TOWN OF CUMBERLAND, RHODE ISLAND

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

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HAGUE, SAHADY & CO., P.C.

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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, 2016, 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 the 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and supplementary pension and other 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 non-major 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 non-major 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 non-major 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 December 9, 2016 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, Sahady & Co. PC

Fall River, Massachusetts
December 9, 2016

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, 2016. 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 $14,459,486 or 20.58% of total 2016 budgeted revenues of $70,262,685. This is an increase of $102,541 from the prior year total fund balance.

- The total unassigned fund balance of the General Fund is $12,952,568 or 18.34% of total 2016 budgeted revenues.

- The total assigned fund balance of the General Fund is $1,506,918. This is an increase of $51,147 from the prior year.

- The Town General Fund ended fiscal year 2016 with a budgetary operating surplus of $694,277 and the School Unrestricted Fund ended with a budgetary operating balance of zero.

- The total debt related to bonds, notes, and capital leases of the Town of Cumberland increased by $2,398,665.

- 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 $59,079,441. 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 decreased by $2,996,954 for the fiscal year ended June 30, 2016.

Continued

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

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 governments 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 measurers 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 non-major governmental funds is provided in the form of combining statements, which are not required but are supplementary information.

Continued

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 104 through 114 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 117 and 118 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 governmental-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

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 87.

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 104 through 114.

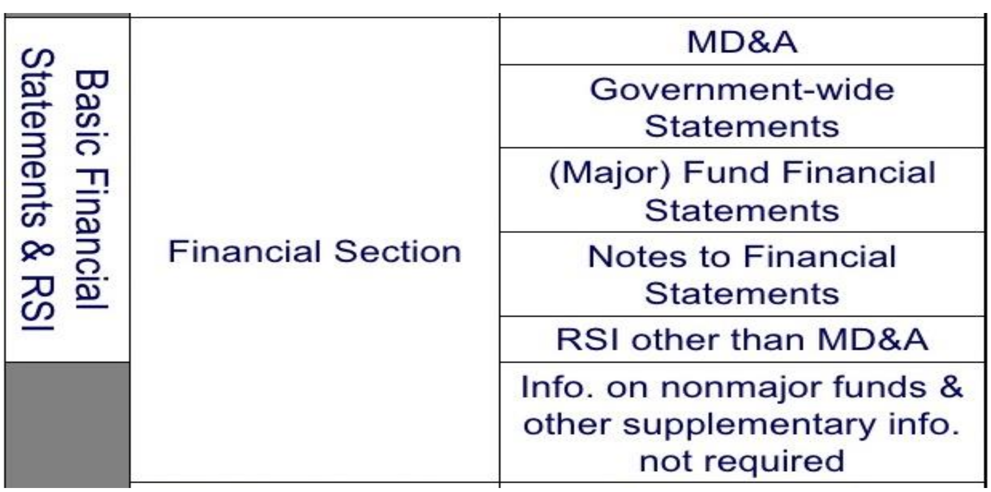
The pension information included represents the state pension for municipal employees excluding police, the police pension and the teachers state pension is presented on pages 91 through 103.

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



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

		Fund Statements		
	Government-Wide 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 $59,079,441 as of June 30, 2016, a decrease over the prior year of $2,996,954.

In regard to the Town's net position, $76,348,611 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'S NET POSITION

June 30,

	Governmental Activities		Business-Type Activities		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Assets						
Current assets	$ 81,030,218	$ 74,368,494	$ 4,316,132	$ 5,026,269	$ 85,346,350	$ 79,394,763
Non current assets	106,350,969	108,724,751	28,209,183	28,614,589	134,560,152	137,339,340
Total assets	187,381,187	183,093,245	32,525,315	33,640,858	219,906,502	216,734,103
Deferred outflows of resources						
Net pension activity	5,180,979	5,377,319	-	-	5,180,979	5,377,319
Other deferred outflows	366,685	450,638	2,529	5,058	369,214	455,696
Total deferred outflows of resources	5,547,664	5,827,957	2,529	5,058	5,550,193	5,833,015
Liabilities						
Current liabilities	23,254,208	20,990,558	1,913,819	2,856,508	25,168,027	23,847,066
Long-term liabilities	134,491,776	122,644,258	4,265,834	4,765,887	138,757,610	127,410,145
Total liabilities	157,745,984	143,634,816	6,179,653	7,622,395	163,925,637	151,257,211
Deferred inflows of resources						
Net pension activity	1,001,238	7,618,877	-	-	1,001,238	7,618,877
Other deferred inflows	1,447,512	1,608,900	2,867	5,735	1,450,379	1,614,635
Total deferred inflows of resources	2,448,750	9,227,777	2,867	5,735	2,451,617	9,233,512
Net Position						
Investment in capital assets, net of related debt	52,794,642	52,371,711	23,553,969	24,080,347	76,348,611	76,452,058
Restricted	6,991,387	7,966,350	-	-	6,991,387	7,966,350
Unrestricted	(27,051,912)	(24,279,452)	2,791,355	1,937,439	(24,260,557)	(22,342,013)
Total net position	$ 32,734,117	$ 36,058,609	$ 26,345,324	$ 26,017,786	$ 59,079,441	$ 62,076,395

An additional portion of the Town's net position $6,991,387 represents resources that are subject to external restriction on how they may be used. This leaves a remaining balance for unrestricted net position of $(24,260,557).

Change in Net Position

The total net position of the Town of Cumberland decreased by $2,996,954 during fiscal year 2016.

Continued

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, 2016. Governmental activities decreased the Town's net position by $3,324,492, while business type activities increased the Town's net position by $327,538.

TOWN OF CUMBERLAND'S CHANGES IN NET POSITION

For the year ended June 30,

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Revenues						
Program Revenues:						
Charges for service	$ 3,970,932	$ 3,883,035	$ 4,754,064	$ 4,869,918	$ 8,724,996	$ 8,752,953
Operating grants & contributions	7,911,700	5,742,035	-	209,014	7,911,700	5,951,049
Capital grants & contributions	2,088,539	-	-	-	2,088,539	-
General Revenues:						
Property taxes	63,472,873	61,688,931	-	-	63,472,873	61,688,931
State aid to town	1,810,699	1,261,023	-	-	1,810,699	1,261,023
State aid to education	18,189,846	17,369,131	-	-	18,189,846	17,369,131
Other revenue	3,714,106	3,639,495	440,021	332,428	4,154,127	3,971,923
Earnings on invesments	81,562	66,782	-	13	81,562	66,795
Total revenue	101,240,257	93,650,432	5,194,085	5,411,373	106,434,342	99,061,805
Expenses						
General government	4,791,411	4,769,602	-	-	4,791,411	4,769,602
Community development	1,977,894	578,668	-	-	1,977,894	578,668
Public safety	10,278,292	10,085,628	-	-	10,278,292	10,085,628
Public works	9,895,034	9,197,748	-	-	9,895,034	9,197,748
Social services	3,965,659	2,692,490	-	-	3,965,659	2,692,490
Education	79,337,520	60,322,110	-	-	79,337,520	60,322,110
Interest on debt	2,133,014	1,770,598	-	-	2,133,014	1,770,598
Water	-	-	4,866,547	4,266,777	6,999,561	6,037,375
Total expenses	112,378,824	89,416,844	4,866,547	4,266,777	119,378,385	95,454,219
Increase(decrease) in net assets before transfers	(11,138,567)	4,233,588	327,538	1,144,596	(10,811,029)	5,378,184
Proceeds from capital leases	5,149,099	848,607	-	-	5,149,099	848,607
Proceeds from bonds	2,664,976	109,578	-	-	2,664,976	109,578
Increase(decrease) in net position	(3,324,492)	5,191,773	327,538	1,144,596	(2,996,954)	6,336,369
Net position, July 1, restated	36,058,609	30,866,836	26,017,786	24,873,190	62,076,395	55,740,026
Net position, June 30	$ 32,734,117	$ 36,058,609	$ 26,345,324	$ 26,017,786	$59,079,441	$ 62,076,395

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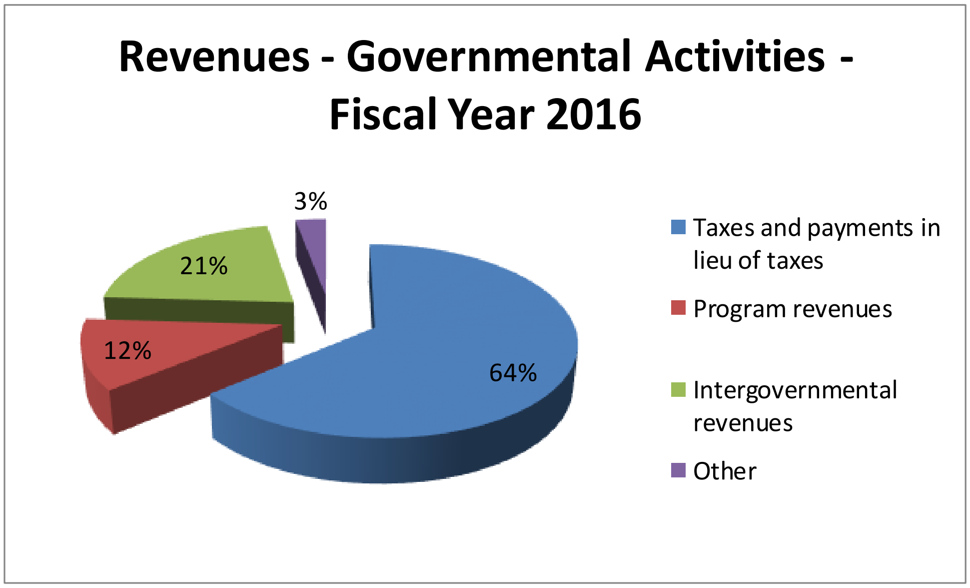
Revenue

Governmental Activities

Total governmental activities revenues for the Town are comprised of general revenues of $87.3 million, charges for services $3.9 million, and operating grants and contributions of $10.0 million.



General Revenues

The majority of general revenues are tax collections from the Town's taxpayers. This amount represented 64% of the total general revenues or $63.5 million.

Intergovernmental revenue is $20.9 million representing 21% of general revenues. The largest portion of this figure totaling $16.6 million represents amounts restricted for use on Education.

Program Revenues

Charges for services are $4.0 million and represent a variety of departmental revenues. The public safety portion includes several types of permits revenue, traffic and moving violations revenues.

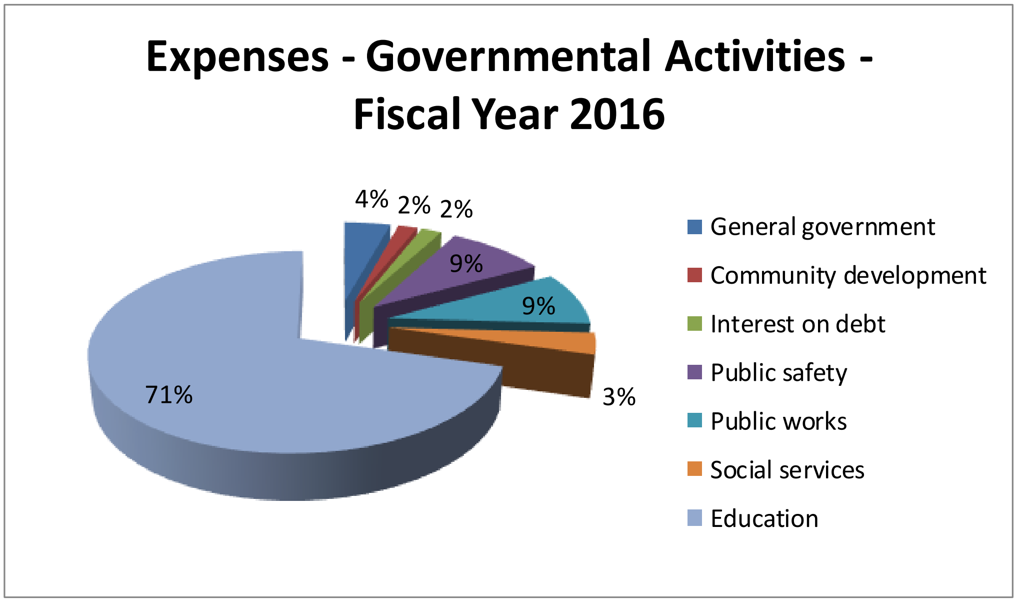
The operating grants are also a significant source of revenue for the Town. The total operating grants for fiscal year ended June 30, 2016 amounted to $7.9 million of which $7.3 million were received for education.

Expenses

Governmental Activities

For fiscal year ended June 30, 2016, expenses for the governmental activities totaled $112.4 million, which cover a range of services.

Education continues to be one of the Town's highest priorities and commitments representing $79.4 million or 70.6% of the total governmental activity expenses.



Business-Type Activity

Business-type activity increased net position by $327 thousand for the fiscal year ended June 30, 2016. Factors contributing to these results are as follows:

- The water fund had operating income of $595 thousand and interest expense of $267 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 $21,530,429. The General Fund reported an unassigned fund balance of $12,952,568 representing approximately (60.2%) of total fund balance of all governmental funds.

Continued

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 $2,791,355.

The Town of Cumberland's General Fund Budgetary Highlights

The general fund ended the year with revenue recorded in the amount of $336,782 over the budget. The categories are presented on page 104 and include both favorable and unfavorable differences,

The expenditures ended the year with a favorable variance of $357,495. The most significant positive amount includes underspend public safety budget of $295,624.

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 $70,599,467. The fund balance amount of $14,459,486 equals 20.48% 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 $128,215,858 net of accumulated depreciation at June 30, 2016. Included are land, building and improvements, construction in progress, motor vehicles, furniture and equipment, and infrastructure.

Major Capital Events During the Fiscal Year 2015-2016

The major capital projects in 2015-2016 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 lows 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

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	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Land	$ 19,882,983	$ 19,882,983	$ 280,974	$ 280,974	$ 20,163,957	$ 20,163,957
Construction in progress	425,347	41,647	977,564	692,824	1,402,911	734,471
Infrastructure, net	14,985,630	13,877,222	24,621,356	25,208,911	39,606,986	39,086,133
Land improvements, net	2,528,735	2,705,511	-	-	2,528,735	2,705,511
Building & improvements, net	59,474,078	61,179,192	2,278,251	2,348,805	61,752,329	63,527,997
Vehicles, net	1,674,825	1,464,400	51,038	83,075	1,725,863	1,547,475
Machinery and equipment, net	1,035,077	1,454,195	-	-	1,035,077	1,454,195
Total	$100,006,675	$ 100,605,150	$ 28,209,183	$28,614,589	$128,215,858	$ 129,219,739

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 $22,090,000. 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	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
General obligation bonds	$ 21,850,000	$ 22,155,000	$ 240,000	$ 240,000	$22,090,000	$ 22,395,000
Notes payable	21,959,665	23,576,715	3,451,801	3,744,219	25,411,466	27,320,934
Capital leases	6,687,938	1,825,011	898,782	1,000,710	7,586,720	2,825,721
Total	$ 50,497,603	$ 47,556,726	$ 4,590,583	$ 4,984,929	$55,088,186	$ 52,541,655

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 $22,395,000 at year-end, which is $82,311,027 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 2016-2017 Budget and Tax Rates

The Town of Cumberland's total general fund budget for fiscal year 2017 is $92,986,690; which reflects an increase of $2,323,252 over the final fiscal year 2016 budget. In the Town's 2017 budget, $63,103,069 or 67.86% is allocated for educational purposes, which is an increase of $1,820,234 or 2.97% over the fiscal year 2016 budget. $29,883,621 or 32.14% is budgeted for all other purposes, which is an increase of $503,018 or 1.71%.

Of the $63,103,069 budgeted for educational purposes, the State of Rhode Island is budgeted for fiscal year 2017 to contribute $17,687,703 to the Town's education department and the Town is budgeted to contribute $41,904,134, which is an increase of $1,022,052 or 2.50% over the fiscal year 2016 budget. The budget also appropriated the use of school surplus funds totaling $950,632 in the fiscal year 2017 budget. The amount contributed by the State is based on the Town being considered an outlying suburban community. The total population of the Cumberland School District and the average level of wages earned by its citizens are the determining factors for this designation. Within the adopted fiscal year 2017 budget, the Town funded three separate master leases for the school department related to the capital needs of the school district. The Town also partnered with the school department on the budgeting of a school capital improvement account to address various capital needs of the school department with the fiscal year 2017 budget.

General Economic Factors

The June 2016 unemployment rate for the Town of Cumberland was 4.1%, which compares favorably to the unemployment rate of both the State of Rhode Island at 5.5% and the national rate of 4.9% from the same period. According to the Rhode Island City & Town Income American Community Survey, 5-year estimates, 2010 – 2014, the median family income of the Town was $89,092, compared to the State average of $72,217. Median family income in the Town increased from $63,194 in 2000, an increase of 40.98%. The Town's median family income ranks twenty-fourth among Rhode Island cities and towns.

The per capita income of the Town of Cumberland was $37,190, compared to $30,765 for the state in 2014. Per capita income in the Town increased from $25,592 in 2000, an increase of 45.32%. The Town's per capita income ranks twenty-sixth among 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.

Continued

Basic Financial Statements

TOWN OF CUMBERLAND, RHODE ISLAND

Government Wide Financial Statements

Statement of Net Position

June 30, 2016

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
ASSETS			
Cash and investments	$ 25,067,212	$ 1,598,577	$ 26,665,789
Restricted cash	4,665,752	732,046	5,397,798
Receivables, net			
Personal property taxes	36,516,863	-	36,516,863
User charges	1,446,173	1,972,996	3,419,169
Intergovernmental	1,181,062	-	1,181,062
Departmental and other	1,849,314	12,513	1,861,827
Due from other funds	10,104,116	-	10,104,116
Prepaid expenses	199,726	-	199,726
TSB - net pension asset	6,344,294	-	6,344,294
Capital assets:			
Land	19,882,983	280,974	20,163,957
Construction in progress	425,347	977,564	1,402,911
Depreciable assets, net	79,698,345	26,950,645	106,648,990
Total capital assets	100,006,675	28,209,183	128,215,858
Total assets	187,381,187	32,525,315	219,906,502
DEFERRED OUTFLOWS OF RESOURCES			
Police Pension, net of deferred inflows	885,524	-	885,524
ERS, net of deferred inflows	3,158,230	-	3,158,230
MERS, net of deferred inflows	1,137,225	-	1,137,225
Loss on refunding	366,685	2,529	369,214
Total assets and deferred outflows of resources	$ 192,928,851	$ 32,527,844	$ 225,456,695

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, 2016

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
LIABILITIES			
Accounts payable and accrued expenses	$ 3,704,214	$ 522,423	$ 4,226,637
Other liabilities	4,933,135	209,014	5,142,149
Accrued interest	545,131	64,631	609,762
Due to federal and state governments	53,194		53,194
Due to other funds	8,362,281	720,544	9,082,825
Current portion of capital leases	1,010,527	89,412	1,099,939
Current portion of deferred salary liability	111,009	-	111,009
Current portion of other commitments	17,850	-	17,850
Current portion of bonds and notes payable	2,755,000	115,000	2,870,000
Current portion of loans payable	1,473,678	192,795	1,666,473
Current portion of bond premium	144,969	-	144,969
Current portion of compensated absences	143,220	-	143,220
Portion due or payable in more than one year:			
Capital leases	5,677,411	809,370	6,486,781
Deferred salary liability	567,547	-	567,547
Other commitments	196,350	-	196,350
Bonds and notes payable	19,095,000	125,000	19,220,000
Loans payable	20,485,987	3,259,006	23,744,993
Bond premium	1,056,767	-	1,056,767
Compensated absences	2,047,689	72,458	2,120,147
Other post-employment benefit obligation	10,934,464	-	10,934,464
Police net pension liability	19,484,451	-	19,484,451
ERS net pension liability	46,697,799	-	46,697,799
MERS net pension liability	8,248,311	-	8,248,311
Total liabilities	157,745,984	6,179,653	163,925,637

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

Government Wide Financial Statements

Statement of Net Position

June 30, 2016

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
DEFERRED INFLOWS OF RESOURCES			
TSB, net of deferred outflows	1,001,238	-	1,001,238
Other deferred revenue	1,447,512	-	1,447,512
Bond premium	-	2,867	2,867
Total deferred inflows of resources	2,448,750	2,867	2,451,617
NET POSITION			
Net investment in capital assets	52,794,642	23,553,969	76,348,611
Restricted	6,991,387	-	6,991,387
Unrestricted	(27,051,912)	2,791,355	(24,260,557)
Total liabilities, deferred inflows or resources and net position	$ 192,928,851	$ 32,527,844	$ 225,456,695

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, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position — Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	$ 4,791,411	$ 501,381	$ 419,808	$ -	$ (3,870,222)	$ -	$ (3,870,222)
Community development	1,977,894	-	60,107	1,455,810	(461,977)	-	(461,977)
Public safety	10,278,292	1,038,092	98,802	50,520	(9,090,878)	-	(9,090,878)
Public works	9,895,034	1,533,623	20,756	582,209	(7,758,446)	-	(7,758,446)
Social services	3,965,659	21,566	34,837	-	(3,909,256)	-	(3,909,256)
Education	73,235,717	876,270	3,403,562	-	(68,955,885)	-	(68,955,885)
Cafeteria	2,227,975	-	-	-	(2,227,975)	-	(2,227,975)
State contribution to teachers pension plan	3,873,828	-	3,873,828	-	-	-	-
Interest on debt	2,133,014	-	-	-	(2,133,014)	-	(2,133,014)
Total governmental activities	112,378,824	3,970,932	7,911,700	2,088,539	(98,407,653)	-	(98,407,653)
Business-Type Activities							
Water fund	4,866,547	4,754,064	-	-	-	(112,483)	(112,483)
Total business-type activities	4,866,547	4,754,064	-	-	-	(112,483)	(112,483)
Total Town of Cumberland	##########	$ 8,724,996	$ 7,911,700	$ 2,088,539	$ (98,407,653)	$ (112,483)	$ (98,520,136)

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, 2016

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
General revenues			
Real estate and personal property, net of reserve for abatements	$ 63,472,873	$ -	$ 63,472,873
Meals and beverage tax	473,622	-	473,622
Telephone tax	436,817	-	436,817
Realty transfer tax	463,623	-	463,623
School housing aid	1,600,123	-	1,600,123
Earnings on invesments	81,562	-	81,562
State aid to town	474,037	-	474,037
State aid to education	16,589,723	-	16,589,723
Library housing	184,878	-	184,878
Library aid	266,665	-	266,665
Medicaid	426,223	-	426,223
Miscellaneous	2,798,940	108,006	2,906,946
Proceeds from capital leases	-		
Debt reduction surcharge	-	332,015	332,015
Total general revenues	87,269,086	440,021	87,709,107
Proceeds from capital leases	5,149,099	-	5,149,099
Proceeds from bonds	2,664,976	-	2,664,976
Total general revenues, special items, and transfers	95,083,161	440,021	95,523,182
Changes in net position	(3,324,492)	327,538	(2,996,954)
Net position - July 1, 2015, restated	36,058,609	26,017,786	62,076,395
Net position - June 30, 2016	$ 32,734,117	$ 26,345,324	$ 59,079,441

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

TOWN OF CUMBERLAND, RHODE ISLAND

Governmental Funds
Balance Sheet

June 30, 2016

	Major Fund			Non-Major	Total
	General Fund	School Unrestricted	Sewer Fund	Governmental Funds	Governmental Funds
Assets					
Cash and investments	$ 22,365,962	$ 466,942	$ -	$ 2,234,308	$ 25,067,212
Restricted cash - debt service	-	-	-	-	-
Receivables:					
Property taxes, net	36,062,874	-	-	-	36,062,874
Intergovernmental	-	63,854	-	1,117,208	1,181,062
Sewer use and assessment	-	-	1,164,216	-	1,164,216
Other	1,585,403	572	-	263,339	1,849,314
Due from other funds	1,193,808	5,048,561	-	3,861,747	10,104,116
Other assets	75,301	124,425	-	-	199,726
Total assets	61,283,348	5,704,354	1,164,216	7,476,602	75,628,520
Deferred outflows of resources					
None	-	-	-	-	-
Total assets and deferred outflows of resources	$ 61,283,348	$ 5,704,354	$ 1,164,216	$ 7,476,602	$ 75,628,520
Liabilities					
Accounts payable and accrued expenses	$ 1,281,348	$ 1,693,699	$ 8,439	$ 720,728	$ 3,704,214
Due to federal and state government	53,194	-	-	-	53,194
Other liabilties	4,908,533	348	-	24,254	4,933,135
Deposits held for debt service	-	-	-	-	-
Due to other funds	4,945,887	-	1,266,544	2,149,850	8,362,281
Total liabilities	11,188,962	1,694,047	1,274,983	2,894,832	17,052,824
Deferred inflows of resources					
Deferred property taxes	35,597,755	-	-	-	35,597,755
Other deferred revenue	37,145	-	1,164,216	246,151	1,447,512
Total deferred inflows of resources	35,634,900	-	1,164,216	246,151	37,045,267
Fund balance					
Nonspendable	-	124,425	-	-	124,425
Restricted	-	3,885,882	-	3,105,505	6,991,387
Committed	-	-	-	269,999	269,999
Assigned	1,506,918	-	-	1,034,669	2,541,587
Unassigned	12,952,568	-	(1,274,983)	(74,554)	11,603,031
Total fund balance	14,459,486	4,010,307	(1,274,983)	4,335,619	21,530,429
Total liabilities, deferred inflows of resources, and fund balance	$ 61,283,348	$ 5,704,354	$ 1,164,216	$ 7,476,602	$ 75,628,520

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, 2016

	Major Fund			Non-Major	Total
	General Fund	School Unrestricted	Sewer Fund	Governmental Funds	Governmental Funds
Revenues					
General property taxes and interest	$ 63,262,464	$ -	$ -	$ -	$ 63,262,464
Other local and departmental revenue	3,447,992	-	-	-	3,447,992
Intergovernmental	3,977,676	17,015,946	-	5,132,465	26,126,087
Charges for services	-	-	946,185	876,270	1,822,455
Investment income	80,792	-	-	770	81,562
State contribution to pension plan	-	2,419,539	-	-	2,419,539
Other revenue	958,495	432,052	-	993,946	2,384,493
Total revenue	71,727,419	19,867,537	946,185	7,003,451	99,544,592
Expenditures					
General government	1,664,130	-	-	124,319	1,788,449
Community development	347,910	-	-	1,529,388	1,877,298
Public safety	6,344,479	-	-	214,565	6,559,044
Public works	5,505,679	-	369,081	1,842,556	7,717,316
Social services	2,348,319	-	-	523,061	2,871,380
Other	1,921,700	-	-	-	1,921,700
Employee benefits	7,259,631	-	-	-	7,259,631
Education	8,330	59,636,660	-	1,978,639	61,623,629
Cafeteria	-	-	-	2,227,975	2,227,975
State contibutin to pension plan	-	2,419,539	-	-	2,419,539
Capital outlay	149,163	-	-	-	149,163
Debt service					
Principal	3,590,925	-	504,695	239,135	4,334,755
Interest	1,767,506	-	40,854	248,640	2,057,000
Total expenditures	30,907,772	62,056,199	914,630	8,928,278	102,806,879
Excess (deficiency) of revenues over expenditures	40,819,647	(42,188,662)	31,555	(1,924,827)	(3,262,287)
Other financing sources (uses)					
Proceeds from capital leases	-	483,347	-	-	483,347
Bond proceeds	164,976	-	-	2,500,000	2,664,976
Transfers in	-	40,882,082	-	-	40,882,082
Transfers out	(40,882,082)	-	-	-	(40,882,082)
Other financing sources (uses)	(40,717,106)	41,365,429	-	2,500,000	3,148,323
Excess of revenue and other sources over expenditures and other uses	102,541	(823,233)	31,555	575,173	(113,964)
Fund balance, July 1, 2015	14,356,945	4,833,540	(1,306,538)	3,760,446	21,644,393
Fund balance, June 30, 2016	$ 14,459,486	$ 4,010,307	$ (1,274,983)	$ 4,335,619	$ 21,530,429

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, 2016

Total governmental fund balances	$ 21,530,429
Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets, net	100,006,675
Sewer assessment receivable	281,957
Accrued interest receivable	416,844
TSB net pension asset	6,344,294
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds.	35,634,900
Other long-term assets related to net pension activity and therefore, are deferred inflows of resources in the funds.	(6,688,968)
Other long-term liabilities related to net pension activity and therefore, are deferred outflows of resources in the funds.	10,868,709
Long term liabilities relating to bond premiums amortized over the life of the bond	(1,201,736)
In the statement of activities, interest is accrued on outstanding long-term debt whereas in governmental funds interest is not reported until due.	(545,131)
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	(43,442,980)
Capital leases	(2,022,186)
Compensated absences	(2,190,909)
Other postemployment benefits	(10,934,464)
Police net pension liability	(19,484,451)
ERS net pension liability	(46,697,799)
MERS net pension liability	(8,248,311)
Other commitments	(214,200)
Deferred salary liability	(678,556)
Net position of governmental activities	$ 32,734,117

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, 2016

Net change in fund balances - total governmental funds	$	(113,964)
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.		(598,475)
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.		241,376
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.		952,451
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		144,969
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.		(76,014)
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.		(2,816)
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		(88,137)
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		(3,909,894)
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		126,012
Change in net position of governmental activities	$	(3,324,492)

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, 2016

		Water Fund
Assets		
Current assets		
Cash and cash equivalents	$	1,598,577
Restricted cash		732,046
Receivables, net:		
User fees, less allowance for doubtful accounts		1,972,996
Other		12,513
Total current assets		4,316,132
Non-current assets		
Nondepreciable		1,258,538
Depreciable, net		26,950,645
Total non-current assets		28,209,183
Total assets		32,525,315
Deferred outflows of resources		
Loss on refunding		2,529
Total assets and deferred outflows of resources	$	32,527,844
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	$	522,423
Accrued interest payable		64,631
Due to other funds		720,544
Other liabilities		209,014
Current portion of lease payable		89,412
Current portion of loans payable		192,795
Current portion of bonds payable		115,000
Total current liabilities		1,913,819
Non-current liabilities:		
Compensated absences		72,458
Lease payable		809,370
Loans payable		3,259,006
Bonds payable		125,000
Total non-current liabilities		4,265,834
Total liabilities		6,179,653
Deferred inflows of resources		
Bond premium		2,867
Net position		
Net investment in capital assets		23,553,969
Unrestricted		2,791,355
Total net position	$	26,345,324

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, 2016

	Water Fund
Operating revenues	
User fees and charges	$ 4,692,781
Other revenues	501,304
Total operating revenues	5,194,085
Operating expenses	
Personnel services	1,346,553
Maintenance and servicing	154,912
Operating supplies	1,236,028
Fixed and general charges	1,217,369
Depreciation and amortization	644,442
Total operating expenses	4,599,304
Operating income (loss)	594,781
Nonoperating revenues (expenses)	
Interest expense	(267,243)
Income (loss) before transfers	327,538
Transfers	
Transfers in - operating	-
Transfers out - operating	-
Total Transfers	-
Change in net position	327,538
Net position, July 1, 2015, restated	26,017,786
Net position, June 30, 2016	$ 26,345,324

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, 2016

		Water Fund
Cash flows from operating activities		
Cash received from customers	$	(8,592)
Cash received from government		5,165,260
Cash received from other funds		(1,243,740)
Payments to suppliers and employees		(4,162,215)
Net cash provided (used) by operating activities		(249,287)
Cash flows from capital and related financing activities:		
Purchases and construction of capital assets		(342,317)
Principal paid on capital debt		(110,677)
Interest paid on capital debt		(257,406)
Proceeds restricted for debt		-
Net cash used by capital and related financing activities		(710,400)
Net increase in cash and cash equivalents		(959,687)
Balances-beginning of the year		1,742,161
Balances-end of the year	$	782,474
Displayed as:		
Cash and cash equivalents	$	2,330,623
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$	594,781
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		644,442
Change in assets and liabilities:		
(Increase) decrease in user charges receivables, net		(28,825)
(Increase) decrease in other receivables		(8,592)
Increase (decrease) accounts payable and accrued expenses		51,940
Increase decrease in other liabilities		209,014
Increase (decrease) in due to other funds		(1,243,740)
Increase (decrease) in loans payable		(465,228)
Increase (decrease) compensated absences		(3,079)
Net cash provided (used) by operating activities	$	(249,287)

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, 2016

	Police Pension Trust	OPEB Trust	Private Purpose Trust Funds	Agency Funds	Total Fiduciary Funds
Assets					
Cash and cash equivalents	$ 493,174	$ 121,897	$ 286,639	$ 561,008	$ 1,462,718
Investments, at fair value					
Equities	7,427,470	1,512,717	-	-	8,940,187
Fixed income	4,686,249	679,613	-	-	5,365,862
Mutual funds	1,386,313	695,819	-	-	2,082,132
Accounts receivable	-	100,000	-	-	100,000
Accrued interest receivable	46,110	8,213	-	-	54,323
Total assets	14,039,316	3,118,259	286,639	561,008	18,005,222
Deferred outflows of resources					
None	-	-	-	-	-
Total assets and deferred outflows of resources	$ 14,039,316	$ 3,118,259	$ 286,639	$ 561,008	$ 18,005,222
Liabilities					
Accounts payable	$ -	$ 1,731	$ -	$ 1,224	$ 2,955
Other liabilities	-	-	-	-	-
Due to other funds	50,419	881,509	150	89,213	1,021,291
Deposits held	-	-	-	470,571	470,571
Total liabilities	50,419	883,240	150	561,008	1,494,817
Deferred inflows of resources					
None	-	-	-	-	-
Net Position					
Restricted	13,988,897	2,235,019	286,489	-	16,510,405
Total net position	13,988,897	2,235,019	286,489	-	16,510,405
Total liabilities and net position	$ 14,039,316	$ 3,118,259	$ 286,639	$ 561,008	$ 18,005,222

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, 2016

	Police Pension Trust	OPEB Trust	Private Purpose Trust Funds	Total Fiducary Funds
Additions				
Employer contributions	$ 2,112,000	$ 1,550,643	$ -	$ 3,662,643
Plan member contributions	232,349	-	-	232,349
Investment income (net of related fees)	270,948	104,260	966	376,174
Other	-	-	50,228	50,228
Total additions	2,615,297	1,654,903	51,194	4,321,394
Deductions				
Benefits paid	1,831,408	1,160,104	-	2,991,512
Administrative expenses	69,519	11,629	-	81,148
Scholarships	-	-	40,743	40,743
Social services	-	-	174	174
Total deductions	1,900,927	1,171,733	40,917	3,113,577
Changes in fund equity held in trust for individuals, organizations, and other governments	714,370	483,170	10,277	1,207,817
Net position, July 1, 2015	13,274,527	1,751,849	276,212	15,302,588
Net position, June 30, 2016	$ 13,988,897	$ 2,235,019	$ 286,489	$ 16,510,405

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

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.

Continued

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.

Continued

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.

Continued

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.

Continued

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

C. Recently Issued Accounting Standards

For the year ending June 30, 2016, the Authority implemented the following pronouncements issued by the GASB:

- GASB Statement No. 72, *Fair Value and Measurement Application*

The implementation of GASB Statement No. 72 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 2015 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.

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:

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

K. Property Taxes

The Town is permitted by State Law to levy property taxes. The Town's fiscal 2015-2016 property taxes were levied in April 2016 on assessed valuation as of December 31, 2015. 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.

Continued

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, 2016.

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.

Continued

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.

Continued

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, 2016:

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

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, 2016, 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, 2016 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 2016 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, 2016, 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, 2016, 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, 2016, 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.

Continued

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, 2016, 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, 2016.

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.

Continued

Note 2. Capital Assets

Capital asset activity for the fiscal year ended June, 30, 2016 was as follows:

	Beginning Balance	*Additions*	*Retirements*	*Ending Balance*
Governmental Activities:				
Nondepreciable assets:				
Land	$ 19,882,983	$ -	$ -	$ 19,882,983
Construction in progress	41,647	425,347	41,647	425,347
	19,924,630	425,347	41,647	20,308,330
Depreciable assets:				
Land improvements	3,856,231	-	-	3,856,231
Infrastructure	29,829,401	1,848,746	-	31,678,147
Buildings and improvements	86,225,271	51,529	-	86,276,800
Machinery and equipment	5,686,787	230,030	-	5,916,817
Vehicles	4,619,114	674,743	54,072	5,239,785
	130,216,804	2,805,048	54,072	132,967,780
Total Capital Assets	150,141,434	3,230,395	95,719	153,276,110
Less accumulated depreciation for:				
Land improvements	1,150,720	176,776	-	1,327,496
Infrastructure	15,952,179	740,338	-	16,692,517
Buildings and improvements	25,046,079	1,756,643	-	26,802,722
Machinery and equipment	4,232,592	649,148	-	4,881,740
Vehicles	3,154,714	464,318	54,072	3,564,960
Total Accumulated Depreciation	49,536,284	3,787,223	54,072	53,269,435
Governmental Activities Capital Assets, Net	$ 100,605,150	$ (556,828)	$ 41,647	$ 100,006,675
Business-Type Activities				
Nondepreciable assets:				
Land	$ 280,974	$ -	$ -	$ 280,974
Construction in progress	692,824	284,740	-	977,564
	973,798	284,740	-	1,258,538
Depreciable assets:				
Buildings	3,213,317	-	-	3,213,317
Mains, laterals, standpipes and other	38,204,047	-	-	38,204,047
Vehicles	471,765	-	45,092	426,673
	41,889,129	-	45,092	41,844,037
Total Capital Assets	42,862,927	284,740	45,092	43,102,575
Less accumulated depreciation for:				
Buildings	864,512	70,554	-	935,066
Mains, lateralsm standpipes and other	12,995,136	587,556	-	13,582,692
Vehicles	388,689	32,038	45,092	375,635
Total Accumulated Depreciation	14,248,337	690,148	45,092	14,893,393
Business-Type Activities Capital Assets, Net	$ 28,614,590	$ (405,408)	$ -	$ 28,209,182

Continued

Note 2. Capital Assets (Continued)

Depreciation expense was charged to functions as follows:

General government	$	23,530
Public safety		294,541
Public works		1,077,224
Social services		172,707
Education		2,165,149
Total Depreciation Expense	$	3,733,151

Note 3. Stewardship, Compliance and Accountability

A. *Legal Debt Margin* – 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 $22,395,000 at year-end, which is $82,311,027 under the State imposed limitation

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, 2016:

Major Funds			
Sewer fund	$	(1,274,983)	*
Town Special Revenue Funds			
Sewer ferncrest willow		(74,554)	*
Total	$	(1,349,537)	

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

Continued

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 $732,046 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, 2016, $30,373,525 of the Town's bank balance of $32,142,863 was exposed to custodial credit risk as follows:

		Carrying Amount
Total Deposits	$	28,245,482
Add: Investments classified as cash equivalents		615,071
Total Cash and Cash Equivalents Reported in the Financial Statements	$	28,860,553

		Bank Balance
Insured (Federal depository insurance funds)	$	1,769,338
Collaterized with securities held by pledging financial institution or its agent in the Town's name		10,917,926
Uninsured and uncollateralized		19,455,599
Total	$	32,142,863

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, 2016 the Town's uncollateralized deposits with an institution was $19,455,599.

Continued

Note 5. Investments

As of June 30, 2016, the Town had the following investments:

Investment	Maturity	Fair Value	Moody's Rating
Mutual Funds - Fixed Income	N/A	$ 5,365,862	Not Rated
Mutual Funds - Balanced	N/A	2,082,132	Not Rated
Mutual Funds - Equity	N/A	8,940,187	Not Rated
Total Investments Reported in the Financial Statements		$ 16,388,181	

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:

Moody's	S&P	Value
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.

Continued

Note 5. Investments (Continued)

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.

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, 2016, was as follows:

	Beginning Balance	***Issued***	***Redeemed***	***Ending Balance***
General obligation tax anticipation notes	$ -	$ 7,500,000	$ 7,500,000	$ -

Note 7. Long-Term Liabilities

A. Long-term liability activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds, notes, loans, and capital leases payable:					
Bonds payable	$ 22,155,000	$ 2,380,000	$ 2,685,000	$ 21,850,000	$ 2,755,000
Notes and loans payable	23,576,715	-	1,617,050	21,959,665	1,473,678
Capital lease payable	1,825,011	5,616,349	753,422	6,687,938	1,010,527
Plus amortized premium bonds and loans	1,346,705	-	144,969	1,201,736	144,969
Total bonds, notes, loans, and capital leases payable	48,903,431	7,996,349	5,200,441	51,699,339	5,384,174
Other liabilities:					
Deferred salary	786,718	-	108,162	678,556	111,009
Compensated absences	2,188,093	68,821	66,005	2,190,909	143,220
Net OPEB obligation	10,846,327	88,137	-	10,934,464	-
Net pension liability	65,874,675	8,555,886	-	74,430,561	-
Other commitments	232,050	-	17,850	214,200	17,850
Governmental activities Long-term liabilities	$ 128,831,294	$ 16,709,193	$ 5,392,458	$ 140,148,029	$ 5,656,253
Business-Type Activities:					
Bonds payable	$ 240,000	$ -	$ 115,000	$ 125,000	$ 125,000
Loan payable	3,744,219	-	177,418	3,566,801	182,795
Capital lease payable	1,000,710	-	101,928	898,782	89,412
Plus amortized premium bonds	5,734	-	2,867	2,867	2,867
Total bonds and loans payable	4,990,663	-	397,213	4,593,450	400,074
Compensated absences	86,213	-	13,755	72,458	-
Business-Type Activities: Long-term liabilities	$ 5,076,876	$ -	$ 410,968	$ 4,665,908	$ 400,074

Continued

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, 2016 were as follows:

Fiscal Year Ended June 30,	Lease Payment Requirements	Town General Fund	School General Fund	Water Fund	Total
2017	$ 1,207,645	$ 707,601	$ 386,005	$ 114,039	$ 1,207,645
2018	1,207,646	707,602	386,005	114,039	1,207,646
2019	1,207,645	707,601	386,005	114,039	1,207,645
2020	736,937	443,348	179,550	114,039	736,937
2021	549,869	256,280	179,550	114,039	549,869
Thereafter	2,749,346	1,215,892	1,077,300	456,154	2,749,346
Total minimum lease payments	7,659,088	$ 4,038,324	$ 2,594,415	$ 1,026,349	$ 7,659,088
Funds not drawn down at June 30, 2016	(4,665,752)				
Less: Amount representing interest cost	(971,151)				
Present value of minimum lease payments	$ 2,022,185				

C. General Obligation Bonds Debt Service Requirements

The debt service requirements at June 30, 2016, were as follows:

	Governmental Activities General Obligation Bonds		Business Type Activities General Obligation Bonds	
Fiscal Year Ending June 30,	*Principal*	*Interest*	*Principal*	*Interest*
2017	$ 2,755,000	$ 846,495	$ 125,000	$ 2,938
2018	2,790,000	738,439	-	-
2019	3,040,000	622,231	-	-
2020	1,895,000	530,950	-	-
2021	1,950,000	460,191	-	-
2022-2026	7,055,000	1,234,619	-	-
2027-2031	1,725,000	384,047	-	-
2032-2033	640,000	39,940	-	-
	$ 21,850,000	$ 4,856,912	$ 125,000	$ 2,938

Continued

Note 7. Long-Term Liabilities (Continued)

D. Schedule of Bonds Payable

Purpose	Date Issued	Interest Rate	Maturity Date	Authorized and Issued	Outstanding June 30, 2015	New Issues	Maturities During Year	Outstanding June 30,2016
Governmental Activities:								
Library Bond (Refunding)	06/10/08	2.00%-4.76%	08/01/18	2,850,000	1,205,000	-	280,000	925,000
School Bond (Refunding)	06/10/08	2.00%-4.75%	08/01/18	5,740,000	2,415,000	-	565,000	1,850,000
Open Space Bond (Refunding)	11/30/11	3.00%-3.50%	10/01/21	1,000,000	740,000	-	95,000	645,000
Open Space/Recreation Bond	08/28/13	3.00%-5.00%	02/01/33	3,500,000	3,330,000	-	125,000	3,205,000
School Bond (Refunding)	11/30/11	3.00%-3.50%	10/01/21	2,010,000	1,455,000	-	190,000	1,265,000
School Bond (Refunding)	08/28/13	3.00%-5.00%	02/01/23	2,370,000	1,880,000	-	235,000	1,645,000
Judgment Bond (Refunding)	11/30/11	3.00%	10/01/16	205,000	90,000	-	45,000	45,000
Judgment Bond	06/10/08	5.14%	06/01/18	1,130,000	330,000	-	110,000	220,000
Road Improvements	11/30/11	3.00%-6.25%	11/01/31	2,500,000	2,125,000	-	125,000	2,000,000
Road Improvements	10/29/15	3.00%-5.00%	10/01/15	2,380,000	-	2,380,000	-	2,380,000
School Bond	05/01/06	4.00%-5.00%	05/01/16	1,000,000	145,000	-	145,000	-
Sewer Bond (Refunding)	06/10/08	2.00%-4.77%	08/01/18	2,015,000	850,000	-	195,000	655,000
Sewer Bond (Refunding)	06/10/08	2.00%-4.81%	08/01/16	285,000	80,000	-	40,000	40,000
School and Town (Refunding)	09/24/14	2.00%-4.00%	03/15/26	7,630,000	7,510,000	-	535,000	6,975,000
Total Governmental Activities				34,615,000	22,155,000	2,380,000	2,685,000	21,850,000
Business Type Activities								
Water Bond (Refunding)	06/10/08	2.00%-4.74%	08/01/16	915,000	240,000	-	115,000	125,000
Total Business Type Activities				915,000	240,000	-	115,000	125,000
Total Bonds Payable				$ 35,530,000	$ 22,395,000	$ 2,380,000	$ 2,800,000	$ 21,975,000

Continued

Note 7. Long-Term Liabilities (Continued)

E. Notes and Loans Payable

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

Description	*Note Date*	*Original Amount*	*Interest Rate*	*Matures*
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, 2016 were as follows:

	Governmental Activities		*Business Type Activities*	
Fiscal Year Ending June 30,	*Principal*	*Interest*	*Principal*	*Interest*
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	1,684,821	717,572	208,908	92,240
2022-2026	9,672,420	2,407,173	1,169,733	350,833
2027-2031	4,470,000	320,864	1,420,115	128,972
	$ 21,959,664	$ 7,005,370	$ 3,566,801	$ 1,001,443

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.

Continued

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.

Continued

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.

	Due from Other Funds	Due to Other Funds	Other Financing Sources	Other Financing Uses
Major Governmental Funds				
General fund	$ 1,193,808	$ 4,945,887	$ -	$ 40,882,082
School unrestricted fund	5,048,561	-	40,882,082	-
Sewer fund	-	1,266,544	-	-
Non-Major Governmental Funds				
Town special revenue	662,721	838,486	-	-
School special revenue	298,072	705,904	-	-
Capital projects	2,900,954	605,460	-	-
Proprietary Funds				
Water fund	-	720,544	-	-
Fiduciary Funds				
Police pension trust	-	50,419	-	-
OPEB trust	-	881,509	-	-
Private purpose	-	150		
Agency funds	-	89,213	-	-
Totals	$ 10,104,116	$ 10,104,116	$ 40,882,082	$ 40,882,082

Included above are loans made to provide financing resources to the following funds: $1,266,544 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 $40,882,082 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

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 whichthe Town is bound to honor constraints on the specific purpose for which amounts in those funds canbe 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 include 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.

Continued

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			
	General Fund	School Unrestricted	Sewer	Town Special Revenue	School Special Revenue	Capital Projects	Total
Fund Balances							
Nonspendable							
In Form	$ -	$ 124,425	$ -	$ -	$ -	$ -	$ 124,425
Restricted for							
General government	-	-	-	383,953	-	-	383,953
Public safety programs	-	-	-	103,752	-	-	103,752
Educational purposes	-	3,885,882	-	-	691,095	-	4,576,977
Community and economic development	-	-	-	120,050	-	-	120,050
Capital projects	-	-	-	163,472	-	1,643,183	1,806,655
Committed to							
General government	-	-	-	269,999	-	-	269,999
Assigned to							
Capital projects	-	-	-	-	-	1,034,669	1,034,669
Senior center	39,259	-	-	-	-	-	39,259
Recreation programs	298,142	-	-	-	-	-	298,142
Town properties	15,727	-	-	-	-	-	15,727
Educational purposes	-	-	-	-	-	-	-
Office of children, youth, and learning	129,780	-	-	-	-	-	129,780
Community and economic development	1,024,010	-	-	-	-	-	1,024,010
Unassigned	12,952,568	-	(1,274,983)	(74,554)	-	-	11,603,031
	$ 14,459,486	$ 4,010,307	$ (1,274,983)	$ 966,672	$ 691,095	$ 2,677,852	$ 21,530,429

Continued

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 I, 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, 2015 the plan membership data is as follows:

Active employees	36
Retirees	65
	101

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, 2016, the Town contributed $1,550,643 to the plan, which is 111.2% of the annual required contribution.

Continued

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)	$ 1,393,964
Interest on net OPEB obligation	813,475
Adjustment to annual required contribution	(568,659)
Annual OPEB cost	1,638,780
Contributions made	(1,550,643)
Increase in net OPEB obligation	88,137
Net OPEB obligation, beginning of year	10,846,327
Net OPEB obligation, end of year	$ 10,934,464

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:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	$ 1,794,709	73.55%	$ 10,730,432
6/30/2015	$ 1,536,770	92.50%	$ 10,846,327
6/30/2016	$ 1,638,780	94.62%	$ 10,934,464

Continued

Note 10. Post-Employment Benefits (continued)

Funded Status and Funding Progress

The funded status of the Town's plan as of July 1, 2015 is as follows:

Actuarial Accrued Liability (AAL)	$	20,593,445
Actuarial Value of Plan Assets		1,762,031
Unfunded Actuarial Accrued Liability (UAAL)	$	18,831,414

Funded ratio (actuarial value of plan assets / AAL)		8.60%
Annual coveraged payroll (active plan members)	$	2,203,419
UAAL as a percentge of covered payroll		854.60%

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.

Continued

Note 10. Post-Employment Benefits (continued)

Actuarial Methods and Assumptions (continued)

The annual required contribution for fiscal 2016 was determined as part of the July 1, 2015 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 – General employees, police officers and firefighters employed by electing municipalities participate in MERS. Eligible employees become members at their date of employment. Anyone employed by a municipality at the time the municipality joins MERS may elect not to be covered. Elected officials may opt to be covered by MERS. Employees covered under another plan maintained by the municipality may not become members of MERS. Police officers and/or firefighters may be designated as such by the municipality, in which case the special contribution and benefit provisions described below will apply to them, or they may be designated as general employees with no special benefits. Members designated as police officers and/or firefighters are treated as belonging to a unit separate from the general employees, with separate contribution rates applicable.

Note 11. Pensions (continued)

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

General Information about the Pension Plan (continued)

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

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

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

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

General employees

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

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

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

Continued

Note 11. Pensions (continued)

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

General Information about the Pension Plan (continued)

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

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

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

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

Police and Fire employees

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

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

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

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

Continued

Note 11. Pensions (continued)

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

General Information about the Pension Plan (continued)

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

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

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

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

Other benefit provisions

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

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

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

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

Continued

Note 11. Pensions (continued)

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

General Information about the Pension Plan (continued)

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

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

Employees covered by benefit terms.
At the June 30, 2014 valuation date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	178
Inactive, Non retired Members	125
Active Members	250
Total	553

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 $528,401 to their general employee MERS plan in the year ended June 30, 2016 which was 11.82% of annual covered payroll and contributed $125,297 to their rescue employee MERS plan in the year ended June 30, 2016 which was 12.05% of annual covered payroll.

Net Pension Liability (Asset) - The total pension liability was determined by actuarial valuations performed as of June 30, 2014 and rolled forward to June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement.

Continued

Note 11. Pensions (continued)

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

General Information about the Pension Plan (continued)

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2015 measurement date (June 30, 2014 valuation rolled forward to June 30, 2015)	
Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Actuarial Assumptions	
Investment Rate of Return	7.50%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.75%
Mortality	• Male Employees, MERS General and MERS P&F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. • Female Employees, MERS General and MERS P&F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
Cost of Living Adjustments	A 2% COLA is assumed after January 1, 2014.

The actuarial assumptions used in the June 30, 2014 valuation rolled forward to June 30, 2015 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 a collective summary of capital market expectations from 23 sources. The June 30, 2015 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Continued

Note 11. Pensions (continued)

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

General Information about the Pension Plan (continued)

Type of Investment	Target Allocation	Long-term expected real rate of return
Global Equity:	38.0%	-
U.S. Equity	-	6.93%
International Developed	-	7.32%
International Emerging Markets	-	9.52%
Equity Hedge Funds	8.0%	3.98%
Private Equity	7.0%	9.99%
Core Fixed Income	15.0%	2.18%
Absolute Return Hedge Funds	7.0%	3.98%
Infrastructure	3.0%	5.70%
Real Estate	8.0%	4.85%
Other Real Return Assets:	11.0%	-
Master Limited Partnerships	-	4.51%
Credit	-	4.51%
Inflation Linked Bonds	-	1.24%
Cash, Overlay, Money Market	3.0%	7.80%
	100.0%	

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

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

Continued

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, 2014	$ 29,733,275	$ 23,362,761	$ 6,370,514
Changes for the Year			
Service cost	705,121	-	705,121
Interest on the total pension liability	2,192,364	-	2,192,364
Changes in benefits	(40,505)	-	(40,505)
Difference between expected and actual experience of the Total Pension Liability	721,588	-	721,588
Employer contributions	-	1,278,367	(1,278,367)
Employee contributions	-	89,142	(89,142)
Net investment income	-	550,899	(550,899)
Benefit payments, including employee refunds	(1,708,632)	(1,708,632)	-
Administrative expense	-	(22,128)	22,128
Other changes	-	(43,004)	43,004
Net changes	1,869,936	144,644	1,725,292
Balances as of June 30, 2015	$ 31,603,211	$ 23,507,405	$ 8,095,806

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, 2014	$ 5,359,795	$ 5,466,673	$ (106,878)
Changes for the Year			
Service cost	195,086	-	195,086
Interest on the total pension liability	404,297	-	404,297
Changes in benefits	190,650	-	190,650
Difference between expected and actual experience of the Total Pension Liability	(194,663)	-	(194,663)
Employer contributions	-	117,481	(117,481)
Employee contributions	-	87,843	(87,843)
Net investment income	-	132,860	(132,860)
Benefit payments, including employee refunds	(133,416)	(133,416)	-
Administrative expense	-	(5,174)	5,174
Other changes	-	2,977	(2,977)
Net changes	461,954	202,571	259,383
Balances as of June 30, 2015	$ 5,821,749	$ 5,669,244	$ 152,505

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.

Continued

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%)**
$ 11,434,783	$ 8,095,806	$ 5,362,920

1.00% Decrease (6.5%)	**Rescue Employees Plan Current Discount Rate (7.5%)**	**1.00 Increase (8.5%)**
$ 748,296	$ 152,505	$ (334,982)

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, 2016 the employer recognized pension expense of $528,401. 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	$ 9,254	$ -
Difference between expected and actual experience	555,251	-
Net difference between projected and actual earnings on pension plan investments	948,859	946,652
Total	$ 1,513,364	$ 946,652

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
2017	$ 91,053
2018	91,053
2019	91,051
2020	293,555
2021	-
Thereafter	-
Total	$ 566,712

Rescue Employees Plan

For the year ended June 30, 2016 the employer recognized pension expense of $125,297. 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	$ -	$ 41,437
Difference between expected and actual experience	-	166,550
Net difference between projected and actual earnings on pension plan investments	223,804	224,257
Total	$ 223,804	$ 432,244

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

Continued

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
2017	$ (54,967)
2018	(54,967)
2019	(54,968)
2020	19,785
2021	(36,166)
Thereafter	(27,157)
Total	$ (208,440)

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.

Continued

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

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

Contributions - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 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 9.41% and 13.73% of annual covered payroll for the fiscal year ended June 30, 2016 for the state and Town, respectively. The Town contributed $4,176,383, $4,307,537 and $3,292,089 for the fiscal years ended June 30, 2016, 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, 2016, the Town reported a liability of $46,697,799 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	$ 46,697,799
State's proportionate share of the net pension liability associated with the Town	31,902,470
Total net pension liability	$ 78,600,269

The net pension liability was measured as of June 30, 2015, 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, 2014 rolled forward to June 30, 2015. 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, 2015 the Town proportion was 1.69624966%.

Note 11. Pensions (continued)

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

For the year ended June 30, 2016 the Town recognized gross pension expense of $9,647,205 and revenue of $3,873,828 for support provided by the State. At June 30, 2016 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	$ 4,176,383
Net Difference between projected and actual investment earnings	2,631,193
Changes in proportion and differences between employer contributions and proportionate share of contributions	576,537
Deferred inflows of resources	
Change of assumptions	$ 1,225,396
Differences between expected and actual experience	304,066
Net difference between projected and actual earnings on pension plan investments	2,666,421
Total, net	$ 3,188,230

Continued

Note 11. Pensions (continued)

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

$4,176,383 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2016 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:	
2017	$ (395,951)
2018	(395,951)
2019	(395,951)
2020	492,856
2021	(164,942)
thereafter	(158,214)

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 13.50%
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, 2014 valuation rolled forward to June 30, 2015 and the calculation of the total pension liability at June 30, 2015 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 23 sources. The June 30, 2015 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Continued

Note 11. Pensions (continued)

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

Type of Investment	Target Allocation	Long-term expected real rate of return
Global Equity:	38.0%	-
U.S. Equity	-	6.93%
International Developed	-	7.32%
International Emerging Markets	-	9.52%
Equity Hedge Funds	8.0%	3.98%
Private Equity	7.0%	9.99%
Core Fixed Income	15.0%	2.18%
Absolute Return Hedge Funds	7.0%	3.98%
Infrastructure	3.0%	5.70%
Real Estate	8.0%	4.85%
Other Real Return Assets:	11.0%	-
Master Limited Partnerships	-	4.51%
Credit	-	4.51%
Inflation Linked Bonds	-	1.24%
Cash, Overlay, Money Market	3.0%	7.80%
	100.0%	

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

Discount rate **-** the discount rate used to measure the total pension liability 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.

Continued

Note 11. Pensions (continued)

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

1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00 Increase (8.5%)
$ 58,558,664	$ 46,697,799	$ 36,988,002

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 with less than 20 years of service as of June 30, 2012, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 5% of their annual covered salary and employers contribute between 1% and 1.5% of annual covered salary depending on the employee's total years of service as of June 30, 2012. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

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

The Town of Cumberland recognized pension expense of $834,792, for the fiscal year ended June 30, 2016.

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.

Continued

Note 11. Pensions (continued)

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.

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:

Continued

Note 11. Pensions (continued)

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

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

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

Parent and 1 Child	Parent and 2 or more Children	One Child Alone	Two Children Alone	Three or more Children Alone	Dependent Parent
150%	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 $82,951, $39,802 and $39,789 for the fiscal years ended June 30, 2016, 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, 2016 the Town reported an asset of $6,344,294 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, 2015, 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, 2014 rolled forward to June 30, 2015. The Town proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2015 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2015 the Town proportion was 6.79583624%.

For the year ended June 30, 2016 the Town recognized pension expense of $(435,060) – an increase in the net pension asset. At June 30, 2016 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Continued

Note 11. Pensions (continued)

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

Deferred outflows of resources	
Contributions subsequent to the measurement date	$ 82,951
Net Difference between projected and actual investment earnings	806,142
Net difference between projected and actual earnings on pension plan investments	1,466,796
Deferred inflows of resources	
Changes in proportion and differences between employer contributions and proportionate share of contributions	$ 254,925
Net difference between projected and actual earnings on pension plan investments	829,264
Total, net	$ 1,271,700

$82,951 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2016 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:	
2017	$ 72,699
2018	72,699
2019	72,699
2020	349,121
2021	147,585
Thereafter	473,946

Note 11. Pensions (continued)

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

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 13.50%
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, 2014 valuation rolled forward to June 30, 2015 and the calculation of the total pension liability at June 30, 2015 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 23 sources. The June 30, 2015 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Continued

Note 11. Pensions (continued)

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

Type of Investment	Target Allocation	Long-term expected real rate of return
Global Equity:	38.0%	-
U.S. Equity	-	6.93%
International Developed	-	7.32%
International Emerging Markets	-	9.52%
Equity Hedge Funds	8.0%	3.98%
Private Equity	7.0%	9.99%
Core Fixed Income	15.0%	2.18%
Absolute Return Hedge Funds	7.0%	3.98%
Infrastructure	3.0%	5.70%
Real Estate	8.0%	4.85%
Other Real Return Assets:	11.0%	-
Master Limited Partnerships	-	4.51%
Credit	-	4.51%
Inflation Linked Bonds	-	1.24%
Cash, Overlay, Money Market	3.0%	7.80%
	100.0%	

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

***Discount rate* -** the discount rate used to measure the total pension liability 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.

Note 11. Pensions (continued)

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

1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00 Increase (8.5%)
$ (4,926,830)	$ (6,344,294)	$ (7,504,292)

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

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	70
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	44
Subtotal	114

Continued

Note 11. Pensions (continued)

E. Police Pension Plan (Continued)

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.

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 is66.7% 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 whore 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.

Continued

Note 11. Pensions (continued)

E. *Police Pension Plan (Continued)*

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, 2016 was $2,112,000.

Net Pension Liability of the Commission

The components of the net pension liability of the Commission at June 30, 2016, were as follows:

Total pension liability	$ 33,473,349
Plan fiduciary net position	(13,988,898)
Town's net pension liability	$ 19,484,451
Plan fiduciary net position as a percentage of the total pension liability	41.79%

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, 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-2014 Blue Collar Mortality with 2015 Social Security Generational Improvement Scale from 2006.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period ended June 30, 2016.

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

Note 11. Pensions (continued)

E. Police Pension Plan (Continued)

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, 2016 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
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.

	Total Pension Liability (a)	Plan Fiduciary Net (b)	Net Pension Liability (a) - (b)
Balance as of 7/1/2015	$ 32,192,366	$ 13,274,528	$18,917,838
Changes for the year:			
Service cost	658,427	-	658,427
Interest on total pension liability	2,395,416	-	2,395,416
Differences between expected and actual experience	150,365	-	150,365
Changes in assumptions	(99,400)	-	(99,400)
Contributions - employer	-	2,112,000	(2,112,000)
Contributions - employee	-	232,349	(232,349)
Net investment income	-	205,192	(205,192)
Benefit payments	(1,823,825)	(1,823,825)	-
Administrative expense	-	(11,346)	11,346
Net changes	1,280,983	714,370	566,613
Balance as of 6/30/2016	$ 33,473,349	$ 13,988,898	$19,484,451

Continued

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:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Plan's Net Pension Liability	$ 23,958,875	$ 19,484,451	$ 15,537,607

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

For the year ended June 30, 2016, the Commission recognized pension expense of $1,820,890. At June 30, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 120,292	$ -
Changes of assumptions	-	79,520
Difference between projected and actual earnings on plan investments	844,752	-
Total deferred outflows / (inflows)	$ 965,044	$ 79,520

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:	
2017	$ 237,811
2018	237,811
2019	237,809
2020	172,093
2021	-
Thereafter	-
	$ 885,524

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, 2016 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.

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, 2016.

Continued

Note 14. Subsequent Events

A. The Town is intending to borrow TANS in the amount of $6,000,000 to support it's 2017 fiscal year. The resolution authorizing the $6,000,000 TANS borrow will be before the town council for a vote at the 12/7/16 meeting and it is estimated the TANS transaction will be complete and the funds will be available to the Town by January-2017.

B. The Town completed the refunding of its RIHEBC 2008, series-A bonds in July-2016. The outstanding debt service balance as of the refunding date was $25,666,200.06 and the refunded balance outstanding totaled $23,211,336.81, a savings over the remaining term of $2,454,863.25. The refunded bonds, hereafter are now referred to as 2016, Series-B (refunding 2008).

Note 15. Restatements

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

	Governmental Activities	Business-Type Activities
Beginning balance, July 1, 2015	$ 35,563,380	$ 26,513,015
To restate capital lease payable for items that truly belong to the Water fund	495,229	(495,229)
Beginning balance, July 1, 2015, restated	$ 36,058,609	$ 26,017,786

Continued

Required Supplementary Information

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

For the Year Ended June 30, 2016

Actuarial valution 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**
7/1/2015	$ 1,762,031	$ 20,593,445	$ 18,831,414	8.6%	$ 2,203,419	854.6%
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

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

TOWN OF CUMBERLAND, RHODE ISLAND

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

For the Year Ended June 30, 2016

Fiscal Year Ending June 30	Annual Required Contribution	Actual Contribution	Percent Funded
2016	$ 1,393,964	$ 1,550,643	111%
2015	1,294,570	1,420,875	110%
2014	1,578,750	1,320,001	84%

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, 2016

	Year Ended June 30, 2015	Year Ended June 30, 2014
A. Total pension liability		
1. Service Cost	$ 705,121	$ 733,946
2. Interest on the Total Pension Liability	2,192,364	2,109,975
3. Changes of benefit terms	(40,505)	-
4. Difference between expected and actual experience of the Total Pension Liability	721,588	-
5. Changes of assumptions	-	15,356
6. Benefit payments, including refunds of employee contributions	(1,708,632)	(1,784,047)
7. Net change in total pension liability	1,869,936	1,075,230
8. Total pension liability – beginning	29,733,275	28,658,045
9. Total pension liability – ending (a)	$ 31,603,211	$ 29,733,275
B. Plan fiduciary net position		
1. Contributions – employer	$ 1,278,367	$ 1,125,835
2. Contributions – employee	89,142	85,199
3. Net investment income	550,899	3,111,659
4. Benefit payments, including refunds of employee contributions	(1,708,632)	(1,784,047)
5. Pension Plan Administrative Expense	(22,128)	(19,485)
6. Other	(43,004)	190,528
7. Net change in plan fiduciary net position	144,644	2,709,689
8. Plan fiduciary net position – beginning	23,362,761	20,653,072
9. Plan fiduciary net position – ending (b)	$ 23,507,405	$ 23,362,761
C. Net pension liability - ending (a) - (b)	$ 8,095,806	$ 6,370,514
D. Plan fiduciary net position as a percentage of the total pension liability	74.38%	78.57%
E. Covered employee payroll	$ 8,914,303	$ 8,455,599
F. Net pension liability as a percentage of covered payroll	90.82%	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, 2016

	Fiscal 2016	Fiscal 2015
Actuarially determined contribution	$ 653,656	$ 641,192
Contributions in relation to the actuarially determined contribution	653,656	641,192
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 8,914,303	$ 8,455,599
Contributions as a percentage of covered-employee payroll	7.33%	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.

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, 2016

	Year Ended June 30, 2015		Year Ended June 30, 2014	
A. Total pension liability				
1. Service Cost	$	195,086	$	180,477
2. Interest on the Total Pension Liability		404,297		375,512
3. Changes of benefit terms		190,650		-
4. Difference between expected and actual experience of the Total Pension Liability		(194,663)		-
5. Changes of assumptions		-		(57,543)
6. Benefit payments, including refunds of employee contributions		(133,416)		(110,488)
7. Net change in total pension liability		461,954		387,958
8. Total pension liability – beginning		5,359,795		4,971,837
9. Total pension liability – ending (a)	$	5,821,749	$	5,359,795
B. Plan fiduciary net position				
1. Contributions – employer	$	117,481	$	65,507
2. Contributions – employee		87,843		75,078
3. Net investment income		132,860		728,100
4. Benefit payments, including refunds of employee contributions		(133,416)		(110,488)
5. Pension Plan Administrative Expense		(5,174)		(4,559)
6. Other		2,977		2,562
7. Net change in plan fiduciary net position		202,571		756,200
8. Plan fiduciary net position – beginning		5,466,673		4,710,473
9. Plan fiduciary net position – ending (b)	$	5,669,244	$	5,466,673
C. Net pension liability - ending (a) - (b)	$	152,505	$	(106,878)
D. Plan fiduciary net position as a percentage of the total pension liability		97.38%		101.99%
E. Covered employee payroll	$	1,074,854	$	1,011,640
F. Net pension liability as a percentage of covered payroll		14.19%		-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, 2016

	Fiscal 2016	Fiscal 2015
Actuarially determined contribution	$ 125,297	$ 113,606
Contributions in relation to the actuarially determined contribution	125,297	113,606
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 1,074,854	$ 1,011,640
Contributions as a percentage of covered-employee payroll	11.66%	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

Changes in benefit provisions –

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

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

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

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

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

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

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

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

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

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, 2016

	2016	2015
Employer's proportion of the net pension liability	1.69624966%	1.67186503%
Employer's proportionate share of the net pension liability	$ 46,697,799	$ 40,693,201
State's proportionate share of the net pension liability associated with the school district	31,902,470	27,905,203
Total	$ 78,600,269	$ 68,598,404
Employer's covered employee payroll	$ 29,585,499	$ 26,812,752
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	157.84%	151.77%
Plan fiduciary net position as a percentage of the total pension liability	57.55%	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, 2016

	2016	2015
Actuarially determined contribution	$ 4,176,383	$ 4,307,537
Contributions in relation to the actuarially determined contribution	4,176,383	4,307,537
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 29,585,499	$ 26,812,752
Contributions as a percentage of covered- employee payroll	14.12%	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, 2016

	2016	2015
Employer's proportion of the net pension asset	6.79583624%	6.53117242%
Employer's proportionate share of the net pension asset	$ 6,344,294	$ 8,119,601
Employer's covered employee payroll	$ 29,585,499	$ 26,812,752
Employer's proportionate share of the net pension asset as a percentage of its covered employee payroll	21.44%	30.28%
Plan fiduciary net position as a percentage of the total pension liability	146.6%	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, 2016

	2016	2015
Statutorily determined contribution	$ 82,951	$ 39,802
Contributions in relation to the statutorily determined contribution	82,951	39,802
Contribution deficiency (excess)	-	-
Covered-employee payroll	$ 29,585,499	$ 26,812,752
Contributions as a percentage of covered-employee payroll	0.28%	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, 2016

	June 30, 2016	June 30, 2015	June 30, 2014
Total pension liability			
Service cost	$ 658,427	$ 603,593	$ 625,409
Interest	2,395,416	2,307,553	2,203,726
Differences between expected and actual experience	150,365	-	287,596
Changes in assumptions	(99,400)	-	
Benefit payments, including refunds of participant contributi	(1,823,825)	(1,765,110)	(1,656,011)
Net change in total pension liability	1,280,983	1,146,036	1,460,720
Total pension liability - beginning	32,192,366	31,046,330	29,585,610
Total pension liability - ending	$ 33,473,349	$ 32,192,366	$ 31,046,330
Pension fiduciary net position			
Contributions - employer	$ 2,112,000	$ 1,997,828	$ 2,064,871
Contributions - employee	232,349	260,793	185,877
Net investment income	205,192	605,991	1,320,781
Benefit payments, including refunds of participant contributi	(1,823,825)	(1,765,110)	(1,656,011)
Administrative expense	(11,346)	(39,406)	(9,955)
Net change in plan fiduciary net position	714,370	1,060,096	1,905,563
Plan fiduciary net position - beginning	13,274,528	12,214,432	10,308,869
Plan fiduciary net position - ending	$ 13,988,898	$ 13,274,528	$ 12,214,432
Town's net pension liability (asset) - ending	$ 19,484,451	$ 18,917,838	$ 18,831,898

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, 2016

	2016	2015	2014
Total pension liability	$ 33,473,349	$ 32,192,366	$ 31,046,330
Plan fiduciary net position	13,988,898	13,274,528	12,214,432
Town's net pension liability (asset)	$ 19,484,451	$ 18,917,838	$ 18,831,898
Plan fiduciary net position as a percentage of the total pension liability	41.79%	41.24%	39.34%
Covered-employee payroll	2,966,003	2,686,120	2,633,451
Net pension liability (asset) as a percentage of covered-employee payroll	656.93%	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, 2016

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	$2,110,186	$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
Contributions in relation to the actuarially determined contribution	2,112,000	1,997,828	2,064,871	1,650,000	1,400,000	1,000,000	211,425	1,135,722	923,078	737,697
Contribution deficiency (excess)	$ (1,814)	$ -	$ (84,240)	$ 336,232	$ 250,489	$ 507,130	$1,103,868	$ -	$ -	$ -
Covered-employee payroll	2,966,003	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
Contributions as a percentage of covered-employee payroll	71.21%	74.38%	78.41%	62.24%	55.75%	39.39%	7.44%	39.52%	35.69%	28.58%

See independent auditor's report

Required Supplementary Information
Schedule of Investment Returns
Police Pension Plan

For the Year Ended June 30, 2016

	June 30, 2016	June 30, 2015
Annual money-weighted rate of return, net of investment expense	5.38%	4.98%

Notes to the Schedules:

Valuation Date:

Actuarially determined contribution rates are calculated as of June 30, 2016.

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	1.00% - 6.00%
Inflation	2.00%
Mortality rates:	
Healthy	RP-2014 Blue Collar Mortality Table with 2015 Social Security Generational Improvement scale from 2006
Disabled	1985 Pension Disability Table. All Disability is assumed to be duty-related.
Terminations:	

Officers hired on or before 7/1/2013

Age	Rate
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

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, 2016

	Budget Amounts		Actual Amounts (Budgetary Basis)	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
General property taxes and interest	$ 63,006,801	$ 63,006,801	$ 63,212,975	$ 206,174
Investment and interest income	8,000	8,000	43,311	35,311
Other local and departmental revenue	1,329,143	1,329,143	1,950,065	620,922
Federal and State aid and grants	3,042,376	3,042,376	2,510,977	(531,399)
Rescue service revenue	985,000	985,000	1,000,075	15,075
Appropriation of surplus	671,624	671,624	671,624	-
Other revenues	1,054,765	1,219,741	1,210,440	(9,301)
Total revenues	70,097,709	70,262,685	70,599,467	336,782
Expenditures				
General government:				
Mayor's office	180,812	180,812	176,789	4,023
Town Clerk	232,931	232,931	220,082	12,849
Town Council	33,078	33,078	32,314	764
Town Solicitor	188,737	188,737	269,605	(80,868)
Municipal court	47,548	47,548	44,645	2,903
Town officers	8,157	8,157	7,942	215
Boards and commissions	2,500	2,500	336	2,164
Boards of canvassers	52,655	52,655	51,847	808
Finance office	542,559	542,559	542,486	73
Information technology	117,500	117,500	117,449	51
Tax Assessor	202,970	202,970	200,635	2,335
	1,609,447	1,609,447	1,664,130	(54,683)
Community Development:				
Planning	195,861	195,861	160,198	35,663
Inspection	200,826	200,826	176,262	24,564
Zoning	18,473	18,473	11,450	7,023
	415,160	415,160	347,910	67,250

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, 2016

	Budget Amounts Original	Budget Amounts Final	Actual Amounts (Budgetary Basis)	Variance Favorable (Unfavorable)
Public Safety:				
Police department	$ 4,005,422	$ 4,005,422	$ 3,709,868	$ 295,554
Telecommunication	362,973	362,973	362,870	103
Rescue service	1,722,383	1,722,383	1,722,244	139
Animal control	154,475	154,475	154,647	(172)
	6,245,253	6,245,253	5,949,629	295,624
Public Works:				
Public works	2,610,678	2,610,678	2,683,848	(73,170)
Highway	2,460,581	2,460,581	2,387,955	72,626
Recreation	215,717	215,717	233,670	(17,953)
Town Hall	178,980	178,980	186,508	(7,528)
	5,465,956	5,465,956	5,491,981	(26,025)
Social Services:				
Library	1,533,396	1,533,396	1,531,495	1,901
Children and learning	181,988	181,988	179,243	2,745
Senior services	208,874	208,874	194,450	14,424
	1,924,258	1,924,258	1,905,188	19,070
Other Expenditures:				
Outside Agencies	88,976	90,476	75,176	15,300
Contigencies	650,004	93,504	67,567	25,937
Police Contract Negotiations	-	-	-	-
Efficiency Contigencies	-	-	-	-
Town/School Achievement Grant	20,000	20,000	8,330	11,670
Emergency Management	10,000	10,000	9,294	706
Stress	5,000	5,000	-	5,000
Tucker Field Match	-	-	-	-
Traffic Calming	7,000	7,000	3,958	3,042
Library Literacy Program	2,500	2,500	-	2,500
Property & Liability Insurance	411,500	411,500	428,313	(16,813)
Veteran's Services	1,000	1,000	2,500	(1,500)
Litter Control	5,000	5,000	-	5,000
Property Revaluation	-	-	-	-
Economic Development	10,000	10,000	9,740	260
Fire Consolidation Study	-	-	-	-
School Capital Purchase	-	95,000	95,000	-
Franklin Farms	-	-	5,000	(5,000)
	1,210,980	750,980	704,878	46,102

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, 2016

	Budget Amounts		Actual Amounts (Budgetary Basis)	Variance Favorable (Unfavorable)
	Original	Final		
Employee benefits	$ 7,183,543	$ 7,243,543	$ 7,259,631	$ (16,088)
Debt Service:				
Town debt service	1,403,087	1,523,063	1,471,674	51,389
School debt service	4,041,893	4,041,893	4,041,403	490
Master lease	136,050	136,050	132,521	3,529
	5,581,030	5,701,006	5,645,598	55,408
Capital Outlay and Reserves:				
Capital Improvements	25,000	25,000	54,163	(29,163)
Total expenditures	29,660,627	29,380,603	29,023,108	357,495
Excess (deficiency) of revenues over expenditures	40,437,082	40,882,082	41,576,359	694,277
Other financing sources and (uses):				
Transfer to other funds				
School unrestricted fund	(40,437,082)	(40,882,082)	(40,882,082)	-
Special revenue funds	-	-	-	-
Total other financing sources and uses	(40,437,082)	(40,882,082)	(40,882,082)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	$ -	$ -	694,277	$ 694,277
Adjustment of budgetary basis to U.S. GAAP			(591,736)	
Excess of revenue and other financing sources over expenditures and other financing uses, U.S. GAAP basis			102,541	
Fund balance, beginning of year			14,356,945	
Fund balance, end of year			$ 14,459,486	

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, 2016

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenue				
Local Appropriation	$ 40,882,082	$ 40,882,082	$ 40,882,082	$ -
Leasing Proceeds	-	-	483,347	483,347
State Aid	16,685,704	16,685,704	16,589,723	(95,981)
Article 31 Technology	285,245	285,245	-	(285,245)
Medicaid	400,000	400,000	426,223	26,223
Section 125 Co-Pays (1)	1,855,000	1,855,000	-	(1,855,000)
Retiree & COBRA Health, Life Insurance (2)	-	-	-	-
Building/Pool Rentals	160,000	160,000	178,795	18,795
Private Donations	-	-	14,260	14,260
Tuition From Other Districts	-	-	-	-
Preschool Tuitions/Transportation	119,000	119,000	80,342	(38,658)
Summer School Tuitions	-	-	31,950	31,950
Miscellaneous	35,000	35,000	5,113	(29,887)
Reimb Food Service Account	-	-	-	-
Refund of prior year expenses	30,600	30,600	121,592	90,992
Fund Balance	830,204	830,204	823,233	(6,971)
Total Revenue	61,282,835	61,282,835	59,636,660	(1,646,175)
Expenditures				
Ashton				
Salaries Yr. Round Employees	225,752	225,752	233,380	(7,628)
Salaries-Certified Teachers	1,540,932	1,540,932	1,571,876	(30,944)
Salaries-Para/Aides	49,044	49,044	47,495	1,549
Services/Postage/Volunteers	13,861	13,861	11,373	2,488
Maint & Repairs	6,500	6,500	3,757	2,743
Materials & Supplies	43,903	43,903	59,579	(15,676)
Dues	625	625	585	40
Capital	1,000	1,000	3,848	(2,848)
	1,881,617	1,881,617	1,931,893	(50,276)
Community				
Salaries- Yr. Round Employees	305,061	305,061	289,475	15,586
Salaries-Certified Teachers	3,275,000	3,275,000	3,137,171	137,829
Salaries-Para/Aides	248,666	248,666	232,185	16,481
Services/Postage/Volunteers	19,496	19,496	16,537	2,959
Maint & Repairs	12,000	12,000	5,348	6,652
Materials & Supplies	95,849	95,849	121,907	(26,058)
Dues	625	625	1,170	(545)
Capital	6,000	6,000	4,608	1,392
	3,962,697	3,962,697	3,808,401	154,296

Note: School Department included $830,204 worth of fund balance as budgeted revenue and used $823,233

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, 2016

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Cumberland Hill				
Salaries- Yr. Round Employees	$ 245,234	$ 245,234	$ 238,010	$ 7,224
Salaries-Certified Teachers	2,229,466	2,229,466	2,174,868	54,598
Salaries-Para/Aides	180,698	180,698	173,791	6,907
Services/Postage/Volunteers	14,434	14,434	13,054	1,380
Maint & Repairs	11,000	11,000	7,130	3,870
Materials & Supplies	58,080	58,080	87,446	(29,366)
Travel	-	-	-	-
Dues	625	625	585	40
Capital	2,250	2,250	921	1,329
	2,741,787	2,741,787	2,695,805	45,982
Garvin				
Salaries- Yr. Round Employees	225,014	225,014	212,947	12,067
Salaries-Certified Teachers	2,363,328	2,363,328	2,251,340	111,988
Salaries-Para/Aides	119,878	119,878	122,105	(2,227)
Services/Postage/Volunteers	13,425	13,425	13,603	(178)
Maint & Repairs	8,000	8,000	3,565	4,435
Materials & Supplies	60,257	60,257	86,093	(25,836)
Dues	625	625	585	40
Capital	4,500	4,500	17,071	(12,571)
	2,795,027	2,795,027	2,707,308	87,719
BF Norton				
Salaries Yr. Round Employees	244,734	244,734	230,522	14,212
Salaries-Certified Teachers	2,582,401	2,582,401	2,405,612	176,789
Salaries-Para/Aides	266,466	266,466	261,918	4,548
Services/Postage/Volunteers	16,620	16,620	12,467	4,153
Maint & Repairs	12,000	12,000	7,130	4,870
Materials & Supplies	68,411	68,411	99,499	(31,088)
Travel	-	-	-	-
Dues	625	625	585	40
Capital	3,500	3,500	3,620	(120)
	3,194,757	3,194,757	3,021,353	173,404
Pre-School				
Salaries- Year Round	81,434	81,434	84,557	(3,123)
Salaries-Certified Teachers	363,646	363,646	354,176	9,470
Salaries-Para/Aides	103,549	103,549	102,489	1,060
Child Outreach Salaries	18,000	18,000	15,343	2,657
Services/Postage	350	350	209	141
Materials & Supplies	4,450	4,450	3,155	1,295
Dues	625	625	585	40
Capital	2,000	2,000	-	2,000
	574,054	574,054	560,513	13,541

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, 2016

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
McCourt				
Salaries- Year Round	$ 390,686	$ 390,686	$ 384,599	$ 6,087
Salaries-Certified Teachers	3,453,459	3,453,459	3,324,985	128,474
Salaries-Para/Aides	183,772	183,772	85,645	98,127
Services/Postage	13,962	13,962	12,504	1,458
Maint & Repairs	7,800	7,800	7,130	670
Materials & Supplies	60,800	60,800	42,569	18,231
Student Travel	4,000	4,000	4,967	(967)
Dues	1,200	1,200	1,170	30
Capital	75,500	75,500	(28,897)	104,397
	4,191,179	4,191,179	3,834,671	356,508
NCM School				
Salaries- Year Round	373,762	373,762	381,271	(7,509)
Salaries-Certified Teachers	3,493,334	3,493,334	3,731,985	(238,651)
Salaries-Para/Aides	165,968	165,968	181,977	(16,009)
Services/Postage	16,750	16,750	18,901	(2,151)
Maint & Repairs	6,400	6,400	5,542	858
Materials & Supplies	73,175	73,175	52,431	20,744
Travel	4,000	4,000	3,581	419
Dues	1,200	1,200	1,170	30
Capital	94,850	94,850	73,982	20,869
	4,229,439	4,229,439	4,450,838	(221,399)
Cumberland High School				
Salaries- Yr. Round Employees	921,100	921,100	875,586	45,514
Salaries-Certified Teachers	8,602,270	8,602,270	8,610,466	(8,196)
Salaries-Para/Aides	394,957	394,957	483,488	(88,531)
Services/Postage	166,940	166,940	152,097	14,843
Maint & Repairs, Rentals	49,240	49,240	32,248	16,992
Travel	22,500	22,500	19,255	3,245
Materials & Supplies	166,632	166,632	98,045	68,587
Dues	9,820	9,820	6,771	3,049
Capital	71,748	71,748	50,496	21,252
	10,405,207	10,405,207	10,328,452	76,755
Summer School (ALL)				
Salaries Remedial	35,000	35,000	29,877	5,123
Salaries-Certified ESY	58,300	58,300	86,001	(27,701)
Salaries-Para ESY	50,000	50,000	48,184	1,816
Services	25,475	25,475	13,644	11,832
	168,775	168,775	177,706	(8,931)
Elem Cord/Attrition				
Salaries-Certified Cord	178,902	178,902	241,332	(62,430)
	178,902	178,902	241,332	(62,430)

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, 2016

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Special Education				
Salaries- Year Round	$ 210,158	$ 210,158	$ 214,298	$ (4,140)
Salaries-Certified Teachers/Tutors	110,702	110,702	118,280	(7,578)
Services & Repairs	662,675	662,675	779,992	(117,317)
Tuitions	1,140,500	1,140,500	1,099,118	41,382
Materials & Supplies	17,500	17,500	15,167	2,333
Student Travel	17,500	17,500	14,637	2,863
Travel	4,500	4,500	5,040	(540)
Dues	1,000	1,000	924	76
Capital	16,000	16,000	17,164	(1,164)
	2,180,535	2,180,535	2,264,621	(84,086)
Superintendent & School Committee				
Salaries	229,936	229,936	246,745	(16,809)
School Committee Stipends	16,200	16,200	16,200	-
Services/Legal/Maint Repairs	137,200	137,200	171,616	(34,416)
Materials & Supplies	2,000	2,000	1,062	938
Travel	6,000	6,000	9,828	(3,828)
Dues	14,000	14,000	14,635	(635)
Equipment SC	-	-	5,345	(5,345)
	405,336	405,336	465,430	(60,094)
Asst Superintendent				
Salaries	174,115	174,115	206,413	(32,298)
Services/PD Training	156,752	156,752	132,417	24,335
Maint & Repairs	2,000	2,000	-	2,000
Travel	5,000	5,000	3,860	1,140
Materials & Supplies	13,872	13,872	1,964	11,908
Dues	1,200	1,200	-	1,200
Capital	-	-	1,600	(1,600)
	352,939	352,939	346,254	6,685
Human Resources				
Salaries	205,171	205,171	212,614	(7,443)
Services	22,100	22,100	17,028	5,072
Materials & Supplies	2,200	2,200	1,545	655
Travel	-	-	13,125	(13,125)
Dues	200	200	190	10
Capital	1,000	1,000	1,688	(688)
	230,671	230,671	246,190	(15,519)
Technology				
Salaries	358,284	358,284	371,012	(12,728)
Services	332,310	332,310	97,428	234,882
Materials & Supplies	2,000	2,000	1,712	288
Travel	9,000	9,000	4,500	4,500
Dues	399	399	250	149
Capital	32,000	32,000	7,254	24,746
	733,993	733,993	482,156	251,837

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, 2016

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Business Office				
Salaries	$ 365,511	$ 365,511	$ 375,917	$ (10,406)
Services/Maint Services	69,250	69,250	62,829	6,421
Lease Payments	216,044	216,044	217,723	(1,679)
Postage/Supplies	11,000	11,000	8,727	2,273
Travel	200	200	4,500	(4,300)
Dues	500	500	425	75
Capital	-	-	-	-
	662,505	662,505	670,121	(7,616)
Facilities				
Salaries	262,313	262,313	255,364	6,949
Services/Maintenance	854,750	854,750	1,100,443	(245,693)
Insurance	185,750	185,750	186,228	(478)
Utilities	1,088,000	1,088,000	1,047,791	40,209
Materials & Supplies	-	-	11,745	(11,745)
Travel	4,000	4,000	-	4,000
Dues	750	750	-	750
Capital	427,432	427,432	595,552	(168,120)
	2,822,995	2,822,995	3,197,123	(374,128)
Athletics & Pool				
Salaries - Athletics Director	70,332	70,332	63,555	6,777
Stipends - Coaches	160,000	160,000	157,983	2,017
Services /Rentals	49,000	49,000	45,156	3,844
Materials & Supplies	30,500	30,500	56,434	(25,934)
Transportation	78,000	78,000	86,225	(8,225)
Dues	11,300	11,300	7,490	3,810
Capital	5,000	5,000	5,000	-
	404,132	404,132	421,843	(17,711)
Health Services				
Services	10,200	10,200	8,060	2,140
	10,200	10,200	8,060	2,140
School Safety				
Salaries Truant Officer	31,783	31,783	32,260	(477)
Travel/Supplies	600	600	1,415	(815)
Salaries Bus Monitors Thru	160,000	160,000	146,345	13,655
	192,383	192,383	180,020	12,363
Transportation/Travel				
Services State	425,000	425,000	495,119	(70,119)
Summer School State & Durham	120,000	120,000	144,233	(24,233)
Services Durham	1,870,477	1,870,477	1,820,054	50,423
	2,415,477	2,415,477	2,459,406	(43,929)

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, 2016

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Advertising				
Services	$ 7,500	$ 7,500	$ 5,494	$ 2,006
	7,500	7,500	5,494	2,006
Other Tuitions - Charter Schools				
Services	3,113,345	3,113,345	3,104,832	8,513
	3,113,345	3,113,345	3,104,832	8,513
Area Voc Tuitions & Met School				
Services	273,978	273,978	256,024	17,954
	273,978	273,978	256,024	17,954
Non-Public School Textbooks				
Materials & Supplies	7,000	7,000	11,678	(4,678)
	7,000	7,000	11,678	(4,678)
Benefits				
CTA 3% All Empl. Severance	92,770	92,770	30,411	62,359
Tuitions/Travel	10,000	10,000	57,497	(47,497)
ICSE Longevity	65,000	65,000	-	65,000
Healthcare Buyback	125,000	125,000	110,670	14,330
Health Insurance Admin & Claims (1)	5,714,000	5,714,000	4,734,860	979,140
Dental (2)	465,000	465,000	292,249	172,751
Social Security	344,289	344,289	308,439	35,850
Medicare	483,389	483,389	483,275	114
Life Insurance	270,000	270,000	175,066	94,934
Workers Compensation	107,500	107,500	117,287	(9,787)
Unemployment Compensation	100,000	100,000	102,728	(2,728)
Survivors Benefits	39,000	39,000	40,219	(1,219)
Certified Retirement	4,734,890	4,734,890	4,716,690	18,200
Non-Certified Retirement	595,567	595,567	589,745	5,822
	13,146,405	13,146,405	11,759,136	1,387,269
Total expenditures	61,282,835	61,282,835	59,636,660	1,646,175
Net change in fund balance, budgetary basis	$ -	$ -	-	$ -
Fund balance - beginning of year			3,803,297	
Fund balance - end of year			$ 3,803,297	

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.

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 - Sewer Fund

For the Year Ended June 30, 2016

	Original Budget	Final	Actual Amounts	Variance Favorable (Unfavorable)
Revenue				
Other local and departmental revenue	$ 825,865	$ 825,865	$ 946,185	$ 120,320
Total revenues	825,865	825,865	946,185	120,320
Expenditures				
Public works	279,247	279,247	369,081	(89,834)
Debt service	546,618	546,618	545,549	1,069
Total expenditures	825,865	825,865	914,630	(88,765)
Excess(deficiency) of revenues over expenditures	-	-	31,555	209,085
Other financing sources (uses)				
Transfer to other funds	-	-	-	-
Excess (deficiency) of revenues and other sources over expenses and other uses	$ -	$ -	31,555	$ 209,085
Adjustments of budgetary basis for US GAAP basis			-	
Excess of revenue and other source over expenditures and other financing uses, US GAAP basis			31,555	
Fund balance, beginning of year			(1,376,428)	
Fund balance, end of year			$ (1,344,873)	

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

(continued)

Note 1 - 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 therevenue estimates must be changed by an affirmative vote of the majority of the Town's Council.

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

	General Fund	School Unrestricted	Sewer
Excess (deficiency) of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	$ 694,277	$ -	$ 31,555
Unbudgeted state on behalf pension plan revenue	-	(2,419,539)	-
Unbudgeted state on behalf pension plan expenditures	-	2,419,539	-
Unbudgeted depreciation expense	-	-	-
Principal payments which are budgeted for net netted against long term liabilities for GAAP purposes	-	-	-
Budgeted appropriation from general fund surplus	(671,624)	(823,233)	-
Unbudgeted public fund activity	(54,447)	-	-
Unbudgeted police detail activity	61,287	-	-
Unbudgeted recreation and OC&YL activity	73,048	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	$ 102,541	$ (823,233)	$ 31,555

Supplementary Information

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, 2016

	Original Budget	Budget As Adopted	Actual	Variance Favorable (Unfavorable)
Revenue:				
Charges for services	$ 4,696,816	$ 5,070,920	$ 4,692,781	$ (378,139)
Miscellaneous	709,080	604,800	501,304	(103,496)
Total revenues	5,405,896	5,675,720	5,194,085	(481,635)
Expenditures:				
Personnel services	1,339,129	1,362,332	1,346,553	15,779
Supplies and materials	147,800	152,800	134,260	18,540
Repairs and maintenance	209,000	254,700	154,912	99,788
Other charges and expenditures	3,144,967	3,237,287	2,264,691	972,596
Indirect cost	70,000	70,000	70,000	-
Debt service	495,000	598,601	544,107	54,494
Total expenditures	5,405,896	5,675,720	4,514,523	1,161,197
Excess(deficiency) of revenues over expenses	-	-	679,562	679,562
Other financing sources (uses):				
Transfers between funds	-	-	-	-
Excess (deficiency) of revenues and other sources over expenses and other uses	$ -	$ -	679,562	$ 679,562
Adjustments of budgetary basis for US GAAP basis			(352,024)	
Excess of revenue and other source over expenditures and other financing uses, US GAAP basis			327,538	
Fund balance, beginning of year			26,017,786	
Fund balance, end of year			$ 26,345,324	

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, 2016

Budgetary - GAAP Reporting Reconciliation

	Water Fund
Excess (deficiency) of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	$ 679,562
Budgeted capital expenditures which are capitalized under the GAAP basis of accounting	-
Unbudgeted depreciation expense	(644,442)
Principal payments which are budgeted for but netted against long term liability for GAAP purposes	292,418
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	$ 327,538

See independent auditor's report

(continued)

TOWN OF CUMBERLAND, RHODE ISLAND

Non-Major Governmental Funds
Combined Balance Sheet

June 30, 2016

	Town Special Revenue	School Special Revenue	Capital Projects	Total Non-Major Governmental Funds
Assets				
Cash and investments	$ 848,731	$ 569,706	$ 815,871	$ 2,234,308
Due from other governments	353,202	764,006	-	1,117,208
Other receivables, net	248,227	15,112	-	263,339
Due from other funds	662,721	298,072	2,900,954	3,861,747
Total assets	2,112,881	1,646,896	3,716,825	7,476,602
Deferred outflows of resources				
None	-	-	-	-
Total assets and deferred outflows of resources	$ 2,112,881	$ 1,646,896	$ 3,716,825	$ 7,476,602
Liabilities				
Accounts payable and accrued expenses	$ 61,572	$ 225,643	$ 433,513	$ 720,728
Other liabilities	-	24,254	-	24,254
Due to other funds	838,486	705,904	605,460	2,149,850
Total liabilities	900,058	955,801	1,038,973	2,894,832
Deferred inflows of resources				
Unearned revenue	246,151	-	-	246,151
Total deferred inflows of resources	246,151	-	-	246,151
Fund balance				
Restricted	771,227	691,095	1,643,183	3,105,505
Committed	269,999	-	-	269,999
Assigned	-	-	1,034,669	1,034,669
Unassigned	(74,554)	-	-	(74,554)
Total fund balance	966,672	691,095	2,677,852	4,335,619
Town liabilities, deferred inflows of resources, and fund balances	$ 2,112,881	$ 1,646,896	$ 3,716,825	$ 7,476,602

See independent auditor's report

(continued)

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, 2016

	Town Special Revenue	School Special Revenue	Capital Projects	Total Non-Major Governmental Funds
Revenues				
Federal and state grant income	$ 1,790,537	$ 3,341,928	$ -	$ 5,132,465
Charges for services	-	876,270	-	876,270
Other revenue	932,312	61,634	-	993,946
Investment income	770	-	-	770
Total revenue	2,723,619	4,279,832	-	7,003,451
Expenditures				
General government	124,319	-	-	124,319
Public safety	214,565	-	-	214,565
Public works	17,850	-	1,824,706	1,842,556
Social services	523,061	-	-	523,061
Community development	1,529,388	-	-	1,529,388
Education	-	1,978,639	-	1,978,639
Cafeteria	-	2,227,975	-	2,227,975
Debt service - principal	235,000	-	4,135	239,135
Debt service - interest	95,175	-	153,465	248,640
Total Expenditures	2,739,358	4,206,614	1,982,306	8,928,278
Excess (deficiency) of revenues over expenditures	(15,739)	73,218	(1,982,306)	(1,924,827)
Other financing sources (uses)				
Bond proceeds	-	-	2,500,000	2,500,000
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	2,500,000	2,500,000
Excess of revenue and other sources over expenditures and other uses	(15,739)	73,218	517,694	575,173
Fund balance, July 1, 2014	982,411	617,877	2,160,158	3,760,446
Fund balance, June 30, 2015	$ 966,672	$ 691,095	$ 2,677,852	$ 4,335,619

See independent auditor's report

(continued)

TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2016

	Substance Abuse	Animal Control	Impact Fees	Sewer Ferncrest Willow	Revolving Loan	Historical Records	Monestary Grant
Assets							
Cash and cash equivalents	$ -	$ 8,638	$ 829,162	$ -	$ -	$ -	$ -
Federal and state grants receivable	5,161	-	-	-	-	-	-
Receivable, other, net	-	-	-	246,151	-	-	801
Due from Other Funds	-	-	-	-	50,047	58,557	-
Total assets	5,161	8,638	829,162	246,151	50,047	58,557	801
Deferred outflows of resources							
None	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	$ 5,161	$ 8,638	$ 829,162	$ 246,151	$ 50,047	$ 58,557	$ 801
Liabilities							
Accounts payable and accrued expenses	$ -	$ -	$ -	$ 17,850	$ -	$ -	$ -
Due to other funds	1,849	-	559,163	56,704	-	-	801
Total liabilities	1,849	-	559,163	74,554	-	-	801
Deferred inflows of resources							
Unearned Revenue	-	-	-	246,151	-	-	-
Total deferred inflows of resources	-	-	-	246,151	-	-	-
Fund Balances							
Restricted	3,312	8,638	-	-	50,047	58,557	-
Committed	-	-	269,999	-	-	-	-
Unassigned	-	-	-	(74,554)	-	-	-
Total fund balances (deficits)	3,312	8,638	269,999	(74,554)	50,047	58,557	-
Total liabilities, deferred inflows of resources, and fund balances (deficits)	$ 5,161	$ 8,638	$ 829,162	$ 246,151	$ 50,047	$ 58,557	$ 801

See independent auditor's report

(continued)

TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2016

	Comprehensive Planning CDBG	Rescue Fund	Animal Husbandry	2013 Byrne Jag	Library Legislative Grant	DARE
Assets						
Cash and cash equivalents	$ -	$ 6,360	$ -	$ -	$ -	$ 4,517
Federal and state grants receivable	46,422	-	-	15,227	-	-
Receivable, other, net	-	-	-	-	-	-
Due from Other Funds	86,327	-	10,952	-	-	195
Total assets	132,749	6,360	10,952	15,227	-	4,712
Deferred outflows of resources						
None	-	-	-	-	-	-
Total assets and deferred outflows of resources	$ 132,749	$ 6,360	$ 10,952	$ 15,227	$ -	$ 4,712
Liabilities						
Accounts payable and accrued expenses	$ 12,699	$ -	$ -	$ 15,227	$ -	$ -
Due to Other Funds	-	148	-	-	-	-
Total liabilities	12,699	148	-	15,227	-	-
Deferred inflows of resources						
Unearned Revenue	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances						
Restricted	120,050	6,212	10,952	-	-	4,712
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	120,050	6,212	10,952	-	-	4,712
Total liabilities, deferred inflows of resources, and fund balances (deficits)	$ 132,749	$ 6,360	$ 10,952	$ 15,227	$ -	$ 4,712

See independent auditor's report

(continued)

TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2016

	United Way Hasbro	Franklin Farm Preservation	Police Forfeiture	Police Tobacco	Police Underage Drinking	Homeland Security
Assets						
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -
Federal and state grants receivable	-	-	-	-	-	-
Receivable, other, net	1,275	-	-	-	-	-
Due from Other Funds	43,802	150,000	21,844	2,455	1,912	36,138
Total assets	45,077	150,000	21,844	2,455	1,912	36,138
Deferred outflows of resources						
None	-	-	-	-	-	-
Total assets and deferred outflows of resources	$ 45,077	$ 150,000	$ 21,844	$ 2,455	$ 1,912	$ 36,138
Liabilities						
Accounts payable and accrued expenses	$ -	$ -	$ -	$ -	$ -	$ -
Due to Other Funds	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Deferred inflows of resources						
Unearned Revenue	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances						
Restricted	45,077	150,000	21,844	2,455	1,912	36,138
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	45,077	150,000	21,844	2,455	1,912	36,138
Total liabilities, deferred inflows of resources, and fund balances (deficits)	$ 45,077	$ 150,000	$ 21,844	$ 2,455	$ 1,912	$ 36,138

See independent auditor's report

(continued)

TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2016

	Emergency Performance	Bullet Proof Vest	Partnership For Success	RIPTIDE DUI	Assistance For Firefighters	Certfied Local Government Grant
Assets						
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -
Federal and state grants receivable	-	1,500	42,786	179	-	-
Receivable, other, net	-	-	-	-	-	-
Due from Other Funds	1,294	-	(38,039)	-	4,804	347
Total assets	1,294	1,500	4,747	179	4,804	347
Deferred outflows of resources						
None	-	-	-	-	-	-
Total assets and deferred outflows of resources	$ 1,294	$ 1,500	$ 4,747	$ 179	$ 4,804	$ 347
Liabilities						
Accounts payable and accrued expenses	$ -	$ -	$ 4,747	$ 179	$ -	$ 347
Due to Other Funds	-	1,500	-	-	-	-
Total liabilities	-	1,500	4,747	179	-	347
Deferred inflows of resources						
Unearned Revenue	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances						
Restricted	1,294	-	-	-	4,804	-
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	1,294	-	-	-	4,804	-
Total liabilities, deferred inflows of resources, and fund balances (deficits)	$ 1,294	$ 1,500	$ 4,747	$ 179	$ 4,804	$ 347

See independent auditor's report

(continued)

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

June 30, 2016

	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	222	1,023	-	997	27,125	5,060
Receivable, other, net	-	-	-	-	-	-
Due from Other Funds	-	-	220,218	-	-	1,868
Total assets	222	1,023	220,218	997	27,125	6,928
Deferred outflows of resources						
None	-	-	-	-	-	-
Total assets and deferred outflows of resources	$ 222	$ 1,023	$ 220,218	$ 997	$ 27,125	$ 6,928
Liabilities						
Accounts payable and accrued expenses	$ 222	$ 844	$ -	$ -	$ 3,952	$ 5,505
Due to Other Funds	-	123	-	997	9,701	-
Total liabilities	222	967	-	997	13,653	5,505
Deferred inflows of resources						
Unearned Revenue	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances						
Restricted	-	56	220,218	-	13,472	1,423
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	-	56	220,218	-	13,472	1,423
Total liabilities, deferred inflows of resources, and fund balances (deficits)	$ 222	$ 1,023	$ 220,218	$ 997	$ 27,125	$ 6,928

See independent auditor's report

(continued)

TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2016

	Hope Global CDBG	Champlin	Byrne / JAG 2012	RIEMA Rescue Generator	Valley Falls Park	Polling Access Grant	Total Special Revenue
Assets							
Cash and cash equivalents	$ -	$ 54	$ -	$ -	$ -	$ -	$ 848,731
Federal and state grants receivable	-	-	-	7,500	200,000	-	353,202
Receivable, other, net	-	-	-	-	-	-	248,227
Due from Other Funds	-	-	-	-	-	10,000	662,721
Total assets	-	54	-	7,500	200,000	10,000	2,112,881
Deferred outflows of resources							
None	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	$ -	$ 54	$ -	$ 7,500	$ 200,000	$ 10,000	$ 2,112,881
Liabilities							
Accounts payable and accrued expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ 61,572
Due to Other Funds	-	-	-	7,500	200,000	-	838,486
Total liabilities	-	-	-	7,500	200,000	-	900,058
Deferred inflows of resources							
Unearned Revenue	-	-	-	-	-	-	246,151
Total deferred inflows of resources	-	-	-	-	-	-	246,151
Fund Balances							
Restricted	-	54	-	-	-	10,000	771,227
Committed	-	-	-	-	-	-	269,999
Unassigned	-	-	-	-	-	-	(74,554)
Total fund balances (deficits)	-	54	-	-	-	10,000	966,672
Total liabilities, deferred inflows of resources, and fund balances (deficits)	$ -	$ 54	$ -	$ 7,500	$ 200,000	$ 10,000	$ 2,112,881

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, 2016

	Substance Abuse	Animal Control	Impact Fees	Sewer Ferncrest Willow	Revolving Loan	Historical Records	Monestary Grant
Revenues							
Federal and state grants	$ 21,084	$ -	$ -	$ -	$ -	$ -	$ -
Other income	-	-	203,845	20,756	-	4,177	34,837
Investment income	-	769	-	-	-	-	-
Total revenues	21,084	769	203,845	20,756	-	4,177	34,837
Expenditures							
General government	-	-	112,187	-	-	196	-
Public Safety	-	-	-	-	-	-	-
Public Works	-	-	-	17,850	-	-	-
Social services	23,602	-	-	-	-	-	34,837
Community development	-	-	-	-	-	-	-
Debt - Principal	-	-	235,000	-	-	-	-
Debt - Interest	-	-	95,175	-	-	-	-
Total expenditures	23,602	-	442,362	17,850	-	196	34,837
Excess (deficiency) of revenue over expenditures	(2,518)	769	(238,517)	2,906	-	3,981	-
Other financing sources (uses)							
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(2,518)	769	(238,517)	2,906	-	3,981	-
Fund Balance, June 30, 2015	5,830	7,869	508,516	(77,460)	50,047	54,576	-
Fund Balance, June 30, 2016	$ 3,312	$ 8,638	$ 269,999	$ (74,554)	$ 50,047	$ 58,557	$ -

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, 2016

	Comprehensive Planning CDBG	Rescue Fund	Animal Husbandry	2013 Byrne Jag	Library Legislative Grant	DARE
Revenues						
Federal and state grants	$ 60,107	$ -	$ -	$ 15,227	$ 2,000	$ -
Other income	-	4,372	1,204	-	-	78
Investment income	-	-	-	-	-	-
Total revenues	60,107	4,372	1,204	15,227	2,000	78
Expenditures						
General government	-	-	-	-	-	-
Public Safety	-	1,142	-	15,227	-	-
Public Works	-	-	-	-	-	-
Social services	-	-	-	-	2,000	-
Community development	60,107	-	-	-	-	-
Debt - Principal	-	-	-	-	-	-
Debt - Interest	-	-	-	-	-	-
Total expenditures	60,107	1,142	-	15,227	2,000	-
Excess (deficiency) of revenue over expenditures	-	3,230	1,204	-	-	78
Other financing sources (uses)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	3,230	1,204	-	-	78
Fund Balance, June 30, 2015	120,050	2,982	9,748	-	-	4,634
Fund Balance, June 30, 2016	$ 120,050	$ 6,212	$ 10,952	$ -	$ -	$ 4,712

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, 2016

	United Way Hasbro	Franklin Farm Preservation	Police Forfeiture	Police Tobacco	Police Underage Drinking	Homeland Security
Revenues						
Federal and state grants	$ -	$ -	$ 345	$ 1,903	$ -	$ 2,575
Other income	52,522	150,000	-	-	-	-
Investment income	-	-	-	-	-	-
Total revenues	52,522	150,000	345	1,903	-	2,575
Expenditures						
General government	-	-	-	-	-	-
Public Safety	-	-	696	1,778	-	1,788
Public Works	-	-	-	-	-	-
Social services	30,413	-	-	-	-	-
Community development	-	-	-	-	-	-
Debt - Principal	-	-	-	-	-	-
Debt - Interest	-	-	-	-	-	-
Total expenditures	30,413	-	696	1,778	-	1,788
Excess (deficiency) of revenue over expenditures	22,109	150,000	(351)	125	-	787
Other financing sources (uses)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	22,109	150,000	(351)	125	-	787
Fund Balance, June 30, 2015	22,968	-	22,195	2,330	1,912	35,351
Fund Balance, June 30, 2016	$ 45,077	$ 150,000	$ 21,844	$ 2,455	$ 1,912	$ 36,138

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, 2016

	Emergency Performance	Bullet Proof Vest	Partnership For Success	RIPTIDE DUI	Assistance For Firefighters	Certfied Local Government Grant
Revenues						
Federal and state grants	$ -	$ -	$ 108,489	$ 3,098	$ 40,520	$ -
Other income	-	3,750	-	-	-	-
Investment income	-	-	-	-	-	-
Total revenues	-	3,750	108,489	3,098	40,520	-
Expenditures						
General government	-	-	-	-	-	-
Public Safety	-	3,750	108,489	3,098	35,716	-
Public Works	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Debt - Principal	-	-	-	-	-	-
Debt - Interest	-	-	-	-	-	-
Total expenditures	-	3,750	108,489	3,098	35,716	-
Excess (deficiency) of revenue over expenditures	-	-	-	-	4,804	-
Other financing sources (uses)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	4,804	-
Fund Balance, June 30, 2015	1,294	-	-	-	-	-
Fund Balance, June 30, 2016	$ 1,294	$ -	$ -	$ -	$ 4,804	$ -

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, 2016

	RIPTIDE Speed	Child Passenger Safety	Town Clerk Special	Click it or Ticket	RIEMA Hazard Mitigation	Byrne / JAG
Revenues						
Federal and state grants	$ 3,068	$ 7,414	$ -	$ 6,799	$ 26,943	$ -
Other income	-	-	24,562	-	-	-
Investment income	-	-	-	-	-	-
Total revenues	3,068	7,414	24,562	6,799	26,943	-
Expenditures						
General government	-	-	11,936	-	-	-
Public Safety	3,068	7,414	-	6,799	-	445
Public Works	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Community development	-	-	-	-	13,471	-
Debt - Principal	-	-	-	-	-	-
Debt - Interest	-	-	-	-	-	-
Total expenditures	3,068	7,414	11,936	6,799	13,471	445
Excess (deficiency) of revenue over expenditures	-	-	12,626	-	13,472	(445)
Other financing sources (uses)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	12,626	-	13,472	(445)
Fund Balance, June 30, 2015	-	56	207,592	-	-	1,868
Fund Balance, June 30, 2016	$ -	$ 56	$ 220,218	$ -	$ 13,472	$ 1,423

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, 2016

	Hope Global CDBG	Champlin	Byrne / JAG 2012	RIEMA Rescue Generator	Valley Falls Park	Polling Access Grant	Total Special Revenue
Revenues							
Federal and state grants	$ 1,455,810	$ -	$ 15,155	$ 10,000	$ -	$ 10,000	$ 1,790,537
Other income	-	-	-	-	432,209	-	932,312
Investment income	-	1	-	-	-	-	770
Total revenues	1,455,810	1	15,155	10,000	432,209	10,000	2,723,619
Expenditures							
General government	-	-	-	-	-	-	124,319
Public Safety	-	-	15,155	10,000	-	-	214,565
Public Works	-	-	-	-	-	-	17,850
Social services	-	-	-	-	432,209	-	523,061
Community development	1,455,810	-	-	-	-	-	1,529,388
Debt - Principal	-	-	-	-	-	-	235,000
Debt - Interest	-	-	-	-	-	-	95,175
Total expenditures	1,455,810	-	15,155	10,000	432,209	-	2,739,358
Excess (deficiency) of revenue over expenditures	-	1	-	-	-	10,000	(15,739)
Other financing sources (uses)							
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	1	-	-	-	10,000	(15,739)
Fund Balance, June 30, 2015	-	53	-	-	-	-	982,411
Fund Balance, June 30, 2016	$ -	$ 54	$ -	$ -	$ -	$ 10,000	$ 966,672

See independent auditor's report

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TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2016

	SPED Part B	SPED Preschool	Title I Part A	Title II	Title III	USDA Fresh Fruit & Vegetables	K-3 Formative Assessment
Assets							
Cash	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Due from other funds	-	-	-	-	-	10,686	-
Other receivable	-	-	-	-	-	-	-
Due from state or federal government	415,721	9,198	171,820	57,256	833	-	1,395
Total assets	415,721	9,198	171,820	57,256	833	10,686	1,395
Deferred Outflows of Resources							
None	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	$ 415,721	$ 9,198	$ 171,820	$ 57,256	$ 833	$ 10,686	$ 1,395
Liabilities							
Accounts payable and accrued expenses	$ 6,477	$ -	$ -	$ -	$ -	$ -	$ 1,395
Other current liabilities	-	-	-	-	-	-	-
Due to other funds	409,244	9,198	171,820	57,256	833	9,320	-
Total liabilities	415,721	9,198	171,820	57,256	833	9,320	1,395
Deferred Inflows of Resources							
None	-	-	-	-	-	-	-
Total deferred inflow of resources	-	-	-	-	-	-	-
Fund balances (deficits), restricted	-	-	-	-	-	1,366	-
Total liabilities, deferred inflows of resources, and fund balances (deficits)	$ 415,721	$ 9,198	$ 171,820	$ 57,256	$ 833	$ 10,686	$ 1,395

See independent auditor's report

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TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2016

	Literacy	Technology	Professional Development	CTE Categorical	Other Miscellaneous	School Lunch	Total School Special Revenue
Assets							
Cash	$ -	$ -	$ -	$ -	$ 106,143	$ 463,563	$ 569,706
Due from other funds	146,207	139,039	380	-	1,760	-	298,072
Other receivable	-	-	-	-	-	15,112	15,112
Due from state or federal government	-	-	-	-	-	107,783	764,006
Total assets	146,207	139,039	380	-	107,903	586,458	1,646,896
Deferred Outflows of Resources							
None	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	$ 146,207	$ 139,039	$ 380	$ -	$ 107,903	$ 586,458	$ 1,646,896
Liabilities							
Accounts payable and accrued expenses	$ -	$ -	$ -	$ -	$ 5,244	$ 212,527	$ 225,643
Other current liabilities	-	-	-	-	-	24,254	24,254
Due to other funds	-	-	-	-	5,828	42,405	705,904
Total liabilities	-	-	-	-	11,072	279,186	955,801
Deferred Inflows of Resources							
None	-	-	-	-	-	-	-
Total deferred inflow of resources	-	-	-	-	-	-	-
Fund balances (deficits), restricted	146,207	139,039	380	-	96,831	307,272	691,095
Total liabilities, deferred inflows of resources, and fund balances (deficits)	$ 146,207	$ 139,039	$ 380	$ -	$ 107,903	$ 586,458	$ 1,646,896

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 – School Special Revenue Funds

For the Year Ended June 30, 2016

	SPED Part B	SPED Preschool	Title I Part A	Title II	Title III	USDA Fresh Fruit & Vegetables	K-3 Formative Assessment
Revenues							
Federal and state grant income	$ 1,231,382	$ 37,490	$ 441,853	$ 145,217	$ 12,568	$ 32,711	$ -
Charges for services	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	6,339
Total revenues	1,231,382	37,490	441,853	145,217	12,568	32,711	6,339
Expenditures							
Education	1,231,382	37,490	441,853	145,217	12,568	33,009	6,339
Cafeteria	-	-	-	-	-	-	-
Excess (deficiency) of revenue over expenditures	-	-	-	-	-	(298)	-
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-	(298)	-
Fund balance, July 1, 2015	-	-	-	-	-	1,664	-
Fund balance, June 30, 2016	$ -	$ -	$ -	$ -	$ -	$ 1,366	$ -

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Non-Major Governmental Funds

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

For the Year Ended June 30, 2016

	Literacy	Technology	Professional Development	CTE Categorical	Other Miscellaneous	School Lunch	Total School Special Revenue
Revenues							
Federal and state grant income	$ -	$ -	$ -	$ -	$ 10,900	$ 1,429,807	$ 3,341,928
Charges for services	-	-	-	-	-	876,270	876,270
Other	-	-	-	-	55,295	-	61,634
Total revenues	-	-	-	-	66,195	2,306,077	4,279,832
Expenditures							
Education	-	-	-	891	69,890	-	1,978,639
Cafeteria	-	-	-	-	-	2,227,975	2,227,975
Excess (deficiency) of revenue over expenditures	-	-	-	(891)	(3,695)	78,102	73,218
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	(891)	(3,695)	78,102	73,218
Fund balance, July 1, 2015	146,207	139,039	380	891	100,526	229,170	617,877
Fund balance, June 30, 2016	$ 146,207	$ 139,039	$ 380	$ -	$ 96,831	$ 307,272	$ 691,095

See independent auditor's report

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TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2016

	Drainage	Recreation Bond	Open Space	Road Infrastructure Bond 2015	Tucker Field Phase II	Capital Reserve Library	Capital Lease Fund	Total
Assets								
Cash & Cash Equivalents	$ 815,871	$ -	$ -	$ -	$ -	$ -	$ -	$ 815,871
Due from other funds	-	470,156	962,616	1,407,996	32,180	28,006	-	2,900,954
Total assets	815,871	470,156	962,616	1,407,996	32,180	28,006	-	3,716,825
Deferred outflows of resources								
None	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	$ 815,871	$ 470,156	$ 962,616	$ 1,407,996	$ 32,180	$ 28,006	$ -	$ 3,716,825
Liabilities								
Accounts Payable and Accrued Expense	$ -	$ -	$ -	$ 433,513	$ -	$ -	$ -	$ 433,513
Due to Other funds	605,460	-	-	-	-	-	-	605,460
Total liabilities	605,460	-	-	433,513	-	-	-	1,038,973
Deferred inflows of resources								
None	-	-	-	-	-	-	-	-
Fund Balances								
Restricted	210,411	470,156	962,616	-	-	-	-	1,643,183
Assigned	-	-	-	974,483	32,180	28,006	-	1,034,669
Total liabilities, deferred inflows of resources, and fund balances	$ 815,871	$ 470,156	$ 962,616	$ 1,407,996	$ 32,180	$ 28,006	$ -	$ 3,716,825

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 – Capital Project Funds

For the Year Ended June 30, 2016

	Drainage	Recreation Bond	Open Space	Road Infrastructure Bond 2015	Tucker Field Phase II	Capital Reserve Library	Capital Lease Fund	Total
Revenues								
Federal and state grants	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	-	-
Expenditures								
Public works	9,029	257,702	-	1,525,517	-	1,994	30,464	1,824,706
Debt service	-	-	157,600	-	-	-	-	157,600
Total expenditures	9,029	257,702	157,600	1,525,517	-	1,994	30,464	1,982,306
Excess (deficiency) of revenue over expenditures	(9,029)	(257,702)	(157,600)	(1,525,517)	-	(1,994)	(30,464)	(1,982,306)
Other financing sources (uses)								
Bond proceeds	-	-	-	2,500,000	-	-	-	2,500,000
Transfer from (to) other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	2,500,000	-	-	-	2,500,000
Excess (deficiency) of revenues and other sources over expenditures and other uses	(9,029)	(257,702)	(157,600)	974,483	-	(1,994)	(30,464)	517,694
Fund Balance, July 1, 2015	219,440	727,858	1,120,216	-	32,180	30,000	30,464	2,160,158
Fund Balance, June 30, 2016	$ 210,411	$ 470,156	$ 962,616	$ 974,483	$ 32,180	$ 28,006	$ -	$ 2,677,852

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TOWN OF CUMBERLAND, RHODE ISLAND

Non-Major Governmental Funds

Combining Statement of Net Position – Private Purpose Trust Funds

June 30, 2016

	Burial	High School Scholarship	Scholarships	Total
Assets				
Cash	$ 223,766	$ 10,477	$ 52,396	$ 286,639
Total assets	$ 223,766	$ 10,477	$ 52,396	$ 286,639
Net position				
Restricted for other purposes	$ 223,616	$ 10,477	$ 52,396	$ 286,489
Total net position	$ 223,616	$ 10,477	$ 52,396	$ 286,489

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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, 2016

	Burial	High School Scholarship	Scholarships	Total
Additions				
Donations	$ -	$ -	$ 50,228	$ 50,228
Interest	957	9	-	966
Total additions	957	9	50,228	51,194
Deductions				
Scholarships	-	-	40,743	40,743
Social services	174	-	-	174
Total deductions	174	-	40,743	40,917
Excess of Revenues and Other Sources Over Expenditures and Other Uses	783	9	9,485	10,277
Fund balance, July 1, 2015	222,833	10,468	42,911	276,212
Fund balance, June 30, 2016	$ 223,616	$ 10,477	$ 52,396	$ 286,489

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TOWN OF CUMBERLAND, RHODE ISLAND

Fiduciary Funds
Combining Statement of Assets and Liabilities – Agency Funds

June 30, 2016

	Student Activities/ Alumni	Curb Cuts	Portuguese Exchange	Substance Abuse Prevention Task Force	School Fundraising	Cumberland Fest	Police Evidence	Total
Assets								
Cash	$ 240,101	$ 204,005	$ 1,372	$ 37,135	$ 25,400	$ 465	$ 52,530	$ 561,008
Due from other funds	-	-	-	-	-	-	-	-
Total assets	$ 240,101	$ 204,005	$ 1,372	$ 37,135	$ 25,400	$ 465	$ 52,530	$ 561,008
Liabilities								
Accounts payable and accrued expenses	$ -	$ -	$ -	$ -	$ 1,224	$ -	$ -	$ 1,224
Due to Other Funds	-	87,076	-	-	2,137	-	-	89,213
Deposits Held in Custody	240,101	116,929	1,372	37,135	22,039	465	52,530	470,571
Total liabilities	$ 240,101	$ 204,005	$ 1,372	$ 37,135	$ 25,400	$ 465	$ 52,530	$ 561,008

See independent auditor's report

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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, 2016

	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	539,006	14,325	-	-	-	141,100	6,617	701,048
Total revenue	539,006	14,325	-	-	-	141,100	6,617	701,048
Deductions								
General government	-	80	-	-	-	-	-	80
Public Safety							9,101	9,101
Recreation								-
Parks								-
Education	541,568	-	-	-	3,318	-	-	544,886
Parks, recreation, and other	-	-	-	-	-	140,899	-	140,899
Total expenditures	541,568	80	-	-	3,318	140,899	9,101	694,966
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(2,562)	14,245	-	-	(3,318)	201	(2,484)	6,082
Fund balance, July 1, 2015	242,663	102,684	1,372	37,135	25,357	264	55,014	464,489
Fund balance, June 30, 2016	$ 240,101	$ 116,929	$ 1,372	$ 37,135	$ 22,039	$ 465	$ 52,530	$ 470,571

See independent auditor's report

(continued)

TOWN OF CUMBERLAND, RHODE ISLAND

Tax Collectors Annual Report

June 30, 2016

Tax Roll Year	Balance July 1, 2015	Assessment	Additions	Abatements, Refunds & Adjustments	Transfers	Amount to be collected	Collections	Balance June 30, 2016
2016	-	63,129,228	-	(326,889)	(13,146)	62,789,193	27,831,287	34,957,906
2015	34,882,048	-	124,108	(48,827)	(50,820)	34,906,509	33,963,381	943,128
2014	1,225,618	-	4,498	6,236	32,344	1,268,696	957,713	310,983
2013	400,855	-	3,096	919	6,138	411,008	194,370	216,638
2012	279,258	-	2,112	(2,270)	2,658	281,758	71,934	209,824
2011	210,830	-	1,312	(9,630)	174	202,686	28,321	174,365
2010	221,781	-	-	(8,767)	1,131	214,145	12,949	201,196
2009	89,576	-	-	(406)	1,400	90,570	8,428	82,142
2008	93,140	-	-	(1,333)	749	92,556	2,540	90,016
2007	83,884	-	-	(2,065)	1,464	83,283	159	83,124
2006	84,604	-	-	478	790	85,872	245	85,627
2005	85,071	-	-	(419)	1,334	85,986	792	85,194
2004	86,133	-	-	(478)	3,289	88,944	3,642	85,302
2003	4,712	-	-	327	2,718	7,757	2,580	5,177
2002	15,453	-	-	(126)	4,313	19,640	2,408	17,232
2001	41,853	-	-	(103)	913	42,663	2,477	40,186
2000 & prior	791,965	-	-	-	-	791,965	-	791,965
	38,596,781	63,129,228	135,126	(393,353)	(4,551)	101,463,230	63,083,226	38,380,004

Description	Valuation
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
	$ 3,457,627,615

See independent auditor's report

(continued)

TOWN OF CUMBERLAND, RHODE ISLAND

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

June 30, 2016

Restricted for Education:		
School Committee designation for medical insurance cost contingency	$	450,000
School Committee designation for use in a subsequent year		1,197,608
Undesignated (1)		2,362,699
	$	4,010,307

(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, 2016 and within the range required by the School Committee policy.