15/04	3.50%-5.00%	03/15/24	500,000	365,000	-	365,000	-
School Bond	05/01/06	4.00%-5.00%	05/01/16	1,000,000	285,000	-	140,000	145,000
School Bond	05/01/06	4.00%-5.00%	05/01/26	2,000,000	1,920,000	-	1,920,000	-
Sewer Bond (Refunding)	06/10/08	2.00%-4.77%	08/01/18	2,015,000	1,040,000	-	190,000	850,000
Sewer Bond (Refunding)	06/10/08	2.00%-4.81%	08/01/16	285,000	115,000	-	35,000	80,000
School and Town (Refunding)	09/24/14	2.00%-4.00%	03/15/26	7,630,000	-	7,630,000	120,000	7,510,000
Total Governmental Activities				<u>46,205,000</u>	<u>25,260,000</u>	<u>7,630,000</u>	<u>10,735,000</u>	<u>22,155,000</u>
Business Type Activities								
Water Bond (Refunding)	06/10/08	2.00%-4.74%	08/01/16	915,000	350,000	-	110,000	240,000
Total Business Type Activities				<u>915,000</u>	<u>350,000</u>	<u>-</u>	<u>110,000</u>	<u>240,000</u>
Total Bonds Payable				<u>\$47,120,000</u>	<u>\$ 25,610,000</u>	<u>\$7,630,000</u>	<u>\$ 10,845,000</u>	<u>\$ 22,395,000</u>

Continued

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 7. Long-Term Liabilities (Continued)

E. Notes and Loans Payable

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

<i>Description</i>	<i>Note Date</i>	<i>Original Amount</i>	<i>Interest Rate</i>	<i>Matures</i>
RIHBEC School Loan	05/01/08	\$ 30,000,000	4.125-5%	05/15/10-28
RI Clean Water Sewer Loan	03/10/93	3,000,000	3.56%	09/01/96-15
RI Clean Water Sewer Loan	12/28/95	1,000,000	3.33%	09/01/97-16
Lambert Property Note	05/01/97	190,000	2.59%	06/01/98-23
RI Clean Water Loan	11/19/09	5,750,000	1.15-4.04%	09/01/10-30

On November 19, 2009 the Town entered into a loan agreement with Rhode Island Clean Water Finance Agency in the amount of \$5,750,000. The loan agreement includes ARRA principal forgiveness of \$1,333,742 for a net loan amount of \$4,416,258 that will be repaid by the Town. The loan proceeds are to be used by the Town for various water system projects. The Agency pays project invoices certified by the Town directly to the contractors or reimburses the Town for costs incurred on the projects. As of June 30, 2015 a loan payable of \$3,744,219 is reflected in the Water Fund. The Town is responsible to drawdown the full loan amount and to repay the net loan amount. The loan is secured by a pledge of water system revenues.

The debt service requirements for the above notes and loans payable at June 30, 2015 were as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Governmental Activities</i>		<i>Business Type Activities</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2016	\$ 1,617,050	\$ 1,061,565	\$ 177,418	\$ 120,258
2017	1,473,678	994,369	182,795	115,572
2018	1,474,465	927,347	188,171	110,385
2019	1,564,580	853,732	195,083	104,749
2020	1,619,700	784,313	201,996	98,692
2021-2025	9,272,242	2,815,989	1,126,722	388,983
2026-2030	6,555,000	629,620	1,364,048	177,610
2031	-	-	307,986	5,451
	<u>\$ 23,576,715</u>	<u>\$ 8,066,935</u>	<u>\$ 3,744,219</u>	<u>\$ 1,121,700</u>

F. Refunding of Long-Term Debt

On September 24, 2014, the Town issued \$7,630,000 in general obligation bonds to advance refund outstanding bonds. As a result, the bonds are considered to be defeased and the liability of those bonds has been removed from the Government-Wide Statement of Net Position.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 7. Long-Term Liabilities (Continued)

F. Refunding of Long-Term Debt (continued)

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$722,467 for Governmental Activities. The difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through fiscal years 2015-2026 using the straight-line method.

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G. Deferred Salary

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

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

H. Other Commitments

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements June 30, 2015

Note 8. Interfund Activity

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

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Other Financing Sources</u>	<u>Other Financing Uses</u>
<u>Major Governmental Funds</u>				
General fund	\$ 1,335,282	\$ 5,324,613	\$ -	\$ 39,587,082
School unrestricted fund	6,526,484	-	39,587,082	-
Sewer fund	-	1,299,495	-	-
<u>Non-Major Governmental Funds</u>				
Town special revenue	575,611	528,888	-	-
School special revenue	296,388	1,608,600	-	-
Capital projects	2,120,555	596,682	-	-
<u>Proprietary Funds</u>				
Water fund	-	1,356,510	-	-
<u>Fiduciary Funds</u>				
Police pension trust	-	42,274	-	-
OPEB trust	-	10,182	-	-
Agency funds	-	87,076	-	-
Totals	<u>\$ 10,854,320</u>	<u>\$ 10,854,320</u>	<u>\$ 39,587,082</u>	<u>\$ 39,587,082</u>

Included above are loans made to provide financing resources to the following funds: \$1,299,495 Sewer. All remaining interfund balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Transfers are used to move revenues from the fund that the budget requires to collect them to the funds that the budget requires to expend them. For example, the \$39,587,082 is the School appropriation that is budgeted in the General Fund as a revenue source to be transferred to the School Unrestricted Fund and expended.

Continued

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements June 30, 2015

Note 9. Net Position/Fund Balances

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

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

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

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

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

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

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

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements

June 30, 2015

Note 9. Net Position/Fund Balances (Continued)

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

The Town has the following minimum fund balance policies:

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

	Major Funds			Non-Major Funds			Total
	General Fund	School Unrestricted	Sewer	Town Special Revenue	School Special Revenue	Capital Projects	
Fund Balances							
Nonspendable							
In Form	\$ -	\$ 134,400	\$ -	\$ -	\$ -	\$ -	\$ 134,400
Restricted for							
General government	-	-	-	335,236	-	-	335,236
Public safety programs	-	-	-	96,069	-	-	96,069
Educational purposes	-	4,699,140	-	-	617,877	-	5,317,017
Community and economic development	-	-	-	120,050	-	-	120,050
Capital projects	-	-	-	-	-	2,097,978	2,097,978
Committed to							
General government	-	-	-	508,516	-	-	508,516
Assigned to							
Capital projects	-	-	-	-	-	62,180	62,180
Senior center	16,323	-	-	-	-	-	16,323
Recreation programs	247,112	-	-	-	-	-	247,112
Town properties	15,727	-	-	-	-	-	15,727
Educational purposes	11,898	-	-	-	-	-	11,898
Office of children, youth, and learning	130,701	-	-	-	-	-	130,701
Community and economic development	1,024,010	-	-	-	-	-	1,024,010
Unassigned	12,911,174	-	(1,306,538)	(77,460)	-	-	11,527,176
	<u>\$ 14,356,945</u>	<u>\$ 4,833,540</u>	<u>\$ (1,306,538)</u>	<u>\$ 982,411</u>	<u>\$ 617,877</u>	<u>\$ 2,160,158</u>	<u>\$ 21,644,393</u>

Continued

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 10. Post-Employment Benefits

Plan Description

The Town of Cumberland administers a single-employer, defined benefit post-employment health insurance plan. This plan does not include the pension benefits discussed in Note 18. The plan provides medical and dental insurance for eligible retirees and their dependents through the Town's group health and dental insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations between the Town and the respective unions. The plan is reported as a Trust Fund in the Town's financial statements. The plan does not issue a publicly available financial report. The Town implemented GASB Statement No. 45 in fiscal year 2009 on a prospective basis.

The plan provides the following benefits based on employee group:

- Police -Officers hired prior to July 1, 2013, are eligible for lifetime retiree health insurance (medical and dental) once they attain 20 years of service. Officers hired on/after July 1, 2013 are not eligible for retiree health benefits. Officers with a duty disability pension receive the same benefits as retirees.
- All Other Town Employees -COBRA coverage at retirement.
- For All School Employees —effective July 1, 2013, retirees are no longer allowed to purchase health coverage through the School's group plan at blended active/retiree rates; instead retirees are required to pay the full cost of coverage based on retiree appropriate working rates. This policy change effectively eliminates the School's liabilities under GASB 45.

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

As of July 1, 2014 the plan membership data is as follows:

Active employees	44
Retirees	<u>61</u>
	<u>105</u>

Funding Policy

Contribution requirements are negotiated between the Town and the respective unions. The Town is required to contribute the cost of medical and dental benefits, less the amount of any applicable employee share of medical or dental premiums. For the year ended June 30, 2014, the plan operated on a pay as you go basis and no provision has been made to fund future benefits to be provided to plan members. For the fiscal year ended June 30, 2014, the Town contributed \$1,320,001 to the plan, which is 83.6% of the annual required contribution.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements June 30, 2015

Note 10. Post-Employment Benefits (continued)

Summary of Significant Accounting Policies

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

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

Annual OPEB Cost and Net OPEB Obligation

The Town's annual other post-employment benefit (OPEB) cost for the plan is calculated based on the annual required contribution (ARC) for the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Town's net OPEB obligation:

Annual required contribution (ARC)	\$ 1,294,570
Interest on net OPEB obligation	804,782
Adjustment to annual required contribution	<u>(562,582)</u>
Annual OPEB cost	1,536,770
Contributions made	<u>(1,420,875)</u>
Increase in net OPEB obligation	115,895
Net OPEB obligation, beginning of year	<u>10,730,432</u>
Net OPEB obligation, end of year	<u>\$ 10,846,327</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three fiscal years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	\$ 1,860,604	70.47%	\$ 11,120,706
6/30/2014	\$ 1,794,709	73.55%	\$ 10,730,432
6/30/2015	\$ 1,536,770	92.50%	\$ 10,846,327

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 10. Post-Employment Benefits (continued)

Funded Status and Funding Progress

The funded status of the Town's plan as of July 1, 2014 is as follows:

Actuarial Accrued Liability (AAL)	\$ 17,131,832
Actuarial Value of Plan Assets	<u>581,200</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 16,550,632</u>

Funded ratio (actuarial value of plan assets / AAL)	3.40%
Annual covered payroll (active plan members)	Not available
UAAL as a percentage of covered payroll	Not available

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

Actuarial Methods and Assumptions

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 10. Post-Employment Benefits (continued)

Actuarial Methods and Assumptions (continued)

The annual required contribution for fiscal 2015 was determined as part of the July 1, 2013 actuarial valuation using the projected unit credit actuarial cost method with linear proration to decrement. Under this funding method, the recommended annual contributions consist of two pieces: normal cost plus a payment towards the unfunded accrued liability. The accrued liability is determined directly as the present value of benefits accrued to date, where the accrued benefit for each member is the pro-rata portion (based on service to date) of the projected benefit payable at death, disability, retirement or termination. The normal cost is similarly determined as the present value of the portion of the projected benefit attributable to the current year. The actuarial assumptions included: a) 7.5% discount rate; b) medical trend rate -initial rate of 9.5% decreasing .5% per year to an ultimate rate of 5% over 10 years; c) Medicare Part B trend rate -initial rate of 3% increasing by 0.5% per year to an ultimate rate of 5%; d) inflation rate - 3% per year; and e) payroll growth -4.5% per year (used for amortization only). The unfunded actuarial accrued liability as of the July 1, 2013 is being amortized as a level percent of pay based on a closed group.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about employment, mortality and healthcare cost trends. Actuarial valuations are subject to continual revision as actual results are compared to past expectations and new estimates are formulated about the future.

Note 11 Pensions

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

General Information about the Pension Plan

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

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

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

Continued

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements June 30, 2015

Note 11. Pensions (continued)

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

General Information about the Pension Plan (continued)

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

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

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

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

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

Plan members are vested after five years of service.

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 11. Pensions (continued)

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

General Information about the Pension Plan (continued)

Employees covered by benefit terms.

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

Retirees and Beneficiaries	171
Inactive, Non retired Members	124
Active Members	<u>245</u>
Total	<u>540</u>

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees are required to contribute 1% of their salaries. Public safety employees are required to contribute 7% of their salaries. The Town contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The Town contributed \$641,192 to their general employee MERS plan in the year ended June 30, 2015 which was 14.34% of annual covered payroll and contributed \$113,606 to their rescue employee MERS plan in the year ended June 30, 2015 which was 10.93% of annual covered payroll.

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

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2014 measurement date (June 30, 2013 valuation rolled forward to June 30, 2014)

Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Equivalent Single Remaining Amortization Period	21 years at June 30, 2014

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements June 30, 2015

Note 11. Pensions (continued)

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

General Information about the Pension Plan (continued)

Actuarial Assumptions

Investment Rate of Return	7.50%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.75%
Mortality	• Male Employees, MERS General and MERS P&F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. • Female Employees, MERS General and MERS P&F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
Cost of Living Adjustments	COLA is equal to the average five-year fund asset performance (percent) greater than 5.5% up to a maximum of 4% - the COLA is to be applied to the first \$25,000 of benefits, indexed over time. COLA is delayed until the latter of Social Security eligibility age or 3 years after retirement except for MERS Police and Fire for which the COLA is delayed until the later of age 55 or 3 years after retirement. A 2% COLA is assumed after January 1, 2014.

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

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms. The June 30, 2014 expected arithmetic returns over the medium term by asset class as developed by the State Investment Commission's investment consultant, which are generally consistent with the averages utilized by the actuary, are summarized in the following table:

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 11. Pensions (continued)

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

General Information about the Pension Plan (continued)

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 11. Pension (continued)

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

General Information about the Pension Plan (continued)

Changes in the Net Pension Liability (Asset) - General Employees			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2013	\$ 28,658,045	\$ 20,653,072	\$ 8,004,973
Changes for the Year			
Service cost	733,946	-	733,946
Interest on the total pension liability	2,109,975	-	2,109,975
Changes in assumptions	15,356	-	15,356
Employer contributions	-	1,125,835	(1,125,835)
Employee contributions	-	85,199	(85,199)
Net investment income	-	3,111,659	(3,111,659)
Benefit payments, including employee refunds	1,784,047	1,784,047	-
Administrative expense	-	19,485	(19,485)
Other changes	-	190,528	(190,528)
Net changes	<u>1,075,230</u>	<u>2,709,689</u>	<u>(1,634,459)</u>
Balances as of June 30, 2014	<u>\$ 29,733,275</u>	<u>\$ 23,362,761</u>	<u>\$ 6,370,514</u>

Changes in the Net Pension Liability (Asset) - Rescue Employees			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2013	\$ 4,971,837	\$ 4,710,473	\$ 261,364
Changes for the Year			
Service cost	180,477	-	180,477
Interest on the total pension liability	375,152	-	375,152
Changes in assumptions	57,543	-	57,543
Employer contributions	-	65,507	(65,507)
Employee contributions	-	75,078	(75,078)
Net investment income	-	728,100	(728,100)
Benefit payments, including employee refunds	110,488	110,488	-
Administrative expense	-	4,559	(4,559)
Other changes	-	2,562	(2,562)
Net changes	<u>387,958</u>	<u>756,200</u>	<u>(368,241)</u>
Balances as of June 30, 2014	<u>\$ 5,359,795</u>	<u>\$ 5,466,673</u>	<u>\$ (106,878)</u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 11. Pensions (continued)

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

General Information about the Pension Plan (continued)

1.00% Decrease (6.5%)	General Employees Plan Current Discount Rate (7.5%)	1.00 Increase (8.5%)
\$ 9,528,937	\$ 6,370,514	\$ 3,212,091
1.00% Decrease (6.5%)	Rescue Employees Plan Current Discount Rate (7.5%)	1.00 Increase (8.5%)
\$ 440,565	\$ (106,878)	\$ (654,320)

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

General Employees Plan

For the year ended June 30, 2015 the employer recognized pension expense of \$741,273. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred inflows of Resources
Differences in assumptions	\$ 12,305	\$ -
Excess(deficit) Investment Returns	-	1,262,202
Total	<u>\$ 12,305</u>	<u>\$ 1,262,202</u>

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 11. Pensions (continued)

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

General Information about the Pension Plan (continued)

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

Year Ending June 30	Net Deferred Outflows of Resources
2016	\$ (312,499)
2017	\$ (312,499)
2018	\$ (312,499)
2019	\$ (312,501)
2020	\$ 101
Thereafter	\$ -
Total	<u>\$ (1,249,897)</u>

Rescue Employees Plan

For the year ended June 30, 2015 the employer recognized pension expense of \$45,764. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred inflows of Resources
Differences in assumptions	\$ -	\$ 49,490
Excess(deficit) Investment Returns	-	<u>299,009</u>
Total	<u>\$ -</u>	<u>\$ 348,499</u>

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 11. Pensions (continued)

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

General Information about the Pension Plan (continued)

Year Ending June 30	Net Deferred Outflows of Resources
2016	\$ (82,805)
2017	\$ (82,805)
2018	\$ (82,805)
2019	\$ (82,806)
2020	\$ (8,053)
Thereafter	\$ (9,225)
Total	<u>\$ (348,499)</u>

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

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

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

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

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TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 11. Pensions (continued)

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

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

Cost of living adjustments are provided but are currently suspended until the collective plans covering state employees and teachers reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments are provided at five-year intervals.

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

Contributions - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2015, Town teachers were required to contribute 3.75% of their annual covered salary. The state and the Town are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by Town; the rates were 9.19% and 13.41% of annual covered payroll for the fiscal year ended June 30, 2015 for the state and Town, respectively. The Town contributed \$4,307,537 and \$3,292,089 for the fiscal years ended June 30, 2015 and 2014, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2015, the Town reported a liability of \$40,693,201 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the Town were as follows:

Town proportionate share of the net pension liability	\$ 40,693,201
State's proportionate share of the net pension liability associated with the Town	<u>27,905,203</u>
Total net pension liability	<u>\$ 68,598,404</u>

The net pension liability was measured as of June 30, 2014, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014. The Town proportion of the net pension liability was based on a projection of the Town long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2014 the Town proportion was 1.67186503%.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 11. Pensions (continued)

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

Subsequent to June 30, 2014 (the measurement date), litigation challenging the various pension reform measures enacted in previous years by the General Assembly (2009, 2010, and 2011) was settled. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly.

The amended benefit provisions in the newly enacted legislation and settlement agreement have not been reflected in the determination of the net pension liability at June 30, 2014 (the measurement date). These amended benefit provisions are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rate from 3.75% to 11% and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 year rather 5 year intervals.
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

These amendments are not considered to have a material effect on the net pension liability had they been retroactively applied to the calculation of the total pension liability at June 30, 2013 rolled forward to June 30, 2014. An actuarial analysis of the pension settlement provisions enacted by the General Assembly and approved by the Court indicated that the funded ratio at June 30, 2014 for teachers (determined on a funding basis) decreased from 59.6% to 58.2%

For the year ended June 30, 2015 the Town recognized gross pension expense of \$4,768,691 and revenue of \$1,939,860 for support provided by the State. At June 30, 2015 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources	
Contributions subsequent to the measurement date	<u>\$ 4,307,537</u>
Deferred inflows of resources	
Change of assumptions	\$ 1,441,431
Net difference between projected and actual earnings on pension plan investments	<u>3,504,120</u>
Total	<u>\$ 4,945,551</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements June 30, 2015

Note 11. Pensions (continued)

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

\$4,307,537 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2015 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 1,080,112
2017	1,080,112
2018	1,080,112
2019	1,080,112
2020	204,082
thereafter	421,021

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

Inflation	2.75%
Salary increases	3.50% to 6.50%
Investment rate of return	7.50%

Mortality – male and female teachers: 97% and 92%, respectively of rates in a GRS table based on male and female teacher experience, projected with Scale AA from 2000.

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

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms. The June 30, 2014 expected arithmetic returns over the medium term by asset class as developed by the State Investment Commission's investment consultant, which are generally consistent with the averages utilized by the actuary, are summarized in the following table:

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 11. Pensions (continued)

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

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

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

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

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

1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00 Increase (8.5%)
\$ 50,963,206	\$ 40,693,201	\$ 30,212,466

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 11. Pensions (continued)

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

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

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

Defined Contribution Plan Description:

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

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

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

The Bristol Warren Regional School Town recognized pension expense of \$625,271, for the fiscal year ended June 30, 2015.

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

D. Teachers' Survivors Defined Benefit Pension Plan

General Information about the Pension Plan

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 11. Pensions (continued)

D. Teachers' Survivors Defined Benefit Pension Plan(Continued)

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

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

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

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

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

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 11. Pensions (continued)

D. Teachers' Survivors Defined Benefit Pension Plan(Continued)

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

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

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

The Town contributed \$39,802, \$39,789 and \$39,076 for the fiscal years ended June 30, 2015, 2014 and 2013, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2015 the Town reported an asset of \$8,119,601 for its proportionate share of the net pension asset related to its participation in TSB. The net pension asset was measured as of June 30, 2014, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014. The Town proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2014 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2014 the Town proportion was 6.53117242%.

For the year ended June 30, 2015 the Town recognized pension expense of \$(625,886) – an increase in the net pension asset. At June 30, 2015 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources Contributions subsequent to the measurement date	\$ 39,802
Deferred inflows of resources Net difference between projected and actual earnings on pension plan investments	\$ 1,062,625

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TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 11. Pensions (continued)

D. Teachers' Survivors Defined Benefit Pension Plan(Continued)

\$39,802 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2015 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
June 30:	
2016	\$ 265,656
2017	265,656
2018	265,656
2019	265,657

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

Inflation	2.75%
Salary increases	3.50% to 6.50%
Investment rate of return	7.50%

Mortality rates for male and female teachers were based on 97% (males) and 92% (females) of rates in a GRS table based on male and female teacher experience, projected with scale AA from 2000.

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

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

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms. The June 30, 2014 expected arithmetic returns over the medium term by asset class as developed by the State Investment Commission's investment consultant, which are generally consistent with the averages utilized by the actuary, are summarized in the following table:

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 11. Pensions (continued)

D. Teachers' Survivors Defined Benefit Pension Plan (Continued)

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

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

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

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

1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00 Increase (8.5%)
\$ 6,958,382	\$ 8,119,601	\$ 9,280,653

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

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TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 11. Pensions (continued)

E. Police Pension Plan

General Information about the Plan

Plan Administration

All full-time police officers and certain other former employees are covered by the Town of Cumberland's Pension Plan which is administered by the Town of Cumberland Pension Board. The Pension Board consists of three members nominated and appointed by the Town Council. This plan is a single employer defined benefit plan that was established by the Town in accordance with Town Charter and State Statutes. The Town Council has the authority to establish and amend the benefits terms through the adoption of an ordinance. The pension plan is reported as a pension trust fund in the Town's financial statements. The plan does not issue a publicly available financial report. Various asset classes and investment manager styles are used to create a broadly diversified portfolio. The Investment Committee develops long-term asset allocation ranges, and works in conjunction with the Town to review assets and performance. Please refer to the notes of the financial statements under "Investment Policy" for more information on asset allocations.

Plan Membership

Inactive plan members or beneficiaries currently receiving benef	72
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	43
Subtotal	<u>115</u>

Benefits Provided

The pension plan provides retirement, disability, and survivorship benefits.
Police officered hired on or before July 1, 2013:

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

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 11. Pensions (continued)

E. Police Pension Plan (Continued)

Police officers hired after July 1, 2013:

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

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

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

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

Contributions

Contribution requirements for the plan are established and may be amended by Town ordinances or union contract. Police officers hired on or before July 1, 2013 are required to contribute 8% of annual earnings by union contract. Police officers hired after July 1, 2013 are required to contribute 11% of annual earnings by union contract. The Town contribution is an actuarially determined amount recommended by an independent actuary. The actuarially determined amount is the estimated amount to finance the costs of benefits earned by plan members during the year, with an additional amount to finance the unfunded accrued liability. The town contribution for the year ended June 30, 2015 was \$1,997,828.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 11. Pensions (continued)

E. Police Pension Plan (Continued)

Net Pension Liability of the Commission

The components of the net pension liability of the Commission at June 30, 2015, were as follows:

Total pension liability	\$ 32,192,366
Plan fiduciary net position	<u>(13,274,528)</u>
Town's net pension liability	<u>\$ 18,917,838</u>
Plan fiduciary net position as a percentage of the total pension liability	41.24%

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00 percent
Salary increases	3.50 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were based on RP-2000 Combined Mortality Table for males and females with generational mortality projections per Scale AA.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period ended June 30, 2015.

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table:

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 11. Pensions (continued)

E. Police Pension Plan (Continued)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic fixed income	2.21%
Domestic equity	7.35%
International Equity	7.84%
Cash	0.25%

Discount rate

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

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balance as of 7/1/2014	\$ 31,046,330	\$ 12,214,432	\$18,831,898
Changes for the year:			
Service cost	603,593	-	603,593
Interest on total pension liability	2,307,553	-	2,307,553
Contributions - employer	-	1,997,828	(1,997,828)
Contributions - employee	-	260,793	(260,793)
Net investment income	-	605,991	(605,991)
Benefit payments	(1,765,110)	(1,765,110)	-
Administrative expense	-	(39,406)	39,406
Net changes	<u>1,146,036</u>	<u>1,060,096</u>	<u>85,940</u>
Balance as of 6/30/2015	<u><u>\$ 32,192,366</u></u>	<u><u>\$ 13,274,528</u></u>	<u><u>\$18,917,838</u></u>

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 11. Pensions (continued)

E. Police Pension Plan (Continued)

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

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

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Plan's Net Pension Liability	\$ 22,838,868	\$ 18,917,838	\$ 15,422,536

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions
For the year ended June 30, 2015, the Commission recognized pension expense of \$1,820,890. At June 30, 2015, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between projected and actual earnings on plan investments	\$ 262,878	\$ -
Total deferred outflows / (inflows)	<u>\$ 262,878</u>	<u>\$ -</u>

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

Year ended June 30:

2016	\$ 65,720
2017	65,720
2018	65,720
2019	65,718
2020	-
Thereafter	<u>-</u>
	<u>\$ 262,878</u>

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements June 30, 2015

Note 11. Pensions (continued)

E. Police Pension Plan (Continued)

New Pronouncements

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans* (GASB 67), GASB 67 replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement 50, *Pension Disclosures*, as they related to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position and a statement of changes in fiduciary net position. GASB 67 enhances note disclosures and required supplementary information (RSI) for both defined benefit and defined contribution pension plans.

GASB 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. Adoption of GASB 67 had no impact on the Plan's net position but did result in changes to the presentation of the financial statements, notes to the financial statements, and RSI. Comparative information has not been presented for disclosures required by GASB 67 as presentation of the information for prior years was not practical.

Note 12. Summary Disclosure of Significant Commitments and Contingencies

A. Litigation

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

B. Federal Assisted Programs – Compliance Audits

The Town and School Department participates in a number of federally assisted programs. The audits of these programs through the year ended June 30, 2014 were audited in connection with the accompanying financial statements under the Single Audit concept and the auditor's reports thereon are presented in a separate Single Audit Report. The amount, if any, of expenditures which may be disallowed will not be material to the financial position of the Town.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements
June 30, 2015

Note 13. Risk Management

A. Health Care

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

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

In order to avoid catastrophic losses, the Town "reinsures" the program by purchasing insurance known as "stop-loss insurance".

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

B. Other Insurance

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

The Town is self-insured for unemployment benefits. There were no "incurred but not reported" claims as of June 30, 2015.

TOWN OF CUMBERLAND, RHODE ISLAND

Notes to the Financial Statements June 30, 2015

Note 14. Subsequent Events

- A. In October 2015, the Town issued \$7.5 million in tax anticipation notes. The notes bear interest of 1.5% and mature on June 9, 2016.
- B. In October 2015, the Town issued \$2.38 million in general obligation bonds. The bonds bear interest of 2-5%, with a 10 year term to mature in 2025.
- C. In October 2015, the Town entered into a capital lease agreement for \$516,985. The lease bears interest of 2.79% and matures in 2018. As per the enabling resolution from the Town Council, this lease's annual contributions are to be funded via contributions from the Town's unassigned fund balance.
- D. In October 2015, the Town entered into a capital lease agreement for \$101,475. The lease bears interest of 3.59% and matures in 2018. As per the enabling resolution from the Town Council, this lease's annual contributions are to be funded via contributions from the Town's unassigned fund balance.
- E. In November 2015, the Town entered into a capital lease agreement for \$5.0 million. The lease bears interest of 2.99% and matures in 2025. As per the enabling resolution from the Town Council, this lease's annual contributions are to be funded via a state reimbursement on this project totaling 41%. The balance of the annual amount due for this lease is to be split evenly between the operating budgets of the Town and the School Department.

Note 15. Restatements

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

	<u>Governmental Activities</u>
Beginning balance, July 1, 2014	\$ 90,232,405
To restate compensated absences for liabilities that did not truly exist in the prior year	275,398
To eliminate police net pension obligation in accordance with GASB 68	2,149,526
To record TSB net pension asset in accordance with GASB 68	6,431,091
To record ERS net pension liability in accordance with GASB 68	(42,809,920)
To record MERS net pension liability in accordance with GASB 68	(7,074,995)
To record police net pension liability in accordance with GASB 68	<u>(18,831,898)</u>
Beginning balance, July 1, 2014, restated	<u>\$ 30,371,607</u>

Required Supplementary Information

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
Other Post-Employment Benefits – Schedule of Funding Progress (Unaudited)

For the Year Ended June 30, 2015

Actuarial valuation Date	Actuarial value of Assets	Actuarial Accrued Liability	Unfunded Liability / (Funding Excess)	Funded Ratio	Covered Payroll	Unfunded Liability (Funding Excess) as a % of Covered Payroll
7/1/2014	\$ 581,200	\$ 17,131,832	\$ 16,550,632	3.4%	N/A	N/A
7/1/2013	\$ 100,000	\$ 20,374,644	\$ 20,274,644	0.5%	N/A	N/A
7/1/2012	\$ -	\$ 21,154,653	\$ 21,154,653	0.0%	N/A	N/A

*The information included in the schedule of funding progress was obtained from the annual actuarial valuation at the date indicated.

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
Other Post-Employment Benefits – Schedule of Contributions (Unaudited)

For the Year Ended June 30, 2015

Fiscal Year Ending June 30	Annual Required Contribution	Actual Contribution	Percent Funded
2015	\$ 1,294,570	\$ 1,420,875	110%
2014	1,578,750	1,320,001	84%
2013	1,657,531	1,311,166	79%

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND*Required Supplementary Information*

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

For the Year Ended June 30, 2015

	Year Ended June 30, 2014
A. Total pension liability	
1. Service Cost	\$ 733,946
2. Interest on the Total Pension Liability	2,109,975
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the Total Pension Liability	-
5. Changes of assumptions	15,356
6. Benefit payments, including refunds of employee contributions	(1,784,047)
7. Net change in total pension liability	1,075,230
8. Total pension liability – beginning	28,658,045
9. Total pension liability – ending (a)	<u>\$ 29,733,275</u>
B. Plan fiduciary net position	
1. Contributions – employer	\$ 1,125,835
2. Contributions – employee	85,199
3. Net investment income	3,111,659
4. Benefit payments, including refunds of employee contributions	(1,784,047)
5. Pension Plan Administrative Expense	(19,485)
6. Other	190,528
7. Net change in plan fiduciary net position	2,709,689
8. Plan fiduciary net position – beginning	20,653,072
9. Plan fiduciary net position – ending (b)	<u>\$ 23,362,761</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 6,370,514</u>
D. Plan fiduciary net position as a percentage of the total pension liability	78.57%
E. Covered employee payroll	\$ 8,455,599
F. Net pension liability as a percentage of covered payroll	75.34%

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
Schedule of Employer Contributions – General Employee Plan

For the Year Ended June 30, 2015

	Fiscal 2015
Actuarially determined contribution	\$ 641,192
Contributions in relation to the actuarially determined contribution	<u>641,192</u>
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 8,455,599
Contributions as a percentage of covered-employee payroll	7.58%

Notes:

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

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

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information

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

For the Year Ended June 30, 2015

	<u>Year Ended June 30, 2014</u>
A. Total pension liability	
1. Service Cost	\$ 180,477
2. Interest on the Total Pension Liability	375,512
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the Total Pension Liability	-
5. Changes of assumptions	(57,543)
6. Benefit payments, including refunds of employee contributions	<u>(110,488)</u>
7. Net change in total pension liability	387,958
8. Total pension liability – beginning	<u>4,971,837</u>
9. Total pension liability – ending (a)	<u><u>\$ 5,359,795</u></u>
B. Plan fiduciary net position	
1. Contributions – employer	\$ 65,507
2. Contributions – employee	75,078
3. Net investment income	728,100
4. Benefit payments, including refunds of employee contributions	(110,488)
5. Pension Plan Administrative Expense	(4,559)
6. Other	<u>2,562</u>
7. Net change in plan fiduciary net position	756,200
8. Plan fiduciary net position – beginning	<u>4,710,473</u>
9. Plan fiduciary net position – ending (b)	<u><u>\$ 5,466,673</u></u>
C. Net pension liability - ending (a) - (b)	<u><u>\$ (106,878)</u></u>
D. Plan fiduciary net position as a percentage of the total pension liability	101.99%
E. Covered employee payroll	\$ 1,011,640
F. Net pension liability as a percentage of covered payroll	-10.56%

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
Schedule of Contributions – Rescue Employee Plan

For the Year Ended June 30, 2015

	Fiscal 2015
Actuarially determined contribution	\$ 113,606
Contributions in relation to the actuarially determined contribution	<u>113,606</u>
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 1,011,640
Contributions as a percentage of covered-employee payroll	11.23%

Notes:

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

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

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2015

	<u>2015</u>
Employer's proportion of the net pension liability	1.67186503%
Employer's proportionate share of the net pension liability	\$ 40,693,201
State's proportionate share of the net pension liability associated with the school district	<u>27,905,203</u>
Total	<u>\$ 68,598,404</u>
Employer's covered employee payroll	\$ 26,812,752
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	151.77%
Plan fiduciary net position as a percentage of the total pension liability	61.40%

Notes:

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

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

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2015

	<u>2015</u>
Actuarially determined contribution	\$ 4,307,537
Contributions in relation to the actuarially determined contribution	<u>4,307,537</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Covered-employee payroll	\$ 26,812,752
Contributions as a percentage of covered- employee payroll	16.07%

Notes:

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

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

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2015

	<u>2015</u>
Employer's proportion of the net pension asset	6.53117242%
Employer's proportionate share of the net pension asset	\$ 8,119,601
Employer's covered employee payroll	\$ 26,812,752
Employer's proportionate share of the net pension asset as a percentage of its covered employee payroll	30.28%
Plan fiduciary net position as a percentage of the total pension liability	173.3%

Notes:

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

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

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2015

	<u>2015</u>
Statutorily determined contribution	\$ 39,802
Contributions in relation to the statutorily determined contribution	<u>39,802</u>
Contribution deficiency (excess)	<u><u>-</u></u>
Covered-employee payroll	\$ 26,812,752
Contributions as a percentage of covered- employee payroll	0.15%

Notes:

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

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

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2015

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Total pension liability		
Service cost	\$ 603,593	\$ 625,409
Interest	2,307,553	2,203,726
Differences between expected and actual experience	-	287,596
Benefit payments, including refunds of participant contributions	<u>(1,765,110)</u>	<u>(1,656,011)</u>
Net change in total pension liability	1,146,036	1,460,720
 Total pension liability - beginning	 <u>31,046,330</u>	 <u>29,585,610</u>
Total pension liability - ending	<u><u>\$ 32,192,366</u></u>	<u><u>\$ 31,046,330</u></u>
 Pension fiduciary net position		
Contributions - employer	\$ 1,997,828	\$ 2,064,871
Contributions - employee	260,793	185,877
Net investment income	605,991	1,320,781
Benefit payments, including refunds of participant contributions	(1,765,110)	(1,656,011)
Administrative expense	<u>(39,406)</u>	<u>(9,955)</u>
Net change in plan fiduciary net position	1,060,096	1,905,563
 Plan fiduciary net position - beginning	 <u>12,214,432</u>	 <u>10,308,869</u>
Plan fiduciary net position - ending	<u><u>\$ 13,274,528</u></u>	<u><u>\$ 12,214,432</u></u>
 Town's net pension liability (asset) - ending	 <u><u>\$ 18,917,838</u></u>	 <u><u>\$ 18,831,898</u></u>
	 <u>2015</u>	 <u>2014</u>
Total pension liability	\$ 32,192,366	\$ 31,046,330
Plan fiduciary net position	<u>13,274,528</u>	<u>12,214,432</u>
Town's net pension liability (asset)	<u><u>\$ 18,917,838</u></u>	<u><u>\$ 18,831,898</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	 41.24%	 39.34%
 Covered-employee payroll	 2,686,120	 2,633,451
 Net pension liability (asset) as a percentage of covered-employee payroll	 704.28%	 715.10%

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information
Schedule of Contributions
Police Pension Plan

For the Year Ended June 30, 2015

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution	\$1,997,828	\$1,980,631	\$1,986,232	\$1,650,489	\$1,507,130	\$1,315,293	\$1,135,722	\$ 923,078	\$ 737,697	\$ 806,797
Contributions in relation to the actuarially determined contribution	<u>1,997,828</u>	<u>2,064,871</u>	<u>1,650,000</u>	<u>1,400,000</u>	<u>1,000,000</u>	<u>211,425</u>	<u>1,135,722</u>	<u>923,078</u>	<u>737,697</u>	<u>811,871</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (84,240)</u>	<u>\$ 336,232</u>	<u>\$ 250,489</u>	<u>\$ 507,130</u>	<u>\$1,103,868</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,074)</u>
Covered-employee payroll	2,686,120	2,633,451	2,651,185	2,511,260	2,538,594	2,839,887	2,873,991	2,586,734	2,580,899	2,445,466
Contributions as a percentage of covered-employee payroll	74.38%	78.41%	62.24%	55.75%	39.39%	7.44%	39.52%	35.69%	28.58%	33.20%

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

Required Supplementary Information Schedule of Investment Returns Police Pension Plan

For the Year Ended June 30, 2015

June 30, 2015

Annual money-weighted rate of return,
net of investment expense

N/A *

* Information not available as it was not provided in the actuarial valuation of the plan.

Notes to the Schedules:

Valuation Date:

Actuarially determined contribution rates are calculated as of June 30, 2015.

Methods and assumptions used to determine contribution rates:

Discount rate 7.50%

Long term rate of return on investments 7.50%

Municipal bond N/A

Salary increases 3.50%

Inflation 2.00%

Mortality rates:

Healthy and disabled RP-2000 Combined Mortality Table for males and females with
generational mortality projections per Scale AA

Terminations:

Officers hired on or before 7/1/2013

<u>Age</u>	<u>Rate</u>
20	70%
21-24	10%
25	70%
26-29	10%
30	100%

Officers hired after 7/1/2013 100% at age 55 with 25 years of service

Disability Rates 1985 Pension Disability Table. All disability is assumed to be Duty

See independent auditor's report

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2015

	Budget Amounts		Actual Amounts (Budgetary Basis)	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
General property taxes and interest	\$ 61,878,979	\$ 61,878,979	\$ 62,058,712	\$ 179,733
Investment and interest income	2,000	2,000	19,228	17,228
Other local and departmental revenue	1,544,329	1,544,329	1,835,428	291,099
Federal and State aid and grants	2,781,948	2,781,948	2,527,605	(254,343)
Rescue service revenue	914,576	914,576	996,359	81,783
Appropriation of surplus	651,114	651,114	651,114	-
Other revenues	1,361,882	1,361,882	1,093,927	(267,955)
Total revenues	<u>69,134,828</u>	<u>69,134,828</u>	<u>69,182,373</u>	<u>47,545</u>
Expenditures				
General government:				
Mayor's office	173,853	173,853	173,389	464
Town Clerk	233,402	233,402	200,482	32,920
Town Council	31,300	31,300	24,467	6,833
Town Solicitor	193,518	193,518	192,548	970
Municipal court	46,774	46,774	47,103	(329)
Town officers	12,464	12,464	12,194	270
Boards and commissions	2,500	2,500	-	2,500
Boards of canvassers	84,500	84,500	82,016	2,484
Finance office	499,510	499,510	516,606	(17,096)
Information technology	112,500	112,500	111,846	654
Tax Assessor	201,185	201,185	200,544	641
	<u>1,591,506</u>	<u>1,591,506</u>	<u>1,561,195</u>	<u>30,311</u>
Community Development:				
Planning	199,655	199,655	189,034	10,621
Zoning	14,800	14,800	14,401	399
	<u>214,455</u>	<u>214,455</u>	<u>203,435</u>	<u>11,020</u>

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

(continued)

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2015

	<u>Budget Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Public Safety:				
Police department	\$ 3,892,337	\$ 3,792,336	\$ 3,645,128	\$ 147,208
Telecommunication	353,055	353,055	357,258	(4,203)
Rescue service	1,613,291	1,613,291	1,670,965	(57,674)
Animal control	144,646	144,646	149,711	(5,065)
	<u>6,003,329</u>	<u>5,903,328</u>	<u>5,823,062</u>	<u>80,266</u>
Public Works:				
Inspection	197,868	197,868	180,670	17,198
Public works	2,614,027	2,614,027	2,417,437	196,590
Highway	2,126,443	2,126,443	2,279,146	(152,703)
Recreation	187,562	187,562	202,644	(15,082)
Town Hall	180,729	180,729	205,345	(24,616)
	<u>5,306,629</u>	<u>5,306,629</u>	<u>5,285,242</u>	<u>21,387</u>
Social Services:				
Library	1,496,957	1,496,957	1,512,586	(15,629)
Children and learning	181,988	181,988	163,543	18,445
Senior services	159,447	159,447	178,206	(18,759)
	<u>1,838,392</u>	<u>1,838,392</u>	<u>1,854,335</u>	<u>(15,943)</u>
Other Expenditures:				
Outside Agencies	87,876	87,876	93,072	(5,196)
Contingencies	108,500	105,000	144,346	(39,346)
Police Contract Negotiations	200,000	-	-	-
Efficiency Contingencies	-	-	-	-
Town/School Achievement Grant	100,000	100,000	46,199	53,801
Emergency Management	10,000	10,000	10,064	(64)
Stress	5,000	5,000	-	5,000
Tucker Field Match	-	-	(300)	300
Traffic Calming	20,000	10,000	5,864	4,136
Library Literacy Program	2,500	2,500	1,514	986
Property & Liability Insurance	421,500	421,500	410,067	11,433
Veteran's Services	250	250	1,250	(1,000)
Litter Control	5,000	5,000	-	5,000
Property Revaluation	-	-	-	-
Economic Development	10,000	10,000	10,000	-
Fire Consolidation Study	-	-	-	-
School Capital Purchase	651,114	651,114	648,899	2,215
Franklin Farms	5,000	5,000	5,000	-
	<u>1,626,740</u>	<u>1,413,240</u>	<u>1,375,975</u>	<u>37,265</u>

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

(continued)

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2015

	Budget Amounts		Actual Amounts (Budgetary Basis)	Variance Favorable (Unfavorable)
	Original	Final		
Employee benefits	\$ 6,601,173	\$ 7,089,673	\$ 6,954,502	\$ 135,171
Debt Service:				
Town debt service	1,507,658	1,352,659	1,341,880	10,779
School debt service	4,562,219	4,562,219	4,232,022	330,197
Master lease	130,645	130,645	137,421	(6,776)
	<u>6,200,522</u>	<u>6,045,523</u>	<u>5,711,323</u>	<u>334,200</u>
Capital Outlay and Reserves:				
Capital Improvements	<u>165,000</u>	<u>145,000</u>	<u>165,972</u>	<u>(20,972)</u>
Total expenditures	<u>29,547,746</u>	<u>29,547,746</u>	<u>28,935,041</u>	<u>612,705</u>
Excess (deficiency) of revenues over expenditures	<u>39,587,082</u>	<u>39,587,082</u>	<u>40,247,332</u>	<u>660,250</u>
Other financing sources and (uses):				
Transfer to other funds				
School unrestricted fund	(39,587,082)	(39,587,082)	(39,587,082)	-
Special revenue funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>(39,587,082)</u>	<u>(39,587,082)</u>	<u>(39,587,082)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	<u>\$ -</u>	<u>\$ -</u>	660,250	<u>\$ 660,250</u>
Adjustment of budgetary basis to U.S. GAAP			<u>(422,436)</u>	
Excess of revenue and other financing sources over expenditures and other financing uses, U.S. GAAP basis			<u>237,814</u>	
Fund balance, beginning of year			<u>14,119,131</u>	
Fund balance, end of year			<u>\$ 14,356,945</u>	

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

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TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2015

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenue				
Local Appropriation	\$ 40,238,195	\$ 40,238,195	\$ 39,587,082	\$ (651,113)
Leasing Proceeds	-	-	848,607	848,607
State Aid	15,732,748	15,732,748	15,664,394	(68,354)
Article 31 Technology	78,442	78,442	-	(78,442)
Medicaid	400,000	400,000	370,855	(29,145)
Section 125 Co-Pays (1)	1,450,000	1,450,000	-	(1,450,000)
Retiree & COBRA Health, Life Insurance (2)	294,800	294,800	-	(294,800)
Building/Pool Rentals	153,500	153,500	162,295	8,795
Private Donations	-	-	24,000	24,000
Tuition From Other Districts	-	-	12,285	12,285
Preschool Tuitions/Transportation	84,000	84,000	89,900	5,900
Summer School Tuitions	30,000	30,000	31,950	1,950
Miscellaneous	32,448	32,448	6,210	(26,238)
Reimb Food Service Account	78,800	78,800	-	(78,800)
Rebates	-	-	54,166	54,166
Fund Balance	525,000	525,000	-	(525,000)
Total Revenue	59,097,933	59,097,933	56,851,744	(2,246,189)
Expenditures				
Ashton				
Salaries Yr. Round Employees	217,569	217,569	224,284	(6,715)
Salaries-Certified Teachers	1,362,731	1,362,731	1,390,714	(27,983)
Salaries-Para/Aides	57,252	57,252	54,819	2,433
Services/Postage/Volunteers	15,774	15,774	10,149	5,625
Maint & Repairs	6,000	6,000	4,683	1,317
Materials & Supplies	43,399	43,399	23,959	19,440
Dues	600	600	586	14
Capital	10,900	10,900	31,114	(20,214)
	1,714,225	1,714,225	1,740,308	(26,083)
Community				
Salaries- Yr. Round Employees	349,903	349,903	347,847	2,056
Salaries-Certified Teachers	3,045,507	3,045,507	2,987,597	57,910
Salaries-Para/Aides	248,519	248,519	253,116	(4,597)
Services/Postage/Volunteers	24,225	24,225	14,080	10,145
Maint & Repairs	8,700	8,700	5,523	3,177
Materials & Supplies	87,358	87,358	50,559	36,799
Dues	600	600	1,170	(570)
Capital	15,800	15,800	33,003	(17,203)
	3,780,612	3,780,612	3,692,895	87,717

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

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TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2015

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
<i>Cumberland Hill</i>				
Salaries- Yr. Round Employees	\$ 234,160	\$ 234,160	\$ 228,591	\$ 5,569
Salaries-Certified Teachers	2,075,701	2,075,701	2,071,915	3,786
Salaries-Para/Aides	168,922	168,922	175,173	(6,251)
Services/Postage/Volunteers	17,265	17,265	15,577	1,688
Maint & Repairs	6,500	6,500	10,832	(4,332)
Materials & Supplies	54,394	54,394	27,218	27,176
Travel	-	-	1,660	(1,660)
Dues	600	600	585	15
Capital	<u>15,250</u>	<u>15,250</u>	<u>30,914</u>	<u>(15,664)</u>
	<u>2,572,792</u>	<u>2,572,792</u>	<u>2,562,465</u>	<u>10,327</u>
<i>Garvin</i>				
Salaries- Yr. Round Employees	216,569	216,569	215,263	1,306
Salaries-Certified Teachers	2,029,595	2,029,595	2,044,371	(14,776)
Salaries-Para/Aides	119,095	119,095	121,157	(2,062)
Services/Postage/Volunteers	17,768	17,768	12,197	5,571
Maint & Repairs	6,000	6,000	3,920	2,080
Materials & Supplies	60,773	60,773	38,326	22,447
Dues	600	600	585	15
Capital	<u>17,200</u>	<u>17,200</u>	<u>40,718</u>	<u>(23,518)</u>
	<u>2,467,600</u>	<u>2,467,600</u>	<u>2,476,537</u>	<u>(8,937)</u>
<i>BF Norton</i>				
Salaries Yr. Round Employees	234,169	234,169	235,185	(1,016)
Salaries-Certified Teachers	2,250,669	2,250,669	2,187,033	63,636
Salaries-Para/Aides	251,103	251,103	269,978	(18,875)
Services/Postage/Volunteers	15,340	15,340	9,933	5,407
Maint & Repairs	7,000	7,000	7,307	(307)
Materials & Supplies	67,880	67,880	36,149	31,731
Travel	-	-	548	(548)
Dues	600	600	585	15
Capital	<u>18,800</u>	<u>18,800</u>	<u>35,638</u>	<u>(16,838)</u>
	<u>2,845,561</u>	<u>2,845,561</u>	<u>2,782,356</u>	<u>63,205</u>
<i>Pre-School</i>				
Salaries- Year Round	80,231	80,231	80,596	(365)
Salaries-Certified Teachers	300,368	300,368	285,812	14,556
Salaries-Para/Aides	83,215	83,215	75,610	7,605
Child Outreach Salaries	18,000	18,000	19,856	(1,856)
Services/Postage	300	300	294	6
Materials & Supplies	7,950	7,950	4,261	3,689
Dues	<u>600</u>	<u>600</u>	<u>585</u>	<u>15</u>
	<u>490,664</u>	<u>490,664</u>	<u>467,014</u>	<u>23,650</u>

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

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TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2015

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
<i>McCourt</i>				
Salaries- Year Round	\$ 396,365	\$ 396,365	\$ 366,199	\$ 30,166
Salaries-Certified Teachers	3,062,966	3,062,966	3,015,797	47,169
Salaries-Para/Aides	198,782	198,782	197,527	1,255
Services/Postage	25,660	25,660	36,053	(10,393)
Maint & Repairs	7,800	7,800	7,307	493
Materials & Supplies	50,560	50,560	52,478	(1,918)
Student Travel	4,000	4,000	3,556	444
Dues	1,200	1,200	1,170	30
Capital	<u>1,600</u>	<u>1,600</u>	<u>809</u>	<u>791</u>
	<u>3,748,933</u>	<u>3,748,933</u>	<u>3,680,896</u>	<u>68,037</u>
<i>NCM School</i>				
Salaries- Year Round	391,689	391,689	342,102	49,587
Salaries-Certified Teachers	3,131,566	3,131,566	3,106,612	24,954
Salaries-Para/Aides	153,813	153,813	168,422	(14,609)
Services/Postage	25,800	25,800	44,362	(18,562)
Maint & Repairs	7,800	7,800	5,524	2,276
Materials & Supplies	52,210	52,210	51,897	313
Travel	4,000	4,000	2,607	1,393
Dues	1,200	1,200	1,170	30
Capital	<u>20,000</u>	<u>20,000</u>	<u>2,231</u>	<u>17,769</u>
	<u>3,788,078</u>	<u>3,788,078</u>	<u>3,724,927</u>	<u>63,151</u>
<i>Cumberland High School</i>				
Salaries- Yr. Round Employees	839,990	839,990	855,815	(15,825)
Salaries-Certified Teachers	8,102,321	8,102,321	8,059,395	42,926
Salaries-Para/Aides	422,542	422,542	447,122	(24,580)
Services/Postage	186,915	186,915	153,206	33,709
Maint & Repairs, Rentals	49,400	49,400	36,272	13,128
Travel	16,000	16,000	19,197	(3,197)
Materials & Supplies	169,706	169,706	144,761	24,945
Dues	9,500	9,500	6,835	2,665
Capital	<u>133,857</u>	<u>133,857</u>	<u>106,788</u>	<u>27,069</u>
	<u>9,930,231</u>	<u>9,930,231</u>	<u>9,829,391</u>	<u>100,840</u>
<i>Summer School (ALL)</i>				
Salaries Remedial	33,000	33,000	26,110	6,890
Salaries-Certified ESY	89,500	89,500	57,351	32,149
Salaries-Para ESY	42,000	42,000	42,208	(208)
Services	-	-	6,406	(6,406)
SuppliesMaint & Repairs	<u>1,200</u>	<u>1,200</u>	<u>688</u>	<u>512</u>
	<u>165,700</u>	<u>165,700</u>	<u>132,763</u>	<u>32,937</u>
<i>Elem Cord/Attrition</i>				
Salaries-Certified Cord	<u>167,714</u>	<u>167,714</u>	<u>252,439</u>	<u>(84,725)</u>
	<u>167,714</u>	<u>167,714</u>	<u>252,439</u>	<u>(84,725)</u>

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

(continued)

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2015

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
<i>Special Education</i>				
Salaries- Year Round	\$ 309,619	\$ 309,619	\$ 214,634	\$ 94,985
Salaries-Certified Teachers/Tutors	102,732	102,732	98,732	4,000
Services & Repairs	661,200	661,200	803,464	(142,264)
Tuitions	1,350,000	1,350,000	1,125,913	224,087
Materials & Supplies	15,500	15,500	12,996	2,504
Student Travel	18,000	18,000	12,540	5,460
Travel	9,000	9,000	4,279	4,721
Dues	2,100	2,100	1,483	617
Capital	19,000	19,000	17,139	1,861
	<u>2,487,151</u>	<u>2,487,151</u>	<u>2,291,180</u>	<u>195,971</u>
<i>Superintendent & School Committee</i>				
Salaries	222,391	222,391	220,829	1,562
School Committee Stipends	16,200	16,200	16,200	-
Services/Legal/Maint Repairs	142,555	142,555	144,512	(1,957)
Materials & Supplies	2,000	2,000	1,160	840
Travel	6,000	6,000	9,027	(3,027)
Dues	14,000	14,000	9,714	4,286
Equipment SC	-	-	6,473	(6,473)
	<u>403,146</u>	<u>403,146</u>	<u>407,915</u>	<u>(4,769)</u>
<i>Asst Superintendent</i>				
Salaries	355,838	355,838	187,028	168,810
Services/PD Training	153,812	153,812	139,107	14,705
Maint & Repairs	2,500	2,500	1,959	541
Travel	5,000	5,000	6,000	(1,000)
Materials & Supplies	5,400	5,400	46,297	(40,897)
Dues	1,200	1,200	1,226	(26)
	<u>523,750</u>	<u>523,750</u>	<u>381,617</u>	<u>142,133</u>
<i>Human Resources</i>				
Salaries	194,201	194,201	199,871	(5,670)
Services	24,000	24,000	20,711	3,289
Materials & Supplies	2,200	2,200	1,367	833
Travel	100	100	390	(290)
Dues	200	200	185	15
Capital	2,500	2,500	3,345	(845)
	<u>223,201</u>	<u>223,201</u>	<u>225,869</u>	<u>(2,668)</u>
<i>Technology</i>				
Salaries	366,503	366,503	349,851	16,652
Services	277,201	277,201	202,722	74,479
Materials & Supplies	16,340	16,340	15,193	1,147
Travel	9,000	9,000	7,655	1,345
Dues	399	399	250	149
Capital	641,031	641,031	111,085	529,946
	<u>1,310,474</u>	<u>1,310,474</u>	<u>686,756</u>	<u>623,718</u>

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

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TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2015

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
<i>Business Office</i>				
Salaries	\$ 329,816	\$ 329,816	\$ 349,149	\$ (19,333)
Services/Maint Services	67,250	67,250	66,897	353
Lease Payments	78,500	78,500	75,780	2,720
Postage/Supplies	11,000	11,000	8,389	2,611
Travel	200	200	375	(175)
Dues	500	500	450	50
Capital	-	-	4,810	(4,810)
	<u>487,266</u>	<u>487,266</u>	<u>505,850</u>	<u>(18,584)</u>
<i>Facilities</i>				
Salaries	250,398	250,398	255,973	(5,575)
Services/Maintenance	891,750	891,750	891,288	462
Insurance	175,000	175,000	170,817	4,183
Utilities	1,130,000	1,130,000	1,150,789	(20,789)
Materials & Supplies	-	-	41,681	(41,681)
Travel	2,500	2,500	3,440	(940)
Dues	750	750	-	750
Capital	<u>455,797</u>	<u>455,797</u>	<u>1,508,037</u>	<u>(1,052,240)</u>
	<u>2,906,195</u>	<u>2,906,195</u>	<u>4,022,025</u>	<u>(1,115,830)</u>
<i>Athletics & Pool</i>				
Salaries - Athletics Director	74,232	74,232	75,048	(816)
Stipends - Coaches	158,067	158,067	162,239	(4,172)
Services /Rentals	46,440	46,440	9,305	37,135
Materials & Supplies	34,850	34,850	19,780	15,070
Transportation	70,000	70,000	77,204	(7,204)
Dues	<u>9,800</u>	<u>9,800</u>	<u>47,464</u>	<u>(37,664)</u>
	<u>393,389</u>	<u>393,389</u>	<u>391,040</u>	<u>2,349</u>
<i>Health Services</i>				
Services	4,200	4,200	5,143	(943)
Materials & Supplies/Travel	<u>1,000</u>	<u>1,000</u>	<u>425</u>	<u>575</u>
	<u>5,200</u>	<u>5,200</u>	<u>5,568</u>	<u>(368)</u>
<i>School Safety</i>				
Salaries Truant Officer	30,700	30,700	31,783	(1,083)
Travel/Supplies	600	600	1,973	(1,373)
Salaries Bus Monitors Thru	<u>175,000</u>	<u>175,000</u>	<u>156,050</u>	<u>18,950</u>
	<u>206,300</u>	<u>206,300</u>	<u>189,806</u>	<u>16,494</u>
<i>Transportation/Travel</i>				
Services State	492,243	492,243	403,185	89,058
Summer School State & Durham	120,000	120,000	113,414	6,586
Services Durham	<u>2,218,108</u>	<u>2,218,108</u>	<u>2,267,598</u>	<u>(49,490)</u>
	<u>2,830,351</u>	<u>2,830,351</u>	<u>2,784,197</u>	<u>46,154</u>

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

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TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<i>Advertising</i>				
Services	\$ 15,000	\$ 15,000	\$ 16,186	\$ (1,186)
	<u>15,000</u>	<u>15,000</u>	<u>16,186</u>	<u>(1,186)</u>
<i>Other Tuitions - Charter Schools</i>				
Services	2,622,711	2,622,711	2,516,270	106,441
	<u>2,622,711</u>	<u>2,622,711</u>	<u>2,516,270</u>	<u>106,441</u>
<i>Area Voc Tuitions & Met School</i>				
Services	381,704	381,704	205,590	176,114
	<u>381,704</u>	<u>381,704</u>	<u>205,590</u>	<u>176,114</u>
<i>Non-Public School Textbooks</i>				
Materials & Supplies	15,000	15,000	2,649	12,351
	<u>15,000</u>	<u>15,000</u>	<u>2,649</u>	<u>12,351</u>
<i>Benefits</i>				
CTA 3% All Empl. Severance	122,775	122,775	18,333	104,442
Tuitions/Travel	10,000	10,000	5,334	4,666
ICSE Longevity	67,000	67,000	-	67,000
Healthcare Buyback	125,000	125,000	118,229	6,771
Health Insurance Admin & Claims (1)	5,294,080	5,294,080	3,292,835	2,001,245
Dental (2)	535,000	535,000	436,267	98,733
Social Security	386,641	386,641	317,460	69,181
Medicare	468,659	468,659	440,134	28,525
Life Insurance	198,919	198,919	106,581	92,338
Workers Compensation	117,500	117,500	91,809	25,691
Unemployment Compensation	125,000	125,000	47,400	77,600
Survivors Benefits	39,856	39,856	39,802	54
Certified Retirement	4,459,182	4,459,182	4,307,537	151,645
Non-Certified Retirement	665,373	665,373	625,271	40,102
	<u>12,614,985</u>	<u>12,614,985</u>	<u>9,846,992</u>	<u>2,767,993</u>
Total expenditures	<u>59,097,933</u>	<u>59,097,933</u>	<u>55,821,501</u>	<u>3,276,432</u>
Net change in fund balance, budgetary basis	<u>\$ -</u>	<u>\$ -</u>	1,030,243	<u>\$ 1,030,243</u>
Fund balance - beginning of year			<u>3,803,297</u>	
Fund balance - end of year			<u>\$ 4,833,540</u>	

Footnotes 1 & 2

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

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

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TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2015

	Original Budget	Final	Actual Amounts	Variance Favorable (Unfavorable)
Revenue				
Other local and departmental revenue	\$ 872,512	\$ 872,512	\$ 903,329	\$ 30,817
Total revenues	<u>872,512</u>	<u>872,512</u>	<u>903,329</u>	<u>30,817</u>
Expenditures				
Public works	325,850	325,850	286,770	39,080
Debt service	<u>546,662</u>	<u>546,662</u>	<u>546,669</u>	<u>(7)</u>
Total expenditures	<u>872,512</u>	<u>872,512</u>	<u>833,439</u>	<u>39,073</u>
Excess(deficiency) of revenues over expenditures	-	-	69,890	(8,256)
Other financing sources (uses)				
Transfer to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenses and other uses	<u>\$ -</u>	<u>\$ -</u>	69,890	<u>\$ (8,256)</u>
Adjustments of budgetary basis for US GAAP basis			<u>-</u>	
Excess of revenue and other source over expenditures and other financing uses, US GAAP basis			<u>69,890</u>	
Fund balance, beginning of year			<u>(1,376,428)</u>	
Fund balance, end of year			<u>\$ (1,306,538)</u>	

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

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TOWN OF CUMBERLAND, RHODE ISLAND

Notes to Required Supplementary Information

June 30, 2015

Notes to Required Supplementary Information

Note 1 - Schedule of Funding Progress

The information presented in the required supplementary schedules was determined as part of the annual actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

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

See independent auditor's report

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TOWN OF CUMBERLAND, RHODE ISLAND

Notes to Required Supplementary Information

June 30, 2015

Note 2 - Budgetary Data and Budgetary Compliance

Annual budgets are adopted for the Town's General Fund, the School Unrestricted Fund and the Sewer Fund. Annual budgets are adopted on a budgetary basis that differs from generally accepted accounting principles (GAAP). The budget to actual presentations in the financial statements are reflected on the appropriate basis of accounting. A reconciliation between the budgetary basis and GAAP basis of accounting is presented below.

On or before the first Monday in March of each year, all agencies of the Town submit requests for appropriation to the Town's Finance Director so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The Finance Director must submit his recommendations to the Mayor no later than the third Monday in April. The Mayor may change the Finance Director's recommendations except that the Mayor does not have the authority to change any item in the school expenditure request except the overall amount.

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

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TOWN OF CUMBERLAND, RHODE ISLAND

Notes to Required Supplementary Information

June 30, 2015

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

	<u>General Fund</u>	<u>School Unrestricted</u>	<u>Sewer</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	\$ 660,250	\$ 1,030,243	\$ 69,890
Unbudgeted state on behalf pension plan revenue	-	(2,464,092)	-
Unbudgeted state on behalf pension plan expenditures	-	2,464,092	-
Budgeted capital expenditures which are capitalized under the GAAP basis of accounting	-	-	-
Unbudgeted depreciation expense	-	-	-
Principal payments which are budgeted for net netted against long term liabilities for GAAP purposes	-	-	-
Budgeted appropriation from general fund surplus	(651,114)	-	-
Unbudgeted public fund activity	(49,599)	-	-
Unbudgeted police detail activity	122,463	-	-
Unbudgeted recreation and OC&YL activity	44,868	-	-
Unanticipated FEMA snow reimbursement	<u>110,946</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	<u>\$ 237,814</u>	<u>\$ 1,030,243</u>	<u>\$ 69,890</u>

See independent auditor's report

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Supplementary Information

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TOWN OF CUMBERLAND, RHODE ISLAND*Supplementary Information*

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

For the Year Ended June 30, 2015

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Water Fund				
	Original Budget	Budget As Adopted	Actual	Variance Favorable (Unfavorable)
Revenue:				
Charges for services	\$ 4,696,816	\$ 4,696,816	\$ 4,802,821	\$ 106,005
Miscellaneous	709,080	709,080	608,552	(100,528)
Total revenues	5,405,896	5,405,896	5,411,373	5,477
Expenditures:				
Personnel services	1,339,129	1,339,129	1,309,051	30,078
Supplies and materials	147,800	147,800	127,419	20,381
Repairs and maintenance	209,000	209,000	154,350	54,650
Other charges and expenditures	3,144,967	3,144,967	2,523,521	621,446
Indirect cost	70,000	70,000	70,000	-
Debt service	495,000	495,000	479,960	15,040
Total expenditures	5,405,896	5,405,896	4,664,301	741,595
Excess(deficiency) of revenues over expenses	-	-	747,072	747,072
Other financing sources (uses):				
Transfers between funds	-	-	-	-
Excess (deficiency) of revenues and other sources over expenses and other uses	\$ -	\$ -	747,072	\$ 747,072
Adjustments of budgetary basis for US GAAP basis			397,524	
Excess of revenue and other source over expenditures and other financing uses, US GAAP basis			1,144,596	
Fund balance, beginning of year			25,368,419	
Fund balance, end of year			\$ 26,513,015	

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

TOWN OF CUMBERLAND, RHODE ISLAND

Supplementary Information

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

For the Year Ended June 30, 2015

Budgetary - GAAP Reporting Reconciliation

	Water Fund
Excess (deficiency) of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	\$ 747,072
Budgeted capital expenditures which are capitalized under the GAAP basis of accounting	771,414
Unbudgeted depreciation expense	(656,700)
Principal payments which are budgeted for but netted against long term liability for GAAP purposes	282,810
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	\$ 1,144,596

See independent auditor's report

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TOWN OF CUMBERLAND, RHODE ISLAND

Non-Major Governmental Funds Combined Balance Sheet

June 30, 2015

	Town Special Revenue	School Special Revenue	Capital Projects	Total Non-Major Governmental Funds
Assets				
Cash and investments	\$ 843,510	\$ 1,391,665	\$ 815,871	\$ 3,051,046
Due from other governments	88,478	762,600	-	851,078
Other receivables, net	272,950	11,135	-	284,085
Due from other funds	<u>575,611</u>	<u>296,388</u>	<u>2,120,555</u>	<u>2,992,554</u>
Total assets	<u>1,780,549</u>	<u>2,461,788</u>	<u>2,936,426</u>	<u>7,178,763</u>
Deferred outflows of resources				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u><u>\$ 1,780,549</u></u>	<u><u>\$ 2,461,788</u></u>	<u><u>\$ 2,936,426</u></u>	<u><u>\$ 7,178,763</u></u>
Liabilities				
Accounts payable and accrued expenses	\$ 2,550	\$ 209,981	\$ 179,586	\$ 392,117
Other liabilities	-	25,330	-	25,330
Due to other funds	<u>528,888</u>	<u>1,608,600</u>	<u>596,682</u>	<u>2,734,170</u>
Total liabilities	<u>531,438</u>	<u>1,843,911</u>	<u>776,268</u>	<u>3,151,617</u>
Deferred inflows of resources				
Unearned revenue	<u>266,700</u>	<u>-</u>	<u>-</u>	<u>266,700</u>
Total deferred inflows of resources	<u>266,700</u>	<u>-</u>	<u>-</u>	<u>266,700</u>
Fund balance				
Restricted	551,355	617,877	2,097,978	3,267,210
Committed	508,516	-	-	508,516
Assigned	-	-	62,180	62,180
Unassigned	<u>(77,460)</u>	<u>-</u>	<u>-</u>	<u>(77,460)</u>
Total fund balance	<u>982,411</u>	<u>617,877</u>	<u>2,160,158</u>	<u>3,760,446</u>
Town liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 1,780,549</u></u>	<u><u>\$ 2,461,788</u></u>	<u><u>\$ 2,936,426</u></u>	<u><u>\$ 7,178,763</u></u>

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TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2015

	Town Special Revenue	School Special Revenue	Capital Projects	Total Non-Major Governmental Funds
Revenues				
Federal and state grant income	\$ 246,324	\$ 3,145,895	\$ -	\$ 3,392,219
Charges for services	-	785,496	-	785,496
Other revenue	331,250	78,706	-	409,956
Investment income	<u>13</u>	<u>-</u>	<u>-</u>	<u>13</u>
Total revenue	<u>577,587</u>	<u>4,010,097</u>	<u>-</u>	<u>4,587,684</u>
Expenditures				
General government	112,101	-	-	112,101
Public safety	114,641	-	-	114,641
Public works	103,454	-	197,447	300,901
Social services	79,278	-	-	79,278
Community development	51,255	-	-	51,255
Education	-	1,893,636	-	1,893,636
Cafeteria	-	2,030,845	-	2,030,845
Debt service - principal	235,000	-	4,135	239,135
Debt service - interest	<u>95,175</u>	<u>-</u>	<u>3,465</u>	<u>98,640</u>
Total Expenditures	<u>790,904</u>	<u>3,924,481</u>	<u>205,047</u>	<u>4,920,432</u>
Excess (deficiency) of revenues over expenditures	(213,317)	85,616	(205,047)	(332,748)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue and other sources over expenditures and other uses	(213,317)	85,616	(205,047)	(332,748)
Fund balance, July 1, 2014	<u>1,195,728</u>	<u>532,261</u>	<u>2,365,205</u>	<u>4,093,194</u>
Fund balance, June 30, 2015	<u><u>\$ 982,411</u></u>	<u><u>\$ 617,877</u></u>	<u><u>\$ 2,160,158</u></u>	<u><u>\$ 3,760,446</u></u>

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TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2015

	Substance Abuse	Animal Control	Impact Fees	Sewer Ferncrest Willow	Revolving Loan	Historical Records	Monetary Grant
Assets							
Cash and cash equivalents	\$ -	\$ 7,869	\$ 829,162	\$ -	\$ -	\$ -	\$ -
Federal and state grants receivable	5,365	-	-	-	-	-	-
Receivable, other, net	-	-	-	266,700	-	-	6,250
Due from Other Funds	-	-	9,529	-	50,047	54,576	-
Total assets	<u>5,365</u>	<u>7,869</u>	<u>838,691</u>	<u>266,700</u>	<u>50,047</u>	<u>54,576</u>	<u>6,250</u>
Deferred outflows of resources							
None	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 5,365</u>	<u>\$ 7,869</u>	<u>\$ 838,691</u>	<u>\$ 266,700</u>	<u>\$ 50,047</u>	<u>\$ 54,576</u>	<u>\$ 6,250</u>
Liabilities							
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	(465)	-	330,175	77,460	-	-	6,250
Total liabilities	<u>(465)</u>	<u>-</u>	<u>330,175</u>	<u>77,460</u>	<u>-</u>	<u>-</u>	<u>6,250</u>
Deferred inflows of resources							
Unearned Revenue	-	-	-	266,700	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>266,700</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances							
Restricted	5,830	7,869	-	-	50,047	54,576	-
Committed	-	-	508,516	-	-	-	-
Unassigned	-	-	-	(77,460)	-	-	-
Total fund balances (deficits)	<u>5,830</u>	<u>7,869</u>	<u>508,516</u>	<u>(77,460)</u>	<u>50,047</u>	<u>54,576</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 5,365</u>	<u>\$ 7,869</u>	<u>\$ 838,691</u>	<u>\$ 266,700</u>	<u>\$ 50,047</u>	<u>\$ 54,576</u>	<u>\$ 6,250</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2015

	Comprehensive Planning CDBG	Rescue Fund	Animal Husbandry	Wildwood CDBG	Library Legislative Grant	DARE
Assets						
Cash and cash equivalents	\$ -	\$ 1,987	\$ -	\$ -	\$ -	\$ 4,439
Federal and state grants receivable	548	-	-	1,304	-	-
Receivable, other, net	-	-	-	-	-	-
Due from Other Funds	119,502	995	9,748	(1,304)	-	195
Total assets	<u>120,050</u>	<u>2,982</u>	<u>9,748</u>	<u>-</u>	<u>-</u>	<u>4,634</u>
Deferred outflows of resources						
None	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 120,050</u>	<u>\$ 2,982</u>	<u>\$ 9,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,634</u>
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources						
Unearned Revenue	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted	120,050	2,982	9,748	-	-	4,634
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>120,050</u>	<u>2,982</u>	<u>9,748</u>	<u>-</u>	<u>-</u>	<u>4,634</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 120,050</u>	<u>\$ 2,982</u>	<u>\$ 9,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,634</u>

See independent auditor's report

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TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2015

	United Way Hasbro	Heritage Park Dem Grant	Police Forfeiture	Police Tobacco	Police Underage Drinking	Homeland Security
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants receivable	-	-	191	394	-	750
Receivable, other, net	-	-	-	-	-	-
Due from Other Funds	<u>22,968</u>	<u>-</u>	<u>22,004</u>	<u>1,936</u>	<u>1,912</u>	<u>34,601</u>
Total assets	<u>22,968</u>	<u>-</u>	<u>22,195</u>	<u>2,330</u>	<u>1,912</u>	<u>35,351</u>
Deferred outflows of resources						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 22,968</u>	<u>\$ -</u>	<u>\$ 22,195</u>	<u>\$ 2,330</u>	<u>\$ 1,912</u>	<u>\$ 35,351</u>
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources						
Unearned Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted	22,968	-	22,195	2,330	1,912	35,351
Committed	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u>22,968</u>	<u>-</u>	<u>22,195</u>	<u>2,330</u>	<u>1,912</u>	<u>35,351</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 22,968</u>	<u>\$ -</u>	<u>\$ 22,195</u>	<u>\$ 2,330</u>	<u>\$ 1,912</u>	<u>\$ 35,351</u>

See independent auditor's report

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TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2015

	Emergency Performance	Bullet Proof Vest	Partnership For Success	RIPTIDE DUI	Recreation Small Grant	Certified Local Government Grant
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants receivable	-	1,488	41,808	555	-	7,000
Receivable, other, net	-	-	-	-	-	-
Due from Other Funds	<u>1,294</u>	<u>-</u>	<u>30,740</u>	<u>7,408</u>	<u>-</u>	<u>-</u>
Total assets	<u>1,294</u>	<u>1,488</u>	<u>72,548</u>	<u>7,963</u>	<u>-</u>	<u>7,000</u>
Deferred outflows of resources						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 1,294</u>	<u>\$ 1,488</u>	<u>\$ 72,548</u>	<u>\$ 7,963</u>	<u>\$ -</u>	<u>\$ 7,000</u>
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ 1,150	\$ 344	\$ -	\$ 347
Due to Other Funds	<u>-</u>	<u>1,488</u>	<u>71,398</u>	<u>7,619</u>	<u>-</u>	<u>6,653</u>
Total liabilities	<u>-</u>	<u>1,488</u>	<u>72,548</u>	<u>7,963</u>	<u>-</u>	<u>7,000</u>
Deferred inflows of resources						
Unearned Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted	1,294	-	-	-	-	-
Committed	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u>1,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,294</u>	<u>\$ 1,488</u>	<u>\$ 72,548</u>	<u>\$ 7,963</u>	<u>\$ -</u>	<u>\$ 7,000</u>

See independent auditor's report

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TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2015

	RIPTIDE Speed	Child Passenger Safety	Town Clerk Special	Click it or Ticket	RIEMA Hazard Mitigation	Byrne / JAG
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants receivable	-	900	-	-	182	-
Receivable, other, net	-	-	-	-	-	-
Due from Other Funds	-	-	207,592	-	-	1,868
Total assets	-	900	207,592	-	182	1,868
Deferred outflows of resources						
None	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ -</u>	<u>\$ 900</u>	<u>\$ 207,592</u>	<u>\$ -</u>	<u>\$ 182</u>	<u>\$ 1,868</u>
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ 344	\$ -	\$ -	\$ 182	\$ -
Due to Other Funds	-	500	-	-	-	-
Total liabilities	-	844	-	-	182	-
Deferred inflows of resources						
Unearned Revenue	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances						
Restricted	-	56	207,592	-	-	1,868
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	-	56	207,592	-	-	1,868
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ -</u>	<u>\$ 900</u>	<u>\$ 207,592</u>	<u>\$ -</u>	<u>\$ 182</u>	<u>\$ 1,868</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2015

	Byrne / JAG 2011	Champlin	America the Beautiful Tree	Hazard Mitigation	Valley Falls Park	Polling Access Grant	Total Special Revenue
Assets							
Cash and cash equivalents	\$ -	\$ 53	\$ -	\$ -	\$ -	\$ -	\$ 843,510
Federal and state grants receivable	-	-	2,500	-	25,493	-	88,478
Receivable, other, net	-	-	-	-	-	-	272,950
Due from Other Funds	-	-	-	-	-	-	575,611
Total assets	-	53	2,500	-	25,493	-	1,780,549
Deferred outflows of resources							
None	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ -</u>	<u>\$ 53</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 25,493</u>	<u>\$ -</u>	<u>\$ 1,780,549</u>
Liabilities							
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 183	\$ -	\$ 2,550
Due to Other Funds	-	-	2,500	-	25,310	-	528,888
Total liabilities	-	-	2,500	-	25,493	-	531,438
Deferred inflows of resources							
Unearned Revenue	-	-	-	-	-	-	266,700
Total deferred inflows of resources	-	-	-	-	-	-	266,700
Fund Balances							
Restricted	-	53	-	-	-	-	551,355
Committed	-	-	-	-	-	-	508,516
Unassigned	-	-	-	-	-	-	(77,460)
Total fund balances (deficits)	-	53	-	-	-	-	982,411
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ -</u>	<u>\$ 53</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 25,493</u>	<u>\$ -</u>	<u>\$ 1,780,549</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

Non-Major Governmental Funds

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

For the Year Ended June 30, 2015

	Substance Abuse	Animal Control	Impact Fees	Sewer Ferncrest Willow	Revolving Loan	Historical Records	Monetary Grant
Revenues							
Federal and state grants	\$ 25,632	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	193,065	33,310	-	5,220	6,250
Investment income	-	13	-	-	-	-	-
Total revenues	<u>25,632</u>	<u>13</u>	<u>193,065</u>	<u>33,310</u>	<u>-</u>	<u>5,220</u>	<u>6,250</u>
Expenditures							
General government	-	-	82,906	-	-	-	-
Public Safety	-	1,000	-	-	-	-	-
Public Works	-	-	-	17,850	-	-	-
Social services	25,738	-	-	-	-	-	6,250
Community development	-	-	-	-	-	-	-
Debt - Principal	-	-	235,000	-	-	-	-
Debt - Interest	-	-	95,175	-	-	-	-
Total expenditures	<u>25,738</u>	<u>1,000</u>	<u>413,081</u>	<u>17,850</u>	<u>-</u>	<u>-</u>	<u>6,250</u>
Excess (deficiency) of revenue over expenditures	<u>(106)</u>	<u>(987)</u>	<u>(220,016)</u>	<u>15,460</u>	<u>-</u>	<u>5,220</u>	<u>-</u>
Other financing sources (uses)							
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(106)</u>	<u>(987)</u>	<u>(220,016)</u>	<u>15,460</u>	<u>-</u>	<u>5,220</u>	<u>-</u>
Fund Balance, Unreserved June 30, 2014	<u>5,936</u>	<u>8,856</u>	<u>728,532</u>	<u>(92,920)</u>	<u>50,047</u>	<u>49,356</u>	<u>-</u>
Fund Balance, Unreserved June 30, 2015	<u>\$ 5,830</u>	<u>\$ 7,869</u>	<u>\$ 508,516</u>	<u>\$ (77,460)</u>	<u>\$ 50,047</u>	<u>\$ 54,576</u>	<u>\$ -</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

Non-Major Governmental Funds

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

For the Year Ended June 30, 2015

	Comprehensive Planning CDBG	Rescue Fund	Animal Husbandry	Wildwood CDBG	Library Legislative Grant	DARE
Revenues						
Federal and state grants	\$ 15,491	\$ -	\$ -	\$ -	\$ 2,000	\$ -
Other income	-	1,002	1,133	-	-	156
Investment income	-	-	-	-	-	-
Total revenues	<u>15,491</u>	<u>1,002</u>	<u>1,133</u>	<u>-</u>	<u>2,000</u>	<u>156</u>
Expenditures						
General government	-	-	-	-	-	-
Public Safety	-	(995)	-	-	-	-
Public Works	-	-	-	-	-	-
Social services	-	-	-	-	2,000	-
Community development	28,617	-	-	-	-	-
Debt - Principal	-	-	-	-	-	-
Debt - Interest	-	-	-	-	-	-
Total expenditures	<u>28,617</u>	<u>(995)</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	<u>(13,126)</u>	<u>1,997</u>	<u>1,133</u>	<u>-</u>	<u>-</u>	<u>156</u>
Other financing sources (uses)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(13,126)</u>	<u>1,997</u>	<u>1,133</u>	<u>-</u>	<u>-</u>	<u>156</u>
Fund Balance, Unreserved June 30, 2014	<u>133,176</u>	<u>985</u>	<u>8,615</u>	<u>-</u>	<u>-</u>	<u>4,478</u>
Fund Balance, Unreserved June 30, 2015	<u><u>\$ 120,050</u></u>	<u><u>\$ 2,982</u></u>	<u><u>\$ 9,748</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,634</u></u>

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TOWN OF CUMBERLAND, RHODE ISLAND

Non-Major Governmental Funds

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

For the Year Ended June 30, 2015

	United Way Hasbro	Heritage Park Dem Grant	Police Forfeiture	Police Tobacco	Police Underage Drinking	Homeland Security
Revenues						
Federal and state grants	\$ -	\$ 49,064	\$ 3,955	\$ 826	\$ -	\$ 2,750
Other income	30,360	-	-	-	-	-
Investment income	-	-	-	-	-	-
Total revenues	<u>30,360</u>	<u>49,064</u>	<u>3,955</u>	<u>826</u>	<u>-</u>	<u>2,750</u>
Expenditures						
General government	-	-	-	-	-	-
Public Safety	-	-	200	826	-	2,666
Public Works	-	49,064	-	-	-	-
Social services	19,797	-	-	-	-	-
Community development	-	-	-	-	-	-
Debt - Principal	-	-	-	-	-	-
Debt - Interest	-	-	-	-	-	-
Total expenditures	<u>19,797</u>	<u>49,064</u>	<u>200</u>	<u>826</u>	<u>-</u>	<u>2,666</u>
Excess (deficiency) of revenue over expenditures	<u>10,563</u>	<u>-</u>	<u>3,755</u>	<u>-</u>	<u>-</u>	<u>84</u>
Other financing sources (uses)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	10,563	-	3,755	-	-	84
Fund Balance, Unreserved June 30, 2014	<u>12,405</u>	<u>-</u>	<u>18,440</u>	<u>2,330</u>	<u>1,912</u>	<u>35,267</u>
Fund Balance, Unreserved June 30, 2015	<u><u>\$ 22,968</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 22,195</u></u>	<u><u>\$ 2,330</u></u>	<u><u>\$ 1,912</u></u>	<u><u>\$ 35,351</u></u>

See independent auditor's report

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TOWN OF CUMBERLAND, RHODE ISLAND

Non-Major Governmental Funds

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

For the Year Ended June 30, 2015

	Emergency Performance	Bullet Proof Vest	Partnership For Success	RIPTIDE DUI	Recreation Small Grant	Certified Local Government Grant
Revenues						
Federal and state grants	\$ -	\$ -	\$ 94,112	\$ 2,216	\$ -	\$ 11,500
Other income	-	2,976	-	-	-	-
Investment income	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>2,976</u>	<u>94,112</u>	<u>2,216</u>	<u>-</u>	<u>11,500</u>
Expenditures						
General government	-	-	-	-	-	-
Public Safety	-	2,976	94,112	2,216	-	-
Public Works	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Community development	-	-	-	-	-	11,500
Debt - Principal	-	-	-	-	-	-
Debt - Interest	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>2,976</u>	<u>94,112</u>	<u>2,216</u>	<u>-</u>	<u>11,500</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Unreserved June 30, 2014	<u>1,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Unreserved June 30, 2015	<u><u>\$ 1,294</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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TOWN OF CUMBERLAND, RHODE ISLAND

Non-Major Governmental Funds

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

For the Year Ended June 30, 2015

	RIPTIDE Speed	Child Passenger Safety	Town Clerk Special	Click it or Ticket	RIEMA Hazard Mitigation	Byrne / JAG
Revenues						
Federal and state grants	\$ 2,510	\$ 5,094	\$ -	\$ 2,166	\$ 182	\$ -
Other income	-	-	32,232	-	-	-
Investment income	-	-	-	-	-	-
Total revenues	<u>2,510</u>	<u>5,094</u>	<u>32,232</u>	<u>2,166</u>	<u>182</u>	<u>-</u>
Expenditures						
General government	-	-	13,195	-	-	-
Public Safety	2,510	5,094	-	2,166	-	-
Public Works	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Community development	-	-	-	-	182	-
Debt - Principal	-	-	-	-	-	-
Debt - Interest	-	-	-	-	-	-
Total expenditures	<u>2,510</u>	<u>5,094</u>	<u>13,195</u>	<u>2,166</u>	<u>182</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>-</u>	<u>19,037</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>-</u>	<u>-</u>	<u>19,037</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Unreserved June 30, 2014	<u>-</u>	<u>56</u>	<u>188,555</u>	<u>-</u>	<u>-</u>	<u>1,868</u>
Fund Balance, Unreserved June 30, 2015	<u>\$ -</u>	<u>\$ 56</u>	<u>\$ 207,592</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,868</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

Non-Major Governmental Funds

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

For the Year Ended June 30, 2015

	Byrne / JAG 2011	Champlin	America the Beautiful Tree	Hazard Mitigation	Valley Falls Park	Polling Access Grant	Total Special Revenue
Revenues							
Federal and state grants	\$ 1,870	\$ -	\$ -	\$ 10,956	\$ -	\$ 16,000	\$ 246,324
Other income	-	53	-	-	25,493	-	331,250
Investment income	-	-	-	-	-	-	13
Total revenues	<u>1,870</u>	<u>53</u>	<u>-</u>	<u>10,956</u>	<u>25,493</u>	<u>16,000</u>	<u>577,587</u>
Expenditures							
General government	-	-	-	-	-	16,000	112,101
Public Safety	1,870	-	-	-	-	-	114,641
Public Works	-	36,540	-	-	-	-	103,454
Social services	-	-	-	-	25,493	-	79,278
Community development	-	-	-	10,956	-	-	51,255
Debt - Principal	-	-	-	-	-	-	235,000
Debt - Interest	-	-	-	-	-	-	95,175
Total expenditures	<u>1,870</u>	<u>36,540</u>	<u>-</u>	<u>10,956</u>	<u>25,493</u>	<u>16,000</u>	<u>790,904</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>(36,487)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(213,317)</u>
Other financing sources (uses)							
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(36,487)	-	-	-	-	(213,317)
Fund Balance, Unreserved June 30, 2014	-	36,540	-	-	-	-	1,195,728
Fund Balance, Unreserved June 30, 2015	<u>\$ -</u>	<u>\$ 53</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 982,411</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

Non-Major Governmental Funds

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

For the Year Ended June 30, 2015

	SPED Part B	SPED Preschool	Title I Part A	Title II	Title III	USDA Fresh Fruit & Vegetables	RTTT Standard & Curriculum
Assets							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other Funds	-	-	-	-	-	6,752	-
Other receivable	-	-	-	-	-	-	-
Due from state or federal government	393,156	7,760	159,122	57,788	17,941	12,618	-
Total assets	393,156	7,760	159,122	57,788	17,941	19,370	-
Deferred Outflows of Resources							
None	-	-	-	-	-	-	-
Total deferred outflows of resources	\$ 393,156	\$ 7,760	\$ 159,122	\$ 57,788	\$ 17,941	\$ 19,370	\$ -
Liabilities							
Accounts payable and accrued expenses	\$ 10,059	\$ -	\$ 727	\$ -	\$ -	\$ -	\$ -
Other current liabilities	-	-	-	-	-	-	-
Due to other funds	383,097	7,760	158,395	57,788	17,941	17,706	-
Total liabilities	393,156	7,760	159,122	57,788	17,941	17,706	-
Deferred Inflows of Resources							
None	-	-	-	-	-	-	-
Total deferred inflow of resources	-	-	-	-	-	-	-
Fund balances (deficits), restricted	-	-	-	-	-	1,664	-
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 393,156	\$ 7,760	\$ 159,122	\$ 57,788	\$ 17,941	\$ 19,370	\$ -

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TOWN OF CUMBERLAND, RHODE ISLAND

Non-Major Governmental Funds

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

For the Year Ended June 30, 2015

	RTTT Teacher Effectiveness	RTTT Set Aside	RTTT Educator Effect	RTTT Human Cap	RTTT Early Childhood	Literacy	Technology
Assets							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other Funds	-	-	-	-	-	146,207	139,039
Other receivable	-	-	-	-	-	-	-
Due from state or federal government	-	-	-	-	-	-	-
Total assets	-	-	-	-	-	146,207	139,039
Deferred Outflows of Resources							
None	-	-	-	-	-	-	-
Total deferred outflows of resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,207	\$ 139,039
Liabilities							
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other current liabilities	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-
Deferred Inflows of Resources							
None	-	-	-	-	-	-	-
Total deferred inflow of resources	-	-	-	-	-	-	-
Fund balances (deficits), restricted	-	-	-	-	-	146,207	139,039
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,207	\$ 139,039

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TOWN OF CUMBERLAND, RHODE ISLAND

Non-Major Governmental Funds

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

For the Year Ended June 30, 2015

	Professional Development	CTE Categorical	Other Miscellaneous	School Lunch	Total School Special Revenue
Assets					
Cash	\$ -	\$ -	\$ 104,261	\$ 1,287,404	\$ 1,391,665
Due from other Funds	380	1,236	2,774	-	296,388
Other receivable	-	-	-	11,135	11,135
Due from state or federal government	-	-	2,262	111,953	762,600
Total assets	<u>380</u>	<u>1,236</u>	<u>109,297</u>	<u>1,410,492</u>	<u>2,461,788</u>
Deferred Outflows of Resources					
None	-	-	-	-	-
Total deferred outflows of resources	<u>\$ 380</u>	<u>\$ 1,236</u>	<u>\$ 109,297</u>	<u>\$ 1,410,492</u>	<u>\$ 2,461,788</u>
Liabilities					
Accounts payable and accrued expenses	\$ -	\$ 345	\$ 8,771	\$ 190,079	\$ 209,981
Other current liabilities				25,330	25,330
Due to other funds	-	-	-	965,913	1,608,600
Total liabilities	<u>-</u>	<u>345</u>	<u>8,771</u>	<u>1,181,322</u>	<u>1,843,911</u>
Deferred Inflows of Resources					
None	-	-	-	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), restricted	<u>380</u>	<u>891</u>	<u>100,526</u>	<u>229,170</u>	<u>617,877</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 380</u>	<u>\$ 1,236</u>	<u>\$ 109,297</u>	<u>\$ 1,410,492</u>	<u>\$ 2,461,788</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

Non-Major Governmental Funds

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

For the Year Ended June 30, 2015

	SPED Part B	SPED Preschool	Title I Part A	Title II	Title III	USDA Fresh Fruit & Vegetables	RTTT Standard & Curriculum
Revenues							
Federal and state grant income	\$ 1,149,010	\$ 37,874	\$ 403,019	\$ 139,384	\$ 29,076	\$ 41,726	\$ 1,962
Charges for services	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	1,149,010	37,874	403,019	139,384	29,076	41,726	1,962
Expenditures							
Education	1,149,010	37,874	403,019	139,384	29,076	40,062	1,962
Cafeteria	-	-	-	-	-	-	-
Excess (deficiency) of revenue over expenditures	-	-	-	-	-	1,664	-
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-	1,664	-
Fund balance, July 1, 2014	-	-	-	-	-	-	-
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,664</u>	<u>\$ -</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

Non-Major Governmental Funds

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

For the Year Ended June 30, 2015

	RTTT Teacher Effectiveness	RTTT Set Aside	RTTT Educator Effect	RTTT Human Cap	RTTT Early Childhood	Literacy	Technology
Revenues							
Federal and state grant income	\$ 426	\$ 924	\$ 4,737	\$ 27,275	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	426	924	4,737	27,275	-	-	-
Expenditures							
Education	426	924	4,737	27,275	943	-	-
Cafeteria	-	-	-	-	-	-	-
Excess (deficiency) of revenue over expenditures	-	-	-	-	(943)	-	-
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	(943)	-	-
Fund balance, July 1, 2014	-	-	-	-	943	146,207	139,039
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,207</u>	<u>\$ 139,039</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

Non-Major Governmental Funds

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

For the Year Ended June 30, 2015

	Professional Development	CTE Categorical	Other Miscellaneous	School Lunch	Total School Special Revenue
Revenues					
Federal and state grant income	\$ -	\$ -	\$ 3,000	\$ 1,307,482	\$ 3,145,895
Charges for services	-	-	-	785,496	785,496
Other	-	-	78,706	-	78,706
Total revenues	-	-	81,706	2,092,978	4,010,097
Expenditures					
Education	-	15,027	43,917	-	1,893,636
Cafeteria	-	-	-	2,030,845	2,030,845
Excess (deficiency) of revenue over expenditures	-	(15,027)	37,789	62,133	85,616
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(15,027)	37,789	62,133	85,616
Fund balance, July 1, 2014	380	15,918	62,737	167,037	532,261
Fund balance, June 30, 2015	<u>\$ 380</u>	<u>\$ 891</u>	<u>\$ 100,526</u>	<u>\$ 229,170</u>	<u>\$ 617,877</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2015

	<u>Drainage</u>	<u>Recreation Bond</u>	<u>Open Space</u>	<u>Tucker Field Phase II</u>	<u>Capital Reserve Library</u>	<u>Capital Lease Fund</u>	<u>Total</u>
Assets							
Cash & Cash Equivalents	\$ 815,871	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 815,871
Due from other funds	-	899,650	1,120,216	40,225	30,000	30,464	2,120,555
Total assets	<u>815,871</u>	<u>899,650</u>	<u>1,120,216</u>	<u>40,225</u>	<u>30,000</u>	<u>30,464</u>	<u>2,936,426</u>
Deferred outflows of resources							
None	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 815,871</u>	<u>\$ 899,650</u>	<u>\$ 1,120,216</u>	<u>\$ 40,225</u>	<u>\$ 30,000</u>	<u>\$ 30,464</u>	<u>\$ 2,936,426</u>
Liabilities							
Accounts Payable and Accrued Expense	\$ 152,762	\$ 18,779	\$ -	\$ 8,045	\$ -	\$ -	\$ 179,586
Due to Other funds	443,669	153,013	-	-	-	-	596,682
Total liabilities	<u>596,431</u>	<u>171,792</u>	<u>-</u>	<u>8,045</u>	<u>-</u>	<u>-</u>	<u>776,268</u>
Deferred inflows of resources							
None	-	-	-	-	-	-	-
Fund Balances							
Restricted	219,440	727,858	1,120,216	-	-	30,464	2,097,978
Assigned	-	-	-	32,180	30,000	-	62,180
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 815,871</u>	<u>\$ 899,650</u>	<u>\$ 1,120,216</u>	<u>\$ 40,225</u>	<u>\$ 30,000</u>	<u>\$ 30,464</u>	<u>\$ 2,936,426</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

Non-Major Governmental Funds

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

For the Year Ended June 30, 2015

	<u>Drainage</u>	<u>Recreation Bond</u>	<u>Open Space</u>	<u>Tucker Field Phase II</u>	<u>Capital Reserve Library</u>	<u>Capital Lease Fund</u>	<u>Total</u>
Revenues							
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures							
Public works	17,610	171,792	-	8,045	-	-	197,447
Debt service	<u>-</u>	<u>-</u>	<u>7,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,600</u>
Total expenditures	<u>17,610</u>	<u>171,792</u>	<u>7,600</u>	<u>8,045</u>	<u>-</u>	<u>-</u>	<u>205,047</u>
Excess (deficiency) of revenue over expenditures	(17,610)	(171,792)	(7,600)	(8,045)	-	-	(205,047)
Other financing sources (uses)							
Transfer from (to) other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(17,610)	(171,792)	(7,600)	(8,045)	-	-	(205,047)
Fund Balance, July 1, 2014	<u>237,050</u>	<u>899,650</u>	<u>1,127,816</u>	<u>40,225</u>	<u>30,000</u>	<u>30,464</u>	<u>2,365,205</u>
Fund Balance, June 30, 2015	<u>\$ 219,440</u>	<u>\$ 727,858</u>	<u>\$ 1,120,216</u>	<u>\$ 32,180</u>	<u>\$ 30,000</u>	<u>\$ 30,464</u>	<u>\$ 2,160,158</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2015

	<u>Burial</u>	<u>High School Scholarship</u>	<u>Scholarships</u>	<u>Total</u>
Assets				
Cash	\$ 222,833	\$ 10,468	\$ 42,911	\$ 276,212
Total assets	<u>\$ 222,833</u>	<u>\$ 10,468</u>	<u>\$ 42,911</u>	<u>\$ 276,212</u>
Net position				
Restricted for other purposes	\$ 222,833	\$ 10,468	\$ 42,911	\$ 276,212
Total net position	<u>\$ 222,833</u>	<u>\$ 10,468</u>	<u>\$ 42,911</u>	<u>\$ 276,212</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2015

	<u>Burial</u>	<u>High School Scholarship</u>	<u>Scholarships</u>	<u>Total</u>
Additions				
Donations	\$ -	\$ -	\$ 23,308	\$ 23,308
Interest	<u>884</u>	<u>4</u>	<u>-</u>	<u>888</u>
Total additions	<u>884</u>	<u>4</u>	<u>23,308</u>	<u>24,196</u>
Deductions				
Scholarships	-	-	59,820	59,820
Social services	<u>18</u>	<u>-</u>	<u>-</u>	<u>18</u>
Total deductions	<u>18</u>	<u>-</u>	<u>59,820</u>	<u>59,838</u>
Excess of Revenues and Other Sources				
Over Expenditures and Other Uses	866	4	(36,512)	(35,642)
Fund balance, July 1, 2014	<u>221,967</u>	<u>10,464</u>	<u>79,423</u>	<u>311,854</u>
Fund balance, June 30, 2015	<u><u>\$ 222,833</u></u>	<u><u>\$ 10,468</u></u>	<u><u>\$ 42,911</u></u>	<u><u>\$ 276,212</u></u>

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TOWN OF CUMBERLAND, RHODE ISLAND

Fiduciary Funds
Combining Statement of Assets and Liabilities – Agency Funds

June 30, 2015

	Student Activities/ Alumni	Curb Cuts	Portuguese Exchange	Substance Abuse Prevention Task Force	School Fundraising	Cumberland Fest	Police Evidence	Total
Assets								
Cash	\$ 242,663	\$ 189,760	\$ 1,372	\$ 37,135	\$ 28,831	\$ 264	\$ 55,014	\$ 555,039
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 242,663</u>	<u>\$ 189,760</u>	<u>\$ 1,372</u>	<u>\$ 37,135</u>	<u>\$ 28,831</u>	<u>\$ 264</u>	<u>\$ 55,014</u>	<u>\$ 555,039</u>
	-	-	-	-	-	-	-	-
Liabilities								
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 3,474	\$ -	\$ -	\$ 3,474
Due to Other Funds	-	87,076	-	-	-	-	-	87,076
Deposits Held in Custody	<u>242,663</u>	<u>102,684</u>	<u>1,372</u>	<u>37,135</u>	<u>25,357</u>	<u>264</u>	<u>55,014</u>	<u>464,489</u>
Total liabilities	<u>\$ 242,663</u>	<u>\$ 189,760</u>	<u>\$ 1,372</u>	<u>\$ 37,135</u>	<u>\$ 28,831</u>	<u>\$ 264</u>	<u>\$ 55,014</u>	<u>\$ 555,039</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

Fiduciary Funds Combining Statement of Additions and Deductions – Agency Funds

For the Year Ended June 30, 2015

	Student Activities/ Alumni	Curb Cuts	Portuguese Exchange	Substance Abuse Prevention Task Force	School Fundraising	Cumberland Fest	Police Evidence	Total
Additions								
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrealized gain/(loss)	-	-	-	-	-	-	-	-
Other	604,485	255	-	-	-	124,471	10,054	739,265
Total revenue	<u>604,485</u>	<u>255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,471</u>	<u>10,054</u>	<u>739,265</u>
Deductions								
General government	-	82	-	-	-	-	-	82
Public Safety							4,758	4,758
Recreation								-
Parks								-
Education	602,917	-	-	-	-	-	-	602,917
Parks, recreation, and other	-	-	-	-	-	124,213	-	124,213
Total expenditures	<u>602,917</u>	<u>82</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,213</u>	<u>4,758</u>	<u>731,970</u>
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	1,568	173	-	-	-	258	5,296	7,295
Fund balance, July 1, 2014	<u>241,095</u>	<u>102,511</u>	<u>1,372</u>	<u>37,135</u>	<u>25,357</u>	<u>6</u>	<u>49,718</u>	<u>457,194</u>
Fund balance, June 30, 2015	<u>\$ 242,663</u>	<u>\$ 102,684</u>	<u>\$ 1,372</u>	<u>\$ 37,135</u>	<u>\$ 25,357</u>	<u>\$ 264</u>	<u>\$ 55,014</u>	<u>\$ 464,489</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

Tax Collectors Annual Report

June 30, 2015

<u>Tax Roll Year</u>	<u>Balance July 1, 2014</u>	<u>Assessment</u>	<u>Additions</u>	<u>Abatements, Refunds & Adjustments</u>	<u>Transfers</u>	<u>Amount to be collected</u>	<u>Collections</u>	<u>Balance June 30, 2015</u>
2015	\$ -	\$ 62,059,591	\$ -	\$ (353,997)	\$ (8,220)	\$ 61,697,374	\$ 26,815,326	\$ 34,882,048
2014	34,549,011	-	60,656	8,571	(16,500)	34,601,737	33,376,119	1,225,618
2013	1,393,073	-	4,439	13,743	(4,075)	1,407,180	1,006,325	400,855
2012	488,252	-	4,372	63	6,119	498,805	219,547	279,258
2011	255,595	-	1,235	(1,222)	(3,136)	252,473	41,643	210,830
2010	241,164	-	1,405	(1,158)	124	241,535	19,754	221,781
2009	98,933	-	1,323	658	1,884	102,798	13,222	89,576
2008	96,897	-	1,292	(895)	1,082	98,377	5,236	93,140
2007	81,096	-	125	(88)	4,801	85,934	2,050	83,884
2006	85,388	-	237	(298)	1,480	86,808	2,204	84,604
2005	83,989	-	260	(385)	2,979	86,843	1,772	85,071
2004	84,400	-	-	41	2,165	86,606	473	86,133
2003	407	-	-	973	3,643	5,023	311	4,712
2002	10,809	-	-	371	4,986	16,166	713	15,453
2001	43,399	-	-	(63)	1,629	44,965	3,112	41,853
2000 & prior	791,965	-	-	-	-	791,965	-	791,965
	<u>\$ 38,304,378</u>	<u>\$ 62,059,591</u>	<u>\$ 75,344</u>	<u>\$ (333,686)</u>	<u>\$ (1,039)</u>	<u>\$ 100,104,588</u>	<u>\$ 61,507,806</u>	<u>\$ 38,596,782</u>

<u>Description</u>	<u>Valuation</u>
Real Estate	\$ 3,211,477,330
Tangible Property	141,247,103
Motor Vehicle	317,630,357
Total	3,670,354,790
Exemptions	212,727,175
	<u>\$ 3,457,627,615</u>

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TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2015

Restricted for Education:

School Committee designation for medical insurance cost contingency	\$ 450,000
School Committee designation for capital projects	616,229
School Committee designation for use in a subsequent year	1,403,394
Undesignated (1)	<u>2,363,917</u>
	<u>\$ 4,833,540</u>

(1) The School Committee requires an undesignated fund balance of no less than 2-4% of the total School Unrestricted Fund budgeted operating expenditures of the current fiscal year. The School Unrestricted Fund undesignated fund balance is 3.99% of the total budgeted operating expenditures for the year-end June 30, 2015 and within the range required by the School Committee policy.