

TOWN OF LITTLE COMPTON, RHODE ISLAND

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2009

TOWN OF LITTLE COMPTON, RHODE ISLAND

June 30, 2009

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HAGUE, SAHADY & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS
126 President Avenue
Fall River, MA 02720
TEL. (508) 675-7889
FAX (508) 675-7859

Honorable Members of the Town Council
Town of Little Compton, Rhode Island
Little Compton, Rhode Island

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Little Compton, Rhode Island, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Little Compton's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Little Compton, Rhode Island as of June 30, 2009, and the respective changes in financial position, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 13 and the schedules of revenues, expenditures and changes in fund balances - budgetary basis - general fund, school unrestricted on pages 46 through 48 and the schedule of funding progress and employee contributions on pages 73 through 75 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Little Compton's basic financial statements. The supplementary statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2009 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Hague, Sahady & Co. PC

November 25, 2009

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2009

As management of the Town of Little Compton, (Town) we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2009 and 2008. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

Financial Highlights

- The general fund assets of the Town exceeded its liabilities as of June 30, 2009 and 2008 by \$1,735,346 and \$1,785,014 (net assets), respectively.
- The school unrestricted fund's assets of the Town exceeded its liabilities by \$815,368 as of June 30, 2009 and \$728,210 as of June 30, 2008.
- The Town of Little Compton's total debt as of June 30, 2009 was \$1,170,000 consisting of the Public Safety Complex of \$525,000, the School Addition (from 1990) for \$205,000 and \$440,000 of revenue bonds related to the Wastewater Treatment Facility. During 2009 \$270,000 was paid in principal and \$61,664 was paid in interest for long-term debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Statement

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business. The statements provide both short-term and long-term information about the Town's financial position, which assists in assessing the Town's economic position at the end of the fiscal year.

The government-wide financial statements include two statements:

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

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

Both of the government-wide financial statements distinguish functions and activities of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions and activities that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The governmental activities of the town include the broad functions of general government; public safety; education; public works; health & human services; culture and recreation; and the major services provided within each category. The Town has no business-type activities to report.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A) (Continued)

Year Ended June 30, 2009

Fund Financial Statements

Traditional users of government financial statements will find the fund financial statement presentation to be most familiar. A fund is a grouping of related accounts that is used to keep control over resources that have been allocated to specific projects or activities. The Town uses fund accounting to ensure and demonstrate compliance with several finance-related legal requirements.

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

Governmental Funds - Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These funds are reported using an accounting method called modified accrual accounting, which measures cash, and all other financial assets that can readily be converted to cash. The focus is also on the balances left at the end of the fiscal year available for spending. These statements provide a detailed short-term view of the Town's finances that assist in determining whether there will be adequate financial resources available to meet current needs.

The Town maintains four types of governmental funds which consist of the following:

1. General fund – this fund reports all financial resources except those required to be reported in another fund.
2. Special revenue funds – these funds report the proceeds of specific revenue sources (other than for trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditure for specified purposes.
3. Capital projects funds – these funds are used for the acquisition or construction of major capital facilities.
4. Permanent funds – these funds contain resources that are legally restricted to the extent that only earnings may be used for purposes that support the reporting government's programs.

Fiduciary Funds - Such funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The full accrual basis of accounting is used for fiduciary funds. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The Town maintains two types of fiduciary funds which consist of the following:

1. Pension trust fund – these funds consist of all other trust arrangements under which principal and income benefit individuals, private organizations or other governments.
2. Agency funds (i.e., Student Activity Fund) – these funds report resources held in a purely custodial capacity for individuals, private organizations, or other governments.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A) (Continued)

Year Ended June 30, 2009

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 - 40 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning all legally adopted budgets. The Town adopts an annual appropriation budget for the general fund. Budgetary comparison schedules are presented to demonstrate compliance with the budget on pages 42-44 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town's, assets exceeded liabilities by \$7.3 million as of June 30, 2009 and \$6.7 million as of June 30, 2008.

One of the largest portions of the Town's total net assets (40.2%) reflects its investment in capital assets (e.g., land, construction in progress, land improvement, infrastructure, building and improvements, office equipment, computer equipment and software, vehicles, machinery and equipment, and textbooks and library books), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to its residents; 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 cannot be used to liquidate these liabilities.

The Town's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A) (Continued)

Year Ended June 30, 2009

Statement of Net Assets

June 30, 2009 and 2008

Primary Government

	Governmental Activities		Totals	
	2009	2008	2009	2008
Assets				
Current Assets*	\$ 5,423,197	\$ 5,194,892	\$ 5,423,197	\$ 5,194,892
Capital Assets	4,468,367	4,176,511	4,468,367	4,176,511
Total assets	\$ 9,891,564	\$ 9,371,403	\$ 9,891,564	\$ 9,371,403
Liabilities				
Current Liabilities	\$ 1,234,814	\$ 1,180,365	\$ 1,234,814	\$ 1,180,365
Long-term Liabilities	1,387,388	1,459,829	1,387,388	1,459,829
Total liabilities	\$ 2,622,202	\$ 2,640,194	\$ 2,622,202	\$ 2,640,194
Net Assets				
Investment in capital assets, net of related debt	\$ 2,920,722	\$ 2,539,864	\$ 2,920,722	\$ 2,539,864
Restricted	1,112,200	1,266,035	1,112,200	1,266,035
Unrestricted*	3,236,440	2,925,310	3,236,440	2,925,310
Total net assets	\$ 7,269,362	\$ 6,731,209	\$ 7,269,362	\$ 6,731,209

* See restatement note for changes in 2008 balances.

As of June 30, 2009 and 2008 cash and investments consisted of \$4,512,563 and \$4,042,333, respectively for the primary government.

At the end of fiscal year 2009 and 2008, the Town is able to report positive balances in all categories of net assets for its governmental activities.

The Town's net assets increased during both 2009 and 2008.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A) (Continued)

Year Ended June 30, 2009

Changes in Net Assets

June 30, 2009 and 2008

Primary Government

	Governmental Activities		Totals	
	2009	2008	2009	2008
Revenues:				
Program revenues:				
Charges for service	\$ 609,252	\$ 717,068	\$ 609,252	\$ 717,068
Operating grants & contributions	611,390	798,612	611,390	798,612
Capital grants & contributions	94,103	136,461	94,103	136,461
General Revenues:				
Real estate and property taxes	9,469,361	9,000,022	9,469,361	9,000,022
Motor vehicle phase out	292,210	295,563	292,210	295,563
Realty transfer tax/fee	101,673	49,430	101,673	49,430
General state aid	40,956	90,957	40,956	90,957
State aid school housing	21,028	22,238	21,028	22,238
Telephone tax	31,548	34,976	31,548	34,976
Hotel tax	156	3,606	156	3,606
Meal tax	28,634	28,240	28,634	28,240
Earnings on investments	63,358	84,898	63,358	84,898
Other	<u>61,687</u>	<u>17,265</u>	<u>61,687</u>	<u>17,265</u>
Total revenues	<u>11,425,356</u>	<u>11,279,336</u>	<u>11,425,356</u>	<u>11,279,336</u>
Expenses:				
General government	447,289	465,261	447,289	465,261
Financial administration	245,173	219,543	245,173	219,543
Public safety	2,074,234	1,942,605	2,074,234	1,942,605
Education	7,009,656	6,936,704	7,009,656	6,936,704
Public works	348,153	224,672	348,153	224,672
Transfer station	187,782	161,258	187,782	161,258
Public welfare	5,142	3,928	5,142	3,928
Health and human services	188,905	131,845	188,905	131,845
Culture and recreation	313,744	261,545	313,744	261,545
Interest on debt	<u>67,125</u>	<u>72,873</u>	<u>67,125</u>	<u>72,873</u>
Total expenses	<u>10,887,203</u>	<u>10,420,234</u>	<u>10,887,203</u>	<u>10,420,234</u>
Increase (decrease) in net assets	538,153	859,102	538,153	859,102
Net assets-beginning of year**	<u>6,731,209</u>	<u>5,872,107</u>	<u>6,731,209</u>	<u>5,872,107</u>
Net assets – end of year	<u>\$ 7,269,362</u>	<u>\$ 6,731,209</u>	<u>\$ 7,269,362</u>	<u>\$ 6,731,209</u>

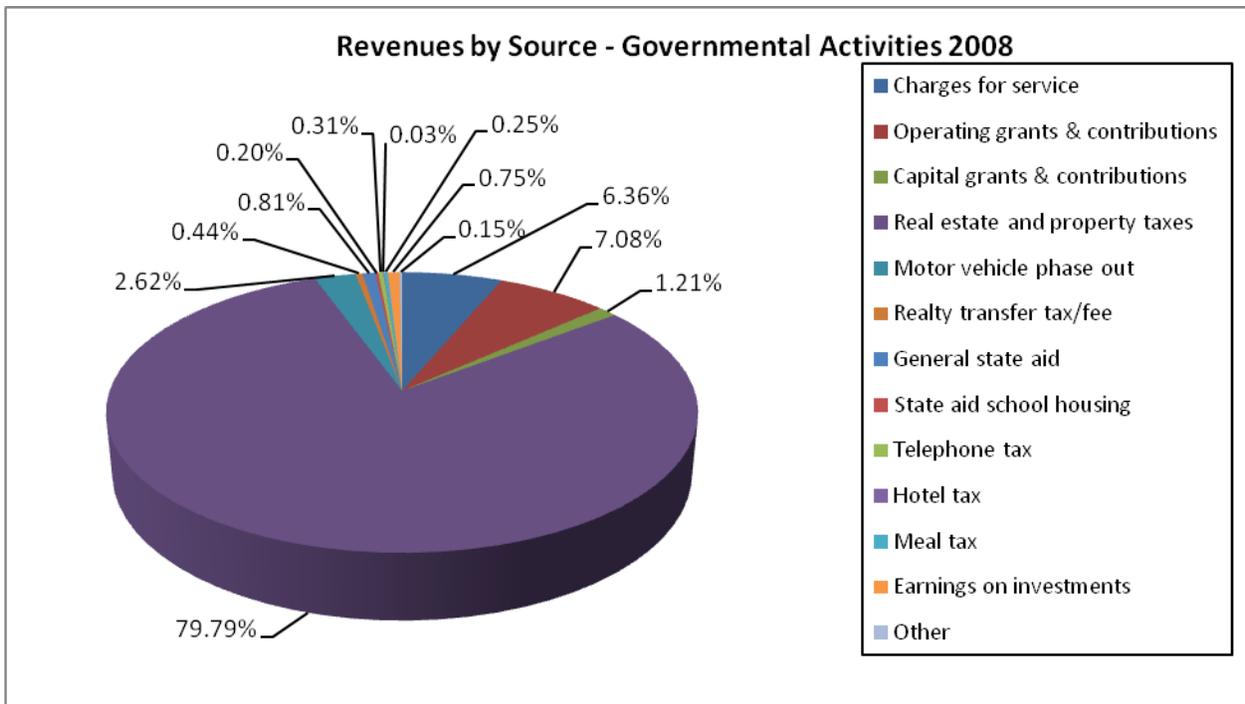
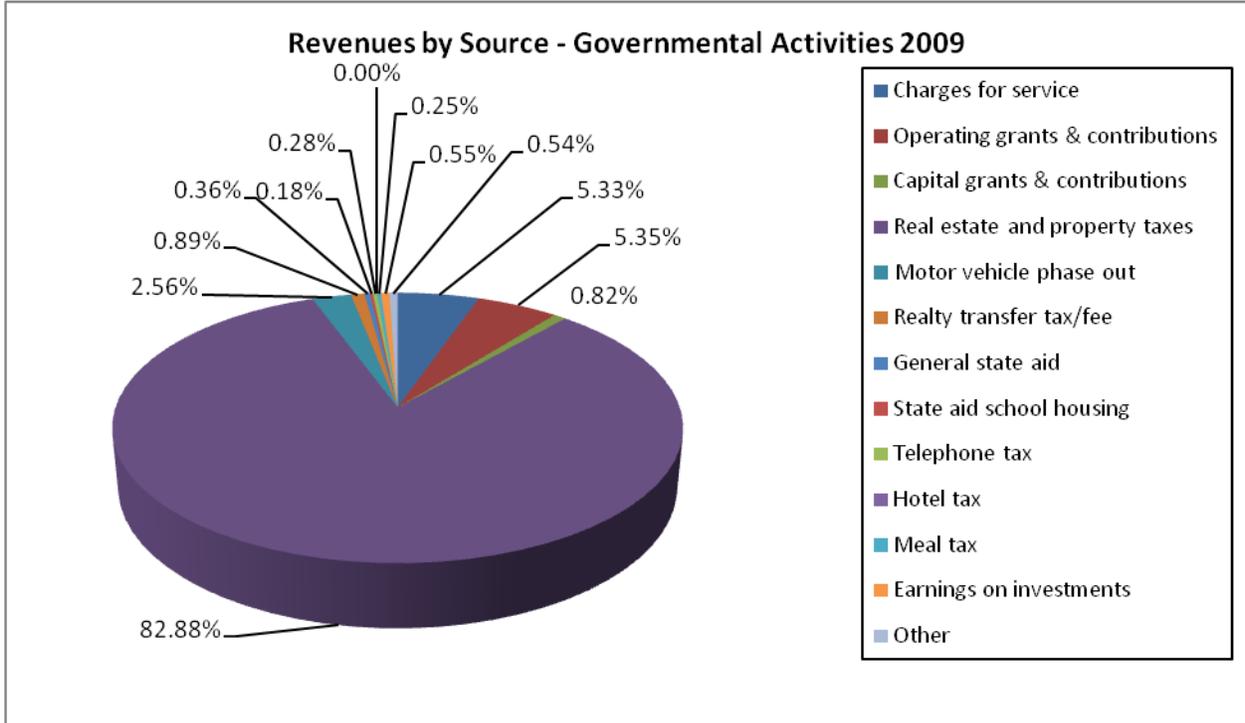
** This category was restated - refer to restatement note (page 39 - 40) for explanation.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A) (Continued)

Year Ended June 30, 2009

Revenues by Source - Governmental Activities

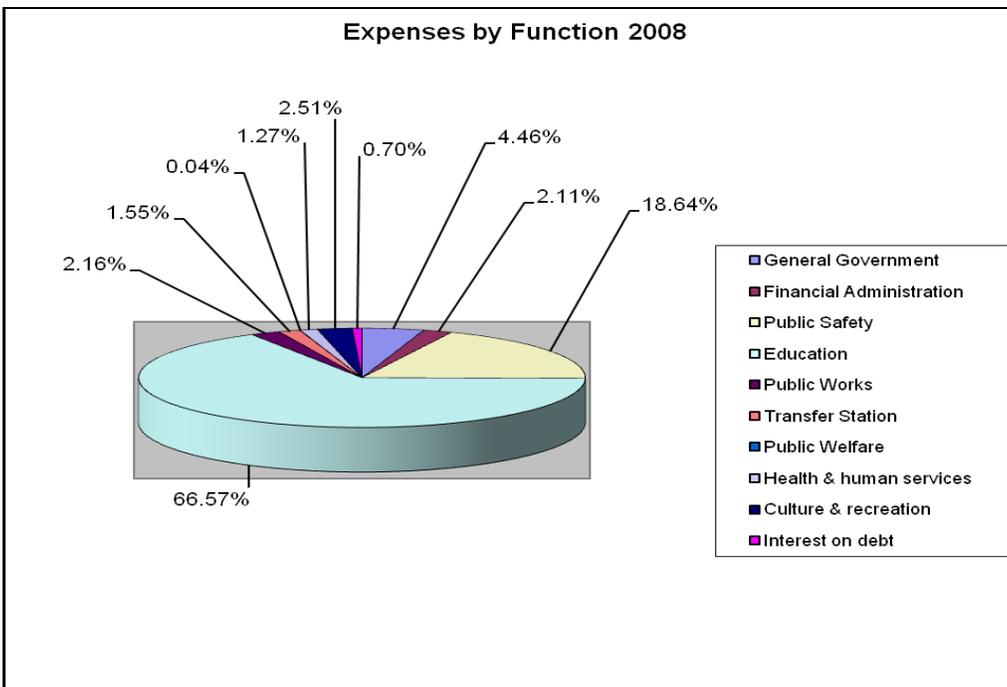
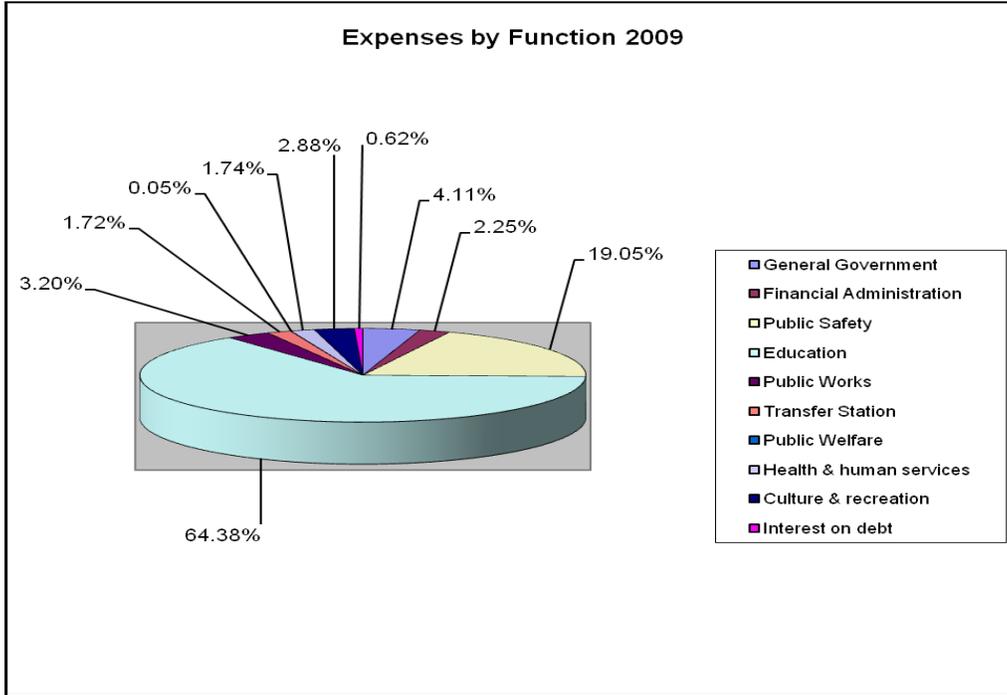


TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A) (Continued)

Year Ended June 30, 2009

Expenses by Function



TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A) (Continued)

Year Ended June 30, 2009

Governmental activities increased the Town's net assets by \$538,153 in 2009 and \$927,931 in 2008.

The majority of general revenues are tax collections from the Town's taxpayers. This amount represents 83% of the total \$11.4 million as of June 30, 2009 and 80% of the total \$11.3 million as of June 30, 2008.

The most significant expense of the Town is education, which represented 65% of total expenses, followed by public safety at 19% for 2009. For 2008 education was 66% of the total expenses followed by public safety of 19%.

Financial Analysis of Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – As of June 30, 2009, the Town governmental funds reported combined fund balances of \$4,316,270. Approximately \$4,070,628 of the amount constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved for non-expendable bequests and encumbrances. As of June 30, 2008 the governmental funds reported combined fund balances of \$4,199,009.

The school unrestricted fund balance is \$815,368 in the current year and \$728,210 in the prior year.

The Wastewater Treatment Facility fund balance is \$56,443 as of June 30, 2009 and \$34,481 as of June 30, 2008.

The capital project funds ended with a total fund balance at June 30, 2009 of \$443,626 and \$396,362 at June 30, 2008.

General Fund Budgetary Highlights

The Town of Little Compton finalizes its original budget at the Town Meeting in May of each year. Various transfers are authorized throughout the year as needed.

For 2009 the actual charges to appropriations (expenditures) were \$55,651 and \$164,684 below the final budgeted amounts for the general fund and school unrestricted fund, respectively. This positive variance was due to Town departments reducing spending in operational budgets. For 2008, the actual charges to appropriations (expenditures) were \$147,145 and \$173,127 below the final budgeted amounts for the general fund and school unrestricted fund, respectively. This positive variance was due to Town departments reducing spending in operational budgets.

For 2009 intergovernmental revenues were \$102,408 less than the budgeted amounts for the general fund and \$72,661 less than the budget for the school unrestricted fund. For 2008 local receipts were \$84,996 less than the budgeted amounts for the general fund and \$1,291 in excess of the budget for the school unrestricted fund. The general fund collected \$45,188 and \$84,822, less in taxes and licenses, permits and fees than budgeted.

The general fund is the chief operating fund of the Town of Little Compton.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A) (Continued)

Year Ended June 30, 2009

General Fund Actual Comparisons (GAAP Basis)

	<u>2009</u>	<u>2008</u>	<u>% Change</u>
REVENUE			
General property tax and penalties	\$ 9,462,457	\$ 8,922,601	6.1%
Intergovernmental	414,532	475,580	(12.8%)
Departmental receipts			
Licenses, permits & fees	401,634	417,618	(3.8%)
Beach receipts	137,680	164,931	(16.5%)
Investment income	50,469	64,520	(21.8%)
Miscellaneous	<u>2,692</u>	<u>12,763</u>	<u>(78.9%)</u>
Total Revenues	<u>\$ 10,469,464</u>	<u>\$ 10,058,013</u>	<u>4.1%</u>
EXPENDITURES			
General government	\$ 1,454,532	\$ 1,412,144	3.0%
Financial administrative	217,138	192,674	12.7%
Public safety	1,518,072	1,436,678	5.7%
Capital projects and debt service	401,056	350,265	14.5%
Transfer station	187,782	161,258	16.4%
Public works	302,890	296,149	2.3%
Public welfare	4,800	3,600	33.3%
Culture and recreation	249,446	231,404	7.8%
Grants and charitable contributions	42,379	35,017	21.0%
Miscellaneous	<u>574</u>	<u>6,778</u>	<u>(91.5%)</u>
Total Expenditures	<u>\$ 4,378,669</u>	<u>\$ 4,125,967</u>	<u>6.1%</u>

Compared to the prior year, intergovernmental revenues decreased by \$61,048, beach receipts decreased by \$27,251 and public safety increased by \$81,394.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A) (Continued)

Year Ended June 30, 2009

Capital Asset Administration

Capital Assets

The Town's investment in capital assets for governmental activities as of June 30, 2009 amounts to \$4,468,367, net of accumulated depreciation. The investment in capital assets includes land, construction in progress, buildings, improvements, office equipment, computer equipment and software, vehicles, machinery and equipment and textbooks and library books. The following is a summary of capital assets as of June 30, 2009.

	Governmental Activities		
	<u>2009</u>	<u>2008</u>	<u>% Change</u>
Land	\$ 548,179	\$ 548,179	0.00%
Construction in progress		654,084	(100.00%)
Building & improvements	2,521,538	1,882,182	33.97%
Land improvements	24,719	25,771	(4.08%)
Infrastructure	97,335	99,342	(2.02%)
Machinery & equipment	766,416	483,679	58.46%
Office equipment	12,682	18,065	(29.80%)
Computer equipment & software	169,612	102,167	66.31%
Vehicles	184,925	257,936	(28.31%)
Textbooks & library books	<u>142,661</u>	<u>105,106</u>	<u>35.73%</u>
Total	<u>\$ 4,468,367</u>	<u>\$ 4,176,511</u>	<u>6.99%</u>

	<u>Governmental Activities</u>	<u>Component Unit</u>	<u>Total</u>
Land	\$ 548,179	\$ 11,973,219	\$ 12,521,398
Building & improvements	2,521,538		2,521,538
Land improvements	24,719		24,719
Infrastructure, net	97,335		97,335
Office equipment	12,682		12,682
Computer equipment & software	169,912		169,912
Machinery & equipment	766,416		766,416
Vehicles	184,925		184,925
Textbooks & library books	<u>142,661</u>		<u>142,661</u>
Total	<u>\$ 4,468,367</u>	<u>\$ 11,973,219</u>	<u>\$ 16,441,586</u>

Additional information on the Town's capital assets may be found starting on page 32 of the notes to the financial statements.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A) (Continued)

Year Ended June 30, 2009

Factors Bearing on the Town's Future

The Town continues to face a challenging budgeting environment. The state-mandated cap on annual property tax increase is reduced to a level of 4.50% in the upcoming fiscal year. These reductions, coupled with the expenses associated with numerous state mandates, reduce and/or eliminated state and school aid which does not keep pace with costs, and health/pension cost increases, act together to leave funding of existing services in the future uncertain. It also leaves little room for new/unexpected problems to be addressed.

Key issues for the town's future are increased attention on defining/planning for long term needs and reducing reliance on tax-based revenues. In response, the Town Council has appointed a part-time Business Manager with significant financial and management expertise who has these matters as primary among his duties.

The Town Council, the School Committee and the Budget Committee have continued to work together effectively. Efforts continue to investigate new sources of revenue and to analyze the Town's current revenue streams to ensure the Town capitalizes on every opportunity available. The Budget Committee has reformed its budgeting process to require:

- establishing written goals very early in the new budget cycle,
- long term financial and capital planning,
- analysis of budget actuals by expense categories,
- report generation explaining budget requests,
- mailings to the electors of the Town, and
- supplemental hearings to get voter input and explain the Committee's thinking.

The Town Council, Budget Committee and School Committee have worked successfully to earn grants and low interest loans to help fund needed capital improvements. This provides a direct benefit to the town's tax rates.

The Business Manager and Budget Committee are focusing on

- using budget expenditures by category to permit closer tracking of cost drivers which are enabling economies of scale;
- increased attention on fund balances/trends, including capital funding, which has a direct impact on the town's long term capability to meet citizen needs;
- providing increased visibility to the town on over-all financial performance as a key input for future planning and establishing budgets for the next fiscal year;
- increasing the use of the MUNIS system in the budgeting process; and
- research other available accounting systems that are more efficient and flexible, support ad hoc reporting and provide the necessary financial information (including trends) in order that the town can leverage its level of staffing to maximize its efficiency.

The School Committee is continuing to develop a long term plan for the School Facilities. This will provide more opportunity to analyze all alternatives and to obtain non-property tax based funding.

Keeping the level of services responsive to Town needs as the State continues to reduce the amount of aid will require some combination of property tax increases, cost reduction and/or supplemental non-property tax methods of revenue generation. The Town of Little Compton has proactively taken steps to ensure that we are dealing with this problem on a continuous basis.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions on this report or need additional financial information, your inquiries should be addressed to:

Treasurer and Tax Collector
Town of Little Compton
P.O. Box 226
40 Commons
Little Compton, RI 02837

TOWN OF LITTLE COMPTON, RHODE ISLAND

Statement of Net Assets

June 30, 2009

	<u>Primary Government</u>		<u>Component Unit</u>
	<u>Governmental</u>		<u>Agricultural</u>
	<u>Activities</u>	<u>Total</u>	<u>Trust</u>
ASSETS			
Cash and investments	\$ 4,512,563	\$ 4,512,563	\$ 984,419
Receivables, net:			
Personal property taxes	333,601	333,601	
Intergovernmental	385,428	385,428	
Departmental and other	37,933	37,933	
Due from other funds	108,959	108,959	
Prepaid payroll taxes	15,955	15,955	
Inventory	28,758	28,758	
Capital assets:			
Land, development rights	548,179	548,179	11,973,219
Construction in progress			
Land improvements, net	24,719	24,719	
Infrastructure, net	97,335	97,335	
Building and improvements, net	2,521,538	2,521,538	
Office equipment, net	12,682	12,682	
Computer equipment & software, net	169,912	169,912	
Machinery and equipment, net	766,416	766,416	
Vehicles, net	184,925	184,925	
Textbooks and library books, net	<u>142,661</u>	<u>142,661</u>	
Total capital assets	<u>4,468,367</u>	<u>4,468,367</u>	<u>11,973,219</u>
Total assets	<u>\$ 9,891,564</u>	<u>\$ 9,891,564</u>	<u>\$ 12,957,638</u>
LIABILITIES			
Accounts payable and accrued expenses	377,646	377,646	2,388
Retainage payable	9,814	9,814	
Due to federal or state governments	1,809	1,809	
Accrued interest	35,611	35,611	
Other liabilities	8,946	8,946	
Deferred revenue	357,935	357,935	
Due to other funds	108,959	108,959	
Long-term liabilities:			
Bonds and notes payable	265,000	265,000	
Compensated absences	20,945	20,945	
Capital leases	48,149	48,149	
Portion due or payable in more than one year:			
Bond and notes payable	905,000	905,000	
Compensated absences	188,503	188,503	
Capital leases	<u>293,885</u>	<u>293,885</u>	
Total liabilities	<u>\$ 2,622,202</u>	<u>\$ 2,622,202</u>	<u>\$ 2,388</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,920,722	2,920,722	11,973,219
Restricted for:			
Non-expendable bequests	10,000	10,000	
Expendable bequests	89,022	89,022	
Special revenue	1,013,178	1,013,178	
Unrestricted	<u>3,236,440</u>	<u>3,236,440</u>	<u>982,031</u>
Total net assets	<u>\$ 7,269,362</u>	<u>\$ 7,269,362</u>	<u>\$ 12,955,250</u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Statement of Activities

For the Year Ended June 30, 2009

<u>Functions</u>	<u>Expenses</u>	<u>Indirect Expense Allocation</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
			<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Primary Government Total</u>	
Governmental activities:								
General government	\$ 1,513,497	\$ (1,066,208)	\$ 125,861	\$	\$	\$ (321,428)	\$ (321,428)	\$
Financial administration	217,138	28,035				(245,173)	(245,173)	
Public safety	1,775,336	298,898	211,075	44,901	67,660	(1,750,598)	(1,750,598)	
Education	6,328,311	681,345		504,391		(6,505,265)	(6,505,265)	
Public works	318,521	29,632				(325,710)	(325,710)	
Transfer station	187,782		22,920			(164,862)	(164,862)	
Public welfare	4,800	342				(5,142)	(5,142)	
Health and human services	188,905		111,716	29,944		(47,245)	(47,245)	
Culture and recreation	285,788	27,956	137,680	32,154	4,000	(139,910)	(139,910)	
Interest on debt_	<u>67,125</u>					<u>(67,125)</u>	<u>(67,125)</u>	
Total governmental activities	<u>10,887,203</u>		<u>609,252</u>	<u>611,390</u>	<u>94,103</u>	<u>(9,572,458)</u>	<u>(9,572,458)</u>	
Total primary government_	<u>10,887,203</u>		<u>609,252</u>	<u>611,390</u>	<u>94,103</u>	<u>(9,572,458)</u>	<u>(9,572,458)</u>	
Component unit:								
Agricultural Trust	<u>56,368</u>		<u>1,144,955</u>		<u>1,378,395</u>			<u>2,466,982</u>
Total component unit	<u>56,368</u>		<u>1,144,955</u>		<u>1,378,395</u>			<u>2,466,982</u>
Total Town of Little Compton, RI	<u>\$ 10,943,571</u>	<u>\$</u>	<u>\$ 1,754,207</u>	<u>\$ 611,390</u>	<u>\$ 1,472,498</u>	<u>\$ (9,572,458)</u>	<u>\$ (9,572,458)</u>	<u>\$ 2,466,982</u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Statement of Activities

For the Year Ended June 30, 2009

	Net (Expense) Revenue and Changes in Net Assets		
	<i>Primary Government</i>		
	Governmental Activities	Total	Agricultural Trust
General revenues:			
Real estate and personal property, net of reserve for abatements	9,469,361	9,469,361	
Motor vehicle phase out	292,210	292,210	
Realty transfer tax/fee	101,673	101,673	
General state aid	40,956	40,956	
State aid school housing	21,028	21,028	
Telephone tax	31,548	31,548	
Hotel tax	156	156	
Meal tax	28,634	28,634	
Earnings on investments	63,358	63,358	34,652
Miscellaneous	61,687	61,687	39
Total general revenues	10,110,611	10,110,611	34,691
Changes in net assets	538,153	538,153	2,501,672
Net assets - beginning of year, restated	6,731,209	6,731,209	10,453,577
Net assets - end of year	\$ 7,269,362	\$ 7,269,362	\$ 12,955,250

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Balance Sheet

Governmental Funds

June 30, 2009

	Major Fund			Non-Major Governmental Funds	Total Governmental Funds
	General	School Unrestricted	Wastewater Treatment		
Assets:					
Cash and investments	\$ 1,648,513	\$ 1,048,863	\$ 56,443	\$ 1,758,744	\$ 4,512,563
Receivables:					
Property taxes	333,601				333,601
Intergovernmental			357,935	27,493	385,428
Other	15,104			22,829	37,933
Prepaid expenses		15,955			15,955
Inventory	26,715			2,043	28,758
Due from other funds	19,555	68,122		21,282	108,959
Total assets	<u>\$ 2,043,488</u>	<u>\$ 1,132,940</u>	<u>\$ 414,378</u>	<u>\$ 1,832,391</u>	<u>\$ 5,423,197</u>
Liabilities and Fund Balance					
Liabilities:					
Warrants payable					
Accounts payable and accrued expenses	\$ 35,931	\$ 310,681	\$	\$ 31,034	\$ 377,646
Retainage payable				9,814	9,814
Due to federal and/or state governments	1,809				1,809
Due to other funds	42,985	6,891		59,083	108,959
Deferred revenue	218,471		357,935	23,347	599,753
Other liabilities	8,946				8,946
Total liabilities	<u>308,142</u>	<u>317,572</u>	<u>357,935</u>	<u>123,278</u>	<u>1,106,927</u>
Fund balance:					
Reserved for encumbrances		38,738			38,738
Reserved for non-expendable bequests				10,000	10,000
Reserved for next year's appropriations	196,904				196,904
Unreserved	1,538,442	776,630	56,443		2,371,515
Unreserved, reported in nonmajor:					
Special revenue funds				1,123,513	1,123,513
Capital projects				443,626	443,626
Permanent funds				131,974	131,974
Total fund balance	<u>1,735,346</u>	<u>815,368</u>	<u>56,443</u>	<u>1,709,113</u>	<u>4,316,270</u>
Total liabilities and fund balance	<u>\$ 2,043,488</u>	<u>\$ 1,132,940</u>	<u>\$ 414,378</u>	<u>\$ 1,832,391</u>	<u>\$ 5,423,197</u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds

For the Year Ended June 30, 2009

	<u>Major Fund</u>			<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>School Unrestricted</u>	<u>Wastewater Treatment</u>		
Revenues:					
General property taxes and penalties	\$ 9,462,457	\$	\$	\$	\$ 9,462,457
Intergovernmental - operating	414,532	245,133		348,972	1,008,637
Intergovernmental - capital			22,443		22,443
Donation revenues				5,188	5,188
Departmental and other revenue				264,344	264,344
Licenses, permits and fees	401,634				401,634
Beach receipts	137,680				137,680
Investment income	50,469			12,889	63,358
Miscellaneous	<u>26,924</u>	<u>34,763</u>			<u>61,687</u>
Total revenue	<u>10,493,696</u>	<u>279,896</u>	<u>22,443</u>	<u>631,393</u>	<u>11,427,428</u>
Expenditures:					
General government	1,454,532			52,961	1,507,493
Financial administrative	217,138				217,138
Public safety	1,518,072			201,542	1,719,614
Education		6,238,022		260,541	6,498,563
Public works	302,890		481		303,371
Transfer station	187,782				187,782
Public welfare	4,800				4,800
Health and human services	42,379			146,526	188,905
Culture and recreation	249,446			31,425	280,871
Capital outlay	66,561				66,561
Miscellaneous	574				574
Debt service:					
Principal payments	270,000				270,000
Interest and fiscal charges	61,664				61,664
Administrative charges	<u>2,831</u>				<u>2,831</u>
Total expenditures	<u>4,378,669</u>	<u>6,238,022</u>	<u>481</u>	<u>692,995</u>	<u>11,310,167</u>
Excess (deficiency) of revenues over expenditures	6,115,027	(5,958,126)	21,962	(61,602)	117,261
Other financing sources (uses):					
Bond proceeds					
Transfer between funds	<u>(6,164,695)</u>	<u>6,045,284</u>		<u>119,411</u>	
Total financing sources (uses)					
Excess (deficiency) of revenues and other sources over expenditures and other uses	(49,668)	87,158	21,962	57,809	117,261
Fund balance, July 1, 2008, restated	<u>1,785,014</u>	<u>728,210</u>	<u>34,481</u>	<u>1,651,304</u>	<u>4,199,009</u>
Fund balance, June 30, 2009	<u>\$ 1,735,346</u>	<u>\$ 815,368</u>	<u>\$ 56,443</u>	<u>\$ 1,709,113</u>	<u>\$ 4,316,270</u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Reconciliation of the Governmental Funds Balance Sheet Total Fund Balance to the
Statement of Net Assets

Fiscal Year Ended June 30, 2009

Total governmental fund balances	\$ 4,316,270
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,468,367
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	241,818
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(35,611)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds and notes payable	(1,170,000)
Compensated absences	(209,448)
Capital leases	<u>(342,034)</u>
Net assets of governmental activities	<u>\$ 7,269,362</u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balance to the Statement of Activities

Fiscal Year Ended June 30, 2009

Net change in fund balances - total governmental funds \$ 117,261

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 291,856

Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue. (2,072)

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 133,738

In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due. (2,630)

Change in net assets of governmental activities \$ 538,153

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2009

	<u>Pension Trust Fund</u>	<u>Agency Funds Student Activity Funds</u>	<u>Total</u>
Assets:			
Cash and investments	\$ 4,565,896	\$ 11,982	\$ 4,577,878
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 4,565,896</u>	<u>\$ 11,982</u>	<u>\$ 4,577,878</u>
Liabilities:			
Net pension obligation	\$ 477,141	\$	\$ 477,141
Deposits held in custody	<hr/>	11,982	11,982
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>477,141</u>	<u>11,982</u>	<u>489,123</u>
Net Assets:			
Held in trust for other purposes	<hr/> 4,088,755	<hr/>	<hr/> 4,088,755
Total net assets	<hr/> 4,088,755	<hr/>	<hr/> 4,088,755
Total liabilities and net assets	<u>\$ 4,565,896</u>	<u>\$ 11,982</u>	<u>\$ 4,577,878</u>

The accompanying notes are an integral part of this statement

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For the Year Ended June 30, 2009

	<u>Pension Trust Fund</u>	<u>Total</u>
Additions:		
Contributions	\$ 344,138	\$ 344,138
Net investment income:		
Dividends and interest	89,246	89,246
Net appreciation/depreciation in fair value of investments	(1,004,877)	(1,004,877)
Capital gains (losses)	<u>(33,903)</u>	<u>(33,903)</u>
Total investment income	(949,534)	(949,534)
Less investments expense	<u>30,369</u>	<u>30,369</u>
Net investment income	(979,903)	(979,903)
Intergovernmental	<u> </u>	<u> </u>
Total additions	(635,765)	(635,765)
Deductions:		
Retirement benefits	298,227	298,227
Net pension obligation	84,858	84,858
Administration	<u>11,588</u>	<u>11,588</u>
Total deductions	394,673	394,673
Change in net assets	(1,030,438)	(1,030,438)
Net assets, beginning of year	<u>5,119,193</u>	<u>5,119,193</u>
Net assets, ending of year	<u>\$ 4,088,755</u>	<u>\$ 4,088,755</u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2009

Note 1: Summary of Significant Accounting Policies (Continued)

The accompanying basic financial statements of the Town of Little Compton (Town) are presented in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

A. Financial Reporting Entity

The Town of Little Compton, Rhode Island was incorporated in 1682. On November 8, 1994, the Town adopted the Little Compton Home Rule Charter to be effective in January 1995, and was ratified by the Rhode Island General Assembly in May 1995. The Charter was amended November 3, 1998 at the general election. In some matters the Town is governed by the general laws of the State of Rhode Island. The Town operates under a Town Council form of government.

The Town includes all funds, agencies, boards, commissions, and authorities over which the Town exercises oversight responsibility. Oversight responsibility is determined on the basis of the activity's scope of operations, financial interdependency and fiscal responsibility, selection of governing authority and ability to significantly influence operations.

Component Unit

The Little Compton Agricultural Conservancy Trust is considered a component unit of the Town of Little Compton, Rhode Island and meets the criteria as established under GASB 14 as amended by GASB Statement No. 39 "Determining Whether Certain Organizations are Component Units." The Agricultural Trust is governed by a seven member board of trustees, five of which are appointed by the Town Council. The purpose of this trust is to acquire development rights to agricultural property within the Town and to preserve open spaces, fresh and saltwater marshes, estuaries and adjoining uplands, groundwater recharging areas, land providing access to the ocean, land for bicycle paths and land for future public recreational facilities and use. This component unit is reported in a separate column to emphasize that it is legally separate from the Town, but is included because the Town is financially accountable for and is able to impose its will on the organization. Unless otherwise indicated, the notes to the basic financial statements pertain to the primary government because certain disclosures of the component unit are not significantly relative to the primary government.

These financial statements present the Town's primary government and component unit.

B. Basic Financial Statements – Government-Wide Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's public safety, parks, library and recreation and general administrative services are classified as governmental activities. The Town does not have any activities classified as business-type activities.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (public safety, public works, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with function (public safety, public works, community and economic development, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements (Continued)

June 30, 2009

Note 1: Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements – Government-Wide Statements (Continued)

Separate financial statements are provided for governmental funds and fiduciary funds. However, fiduciary funds are not included in government-wide statements since these assets are held for the benefit of private parties and pension participants, and cannot be used to satisfy obligations of the primary government. Major individual governmental funds are reported as separate columns in the fund financial statements.

The net costs (by function) are normally covered by general revenue (property, sales taxes, intergovernmental revenues, interest income, etc.)

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund balances, revenues and expenditures/expenses. The various funds are reported by general classification within the financial statements.

The following funds are used by the Town:

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of the financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

- a. **The General fund** is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. **Capital projects funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).
- d. **Permanent funds** contain resources that are legally restricted to the extent that only earnings may be used for purposes that support the reporting government's programs.

2. Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net assets and changes in net assets.

The emphasis in fund financial statements is on the major funds in the governmental categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category of the governmental and enterprise combined) for the determination of major funds.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements (Continued)

June 30, 2009

Note 1: Summary of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Financial Statement Amounts

1. Cash and Cash Equivalents

Cash and cash equivalents are carried at cost. Cash equivalents are all highly liquid investments with a maturity of three months or less when purchased. Under Rhode Island general laws, depository institutions holding deposits of the State, its agencies or governmental subdivision of the State, shall at a minimum, insure or pledge eligible collateral equal to 100% of the deposits which are time deposits with maturities greater than sixty days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to 100% of the deposits, regardless of maturities.

2. Investments

Investments are recorded at market value. Market value of the underlying securities is the last reported sales price for the securities traded on an exchange and investments that do not have an established market are reported at estimated fair value. Adjustments have been made to record accrued interest earned as of June 30, 2009. The Town accounts for the carrying value of investments by utilizing the specific identification method.

The Town follows the investment policy as outlined by the Rhode Island Auditor General. There were no deviations from the policy to the investments held at year-end.

3. Property Taxes

Real and personal property taxes are based on values levied (assessed) as of December and liened at the annual town meeting in May. Once levied, these taxes are recorded as receivables, net of estimated uncollectibles. In the government fund financial statements, property tax revenues have been recorded using the modified accrual basis of accounting. Under the modified basis real estate, personal property and other excise taxes levied are recorded as receivables in the fiscal year of the levy and as revenue when collected within the current year or expected to be collected within 60 days after the end of the current year. Taxes not collected within this time period are classified as deferred revenue. Deferred revenues are those where asset recognition has been met for which revenue criteria have not been met. The government-wide financial statements recognize property tax revenue when taxes are levied net of estimated abatements and exemptions.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements (Continued)

June 30, 2009

Note 1: Summary of Significant Accounting Policies

E. Financial Statement Amounts

4. Farm, Forest and Open Space

Certain taxpayers can file for reclassification of land assessments in accordance with farm, forest and open space guidelines. Subsequent land use changes within a ten year period for farm or fifteen year period for forest or open space result in the assessment of a land use change tax.

5. Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

6. Inventory

The cost of supplies and other inventoriable items as recorded as an expenditure at the time of purchase (purchase method), with the exception of gasoline. Gasoline inventory is stated at cost using the first-in first-out method.

7. Capital Assets

Capital assets, which include property, plant, equipment and books are reported in the governmental activities column in the government-wide financial statements at historical or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Net interest costs related to construction projects are capitalized during the construction period. Such costs were not considered material during fiscal 2009. Donated capital assets are valued at their estimated fair value at the time recorded.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in capital assets.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building and improvements	40 years
Machinery and equipment	5-10 years
Office equipment	5-10 years
Computer equipment and software	5-10 years
Vehicles	5 years
Library and textbooks	3-10 years

8. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for fund expenditures are recorded in order to reserve portions of applicable appropriations, is employed in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balance.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements (Continued)

June 30, 2009

Note 1: Summary of Significant Accounting Policies

E. Financial Statement Amounts

9. Reserved-Unreserved Fund Balance/Retained Earnings

The reserved portions of fund balance consists principally of that portion which is not appropriated for expenditures, which is legally segregated for a specific future use. Restricted resources are utilized for their intended purpose prior to the unrestricted resources being utilized.

10. Long-Term Liabilities

For long-term liabilities, only that portion which is matured is reported as a fund liability of a governmental fund. All long-term liabilities are reported in the government-wide financial statement of net assets.

11. Claims and Judgments

The Town is exposed with respect to risks including, but not limited to, property damages, personal injury and workers' compensation. In the fund financial statements, expenditures for claims and judgments are recorded on the basis of whether the liability has matured in the current period. The Town is a member of the Rhode Island Inter-local Management Trust. The Trust was established to offer a viable alternative to commercial insurance for public entities through intergovernmental pooling. The Trust is a protected self-insurance plan. The Town pays an annual premium for its liability, property and workers' compensation coverage. The membership participation agreement provides that in return for the payment of the annual premium the trust member transfers the financial responsibility for loss, but only according to the conditions of coverage and up to the stated maximum amount of insurance purchased by the Town. The School Department purchases commercial insurance for all of its risks of loss. In the government-wide financial statements the estimated liability for all claims and judgments is recorded as a liability and as an expense.

12. Revenues

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. In applying GASB No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient. Program revenues generally consist of contributions, grants and charges for services (i.e. licenses, fees, etc.)

13. Expenditures

Expenditures are recognized when the related fund liability is incurred.

14. Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

15. Indirect Expense Allocation

It is the policy of the Town to allocate indirect expenses (i.e. insurance and pension expenses) to the functions as listed in the Government-wide financial statements on the basis of salaries by function.

16. Use of Estimates

The preparation of basic 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 expenses during the period. Actual results could differ from those estimates.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements (Continued)

June 30, 2009

NOTE 2: Compliance and Accountability (Continued)

A. Budget Requirements, Accounting and Reporting

The General Fund and the Public School Operations is subject to an annual operating budget. The annual operating budgets' appropriation amounts are supported by revenue estimates and can be amended by either a Special financial town meeting or at the next annual financial town meeting.

Actual revenue and expenditures in the Budgetary Basis Statements of Revenues and Expenditures for the General Fund and the School Special Revenue Fund is presented on the budgetary basis which includes the net effect of not budgeting for certain other items. Thus, the actual revenues and expenditures differ from those in the Governmental Fund Financial Statements which are presented in accordance with accounting principles generally accepted in the United States of America.

B. Interfund Transactions

Interfund transfers during 2009 were as follows:

	<u>Transferred Funds To</u>	<u>Transferred Funds From</u>	<u>Amount</u>
Transfers:			
	Capital Projects	General Fund	\$ 49,926
	Special Revenue	General Fund	69,485
	School - Unrestricted	General Fund	6,045,284

C. Interfund Receivables and Payables

Interfund receivable and payable balances at June 30, 2009 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<u>Governmental Funds</u>		
General Fund	\$ 19,555	\$ 42,985
Special Revenue	14,391	14,391
Capital Projects		19,505
School Unrestricted	68,122	6,891
School Restricted	6,891	25,137
Permanent Funds	<u> </u>	<u>50</u>
Grand Total	<u>\$ 108,959</u>	<u>\$ 108,959</u>

For the government-wide financial statements, all interfund transactions were eliminated except for those with fiduciary funds (payable to/from external parties.)

The Town utilizes the interfund loan accounts as a short term vehicle to expedite the payment of vouchers from a consolidated vendor checking account.

The transfers between funds are to fund revenues related to annual meeting votes, and to fund and utilize funding for operations in the School Fund.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements (Continued)

June 30, 2009

NOTE 2: Compliance and Accountability (Continued)

D. Fund Balances Reserved and Designated

The Town of Little Compton records several types of reserves, which indicates that a portion of the fund balance is segregated for a specific use. In addition, a portion of the unreserved fund balance may be designated for a specific purpose.

The following is a list of reserves and designations currently used by the Town of Little Compton:

	<u>General Fund</u>	<u>School Unrestricted</u>	<u>Governmental Funds Permanent Trusts</u>	<u>Total</u>
Reserved:				
Next year's appropriations	\$ 196,904	\$	\$	\$ 196,904
Encumbrances		38,738		38,738
Non-expendable bequests			10,000	10,000
Total reserved	<u>\$ 196,904</u>	<u>\$ 38,738</u>	<u>\$ 10,000</u>	<u>\$ 245,642</u>

NOTE 3: Deposits and Investments (Continued)

During 2007, the Town implemented GASB 40, Deposits and Investment Risk Disclosures, which requires risk based disclosures for cash and investments.

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Cash and investments - governmental activities	\$ 4,512,563
Cash and investments - component unit	984,419
Cash and investments - pension trust fund	4,565,896
Cash and investments - student activity agency funds	<u>11,982</u>
Total cash and investments	<u>\$ 10,074,860</u>

Cash and Cash Equivalents

Deposits are in various financial institutions and are carried at cost or fair value in the case of pooled deposits for trust funds. The carrying value is separately displayed on the statement of net assets as "Cash and Investments". Petty cash is included in the presentation of cash on the statement of net assets in the amount of \$675 on June 30, 2009.

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its' deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At year end, the primary government's carrying amount of deposits was \$3,445,867, including \$675 of petty cash, the agency fund's carrying amount of deposits was \$11,982, the component unit's carrying amount of the deposits was \$23,139 and the pension trust fund's carrying amount of the deposits was \$68,339. The bank balance was \$3,852,562. Of the bank balance, \$750,000 was covered by Federal Depository Insurance. The remaining balance of \$3,102,562 was held in uncollateralized accounts. The Town has not experienced any losses of funds in excess of federally insured limits held in any financial institutions. Management feels that the Town is not exposed to any significant credit risk related to cash.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements (Continued)

June 30, 2009

NOTE 3: Deposits and Investments (Continued)

Investments

Investments are stated at fair value for investment pools and historical cost for all other investments. The majority of investment activities are conducted through a contracted investment management firm and held in a pooled trust fund account in the Town’s name.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The ratings of investments are presented below.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town’s investment in a single issuer. The investments listed below indicated the percentage of the total investments.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its’ fair value to changes in market value rates.

Information about the sensitivity of the fair values of the Town’s investments to market rate fluctuations is provided by the following table that shows the distribution of the Town’s investments by maturity utilizing the specific identification method:

<u>Investment Type</u>	<u>Total Amount</u>	<u>Remaining Maturity (in months) 12 months or less</u>	<u>Percentage of Total</u>	<u>Moody</u>	<u>S&P</u>
<i>Primary Government</i>					
U.S. Treasury Bills	\$ 557,610	557,610	8.55%	AAA`	AAA
Money Market	451,100	N/A	6.91%	Unrated	Unrated
Stock	8,996	8,996	0.14%	Unknown	Unknown
Certificate of Deposit	12,405	12,405	0.19%	Unrated	Unrated
Certificate of Deposit	17,823	17,823	0.27%	Unrated	Unrated
Certificate of Deposit	<u>18,762</u>	18,762	0.29%	Unrated	Unrated
Total Primary Government	<u>\$ 1,066,696</u>				

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements (Continued)

June 30, 2009

NOTE 3: Deposits and Investments

<u>Investment Type</u>	<u>Total Amount</u>	<u>Remaining Maturity (in months) 12 months or less</u>	<u>Percentage of Total</u>	<u>Moody</u>	<u>S&P</u>
<i>Component Unit</i>					
Money Market	\$ 961,280	N/A	14.73%	Unrated	Unrated
Total Component Unit	<u>\$ 961,280</u>				
<i>Pension Trust Fund</i>					
Pimco Mutual Fund	\$ 1,065,049	See below	16.32%		See below
International Value	713,732	See below	10.94%		See below
Large Company Domestic Growth	376,308	See below	5.77%		See below
Large Company Value	367,379	See below	5.63%		See below
Relative Value	358,370	See below	5.49%		See below
S&P 500 Index	420,232	See below	6.44%		See below
Small Company Growth	228,818	See below	3.51%		See below
Small Company Value	215,686	See below	3.31%		See below
Strategic Bond	630,131	See below	9.66%		See below
Return Reit	<u>121,854</u>	See below	1.87%		See below
Total Pension Trust Fund	<u>\$ 4,497,557</u>				
Total Investments	<u>\$ 6,525,533</u>				

Pension Trust Fund - for only actively managed bond portfolio the average quality is AA/Aa2 and the average maturity is 4.98 years.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements (Continued)

June 30, 2009

NOTE 4: Capital Assets and Depreciation

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Not Being Depreciated:	\$	\$	\$	\$
Land	548,179			548,179
Construction in progress	654,084		654,084	
Subtotal	1,202,263		654,084	548,179
Other Capital Assets:				
Buildings and improvements	3,325,212	722,876		4,048,088
Land improvements	26,297			26,297
Infrastructure	100,345			100,345
Machinery and equipment	807,997	367,119	10,000	1,165,116
Office equipment	76,682			76,682
Computer equipment and software	214,945	124,634		339,579
Vehicles	788,746			788,746
Textbooks and library books	254,182	69,825		324,007
Subtotal	5,594,406	1,284,454	10,000	6,868,860
Accumulated Depreciation:				
Buildings and improvements	1,443,030	83,520		1,526,550
Land improvements	526	1,052		1,578
Infrastructure	1,003	2,007		3,010
Machinery and equipment	324,318	84,382	10,000	398,700
Office equipment	58,617	5,383		64,000
Computer equipment and software	112,778	56,889		169,667
Vehicles	530,810	73,011		603,821
Textbooks and library books	149,076	32,270		181,346
Subtotal	2,620,158	338,514	10,000	2,948,672
Net other capital assets	2,974,248	945,939		3,920,187
Net capital assets	\$ 4,176,511	\$ 945,939	\$ 654,084	\$ 4,468,366
Depreciation was charged to functions as follows:				
Governmental Activities:				
General government	\$ 19,003			
Public safety	147,125			
Culture & recreation	16,423			
Public works	14,743			
Education	131,220			
Total Governmental Activities Depreciation Expense	\$ 328,514			
<u>Component Unit:</u>				
Land	\$ 9,085,178	\$ 2,800,017	\$	\$ 11,885,195
Subtotal	9,085,178	2,800,017		11,885,195
Net other capital assets	9,085,178	2,800,017		11,885,195
Net capital assets	\$ 9,085,178	\$ 2,800,017	\$	\$ 11,885,195

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements (Continued)

June 30, 2009

Note 5: Pension Plan:

The Town of Little Compton contributes to pension plans covering substantially all of its employees as follows:

Certified School Teachers

The Town of Little Compton provides retirement benefits to its public school teachers through its participation in the Rhode Island Retirement system. The system is a statutory, mandatory, statewide, multiple retirement system, which first covered Rhode Island teachers on July 1, 1949. It is administered 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. A separately issued PERS report can be obtained from the State of Rhode Island Retirement System, 40 Fountain Street, Providence, RI 02903.

Public school teachers are eligible for membership in the Employees' Retirement System provided they are certified by the Board of Regents, engaged in teaching as a principle occupation and regularly employed on at least a half-time basis.

The actuarial costs of the retirement benefits are partially funded by teacher contributions of 9 ½% of pay. The net employer actuarial costs are determined annually by the actuary and, as provided by statute, are certified by the Retirement Board of the Department of Administration. Contributions are reported as a percentage of payroll, payable in part by the State of Rhode Island and part by the Town. The split between the State and Municipality is specified in the statute. For fiscal years 2005-2009, the State will pay 40% and the Municipality will pay 60%.

Employer contributions by the Little Compton School Department for each of the last two years and the current year are as follows:

	2009	2008	2007
Participating Payroll	\$ 2,029,284	\$ 2,229,276	\$ 2,105,678
Employer contributions	204,112	269,065	226,165
Cost as a Percentage of Payroll	12.07%	12.07%	10.74%

Town Employees, Other Than Certified Teachers - Plan Description

Plan description:

The Retirement Plan for Employees of the Town of Little Compton Rhode Island (the Plan) is a single employer, contributory defined benefit pension plan which provides retirement, disability and death benefits to substantially all full-time employees of the Town except School Department personnel certified by the Rhode Island Department of Education (Certified Employees) who are eligible to participate in the Employees' Retirement System of the State of Rhode Island. The Plan was established in accordance with the Town Charter and State Statutes. The Plan is administered by a pension committee consisting of three members appointed annually by the Town Council, from members of the I.B.P.O. or the I.A.F.F. The pension committee can make minor changes while major changes require Financial Town Meeting approval. State law gives the Town Council authority to negotiate union contracts. The effective date of the plan in January 1, 1972.

For the plan year ended June 30, 2009, the amount utilized for covered payroll as of July 1, 2008 under the plan totaled \$1,945,970.

As of July 1, 2008, membership in the Plan was as follows:

Active participants	56
Vested terminations and inactive lives	9
Retirees	24
Total plan members	89

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements (Continued)

June 30, 2009

Note 5: Pension Plan (Continued):

Town Employees, Other Than Certified Teachers - Plan Description (Continued)

Benefit provisions:

Plan participation commences on the first day of the month coincident with or following the date of hire, if the employee chose to participate in the Plan. Elected officials and certified employees of the School Department are not eligible to participate in the Plan. The normal form of the benefit is a life annuity.

The normal retirement date for Police and Fire employees is upon completion of twenty-five years of credited service. Any Police Officer hired after July 1, 1994 must have also attained age 55. The normal retirement date for all other employees is their 62nd birthday.

The normal retirement benefits are a product of 1.65% of the employees average compensation and the years of service. Compensation is defined as the basis rate of pay in effect on July 1 of each plan year exclusive of overtime pay and bonuses. Average compensation is compensation averaged over the three consecutive years out of the last ten years producing the highest average prior to termination of employment. For members of the fire and police departments, the annualized rate of pay in effect in the last year of employment will be used.

- Effective July 1, 1992, members of the police and fire departments may retire after 25 years of service at fifty percent of their highest annual salary, regardless of age.
- Effective July 1, 1997 members of the police and fire departments will receive an additional 2% of salary for each year of service in excess of 25 years, subject to a maximum of five additional years.
- The minimum annual benefit shall be \$100 multiplied by the number of years of service.
- Effective July 1, 2000 participants in pay status will receive an annual cost of living increase of 2% per year.

Employees who have reached age 50 and have 20 years of service may retire and receive an early retirement benefit. The amount of the early retirement benefit equals 1.25% of the average compensation times the years of services. Alternatively, the participants may elect to defer payment of the accrued benefit until their normal retirement date.

The Plan includes disability benefits for members who have been credited with ten or more years of service and become totally and permanently disabled shall be entitled to payment of the accrued benefit.

If a participant who is a member of the fire or police department separates from service by reason of occupational disability, the participant shall be entitled to a monthly benefit equal to 68% if the participant's compensation at the time of occupational disability. A participant receiving an occupational disability shall not be eligible for the cost of living increases.

All employees with 10 years of credited service have a nonforfeitable right to the accrued benefit as of the date of termination of employment payable at their normal retirement date. Notwithstanding this vesting schedule, a participant will become 100% vested upon reaching the normal retirement date.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements (Continued)

June 30, 2009

Note 5: Pension Plan (Continued):

Town Employees, Other Than Certified Teachers - Plan Description (Continued)

Funding policy and contributions:

Contribution requirements are established and may be amended by Town Council ordinance or union contract.

Employees are required to contribute to the Plan as follows:

- Commencing July 1, 1995 and ending June 30, 1997, each participant who is a member of the Fire Department (other than the Fire Chief) shall contribute to the Plan an amount equal to four and one-half percent (4.5%) of his compensation.
- Effective July 1, 1997, employee contributions for the Fire Department members are no longer required.
- Commencing July 1, 1994 and ending June 30, 2001, any police officer hired after July 1, 1994 must contribute 2.5% of his base annual compensation.
- Effective July 1, 2001, employee contributions for the Police Department members are no longer required.

The Town is required to contribute an amount determined in accordance with the actuarial valuation.

Actuarial methods and significant assumptions:

Pension assets are valued at their fair value as established by quotations from applicable national securities exchanges. Valuations of accrued liabilities, pension assets, and annual required contributions for the Plan are performed annually as of July 1.

The current valuation reflects an early retirement window, which credited an extra four years of benefit accrual service to members of the Fire Department who had attained age 50 with at least 25 years of service and retired between August 1, 2003 and August 31, 2003.

Actuarial valuations dated July 1, 2008 utilize the entry age normal cost method to determine both the actuarial accrued liabilities and annual required contributions to the Plan. The normal cost is the sum of the normal costs for all active participants who have not reached the assumed retirement age. For each such participant, the individual normal cost is the participant's normal cost accrued rate multiplied by the participant's current compensation. The normal cost accrued rate equals (a) the actuarial present value of future benefits as of the participant's entry age divided by (b) the actuarial present value of future compensation as of the participant's entry age. For other participants, the normal cost equals zero.

The accrued liability is the sum of the individual accrued liabilities for all participants. The individual accrued liability is equal to the actuarial present value of future benefits less the normal cost accrued rate multiplied by the actuarial present value of future compensation.

The actuarial assumptions include:

- a. 7.5% investment rate of return,
- b. use of the 1983 Group Annuity Mortality Table (Male/Female),
- c. projected salary increases of 5.0%,
- d. a withdrawal rate of none,
- e. assumed retirement ages as follows:
 - members of the Fire and Police Departments are assumed to retire at the earlier of age 62, or the completion of 30 years of service. Members of the police department hired after July 1, 1994 are assumed to retire at the earlier of age 62, or the completion of 30 years of service, but in no event prior to age 55.
 - participants who are not members of the fire and police departments are assumed to retire at age 62
 - participants who are beyond their assumed retirement ages are assumed to retire immediately
- f. expenses are assumed to be paid by the Town

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements (Continued)

June 30, 2009

Note 5: Pension Plan (Continued):

Actuarial Cost Methods (Continued)

Annual pension costs and net benefit obligation:

A summary of annual pension costs, contribution and net pension obligation without amortization of the unfunded actuarial liability over the preceding three years is as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially Required Contribution (ARC)	\$ 424,375 29,421	\$ 338,040 31,060	\$ 358,331 27,023
Interest on Net Pension Obligation (NPO)			
Adjustment to ARC	<u>(30,898)</u>	<u>(32,619)</u>	<u>(28,380)</u>
Annual Pension Costs	422,898	336,481	356,974
Contribution Made	<u>(338,040)</u>	<u>(358,331)</u>	<u>(303,154)</u>
Increase (Decrease) in NPO	84,858	(21,850)	53,820
NPO beginning of the year	<u>392,283</u>	<u>414,133</u>	<u>360,313</u>
NPO end of the year	<u>\$ 477,141</u>	<u>\$ 392,283</u>	<u>\$ 414,133</u>

Concentrations:

As of June 30, 2009 and during the year then ended, no pension assets were invested in any organization which collectively held 5% or more of the total assets of the Plan.

Schedule of Funding Progress

See supplementary section of these statements on page 73.

Note 6: Contingencies:

Various lawsuits are pending against the Town. A number of lawsuits are being defended by the Town's insurers and the claims are within the limits of coverage and, therefore, pose no risk of loss. The outcome of the remaining lawsuits cannot be evaluated at this time, and accordingly, the Town has not established a reserve for loss contingencies.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements (Continued)

June 30, 2009

Note 7: Long-Term Debt:

At a Special Financial Town Meeting on October 27, 1998, the Town approved the issuance of \$3,010,000 of general obligations bonds. The bonds dated January 1, 1999 are due January 1, 2000 to January 1, 2014. The bonds provide for a varying interest rate with a yield of 4.13%. Interest is due semiannually on January 1 and July 1st.

At a Special Financial Town Meeting in fiscal year 2008 the Town approved the issuance of \$550,000 revenue bonds. The bonds dated May 16, 2008 are due October 1, 2008 to June 30, 2017. The bonds provide for a varying interest rate with a yield of 4.00%. Interest is due October 1, 2009. Interest is semiannual paid on October 1st and April 1st.

Interest expense for the year ended June 30, 2009 amounted to \$61,664.

	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>Balance 06/30/08</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 06/30/09</u>	<u>Interest Paid</u>
General Obligation Bonds	01/01/99	01/01/14	3,010,000	4.13%	\$945,000	\$	\$ 215,000	\$ 730,000	\$ 40,389
Revenue Bond	05/15/07	06/30/17	550,000	4.00%	<u>495,000</u>	<u> </u>	<u>55,000</u>	<u>440,000</u>	<u>21,275</u>
					<u>\$ 1,440,000</u>	<u>\$</u>	<u>\$ 270,000</u>	<u>\$ 1,170,000</u>	<u>\$ 61,664</u>

Maturity on long-term debt paid by the general fund is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 265,000	\$ 50,649	\$ 315,649
2011	260,000	39,629	299,629
2012	160,000	28,613	188,613
2013	160,000	21,820	181,820
2014	160,000	15,000	175,000
2015	55,000	8,075	63,075
2016	55,000	5,650	60,650
2017	<u>55,000</u>	<u>2,700</u>	<u>57,700</u>
	<u>\$ 1,170,000</u>	<u>\$ 172,136</u>	<u>\$ 1,342,136</u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements (Continued)

June 30, 2009

Note 8: Capital Leases

At June 30, 2009, the Town had the following capital lease outstanding:

<u>Governmental Activities Capital Lease Payable</u>	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>Maturities Amounts</u>	<u>Maturities Dates</u>	<u>Outstanding Balances 06/30/2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding Balances 6/30/2009</u>	<u>Amount Due 2010</u>	<u>Interest Paid</u>
Fire Engine stainless steel pumper & 2008 pierce pierce pumper fire truck	12/01/08	\$ 339,855	4.55%	\$ 47,605	07/01/09	\$ 163,666	\$ 214,478	\$ 38,289	\$ 339,855	\$ 47,605	\$ 7,269
				42,862	07/01/10						
				45,047	07/01/11						
				47,342	07/01/12						
				49,755	07/01/13						
				52,290	07/01/14						
				54,955	07/01/15						
Ricoh Copier	07/01/08	2,723	0.00%	544	06/30/10		2,723	544	2,179	545	
				545	06/30/11						
				545	06/30/12						
				545	06/30/13						
						<u>\$ 163,666</u>	<u>\$ 217,201</u>	<u>\$ 38,833</u>	<u>\$ 342,034</u>	<u>\$ 48,150</u>	<u>\$ 7,269</u>

The Town is obligated under certain leases accounted for as capital leases. The obligation for the lease is accounted for in the government-wide financial statements. The following is a schedule of capital leases outstanding and future minimum lease payments under capital leases:

<u>Year Ending</u>	<u>Amount</u>
2010	\$ 58,299
2011	58,300
2012	58,300
2013	58,300
2014	57,755
2015	57,755
2016	<u>57,755</u>
Minimum lease payments for all capital leases	406,464
Less: amount representing interest	<u>64,430</u>
Total principal portion due	<u>\$ 342,034</u>

The gross amount of assets capitalized under Capital Leases is \$519,538.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements (Continued)

June 30, 2009

Note 9: Fund Deficit:

The following individual funds had a deficit fund balance at June 30, 2009:

Governmental Activities:

Special Revenue:

Road Detail	\$ 3,920*
Firefighters Detail	<u>2,273*</u>
Total Special Revenue	<u>6,193</u>
Total Governmental Activities	<u>\$ 6,193</u>

* To be funded by a future administration plan

Note 10: Restatement:

In some instances beginning net assets/fund balance has been restated as a result of adjustments made to correct or reclassify prior year balances. Such adjustments, summarized by basic financial statement type are as follows:

Non-Major Governmental Funds

General fund:

Net assets, end of year per June 20, 2008 financial statements	\$ 1,473,922
To correct prior transfer to insurance fund made prematurely in the prior year	11,093
Rounding	<u>(1)</u>
Net assets, beginning of year, restated	<u>\$ 1,785,014</u>

Wastewater Treatment Plant

Net assets, end of year per June 30, 2008 financial statements	\$ 59,481
To correct deferred revenue balance	<u>(25,000)</u>
Net assets, beginning of year, restated	<u>\$ 34,481</u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements (Continued)

June 30, 2009

Note 10: Restatement (Continued):

Non-Major Governmental Funds

Special Revenue:

Net assets, end of year per June 20, 2008 financial statements	\$ 1,144,838
To correct prior year transfer from the general fund made prematurely in the prior year	<u>(11,093)</u>
Net assets, beginning of year, restated	<u>\$ 1,133,745</u>

Government-Wide Financial Statements - Governmental Activities

Net assets, end of year per June 30, 2008 financial statements	\$ 6,825,039
To correct compensated absence balances for sick bank and other misstatements	(68,829)
Adjustments made to Governmental Funds	<u>(25,001)</u>
Net assets, beginning of year, restated	<u>\$ 6,733,161</u>

* This fund deficit will be funded through an administrative plan

** This fund deficit will be funded by future donations. Any remaining deficit will be funded through an administrative plan.

HAGUE, SAHADY & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

126 President Avenue

Fall River, MA 02720

TEL. (508) 675-7889

FAX (508) 675-7859

TOWN OF LITTLE COMPTON, RHODE ISLAND

Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards (Continued)

The Honorable Town Council
Town of Little Compton
Little Compton, Rhode Island

We have audited the financial statements of the governmental activities, the component unit, each major fund, and the aggregate remaining fund information of the Town of Little Compton, Rhode Island, as of and for the year ended June 30, 2009, which collectively comprise the Town of Little Compton, Rhode Island's basic financial statements and have issued our report thereon dated November 25, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Little Compton, Rhode Island's internal control over financial reporting as a basis for designing our auditing procedures 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 Little Compton's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Little Compton, Rhode Island's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as described below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design of operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Little Compton, Rhode Island's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Little Compton, Rhode Island's financial statements that is more than inconsequential will not be prevented or detected by the Town of Little Compton, Rhode Island's internal control. We consider the deficiencies, 08-1, 08-2, 08-3 and 08-4 described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Little Compton, Rhode Island's internal control. We consider the deficiencies 08-1, 08-2, 08-3 and 08-4 described in the accompanying schedule of findings and questioned costs to also to be material weaknesses in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Little Compton, Rhode Island's financial statements are free of 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*.

We noted certain other matters that we reported to management of the Town of Little Compton, Rhode Island, in a separate letter dated November 25, 2009.

This report is intended solely for the information and use of management, Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hague, Sahady & Co. PC

November 25, 2009

TOWN OF LITTLE COMPTON, RHODE ISLAND

Schedule of Findings

For the Year Ended June 30, 2009

Findings - Financial Statement Audit:

1. **Finding 08-01:** *Departmental Internal Control – Segregation of Duties (Material Weakness):*

During our audit, we found that the Town has inadequate segregation of duties in the expenditure cycle. The Treasurer is responsible for writing the checks, posting to the general ledger and for reconciling the bank accounts. The disbursement process should be separate from the reconciliation of the bank statements and the posting of the general ledger for proper internal control structure. Also within the treasurer department, one individual (clerk) is responsible for maintaining the property tax receivable subsidiary records, accepts and handles the payments, prepares deposit ticket and reconciles the department's bank account. As is the case with many small-sized municipalities inherent staff limitations make it difficult to provide these separations in a cost effective manner. However, the Council should continue constantly be aware of the need for adequate separation of duties to have a proper internal control structure.

We recommend that management oversight be done on a periodic basis to review departmental reconciliations and where feasible have proper segregation of duties. The Council should evaluate this situation and make judgments accordingly.

Management's Plan for Corrective Action:

Due to the limited staff comprising the Treasurer/Tax Collector's office the segregation of multiple processes is very difficult to establish. Oversight and monitoring is in place, however, the Business Manager will endeavor to strengthen the segregation of duties where possible given the constraints of the municipal budget.

2. **Finding 08-02:** *Selection and application of accounting principles that are in conformity with GAAP/Preparation of Financial Statements (Material Weakness):*

As is the case with many small and medium-sized municipalities, the Town has relied on its independent external auditors to prepare the GAAP financial statements, including footnotes, using the year-end trial balance prepared and provided by the Town. In addition, the auditor has proposed a number of adjusting journal entries in order to prepare these financial statements. The Town's personnel prepare the non-GAAP financial statements during the year, however, the personnel does not appear to have the complete knowledge or skill to prepare governmental financial statements in accordance with generally accepted accounting principles.

We recommend the Town's accounting staff obtain training and expertise to internally prepare its annual financial statements in accordance with GAAP. The Town Council and management should evaluate this and make judgments accordingly.

Management's Plan for Corrective Action:

The Town is reviewing alternatives to the existing MUNIS general ledger system and the capability of such software to accurately process transactions and produce the appropriate accounting entries and management reports. Included in the current software package being reviewed is training for specific modules including preparation of GAAP financial statements. Recommendations will be made during 2010 (4QFY).

TOWN OF LITTLE COMPTON, RHODE ISLAND

Schedule of Findings (Continued)

For the Year Ended June 30, 2009

Findings - Financial Statement Audit (Continued):

3. **Finding 08-03:** *Lack of Adequate System to Monitor Compensated Absences (Material Weakness):*

We noted in the prior year's management letter that the Town maintains separate systems to monitor available sick and vacation balances for police, fire, school, and other city employees. The departments utilize manual systems to monitor these balances. None of these systems allow for an automated and perpetual balance of the Town's liability for compensated absences at any point in time. The process for determining the Town's liability at year-end for financial reporting purposes is time consuming and inefficient. The systems do not provide the Town with a tool for managing the accumulated liability.

We noted that the Town's payroll system has a function for tracking sick, vacation and compensatory time that is not utilized. The automation and centralization of this process would strengthen controls to ensure that compensated absences practices, within all departments, are in compliance with union contracts and it would provide management with a tool for monitoring and managing the Town's growing liability in this area.

This growing liability is the result of contracts and policies which allow employees to carry-over unused sick, vacation and compensatory time and to be paid for that time upon the termination of their employment with the Town. Allowing such liabilities to continue to accumulate puts the City at risk of having to pay on the liabilities at a time when available budgets have already been stretched, further impairing the City's financial condition.

Each year employees leave or retire and the accumulated liability must be paid out of current budgeted funds. In order to manage the budget, and eliminate another area that can add to the structural deficit, it would be useful if the treasurer and department heads could access information on employees who are likely to retire based on years of service and age. With the associated accumulation of the liability the Town could ensure that all departments include these added expenses within their budget projections.

There is increased accountability along with better management information and improved employee reporting if the Town's liability for compensated absences is monitored through the payroll system. The Town should consider using the payroll function to control this information.

We also recommend the Town consider the existing policies related to the accumulation of compensated absences as a means of managing its future budgets and potential liabilities.

During the audit, we also noted that there were a few areas that needed to be corrected in the Town's schedule of compensated absences.

- For Town employees, a multiplier is used (either 30% or 50%, depending on the department) when determining the total liability at year end. The Town's schedule did not account for this multiplier, thus overstating the liability by \$387,202.00 in the current year.

It is recommended that the Town review all employee contracts for all departments to fully understand how to account for accrued sick, personal and vacation time. There should also be a communication between all departments and those charged with accounting for compensated absences as to which department(s) may not be eligible to carry forward or accrue any sick or vacation time.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Schedule of Findings (Continued)

For the Year Ended June 30, 2009

Findings - Financial Statement Audit:

Management's Plan for Corrective Action:

The Town has been working with Paychex Inc., our payroll service provider, to include both vacation time and sick time earned, used (taken) and remaining. Due to various differences in the municipal, police and fire union contract entitlements, this task has taken longer than expected. Manual records, however, are kept and verified by the Treasurer's office. We expect this deficiency to be corrected by January 2010 month end.

4. **Finding 08-04: Payroll/Cash Reconciliations**

During our audit, we found that there were various payroll postings that were not charged against the cash account on the general ledger. We recommend that the cash and payroll related balance sheet accounts are reconciled to ensure that proper postings have been made to the general ledger, and that the postings mirror the transactions that have actually occurred. The current year misstatement to cash was \$583,000.

Management's Plan for Corrective Action:

The deficiency will be discussed with the appropriate department(s) and our Auditors and corrective actions to mitigate this deficiency in the future will be taken. A review of the internal policies and reports will be undertaken and modified/enforced, if necessary.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information

Statement of Revenues and Expenditures (Non-GAAP Budgetary Basis) Budget and Actual - General Fund

Year Ended June 30, 2009

	<u>Budget As Adopted</u>	<u>Appropriation Transfers and Additions</u>	<u>Total Available</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues					
General property taxes and penalties	\$ 9,425,506	\$	\$ 9,425,506	\$ 9,456,369	\$ 30,863
Intergovernmental revenue	516,939		516,939	414,531	(102,408)
Departmental receipts				17,154	17,154
Licenses, permits and fees	451,009		451,009	435,081	(15,928)
Interest on investments	35,000		35,000	50,469	15,469
Beach receipts	165,000		165,000	137,680	(27,320)
Miscellaneous income				9,770	9,770
	<u>10,593,454</u>		<u>10,593,454</u>	<u>10,521,054</u>	<u>(72,400)</u>
Total revenues					
Expenditures					
General government	1,600,599		1,600,599	1,512,926	87,673
Financial administrative	246,722		246,722	243,626	3,096
Public safety	1,490,335		1,490,335	1,518,073	(27,738)
Capital projects and debt service	425,652		425,652	424,494	1,158
Transfer station	179,082		179,082	187,782	(8,700)
Public works	293,749		293,749	302,892	(9,143)
Public welfare	4,800		4,800	4,800	
Library	121,982		121,982	122,172	(190)
Public schools	6,045,284		6,045,284	6,045,284	
Parks and recreation	131,902		131,902	127,274	4,628
Grants and charitable contributions	48,480		48,480	42,379	6,101
Miscellaneous	4,867		4,867	6,101	(1,234)
	<u>10,593,454</u>		<u>10,593,454</u>	<u>10,537,803</u>	<u>55,651</u>
Total expenditures					
Excess (deficiency) of revenues over expenditures				<u>(16,749)</u>	<u>(16,749)</u>
Other financing sources/(uses): Transfers between funds				<u>(11,092)</u>	<u>(11,092)</u>
Total other financing sources/(uses)				<u>(11,092)</u>	<u>(11,092)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>(27,841)</u>	<u>\$ (27,841)</u>
Budgetary fund balance at the beginning of year				<u>1,989,018</u>	
Budgetary fund balance at the end of year				<u>\$ 1,961,177</u>	

See notes to required supplementary information
See accompanying independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information

Statement of Revenues and Expenditures (Non-GAAP Budgetary Basis) Budget and Actual - School Department

Year Ended June 30, 2009

	<u>Encumbrances Carried Forward</u>	<u>Budget As Adopted</u>	<u>Appropriation Transfers and Additions</u>	<u>Total Available</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues							
Funds received State RI - Unrestricted	\$	\$ 349,661	\$	\$ 349,661	\$ 245,133	\$	\$ (104,528)
Funds received State RI - Restricted		157,951		157,951	155,055		(2,896)
Miscellaneous receipts					34,763		34,763
Total revenues		<u>507,612</u>		<u>507,612</u>	<u>434,931</u>		<u>(72,661)</u>
Expenditures							
Instruction		2,550,951		2,550,951	2,458,360		92,591
Extracurricular Activities		7,048		7,048	7,510		(462)
Educational Materials	1,261	120,048		121,309	194,955	4,033	(77,679)
Support Services		193,071		193,071	191,649		1,422
Audio Visual	633	2,069		2,702	49,823	15,818	(62,939)
Special Education		1,022,649	(10,059)	1,012,590	944,622		67,968
Transportation		375,676	10,059	385,735	446,404		(60,669)
Physical plant	4,609	550,530		555,139	445,046	11,970	98,123
Capital outlay		50,506		50,506	148,142	6,223	(103,859)
Educational Equipment	1,439	5,000		6,439	6,770		(331)
Tuition		1,238,209		1,238,209	997,093		241,116
Administrative		420,236		420,236	428,499		(8,263)
Technology		51,438		51,438	73,443	695	(22,700)
Special programs		23,877		23,877	23,511		366
Total expenditures	<u>7,942</u>	<u>6,611,308</u>		<u>6,619,250</u>	<u>6,415,827</u>	<u>38,739</u>	<u>164,684</u>
Excess (deficiency) of revenue over expenditures	<u>(7,942)</u>	<u>(6,103,696)</u>		<u>(6,111,638)</u>	<u>(5,980,876)</u>	<u>(38,739)</u>	<u>92,023</u>
Other financing sources/(uses):							
Transfer from fund balance		58,412		58,412			(58,412)
Transfer Town appropriations		6,045,284		6,045,284	6,045,284		
Total other financing sources/(uses)		<u>6,103,696</u>		<u>6,103,696</u>	<u>6,045,284</u>		<u>(58,412)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ (7,942)</u>	<u>\$</u>	<u>\$</u>	<u>\$ (7,942)</u>	64,408	<u>\$ (38,739)</u>	<u>\$ 33,611</u>
Budgetary fund balance at the beginning of year					<u>730,491</u>		
Budgetary fund balance at the end of year					<u>\$ 794,899</u>		

The above page includes both unrestricted and restricted figures for the School Department

See notes to required supplementary information
See accompanying independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information

Notes to the Required Supplementary Information - Explanations of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

June 30, 2009

Budgetary - GAAP Reporting Reconciliation

The accompanying Combined Statement of Revenues, Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major difference between the budgetary basis and the generally accepted accounting principles ("GAAP") basis are that:

- A) Revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP basis) except for real estate and personal property taxes which are recorded when committed;
- B) Expenditures are recorded when paid in cash (budgetary basis) as opposed to when liability is incurred (GAAP basis).

Therefore, timing, perspective, and entity differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2009 are as follows:

	<u>General Fund</u>	<u>School Unrestricted</u>
Budgetary-GAAP Reconciliation		
Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	\$ (27,841)	\$ 64,408
To remove budgeted cell tower	(33,446)	
Correct prior year - unbudgeted	5,526	
<i>Increase in 60 day accrual</i>	6,088	
Title I activity included in unrestricted budget but considered as restricted for GAAP		(9,487)
To add to budgetary expenditures amounts removed for GAAP that are prepaid		15,955
UCOA activity included in unrestricted budget but considered as restricted for GAAP		9,750
Rural funds activity included in unrestricted budget but considered as restricted for GAAP		192
Title II activity included in unrestricted budget but not considered as restricted for GAAP		6,340
Rounding	5	
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	\$ (49,668)	\$ 87,158

See accompanying independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Non Major Governmental Funds

Combining Balance Sheet

June 30, 2009

	Special Revenue	Capital Projects	Permanent Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and investments	\$ 1,132,459	\$ 484,261	\$ 142,024	\$ 1,758,744
Receivables:				
Intergovernmental	27,493			27,493
Other	22,829			22,829
Inventory	2,043			2,043
Due from other funds	21,282			21,282
Total assets	\$ 1,206,106	\$ 484,261	\$ 142,024	\$ 1,832,391
 Liabilities and Fund Balance				
Liabilities:				
Warrants payable	\$	\$	\$	\$
Accounts payable and accrued expenses	19,718	11,316		31,034
Retainage payable		9,814		9,814
Due to other funds	39,528	19,505	50	59,083
Deferred revenue	23,347			23,347
Total liabilities	82,593	40,635	50	123,278
Fund balance:				
Reserved			10,000	10,000
Unreserved	1,123,513	443,626	131,974	1,699,113
Total fund balance	1,123,513	443,626	141,974	1,709,113
Total liabilities and fund balance	\$ 1,206,106	\$ 484,261	\$ 142,024	\$ 1,832,391

See Independent Auditors' Report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Non Major Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2009

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:				
Federal and state grant income - operating	\$ 344,972	\$ 4,000	\$	\$ 348,972
Federal and state grant income - capital				
Donation revenues	5,188			5,188
Departmental and other revenue	240,634		23,710	264,344
Investment income	<u>12,151</u>	<u>50</u>	<u>688</u>	<u>12,889</u>
Total revenues	<u>602,945</u>	<u>4,050</u>	<u>24,398</u>	<u>631,393</u>
Expenditures:				
General government	25,829	26,626	506	52,961
Public safety	201,542			201,542
Education	260,541			260,541
Health and human services	145,311		1,215	146,526
Culture and recreation	<u>29,521</u>	<u>4</u>	<u>1,900</u>	<u>31,425</u>
Total expenditures	<u>662,744</u>	<u>26,630</u>	<u>3,621</u>	<u>692,995</u>
Excess (deficiency) of revenue over expenditures	(59,799)	(22,580)	20,777	(61,602)
Other financing sources (uses):				
Transfer between funds	<u>49,567</u>	<u>69,844</u>		<u>119,411</u>
Total other financing sources (uses)	<u>49,567</u>	<u>69,844</u>		<u>119,411</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(10,232)	47,264	20,777	57,809
Fund balance, July 1, 2008, restated	<u>1,133,745</u>	<u>396,362</u>	<u>121,197</u>	<u>1,651,304</u>
Fund balance, June 30, 2009	<u>\$ 1,123,513</u>	<u>\$ 443,626</u>	<u>\$ 141,974</u>	<u>\$ 1,709,113</u>

See Independent Auditors' Report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Non Major Governmental Funds

Special Revenue

Combining Balance Sheet

June 30, 2009

	<u>Rhode Island Foundation</u>	<u>Library Resource Sharing Grant</u>	<u>Insurance Fund</u>	<u>Drug and Substance Abuse</u>	<u>Cell Tower Rental</u>	<u>Recreation Conservation</u>	<u>Town Code Fund</u>	<u>Comprehensive Plan</u>	<u>Drug Forfeiture Fund</u>	<u>Community Development Block Grant</u>
Assets:										
Cash and cash equivalents	\$	\$	\$ 146,438	\$	\$ 82,386	\$ 8,000	\$ 7,825	\$ 3,000	\$ 2,387	\$ 11,020
Investments									557,233	
Intergovernmental receivables										
Other receivables										
Due from other funds	_____	_____	_____	_____	_____	_____	_____	_____	8,145	_____
Total assets	<u>\$</u>	<u>\$</u>	<u>\$ 146,438</u>	<u>\$</u>	<u>\$ 82,386</u>	<u>\$ 8,000</u>	<u>\$ 7,825</u>	<u>\$ 3,000</u>	<u>\$ 567,765</u>	<u>\$ 11,020</u>
Liabilities and Fund Balance										
Liabilities:										
Warrants payable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued expenses			354		(284)				3,082	
Due to federal and/or state governments										
Due to other funds										
Deferred revenue	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Total liabilities	_____	_____	_____ 354	_____	_____ (284)	_____	_____	_____	_____ 3,082	_____
Fund balance:										
Unreserved:										
Undesignated	_____	_____	_____ 146,084	_____	_____ 82,670	_____ 8,000	_____ 7,825	_____ 3,000	_____ 564,683	_____ 11,020
Total fund balance	_____	_____	_____ 146,084	_____	_____ 82,670	_____ 8,000	_____ 7,825	_____ 3,000	_____ 564,683	_____ 11,020
Total liabilities and fund balance	<u>\$</u>	<u>\$</u>	<u>\$ 146,438</u>	<u>\$</u>	<u>\$ 82,386</u>	<u>\$ 8,000</u>	<u>\$ 7,825</u>	<u>\$ 3,000</u>	<u>\$ 567,765</u>	<u>\$ 11,020</u>

See Independent Auditors' Report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Non Major Governmental Funds

Special Revenue

Combining Balance Sheet (Continued)

June 30, 2009

	<u>DEM Wastewater Grant</u>	<u>Law Enforcement Block Grant</u>	<u>Emergency Operations</u>	<u>Bullet Proof Vest Grant</u>	<u>SPEED Management</u>	<u>DWI Management</u>	<u>Clerk Restoration</u>	<u>Historic Records Presentation</u>	<u>Record Vault Fund</u>	<u>Spay & Neuter Fund</u>
Assets:										
Cash and cash equivalents	\$ 690	\$ 518	\$ 6,694	\$ 21,154	\$ 1,918	\$ 120	\$ 900	\$ 47,732	\$ 55,900	\$ 447
Investments										
Intergovernmental receivables										
Other receivables										
Inventory										
Due from other funds				4,200						
Total assets	<u>\$ 690</u>	<u>\$ 518</u>	<u>\$ 6,694</u>	<u>\$ 25,354</u>	<u>\$ 1,918</u>	<u>\$ 120</u>	<u>\$ 900</u>	<u>\$ 47,732</u>	<u>\$ 55,900</u>	<u>\$ 447</u>
Liabilities and Fund Balance										
Liabilities:										
Warrants payable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued expenses								1,526		
Due to federal and/or state governments										
Due to other funds				12,345						
Deferred revenue		518								
Total liabilities		<u>518</u>		<u>12,345</u>				<u>1,526</u>		
Fund balance:										
Unreserved:										
Undesignated	690		6,694	13,009	1,918	120	900	46,206	55,900	447
Total fund balance	<u>690</u>		<u>6,694</u>	<u>13,009</u>	<u>1,918</u>	<u>120</u>	<u>900</u>	<u>46,206</u>	<u>55,900</u>	<u>447</u>
Total liabilities and fund balance	<u>\$ 690</u>	<u>\$ 518</u>	<u>\$ 6,694</u>	<u>\$ 25,354</u>	<u>\$ 1,918</u>	<u>\$ 120</u>	<u>\$ 900</u>	<u>\$ 47,732</u>	<u>\$ 55,900</u>	<u>\$ 447</u>

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Non Major Governmental Funds

Special Revenue

Combining Balance Sheet (Continued)

June 30, 2009

	<u>School Funds</u>	<u>Underage Drinking/ Tobacco</u>	<u>Homeland Security</u>	<u>Firefighters Detail</u>	<u>Road Detail</u>	<u>Ambulance Reimbursement</u>	<u>Fire Alarm Inspection</u>	<u>Fourth of July</u>	<u>Harbor Management</u>	<u>Munis Training</u>	<u>Total</u>
Assets:											
Cash and cash equivalents	\$ 4,911	\$ 256	\$ 1,158	\$ (2,273)	\$ (3,920)	\$ 157,921	\$ 7,685	\$ 642	\$ 8,952	\$ 2,765	\$ 575,226
Investments											557,233
Intergovernmental receivables	27,493										27,493
Other receivables						22,829					22,829
Inventory	2,043										2,043
Due from other funds	<u>6,891</u>						<u>2,046</u>				<u>21,282</u>
Total assets	<u>\$ 41,338</u>	<u>\$ 256</u>	<u>\$ 1,158</u>	<u>\$ (2,273)</u>	<u>\$ (3,920)</u>	<u>\$ 180,750</u>	<u>\$ 9,731</u>	<u>\$ 642</u>	<u>\$ 8,952</u>	<u>\$ 2,765</u>	<u>\$ 1,206,106</u>
Liabilities and Fund Balance											
Liabilities:											
Warrants payable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued expenses	12,162					666	22		2,190		19,718
Due to federal and/or state governments											
Due to other funds	25,137								2,046		39,528
Deferred revenue						<u>22,829</u>					<u>23,347</u>
Total liabilities	<u>37,299</u>					<u>23,495</u>	<u>22</u>		<u>4,236</u>		<u>82,593</u>
Fund balance:											
Unreserved:											
Undesignated	<u>4,039</u>	<u>256</u>	<u>1,158</u>	<u>(2,273)</u>	<u>(3,920)</u>	<u>157,255</u>	<u>9,709</u>	<u>642</u>	<u>4,716</u>	<u>2,765</u>	<u>1,123,513</u>
Total fund balance	<u>4,039</u>	<u>256</u>	<u>1,158</u>	<u>(2,273)</u>	<u>(3,920)</u>	<u>157,255</u>	<u>9,709</u>	<u>642</u>	<u>4,716</u>	<u>2,765</u>	<u>1,123,513</u>
Total liabilities and fund balance	<u>\$ 41,338</u>	<u>\$ 256</u>	<u>\$ 1,158</u>	<u>\$ (2,273)</u>	<u>\$ (3,920)</u>	<u>\$ 180,750</u>	<u>\$ 9,731</u>	<u>\$ 642</u>	<u>\$ 8,952</u>	<u>\$ 2,765</u>	<u>\$ 1,206,106</u>

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Non Major Governmental Funds

Capital Projects

Combining Balance Sheet

June 30, 2009

	Basketball Court	Beach Emergency	Capital Expenditures Fund	Reevaluation	Microfilming	Pike's Peak Curb	Total
Assets:							
Cash and investments	\$ 24,014	\$ 31,656	\$ 307,425	\$ 116,202	\$ 4,690	\$ 274	\$ 484,261
Receivables:							
Federal and state governments							
Other							
Due from other funds							
Total assets	<u>\$ 24,014</u>	<u>\$ 31,656</u>	<u>\$ 307,425</u>	<u>\$ 116,202</u>	<u>\$ 4,690</u>	<u>\$ 274</u>	<u>\$ 484,261</u>
Liabilities and Fund Balance:							
Liabilities:							
Warrants payable	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued expenses				11,316			11,316
Retainage payable				9,814			9,814
Due to other funds	19,505						19,505
Due to federal and state governments							
Deferred revenue_							
Total liabilities	<u>19,505</u>			<u>21,130</u>			<u>40,635</u>
Fund balance:							
Unreserved:							
Undesignated	4,509	31,656	307,425	95,072	4,690	274	443,626
Total fund balance	<u>4,509</u>	<u>31,656</u>	<u>307,425</u>	<u>95,072</u>	<u>4,690</u>	<u>274</u>	<u>443,626</u>
Total liabilities and fund balance	<u>\$ 24,014</u>	<u>\$ 31,656</u>	<u>\$ 307,425</u>	<u>\$ 116,202</u>	<u>\$ 4,690</u>	<u>\$ 274</u>	<u>\$ 484,261</u>

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Non Major Governmental Funds

Permanent Funds

Combining Balance Sheet

June 30, 2009

	<u>Cemetery Accounts</u>	<u>JS Wilbur RI Historical Cemetery</u>	<u>Raposa Education Fund</u>	<u>Doris E Simmons Memorial</u>	<u>Robert Peckham Memorial</u>	<u>Tree Fund</u>	<u>Phillip Wilbur Memorial</u>	<u>Adamsville Historical Association</u>	<u>Subtotal Total</u>
Assets:									
Cash and investments	\$ 80,756	\$ 21,784	\$ 16,489	\$ 4,331	\$ 1,357	\$ 10,632	\$ 3,013	\$ 3,662	\$ 142,024
Total assets	<u>\$ 80,756</u>	<u>\$ 21,784</u>	<u>\$ 16,489</u>	<u>\$ 4,331</u>	<u>\$ 1,357</u>	<u>\$ 10,632</u>	<u>\$ 3,013</u>	<u>\$ 3,662</u>	<u>\$ 142,024</u>
Liabilities and Fund Balance:									
Liabilities:									
Warrants payable	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued expenses									
Due to other funds					50				50
Due to federal and/or state governments									
Deferred revenue									
Total liabilities					50				50
Fund balance:									
Reserved		10,000							10,000
Unreserved	<u>80,756</u>	<u>11,784</u>	<u>16,489</u>	<u>4,331</u>	<u>1,307</u>	<u>10,632</u>	<u>3,013</u>	<u>3,662</u>	<u>131,974</u>
Total fund balance	<u>80,756</u>	<u>21,784</u>	<u>16,489</u>	<u>4,331</u>	<u>1,307</u>	<u>10,632</u>	<u>3,013</u>	<u>3,662</u>	<u>141,974</u>
Total liabilities and fund balance	<u>\$ 80,756</u>	<u>\$ 21,784</u>	<u>\$ 16,489</u>	<u>\$ 4,331</u>	<u>\$ 1,357</u>	<u>\$ 10,632</u>	<u>\$ 3,013</u>	<u>\$ 3,662</u>	<u>\$ 142,024</u>

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Non Major Governmental Funds

Special Revenue

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2009

	<u>Rhode Island Foundation</u>	<u>Library Resource Sharing Grant</u>	<u>Insurance Fund</u>	<u>Drug and Substance Abuse</u>	<u>Cell Tower Rental</u>	<u>Recreation Conservation</u>	<u>Town Code Fund</u>	<u>Comprehensive Plan</u>	<u>Drug Forfeiture Fund</u>	<u>Community Development Block Grant</u>
Revenues:										
Federal & state grant income— operating	\$	\$ 25,296	\$	\$ 18,610	\$	\$	\$	\$	\$	\$ 18,920
Federal & state grants - capital										
Investment income			1,507						10,615	
Donation revenue	4,000				33,446				65	
Other										
Total revenue	<u>4,000</u>	<u>25,296</u>	<u>1,507</u>	<u>18,610</u>	<u>33,446</u>				<u>10,680</u>	<u>18,920</u>
Expenditures:										
General government			19,148		1,155		4,000			
Public safety	4,000			18,610					76,919	
Public works										
Education										
Public Welfare										
Culture and recreation		25,296								
Health and human services										18,608
Total expenditures	<u>4,000</u>	<u>25,296</u>	<u>19,148</u>	<u>18,610</u>	<u>1,155</u>		<u>4,000</u>		<u>76,919</u>	<u>18,608</u>
Excess (deficiency) of revenue over expenditures			(17,641)		32,291		(4,000)		(66,239)	312
Other financing sources (uses):										
Transfer between funds			46,035			(11,918)				
Excess of revenue and other sources over expenditures and other uses			28,394		32,291	(11,918)	(4,000)		(66,239)	312
Fund balance, July 1, 2008			117,690		50,379	19,918	7,825	7,000	630,922	10,708
Fund balance, June 30, 2009	<u>\$</u>	<u>\$</u>	<u>\$ 146,084</u>	<u>\$</u>	<u>\$ 82,670</u>	<u>\$ 8,000</u>	<u>\$ 7,825</u>	<u>\$ 3,000</u>	<u>\$ 564,683</u>	<u>\$ 11,020</u>

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Non Major Governmental Funds

Special Revenue

Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)

For the Year Ended June 30, 2009

	<u>DEM Wastewater Grant</u>	<u>Law Enforcement Block Grant</u>	<u>Emergency Operations</u>	<u>Bullet Proof Vest Grant</u>	<u>SPEED Management</u>	<u>DWI Management</u>	<u>Clerk Restoration</u>	<u>Historical Records Preservation</u>	<u>Record Vault Expansion</u>	<u>Spay & Neuter Fund</u>
Revenues:										
Federal & state grants – operating	\$	\$	\$ 4,000	\$ 12,345	\$ 1,918	\$	\$	\$ 2,612	\$	\$
Federal & state grants - capital										
Donation revenue										
Other										
Investment income							500	7,624		168
Total revenue			4,000	12,345	1,918		500	10,236		168
Expenditures:										
General government								1,526		
Public safety				8,145						
Public works										
Education										
Health and human services										
Culture and recreation										
Total expenditures				8,145				1,526		
Excess (deficiency) of revenues over expenditures			4,000	4,200	1,918		500	8,710		168
Other financing sources (uses):										
Transfer between funds									15,450	
Excess of revenue and other sources over expenditures and other uses and other uses			4,000	4,200	1,918		500	8,710	15,450	168
Fund balance, July 1, 2008	690		2,694	8,809		120	400	37,496	40,450	279
Fund balance, June 30, 2009	<u>\$ 690</u>		<u>\$ 6,694</u>	<u>\$ 13,009</u>	<u>\$ 1,918</u>	<u>\$ 120</u>	<u>\$ 900</u>	<u>\$ 46,206</u>	<u>\$ 55,900</u>	<u>\$ 447</u>

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Non Major Governmental Funds

Special Revenue

Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)

For the Year Ended June 30, 2009

	<u>School Funds</u>	<u>Underage Drinking/ Tobacco</u>	<u>Homeland Security</u>	<u>Firefighters Assistance</u>	<u>Road Detail</u>
Revenues:					
Federal & state grants – operating	\$ 204,699	\$ 256	\$	\$ 55,221	\$
Federal & state grants – capital					
Investment income					
Donation revenue					
Other	<u>54,519</u>	<u></u>	<u></u>	<u></u>	<u>4,815</u>
Total revenue	<u>259,218</u>	<u>256</u>	<u></u>	<u>55,221</u>	<u>4,815</u>
Expenditures:					
General government					
Public safety				57,494	7,155
Public works					
Education	260,541				
Health and human services					
Culture and recreation					
Total expenditures	<u>260,541</u>	<u></u>	<u></u>	<u>57,494</u>	<u>7,155</u>
Excess (deficiency) of revenue over expenditures	(1,323)	256		(2,273)	(2,340)
Other financing sources (uses):					
Transfer between funds					
Excess of revenue and other sources over expenditures and other uses	(1,323)	256		(2,273)	(2,340)
Fund balance, July 1, 2008	<u>5,362</u>	<u></u>	<u>1,158</u>	<u></u>	<u>(1,580)</u>
Fund balance, June 30, 2009	<u>\$ 4,039</u>	<u>\$ 256</u>	<u>\$ 1,158</u>	<u>\$ (2,273)</u>	<u>\$ (3,920)</u>

See Independent Auditors' Report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Non Major Governmental Funds

Special Revenue

Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)

For the Year Ended June 30, 2009

	<u>Ambulance Reimbursement</u>	<u>Fire Alarm Reimbursement</u>	<u>Fourth of July</u>	<u>Harbor Management</u>	<u>Munis Training</u>	<u>Total</u>
Revenues:						
Federal & state grants – operating	\$ 1,095	\$	\$	\$	\$	\$ 344,972
Federal & state grants – capital						
Investment income			29			12,151
Donation revenue			188	1,000		5,188
Other	<u>111,642</u>	<u>4,297</u>	<u>3,000</u>	<u>20,558</u>		<u>240,634</u>
Total revenue	<u>112,737</u>	<u>4,297</u>	<u>3,217</u>	<u>21,558</u>		<u>602,945</u>
Expenditures:						
General government						25,829
Public safety		1,743		27,476		201,542
Public works						
Education						260,541
Health and human services	126,703					145,311
Culture and recreation			<u>4,225</u>			<u>29,521</u>
Total expenditures	<u>126,703</u>	<u>1,743</u>	<u>4,225</u>	<u>27,476</u>		<u>662,744</u>
Excess (deficiency) of revenue over expenditures	(13,966)	2,554	(1,008)	(5,918)		(59,799)
Other financing sources (uses)						
Transfer between funds						<u>49,567</u>
Excess of revenue and other sources over Expenditures and other uses	(13,966)	2,554	(1,008)	(5,918)		(10,232)
Fund balance, July 1, 2008	<u>171,221</u>	<u>7,155</u>	<u>1,650</u>	<u>10,634</u>	<u>2,765</u>	<u>1,133,745</u>
Fund balance, June 30, 2009	<u>\$ 157,255</u>	<u>\$ 9,709</u>	<u>\$ 642</u>	<u>\$ 4,716</u>	<u>\$ 2,765</u>	<u>\$ 1,123,513</u>

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Non Major Governmental Funds

Capital Projects

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2009

	<u>Basketball Court</u>	<u>Beach Emergency</u>	<u>Capital Expenditures Fund</u>	<u>Reevaluation</u>	<u>Microfilming</u>	<u>Pike's Peak Curb</u>	<u>Subtotal</u>
Revenues:							
Federal and state grant income	\$ 4,000						\$ 4,000
Private donations							
Departmental and other revenue							
Investment income	<u>50</u>						<u>50</u>
Total revenue	<u>4,050</u>						<u>4,050</u>
Expenditures:							
General government				25,894	446	286	26,626
Culture & recreation	<u>4</u>						<u>4</u>
Total expenditures	<u>4</u>			<u>25,894</u>	<u>446</u>	<u>286</u>	<u>26,630</u>
Excess (deficiency) of revenue over expenditures	4,046			(25,894)	(446)	(286)	(22,580)
Other financing sources (uses):							
Transfer between funds	<u>19,918</u>		<u>23,439</u>	<u>26,487</u>			<u>69,844</u>
Total other financing sources (uses)	<u>19,918</u>		<u>23,439</u>	<u>26,487</u>			<u>69,844</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	23,964		23,439	593	(446)	(286)	47,264
Fund balance, July 1, 2008	<u>(19,455)</u>	<u>31,656</u>	<u>283,986</u>	<u>94,479</u>	<u>5,136</u>	<u>560</u>	<u>396,362</u>
Fund balance, June 30, 2009	<u>\$ 4,509</u>	<u>\$ 31,656</u>	<u>\$ 307,425</u>	<u>\$ 95,072</u>	<u>\$ 4,690</u>	<u>\$ 274</u>	<u>\$ 443,626</u>

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Non Major Governmental Funds

Permanent Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2009

	<u>Cemetery Accounts</u>	<u>JS Wilbur RI Historical Cemetery</u>	<u>Raposa Education Fund</u>	<u>Doris E Simmons Memorial</u>	<u>Robert Peckham Memorial</u>	<u>Tree Fund</u>	<u>Phillip Wilbur Memorial</u>	<u>Adamsville Historical Association</u>	<u>Subtotal Total</u>
Revenues:									
Federal and state grant income	\$	\$	\$	\$	\$	\$	\$	\$	\$
Investment income	(75)	368	154	41	20	101	36	43	688
Other	<u>20,000</u>		<u>40</u>			<u>3,670</u>			<u>23,710</u>
Total revenues	<u>19,925</u>	<u>368</u>	<u>194</u>	<u>41</u>	<u>20</u>	<u>3,771</u>	<u>36</u>	<u>43</u>	<u>24,398</u>
Expenditures:									
General government			353	151			1	1	506
Health and human services	1,215								1,215
Culture and recreation						<u>1,900</u>			<u>1,900</u>
Total expenditures	<u>1,215</u>		<u>353</u>	<u>151</u>		<u>1,900</u>	<u>1</u>	<u>1</u>	<u>3,621</u>
Excess (deficiency) of revenues over expenditures	18,710	368	(159)	(110)	20	1,871	35	42	20,777
Other financing sources (uses):									
Transfer between funds									
Excess of revenue and other sources over expenditures and other uses	18,710	368	(159)	(110)	20	1,871	35	42	20,777
Fund balance, July 1, 2008	<u>62,046</u>	<u>21,416</u>	<u>16,648</u>	<u>4,441</u>	<u>1,287</u>	<u>8,761</u>	<u>2,978</u>	<u>3,620</u>	<u>121,197</u>
Fund balance, June 30, 2009	<u>\$ 80,756</u>	<u>\$ 21,784</u>	<u>\$ 16,489</u>	<u>\$ 4,331</u>	<u>\$ 1,307</u>	<u>\$ 10,632</u>	<u>\$ 3,013</u>	<u>\$ 3,662</u>	<u>\$ 141,974</u>

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Detailed Statement of Revenues and Other Sources - Budget and Actual (Non-GAAP/Budgetary Basis) - General Fund

For the Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Transfers</u>	<u>Total Available</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Taxes and Penalties:					
Property taxes	\$ 9,425,506	\$	\$ 9,425,506	\$ 9,411,033	\$ (14,473)
Interest on late payments				45,336	45,336
Total taxes and penalties	<u>9,425,506</u>		<u>9,425,506</u>	<u>9,456,369</u>	<u>30,863</u>
Other Governments - state aid:					
Telephone tax	34,976		34,976	31,548	(3,428)
Hotel tax	3,600		3,600	155	(3,445)
Meal tax	28,489		28,489	28,634	145
Funds received State o RI				2,000	2,000
State aid school housing	64,641		64,641	19,028	(45,613)
General state aid	89,670		89,670	40,956	(48,714)
Motor vehicle phase out	<u>295,563</u>		<u>295,563</u>	<u>292,210</u>	<u>(3,353)</u>
Total other governments - state aid	<u>516,939</u>		<u>516,939</u>	<u>414,531</u>	<u>(102,408)</u>
Departmental receipts				<u>17,154</u>	<u>17,154</u>
Licenses, Permits and Fees:					
Certificate of occupancy				2,640	2,640
Surcharge ADA				74	74
Randon fees/building				10	10
Reinspection building fees					
Building permits				93,231	93,231
Plumbing permits				9,693	9,693
Electrical permits				28,969	28,969
Mechanical permits				26,890	26,890
Recording fees				58,681	58,681
Probate fees				12,766	12,766
Certified copy fees				684	684
Recording fees				1,995	1,995
Realty transfer fee)	430,014		430,014	101,674	(328,340)
Passport fees				3,125	3,125
Other various licenses				5,388	5,388
Cell tower rental fees	20,995		20,995	33,446	12,451
DEM licenses				200	200
Dump fees				19,500	19,500
Appliance/dump fees/clerk				3,420	3,420
Planning board application fee				1,050	1,050
Zoning board application fee				3,500	3,500
Alcoholic beverage licenses				4,305	4,305
Dog licenses				895	895
Application fees				1,575	1,575
Police fines - VIN check				15,095	15,095
Municipal lien certificate				<u>6,275</u>	<u>6,275</u>
Total licenses, permits and fees	<u>451,009</u>		<u>451,009</u>	<u>435,081</u>	<u>(15,928)</u>
Beach receipts	<u>165,000</u>		<u>165,000</u>	<u>137,680</u>	<u>(27,320)</u>
Investment income	<u>35,000</u>		<u>35,000</u>	<u>50,469</u>	<u>15,469</u>
Miscellaneous income				<u>9,770</u>	<u>9,770</u>
Total revenue	<u>10,593,454</u>		<u>10,593,454</u>	<u>10,521,054</u>	<u>(72,400)</u>
Other Financing Sources:					
Transfers from other funds					
Total revenue and other financing sources	<u>\$ 10,593,454</u>	<u>\$</u>	<u>\$ 10,593,454</u>	<u>\$ 10,521,054</u>	<u>\$ (72,400)</u>

See Independent Auditors' Report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Detailed Statement of Expenditures and Other Uses - Budget and Actual (Non-GAAP/Budgetary Basis) - General Fund

For the Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Transfers</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>General Government</u>					
Town Council					
President Salary	6,192		6,192	6,192	
Councilmen Salary	8,256		8,256	8,256	
Office Supplies and Telephone	2,339		2,339	6,168	(3,829)
Town Code Additions	3,000		3,000	1,239	1,761
Business Manager	40,000		40,000	33,120	6,880
Long-term Planning					
Probate Judge					
Salary	4,719		4,719	4,382	337
Expenses				281	(281)
Board of Canvassers - Salaries	7,000		7,000	7,600	(600)
Town Solicitor	54,812		54,812	57,235	(2,423)
Town Clerk Office					
Town Clerk Salary	42,771		42,771	42,771	
Deputy Town Clerk Salary	30,012		30,012	30,014	(2)
Part-time Salary					
Clerk Salary	26,955		26,955	26,950	5
Longevity Pay	1,201		1,201	1,200	1
Overtime, Expenses, Telephone and Supplies	11,670		11,670	12,398	(728)
Document Preservation	2,100		2,100	2,073	27
Capital Projects – records vault	15,450		15,450	15,450	
Contingencies Fund	73,874		73,874	20,893	52,981
Building Official and Highway Supervisor					
Salary	55,485		55,485	55,260	225
Vehicle, Telephone and Office Expense	5,408		5,408	4,704	704
Phone/Security					
Inspectors					
Advisory Boards					
Little Compton Housing Trust	1,970		1,970	22	1,948
Planning Board	5,000		5,000	748	4,252
Charter Review					
Zoning Board	5,000		5,000	6,955	(1,955)
Conservation Commission					
Recreational, Conservation, Open Space	8,000		8,000	8,000	
Insurance	95,433		95,433	95,433	
Town Hall Expenses and New					
Copy Machine	20,600		20,600	24,164	(3,564)
Employee Benefits					
Pension Plan - Town Employees	338,040		338,040	338,040	
Earl B. Wordell - Salary	8,640		8,640	6,563	2,077
Earl B. Wordell - Medical Expenses	2,500		2,500	2,327	173
Leonard Corrao/Salary	18,915		18,915	18,915	
Leonard Corrao/Health Benefits	15,415		15,415	16,647	(1,232)
FICA	146,646		146,646	149,308	(2,662)
Miscellaneous					
Health Benefits	<u>543,196</u>		<u>543,196</u>	<u>509,618</u>	<u>33,578</u>
Total General Government	<u>1,600,599</u>		<u>1,600,599</u>	<u>1,512,926</u>	<u>87,673</u>

See Independent Auditors' Report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Detailed Statement of Expenditures and Other Uses - Budget and Actual
(Non-GAAP/Budgetary Basis) - General Fund (Continued)

For the Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Transfers</u>	<u>Total Available</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Financial Administration</u>					
Treasurer and Tax Collector					
Salary Treasurer, Tax Collector	41,723		41,723	41,723	
Salary Deputy Town Treasurer/Clerk	26,955		26,955	26,950	5
Longevity Pay					
Overtime, Expenses and Supplies	13,703		13,703	13,259	444
Board of Assessors					
Salary Assessors (3)	15,474		15,474	15,474	
Salary Clerk	26,955		26,955	26,950	5
Service Contracts					
Office Expenses	5,252		5,252	5,495	(243)
Tax Maps, Engineering, Updating and Printing	7,100		7,100	5,306	1,794
Statistical Update	2,200		2,200	2,200	
Revaluation	45,000		45,000	45,167	(167)
Auditing	10,800		10,800	10,800	
Budget Committee - Expenses	4,500		4,500	3,567	933
Computer Services	47,060		47,060	46,735	325
Total Financial Administration	246,722		246,722	243,626	3,096
<u>Public Safety</u>					
Police Department					
Salaries	71,587		71,587	71,587	
Officer Salary	435,509		435,509	459,460	(23,951)
Holiday Pay	29,260		29,260	30,713	(1,453)
Holiday, Sick, Vacation, Court, Comp	31,000		31,000	25,185	5,815
Uniform Allowance	13,700		13,700	14,400	(700)
Training Education	2,000		2,000	1,212	788
Shift Differential	3,503		3,503	3,216	287
Department Expenses	32,000		32,000	31,380	620
Vehicle Maintenance & Repair	15,000		15,000	3,362	11,638
Convention Expenses	1,500		1,500	1,639	(139)
Longevity	11,835		11,835	15,009	(3,174)
Public Safety Dispatchers:					
Salaries	113,693		113,693	114,407	(714)
Holiday, Sick, Vacation, Court, Comp	20,025		20,025	16,629	3,396
Shift Differential	1,533		1,533	1,469	64
Weekend Replacement	12,500		12,500	12,078	422
Longevity	2,397		2,397	2,679	(282)
Animal Control Expense	4,500		4,500	4,875	(375)
Police/Fire Complex Utilities	43,000		43,000	44,222	(1,222)

See Independent Auditors' Report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Detailed Statement of Expenditures and Other Uses - Budget and Actual
(Non-GAAP/Budgetary Basis) - General Fund (Continued)

For the Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Transfers</u>	<u>Total Available</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Fire Department					
Salaries	50,000		50,000	48,077	1,923
Firemen Salaries	398,654		398,654	383,090	15,564
Longevity	14,564		14,564	14,564	
Holiday, Sick, Vacation, Court, Comp	110,878		110,878	157,897	(47,019)
Cardiac/Paramedic Incentive	5,100		5,100	6,800	(1,700)
Uniform Allowance	11,325		11,325	12,260	(935)
Training Education	14,000		14,000	7,227	6,773
Capital Equipment/Expense	24,162		24,162	20,923	3,239
NFPA Equipment	9,900		9,900	6,503	3,397
Volunteer Equipment Fund	7,210		7,210	7,210	
Total Public Safety	<u>1,490,335</u>		<u>1,490,335</u>	<u>1,518,073</u>	<u>(27,738)</u>
<u>Capital Projects and Debt Service</u>					
Capital Expenditures	90,000		90,000	90,000	
Wastewater Treatment Facility					
Debt Payments	79,913		79,913	78,755	1,158
Police Fire Complex Debt Service	132,169		132,169	132,169	
School Bond Note	123,570		123,570	123,570	
Total Capital Projects and Debt Service	<u>425,652</u>		<u>425,652</u>	<u>424,494</u>	<u>1,158</u>
<u>Transfer Station</u>					
Contractor Hauling	83,265		83,265	68,345	14,920
Solid Waste Management	88,815		88,815	82,120	6,695
Electric and Telephone	7,002		7,002	37,317	(30,315)
Phone/Security					
Other Costs					
Total Transfer Station	<u>179,082</u>		<u>179,082</u>	<u>187,782</u>	<u>(8,700)</u>
<u>Public Works</u>					
Highway Department					
Maintenance, Improvements and					
Snow Removal	156,600		156,600	156,080	520
Town Maintenance					
Salaries	103,148		103,148	106,274	(3,126)
Longevity	4,520		4,520	4,520	
Materials, Parts and Equipment	10,609		10,609	13,323	(2,714)
Tree Warden	16,772		16,772	21,490	(4,718)
Street Lights	2,100		2,100	1,205	895
Total Public Works	<u>293,749</u>		<u>293,749</u>	<u>302,892</u>	<u>(9,143)</u>

See Independent Auditors' Report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Detailed Statement of Expenditures and Other Uses - Budget and Actual
(Non-GAAP/Budgetary Basis) - General Fund (Continued)

For the Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Transfers</u>	<u>Total Available</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Public Welfare</u>					
Director Salary	4,800	_____	4,800	4,800	_____
Total Public Safety	<u>4,800</u>	_____	<u>4,800</u>	<u>4,800</u>	_____
<u>Library</u>					
Town Funds	121,982	_____	121,982	122,172	(190)
Total Library	<u>121,982</u>	_____	<u>121,982</u>	<u>122,172</u>	<u>(190)</u>
<u>Public Schools</u>					
Town Appropriation	6,045,284	_____	6,045,284	6,045,284	_____
	<u>6,045,284</u>	_____	<u>6,045,284</u>	<u>6,045,284</u>	_____
<u>Parks and Recreation</u>					
Civic Recreation	8,000	_____	8,000	9,207	(1,207)
Beach Fund Town Beaches	123,902	_____	123,902	118,067	5,835
Total Parks and Recreation	<u>131,902</u>	_____	<u>131,902</u>	<u>127,274</u>	<u>4,628</u>
<u>Grants and Charitable Contributions</u>					
Friends of Little Compton Nursing Assoc.	10,000	_____	10,000	10,000	_____
Senior Citizen Busing	6,230	_____	6,230	7,879	(1,649)
East Bay Community Action Program	1,500	_____	1,500	1,500	_____
Student Assistance Counselor	27,250	_____	27,250	23,000	4,250
Newport County Mental Health	1,500	_____	1,500	_____	1,500
Eastern RI CoOp Extension	1,000	_____	1,000	_____	1,000
Miscellaneous	1,000	_____	1,000	_____	1,000
Total Grants and Charitable Contributions	<u>48,480</u>	_____	<u>48,480</u>	<u>42,379</u>	<u>6,101</u>
<u>Miscellaneous</u>					
Dog damage.	_____	_____	_____	_____	_____
Miscellaneous	_____	_____	_____	39	(39)
Holiday Decoration and Lighting	_____	_____	_____	_____	_____
Utilities IOOF Building	4,867	_____	4,867	6,062	(1,195)
Total Miscellaneous	<u>4,867</u>	_____	<u>4,867</u>	<u>6,101</u>	<u>(1,234)</u>
Total Expenditures	<u>10,593,454</u>	_____	<u>10,593,454</u>	<u>10,537,803</u>	<u>55,652</u>
Other Financing Uses:					
Transfers to Other Funds	_____	_____	_____	11,092	(11,092)
Total expenditures and other financing uses	<u>\$ 10,593,454</u>	<u>\$ _____</u>	<u>\$ 10,593,454</u>	<u>\$ 10,548,895</u>	<u>\$ 44,559</u>

See Independent Auditors' Report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information General Fund

Schedule of Uncollected Property Taxes - Cash Basis

Year Ended June 30, 2009

<u>Tax Roll</u> <u>Year</u>	<u>Balance</u> <u>July 1, 2008</u>	<u>Assessment</u>	<u>Abatements</u>	<u>Collections</u>	<u>Refunds</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2009</u>
2008		\$ 9,458,376	\$ 27,264	\$ 9,171,442	\$ 4,507	\$ (14,682)	\$ 249,495
2007	239,693	13,632	11,917	217,564		15,373	39,217
2006	41,629	15,673	13,995	22,5741		(1,480)	19,256
2005	17,481		1,659	4,743		35	11,114
2004	14,281		2,353	1,539			10,389
2003	78		1,693	186			(1,801)
2002	3,505		1,243	721			1,541
2001	1,305		341				964
2000	443		191				252
1999	286		114				157
1998	536		41	15			486
1997	465		72	9			393
1996	253		25				228
1995	40		(153)				193
1994	166		(226)				392
1993	165		(364)				529
1992	147		(321)				468
1991	98		(192)				290
1990	38						38
	<u>\$ 320,609</u>	<u>\$ 9,487,681</u>	<u>\$ 9,652</u>	<u>\$ 9,418,790</u>	<u>\$ 4,507</u>	<u>\$ (754)</u>	<u>\$ 333,601</u>

See Independent Auditors' Report

TOWN OF LITTLE COMPTON, RHODE ISLAND

General Fund

Schedule of Property Taxes Levied and Collected - Cash Basis

Year Ended June 30, 2009

<u>Year Ended June 30</u>	<u>Assessments</u>	<u>Total Collections</u>	<u>Percent Collected</u>	<u>Balance Due June 30, 2009</u>	<u>Delinquent Taxes Owed Percent of Current Assessments</u>
2009	\$ 9,458,376	\$ 9,418,790	99.58%	\$ 333,601	3.53%
2008	9,001,274	8,908,704	98.97%	320,609	3.56%
2007	8,568,543	8,502,067	99.22%	257,312	3.00%
2006	8,170,104	8,114,040	99.30%	227,275	2.78%
2005	7,550,740	7,495,171	99.26%	267,667	3.54%
2004	6,862,648	6,849,177	99.80%	235,235	3.43%
2003	6,290,531	6,303,584	100.21%	213,742	3.40%
2002	6,190,736	5,919,804	95.62%	242,006	3.91%
2001	5,686,882	5,658,481	99.50%	265,092	4.66%
2000	5,550,662	5,600,687	100.90%	251,851	4.54%
1999	5,372,607	5,384,938	100.23%	308,319	5.74%

See Independent Auditors' Report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Special Revenue - School Funds (Non Major)

Combining Balance Sheet

June 30, 2009

	Restricted Funds	Revolving School Lunch	Subtotal
Assets:			
Cash and investments	\$	\$ 4,911	\$ 4,911
Intergovernmental receivable	25,137	2,356	27,493
Inventory		2,043	2,043
Due from other funds		6,891	6,891
Total assets	\$ 25,137	\$ 16,201	\$ 41,338
Liabilities and Fund Balances			
Liabilities:			
Warrants payable	\$	\$	\$
Accounts payable and accrued expenses		12,162	12,162
Due to other funds	25,137		25,137
Deferred revenue			
Total liabilities	25,137	12,162	37,299
Fund balance:			
Unreserved:			
Undesignated		4,039	4,039
Total fund balance		4,039	4,039
Total liabilities and fund balance	\$ 25,137	\$ 16,201	\$ 41,338

See Independent Auditors' Report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Special Revenue - School Funds (Non Major)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2009

	<u>Restricted Funds</u>	<u>Revolving School Lunch</u>	<u>Subtotal</u>
Revenues:	\$ 187,692	\$ 17,007	\$ 204,699
Federal and state grant income			
Investment Income			
Other	<u> </u>	<u>54,519</u>	<u>54,519</u>
Total revenue	<u>187,692</u>	<u>71,526</u>	<u>259,218</u>
Expenditures:			
Education	<u>187,692</u>	<u>72,849</u>	<u>260,541</u>
Total expenditures	<u>187,692</u>	<u>72,849</u>	<u>260,541</u>
Excess (deficiency) of revenues over expenditures		(1,323)	(1,323)
Other Financing Sources (uses):			
Transfer Between funds	<u> </u>	<u> </u>	<u> </u>
Excess of revenue and other sources over expenditures and other uses		(1,323)	(1,323)
Fund balance, July 1, 2008	<u> </u>	<u>5,362</u>	<u>5,362</u>
Fund balance, June 30, 2009	<u>\$ </u>	<u>\$ 4,039</u>	<u>\$ 4,039</u>

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Special Revenue - School Restricted Funds (Non Major)

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2009

	<u>Rural Grant</u>	<u>Title I</u>	<u>Title II</u>	<u>Title IV</u>	<u>Title V</u>	<u>SPED 94-142 Allocation</u>	<u>Chart of Accounts</u>	<u>Total</u>
Revenues:								
Federal revenue	\$ 28,467	\$ 20,958	\$ 16,234	\$ 884	\$ 54	\$ 111,345		\$ 177,942
State revenue							9,750	9,750
Total revenues	28,467	20,958	16,234	884	54	111,345	9,750	187,692
Expenditures:								
Education	<u>28,467</u>	<u>20,958</u>	<u>16,234</u>	<u>884</u>	<u>54</u>	<u>111,345</u>	<u>9,750</u>	<u>187,692</u>
Excess of revenues over expenditures								
Other financing sources and (uses):								
Transfer between funds								
Excess of revenue and other sources over expenditures and other uses								
Fund balance, July 1, 2008								
Fund balance, June 30, 2009	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Cemetery Accounts

Balance Sheet

June 30, 2009

Assets:		
Cash	\$	41,531
Investments		
Wyeth		8,996
Certificate of Deposits		<u>30,229</u>
Total assets	<u>\$</u>	<u>80,756</u>

Statement of Revenues, Expenses and Changes in Fund Balance

Year Ended June 30, 2009

Revenues:		
Investment income	\$	(76)
Other revenues		<u>20,000</u>
Total revenues		19,924
Expenses		<u>1,215</u>
Excess of revenues over expenses		18,709
Other financing sources (uses):		
Transfers between funds		<u> </u>
Excess of revenues and other sources over expenditures and other uses		18,709
Fund balance, July 1, 2008		<u>62,047</u>
Fund balance, June 30, 2007	<u>\$</u>	<u>80,756</u>
Composition of Balance		
Almy Cemetery Fund	\$	39,786
Lenora W. C. Bailey		365
Simeon Bailey		392
Frederick Bodington		1,203
Delia Briggs		4,643
John C.G. Brown		545
Jeanie I. Brown		566
Lois Brown		404
Pardon C. Brownell		846
Susan H. Brownell		399
Emily H. Butler		388
Julia Dyer		428
Eliza Palmer		185
Heirs of William Palmer		108
Florence G.W. Howe		304
William Briggs		14,056
Wilbur Burying Ground		4,991
Sylvester Brownell		1,675
Alexander Houle		476
John Sherman Wilbor-Wyeth Stock		<u>8,996</u>
	<u>\$</u>	<u>80,756</u>

See Independent Auditors' Report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Contributory Pension Plan

Required Supplementary Information

Schedule of Funding Progress
(Unaudited)

Year Ended June 30, 2009

<u>Actuarial Valuation Date</u>	<u>Actual Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Payroll Covered [(b-a)/c]</u>
07/01/08	\$ 5,849,516	\$ 7,452,092	\$ 1,602,576	78.49%	\$ 1,945,970	82.35%
07/01/07	6,121,508	5,927,448	815,940	88.24%	1,826,625	44.67%
07/01/06	5,185,900	6,471,342	1,385,442	80.14%	1,660,654	77.41%
07/01/05	4,732,930	5,883,241	1,150,311	80.45%	1,390,105	82.75%
07/01/04	4,349,939	5,526,100	1,176,161	78.72%	1,259,860	93.36%
07/01/03	3,851,755	5,020,875	1,169,120	76.71%	1,511,209	77.36%
07/01/02	3,633,467	4,624,807	991,340	78.56%	1,427,474	69.45%
07/01/01	4,023,277	4,241,576	218,299	94.85%	1,280,233	17.05%
07/01/00	4,370,762	3,748,584	(622,178)	116.60%	1,284,421	(48.44%)
07/01/99	3,722,064	2,783,773	(938,291)	133.71%	1,211,192	(77.47%)
07/01/98	3,112,233	2,483,308	(628,925))	125.33%	1,067,207	(58.93%)

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Contributory Pension Plan

Required Supplementary Information

Schedule of Employer Contributions
(Unaudited)

Year Ended June 30, 2009

<u>Fiscal Year</u>	<u>Annual Required Contribution (ARC)</u>	<u>Actual Contribution</u>	<u>Annual Percent Contribution</u>
1999	\$ 126,952	\$ 132,098	104.05%
2000	168,230	126,952	75.46%
2001	170,431	168,230	98.71%
2002	190,000	170,431	89.70%
2003	207,000	201,480	97.33%
2004	318,946	207,000	64.90%
2005	281,263	329,000	113.42%
2006	303,154	281,263	92.78%
2007	358,331	303,154	84.60%
2008	338,040	358,331	106.00%
2009	424,375	338,040	79.66%

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Contributory Pension Plan

Required Supplementary Information

Notes to Required Supplementary Information
(Unaudited)

Year Ended June 30, 2009

The information presented in the required supplementary schedule was determined as part of the annual actual valuation at the date indicated. Additional information as of the latest actuarial valuation (1) follows:

Valuation date	July 1, 2008
Actuarial cost method	Entry Age Normal
Amortization method	30 years
Remaining amortization period	Unknown
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.5% per annum
Projected salary increases	5.0% per annum

(1) There have been no changes in the above actuarial assumptions or methods from the July 1, 2008 actuarial valuation.

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