

TOWN OF LITTLE COMPTON, RHODE ISLAND
ANNUAL FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

TOWN OF LITTLE COMPTON, RHODE ISLAND

ANNUAL FINANCIAL STATEMENTS

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Independent Auditor's Report

The Honorable President and Members of the Town Council
Town of Little Compton, Rhode Island
Little Compton, Rhode Island

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Little Compton, Rhode Island (the Town) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

continued

Town of Little Compton, Rhode Island
Independent Auditors' Report

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Little Compton, Rhode Island, as of June 30, 2017, and the respective changes in financial position and, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Little Compton, Rhode Island's basic financial statements. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Town of Little Compton, Rhode Island
Independent Auditors' Report

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 27, 2017 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Town's internal control over financial reporting and compliance.

Hague, Sabady & Co. PC

Fall River, Massachusetts
December 27, 2017

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2017

As management of the Town of Little Compton, Rhode Island (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 years ended June 30, 2017 (FY 2017) and 2016 (FY 2016). We encourage readers to consider the information presented here in conjunction with additional information found within the financial statements.

Financial Highlights

- The General Fund assets, plus deferred outflows of the Town exceeded its liabilities plus deferred inflows as of June 30, 2017 and 2016, \$1,636,641 and \$1,538,132, respectively.
- The School's operating funds, assets plus deferred outflow, exceeded its liabilities plus deferred inflows as of June 30, 2017 and June 30, 2016 by \$78,100 and \$178,100, respectively.
- The Town's total bonded debt as of June 30, 2017 was \$10,504,561 consisting of \$10,230,000 school renovation revenue bond which contains a \$274,561 bond premium. During 2017, \$490,000 was paid in principal and \$422,725 was paid in interest on the bonds.

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 and Fund Financial Statements

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 Position - Presents all of the government's assets and liabilities along with any deferred inflows and/or outflows of resources, with the difference being reported as net position. The amount of net position is widely considered a good measure of the Town's financial health as increases and decreases in the Town's net position serves as a useful indicator of whether the financial position is improving or deteriorating.

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

Statement of Activities (continued) - Both of the government-wide financial statements distinguish functions and activities 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; financial administration; public safety; education; public works; transfer station; parks, recreation and other services; and the major services provided within each category. The Town has no business-type activities to report.

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2017

Government-Wide and Fund Financial Statements

In the statement of activities, the operations of the Town are presented in a format that reports the net of expenses and revenues of its individual functions - the objective being to report the relative burden of each of the Town's functions to the taxpayers. Revenues offsetting related functional expenses are separated into three categories: charges for services, operating grants and contributions, and capital grants and contributions.

The government -wide financial statements can be found on pages 13-16 of this report.

Fund Financial Statements

Traditional users of governmental 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 Town's funds 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 the modified accrual basis of 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 basic governmental fund financial statements can be found on pages 17-20 of this report.

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

The Town maintains forty-eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and School Department, which are considered to be major funds. Data for the other governmental funds are combined into a single aggregated presentation.

The Town adopts an annual appropriated budget for its General Fund. Budgetary comparison schedules have been provided for the General Fund and School Department to demonstrate compliance with budgets and are presented on pages 66-69 of this report.

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2017

Governmental Funds (Continued)

The individual governmental funds are summarized into two types of funds - major and non-major, consisting of the following:

Major Fund - General Fund - this fund reports all financial resources except those required to be reported as School funds.

Major Fund - School Unrestricted Fund - this fund reports all financial resources that are committed to be incurred for educational purposes.

Non-major Governmental Funds - these funds report the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Includes financial resources used for the construction and or acquisition of major capital projects and permanent funds that are legally restricted to the extent that only earnings may be used for purposes that support the Town'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 the following two types of fiduciary funds:

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

The Town's fiduciary funds can be found on pages 21-22 of this report.

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 23-65 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information includes a schedule detailing the Town's progress in funding its pension and other postemployment benefit obligations, as well as budgetary comparison schedules for the General Fund and the School Department to demonstrate compliance with their respective budgets. Required supplementary information can be found on pages 66-77 of this report.

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2017

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, liabilities plus deferred inflows exceeded assets plus deferred outflows by \$1,325 and \$77,891 as of June 30, 2017 and 2016, respectively.

At June 30, 2017, one of the largest portions of the Town's total net position reflects its investment in capital assets (e.g., land, construction in progress, land improvements, 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's Net Assets - Primary Government
Statement of Net Position**

	2017	2016	\$ Change
Assets			
Current assets	\$ 3,951,756	\$ 3,325,919	\$ 625,837
Long-term assets	15,271,389	15,679,832	(408,443)
Total assets	19,223,145	19,005,751	217,394
Deferred Outflows of Resources			
Deferred outflows of resources	2,359,366	1,583,665	775,701
Total deferred outflows of resources	2,359,366	1,583,665	775,701
Liabilities			
Current liabilities	1,855,919	1,267,438	588,481
Long-term liabilities	17,103,931	18,066,356	(962,425)
Total liabilities	18,959,850	19,333,794	(373,944)
Deferred Inflows of Resources			
Deferred inflows of resources	2,623,986	1,333,513	1,290,473
Total deferred inflows of resources	2,623,986	1,333,513	1,290,473
Net Position			
Net investment in capital assets	3,746,692	3,985,542	(238,850)
Restricted	444,084	437,452	6,632
Unrestricted	(4,192,101)	(4,500,885)	308,784
Total net position	\$ (1,325)	\$ (77,891)	\$ 76,566

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2017

Government-Wide Financial Analysis (Continued)

As of June 30, 2017 and 2016, cash and investments totaled \$2,782,115 and \$2,010,185, respectively, for the primary government.

The Town's net position increased by \$76,566 in 2017 and decreased by \$8,228 in 2016.

The majority of general revenues are tax collections from the Town's taxpayers, which represents 82% and 79% of total revenues for fiscal years 2017 and 2016, respectively.

The Town's most significant expense is education, which in 2017 represented 55% of total expenses, followed by public safety at 17%.

	Changes in Net Assets Primary Government		\$ Change
	2017	2016	
Revenues			
Program Revenues:			
Charges for service	\$ 623,044	\$ 641,476	\$ (18,432)
Operating grants & contributions	1,024,368	1,333,122	(308,754)
Capital grants & contributions	-	10,000	(10,000)
General Revenues:			
Property taxes	11,712,150	11,244,066	468,084
Motor vehicle phase-out	13,933	12,896	1,037
Medicaid reimbursement	-	-	-
General state aid	762,276	776,215	(13,939)
Donation revenue	(1,340)	2,030	(3,370)
Meal tax	80,066	55,913	24,153
Telephone tax	44,943	43,188	1,755
Earnings on investments	1,594	4,838	(3,244)
Miscellaneous	47,245	61,549	(14,304)
Total revenue	14,308,279	14,185,293	122,986
Expenses			
General government	2,017,424	1,223,605	793,819
Finance administration	198,755	162,869	35,886
Public safety	2,471,542	3,143,335	(671,793)
Education	7,582,146	7,947,758	(365,612)
Public works	533,799	9,486	524,313
Transfer station	143,920	115,871	28,049
Parks, recreation, and other services	633,192	862,022	(228,830)
State contribution to teachers pension plan	230,961	284,146	(53,185)
Interest on debt	419,974	444,429	(24,455)
Total expenses	14,231,713	14,193,521	38,192
Increase(decrease) in net position	76,566	(8,228)	84,794
Net position-beginning of year	(77,891)	(69,663)	(8,228)
Net position-end of year	<u>\$ (1,325)</u>	<u>\$ (77,891)</u>	<u>\$ 76,566</u>

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2017

Government-Wide Financial Analysis (Continued)

Component Unit. The assets plus deferred outflows of the Town's Component Unit, the Agricultural Trust, exceeded its liabilities plus deferred inflows by \$26,019,790. Net position invested in capital assets, net of related debt, comprises \$21,384,522, or 82% of total net position. The remaining balance of net position of the Agricultural Trust, totaling \$4,635,268, is unrestricted.

Financial Analysis of Governmental Funds

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

As of June 30, 2017, the Town's governmental funds reported combined fund balances of \$2,331,440 of which \$1,356,044 constitutes unassigned fund balance, which is available for spending at the Town's discretion, \$497,761 constitutes assigned fund balance, which has been designated by the Town Council for specific purposes. \$434,084 is restricted by outside parties to be used for specific purposes. The remainder of the fund balance is nonspendable, representing amounts legally required to be maintained intact, non-spendable inventory or prepaid items. As of June 30, 2016, the governmental funds reported combined fund balances of \$2,260,880.

The General Fund had a fund balance of \$1,636,641 and \$1,538,132 at June 30, 2017 and 2016, respectively.

The School's operating fund balance is \$78,100 and \$178,100 at June 30, 2017 and 2016, respectively.

The fund balance (deficit) of the Non-Major Governmental Funds is \$616,699 and \$544,648 as of June 30, 2017 and 2016, respectively.

General Fund Budgetary Highlights

During fiscal year 2017, the actual charges to appropriations (expenditures) were higher than the final budgeted amounts by \$39,645 for the general fund and were higher than budgeted amount by \$89,382 for the school unrestricted fund. For 2016, the actual charges to appropriations (expenditures) were lower than the final budgeted amounts by \$222,315 for the general fund and were higher than budgeted amount by \$128,246 for the school unrestricted fund.

For 2017, revenues were \$133,039 in excess of budgeted amounts for the general fund and \$35,084 more than budgeted amounts for the school unrestricted fund. For 2016, revenues were \$10,383 and \$43,120 more than budgeted amounts for the general fund and school unrestricted fund, respectively.

General Fund Actual Comparisons (GAAP Basis)

The major differences between the actual results of the general fund and the final amended budget are as follows:

Total revenues were \$133,039 higher than budgeted primarily due to the following.

- \$174,566 more collected than anticipated for general property taxes.

Total expenditures were higher than anticipated by \$39,645 primarily due to the following:

- \$40,312 more spent than budgeted on public safety activities, mostly because of increased overtime due to four firefighters out on injury leave for a significant portion of the year.

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2017

Capital Asset Administration

The Town's investment in capital assets for governmental activities as of June 30, 2017 amounts to \$14,654,315, net of accumulated depreciation. The following is a summary of capital assets, net of accumulated depreciation where applicable, as of June 30, 2017 and 2016.

	<u>Capital Assets</u>		
	<u>Governmental Activities</u>		
	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>
Primary government:			
Land	\$ 548,179	\$ 548,179	\$ -
Construction in progress	-	490,037	(490,037)
Land improvements, net	428,738	441,297	(12,559)
Building & improvements, net	11,421,891	12,103,917	(682,026)
Infrastructure, net	1,192,374	604,852	587,522
Machinery and equipment, net	722,650	826,423	(103,773)
Office equipment and furniture, net	276,016	312,312	(36,296)
Technology equipment, net	4,561	4,807	(246)
Vehicles, net	22,941	39,616	(16,675)
Textbooks and library books, net	<u>36,965</u>	<u>49,100</u>	<u>(12,135)</u>
 Total primary government	 <u>\$ 14,654,315</u>	 <u>\$ 15,420,540</u>	 <u>\$ (766,225)</u>
 Component unit	 <u>\$ 21,384,522</u>	 <u>\$ 20,698,445</u>	 <u>\$ 686,077</u>

Additional information on the Town's capital assets may be found starting on page 35 of the notes to the financial statements.

Debt Administration

The town's outstanding debt for governmental activities as of June 30, 2017 amounts to \$17,658,039. The following is a summary of outstanding debt as of June 30, 2017 and 2016.

	<u>Debt Administration</u>		
	<u>Governmental Activities</u>		
	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>
Primary government:			
Capital leases	\$ 339,437	\$ 346,972	\$ (7,535)
Bonds and notes payable	10,504,561	11,021,650	(517,089)
Compensated absences	259,782	305,235	(45,453)
Net pension liability	6,034,556	6,330,329	(295,773)
Other post employment benefit obligations, net	<u>519,703</u>	<u>671,390</u>	<u>(151,687)</u>
 Total primary government	 <u>\$ 17,658,039</u>	 <u>\$ 18,675,576</u>	 <u>\$ (1,017,537)</u>

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2017

Factors Bearing on the Town's Future

The pressure on the cost of providing town services continued in Fiscal Year 17. In addition to the ongoing issues of rising costs of employee health care and pension benefits, three significant events combined to exacerbate the financial problem:

- On-duty injuries sustained by five of the town's eight firefighters required extraordinary amounts of overtime and mutual aid
- Litigation initiated against the town associated with entertainment licensing required the expenditure of significant funds to respond
- Unexpected expenses associated with special education issues threatened to exhaust school department available funds

As a result, the Town Council called a Special Financial Town Meeting late in the fiscal year to request voter approval to use reserves and unassigned general fund balances to offset the expected need. The request was unanimously approved and the final resultant expenditures were slightly less than predicted.

As Fiscal Year 18 has unfolded, the personnel injury and school issues have been resolved; however, pressure from continuing litigation expenses remains a concern.

Key issues for the Town's future are:

- an increased focus on defining/planning for long-term needs
- reducing reliance on tax-based revenues
- ensuring collection of all taxes levied, and of taxes unpaid from past years
- mitigating the increase in health care costs with increased cost sharing
- appropriate funding of other postemployment benefits (OPEB)
- adequately funding infrastructure improvements in roads and structures via the town capital funding

The Town Council and the department heads in the town have made these issues primary among their duties.

The Town Council, the School Committee and the Budget Committee have continued to work together effectively. Efforts include continuing to investigate new sources of revenue and analyzing the Town's current revenue streams to ensure the Town capitalizes on every opportunity available. They have worked successfully to earn grants and low-interest leases to help fund needed capital improvements, which provide a direct benefit to the Town's tax rates.

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

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2017

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 Position

June 30, 2017

	Primary Government Governmental Activities	Component Units Agricultural Trust
ASSETS		
Cash	\$ 2,438,050	\$ 2,181,201
Investments	344,065	2,233,974
Receivables, net		
Personal property taxes	556,983	-
Intergovernmental	28,506	-
Agricultural trust	19,514	-
Departmental and other	228,612	-
Prepaid expenses	29,411	-
Inventory	4,424	-
Due from other funds	302,191	243,000
Net pension asset	617,074	-
Capital assets:		
Land and land easements	548,179	21,384,522
Construction in progress	-	
Infrastructure, net	428,738	-
Building and building improvements, net	11,421,891	-
Land improvements, net	1,192,374	-
Vehicles, net	722,650	-
Machinery and equipment, net	276,016	-
Furniture and fixtures, net	4,561	-
Technology equipment, net	22,941	-
Textbooks and library books, net	36,965	-
	14,654,315	21,384,522
Total capital assets		
	19,223,145	26,042,697
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflows	2,359,366	-
	\$ 21,582,511	\$ 26,042,697

The accompanying notes are an integral part of this statement

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Statement of Net Position

June 30, 2017

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Component Units</u> <u>Agricultural</u> <u>Trust</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 692,995	\$ 3,392
Accrued interest	63,625	-
Due to other funds	545,191	19,515
Current portion of capital leases	58,303	-
Current portion of bonds and notes payable	476,248	-
Current portion of compensated absences	19,557	-
Portion due or payable in more than one year:		
Capital leases	281,134	-
Bonds and notes payable	10,028,313	-
Compensated absences	240,225	-
Net pension liability	6,034,556	-
Other post-employment benefit obligation, net	519,703	-
Total liabilities	<u>18,959,850</u>	<u>22,907</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related deferred inflows	<u>2,623,986</u>	-
Total deferred inflows of resources	<u>2,623,986</u>	-
NET POSITION		
Net investment in capital assets	3,746,692	21,384,522
Restricted	444,084	-
Unrestricted	<u>(4,192,101)</u>	<u>4,635,268</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 21,582,511</u>	<u>\$ 26,042,697</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, 2017

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>	<u>Component Unit Agricultural Trust</u>
Governmental Activities						
General government	\$ 2,017,424	\$ 176,386	\$ 40,908	\$ -	\$ (1,800,130)	\$ -
Finance administration	198,755	-	-	-	(198,755)	-
Public safety	2,471,542	20,350	331,758	-	(2,119,434)	-
Education	7,582,146	51,277	207,797	-	(7,323,072)	-
Public works	533,799	99,420	212,944	-	(221,435)	-
Transfer station	143,920	30,558	-	-	(113,362)	-
Parks, recreation, and other services	633,192	245,053	-	-	(388,139)	-
State contribution to teacher pension plan	230,961	-	230,961	-	-	-
Interest on debt	419,974	-	-	-	(419,974)	-
	<u>14,231,713</u>	<u>623,044</u>	<u>1,024,368</u>	<u>-</u>	<u>(12,584,301)</u>	<u>-</u>
Total primary government		377,991	60,683			
Component Unit						
Agricultural Trust	<u>102,768</u>	<u>751,707</u>	<u>-</u>	<u>896,916</u>	<u>-</u>	<u>1,545,855</u>
Total Town of Little Compton	<u>\$ 14,334,481</u>	<u>\$ 1,374,751</u>	<u>\$ 1,024,368</u>	<u>\$ 896,916</u>	<u>\$ (12,584,301)</u>	<u>\$ 1,545,855</u>

The accompanying notes are an integral part of this statement

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Statement of Activities

For the Year Ended June 30, 2017

	Primary Government Governmental Activities	Component Unit Agricultural Trust
General revenues		
Real estate and personal property, net of reserve for abatement	\$ 11,712,150	\$ -
Motor vehicle phase-out	13,933	-
General state aid	762,276	-
Donation revenue	(1,340)	-
Meal tax	80,066	-
Telephone tax	44,943	-
Earnings on investments	1,594	13,181
Miscellaneous	47,245	-
 Total general revenues	 12,660,867	 13,181
Changes in net position	76,566	1,559,036
Net position - July 1, 2016	(77,891)	24,460,754
Net position - June 30, 2017	\$ (1,325)	\$ 26,019,790

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Governmental Funds
Balance Sheet

June 30, 2017

	Major Funds		Non-Major	Total
	General Fund	School Unrestricted	Governmental Funds	Governmental Funds
Assets				
Cash	\$ 1,380,497	\$ 642,151	\$ 415,402	\$ 2,438,050
Investments	255,803	-	88,262	344,065
Receivables:				-
Property taxes, less reserve for abatements	556,983	-	-	556,983
Intergovernmental	-	17,365	11,141	28,506
Agricultural trust	19,514	-	-	19,514
Other	22,638	153,662	52,312	228,612
Prepaid expenses	1,911	27,500	-	29,411
Inventories	4,140	-	284	4,424
Due from other funds	<u>114,752</u>	<u>67,768</u>	<u>119,671</u>	<u>302,191</u>
Total assets	<u>2,356,238</u>	<u>908,446</u>	<u>687,072</u>	<u>3,951,756</u>
Deferred Outflows of Resources				
None	-	-	-	-
Total deferred outflows of resources and assets	<u>\$ 2,356,238</u>	<u>\$ 908,446</u>	<u>\$ 687,072</u>	<u>\$ 3,951,756</u>
Liabilities				
Accounts payable and accrued expenses	\$ 56,842	\$ 615,645	\$ 20,508	\$ 692,995
Due to other funds	<u>280,625</u>	<u>214,701</u>	<u>49,865</u>	<u>545,191</u>
Total Liabilities	<u>337,467</u>	<u>830,346</u>	<u>70,373</u>	<u>1,238,186</u>
Deferred Inflows of Resources				
Unearned tax revenue	<u>382,130</u>	<u>-</u>	<u>-</u>	<u>382,130</u>
Total deferred inflows of resources	<u>382,130</u>	<u>-</u>	<u>-</u>	<u>382,130</u>
Fund balance				
Nonspendable				
Legally required	-	-	10,000	10,000
Inventory and prepaids	6,051	27,500	-	33,551
Restricted	23,918	-	410,166	434,084
Assigned	216,420	50,600	230,741	497,761
Unassigned	<u>1,390,252</u>	<u>-</u>	<u>(34,208)</u>	<u>1,356,044</u>
Total fund balance	<u>1,636,641</u>	<u>78,100</u>	<u>616,699</u>	<u>2,331,440</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 2,356,238</u>	<u>\$ 908,446</u>	<u>\$ 687,072</u>	<u>\$ 3,951,756</u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Governmental Funds
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds

For the Year Ended June 30, 2017

	<u>Major Fund</u>		<u>Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Unrestricted</u>	<u>Funds</u>	<u>Funds</u>
Revenues				
General property taxes and penalties	\$ 11,803,217	\$ -	\$ -	\$ 11,803,217
Intergovernmental	487,952	413,267	336,783	1,238,002
Donation revenues	(1,340)	-	2,540	1,200
Departmental and other revenue	-	-	507,890	507,890
Licenses, permits, and fees	317,308	-	-	317,308
Beach receipts	245,053	-	-	245,053
Investment income	1,602	-	321	1,923
State contribution to teachers' pension plan	-	221,756	-	221,756
Miscellaneous	9,406	44,705	(319)	53,792
Total revenue	<u>12,863,198</u>	<u>679,728</u>	<u>847,215</u>	<u>14,390,141</u>
Expenditures				
General government	1,989,326		15,266	2,004,592
Financial administration	198,755		-	198,755
Public safety	1,986,797		382,867	2,369,664
Education	-	7,251,032	262,222	7,513,254
Public works	546,079		-	546,079
Transfer station	143,920		-	143,920
Parks, recreation, and other services	375,283		255,309	630,592
Debt service:				
Principal payments	490,000		-	490,000
Interest and fiscal charges	422,725	-	-	422,725
Total expenditures	<u>6,152,885</u>	<u>7,251,032</u>	<u>915,664</u>	<u>14,319,581</u>
Excess (deficiency) of revenues over expenditures	6,710,313	(6,571,304)	(68,449)	70,560
Other financing sources (uses)				
Transfers in	306,881	6,571,304	240,500	7,118,685
Transfers out	(6,918,685)	(100,000)	(100,000)	(7,118,685)
Other financing sources (uses)	<u>(6,611,804)</u>	<u>6,471,304</u>	<u>140,500</u>	<u>-</u>
Excess of revenue and other sources over expenditures and other uses	98,509	(100,000)	72,051	70,560
Fund balance, July 1, 2016	<u>1,538,132</u>	<u>178,100</u>	<u>544,648</u>	<u>2,260,880</u>
Fund balance, June 30, 2017	<u>\$ 1,636,641</u>	<u>\$ 78,100</u>	<u>\$ 616,699</u>	<u>\$ 2,331,440</u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Governmental Funds
Reconciliation of the Governmental Fund
Balance to the Statement of Net Position

June 30, 2017

Total governmental fund balances	\$ 2,331,440
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	14,654,315
Long-term assets that are not financial resources in the current period and, therefore are not reported in the governmental funds	
TSB - net pension asset	617,074
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	382,130
Deferred inflows of resources due to various aspects associated with Town pension plans	(264,620)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due	(63,625)
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	(10,504,561)
Compensated absences	(259,782)
ERS - net pension liability	(4,028,856)
Town pension liability	(2,005,700)
Other postemployment benefits	<u>(519,703)</u>
Net position of governmental activities	<u>\$ (1,325)</u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Governmental Funds

Reconciliation of the Governmental Fund Statement of Revenue,
Expenditures and Changes in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2017

Net change in fund balances - total governmental funds	\$ 70,560
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	(766,225)
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	(91,067)
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items	524,624
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due	2,751
The pension expense reported in the statement of activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds	138,783
The other postemployment benefit expense reported in the statement of activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds	151,687
Some expenses reported in the Statement of Activities, such as compensated absences does not require the current financial resources, and therefore, are not reported as expenditures in the governmental funds	<u>45,453</u>
Change in net position of governmental position	<u>\$ 76,566</u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Fiduciary Funds
Statement of Net Position

June 30, 2017

	Pension Trust Fund	Agency Funds Student Activity	Total
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and cash equivalents	\$ (36,781)	\$ 16,448	\$ (20,333)
Investments:			
Fixed income	2,940,786	-	2,940,786
Domestic equities	5,152,999	-	5,152,999
International equities	1,819,618	-	1,819,618
Real estate	260,525	-	260,525
Receivable from Town	<u>492,988</u>	<u>-</u>	<u>492,988</u>
 Total assets	 <u>\$ 10,630,135</u>	 <u>\$ 16,448</u>	 <u>\$ 10,646,583</u>
 Liabilities			
Deposits held	<u>\$ -</u>	<u>\$ 16,448</u>	<u>\$ 16,448</u>
 Total liabilities	 <u>-</u>	 <u>16,448</u>	 <u>16,448</u>
 Net Position			
Held in trust for pension benefits	<u>10,630,135</u>	<u>-</u>	<u>10,630,135</u>
 Total net position	 <u>10,630,135</u>	 <u>-</u>	 <u>10,630,135</u>
 Total liabilities and net position	 <u>\$ 10,630,135</u>	 <u>\$ 16,448</u>	 <u>\$ 10,646,583</u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Fiduciary Funds
Statement of Changes in Net Position

For the Year Ended June 30, 2017

	<u>Pension Trust Fund</u>
Additions	
Contributions:	
Employee contributions	\$ 19,420
Employer contributions	<u>492,988</u>
Total contributions	<u>512,408</u>
Net investment income:	
Net investment income	1,098,148
Total additions	<u>1,610,556</u>
Deductions	
Administrative expenses	6,304
Retirement benefits	<u>503,890</u>
Total deductions	<u>510,194</u>
Change in net position	1,100,362
Net position, July 1, 2016	<u>9,529,773</u>
Net position, June 30, 2017	<u><u>\$ 10,630,135</u></u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 1. Summary of Significant Accounting Policies

The accompanying basic financial statements of the Town of Little Compton, Rhode Island (the Town) are presented in conformity with accounting principles generally accepted in the United States applicable to governmental entities. In certain circumstances, summaries of the Town's significant accounting policies have been presented throughout the notes to the financial statements in conjunction with the other disclosures to which they relate.

A. Financial Reporting Entity

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

The Town financial statements include 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 (Agricultural Trust) is considered a component unit of the Town and meets the criteria as established under Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," 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 space, 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 significant relative to the primary government.

B. Basic Financial Statements - Government-Wide Statements

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

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 and other funds). Both the government-wide and fund financial statements are required to categorize primary activities as either governmental or business-type. The Town's public safety, parks, library and recreation, education, public works, transfer station and general and financial administrative services are classified as governmental activities. The Town does not have any activities classified as business-type activities.

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (Continued)

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

In the government-wide statement of net position, 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 position is reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

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 functions (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.

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 position resulting from the current year's activities.

C. Basic Financial Statements - Fund Financial Statements

Governmental funds are used to account for operations of the Town that supply basic government services.

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.

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. Non-major governmental funds are reported in the aggregate in a separate column in the fund financial statements.

A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type, and

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (Continued)

C. Basic Financial Statements - Fund Financial Statements (continued)

- b. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditure/revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

Fund types used by the Town and a description of the funds comprising each are as follows:

1. Governmental Funds

Governmental funds are used to account for operations that supply basic government services. The Town uses the following governmental funds:

- a) **The General fund** is the primary operating fund of the Town and is always classified as a major fund. It is used to account for and report all financial resources not accounted for and reported in another fund.
- b) **Special revenue funds** are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Town's major special revenue fund is the School Department, which provides primary education to the Town's children.
- c) **Capital projects funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Town's capital project funds are all non-major funds.
- d) **Permanent funds** are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs. The Town's permanent funds are all non-major funds.

2. Fiduciary Funds

Fiduciary funds are used to report assets held by the Town in a trustee or agency capacity and, therefore, cannot be used to support the Town's own programs. The following fiduciary funds are used by the Town:

- a) **Pension Trust** - The Pension Trust Fund accounts for contributions made by the Town and its participating employees to provide retirement benefits to participating employees.
- b) **Agency** - Agency funds are established when the Town holds assets in custody for others in an agency capacity.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting

The government-wide financial statements and fiduciary financial statement are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements: are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are susceptible to accrual. Susceptibility occurs when revenues are both measurable and available for liquidating liabilities of the current period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (sixty days). Revenues not considered to be available are recorded as deferred inflows of resources. Expenditures, including capital outlays, are recognized when a liability has been incurred, except for those involving debt service and other long-term obligations that are recognized when paid.

GASB 63 amends GASB 34 to incorporate deferred outflows of resources and deferred inflows of resources into the financial reporting model. Deferred outflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets. Deferred inflows of resources are defined as an acquisition of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

Those revenues susceptible to accrual are property taxes, special assessments, federal impact aid, state aid, meals taxes collected by the State on behalf of the Town, interest and charges for services. Fines, licenses and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash; therefore, they are recognized when received.

Recognition of grant revenues is based on the susceptibility of accrual as determined by the legal and contractual requirements established by each grantor. For grants not restrictive as to specific purposes and revocable only for failure to comply with general prescribed requirements, revenues are recognized when actually received. Where expenditure is the prime factor in determining eligibility, grant revenue is recognized as allowable expenditures are made provided they are collected during the year or within 60 days subsequent to year-end. Prior to expenditure, proceeds are recorded as deferred inflows of resources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, and then unrestricted resources as they are needed.

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts

Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, time and demand deposits and short-term investments maturing within three months from the date of acquisition. Under Rhode Island General Law, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State shall, at a minimum, insure or pledge eligible collateral equal to 100% of the deposits which are time deposits with maturities greater than 60 days. Any institution not meeting certain minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to 100% of the deposits, regardless of maturities.

Investments:

Investments are reported at fair value, based on quotations from applicable national securities exchanges. Unrealized gains and losses from changes in fair value are recognized as investment income. The State does not have pertinent laws regarding investments that apply to cities and towns. The Town does not have an investment policy for custodial credit risk or other risks other than those relating to its pension trust fund. The Town's Pension Trust Fund Investment Advisory Committee is responsible for the supervision of the investment of the fund's investments with the objective of preserving capital and investing with care to minimize the risk of large losses.

Implementation of New Standards:

For the year ending June 30, 2017, the Authority implemented the following pronouncements issued by the GASB:

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*
- GASB Statement No. 77, *Tax Abatement Disclosures*

The implementation of GASB Statement No. 74 and 77 had no material reporting impact for the Town.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Use of estimates:

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States 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 basic financial statements. Estimates also affect the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

Property taxes:

Real and personal property taxes are based on assessed values as of December 31st and a tax rate based on an approved levy at the annual town meeting in May. Once levied, these taxes are recorded as receivables, net of estimated uncollectible amounts. In the governmental fund financial statements, property tax revenues have been recorded using the modified accrual basis of accounting. Under the modified accrual 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 inflows of resources. Deferred inflows of resources 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.

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.

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; therefore, the Town has not reported an allowance for uncollectible grants.

Capital assets:

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at fair 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 2017.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Capital assets (Continued):

The costs 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.

Capital assets acquired by governmental funds are accounted for as capital outlay expenditures.

Depreciation on all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The ranges of estimated useful lives by type of asset are as follows:

	<u>Years</u>
Building and improvements	40
Machinery and equipment	5-10
Office equipment	5-10
Computer equipment and software	5-10
Vehicles	5
Library and textbooks	3-10

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 in fund balance as either restricted, committed, or assigned.

Compensated absences:

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

In the governmental fund financial statements, vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it.

Long-term obligations:

In the government-wide financial statements, long-term debt and long-term compensated absences are reported as liabilities in the statement of net position.

In the governmental fund financial statements, long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Fund Balance/Net Position:

Government-wide financial statements:

The Town's net positions have been segregated into the following three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or borrowings that are attributable to the acquisition, construction or improvements of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net positions - All other net positions that do not meet the definition of "restricted" or invested in capital assets, net of related debt.

Governmental fund financial statements:

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* fund balance will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used.

- *Nonspendable fund balance* - amounts that are not in spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).
- *Restricted fund balance* - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed fund balance* - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purposes unless the government takes the same highest-level action to remove or change the constraint.
- *Assigned fund balance* - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

The Town Council delegates to the Business Manager the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

- *Unassigned fund balance* - amounts that are available for any purpose; these amounts are reported only in the general fund.

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Governmental fund financial statements (continued):

Expenditures may be incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Composition of the ending fund balance will be determined by applying the following: In those instances, where both restricted and unrestricted amounts are *available*, restricted amounts will be considered to have been spent first (as allowed and in compliance with stated and specified terms or requirements) followed by committed amounts, followed by assigned amounts, and then unassigned amounts.

Interfund transactions:

Transactions between funds have been eliminated in the government-wide financial statements but fully presented within the governmental fund financial statements with no eliminations made between or within funds. Interfund activity is reported as 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. Interfund receivables and payables are classified as "due from other funds" or "due to other funds."

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.

F. Budget Requirements, Accounting and Reporting

The General Fund and the School Department are 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 Department are 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.

G. Pensions

Employees' Retirement System Plan (ERS)

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

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (Continued)

G. Pensions (Continued)

Teachers' Survivors' Benefits Plan (TSB)

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

Town Pension Plan

(a) Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting and in accordance with generally accepted accounting principles that apply to governmental accounting for defined benefit plans. Employer contributions are recognized when made, because there are no required due dates for contributions. Other additions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan document. Plan expenses, other than benefits and refunds are recognized on the accrual basis in accordance with generally accepted accounting principles.

(b) Plan Expenses

Certain expenses are paid from the assets of the Plan and are recorded as administrative expenses on the financial statements. These expenses include actuarial fees, auditing expenses, benefit payment processing fees, legal fees and other miscellaneous expenses. Additionally, investment manager fees and investment consulting expenses are recorded as investment expenses.

(c) Fair Value of Investments

Plan investments are reported at fair value. The Plan's custodian provides pricing for all Plan investments. Plan investments in market-traded securities, including U.S. government and agency securities, municipal and corporate bonds and debentures, and common stock are reported at last quoted sales/bid prices provided by independent pricing vendors. These holdings are valued by investment managers in accordance with the authoritative guidance on fair value measurements and disclosures. Valuation policies and procedures are generally described in the investment managers' financial statements. Cash equivalents are valued at cost, which approximates fair value.

(d) Income Taxes

Pursuant to a determination letter received from the Internal Revenue Service (IRS), the Plan is exempt from federal income taxes. Although the Plan has been subsequently amended, management of the Board is of the opinion that the Plan, as amended, meets the IRS requirements and, therefore, continues to be tax exempt.

(e) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, disclosure of contingent assets and liabilities, and the actuarial values at the date of the financial statements. Actual results could differ from these estimates.

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 2. Cash and Investments

A. 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.

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 June 30, 2017, the carrying amount of the Town's deposits, including the component unit, was \$4,598,918 and the bank balance was \$4,791,146. Of the bank balance, \$4,791,146 was insured under FDIC or collateralized under an agreement with Washington Trust.

At June 30, 2017, deposits are categorized as follows:

	Insured/ Collateralized in Town's Name	Total Bank Balance	Carrying Amount
Demand Deposit	\$ 2,836,171	\$ 2,836,171	\$ 2,653,404
Money Market	1,954,975	1,954,975	1,944,839
Petty Cash	-	-	675
Total Cash and Equivalents	\$ 4,791,146	\$ 4,791,146	\$ 4,598,918

B. Investments

The majority of investment activities are conducted through a contracted investment management firm; such investments are held in a pooled trust fund account in the Town's name.

Investment Type	Carrying Amount	Maturities
Primary Government:		
Stock	\$ 6,617	N/A
Certificate of Deposit	12,396	11/7/2017
Certificate of Deposit	17,823	1/7/1900
LCPD Drug Forfeiture	51,426	Revolving
General Fund Investment	255,803	Revolving
Agricultural Conservancy Trust	2,233,974	Revolving
Total Investments	\$ 2,578,039	
Investment Type	Carrying Amount	
Pension Trust Fund:		
Mutual Funds	\$ 3,317,118	
Collective Funds	6,820,029	
	\$ 10,137,147	

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 2. Cash and Investments (Continued)

B. Investments (Continued)

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.

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. At June 30, 2017, the Town's investments were unrated.

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 represent 5% or more of total investments, as well as investments that represent 5% or more of the Pension Trust Fund's net position available for benefits.

First Eagle Sogen Over A	\$	909,172
Blackrock Strategic Inc.		604,650
Metro West Total Ret		892,748
Oppenheimer Intl Grth A		910,548
Blackrock Equity Index Fund Class OIM		965,637
Core Plus Fixed Income Fund		1,443,838
Multi-Manager Large Cap Growth Fund		1,319,374
Multi-Manager Large Cap Value Fund		1,334,327
Multi-Manager Small Cap Growth Fund		766,855
Multi-Manager Small Cap Value Fund		765,992

The Town follows the guidance of the fair value measurement and disclosures in accordance with GASB Statement No. 72, "Fair Value Measurement and Application". The fair value hierarchy is categorized into three levels based on the inputs as follows:

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

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

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

Description	Fair Value	Level 1	Level 2	Level 3
<i>Pension Trust Fund:</i>				
Mutual Funds	\$ 3,317,118	\$ 3,317,118	\$ -	\$ -
Collective Funds	6,820,029	6,820,029	-	-
<i>Primary Government:</i>				
Stock	6,617	6,617		
Certificate of Deposit	12,396	12,396		
Certificate of Deposit	17,823	17,823		
LCPD Drug Forfeiture	51,426	51,426	-	-
General Fund Investment	255,803	255,803	-	-
Agricultural Conservancy Trust	<u>\$ 2,233,974</u>	<u>\$ 2,233,974</u>	<u>-</u>	<u>-</u>
	<u>\$ 12,715,186</u>	<u>\$ 12,715,186</u>	<u>\$ -</u>	<u>\$ -</u>

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 3. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

Government Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land & easements	\$ 548,179	\$ -	\$ -	\$ 548,179
Construction & infrastructure in progress	490,037	-	(490,037)	-
Total capital assets not being depreciated	<u>1,038,216</u>	<u>-</u>	<u>(490,037)</u>	<u>548,179</u>
Capital assets being depreciated:				
Infrastructure	503,997	-	-	503,997
Buildings & building improvements	15,688,177	-	-	15,688,177
Land improvements	740,717	613,791	-	1,354,508
Vehicles	1,530,167	63,627	(72,711)	1,521,083
Machinery & equipment	1,015,518	25,528	(5,295)	1,035,751
Furniture & fixtures	97,681	-	-	97,681
Technology equipment	549,048	-	-	549,048
Textbooks & library books	424,170	-	-	424,170
Total capital assets, being depreciated	<u>20,549,475</u>	<u>702,946</u>	<u>(78,006)</u>	<u>21,174,415</u>
Government Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Accumulated depreciation:				
Infrastructure	62,700	12,559	-	75,259
Buildings & building improvements	3,584,260	682,026	-	4,266,286
Land improvements	135,865	26,269	-	162,134
Vehicles	703,744	130,211	(35,522)	798,433
Machinery & equipment	703,206	61,824	(5,295)	759,735
Furniture & fixtures	92,874	246	-	93,120
Technology equipment	509,432	16,675	-	526,107
Textbooks & library books	375,070	12,135	-	387,205
Total accumulated depreciation	<u>6,167,151</u>	<u>941,945</u>	<u>(40,817)</u>	<u>7,068,279</u>
Total capital assets being depreciated, net	<u>14,706,666</u>	<u>(238,999)</u>	<u>(37,189)</u>	<u>14,106,136</u>
Governmental activities capital assets, net	<u>\$ 16,234,919</u>	<u>\$ (238,999)</u>	<u>\$ (527,226)</u>	<u>\$ 14,654,315</u>

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 3. Capital Assets (Continued)

For the year ended June 30, 2017, depreciation was charged to the following functions:

Governmental activities:	
General government	\$ 15,050
Public safety	189,463
Public works	45,981
Education	665,246
Parks, recreation, and other services	<u>26,205</u>
Total governmental activities depreciation expense	<u><u>\$ 941,945</u></u>

NOTE 4. Long-term Obligations

Changes in the long term obligations of governmental activities during the year ended June 30, 2017 were as follows:

	Balance, <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	Balance, <u>June 30, 2017</u>	Due within <u>one year</u>
Bonds payable:					
Revenue Bonds - WWTP	55,000	-	55,000	-	-
Revenue Bonds - RIHEBC	<u>10,665,000</u>	<u>-</u>	<u>435,000</u>	<u>10,230,000</u>	<u>450,000</u>
Total bonds payable	10,720,000	-	490,000	10,230,000	450,000
Premium on revenue bonds-RIHEBC	<u>341,980</u>	<u>-</u>	<u>67,419</u>	<u>274,561</u>	<u>26,248</u>
Capital leases	346,972	-	7,535	339,437	58,303
Accrued compensated absences	<u>305,235</u>	<u>-</u>	<u>45,453</u>	<u>259,782</u>	<u>19,557</u>
Total long-term obligations	<u><u>\$ 11,714,187</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 610,407</u></u>	<u><u>\$ 11,103,780</u></u>	<u><u>\$ 554,108</u></u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 4. Long-term Obligations (Continued):

General Obligations Bonds:

At a Special Financial Town Meeting in fiscal year 2007, the Town approved the issuance of \$550,000 of revenue bonds. The bonds, dated May 16, 2007, 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 semiannually on October 1st and April 1st.

At a Financial Town, meeting in fiscal year 2013, the Town approved the issuance of \$11,310,000 of revenue bonds. The bonds, dated December 10, 2013, are due November 15, 2015 to June 03, 2034. The bonds provide for a varying interest rate with a yield of 4.1063%. Interest is due semiannually on November 15th and May 15th.

	<u>Date issued</u>	<u>Maturity date</u>	<u>Amount issued</u>	<u>Interest rate</u>	<u>Balance, July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2017</u>	<u>Interest paid</u>
Revenue Bonds - WWTP	5/16/07	6/30/17	550,000	4.00%	55,000	-	55,000	-	2,700
Revenue Bonds - RIHEBC	12/10/13	5/15/34	11,310,000	3.16% - 4.25%	<u>10,665,000</u>	<u>-</u>	<u>435,000</u>	<u>10,230,000</u>	<u>420,025</u>
					<u>\$ 10,720,000</u>	<u>\$ -</u>	<u>\$ 490,000</u>	<u>\$ 10,230,000</u>	<u>\$ 422,725</u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 4. Long-term Obligations (Continued):

Maturity of bonds, to be paid by the general fund, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	450,000	406,975	856,975
2019	455,000	395,975	850,975
2020	465,000	385,875	850,875
2021	480,000	371,038	851,038
2022	495,000	356,038	851,038
2023-2027	2,810,000	1,453,138	4,263,138
2028-2032	3,470,000	785,040	4,255,040
2033-2034	<u>1,605,000</u>	<u>103,062</u>	<u>1,708,062</u>
	<u>\$ 10,230,000</u>	<u>\$ 4,257,141</u>	<u>\$ 14,487,141</u>

The Town's obligation for capital leases is recorded in the government-wide financial statements. Changes in the Town's capital leases during the year ended June 30, 2017 were as follows:

	<u>Date issued</u>	<u>Amount issued</u>	<u>Interest rate</u>	<u>Balance, July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2017</u>	<u>Due within one year</u>	<u>Interest Paid</u>
Governmental activities:									
Ferrara Engine Tanker mounted on									
2015 Freightliner	09/10/15	384,402	2.92%	334,120	-	-	334,120	50,282	-
2015 Ford F-350 4WD	07/09/14	40,260	6.45%	<u>24,093</u>	<u>-</u>	<u>7,535</u>	<u>16,558</u>	<u>8,021</u>	<u>1,554</u>
				<u>\$ 358,213</u>	<u>\$ -</u>	<u>\$ 7,535</u>	<u>\$ 350,678</u>	<u>\$ 58,303</u>	<u>\$ 1,554</u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 4. Long-Term Obligations (Continued):

The following is a schedule of capital leases outstanding and future minimum lease payments under capital leases:

<u>Year ending June 30,</u>	<u>Amount</u>
2018	70,612
2019	70,612
2020	61,523
2021	61,523
2022	61,523
2023	<u>61,523</u>
Minimum lease payments for all capital leases	387,316
Less amount representing interest	<u>36,638</u>
Total principal portion due	<u><u>\$ 350,678</u></u>

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 5. Fund Balance Classification

	Major Funds		Non-Major Funds			Total
	General Fund	School Unrestricted	Special Revenue	Capital Projects	Permanent Trust	
Fund Balances:						
Nonspendable:						
Corpus of endowment funds	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
In Form	6,051	27,500	-	-	-	33,551
Restricted for:						
General government	23,918	-	36,935	-	-	60,853
Cemetery costs	-	-	-	-	97,102	97,102
Educational purposes	-	-	1,034	-	16,452	17,486
Public works operations	-	-	95,477	-	11,228	106,705
Public safety operations	-	-	185,949	-	-	185,949
Parks, recreation, and other	-	-	4,724	-	-	4,724
Community development	-	-	10,934	-	-	10,934
Assigned to:						
Public safety operations	2,294	-	-	-	-	2,294
General government	184,313	-	18,729	76,792	-	279,834
Public works operations	29,813	-	-	-	-	29,813
Educational purposes	-	50,600	-	100,000	-	150,600
Capital expenditures	-	-	-	14,212	-	14,212
Recreational, library, & other purposes	-	-	-	21,008	-	21,008
Unassigned	<u>1,390,252</u>	<u>-</u>	<u>(49,669)</u>	<u>(34,208)</u>	<u>-</u>	<u>1,306,375</u>
	<u>\$ 1,636,641</u>	<u>\$ 78,100</u>	<u>\$ 304,113</u>	<u>\$ 177,804</u>	<u>\$ 134,782</u>	<u>\$ 2,331,440</u>

NOTE 6. Interfund Transactions

The interfund activity presented below is for the fund statement level only. These balances include both due from/to other funds and intra-equity receivables and payables.

<u>Component Unit</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Other Financing Sources</u>	<u>Other Financing Uses</u>
Agricultural Land Trust	243,000	-	-	-
<u>Major Governmental Funds</u>				
General fund	\$ 114,752	\$ 280,625	\$ 306,881	\$ 6,918,685
School unrestricted fund	67,768	214,701	6,571,304	100,000
<u>Non-Major Governmental Funds</u>				
Special revenue funds	14,383	49,815	8,500	100,000
Permanent Funds	-	50	-	-
Capital projects	<u>105,288</u>	<u>-</u>	<u>232,000</u>	<u>-</u>
Totals	<u>\$ 545,191</u>	<u>\$ 545,191</u>	<u>\$ 7,118,685</u>	<u>\$ 7,118,685</u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 7. Pension Plans

Employees' Retirement System Defined Benefit Pension Plan (ERS)

General Information about the Pension Plan

Plan description - Certain employees of the Town of Little Compton, RI, (Town) participate in a cost-sharing multiple-employer defined benefit pension plan - the Employees' Retirement System plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.ersri.org>.

Benefit provisions – The level of benefits provided to participants is established by Chapter 36-10 of the General Laws, which is subject to amendment by the General Assembly. Member benefit provisions vary based on service credits accumulated at dates specified in various amendments to the General Laws outlining minimum retirement age, benefit accrual rates and maximum benefit provisions. In general, members accumulate service credits for each year of service subject to maximum benefit accruals of 80% or 75%. For those hired after June 30, 2012, the benefit accrual rate is 1% per year with a maximum benefit accrual of 40%. Members eligible to retire at September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

The plan provides for survivor's benefits for service connected death and certain lump sum death benefits. Joint and survivor benefit provision options are available to members.

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

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

Contributions - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2017, the Town's teachers were required to contribute 3.75% of their annual covered salary except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The state and the Town are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by the Town; the rates were 9.27% and 13.49% of annual covered payroll for the fiscal year ended June 30, 2016 for the state and Town, respectively. The Town contributed \$298,305, \$304,597, \$282,371 for the fiscal years ended June 30, 2017, 2016 and 2015, respectively, equal to 100% of the required contributions for each year.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 7. Pension Plans (Continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2017, the Town reported a liability of \$4,028,856 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ 4,028,856
State's proportionate share of the net pension liability associated with the Town	<u>2,759,175</u>
Total net pension liability	<u>\$ 6,788,031</u>

The net pension liability was measured as of June 30, 2016, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2016 the Town's proportion was 0.13503440%.

For the year ended June 30, 2017 the Town recognized gross pension expense of \$374,476 and revenue of \$230,961 for support provided by the State. At June 30, 2017 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 7. Pension Plans (Continued)

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

Deferred outflows of resources

Contributions subsequent to the measurement date	\$ 298,305
Net difference between projected and actual investment earnings.	455,905
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>259,801</u>

Deferred inflows of resources

Change of assumptions	\$ 83,456
Difference between expected and actual experience	79,492
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,293,090
Net difference between projected and actual earnings on pension plan investments	<u>141,512</u>
Total, net	<u>(\$ 583,539)</u>

\$298,305 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2017 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	(\$ 167,584)
2019	(167,584)
2020	(96,828)
2021	(149,193)
2022	(233,895)
thereafter	(76,760)

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 7. Pension Plans (Continued)

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

Actuarial Assumptions - the total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.50% to 13.50%
Investment rate of return	7.50%

Mortality – male and female teachers: 97% and 92%, respectively of rates in a GRS table based on male and female teacher experience, projected with Scale AA from 2000.

The actuarial assumptions used in the June 30, 2015 valuation rolled forward to June 30, 2016 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

<u>Type of Investment</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity:	38.00%	
U.S. Equity		6.98%
International Developed		7.26%
International Emerging Markets		9.57%
Equity Hedge Funds	8.00%	4.10%
Private Equity	7.00%	10.15%
Core Fixed Income	15.00%	2.37%
Absolute Return Hedge Funds	7.00%	4.10%
Infrastructure	3.00%	5.58%
Real Estate	8.00%	5.33%
Other Real Return Assets:	11.00%	
Master Limited Partnerships		4.97%
Credit		4.97%
Inflation Linked Bonds		1.76%
Cash, Overlay and Money Market	3.00%	0.82%
	100.00%	

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 7. Pension Plans (Continued)

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

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

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

Sensitivity of the net pension liability (asset) to changes in the discount rate - the following presents the net pension liability (asset) calculated using the discount rate of 7.5 percent as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00 Increase (8.5%)
\$ 4,975,284	\$ 4,028,856	\$ 3,254,062

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

Defined Contribution Plan Description:

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

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

The Town recognized pension expense of \$26,653, for the fiscal year ended June 30, 2017.

The System issues a publicly available financial report that includes financial statements and required supplementary information for plans administered by the system. The report may be obtained at <http://www.ersri.org>.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 7. Pension Plans (Continued)

Teachers' Survivors Defined Benefit Pension Plan (TSB)

General Information about the Pension Plan

Plan description - Certain employees of the Town participate in a cost-sharing multiple-employer defined benefit pension plan - the Teachers' Survivors Benefit plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in Social Security.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.ersri.org>.

Eligibility and plan benefits - the plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in the plan. Specific eligibility criteria and the amount of the benefit is subject to the provisions of Chapter 16-16 of the Rhode Island General Laws which are subject to amendment by the General Assembly. Spouse, parents, family and children's benefits are payable following the death of a member. A spouse shall be entitled to benefits upon attaining the age of sixty (60) years. Children's benefits are payable to the child, including a stepchild or adopted child of a deceased member if the child is unmarried and under the age of eighteen (18) years or twenty-three (23) years and a full time student, and was dependent upon the member at the time of the member's death. Family benefits are provided if at the time of the member's death the surviving spouse has in his or her care a child of the deceased member entitled to child benefits. Parents benefits are payable to the parent or parents of a deceased member if the member did not leave a widow, widower, or child who could ever qualify for monthly benefits on the member's wages and the parent has reached the age of 60 years, has not remarried, and received support from the member.

In January, a yearly cost-of-living adjustment for spouse's benefits is paid and based on the annual social security adjustment.

Survivors are eligible for benefits if the member has made contributions for at least six months prior to death or retirement.

The TSB plan provides benefits based on the highest salary at the time of retirement of the teacher. Benefits are payable in accordance with the following table:

Highest Annual Salary	Basic Monthly Spouses' Benefit
\$17,000 or less	\$ 750
\$17,001 to \$25,000	\$ 875
\$25,001 to \$33,000	\$ 1,000
\$33,001 to \$40,000	\$ 1,125
\$40,001 and over	\$ 1,250

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 7. Pension Plans (Continued)

Teachers' Survivors Defined Benefit Pension Plan (TSB) (Continued)

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

Parent and 1 Child	Parent and 2 or more Children	One Child Alone	Two Children Alone	Three or more Children Alone	Dependent Parent
150%	175%	75%	150%	175%	100%

Contributions - The contribution requirements of active employees and the participating school districts were established under Chapter 16-16 of the Rhode Island General Laws, which may be amended by the General Assembly. The cost of the benefits provided by the plan are two percent (2%) of the member's annual salary up to but not exceeding an annual salary of \$9,600; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the respective school district by which the member is employed. These contributions are in addition to the contributions required for regular pension benefits.

The Town contributed \$3,072, \$3,122 and \$2,371 for the fiscal years ended June 30, 2017 and 2016 and 2015, respectively, equal to 100% of the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2017 the Town reported an asset of \$617,074 for its proportionate share of the net pension asset related to its participation in TSB. The net pension asset was measured as of June 30, 2016, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2016. The Town proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2016 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2016 the Town proportion was 0.61972762%.

For the year ended June 30, 2017 the Town recognized pension expense of \$7,636 – an increase in the net pension asset. At June 30, 2017 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 7. Pension Plans (Continued)

Teachers' Survivors Defined Benefit Pension Plan (TSB) (Continued)

Deferred outflows of resources

Contributions subsequent to the measurement date	\$ 3,072
Differences between expected and actual contributions	117,471
Net difference between projected and actual investment earnings	163,286
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>(21,466)</u>

Deferred inflows of resources

Net difference between projected and actual earnings on pension plan investments	50,415
Differences between expected and actual contributions	<u>122,673</u>
Total, net	<u>\$89,275</u>

\$3,072 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2017 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 24,482
2019	24,482
2020	49,689
2021	31,311
2022	4,273
Thereafter	(48,035)

Actuarial Assumptions - the total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.50% to 13.50%
Investment rate of return	7.50%

Mortality rates for male and female teachers were based on 97% (males) and 92% (females) of rates in a GRS table based on male and female teacher experience, projected with scale AA from 2000.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 7. Pension Plans (Continued)

Teachers' Survivors Defined Benefit Pension Plan (TSB) (Continued)

Cost of living adjustment – eligible survivors receive a yearly cost of living adjustment based on the annual social security adjustment – for valuation purposes, a 2.75% cost of living adjustment is assumed.

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

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

<u>Type of Investment</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity:	38.00%	
U.S. Equity		6.98%
International Developed		7.26%
International Emerging Markets		9.57%
Equity Hedge Funds	8.00%	4.10%
Private Equity	7.00%	10.15%
Core Fixed Income	15.00%	2.37%
Absolute Return Hedge Funds	7.00%	4.10%
Infrastructure	3.00%	5.58%
Real Estate	8.00%	5.33%
Other Real Return Assets:	11.00%	
Master Limited Partnerships		4.97%
Credit		4.97%
Inflation Linked Bonds		1.76%
Cash, Overlay and Money Market	3.00%	0.82%
	<u>100.00%</u>	

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 7. Pension Plans (Continued)

Teachers' Survivors Defined Benefit Pension Plan (TSB) (Continued)

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

Sensitivity of the net pension liability (asset) to changes in the discount rate - the following presents the net pension liability (asset) calculated using the discount rate of 7.5 percent as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00 Increase (8.5%)
(\$ 489,656)	(\$ 617,074)	(\$ 721,326)

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 7. Pension Plans (Continued)

Town Pension Plan, Other than Certified Teachers

(a) Plan Administration

The retirement plan for the Employees of the Town (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 Employee's 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 four members appointed annually by the Town Council, plus three members of the various unions. 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.

(b) Plan Membership

At June 30, 2016, pension plan membership consisted of the following:

Active plan members	46
Terminated vested	10
Retirees and Beneficiaries	<u>32</u>
Subtotal	<u><u>88</u></u>

(c) Benefits Provided

Plan participation commences on the first day of the month coincident with or following the day of hire, if the employee chose to participate in the Plan. Members of the Town Council 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, 2004 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 employee's average compensation and the years of service. Compensation is defined as the basic rate of pay in effect on July 1 of each Plan year, exclusive of overtime pay and bonuses. Average compensation is compensation averaged over 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 is used.

- Effective July 1, 1992, members of the police and fire departments may retire after 25 years of service at 50 percent of their highest annual salary, regardless of age.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 7. Pension Plans (Continued)

Town Pension Plan, Other than Certified Teachers

- 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 is \$100 multiplied by the number of years of service.
- Effective July 1, 2000, participants in pay status receive an annual cost-of-living increase of 2%.
- Effective July 1, 2015, the 2% per year cost of living increase shall apply only to the first \$25,000 of a retiree's pension for Fire Department participants hired on or after July 1, 2012, and for Municipal participants who retire after July 1, 2012.

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 service. 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; such members shall be entitled to payment of the accrued benefit.

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

All employees with ten years of credited service have a non-forfeitable 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 becomes 100% vested upon reaching the normal retirement date.

Method used to value investments.

Investments are reported at fair market value as of the measurement date. By contract, an independent appraisal is obtained once every year to determine the fair market value of the assets.

(d) 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, participants who were members of the fire department (other than the Fire Chief) contributed to the Plan an amount equal to 4.5% of their compensation.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 7. Pension Plans (Continued)

Town Pension Plan, Other than Certified Teachers (Continued)

- Effective July 1, 1997, employee contributions for the fire department members were no longer required.
- Commencing July 1, 1994 and ending June 30, 2001, police officers hired after July 1, 1994 were required to contribute 2.5% of their base annual compensation.
- Effective July 1, 2000, employee contributions for the police department members were no longer required.
- Effective July 1, 2012, any fire, police, or municipal employee hired after July 1, 2012 shall contribute to the Plan an amount equal to 7.0% of compensation.

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

Investments

(a) Investment Policy

The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board of Commissioners by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The following was the Committee's adopted asset allocation policy as of June 30, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed income	29.0%
Domestic equity	50.5%
Internantional equity	18.0%
Real estate	2.5%
Total	<u>100.0%</u>

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 7. Pension Plans (Continued)

Town Pension Plan, Other than Certified Teachers (Continued)

Investments (Continued)

(b) Concentrations

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in diversified mutual funds, external investment pools, and other pooled investments are excluded. As of June 30, 2016, the Plan had no investments in any one organization that represented 5% or more of the Plan's net position restricted for pension.

(c) Money-Weighted Rate of Return

For the year ended June 30, 2017 the annual money-weighted rate of return on Plan investments, net of investment expense, was 12.07%. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

(d) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Plan will not be able to recover its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan, and are held by either the counterparty or the counterparty's trust department or agent but not in the Plan's name.

At June 30, 2017, there were no deposits subject to custodial credit risk.

(e) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. At June 30, 2017, there were no deposits subject to interest rate risk.

(f) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. As of June 30, 2017, the Plan has no single issuer that exceeds 5% of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in diversified mutual funds, external investment pools, and other pooled investments are excluded.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 7. Pension Plans (Continued)

Town Pension Plan, Other than Certified Teachers (Continued)

Investments (Continued)

(g) Credit Risk

Credit risk is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations to the Plan. There are no Plan-wide policy limitations for credit risk exposures within the portfolio. Each portfolio is managed in accordance with an investment contract that is specific as to permissible credit quality ranges, the average credit quality of the overall portfolios, and issuer concentration.

(h) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment or a deposit. At June 30, 2017, there were no deposits subject to foreign currency risk.

(i) Derivatives

Derivatives are financial instruments whose values depend upon, or are derived from, the value of something else, such as one or more underlying investments, indexes or currencies. Derivatives may be used both for hedging and to enhance returns. Derivatives may be traded on organized exchanges, or individually negotiated transactions with other parties, known as over-the-counter derivatives. Derivatives involve special risks and costs and may result in losses to the Plan. The successful use of derivatives requires sophisticated management, and, to the extent that derivatives are used, the Plan will depend on the investment managers and their advisors to analyze and manage derivatives transactions.

Certain commingled funds held by the Plan at the year-end were permitted through their individual investment guidelines to use derivative instruments, including forwards, futures, swaps, and options. Disclosures about derivative holdings of the commingled fund managers can be found in their respective audited financial statements. The plan did not directly own any derivatives as of June 30, 2017.

Net Pension Liability of the Plan

The components of the net pension liability of the Plan at June 30, 2017, were as follows:

Total pension liability	\$ 12,635,835
Plan fiduciary net position	<u>(10,630,135)</u>
Town's net pension liability	<u>\$ 2,005,700</u>
Plan fiduciary net position as a percentage of the total pension liability	84.13%

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 7. Pension Plans (Continued)

Town Pension Plan, Other than Certified Teachers (Continued)

Net Pension Liability of the Plan (Continued)

(a) Actuarial assumptions

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

Discount rate for purposes of	
Determining Net Pension Liability	7.12 percent
Inflation	3.00 percent
Salary increases	3.00, including inflation
Long term rate of	
Return on investments	7.25 percent, net of pension plan investment expense, including inflation
Municipal Bond	3.13 percent

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period ended June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.10%
Fixed income	2.73%
Domestic equity	7.31%
International equity	9.34%
Real estate	7.70%

(b) Discount rate

The discount rate used to measure the total pension liability was 7.12 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to 20 years and the municipal bond rate for the remaining years of projected benefit payments to determine the total pension liability.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 7. Pension Plans (Continued)

Town Pension Plan, Other than Certified Teachers (Continued)

Net Pension Liability of the Plan (Continued)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance as of 7/1/2016	\$ 12,434,805	\$ 9,529,773	\$ 2,905,032
Changes for the year:			
Service cost	269,172	-	269,172
Interest on total pension liability	870,084	-	870,084
Differences between expected and actual experience	(206,907)	-	(206,907)
Changes in assumptions	(227,429)	-	(227,429)
Changes in benefit terms	-	-	-
Contributions - employer	-	492,988	(492,988)
Contributions - employee	-	19,420	(19,420)
Net investment income	-	1,098,148	(1,098,148)
Benefit payments	(503,890)	(503,890)	-
Administrative expense	-	(6,304)	6,304
Net changes	201,030	1,100,362	(899,332)
Balance as of 6/30/2017	\$ 12,635,835	\$ 10,630,135	\$ 2,005,700

(c) Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.12 percent, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.12 percent) or 1-percentage-point higher (8.12 percent) than the current rate:

	1% Decrease (6.12%)	Current Discount Rate (7.12%)	1% Increase (8.12%)
Plan's Net Pension Liability	\$ 3,593,746	\$ 2,005,700	\$ 687,877

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

For the year ended June 30, 2017, the Town recognized pension expense of \$512,188. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 7. Pension Plans (Continued)

Town Pension Plan, Other than Certified Teachers (Continued)

Net Pension Liability of the Plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 159,435	\$ (174,174)
Changes in assumptions	376,945	(228,915)
Difference between projected and actual earnings on plan investments	546,612	(450,259)
Total deferred outflows / (inflows)	\$ 1,082,992	\$ (853,348)

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

Year ended June 30:

2018	\$	75,226
2019		198,309
2020		119,762
2021		(80,818)
2022		(66,778)
Thereafter		(16,057)
	\$	229,644

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 8. Other Postemployment Benefits

In addition to pension benefits, the Town and School Department provide, under the provisions of various union contracts and other employment agreements, postemployment health insurance benefits, or compensation in lieu of postemployment health insurance benefits, to eligible retirees for a specified maximum number of years. Eligibility is determined based on years of service, employee age, and other available health care coverage. The Town and School Department fund these benefits on a pay-as-you-go basis. During the year ended June 30, 2017, postemployment benefits totaling \$200,348 were received by twelve participants.

As of June 30, 2017, the latest available membership census is as follows:

Active employees	46
Retirees	<u>12</u>
Total	<u><u>58</u></u>

Annual OPEB cost and net OPEB obligation:

The Town's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Town. In prior years, the Town engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a closed period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost, the amount actually contributed to the plan for the year ended June 30, 2017, and the Town's net OPEB obligation as of June 30, 2017.

Public Safety OPEB:

Normal cost (current service cost)	\$ 57,465
Amortization of UAAL (for past service)	<u>121,496</u>
Annual Required Contribution (ARC)	178,961
Interest on beginning net OPEB obligation	13,230
ARC adjustment	<u>(16,539)</u>
Annual OPEB expense	175,652
Actual active employee matching contributions	<u>-</u>
Employer Portion of Annual OPEB expense	175,652
Actual current year employer contribution and/or payment	<u>181,048</u>
Increase in OPEB obligation	(5,396)
Net OPEB obligation at beginning of year	<u>330,742</u>
Net OPEB obligation at end of year	<u><u>\$ 325,346</u></u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 8. Other Postemployment Benefits (Continued)

Public Safety OPEB (Continued)

Covered payroll	\$	401,325
Annual OPEB expense as of % of covered payroll		43.77%

Source for Government-Wide Adjustments

OPEB expense presented in government-wide statement of activities	\$	175,652
Liability of the government-wide statement of net position	\$	325,346

		<u>Current Calculation</u>
Actuarial accrued liabilities (AAL)	\$	2,336,257
Actuarial value of plan assets		-
Unfunded actuarial accrued liabilities (UAAL)	\$	2,336,257
Funded Ratio		0.00%
Covered Payroll	\$	401,325
UAAL as % of Covered Payroll		582.14%

Results of the ACOPEB Calculation - School Certified OPEB:

Normal cost (current service cost)	\$	20,916
Amortization of UAAL (for past service)		3,692
Annual required contribution (ARC)		24,608
Interest on beginning net OPEB obligation		6,899
ARC adjustment		(8,624)
Annual OPEB expense		22,883
Actual active employee matching contributions		-
Employer portion of annual OPEB expense		22,883
Actual current year contribution and/or payment		4,822
Increase in OPEB obligation		18,061
Net OPEB obligation at beginning of year		172,476
Net OPEB obligation at end of year	\$	190,537

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 8. Other Postemployment Benefits (Continued)

Results of the ACOPEB Calculation - School Certified OPEB (Continued):

Covered payroll	\$	1,874,798
Annual OPEB expense as a % of covered payroll		1.22%
OPEB expense presented in government-wide statement of activities	\$	22,883
Liability on the government-wide statement of net position	\$	190,537

		<u>Current Calculation</u>
Actuarial accrued liabilities (AAL)	\$	121,591
Actuarial value of plan assets		-
Unfunded actuarial accrued liabilities (UAAL)	\$	<u>121,591</u>
Funded Ratio		0.00%
Covered payroll	\$	1,874,798
UAAL as % of covered payroll		6.49%

Results of the ACOPEB Calculation - School Uncertified OPEB:

Normal cost (current service cost)	\$	1,038
Amortization of UAAL (for past service)		<u>815</u>
Annual required contribution (ARC)		1,853
Interest on beginning net OPEB obligation		160
ARC adjustment		<u>(200)</u>
Annual OPEB expense		1,813
Actual active employee matching contributions		<u>-</u>
Employer portion of annual OPEB expense		1,813
Actual current year employer contribution and/or payment		<u>2,000</u>
Increase in OPEB obligation		(187)
Net OPEB obligation at beginning of year		<u>4,007</u>
Net OPEB obligation at end of year	\$	<u><u>3,820</u></u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 8. Other Postemployment Benefits (Continued)

Results of the ACOPEB Calculation - School Uncertified OPEB (Continued):

Covered payroll	\$	319,283
Annual OPEB expense as a % of covered payroll		0.57%
Source for government-wide statement of activities		
OPEB expense presented in government-wide statement of activities	\$	1,813
Liability on the government-wide statement of net position	\$	3,820

		<u>Current Calculation</u>
Actuarial accrued liabilities (AAL)	\$	15,685
Actuarial value of plan assets		<u>-</u>
Unfunded actuarial accrued liabilities (UAAL)	<u>\$</u>	<u>15,685</u>
Funded ratio		0%
Covered payroll	\$	319,283
UAAL as % of covered payroll		4.91%

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 8. Other Postemployment Benefits (Continued)

Actuarial methods and assumptions (continued):

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Some key assumptions are as follows:

Measurement date - June 30, 2016

Funding method- Projected Unit Credit Cost Method

Discount rate - 4.0%

Participation - All eligible retirees are assumed to elect medical and/or dental coverage if available

Health care trend rate - 5%

NOTE 9. Commitments and Contingencies

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

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

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 10. Fund Deficit

Individual funds had the following deficit fund balances at June 30, 2017:

School Renovation - Town	\$	33,856
Pike's Peak		352
Substance abuse fund		2,879
Recreation Conservation		8,358
Basketball Court		52
School Lunch		<u>38,379</u>
Total	\$	<u>83,876</u>

The School Renovation project will be covered in 2018 – currently still holding back about \$10,000 owed to a contractor. Pike's Peak will process through the contingency fund to cover the deficit. Substance abuse will be funded through the General fund via journal entry in 2018. Lastly, the School Lunch, Recreation Conservation, Basketball Court deficits will be funded through an administrative plan in 2018.

NOTE 11. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; and natural disasters. As a result, the Town participates in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) (the Trust) which provides coverage for property/liability and workers' compensation claims. Upon joining the Trust, the Town signed a participation agreement which outlines the rights and responsibilities of both the Trust and the Town. The agreement states that for premiums paid by the Town, the Trust will assume financial responsibility for the Town's losses up to the maximum amount of insurance purchased, minus the Town's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its members. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years.

The School Department purchases commercial insurance for all of its risks of loss. There were no significant reductions in insurance coverage during the year ended June 30, 2017.

The Town also participates in the Health Pool (the Pool), a non-profit, public entity risk pool which provides programs of liability, workers' compensation, and health insurance coverage to Rhode Island cities, towns and other governmental units. Upon joining the Pool, members execute a member agreement. That document, pursuant to which the Pool was established and operates, outlines the rights and responsibilities of both the members and the Pool. Members of the Pool participate in the Pool's health insurance plan administered through the Trust and Blue Cross Blue Shield of Rhode Island (BCBSRI). Using the rate calculations prepared by BCBSRI, the Pool sets annual contribution rates for the subscribers of each member for each program offered. The Pool agreement requires that those contribution rates be set at a level sufficient, in the aggregate, to satisfy the funding requirements of the Pool. The contributions of each member are deposited into the General Fund and are used to pay for claims, reinsurance and all administrative expenses.

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2017

NOTE 12. Joint Venture

The Little Compton School Department (LCSD), in conjunction with three other member school departments, participates in a joint venture entitled the Newport County Regional Special Education Program (NCRSEP). NCRSEP was formed to provide services to qualified special needs students in the four towns. Each town is assessed its share of the NCRSEP annual operating budget based on each town's share of total students in the region averaged with each town's share of students in the special education program. NCRSEP also administers the federally funded IDEA Part B program for each of the towns. Each town pays salaries and employee benefits directly to the teachers and aides on their respective payroll that work directly for the program; such amounts are deducted from the gross annual assessment. LCSD's net assessment for 2017, net of IDEA funds was approximately \$353,656.

At June 30, 2017, a total of approximately \$153,662 in Medicaid reimbursements due to the LCSD has been recorded as a liability of NCRSEP. This amount represents Medicaid reimbursements received by NCRSEP over a number of years in excess of the budgeted receipts for Little Compton.

Separately audited financial statements of NCRSEP are available at Newport County Regional Special Education Program, Oliphant Lane, Middletown, RI 02842.

NOTE 13. Subsequent Events

Management has evaluated events that have occurred subsequent to June 30, 2017 and through December 27, 2017 and does not have any significant subsequent events to disclose.

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information
Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2017

	<u>Original Budget</u>		Appropriations and Transfers	Total Available	Actual	Encumbrances Carried Forward to FY18	Variance Favorable (Unfavorable)
	Encumbrances Carried Forward to FY17	Budget As Adopted					
Revenues							
General property taxes and penalties	\$ -	\$ 11,628,651	\$ -	\$ 11,628,651	\$ 11,803,217	\$ -	\$ 174,566
Intergovernmental	-	487,921	-	487,921	487,952	-	31
Donation revenues	-	-	-	-	(1,340)	-	(1,340)
Licenses, permits, and fees	-	343,589	-	343,589	317,310	-	(26,279)
Beach receipts	-	256,000	-	256,000	245,053	-	(10,947)
Investment income	-	4,000	-	4,000	1,602	-	(2,398)
Miscellaneous	-	10,000	-	10,000	9,406	-	(594)
Total revenues	-	12,730,161	-	12,730,161	12,863,200	-	133,039
Expenditures							
General government	-	1,978,677	20,736	1,999,413	1,989,328	23,417	(13,332)
Financial administration	-	197,978	4,264	202,242	198,755	-	3,487
Public safety	-	1,839,891	116,000	1,955,891	1,986,797	9,406	(40,312)
Public works	85,832	527,437	-	613,269	546,079	70,178	(2,988)
Transfer station	-	169,806	-	169,806	143,920	-	25,886
Parks, recreation, and other services	-	366,097	-	366,097	375,283	5,500	(14,686)
Debt service:							
Principal payments	-	490,000	-	490,000	490,000	-	-
Interest and fiscal charges	-	425,025	-	425,025	422,725	-	2,300
Total expenditures	85,832	5,994,911	141,000	6,221,743	6,152,887	108,501	(39,645)
Excess (deficiency) of revenues over expenditures	(85,832)	6,735,250	(141,000)	6,508,418	6,710,313	(108,501)	93,394

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

(Continued)

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information
 Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2017

	<u>Original Budget</u>			<u>Total Available</u>	<u>Actual</u>	<u>Encumbrances Carried Forward to FY18</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried Forward to FY17</u>	<u>Budget As Adopted</u>	<u>Appropriations and Transfers</u>				
Other financing sources and (uses)							
Transfer to education	-	(6,517,006)	(169,000)	(6,686,006)	(6,686,006)	-	-
(Addition to) / use of fund balance	-	(118,244)	310,000	191,756	-	-	(191,756)
Transfers from (to) other funds	-	(100,000)	-	(100,000)	74,202	-	174,202
	<u>-</u>	<u>(6,735,250)</u>	<u>141,000</u>	<u>(6,594,250)</u>	<u>(6,611,804)</u>	<u>-</u>	<u>(17,554)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	<u>\$ (85,832)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (85,832)</u>	98,509	<u>\$ (108,501)</u>	<u>\$ 75,840</u>
Adjustment of budgetary basis to U.S. GAAP				<u>-</u>			
Excess (deficiency) of revenues and other sources over expenditures and other uses, GAAP basis				98,509			
Fund balance, July 1, 2016				<u>1,538,132</u>			
Fund balance, June 30, 2017				<u>\$ 1,636,641</u>			

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information
Budgetary Comparison Schedule - Unrestricted School Fund

For the Year Ended June 30, 2017

	Budget As <u>Adopted</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Funds received State RI - unrestricted	\$ 412,888	\$ 413,267	\$ 379
Federal aid - Entitlements, Grants and Restricted Funds	10,000	33,705	23,705
Miscellaneous receipts	<u>-</u>	<u>11,000</u>	<u>11,000</u>
Total revenues	<u>422,888</u>	<u>457,972</u>	<u>35,084</u>
Expenditures:			
Salaries	3,058,306	3,196,685	(138,379)
Fringe benefits	1,107,013	1,100,034	6,979
Technical and professional services	279,600	240,932	38,668
Purchased property services	105,250	134,767	(29,517)
Purchased other services	2,047,000	2,087,118	(40,118)
Materials and supplies	301,825	226,073	75,752
Capital outlay	31,900	35,031	(3,131)
Other operating expenses	<u>9,000</u>	<u>8,636</u>	<u>364</u>
Total expenditures	<u>6,939,894</u>	<u>7,029,276</u>	<u>(89,382)</u>
Excess of expenditures over revenues	<u>(6,517,006)</u>	<u>(6,571,304)</u>	<u>(54,298)</u>
Other financing sources (uses):			
Transfer Town appropriations	6,517,006	6,571,304	54,298
Transfer to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>6,517,006</u>	<u>6,571,304</u>	<u>54,298</u>
Excess of expenditures over revenues and other financing sources, budgetary basis	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Adjustment of budgetary basis to U.S. GAAP basis		<u>-</u>	
Excess of expenditures over revenues and other financing sources, U.S. GAAP basis		-	
Fund balance, July 1, 2016		<u>178,100</u>	
Fund balance, June 30, 2017		<u>\$ 178,100</u>	

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to Required Supplementary Information - Reconciliation of Differences Between
Budgetary Inflows and Outflows and GAAP Revenue and Expenditures

For the Year Ended June 30, 2017

Budgetary – GAAP Reporting Reconciliation

The accompanying Statement of Revenues, Expenditures Budget and Actual (Non-GAAP Budgetary Basis) - General Fund and School Unrestricted are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences 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);
- b) Expenditures are recorded when paid in cash (budgetary basis) as opposed to when liabilities are incurred (GAAP basis);
- c) Encumbrances are reported as a use of fund (budgetary basis) as opposed to a reservation of fund balance (GAAP basis).

Therefore, timing perspective, and entity differences in the excess (deficiency) of revenues and other sources of financial resources and expenditures and other uses for the year ended June 30, 2016 are as follows:

	General Fund	School Unrestricted
Excess (deficiency) of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis) (Non-GAAP Budgetary Basis)	\$ 98,509	\$ -
State contribution to teachers' pension plan revenue on behalf	-	221,756
State contribution to teachers' pension plan expense on behalf	-	(221,756)
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	\$ 98,509	\$ -

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information

Schedule of Town's Proportionate Share of Net Pension Liability
Employees Retirement System

For the Year Ended June 30, 2017

	2017	2016	2015
Employer's proportion of the net pension liability	0.13503440%	0.12442040%	0.66537331%
Employer's proportionate share of the net pension liability	\$ 4,028,856	\$ 3,425,297	\$ 4,602,965
State's proportionate share of the net pension liability associated with the school district	<u>2,759,175</u>	<u>2,340,055</u>	<u>3,156,465</u>
Total	<u>\$ 6,788,031</u>	<u>\$ 5,765,352</u>	<u>\$ 7,759,430</u>
Employer's covered employee payroll	2,392,194	2,834,252	2,309,723
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	168.42%	120.85%	199.29%
Plan fiduciary net position as a percentage of the total pension liability	54.06%	57.55%	61.40%

Notes:

1.) The amounts presented for each fiscal year were determined as of 6/30 measurement date prior to the fiscal year-end.

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

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information

Schedule of Employer Contributions
Employees Retirement System

For the Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 298,305	\$ 304,597	\$ 282,371
Contributions in relation to the actuarially determined contribution	<u>298,305</u>	<u>304,597</u>	<u>282,371</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,392,194	\$ 2,834,252	\$ 2,309,723
Contributions as a percentage of covered- employee payroll	12.47%	10.75%	12.23%

Notes:

1.) Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

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

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information

Schedule of Town's Proportionate Share of Net Pension Liability
Teachers' Survivors Benefit Plan

For the Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension asset	0.61972762%	0.27774680%	0.66537331%
Employer's proportionate share of the net pension asset	\$ 617,074	\$ 259,292	\$ 827,197
Employer's covered employee payroll	\$ 2,392,194	\$ 2,834,252	\$ 2,309,723
Employer's proportionate share of the net pension asset as a percentage of its covered employee payroll	25.80%	9.15%	35.81%
Plan fiduciary net position as a percentage of the total pension liability	153.3%	146.6%	173.3%

Notes:

1.) The amounts presented for each fiscal year were determined as of 6/30 measurement date prior to the fiscal year-end.

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

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information

Schedule of Contributions
Teachers' Survivors Benefit Plan

For the Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily determined contribution	\$ 3,072	\$ 3,980	\$ 2,371
Contributions in relation to the statutorily determined contribution	<u>3,072</u>	<u>3,980</u>	<u>2,371</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,392,194	\$ 2,834,252	\$ 2,309,723
Contributions as a percentage of covered-employee payroll	0.13%	0.14%	0.10%

Notes:

1.) Employers participating in the Teachers' Survivor's Benefit Plan contribute at a rate established by the RI General Laws, Section 16-16-35.

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

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information

Notes to ERS and TSB Pension Plans

For the Year Ended June 30, 2017

Changes in benefit provisions –

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

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and municipal general employees will contribute 8.25% (9.25% for units with a COLA provision) and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service. Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan based on the member's years of service (an additional .25% for members with 10-15 years of service and .50% for members with 15-20 years of service). Also, members who earn less than \$35,000 per year will not be required to pay the administrative fees to the defined contribution plan.
- Members who retired from a COLA eligible plan before 7/1/2012 will received a one-time cost of living adjustment of 2% of the first \$25,000 paid as soon as administratively possible.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 years rather than 5 year intervals.
- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5.5% (5yr return - 5.5%, with a max of 4%) and 50% calculated using previous year's CPI-U (max of 3%) for a total max COLA of 3.5%. This COLA is calculated on the first \$25,855, effective 01/01/16, and indexed as of that date as well. (The indexing formula is run annually regardless of funding level each year.)
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios - Town Municipal Employees
Pension Plan

For the Year Ended June 30, 2017

Last 10 Fiscal Years*

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Total pension liability				
Service cost	\$ 269,172	\$ 270,130	\$ 266,835	\$ 256,046
Interest	870,084	830,306	772,020	728,998
Differences between expected and actual experience	(206,907)	198,548	44,212	6,609
Changes of assumptions	(227,429)	(56,558)	688,557	16,807
Changes of benefit terms	-	(37,946)	-	16,807
Benefit payments, including refunds of participant contribu	<u>(503,890)</u>	<u>(478,818)</u>	<u>(472,018)</u>	<u>(399,323)</u>
Net change in total pension liability	201,030	725,662	1,299,606	625,944
Total pension liability - beginning	<u>12,424,805</u>	<u>11,709,143</u>	<u>10,409,537</u>	<u>9,800,400</u>
Total pension liability - ending	<u>\$ 12,625,835</u>	<u>\$ 12,434,805</u>	<u>\$ 11,709,143</u>	<u>\$ 10,426,344</u>
Pension fiduciary net position				
Contributions - employer	492,988	\$ 434,295	\$ 412,141	\$ 412,141
Contributions - employee	19,420	15,640	14,236	8,243
Net investment income	1,098,148	37,653	300,430	1,223,353
Benefit payments, including refunds of participant contribu	(503,890)	(478,818)	(472,018)	(399,323)
Administrative expense	(6,304)	(7,910)	(4,220)	(70,150)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	1,100,362	860	250,569	1,174,264
Plan fiduciary net position - beginning	<u>9,529,773</u>	<u>9,528,913</u>	<u>9,278,344</u>	<u>8,104,080</u>
Plan fiduciary net position - ending	<u>\$ 10,630,135</u>	<u>\$ 9,529,773</u>	<u>\$ 9,528,913</u>	<u>\$ 9,278,344</u>
Town's net pension liability - ending	<u>\$ 1,995,700</u>	<u>\$ 2,905,032</u>	<u>\$ 2,180,230</u>	<u>\$ 1,148,000</u>
	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Total pension liability	12,635,835	\$ 12,434,805	\$ 11,709,143	\$ 10,409,537
Plan fiduciary net position	<u>10,630,135</u>	<u>9,529,173</u>	<u>9,528,913</u>	<u>9,278,344</u>
Town's net pension liability	<u>2,005,700</u>	<u>\$ 2,905,632</u>	<u>\$ 2,180,230</u>	<u>\$ 1,131,193</u>
Plan fiduciary net position as a percentage of the total pension liability	84.13%	76.63%	81.38%	89.13%
Covered-employee payroll	2,173,104	2,119,651	1,992,934	1,951,935
Net pension liability as a percentage of covered-employee payroll	92.30%	137.08%	109.40%	57.95%

*Fourth year of implementation of GASB 67 therefore only two years of the 10 year required data is available.

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information
 Schedule of Employers Contribution - Town Employees' Pension Plan

For the Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$ 492,988	\$ 434,295	\$ 375,537	\$ 412,141	\$ 420,236	\$ 336,738	\$ 414,405	\$ 507,986	\$ 424,375	\$ 338,040
Contributions in relation to the actuarially determined contribution	<u>492,988</u>	<u>434,295</u>	<u>412,141</u>	<u>412,141</u>	<u>420,236</u>	<u>336,738</u>	<u>414,405</u>	<u>507,986</u>	<u>424,375</u>	<u>338,040</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36,604)</u>	<u>\$ -</u>						
Covered-employee payroll	2,173,104	2,119,651	1,992,934	1,951,935	1,798,862	1,864,145	1,784,706	1,707,439	1,730,883	1,945,970
Contributions as a percentage of covered-employee payroll	22.69%	20.49%	20.68%	21.11%	23.36%	18.06%	23.22%	29.75%	24.52%	17.37%

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information
Schedule of Investment Returns - Town Employees' Pension Plan

For the Year Ended June 30, 2017

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Annual money-weighted rate of return, net of investment expense	12.07%	0.58%	3.49%	15.09%

**Only three years of required data is available*

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Tax Collector's Annual Report

For the Year Ended June 30, 2017

Description of property	Valuations	Levy
Real property	\$ 1,980,205,827	\$ 11,179,529
Motor vehicles	47,140,886	352,272
Tangible personal	10,147,885	115,077
 Total	 2,037,494,598	 11,646,878
 Exemptions	 33,388,059	 -
 Current year assessment	 \$ 2,004,106,539	 \$ 11,646,878
 Reconciliation of current year property tax revenue:		
 Current year collections		 \$ 11,830,425
Revenue collected within 60 days subsequent to year ended June 30, 2017		174,853
		12,005,278
 Prior year revenue received in current year		 (301,817)
 Current year real estate and personal property tax revenue		 \$ 11,703,461

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Tax Collector's Annual Report

For the Year Ended June 30, 2017

Tax Roll Year	Balance, July 1, 2016	Current Year Assessment	Adjustments/ abatements	Transfers	Amount to be collected	Collections	Balance, June 30, 2017	July - August 2016 Collections Subject to 60 days FY16 Accrual	September-June 2017 Collections	Total FY 2017 Cash Collections	July - August 2017 Collections Subject to 60 days FY17 Accrual
2016	\$ -	\$ 11,646,878	\$ (25,136)	\$ (13,322)	\$ 11,608,420	\$ 11,315,985	\$ 292,435	\$ -	\$ 11,315,985	\$ 11,315,985	\$ 163,838
2015	465,764	-	(104)	13,669	479,329	414,198	65,131	297,393	116,805	414,198	3,387
2014	88,989	-	(102)	102	88,989	39,668	49,321	2,341	37,327	39,668	413
2013	66,549	-	(97)	97	66,549	25,153	41,396	960	24,193	25,153	13
2012	47,228	-	(405)	97	46,920	15,079	31,841	62	15,017	15,079	4,695
2011	37,431	-	(561)	(658)	36,212	8,639	27,573	21	8,618	8,639	2,364
2010	26,650	-	(423)	-	26,227	6,824	19,403	-	6,824	6,824	-
2009	25,828	-	(366)	-	25,462	1,816	23,646	-	1,816	1,816	-
2008	16,928	-	-	-	16,928	-	16,928	-	-	-	-
2007	11,118	-	-	-	11,118	1,151	9,967	300	851	1,151	143
2006	2,960	-	-	-	2,960	62	2,898	-	62	62	-
2005	1,374	-	-	-	1,374	509	865	-	509	509	-
2004	1,282	-	-	-	1,282	601	681	-	601	601	-
2003 (and prior)	3,564	-	740	-	4,304	740	3,564	740	-	740	-
Total	\$ 795,665	\$ 11,646,878	\$ (26,454)	\$ (15)	\$ 12,416,074	\$ 11,830,425	\$ 585,649	\$ 301,817	\$ 11,528,608	\$ 11,830,425	\$ 174,853
Allowance for Uncollectable Accounts	(23,387)						(23,387)				
Net Property Tax Receivable	<u>\$ 772,278</u>						<u>\$ 562,262</u>				

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Non Major Governmental Funds
Combined Balance Sheet -

June 30, 2017

	Special Revenue Town	Special Revenue School	Permanent Trust Funds	Capital Projects	Total Non-Major Governmental Funds
Assets					
Cash	\$ 226,576	\$ 17,970	\$ 98,340	\$ 72,516	\$ 415,402
Investments	51,426	-	36,836	-	88,262
Receivables:					
Intergovernmental	6,218	4,923	-	-	11,141
Other	52,312	-	-	-	52,312
Inventories	-	284	-	-	284
Due from other funds	14,383	-	-	105,288	119,671
Total assets	<u>350,915</u>	<u>23,177</u>	<u>135,176</u>	<u>177,804</u>	<u>687,072</u>
Deferred outflows of resources					
None	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 350,915</u>	<u>\$ 23,177</u>	<u>\$ 135,176</u>	<u>\$ 177,804</u>	<u>\$ 687,072</u>
Liabilities					
Accounts payable and accrued expense	\$ 7,409	\$ 12,755	\$ 344	\$ -	\$ 20,508
Due to other funds	2,047	47,768	50	-	49,865
Total Liabilities:	<u>9,456</u>	<u>60,523</u>	<u>394</u>	<u>-</u>	<u>70,373</u>
Deferred inflows of resources					
None	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund balance					
Nonspendable	-	-	10,000	-	10,000
Restricted	322,730	(37,346)	124,782	-	410,166
Committed	-	-	-	-	-
Assigned	18,729	-	-	212,012	230,741
Unassigned	-	-	-	(34,208)	(34,208)
Total fund balance	<u>341,459</u>	<u>(37,346)</u>	<u>134,782</u>	<u>177,804</u>	<u>616,699</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 350,915</u>	<u>\$ 23,177</u>	<u>\$ 135,176</u>	<u>\$ 177,804</u>	<u>\$ 687,072</u>

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Non Major Governmental Funds
Combined Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2017

	Special Revenue Town	Special Revenue School	Permanent Trust Funds	Capital Projects	Total Non-Major Governmental Funds
Revenues					
Intergovernmental revenue	\$ 128,986	\$ 207,797	\$ -	\$ -	\$ 336,783
Donation revenues	-	-	2,540	-	2,540
Departmental and other revenue	450,813	51,277	-	5,800	507,890
Investment income	274	-	47	-	321
Miscellaneous revenue	-	-	(319)	-	(319)
Total revenue	<u>580,073</u>	<u>259,074</u>	<u>2,268</u>	<u>5,800</u>	<u>847,215</u>
Expenditures					
General government	15,266	-	-	-	15,266
Public safety	268,716	-	-	114,151	382,867
Education	-	261,222	1,000	-	262,222
Parks, recreation and other services	<u>251,126</u>	<u>-</u>	<u>4,183</u>	<u>-</u>	<u>255,309</u>
Total Expenditures	<u>535,108</u>	<u>261,222</u>	<u>5,183</u>	<u>114,151</u>	<u>915,664</u>
Excess (deficiency) of revenues over expenditures	44,965	(2,148)	(2,915)	(108,351)	(68,449)
Other financing sources (uses)					
Transfers in	8,500	-	-	232,000	240,500
Transfers out	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
Total Other financing sources (uses):	<u>(91,500)</u>	<u>-</u>	<u>-</u>	<u>232,000</u>	<u>140,500</u>
Excess of revenue and other sources over expenditures and other uses	(46,535)	(2,148)	(2,915)	123,649	72,051
Fund balance, July 1, 2016	<u>387,994</u>	<u>(35,198)</u>	<u>137,697</u>	<u>54,155</u>	<u>544,648</u>
Fund balance, June 30, 2017	<u>\$ 341,459</u>	<u>\$ (37,346)</u>	<u>\$ 134,782</u>	<u>\$ 177,804</u>	<u>\$ 616,699</u>

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Special Revenue Town

June 30, 2017

	Brownfield Library Prof Dev	Library Resource Sharing	Substance Abuse Fund	Cell Tower	Recreation Conservation	Drug Forfeiture
Assets						
Cash and cash equivalents	\$ 4,724	\$ -	\$ (2,879)	\$ 15,745	\$ (8,358)	\$ 26,615
Federal and state grants receivable	-	-	-	-	-	-
Receivable, other, net	-	-	-	3,503	-	-
Due from other funds	-	-	-	-	-	8,580
ICS holding accounts	-	-	-	-	-	51,426
Total assets	4,724	-	(2,879)	19,248	(8,358)	86,621
Deferred Outflows of Resources						
None	-	-	-	-	-	-
Total outflows of resources and assets	\$ 4,724	\$ -	\$ (2,879)	\$ 19,248	\$ (8,358)	\$ 86,621
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 519	\$ -	\$ 1,764
Due to other funds	-	-	-	-	-	-
Total liabilities	-	-	-	519	-	1,764
Deferred Inflows of Resources						
None	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances						
Restricted	4,724	-	(2,879)	-	(8,358)	84,857
Assigned	-	-	-	18,729	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	4,724	-	(2,879)	18,729	(8,358)	84,857
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 4,724	\$ -	\$ (2,879)	\$ 19,248	\$ (8,358)	\$ 86,621

See independent auditor's report

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
 Combining Balance Sheet - Special Revenue Town

June 30, 2017

	CDBG	DEM Wastewater Grant	Stormwater Management	Law Enforcement Block Grant	EOP and Cert Grants	Clerk Restoration Grant
Assets						
Cash and cash equivalents	\$ 11,079	\$ 690	\$ 9,050	\$ 518	\$ 296	\$ 400
Federal and state grants receivable	-	-	-	-	2,750	-
Receivable, other, net	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
ICS holding accounts	-	-	-	-	-	-
Total assets	<u>11,079</u>	<u>690</u>	<u>9,050</u>	<u>518</u>	<u>3,046</u>	<u>400</u>
Deferred Outflows of Resources						
None	-	-	-	-	-	-
Total outflows of resources and assets	<u>\$ 11,079</u>	<u>\$ 690</u>	<u>\$ 9,050</u>	<u>\$ 518</u>	<u>\$ 3,046</u>	<u>\$ 400</u>
Liabilities						
Accounts payable and accrued expenses	\$ 145	\$ -	\$ -	\$ -	\$ 284	\$ -
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>284</u>	<u>-</u>
Deferred Inflows of Resources						
None	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted	10,934	690	9,050	518	2,762	400
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>10,934</u>	<u>690</u>	<u>9,050</u>	<u>518</u>	<u>2,762</u>	<u>400</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 11,079</u>	<u>\$ 690</u>	<u>\$ 9,050</u>	<u>\$ 518</u>	<u>\$ 3,046</u>	<u>\$ 400</u>

See independent auditor's report

(Continued)

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Special Revenue Town

June 30, 2017

	Historical Records Preservation	Spay / Neuter Fund	Homeland Security	FEMA Snow Removal	Legislative Grant	Road Detail
Assets						
Cash and cash equivalents	\$ 24,000	\$ 667	\$ 1,158	\$ (3,757)	\$ 65	\$ 37,948
Federal and state grants receivable	-	-	-	-	-	3,468
Receivable, other, net	-	-	-	-	-	-
Due from other funds	-	-	-	3,757	-	-
ICS holding accounts	-	-	-	-	-	-
Total assets	<u>24,000</u>	<u>667</u>	<u>1,158</u>	<u>-</u>	<u>65</u>	<u>41,416</u>
Deferred Outflows of Resources						
None	-	-	-	-	-	-
Total outflows of resources and assets	<u>\$ 24,000</u>	<u>\$ 667</u>	<u>\$ 1,158</u>	<u>\$ -</u>	<u>\$ 65</u>	<u>\$ 41,416</u>
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,686
Due to other funds	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	1,686
Deferred Inflows of Resources						
None	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances						
Restricted	24,000	667	1,158	-	65	39,730
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>24,000</u>	<u>667</u>	<u>1,158</u>	<u>-</u>	<u>65</u>	<u>39,730</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 24,000</u>	<u>\$ 667</u>	<u>\$ 1,158</u>	<u>\$ -</u>	<u>\$ 65</u>	<u>\$ 41,416</u>

See independent auditor's report

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
 Combining Balance Sheet - Special Revenue Town

June 30, 2017

	<u>Ambulance Reimbursement</u>	<u>Fire Alarm Inspections</u>	<u>Rec Fees / Historical</u>	<u>Fourth of July</u>	<u>Basketball Court</u>	<u>Harbor Management</u>	Total Town Special Revenue
Assets							
Cash and cash equivalents	\$ 50,193	\$ (2,546)	\$ 11,698	\$ 772	\$ (51)	\$ 48,549	\$ 226,576
Federal and state grants receivable	-	-	-	-	-	-	6,218
Receivable, other, net	47,636	1,173	-	-	-	-	52,312
Due from other funds	-	2,046	-	-	-	-	14,383
ICS holding accounts	-	-	-	-	-	-	51,426
	<u>97,829</u>	<u>673</u>	<u>11,698</u>	<u>772</u>	<u>(51)</u>	<u>48,549</u>	<u>350,915</u>
Total assets							
Deferred Outflows of Resources							
None	-	-	-	-	-	-	-
Total outflows of resources and assets	<u>\$ 97,829</u>	<u>\$ 673</u>	<u>\$ 11,698</u>	<u>\$ 772</u>	<u>\$ (51)</u>	<u>\$ 48,549</u>	<u>\$ 350,915</u>
Liabilities							
Accounts payable and accrued expenses	\$ 1,993	\$ 522	\$ -	\$ -	\$ -	\$ 496	\$ 7,409
Due to other funds	-	-	-	-	1	2,046	2,047
	<u>1,993</u>	<u>522</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>2,542</u>	<u>9,456</u>
Total liabilities							
Deferred Inflows of Resources							
None	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances							
Restricted	95,836	151	11,698	772	(52)	46,007	322,730
Assigned	-	-	-	-	-	-	18,729
Unassigned	-	-	-	-	-	-	-
	<u>95,836</u>	<u>151</u>	<u>11,698</u>	<u>772</u>	<u>(52)</u>	<u>46,007</u>	<u>341,459</u>
Total fund balances (deficits)							
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 97,829</u>	<u>\$ 673</u>	<u>\$ 11,698</u>	<u>\$ 772</u>	<u>\$ (51)</u>	<u>\$ 48,549</u>	<u>\$ 350,915</u>

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Town

For the Year Ended June 30, 2017

	<u>Library Resource Sharing</u>	<u>Library Resource Sharing</u>	<u>Substance Abuse Fund</u>	<u>Cell Tower</u>	<u>Recreation Conservation</u>	<u>Drug Forfeiture</u>
Revenues						
Federal and state grants	\$ -	\$ 36,397	\$ 83,645	\$ -	\$ -	\$ -
Investment income	-	-	-	-	-	273
Other	-	-	-	35,338	152,708	41
Total revenues	<u>-</u>	<u>36,397</u>	<u>83,645</u>	<u>35,338</u>	<u>152,708</u>	<u>314</u>
Expenditures						
General government	-	-	-	5,882	-	-
Public safety	-	-	83,645	-	-	20,577
Parks, recreation, and other	-	36,397	-	-	199,817	-
Total expenditures	<u>-</u>	<u>36,397</u>	<u>83,645</u>	<u>5,882</u>	<u>199,817</u>	<u>20,577</u>
Excess (deficiency) of revenue over expenditures	-	-	-	29,456	(47,109)	(20,263)
Other financing sources (uses)						
Transfers in	-	-	-	-	7,500	-
Transfers out	-	-	-	(100,000)	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	(70,544)	(39,609)	(20,263)
Fund balance, July 1, 2016	<u>4,724</u>	<u>-</u>	<u>(2,879)</u>	<u>89,273</u>	<u>31,251</u>	<u>105,120</u>
Fund balance, June 30, 2017	<u>\$ 4,724</u>	<u>\$ -</u>	<u>\$ (2,879)</u>	<u>\$ 18,729</u>	<u>\$ (8,358)</u>	<u>\$ 84,857</u>

See independent auditor's report

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Town

For the Year Ended June 30, 2017

	CDBG	DEM Wastewater Grant	Stormwater Management	Law Enforcement Block Grant	EOP and Cert Grants	Clerk Restoration Grant
Revenues						
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ 4,600	\$ -
Investment income	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,600</u>	<u>-</u>
Expenditures						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	3,288	-
Parks, recreation, and other	<u>252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,288</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	(252)	-	-	-	1,312	-
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(252)	-	-	-	1,312	-
Fund balance, July 1, 2016	<u>11,186</u>	<u>690</u>	<u>9,050</u>	<u>518</u>	<u>1,450</u>	<u>400</u>
Fund balance, June 30, 2017	<u>\$ 10,934</u>	<u>\$ 690</u>	<u>\$ 9,050</u>	<u>\$ 518</u>	<u>\$ 2,762</u>	<u>\$ 400</u>

See independent auditor's report

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Town

For the Year Ended June 30, 2017

	Historical Records Preservation	Spay / Neuter Fund	Homeland Security	FEMA Snow Removal	Legislative Grant	Road Detail
Revenues						
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,844
Investment income	-	-	-	-	-	-
Other	<u>816</u>	<u>126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,533</u>
Total revenues	<u>816</u>	<u>126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,377</u>
Expenditures						
General government	655	-	-	-	935	-
Public safety	-	-	-	-	-	47,200
Parks, recreation, and other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>655</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>935</u>	<u>47,200</u>
Excess (deficiency) of revenue over expenditures	161	126	-	-	(935)	14,177
Other financing sources (uses)						
Transfers in	1,000	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,161	126	-	-	(935)	14,177
Fund balance, July 1, 2016	<u>22,839</u>	<u>541</u>	<u>1,158</u>	<u>-</u>	<u>1,000</u>	<u>25,553</u>
Fund balance, June 30, 2017	<u>\$ 24,000</u>	<u>\$ 667</u>	<u>\$ 1,158</u>	<u>\$ -</u>	<u>\$ 65</u>	<u>\$ 39,730</u>

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Town

For the Year Ended June 30, 2017

	<u>Ambulance Reimbursement</u>	<u>Fire Alarm Inspections</u>	<u>Rec Fees / Historical</u>	<u>Fourth of July</u>	<u>Fourth of July</u>	<u>Harbor Management</u>	<u>Total Town Special Revenue</u>
Revenues							
Federal and state grants	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,986
Investment income	-	-	-	1	-	-	274
Other	<u>167,927</u>	<u>6,595</u>	<u>4,891</u>	<u>72</u>	<u>-</u>	<u>23,766</u>	<u>450,813</u>
Total revenues	<u>169,427</u>	<u>6,595</u>	<u>4,891</u>	<u>73</u>	<u>-</u>	<u>23,766</u>	<u>580,073</u>
Expenditures							
General government	-	-	7,794	-	-	-	15,266
Public safety	100,870	13,136	-	-	-	-	268,716
Parks, recreation, and other	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>52</u>	<u>14,607</u>	<u>251,126</u>
Total expenditures	<u>100,870</u>	<u>13,136</u>	<u>7,794</u>	<u>1</u>	<u>52</u>	<u>14,607</u>	<u>535,108</u>
Excess (deficiency) of revenue over expenditures	68,557	(6,541)	(2,903)	72	(52)	9,159	44,965
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	8,500
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	68,557	(6,541)	(2,903)	72	(52)	9,159	(46,535)
Fund balance, July 1, 2016	<u>27,279</u>	<u>6,692</u>	<u>14,601</u>	<u>700</u>	<u>-</u>	<u>36,848</u>	<u>387,994</u>
Fund balance, June 30, 2017	<u>\$ 95,836</u>	<u>\$ 151</u>	<u>\$ 11,698</u>	<u>\$ 772</u>	<u>\$ (52)</u>	<u>\$ 46,007</u>	<u>\$ 341,459</u>

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Special Revenue School

June 30, 2017

	SPED Part B	SPED Preschool	Title I Part A	Title IIA Teacher Quality	REAP Small Rural Sch Program	Education Foundation
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 547
Inventory	-	-	-	-	-	-
Due from state or federal government	-	-	-	-	-	-
Total assets	-	-	-	-	-	547
Deferred Outflows of Resources						
None	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 547</u>
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 513
Due to other funds	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	513
Deferred Inflows of Resources						
None	-	-	-	-	-	-
Total deferred inflow of resources	-	-	-	-	-	-
Fund balances (deficits)	-	-	-	-	-	34
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 547</u>

See independent auditor's report

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
 Combining Balance Sheet - Special Revenue School

June 30, 2017

	<u>Private Donation</u>	<u>School Lunch</u>	<u>Total School Special Revenue</u>
Assets			
Cash	\$ 1,000	\$ 16,423	\$ 17,970
Inventory	-	284	284
Due from state or federal government	-	4,923	4,923
	<u>1,000</u>	<u>21,630</u>	<u>23,177</u>
Deferred Outflows of Resources			
None	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 1,000</u>	<u>\$ 21,630</u>	<u>\$ 23,177</u>
Liabilities			
Accounts payable and accrued expenses	\$ -	\$ 12,242	\$ 12,755
Due to other funds	-	47,768	47,768
	<u>-</u>	<u>60,010</u>	<u>60,523</u>
Deferred Inflows of Resources			
None	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), unreserved	<u>1,000</u>	<u>(38,380)</u>	<u>(37,346)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,000</u>	<u>\$ 21,630</u>	<u>\$ 23,177</u>

See independent auditor's report

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

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

For the Year Ended June 30, 2017

	SPED Part B	SPED Preschool	Title I Part A	Title IIA Teacher Quality	REAP Small Rural Sch Program	Education Foundation
Revenues						
Federal grant income	\$ 109,267	\$ 1,939	\$ 39,759	\$ 10,957	\$ 27,508	\$ -
Other income	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
 Total revenues	 109,267	 1,939	 39,759	 10,957	 27,508	 -
Expenditures						
Education	109,267	1,939	39,759	10,957	27,508	-
 Excess (deficiency) of revenue over expenditures	 -	 -	 -	 -	 -	 -
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
 Excess (deficiency) of revenues and other sources over expenditures and other uses	 -	 -	 -	 -	 -	 -
Fund balance, July 1, 2016	-	-	-	-	-	34
Fund balance, June 30, 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34

See independent auditor's report

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

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

For the Year Ended June 30, 2017

	Private Donation	School Lunch	Total School Special Revenue
Revenues			
Federal grant income	\$ -	\$ 18,367	\$ 207,797
State grant income	-	-	-
Charges for services	-	51,277	51,277
	<u> </u>	<u> </u>	<u> </u>
Total revenues	-	69,644	259,074
Expenditures			
Education	-	71,792	261,222
	<u> </u>	<u> </u>	<u> </u>
Excess (deficiency) of revenue over expenditures	-	(2,148)	(2,148)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(2,148)	(2,148)
Fund balance, July 1, 2016	1,000	(36,232)	(35,198)
	<u> </u>	<u> </u>	<u> </u>
Fund balance, June 30, 2017	\$ 1,000	\$ (38,380)	\$ (37,346)
	<u> </u>	<u> </u>	<u> </u>

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Capital Project Funds

June 30, 2017

	Beach Emergency	Capital Expenditures	School Renovation - Town	Reevaluation	School Renovation - School	Pike's Peak	Capital Projects Total
Assets							
Cash and cash equivalents	\$ 21,008	\$ 8,924	\$ (33,856)	\$ 76,792	\$ -	\$ (352)	\$ 72,516
Due from other funds	-	5,288	-	-	100,000	-	105,288
Total assets	21,008	14,212	(33,856)	76,792	100,000	(352)	177,804
Deferred Outflows of Resources							
None	-	-	-	-	-	-	-
Total outflows of resources and assets	<u>\$ 21,008</u>	<u>\$ 14,212</u>	<u>\$ (33,856)</u>	<u>\$ 76,792</u>	<u>\$ 100,000</u>	<u>\$ (352)</u>	<u>\$ 177,804</u>
Liabilities							
Accounts payable and accrued expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-	-	-
Deferred Inflows of Resources:							
None	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-
Fund Balances							
Assigned	21,008	14,212	-	76,792	100,000	-	212,012
Unassigned	-	-	(33,856)	-	-	(352)	(34,208)
Total fund balances (deficits)	21,008	14,212	(33,856)	76,792	100,000	(352)	177,804
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 21,008</u>	<u>\$ 14,212</u>	<u>\$ (33,856)</u>	<u>\$ 76,792</u>	<u>\$ 100,000</u>	<u>\$ (352)</u>	<u>\$ 177,804</u>

See independent auditor's report

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Capital Project Funds

For the Year Ended June 30, 2017

	Beach Emergency	Capital Expenditures	School Renovation - Town	Reevaluation	School Renovation - School	Pike's Peak	Capital Projects Total
Revenues							
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	5,800	-	0	-	-	5,800
Investment income	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>5,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,800</u>
Expenditures							
General government	-	-	-	-	-	-	-
Public safety	-	114,151	-	-	-	-	114,151
Parks, recreation, and other	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>114,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,151</u>
Excess (deficiency) of revenue over expenditures	-	(108,351)	-	-	-	-	(108,351)
Other financing sources (uses)							
Other financing sources	12,000	100,000	-	20,000	100,000	-	232,000
Other financing uses	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>12,000</u>	<u>100,000</u>	<u>-</u>	<u>20,000</u>	<u>100,000</u>	<u>-</u>	<u>232,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	12,000	(8,351)	-	20,000	100,000	-	123,649
Fund balance, July 1, 2016	<u>9,008</u>	<u>22,563</u>	<u>(33,856)</u>	<u>56,792</u>	<u>-</u>	<u>(352)</u>	<u>54,155</u>
Fund balance, June 30, 2017	<u>\$ 21,008</u>	<u>\$ 14,212</u>	<u>\$ (33,856)</u>	<u>\$ 76,792</u>	<u>\$ 100,000</u>	<u>\$ (352)</u>	<u>\$ 177,804</u>

See independent auditor's report

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Permanent Trust Funds

June 30, 2017

	<u>Cemetery</u>	<u>Historical Cemetery</u>	<u>Raposa Education Trust</u>	<u>Doris Simmons Mem</u>
Assets				
Cash	\$ 38,510	\$ 31,940	\$ 13,445	\$ 3,007
Investments	<u>36,836</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>75,346</u>	<u>31,940</u>	<u>13,445</u>	<u>3,007</u>
	-	-	-	-
Deferred Outflows of Resources				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total outflows of resources and assets	<u>\$ 75,346</u>	<u>\$ 31,940</u>	<u>\$ 13,445</u>	<u>\$ 3,007</u>
Liabilities				
Accounts payable and accrued expenses	\$ 184	\$ -	\$ -	\$ -
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deposits Held in Custody	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>184</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable		10,000		
Restricted	<u>75,162</u>	<u>21,940</u>	<u>13,445</u>	<u>3,007</u>
Total fund balances (deficits)	<u>75,162</u>	<u>31,940</u>	<u>13,445</u>	<u>3,007</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 75,346</u>	<u>\$ 31,940</u>	<u>\$ 13,445</u>	<u>\$ 3,007</u>

See independent auditor's report

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Permanent Trust Funds

June 30, 2017

	<u>R. Peckham</u>	<u>Tree Fund</u>	<u>Philip Wilbur Mem</u>	<u>Adamsville Historical Assoc</u>	<u>Total</u>
Assets					
Cash	\$ 1,363	\$ 4,875	\$ 3,028	\$ 2,172	\$ 98,340
Investments	-	-	-	-	36,836
Total assets	<u>1,363</u>	<u>4,875</u>	<u>3,028</u>	<u>2,172</u>	<u>135,176</u>
	-	-	-	-	-
Deferred Outflows of Resources					
None	-	-	-	-	-
Total outflows of resources and assets	<u>\$ 1,363</u>	<u>\$ 4,875</u>	<u>\$ 3,028</u>	<u>\$ 2,172</u>	<u>\$ 135,176</u>
Liabilities					
Accounts payable and accrued expenses	\$ -	\$ 160	\$ -	\$ -	\$ 344
Due to other funds	50	-	-	-	50
Deposits held in custody	-	-	-	-	-
Total liabilities	<u>50</u>	<u>160</u>	<u>-</u>	<u>-</u>	<u>394</u>
Deferred Inflows of Resources					
None	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable					10,000
Restricted	1,313	4,715	3,028	2,172	124,782
Total fund balances (deficits)	<u>1,313</u>	<u>4,715</u>	<u>3,028</u>	<u>2,172</u>	<u>134,782</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,363</u>	<u>\$ 4,875</u>	<u>\$ 3,028</u>	<u>\$ 2,172</u>	<u>\$ 135,176</u>

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Permanent Trust Funds

For the Year Ended June 30, 2017

	<u>Cemetery</u>	<u>Historical Cemetery</u>	<u>Raposa Education Trust</u>	<u>Doris Simmons Mem</u>
Revenues				
Investment income	\$ 13	\$ 4	\$ 14	\$ 3
Unrealized gain/(loss)	(319)	-	-	-
Other	<u>-</u>	<u>1,400</u>	<u>-</u>	<u>-</u>
 Total revenue	 <u>(306)</u>	 <u>1,404</u>	 <u>14</u>	 <u>3</u>
Expenditures				
General government	-	-	-	-
Education	-	-	700	300
Parks, recreation, and other	<u>981</u>	<u>1,330</u>	<u>-</u>	<u>-</u>
 Total expenditures	 <u>981</u>	 <u>1,330</u>	 <u>700</u>	 <u>300</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Excess of Revenues and Other Sources Over Expenditures and Other Uses	 (1,287)	 74	 (686)	 (297)
 Fund balance, July 1, 2016	 <u>76,449</u>	 <u>31,866</u>	 <u>14,131</u>	 <u>3,304</u>
 Fund balance, June 30, 2017	 <u>\$ 75,162</u>	 <u>\$ 31,940</u>	 <u>\$ 13,445</u>	 <u>\$ 3,007</u>

See independent auditor's report

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Permanent Trust Funds

For the Year Ended June 30, 2017

	R. Peckham	Tree Fund	Philip Wilbur Mem	Adamsville Historical Assoc	Total
Revenues					
Investment income	\$ 1	\$ 6	\$ 3	\$ 3	\$ 47
Unrealized gain/(loss)	-	-	-	-	(319)
Other	-	1,140	-	-	2,540
	<u>1</u>	<u>1,146</u>	<u>3</u>	<u>3</u>	<u>2,268</u>
Total revenue					
	<u>1</u>	<u>1,146</u>	<u>3</u>	<u>3</u>	<u>2,268</u>
Expenditures					
General government	-	-	-	-	-
Education	-	-	-	-	1,000
Parks, recreation, and other	-	1,872	-	-	4,183
	<u>-</u>	<u>1,872</u>	<u>-</u>	<u>-</u>	<u>5,183</u>
Total expenditures					
	<u>-</u>	<u>1,872</u>	<u>-</u>	<u>-</u>	<u>5,183</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	1	(726)	3	3	(2,915)
Fund balance, July 1, 2016	<u>1,312</u>	<u>5,441</u>	<u>3,025</u>	<u>2,169</u>	<u>137,697</u>
Fund balance, June 30, 2017	<u>\$ 1,313</u>	<u>\$ 4,715</u>	<u>\$ 3,028</u>	<u>\$ 2,172</u>	<u>\$ 134,782</u>

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

The Honorable President and Members of the Town Council
Town of Little Compton, Rhode Island
Little Compton, Rhode Island

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Little Compton, Rhode Island (the Town), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Town's basic financial statements, and have issued our report thereon dated December 27, 2017.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

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

Hague, Sahady & Co. PC

Fall River, Massachusetts
December 27, 2017