

RULE 15c2-12 FILING COVER SHEET

This cover sheet is sent with all submissions to the Municipal Securities Rulemaking Board (the Nationally Recognized Municipal Securities Information Repository) and any applicable State Information Depository pursuant to Securities and Exchange Commission (SEC) Rule 15c2-12 or any analogous state statute.

Issuer Name: Town of Tiverton, Rhode Island

Issue(s):

\$ 18,285,000 RIHEBC Public Schools Revenue Bond Financing Program Revenue Bonds, 2006A
\$ 19,615,000 RIHEBC Public Schools Revenue Bond Financing Program Revenue Bonds, 2007B
\$ 24,675,000 Pub Schl Rev Bds. S08B
\$ 16,100,000 Pub Schl Rev Bds. S09D
\$ 6,785,000 GO Bonds, 2014A
\$ 86,430,000 RIHEBC Public Schools Revenue Bond Financing Program Revenue Bonds, Refunding
2016A
\$ 19,835,000 RIHEBC Public Schools Revenue Bond Financing Program Revenue Bonds, S2017F

Filing Format electronic ___ paper; If available on the Internet, give URL: _____

CUSIP Numbers to which the information filed relates (optional):

Nine-digit number(s) (see following page(s)):

___ Six-digit number if information filed relates to all securities of the issuer

* * *

Financial & Operating Data Disclosure Information

___ Annual Financial Report or CAFR
 Financial Information & Operating Data
___ Other (describe) _____

Fiscal Period Covered: FYE 2017

___ Monthly ___ Quarterly Annual ___ Other: _____

* * *

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: _____

Name: Denise Saurette Title: Treasurer

Employer: Town of Tiverton, Rhode Island

Voice Telephone Number: 401-625-5323

Email Address: treasurer@tiverton.ri.gov

DESCRIPTION OF ISSUES COVERED BY THIS REPORT

RIHEBC Public Schools Revenue Bond Financing Program Revenue Bonds, 2006A

Date	Principal	CUSIP
05/15/20	\$ 2,730,000	762196AM5
05/15/23	2,815,000	762196AN3
05/15/24	950,000	762196AP8
05/15/25	960,000	762196AQ6
05/15/26	970,000	762196AR4
	<u>\$ 8,425,000</u>	

RIHEBC Public Schools Revenue Bond Financing Program Revenue Bonds, 2007B

Date	Principal	CUSIP
05/15/18	\$ 945,000	762243WC3
05/15/19	985,000	762243WD1
05/15/20	1,035,000	762243WE9
05/15/21	1,085,000	762243WF6
05/15/23	2,335,000	762243WG4
05/15/27	5,430,000	762243WH2
	<u>\$ 11,815,000</u>	

Pub Schl Rev Bds. S08B

Date	Principal	CUSIP
05/15/18	\$ 1,160,000	762243G64
05/15/19	1,210,000	762243G72
05/15/20	1,240,000	762243G80
05/15/21	1,280,000	762243G98
05/15/22	1,330,000	762243H22
05/15/23	1,375,000	762243H30
05/15/24	1,425,000	762243H48
05/15/25	1,410,000	762243H55
05/15/26	1,460,000	762243H63
05/15/27	1,515,000	762243H71
05/15/28	1,580,000	762243H89
05/15/29	840,000	762243H97
	<u>\$ 15,825,000</u>	

Pub Schl Rev Bds. S09D

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
05/15/18	\$ 710,000	762243L50
05/15/19	745,000	762243L68
	<u>\$ 1,455,000</u>	

GO Bonds, 2014A

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
10/01/18	\$ 340,000	888701DD8
10/01/19	340,000	888701DE6
10/01/20	340,000	888701DF3
10/01/21	345,000	888701DG1
10/01/22	345,000	888701DH9
10/01/23	345,000	888701DJ5
10/01/24	345,000	888701DK2
10/01/25	345,000	888701DL0
10/01/26	350,000	888701DM8
10/01/27	350,000	888701DN6
10/01/28	350,000	888701DP1
10/01/29	350,000	888701DQ9
10/01/30	350,000	888701DR7
10/01/34	1,360,000	888701DV8
	<u>\$ 5,855,000</u>	

RIHEBC Public Schools Revenue Bond Financing Program Revenue Bonds, Refunding 2016A

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
05/15/18	\$ 1,650,000	762244EF4
05/15/19	7,020,000	762244EG2
05/15/20	7,270,000	762244EH0
05/15/21	7,535,000	762244EJ6
05/15/22	7,815,000	762244EK3
05/15/23	8,120,000	762244EL1
05/15/24	8,495,000	762244M9
05/15/25	5,995,000	762244ET4
05/15/25	2,925,000	762244EN7
05/15/26	9,315,000	762244EP2
05/15/27	9,650,000	762244EQ0
05/15/28	7,715,000	762244ER8
05/15/29	2,085,000	762244ES6
	<u>\$ 85,590,000</u>	

RIHEBC Public Schools Revenue Bond Financing Program Revenue Bonds, S2017F

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
05/15/19	\$ 475,000	762196ND1
05/15/20	975,000	762196NE9
05/15/21	1,020,000	762196NF6
05/15/22	1,035,000	762196NG4
05/15/23	1,065,000	762196NH2
05/15/24	1,115,000	762196NJ8
05/15/25	1,175,000	762196NK5
05/15/26	1,235,000	762196NL3
05/15/27	1,300,000	762196NM1
05/15/28	1,360,000	762196NN9
05/15/29	1,430,000	762196NP4
05/15/30	725,000	762196NQ2
05/15/31	755,000	762196NR0
05/15/32	785,000	762196NS8
05/15/33	815,000	762196NT6
05/15/34	835,000	762196NU3
05/15/35	865,000	762196NV1
05/15/36	910,000	762196NW9
05/15/37	955,000	762196NX7
05/15/38	1,005,000	762196NY5
	<u>\$ 19,835,000</u>	

CONTINUING DISCLOSURE REPORT
FOR THE
FISCAL YEAR ENDED JUNE 30, 2018

TOWN OF TIVERTON, RHODE ISLAND

GENERAL OBLIGATION/REVENUE DEBT



FINANCIAL STATEMENTS

The audited financial statements for the Town for the fiscal year ended June 30, 2018 are being separately filed directly with the Nationally Recognized Municipal Securities Information Repository and any applicable State Information Depository, and are hereby incorporated by reference into this Annual Continuing Disclosure Report.

SIGNATURE OF ISSUER

The information set forth herein has been obtained from the Town and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a promise or guarantee. This Annual Continuing Disclosure Report may contain, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion contained herein are subject to change without notice, and the delivery of this Annual Continuing Disclosure Report will not, under any circumstances, create any implication that there has been no change in the affairs of the Town or other matters described.

TOWN OF TIVERTON, RHODE ISLAND

Denise Saurette

Treasurer

Approved for Submission:

Date

CERTIFICATE OF SUBMISSION OF ANNUAL REPORT

Subject to the continuing disclosure requirements of SEC Rule 15c2-12, this Annual Continuing Disclosure Report for the Town of Tiverton, Rhode Island with respect to the issues listed on the report cover was submitted directly to the Nationally Recognized Municipal Securities Information Repository ("NRMSIR") listed below as well as to any applicable State Information Depository ("SID").

NRMSIR

Municipal Securities Rulemaking Board ("MSRB")
via the Electronic Municipal Market Access ("EMMA") system

HilltopSecurities, A Hilltop Holdings Company

Signed by:

/s/ Matthew Blais

THE TOWN OF TIVERTON

General

Tiverton was originally incorporated in 1694, as part of the Massachusetts Bay Colony. A long boundary dispute between Rhode Island and Massachusetts was settled in 1746, and Tiverton, by Royal Decree, together with the Towns of Cumberland, Barrington, Bristol and Little Compton was annexed to Rhode Island. The Town was incorporated in 1747.

In its early day, Tiverton was chiefly a farming community with some fishing and boat construction. Today, trade establishments are the major employers in the Town. Recent years have seen Tiverton grow as a summer resort and residential area. In 2010, the population was 15,780 persons, an increase of 520 people over the decade from the 2000 population of 15,260.

Located in Newport County, the Town is bounded on the north and east by the Commonwealth of Massachusetts; on the south by the Town of Little Compton; and on the west by the Sakonnet River and Mount Hope Bay. The Town limits extend over an area of 35.5 square miles which include a land area of 29.7 square miles and inland water area of 5.8 square miles. Route 24 is a major highway which connects the Town to I-195, I-95, and the entire northeast corridor.

Rhode Island's T.F. Green Airport (PVD) provides easy access to the entire state. Numerous airlines offer service to/from T.F. Green Airport. Providence is located on Amtrak's high speed "Acela Express" service between Washington D.C. and Boston, on Northeast Corridor main line and on the Massachusetts Bay Transit Authority commuter rail line (service to Metro Boston). Peter Pan/Bonanza Bus Lines provide service from Providence.

Government

The Town operates under a home rule charter adopted in 1994 providing for a Town Council-Town Administrator form of government. The Town Council consists of 7 elected members headed by a Town Council President. Town Council members are elected at large for a term of two years. The Town Council has the responsibility for performance of all duties and obligations imposed on the Town by law, provided, however, that the administration and management of the government of the Town are the responsibility of the Town Administrator.

The Town Administrator serves as the administrative head of government and is responsible for all Town departments, offices and agencies, except the elected school department, elected Town Clerk, elected Town Treasurer and elected Budget Committee.

The current Town Administrator is Jan Reitsma. Prior to joining the Town, Mr. Reitsma served as Town Manager in Warren, Rhode Island. Before that, he held senior management positions in state and federal government, including MA and RI environmental agencies, and the National Park Service, and was a senior policy advisor to the RI Governor. He has degrees from Brown University and the Northeastern University School of Law.

The Town Treasurer is Denise G. Saurette. The office of Town Treasurer is an elected four-year term. The Town Treasurer is responsible for the management of the Town's finances.

Government Services

The Town provides major public services, certain of which are described below:

Public Safety

The Town's Police Department consists of 45 full-time employees. For fiscal year 2018, the Department expended \$3,078,335. For Fiscal Year 2019, the Department's budget is \$3,241,894.

The Town's Fire Department has 30 full-time employees and 3 fire stations. For fiscal year 2018, the

Department expended \$2,597,153. For fiscal year 2019, the Department's budget is \$2,619,416.

Education

The general administration of the Town's school system is the responsibility of the School Committee within the provisions of powers and duties delegated in the State of Rhode Island General Laws and the Town's home rule charter. The five members of the School Committee are elected at-large at regular Town elections and serve four-year terms. Powers and duties of the Committee include: the preparation and submission of estimates and recommendations for the amount necessary for the support of the public schools to be appropriated at the Financial Town Referendum; the administration of all funds designated for school purposes and the selection of all school personnel. For fiscal year 2018, the Department expended \$30,003,020 including grants and aid, and the approved budget for 2019 is \$30,233,368.

The Town maintains and operates one high school (grades 9-12), one middle school (grades 5-8), and three elementary schools (grades K-4). The following is a summary of school population in the Town:

<u>School Year</u>	<u>Enrollment</u>
2011-12	1,931
2012-13	1,894
2013-14	1,909
2014-15	1,901
2015-16	1,834
2016-17	1,841
2017-18	1,869
2018-19	1,861

Source: Town's School Department

Sanitation

Solid waste generated by the Town is disposed at the Town's landfill. The landfill is located on 33 acres of a 125-acre parcel owned by the Town. The remainder of the parcel serves as a wooded buffer area adjacent to the Town Farm Recreation area.

Operations of landfills are governed by regulations concerning fill methods, permitted types of refuse, impact controls (including leachate control) and projected life span. The Town has retained an engineering firm to update its landfill management plan as required by State statutes.

The Town accounts for its closure and post closure care costs under GASB Statement No. 18. State and Federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The Town implemented a "Pay as You Throw" trash program in 2012. Funds from this program are restricted in a Special Revenue fund, solely for the purpose of closing the landfill, which the town expects to occur by the end of 2020. As of June 30, 2018, \$7,760,912 has been set aside in the landfill closure fund.

Sewage Disposal

The Town does not have a town-wide municipal sewage system. Except for several homes connected to the Fall River, Massachusetts system, there are no sewer lines in the Town. The common method of septic disposal is on-site individual septic systems or cesspools. However, The Tiverton Wastewater District, a separate entity from the Town, is implementing a plan to address municipal sewer needs in the Town's most vulnerable areas. Currently still in the planning phase, work should start as soon as financing is secured.

Water

Two water systems serve the Town. The Stone Bridge Fire District, created pursuant to Chapter 974 of the

Public Laws of 1940, as amended, and the North Tiverton Fire District, created pursuant to an act of the general assembly passed on April 23, 1926, as amended, are independent from the Town. (See “TOWN DEBT-Direct and Overlapping Long-Term Debt). Both systems depend on water from Stafford Pond, the rights to which are owned by the City of Fall River, Massachusetts. Each water district negotiates to purchase water from Fall River but provides and maintains its own distribution systems.

Utilities

National Grid, an electric utility corporation, serves the Town and maintains its main plant and offices in Providence. Natural gas is also supplied by National Grid.

Special Services

In addition to the services outlined above the Town provides specialized government services for animal control, appropriations to various human service agencies and environmental conservation programs. Additionally the Town operates a library with one satellite branch, various parks and recreation areas.

Employee Relations

As of June 30, 2018, the Town had 107 full-time and approximately 40 part-time and seasonal employees exclusive of the School Department. The School Department as of such date had 194 full and part-time professional as well as 92 part-time and full-time non-professional employees.

Municipal employees are represented by Rhode Island Council 94, AFSCME, AFL-CIO; Police Officers are represented by the International Brotherhood of Police Officers; Firefighters are represented by International Association of Firefighters, Local 1703 AFL-CIO; and Public Works employees are represented by the Teamsters Union. The current status of union contracts for Municipal and school employees is as follows:

- Police Department - contract July 1, 2018 – June 30, 2021 (Tentative Agreement)
- Fire Department - contract July 1, 2015 – June 30, 2018 (Currently in Negotiations)
- Public Works – contract July 1, 2013 – June 30, 2019
- Municipal Employees - contract expires June 30, 2019
- Teachers – contract expires August 30, 2021 (Tentative Agreement)

Retirement Programs

The Town provides retirement programs to its employees.

Municipal Employees Plan

The Town participates in the Municipal Employees’ Retirement System of the State of Rhode Island (“MERS”), an agent multiple employer defined benefit plan administered by the State of Rhode Island. All full-time Town and non-certified School Department general employees participate in the MERS as general employees. The Town’s full-time firemen participate in MERS as fire employees.

In November 2011, the State enacted the Rhode Island Retirement Security Act of 2011 (RIRSA), which made broad changes to the Teachers’ Plan and Municipal Plan effective July 1, 2012. The most significant changes include changing the structure of the retirement program from a traditional defined benefit plan to a hybrid plan designed with a smaller defined benefit plan and a supplemental defined contribution plan; changing the automatic cost of living adjustment (COLA) from a CPI-related formula to a formula contingent on the actual investment performance over time; suspension/reduction of the COLA during times when the funded ratio is lower than targeted 80% levels; and the re-amortization of the Unfunded Actuarial Accrued Liability (UAAL) to 25 years from the 19-year schedule as of June 30, 2010. For the Teachers’ Plan, teachers not covered by Social Security will participate in additional defined contribution allocations equal to 2% member plus 2% employer. Included within these significant changes are certain rules for transitioning from the prior defined benefit structure to the smaller defined benefit plan going forward. The changes in the defined benefit plan instituted by RIRSA have been fully reflected in the actuarial valuation beginning with June 30, 2012. These changes resulting from RIRSA are the subject of ongoing litigation

of which the outcome is unknown. (Please see also “*Litigation Challenging Pension Reform*” herein).

MERS generally provides retirement benefits equal to 2% of a member’s final average salary multiplied by the number of years of total service up to a maximum of 75%. Such benefits are available to members at least age 58 with 10 years of service or after 30 years of service at any age. An optional cost-of-living provision may be elected for police and fire personnel and general employees. MERS also provides non service-connected disability benefits after 5 years of service; service-connected disability pensions with no minimum service requirement; vested benefits are 10 years of service; survivor’s benefits; and certain lump sum death benefits.

Contribution requirements for plan members and employers are established pursuant to Rhode Island General Laws. Employers are required to contribute at an actuarially determined rate. Plan member contributions are fixed by statute.

Over the past six years, the Town has made the following required contributions:

Municipal Employees' Retirement Plan (MERS) - General Employees					
Fiscal Year	Annual Pension Cost	Actual Contribution	Percent Contributed	Unfunded Liability	Funded Ratio
2018	\$ 45,660	\$ 45,660	100%	\$ (1,310,226)	110%
2017	95,346	95,346	100%	(1,288,252)	110%
2016	120,565	120,565	100%	(1,976,103)	117%
2015	144,299	144,299	100%	(2,396,905)	122%
2014	128,080	128,080	100%	(2,382,457)	124%
2013	127,544	127,544	100%	(2,058,381)	121%

Municipal Employees' Retirement Plan (MERS) - Local 2670A					
Fiscal Year	Annual Pension Cost	Actual Contribution	Percent Contributed	Unfunded Liability	Funded Ratio
2018	\$ 86,673	\$ 86,673	100%	\$ 679,396	86%
2017	100,786	100,786	100%	422,683	91%
2016	87,977	87,977	100%	245,166	94%
2015	94,637	94,637	100%	236,387	94%
2014	97,057	97,057	100%	321,794	92%
2013	88,835	88,835	100%	154,104	96%

Municipal Employees' Retirement Plan (MERS) - Fire Employees					
Fiscal Year	Annual Pension Cost	Actual Contribution	Percent Contributed	Unfunded Liability	Funded Ratio
2018	\$ 287,696	\$ 287,696	100%	\$ 3,905,118	73%
2017	298,773	298,773	100%	3,767,126	73%
2016	230,385	230,385	100%	2,888,265	76%
2015	266,991	266,991	100%	1,694,823	85%
2014	170,002	170,002	100%	1,358,814	87%
2013	124,623	124,623	100%	1,478,747	86%

The Police Plan

The Policemen's Pension Plan of the Town (the "Police Plan") is a contributory, single-employer, defined benefit plan. Bank of America is the trustee of the Police Plan's investment funds. All funds remain in custody of Bank of America which is also responsible for maintenance of primary accounting records.

Administration of the Police Plan is the responsibility of the Town Administrator. Accordingly, the Town Administrator reviews the records of the Police Plan, prepares and accumulates the actuarial data, and prepares periodic reports for submission to the Town Council. The costs of administering the Police Plan are paid by the plan. All members of the Police Department of the Town are covered by the Police Plan.

The Police Plan provides retirement as well as death and disability benefits. Participants in the Police Plan are eligible for retirement on the earlier of their 55th birthday or upon completion of 20 or more years of service. Those police hired after July 1, 2012 must have 25 years of service. The normal retirement benefit is equal to 2.5% of average compensation multiplied by the years of credited service for the first 20 years plus an additional 2.0% for years in excess of 20 years, subject to a maximum of 75% of average compensation. Participants are eligible for disability benefits after 7 years of service or immediately if the disability results from performance of duties. Death benefits will be paid to the beneficiary in the amount of \$400 for each year of service, subject to a minimum of \$2,000 and a maximum of \$8,000.

Employees in the Police Plan are required to contribute 10% of their pay. The Town contribution is based on the amount determined by the actuarial valuation.

Over the past six years, the Town has made the following required contributions:

Police Pension Plan					
Fiscal Year	Annual Pension Cost	Actual Contribution	Percent Contributed	Unfunded Liability	Funded Ratio
2018	\$ 575,463	\$ 700,000	122%	\$ 5,479,084	66%
2017	559,740	650,000	116%	5,887,527	65%
2016	503,576	700,000	139%	5,709,919	63%
2015	536,634	800,000	149%	4,826,071	67%
2014	544,334	825,000	152%	5,154,285	63%
2013	590,573	700,000	119%	6,151,026	55%

School Teachers' Retirement Plan

The Town provides retirement benefits to its public school teachers through its participation in the Employees' Retirement System of Rhode Island ("ERSRI" or the "Teachers' Retirement System"), a statutory, mandatory, statewide, cost-sharing multi-employer defined benefit plan, which first covered State teachers on July 1, 1949. ERSRI is administered as a unified statewide system by the State Retirement Board, the composition of which is set forth in the pertinent State statute. The assets are held in the custody of the State Treasurer as an undivided single fund.

The actuarial costs of the retirement benefits are partially funded by employee contributions of 9.50% of the actuarial costs of the retirement benefits effective July 1, 2003. The actuary determines the net employer actuarial costs annually and as provided by the State Retirement Board to the Department of Administration. Contributions are reported as a percent of payroll, payable in part by the State and in part by the Town. The split between State and the Town is specified in State statute. For fiscal year 2017-2018, the State paid 40 percent and the Town paid 60 percent. Over the past six years, the Town has made the following required contributions:

Employees' Retirement System of Rhode Island (Teachers)

Fiscal Year	Annual Pension Cost	Actual Contribution	Percent Contributed
2018	\$ 1,919,509	\$ 1,919,509	100%
2017	1,637,866	1,637,866	100%
2016	1,720,334	1,720,334	100%
2015	1,892,289	1,892,289	100%
2014	1,696,088	1,696,088	100%
2013	1,486,008	1,486,008	100%

The actuarial valuation prepared by Gabriel, Roeder, Smith & Company uses the entry age normal cost. The valuation assumes an annual salary increase on a scale of age/service. In addition, other actuarial assumptions are made for postretirement increases and other contingencies as set forth in the published annual reports of the State Retirement Board. The ERSRI does not maintain separate data for each of its participants. The ERSRI's website contains additional information (www.ersri.org).

The following are comparative highlights for 2014 through 2018 for the Teachers' Retirement System as a whole:

	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Active Participants	\$ 13,297	\$ 13,310	\$ 13,206	\$ 13,272	\$ 13,266
Pensioners & Beneficiaries	11,320	11,211	11,087	10,902	10,838
Inactive Participants	3,643	3,501	3,313	3,185	3,040
Market Value of Assets	\$ 3,781,560,920	\$ 3,696,400,551	\$ 3,733,025,598	\$ 3,730,047,183	\$ 3,875,901,034
Employer Contributions	\$ 239,092,095	\$ 233,828,518	\$ 225,569,556	\$ 217,902,736	\$ 196,927,737
Member & Other Misc. Contributions	50,768,637	50,960,566	50,458,325	37,487,177	37,377,996
Total Contributions	\$ 289,860,732	\$ 284,789,084	\$ 276,027,881	\$ 255,389,913	\$ 234,305,733
Investment Income	282,535,405	391,115,013	(8,252,029)	81,477,012	519,523,894
Total Income Available for Benefit Payments	\$ 572,396,137	\$ 675,904,097	\$ 267,775,852	\$ 336,866,925	\$ 753,829,627
Benefit Payment	\$ (344,552,398)	\$ (375,527,331)	\$ (490,467,141)	\$ (478,553,346)	\$ (478,700,303)
Transfer and other Adjustments	\$ 1,474,732	\$ 427,703	\$ 252,229	\$ 145,190	\$ (290,471)
Excess of Income Over Expenses	\$ 229,318,471	\$ 300,804,469	\$ (222,439,060)	\$ (141,541,231)	\$ 274,838,853
Funded Ratio	54.9%	54.8%	58.3%	58.8%	59.6%

Compiled from Employees' Retirement System of Rhode Island - Actuarial Valuation Report as of June 30, 2018

Actuarial costs and liabilities, as shown in the summary presentation, are determined in the aggregate for the ERSRI. Accordingly, employer contributions are first determined in the aggregate for all participating employers in this multiemployer system and are then expressed as a percentage of the aggregate participating payroll. For fiscal year 2018, the Town applied 60 percent of this factor to its participating payroll (the remaining 40 percent of the employer cost is contributed by the State as well as the full cost of deferred contributions by the State).

With respect to the ERSRI, Gabriel, Roeder, Smith & Company, independent actuaries advising the State Retirement Board have calculated the pension plan to be fully funded by 2029.

According to the statutory funding schedule, the combined contributions required each year by the Town and the State will remain relatively level as a percent of payroll as the ERSRI moves toward funding the full actuarial liability. Ultimately, however, because the actuarial funding results in the accumulation of reserves that are invested, the required appropriation will be significantly less than would be required if the ERSRI were on a pay as you go basis.

Defined Contribution Plan for Municipal Employees and Teachers

As part of pension reform, RIRSA changed the MERS and ERSRI defined benefit plans to hybrid plans which include a defined contribution plan. The State selected TIAA-CREF to administer the plan. All employees in MERS and ERSRI are required to participate. MERS and ERSRI employees contribute 5% of their annual salary into the defined contribution plan in addition to the amounts contributed into the defined benefit plans as described in “*Municipal Employees’ Retirement Plan*” and “*School Teachers’ Retirement Plan*” herein. The City must contribute 1% of salary into the defined contribution plan. Participants have a selection of investment options chosen by the State and provided by TIAA-CREF. The defined contribution plan was established by RIRSA and RIRSA is the subject of ongoing litigation of which the outcome is unknown. (Please see also “Pension Reform and Related Litigation” herein).

Pension Reform and Related Litigation

In recent years the Rhode Island General Assembly made certain reforms to ERSRI and the Municipal Employees’ Retirement System (“MERS”). The Town does not participate in any MERS plans. The reforms have resulted in numerous lawsuits against the State brought by current and retired employees, as well as their unions. These lawsuits, some of which are still pending, are described below. The Town understands that the State is vigorously defending any liability in all pending pension reform litigation.

In May of 2010, a number of unions representing State employees and teachers filed a lawsuit in the State’s superior court (the “Superior Court”) challenging the pension reform legislation enacted by the General Assembly in 2009 and 2010. In June of 2012, certain unions, active employees, retired State employees and associations of retired State and municipal employees who maintained they were current beneficiaries of ERSRI filed five separate lawsuits in Superior Court challenging the RIRSA. In April of 2014, a seventh lawsuit was filed in Superior Court by certain individual retired State workers and teachers. In September of 2014, the Cranston Firefighters, IAFF Local 1363, AFL-CIO and the International Brotherhood of Police Officers, Local 201 (Cranston Police), which had been parties to the 2012 lawsuit challenging RIRSA, withdrew from the original lawsuit and each filed separate lawsuits in Superior Court challenging RIRSA, resulting in nine lawsuits overall. These nine lawsuits were ultimately consolidated.

In March of 2015, the Superior Court entered an order appointing a Special Master, tasking him with certain duties, including “addressing all discovery issues, motions, and assisting the parties in narrowing and/or resolving disputed issues by agreement, subject to further approval by the Court.” In April of 2015, the Special Master presented an interim report to the Superior Court stating that a settlement has been reached in five of the nine consolidated pension cases. The Special Master reported that the proposed settlement would impact 58,901 employees. A class action was filed for settlement purposes and in June of 2015, the Superior Court issued its decision approving the proposed settlement. The General Assembly passed legislation to carry out the settlement, which was enacted into law on June 30, 2015 (“New RIRSA”), and the Superior Court entered final judgments in July of 2015. The employees that are members of the unions that brought the non-settled consolidated cases will receive the same benefits afforded to the settling parties.

In July of 2015, the State moved to dismiss three of the remaining six cases – *Cranston Firefighters, IAFF Local 1363, AFL-CIO v. Chafee*; *International Brotherhood of Police Officers, Local 301, AFL-CIO v. Chafee* and *City of Cranston Police Officers, International Brotherhood of Police Officers, Local 301, AFL, CIO v. Chafee* – for lack of justiciability on the grounds that because RIRSA was amended by New RIRSA, the plaintiffs’ claims were moot. The Superior Court granted the motion and dismissed the three cases without prejudice.

Nine appeals from two of the July 2015 judgments were filed with the State’s Supreme Court (the “Supreme Court”). The appeals do not affect the implementation of New RIRSA. Three of the nine appeals were dismissed by the Supreme Court. The six remaining were argued before the Rhode Island Supreme Court on April 12, 2018 and on May 25, 2018 the Supreme Court issued its decision to deny and dismiss the appeals.

In addition to the foregoing cases, in September 2014, another case challenging RIRSA was commenced by the Rhode Island State Troopers Association and Rhode Island State Troopers Association *ex rel.* Kevin M. Grace and Ernest E. Adams in Superior Court. The State has answered the complaint in that action, which remains

pending. In August 2018 the Plaintiffs filed a motion to amend their complaint. A hearing on that motion has not been set.

Other Post-Employment Benefits

In addition to pension benefits, cities and towns may provide retired employees with health care and/or life insurance benefits. The Governmental Accounting Standards Board (“GASB”) recently promulgated its Statement Nos. 43 and 45, which will for the first time require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These new accounting standards do not require pre-funding such benefits, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits.

The Town provides post-employment health care benefits in accordance with Town union contracts. These benefits are for continued full family or individual health care for the employee groups as further detailed in the Town’s audit. The Town funds these benefits on a pay as you go basis. Over the past three years, the Town has made the following contributions:

Other Post-Employment Benefits					
Fiscal	Annual	Actual	Percent	Unfunded	Funded
Year	Required	Contribution	Contributed	Liability	Ratio
2018	\$ 2,184,847	\$ 1,042,425	47.71%	\$ 26,962,693	0%
2017	2,619,001	1,134,266	43.31%	27,174,905	0%
2016	2,517,378	965,205	38.34%	21,799,264	0%
2015	2,486,206	960,875	38.65%	21,366,918	0%

Recreation and Culture

Tiverton is within easy driving distance of world class educational institutions and music as well as nationally recognized theater, and top professional team sports. Newport, RI, Boston, MA, and Cape Cod as well as historical sites of New England such as Plymouth Rock, Sturbridge Village, Walden Pond, Concord and Lexington are nearby.

Tiverton’s entire western border is in contact with either the Sakonnet River or Mount Hope Bay, which, as part of the greater Narragansett Bay, provide some of the best sailing and power boating waters in the world. The Town has two town beaches that provide safe swimming waters. Nearby Westport, MA, and Little Compton, Middletown and Newport, RI, have additional first class beaches within a thirty-minute drive.

The Town owned Weetamoe Woods, the Tiverton Land Trust owned Pardon Grey Preserve and the Audubon Society owned Rucker Wildlife preserve offer hundreds of acres for year around walking and nature observation. The Town also owns Fort Barton Preserve and is actively acquiring additional open space.

Spectator sports from amateur to the major professional teams are in the area. Within a thirty to forty-five minute drive can be found a wide array of college level sports including Big East, Ivy League and Atlantic Ten Sports Conferences, as well as minor league baseball and ice hockey. The New England Patriots professional football stadium can be reached in 45 minutes while Boston’s major league teams (baseball, basketball hockey and soccer) are a little over 1 hour away. Premier winter sports areas in Vermont, New Hampshire and Maine can be reached in approximately three hours.

The historic Tiverton Four Corners area is home to art galleries and a small, but growing community of artists. The Town has an active arts commission devoted to encouraging cultural activities.

Nearby Newport, RI offers internationally known summer jazz and folk music festivals as well as winter classical music offerings. Nationally recognized Trinity Repertory Theater in Providence provides a rich variety of productions.

The Southcoast Learning Network offers a wide range of classes from painting to yoga to the area’s historic architecture in the Tiverton area. For those interested in taking a wider variety of educational courses Roger Williams University in Bristol, RI, University of Massachusetts at Dartmouth and Bristol Community College are within a thirty minute drive. Slightly further away is Brown University with a very active “Brown Learning Connection” as well as the Rhode Island School of Design.

ECONOMIC CHARACTERISTICS

Population

Tiverton ranks 25th in population among the 39 cities and towns in Rhode Island. As indicated in the following table, the Town experienced a 3.40% increase in population from 2000 to 2010, from 15,260 to 15,780.

<u>Year</u>	<u>Population</u>
1960	9,461
1970	12,559
1980	13,526
1990	14,312
2000	15,260
2010	15,780

Source: U.S. Bureau of the Census for 1960 to 2010.

Employment

The table below summarizes the average annual private employment statistics in the Town of Tiverton for employees covered by the Department of Employment Security as of June 30, 2018.

	<u>Total Wage</u>	<u># of Units</u>	<u>Avg. Empmnt.</u>	<u>% of Covered Emp.</u>
Agriculture, Forestry, Fishing & Hunting	\$ 84,371	6	19	0.80 %
Mining	-	-	-	0.00
Utilities	\$ 550,887	3	25	0.00
Construction	2,505,660	56	209	8.80
Manufacturing	872,637	15	105	4.42
Wholesale Trade	1,267,466	19	99	4.17
Retail Trade	5,922,511	59	600	25.25
Transportation & Warehousing	395,674	10	63	2.65
Information	*	1	*	0.00
Finance & Insurance	747,201	14	60	2.53
Real Estate & Rental & Leasing	90,317	5	5	0.21
Professional & Technical Services	1,386,113	40	69	2.90
Management of Companies and Enterprises	*	1	*	0.00
Administrative & Waste Services	710,888	32	69	2.90
Educational Services	89,077	6	23	0.00
Health Care & Social Assistance	3,367,602	31	408	17.17
Arts, Entertainment, & Recreation	84,860	5	32	1.35
Accommodations & Food Services	2,030,059	32	470	19.78
Other Service Except Public Admin	720,780	45	120	5.05
TOTAL	\$ 20,826,103	380	2,376	100.00 %

*Data not shown due to the possibility of identifying data of a specific employer

Source: Rhode Island Department of Labor and Training

Data compiled November 2018 (2nd Quarter 2018 Data)

In its early days, Tiverton was chiefly a farming community with some fishing and boat construction. Today, trade establishments are the major employers in the Town. Tiverton continues to grow as a summer resort and residential area. Development is concentrated in the area known as North Tiverton.

Unemployment

The following chart provides a comparison, for the years indicated, of the average annual or monthly unemployment rates in Tiverton, the State of Rhode Island and the United States.

	<u>Annualized</u>				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Tiverton	9.0 %	7.5 %	5.9 %	5.2 %	4.6 %
Rhode Island	9.3	7.7	6.0	5.2	4.5
United States	7.4	6.2	5.3	4.9	4.4

Source: RI Department of Labor & Training
Not Seasonally Adjusted

	<u>2018 Monthly</u>											
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
Tiverton	4.6 %	5.9 %	4.7 %	4.1 %	3.5 %	3.5 %	4.0 %	4.0 %	3.3 %	2.7 %	3.4 %	3.8 %
Rhode Island	5.3	5.3	4.8	4.0	3.8	3.6	4.1	3.8	3.5	3.1	3.7	3.8
United States	4.5	4.4	4.1	3.7	3.6	4.2	4.1	3.9	3.6	3.5	3.5	3.7

Source: RI Department of Labor & Training
Not Seasonally Adjusted

Income Levels

The following table represents the per capita and median family income according to the U.S. Census Bureau 2013-2017 American Community Survey (ACS).

	<u>Per Capita</u>	<u>Median Family</u>
Tiverton	\$40,680	\$ 85,605
Rhode Island	33,315	79,043
United States	31,177	70,850

Source: US Census Bureau 2013-2017 American Community Survey

Housing

The total number of housing units in the City of Tiverton according to the 2013-2017 ACS is 7,627. This represents an increase of 64 units from the 2012-2016 ACS data. Of the 7,627 units, 786 were vacant, showing an increase of 11 vacant units from the 2012-2016 ACS data. The median selling price of an existing home was \$245,000 compared to \$239,900 statewide in 2016.

Building Permits

The following table shows the number and value of residential building permits issued in the Town from 2011 through 2018.

<u>Year</u>	<u>Residential # of Units</u>	<u>Construction Cost</u>
2018	24	\$ 5,725,531
2017	37	9,304,702
2016	27	6,536,790
2015	22	5,031,600
2014	22	4,886,560
2013	20	5,112,100
2012	20	4,571,750
2011	25	5,476,060

Source: Town Officials

Economic Development

The Town of Tiverton through its Economic Development Commission has considerable acreage along the Town's major access road, Route 24, available for both commercial and industrial development. The Town currently owns 172 acres of property located on the north and south sides of Progress Road, east of Route 24. The property has been subdivided into sixty-seven (67) lots, including sixty-six (66) buildable lots. One tenant, a gas fired steam co-generation plant, exists within the park on separate parcels of land. Additional non-residential development activities include a small industrial subdivision on the east side of Fish Road, north of Eagleville Road. In addition to the recent sale of several parcels, a large indoor sports complex has just opened; and there are plans for a storage facility. The Bourne Mill redevelopment project has also been permitted for up to approximately 23,000 square feet of commercial space.

Several residential subdivisions are under construction or are approved but are not yet under construction. These include the buildout of the Villages at Mount Hope Bay age-restricted development, with an additional 66 units under construction. A 51-unit condominium development, Bayview Condominiums, has been approved on the east side of Main Road, north of Souza Road and is currently being reviewed by RIDEM. The Bourne Mill redevelopment project has been approved for 89 residential units in addition to the 165 units already constructed. Approximately 132 more residential units have been approved on scattered sites throughout the Town.

Casino – Open for Business

The Town of Tiverton approved the construction of the Twin River Tiverton Casino in November 2016. The Casino and Hotel opened their doors in September of 2018. This project features 1,000 slot machines, 32 table games, along with a sit-down restaurant, three take-away restaurants, and a three-story adjacent hotel with 84 guest rooms, meeting room space and a fitness center. The project is estimated to generate additional revenues of roughly \$50 million to the State and \$4 million to the Town annually; \$1 million in real estate and tangible taxes, and \$3 million in gaming revenue.

PROPERTY TAXES

General

Under Rhode Island law, Rhode Island municipalities, including the Town, are restricted from levying general taxes except *ad valorem* taxes upon real and personal property, and an excise tax on motor vehicles. Valuations of real and personal property are assessed as of December 31 and the levy thereon may be paid in full or quarterly without penalty, at the taxpayer's option. In Tiverton, the fiscal year begins July 1 with taxes based on the prior December 31 assessment payable in full on August 1 or quarterly on July 1, October 1, January 1 and April 1.

Historically after the fourth quarterly tax installment is due and paid the Town has collected approximately 97% of its current levy. Late payment of current and prior year levies combine to make historical collections equal to or in excess of current budget requirements.

The Town of Tiverton conducts tax sales for real property taxes delinquent under Rhode Island law. The Tax Collector has the power to sell by public auction real estate located in the Town for unpaid taxes. However, the Tiverton Town Charter restricts the Town from conducting tax sales for taxes delinquent less than two years.

Tax Limitations

Section 44-5-2 of the State of Rhode Island General Laws provides that a city or town may not levy a tax in any year in an amount more than a stipulated percentage in excess of the amount levied for the prior year unless it qualifies for certain exceptions relating to non-property tax revenue, emergencies and payment of debt service. Through and including its fiscal year 2007, the maximum amount is five and one-half percent (5.5%) in excess of the amount levied for the prior year. The maximum amount a city or town may levy in excess of the amount levied for the prior fiscal year is gradually decreased from five and one-half percent (5.5%) to four percent (4.0%) by decreasing the amount a city or town may levy by one-quarter percent (0.25%) annually beginning in 2008 and ending in 2013. Any levy in excess of the stipulated maximum percentage increase must be approved by a majority vote of the governing body of the city or town or, in the case of a city or town having a financial town meeting, the majority of electors present and voting at the financial town meeting.

Section 44-5-2 makes it clear that nothing contained in that Section constrains the payment of obligations as described by Section 45-12-1 of the State of Rhode Island General Laws, which provides that the outstanding notes, bonds and contracts of cities and towns shall be paid and be fulfilled and that the power and obligation of each city and town to pay its general obligation bonds and notes shall be unlimited and each city and town shall levy *ad valorem* taxes upon all taxable property within the city or town for the payment of such bonds and notes and interest thereon, without limitation as to rate or amount.

Furthermore, Section 44-5-2 expands the cap definition to include the tax rate as a basis for calculating the stipulated maximum percentage increase. In this manner, property assessment growth is captured within the base prior to application of the stipulated maximum percentage limitation. The Town has never exceeded the applicable limitation.

Assessed Valuations

Fiscal Year		
Ending	Gross	Net
<u>June 30th</u>	<u>Assessed Value</u>	<u>Assessed Value</u>
2018	\$ 2,112,158,315	\$ 2,013,324,900
2017	2,093,538,216	1,995,328,580
2016	2,076,871,706	1,977,434,167
2015	2,042,666,877	1,945,050,138
2014	2,035,946,105	1,937,912,619
2013	2,031,713,258	1,932,359,920
2012	2,365,346,868	2,262,414,363
2011	2,346,698,198	2,245,484,146

Source: Town of Tiverton.

In accordance with State law, up-to-date property values are maintained through property revaluations and a revaluation cycle where every city or town conducts a revaluation within nine (9) years of the date of the prior revaluation. State law further requires an update of real property every three (3) years from the date of the last revaluation. The Town's last full revaluation was for the December 31, 2011 assessment date. The Town conducted a statistical revaluation update in 2014 and is currently undergoing a statistical revaluation.

Analysis of Taxable Property

The following table shows the analysis of taxable real and personal property as assessed on December 31, 2017 in the Town by class, compared to the State average for the same period.

	<u>% of Total Assessed Valuation</u>	
	<u>Town</u>	<u>State</u>
Residential	84.82%	74.82%
Commercial/Industrial	10.00%	16.72%
Tangible	1.99%	4.02%
Motor Vehicles	3.20%	4.44%
Total	<u>100.00%</u>	<u>100.00%</u>

Source: RI Department of Administration

Motor Vehicle Tax Exemption

State legislation requires cities and towns to exempt a minimum of \$2,000 on all motor vehicles subject to taxation. The Town received \$62,598 in fiscal year 2018, and also received an additional \$154,261 as a result of the motor vehicle phase-out. The Town's 2019 budget includes maintaining the exemption at \$6,000.

Principal Taxpayers

The following table sets forth the principal taxpayers in the Town and the gross assessed valuation of property held by such taxpayers as of December 31, 2017 for Fiscal Year 2019:

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Estimated Assessed Value⁽¹⁾</u>	<u>Estimated Tax Revenue⁽¹⁾</u>
Tiverton Power Inc.	Power Plant	N/A ⁽²⁾	\$ 800,131
HCP Ventures II Member, LLC	Assisted Senior Living	\$ 20,000,000	327,800
Twin River - Tiverton LLC	Casino & Hotel	\$ 17,020,500	278,966
National Grid	Public Utility	12,855,258	210,698
Bourne Mills Rental 9 LLC	Affordable & Market Rent Apartments	10,950,000	179,471
Murphy-Gray Land, LLC	Mercedes Benz Dealer	6,344,100	103,980
Hometown Countryview Estates	Modular Home Developer	6,224,700	102,023
Sandywoods Land Trust	Sub-sidized Housing	3,500,000	57,365
Algonquin Gas	Natural Gas Provider	3,380,860	55,412
Aisle Five Realty LLC	CVS Retail Store	3,244,500	53,177

(1) Estimated Value and Revenue

(2) Tax Treaty Zone

Source: Town of Tiverton, Tax Assessor, Treasurer

Tax Rate, Levy and Collection Record

By State law, valuations are assessed each December 31, and the levy thereon may be paid in full or quarterly without penalty at the taxpayer's option. In the Town, the fiscal year begins July 1 with taxes on the prior assessment payable in full on the following August 1 or quarterly on July 1, October 1, January 1 and April 1. No discount is allowed by the Town for advance payment of taxes. There is a 12% late payment charge on all delinquent taxes including quarterly payments when not made in time.

The following is a schedule of assessed valuations, property tax rates, secured levies, collections and delinquencies as of June 30 of the indicated years.

<u>Fiscal Year Ended</u>	<u>Net Assessed Valuation</u>	<u>Total Tax Levy</u>	<u>Outstanding Taxes</u>	<u>Outstanding Taxes as % of Total Levy</u>
2017	2,013,324,898	38,361,576	1,023,157	2.67%
2016	1,977,434,167	37,848,059	953,191	2.52%
2015	1,945,050,138	37,526,955	1,012,735	2.70%
2014	1,937,912,619	37,519,924	1,070,610	2.85%
2013	1,932,359,920	36,705,787	1,009,107	2.75%
2012	2,262,414,363	35,771,013	1,000,535	2.80%
2011	2,245,484,146	34,703,682	447,156	1.29%

Source: Tax Assessor, Treasurer

TOWN DEBT

General

Except as explained below, under Rhode Island law the Town may not, without special statutory authorization, or ministerial approval by the Auditor General of the State (described below), incur any debt, which would increase its aggregate indebtedness not otherwise excepted by law to an amount greater than 3% of the full assessed value of the taxable property within the Town. Deducted from the computation of aggregated indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any fund held on account to pay such indebtedness maintained by the Town. In computing the value of taxable property, motor vehicles and trailers are valued at full value without regard to assessed value reductions provided for in other

sections of the general laws. In July 2007, the Rhode Island State Legislature enacted legislation providing for ministerial approval by the State’s Auditor General of debt outside of the 3% debt limit for communities with an “A” rating or better, if the community satisfies certain requirements. The Town’s legal debt limit is \$60,399,747 based on the December 31 assessment. As of June 30, 2018 the Town is under the debt limit by \$19,369,747; the Town’s outstanding debt has been authorized by special act of the Rhode Island General Assembly and referenda approved by the Town Electorate. The Town has no debt outstanding under the ministerial approval process.

In addition to debt authorized within the 3% debt limit, ministerial approved debt, and debt authorized by special act of the Legislature, Rhode Island General Laws 45-12-11 authorizes the Rhode Island State Director of Administration, upon petition by a municipality, to authorize such municipality to incur indebtedness in excess of the 3% debt limit whenever the Director shall determine that the sums appropriated by the municipality or its funds available are insufficient to pay the necessary expenses of the municipality. The Town has never requested the State Director of Administration to authorize indebtedness of the Town under section 45-12-11.

Outstanding Debt

As of June 30 of the fiscal years 2014-2018, the outstanding bond indebtedness of the Town was as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Long-Term Debt					
General Obligation Bonds	\$ 38,510,000	\$ 40,485,000	\$ 30,005,000	\$ 32,215,000	\$ 26,890,000
Special Obligation TIF Bonds	<u>2,520,000</u>	<u>3,095,000</u>	<u>3,655,000</u>	<u>4,195,000</u>	<u>4,715,000</u>
Total	\$ 41,030,000	\$ 43,580,000	\$ 33,660,000	\$ 36,410,000	\$ 31,605,000

Actual Bonded Debt Service Requirements

The table below sets forth a schedule of debt service for the bonds currently outstanding by the Town.

Fiscal Year	Principal	Interest	Total
2019	2,630,000	1,699,269	4,329,269
2020	3,175,000	1,598,965	4,773,965
2021	3,260,000	1,493,379	4,753,379
2022	3,340,000	1,397,262	4,737,262
2023	2,750,000	1,280,588	4,030,588
2024-2028	14,385,000	4,346,338	18,731,338
2029-2033	6,240,000	1,798,713	8,038,713
2038	<u>5,250,000</u>	<u>715,143</u>	<u>5,965,143</u>
Totals	<u>\$ 41,030,000</u>	<u>\$ 14,329,656</u> *	<u>\$ 55,359,656</u>

*May not total due to rounding

Tax Anticipation Notes

Under State law, the Town may borrow in anticipation of the receipt of the proceeds of the property tax due in such fiscal year. The amount of notes shall not exceed the total tax levy of the then current fiscal year. Tax anticipation notes must be payable not later than one year from their date, but notes issued for less than one year may be renewed provided such renewal notes are payable within one year of the date of the original notes. The Town has not issued tax anticipation notes for at least the last fifteen years.

Authorized but Unissued Debt

The following is a summary of the purpose, authorized amounts, issued and unissued general obligation debt of the Town of Tiverton:

<u>Authorization</u>	<u>Purpose</u>	<u>Amount</u>	<u>Bond/Notes</u>	
			<u>Issued</u>	<u>Unissued</u>
Chp. 616 of 1987	Open Space	\$ 1,650,000	\$ 500,000	\$ 1,150,000
Chp. 69 of 1989	Water	6,000,000	674,000	5,326,000
Chp. 34 of 1993	Land Acquisition	4,000,000	3,700,000	300,000

Debt Ratios Per Capita

<u>Fiscal Year</u>	<u>Population⁽¹⁾</u>	<u>Net</u>	<u>Rate of Assessment⁽²⁾</u>	<u>Gross</u>	<u>Gross</u>	<u>Ratio of Gross Debt to AV</u>
<u>Ended June 30,</u>		<u>Assessed Valuation</u>		<u>Bonded Debt</u>	<u>Debt Per Capita</u>	
2018	15,780	\$ 2,013,324,900	100.00%	\$ 41,030,000	2,600	2.07%
2017	15,780	1,995,328,580	100.00%	43,580,000	2,762	2.20%
2016	15,780	1,977,434,167	100.00%	33,660,000	2,133	1.70%
2015	15,780	1,945,050,138	100.00%	36,410,000	2,307	1.87%
2014	15,780	1,937,912,619	100.00%	31,605,000	2,003	1.63%
2013	15,780	1,932,359,920	100.00%	33,615,000	2,130	1.74%
2012	15,780	2,262,414,363	100.00%	29,665,000	1,880	1.31%
2011	15,780	2,245,484,146	100.00%	30,990,000	1,964	1.73%

(1) Population U.S. Census Reports.

(2) Excludes Tax Increment Financing (Starwood) Properties.

Direct and Overlapping Long-Term Debt

The Town does not have any overlapping entities (other than the State) with power to incur debt. The Town does not have contingent liability to assume the debt of the State or any other agency.

The Stone Bridge Fire District

Pursuant to the Chapter 974 of the Public Laws of 1940, as amended, the Stone Bridge Fire District was created and established to obtain and maintain a supply of water for a portion of the Town served by the District. The Stone Bridge Fire District or with respect to District debt, has taxing power and ability to issue bonds. The Town has no direct or contingent liability for District bonds.

The North Tiverton Fire District

Pursuant to an act passed by the general assembly on April 23, 1926, as amended, the North Tiverton Fire District was created and established to furnish a supply of water to a portion of the Town served by the District. The North Tiverton Fire District or with respect to District debt, has taxing power and ability to issue bonds. The Town has no direct or contingent liability for District bonds.

FINANCIAL INFORMATION

Financial Reporting

The accounts of the Town are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equities, revenues, and expenditures, or expenses as

appropriate. The various funds are grouped by type in the financial statements. The following fund types and account groups are used by the Town:

Governmental Fund Types

General Fund – is used to account for resources devoted to financing the general services that the Town performs for its citizens. General tax revenues and other sources of revenues used to finance the fundamental operations to the Town are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

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

Proprietary Fund Types

This fund type accounts for operations that are organized to be self-supporting through user charges. The fund included in this category is as follows:

Enterprise Funds – are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and /or net income is appropriate for capital maintenance, public policy management control, accountability, or other purposes.

Major Enterprise Funds – The Land Acquisition Fund is used to account for the purchase of land for use by the town and the fees and the expenses associated with maintaining the land for future use. The Cafeteria Fund is used to account for the school lunch program and expenses related to providing breakfast and lunch to Tiverton students.

Fiduciary Fund Types

These funds account for assets held by the Town as a trustee or agent for individuals, private organization, and other units of governments. These funds are as follows:

Agency Funds – are used to account for funds that are to be used for educational and welfare expenditures and for funds held in escrow for other parties.

Pension Trust Fund – is used to account for funds that are to be used for the payment of retirement benefits to former employees. The Pension Committee oversees this fund.

Private-Purpose Trust Funds – are used to account for funds that are held by the town under various trust arrangements for the benefit of certain individuals.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (*i.e.*, revenues and other financing sources) and decreases (*i.e.*, expenditures and other financing uses) in net current assets.

All proprietary funds and nonexpendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (*i.e.*, net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (*e.g.*, revenues) and decreases (*e.g.*, expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types, expendable trusts funds

and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (*i.e.*, when they become both measurable and available). Measurable means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest revenue and charges for services. Sales taxes collected and held by the State at year end on behalf of the government also are recognized as revenue. Fines, permits and other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by proprietary fund types and nonexpendable trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The government reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the “measurable” and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

The Town’s financial statements for the year ended June 30, 2018 have been audited by Hague, Sahady & Co., Certified Public Accountants.

Comparative Financial Statements

Set forth below are a Fund Balance Sheet and General Fund Comparative Statement of Revenue, Receipts and Expenditures, which have been prepared from audited financial statements for the fiscal years ended June 30, 2014 - 2018.

TOWN OF TIVERTON
 Balance Sheet
 Governmental Funds - General Fund
 Year Ended June 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Assets:					
Cash & cash equivalents	\$ 8,211,585	\$ 12,227,189	\$ 12,182,675	\$ 16,824,254	\$ 15,534,204
Real Estate & Personal Property Tax:	2,223,452	2,286,190	2,308,002	2,417,486	2,164,714
Other receivables	10,146	47,709	114,905	15,563	119,411
Due from other funds	458,206	-	-	-	-
Prepaid Expenses	181,343	160,410	519,383	599,754	203,445
Total Assets	<u>\$ 11,084,732</u>	<u>\$ 14,721,498</u>	<u>\$ 15,124,965</u>	<u>\$ 19,857,057</u>	<u>\$ 18,021,774</u>
Liabilities & Fund Balances:					
Liabilities:					
Accounts Payable & Accrued Expens	\$ 671,473	\$ 737,923	\$ 1,418,198	\$ 801,001	\$ 1,449,126
Other Liabilities	25,401	-	24,005	41,912	114,886
Unearned Revenue	1,998,101	19,441	-	-	153,951
Deposits Held	342,496	103,857	103,833	102,856	102,160
Due to other funds	5,079,434	5,237,529	4,724,708	5,869,660	5,760,889
Deferred revenues	198,300	6,317,370	6,333,971	9,669,916	6,545,717
Total Liabilities	<u>\$ 8,315,205</u>	<u>\$ 12,416,120</u>	<u>\$ 12,604,715</u>	<u>\$ 16,485,345</u>	<u>\$ 14,126,729</u>
Fund Balances:					
Nonspendable	\$ 181,343	\$ 160,410	\$ 519,383	\$ 599,754	\$ 203,445
Restricted	-	-	-	362,625	362,625
Committed	109,254	284,508	383,374	511,008	577,984
Unassigned	2,478,930	1,860,460	1,617,493	1,898,325	2,750,991
Total Fund Balances	<u>\$ 2,769,527</u>	<u>\$ 2,305,378</u>	<u>\$ 2,520,250</u>	<u>\$ 3,371,712</u>	<u>\$ 3,895,045</u>
Total Liabilities & Fund Balances	<u>\$ 11,084,732</u>	<u>\$ 14,721,498</u>	<u>\$ 15,124,965</u>	<u>\$ 19,857,057</u>	<u>\$ 18,021,774</u>

Source: Town's Audited Financial Statements.

TOWN OF TIVERTON
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - General Fund
Year Ended June 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues:					
General property taxes	\$ 37,286,686	\$ 37,217,754	\$ 38,034,753	\$ 38,118,437	\$ 38,223,663
Intergovernmental	1,447,958	1,408,526	1,778,559	1,731,533	1,882,063
Investment income	27,920	39,912	45,669	77,959	129,360
Licenses, Permits, and Fees	1,704,642	1,685,784	2,246,251	2,435,737	2,534,766
Fines and Interest on Late Payments	286,337	331,498	319,773	318,199	297,222
Other	579,224	705,651	138,303	143,143	99,621
Total Revenues	<u>\$ 41,332,767</u>	<u>\$ 41,389,125</u>	<u>\$ 42,563,308</u>	<u>\$ 42,825,008</u>	<u>\$ 43,166,695</u>
Expenditures:					
Current:					
General government	\$ 5,859,788	\$ 5,837,476	\$ 6,110,048	\$ 6,053,541	\$ 6,188,105
Public safety	5,622,643	5,670,461	5,456,128	5,658,247	5,803,638
Public works	2,035,025	2,241,780	2,184,264	1,956,902	1,869,749
Health & human services	588,861	627,276	669,005	682,868	707,574
Parks & recreation	104,670	103,919	110,764	74,504	71,676
Capital outlay	423,814	406,816	428,612	608,377	426,747
Debt Service:					
Principal & Interest	3,533,191	3,490,771	3,936,491	3,829,547	4,189,335
Total Expenditures	<u>\$ 18,167,992</u>	<u>\$ 18,378,499</u>	<u>\$ 18,895,312</u>	<u>\$ 18,863,986</u>	<u>\$ 19,256,824</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	\$ 23,164,775	\$ 23,010,626	\$ 23,667,996	\$ 23,961,022	\$ 23,909,871
Other financing sources (uses)					
Sale of Town property	-	-	-	\$ 389,025	\$ -
Transfers in	54,313	-	36,108	6,230,844	6,530,304
Transfers out	(22,974,050)	(23,474,775)	(23,489,232)	(29,729,429)	(29,916,842)
Net other financing sources (uses)	(22,919,737)	(23,474,775)	(23,453,124)	(23,109,560)	(23,386,538)
Net change in fund balance	245,038	(464,149)	214,872	851,462	523,333
Fund Balance Beginning of Year	1,891,446	2,136,484	1,672,335	2,520,250	3,371,712
Fund Balances - Beginning - Restated	-	-	-	-	-
Fund Balance End of Year	<u>\$ 2,136,484</u>	<u>\$ 1,672,335</u>	<u>\$ 1,887,207</u>	<u>\$ 3,371,712</u>	<u>\$ 3,895,045</u>

Source: Town's Audited Financial Statements.

Budgetary Procedures

The Town employs the following procedures in establishing the general and budgetary data reflected in the combined financial statements:

- The budget committee has eleven members who are elected for a six year term during general elections. The members “stand” as non-partisan candidates. Terms are staggered to insure continuity on the committee.
- The school committee and the municipal units each submit budget proposals to the budget committee at least 120 days before the annual Town Financial Referendum.
- The Budget Committee conducts a series of public hearings on all budgets over a several month period.

- The final budget is legally (item by item) enacted by the voters at the Financial Town Referendum scheduled for the third Saturday in May.

The State of Rhode Island General Laws provide that the Town shall annually appropriate a sum sufficient to pay the principal and interest coming due within the year on all of its general obligation bonds and notes to the extent that monies therefore are not otherwise provided, and that if such sum is not appropriated by the Town Council, it shall nevertheless be added to the annual tax levy by the Town Treasurer.

Reporting Requirements of Municipalities and School Districts

In June 2003, the Rhode Island General Assembly passed new financial reporting requirements for municipalities in order to ensure that municipalities and school districts monitor their financial operations on an ongoing basis and to prevent potential budget deficits (Rhode Island General Laws §§ 45-12-22.1 – 45-12-22.7 (the "Financial Reporting Act")).

Reporting

- The chief financial officer of the municipality must submit monthly reports to the municipality's chief executive officer, each member of the city or town council, and school district committee certifying the status of the municipal budget, including the school department budget or regional school budget.
- The chief financial officer of the municipality must also submit quarterly reports to the State Office of Municipal Affairs certifying the status of the municipal budget. The chief financial officer of the school department or school district shall certify the status of the school district's budget and shall assist in the preparation of these reports.
- If any reports project a year-end deficit, the chief financial officer of the municipality must submit a corrective action plan, providing for the avoidance of a year-end deficit, to the State Office of Municipal Affairs no later than thirty (30) days after completion of his or her monthly budget analysis.
- If, at the end of the fiscal year, the chief financial officer determines that it is likely that the city or town's general fund or combined general fund and unrestricted school special revenue fund will incur a deficit, the municipality must immediately develop a plan to eliminate the accumulated year-end deficit by annual appropriation over no more than five (5) years. This plan must be submitted to the State Auditor General for approval.

Restrictions and Requirements

- No municipality can sell long-term bonds in order to fund a year-end deficit without prior approval by the Rhode Island Auditor General and the Director of the Rhode Island Department of Administration.
- No municipality can incur expenditures or obligate the municipality to expend unbudgeted amounts in excess of \$100,000 without first notifying the city or town council of the proposed expenditure and identifying the source of funding. Any such expenditure must be included in the chief financial officer's monthly report.
- No school committee or school department can incur accumulated unbudgeted expenditures in excess of \$100,000 without notifying the chief financial officer of the municipality of the proposed expenditure and identifying the source of funding. Any such expenditure must be included in the chief financial officer's monthly report.
- School committees, boards or regional school districts that are independent government entities within a municipality must cooperate in providing to the chief financial officer all information needed to formulate his or her reports and the deficit elimination plan.

Remedies

- If a municipality does not comply with the requirements of the Financial Reporting Act, the State Auditor General or State Office of Municipal Affairs, through the Director of Administration, may elect any or all of the following remedies:
 - Petition the Superior Court for mandatory injunctive relief seeking compliance with the provisions of the Financial Reporting Act;
 - In the event a municipality fails to provide a year-end deficit elimination plan, implement a financial review commission pursuant to Rhode Island General Laws Section 45-9-3; or
 - Withhold State Aid.

- If a school committee or board fails to cooperate with the municipality or provide all information requested by the chief financial officer needed to formulate a plan:
 - The Auditor General or the Director of Administration may petition the Superior Court to order the school committee or board to cooperate; and
 - The Director of Administration may also direct the Rhode Island Controller and General Treasurer to withhold state aid from a school committee until the school committee or board cooperates in the formulation of the plan.

The Town has not been advised by the Auditor General or State's Director of Revenue that it is not in compliance with the Financial Reporting Act.

Statutory Lien

In July of 2011, the General Assembly enacted amendments to Section 45-12-1 of the Rhode Island General Laws to provide for a statutory lien on ad valorem taxes and general fund revenues for the benefit of general obligation debt of cities and towns such that the statutory lien has a priority in a bankruptcy. The amendments provide, in part, as follows:

The faith and credit, ad valorem taxes and general fund revenues of each city and town are pledged for the payment of principal of, premium and interest on all general obligation bonds and notes of the city or town, whether or not the pledge is stated in the bonds and notes or in the proceedings authorizing their issue and the pledge constitutes a first lien on such ad valorem taxes and general fund revenues. In addition, annual appropriations for payment of financing leases and obligations securing bonds, notes or certificates ("other financing obligations"), have a first lien on general fund revenues commencing on the date of each annual appropriation. Amounts appropriated or added to the tax levy to pay principal of, premium and interest on general obligation bonds or notes and payments of other financing obligations are applied to the payment of such obligations. Any municipal employee or official who intentionally violates such provisions of Section 45-12-1 is personally liable to the city or town for any amounts not expended in accordance with such appropriations. The superior court has jurisdiction to adjudicate claims brought by any city or town and to order such relief as the court may find appropriate to prevent further violations under such provisions of Section 45-12-1. Any municipal employee or official who violates such provisions of Section 45-12-1 is subject to removal.

Section 45-12-1 further provides, in part, that, notwithstanding any provision of any other law, including the uniform commercial code, Title 6A of the Rhode Island General Laws: (1) the pledge of ad valorem taxes and general fund revenues to the payment of the principal, premium and interest on general obligation bonds and notes and payment of other financing obligations is valid and binding, and deemed continuously perfected from the time the bonds or notes or other financing obligations are issued; (2) no filing need be made under the uniform commercial code or otherwise to perfect the first lien on general fund revenues; (3) the pledge of ad valorem taxes and general fund revenues is subject to the lien of the pledge without delivery or segregation, and the first lien on ad

valorem taxes and general fund revenues is valid and binding against all parties having claims of contract or tort or otherwise against the city or town, whether or not the parties have notice thereof; and (4) the pledge shall be a statutory lien effective by operation of law and shall apply to all general obligation bonds and notes and financing obligations of cities, towns and districts and shall not require a security agreement to be effective.

The July 2011 amendments, described above, provide that ad valorem taxes and general fund revenues may be applied as required by the pledge without further appropriation except for other financing obligations which are subject to annual appropriation.

State Oversight

On June 11, 2010 the Rhode Island General Assembly enacted “An Act Relating to Cities and Towns— Providing Financial Stability” (the “Financial Stability Act”) the purposes of which are (1) to provide a mechanism for the State to work with cities and towns undergoing financial distress that threatens the fiscal well-being, public safety and welfare of such cities and towns, or welfare of other cities and towns or the state, and (2) to provide stability to the municipal credit markets for Rhode Island and its cities and towns through a predictable, stable mechanism for addressing cities and towns in financial distress.

The Financial Stability Act prohibits municipalities from filing for judicial receivership and clarifies that the Superior Court has no jurisdiction to hear such matters.

The Financial Stability Act gives the State, acting primarily through the Department of Revenue, the power to exercise varying levels of support and control depending circumstances. It creates three levels of State oversight and control: Level I--Fiscal Overseer; Level II-- Budget Commission; and, Level III -- Receiver. The State Director of Revenue, in consultation with the Auditor General, may skip fiscal overseer and budget commission by appointing a receiver in a fiscal emergency.

Fiscal Overseer (Level I)

A fiscal overseer may be appointed by request of the municipality, or the State Director of Revenue may appoint a fiscal overseer if the Director finds, in his or her sole discretion, that any two of the following events have occurred whereby the city or town:

- Projects a deficit in the municipal budget in the current fiscal year and again in the upcoming fiscal year;
- Has not filed its audits with the auditor general by the deadlines required by law for two (2) successive fiscal years (not including extensions authorized by the auditor general);
- Has been downgraded by one of the nationally recognized statistical rating organizations;
- Is otherwise unable to obtain access to credit markets on reasonable terms; and
- Does not promptly respond to requests made by the director of revenue, or the auditor general, or the chairpersons of the house or senate finance committees for financial information.

The Director of Revenue may also appoint a fiscal overseer for failure to comply with the financial reporting and action plan requirements relating to budget deficits. A fiscal overseer acts in an advisory capacity to municipal officials, approves budgets and reports to State officials.

Budget Commission (Level II)

A budget commission may be established by request of a municipality or without such a request, if the fiscal overseer reports to the State Director of Revenue that the city or town is unable to present a balanced municipal budget, faces a fiscal crisis that poses an imminent danger to the safety of the citizens of the city or town or their property, will not achieve fiscal stability without the assistance of a budget commission, recommends that the tax levy should not be approved, or otherwise determines that a budget commission should be established. A budget commission is composed of five (5) members: three (3) designees of the Director of Revenue, the elected chief executive officer of the city, and the president of the city or town council (or in cities or towns in which the

elected chief executive officer is the president of the city or town council, then the appointed city or town manager). A budget commission has significant powers over financial matters, including but not limited to the power to:

- Amend, formulate and execute annual and supplemental municipal budgets and capital budgets;
- Reorganize, consolidate or abolish municipal departments, commissions, authorities, boards, offices or functions;
- Issue bonds, notes or certificates of indebtedness to fund a deficit of the city or town, to fund cash flow and to finance capital projects.

Receiver (Level III)

The State Director of Revenue may appoint a receiver if the budget commission recommends appointment of a receiver after concluding that its powers are insufficient to restore fiscal stability to the city or town. A receiver may exercise any function or power of any municipal officer, employee, board or commission and has the power to file on behalf of a city or town for bankruptcy in federal bankruptcy court.

The Town is not under State statutory oversight.

State Aid Intercept

Rhode Island General Laws § 45-12-32 creates a mechanism to enhance the creditworthiness of cities and towns in financial stress by providing for a state aid intercept mechanism to pay general obligation bonds and notes. Under the statute, the finance director is required to notify the mayor and the city council if it appears to the finance director that the City is likely to be, unable to pay in whole or in part the principal or interest, or both, on any of its bonds, notes or certificates of indebtedness when due. If the mayor or city council, whether or not so notified, finds upon investigation that the payment cannot or is not likely to be made when due, he, she or they is required to certify the inability or likely inability to the Director of Revenue of the State. Upon receipt of the certificate, the Director of Revenue shall immediately investigate the circumstances and, if the director finds that the city is, or in the Director's opinion will be, unable to make the payment when due, the director shall forthwith certify the inability, the amount of the due or overdue payment and the name of the paying agent for the bonds, notes or certificates of indebtedness to the General Treasurer of the State.

Notwithstanding any provision of general or special law or any rules or regulations with respect to the timing of payment of state aid payments, not later than three (3) days after receipt of the certification from the Director of Revenue or one business day prior to the date on which the principal or interest, or both, becomes due, whichever is later, the General Treasurer of the State is required to pay to the paying agent the amount of the due or overdue payment certified to him/her to the extent of the sums otherwise then payable and the sums estimated to become payable during the remainder of the fiscal year, from the treasury, to the City. The amounts so paid to the paying agent are held in trust and exempt from being levied upon, taken, sequestered or applied for any purpose other than paying principal or interest, or both, on bonds, notes or certificates of indebtedness of the City.

For purposes of the statute, the sums otherwise payable from the treasury to a city shall be the funds made available to cities: (i) as state aid pursuant to chapter 45-13 of the Rhode Island General Laws, but specifically excluding reimbursements to cities and towns for the cost of state mandates pursuant to § 45-13-9 of the Rhode Island General Laws; (ii) as school housing aid pursuant to §§ 16-7-35 – 16-7-47 of the Rhode Island General Laws, but subject to any pledge to bonds issued to finance school projects by the Rhode Island Health and Educational Building Corporation, and specifically excluding school operations aid provided for in §§ 16-7-15 – 16-7-34.3 of the Rhode Island General Laws; (iii) in replacement of motor vehicle and trailer excise taxes pursuant to chapter 44-34.1 of the Rhode Island General Laws; (iv) from the public service corporation tax pursuant to chapter 44-13 of the Rhode Island General Laws; and (v) from the local meal and beverage tax pursuant to § 44-18-18.1 and the hotel tax pursuant to § 44-18-36.1 of the Rhode Island General Laws; and (vi) pursuant to all acts supplementing of such chapters.

The intercept mechanism is not a State guarantee.

Town Budget

Set forth below is the Town's budget for the fiscal years ended June 30, 2017 and 2018 and the adopted operating budget for the fiscal year ending June 30, 2019.

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:			
Local Property ⁽¹⁾	\$ 38,971,695	\$ 39,168,409	\$ 38,964,127
Non-Local Property ⁽²⁾	3,402,259	3,559,792	4,714,704
Federal & State ⁽³⁾	6,148,224	6,554,302	6,870,122
Gaming Revenue	-	-	786,840
Fund Balance	166,240	103,077	286,299
Total	<u>\$ 48,688,418</u>	<u>\$ 49,385,580</u>	<u>\$ 51,622,092</u>
Operations:			
Capital Expenditures:			
General Government	\$ 684,331	\$ 442,476	\$ 444,767
Education	29,623,224	29,893,257	30,233,368
General Government	5,073,157	5,441,919	6,055,208
Financial Administration	4,944,382	5,211,573	5,753,768
Protection to Persons & Property	5,812,794	5,820,854	5,937,020
Grants, Health & Sanitation	565,800	570,750	579,150
Public Works	1,753,409	1,797,995	2,388,125
Associated Activities	128,221	131,616	135,986
Parks, Recreations & Leagues	103,100	75,140	94,700
Total	<u>\$ 48,688,418</u>	<u>\$ 49,385,580</u>	<u>\$ 51,622,092</u>

Source: FTR Docket - approved budget

(1) Includes Tiverton Power Assoc. & Prorate Property Tax

(2) Includes PSCT, M&B tax & MV exemption

(3) Education Aid

School Aid

School Operations Aid

Pursuant to Rhode Island General Laws Sections 16-7-15 to 16-7-34, as amended, the State provides operations assistance to each municipality and school district. The statutes provide for reimbursement of school expenditures based on a formula prescribed by the statutes which adjusts the reimbursement ratio based on relative equalized valuation of property and median family income of a community relative to the State as a whole. Under this program, the Town School Department received \$6,530,304 in the fiscal year ended June 30, 2018, and the Town budgeted \$6,870,122 in the fiscal year ending June 30, 2019. This legislation could be changed in a legislative session and all State aid is subject to General Assembly appropriation.

State School Construction Aid

Pursuant to State of Rhode Island General Laws Section 16-7-35 to 16-7-47, as amended, the State provides construction aid to its municipalities for the cost of building or renovating public schools. All buildings constructed or renovated since July 1, 1949 are eligible for assistance of a minimum of 30% of the principal cost of such buildings. Such assistance level may be further increased by a formula which takes into account the equalized assessed valuation and debt service burden of the particular municipality. For the fiscal year ended June 30, 2018, the Town received \$895,056 in school construction aid, and the Town has budgeted \$1,436,700 in the fiscal year ending June 30, 2019.

Commencing with fiscal year 1990-91, school housing project costs included the cost of interest on any

bond issued after July 1, 1988. For projects approved by the voters after June 30, 2003, the cost of interest on any bond will be reimbursed as an eligible cost only if the bonds for these projects are issued through the Rhode Island Health and Educational Building Corporation (RIHEBC). The Town anticipates under the current law that it will request the RIHEBC to issue bonds to refinance the projects and retire any outstanding principal amounts of the Notes or notes issued to refund the Notes.

State aid reimbursement for school construction projects is based on the share ratio established for that year by the Rhode Island Department of Education. For the current year the Town's share ratio is approximately 30%. This ratio can vary from year to year. The legislation authorizing State School Construction Aid is subject to future change and all State aid is subject to annual appropriation by the Rhode Island General Assembly.

Other State Aid

In addition to school operations assistance, municipalities in the State receive additional aid through the State General Revenue Sharing program. The program, with the distribution formula similar to the Federal Revenue Sharing program, replaced various state grant and aid programs as of July 1, 1987. The General Revenue Sharing program has been phased out for fiscal year 2010.

In addition, the Town receives aid from the State for Public Service Corporations Tax (Telephone Tax), partial reimbursement for school and library debt service costs and a hotel tax from Tiverton hotels equal to 1% of gross receipts.

LITIGATION

The Town, its officers, and employees are defendants in several lawsuits. The Town Solicitor is of the opinion that none of such litigation is likely to result either individually or in the aggregate in final judgments against the Town which would materially affect its ability to pay the principal of, and interest on, its existing bonds and notes.