

***TOWN OF HOPKINTON, RHODE ISLAND
ANNUAL FINANCIAL STATEMENTS***

***For the Fiscal Year Ended
June 30, 2019***

TOWN OF HOPKINTON, RHODE ISLAND
ANNUAL FINANCIAL STATEMENTS
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Independent Auditor's Report

To the Honorable President and
Members of the Town Council
Town of Hopkinton, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Hopkinton, Rhode Island, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Hopkinton, Rhode Island's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Hopkinton, Rhode Island, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and supplementary pension information on pages 4 through 12 and pages 52 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hopkinton, Rhode Island's basic financial statements. The combining nonmajor fund financial statements, Annual Supplemental Transparency Report (MTP2), other supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, Annual Supplemental Transparency Report (MTP2) and other supplementary information 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, Annual Supplemental Transparency Report (MTP2) and other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2019 on our consideration of the Town of Hopkinton, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Hopkinton, Rhode Island's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Hopkinton, Rhode Island's internal control over financial reporting and compliance.

Bacon & Company CPAs, LLC

Warwick, Rhode Island
December 30, 2019

TOWN OF HOPKINTON MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Town of Hopkinton provides this Management Discussion and Analysis of the Town of Hopkinton's Annual Financial Report for the readers of the Town's financial statements. This narrative overview and analysis of the financial statements of the Town of Hopkinton is for fiscal year ended June 30, 2019. We encourage readers to consider this information in conjunction with the additional information that is furnished in the Town's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- At the end of the current fiscal year, total fund balance for the General Fund was \$5,619,615 or 21.99% of total 2019 budgeted revenues. This is a decrease of \$94,644 from the prior year total fund balance.
- The total unassigned fund balance of the General Fund is \$4,963,036 or 19.42% of total 2019 budgeted revenues. This is an increase of \$112,972 from the prior year unassigned fund balance.
- The total assigned, committed, restricted or nonspendable fund balance of the General Fund is \$656,579. This is a decrease of \$207,616 from the prior year total assigned, committed, restricted or nonspendable fund balance.
- The Town General Fund ended fiscal year 2019 with a budgetary operating surplus of \$615,710.
- The total bonded debt amount of the Town of Hopkinton increased by \$1,498,000.
- As reported in the government-wide financial statements, the assets and deferred outflows of resources of the Town of Hopkinton exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$9,634,761. The Town's capital asset base has been developed from both current operations and debt. The Town has recorded its property and equipment at original values in order to insure proper asset management.
- The Town's total net position decreased by \$2,099,678 for the fiscal year ended June 30, 2019.

Overview of the Financial Statements

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall status.

- The remaining statements are fund financial statements that focus on individual parts of the Town government, reporting the Town’s operations in more detail than the government-wide statements.
 - ✓ The *governmental funds* statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - ✓ *Proprietary fund* statements offer short and long term financial information about the activities the government operates like businesses, such as the water system.
 - ✓ *Fiduciary fund* statements provide information about assets that are held by the Town as a trustee or agent for the benefit of someone or something other than the Town itself. The Town cannot use these assets to support its own programs.

The financial statements also include notes that provide more detailed data about some of the information in the financial statements. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and how they relate to one another. In addition to these required elements, the Town has included a section with combining statements that provide details about the Town’s non-major governmental funds, which are added together and presented in a single column in the basic financial statements.

Figure A-1
Required Components of
Town of Hopkinton’s Basic Financial Report

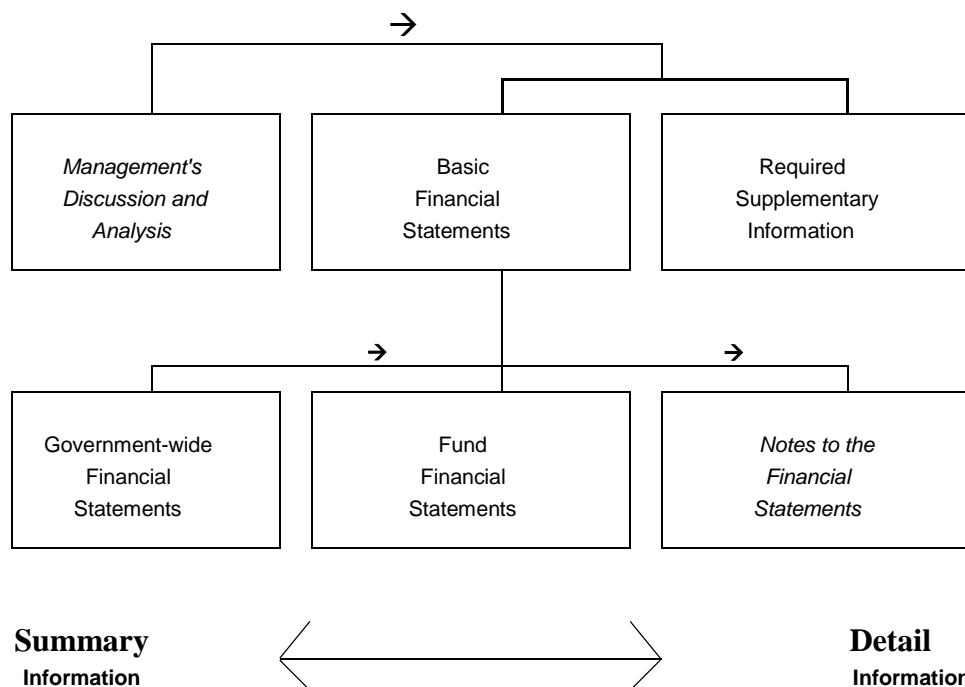


Figure A- 2

Major Features of the Town of Hopkinton’s Government-Wide and Fund Financial Statements

	Government- Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Town government (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as Police and DPW.	Activities the Town operates similar to private businesses such as the water system.	Instances in which the Town is the trustee or agent for someone else’s resources.
Required financial Statements	Statement of Net Position; Statement of Activities	Balance Sheet, Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows	Statement of Fiduciary Net Position; Statement of Changes in Fiduciary Net Position
Accounting Basis & Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Assets/ Liability Information	All assets and liabilities both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Town’s funds do not currently contain capital assets, although they can
Type of inflow/ Outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during year, regardless of when cash is received or paid

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

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

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

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

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

- *Governmental activities* – Most of the Town’s basic services are included here, such as the public safety, public works and general administration. Property taxes, charges for services and state funding finance most of these activities.
- *Business-Type activities* – The Town operates a Water Fund which accounts for the purchase of water from the Town of Richmond, which it sells to Town users.
- *Component units* – The Land Trust is deemed to be a component unit.

Fund Financial Statements – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the Town government, reporting the Town’s operations in more detail than the government-wide statements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

Governmental Funds – Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the government fund statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government’s near-term financing requirement.

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

The basic governmental fund financial statements are presented on pages 15 through 18 of this report.

Proprietary Funds – The Town maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town has one enterprise fund. A brief description follows:

Hopkinton Water Supply – the Town has a municipally owned water system. It buys water from the Richmond Water Supply Board and bills the recipient waterline residents.

The basic proprietary fund financial statements are presented on pages 19 through 22.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Town had one fiduciary fund as of June 30, 2019. The basic fiduciary fund financial statements are presented on page 23.

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

The notes of the financial statements are presented on pages 24 through 51.

Other Information – **In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*.** This section includes a budgetary comparison schedule, which includes a reconciliation between the changes in the statutory fund balance for budgetary purposes and the changes in fund balances for the General Fund as presented in the governmental fund financial statements. **Required supplementary information follow the notes to the financial statements.**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of the Town of Hopkinton's Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Hopkinton, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$9,634,761 as of June 30, 2019.

In regard to the Town's net position (72.2%) consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any debt used to acquire these assets which is still outstanding. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are highly unlikely to be used to liquidate these liabilities.

TOWN OF HOPKINTON'S NET POSITION

	Town of Hopkinton's Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Current Assets	\$ 7,475,057	\$ 8,628,085	\$ 24,290	\$ 22,561	\$ 7,499,347	\$ 8,650,646
Capital Assets	8,484,401	8,230,899	310,790	299,462	8,795,191	8,530,361
Other Noncurrent Assets	<u>1,594,025</u>	<u>496,052</u>	-	-	<u>1,594,025</u>	<u>496,052</u>
Total Assets	17,553,483	17,355,036	335,080	322,023	17,888,563	17,677,059
Deferred Outflows of Resources	<u>1,248,759</u>	<u>1,090,397</u>	-	-	<u>1,248,759</u>	<u>1,090,397</u>
Current Liabilities	871,599	821,825	13,544	17,292	885,143	839,117
Long-term Liabilities	<u>5,997,297</u>	<u>7,615,535</u>	-	-	<u>5,997,297</u>	<u>7,615,535</u>
Total Liabilities	6,868,896	8,437,360	13,544	17,292	6,882,440	8,454,652
Deferred Inflows of Resources	<u>520,443</u>	<u>678,043</u>	-	-	<u>520,443</u>	<u>678,043</u>
Net Position:						
Net investment in capital assets	6,577,187	6,658,091	310,790	299,462	6,887,977	6,957,553
Restricted	312,305	258,894	-	-	312,305	258,894
Unrestricted	<u>4,523,411</u>	<u>2,413,045</u>	<u>10,746</u>	<u>5,269</u>	<u>4,534,157</u>	<u>2,418,314</u>
Total net position	\$ 11,412,903	\$ 9,330,030	\$ 321,536	\$ 304,731	\$ 11,734,439	\$ 9,634,761

Of the Town's net position, \$258,894 (2.69%) represents resources that are subject to external restriction on how they may be used. Of this amount, \$31,729 is set aside for various capital projects.

Change in Net Position

The total net position of the Town of Hopkinton decreased by \$2,099,678 during fiscal year 2018-2019.

Analysis of the Town of Hopkinton's Operations

The following analysis provides a summary of the Town's operations for the year ended June 30, 2019.

Governmental activities decreased the Town's net position by \$2,082,873 while business type activities decreased the Town's net position by \$16,805.

TOWN OF HOPKINTON'S CHANGES IN NET POSITION

Town of Hopkinton's Changes Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Revenues						
Program						
Charges for services	\$ 1,106,108	\$ 1,240,080	\$ 24,135	\$ 29,293	\$ 1,130,243	\$ 1,269,373
Operating/Capital grants and contribution	5,850,880	5,538,089			5,850,880	5,538,089
General revenues						
Property taxes	18,423,506	18,643,718			18,423,506	18,643,718
State Aid	466,975	600,812			466,975	600,812
Investment earnings	21,390	29,199	81	54	21,471	29,253
Miscellaneous	4,149	31,304			4,149	31,304
Total Revenues	25,873,008	26,083,202	24,216	29,347	25,897,224	26,112,549
Program Expenses						
General government	1,886,005	2,106,773			1,886,005	2,106,773
Public safety	3,204,432	3,093,360			3,204,432	3,093,360
Public works	1,524,275	1,458,825			1,524,275	1,458,825
Recreation	304,911	328,368			304,911	328,368
Social services	165,280	257,412			165,280	257,412
Education	18,340,317	18,759,809			18,340,317	18,759,809
Interest on long-term debt	84,035	152,387			84,035	152,387
Water Fund			37,576	46,152	37,576	46,152
Total Expenses	25,509,255	26,156,934	37,576	46,152	25,546,831	26,203,086
Excess (deficiency) before special items	363,753	(73,732)	(13,360)	(16,805)	350,393	(90,537)
Special Items	-	(2,009,141)	-	-	-	(2,009,141)
Change in net position	363,753	(2,082,873)	(13,360)	(16,805)	350,393	(2,099,678)
Net position beginning of year	11,049,150	11,412,903	334,896	321,536	11,384,046	11,734,439
Net position end of year	\$ 11,412,903	\$ 9,330,030	\$ 321,536	\$ 304,731	\$ 11,734,439	\$ 9,634,761

Financial Analysis of the Town of Hopkinton's Funds

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

At the end of the current fiscal year, 2019, the Town’s governmental funds reported combined ending fund balances of \$7,812,288. The General Fund reported an unassigned fund balance of \$4,963,036 representing approximately 63.53% of total fund balance.

Nonspendable/Restricted/Committed/Assigned	
General fund balance:	
Nonspendable	\$61,579
Restricted	1,897
Committed	92,603
Assigned	500,500
Total Nonspendable/Restricted/ Committed/Assigned Fund Balance	\$656,579

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

Unrestricted net position of the Hopkinton Water Supply Fund is \$5,269.

The Town of Hopkinton’s General Fund Budgetary Items

The Town General Fund had a budgetary surplus of \$615,710 in FY19. The actual revenues exceeded budgeted revenues by \$802,645, which decreased the amount used from Fund Balance to \$14,558. The largest surplus was in the Charges for Services of \$625,224 more than anticipated.

The Town of Hopkinton’s Capital Assets

The Town of Hopkinton’s investment in capital assets for its governmental and business-type activities amounts to \$8,530,361 net of accumulated depreciation at June 30, 2019. Included are land, buildings and improvements, motor vehicles, furniture and equipment, infrastructure, and construction in progress.

**TOWN OF HOPKINTON’S CAPITAL ASSETS AT YEAR END
NET OF ACCUMULATED DEPRECIATION**

	Governmental		Business-type		Total	
	2018	2019	2018	2019	2018	2019
Land & Construct. in Progress	\$ 965,720	\$ 1,075,259	\$ -	\$ -	\$ 965,720	\$ 1,075,259
Infrastructure	4,611,177	4,386,665	265,270	254,868	4,876,447	4,641,533
Buildings and improvements	1,725,406	1,700,085	-	-	1,725,406	1,700,085
Furniture and equipment	617,236	563,134	45,520	44,594	662,756	607,728
Motor vehicles	564,862	505,756	-	-	564,862	505,756
Total	\$8,484,401	\$ 8,230,899	\$ 310,790	\$ 299,462	\$8,795,191	\$8,530,361

The Town of Hopkinton Debt Administration

At the end of the current fiscal year, the Town of Hopkinton General Government had a total debt of \$4,027,000.

TOWN OF HOPKINTON'S OUTSTANDING DEBT AT YEAR END BONDS, LOANS AND CAPITALIZED LEASES PAYABLE

	Gov Activities	Total
Gen Obligation Bonds and Loans	\$ 4,027,000	\$ 4,027,000
Capital Leases Payable	77,579	77,579
Amortized Premium on Bond	269,280	269,280
Totals	\$ 4,373,859	\$ 4,373,859

The State of Rhode Island imposes a limit of 3 percent of the fair market value of all taxable town property on the general obligation debt that a municipality can issue. The Town of Hopkinton's limit is \$27,739,635 at year-end. The Town's outstanding general obligation debt subject to the limit is \$4,027,000 at year-end, which is \$23,712,635 under the State imposed limitation.

Subsequent Fiscal Year 2019-2020 Budget and Tax Rates

The Town of Hopkinton's total general fund budget for fiscal year 19/20 is \$26,138,871 which reflects an increase of \$578,056 from the fiscal 18/19 budget. In the Town's 19/20 budget, \$19,337,865 or 73.98% is allocated for educational purposes and \$6,801,006 or 26.02% is budgeted for other purposes.

Of the \$19,337,865 budgeted for educational purposes, the State of Rhode Island has budgeted for fiscal year 19/20 to contribute \$5,158,586 to the Town's education expense and the Town is budgeted to contribute \$14,179,279.

The Town's tax rate for fiscal year 19/20 is \$20.68 per thousand for real estate and tangible personal property and \$21.18 per hundred for motor vehicles. The tax rate for fiscal year 18/19 was \$20.07 per thousand for real estate and tangible personal property and \$21.18 for motor vehicles.

Request for Information

The financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the tax dollars received. If you have any questions about this report or need additional financial information, please contact the Finance Director, Hopkinton Thayer House, 482 Main Street, P O Box 139, Hopkinton, RI 02833.

TOWN OF HOPKINTON, RHODE ISLAND
Statement of Net Position
June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Land Trust
Assets				
Current assets:				
Cash and cash equivalents	\$ 7,435,584	\$ 21,857	\$ 7,457,441	\$ 645,068
Receivables:				
Property taxes, net of allowance for uncollectible accounts	707,530	-	707,530	-
Accounts receivable, user fees -net	-	7,632	7,632	-
Due from federal and state government	279,937	-	279,937	-
Due from primary government	-	-	-	15,390
Other	136,527	-	136,527	-
Internal balances	6,928	(6,928)	-	-
Prepaid expenses	61,579	-	61,579	-
Total current assets	8,628,085	22,561	8,650,646	660,458
Noncurrent assets:				
Capital assets: (Note 5)				
Land and land rights	349,470	-	349,470	4,348,598
Construction in progress	725,789	-	725,789	-
Depreciable buildings, equipment and infrastructure, net	7,155,640	299,462	7,455,102	148,617
Net pension asset	496,052	-	496,052	-
Other assets	-	-	-	13,368
Total noncurrent assets	8,726,951	299,462	9,026,413	4,510,583
Total assets	17,355,036	322,023	17,677,059	5,171,041
Deferred outflows of resources				
Deferred pension amounts	1,090,397	-	1,090,397	-
Total deferred outflows of resources	1,090,397	-	1,090,397	-
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	273,691	17,292	290,983	4,423
Accrued interest payable	31,123	-	31,123	-
Due to component unit	15,390	-	15,390	-
Compensated absences payable	106,542	-	106,542	-
Capital lease payable	77,579	-	77,579	-
Long-term debt -due within one year (Note 7)	308,000	-	308,000	-
Other liabilities	9,500	-	9,500	-
Total current liabilities	821,825	17,292	839,117	4,423
Noncurrent liabilities				
Compensated absences payable	8,718	-	8,718	-
Long-term debt - due in more than one year (Note 7)	3,988,280	-	3,988,280	-
Line of credit payable	7,108	-	7,108	-
Net pension liability	3,611,429	-	3,611,429	-
Total noncurrent liabilities	7,615,535	-	7,615,535	-
Total liabilities	8,437,360	17,292	8,454,652	4,423
Deferred inflows of resources				
Deferred property taxes and other deferred revenues	3,259	-	3,259	-
Deferred pension amounts	674,784	-	674,784	-
Total deferred inflows of resources	678,043	-	678,043	-
Net position				
Net investment in capital assets	6,658,091	299,462	6,957,553	4,497,215
Restricted for:				
Community development	92,741	-	92,741	-
Historical records preservation	53,995	-	53,995	-
Public safety programs	59,005	-	59,005	-
Capital projects	31,729	-	31,729	-
Debt service	7,108	-	7,108	-
Permanent fund:				
Expendable	6,806	-	6,806	-
Nonexpendable	7,510	-	7,510	-
Unrestricted	2,413,045	5,269	2,418,314	669,403
Total net position	\$ 9,330,030	\$ 304,731	\$ 9,634,761	\$ 5,166,618

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

TOWN OF HOPKINTON, RHODE ISLAND
Statement of Activities
For the Fiscal Year Ended June 30, 2019

<u>Functions/Programs</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>							<u>Component Unit</u>
	<u>Expenses</u>	<u>Program Revenues</u>			<u>Primary Government</u>			
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Primary Government:								
Governmental Activities:								
General government	\$ 2,106,773	\$ 654,759	\$ 345	\$ 41,296	\$ (1,410,373)	\$ -	\$ (1,410,373)	\$ -
Public safety	3,093,360	418,555	31,455	-	(2,643,350)	-	(2,643,350)	-
Public works	1,458,825	44,936	-	-	(1,413,889)	-	(1,413,889)	-
Recreation	328,368	121,830	-	119,400	(87,138)	-	(87,138)	-
Public and social services	257,412	-	122,771	-	(134,641)	-	(134,641)	-
Education	18,759,809	-	5,222,822	-	(13,536,987)	-	(13,536,987)	-
Debt service, interest	152,387	-	-	-	(152,387)	-	(152,387)	-
Total governmental activities	26,156,934	1,240,080	5,377,393	160,696	(19,378,765)	-	(19,378,765)	-
Business-Type Activities:								
Water supply	46,152	29,293	-	-	-	(16,859)	(16,859)	-
Total business-type activities	46,152	29,293	-	-	-	(16,859)	(16,859)	-
Total primary government	\$ 26,203,086	\$ 1,269,373	\$ 5,377,393	\$ 160,696	(19,378,765)	(16,859)	(19,395,624)	-
Component Unit:								
Land trust	\$ 68,431	\$ -	\$ 24,198	\$ 2,420,321	-	-	-	2,376,088
General Revenues:								
Property taxes					18,643,718	-	18,643,718	-
State aid and grants not restricted for a specific purpose					600,812	-	600,812	-
Investment earnings					29,199	54	29,253	4,117
Miscellaneous					31,304	-	31,304	-
Special Item - contribution to land trust					(2,009,141)	-	(2,009,141)	-
Total general revenues and special items					17,295,892	54	17,295,946	4,117
Change in net position					(2,082,873)	(16,805)	(2,099,678)	2,380,205
Net position - beginning of year					11,412,903	321,536	11,734,439	2,786,413
Net position - end of year					\$ 9,330,030	\$ 304,731	\$ 9,634,761	\$ 5,166,618

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

TOWN OF HOPKINTON, RHODE ISLAND
Balance Sheet
Governmental Funds
June 30, 2019

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash	\$ 5,204,180	\$ 1,197,891	\$ 1,033,513	\$ 7,435,584
Receivables:				
Property taxes, net of allowance for doubtful accounts of \$259,749	707,530	-	-	707,530
Due from federal and state government	163,603	-	116,334	279,937
Other	46,949	-	89,578	136,527
Due from other funds	3,490,226	500,000	2,456,136	6,446,362
Prepaid expenditures	61,579	-	-	61,579
Total assets	<u>\$ 9,674,067</u>	<u>\$ 1,697,891</u>	<u>\$ 3,695,561</u>	<u>\$ 15,067,519</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable and accrued expenditures	\$ 219,336	\$ -	\$ 54,355	\$ 273,691
Due to other funds	3,389,021	84,879	2,965,534	6,439,434
Due to component unit	15,390	-	-	15,390
Other liabilities	-	-	9,500	9,500
Total liabilities	<u>3,623,747</u>	<u>84,879</u>	<u>3,029,389</u>	<u>6,738,015</u>
Deferred Inflows of Resources				
Deferred property taxes	427,446	-	-	427,446
Other deferred revenues	3,259	-	86,511	89,770
Total deferred inflows of resources	<u>430,705</u>	<u>-</u>	<u>86,511</u>	<u>517,216</u>
Fund balances				
Nonspendable:				
Prepaid expenditures	61,579	-	-	61,579
Permanent fund principal	-	-	7,510	7,510
Restricted for:				
Community development	-	-	13,338	13,338
Historical records preservation	-	-	53,995	53,995
Public safety programs	1,897	-	57,108	59,005
Capital projects	-	-	108,500	108,500
Cemetery perpetual care	-	-	6,806	6,806
Committed for:				
Employee relations costs	20,172	-	-	20,172
Property revaluation	615	-	-	615
Public works	52,152	-	-	52,152
Planning and zoning	1,686	-	-	1,686
Educational capital facilities expansion	-	-	181,013	181,013
Capital projects	17,978	1,613,012	154,182	1,785,172
Assigned for 2020 budget	500,500	-	-	500,500
Unassigned	4,963,036	-	(2,791)	4,960,245
Total fund balances	<u>5,619,615</u>	<u>1,613,012</u>	<u>579,661</u>	<u>7,812,288</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,674,067</u>	<u>\$ 1,697,891</u>	<u>\$ 3,695,561</u>	<u>\$ 15,067,519</u>

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

TOWN OF HOPKINTON, RHODE ISLAND
*Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2019*

Total Fund Balances - Total Governmental Funds	\$ 7,812,288
 <i>Amounts reported for Governmental Activities in the Statement of Net Position are different because:</i>	
Capital assets used in Governmental Activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet. See Note 5 to the financial statements.	8,230,899
Property taxes are recognized as revenue in the period for which levied in the Government-Wide Financial Statements, but are reported as deferred inflows of resources in Governmental Fund Financial Statements.	427,446
Other accounts receivable and revenues are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the Governmental Funds Financial Statements.	86,511
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet.	(31,123)
Long-term liabilities (including bonds and loans, leases, compensated absences, line of credit, and net pension liability) are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet. See Note 7 to the financial statements.	(8,107,656)
Net pension assets are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet.	496,052
Deferred outflows and inflows related to pensions are not current financial resources or require the use of current financial resources and, therefore are not reported in the Governmental Funds Balance Sheet.	
Deferred outflows related to pensions	1,090,397
Deferred inflows related to pensions	(674,784)
 Net Position - Governmental Activities	 <u>\$ 9,330,030</u>

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

TOWN OF HOPKINTON, RHODE ISLAND
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 18,556,089	\$ -	\$ -	\$ 18,556,089
Federal and state grants and aid	5,863,073	-	231,562	6,094,635
Charges for services and fees	1,291,592	-	36,096	1,327,688
Interest on investments	12,195	5,873	11,131	29,199
Other revenues	12,990	-	65,581	78,571
Total revenues	25,735,939	5,873	344,370	26,086,182
Expenditures:				
Current:				
General government	1,997,489	-	15,382	2,012,871
Public safety	2,665,037	-	34,881	2,699,918
Public works	1,122,787	-	-	1,122,787
Recreation	300,851	-	-	300,851
Public and social services	142,000	-	115,412	257,412
Education - payment to school district	18,759,809	-	-	18,759,809
Capital outlay	-	-	228,555	228,555
Debt service:				
Principal	307,000	-	76,105	383,105
Interest and other charges	137,103	-	5,828	142,931
Total expenditures	25,432,076	-	476,163	25,908,239
Excess (deficiency) of revenues over (under) expenditures	303,863	5,873	(131,793)	177,943
Other financing sources (uses):				
Debt issued	1,805,000	-	-	1,805,000
Premium on debt issued	259,911	-	-	259,911
Transfers from other funds	-	250,000	254,277	504,277
Transfers to other funds	(454,277)	-	(50,000)	(504,277)
Total other financing sources (uses)	1,610,634	250,000	204,277	2,064,911
Special item:				
Contribution to land trust	(2,009,141)	-	-	(2,009,141)
Net change in fund balances	(94,644)	255,873	72,484	233,713
Fund balances - beginning of year	5,714,259	1,357,139	507,177	7,578,575
Fund balances - end of year	\$ 5,619,615	\$ 1,613,012	\$ 579,661	\$ 7,812,288

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

TOWN OF HOPKINTON, RHODE ISLAND
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in the Fund Balances to Government-Wide Statement of Activities
For the Year Ended June 30, 2019

Net Changes in Fund Balances - Total Governmental Funds	\$ 233,713
 Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental Fund Financial Statements report capital outlays as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
This is the amount of capital assets recorded in the current period.	252,814
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the Governmental Fund Financial Statements.	(506,316)
Long-term compensated absences and line of credit are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources. Therefore, compensated absences and line of credit are not reported as expenditures in Governmental Fund Financial Statements.	
The following amount represents the change in long-term compensated absences from the prior year.	2,127
The following amount represents the repayment of long-term line of credit in the current year.	1,345
Repayment of bond and lease principal is an expenditure in the Governmental Fund Financial Statements, but the payments reduce long-term liabilities in the Government-Wide Statement of Net Position.	381,760
Accrued interest expense on long-term debt is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in the Governmental Fund Financial Statements. The following amount represents the change in accrued interest expense from the prior year.	(10,237)
Proceeds from the issuance of debt and premium on debt are other financing sources in the Governmental Fund Financial Statements, but the issuance of debt and related premium increases long-term liabilities in the Government-Wide Statement of Net Position.	
This amount represents debt issued during the current period.	(1,805,000)
This amount represents debt premium received during the current period.	(259,911)
Debt issued at a premium provide current financial resources to Governmental Funds, but are deferred and amortized in the Government-Wide Financial Statements.	
This amount represents the amortization of bond premium during the current period.	781
Long-term net pension liabilities and assets are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources or are not available to pay for current period expenditures. Therefore, long-term net pension liabilities and assets are not reported as expenditures in Governmental Funds financial statements.	
This is the amount of the change in long-term net pension liabilities and assets and related deferred pension amounts in the current period.	(370,970)
Revenues reported in prior periods in the Statement of Activities that are not reported in Governmental Funds until the revenues are measurable and available.	<u>(2,979)</u>
Change in Net Position - Governmental Activities	<u><u>\$ (2,082,873)</u></u>

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

TOWN OF HOPKINTON, RHODE ISLAND
Statement of Net Position
Proprietary Funds
June 30, 2019

	<u><i>Enterprise Fund</i></u> <u><i>Water Supply</i></u>
<i>Assets</i>	
<i>Current assets</i>	
Cash and cash equivalents	\$ 21,857
Accounts receivable, user fees - net	7,632
Due from other funds	398
<i>Total current assets</i>	<u>29,887</u>
 <i>Noncurrent assets</i>	
Depreciable capital assets - net	<u>299,462</u>
<i>Total noncurrent assets</i>	<u>299,462</u>
 <i>Total assets</i>	 <u>329,349</u>
 <i>Liabilities</i>	
<i>Current liabilities</i>	
Accounts payable and accrued expenses	17,292
Due to other funds	7,326
<i>Total current liabilities</i>	<u>24,618</u>
 <i>Total liabilities</i>	 <u>24,618</u>
 <i>Net position</i>	
Net investment in capital assets	299,462
Unrestricted	5,269
<i>Total net position</i>	<u><u>\$ 304,731</u></u>

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

TOWN OF HOPKINTON, RHODE ISLAND
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

	<u><i>Enterprise Fund</i></u> <u><i>Water Supply</i></u>
<i>Operating revenues</i>	
User fees	\$ 29,293
<i>Total operating revenues</i>	<u>29,293</u>
 <i>Operating expenses</i>	
Water purchases	26,418
Contract services	8,406
Depreciation	11,328
<i>Total operating expenses</i>	<u>46,152</u>
 <i>Operating loss</i>	 <u>(16,859)</u>
 <i>Nonoperating revenues</i>	
Interest income	<u>54</u>
<i>Total nonoperating revenues</i>	<u>54</u>
 <i>Change in net position</i>	 (16,805)
 <i>Total net position - beginning of year</i>	 <u>321,536</u>
 <i>Total net position - end of year</i>	 <u><u>\$ 304,731</u></u>

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

TOWN OF HOPKINTON, RHODE ISLAND
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

	<u><i>Enterprise Fund</i></u> <u><i>Water Supply</i></u>
<i>Cash flows from operating activities</i>	
Cash received from customers for user fees	\$ 30,856
Cash paid to suppliers	(31,076)
<i>Net cash used for operating activities</i>	<u>(220)</u>
 <i>Cash flows from non-capital financing activities</i>	
Interfund transactions	7,326
<i>Net cash provided by non-capital financing activities</i>	<u>7,326</u>
 <i>Cash flows from investing activities</i>	
Interest received	54
<i>Net cash provided by investing activities</i>	<u>54</u>
 <i>Net increase in cash and cash equivalents</i>	7,160
 <i>Cash and cash equivalents - beginning of year</i>	<u>14,697</u>
 <i>Cash and cash equivalents - end of year</i>	<u><u>\$ 21,857</u></u>

(Continued)

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

TOWN OF HOPKINTON, RHODE ISLAND
Statement of Cash Flows (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

	<u><i>Enterprise Fund</i></u> <u><i>Water Supply</i></u>
<i>Reconciliation of operating loss to net cash used for operating activities:</i>	
Operating loss	\$ (16,859)
<i>Adjustments to reconcile operating loss to net cash used for operating activities:</i>	
Depreciation	11,328
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable, user fees	1,563
Increase (decrease) in accounts payable and accrued expenses	<u>3,748</u>
 <i>Net cash used for operating activities</i>	 <u><u>\$ (220)</u></u>

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

TOWN OF HOPKINTON, RHODE ISLAND
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	<u><i>Agency Funds</i></u>
<i>Assets</i>	
Cash	\$ 66,130
<i>Total assets</i>	<u>\$ 66,130</u>
<i>Liabilities</i>	
Deposits held in custody for others	\$ 66,130
<i>Total liabilities</i>	<u>\$ 66,130</u>

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

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2019

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Town of Hopkinton was incorporated in 1757 and operates under a Home Rule Charter adopted in November 2002. The Charter provides for a Town Council-Town Manager form of government. All legislative powers of the Town, except such powers as reserved by State Law or vested in the Financial Town Referendum by the Charter and by-laws enacted by the Town Council, are vested in the Town Council, including the ordering of any tax, making of appropriations, and transacting any other business pertaining to the financial affairs of the Town.

In evaluating the inclusion of potential component units within its financial reporting entity, the Town applied the criteria prescribed by GASB Statement No. 14, as amended by GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units”, and GASB Statement No. 61, “Financial Reporting Entity-Omnibus”. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading. Through the application of GASB Statements Nos. 14, 39, and 61 criteria, the Hopkinton Land Trust (the Trust) has been discretely presented as a component unit of the Town in the Government-Wide Financial Statements.

The Trust was established in fiscal year 2000 by the Hopkinton Town Council pursuant to special State legislation enacted by the General Assembly in the same year. The Trust was established as a body politic and corporate and a public instrumentality. It has the authority to acquire, hold and manage real property and interests therein, including development rights situated in the Town of Hopkinton, with the exception of property acquired for public historical preservation purposes. The Trust may hold property or development rights solely as open space or for agricultural uses, water purposes, public access or prevention of accelerated residential or commercial development. Trustees are appointed by the Town Council and the Trust can impose a financial burden upon the Town in the form of financial support and financing of operating deficits. The Trust holds economic resources (land and land rights) entirely for the direct benefit of the Town. The Trust does not issue separate financial statements.

B. BASIS OF PRESENTATION AND ACCOUNTING

Government-Wide Financial Statements

The Town’s Government-Wide Financial Statements include a Statement of Net Position and a

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2019

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

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

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

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

Fund Financial Statements

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

Governmental Fund Financial Statements

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

All governmental funds are accounted for on a spending or "*current financial resources*"

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2019

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

Major Governmental Funds:

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

Capital Project Fund – The Capital Project Fund is used to account for funds committed for capital projects by the Financial Town Referendum.

Proprietary Fund Financial Statements

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

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

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

For the year ended June 30, 2019, the Town had one proprietary fund, the Water Supply Fund, which is a major fund:

Water Supply Fund - The Water Supply Fund accounts for the purchase of water from the Town of Richmond, which it sells to Town users.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2019

Fiduciary Funds

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

Agency Funds – This fund accounts for assets held by the Town for performance bonds.

C. RECENTLY ISSUED ACCOUNTING STANDARDS

The Town has implemented the following new accounting pronouncements:

- GASB Statement No. 83 – *Certain Asset Retirement Obligations*, effective for the Town's fiscal year ending June 30, 2019.
- GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the Town's fiscal year ending June 30, 2019.

The adoption of GASB Statement Nos. 83 and 88 did not have an impact on the Town's financial position or results of operations.

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

- GASB Statement No. 84 – *Fiduciary Activities*, effective for the Town's fiscal year ending June 30, 2020.
- GASB Statement No. 87 – *Leases*, effective for the Town's fiscal year ending June 30, 2021.
- GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the Town's 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 Town's fiscal year ending June 30, 2020.
- GASB Statement No. 91 – *Conduit Debt Obligations*, effective for the Town's fiscal year ending June 30, 2022.

The impact of these pronouncements on the Town's financial statements has not been determined.

D. CASH EQUIVALENTS

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

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2019

E. INVESTMENTS

The Town reports investments at fair value.

F. ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE

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

Property taxes which were levied on June 12, 2018 for the current year and other delinquent balances are recorded as receivables.

G. UNBILLED SERVICES RECEIVABLE

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

H. CAPITAL ASSETS AND DEPRECIATION

Capital assets are reported in the Government-Wide Statement of Net Position.

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

All capital assets are recorded at cost (or estimated historical cost). Donated capital assets are recorded at acquisition value as of the date received. The Town follows the policy of not capitalizing assets with a cost of less than \$10,000 and a useful life of less than 1 year. The Town retroactively adjusted for infrastructure assets in fiscal year 2007.

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

<u>Description</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	10-50
Motor vehicles	5-10
Machinery and equipment	5-20
Office furniture and equipment	5-10
Infrastructure/roadways (principally roads)	10-50
Water system	50

I. DEBT PREMIUMS

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

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2019

J. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

In the Governmental Fund Financial Statements, deferred inflows of resources are reported for receivables recorded in the Governmental Fund Financial Statements for which the revenue is not available or amounts received before the period for which property taxes are levied. In the Government-Wide Financial Statements, deferred inflows of resources are reported for amounts received before the period for which property taxes are levied. In the Government-Wide Financial Statements, deferred outflows of resources and deferred inflows of resources are also reported for amounts related to the Town's pension plans that will be amortized as a component of pension expense in future years.

K. PROPERTY TAXES

Property taxes are levied in June at (a) one hundred percent of the full and fair value of real and tangible personal property owned within the Town as of the previous December 31; and, (b) the value, as determined by the Rhode Island Vehicle Valuation Commission, of vehicles registered within the Town the previous calendar year, prorated for the actual number of days registered. Taxes levied in June are payable between August 1 and September 8 or in quarterly installments by September 8, December 8, March 8 and June 8. Failure to make payments will result in a lien on the taxpayer's property.

Rhode Island General Laws restrict the Town's ability to increase either its total tax levy or its tax rates more than 4% over those of the preceding year.

L. COMPENSATED ABSENCES

Under the terms of various contracts and agreements, Town employees are granted vacation and sick leave in varying amounts based on length of service. Vacation benefits are accrued as a liability based on the accumulated benefits earned at June 30. Sick leave benefits are based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The liability is calculated at the rate of pay in effect at June 30, 2019.

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

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2019

M. ACCRUED LIABILITIES AND LONG-TERM DEBT

All accrued liabilities and long-term debt are reported in the Government-Wide Financial Statements.

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

N. PENSIONS

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

O. USE OF ESTIMATES

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. LEGAL DEBT MARGIN

The Town's legal debt margin as set forth by State Statute is limited to three percent of total taxable assessed value, which approximates \$27,739,635. As of June 30, 2019, the Town's debt subject to the legal debt margin is \$4,027,000 and the Town is under the debt limit by \$23,712,635. The debt subject to the debt limitation is based on the type of debt that is issued.

B. DEFICIT FUND BALANCES

The following other governmental funds had deficit fund balances at June 30, 2019:

Streetlight Project	\$(2,791)
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TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2019

NOTE 3 – CASH DEPOSITS

DEPOSITS – are in three financial institutions and are carried at cost. The carrying amount of deposits is separately displayed on the Balance Sheet and the Statement of Net Position as “Cash and Cash Equivalents”.

	<u>Carrying Amount</u>
Total Deposits	\$8,167,589
Add: Petty cash	1,050
Total Cash and Cash Equivalents	8,168,639
Reported in the Financial Statements	\$8,168,639

CUSTODIAL CREDIT RISK – custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk. As of June 30, 2019, \$7,107,361 of the Town’s bank balance of \$8,208,721 was exposed to custodial credit risk as follows:

	<u>Bank Balance</u>
Insured (Federal depository insurance funds)	\$1,101,360
Collateralized with securities held by pledging financial institution’s agent, but not in the Town’s name	3,065,442
Collateralized with securities held by pledging financial institution in the Town’s name	4,041,919
Total	\$8,208,721

Under Rhode Island general laws, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, which are time deposits with maturities greater than sixty (60) days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, regardless of maturity. At June 30, 2019, the Town had no uncollateralized deposits with institutions.

NOTE 4 – INVESTMENTS

The Town had no investments as of June 30, 2019. The Finance Director has control over the type of investments made. The Town does not have a formal investment policy or any other legally contracted agreement that limits the type of investments that may be made.

Interest Rate Risk – The Town does not have a formal investment policy that limits investment

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2019

maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The Town does not have a formal investment policy that limits its investment choices.

Concentration of Credit Risk – The Town places no limit on the amount the Town may invest in any one issuer.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2019

NOTE 5 - CAPITAL ASSETS

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

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Retirements</i>	<i>Ending Balance</i>
Governmental Activities:				
Nondepreciable assets:				
Land	\$ 349,470	\$ -	\$ -	\$ 349,470
Construction in progress	616,250	109,539	-	725,789
	<u>965,720</u>	<u>109,539</u>	<u>-</u>	<u>1,075,259</u>
Depreciable assets:				
Infrastructure	24,153,637	-	-	24,153,637
Buildings and improvements	3,871,793	54,990	-	3,926,783
Furniture and equipment	1,259,433	20,287	-	1,279,720
Motor vehicles	2,003,181	67,998	-	2,071,179
	<u>31,288,044</u>	<u>143,275</u>	<u>-</u>	<u>31,431,319</u>
Total Capital Assets	<u>32,253,764</u>	<u>252,814</u>	<u>-</u>	<u>32,506,578</u>
Less accumulated depreciation for:				
Infrastructure	19,542,460	224,512	-	19,766,972
Buildings and improvements	2,146,387	80,311	-	2,226,698
Furniture and equipment	642,197	74,389	-	716,586
Motor vehicles	1,438,319	127,104	-	1,565,423
	<u>23,769,363</u>	<u>506,316</u>	<u>-</u>	<u>24,275,679</u>
Total Accumulated Depreciation	<u>23,769,363</u>	<u>506,316</u>	<u>-</u>	<u>24,275,679</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,484,401</u>	<u>\$ (253,502)</u>	<u>\$ -</u>	<u>\$ 8,230,899</u>
Business-Type Activities:				
Depreciable assets:				
Water lines	\$ 520,092	\$ -	\$ -	\$ 520,092
Equipment	46,292	-	-	46,292
	<u>566,384</u>	<u>-</u>	<u>-</u>	<u>566,384</u>
Total Capital Assets	<u>566,384</u>	<u>-</u>	<u>-</u>	<u>566,384</u>
Less accumulated depreciation for:				
Water lines	254,822	10,402	-	265,224
Equipment	772	926	-	1,698
	<u>255,594</u>	<u>11,328</u>	<u>-</u>	<u>266,922</u>
Total Accumulated Depreciation	<u>255,594</u>	<u>11,328</u>	<u>-</u>	<u>266,922</u>
Business-Type Activities Capital Assets, Net	<u>\$ 310,790</u>	<u>\$ (11,328)</u>	<u>\$ -</u>	<u>\$ 299,462</u>
Capital asset activity for the Land Trust for the year ended June 30, 2019 is as follows:				
Nondepreciable assets:				
Land and land rights	\$ 3,408,598	\$ 940,000	\$ -	\$ 4,348,598
	<u>3,408,598</u>	<u>940,000</u>	<u>-</u>	<u>4,348,598</u>
Depreciable assets:				
Bridges	149,652	-	-	149,652
Improvements other than buildings	43,000	-	-	43,000
	<u>192,652</u>	<u>-</u>	<u>-</u>	<u>192,652</u>
Total Capital Assets	<u>3,601,250</u>	<u>940,000</u>	<u>-</u>	<u>4,541,250</u>
Less accumulated depreciation for:				
Bridges	13,124	2,993	-	16,117
Improvements other than buildings	25,768	2,150	-	27,918
	<u>38,892</u>	<u>5,143</u>	<u>-</u>	<u>44,035</u>
Total Accumulated Depreciation	<u>38,892</u>	<u>5,143</u>	<u>-</u>	<u>44,035</u>
Land Trust Capital Assets, Net	<u>\$ 3,562,358</u>	<u>\$ 934,857</u>	<u>\$ -</u>	<u>\$ 4,497,215</u>

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2019

Depreciation expense was charged as follows:

Governmental activities:	
General government	\$ 65,218
Public safety	102,060
Public works	315,105
Recreation	23,933
Total Depreciation Expense, Governmental Activities	<u><u>\$ 506,316</u></u>

NOTE 6 – SHORT-TERM DEBT

On June 27, 2018, the Town issued a bond anticipation note depositing the proceeds to the Land Trust. The note bears interest of 2.963% and matured on May 1, 2019. Short-term debt activity for the year ended June 30, 2019 is as follows:

<u>Component Unit</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Bond anticipation note	\$500,000	\$-	\$500,000	\$-

NOTE 7 – LONG-TERM LIABILITIES

A. LONG-TERM LIABILITIES:

Changes in long-term liabilities during the year ended June 30, 2019 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds and loans payable:					
Bonds payable	\$ 700,000	\$ 1,805,000	\$ 50,000	\$ 2,455,000	\$ 50,000
Bonds from direct placements	1,410,000	-	210,000	1,200,000	210,000
Loans from direct borrowings	419,000	-	47,000	372,000	48,000
Plus: amortized premium on bonds	10,150	259,911	781	269,280	-
Total bonds and loans	<u>2,539,150</u>	<u>2,064,911</u>	<u>307,781</u>	<u>4,296,280</u>	<u>308,000</u>
Other liabilities:					
Capital leases	152,339	-	74,760	77,579	77,579
Accrued compensated absences	117,387	3,605	5,732	115,260	106,542
Line of credit	8,453	-	1,345	7,108	-
Net pension liability	3,671,074	-	59,645	3,611,429	-
Total Governmental Activities					
Long-Term Liabilities	<u><u>\$6,488,403</u></u>	<u><u>\$2,068,516</u></u>	<u><u>\$ 449,263</u></u>	<u><u>\$8,107,656</u></u>	<u><u>\$ 492,121</u></u>

All debt of the Government Activities is general obligation debt. The payments on the bonds and loans are paid from the General Fund. The capital leases are paid from an appropriation from the General Fund. The compensated absences and net pension liability are paid from the General Fund. The line of credit is paid from the Community Septic System Loan Fund.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
 June 30, 2019

B. BONDS AND LOANS PAYABLE

Outstanding bonds and loans payable are as follows:

<u>Purpose</u>	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Authorized and Issued</u>	<u>Outstanding June 30, 2018</u>	<u>New Issues</u>	<u>Maturities and Refundings During Year</u>	<u>Outstanding June 30, 2019</u>
Bonds payable:								
Open Space	7/21/2011	2.5-4.375%	8/15/2031	\$ 1,000,000	\$ 700,000	\$ -	\$ 50,000	\$ 650,000
Open Space	5/1/2019	3.0-5.0%	5/1/2034	1,805,000	-	1,805,000	-	1,805,000
Bonds from direct placements:								
Refunding and Roads	9/30/2015	2.22%	5/1/2025	1,960,000	1,410,000	-	210,000	1,200,000
Loans from direct borrowings:								
Roads	5/28/2015	.25-1.73%	9/1/2024	253,000	198,000	-	27,000	171,000
Streetlights	12/13/2017	1.216-2.352%	9/1/2027	221,000	221,000	-	20,000	201,000
Total governmental activities bonds and loans payable					\$ 2,529,000	\$ 1,805,000	\$ 307,000	\$ 4,027,000

At June 30, 2019 annual debt service requirements to maturity for bonds and loans payable are as follows:

<u>Year ending June 30,</u>	<u>Governmental Activities</u> <u>Bonds Payable</u>			<u>Governmental Activities</u> <u>Bonds from Direct Placements</u>			<u>Governmental Activities</u> <u>Loans from Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 50,000	\$ 105,219	\$ 155,219	\$ 210,000	\$ 26,640	\$ 236,640	\$ 48,000	\$ 7,836	\$ 55,836
2021	145,000	103,625	248,625	215,000	21,978	236,978	49,000	6,928	55,928
2022	150,000	97,219	247,219	220,000	17,205	237,205	49,000	5,962	54,962
2023	150,000	90,281	240,281	220,000	12,321	232,321	51,000	4,918	55,918
2024	160,000	83,094	243,094	165,000	7,437	172,437	52,000	3,781	55,781
2025-2029	875,000	295,156	1,170,156	170,000	3,774	173,774	123,000	5,581	128,581
2030-2034	925,000	90,194	1,015,194	-	-	-	-	-	-
	<u>\$ 2,455,000</u>	<u>\$ 864,788</u>	<u>\$ 3,319,788</u>	<u>\$ 1,200,000</u>	<u>\$ 89,355</u>	<u>\$ 1,289,355</u>	<u>\$ 372,000</u>	<u>\$ 35,006</u>	<u>\$ 407,006</u>

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
 June 30, 2019

C. CAPITAL LEASE OBLIGATIONS

The Town has financed the acquisition of certain equipment through lease-purchase agreements.

Capital lease obligations currently outstanding are as follows:

<i>Purpose</i>	<i>Date Issued</i>	<i>Interest Rate</i>	<i>Maturity Date</i>	<i>Authorized and Issued</i>	<i>Outstanding June 30, 2018</i>	<i>New Issues</i>	<i>Retirements During Year</i>	<i>Outstanding June 30, 2019</i>
Dump truck, police cars	2/13/2018	3.77%	2/13/2020	\$ 232,842	\$ 152,339	\$ -	\$ 74,760	\$ 77,579
Total governmental activities capital leases					\$ 152,339	\$ -	\$ 74,760	\$ 77,579

Obligations of governmental activities under capital leases at June 30, 2019 were as follows:

<i>Fiscal Year Ended June 30,</i>	<i>Lease Payment Requirements</i>
2020	\$ 80,504
Total minimum lease payments	80,504
Less: Amount representing interest cost	(2,925)
Present value of minimum lease payments	<u>\$ 77,579</u>

Vehicles are reported in the Statement of Net Position at a cost of \$232,842. Amortization of assets acquired under capital leases is included in depreciation expense for the year ended June 30, 2019.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2019

D. LINE OF CREDIT

On March 23, 2016, the Town entered into a loan agreement with the RI Infrastructure Bank for a non-restoring line of credit up to \$300,000 to be used for the Community Septic System Loan Program (CSSLP). The loan bears interest of 0% and discharge of the loan is the later of the date on which all loans made by the Town under the CSSLP have been paid back or April 1, 2026. The balance of the line of credit as of June 30, 2019 is \$7,108.

NOTE 8 – INTERFUND BALANCES

The Town reports interfund balances between many of its funds. Interfund balances at June 30, 2019 were as follows:

	<i>Due From:</i>				<i>Total</i>
	<i>General Fund</i>	<i>Capital Project Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Water Fund</i>	
<i>Due To:</i>					
General Fund	\$ 432,487	\$ 84,879	\$ 2,965,534	\$ 7,326	\$ 3,490,226
Capital Project Fund	500,000	-	-	-	500,000
Nonmajor Governmental Funds	2,456,136	-	-	-	2,456,136
Water Fund	398	-	-	-	398
Total	\$ 3,389,021	\$ 84,879	\$ 2,965,534	\$ 7,326	\$ 6,446,760

The balances primarily result from the time lag between the dates the 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made.

NOTE 9 – INTERFUND TRANSFERS

	<i>Transfer From:</i>		<i>Total</i>
	<i>General Fund</i>	<i>Nonmajor Governmental Funds</i>	
<i>Transfer To:</i>			
Capital Project Fund	\$ 250,000	\$ -	\$ 250,000
Nonmajor Governmental Funds	204,277	50,000	254,277
Total	\$ 454,277	\$ 50,000	\$ 504,277

Transfers are used to move revenues from the fund that the budget requires to collect them, to the funds that the budget requires to expend them.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2019

NOTE 10 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

A. ACCOUNTS RECEIVABLE

The Town disaggregates significant components of receivables in the financial statements. Receivable balances determined immaterial are included as other receivables. The Town expects to receive all receivables within the subsequent year, except for microloans and community septic system loans which are due in accordance with individual loan amortization schedules. The real estate and personal property taxes include an allowance for doubtful accounts of \$259,749. The accounts receivable-user fees include an allowance for doubtful accounts of \$1,000.

B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities at June 30, 2019, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$ 123,646	\$ 82,389	\$ 13,301	\$ 219,336
Other Governmental Funds	54,355	-	-	54,355
Total Governmental Activities	<u>\$ 178,001</u>	<u>\$ 82,389</u>	<u>\$ 13,301</u>	<u>\$ 273,691</u>
Business-Type Activities:				
Water Supply	\$ 17,292	-	-	\$ 17,292
Total Business-Type Activities	<u>\$ 17,292</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,292</u>

NOTE 11 – FUND EQUITY

Government-Wide Financial Statements:

The Government-Wide Financial Statements utilize a net position presentation. Net position is segregated into the following three components:

Net investment in capital assets – represents the net book value of all capital assets less the outstanding balances of bonds and other debt used to acquire, construct or improve these assets.

Restricted – represents balances limited to uses specified either externally by creditors, grantors, contributors, laws or regulations of other governments or imposed through constitutional provisions or enabling legislation.

Unrestricted – represents the residual component of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Fund Statements:

Governmental fund equity is classified as fund balance. In the fund financial statements, fund

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2019

balance is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” criteria includes items that are not expected to be converted to cash (e.g. inventories, prepaid amounts, and noncurrent receivables).

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

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

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

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

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

NOTE 12 – CHARIHO REGIONAL SCHOOL DISTRICT

The Chariho Regional School District (Regional School) was created to include a regional school for the Towns of Charlestown, Richmond and Hopkinton (the Towns), which encompasses grades K-12. The Regional School is a separate legal entity from the Town. The voters of the participating Towns elect the Regional School Committee. The Regional School cannot assess and levy property taxes. Revenues are derived principally from the participating Towns of the Regional School, which contribute funds according to a financial formula based upon each Town’s enrollment, and from State aid to education. Financial statements for the Regional School District are issued separately and may be obtained from the Chariho Regional School District, 455A Switch Road, Wood River Junction, Rhode Island 02894.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
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NOTE 13 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. As a result, the Town participates in a nonprofit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) (the Trust) which provides coverage for property/liability and workers' compensation claims. Upon joining the Trust, the Town signed a participation agreement which outlines the rights and responsibilities of both the Trust and the Town. The agreement states that for premiums paid by the Town, the Trust will assume financial responsibility for the Town's losses up to the maximum amount of insurance purchased, minus the Town's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its members. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage during the year ended June 30, 2019.

NOTE 14 – LITIGATION AND CONTINGENCIES

Litigation:

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

Other Contingencies:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Contract Commitments:

As of June 30, 2019, the Town has contract commitments in the amount of \$608,500 related to phase 2 of the Langworthy Field project.

NOTE 15 – OPERATING LEASES

The Town leases one-half of the Thayer House to the U.S. Postal Service under an operating lease. A five-year operating lease effective October 11, 2015 was executed during fiscal year 2015. Future minimum lease payments to be received by the Town are as follows:

<u>Year Ending June 30,</u>	
2020	\$13,600
2021	3,400
	<u>\$17,000</u>

TOWN OF HOPKINTON, RHODE ISLAND
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June 30, 2019

NOTE 16 – PENSION PLANS

A. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM PLANS

Defined Benefit Plans

General Information about the Pension Plan

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

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

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

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

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

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

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
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General Employees - Members with less than five years of contributory service as of June 30, 2012 and members hired on or after that date are eligible for retirement on or after their Social Security normal retirement age (SSNRA).

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

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

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

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

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

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

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

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

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2019

Active members on June 30, 2012 may choose to retire at their prior retirement date if they continue to work and contribute until that date. If 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.

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

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

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

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

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

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

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

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

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2019

only current and future active members and excluding members already retired) or COLA B (covering current retired members as well as current and future active members).

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

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

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

Special Provisions Applying to Specific Units – Prior to July 1, 2012, some units had specific provisions that apply only to that unit. Per section 45-21.2-5 benefits for members eligible to retire prior to June 30, 2012 are preserved for the calculation of the retirement benefits. For service accrued after July 1, 2012, retirement benefits will be calculated in accordance with section 45-21.2-2 and adjustments to benefits will be provided as set forth in 45-21-52. The following summarizes those provisions:

Hopkinton Police Department – Rhode Island General Law § 45-21.2-5 (9)

Under these special provisions, the final compensation for benefit computation is based on the members’ highest year of earnings. In addition, the members shall receive a three (3%) escalation of their pension payment compounded each year on January 1st following the year of retirement and continuing on an annual basis on that date. Compensation for benefit purposes include base, longevity, and holiday pay.

Employees Covered by Benefit Terms - At the June 30, 2017 valuation date, the following employees were covered by the benefit terms:

	General Employees Plan	Police Officers Plan
Retirees and Beneficiaries Inactive, Nonretired	16	14
Members	15	2
Active Members	36	15
Total	67	31

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2019

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 2.00% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 9.25%. Police officers are required to contribute 10.00% of their salaries. The Town of Hopkinton contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The Town of Hopkinton contributed the following amounts in the year ended June 30, 2019: general employees plan - \$39,871 and police officers plan - \$331,873. The Town's contributions represented the following percentages of annual covered payroll: general employees plan – 2.16%; and police officers plan – 29.47%.

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

Summary of Actuarial Assumptions Used in the Valuations to Determine the Net Pension Liability (Asset) at the June 30, 2018 Measurement Date (June 30, 2017 valuation rolled forward to June 30, 2018)	
Actuarial Cost Method	Entry Age Normal - The Individual Entry Age Actuarial Cost methodology is used
Amortization Method	Level Percent of Payroll – Closed
Actuarial Assumptions:	
Investment Rate of Return	7.0%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police Officers - 4.00% to 14.00%
Inflation	2.5%
Mortality	Variants of the RP-2014 mortality tables – for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.
Cost of Living Adjustments	A 2% COLA is assumed after January 1, 2014.

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

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

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
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inflation) for each major asset class, based on a collective summary of capital market expectations from 34 sources. The June 30, 2018 expected arithmetic returns over the long-term (20-years) by asset class are summarized in the following table:

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

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

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

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2019

General Employees Plan
Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)
Balances as of June 30, 2017	\$4,918,149	\$5,512,174	\$(594,025)
Changes for the Year:			
Service cost	165,278	-	165,278
Interest on the total pension liability	343,288	-	343,288
Changes in benefits	-	-	-
Difference between expected and actual experience	97,231	-	97,231
Changes in assumptions	-	-	-
Employer contributions	-	40,365	(40,365)
Employee contributions	-	44,017	(44,017)
Net investment income	-	435,996	(435,996)
Benefit payments, including employee refunds	(193,352)	(193,352)	-
Administrative expense	-	(5,804)	5,804
Other changes	-	(6,750)	6,750
Net changes	412,445	314,472	97,973
Balances as of June 30, 2018	\$5,330,594	\$5,826,646	\$(496,052)

Police Officers Plan
Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2017	\$9,084,460	\$5,413,386	\$3,671,074
Changes for the Year:			
Service cost	220,090	-	220,090
Interest on the total pension liability	626,966	-	626,966
Changes in benefits	-	-	-
Difference between expected and actual experience	(348,105)	-	(348,105)
Changes in assumptions	-	-	-
Employer contributions	-	329,233	(329,233)
Employee contributions	-	115,844	(115,844)
Net investment income	-	411,277	(411,277)
Benefit payments, including employee refunds	(475,690)	(475,690)	-
Administrative expense	-	(5,475)	5,475
Other changes	-	(292,283)	292,283
Net changes	23,261	82,906	(59,645)
Balances as of June 30, 2018	\$9,107,721	\$5,496,292	\$3,611,429

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2019

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the net pension liability (asset) of the employer calculated using the discount rate of 7.0 percent, as well as what the employer's 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.

Plan	1.00% Decrease (6.0%)	Current Discount Rate (7.0%)	1.00% Increase (8.0%)
General Employees	\$111,573	\$(496,052)	\$(948,449)
Police Officers	\$4,666,480	\$3,611,429	\$2,825,754

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

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

For the year ended June 30, 2019, the Town recognized pension expense as follows: general employees plan - \$95,769; and police officers plan - \$646,945. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	General Employees Plan	Police Officers Plan
Deferred Outflows of Resources:		
Assumption changes	\$150,344	\$315,300
Differences between expected and actual experience	80,095	76,223
Net difference between projected and actual investment earnings	36,838	59,853
Contributions subsequent to the measurement date	39,871	331,873
Total	\$307,148	\$783,249
Deferred Inflows of Resources:		
Assumption changes	\$ -	\$ 7,920
Differences between expected and actual experience	99,567	567,297
Total	\$99,567	\$575,217

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2019

The deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2019 subsequent to the measurement date that will be recognized as a reduction of (addition to) the net pension liability (asset) in the subsequent period. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows/(Inflows) of Resources	
	General Employees Plan	Police Officers Plan
2020	\$69,771	\$56,674
2021	57,974	7,545
2022	(343)	(70,712)
2023	28,757	(37,631)
2024	11,551	(28,804)
Thereafter	-	(50,913)

Defined Contribution Plan

Plan Description

Certain general employees participating in the defined benefit plan, as described above, may also participate in a defined contribution plan as 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.

General employees with less than 20 years of service on June 30, 2012 contribute 5% of their annual covered salary and employers contribute, depending on years of service, 1% to 1.5% 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 Town of Hopkinton recognized pension expense of \$19,589 and employees contributed \$89,509 for the fiscal year ended June 30, 2019.

The System issues an annual financial report that includes financial statements and required supplementary information for plans administered by the System. The reports can be obtained at <http://www.ersri.org>.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2019

B. AGGREGATE PENSION AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS

	<u>Deferred Outflows of Resources – Pension Amounts</u>	<u>Deferred Inflows of Resources – Pension Amounts</u>	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>	<u>Pension Expense</u>
General					
Employees Plan	\$307,148	\$99,567	\$496,052	\$ -	\$95,769
Police Officers Plan	783,249	575,217	-	3,611,429	646,945
Total	<u>\$1,090,397</u>	<u>\$674,784</u>	<u>\$496,052</u>	<u>\$3,611,429</u>	<u>\$742,714</u>

NOTE 17 – TAX ABATEMENTS

The Town has established a tax stabilization program for industrial and commercial development pursuant to Section 44-3-9 of Rhode Island General Laws. The purpose of the program is to expand the industrial and commercial tax base and encourage construction and expansion of industrial and commercial facilities. Industrial, commercial and mixed use (commercial portion only) facilities are eligible if the estimated cost of new construction exceeds 25% of the assessed value of the property’s existing improvements or \$200,000, whichever is less. Applications for stabilization of taxes must be approved by a majority vote of the Town Council. The abatement is the difference between the tax at full assessed value and the following:

<u>Year</u>	<u>New Construction</u>	<u>Addition or Renovation</u>
1	Land Value	100% Existing Property Value and 25% of New Construction
2	Land Value and 25% of Construction	100% Existing Property Value and 50% of New Construction
3	Land Value and 50% of Construction	100% Existing Property Value and 75% of New Construction
4	Land Value and 75% of Construction	

The full assessed value is phased in over 5 years for new construction and 4 years for additions or renovations. The tax stabilization abatement will cease immediately if the taxpayer defaults on any quarterly tax or other payment due to the Town or the taxpayer vacates the property or the facility ceases operations. The Town had two taxpayers participating in the tax stabilization program at June 30, 2019. The total abatements granted under this program in fiscal year 2019 were \$79,963. The Town has not made any commitments as a part of the agreement other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2019

NOTE 18 – SPECIAL ITEM

On May 1, 2019 the Town issued \$1,805,000 in General Obligation Bonds in order to fund a \$2,009,141 contribution to the Hopkinton Land Trust. The contribution has been reported as a special item since it is significant and infrequent in occurrence.

NOTE 19 – SUBSEQUENT EVENT

The Town entered into a lease purchase agreement on October 11, 2019 for vehicles in the amount of \$147,260. The lease matures October 11, 2019-2021 and bears interest of 3.89%.

TOWN OF HOPKINTON, RHODE ISLAND
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2019

	Original/ Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues			
Property taxes	\$ 18,274,929	\$ 18,556,089	\$ 281,160
Federal and state grants and aid	5,978,750	5,865,812	(112,938)
Charges for services	666,368	1,291,592	625,224
Interest on investments	9,000	9,679	679
Other revenue	1,500	10,020	8,520
Use of fund balance	630,268	14,558	(615,710)
Total revenues	25,560,815	25,747,750	186,935
Expenditures			
Current:			
General government	1,819,919	1,911,498	(91,579)
Public safety	2,523,365	2,661,219	(137,854)
Public works	1,191,569	1,119,763	71,806
Recreation	280,927	300,851	(19,924)
Public and social services	142,500	142,000	500
Education	18,759,809	18,759,809	-
Debt service	388,449	388,333	116
Total expenditures	25,106,538	25,283,473	(176,935)
Excess of revenues over expenditures before other financing uses	454,277	464,277	10,000
Other financing uses			
Transfers to other funds	(454,277)	(464,277)	(10,000)
Total other financing uses	(454,277)	(464,277)	(10,000)
Excess of revenues over expenditures and other financing uses, budgetary basis	\$ -	\$ -	\$ -

The accompanying notes to the required supplementary information are an integral part of this schedule.

TOWN OF HOPKINTON, RHODE ISLAND
Required Supplementary Information
General Employees Pension Plan
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:					
Service cost	\$ 165,278	\$ 155,592	\$ 154,841	\$ 163,891	\$ 161,437
Interest	343,288	329,386	313,218	311,997	292,185
Changes of benefit terms	-	-	-	53,883	-
Differences between expected and actual experience	97,231	(14,426)	(45,450)	(291,941)	-
Changes of assumptions	-	233,253	-	-	6,099
Benefits payments, including refunds of member contributions	(193,352)	(199,336)	(215,502)	(218,532)	(175,064)
Net change in total pension liability	<u>412,445</u>	<u>504,469</u>	<u>207,107</u>	<u>19,298</u>	<u>284,657</u>
Total pension liability - beginning	<u>4,918,149</u>	<u>4,413,680</u>	<u>4,206,573</u>	<u>4,187,275</u>	<u>3,902,618</u>
Total pension liability - ending (a)	<u>\$ 5,330,594</u>	<u>\$ 4,918,149</u>	<u>\$ 4,413,680</u>	<u>\$ 4,206,573</u>	<u>\$ 4,187,275</u>
Plan fiduciary net position:					
Contributions - employer	\$ 40,365	\$ 62,646	\$ 82,243	\$ 101,363	\$ 106,729
Contributions - employee	44,017	42,551	41,743	34,358	33,423
Net investment income	435,996	585,374	(1,761)	121,193	684,310
Benefits payments, including refunds of member contributions	(193,352)	(199,336)	(215,502)	(218,532)	(175,064)
Administrative expense	(5,804)	(5,530)	(4,737)	(4,862)	(4,285)
Other	(6,750)	(46,930)	1	1	-
Net change in plan fiduciary net position	<u>314,472</u>	<u>438,775</u>	<u>(98,013)</u>	<u>33,521</u>	<u>645,113</u>
Plan fiduciary net position - beginning	<u>5,512,174</u>	<u>5,073,399</u>	<u>5,171,412</u>	<u>5,137,891</u>	<u>4,492,778</u>
Plan fiduciary net position - ending (b)	<u>\$ 5,826,646</u>	<u>\$ 5,512,174</u>	<u>\$ 5,073,399</u>	<u>\$ 5,171,412</u>	<u>\$ 5,137,891</u>
Town's net pension liability (asset) - ending (a) - (b)	<u>\$ (496,052)</u>	<u>\$ (594,025)</u>	<u>\$ (659,719)</u>	<u>\$ (964,839)</u>	<u>\$ (950,616)</u>
Plan fiduciary net position as a percentage of the total pension liability	109.31%	112.08%	114.95%	122.94%	122.70%
Covered employee payroll	\$ 1,818,237	\$ 1,764,083	\$ 1,714,745	\$ 1,717,934	\$ 1,671,191
Net pension liability (asset) as a percentage of covered employee payroll	-27.28%	-33.67%	-38.47%	-56.16%	-56.88%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF HOPKINTON, RHODE ISLAND
Required Supplementary Information
Police Officers Pension Plan
Schedule of Changes in the Net Pension Liability and Related Ratios (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:					
Service cost	\$ 220,090	\$ 185,453	\$ 179,188	\$ 154,963	\$ 149,013
Interest	626,966	633,113	618,024	564,306	549,806
Changes of benefit terms	-	-	-	303,629	-
Differences between expected and actual experience	(348,105)	(273,327)	(115,694)	158,915	-
Changes of assumptions	-	430,634	-	-	(41,160)
Benefits payments, including refunds of member contributions	(475,690)	(480,395)	(486,520)	(468,843)	(465,771)
Net change in total pension liability	<u>23,261</u>	<u>495,478</u>	<u>194,998</u>	<u>712,970</u>	<u>191,888</u>
Total pension liability - beginning	<u>9,084,460</u>	<u>8,588,982</u>	<u>8,393,984</u>	<u>7,681,014</u>	<u>7,489,126</u>
Total pension liability - ending (a)	<u>\$ 9,107,721</u>	<u>\$ 9,084,460</u>	<u>\$ 8,588,982</u>	<u>\$ 8,393,984</u>	<u>\$ 7,681,014</u>
Plan fiduciary net position:					
Contributions - employer	\$ 329,233	\$ 308,068	\$ 282,019	\$ 219,198	\$ 98,125
Contributions - employee	115,844	99,089	95,159	72,583	70,497
Net investment income	411,277	574,883	(1,811)	125,021	718,132
Benefits payments, including refunds of member contributions	(475,690)	(480,395)	(486,520)	(468,843)	(465,771)
Administrative expense	(5,475)	(5,431)	(4,873)	(5,016)	(4,497)
Other	(292,283)	(301,578)	3	-	-
Net change in plan fiduciary net position	<u>82,906</u>	<u>194,636</u>	<u>(116,023)</u>	<u>(57,057)</u>	<u>416,486</u>
Plan fiduciary net position - beginning	<u>5,413,386</u>	<u>5,218,750</u>	<u>5,334,773</u>	<u>5,391,830</u>	<u>4,975,344</u>
Plan fiduciary net position - ending (b)	<u>\$ 5,496,292</u>	<u>\$ 5,413,386</u>	<u>\$ 5,218,750</u>	<u>\$ 5,334,773</u>	<u>\$ 5,391,830</u>
Town's net pension liability - ending (a) - (b)	<u>\$ 3,611,429</u>	<u>\$ 3,671,074</u>	<u>\$ 3,370,232</u>	<u>\$ 3,059,211</u>	<u>\$ 2,289,184</u>
Plan fiduciary net position as a percentage of the total pension liability					
	60.35%	59.59%	60.76%	63.55%	70.20%
Covered employee payroll	\$ 1,061,700	\$ 991,195	\$ 959,248	\$ 907,279	\$ 881,211
Net pension liability as a percentage of covered employee payroll	340.16%	370.37%	351.34%	337.19%	259.78%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF HOPKINTON, RHODE ISLAND
Required Supplementary Information - Pension Plans
Schedule of Town Contributions (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>General Employees Plan</u>					
Actuarially determined contribution	\$ 39,871	\$ 40,365	\$ 62,646	\$ 82,243	\$ 101,363
Contributions in relation to the actuarially determined contribution	39,871	40,365	62,646	82,243	101,363
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,845,726	\$ 1,818,237	\$ 1,764,083	\$ 1,714,745	\$ 1,717,934
Contributions as a percentage of covered employee payroll	2.16%	2.22%	3.55%	4.80%	5.90%
<u>Police Officers Plan</u>					
Actuarially determined contribution	\$ 331,873	\$ 329,233	\$ 308,068	\$ 282,019	\$ 219,198
Contributions in relation to the actuarially determined contribution	331,873	329,233	308,068	282,019	219,198
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,126,138	\$ 1,061,700	\$ 991,195	\$ 959,248	\$ 907,279
Contributions as a percentage of covered employee payroll	29.47%	31.01%	31.08%	29.40%	24.16%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2019

NOTE 1 – PENSION PLANS

The actuarial methods and assumptions used to calculate the total pension liability are described in Note 16 to the financial statements.

The net pension liability (asset) amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year-end.

The schedules are intended to present ten years of data. Additional years of data will be presented as they become available.

Actuarially Determined Contributions:

Actuarially determined contribution rates are calculated as of June 30 of each plan year and effective 2 years after the actuarial valuation. The following actuarial methods and assumptions were used to determine contribution amounts reported in that schedule:

- Actuarial cost method – Entry Age Normal
- Amortization method - Level percentage of payroll, closed
- Remaining amortization period - 23 years for general employees plan; 19 years for police plan
- Asset valuation method – 5-year smoothed market
- Inflation – 2.75%
- Investment return - 7.50%
- Salary increases – 3.5% to 7.5% for general employees; 4% to 14% for police officers
- Retirement age – Experienced-based table of rates that are specific to the type of eligibility condition
- Mortality – Males, General and Police Officers – 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000
- Mortality – Females, General and Police Officers – 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000

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

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2019

NOTE 2 – BUDGETARY DATA AND BUDGETARY COMPLIANCE

The Town has formally established budgetary accounting control for its General Fund. It is the responsibility of the Town Manager together with the Finance Director’s recommendation to submit to the Town Council and make available to the general public a proposed General Fund budget for the fiscal year. The Town Council may then revise and adopt a recommended General Fund budget. A public hearing is conducted on the recommended General Fund Budget and the final recommended budget is approved by the Town Financial Referendum. The General Fund operating budget is supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. The budget approved and adopted by the Town Financial Referendum reports the amount budgeted for each department, including the Regional School District, therefore, the legal level of control for the General Fund is at the departmental level. Amendments that would change the total appropriation must be approved by a Town Financial Referendum. There were no supplemental budgetary appropriations in fiscal year 2019. Appropriations which are not expended or encumbered lapse at year end.

The General Fund budget is in conformity with the legally enacted budgetary basis, which is not in conformity with generally accepted accounting principles. The budget to actual presentation for the General Fund reported as required supplementary information is reflected on the budgetary basis. Differences between the budgetary basis and the generally accepted accounting principles basis are as follows:

<u>Revenues and Other Financing Sources</u>	<u>General Fund</u>
Revenues and other financing sources – budgetary basis	\$25,747,750
Unbudgeted revenues not included in budgetary revenues, but included for financial reporting purposes.	10,075
Budgetary revenue included for budgetary purposes, but not for financial reporting purposes.	(7,328)
Use of fund balance is included as a revenue for budgetary purposes, but not for financial reporting purposes.	(14,558)
Debt proceeds and related premium not budgeted.	2,064,911
<i>Total revenues and other financing sources as reported in the statement of revenues, expenditures and changes in fund balances – governmental funds – gaap basis</i>	<u>\$27,800,850</u>
 <u>Expenditures and Other Financing Uses</u>	
Expenditures and other financing uses – budgetary basis	\$25,747,750
Unbudgeted expenditures not included in budgetary expenditures, but included for financial reporting purposes.	148,603
Budgeted expenditure included for budgetary purposes, but not for financial reporting purposes.	(10,000)
<i>Total expenditures and other financing uses as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds – gaap basis</i>	<u>\$25,886,353</u>

TOWN OF HOPKINTON, RHODE ISLAND
Combining Balance Sheet
General Fund
June 30, 2019

	<u>Town General</u>	<u>Sick Time</u>	<u>Legal Fees</u>	<u>Juvenile Justice</u>	<u>Emergency Management</u>	<u>Grant Matching</u>	<u>Revaluation</u>
Assets							
Cash	\$ 4,992,114	\$ 62,012	\$ -	\$ 62	\$ 11,291	\$ 3,458	\$ 56,347
Property taxes receivable, net	707,530	-	-	-	-	-	-
Due from federal and state governments	163,603	-	-	-	-	-	-
Other receivables	46,949	-	-	-	-	-	-
Due from other funds	3,263,176	-	72,834	-	30,373	14,520	44,356
Prepaid expenditures	61,579	-	-	-	-	-	-
Total assets	\$ 9,234,951	\$ 62,012	\$ 72,834	\$ 62	\$ 41,664	\$ 17,978	\$ 100,703
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities:							
Accounts payable and accrued expenditures	\$ 219,336	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	3,043,024	41,840	79,673	-	36,268	-	100,088
Due to component unit	15,390	-	-	-	-	-	-
Total liabilities	3,277,750	41,840	79,673	-	36,268	-	100,088
Deferred Inflows of Resources:							
Deferred property taxes	427,446	-	-	-	-	-	-
Other deferred revenues	3,259	-	-	-	-	-	-
Total deferred inflows of resources	430,705	-	-	-	-	-	-
Fund Balances:							
Nonspendable:							
Prepaid expenditures	61,579	-	-	-	-	-	-
Restricted for:							
Public safety programs	-	-	-	-	-	-	-
Committed for:							
Employee relations costs	-	20,172	-	-	-	-	-
Property revaluation	-	-	-	-	-	-	615
Public works	-	-	-	-	-	-	-
Planning and zoning	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	17,978	-
Assigned for 2020 budget	500,500	-	-	-	-	-	-
Unassigned	4,964,417	-	(6,839)	62	5,396	-	-
Total fund balances	5,526,496	20,172	(6,839)	62	5,396	17,978	615
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,234,951	\$ 62,012	\$ 72,834	\$ 62	\$ 41,664	\$ 17,978	\$ 100,703

(Continued)

TOWN OF HOPKINTON, RHODE ISLAND
Combining Balance Sheet (Continued)
General Fund
June 30, 2019

	<i>Engineering Services</i>	<i>Comprehensive Plan</i>	<i>Animal Donations</i>	<i>Public Works Emergency Winter Operations</i>	<i>Conservation Commission</i>	<i>Total General Fund</i>
Assets						
Cash	\$ 26,421	\$ 48,490	\$ 3,985	\$ -	\$ -	\$ 5,204,180
Property taxes receivable, net	-	-	-	-	-	707,530
Due from federal and state governments	-	-	-	-	-	163,603
Other receivables	-	-	-	-	-	46,949
Due from other funds	-	18,000	4,801	35,370	6,796	3,490,226
Prepaid expenditures	-	-	-	-	-	61,579
Total assets	\$ 26,421	\$ 66,490	\$ 8,786	\$ 35,370	\$ 6,796	\$ 9,674,067
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities:						
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 219,336
Due to other funds	9,639	64,804	6,889	-	6,796	3,389,021
Due to component unit	-	-	-	-	-	15,390
Total liabilities	9,639	64,804	6,889	-	6,796	3,623,747
Deferred Inflows of Resources:						
Deferred property taxes	-	-	-	-	-	427,446
Other deferred revenues	-	-	-	-	-	3,259
Total deferred inflows of resources	-	-	-	-	-	430,705
Fund Balances:						
Nonspendable:						
Prepaid expenditures	-	-	-	-	-	61,579
Restricted for:						
Public safety programs	-	-	1,897	-	-	1,897
Committed for:						
Employee relations costs	-	-	-	-	-	20,172
Property revaluation	-	-	-	-	-	615
Public works	16,782	-	-	35,370	-	52,152
Planning and zoning	-	1,686	-	-	-	1,686
Capital projects	-	-	-	-	-	17,978
Assigned for 2020 budget	-	-	-	-	-	500,500
Unassigned	-	-	-	-	-	4,963,036
Total fund balances	16,782	1,686	1,897	35,370	-	5,619,615
Total liabilities, deferred inflows of resources, and fund balances	\$ 26,421	\$ 66,490	\$ 8,786	\$ 35,370	\$ 6,796	\$ 9,674,067

TOWN OF HOPKINTON, RHODE ISLAND
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
General Fund
For the Fiscal Year Ended June 30, 2019

	<i>Town General</i>	<i>Sick Time</i>	<i>Legal Fees</i>	<i>Juvenile Justice</i>	<i>Emergency Management</i>	<i>Grant Matching</i>	<i>Revaluation</i>
Revenues:							
Property taxes	\$ 18,556,089	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants and aid	5,858,484	-	-	-	4,589	-	-
Charges for services and fees	1,291,592	-	-	-	-	-	-
Interest on investments	9,679	778	-	-	-	43	706
Other revenues	10,020	-	-	-	-	-	-
Total revenues	<u>25,725,864</u>	<u>778</u>	<u>-</u>	<u>-</u>	<u>4,589</u>	<u>43</u>	<u>706</u>
Expenditures:							
<i>Current:</i>							
General government	1,911,498	-	79,673	-	-	-	1,615
Public safety	2,661,219	-	-	-	-	-	-
Public works	1,119,763	-	-	-	-	-	-
Recreation	300,851	-	-	-	-	-	-
Public and social services	142,000	-	-	-	-	-	-
Education - payment to school district	18,759,809	-	-	-	-	-	-
<i>Debt service:</i>							
Principal	307,000	-	-	-	-	-	-
Interest and other charges	137,103	-	-	-	-	-	-
Total expenditures	<u>25,339,243</u>	<u>-</u>	<u>79,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,615</u>
Excess (deficiency) of revenues over (under) expenditures	<u>386,621</u>	<u>778</u>	<u>(79,673)</u>	<u>-</u>	<u>4,589</u>	<u>43</u>	<u>(909)</u>
Other financing sources (uses):							
Debt issued	1,805,000	-	-	-	-	-	-
Premium on debt issued	259,911	-	-	-	-	-	-
Transfers from other funds	7,328	-	-	-	-	-	-
Transfers to other funds	(464,277)	-	-	-	(7,328)	-	-
Total other financing sources (uses)	<u>1,607,962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,328)</u>	<u>-</u>	<u>-</u>
Special item:							
Contribution to land trust	(2,009,141)	-	-	-	-	-	-
Net change in fund balances	<u>(14,558)</u>	<u>778</u>	<u>(79,673)</u>	<u>-</u>	<u>(2,739)</u>	<u>43</u>	<u>(909)</u>
Fund balances - beginning of year	<u>5,541,054</u>	<u>19,394</u>	<u>72,834</u>	<u>62</u>	<u>8,135</u>	<u>17,935</u>	<u>1,524</u>
Fund balances - end of year	<u>\$ 5,526,496</u>	<u>\$ 20,172</u>	<u>\$ (6,839)</u>	<u>\$ 62</u>	<u>\$ 5,396</u>	<u>\$ 17,978</u>	<u>\$ 615</u>

(Continued)

TOWN OF HOPKINTON, RHODE ISLAND
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)
General Fund
For the Fiscal Year Ended June 30, 2019

	<i>Engineering Services</i>	<i>Comprehensive Plan</i>	<i>Animal Donations</i>	<i>Public Works Emergency Winter Operations</i>	<i>Conservation Commission</i>	<i>Eliminate Transfers Within General Fund</i>	<i>Total General Fund</i>
Revenues:							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,556,089
Federal and state grants and aid	-	-	-	-	-	-	5,863,073
Charges for services and fees	-	-	-	-	-	-	1,291,592
Interest on investments	332	607	50	-	-	-	12,195
Other revenues	-	-	2,970	-	-	-	12,990
Total revenues	<u>332</u>	<u>607</u>	<u>3,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,735,939</u>
Expenditures:							
<i>Current:</i>							
General government	-	4,703	-	-	-	-	1,997,489
Public safety	-	-	3,818	-	-	-	2,665,037
Public works	2,520	-	-	-	504	-	1,122,787
Recreation	-	-	-	-	-	-	300,851
Public and social services	-	-	-	-	-	-	142,000
Education - payment to school district	-	-	-	-	-	-	18,759,809
<i>Debt service:</i>							
Principal	-	-	-	-	-	-	307,000
Interest and other charges	-	-	-	-	-	-	137,103
Total expenditures	<u>2,520</u>	<u>4,703</u>	<u>3,818</u>	<u>-</u>	<u>504</u>	<u>-</u>	<u>25,432,076</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,188)</u>	<u>(4,096)</u>	<u>(798)</u>	<u>-</u>	<u>(504)</u>	<u>-</u>	<u>303,863</u>
Other financing sources (uses):							
Debt issued	-	-	-	-	-	-	1,805,000
Premium on debt issued	-	-	-	-	-	-	259,911
Transfers from other funds	-	-	-	10,000	-	(17,328)	-
Transfers to other funds	-	-	-	-	-	17,328	(454,277)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>1,610,634</u>
Special item:							
Contribution to land trust	-	-	-	-	-	-	(2,009,141)
Net change in fund balances	<u>(2,188)</u>	<u>(4,096)</u>	<u>(798)</u>	<u>10,000</u>	<u>(504)</u>	<u>-</u>	<u>(94,644)</u>
Fund balances - beginning of year	<u>18,970</u>	<u>5,782</u>	<u>2,695</u>	<u>25,370</u>	<u>504</u>	<u>-</u>	<u>5,714,259</u>
Fund balances - end of year	<u>\$ 16,782</u>	<u>\$ 1,686</u>	<u>\$ 1,897</u>	<u>\$ 35,370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,619,615</u>

TOWN OF HOPKINTON, RHODE ISLAND
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	<i>Special Revenue Funds</i>	<i>Capital Project Funds</i>	<i>Permanent Funds</i>	<i>Total Nonmajor Governmental Funds</i>
ASSETS				
Cash	\$ 624,353	\$ 394,844	\$ 14,316	\$ 1,033,513
Due from federal and state government	48,438	67,896	-	116,334
Other receivables	89,578	-	-	89,578
Due from other funds	1,089,746	1,366,390	-	2,456,136
Total assets	\$ 1,852,115	\$ 1,829,130	\$ 14,316	\$ 3,695,561
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenditures	\$ 34,068	\$ 20,287	\$ -	\$ 54,355
Due to other funds	1,426,082	1,539,452	-	2,965,534
Other liabilities	-	9,500	-	9,500
Total liabilities	1,460,150	1,569,239	-	3,029,389
 Deferred Inflows of Resources				
Other deferred revenues	86,511	-	-	86,511
Total deferred inflows of resources	86,511	-	-	86,511
 Fund balances				
Nonspendable - permanent fund principal	-	-	7,510	7,510
Restricted	124,441	108,500	6,806	239,747
Committed	181,013	154,182	-	335,195
Unassigned	-	(2,791)	-	(2,791)
Total fund balances	305,454	259,891	14,316	579,661
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,852,115	\$ 1,829,130	\$ 14,316	\$ 3,695,561

TOWN OF HOPKINTON, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2019

	<i>Special Revenue Funds</i>	<i>Capital Project Funds</i>	<i>Permanent Funds</i>	<i>Total Nonmajor Governmental Funds</i>
Revenues				
Federal and state grants and aid	\$ 221,701	\$ 9,861	\$ -	\$ 231,562
Charges for services and fees	36,096	-	-	36,096
Interest on investments	6,116	4,949	66	11,131
Other revenues	24,285	41,296	-	65,581
Total revenues	<u>288,198</u>	<u>56,106</u>	<u>66</u>	<u>344,370</u>
Expenditures				
Current:				
General government	15,340	-	42	15,382
Public safety	34,881	-	-	34,881
Public and social services	115,412	-	-	115,412
Capital outlay	109,538	119,017	-	228,555
Debt service	1,430	80,503	-	81,933
Total expenditures	<u>276,601</u>	<u>199,520</u>	<u>42</u>	<u>476,163</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>11,597</u>	<u>(143,414)</u>	<u>24</u>	<u>(131,793)</u>
Other financing sources (uses)				
Transfers from other funds	-	254,277	-	254,277
Transfers to other funds	-	(50,000)	-	(50,000)
Total other financing sources (uses)	<u>-</u>	<u>204,277</u>	<u>-</u>	<u>204,277</u>
Net change in fund balances	11,597	60,863	24	72,484
Fund balances - beginning of year	<u>293,857</u>	<u>199,028</u>	<u>14,292</u>	<u>507,177</u>
Fund balances - end of year	<u>\$ 305,454</u>	<u>\$ 259,891</u>	<u>\$ 14,316</u>	<u>\$ 579,661</u>

TOWN OF HOPKINTON, RHODE ISLAND
Tax Collector's Annual Report
For the Fiscal Year Ended June 30, 2019

Real Estate and Personal Property Taxes

<u>Tax Year</u>	<u>Balance June 30, 2018</u>	<u>Current Year Assessment</u>	<u>Additions</u>	<u>Abatements/ Adjustments</u>	<u>Amount to be Collected</u>	<u>Current Year Collections</u>	<u>Balance June 30, 2019</u>
2018	\$ -	\$ 18,619,963	\$ 8,574	\$ (28,038)	\$ 18,600,499	\$ 18,030,751	\$ 569,748
2017	556,920	-	13	(150)	556,783	484,307	72,476
2016	83,796	-	-	(134)	83,662	18,353	65,309
2015	57,839	-	-	-	57,839	6,918	50,921
2014	42,774	-	431	-	43,205	2,768	40,437
2013	39,505	-	-	-	39,505	1,374	38,131
2012	42,443	-	-	(16)	42,427	1,006	41,421
2011	39,879	-	-	(50)	39,829	622	39,207
2010	32,126	-	-	-	32,126	686	31,440
2009	18,535	-	-	-	18,535	340	18,195
2008	26,447	-	-	(26,447)	-	-	-
2007	20,344	-	-	(20,346)	(2)	-	(2)
2006	19,478	-	-	(19,482)	(4)	-	(4)
2005	23,048	-	-	(23,048)	-	-	-
	<u>\$ 1,003,134</u>	<u>\$ 18,619,963</u>	<u>\$ 9,018</u>	<u>\$ (117,711)</u>	<u>\$ 19,514,404</u>	<u>\$ 18,547,125</u>	967,279
							Allowance for Uncollectible Accounts (259,749)
							<u>\$ 707,530</u>

Schedule of Most Recent Net Assessed Property Value by Category

<u>Description of Property</u>	<u>Valuation</u>	<u>Levy</u>
Real property	\$ 846,077,870	\$ 16,980,783
Motor vehicles	72,268,551	1,530,648
Tangible personal property	35,693,810	716,375
Total	<u>954,040,231</u>	<u>19,227,806</u>
Exemptions and tax freeze	(29,385,729)	(607,843)
Net assessed value	<u>\$ 924,654,502</u>	<u>\$ 18,619,963</u>

Reconciliation of Current Year Property Tax Revenue

Current year collections	\$ 18,547,125
Add: Revenue collected 60 days subsequent to fiscal year ending June 30, 2019	280,025
Less: Revenue collected 60 days subsequent to fiscal year ending June 30, 2018	<u>(271,061)</u>
Current year property tax revenue	<u>\$ 18,556,089</u>

(Continued)

TOWN OF HOPKINTON, RHODE ISLAND
Tax Collector's Annual Report (Continued)
For the Fiscal Year Ended June 30, 2019

Fiscal Year 2019 Cash Collection Summary

<u>Tax Year</u>	<u>July - August 2018 Collections Subject to 60 day FY 18 Accrual</u>	<u>September 2018 - June 2019 Collections</u>	<u>Total FY 2019 Cash Collections</u>	<u>July - August 2019 Collections Subject to 60 day FY 19 Accrual</u>
2018	\$ -	\$ 18,030,751	\$ 18,030,751	\$ 260,446
2017	262,518	221,789	484,307	8,720
2016	4,245	14,108	18,353	1,341
2015	2,776	4,142	6,918	1,402
2014	1,011	1,757	2,768	1,434
2013	258	1,116	1,374	2,468
2012	214	792	1,006	2,290
2011	39	583	622	1,430
2010	-	686	686	496
2009	-	340	340	-
2008	-	-	-	-
2007	-	-	-	(2)
2006	-	-	-	-
2005	-	-	-	-
	<u>\$ 271,061</u>	<u>\$ 18,276,064</u>	<u>\$ 18,547,125</u>	<u>\$ 280,025</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

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

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

<u>REVENUE</u>	<u>Municipal</u>
Current Year Levy Tax Collection	\$ 17,497,042
Last Year's Levy Tax Collection	484,458
Prior Years Property Tax Collection	574,589
Interest & Penalty	87,608
PILOT & Tax Treaty (excluded from levy) Collection	-
Other Local Property Taxes	-
Licenses and Permits	476,832
Fines and Forfeitures	51,536
Investment Income	12,195
Departmental	251,825
Rescue Run Revenue	-
Police & Fire Detail	355,080
Other Local Non-Property Tax Revenues	8,723
Tuition	-
Impact Aid	-
Medicaid	-
Federal Stabilization Funds	-
Federal Food Service Reimbursement	-
CDBG	-
COPS Grants	-
SAFER Grants	-
Other Federal Aid Funds	-
MV Excise Tax Reimbursement	72,385
State PILOT Program	-
Distressed Community Relief Fund	-
Library Resource Aid	34,850
Library Construction Aid	-
Public Service Corporation Tax	102,244
Meals & Beverage Tax / Hotel Tax	58,165
LEA Aid	-
Group Home	-
Housing Aid Capital Projects	-
Housing Aid Bonded Debt	-
State Food Service Revenue	-
Incentive Aid	-
Property Revaluation Reimbursement	-
Other State Revenue	5,227,411
Motor Vehicle Phase Out	368,018
Other Revenue	72,978
Local Appropriation for Education	-
Regional Appropriation for Education	-
Supplemental Appropriation for Education	-
Regional Supplemental Appropriation for Education	-
Other Education Appropriation	-
Rounding	-
Total Revenue	\$ 25,735,939
Financing Sources: Transfer from Capital Funds	\$ -
Financing Sources: Transfer from Other Funds	-
Financing Sources: Debt Proceeds	2,064,911
Financing Sources: Other	-
Rounding	-
Total Other Financing Sources	\$ 2,064,911

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

EXPENDITURES	General Government	Finance	Social Services	Centralized IT	Planning	Libraries	Public Works	Parks and Rec	Police Department
Compensation- Group A	\$ 577,955	\$ 227,887	\$ -	\$ 55,124	\$ 112,868	\$ -	\$ 568,439	\$ 184,789	\$ 1,054,658
Compensation - Group B	-	-	-	-	-	-	-	-	262,246
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	-	-	-	-	-	-	28,797	-	88,624
Overtime - Group B	-	-	-	-	-	-	-	-	28,265
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	218,879
Active Medical Insurance - Group A	19,087	36,553	-	5,444	23,471	-	156,696	20,090	201,939
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	41,559
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	3,442	1,389	-	255	1,131	-	7,531	865	9,040
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	3,079
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	41,818	16,929	-	4,050	8,073	-	42,977	13,653	124,925
Life Insurance	695	387	-	95	207	-	1,186	207	2,927
State Defined Contribution- Group A	5,630	2,272	-	538	1,294	-	6,347	1,351	300
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	1,676
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	4,777	2,890	-	570	318	-	56,691	8,541	42,345
Other Benefits- Group B	-	-	-	-	-	-	-	-	644
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	10,473	4,975	-	1,211	2,471	-	12,663	2,796	268,170
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	4,738
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	304,400	41,465	-	-	4,793	-	5,042	8,047	11,913
Materials/Supplies	30,072	2,483	504	328	372	-	11,804	15,179	6,170
Software Licenses	4,955	17,607	-	5,697	-	-	1,200	1,750	15,829
Capital Outlays	-	-	-	-	-	-	-	-	-
Insurance	116,430	-	-	-	-	-	-	-	-
Maintenance	902	-	-	975	-	-	79,516	-	2,704
Vehicle Operations	-	-	-	-	-	-	65,356	-	53,374
Utilities	25,399	-	-	-	-	-	29,434	13,375	26,928
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	30,169	-	-
Revaluation	-	1,615	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	49,805	-	-
Trash Removal & Recycling	-	-	-	-	-	-	-	-	-
Claims & Settlements	79,673	-	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	-	-	-
Other Operation Expenditures	66,890	3,047	10,500	207	270	132,000	-	31,959	37,886
Tipping Fees	-	-	-	-	-	-	-	-	-
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 1,292,599	\$ 359,500	\$ 11,004	\$ 74,492	\$ 155,269	\$ 132,000	\$ 1,153,652	\$ 302,601	\$ 2,508,818

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

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal
Compensation- Group A	\$ -	\$ -	\$ 44,805	\$ -	\$ -	\$ -	\$ 2,826,526
Compensation - Group B	-	-	-	-	-	-	262,246
Compensation - Group C	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-
Overtime- Group A	-	-	2,515	-	-	-	119,936
Overtime - Group B	-	-	-	-	-	-	28,265
Overtime - Group C	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	218,879
Active Medical Insurance - Group A	-	-	6,127	-	-	-	469,407
Active Medical Insurance- Group B	-	-	-	-	-	-	41,559
Active Medical Insurance- Group C	-	-	-	-	-	-	-
Active Dental insurance- Group A	-	-	821	-	-	-	24,475
Active Dental Insurance- Group B	-	-	-	-	-	-	3,079
Active Dental Insurance- Group C	-	-	-	-	-	-	-
Payroll Taxes	-	-	4,095	-	-	-	256,521
Life Insurance	-	-	69	-	-	-	5,771
State Defined Contribution- Group A	-	-	182	-	-	-	17,914
State Defined Contribution - Group B	-	-	-	-	-	-	1,676
State Defined Contribution - Group C	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	2,286	-	-	-	118,418
Other Benefits- Group B	-	-	-	-	-	-	644
Other Benefits- Group C	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	-	441	-	-	-	303,200
State Defined Benefit Pension - Group B	-	-	-	-	-	-	4,738
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-
Purchased Services	-	-	3,255	-	-	-	378,916
Materials/Supplies	-	-	4,215	-	-	-	71,127
Software Licenses	-	-	5,938	-	-	-	52,976
Capital Outlays	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	116,430
Maintenance	-	-	-	-	-	-	84,097
Vehicle Operations	-	-	-	-	-	-	118,730
Utilities	-	-	1,693	-	-	-	96,829
Contingency	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	30,169
Revaluation	-	-	-	-	-	-	1,615
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	49,805
Trash Removal & Recycling	-	-	-	-	-	-	-
Claims & Settlements	-	-	-	-	-	-	79,673
Community Support	-	-	-	-	-	-	-
Other Operation Expenditures	100,000	-	2,687	-	-	-	385,446
Tipping Fees	-	-	-	-	-	-	-
Local Appropriation for Education	-	-	-	18,759,809	-	-	18,759,809
Regional Appropriation for Education	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	307,000	-	307,000
Municipal Debt- Interest	-	-	-	-	136,048	-	136,048
School Debt- Principal	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	51,451	51,451
Retiree Dental Insurance- Total	-	-	-	-	-	8,703	8,703
OPEB Contribution- Total	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-
Total Expenditures	\$ 100,000	\$ -	\$ 79,129	\$ 18,759,809	\$ 443,048	\$ 60,155	\$ 25,432,077

Financing Uses: Transfer to Capital Funds	\$ 454,277
Financing Uses: Transfer to Other Funds	-
Financing Uses: Payment to Bond Escrow Agent	-
Financing Uses: Other	2,009,141
Total Other Financing Uses	\$ 2,463,418
Net Change in Fund Balance¹	(94,644)
Fund Balance1- beginning of year	\$5,714,259
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	5,714,259
Rounding	
Fund Balance¹ - end of year	\$ 5,619,615

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

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

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2018						\$ 5,714,259	-	\$ 5,714,259	
<i>No funds removed from RGS for fiscal 2018</i>						-	-	-	
<i>No funds added to RGS for Fiscal 2018</i>						-	-	-	
<i>No misc. adjustments made for fiscal 2018</i>						-	-	-	
Fund Balance¹ - per MTP-2 at June 30, 2018 adjusted						<u>\$ 5,714,259</u>	-	<u>\$ 5,714,259</u>	
General Fund	\$ 25,735,939	\$ 2,064,911	\$ 25,432,076	\$ 2,463,418	\$ (94,644)	\$ 5,714,259		\$ 5,714,259	\$ 5,619,615
Totals per audited financial statements	<u>\$ 25,735,939</u>	<u>\$ 2,064,911</u>	<u>\$ 25,432,076</u>	<u>\$ 2,463,418</u>	<u>\$ (94,644)</u>	<u>\$ 5,714,259</u>	<u>\$ -</u>	<u>\$ 5,714,259</u>	<u>\$ 5,619,615</u>
<u>Reconciliation from financial statements to MTP2</u>									
Rounding	-	-	1	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 25,735,939</u>	<u>\$ 2,064,911</u>	<u>\$ 25,432,077</u>	<u>\$ 2,463,418</u>	<u>\$ (94,644)</u>	<u>\$ 5,714,259</u>	<u>\$ -</u>	<u>\$ 5,714,259</u>	<u>\$ 5,619,615</u>

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

TOWN OF HOPKINTON, RHODE ISLAND

Reportable Government Services with

MTP2 Notes

Fiscal Year Ended June 30, 2019

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 annual financial statements is part of a broader project to create a municipal transparency portal (MTP) website to host municipal financial information in a centralized location.

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

NOTE 2 - REPORTABLE GOVERNMENT SERVICES

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

NOTE 3 - ALLOCATIONS

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

NOTE 4 - EMPLOYEE GROUPS - COMPENSATION AND BENEFIT COSTS

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

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

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/>.

Town of Hopkinton

Changes in Fund Balances, General Fund
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
Unaudited

	2010	(2) 2011	(2) 2012	(2) 2013	(2) 2014	(2) 2015	(2) 2016	(2) 2017	(2) 2018	(2) 2019
Revenues										
Property Taxes and Interest	\$ 15,674,241	\$ 17,647,812	\$ 17,586,304	\$ 18,194,600	\$ 18,341,125	\$ 17,536,755	\$ 17,539,365	\$ 17,948,828	\$ 18,313,302	\$ 18,556,089
Federal and state grants and aid	6,886,037	5,725,058	6,031,011	6,022,837	5,828,062	5,874,941	5,807,978	5,830,941	5,780,937	5,858,484
Charges for services	884,058	809,586	793,615	848,755	864,816	786,182	898,024	875,069	1,146,245	1,291,592
Private grants and contributions	-	2,540	-	-	-	-	-	-	-	-
Interest on investments	7,271	3,249	3,054	5,037	6,635	6,430	7,184	9,959	9,024	9,679
Other revenues (1)	10,945	1,517	992	636	10,974	5,458	1,663	1,080	4,039	10,020
Total revenues	23,462,552	24,189,762	24,414,976	25,071,865	25,051,612	24,209,766	24,254,214	24,665,877	25,253,547	25,725,864
Expenditures										
Current:										
General government	1,648,943	1,743,557	1,734,835	1,695,379	1,726,244	1,731,112	1,821,304	1,777,207	1,765,186	1,911,498
Public safety	2,201,223	2,142,084	2,329,439	2,256,951	2,206,878	2,258,023	2,448,279	2,465,303	2,686,401	2,661,219
Public works	1,121,971	1,114,468	1,013,227	1,069,660	1,156,310	1,189,679	1,132,839	1,110,483	1,172,548	1,119,763
Recreation	208,995	203,284	248,048	254,973	262,177	264,394	265,687	264,393	268,810	300,851
Public and social services	119,102	119,618	127,115	125,250	127,500	137,750	140,001	140,000	142,000	142,000
Education	17,590,131	18,099,437	18,042,864	18,489,003	18,524,639	18,271,091	17,761,469	18,155,239	18,340,317	18,759,809
Capital Improvements (1)	-	-	-	-	-	-	-	-	232,842	-
Debt service:										
Principal	104,119	106,005	107,903	160,071	162,055	161,937	668,178	272,000	282,000	307,000
Interest	78,329	73,199	88,817	71,786	76,146	69,141	79,887	75,958	71,376	137,103
Total expenditures	23,072,813	23,601,652	23,692,248	24,123,073	24,241,949	24,083,127	24,317,644	24,260,583	24,961,480	25,339,243
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	389,739	588,110	722,728	948,792	809,663	126,639	(63,430)	405,294	292,067	386,621
Other financing sources (uses):										
Proceeds from borrowing	-	-	-	-	-	-	455,150	-	232,842	1,805,000
Premium on debt issued	-	-	-	-	-	-	-	-	-	259,911
Transfers from other funds	-	-	-	-	90,000	6,334	112,365	7,310	7,310	7,328
Transfers to other funds	(211,237)	(162,545)	(407,200)	(443,275)	(342,647)	(462,285)	(557,009)	(69,392)	(152,035)	(464,277)
Total other financing sources (uses)	(211,237)	(162,545)	(407,200)	(443,275)	(252,647)	(455,951)	10,506	(62,082)	88,117	1,607,962
Special item - contribution to land trust	-	-	-	-	-	-	-	-	-	(2,009,141)
Net change in fund balances	\$ 178,502	\$ 425,565	\$ 315,528	\$ 505,517	\$ 557,016	\$ (329,312)	\$ (52,924)	\$ 343,212	\$ 380,184	\$ (14,558)
Debt Service as a percentage of noncapital expenditures	0.79%	0.76%	0.83%	0.96%	0.98%	0.96%	3.08%	1.43%	1.43%	1.75%

(1) Capital improvements in departmental general fund expenses not reflected only nonmajor governmental funds.

(2) Includes only General Fund and not funds combined with General Fund for financial reporting purposes in accordance with GASB 54.

Town of Hopkinton

Assessed Values and Actual Values of Taxable Property

Last Ten Fiscal Years

Unaudited

<u>Fiscal Year</u>		<u>Residential</u>	<u>Commercial*</u>	<u>Tangible</u>		<u>Less</u>	<u>Total</u>	<u>Total</u>	
<u>Ending</u>		<u>Property</u>	<u>Property</u>	<u>Personal</u>	<u>Motor</u>	<u>Tax Exempt</u>	<u>Taxable</u>	<u>Direct</u>	<u>Tax</u>
<u>June 30</u>				<u>Property</u>	<u>Vehicles</u>	<u>Property</u>	<u>Assessed</u>	<u>Tax</u>	<u>Levy</u>
	\$		\$		\$	\$	\$	\$	\$
2010	\$	947,901,100	\$ 79,335,150	\$ 18,496,680	\$ 61,935,422	\$ 51,542,119	\$ 1,056,126,233	\$ 14.95	\$ 15,794,049
2011		950,720,300	79,445,750	19,746,900	66,451,004	19,970,687	1,096,393,267	16.01	17,550,424
2012		762,201,500	73,392,100	20,486,870	74,713,855	25,171,601	905,622,724	19.47	17,630,987
2013		763,335,600	77,944,400	19,857,930	77,319,949	26,424,789	912,033,090	20.07	18,300,511
2014		766,263,800	81,502,500	20,358,200	77,640,807	28,400,729	917,364,578	19.87	18,228,200
2015		707,098,400	72,021,770	18,677,560	78,711,307	23,834,331	852,674,706	20.68	17,634,724
2016		706,976,400	75,458,960	19,674,690	80,478,327	23,847,252	858,741,125	20.44	17,555,096
2017		711,733,500	76,483,260	20,530,510	84,893,161	25,223,011	868,417,420	20.68	17,961,897
2018		758,980,300	81,237,870	21,932,700	86,553,273	26,289,519	922,414,624	20.16	18,594,281
2019		765,662,900	80,414,970	35,693,810	72,268,551	29,385,729	924,654,502	20.14	18,619,963

Notes:

The State of Rhode Island has enacted legislation limiting the cap on property tax levy growth for cities and towns.

The cap was set at 5.5% in FY 2007-2008 reducing by .25% until FY 2012-13 when a 4% cap will be reached. FY 2018-19 tax cap was 4.0%.

Revaluation of real property is required by State law every 9 years. Hopkinton had a full revaluation in FY 2013-2014.

Statistical revaluations are required every 3 years. Hopkinton had a statistical revaluations in FY 2016-2017 as

Hopkinton, Richmond, and Charlestown were to all be on the same revaluation cycle with a full revaluation in FY 2011-12.

Property is assessed at actual market value.

Inventory taxes were phased out in 2008 under RI General Law 44-3-29.1

Total Direct Tax Rate is the weighted average of all individual rates applied by the Town. The Motor Vehicle rate has been frozen since 2000 at \$21.18. In fiscal year 2018-2019 the property tax rate, excluding motor vehicles, was \$20.07.

Town of Hopkinton

Assessed Values and Actual Values of Taxable Property

Calculation of Total Direct Tax Rate for Fiscal Year ended June 30, 2019

Unaudited

<u>Category</u>		<u>Assessed Value</u>	<u>Direct rate per \$1000</u>	<u>Total Tax Levy</u>
Real Estate				
Residential	\$765,662,900			
Less Exemptions	12,393,460			
Net Residential		\$753,269,440	\$20.07	\$15,118,097
Commercial	\$80,414,970			
Less Exemptions	859,713			
Net Commercial		79,555,257	20.07	1,596,674
Tangible Property	\$35,693,810	35,693,810	20.07	716,335
Motor Vehicle	\$72,268,551			
Less Exemptions	16,132,556			
Net Motor Vehicle		56,135,995	21.18	1,188,857
Total		<u>924,654,502</u>		<u>18,619,963</u>
Total Tax Levy				18,619,963
Divided by Total Assessment times 1000				924,654,502
Weighted Average/Total Direct Rate			\$	20.14

Town of Hopkinton

Principal Property Taxpayers

Current year and ten years ago

Unaudited

			<u>Percentage of Total Taxable Assessed</u>		<u>Percentage of Total Taxable Assessed</u>	
	<u>FY 2019</u>		<u>Value</u>	<u>FY 2010</u>		<u>Value</u>
Narragansett Electric	\$ 18,994,600	1	2.05%	\$ 5,429,200	2	0.51%
Hopkinton Industrial Park LLC	10,463,700	2	1.13%	2,293,500	9	0.22%
New Canonchet Cliffs	5,622,600	3	0.61%	6,065,000	1	0.57%
Fenner Hill Country Club	2,801,500	4	0.30%	3,377,100	6	0.32%
L-3 Chesapeake Science Corp.	2,440,720	5	0.26%			
46 Norwich Westerly Exchange LLC	2,168,900	6	0.23%			
Hopkinton Realty LLC	2,059,700	7	0.22%			
Classic Acres Inc.	1,942,900	8	0.21%			
Saugatucket Springs	1,858,057	9	0.20%	3,148,400	7	0.30%
LR6-Owner LLC	1,548,400	10	0.17%	2,269,100	10	0.21%
Shamrock Associates LLC				4,113,300	3	0.39%
Mashantucket Pequot				3,775,400	4	0.36%
Cox Communication Inc.				3,653,700	5	0.35%
Hopkinton Investment LLC				2,410,700	8	0.23%
Total	<u>\$ 49,901,077</u>		<u>5.40%</u>	<u>\$ 36,535,400</u>		<u>3.46%</u>
Total Taxable Assessed Value	\$ 924,654,502			\$ 1,056,126,233		

data from FY19 is from 2018 tax book

data from FY10 is from 2009 tax book

Town of Hopkinton
Property Tax Levy and Collections
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Actual</u> <u>Tax Rate</u>	<u>Gross</u> <u>Levy</u>	<u>Adjustments</u> <u>Addendums</u> <u>Additions</u>	<u>Net to be</u> <u>Collected</u>	<u>Uncollected at</u> <u>end of year levy</u>	<u>Uncollected</u> <u>% of</u> <u>Net Levy</u>	<u>Uncollected at</u> <u>June 30, 2019</u>
2010	\$ 14.79	\$ 15,794,049	\$ (45,559)	\$ 15,748,490	\$ 800,969	5.09%	\$ 18,195
2011	15.69	17,550,424	(43,259)	17,507,165	788,872	4.51%	31,440
2012	19.34	17,630,987	(44,628)	17,586,359	685,646	3.90%	39,207
2013	19.98	18,300,511	10,162	18,310,673	731,520	4.00%	41,421
2014	19.77	18,228,200	4,226	18,232,426	714,468	3.92%	38,131
2015	20.64	17,634,724	(21,768)	17,612,956	595,614	3.38%	40,437
2016	20.38	17,555,096	(6,066)	17,549,030	577,613	3.29%	50,921
2017	20.64	17,961,897	6,806	17,968,703	538,710	3.00%	65,309
2018	20.07	18,594,281	(214,557)	18,379,724	556,920	3.03%	72,476
2019	20.07	18,619,963	(19,464)	18,600,499	569,748	3.06%	569,748

Notes:

Actual Tax rate is for all residential and commercial property. Motor Vehicles tax rate which is frozen at \$21.18.
Inventory tax rates not noted.

After nine years the balance is written off as uncollectible.



CERTIFIED PUBLIC ACCOUNTANTS

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***REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

To the Honorable President and
Members of the Town Council
Hopkinton, Rhode Island

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Hopkinton, Rhode Island, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Hopkinton, Rhode Island's basic financial statements, and have issued our report thereon dated December 30, 2019.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2019-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2019-002 to be a significant deficiency.

Compliance and Other Matters

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

Town of Hopkinton, Rhode Island's Response to Findings

The Town of Hopkinton, Rhode Island's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town of Hopkinton, Rhode Island's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Bacon & Company CPAs, LLC

Warwick, Rhode Island
December 30, 2019

TOWN OF HOPKINTON, RHODE ISLAND
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2019

MATERIAL WEAKNESS

2019-001 Segregation of Duties

Criteria: Segregation of duties is an element of internal control that is designed to prevent, detect and correct misstatements in a timely manner, whether due to fraud or error.

Condition: The Finance Director and the Assistant to the Finance Director have job responsibilities that result in a lack of segregation of duties and as a result a weakness in internal controls. The same individual should not have custody of assets and also be responsible for initiating and recording transactions.

The Finance Director has complete responsibility for the general ledger and all financial reporting and is also responsible for signing checks, preparing and posting certain journal entries, reconciling the cash accounts, authorizing certain payment vouchers and wiring cash between accounts.

The Assistant to the Finance Director is responsible for preparing and posting journal entries, preparing the biweekly payroll, processing and preparing all vendor checks, and accepting, preparing and making departmental deposits.

Effect: Misstatements, whether due to fraud or error, could occur and not be prevented, detected and corrected in a timely manner.

Cause: There is a limited number of staff in the Finance Office.

Identification of a Repeat Finding: This is a repeat finding from previous audits 2018-001 and 2017-001.

Recommendation: We recommend that the Town review the current job responsibilities within the Finance Department and take the appropriate steps to segregate certain duties, to ensure that the same individual is not responsible for custody of assets, and initiating and recording receipts and disbursements. In addition, all journal entries prepared should be reviewed and approved by a responsible official independent from the person responsible for preparing the journal entry. We also recommend that the Town consider adding staff to the Finance Department to allow for the proper segregation of duties and to strengthen the internal controls. Alternatively, internal controls in the Finance Office could also be strengthened by the monthly review of financial reports and reconciliations by an independent responsible official with knowledge of Town operations and financial reporting and accounting.

Views of Responsible Officials and Planned Corrective Action: The Finance office acknowledges the need for additional staffing, but funding is not available in this economic environment. However, actions will be taken immediately to segregate duties in the best possible manner given the shortage of staffing.

TOWN OF HOPKINTON, RHODE ISLAND
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2019

SIGNIFICANT DEFICIENCY

2019-002 Segregation of Duties

Criteria: Segregation of duties is an element of internal control that is designed to prevent, detect and correct misstatements in a timely manner, whether due to fraud or error.

Condition: The Tax Collector has job responsibilities that result in a lack of segregation of duties and as a result a weakness in internal controls. Due to staff limitations, the Tax Collector is responsible for accepting and recording tax payments, reconciling the daily receipts, preparing bank deposits, posting abatements and monitoring delinquent accounts. The Tax Collector has custody of assets and is also responsible for initiating and recording transactions.

Effect: Misstatements, whether due to fraud or error, could occur and not be prevented, detected and corrected in a timely manner.

Cause: There is a limited number of staff in the Tax Collector's Office.

Identification of a Repeat Finding: This is a repeat finding from previous audits 2018-002 and 2017-002.

Recommendation: We recommend that the Town review the current job responsibilities of the Tax Collector to attempt to segregate certain responsibilities. We suggest that internal controls could be improved by having all daily reconciliation procedures completed by two individuals. We also recommend that delinquent accounts and adjustments to the subsidiary ledger be reviewed by another independent individual, in addition to the Tax Collector.

Views of Responsible Officials and Planned Corrective Action: The Tax Collection office acknowledges the need for additional staffing, but funding is not available in this economic environment. However, actions will be taken immediately to segregate duties in the best possible manner given the shortage of staffing.