
City of Central Falls, Rhode Island

***AUDITED FINANCIAL STATEMENTS &
SUPPLEMENTARY INFORMATION***

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2018***

Prepared by the Finance Department

PPA, LLP

FINANCIAL SECTION

This Section Contains the Following Subsections:

Independent Auditors' Report
Management's Discussion and Analysis
Basic Financial Statements
Required Supplementary Information
Supplementary Information



PPA, LLP

Performance with a Purpose in Accounting

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the City Council
City of Central Falls, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Central Falls, Rhode Island as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Central Falls, Rhode Island, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Note 1 to the financial statements, in fiscal 2018, the City of Central Falls, Rhode Island adopted new accounting guidance, GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). Our opinion is not modified with respect to this matter. As described in Note 14, the implementation of GASB Statement 75 resulted in the restatement of the net position of the Governmental Activities in the Government-wide Statements as of June 30, 2017. The net position was restated to include the net OPEB Liability at the beginning of the fiscal year. The net position as of June 30, 2017 was decreased by \$520,001 as a result of the implementation of GASB Statement 75.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–11 and 70–76 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 City of Central Falls, Rhode Island's basic financial statements. The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, Annual Supplemental Transparency Report (MTP2), other supplementary information, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, Annual Supplemental Transparency Report (MTP2), other supplementary information, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, the combining fiduciary fund financial statements, Annual Supplemental Transparency Report (MTP2), other supplementary information, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 1, 2019 on our consideration of the City of Central Falls, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Central Falls, Rhode Island's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Central Falls, Rhode Island's internal control over financial reporting and compliance.

PPA, LLP

PPA, LLP
Warwick, Rhode Island
March 1, 2019

Management's Discussion and Analysis

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2018

This discussion and analysis of the City of Central Falls financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2018. This is the City's sixteenth (16th) year reporting in accordance with the provisions of GASB Statement No. 34. Please read this document in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

The auditors' report for 2018 expresses an unmodified (i.e. "clean") opinion on the financial statements of the City of Central Falls. The City's basic financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information of the City and the notes to the financial statements.

The Government-Wide Statement of Net Position indicates that the City's total net position increased this year to a negative \$15,840,462, reflecting an increase of \$5,945,410 over FY2017.

The Government-Wide Statement of Activities indicates that the City's total general revenues of \$20,642,733 combined with additional program revenues of \$5,955,821, less program expenses of \$20,653,144, resulted in an increase of \$5,945,410 in total net position from a year ago.

The Governmental Fund Financial Statements indicate that the ending fund balance for the City's general fund was a surplus of \$2,758,298, reflecting an increase of \$2,090,155 (after other financing sources and uses) compared to the FY2017 fund balance.

The Financial Statements

The financial statements presented herein include all the activities of the City of Central Falls using the integrated approach as prescribed by Government Accounting Standard Board (GASB) Statement No. 34.

The Government-Wide Financial Statements present the financial picture of the City of Central Falls from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the City of Central Falls as well as all liabilities (including long term debt). Additionally, certain eliminations have occurred as prescribed by GASB Statement No. 34 about inter-fund activity, payables and receivables.

The Fund Financial Statements include statements for each of the two categories of activities - governmental and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The fiduciary activities are reported in the City's trust and agency funds. Agency funds, unlike the City's pension trust funds, do not have a measurement focus and only require a statement of fiduciary net position. Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

Overview of the Financial Statements

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the City of Central Falls as a whole and about its activities. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by most companies in the private-sector. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. Net position is the difference between assets and liabilities, which is one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position is an indicator of whether the City's financial health is improving or deteriorating.

Overview of the Financial Statements (Continued)
Government-Wide Financial Statements (Continued)

The Statement of Net Position and the Statement of Activities (Continued)

GASB Statement No. 34 defines the accounting terms found in the Statement of Net Position and the Statement of Activities as follows:

Governmental Activities

This category identifies the costs of the City's various functions/programs in providing services to the public (i.e. general government, public safety, public works, etc.). The City's aggregate costs of providing these services are then offset by the state, federal and private grants, which provide additional funds that serve to reduce the City's costs of providing these same services.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the reporting entity as a whole. Although some funds are established by local ordinance, management often creates other funds to help control and manage certain revenues, grants and other sources of funds. These funds are generally earmarked for specific purposes and management must be able to demonstrate that it is meeting certain legal responsibilities often required by the provider.

Governmental Funds

Most of the City's services are reported on governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are greater or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements compared to those in the Government-Wide financial statements are explained in the reconciliation schedule following the Governmental Fund financial statements.

Proprietary Funds

Business-like activities, such as providing water or sewer services, to the general public are done so through enterprise funds, which are financed primarily by user charges. The City of Central Falls has no enterprise funds. Services of this type have historically been provided to Central Falls residents through regional boards and commissions located outside of the City.

Fiduciary Funds

The City of Central Falls is the trustee, or fiduciary, for certain funds held on behalf of beneficiaries. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Position. These activities are excluded from the City's Government-Wide Financial Statements because the City cannot use these assets to finance operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Notes to Financial Statements

The notes provide additional information that is essential to a complete understanding of the data provided in the Government-Wide and Governmental Fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, such as the City's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison schedules for the General Fund.

Overview of the Financial Statements (Continued)
Government-Wide Financial Statements (Continued)

The Statement of Net Position and the Statement of Activities (Continued)

Government-Wide Financial Analysis

In this, the sixteenth (16th) year of implementation of the provisions of GASB Statement No. 34, the City continues to provide certain disclosures and compares them to prior year financial statements. In the sections that follow, a comparative analysis is provided between current year and prior year information.

As noted earlier, the total net position for the City of Central Falls has increased by \$5,945,410 over the prior year's balance. This increase is first identified in the change in net position as recorded in the Statement of Activities and then flows through the Statement of Net Position. Program expenses by function, general revenues by major source, excess and/or deficiency of revenues over expenses and total assets are presented in the Statement of Activities and Changes in Net Assets.

Net position for the City of Central Falls for the fiscal year ended June 30, 2018 was:

	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 7,890,805	\$ 6,358,378
Capital assets	<u>20,875,561</u>	<u>19,437,048</u>
Total Assets	<u>28,766,366</u>	<u>25,795,426</u>
Deferred Outflow	4,618,042	5,900,251
Current liabilities	4,954,327	4,661,495
Long-term liabilities	<u>40,030,339</u>	<u>41,942,337</u>
Total Liabilities	<u>44,984,666</u>	<u>46,603,832</u>
Deferred Inflow	<u>4,240,204</u>	<u>6,357,716</u>
Net Position:	(15,840,462)	(21,265,871)
Net investment in		
Capital assets	11,730,561	8,327,048
Restricted	2,874,449	2,357,234
Unrestricted	<u>(30,445,472)</u>	<u>(31,950,153)</u>
Total Net Position	<u>\$ (15,840,462)</u>	<u>\$ (21,265,871)</u>

This year the City of Central Falls continues to report positive balances in two (2) areas of net position. Net investment in capital assets is \$11,730,561 and restricted net position amounted to \$2,874,449. The negative balance of (\$30,445,472) in unrestricted net position is mostly attributable to the City's net pension liability of \$27,643,554 and the other post-employment benefits obligation of \$3,936,768.

As indicated in the Statement of Activities, the total cost of governmental activities for the year ended June 30, 2018 was \$20,653,144. Some of the costs (i.e. \$4,206,043) were paid by federal, state and private grants and entitlements.

Overview of the Financial Statements (Continued)
 Government-Wide Financial Statements (Continued)

The Statement of Net Position and the Statement of Activities (Continued)

Government-Wide Financial Analysis (Continued)

	<u>2018</u>	<u>2017</u>
Charges for Services		
General government	\$ 1,749,778	\$ 1,754,258

Total revenue received for charges for services in 2018 was \$1,749,778 a decrease of \$4,480 as compared to the amount received in 2017, which was \$1,754,258. The change is mostly attributable to a decrease in services provided.

	<u>2018</u>	<u>2017</u>
Operating Grants and Contributions		
General government	\$ 455,120	\$ 552,345
Public safety	120,492	75,475
Public recreation	111,937	149,150
Total	\$ 687,549	\$ 776,970

Total revenue received from Operating Grants and Contributions in 2018, was \$687,549 a decrease of \$89,421 as compared to the amount received in 2017, which was equal to \$776,970.

	<u>2018</u>	<u>2017</u>
Capital Grants and Contributions		
General government	\$ 3,518,494	\$ 440,257

Total revenue received from Capital Grants and Contributions in 2018 was \$3,518,494, which was an increase of \$3,078,237 to the amount received in 2017, which was \$440,257. The change in amount is revenue that was received for the School Building Capital account.

	<u>2018</u>	<u>2017</u>
Total Program Revenues	\$ 5,955,821	\$ 2,971,485
General Revenues		
Property taxes	16,645,560	15,078,492
Grants and contributions (unrestricted)	2,970,744	2,253,918
Investment earnings	8,982	343
Miscellaneous	1,017,447	890,792
Total General Revenues	20,642,733	18,223,545
	<u>\$ 26,598,554</u>	<u>\$ 21,195,030</u>

General revenues in 2018 were \$20,642,733, which reflects an increase \$2,419,188 as compared to the amount received in 2017, which was equal to \$18,223,545. Total Government-Wide Revenues in 2018 were \$26,598,554, an increase of \$5,403,524 as compared to the amount received in 2017, which was equal to \$21,195,030. The change is mostly attributable to an increase in property tax rate and collection efforts.

Overview of the Financial Statements (Continued)
 Government-Wide Financial Statements (Continued)

The Statement of Net Position and the Statement of Activities (Continued)

Statement of Activities

Program Expenses	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
General Government	\$ 4,888,232	\$ (835,160)	\$ 4,331,316	\$ 1,584,456
Public Safety	8,600,393	8,479,901	7,623,890	7,548,415
Public Works	2,379,083	2,379,083	2,552,101	2,552,101
Public Education	1,396,371	1,396,371	1,392,597	1,392,597
Public Recreation	1,201,031	1,089,094	933,072	783,922
Contingency	6,015	6,015	3,735	3,735
Reserve	-	-	24,884	24,884
Employee Benefits	336,723	336,723	361,265	361,265
Retirement	1,561,630	1,561,630	2,384,148	2,384,148
Debt Service Interest	283,666	283,666	514,876	514,876
*Total Expenses	\$ 20,653,144	\$ 14,697,323	\$ 20,121,884	\$ 17,150,399

The City's total program expenses were \$20,653,144. With additional program revenues of \$5,955,821 in FY 2018, the City's net cost of services was \$14,697,323. When subtracted from the City's total general revenues of \$20,642,733, the City realizes a favorable Change in Net Position of \$5,945,410. This favorable change is mostly attributable to an overall increase in tax collections. In FY 2017, the City realized a favorable Change in Net Position of \$1,073,146.

Transfers

Inter-fund transfers for the year ended June 30, 2018 totaled \$3,140,632 for the year.

Financial Analysis of the City's Funds – Governmental Fund Statements

Statement of Changes in Fund Balances – Governmental Funds

	Fund Balance <u>June 30, 2018</u>	Fund Balance <u>June 30, 2017</u>	Increase <u>(Decrease)</u>
General Fund	\$ 2,758,298	\$ 668,143	\$ 2,090,155
State Pension	84,157	84,152	5
Capital Reserve	-	1,657,952	(1,657,952)
Other Governmental	104,221	615,130	(510,909)
Total	\$ 2,946,676	\$ 3,025,377	\$ (78,701)

The fund balance for the City of Central Falls general fund is \$2,758,298 as of June 30, 2018. This represents an increase of \$2,090,155 as compared to FY2017.

Financial Analysis of the City's Funds – Governmental Fund Statements Analysis (Continued)

General Fund Revenues	2018	2017	Variance	Percentage Change
General property taxes	\$ 15,394,220	\$ 15,328,980	\$ 65,240	0.44%
Intergovernmental	7,176,787	2,253,918	4,922,869	196.59%
Fees / Non-tax income	1,749,778	1,754,258	(4,480)	-0.27%
Other revenues	1,026,429	14,311	1,012,118	1357.38%
Total	\$ 25,347,214	\$ 19,351,467	\$ 5,995,747	0.31

FY2018 revenues exceeded expenditures by \$838,365 before other financing sources and uses were applied. The general fund realized a decrease of \$131,076. Per City Ordinances, \$1,078,346 was transferred to the Capital account. In addition, there was another \$822,727 transferred from the Capital Reserve fund to the Capital accounts.

Revenues from general property taxes increased by \$1,077,145 or 7.04%, as compared to FY2017. Intergovernmental revenues received from the State of Rhode Island increased by \$13,519 or 0.60% as compared to last year, resulting from a decrease in state aid. Local fees, non-tax, and other income increased by \$215,643.

The following table displays a comparison of revenues and expenditures “budget to actual” for the general fund, as reported on a budgetary basis and required by the City Charter.

General Fund Budgetary Comparison Schedule – June 30, 2018

Revenue Analysis	Adopted Budget FY18	Final Budget FY18	Actual FY18	Variance FY18
Tax revenue	\$ 14,842,566	\$ 14,842,566	\$ 15,300,314	\$ 457,748
Fees/Non-tax revenue	1,366,632	1,366,632	2,149,435	782,803
Intergovernmental/State	2,212,666	2,212,666	2,571,087	358,421
Other Income	11,959	11,959	241,097	229,138
Total	\$ 18,433,823	\$ 18,433,823	\$ 20,261,933	\$ 1,828,110
Expenditure Analysis				
General Government	\$ 2,770,364	\$ 2,803,366	\$ 3,374,913	\$ (571,547)
Public safety	7,529,983	7,507,964	8,019,601	(511,637)
Public works	1,930,014	1,930,014	2,005,387	(75,373)
Public Library	146,154	146,154	145,899	255
Public recreation/Planning	679,492	690,492	737,276	(46,784)
Municipal debt service	2,463,366	2,463,366	2,385,822	77,544
Reserve/Special Projects	75,268	64,258	-	64,258
Contingency	-	-	6,015	(6,015)
Employee benefits	396,000	370,000	336,723	33,277
Retirement	2,443,182	2,443,182	2,396,933	46,249
Total	\$ 18,433,823	\$ 18,418,796	\$ 19,408,569	\$ (989,773)

*The above schedule is designed to show variances by budgetary line item. All actual FY18 revenue and FY18 expense may not be included in this schedule.

Financial Analysis of the City's Funds – Governmental Fund Statements Analysis (Continued)
Other Governmental Funds

Other governmental funds consist of:

	<u>Total Net Position</u>	
Restricted	\$ 225,935	Resources restricted for a certain purpose
Unassigned	<u>(121,714)</u>	
Total	<u>\$ 104,221</u>	

It should be noted that the Central Falls School District was not classified as a component unit of the City. It is a component unit of the State of Rhode Island through an act of the Rhode Island Legislature. This act provided for the State to assume administrative takeover of the School District effective July 1, 1991. Separately issued financial statements were prepared and may be obtained from the Rhode Island Department of Education.

Pension Trust Funds

<u>Pension Fund</u>	<u>Total Net Position</u>
Total	\$ 9,988,434

Total net position of the City's pension trust funds amount to \$9,988,434 in FY2018, an increase of \$818,166 compared to FY2017, resulting from pension revenues exceeding expenses.

In an effort to reverse several years of Central Falls failing to make contributions into its pension funds, the City began to make annual contributions into Central Falls Pension Plan beginning in FY2012, so as to amortize the unfunded liability over a number of years and make these pension funds viable and safe for retirees in the future. Under the new plan, the ARC is projected to be less than the Pay-As-You-Go ("PAYGO") costs until 2027, so the City will essentially be paying more than the annual required contribution which will result in a reduction of its "net pension obligation" on its statement of net position.

Debt Administration

At year end the total long-term debt for the City of Central Falls was \$44.5 million. The breakdown is as follows:

	<u>FY2018 Amount</u>	<u>Percent</u>	<u>FY2017 Amount</u>	<u>Percent</u>
General Obligation Municipal Bonds	\$ 5,435,000	13%	\$ 5,895,000	13%
RIHEBC Revenue Bonds	3,710,000	18%	5,215,000	18%
Net Pension Liability (NPL)	27,643,554	57%	27,691,403	57%
Net OPEB Liability (NOL)	3,936,768	6%	3,267,708	6%
Due to State	1,545,884	6%	2,145,884	6%
Compensated Absences	376,814	0%	274,824	0%
Total	<u>\$ 42,648,020</u>	100%	<u>\$ 44,489,819</u>	100%

The Central Falls School District is a component unit of the State of Rhode Island. While the Central Falls School District has care, custody and control over the seven buildings used by the district, the City owns the buildings and is responsible for major repairs and renovations. These repairs and renovations are typically funded with school bonds as noted above.

On October 26, 2012, Moody's upgraded the City's general obligation bond rating to B2 with a positive outlook and on November 16, 2012 Standard and Poor's bond rating improved to BB.

Debt Administration (Continued)

On July 18, 2013, Moody's upgraded the City's general obligation bond rating to B1 from B2 with a positive outlook. Moody's has also affirmed the Ba1 underlying rating on the Rhode Island Health and Educational Building Corporation's (RIHEBC) Series 2007B bonds, with a stable outlook.

On June 27, 2014, Moody's upgraded the City's general obligation bond rating to Ba3 from B1, with a positive outlook.

On May 26, 2015, Moody's upgraded the City's general obligation bond rating to Ba2 from Ba3, with a positive outlook.

On December 23, 2013, Standard and Poor affirmed its BB rating for the City of Central Falls, with a stable outlook.

On March 5, 2015, Standard and Poor reaffirmed its BB rating for the City of Central Falls, with a positive outlook.

Capital Assets

The City of Central Falls has \$20,875,561 invested in capital assets, net of depreciation. Only capitalized assets with an original cost of \$5,000 or greater are included. The straight-line/unrecovered cost method was used to calculate annual depreciation.

Independent Audit

State statutes and the City Charter require an annual audit by independent certified public accountants. The accounting firm of PPA, LLP provided this service for the purpose of issuing basic financial statements and supplementary information for the year ended June 30, 2018.

Acknowledgements

The preparation of this report was made possible by the conscientious efforts provided by the entire staff of The City of Central Falls. I appreciate their hard work and dedication throughout this endeavor.

Respectfully submitted,

Irina M. Gorman
Acting Finance Director



BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

**Statement of Net Position
June 30, 2018**

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 3,126,622
Due from federal and state governments	1,934,565
Property taxes receivable, net	2,012,663
Other receivables, net	694,173
Prepaid Expenses	<u>122,783</u>
Total Current Assets	7,890,806
Noncurrent Assets	
Capital assets (non-depreciable)	5,000,846
Capital assets (net of accumulated depreciation)	<u>15,874,715</u>
Total Noncurrent Assets	20,875,561
Total Assets	<u>28,766,367</u>
Deferred Outflows of Resources	
Pension related	<u>4,618,042</u>
Total Deferred Outflows of Resources	<u>4,618,042</u>

The accompanying notes are an integral part of these financial statements.

Statement of Net Position (Continued)
June 30, 2018

	<u>Governmental Activities</u>
Current Liabilities	
Accounts payable	1,165,639
Accrued expenses	905,071
Unearned revenue	265,936
Current portion of long-term liabilities	<u>2,617,681</u>
Total Current Liabilities	4,954,327
Noncurrent Liabilities	
Net pension liability	27,643,554
Net OPEB liability	3,936,768
Long-term liabilities	<u>8,450,017</u>
Total Noncurrent Liabilities	<u>40,030,339</u>
Total Liabilities	<u>44,984,666</u>
Deferred Inflows of Resources	
Pension related	<u>4,240,204</u>
Total Deferred Inflows of Resources	<u>4,240,204</u>
Net Position (Deficit)	
Net investment in capital assets	11,730,561
Restricted:	
Retirees supplemental settlement	84,157
Capital projects	2,720,281
Special revenue/grantors	70,011
Unrestricted	<u>(30,445,471)</u>
Total Net Position (Deficit)	<u>\$ (15,840,461)</u>

The accompanying notes are an integral part of these financial statements.

**Statement of Activities
For the Year Ended June, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue
					Governmental Activities
Governmental activities:					
General government	\$ 4,888,231	\$ 1,749,778	\$ 455,120	\$ 3,518,494	\$ 835,161
Public safety	8,600,393	--	120,492	--	(8,479,901)
Public works	2,379,083	--	--	--	(2,379,083)
Public education	1,396,371	--	--	--	(1,396,371)
Public recreation	1,201,031	--	111,937	--	(1,089,094)
Contingency	6,015	--	--	--	(6,015)
Employee benefits	336,723	--	--	--	(336,723)
Retirement	1,561,630	--	--	--	(1,561,630)
Debt service interest	283,666	--	--	--	(283,666)
Totals	\$ 20,653,143	\$ 1,749,778	\$ 687,549	\$ 3,518,494	(14,697,322)
General Revenues:					
Property taxes					16,645,560
Grants and contributions not restricted to specific programs					2,970,744
Investment earnings					8,982
Miscellaneous					1,017,447
					<u>20,642,733</u>
					Change in Net Position 5,945,411
					Net Position (Deficit) - Beginning, As Restated (21,785,872)
					Net Position (Deficit) - Ending <u>\$ (15,840,461)</u>

The accompanying notes are an integral part of these financial statements.

Fund Financial Statements

**Balance Sheet
Governmental Funds
June 30, 2018**

	General Fund	Retirees Supplemental Settlement	Capital Reserve	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,638,176	\$ 3,612	\$ --	\$ 1,484,834	\$ 3,126,622
Due from federal and state governments	503,443	--	404,095	1,027,027	1,934,565
Property taxes receivable, net	2,012,663	--	--	--	2,012,663
Other receivables, net	694,173	--	--	--	694,173
Prepaid expenses	122,783	--	--	--	122,783
Due from other funds	1,592,449	80,545	--	1,863,117	3,536,111
Total Assets	<u>6,563,687</u>	<u>84,157</u>	<u>404,095</u>	<u>4,374,978</u>	<u>11,426,917</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	673,566	--	365,567	126,506	1,165,639
Accrued expenses	857,639	--	--	47,432	905,071
Due to other funds	596,286	--	38,528	2,901,297	3,536,111
Unearned revenue	426,558	--	--	1,195,522	1,622,080
Total Liabilities	<u>2,554,049</u>	<u>--</u>	<u>404,095</u>	<u>4,270,757</u>	<u>7,228,901</u>
Deferred Inflows of Resources					
Unavailable revenue - taxes	1,251,340	--	--	--	1,251,340
Total Deferred Inflows of Resources	<u>1,251,340</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,251,340</u>
Fund Balance					
Nonspendable	122,783	--	--	--	122,783
Restricted	--	84,157	--	225,935	310,092
Committed	2,564,357	--	--	--	2,564,357
Unassigned	71,158	--	--	(121,714)	(50,556)
Total Fund Balances	<u>2,758,298</u>	<u>84,157</u>	<u>--</u>	<u>104,221</u>	<u>2,946,676</u>
Total Liabilities and Fund Balances	<u>\$ 6,563,687</u>	<u>\$ 84,157</u>	<u>\$ 404,095</u>	<u>\$ 4,374,978</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	20,875,561
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(42,648,020)
Unearned revenues (net of an allowance for uncollectibles) are recorded in the funds, but are not deferred under the measurement focus employed in the Statement of Net Position.	2,607,484
Pension related deferred outflows less pension related deferred inflows on the statement of net position	377,838
Accrued interest on long-term liabilities have been included in the governmental activities in the Statement of Net Position.	--
Net Position of Governmental Activities (A-1)	<u>\$ (15,840,461)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CENTRAL FALLS, RHODE ISLAND

**Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2018**

	General Fund	Retirees Supplemental Settlement	Capital Reserve	Other Governmental Funds	Total Governmental Funds
Revenues					
General property taxes	\$ 15,394,220	\$ --	\$ --	\$ --	\$ 15,394,220
Interest and investment income	--	5	--	8,977	8,982
Intergovernmental	2,970,744	--	404,095	3,801,948	7,176,787
Fees/non-tax income	1,749,778	--	--	--	1,749,778
Other revenues	841,097	--	13,900	162,450	1,017,447
Total Revenues	<u>20,955,839</u>	<u>5</u>	<u>417,995</u>	<u>3,973,375</u>	<u>25,347,214</u>
Expenditures					
Current:					
General government	3,349,770	--	--	371,082	3,720,852
Public safety	8,019,601	--	--	88,603	8,108,204
Public works	2,005,387	--	--	--	2,005,387
Public education	145,898	--	--	--	145,898
Public recreation	737,276	--	--	150,435	887,711
Contingency	6,015	--	--	--	6,015
Employee benefits	336,723	--	--	--	336,723
Reserve	--	--	--	--	--
Retirement	2,396,933	--	--	--	2,396,933
Debt Service:					
Principal and interest	2,385,822	--	--	--	2,385,822
Capital:					
Capital expenditures	--	--	1,253,220	3,579,150	4,832,370
Total Expenditures	<u>19,383,425</u>	<u>--</u>	<u>1,253,220</u>	<u>4,189,270</u>	<u>24,825,915</u>
Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	<u>1,572,414</u>	<u>5</u>	<u>(835,225)</u>	<u>(215,895)</u>	<u>521,299</u>
Other Financing Sources (Uses)					
Payments made to State	(600,000)	--	--	--	(600,000)
Transfers in	2,895,378	--	--	245,254	3,140,632
Transfers out	(1,777,637)	--	(822,727)	(540,268)	(3,140,632)
Net Other Financing Sources (Uses)	<u>517,741</u>	<u>--</u>	<u>(822,727)</u>	<u>(295,014)</u>	<u>(600,000)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Financing (Uses)	2,090,155	5	(1,657,952)	(510,909)	(78,701)
Fund Balance - Beginning of Year	<u>668,143</u>	<u>84,152</u>	<u>1,657,952</u>	<u>615,130</u>	<u>3,025,377</u>
Fund Balance - End of Year	<u>\$ 2,758,298</u>	<u>\$ 84,157</u>	<u>\$ --</u>	<u>\$ 104,221</u>	<u>\$ 2,946,676</u>

The accompanying notes are an integral part of these financial statements.

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in the Fund Balances to Governmental-Wide Statement of Activities
For the Year Ended 30, 2018**

Net Change in Fund Balances - Total Governmental Funds (B-2)	\$ (78,701)
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 depreciation and loss on disposals exceeded capital outlays in the current period.	1,438,513
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences.	2,361,800
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.	2,086,643
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>137,156</u>
Change in Net Position of Governmental Activities in the Statement of Activities (A-2)	<u>\$ 5,945,411</u>

The accompanying notes are an integral part of these financial statements.

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018**

	Pension Trust Funds	OPEB Trust Fund	Agency Funds	Total
Assets				
Cash and cash equivalents	\$ 594,404		\$ 33,226	\$ 627,630
Investments	8,894,030	240,327	--	9,134,357
Other receivables	<u>500,000</u>	<u>100,000</u>	<u>--</u>	<u>600,000</u>
Total Assets	<u>9,988,434</u>	<u>340,327</u>	<u>33,226</u>	<u>10,361,987</u>
Liabilities				
Deposits Held in Custody for Others	<u>--</u>	<u>--</u>	<u>\$ 33,226</u>	<u>\$ 33,226</u>
Net Position				
Restricted for pension and post-employment benefits	<u>\$ 9,988,434</u>	<u>\$ 340,327</u>		<u>\$ 10,328,761</u>

The accompanying notes are an integral part of these financial statements.

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2018**

	Pension Trust Funds	OPEB Trust Fund	Total
Additions			
Contributions	\$ 2,779,518	\$ 222,196	\$ 3,001,714
Investment income	217,228	19,354	236,582
Net appreciation in fair value of investments	283,321	--	283,321
Total Additions	<u>3,280,067</u>	<u>241,550</u>	<u>3,521,617</u>
Deductions			
Benefits paid to retirees	2,410,921	122,782	2,533,703
Other expenses	50,980	--	50,980
Total Deductions	<u>2,461,901</u>	<u>122,782</u>	<u>2,584,683</u>
Change in Net Position	818,166	118,768	936,934
Net Position, Restricted for Pension and Post-Employment Benefits - Beginning	<u>9,170,268</u>	<u>221,559</u>	<u>9,391,827</u>
Net Position, Restricted for Pension and Post-Employment Benefits - Ending	<u>\$ 9,988,434</u>	<u>\$ 340,327</u>	<u>\$ 10,328,761</u>

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Central Falls was founded in 1895. The City is governed largely under the Home Rule Charter, which was revised on June 19, 2007. In some matters, including the issuance of short and long-term debt, the City is governed by the general laws of the State of Rhode Island. The City operates under a Mayor/City Council form of Government.

Pursuant to Chapter 9 bankruptcy protection proceedings initiated in 2011, the Administrative and Finance Officer (AFO) has been appointed by the State of Rhode Island for the City of Central Falls. The AFO has the authority to exercise any function or power of any municipal officer of the City. The City provides the following services as authorized by its charter: Public Safety (police, fire, traffic safety, inspections, zoning and building), Public Works (recreation, sanitation, highway and streets, engineering and building maintenance), Public Recreation, and General Administrative Services.

The City complies with accounting principles generally accepted in the United States of America ("GAAP"). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

As a general rule the effect of Inter-fund activity has been eliminated from the government-wide financial statements.

RECENTLY ISSUED ACCOUNTING STANDARDS

During the fiscal year ended June 30, 2018 the City implemented the following new accounting pronouncements:

- GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal year ending June 30, 2018. The effect of this standard in these financials resulted in additional disclosures and required supplementary schedules.
- GASB Statement No. 81 – *Irrevocable Split-Interest Agreements*, effective for the fiscal year ending June 30, 2018. There has been no effect on these financial statements due to the adoption of this statement.

The following are recently issued governmental accounting standards which will be applicable in future years:

- GASB Statement No. 83 – *Certain Asset Retirement Obligations*, effective for the fiscal year ending June 30, 2019.
- GASB Statement No. 84 – *Fiduciary Activities*, effective for the fiscal year ending June 30, 2020.
- GASB Statement No. 87 – *Leases*, effective for the fiscal year ending June 30, 2019.

CITY OF CENTRAL FALLS, RHODE ISLAND
Notes to the Financial Statements
June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENTLY ISSUED ACCOUNTING STANDARDS (CONTINUED)

The following are recently issued governmental accounting standards which will be applicable in future years:

- GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the fiscal year ending June 30, 2019.
- GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the fiscal year ending June 30, 2021.
- GASB Statement No. 90 – *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, effective for the fiscal year ending June 30, 2020.

The impact of these pronouncements on the City’s financial statements has not been determined.

REPORTING ENTITY

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 61 *The Financial Reporting Entity: Omnibus- An Amendment of GASB Statements No. 14 and No. 34*. Under GASB Statement No. 61, a legally separate entity is required to be included as a component unit if it is fiscally dependent upon the primary government and there is a financial benefit or burden relationship present. The primary government is financially accountable if it appoints the voting majority of the organization’s governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A potential component unit has a financial benefit or burden relationship with the primary government if, for example, any one of the following conditions exists:

- a. The primary government is legally entitled to or can otherwise access the organization’s resources.
- b. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
- c. The primary government is obligated in some manner for the debt of the organization.

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REPORTING ENTITY (CONTINUED)

The following entities were considered for classification as component units for fiscal year 2018:

- Central Falls Redevelopment Agency
- Central Falls Housing Authority
- Central Falls Detention Facility Corporation
- Central Falls School District

Although Central Falls Redevelopment Agency meets certain criteria of the tests previously listed, it is deemed not to have separate legal status apart from the City. As a result, the financial data of this entity has been included as non-major special revenue fund within the City's financial statements.

The remaining entities noted above did not meet the criteria to be reported as either blended or discretely presented component units and have not been included in the financial reporting entity.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements, statement of net position and statement of activities report information about the government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The City had no business-type activities at June 30, 2018.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants, and grants and contributions restricted to meeting operational goals or capital requirements of a function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental fund financial statements of the reporting entity are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund balance, revenues, and expenditure/expenses. For financial statement purposes an emphasis is placed on major funds. A fund is considered major if it is the primary operating fund (the General Fund) of the City or meets the following criteria:

CITY OF CENTRAL FALLS, RHODE ISLAND
Notes to the Financial Statements
June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUND FINANCIAL STATEMENTS (CONTINUED)

(a) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type,

and

(b) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

The governmental funds of the City are described below:

General Fund

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

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Project Funds

Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Permanent Funds

The Permanent Funds account for assets held by the City pursuant to trust agreements. The principle portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

CITY OF CENTRAL FALLS, RHODE ISLAND
Notes to the Financial Statements
June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUND FINANCIAL STATEMENTS (CONTINUED)

Proprietary Funds

Proprietary funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The City of Central Falls, Rhode Island does not have any funds that meet the definition of Proprietary Funds.

Fiduciary Funds (not included in Government-wide statements)

Agency Funds

Agency funds account for assets held by the City in a purely custodial capacity. The reporting entity includes one agency fund (Unclaimed Estates). Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

Pension Trust Funds

Pension trust funds are used to account for resources legally held in trust and restricted for the payment of pension benefits.

OPEB Trust Funds

OPEB trust funds are used to accumulate resources legally held in trust and restricted for the payment of retiree health benefits and retiree life insurance.

MAJOR FUNDS

In addition to the General Fund the City presents the following funds as major funds:

Special Revenue:	Retirees Supplemental Settlement
Capital Project:	Capital Reserve

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUND FINANCIAL STATEMENTS (CONTINUED)

Retirees Supplemental Settlement

During the bankruptcy, a Settlement and Release Agreement was made between Robert G. Flanders, Jr. (the Receiver), the State of Rhode Island Department of Revenue, the Central Falls Police Retirees Association Inc., the Central Falls Firefighter Retirees Association, and various Central Falls retirees, or the surviving spouse or beneficiary of a retiree, under one or more pension plans established for such retirees. The appropriation and settlement payments are made from a restricted fund separate from the General Fund.

Capital Reserve

On July 27, 2012, the U.S. Bankruptcy Court approved the "Fourth Amended Plan for the Adjustment of Debts of the City of Central Falls, Rhode Island" which states that "in the event that the City experiences an operating surplus at the end of a fiscal year, any surplus in excess of fifty thousand (\$50,000) dollars will be deposited into the City's Capital Fund" (i.e. Capital Reserve). These "excess" funds will be used for various capital expenditures of the City.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

In the fund financial statements, governmental funds utilize a "current financial resources" measurement focus and are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter (usually 60 days) to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, expenditures related to compensated absences, pension obligations, claims and judgments and other post-employment benefits which are recorded only when payment is due. The City considers property taxes as available if they are collected within 60 days after year end.

CITY OF CENTRAL FALLS, RHODE ISLAND
Notes to the Financial Statements
June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

All proprietary funds, agency funds, pension trust funds and OPEB trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal operation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets

Budgets were adopted in accordance with Home Rule Charter requirements. Annual appropriated budgets are adopted for the General Fund. Generally annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for all capital projects funds.

Encumbrances represent commitments related to unperformed contracts for goods or services. Open encumbrances are reported within fund balance, committed or assigned fund balance, and should not result in separate display of the encumbered amount within those classifications. Encumbrances outstanding at year end do not constitute expenditures or liabilities under GAAP because the commitments will be honored during the subsequent years.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

Cash equivalents are all highly liquid investments with a maturity of three months or less when purchased.

CITY OF CENTRAL FALLS, RHODE ISLAND
Notes to the Financial Statements
June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The City invests in various types of investments, which are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants at the measurement date. State statutes authorize the City to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Accounts Receivable

In the government-wide statements receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The allowance for uncollectible property taxes amounted to \$763,000 at June 30, 2018. Receivable balances for the governmental activities include property taxes of \$2,012,663 and other receivables of \$694,173.

In the fund financial statements, receivables in the government funds include revenue accruals such as property taxes and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Accounts Payable

Accounts payable balances consist primarily of payables to vendors.

Property Taxes

The City is permitted by State Law to levy property taxes. The City's property taxes are levied on July 1 on assessed value of property as listed on the previous December 31. Taxpayers have an option to pay quarterly installments. Property taxes attach as an enforceable lien on real and personal property as of the date of assessment. Taxes assessed on motor vehicles and trailers represent an excise tax and do not constitute a lien. Uncollected property taxes are stated at the amounts originally assessed and do not include interest or penalties which may be assessed at the time of collection. The tax rate of the city is established by the City Council. Property tax revenues are recorded in accordance with the modified accrual basis of accounting in the governmental funds. Within the government-wide statements property taxes are recognized as revenue in the year for which they are levied. In May 2002, the City Council passed an ordinance authorizing the levy of a non-utilization penalty tax in accordance with Rhode Island General Laws Chapter 44-5.1.

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position and/or balance sheet can report deferred outflows of resources. Deferred outflow of resources represents a consumption of net position, that apply to a future period which will not be recognized as an outflow of resources (expense/expenditure) until that later date. At June 30, 2018, the City reports deferred outflows related to pension in the government-wide statement of net position. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position and/or balance sheet can report deferred inflows of resources. Deferred inflows of resources represent the acquisition of net position that applies to a future period and which will not be recognized as an inflow of resources (revenue) until a later date.

At June 30, 2018, the City had two items qualifying as a deferred inflow of resources. In the governmental funds balance sheet, the City reports unavailable tax revenue and resources related to pension.

This amount is deferred and will be recognized as an inflow of resources in the years in which the amounts become available. The City also reports a deferred inflow of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and include in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

Capital Assets

The accounting treatment over capital assets which include property, plant, equipment and infrastructure (roads, bridges, sidewalks, and similar items) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of five years. In government funds financial statements capital assets are recorded as capital outlay expenditures in the acquiring fund when purchased.

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Infrastructure assets, (such as sidewalks, curbs, drainage systems, and road improvements) acquired by the City have been capitalized and reported within the financial statements.

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

Land	Not depreciated
Construction in progress	Not depreciated
Buildings and land improvements	20-45 years
Motor vehicles	5-6 years
Furniture & equipment	5-10 years
Infrastructure	20 years

Interfund Transactions

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

- Reciprocal interfund activities:
 - Interfund loans are reported as interfund receivables in the lending fund and interfund payables in borrower funds (due from other funds / due to other funds).
 - Interfund services are reported as revenues in the seller fund and as expenditures or expenses in the purchasing fund.
- Non-reciprocal interfund activities:
 - Interfund transfers are reported in governmental funds as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.
 - Interfund reimbursements are repayments from the fund responsible for particular expenditures or expenses to other funds that initially paid for them. Reimbursements are not displayed separately within the financial statements.

Inter-fund transfers totaled \$3,140,632 for the year ended June 30, 2018, representing transfer from the Capital Reserve Fund to the General Fund of \$822,727 and \$2,317,905 representing transfer from General Fund to Capital Funds.

CITY OF CENTRAL FALLS, RHODE ISLAND
Notes to the Financial Statements
June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balance

Government-Wide Statements

Net position is displayed in three categories:

- (a) Net investment in capital assets - Consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflow of resources that are attributable to the acquisition, construction or improvement of those assets or related debt would also be included in the net position component.
- (b) Restricted net position - Consists of net position restricted to specific purposes due to constraints placed on the use of those resources either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- (c) Unrestricted net position - All other net positions that do not meet the definition of "restricted" or "net investment in capital assets".

Fund Financial Statements

Fund balance is classified as non-spendable, restricted, committed, assigned or unassigned. These categories are defined below:

- Non-spendable Fund Balance – includes the amount of fund balance that cannot be spent because it is either (a) not in spendable form or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash.
- Restricted Fund Balance – includes amounts that are restricted to specific purposes either by constraints placed on the use of resources externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed Fund Balance – includes amounts that can be used only for the specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balance (Continued)

Fund Financial Statements (Continued)

- Assigned Fund Balance – includes amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned Fund Balance – is the residual amount not allocated to any other fund balance category in the General Fund, and any residual deficit balance of any other governmental fund.

Application of Funds

The City of Central Falls does not currently have a spending policy regarding the order in which restricted, committed, assigned, and unassigned fund balances are spent when more than one amount is available for the expenditures incurred. Accordingly, by default, the City is following the policy prescribed by GASB Statement No. 54 which specifies that fund balance is reduced first by committed, then by assigned, then by unassigned when expenditures are incurred for purposes for which any unrestricted fund balance could be used. In all situations, the City considers restricted fund balance to be used first when available and when expenditures are incurred that meet the requirements of the restricted fund balance.

Compensated Absences

Employees are granted vacation and sick leave in varying amounts. Upon retirement, termination or death, employees are compensated for unused vacation at their current rate of pay. The amount recorded is the unused days earned at the current rate of pay. For governmental activities the general fund is used to record this liability if it is expected to be liquidated with expendable available resources, otherwise this liability is recorded in the government-wide financial statements.

CITY OF CENTRAL FALLS, RHODE ISLAND
Notes to the Financial Statements
June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECONCILIATION OF GOVERNMENT-WIDE NET POSITION AND FUND FINANCIAL STATEMENTS FUND BALANCE

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(42,648,020) difference are as follows:

Bonds payable	\$ (9,145,000)
Pension liability	(27,643,554)
Net other post-employment benefit obligation	(3,936,768)
Compensated absences	(376,814)
Due to State	<u>(1,545,884)</u>
 Total Differences	 <u>\$ (42,648,020)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$1,438,513 difference are as follows:

Capital outlays (net of disposals)	\$ 4,133,750
Depreciation expense	<u>(2,695,237)</u>
 Net difference	 <u>\$ 1,438,513</u>

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Another element of the reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this \$2,361,800 difference are as follows:

Increase in compensated absences	\$ (101,990)
Increase in OPEB	(149,059)
Decrease in due to State	600,000
Decrease in pension liability	47,849
Debt proceeds	(5,435,000)
Debt repayments	<u>7,400,000</u>
Net difference	<u>\$ 2,361,800</u>

An element of the reconciliation states that “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.” The details of this \$377,838 difference are as follows:

Deferred outflows - ending	\$ 4,618,042
Deferred inflows - ending	<u>(4,240,204)</u>
Net difference	<u>\$ 377,838</u>

CITY OF CENTRAL FALLS, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2018

NOTE 2 - BUDGETARY AND LEGAL COMPLIANCE

BUDGETS

All agencies of the City submit requests for appropriation to the City's finance director (currently to the Administrative and Finance Officer). These requests include information on the past years, current year's estimates and requested appropriations for the next fiscal year. In accordance with the City's Fourth Amended Plan, dated July 27, 2012, the City's elected officials, and any fiduciary acting with the powers of elected officials, shall keep the City's budget in balance through June 30, 2018, the term of the Plan.

NOTE 3 - DEPOSITS AND INVESTMENTS

DEPOSITS

Deposits are in various financial institutions and are carried at cost, which approximates fair value. The carrying amount of deposits is separately displayed on the balance sheet as "Cash" and includes \$1,150 of petty cash.

At June 30, 2018, the carrying amount of the City's deposits was \$3,754,252 and the bank balance was \$4,116,817 of which \$250,000 was covered by federal depository insurance and the remaining bank balance of \$3,866,817 was collateralized by the financial institutions and/or third parties in the name of the City.

INVESTMENTS

At June 30, 2018 the City's investments totaled \$9,134,357 (all of which are held in its Fiduciary Funds) and consisted of the following:

Description	Fair Value	Interest Rate	Maturity	Credit Rating
Fixed Income Funds	\$ 418,800	n/a	n/a	n/a
Common Stock	837,390	n/a	n/a	n/a
Mutual Funds	7,643,981	n/a	n/a	n/a
Pooled Equity Index Funds	146,453	n/a	n/a	n/a
Money Market Funds	<u>87,733</u>	n/a	n/a	n/a
Total	<u>\$ 9,134,357</u>			

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities could occur in the near term and such changes could materially affect the amount reported as net position restricted for pension benefits or other post-employment benefits.

INTEREST RATE RISK

Interest rate risk is the risk that the value of investments will decline because of rising interest rates. The City's investments are held in mutual funds, common stock and group annuity contracts. These investments do not specify an interest rate rather the rate of return is dependent on operating results and economic conditions.

CREDIT RISK

The City has no investment policy that would limit its investment choices due to credit risk other than the State Statues governing investments in obligations of any State or political subdivision or in obligations to the State of Rhode Island or political subdivision. At June 30, 2018 the City had a diversified portfolio and was not deemed to be concentrated in any one investment category. The investments were in a wide range of companies and various industries enabling the City to minimize its risk.

CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of financial institution failure, the City's deposits and/or investments may not be returned. The City does not believe that it has a significant custodial credit risk as substantially all investments securities are registered and held in the name of the City. The City also ensures that all deposits be placed in financial institutions that are FDIC insured.

FAIR VALUE OF FINANCIAL INSTRUMENTS

GASB 72 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available, of how the market would price the asset or liability. The fair value hierarchy is categorized into three levels based on the inputs as follows:

CITY OF CENTRAL FALLS, RHODE ISLAND
Notes to the Financial Statements
June 30, 2018

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Level 1 – Unadjusted quoted priced in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Unobservable inputs for the asset or liability (supported by little or no market activity).
Level 3 Inputs include management’s own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

FIXED INCOME FUNDS

Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. Individual bonds may be the best known type of fixed income security, but the category also includes bond funds, ETFs, CDs, and money market funds.

EQUITY FUNDS AND COMMON STOCK

Debt and equity securities classified as Level 1 of the fair value hierarchy are valued using quoted prices at June 30 (or the most recent market close date if the markets are closed on June 30) in active markets from the custodian bank’s primary external pricing vendors.

POOLED EQUITY INDEX FUNDS

A pooled equity fund is a mutual fund that invests principally in stocks. It can be actively or passively (index fund) managed. These funds are also known as pooled stock funds. Stock mutual funds are principally categorized according to company size, the investment style of the holdings in the portfolio and geography.

CITY OF CENTRAL FALLS, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2018

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

POOLED FIXED INCOME INDEX FUNDS

A mutual fund is an investment vehicle made up of a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets.

Mutual funds are operated by money managers, who invest the fund's capital and attempt to produce capital gains and income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus.

Following is a description of the valuation methodologies used for assets measured at fair value. There has been no change in valuation methodology used in 2018.

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
June 30, 2018:				
Fixed income funds	\$ 3,985,681	\$ --	\$ --	\$ 3,985,681
Equity funds	4,077,100	--	--	4,077,100
Common stock	837,390	--	--	837,390
Pooled Equity Index Funds	--	146,453	--	146,453
Pooled Fixed Income Index Funds	--	87,733	--	87,733
Investments at fair value	<u>\$ 8,900,171</u>	<u>\$ 234,186</u>	<u>\$ --</u>	<u>\$ 9,134,357</u>

There was no transfers between any levels during the year ended June 30, 2018.

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 4 - CAPITAL ASSETS

Activity for governmental activity capital assets is summarized below:

	<u>Balances</u> <u>July 1, 2017</u>	<u>Total</u> <u>Additions</u>	<u>Total</u> <u>Deductions</u>	<u>Balances</u> <u>June 30, 2018</u>
Capital Assets:				
Land (not being depreciated)	\$ 742,643	\$ 266,365	\$ --	\$ 1,009,008
Construction in progress (not depreciated)	<u>4,590,084</u>	<u>3,436,176</u>	<u>4,034,422</u>	<u>3,991,838</u>
	5,332,727	3,702,541	4,034,422	5,000,846
Buildings and land improvements	40,192,949	2,890,820	--	43,083,769
Motor vehicles	4,359,650	81,500	--	4,441,150
Equipment	2,126,520	934,919	--	3,061,439
Infrastructure	<u>13,288,541</u>	<u>558,392</u>	<u>--</u>	<u>13,846,933</u>
Total Capital Assets	<u>65,300,387</u>	<u>8,168,172</u>	<u>4,034,422</u>	<u>69,434,137</u>
Less: Accumulated Depreciation				
Buildings and land improvements	(29,005,472)	(1,977,067)	--	(30,982,539)
Motor vehicles	(3,325,158)	(359,137)	--	(3,684,295)
Equipment	(1,861,833)	(197,538)	--	(2,059,371)
Infrastructure	<u>(11,670,876)</u>	<u>(161,495)</u>	<u>--</u>	<u>(11,832,371)</u>
Total Accumulated Depreciation	<u>(45,863,339)</u>	<u>(2,695,237)</u>	<u>--</u>	<u>(48,558,576)</u>
Net Capital Assets	<u>\$ 19,437,048</u>	<u>\$ 5,472,935</u>	<u>\$ 4,034,422</u>	<u>\$ 20,875,561</u>

Depreciation expense was charged to the following functions/programs of the City:

Governmental activities:	
General government	\$ 366,770
Public safety	390,979
Public works	373,696
Public recreation	313,320
Public education	<u>1,250,472</u>
Total	<u>\$ 2,695,237</u>

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 5 - UNEARNED REVENUE/UNAVAILABLE REVENUE

Governmental funds report deferred inflow of resources from unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and governmental activities also report unearned revenue in connection with resources that have been received, but not yet earned. At June 30, 2018, the various components of unearned revenue and unavailable revenue reported in the governmental funds and governmental activities were as follows:

General Fund		
Unearned revenue - advanced tax collections	\$	373,360
Unearned revenue - other		<u>53,198</u>
Total General Fund	\$	<u>426,558</u>
Other Governmental Funds		
Unearned Revenue Grants	\$	<u>1,195,522</u>

NOTE 6 - LONG-TERM DEBT

GENERAL OBLIGATION BONDS AND OTHER DEBT

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the City.

Schedule of long-term debt by purpose is as follows:

	<u>Amount</u>	<u>Percent</u>
General obligation municipal bonds	\$ 5,435,000	13%
R.I. Health & Education Building Corporation (RIHEBC) revenue bonds	3,710,000	9%
Net pension liability	27,643,554	65%
Net OPEB obligation	3,936,768	9%
Due to State	1,545,884	4%
Compensated absences	<u>376,814</u>	<u>1%</u>
Total	\$ <u>42,648,020</u>	<u>100%</u>

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Schedule of long-term bond requirements:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 1,980,000	\$ 316,199	\$ 2,296,199
2020	1,550,000	243,415	1,793,415
2021	615,000	183,338	798,338
2022	640,000	163,172	803,172
2023	670,000	142,148	812,148
2024-2028	<u>3,690,000</u>	<u>360,094</u>	<u>4,050,094</u>
Total	<u>\$ 9,145,000</u>	<u>\$ 1,408,366</u>	<u>\$ 10,553,366</u>

MAXIMUM AGGREGATE INDEBTEDNESS

The City's legal debt limit as set forth by Rhode Island General Law 45-12-2 is limited to three percent of total assessed property value. As of June 30, 2018, the City was in compliance with this limit.

DUE TO STATE

Due to State of \$1,545,884 at June 30, 2018 represents non-interest bearing amount due to the State of Rhode Island for receivership costs paid by the State. During fiscal 2013, legislation was passed by the State of Rhode Island allowing the City to repay the State over a period of time for these costs. In accordance with the City's bankruptcy documents, progress payments are budgeted as follows:

FY 2019	\$ 600,000
FY 2020	600,000
FY 2021	<u>345,884</u>
	<u>\$ 1,545,884</u>

CITY OF CENTRAL FALLS, RHODE ISLAND
Notes to the Financial Statements
June 30, 2018

NOTE 6 - LONG-TERM DEBT (CONTINUED)

General long-term debt consists of the long-term liabilities that are not recorded as fund liabilities. Amounts are as follows:

	Date of Issue	Maturity Date	Amount of Issue	Interest Rate	Outstanding July 1, 2017	Additions	Deductions	Outstanding June 30, 2018	Current Portion
General obligation municipal bonds	10/1/2007	7/15/2027	\$ 8,700,000	4.0%-5.5%	\$ 5,895,000	\$ --	\$ 5,895,000	\$ --	\$ --
General obligation municipal bonds	7/25/2017	7/25/2027	\$ 5,435,000	3.04%	-	5,435,000	--	5,435,000	460,000
RIHEBC revenue bonds	12/12/2013	5/15/2020	\$ 5,510,000	2.58%	2,730,000	--	895,000	1,835,000	910,000
RIHEBC revenue bonds	8/15/2007	4/1/2027	\$ 1,300,000	4.25%-5.00%	835,000	--	60,000	775,000	60,000
RIHEBC revenue bonds	6/29/2010	5/5/2020	\$ 750,000	5.39%	240,000	--	80,000	160,000	80,000
RIHEBC revenue bonds	6/30/2010	5/5/2020	\$ 4,250,000	6.00%	1,410,000	--	470,000	940,000	470,000
Total bonds and leases					<u>11,110,000</u>	<u>5,435,000</u>	<u>7,400,000</u>	<u>9,145,000</u>	<u>1,980,000</u>
Accrued compensated absences					274,824	376,814	274,824	376,814	37,681
Net pension liability					27,691,403	--	47,849	27,643,554	--
Net OPEB liability					3,787,709	149,059	--	3,936,768	--
Due to State					2,145,884	--	600,000	1,545,884	600,000
Total long-term debt					<u>\$45,009,820</u>	<u>\$ 5,960,873</u>	<u>\$ 8,322,673</u>	<u>\$ 42,648,020</u>	<u>\$ 2,617,681</u>

Total interest paid on general long-term debt for the year ended June 30, 2018 was \$349,625.

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 7 - DUE FROM/DUE TO OTHER FUNDS AND OPERATIONAL AND/OR FUND DEFICITS

Interfund receivables and payables at June 30, 2018 were as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 1,592,449	\$ 596,286
Retirees Supplemental Settlement Fund	80,545	--
Capital Reserve Fund	--	38,528
Other Governmental Funds	<u>1,863,117</u>	<u>2,901,297</u>
	<u>\$ 3,536,111</u>	<u>\$ 3,536,111</u>

Inter-fund receivables and payables were eliminated in the government-wide financial statements.

The following funds had operational and/or fund deficits:

Fund Deficits will be mitigated either through additional outside funding or general fund appropriations.

	Operational	Fund Deficit
Capital Reserve	\$ 1,657,952	\$ --
Recreation Capital	\$ 4,393	\$ --
CDBG 2014	\$ 95,088	\$ 95,088
Mortgage Foreclosure Prevention	\$ 26,626	\$ 26,626
Grant in Aid	\$ 58,306	\$ --
Recreation Summer Lunch	\$ 17,138	\$ --
School Building Capital	\$ 322,553	\$ --
Rural Grants	\$ 49	\$ --
Emergency Equipment Replacement	\$ 1,987	\$ --
Public Federal Forfeiture	\$ 12,957	\$ --

CITY OF CENTRAL FALLS, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2018

NOTE 8 - FUND BALANCES

Fund Balance within the government funds may be classified as one of five categories: Nonspendable, Restricted, Committed, Assigned, or Unassigned.

At June 30, 2018 *Nonspendable Fund Balance* consisted of the following:

	General Fund	Retirees Supplemental Settlement	Capital Reserve	Other Government Funds	Total
General Fund - prepaid expenses	\$ 122,783	\$ --	\$ --	\$ --	\$ 122,783
Total Nonspendable Fund Balance	<u>\$ 122,783</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 122,783</u>

At June 30, 2018 *Restricted Fund Balance* consisted of the following:

	General Fund	Retirees Supplemental Settlement	Capital Reserve	Other Government Funds	Total
Retirees Supplemental Settlement	\$ --	\$ 84,157	\$ --	\$ --	\$ 84,157
CDBG Revolving	--	--	--	20,674	20,674
2014 JAG Grant	--	--	--	3,345	3,345
Police Federal Forfeiture	--	--	--	919	919
Police Special Accounts	--	--	--	22,322	22,322
Recycling Account	--	--	--	8,142	8,142
Property Development	--	--	--	155,924	155,924
Historic Trust	--	--	--	14,609	14,609
Total Restricted Fund Balance	<u>\$ --</u>	<u>\$ 84,157</u>	<u>\$ --</u>	<u>\$ 225,935</u>	<u>\$ 310,092</u>

CITY OF CENTRAL FALLS, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2018

NOTE 8 - FUND BALANCES (CONTINUED)

At June 30, 2018 *Committed Fund Balance* consisted of the following:

	General Fund	Retirees Supplemental Settlement	Capital Reserve	Other Government Funds	Total
Capital reserves based on ordinance	\$2,204,344	\$ -	\$ -	\$ -	\$2,204,344
Sixty-day property tax collections budgeted in subsequent fiscal year	<u>360,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>360,013</u>
Total Committed Fund Balance	<u>\$ 2,564,357</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,564,357</u>

At June 30, 2018 *Unassigned Fund Balance* consisted of the following:

	General Fund	Retirees Supplemental Settlement	Capital Reserve	Other Government Funds	Total
General Fund	<u>\$ 71,158</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (121,714)</u>	<u>\$ (50,556)</u>
Total Unassigned Fund Balance	<u>\$ 71,158</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (121,714)</u>	<u>\$ (50,556)</u>

NOTE 9 - PENSION PLANS

The City has adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These changes enhance the Plan’s accounting and disclosure for the pension and expand the Required Supplemental Information (RSI) data with new schedules. These were issued to improve the financial reporting by state and local government pension plans. The following provides information required to be disclosed under GASB Statements No. 68 and 71.

The City contributes to two defined benefit pension plans – (a) The City of Central Falls Pension Plan, a single employer plan which is reported as a pension trust fund; and (b) the Municipal Employees’ Retirement System (MERS) – an agent multiple-employer defined benefit pension plan of the State of Rhode Island, which covers substantially all of the City's employees except police officers and firefighters. The City also contributes to (c) TIAA-CREF and the Employees’ Retirement System of Rhode Island administered defined contribution plan, which covers certain municipal employees participating in MERS.

CITY OF CENTRAL FALLS, RHODE ISLAND
Notes to the Financial Statements
June 30, 2018

NOTE 9 - PENSION PLANS (CONTINUED)

(a) City of Central Falls Pension Plan

PLAN DESCRIPTION

All full-time non-civilian police and fire employees hired after July 1, 1972 are eligible and must participate in this pension plan administered formerly by John Hancock Financial Services until June 3, 2011 and currently administered by the City of Central Falls. The new plan, entitled the “City of Central Falls Pension Plan”, also consolidates all payments paid to former employees and beneficiaries who retired prior to July 1, 1972 under the “1% Plan”. The plan was restated effective August 1, 2011 and delineates the new pension benefits as well as disability and death benefits. Specifically, a member may retire and receive normal retirement benefits if they have accumulated 25 years of service and are at least 57 years of age. Members earn 2% of their final average base pay for the number of completed years and months of service up to a maximum of 25 years as of their normal retirement date and 1% of their final average base pay for each additional year of service after 25 years, up to a maximum of 30 years. The base pay includes regular wages, longevity payments and holiday pay. The final average base pay is the average of the participant’s base pay for the 5 consecutive years of the last 10 years of employment that produce the highest average. After retirement a participant’s pension benefit is increased annually by 2% (COLA), but the increases are not compounded. These cost of living adjustments are made effective July 1 following a participant’s retirement date and every July 1 thereafter. The following plan information was based on an actuarial valuations completed as of July 1, 2018.

As of June 30, 2018, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	119
Inactive plan members entitled to but not yet receiving benefits	--
Active plan members	76
 Total	 195

Pension provisions include disability and death benefits. Upon the death of a retired police officer or firefighter, benefits to the spouse and children will be paid based upon the form of benefit the participant elected at the time of retirement.

CITY OF CENTRAL FALLS, RHODE ISLAND
Notes to the Financial Statements
June 30, 2018

NOTE 9 - PENSION PLANS (CONTINUED)

(a) City of Central Falls Pension Plan (Continued)

INVESTMENT POLICY

The City invests in various types of investments, which are stated at fair value. State statutes authorize the City to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds and repurchase agreements. The Administrative Financial Officer manages the investment portfolios and has full authority for the investment and reinvestment of trust fund assets. Separate plan financial statements are not issued.

For the year ended June 30, 2018 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 5.33 percent.

ACTUARIAL ASSUMPTIONS

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Actural cost method	Individual entry age method
Asset valuation method	Market value
Inflation	3.00%
Salary increases	3% per year, including longevity and holiday pay
Investment rate of return	7.5%, net of investment management fees
Cost of living adjustments	2.0% per year without compounding

It is assumed that both pre-retirement and post retirement mortality are represented by the SOA RP-2014 IRS Static Mortality Table for males and females. Mortality for disabled members is represented by the SOA RP-2014 Disabled Mortality Table.

ASSUMED RATE OF RETURN AND TARGET ALLOCATION

The long-term expected rate of return best-estimate 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, inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return and by adding expected inflation.

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 9 - PENSION PLANS (CONTINUED)

(a) City of Central Falls Pension Plan (Continued)

ASSUMED RATE OF RETURN AND TARGET ALLOCATION (CONTINUED)

The assets held in the trust are invested as directed by the City. The target allocations and expected long-term (25 years) rates of return reflecting investment rate of return and inflation are shown in the following table:

	Target Allocation	Long-Term Rates of Return
Cash	0% - 10%	2.75%
Fixed Income - Investment Grade	90% - 100%	7.50%

DISCOUNT RATE

The Discount Rate of 7.50%, was selected based on a projection of employer and employee contributions, benefit payments, expenses and the long term expected rate of return on trust assets. Under bankruptcy agreement and state law, the city is required to make the necessary contributions to the trust such that the plan reaches a full funding status by 2043. Based on these laws and 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.

CONTRIBUTIONS

Periodic employer contributions to the pension plan are determined on an actuarial basis using the entry age normal cost method. Employees of the City are required to contribute 9.5% of their gross earnings if they were an employee of the City prior to the new pension plan starting in December 2011. New members of the plan are required to contribute 10.5% of their gross earnings to the pension plan. For the year ended June 30, 2018, employee contributions were \$503,146. The City is required to contribute at an actuarially determined rate; the current rate is 48.59% of annual covered payroll. The employer contribution for the fiscal year ended June 30, 2018 was \$2,276,371.

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 9 - PENSION PLANS (CONTINUED)

(a) City of Central Falls Pension Plan (Continued)

NET PENSION LIABILITY

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	<u>\$ 32,096,689</u>	<u>\$ 27,643,554</u>	<u>\$ 23,936,771</u>

The Plan Fiduciary Net Position as a percentage of the Total Pension Liability is 26.5%.

The components of the net position liability of the Retirement System were as follows:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2017	\$ 34,522,837	\$ 9,170,268	\$ 25,352,569
Service cost	625,895	--	625,895
Interest	2,548,469	--	2,548,469
Change in plan provisions	1,247,670	--	1,247,670
Experience (gain) and loss	1,068,464	--	1,068,464
Employer contributions	--	2,276,371	(2,276,371)
Employee contributions	--	503,146	(503,146)
Expenses	--	(67,953)	67,953
Change in assumptions	--	--	--
Benefit payments	(2,381,347)	(2,381,347)	--
Net investment income	--	487,949	(487,949)
Net Changes	<u>3,109,151</u>	<u>818,166</u>	<u>2,290,985</u>
Balance as of June 30, 2018	<u>\$ 37,631,988</u>	<u>\$ 9,988,434</u>	<u>\$ 27,643,554</u>

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 9 - PENSION PLANS (CONTINUED)

(a) City of Central Falls Pension Plan (Continued)

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

For the year ended June 30, 2018 the employer recognized pension expense of \$3,895,993. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences in assumptions	\$ 2,344,303	\$ (3,408,701)
Net asset (gain)	353,999	(94,420)
Differences between Expected and Actual Experience	<u>980,818</u>	<u>(476,277)</u>
Total	<u>\$ 3,679,120</u>	<u>\$ (3,979,398)</u>

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 Inflows of Resources
	<u> </u>
2019	✓ \$ 609,071
2020	✓ (664,644)
2021	✓ (626,595)
2022	✓ 346,755
2023	<u>35,135</u>
Total	<u>\$ (300,278)</u>

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 9 - PENSION PLANS (CONTINUED)

(b) Municipal Employees' Retirement System of Rhode Island (City) – Defined Benefit 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 of 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.

KEY PLAN TERMS

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.

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 9 - PENSION PLANS (CONTINUED)

(b) Municipal Employees' Retirement System of Rhode Island (City) – Defined Benefit Plan (Continued)

KEY PLAN TERMS (CONTINUED)

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.

RETIREMENT BENEFITS

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. 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.

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.

CITY OF CENTRAL FALLS, RHODE ISLAND
Notes to the Financial Statements
June 30, 2018

NOTE 9 - PENSION PLANS (CONTINUED)

(b) Municipal Employees' Retirement System of Rhode Island (City) – Defined Benefit Plan (Continued)

RETIREMENT BENEFITS (CONTINUED)

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.

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).

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 9 - PENSION PLANS (CONTINUED)

(b) Municipal Employees' Retirement System of Rhode Island (City) – Defined Benefit Plan (Continued)

OTHER BENEFIT PROVISIONS (CONTINUED)

- a. The COLA will be suspended for any unit whose funding level is less than 80%; however, an interim COLA may be granted in four-year intervals while the COLA is suspended. The first interim COLA may begin January 1, 2018.
- b. Effective July 1, 2015, the COLA is determined based on 50% of the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%, plus 50% of the lesser of 3.0% or last year's CPI-U increase for a total maximum increase of 3.50%. Previously, it was the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%.
- c. The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on the every fourth year provision 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, 2017 measurement date, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	34
Inactive plan members entitled to but not yet receiving benefits	74
Active plan members	<u>42</u>
Total	<u><u>150</u></u>

CONTRIBUTIONS

The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 1% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. The City of Central Falls 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 City of Central Falls contributed \$287,794 in the year ended June 30, 2018 which was 13.48% of annual covered payroll.

CITY OF CENTRAL FALLS, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2018

NOTE 9 - PENSION PLANS (CONTINUED)

(b) Municipal Employees' Retirement System of Rhode Island (City) – Defined Benefit Plan (Continued)

ACTUARIAL ASSUMPTIONS

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

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2017 measurement date	
Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.5%
Mortality	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Cost of Living Adjustments	A 2% COLA is assumed after January 1, 2014.

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

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 9 - PENSION PLANS (CONTINUED)

*(b) Municipal Employees' Retirement System of Rhode Island (City) – Defined Benefit Plan
(Continued)*

ASSUMED RATE OF RETURN AND TARGET ALLOCATION

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2017 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Asset Class	Long-Term Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
Global Equity		
US Equity	20.60%	6.85%
International Developed Equity	15.90%	6.71%
Emerging Markets Equity	3.50%	8.91%
Private Growth		
Private Equity	11.30%	9.62%
Non-Core RE	2.20%	5.17%
OPP Private Credit	1.50%	9.62%
Income		
High Yield Infrastructure	1.00%	4.26%
REITS	1.00%	5.17%
Liquid Credit	2.80%	4.26%
Private Credit	3.20%	4.26%
Crisis Protection Class		
Treasury Duration	4.00%	0.83%
Systematic Trend	4.00%	3.81%
Inflation Protection		
Core Real Estate	3.60%	5.17%
Private Infrastructure	2.40%	5.57%
TIPs	1.00%	1.72%
Natural Resources	1.00%	3.98%
Volatility Protection		
IG Fixed Income	11.50%	2.12%
Absolute Return	6.50%	3.81%
Cash	3.00%	0.83%

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.

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 9 - PENSION PLANS (CONTINUED)

*(b) Municipal Employees' Retirement System of Rhode Island (City) – Defined Benefit Plan
(Continued)*

DISCOUNT RATE

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

CHANGES IN THE NET POSITION LIABILITY (ASSET)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance as of June 30, 2016	\$ 6,931,260	\$ 4,592,428	\$ 2,338,832
Service Cost	127,458		127,458
Interest on the total pension liability	505,170		505,170
Difference between expected and actual experience	491,539		491,539
Employer contributions		287,794	(287,794)
Employee contributions		39,027	(39,027)
Net investment income		515,888	(515,888)
Other changes	344,688	(53,622)	398,310
Administrative expense		(4,874)	4,874
Benefit payments, including employee refunds	(518,780)	(518,780)	--
Net Changes	<u>950,075</u>	<u>265,433</u>	<u>684,642</u>
Balance as of June 30, 2017	<u>\$ 7,881,335</u>	<u>\$ 4,857,861</u>	<u>\$ 3,023,474</u>

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 9 - PENSION PLANS (CONTINUED)

***(b) Municipal Employees' Retirement System of Rhode Island (City) – Defined Benefit Plan
(Continued)***

SENSITIVITY OF THE NET POSITION 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.

<i>1.00% Decrease</i>	<i>Current Discount Rate</i>	<i>1.00% Increase</i>
<i>6.50%</i>	<i>7.50%</i>	<i>8.50%</i>
<i>\$ 3,948,852</i>	<i>\$ 3,023,474</i>	<i>\$ 2,334,256</i>

PENSION PLAN FIDUCIARY NET POSITION

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

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 9 - PENSION PLANS (CONTINUED)

*(b) Municipal Employees' Retirement System of Rhode Island (City) – Defined Benefit Plan
(Continued)*

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

For the year ended June 30, 2017 the employer recognized pension expense of \$480,222. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference in Experience	\$ 366,742	\$ (51,166)
Differences in Assumptions	257,175	--
Excess (Deficit) Investment Returns	<u>315,004</u>	<u>(209,640)</u>
 Total	 <u>\$ 938,921</u>	 <u>\$ (260,806)</u>

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 Inflows of Resources
	<u> </u>
2019	\$ 182,253
2020	297,475
2021	234,555
2022	<u>(36,168)</u>
 Total	 <u>\$ 678,115</u>

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 9 - PENSION PLANS (CONTINUED)

(c) TIAA-CREF and the Employees' Retirement System of Rhode Island - Defined Contribution Plan

DEFINED CONTRIBUTION PLAN DESCRIPTION

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

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

The City of Central Falls recognized pension expense of \$20,401, for the fiscal year ended June 30, 2018.

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>.

NOTE 10 - POST RETIREMENT BENEFITS

PLAN DESCRIPTION

The City's Post-Employment Medical Benefit Plan is a single-employer defined benefit post-retirement health insurance program. The City provides health care to retired police and firefighter employees and their spouses until the retiree reaches the age of 65. Retired employees are covered by the same plan as active employees and are subject to the same 20% co-share as actives. The trust is accounted for as an OPEB trust fund in the City's financial statements. As of June 30, 2018, there are no separate financial statements available for the Plan.

CITY OF CENTRAL FALLS, RHODE ISLAND
Notes to the Financial Statements
June 30, 2018

NOTE 10 - POST RETIREMENT BENEFITS (CONTINUED)

CLASSES OF EMPLOYEES COVERED

As of July 1, 2018 (the date of the last actuarial valuation), the membership data was as follows:

Retired and spouses	41
Active plan members	<u>139</u>
Total	<u><u>180</u></u>

BASIS OF ACCOUNTING

The OPEB trust fund financial statements are prepared on the accrual basis of accounting. Contributions are recognized when they are due, pursuant to formal commitments and contractual requirements. Investment income is recognized when earned. Expenses (benefits and administration) are recognized when they are due and payable in accordance with terms of the plan.

VALUATION OF INVESTMENTS

Investments are valued at fair value. Securities traded on national exchanges are valued at the last reported sales price. There are no investments of 5% or greater in any one organization.

FUNDING POLICY

The City's funding policy provides for actuarially determined periodic contributions to the plans at rates that increase gradually over time so that sufficient assets will be available to pay benefits when due. Municipal retirees are required to contribute 20% of the health care cost between ages 62 to 65, and 100% of the premium prior to age 62. Retired police officers and firefighters may elect to be covered by the City's medical plan until age 65 and must pay 20% co-shares. Coverage reverts to COBRA for 36 months upon death of the member, or until the spouse reaches age 65, whichever occurs first. The annual OPEB cost was estimated from the July 1, 2017 actuarial valuation using the projected unit credit funding method. The actuarial assumptions included a 4.0% unfunded discount rate and the SOA RP-2014 Blue Collar Mortality with Scale MP-2016 Improvements and RP 2000 Disabled Mortality Table.

CITY OF CENTRAL FALLS, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2018

NOTE 10 - POST RETIREMENT BENEFITS (CONTINUED)

NET OPEB LIABILITY

The City's net OPEB liability is calculated based on the annual required contribution of the employer and employees in accordance with the parameters of GASB Statement 74. The following table shows the components of the City's net OPEB liability for the year, the amount actually contributed to the plan, and changes in the City's net OPEB liability.

The components of the net OPEB liability of the City as of June 30, 2018 were as follows:

	OPEB Liability (a)	Increase (Decrease) Net Position Restricted for OPEB (b)	Net OPEB Liability (a) - (b)
Balance as of June 30, 2017	\$ 4,009,268	\$ 221,559	\$ 3,787,709
Service cost	62,911	--	62,911
Interest	298,293	--	298,293
Employer contributions	--	193,377	(193,377)
Expenses	--	(285)	285
Benefit payments	(193,377)	(193,377)	--
Net investment income	--	19,053	(19,053)
Net Changes	<u>167,827</u>	<u>18,768</u>	<u>149,059</u>
Balance as of June 30, 2018	<u>\$ 4,177,095</u>	<u>\$ 240,327</u>	<u>\$ 3,936,768</u>
Plan fiduciary net position as percentage of total OPEB liability		5.75%	

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 10 - POST RETIREMENT BENEFITS (CONTINUED)

ACTUARIAL ASSUMPTIONS

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Interest	Full Prefunding: 7.5%, net of investment expenses								
Actuarial Cost Method	Entry Age Normal								
Medical Care Inflation	<table><thead><tr><th>Year</th><th>Inflation Rate</th></tr></thead><tbody><tr><td>2017</td><td>5.5%</td></tr><tr><td>2018</td><td>5.0%</td></tr><tr><td>2019+</td><td>4.5%</td></tr></tbody></table>	Year	Inflation Rate	2017	5.5%	2018	5.0%	2019+	4.5%
Year	Inflation Rate								
2017	5.5%								
2018	5.0%								
2019+	4.5%								
Participation	70% of future retirees are assumed to participate in the retiree medical plan								
Marital Status	85% of male employees and 65% of female employees are assumed to have a covered spouse at retirement. Wives are assumed to be three years younger than their husbands.								
Termination Benefit	No benefits will be payable for terminations prior to retirement eligibility.								
Medical Plan Costs	The City is treated as community rated and therefore, the expected claims costs does not include the implicit subsidy. It is assumed that future retirees participate in the same manner as current retirees. Employee cost sharing is based on 20% of current unadjusted rates. Future cost sharing is based on the weighted average of the current cost sharing of retirees and beneficiaries.								
Pre-Age 65 Retirees	<p>Current retirees who are under age 65 are assumed to remain in their current medical plan until age 65.</p> <p>Current active employees who are assumed to retire prior to age 65 are valued with a weighted-average premium. This weighted-average premium is based on the medical plan coverage of current retirees under age 65.</p>								
Post-Age 65 Retirees	Current retirees over age 65 remain in their current medical plan until death for purposes of measuring their contributions. It is assumed that all current retirees under 65 will participate in the same proportion as current retirees over 65. Per capital costs were developed from the City developed monthly costs. Amounts to be received in the future for Medicare Part D Retiree Drug Subsidy are not reflected in the valuation.								
Mortality	It is assumed that both pre-retirement and post-retirement mortality are represented by the SOA RP-2014 Blue Collar Mortality with Scale MP-2016 improvements, fully generational, for males and females. Mortality for disabled members is represented by the RP-2000 Disabled Mortality Table.								

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 10 - POST RETIREMENT BENEFITS (CONTINUED)

DISCOUNT RATE

The City selected 7.5% as the long-term expectation of investment returns and the resulting discount rate is also 7.5%.

The discount rate was selected based on a projection of employer and employee contributions, benefit payments, expenses, and the long-term expected rate of return on trust assets. Based on these laws and above assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

SENSITIVITY OF NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current discount rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Total OPEB Liability	\$ 3,657,481	\$ 4,177,095	\$ 4,805,959
Plan Fiduciary Net Position	<u>240,327</u>	<u>240,327</u>	<u>240,327</u>
Net OPEB Liability	<u>\$ 3,417,154</u>	<u>\$ 3,936,768</u>	<u>\$ 4,565,632</u>

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 11 - RISK MANAGEMENT

The City of Central Falls is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; and natural disasters. As a result, the City 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 City signed a participation agreement which outlines the rights and responsibilities of both the Trust and the City. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its Members. Under the participation agreement, the City is insured for a maximum of \$2,000,000 per occurrence. Settled claims resulting from these risks have not exceeded the Trust Coverage in any of the past three fiscal years. There have been no reductions in insurance coverage during the year ended June 30, 2018.

NOTE 12 -- BANKRUPTCY

As of February 6, 2018, Judge Bailey of the Federal Bankruptcy Court official sent his Final Decree officially closing the Bankruptcy case in Federal Court as the City of Central Falls has fulfilled its obligations to the Court. Fiscal Oversight will remain per the Fiscal Stability Act until April 16, 2018 (5 years from the end of receivership).

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 13 - TAX ABATEMENTS

The City enters into tax abatement agreements with local businesses under its *Economic Expansion Incentive Program*, under the City's Ordinance Section 2-332. Under the Program, the City has two plans.

The first program is the Job Creation Incentive Plan, is offered to any business operating within city limits that creates and/or adds a minimum of five new permanent full-time or full-time equivalent jobs will be eligible for tax exemptions for additional tangible personal property located at the business sites.

The second program is the Real Property Improvement Plan, which is offered to any property owner renovating or upgrading any property within the City where such renovations or upgrades, as approved by the building inspector, result in an increase in the assessed value of the structure, as determined by the tax assessor.

For the fiscal year ended June 30, 2018, the City abated \$90,484 under this program, including the following tax abatement:

The City's individual tax abatement agreements include the following:

- A twelve year property tax abatement was entered into in 2016 for the renovation of a historic building and to expand the number of apartments in the City. The abatement is for a declining stabilization rate and amounted to \$60,007 during FY2018.
- A twelve year property tax abatement was entered into in 2016 to increase the number of jobs in the City and to completely renovate a rundown building in a high traffic area of the City. The abatement amounted to \$12,681 during FY2018.
- A twelve year property tax abatement was entered into in 2016 increase the number of jobs in the City. The abatement amounted to \$17,796 during FY2018.

CITY OF CENTRAL FALLS, RHODE ISLAND
Notes to the Financial Statements
June 30, 2018

NOTE 14 – RESTATEMENT

The net deficit as of June 30, 2017 was restated due the implementation of GASB 75. The effect of the restatement on the government wide financial statement is presented below:

Net deficit, June 30, 2017, as previously stated	\$ (21,265,871)
Net effect of implementation of GASB 75	<u>(520,001)</u>
Net deficit, June 30, 2017, as restated	<u>\$ (21,785,872)</u>

REQUIRED SUPPLEMENTARY INFORMATION

(UNAUDITED)

CITY OF CENTRAL FALLS, RHODE ISLAND

D-1

GENERAL FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL "BUDGETARY BASIS"
 FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Tax Revenue				
Tax revenue (current year)	\$ 14,689,461	\$ 14,689,461	\$ 14,629,914	\$ (59,547)
Tax revenue (prior years)	300,000	300,000	670,400	370,400
Emergency Reserve Fund	(146,895)	(146,895)	--	146,895
Total Tax Revenue	<u>14,842,566</u>	<u>14,842,566</u>	<u>15,300,314</u>	<u>457,748</u>
Fees / Non-Tax Revenue				
Interest on taxes	275,000	275,000	314,042	39,042
VIN check fees	19,127	19,127	25,224	6,097
Probate fees	12,329	12,329	7,817	(4,512)
Realty Stamps	36,873	36,873	87,577	50,704
Real Estate Recordings	52,211	52,211	74,976	22,765
Licenses (other than marriage)	76,344	76,344	69,970	(6,374)
Certificates (vital records)	10,727	10,727	13,161	2,434
Marriage Licenses	947	947	1,184	237
Reports/copying fees	1,975	1,975	2,666	691
City Clerk miscellaneous fees	11,811	11,811	16,501	4,690
Fire code inspection fees/other fire permits	6,459	6,459	9,212	2,753
Alarm box fees & smoke detector certificates	27,687	27,687	21,490	(6,197)
Rescue runs	350,000	350,000	411,597	61,597
Hazardous material permits	1,907	1,907	500	(1,407)
Building permits	30,505	30,505	60,898	30,393
Plumbing & mechanical permits	19,373	19,373	17,669	(1,704)
Electrical permits	15,863	15,863	15,569	(294)
Certificates of occupancy	3,625	3,625	6,325	2,700
CARE account revenue	19,516	19,516	24,810	5,294
Municipal Court Fees/Traffic Fines/Other Fines	108,060	108,060	177,043	68,983
Administrative and Other Fees	48,012	48,012	26,671	(21,341)
Vehicle Fees for Road Details	67,828	67,828	59,506	(8,322)
Code Court Fees	1,500	1,500	--	(1,500)
Property preservation revenue	8,936	8,936	14,503	5,567
Misc. departmental revenue	81,770	81,770	167,293	85,523
Local Pilot Revenue	69,877	69,877	112,219	42,342
Public works	8,370	8,370	11,030	2,660
Federal Revenue	--	--	399,657	399,657
Restitution	--	--	325	325
Total Fees / Non-Tax Revenue	<u>1,366,632</u>	<u>1,366,632</u>	<u>2,149,435</u>	<u>782,803</u>
State Revenue				
Motor Vehicle Phase out	96,208	96,208	424,735	328,527
Distressed Communities Aid	225,398	225,398	225,398	--
Public Service Corporation Tax/Telephone tax	249,834	249,834	242,093	(7,741)
Hotel/meals & beverage tax	137,300	137,300	145,935	8,635
School Housing Aid - Direct payment	1,363,308	1,363,308	1,363,308	--
School Housing Aid - RIHBC reimbursement	--	--	77,782	77,782
Debt Service QSCB Subsidy	87,948	87,948	--	(87,948)
Non Profit Organizations	25,595	25,595	25,295	(300)
Miscellaneous state aid/grants	27,075	27,075	66,541	39,466
Total State Revenue	<u>2,212,666</u>	<u>2,212,666</u>	<u>2,571,087</u>	<u>358,421</u>
Other Income				
Misc. other revenue	11,959	11,959	241,097	229,138
Total Other Income	<u>11,959</u>	<u>11,959</u>	<u>241,097</u>	<u>229,138</u>
TOTAL REVENUES	<u>18,433,823</u>	<u>18,433,823</u>	<u>20,261,933</u>	<u>1,828,110</u>

CITY OF CENTRAL FALLS, RHODE ISLAND

D-1

**GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL "BUDGETARY BASIS"
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
GENERAL GOVERNMENT				
City Executive Management				
Salaries	225,886	225,886	191,021	34,865
Social Security	14,005	14,005	11,915	2,090
Medicare	3,275	3,275	2,787	488
Municipal State Pension	28,439	28,439	24,270	4,169
TIAA-Cref	3,388	3,388	1,958	1,430
Medical Insurance	13,536	13,536	15,151	(1,615)
Dental Insurance	867	867	886	(19)
Supplies - Executive	1,000	1,000	981	19
Community Outreach	18,000	33,002	42,379	(9,377)
Professional Development & Training	5,000	9,500	20,349	(10,849)
Total City Executive Management	<u>313,397</u>	<u>332,899</u>	<u>311,697</u>	<u>21,202</u>
City Council				
Stipends	20,580	20,580	20,580	--
Total City Council	<u>20,580</u>	<u>20,580</u>	<u>20,580</u>	<u>--</u>
City Clerk				
Salaries	196,362	196,362	197,780	(1,418)
Longevity	2,000	2,000	2,000	--
Social Security	12,298	12,298	11,945	354
Medicare	2,876	2,876	2,794	83
Municipal State Pension	24,974	24,974	25,224	(251)
TIAA Cref	2,975	2,975	1,997	979
Medical Insurance	30,990	30,990	34,462	(3,472)
Dental Insurance	2,330	2,330	2,087	244
Dues/subscriptions	510	510	849	(339)
Non-capital equipment	510	510	1,730	(1,220)
Claims/Settlement	15,000	15,000	12,356	2,644
Other professional services	28,000	28,000	40,341	(12,341)
Education & Training	1,000	1,000	933	67
Total City Clerk	<u>319,827</u>	<u>319,827</u>	<u>334,497</u>	<u>(14,670)</u>
Board of Canvassers				
Election workers	5,000	3,500	3,500	--
Total Board of Canvassers	<u>5,000</u>	<u>3,500</u>	<u>3,500</u>	<u>--</u>
Personnel				
Workers Compensation	79,678	79,678	105,747	(26,069)
Other professional services	40,000	50,000	51,991	(1,991)
Education & training	3,500	3,500	1,370	2,130
Testing	12,000	12,000	11,730	270
Total Personnel	<u>135,178</u>	<u>145,178</u>	<u>170,838</u>	<u>(25,660)</u>
Legal				
Salaries	126,620	126,620	61,068	65,552
Social Security	7,850	7,850	3,603	4,247
Medicare	1,836	1,836	843	993
Municipal State Pension	5,809	5,809	5,977	(168)
TIAA Cref	706	706	473	233
Medical Insurance	10,983	10,983	13,842	(2,859)
Dental Insurance	876	876	896	(20)
Legal contingencies	17,000	17,000	36,179	(19,179)
Other professional services	42,000	42,000	185,627	(143,627)
Total Legal	<u>213,680</u>	<u>213,680</u>	<u>308,508</u>	<u>(94,828)</u>

CITY OF CENTRAL FALLS, RHODE ISLAND

D-1

**GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL "BUDGETARY BASIS"
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Tax Assessor				
Salaries	40,109	40,109	44,223	(4,114)
Longevity Pay	2,500	2,500	1,000	1,500
Social Security	2,642	2,642	3,122	(480)
Medicare	618	618	730	(112)
Municipal State Pension	5,364	5,364	5,428	(64)
TIAA Cref	639	639	430	209
Medical Insurance	--	--	3,296	(3,296)
Dental Insurance	876	876	430	446
Dues/subscriptions	1,082	1,082	1,797	(715)
Other professional services	60,000	60,000	112,993	(52,993)
Revaluation services	25,000	25,000	22,575	2,425
Total Tax Assessor	<u>138,830</u>	<u>138,830</u>	<u>196,024</u>	<u>(57,194)</u>
Finance				
Salaries	273,791	273,791	233,640	40,151
Longevity Pay	5,500	5,500	5,646	(146)
Sick incentive pay	622	622	--	622
Social Security	17,316	17,316	13,773	3,543
Medicare	4,050	4,050	3,221	829
Municipal State Pension	35,163	35,163	27,351	7,812
TIAA Cref	4,189	4,189	2,162	2,027
Medical Insurance	43,931	43,931	55,366	(11,435)
Dental Insurance	2,918	2,918	2,982	(64)
Postage	22,536	22,536	17,518	5,018
Non-capital equipment	--	--	735	(735)
Collection agency	8,000	8,000	1,087	6,913
Accounting/auditing	68,000	68,000	282,217	(214,217)
Other professional services	54,000	54,000	95,125	(41,125)
Education & training	1,000	1,000	665	335
Total Finance	<u>541,016</u>	<u>541,016</u>	<u>741,488</u>	<u>(200,472)</u>
City Property				
Office supplies	8,550	8,550	20,728	(12,178)
Other supplies	5,000	5,000	4,986	14
Janitorial Supplies	1,730	1,730	2,099	(369)
Dues/Subscriptions	4,000	4,000	7,795	(3,795)
Non-capital equipment	10,500	15,500	13,836	1,664
Advertising	18,500	18,500	16,826	1,674
IT Consulting services	50,000	50,000	108,452	(58,452)
R&M Contracts - City Buildings	83,227	83,227	85,418	(2,191)
General liability insurance	240,000	240,000	229,758	10,242
Misc. City Property	3,000	3,000	2,999	1
Heating Fuel-Other City Buildings	46,380	46,380	31,217	15,163
Telephone Other City Buildings	50,000	50,000	116,753	(66,753)
Repairs/Maint.-Other City Buildings	10,000	10,000	11,619	(1,619)
Water/Sewer-Other City Buildings	52,467	52,467	56,662	(4,195)
Electric-Other City Buildings	121,385	121,385	117,411	3,974
Custodial Services - Other City Buildings	11,028	11,028	10,575	453
Hydrants	120,000	120,000	167,679	(47,679)
Sewer/ NBC	10,000	10,000	2,615	7,385
Street lights	226,440	226,440	271,947	(45,507)
Total City Property	<u>1,072,207</u>	<u>1,077,207</u>	<u>1,279,375</u>	<u>(202,168)</u>

CITY OF CENTRAL FALLS, RHODE ISLAND

D-1

**GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL "BUDGETARY BASIS"
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
City Boards				
Pension board	675	675	--	675
Personnel board	675	675	675	--
Purchasing board	675	675	788	(113)
Appeals board	900	900	731	169
Planning board	1,125	1,125	1,125	--
Zoning board	1,750	1,750	1,750	--
Canvassers board	2,100	2,100	1,137	963
Housing authority board	2,750	2,750	2,200	550
Total City Boards	<u>10,650</u>	<u>10,650</u>	<u>8,406</u>	<u>2,244</u>
TOTAL GENERAL GOVERNMENT	<u>2,770,364</u>	<u>2,803,366</u>	<u>3,374,913</u>	<u>(571,546)</u>
PUBLIC SAFETY				
Police Department				
Salaries	2,222,697	2,222,697	2,128,084	94,613
Police trainee wages	8,000	8,000	13,100	(5,100)
Overtime	168,000	168,000	179,086	(11,086)
Special Investigations Overtime	25,600	25,600	26,428	(828)
Community Policing	15,000	15,000	8,389	6,611
K-9	7,700	7,700	6,255	1,445
Holiday pay	136,195	136,195	167,899	(31,704)
Longevity pay	75,500	75,500	93,750	(18,250)
Detective Stipends	7,800	7,800	7,842	(42)
Clothing/tool allowances	40,000	40,000	44,203	(4,203)
Police education stipend	--	--	14,500	(14,500)
Sick Incentive Pay	7,975	7,975	8,395	(420)
Police Social Security	--	--	892	(892)
Police Medicare	33,324	33,324	46,893	(13,569)
Police Medical Insurance	236,342	236,342	306,156	(69,814)
Police Dental Insurance	24,498	24,498	24,808	(310)
Injuries/Medical (Work Related Injuries)	51,393	31,393	--	31,393
Office supplies	4,000	4,000	4,103	(103)
Other supplies	8,200	8,200	7,818	382
Vehicle fuel	45,000	55,000	63,991	(8,991)
Dues/Subscriptions	800	800	809	(9)
Detective supplies	5,000	5,000	3,641	1,359
Non-capital equipment	5,000	10,000	15,331	(5,331)
General R & M	6,500	17,570	17,177	393
Vehicle R & M	22,500	45,481	54,457	(8,976)
Other professional services	95,130	95,130	79,055	16,075
Finger printing	2,500	2,500	2,000	500
Education & training	20,000	20,000	17,703	2,297
College tuitions	20,317	20,317	33,889	(13,572)
Salaries (Animal control)	38,223	38,223	38,241	(18)
Overtime (Animal control)	1,200	1,200	587	613
Longevity pay (Animal Control)	1,500	1,500	1,500	--
Sick Incentive Pay (Animal control)	--	--	708	(708)
Clothing/tool allowance (Animal control)	350	350	350	--
Social Security (Animal control)	2,485	2,485	2,516	(31)
Medicare (Animal control)	576	576	588	(12)
Municipal State Pension (Animal control)	5,001	5,001	5,020	(19)
TIAA-Cref - Animal Control	596	596	397	199
Medical Insurance (Animal control)	4,512	4,512	5,687	(1,175)
Dental Insurance (Animal control)	289	289	295	(6)
Boarding of animals (Animal control)	3,000	3,000	1,836	1,164
Clerk & IT Salaries	83,008	83,008	81,055	1,953
Clerk & IT Overtime	1,000	1,000	4,792	(3,792)
Clerk & IT Longevity Pay	5,000	5,000	5,000	--
Clerk & IT Sick Incentive Pay	555	555	--	555
Clothing/tool allowances civilian	350	350	350	--
Clerk & IT Social Security	5,457	5,457	5,287	170
Clerk & IT Medicare	1,276	1,276	1,237	39
Municipal State Pension (Civilian Staff)	11,080	11,080	10,871	209
TIAA-Cref - Civilian	1,320	1,320	401	919
Clerk & IT Medical Insurance	21,965	21,965	27,683	(5,718)
Clerk & IT Dental Insurance	1,753	1,753	1,791	(38)
Dispatcher Salaries	323,219	282,149	232,328	49,821
Dispatcher & Clerk Overtime	40,000	40,000	81,770	(41,770)
Dispatcher Holiday Pay	20,201	20,201	14,699	5,502

CITY OF CENTRAL FALLS, RHODE ISLAND

D-1

**GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL "BUDGETARY BASIS"
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Police Department (Continued)				
Dispatchers Longevity	7,000	7,000	1,500	5,500
Dispatchers Sick Incentive Pay	964	964	1,457	(493)
Dispatcher clothing/tool allowances	3,150	3,150	2,100	1,050
Dispatcher Social Security	20,474	20,474	20,063	411
Dispatchers Medicare	4,788	4,788	4,692	96
Municipal State Pension (Dispatch)	41,575	41,575	31,325	10,250
TIAA-Cref - Dispatch	4,953	4,953	2,481	2,472
Dispatcher & Clerk Medical Insurance	66,492	66,492	66,297	195
Dispatcher & Clerk Dental Insurance	4,950	4,950	3,834	1,116
Public Safety Dispatcher Shared Equip R&M	6,000	3,000	7,744	(4,744)
Total Police Department	<u>4,029,233</u>	<u>4,014,214</u>	<u>4,043,136</u>	<u>(28,922)</u>
Fire Department				
Salaries-Fire	2,272,859	2,272,859	2,374,542	(101,683)
Fire Trainee Wages	--	--	--	--
Stipend	15,000	15,000	--	15,000
Overtime-Fire	165,000	165,000	363,942	(198,942)
Holiday pay-Fire	132,345	132,345	138,638	(6,293)
Longevity pay-Fire	78,000	78,000	78,420	(420)
Out of rank pay	13,714	13,714	15,253	(1,539)
Mechanic pay	6,864	6,864	7,039	(175)
Rescue pay	--	--	14,648	(14,648)
Sick incentive pay -Fire	7,647	7,647	6,013	1,634
Clothing/tool allowance-Fire	41,000	41,000	39,000	2,000
Social Security-Fire	4,385	4,385	9,158	(4,773)
Medicare-Fire	33,465	33,465	41,625	(8,160)
Municipal State Pension-Fire Clerk	8,904	8,904	9,253	(349)
TIAA-Cref - Fire Clerk	1,061	1,061	732	329
Medical Insurance-Fire	325,481	325,481	384,753	(59,272)
Dental Insurance-Fire	28,586	28,586	28,758	(172)
Injuries/Medical (Work Related Injuries)-Fire	77,868	32,868	--	32,868
Other supplies-Fire	20,000	23,000	21,060	1,940
Vehicle fuel-Fire	15,000	15,000	22,406	(7,406)
Dues/subscriptions-Fire	1,500	1,500	1,641	(141)
Non-capital equipment-Fire	6,000	6,000	10,292	(4,292)
Fire Fighter Equipment	18,000	18,000	101,871	(83,871)
General R & M-Fire	10,000	10,000	14,053	(4,053)
Vehicle R & M-Fire	32,000	32,000	60,251	(28,251)
Education & training-Fire	25,000	25,000	27,622	(2,622)
College tuitions-Fire	5,000	5,000	5,053	(53)
Other professional services-Office of Health	30,000	30,000	32,556	(2,556)
Other professional services-Fire	2,000	37,000	40,931	(3,931)
Total Fire Department	<u>3,376,679</u>	<u>3,369,679</u>	<u>3,849,510</u>	<u>(479,831)</u>
Municipal Court				
Salaries - Municipal	42,918	42,918	43,034	(116)
Overtime - Municipal	1,000	1,000	2,055	(1,055)
Court Security	500	500	476	24
Longevity Pay	2,500	2,500	2,500	--
Sick Incentive Pay	520	520	--	520
Social Security	2,816	2,816	2,767	49
Medicare	659	659	647	12
Municipal State Pension	5,718	5,718	5,752	(34)
TIAA-Cref - Municipal Court	681	681	569	112
Medical Insurance	10,983	10,983	13,842	(2,859)
Dental Insurance	876	876	896	(20)
Office supplies	6,500	6,500	6,417	83
Municipal Court Judge	14,000	14,000	14,000	--
Housing Court Judge	12,000	12,000	12,000	--
Probate Court Judge	12,000	12,000	12,000	--
Total Municipal Court	<u>113,671</u>	<u>113,671</u>	<u>116,955</u>	<u>(3,284)</u>
Inspection Officers				
Plumbing officer	5,200	5,200	5,000	200
Electrical inspector	5,200	5,200	5,000	200
Total Inspection Officers	<u>10,400</u>	<u>10,400</u>	<u>10,000</u>	<u>400</u>
TOTAL PUBLIC SAFETY	<u>7,529,983</u>	<u>7,507,964</u>	<u>8,019,601</u>	<u>(511,637)</u>

CITY OF CENTRAL FALLS, RHODE ISLAND

D-1

**GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL "BUDGETARY BASIS"
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
PUBLIC WORKS				
Highway Department				
Salaries-DPW/Code	594,313	594,313	573,524	20,789
Overtime-DPW/Code	47,000	47,000	51,069	(4,069)
Longevity pay-DPW/Code	21,500	21,500	22,420	(920)
Sick Incentive Pay-DPW/Code	563	563	910	(347)
Clothing/tool allowance-DPW/Code	2,800	2,800	2,800	--
Backhoe Lic	--	--	900	(900)
Social Security-DPW/Code	38,180	38,180	38,886	(706)
Medicare-DPW/Code	8,929	8,929	9,094	(165)
Municipal State Pension-DPW/Code	71,359	71,359	70,479	880
TIAA-Cref - DPW/Code	8,502	8,502	4,403	4,099
Medical Insurance-DPW/Code	92,375	92,375	114,744	(22,369)
Dental Insurance-DPW/Code	7,300	7,300	7,330	(30)
Other supplies-DPW/Code	2,040	2,040	2,038	2
Other Professional Services-DPW/Code	31,000	31,000	32,957	(1,957)
Education & training-DPW/Code	1,000	1,000	--	1,000
Property protection-DPW/Code	2,000	2,000	170	1,830
Vehicle Fuel-DPW/Code	18,000	18,000	15,648	2,352
Non-capital equipment-DPW/Code	6,000	6,000	5,416	584
Winter road supplies-DPW/Code	40,000	35,052	35,052	--
General R & M-DPW/Code	10,000	17,948	17,878	70
Vehicle R & M-DPW/Code	50,000	55,000	54,183	817
DPW Building R&M-DPW/Code	2,000	2,000	333	1,667
Road R & M-DPW/Code	23,653	15,653	4,624	11,029
Traffic Signal R & M-DPW/Code	3,000	3,000	2,964	36
Capital Expenditures-DPW/Code	--	--	80,610	(80,610)
Misc. Highway-DPW/Code	500	500	--	500
Total Highway Department	<u>1,082,014</u>	<u>1,082,014</u>	<u>1,148,432</u>	<u>(66,418)</u>
Public Works				
Solid waste removal/disposal	185,000	185,000	194,454	(9,454)
Trash Removal/Recycling	663,000	663,000	662,501	499
Total Public Works	<u>848,000</u>	<u>848,000</u>	<u>856,955</u>	<u>(8,955)</u>
TOTAL PUBLIC WORKS	<u>1,930,014</u>	<u>1,930,014</u>	<u>2,005,387</u>	<u>(75,373)</u>
PUBLIC EDUCATION				
Library				
City Contribution	118,825	118,825	118,825	--
State Library Grant-In-Aid	27,329	27,329	27,074	255
TOTAL PUBLIC EDUCATION	<u>146,154</u>	<u>146,154</u>	<u>145,899</u>	<u>255</u>
PUBLIC RECREATION				
Parks, Recreation And Community Service				
Salaries	93,000	93,000	55,409	37,591
Temporary Salary	19,110	19,110	43,578	(24,468)
Stipends	15,000	15,000	13,272	1,728
Grant Writer	36,593	36,593	36,789	(196)
Street Beautification Workers	27,890	27,890	52,428	(24,538)
Social Security	10,949	10,949	11,503	(554)
Medicare	2,561	2,561	2,690	(129)
Municipal State Pension	11,709	11,709	17,852	(6,143)
TIAA-Cref - Parks/Recreation	1,395	1,395	1,413	(18)
Medical Insurance	15,495	15,495	12,868	2,627
Dental Insurance	--	--	1,191	(1,191)
Salaries-Afterschool	55,798	55,798	36,944	18,854
Social Security-Afterschool Program	3,459	3,459	2,035	1,424
Medicare-Afterschool Program	808	808	476	332
Municipal State Pension - Afterschool Program	2,838	2,838	--	2,838
TIAA-Cref - Afterschool Program	338	338	--	338
Other supplies	16,000	27,000	19,796	7,204
General R & M	11,719	11,719	11,726	(7)
Other professional services	5,000	5,000	4,952	48
Public events & activities	50,000	50,000	49,193	807
Education and Training	--	--	140	(140)
Misc. recreation	7,000	7,000	1,640	5,360
Total Parks, Recreation and Community Service	<u>386,662</u>	<u>397,662</u>	<u>375,895</u>	<u>21,767</u>

CITY OF CENTRAL FALLS, RHODE ISLAND

D-1

**GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL "BUDGETARY BASIS"
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Planning				
Salaries	183,528	167,528	195,111	(27,583)
Social Security	11,379	11,379	12,027	(648)
Medicare	2,661	2,661	2,813	(152)
Municipal State Pension	23,106	23,106	24,560	(1,454)
TIAA-Cref - Planning	2,753	2,753	1,945	808
Medical Insurance	13,536	13,536	18,493	(4,957)
Dental Insurance	867	867	983	(116)
Other supplies	5,000	5,000	5,273	(273)
Education/Training	10,000	10,000	10,252	(252)
Other Professional Services	40,000	56,000	89,924	(33,924)
Total Planning	<u>292,830</u>	<u>292,830</u>	<u>361,381</u>	<u>(68,551)</u>
TOTAL PUBLIC RECREATION	<u>679,492</u>	<u>690,492</u>	<u>737,276</u>	<u>(46,784)</u>
CITY DEBT SERVICE				
Bond principal	1,920,000	1,920,000	1,940,250	(20,250)
Bond interest	441,366	441,366	349,625	91,741
Lease purchase/debt restructure	100,000	100,000	88,247	11,753
Other debt fees	2,000	2,000	7,700	(5,700)
TOTAL CITY DEBT SERVICE	<u>2,463,366</u>	<u>2,463,366</u>	<u>2,385,822</u>	<u>77,544</u>
CONTINGENCY				
General contingencies	--	--	6,015	(6,015)
TOTAL CONTINGENCY	<u>--</u>	<u>--</u>	<u>6,015</u>	<u>(6,015)</u>
OTHER CITY GOVERNMENT				
Compensated absences	25,000	25,000	62,653	(37,653)
Unemployment compensation	10,000	10,000	8,312	1,688
Group Life	11,000	11,000	12,408	(1,408)
Medical insurance	150,000	135,000	3,921	131,079
OPEB	100,000	100,000	100,000	--
HRA - Health Reimbursement	100,000	89,000	149,429	(60,429)
TOTAL OTHER CITY GOVERNMENT	<u>396,000</u>	<u>370,000</u>	<u>336,723</u>	<u>33,277</u>
RESERVE				
0.59% of total budget	75,268	64,285	--	64,285
TOTAL RESERVE	<u>75,268</u>	<u>64,285</u>	<u>--</u>	<u>64,285</u>
RETIREMENT				
Police retirement- Public Safety Pension	92,000	92,000	--	92,000
Fire retirement - Public Safety Pension	92,000	92,000	--	92,000
Public Pension - JH Other Paygo	2,259,182	2,259,182	2,396,933	(137,751)
TOTAL RETIREMENT	<u>2,443,182</u>	<u>2,443,182</u>	<u>2,396,933</u>	<u>46,249</u>
TOTAL EXPENDITURES	<u>18,433,823</u>	<u>18,418,823</u>	<u>19,408,569</u>	<u>(989,745)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES				
OTHER USES - BUDGETARY BASIS	<u>\$ (0)</u>	<u>\$ 15,000</u>	<u>\$ 853,364</u>	<u>\$ 838,365</u>

CITY OF CENTRAL FALLS, RHODE ISLAND

D-2

**BUDGETARY AND LEGAL COMPLIANCE
FOR THE YEAR ENDED JUNE 30, 2018**

The General Fund's reconciliation between the budgetary basis and modified accrual (GAAP) basis of accounting is as follows:

Total budgetary revenues and other financing sources	\$	20,261,933
Reclassification of:		
Property tax revenue- sixty day rule		360,013
Prior years property tax revenue - sixty day rule		(266,107)
Other Classified Revenue from State		<u>600,000</u>
Total GAAP revenues and other financing sources	\$	<u><u>20,955,839</u></u>
Total budgetary expenditures and other financing uses	\$	19,408,569
Transfer to capital reserve funds, not part of budget		1,078,346
Payments made to State		<u>600,000</u>
Total GAAP expenditures and other financing uses	\$	<u><u>21,086,915</u></u>

CITY OF CENTRAL FALLS, RHODE ISLAND

D-3

**GENERAL FUND
EXCESS OF EXPENDITURES OVER APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2018**

For the year ended June 30, 2018, expenditures exceeded budget at the department level as follows:

<u>Department</u>	<u>Excess</u>
City Clerk	\$ (14,670)
Personnel	\$ (25,660)
Legal	\$ (94,828)
Tax Assessor	\$ (57,194)
Finance	\$ (200,472)
City Property	\$ (202,168)
Police Department	\$ (28,922)
Fire Department	\$ (479,831)
Municipal Court	\$ (3,284)
Highway Department	\$ (66,418)
Public Works	\$ (8,955)
Planning	\$ (68,551)
Contingency	\$ (6,015)

SCHEDULE OF CHANGES IN CITY OF CENTRAL FALLS

D-4

NET PENSION LIABILITY AND RELATED RATIOS
MERS

	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015	Year Ended June 30, 2014
A. Total pension liability				
1. Service Cost	\$ 127,458	\$ 116,360	\$ 105,194	\$ 112,984
2. Interest on the Total Pension Liability	505,170	500,546	514,938	510,493
3. Changes of benefit terms	--	--	(12,537)	--
4. Difference between expected and actual experience of the Total Pension Liability	491,539	(2,161)	(254,173)	--
5. Changes of assumptions	344,688	--	--	(24,723)
6. Benefit payments, including refunds of employee contributions	<u>(518,780)</u>	<u>(598,500)</u>	<u>(503,299)</u>	<u>(567,898)</u>
7. Net change in total pension liability	950,075	16,245	(149,877)	30,856
8. Total pension liability – beginning	<u>6,931,260</u>	<u>6,915,015</u>	<u>7,064,892</u>	<u>7,034,036</u>
9. Total pension liability – ending (a)	<u>\$ 7,881,335</u>	<u>\$ 6,931,260</u>	<u>\$ 6,915,015</u>	<u>\$ 7,064,892</u>
B. Plan fiduciary net position				
1. Contributions – employer	\$ 287,795	\$ 269,399	\$ 266,285	\$ 162,612
2. Contributions – employee	39,027	35,604	18,326	16,471
3. Net investment income	515,888	(1,594)	114,533	665,429
4. Benefit payments, including refunds of employee contributions	(518,780)	(598,500)	(503,299)	(567,898)
5. Pension Plan Administrative Expense	(53,622)	(4,288)	(4,621)	(4,167)
6. Other	<u>(4,874)</u>	<u>4,596</u>	<u>(146)</u>	<u>(28,883)</u>
7. Net change in plan fiduciary net position	265,434	(294,783)	(108,922)	243,564
8. Plan fiduciary net position – beginning	<u>4,592,427</u>	<u>4,887,210</u>	<u>4,996,132</u>	<u>4,752,568</u>
9. Plan fiduciary net position – ending (b)	<u>\$ 4,857,861</u>	<u>\$ 4,592,427</u>	<u>\$ 4,887,210</u>	<u>\$ 4,996,132</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 3,023,474</u>	<u>\$ 2,338,833</u>	<u>\$ 2,027,805</u>	<u>\$ 2,068,760</u>
D. Plan fiduciary net position as a percentage of the total pension liability	61.64%	66.26%	70.68%	70.72%
E. Covered employee payroll	<u>\$ 2,134,978</u>	<u>\$ 1,972,211</u>	<u>\$ 1,832,653</u>	<u>\$ 1,647,003</u>
F. Net pension liability as a percentage of covered payroll	141.62%	118.59%	110.65%	125.61%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10 year trend is compiled, information is presented for those years available.

SCHEDULE OF CHANGES IN THE CITY OF CENTRAL FALLS

D-5

NET PENSION LIABILITY AND RELATED RATIOS
CITY PLAN

	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
A. Total pension liability				
1. Service Cost	\$ 625,895	\$ 604,729	\$ 782,937	\$ 451,646
2. Interest on Liability and Service Cost	2,548,469	2,423,750	2,359,718	2,455,649
3. Change in Plan Provisions	1,247,670	--	--	--
4. Experience (Gain) and Loss	1,068,464	(376,824)	(1,003,524)	411,659
5. Changes of Assumptions	--	1,362,628	(7,182,170)	8,108,455
6. Benefit Payments	(2,381,347)	(2,364,040)	(2,275,505)	(2,317,773)
7. Interest on Benefit Payments	--	--	(64,506)	(88,138)
8. Net change in total pension liability	3,109,151	1,650,243	(7,383,050)	9,021,498
9. Total pension liability – beginning	34,522,837	32,872,594	40,255,644	31,234,146
10. Total pension liability – ending (a)	<u>\$ 37,631,988</u>	<u>\$ 34,522,837</u>	<u>\$ 32,872,594</u>	<u>\$ 40,255,644</u>
B. Plan fiduciary net position				
1. Contributions – employer	\$ 2,276,371	\$ 2,423,009	\$ 2,404,956	\$ 2,412,068
2. Contributions – employee	503,146	439,546	455,617	410,224
3. Other Payments	--	--	--	--
4. Benefit Payments	(2,381,347)	(2,364,040)	(2,275,504)	(2,317,773)
5. Expenses	(67,953)	(62,664)	(18,992)	(19,312)
6. Investment Income	487,949	789,169	678,721	(176,495)
7. Net change in plan fiduciary net position	818,166	1,225,020	1,244,798	308,712
8. Plan fiduciary net position – beginning	9,170,268	7,945,248	6,700,450	6,391,738
9. Plan fiduciary net position – ending (b)	<u>\$ 9,988,434</u>	<u>\$ 9,170,268</u>	<u>\$ 7,945,248</u>	<u>\$ 6,700,450</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 27,643,554</u>	<u>\$ 25,352,569</u>	<u>\$ 24,927,346</u>	<u>\$ 33,555,194</u>
D. Plan fiduciary net position as a percentage of the total pension liability	26.54%	26.56%	24.17%	16.64%
E. Covered employee payroll	<u>\$ 4,684,587</u>	<u>\$ 4,717,866</u>	<u>\$ 4,777,056</u>	<u>\$ 4,482,450</u>
F. Net pension liability as a percentage of covered payroll	590.10%	537.37%	521.81%	748.59%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10 year trend is compiled, information is presented for those years available.

CITY OF CENTRAL FALLS, RHODE ISLAND

D-6

**SCHEDULE OF INVESTMENT RETURNS
CITY PLAN**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return net of investment expense	5.33%	9.75%	9.97%	2.68%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10 year trend is compiled, information is presented for those years available.

CITY OF CENTRAL FALLS, RHODE ISLAND

D-7

SCHEDULE OF CITY OF CENTRAL FALLS CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014
Actuarially determined contribution	\$ 287,794	\$ 269,399	\$ 266,285	\$ 162,612
Contributions in relation to the actuarially determined contribution	<u>287,794</u>	<u>269,399</u>	<u>266,285</u>	<u>162,612</u>
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --
Covered-employee payroll	\$ <u>2,134,978</u>	\$ <u>1,972,211</u>	\$ <u>1,832,653</u>	\$ <u>1,647,003</u>
Contributions as a percentage of covered-employee payroll	13.48%	13.66%	14.53%	9.87%

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.

CITY OF CENTRAL FALLS, RHODE ISLAND

D-8

SCHEDULE OF CITY OF CENTRAL FALLS CONTRIBUTIONS
CITY PLAN

	<u>Fiscal 2018</u>	<u>Fiscal 2017</u>	<u>Fiscal 2016</u>	<u>Fiscal 2015</u>	<u>Fiscal 2014</u>	<u>Fiscal 2013</u>	<u>Fiscal 2012</u>
Actuarially determined contribution	\$ 2,513,311	\$ 2,441,365	\$ 2,335,487	\$ 2,227,079	\$ 2,006,770	\$ 2,014,476	\$ 2,030,996
Contributions in relation to the actuarially determined contribution	<u>2,276,371</u>	<u>2,423,009</u>	<u>2,451,749</u>	<u>2,412,068</u>	<u>2,328,947</u>	<u>2,309,325</u>	<u>2,547,562</u>
Contribution deficiency (excess)	<u>\$ 236,940</u>	<u>\$ 18,356</u>	<u>\$ (116,262)</u>	<u>\$ (184,989)</u>	<u>\$ (322,177)</u>	<u>\$ (294,849)</u>	<u>\$ (516,566)</u>
Covered-employee payroll	<u>\$ 4,684,587</u>	<u>\$ 4,717,866</u>	<u>\$ 4,777,056</u>	<u>\$ 4,482,450</u>	<u>\$ 4,025,037</u>	<u>\$ 3,849,274</u>	<u>\$ 3,620,778</u>
Contributions as a percentage of covered-employee payroll	48.59%	51.36%	51.32%	53.81%	57.86%	59.99%	70.36%

Notes:

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

SCHEDULE OF CHANGES IN THE CITY OF CENTRAL FALLS

D-9

NET OPEB LIABILITY AND RELATED RATIOS
CITY PLAN

	Year Ended June 30, 2018	Year Ended June 30, 2017
A. Total OPEB liability		
1. Service Cost	\$ 62,911	\$ 60,202
2. Interest on Liability and Service Cost	298,293	286,327
3. Change in Plan Provisions	--	--
4. Experience (Gain) and Loss	--	--
5. Changes of Assumptions	--	--
6. Benefit Payments	(193,377)	(186,131)
7. Interest on Benefit Payments	--	--
8. Net change in total OPEB liability	167,827	160,398
9. Total OPEB liability – beginning	<u>4,009,268</u>	<u>3,848,869</u>
10. Total OPEB liability – ending (a)	<u>\$ 4,177,095</u>	<u>\$ 4,009,267</u>
B. Plan fiduciary net position		
1. Contributions – employer	\$ 193,377	\$ 293,377
2. Contributions – employee	--	--
3. Other Payments	--	--
4. Benefit Payments	(193,377)	(193,377)
5. Expenses	(285)	(285)
6. Investment Income	<u>19,053</u>	<u>13,683</u>
7. Net change in plan fiduciary net position	18,768	113,398
8. Plan fiduciary net position – beginning	<u>221,559</u>	<u>108,160</u>
9. Plan fiduciary net position – ending (b)	<u>\$ 240,327</u>	<u>\$ 221,558</u>
C. Net OPEB liability - ending (a) - (b)	<u>\$ 3,936,768</u>	<u>\$ 3,787,709</u>
D. Plan fiduciary net position as a percentage of the total OPEB liability	5.75%	5.53%
E. Covered employee payroll	<u>\$ 7,025,436</u>	<u>\$ 6,787,861</u>
F. Net OPEB liability as a percentage of covered payroll	56.04%	55.80%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10 year trend is compiled, information is presented for those years available.

CITY OF CENTRAL FALLS, RHODE ISLAND

D-10

**SCHEDULE OF CITY OF CENTRAL FALLS CONTRIBUTIONS
OTHER POST EMPLOYMENT BENEFITS**

	<u>Fiscal 2018</u>	<u>Fiscal 2017</u>
Actuarially determined contribution	\$ 100,000	\$ 284,360
Contributions in relation to the actuarially determined contribution	<u>193,377</u>	<u>293,377</u>
Contribution deficiency (excess)	<u>\$ (93,377)</u>	<u>\$ (9,017)</u>
Covered-employee payroll	<u>\$ 7,025,436</u>	<u>\$ 6,787,861</u>
Contributions as a percentage of covered-employee payroll	2.75%	4.32%

Notes:

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

Non-major Governmental Funds

CITY OF CENTRAL FALLS

E-1

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	CDBG Revolving	CDBG 2013	CDBG 2014	CDBG 2015
Assets				
Cash and cash equivalents	\$ 663,753	\$ --	\$ --	\$ --
Due from federal and state governments	--	50,381	407,597	255,000
Due from other funds	--	89,448	100,111	--
Total Assets	<u>663,753</u>	<u>139,829</u>	<u>507,708</u>	<u>255,000</u>
Liabilities				
Accounts payable	--	--	40,259	--
Deposits held for others	--	--	--	--
Due to other funds	643,079	92,266	562,537	169,516
Unearned revenue	--	47,563	--	85,484
Total Liabilities	<u>643,079</u>	<u>139,829</u>	<u>602,796</u>	<u>255,000</u>
Fund Balance				
Restricted	20,674	--	--	--
Unassigned	--	--	(95,088)	--
Total Fund Balance	<u>\$ 20,674</u>	<u>\$ --</u>	<u>\$ (95,088)</u>	<u>\$ --</u>

CITY OF CENTRAL FALLS

COMBINING STATEMENT OF REVENUES,
AND CHANGES IN FUND BALANCE
Non-Major Governmental Funds
For the year ended June 30, 2018

	CDBG Revolving	CDBG 2013	CDBG 2014	CDBG 2015
Revenues				
Interest and investment income	\$ --	\$ --	\$ --	\$ --
Intergovernmental	--	--	96,115	52,395
Other	1,500	--	--	--
Total Revenues	<u>1,500</u>	<u>--</u>	<u>96,115</u>	<u>52,395</u>
Expenditures				
General government	652	--	151,296	52,395
Public safety	--	--	--	--
Recreation	--	--	--	--
Capital outlays	--	--	39,907	--
Total Expenditures & Capital Outlays	<u>652</u>	<u>--</u>	<u>191,203</u>	<u>52,395</u>
Excess of Revenue Over (Under)				
Expenditures Before Transfers	<u>848</u>	<u>--</u>	<u>(95,088)</u>	<u>--</u>
Other Financing Sources (Uses)				
Transfers in	--	--	--	--
Transfer out	--	--	--	--
Net Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses				
	<u>848</u>	<u>--</u>	<u>(95,088)</u>	<u>--</u>
Fund Balance - Beginning of Year	<u>19,826</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balance - End of Year	<u>\$ 20,674</u>	<u>\$ --</u>	<u>\$ (95,088)</u>	<u>\$ --</u>

CITY OF CENTRAL FALLS

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COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	UDAG				
	Revolving Loan	Home	ED	EDI Comm	COPS
	Fund			Center	Grant
Assets					
Cash and cash equivalents	\$ 35,234	\$ 60,701	\$ 396,939	\$ --	\$ --
Due from federal and state governments	--	--	292,628	--	21,421
Due from other funds	--	--	--	--	--
Total Assets	<u>35,234</u>	<u>60,701</u>	<u>689,567</u>	<u>--</u>	<u>21,421</u>
Liabilities					
Accounts payable	--	--	--	--	--
Deposits held for others	--	--	--	--	--
Due to other funds	35,234	60,701	689,567	--	21,421
Unearned revenue	--	--	--	--	--
Total Liabilities	<u>35,234</u>	<u>60,701</u>	<u>689,567</u>	<u>--</u>	<u>21,421</u>
Fund Balance					
Restricted	--	--	--	--	--
Unassigned	--	--	--	--	--
Total Fund Balance	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

CITY OF CENTRAL FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Non-Major Governmental Funds
For the year ended June 30, 2018

	UDAG				
	Revolving Loan	Home	ED	EDI Comm	COPS
	Fund			Center	Grant
Revenues					
Interest and investment income	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental	--	--	284,541	--	--
Other	--	--	--	--	--
Total Revenues	<u>--</u>	<u>--</u>	<u>284,541</u>	<u>--</u>	<u>--</u>
Expenditures					
General government	--	--	--	--	--
Public safety	--	--	--	--	--
Recreation	--	--	--	--	--
Capital outlays	--	--	81,378	--	--
Total Expenditures & Capital Outlays	<u>--</u>	<u>--</u>	<u>81,378</u>	<u>--</u>	<u>--</u>
Excess of Revenue Over (Under)					
Expenditures Before Transfers	--	--	203,163	--	--
Other Financing Sources (Uses)					
Transfers in	--	--	--	2,925	--
Transfer out	--	--	(203,163)	--	--
Net Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(203,163)</u>	<u>2,925</u>	<u>--</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,925</u>	<u>--</u>
Fund Balance - Beginning of Year	<u>--</u>	<u>--</u>	<u>--</u>	<u>(2,925)</u>	<u>--</u>
Fund Balance - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

CITY OF CENTRAL FALLS

E-1

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Mortgage Foreclosure Prevention	Grant In Aid	RI Foundation	Recreation Summer Lunch Program	Police C.A.R.E.	Police Federal Forfeiture
Assets						
Cash and cash equivalents	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 21,367
Due from federal and state governments	--	--	--	--	--	--
Due from other funds	222,315	--	--	26,253	11,162	376
Total Assets	<u>222,315</u>	<u>--</u>	<u>--</u>	<u>26,253</u>	<u>11,162</u>	<u>21,743</u>
Liabilities						
Accounts payable	5,000	--	--	--	7,062	4,650
Deposits held for others	--	--	--	--	--	--
Due to other funds	243,941	--	--	26,253	4,100	16,174
Unearned revenue	--	--	--	--	--	--
Total Liabilities	<u>248,941</u>	<u>--</u>	<u>--</u>	<u>26,253</u>	<u>11,162</u>	<u>20,824</u>
Fund Balance						
Restricted	--	--	--	--	--	919
Unassigned	(26,626)	--	--	--	--	--
Total Fund Balance	<u>\$ (26,626)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 919</u>

CITY OF CENTRAL FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Non-Major Governmental Funds
For the year ended June 30, 2018

	Mortgage Foreclosure Prevention	Grant In Aid	RI Foundation	Recreation Summer Lunch Program	Police C.A.R.E.	Police Federal Forfeiture
Revenues						
Interest and investment income	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 35
Intergovernmental	22,069	--	--	111,937	98,164	376
Other	--	--	5,954	--	--	309
Total Revenues	<u>22,069</u>	<u>--</u>	<u>5,954</u>	<u>111,937</u>	<u>98,164</u>	<u>720</u>
Expenditures						
General government	--	--	--	--	109,326	--
Public safety	48,695	--	--	--	--	13,677
Recreation	--	--	--	150,435	--	--
Capital outlays	--	--	--	--	--	--
Total Expenditures & Capital Outlays	<u>48,695</u>	<u>--</u>	<u>--</u>	<u>150,435</u>	<u>109,326</u>	<u>13,677</u>
Excess of Revenue Over (Under)						
Expenditures Before Transfers	(26,626)	--	5,954	(38,498)	(11,162)	(12,957)
Other Financing Sources (Uses)						
Transfers in	--	--	--	21,360	11,162	--
Transfer out	--	(58,306)	(5,954)	--	--	--
Net Other Financing Sources (Uses)	<u>--</u>	<u>(58,306)</u>	<u>(5,954)</u>	<u>21,360</u>	<u>11,162</u>	<u>--</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(26,626)</u>	<u>(58,306)</u>	<u>--</u>	<u>(17,138)</u>	<u>--</u>	<u>(12,957)</u>
Fund Balance - Beginning of Year	<u>--</u>	<u>58,306</u>	<u>--</u>	<u>17,138</u>	<u>--</u>	<u>13,876</u>
Fund Balance - End of Year	<u>\$ (26,626)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 919</u>

CITY OF CENTRAL FALLS

E-1

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Police Special Accounts	2014 JAG Grant	School Bldg Capital	Rural Grants	Emergency Equipment Replacement
Assets					
Cash and cash equivalents	\$ 245,810	\$ --	\$ --	\$ --	\$ 17,091
Due from federal and state governments	--	--	--	--	--
Due from other funds	1,997	10,109	54,150	--	--
Total Assets	<u>247,807</u>	<u>10,109</u>	<u>54,150</u>	<u>--</u>	<u>17,091</u>
Liabilities					
Accounts payable	--	--	54,150	--	--
Deposits held for others	47,432	--	--	--	--
Due to other funds	178,053	6,764	--	--	17,091
Unearned revenue	--	--	--	--	--
Total Liabilities	<u>225,485</u>	<u>6,764</u>	<u>54,150</u>	<u>--</u>	<u>17,091</u>
Fund Balance					
Restricted	22,322	3,345	--	--	--
Unassigned	--	--	--	--	--
Total Fund Balance	<u>\$ 22,322</u>	<u>\$ 3,345</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

CITY OF CENTRAL FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Non-Major Governmental Funds
For the year ended June 30, 2018

	Police Special Accounts	2014 JAG Grant	School Bldg Capital	Rural Grants	Emergency Equipment Replacement
Revenues					
Interest and investment income	\$ 233	\$ --	\$ --	\$ --	\$ --
Intergovernmental	19,600	2,352	3,114,399	--	--
Other	18,065	--	--	--	--
Total Revenues	<u>37,898</u>	<u>2,352</u>	<u>3,114,399</u>	<u>--</u>	<u>--</u>
Expenditures					
General government	--	--	--	--	--
Public safety	26,231	--	--	--	--
Recreation	--	--	--	--	--
Capital outlays	--	--	3,168,549	--	127,309
Total Expenditures & Capital Outlays	<u>26,231</u>	<u>--</u>	<u>3,168,549</u>	<u>--</u>	<u>127,309</u>
Excess of Revenue Over (Under)					
Expenditures Before Transfers	11,667	2,352	(54,150)	--	(127,309)
Other Financing Sources (Uses)					
Transfers in	--	--	--	--	125,322
Transfer out	--	--	(268,403)	(49)	--
Net Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(268,403)</u>	<u>(49)</u>	<u>125,322</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	11,667	2,352	(322,553)	(49)	(1,987)
Fund Balance - Beginning of Year	<u>10,655</u>	<u>993</u>	<u>322,553</u>	<u>49</u>	<u>1,987</u>
Fund Balance - End of Year	<u>\$ 22,322</u>	<u>\$ 3,345</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

CITY OF CENTRAL FALLS

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COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Recycling Account	EPA	RIC Dexter Street	Property Development	Redevelopment Agency
Assets					
Cash and cash equivalents	\$ --	\$ --	\$ --	\$ --	\$ --
Due from federal and state governments	--	--	--	--	--
Due from other funds	19,383	--	1,000,000	161,180	82,798
Total Assets	<u>19,383</u>	<u>--</u>	<u>1,000,000</u>	<u>161,180</u>	<u>82,798</u>
Liabilities					
Accounts payable	--	--	--	--	15,385
Deposits held for others					
Due to other funds	2,144	0	0	5,256	67,413
Unearned revenue	9,097	--	1,000,000	--	--
Total Liabilities	<u>11,241</u>	<u>--</u>	<u>1,000,000</u>	<u>5,256</u>	<u>82,798</u>
Fund Balance					
Restricted	8,142	--	--	155,924	--
Unassigned	--	--	--	--	--
Total Fund Balance	<u>\$ 8,142</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 155,924</u>	<u>\$ --</u>

CITY OF CENTRAL FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Non-Major Governmental Funds
For the year ended June 30, 2018

	Recycling Account	EPA	Champs Grant	Property Development	Redevelopment Agency
Revenues					
Interest and investment income	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental	--	--	--	--	--
Other	--	--	--	--	--
Total Revenues	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Expenditures					
General government	0	--	--	--	57,413
Public safety	--	--	--	--	--
Recreation	--	--	--	--	--
Capital outlays	--	--	--	--	25,385
Total Expenditures & Capital Outlays	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>82,798</u>
Excess of Revenue Over (Under)					
Expenditures Before Transfers	--	--	--	--	(82,798)
Other Financing Sources (Uses)					
Transfers in	--	1,687	--	--	82,798
Transfer out	--	--	--	--	--
Net Other Financing Sources (Uses)	<u>--</u>	<u>1,687</u>	<u>--</u>	<u>--</u>	<u>82,798</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	--	1,687	--	--	--
Fund Balance - Beginning of Year	<u>8,142</u>	<u>(1,687)</u>	<u>--</u>	<u>155,924</u>	<u>--</u>
Fund Balance - End of Year	<u>\$ 8,142</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 155,924</u>	<u>\$ --</u>

CITY OF CENTRAL FALLS

E-1

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Recreation Capital	115 Illinois Street	Historic Trust	TOTALS
Assets				
Cash and cash equivalents	\$ --	\$ --	\$ 43,939	\$ 1,484,834
Due from federal and state governments	--	--	--	1,027,027
Due from other funds	--	53,378	30,457	1,863,117
Total Assets	<u>--</u>	<u>53,378</u>	<u>74,396</u>	<u>4,374,978</u>
Liabilities				
Accounts payable	--	--	--	126,506
Deposits held for others	--	--	--	47,432
Due to other funds	--	--	59,787	2,901,297
Unearned revenue	--	53,378	--	1,195,522
Total Liabilities	<u>--</u>	<u>53,378</u>	<u>59,787</u>	<u>4,270,757</u>
Fund Balance				
Restricted	--	--	14,609	225,935
Unassigned	--	--	--	(121,714)
Total Fund Balance	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 14,609</u>	<u>\$ 104,221</u>

CITY OF CENTRAL FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Non-Major Governmental Funds
For the year ended June 30, 2018

	Recreation Capital	115 Illinois Street	Historic Trust	TOTALS
Revenues				
Interest and investment income	\$ --	\$ --	\$ 8,709	\$ 8,977
Intergovernmental	--	--	--	3,801,948
Other	--	136,622	--	162,450
Total Revenues	<u>--</u>	<u>136,622</u>	<u>8,709</u>	<u>3,973,375</u>
Expenditures				
General government	--	--	--	371,082
Public safety	--	--	--	88,603
Recreation	--	--	--	150,435
Capital outlays	--	136,622	--	3,579,150
Total Expenditures & Capital Outlays	<u>--</u>	<u>136,622</u>	<u>--</u>	<u>4,189,270</u>
Excess of Revenue Over (Under)				
Expenditures Before Transfers	--	--	8,709	(215,895)
Other Financing Sources (Uses)				
Transfers in	--	--	--	245,254
Transfer out	(4,393)	--	--	(540,268)
Net Other Financing Sources (Uses)	<u>(4,393)</u>	<u>--</u>	<u>--</u>	<u>(295,014)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(4,393)</u>	<u>--</u>	<u>8,709</u>	<u>(510,909)</u>
Fund Balance - Beginning of Year	<u>4,393</u>	<u>--</u>	<u>5,900</u>	<u>615,130</u>
Fund Balance - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 14,609</u>	<u>\$ 104,221</u>

Agency Funds

CITY OF CENTRAL FALLS, RHODE ISLAND

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**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>Unclaimed Estates</u>				
Assets				
Cash	\$ 33,106	\$ 120	\$ --	\$ 33,226
Liabilities				
Deposits Held in Custody for Others	\$ 33,106	\$ 120	\$ --	\$ 33,226
<u>Totals</u>				
Assets				
Cash	\$ 33,106	\$ 120	\$ --	\$ 33,226
Total Assets	<u>\$ 33,106</u>	<u>\$ 120</u>	<u>\$ --</u>	<u>\$ 33,226</u>
Liabilities				
Deposits Held in Custody for Others	\$ 33,106	\$ 120	\$ --	\$ 33,226
Total Liabilities	<u>\$ 33,106</u>	<u>\$ 120</u>	<u>\$ --</u>	<u>\$ 33,226</u>

Tax Collector's Annual Report

CITY OF CENTRAL FALLS, RHODE ISLAND

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**SCHEDULE OF PROPERTY TAXES RECEIVABLE
YEAR ENDED JUNE 30, 2018**

Assessment of	Balance Uncollected July 1, 2017	2017 Assessment	Additions & Adjustments	Abatements	Amount to be Collected	Current Year Collections	Balance Uncollected June 30, 2018
2017	\$ --	\$ 15,701,734	\$ 120,442	\$ (355,903)	\$ 15,466,273	\$ 14,490,518	\$ 975,755
2016	630,903	--	406,111	(8,581)	1,028,433	744,477	283,956
2015	477,679	--	(161,001)	(13,303)	303,375	98,651	204,724
2014	184,666	--	39,983	(1,873)	222,776	21,690	201,086
2013	180,717	--	(584)	(1,500)	178,633	12,851	165,782
2012	202,765	--	(25,137)	(336)	177,292	7,098	170,194
2011	212,619	--	1,144	(306)	213,457	8,266	205,191
2010	226,569	--	2,058	--	228,627	7,499	221,128
2009	77,561	--	22,739	(651)	99,649	117	99,532
2008	97,630	--	21,323	--	118,953	1,151	117,802
2007	123,799	--	7,479	(117)	131,161	693	130,468
	2,414,908	<u>\$ 15,701,734</u>	<u>\$ 434,557</u>	<u>\$ (382,570)</u>	<u>\$ 18,168,629</u>	<u>\$ 15,393,011</u>	2,775,618
Less: allowance for uncollectible accounts	<u>(840,000)</u>						<u>(762,955)</u>
	<u>\$ 1,574,908</u>						<u>\$ 2,012,663</u>

Schedule of Property Valuation Assessed:

Real estate	\$ 12,367,283
Motor vehicles	1,976,117
Tangibles	1,358,540
Less: exemptions	--
Adjustments	<u>(206)</u>
	<u>\$ 15,701,734</u>

Schedule of General Property Taxes:

Current Year Collections	\$ 15,393,011
Prior year 60 day Collections	266,107
Current year 60 Collections	<u>(360,012)</u>
	<u>\$ 15,299,106</u>

OTHER SUPPLEMENTARY INFORMATION

The Annual Supplemental Transparency Report Schedules
required by the State of Rhode Island General Law § 45-12-22.2 and § 44-35-10

Annual Supplemental Transparency Report (MTP2) - Revenue

Annual Supplemental Transparency Report (MTP2) – Expenditures

Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Municipal

Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Education Department

Notes to Supplementary Information – Annual Supplemental Transparency Report (MTP2)

City of Central Falls
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

<u>REVENUE</u>	<u>Municipal</u>
Current Year Levy Tax Collection	\$ 14,723,818
Last Year's Levy Tax Collection	469,167
Prior Years Property Tax Collection	201,234
Interest & Penalty	314,042
PILOT & Tax Treaty (excluded from levy) Collection	-
Other Local Property Taxes	-
Licenses and Permits	223,163
Fines and Forfeitures	187,526
Investment Income	-
Departmental	402,087
Rescue Run Revenue	411,597
Police & Fire Detail	59,506
Other Local Non-Property Tax Revenues	-
Tuition	-
Impact Aid	-
Medicaid	-
Federal Stabilization Funds	-
Federal Food Service Reimbursement	-
CDBG	55,136
COPS Grants	-
SAFER Grants	210,130
Other Federal Aid Funds	214,337
MV Excise Tax Reimbursement & Phase-out	424,734
State PILOT Program	25,295
Distressed Community Relief Fund	225,398
Library Resource Aid	-
Library Construction Aid	-
Public Service Corporation Tax	242,093
Meals & Beverage Tax / Hotel Tax	145,935
LEA Aid	-
Group Home	-
Housing Aid Capital Projects	-
Housing Aid Bonded Debt	1,441,090
State Food Service Revenue	-
Incentive Aid	-
Property Revaluation Reimbursement	-
Other State Revenue	3,725,872
Other Revenue	953,141
Local Appropriation for Education	-
Regional Appropriation for Education	-
Supplemental Appropriation for Education	-
Regional Supplemental Appropriation for Education	-
Other Education Appropriation	-
Rounding	-
Total Revenue	\$ 24,655,301
Financing Sources: Transfer from Capital Funds	\$ -
Financing Sources: Transfer from Other Funds	-
Financing Sources: Debt Proceeds	-
Financing Sources: Other	2,916,738
Rounding	-
Total Other Financing Sources	\$ 2,916,738

City of Central Falls
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

<u>EXPENDITURES</u>	General Government	Finance	Social Services	Centralized IT	Planning	Libraries	Public Works	Parks and Rec	Police Department
Compensation- Group A	\$ 534,817	\$ 284,508	\$ -	\$ -	\$ 236,744	\$ -	\$ 595,944	\$ 201,632	\$ 2,404,066
Compensation - Group B	-	-	-	-	-	-	-	-	380,592
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	-	-	-	-	-	-	51,069	-	220,745
Overtime - Group B	-	-	-	-	-	-	-	-	88,617
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	54,746
Active Medical Insurance - Group A	67,376	58,662	-	-	23,092	-	114,744	12,868	311,842
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	107,822
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	3,868	3,412	-	-	1,278	-	7,330	1,191	25,103
Active Dental insurance- Group B	-	-	-	-	-	-	-	-	6,522
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	40,546	16,895	-	-	15,060	-	38,886	13,538	31,525
Life Insurance	12,408	-	-	-	-	-	-	-	-
State Defined Contribution- Group A	4,427	2,592	-	-	2,354	-	4,403	1,413	397
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	3,451
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	218,503	3,951	-	-	2,813	-	12,804	3,166	107,243
Other Benefits- Group B	-	-	-	-	-	-	-	-	10,483
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	1,198,467
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	61,223	32,778	-	-	29,725	-	70,479	17,852	5,020
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	47,947
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	394,069	490,337	-	108,452	-	-	22,000	1,640	16,000
Materials/Supplies	85,830	18,253	-	-	5,273	-	7,455	19,796	37,310
Software Licenses	-	-	-	-	-	-	-	-	-
Capital Outlays	4,510,015	-	-	-	-	-	80,610	-	-
Insurance	335,505	-	-	-	-	-	-	-	-
Maintenance	100,001	-	-	-	-	-	18,211	16,351	24,921
Vehicle Operations	-	-	-	-	-	-	69,831	-	118,447
Utilities	219,975	-	-	-	-	-	41,672	-	31,637
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	271,947	-	-
Revaluation	-	22,575	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	35,052	-	-
Trash Removal & Recycling	-	-	-	-	-	-	662,501	-	-
Claims & Settlements	12,356	-	-	-	-	-	-	-	-
Community Support	188,278	-	-	-	-	-	-	-	-
Other Operation Expenditures	330,757	3,548	-	-	100,176	-	132,304	91,074	133,292
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 7,119,954	\$ 937,512	\$ -	\$ 108,452	\$ 416,514	\$ -	\$ 2,237,241	\$ 380,520	\$ 5,365,195

City of Central Falls
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal
Compensation- Group A	\$ 2,628,541	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,886,251
Compensation - Group B	-	-	-	-	-	-	380,592
Compensation - Group C	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-
Overtime- Group A	363,942	-	-	-	-	-	635,756
Overtime - Group B	-	-	-	-	-	-	88,617
Overtime - Group C	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	54,746
Active Medical Insurance - Group A	384,752	-	-	-	-	-	973,336
Active Medical Insurance- Group B	-	-	-	-	-	-	107,822
Active Medical Insurance- Group C	-	-	-	-	-	-	-
Active Dental insurance- Group A	28,758	-	-	-	-	-	70,940
Active Dental Insurance- Group B	-	-	-	-	-	-	6,522
Active Dental Insurance- Group C	-	-	-	-	-	-	-
Payroll Taxes	9,158	-	-	-	-	-	165,606
Life Insurance	-	-	-	-	-	-	12,408
State Defined Contribution- Group A	732	-	-	-	-	-	16,318
State Defined Contribution - Group B	-	-	-	-	-	-	3,451
State Defined Contribution - Group C	-	-	-	-	-	-	-
Other Benefits- Group A	86,639	-	-	-	-	-	435,119
Other Benefits- Group B	-	-	-	-	-	-	10,483
Other Benefits- Group C	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	1,198,467	-	-	-	-	-	2,396,934
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	9,253	-	-	-	-	-	226,331
State Defined Benefit Pension - Group B	-	-	-	-	-	-	47,947
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-
Purchased Services	-	-	-	-	-	-	1,032,498
Materials/Supplies	133,223	-	-	-	-	-	307,139
Software Licenses	-	-	-	-	-	-	-
Capital Outlays	-	-	-	-	-	-	4,590,625
Insurance	-	-	-	-	-	-	335,505
Maintenance	14,053	-	-	-	-	-	173,537
Vehicle Operations	82,657	-	-	-	-	-	270,935
Utilities	31,374	-	-	-	-	-	324,658
Contingency	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	271,947
Revaluation	-	-	-	-	-	-	22,575
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	35,052
Trash Removal & Recycling	-	-	-	-	-	-	662,501
Claims & Settlements	-	-	-	-	-	-	12,356
Community Support	-	-	-	-	-	-	188,278
Other Operation Expenditures	75,247	-	-	-	-	-	866,398
Local Appropriation for Education	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	1,940,250	-	1,940,250
Municipal Debt- Interest	-	-	-	-	357,323	-	357,323
School Debt- Principal	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	100,000	100,000
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-
Total Expenditures	\$ 5,046,796	\$ -	\$ -	\$ -	\$ 2,297,573	\$ 100,000	\$ 24,010,756

Financing Uses: Transfer to Capital Funds	\$ -
Financing Uses: Transfer to Other Funds	2,868,766
Financing Uses: Payment to Bond Escrow Agent	-
Financing Uses: Other	600,000
Total Other Financing Uses	\$ 3,468,766
Net Change in Fund Balance¹	92,517
Fund Balance¹- beginning of year	\$2,665,786
Funds removed from Reportable Government Services (RGS)	-
Funds added to Reportable Government Services (RGS)	-
Prior period adjustments	-
Misc. Adjustment	-
Fund Balance¹ - beginning of year adjusted	2,665,786
Rounding	-
Fund Balance¹ - end of year	\$ 2,758,303

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

City of Central Falls
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Municipal
Fiscal Year Ended June 30, 2018

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ² (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ² (Deficit)	Ending Fund Balance ² (Deficit)
General Fund	\$ 20,955,839	\$ 2,895,378	\$ 19,383,425	\$ 2,377,637	\$ 2,090,155	\$ 668,143	\$ -	\$ 668,143	\$ 2,758,298
Capital Reserve	417,995	-	1,253,220	822,727	(1,657,952)	1,657,952	-	1,657,952	-
CDBG Revolving	1,500	-	652	-	848	19,826	-	19,826	20,674
CDBG 2014	96,115	-	191,203	-	(95,088)	-	-	-	(95,088)
CDBG 2015	52,395	-	52,395	-	-	-	-	-	-
Recreation Summer Lunch Program	111,937	21,360	150,435	-	(17,138)	17,138	-	17,138	-
School Building Capital	3,114,399	-	3,168,549	268,403	(322,553)	322,553	-	322,553	-
Totals per audited financial statements	\$ 24,750,180	\$ 2,916,738	\$ 24,199,879	\$ 3,468,767	\$ (1,728)	\$ 2,685,612	\$ -	\$ 2,685,612	\$ 2,683,884
Reconciliation from financial statements to MTP2									
Program Activity in CDBG Funds that are not reported on the MTP2 because they are for program revenues & expenses and not for administration	\$ (94,874)	\$ -	\$ (189,118)	\$ -	\$ 94,244	\$ (19,826)	\$ -	\$ (19,826)	\$ 74,418
Rounding	(5)	-	(5)	(1)	1	-	-	-	1
Totals Per MTP2	\$ 24,655,301	\$ 2,916,738	\$ 24,010,756	\$ 3,468,766	\$ 92,517	\$ 2,665,786	\$ -	\$ 2,665,786	\$ 2,758,303

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

Notes to Supplementary Information – *Annual Supplemental Transparency Report (MTP2)*

NOTE 1. Basis of Presentation

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

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

NOTE 2. Reportable Government Services

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

NOTE 3. Allocations

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

NOTE 4. Employee Groups - Compensation and Benefit Costs

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

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

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

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

Group B: For Police and Fire Departments, compensation and benefits paid to its administrative employees and civilian dispatch employees are reported under Group B. The Education Department reports compensation and benefits paid to executive/mid-level educational administration employees under Group B.

Group C: This group is only used for the Education Department and it includes administrative and support staff.

Other post-employment benefits (OPEB) are not reported by employee groups on the MTP2. They are reported in total as either (1) contributions to a qualified OPEB trust or (2) the amount paid for medical and dental insurance for retirees when an OPEB trust fund has not been established. The detail employee group information for the Education Department can be found on the State's Municipal Transparency portal website.

NOTE 5. Education Revenue and Expenditures

The revenues and expenditures presented on the MTP2 under the Education Department is consistent with existing Uniform Chart of Accounts (UCOA) guidelines. Each MTP account code has been mapped to the corresponding UCOA code or group of UCOA codes to facilitate the preparation of the MTP reporting.

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