

# **Town of Westerly Rhode Island**



## **Comprehensive Annual Financial Report**

For the Fiscal Year Ended June 30, 2013

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For the Fiscal Year Ended June 30, 2013

Michelle A. Buck  
Town Manager

James Lathrop  
Finance Director

Prepared by: Finance Department

**TOWN OF WESTERLY, RHODE ISLAND  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
JUNE 30, 2013**

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# **Introductory Section**

**Town of Westerly, Rhode Island**

**List of Principal Officials**

**Fiscal Year Ended June 2013**

**Town Council:**

Diana L. Serra, President  
Kenneth Parrilla, Vice President  
John P. Carson, Sr.  
Caswell Cooke, Jr.  
Patricia A. Douglas  
Andrew M. Gencarelli  
Christopher A. Duhamel

**School Committee:**

David Patten, Jr., Chair  
James E. Murano, Jr., Vice Chair  
Diane C. Bowdy, Clerk  
Mario P. Celico  
D. Jay Goodman  
Gina T. Fuller  
Mary G. Raftery

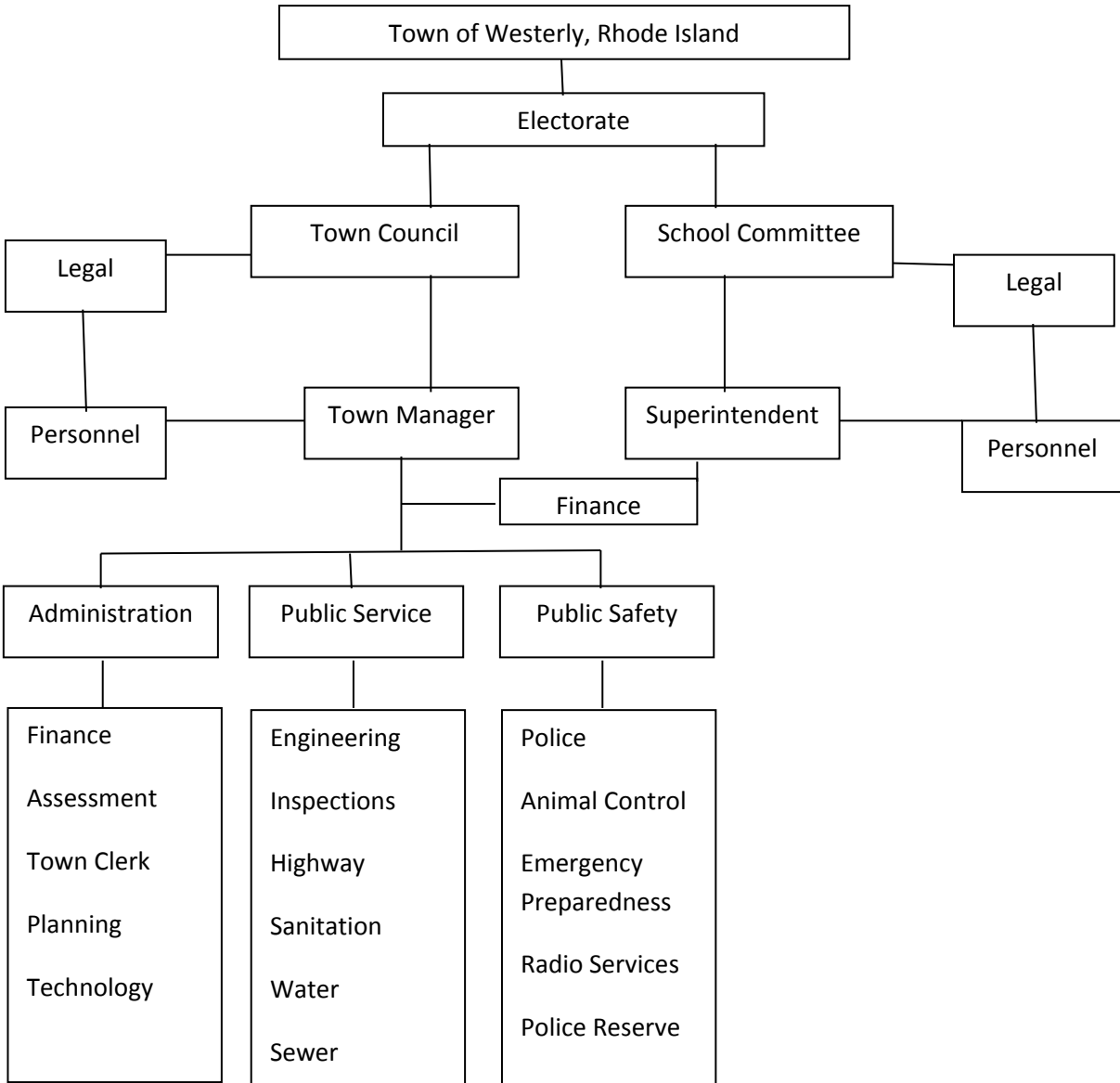
**Town Manager:** Michelle Buck

**School Superintendent:** Roy M. Seitsinger, Jr., Ph.D.

**Director of Finance:** James Lathrop, CPA

**Police Chief:** Edward St. Clair

**Town Clerk:** Donna L. Giordano, MMC





# *Westerly Rhode Island*

## *Finance Department*

45 Broad Street Westerly, RI 02891  
tel: (401) 348-2516 fax: (401) 348-2607

February 12, 2014

To the Citizens of Westerly, Rhode Island

The comprehensive annual financial report of the Town of Westerly, Rhode Island, for the fiscal year ended June 30, 2013, is hereby submitted as mandated by state statute. State laws require that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants licensed to practice in the State of Rhode Island. The Town of Westerly requested and received an extension by the Rhode Island Attorney General.

This report consists of management's representations concerning the finances of the Town of Westerly, Rhode Island. Consequently, management assumes full responsibilities for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Westerly, Rhode Island has established a comprehensive internal control framework that is designed to both protect the government's accounts from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Westerly's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Westerly's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. As management, I assert that, to the best of my knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Westerly's financial statements have been audited by BlumShapiro, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Westerly for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion, that the Town of Westerly's financial statement for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is present as the first component of the financial section of this report.



The independent audit of the financial statements of the Town of Westerly was part of the broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentations of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in the Single Audit section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Westerly’s MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE GOVERNMENT**

### **General**

The Town of Westerly, incorporated in 1669, is in the southwest corner of the State of Rhode Island, bounded on the west by the town of Stonington, Connecticut, on the North by the towns of North Stonington, Connecticut and Hopkinton, Rhode Island, on the east by the town of Charlestown, Rhode Island, and on the south by the Atlantic Ocean. Covering 32.5 square miles, Westerly is located approximately 42 miles from Providence, Rhode Island, 60 miles from Hartford, Connecticut, 80 miles from Boston, Massachusetts, and 130 miles from New York City, New York.

The Town has a population of 20,311 (2010 Census) up 1.4% from the 2000 census. In 2009, the Town’s median family income was \$52,946, and the median value of owner occupied housing was \$310,000 (source US Census Bureau). Not reflected in the Census statistics is the above average income of the more than 17,000 summer inhabitants of the Town who contribute to the Town’s economy, nor the value of vacation homes located along the Town’s coastal areas.

Westerly is an economically diverse residential community with a well established commercial base, small pockets of industry and recreational facilities. Due to its many miles of salt water beaches and ocean frontage, the Town is a well known vacation and tourist center, and part of Rhode Island’s South County summer vacation area. Stately summer residences located in the Watch Hill area along with summer cottage colonies located in the Misquamicut, Weekapaug and Shelter Harbor areas of the Town add substantially to the Town’s tax base.

## **Government**

The Town of Westerly, established in 1669, operates under a Home Rule Charter adopted in 1968, which provides for a council/manager form of government. The Town Council, comprised of seven members elected at large who each serve two year terms, is vested by the Charter with all legislative powers of the Town, including the ordering of any tax, making appropriations, and transacting any other business pertaining to the financial affairs of the Town. The Charter grants to the Town Council all powers to enact, amend, or repeal ordinances related to the Town's property, affairs, and government. The Council also has the power relating to the Town's property, affairs, and government. The Council also has the power to authorize the issuance of bonds or notes by resolution, subject to approval by a majority of electors voting who are qualified to vote on financial matters of the Town.

The Town Council appoints the Town Manager for an indefinite term solely on the basis of their executive and administrative qualifications and experience. The Town Manager is the chief executive officer and the head of the administrative branch of the Town government. The Town Manager is responsible for carrying out the policies of the Town Council, for overseeing the day to day operations of the Town, and for appointing all other employees, except for School Department personnel.

The Town provides a full range of municipal services including public safety protection, the construction and maintenance of highways, streets and other infrastructure, libraries, recreational activities, planning and zoning, education and administrative services. In addition, the Town operates water, sewer and solid waste utility systems.

The annual budget serves as the foundation for the Town of Westerly's financial planning and control. All departments of the Town are required to submit requests for appropriation and revenue estimates to the Town Manager on or before December 28th of each year. The School Committee submits the proposed school budget by the first Monday of February each year. The Town Manager uses these requests as the starting point for developing a proposed budget. It is the responsibility of the Town Manager to submit a proposed budget for the following fiscal year to the Board of Finance on or before the third Monday of February of each year. The Town Council and Board of Finance hold several budget work sessions to discuss the details of the proposed budget document. The Town council may revise and adopt a preliminary budget not later than the fourth Wednesday in April of each year.

Following adoption of the preliminary budget by the Council, any qualified elector of the Town may circulate and file a petition contesting any of the proposed budget items, within eight (8) days of the publishing of the budget. If no petition is filed by this date, the budget is considered adopted. If there is a petition, a referendum must be held within 35 days of the date the Board of Canvassers validates the signatures on the budget petition.

The appropriated budget is prepared by fund, major program function (e.g., public safety) and department (e.g., police). Department heads may make transfer of appropriation within a department. Transfers with a major program function may be made by the Town Manager, provided that proper notification is given to the town Council.

Budget to actual comparisons are provided in this report for the general fund and the school unrestricted fund on pages 57 through 61 and 64.

## **Factors Affecting Financial Condition**

The information presented in the financial statement is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Westerly operates.

### **Local Economy**

Westerly was known for its granite and stone-cutting industry, a type of granite, known as Westerly granite, has been and continues to be quarried here. The granite is ideal for statuary, and has been used in numerous government buildings of states along the eastern seaboard.

Along the coast of Westerly lie salt ponds, which serve as shallow reef like pools, whose outer walls form the long, white beaches which the town is renowned for. These ponds, Maschaug Pond, Winnapaug Pond and the Ouocochontaug Pond are assets that the town continues to utilize. They are part of the Rhode Island's growing aquaculture industry. Portions of the ponds are leased to small commercial oyster farms.

With its coastline and beaches, Westerly was always a tourist destination. Despite the down economy, investment in Westerly continues. In 2010, the Ocean House's \$146 million dollar renovation was completed and it opened its door for business. The nearby Weekapaug Inn, closed in 2005, completed a \$25 million dollar renovation and opened in September 2012.

Being recognized as one of the Country's top new golf facilities, the Shelter Harbor Golf club was opened in 2005. This is just one of multiple public and private golf courses located in Westerly. Other recreation facilities include two yacht clubs, and several marinas and boat yards. The Westerly YMCA, located downtown, completed in 2013 a \$6.5 million renovation, and in 2011 started operating a downtown outdoor ice skating rink, funded with nearly \$1 million of private donations. The Westerly Public Library recently completed an \$8 million dollar renovation which was funded primarily with private donations.

Westerly is home to the Westerly State Airport, a 321 acre facility that has more than 25,000 annual flights (averaging over 60 per day), and is also home to an Amtrak Station.

Westerly just completed a \$30 million renovation of its high school. This was after building a \$28 million dollar middle school in 2006, a new \$12 million police station in 2007 and \$5 million public works facility in 2008. The town has started to study the needs and current conditions of its elementary schools.

In October 2012 the Misquamicut area of Westerly suffered damage due to Super Storm Sandy. The Cost to the Town for recovery and repairs to this area is estimated to be in the range of \$3 million dollars. The Town expects FEMA to reimburse 75% of this cost. Besides the damage to Town property, there was substantial damage to the area homes and businesses. Property owners are currently rebuilding and the community has banded together to raise funds to insure the reestablishment of the popular beach area.

### **Pension and other postemployment benefits**

Unlike most municipalities Westerly has moved away from defined benefit type pensions. Most town employees participate in a defined contribution (401 type) plan. There are only two groups, police and teachers, which still have defined benefit plans.

Teachers participate in the State plan. In November 2011, the State of Rhode Island passed major changes to this plan. Among the changes is the creation of a hybrid program with both defined benefit and defined contribution components. This legislation also changed the required length of service.

The police are in a town managed defined contribution plan. Assets are professionally managed. This pension is currently funded at 64%. The Town will look at changes made to the state plan, and look to implement some of ideas into its plan. The Town has for the past two years and plans to continue to fund the Annual Required Payment (ARC) at 100%.

Westerly has an OPEB obligation of \$13 million, related to past and grandfathered employees. OPEB funds were previously part of the pension funds but now have been segregated. The OPEB is 24% funded.

## Other

Westerly believes in transparency and the accountability it inspires. This is the third year that the town's annual audit is presented in the form of a Comprehensive Annual Financial Report. The Town has redesigned its monthly budget reports and started posting them, its non payroll check register, and pension actuary reports on its Town website. For FY 2012 Westerly combined the role of Town and School Finance Director position, and continues to look at other areas to combine services and expand report on its activities to the public.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department. Credit must also be give to the Town Council and its President, and the School Committee and its Chairman, for the unfailing support for achieving and maintaining the highest standards of professionalism in the management of the Town of Westerly's finances.

Respectfully submitted,



Michelle Buck  
Town Manager



Roy M. Seitsinger, Jr., PhD  
School Superintendent



James Lathrop, CPA  
Director of Finance

## **Financial Section**



Accounting | Tax | Business Consulting

## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Westerly, Rhode Island, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Westerly, Rhode Island's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditors' 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 of 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Westerly, Rhode Island, as of June 30, 2013 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12 and the budgetary comparison information on pages 57 through 61 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, which 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 Westerly, Rhode Island's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and 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 combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2014 on our consideration of the Town of Westerly, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Town of Westerly, Rhode Island's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
February 12, 2014

**TOWN OF WESTERLY, RHODE ISLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2013**

As management of the Town of Westerly, we offer readers of the Town's financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2013. We encourage the readers to consider the information presented here in conjunction with the letter of transmittal on pages iii-viii of this report as well as the Town's basic financial statement that follow this section.

### **Financial Highlights**

- The assets of the Town of Westerly exceeded its liabilities at the close of the most recent fiscal year by \$126,324,916. Of this amount \$20,539,058 is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's net position increased by \$5,044,651.
- As of the close of the current fiscal year, the Town of Westerly's governmental funds reported combined ending fund balances of \$20,160,295. Approximately 37.2% of the ending fund balance, \$7,507,748 is unassigned and available for use within the Town's designation and fiscal policies.
- At the end of the current fiscal year, the General Fund's unassigned fund balance was \$7,542,061, or 9.3% of the total General Fund budgeted expenditures for the 2013 fiscal year. The current fiscal year's General Fund expenditures and transfers exceeded revenues by \$830,658 on a GAAP basis. On a budgetary basis, the total revenues and other financing sources exceeded the total expenditures and other financing uses by \$962,101.
- The Town's total bonded debt increased by \$2,405,000 (4.3%) during the current fiscal year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town of Westerly's basic financial statements. The Town's basic financial statements comprise three components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

The Town's basic financial statements and other supplementary financial information provide information about all of the Town's activities. They provide both a short-term and long-term view of the Town's financial health as well as information about activities for which the Town acts solely as a trustee for the benefit of those outside of the Town's government.

**Government-Wide Financial Statements.** The government-wide financial statements are designed to provide readers with board overview of the Town's finances in a manner similar to a private-sector business.

*The statement of net position* present information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increase or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

*The statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Examples are uncollected taxes and earned but unused compensated absences.

Both of the government-wide financial statement distinguish functions of the Town of Westerly that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The government activities of the Town include general government, public safety, streets and highways, libraries, education and recreation. The business-type activities of the Town include a water fund, sewer fund and beach fund. Fiscal Year 2013 will be the last year of the beach fund. This fund and its operations have been merged into the Town's general fund for fiscal year 2014.

The government wide financial statements are reported on pages 13 through 14.

***Fund Financial Statements.*** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Westerly, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Town can be divided into three categories, governmental funds, proprietary funds, and fiduciary funds.

***Governmental Funds.*** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town of Westerly maintains 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, School Bond Fund, and Capital Project Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements included in the other supplementary information.

The Town of Westerly adopts an annual appropriated budget for its General Fund and school fund. Budgetary comparison schedules have been provided for the General Fund and school fund to demonstrate compliance with this budget.

**Proprietary Funds.** The Town's proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements with the exception of the Internal Service Funds which are reported as governmental fund type activity. The Town has three enterprise funds. Water Fund accounts for the water system of the entire Town of Westerly as well as neighboring Pawcatuck, Connecticut. Sewer Fund operates sixty-one (61) miles of sanitary sewers, which covers approximately 50% of the Town. Beach Fund accounts primarily for rental and parking activities for the waterfront property acquired in 2001. The real property associated with the Beach Fund was damaged and ultimately removed from Storm Sandy. As noted above this fund was merged into the General Fund starting fiscal year 2014.

The Town's internal service funds represent an accounting device used to accumulate and allocate cost internally among the Town's various functions. The Town has two internal service funds, Health Fund and Self-Insurance Fund. The Town is self insured in its health and dental coverage, and Health Fund reports the actual claims as well as the Town's contribution to the fund and employee deductions for the benefit program. Self-Insurance Fund records activities for the Town's commercial insurance deductibles and insurance claim receipts.

The basic proprietary fund financial statements are present on pages 19-21.

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

The basic fiduciary fund financial statement can be found on pages 22-23.

**Notes to Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement are presented on page 24-56.

**Other Information.** In addition to the basis financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Westerly.

Required Supplementary information is presented on pages 57-61.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 65-84.

## 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 of Westerly, assets exceeded liabilities by \$126,324,916 as of June 30, 2013.

### TOWN OF WESTERLY, RHODE ISLAND NET POSITION

	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 29,879,669	\$ 29,723,430	\$ 6,691,429	\$ 6,497,719	\$ 36,571,098	\$ 36,221,149
Capital assets, net of accumulated depreciation	158,309,913	156,293,309	37,699,059	37,620,451	196,008,972	193,913,760
Total assets	<u>188,189,582</u>	<u>186,016,739</u>	<u>44,390,488</u>	<u>44,118,170</u>	<u>232,580,070</u>	<u>230,134,909</u>
Current liabilities	12,403,305	17,088,762	1,415,628	1,367,594	13,818,933	18,456,356
Long-term liabilities outstanding	85,927,889	83,575,213	6,508,332	7,179,826	92,436,221	90,755,039
Total liabilities	<u>98,331,194</u>	<u>100,663,975</u>	<u>7,923,960</u>	<u>8,547,420</u>	<u>106,255,154</u>	<u>109,211,395</u>
Net Position:						
Net investment in capital assets	72,528,400	71,011,628	30,714,945	30,194,723	103,243,345	101,206,351
Restricted	2,542,513	4,289,962	-	-	2,542,513	4,289,962
Unrestricted	<u>14,787,475</u>	<u>10,051,174</u>	<u>5,751,583</u>	<u>5,376,027</u>	<u>20,539,058</u>	<u>15,427,201</u>
Total Net Position	<u>\$ 89,858,388</u>	<u>\$ 85,352,764</u>	<u>\$ 36,466,528</u>	<u>\$ 35,570,750</u>	<u>\$ 126,324,916</u>	<u>\$ 120,923,514</u>

The largest portion of the Town's net position (82%) is its investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is report net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital asset cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$2,542,513, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position \$20,539,058, may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the Town of Westerly is able to report positive balance in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

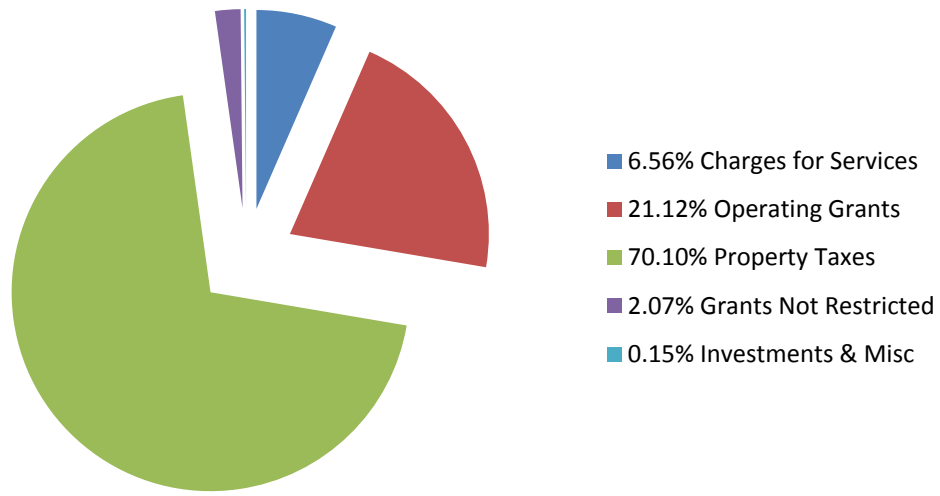
The Town's net position increased by \$5,044,651 during the current fiscal year. Of this amount governmental activities accounted for \$4,148,873 the increase while business-type activities accounted for \$895,778.

**Governmental Activities.** Governmental activities increased the Town's net position by, \$4,148,873, thereby accounting for 82% of the total increase in net position of the town.

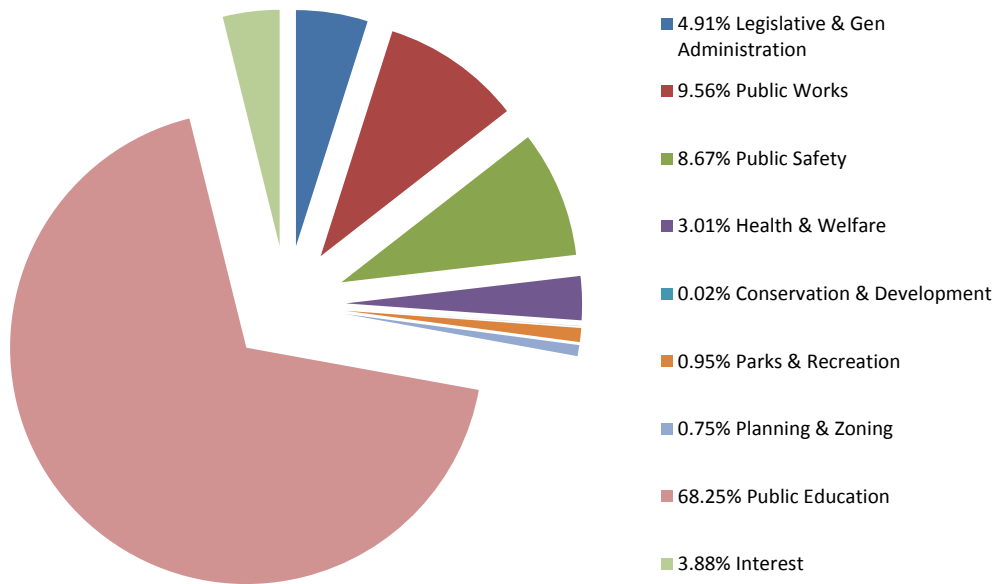
**TOWN OF WESTERLY, RHODE ISLAND**  
**CHANGES IN NET POSITION**  
For the Fiscal Years Ended June 30, 2013 and 2012

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program revenues:						
Charges for services	\$ 6,086,123	\$ 5,362,715	\$ 8,037,500	\$ 7,558,475	\$ 14,123,623	\$ 12,921,190
Operating grants and contributions	19,613,142	14,632,146			19,613,142	14,632,146
Capital grants and contributions		577,744		385,000		962,744
General revenues:						
Property taxes	65,108,718	64,031,797			65,108,718	64,031,797
Grants not restricted to specific programs	1,927,032	1,841,526			1,927,032	1,841,526
Unrestricted investment earnings	55,779	33,906	2,111	2,049	57,890	35,955
Miscellaneous revenue	84,964	127,607			84,964	127,607
Total revenues	<u>92,875,758</u>	<u>86,607,441</u>	<u>8,039,611</u>	<u>7,945,524</u>	<u>100,915,369</u>	<u>94,552,965</u>
Expenses:						
Legislative, judicial and general administrative	4,331,225	3,112,646			4,331,225	3,112,646
Public works	8,421,798	7,954,858			8,421,798	7,954,858
Public safety	7,641,412	8,214,392			7,641,412	8,214,392
Health and welfare	2,648,904	944,618			2,648,904	944,618
Conservation and development	13,723	66,841			13,723	66,841
Parks and recreation	835,358	855,819			835,358	855,819
Planning and Zoning	659,533	328,874			659,533	328,874
Public education	60,152,421	59,863,127			60,152,421	59,863,127
Interest on long-term debt	3,417,931	4,161,148			3,417,931	4,161,148
Water fund			4,040,375	4,126,250	4,040,375	4,126,250
Sewer fund			3,428,731	3,549,839	3,428,731	3,549,839
Beach fund			279,307	275,930	279,307	275,930
Total expenses	<u>88,122,305</u>	<u>85,502,323</u>	<u>7,748,413</u>	<u>7,952,019</u>	<u>95,870,718</u>	<u>93,454,342</u>
Change in net position before transfers	4,753,453	1,105,118	291,198	(6,495)	5,044,651	1,098,623
Transfers	(604,580)	(629,388)	604,580	629,388	-	-
Change in net position	<u>4,148,873</u>	<u>475,730</u>	<u>895,778</u>	<u>622,893</u>	<u>5,044,651</u>	<u>1,098,623</u>
Net Position at Beginning of Year, as Restated	<u>85,709,515</u>	<u>85,233,785</u>	<u>35,570,750</u>	<u>34,947,857</u>	<u>121,280,265</u>	<u>120,181,642</u>
Net Position at End of Year	<u>\$ 89,858,388</u>	<u>\$ 85,709,515</u>	<u>\$ 36,466,528</u>	<u>\$ 35,570,750</u>	<u>\$ 126,324,916</u>	<u>\$ 121,280,265</u>

### 2013 Governmental Activities: Revenues



### 2013 Governmental Activities: Expenses



Business-type Activities - Net position in business type activities increased by \$895,778, resulting in a 0.6% increase in business-type assets.

Charges for services for business-type activities accounted for 99.97% of the total revenue sources. The balance of revenues for business-type activities was from operating grants and contributions and investment income.

The total expenses within the business-type activities of the Town include the following: Water Fund 52.1%, wastewater treatment 44.3% and Beach Fund 3.6%.

## **Financial Analysis of the Town of Westerly's Funds**

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

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

At the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$20,160,295. Approximately 37.2% is available for spending at the government's discretion within the Town's total Fund Balance. The remaining fund balance of \$12,652,547 included \$2,907,033 of Committed Fund Balance for Capital Projects, \$642,000 assigned to the 2014 budget, \$2,443,435 nonspendable for prepaid items, and \$6,660,079 restricted to specific programs.

The General Fund is the chief operating fund of the Town of Westerly. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,542,061 while total fund balance was \$13,226,027. As a measure of the General Fund's liquidity it may be useful to compare both unassigned fund balance and total fund balance to total General Fund budgeted expenditures. Unassigned fund balance represents 9.1% of the 2014 FY Adopted General Fund Expenditure Budget. While total fund balance represents 16.0% of that same amount.

### **Key Factors in the Change of the Town's Governmental Fund Balances**

The School Restricted fund balance of \$2,902,738 of which \$1,000,000 has been committed to the 2014 FY budget, additionally \$934,543 is committed to liquidate contracts and purchase orders of the prior year.

Proprietary Funds - The Town of Westerly's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position in the water fund at the end of the fiscal year amounted to \$2,244,457, unrestricted net position in the sewer fund was \$3,338,031 and the balance in the beach fund was \$169,095.

### **General Fund Budgetary Highlights**

Overall the Town of Westerly, Rhode Island finished the 2012-2013 fiscal year with a budgetary surplus of \$962,101.

Major General Fund Revenue Factors:

General Property Taxes - Property taxes are the largest single revenue source for the General Fund and account for 79.6% of total revenues. The town budgeted current property tax at 98.0% collection rate, while the actual collection rate was at approximately 99.9%. The increase is due to Motor Vehicle and Prior Years Tax collection.



Intergovernmental Revenues - The Town receives a portion of revenue from Meals and Hotel Tax collected by local establishments and remitted to the State of Rhode Island. Despite the weak economy, the addition of new business, and a good summer trade, more than offset this and is the main reason that the Town collected \$215,215 more than budgeted for Intergovernmental Revenues.

Licenses and Permits - The economy and downturn in new residential construction resulted in this item being over budget by \$64,121. This increase is attributable to the reconstruction of Atlantic Avenue after Storm Sandy.

Solid Waste Revenues - Transfer station receipts were over budget by \$73,889. This increase is attributable to the reconstruction of Atlantic Avenue after Storm Sandy.

Major Expenditure Factors:

Education Expense accounts for approximately 62.1% of the total expenditures within the General Fund of the Town of Westerly. Public Safety 9.1%, Public Works 6.9%, and General Government 9.6%. The other major expense is debt service which accounts for 12.3%.

**Capital Assets and Debt Administration**

Capital Assets - The Town of Westerly's in capital assets for its governmental and business-type activities as of June 30, 2013 amounts to \$196,008,972 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, infrastructure, and construction in progress.

**TOWN OF WESTERLY'S CAPITAL ASSETS AT YEAR END  
NET OF ACCUMULATED DEPRECIATION**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 12,250,727	\$ 12,095,021	\$ 6,274,155	\$ 5,930,455	\$ 18,524,882	\$ 18,025,476
Construction in progress	3,908,229	2,157,959	733,074	1,221,766	4,641,303	3,379,725
Buildings and improvements	84,348,236	87,082,994	10,869,154	10,239,507	95,217,390	97,322,501
Mains, wells, pumps and hydrants			10,571,693	10,716,990	10,571,693	10,716,990
Tanks and structures			9,037,492	9,221,360	9,037,492	9,221,360
Motor vehicles	2,296,904	2,095,414			2,296,904	2,095,414
Machinery, equipment and furniture	1,922,657	1,893,022	213,491	290,373	2,136,148	2,183,395
Software	18,722	47,942			18,722	47,942
Infrastructure	53,564,438	51,915,914			53,564,438	51,915,914
Total	\$ 158,309,913	\$ 157,288,266	\$ 37,699,059	\$ 37,620,451	\$ 196,008,972	\$ 194,908,717

Debt Administration - At the end of the current fiscal year, the Town of Westerly had total bonded debt outstanding of \$57,905,000, entirely backed by the full faith and credit of the Town and \$1,392,140 of capital leases and \$32,913,762 of loans payable.

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 56,233,678	\$ 53,710,000	\$ 1,671,322	\$ 1,790,000	\$ 57,905,000	\$ 55,500,000
Capital lease	1,379,633	860,400	12,507	23,840	1,392,140	884,240
Loans	27,732,124	29,411,562	5,181,638	5,782,025	32,913,762	35,193,587
	<u>\$ 85,345,435</u>	<u>\$ 83,981,962</u>	<u>\$ 6,865,467</u>	<u>\$ 7,595,865</u>	<u>\$ 92,210,902</u>	<u>\$ 91,577,827</u>

State statutes limit the amount of general obligation bonded debt a town can issue to 3 percent of net assessed property values. However, all bonds approved through State enabling legislation and voter referendums are exempt from the limit. As of June 30, 2013, the Town had a debt limit of \$176,617,926.

In May 2012 the Town of Westerly was rated as part of Bond Refunding. Standard and Poor's rated the Town of Westerly's credit rating at AA/Stable. Moody's Investors Service rated the Town at Aa2.

**Economic Factors and Next Year's Budget and Rates**

The Town of Westerly's total proposed General Fund budget for fiscal year 2014 amounts to \$82,430,175 which reflects an increase of \$2,103,441 (2.6%) over the fiscal 2013 budget. Of the Town's \$82,430,175 budget, \$51,702,551 or 62.7% is budgeted for Westerly Public Schools. The Town is budgeted to receive \$7,016,425 from the State of Rhode Island for Aid to Education.

The Town's tax rate for fiscal year 2013 is \$9.74 versus \$10.53 for fiscal year 2014.

The Town's debt service will remain level, until 2016 when the Town will see significant reductions. The primary cause of this increase is recently issued debt related to the High School renovation.

The Town is the first Rhode Island community to combine the Town and School Finance Director position. The Town and School continue to find ways to share services to reduce overall cost.

Request for Information: This financial report is designed to provide a general overview of the Town of Westerly's finances for all those with an interest in the town's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Office of the Finance Director, Town Hall 45 Broad Street, Westerly, RI 02891.

# **Basic Financial Statements**

## TOWN OF WESTERLY, RHODE ISLAND

## STATEMENT OF NET POSITION

JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 14,502,404	\$ 3,925,941	\$ 18,428,345
Receivables, net of allowance for uncollectibles	3,209,655	2,595,460	5,805,115
Due from federal and state governments	5,528,522	42,153	5,570,675
Other receivables	1,441,033		1,441,033
Due from fiduciary funds	228,965		228,965
Internal balances	187,948	(187,948)	-
Inventory		167,852	167,852
Prepaid items	4,117,583	147,971	4,265,554
Total current assets	<u>29,216,110</u>	<u>6,691,429</u>	<u>35,907,539</u>
Noncurrent assets:			
Deferred charges - bond issuance cost	663,559		663,559
Capital assets not being depreciated	16,158,956	7,007,229	23,166,185
Capital assets, net of accumulated depreciation	142,150,957	30,691,830	172,842,787
Total noncurrent assets	<u>158,973,472</u>	<u>37,699,059</u>	<u>196,672,531</u>
Total assets	<u>188,189,582</u>	<u>44,390,488</u>	<u>232,580,070</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	3,792,862	483,794	4,276,656
Accrued interest payable	1,121,660	77,478	1,199,138
Unearned revenue	149,203	190,831	340,034
Claims payable	658,036		658,036
Current maturities of long-term obligations	6,681,544	663,525	7,345,069
Total current liabilities	<u>12,403,305</u>	<u>1,415,628</u>	<u>13,818,933</u>
Noncurrent liabilities:			
Due in more than one year	85,927,889	6,508,332	92,436,221
Total noncurrent liabilities	<u>85,927,889</u>	<u>6,508,332</u>	<u>92,436,221</u>
Total liabilities	<u>98,331,194</u>	<u>7,923,960</u>	<u>106,255,154</u>
<b>NET POSITION</b>			
Net investment in capital assets	72,528,400	30,714,945	103,243,345
Restricted for:			
Special projects and programs	2,542,513		2,542,513
Unrestricted	14,787,475	5,751,583	20,539,058
Total Net Position	<u>\$ 89,858,388</u>	<u>\$ 36,466,528</u>	<u>\$ 126,324,916</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF WESTERLY, RHODE ISLAND

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

Function/Program Activities	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Legislative, judicial and general administrative	\$ 4,331,225	\$ 2,064,851	\$ 162,472	\$ -	\$ (2,103,902)	\$ -	\$ (2,103,902)
Public works	8,421,798	2,539,006	2,350,113	-	(3,532,679)	-	(3,532,679)
Public safety	7,641,412	331,011	25,391	-	(7,285,010)	-	(7,285,010)
Health and welfare	2,648,904	46,226	2,042,884	-	(559,794)	-	(559,794)
Conservation and development	13,723	18,914	16,470	-	21,661	-	21,661
Parks and recreation	835,358	132,186	-	-	(703,172)	-	(703,172)
Planning and zoning	659,533	68,532	-	-	(591,001)	-	(591,001)
Education	60,152,421	885,397	11,861,092	-	(47,405,932)	-	(47,405,932)
Interest on long-term debt	3,417,931	-	3,154,720	-	(263,211)	-	(263,211)
Total governmental activities	<u>88,122,305</u>	<u>6,086,123</u>	<u>19,613,142</u>	<u>-</u>	<u>(62,423,040)</u>	<u>-</u>	<u>(62,423,040)</u>
Business-type activities:							
Water	4,040,375	4,263,283	-	-	-	222,908	222,908
Sewer	3,428,731	3,707,640	-	-	-	278,909	278,909
Beach	279,307	66,577	-	-	-	(212,730)	(212,730)
Total business-type activities	<u>7,748,413</u>	<u>8,037,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>289,087</u>	<u>289,087</u>
Total	<u>\$ 95,870,718</u>	<u>\$ 14,123,623</u>	<u>\$ 19,613,142</u>	<u>\$ -</u>	<u>(62,423,040)</u>	<u>289,087</u>	<u>(62,133,953)</u>
General revenues:							
Property taxes	-	-	-	-	65,108,718	-	65,108,718
State aid and in lieu of taxes not restricted for a specific purpose	-	-	-	-	1,927,032	-	1,927,032
Unrestricted investment earnings	-	-	-	-	55,779	2,111	57,890
Miscellaneous	-	-	-	-	84,964	-	84,964
Transfers	-	-	-	-	(604,580)	604,580	-
Total general revenues and transfers	-	-	-	-	<u>66,571,913</u>	<u>606,691</u>	<u>67,178,604</u>
Change in net position	-	-	-	-	4,148,873	895,778	5,044,651
Net Position at Beginning of Year, as Restated	-	-	-	-	<u>85,709,515</u>	<u>35,570,750</u>	<u>121,280,265</u>
Net Position at End of Year	-	-	-	-	<u>\$ 89,858,388</u>	<u>\$ 36,466,528</u>	<u>\$ 126,324,916</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WESTERLY, RHODE ISLAND**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2013**

	<u>General</u>	<u>School Restricted Fund</u>	<u>CDBG 2011</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,304,318	\$ 63,451	\$	\$ 7,181,602	\$ 13,549,371
Property tax receivable	3,208,655				3,208,655
Due from federal and state governments	2,390,129	1,451,217	1,568,231	118,945	5,528,522
Other receivables	1,410,202	6,076		24,755	1,441,033
Due from other funds	4,163,358			796	4,164,154
Prepaid items	2,443,435				2,443,435
Total Assets	<u>\$ 19,920,097</u>	<u>\$ 1,520,744</u>	<u>\$ 1,568,231</u>	<u>\$ 7,326,098</u>	<u>\$ 30,335,170</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 2,855,788	\$ 32,340	\$ 24,364	\$ 526,799	\$ 3,439,291
Accrued liabilities	334,822	16,050		330	351,202
Due to state and federal governments	88	2,281			2,369
Due to other funds	481,054	1,412,209	1,377,370	84,494	3,355,127
Deferred revenue	3,001,888	4,568			3,006,456
Accrued compensated absences	20,430				20,430
Total liabilities	<u>6,694,070</u>	<u>1,467,448</u>	<u>1,401,734</u>	<u>611,623</u>	<u>10,174,875</u>
Fund balances:					
Nonspendable	2,443,435				2,443,435
Restricted	2,410,035	53,296	166,497	4,030,251	6,660,079
Committed	188,496			2,718,537	2,907,033
Assigned	642,000				642,000
Unassigned	7,542,061			(34,313)	7,507,748
Total fund balances	<u>13,226,027</u>	<u>53,296</u>	<u>166,497</u>	<u>6,714,475</u>	<u>20,160,295</u>
Total Liabilities and Fund Balances	<u>\$ 19,920,097</u>	<u>\$ 1,520,744</u>	<u>\$ 1,568,231</u>	<u>\$ 7,326,098</u>	<u>\$ 30,335,170</u>

(Continued on next page)

**TOWN OF WESTERLY, RHODE ISLAND**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2013**

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$	20,160,295
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	219,794,603	
Less accumulated depreciation		(61,484,690)	
Net capital assets		158,309,913	

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:

Deferred bond issuance costs		663,559
Property tax receivables greater than 60 days		2,580,897
Other departmental revenues		276,356

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.

1,578,031

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable		(56,233,678)
Loans payable		(27,732,124)
Deferred charges on refunding		1,830,138
Unamortized bond issue premium		(2,266,216)
Interest payable on bonds and loans		(1,121,660)
Capital lease		(1,379,633)
MERS obligation		(906,305)
Compensated absences		(2,094,367)
Early retirement incentives		(180,000)
Net pension obligation		(1,890,335)
Net OPEB obligation		(1,736,483)

Net Position of Governmental Activities (Exhibit I)	\$	89,858,388
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The accompanying notes are an integral part of the financial statements

## TOWN OF WESTERLY, RHODE ISLAND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	General	School Restricted Fund	CDBG 2011	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
General property taxes	\$ 65,284,340	\$	\$	\$	\$ 65,284,340
Intergovernmental and department revenues	18,872,161	1,890,943	1,916,168	931,309	23,610,581
Licenses and permits	509,710			477,430	987,140
Fines and penalties	167,072			3,361	170,433
Interest on investments	52,418				52,418
Other revenues	1,891,041	100,591		857,338	2,848,970
Total revenues	<u>86,776,742</u>	<u>1,991,534</u>	<u>1,916,168</u>	<u>2,269,438</u>	<u>92,953,882</u>
Expenditures:					
Current:					
Legislative, judicial and general administrative	4,048,768			197,853	4,246,621
Public works	7,992,258			15,396	8,007,654
Public safety	7,368,274			51,250	7,419,524
Health and welfare	740,743		1,749,671	142,795	2,633,209
Conservation and development	4,254			16,470	20,724
Parks and recreation	853,703				853,703
Planning and zoning	680,536				680,536
Education	54,707,723	1,996,407		953,210	57,657,340
Debt service	9,769,016				9,769,016
Capital outlay	2,417,792			2,463,012	4,880,804
Total expenditures	<u>88,583,067</u>	<u>1,996,407</u>	<u>1,749,671</u>	<u>3,839,986</u>	<u>96,169,131</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,806,325)</u>	<u>(4,873)</u>	<u>166,497</u>	<u>(1,570,548)</u>	<u>(3,215,249)</u>
Other Financing Sources (Uses):					
Refunding bonds issued	20,073,678				20,073,678
Premium on refunding bonds issued	1,933,872				1,933,872
Payment to refunded bond escrow agent	(21,813,976)				(21,813,976)
Capital lease issued	1,208,876				1,208,876
Issuance of bonds				6,500,000	6,500,000
Transfers in	693,971			516,174	1,210,145
Transfers out	(1,120,754)	(1,951)		(692,020)	(1,814,725)
Total other financing sources (uses)	<u>975,667</u>	<u>(1,951)</u>	<u>-</u>	<u>6,324,154</u>	<u>7,297,870</u>
Net Change in Fund Balances	(830,658)	(6,824)	166,497	4,753,606	4,082,621
Fund Balances at Beginning of Year, as Restated	<u>14,056,685</u>	<u>60,120</u>	<u>-</u>	<u>1,960,869</u>	<u>16,077,674</u>
Fund Balances at End of Year	<u>\$ 13,226,027</u>	<u>\$ 53,296</u>	<u>\$ 166,497</u>	<u>\$ 6,714,475</u>	<u>\$ 20,160,295</u>

(Continued on next page)



## TOWN OF WESTERLY, RHODE ISLAND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because of the following:

Net change in fund balances - total governmental funds (Exhibit IV) \$ 4,082,621

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.

Capital outlay	6,307,139
Depreciation expense	(5,285,492)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes collected after 60 days	(175,622)
Other departmental revenues	97,498

Change in bond issuance cost	90,779
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. 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.

Bonds issued	(6,500,000)
Issuance of refunding bonds	(20,073,678)
Payment to bond escrow agent	21,813,976
Bond payments	4,169,896
Premium on refunding bonds	(1,933,872)
Capital lease issued	(1,208,876)
Capital lease payments	689,643
Accrued interest	213,806
Loan payments	1,679,438

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of deferred charges in refunding	1,830,138
Amortization of bond premiums	(1,632,972)
Change in long-term compensated absences	(405,203)
Change in early retirement incentives	137,000
Change in net pension obligation	321,617
Change in MERS obligation	(906,305)
Change in net OPEB obligation	(450,069)

The net expense of the internal service funds is reported with governmental activities.	<u>1,287,411</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 4,148,873</u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF WESTERLY, RHODE ISLAND

## STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2013

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds				Activities
	Water Fund	Sewer Fund	Beach Fund	Total	Internal Service Funds
Assets:					
Current assets:					
Cash and cash equivalents	\$ 1,263,766	\$ 2,502,248	\$ 159,927	\$ 3,925,941	\$ 953,033
Accounts and other receivables, net	1,313,015	1,282,445		2,595,460	1,000
Due from federal and state governments		42,153		42,153	
Due from other funds			114	114	897,171
Inventory	156,921	10,931		167,852	
Other assets		113,163	34,808	147,971	1,674,148
Total current assets	<u>2,733,702</u>	<u>3,950,940</u>	<u>194,849</u>	<u>6,879,491</u>	<u>3,525,352</u>
Noncurrent assets:					
Capital assets not being depreciated	3,248,489	616,220	3,142,520	7,007,229	
Capital assets, net of accumulated depreciation	13,917,424	16,631,606	142,800	30,691,830	
Total noncurrent assets	<u>17,165,913</u>	<u>17,247,826</u>	<u>3,285,320</u>	<u>37,699,059</u>	<u>-</u>
Total assets	<u>19,899,615</u>	<u>21,198,766</u>	<u>3,480,169</u>	<u>44,578,550</u>	<u>3,525,352</u>
Liabilities:					
Current liabilities:					
Accounts payable and accrued expenses	207,471	273,038	3,281	483,790	
Accrued interest payable		55,005	22,473	77,478	
Due to federal and state governments	4			4	
Due to other funds	135,352	52,710		188,062	1,289,285
Unearned revenue		190,831		190,831	
Claims payable				-	658,036
Current portion of long-term liabilities	15,569	622,159	25,797	663,525	
Total current liabilities	<u>358,396</u>	<u>1,193,743</u>	<u>51,551</u>	<u>1,603,690</u>	<u>1,947,321</u>
Noncurrent liabilities:					
Liabilities due in more than one year	143,356	4,600,804	1,764,172	6,508,332	
Total noncurrent liabilities	<u>143,356</u>	<u>4,600,804</u>	<u>1,764,172</u>	<u>6,508,332</u>	<u>-</u>
Total liabilities	<u>501,752</u>	<u>5,794,547</u>	<u>1,815,723</u>	<u>8,112,022</u>	<u>1,947,321</u>
Net Position:					
Net investment in capital assets	17,153,406	12,066,188	1,495,351	30,714,945	
Unrestricted	2,244,457	3,338,031	169,095	5,751,583	1,578,031
Total Net Position	<u>\$ 19,397,863</u>	<u>\$ 15,404,219</u>	<u>\$ 1,664,446</u>	<u>\$ 36,466,528</u>	<u>\$ 1,578,031</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF WESTERLY, RHODE ISLAND

STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds				Activities
	Water Fund	Sewer Fund	Beach Fund	Total	Internal Service Funds
Operating Revenues:					
User fees and rental income	\$ 4,082,891	\$ 2,760,054	\$ 66,577	\$ 6,909,522	\$
Sewer assessments and taxes		707,708		707,708	
Charges for insurance				-	11,010,188
Other revenues	180,392	239,878		420,270	91,382
Total operating revenues	<u>4,263,283</u>	<u>3,707,640</u>	<u>66,577</u>	<u>8,037,500</u>	<u>11,101,570</u>
Operating Expenses:					
Salaries and benefits	2,015,535	522,389	58,971	2,596,895	
Materials and supplies	618,388	35,274	3,735	657,397	
Repairs and maintenance	268,437	1,472,525	9,700	1,750,662	
Depreciation and amortization	380,778	490,766	24,054	895,598	
Utilities	306,414	1,718	4,594	312,726	
Administrative expense	19,639	4,796	1,500	25,935	
Insurance	88,141	112,645	12,254	213,040	
Claims				-	9,814,159
Contracted services	259,806	620,674	500	880,980	
Total operating expenses	<u>3,957,138</u>	<u>3,260,787</u>	<u>115,308</u>	<u>7,333,233</u>	<u>9,814,159</u>
Operating Income (Loss)	<u>306,145</u>	<u>446,853</u>	<u>(48,731)</u>	<u>704,267</u>	<u>1,287,411</u>
Nonoperating Revenues (Expenses):					
Interest income	2,111			2,111	
Interest expense	(570)	(167,944)	(28,735)	(197,249)	
Loss on disposal of capital assets			(135,264)	(135,264)	
Other nonoperating expenses	(82,667)			(82,667)	
Total nonoperating revenues (expenses)	<u>(81,126)</u>	<u>(167,944)</u>	<u>(163,999)</u>	<u>(413,069)</u>	<u>-</u>
Income (Loss) Before Transfers	<u>225,019</u>	<u>278,909</u>	<u>(212,730)</u>	<u>291,198</u>	<u>1,287,411</u>
Transfers In		<u>369,381</u>	<u>235,199</u>	<u>604,580</u>	
Change in Net Position	<u>225,019</u>	<u>648,290</u>	<u>22,469</u>	<u>895,778</u>	<u>1,287,411</u>
Net Position at Beginning of Year	<u>19,172,844</u>	<u>14,755,929</u>	<u>1,641,977</u>	<u>35,570,750</u>	<u>290,620</u>
Net Position at End of Year	<u>\$ 19,397,863</u>	<u>\$ 15,404,219</u>	<u>\$ 1,664,446</u>	<u>\$ 36,466,528</u>	<u>\$ 1,578,031</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WESTERLY, RHODE ISLAND**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Major Funds</b>				
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Beach Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Cash Flows from Operating Activities:</b>					
Receipts from customers and users	\$ 3,968,539	\$ 3,353,035	\$ 102,513	\$ 7,424,087	\$ 11,152,723
Receipts from other operating services	180,392	239,878		420,270	90,382
Payments to suppliers	(1,702,014)	(2,124,450)	(54,058)	(3,880,522)	
Payments to employees	(1,985,282)	(509,948)	(68,271)	(2,563,501)	
Payments for claims				-	(11,451,769)
Net cash provided by (used in) operating activities	<u>461,635</u>	<u>958,515</u>	<u>(19,816)</u>	<u>1,400,334</u>	<u>(208,664)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Transfers in from other funds		369,381	235,199	604,580	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>369,381</u>	<u>235,199</u>	<u>604,580</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Additions to property, plant and equipment	(1,093,238)	(6,444)		(1,099,682)	
Principal paid on bonds, loans and leases	(11,333)	(637,576)	(30,000)	(678,909)	
Interest paid on bonds, loans and leases	(570)	(140,539)	(25,456)	(166,565)	
Other nonoperating	(82,667)			(82,667)	
Net cash used in capital and related financing activities	<u>(1,187,808)</u>	<u>(784,559)</u>	<u>(55,456)</u>	<u>(2,027,823)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>					
Interest on investments	2,111			2,111	
Net cash provided by investing activities	<u>2,111</u>	<u>-</u>	<u>-</u>	<u>2,111</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(724,062)	543,337	159,927	(20,798)	(208,664)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>1,987,828</u>	<u>1,958,911</u>	<u>-</u>	<u>3,946,739</u>	<u>1,161,697</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 1,263,766</u>	<u>\$ 2,502,248</u>	<u>\$ 159,927</u>	<u>\$ 3,925,941</u>	<u>\$ 953,033</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>					
Operating income (loss)	\$ 306,145	\$ 446,853	\$ (48,731)	\$ 704,267	\$ 1,287,411
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	380,778	490,766	24,054	895,598	
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(114,352)	(146,848)	36,050	(225,150)	249,231
(Increase) decrease in due from other governments		52,025		52,025	
(Increase) decrease in due from other funds			(114)	(114)	(107,696)
(Increase) decrease in other assets		9,787	(22,271)	(12,484)	(1,470,883)
(Increase) decrease in inventory	(8,502)	(1,097)		(9,599)	
Increase (decrease) in accounts payable and accrued items	(93,309)	122,761	(8,804)	20,648	
Increase (decrease) in due to other governments	(16,353)			(16,353)	
Increase (decrease) in due to other funds				-	(61,993)
Increase (decrease) in deferred revenue		(19,904)		(19,904)	
Increase (decrease) in compensated absences	7,228	4,172		11,400	
Increase (decrease) in claims payable				-	(104,734)
Total adjustments	<u>155,490</u>	<u>511,662</u>	<u>28,915</u>	<u>696,067</u>	<u>(1,496,075)</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 461,635</u>	<u>\$ 958,515</u>	<u>\$ (19,816)</u>	<u>\$ 1,400,334</u>	<u>\$ (208,664)</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF WESTERLY, RHODE ISLAND

## STATEMENT OF NET POSITION - FIDUCIARY FUNDS

JUNE 30, 2013

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Funds</b>	<b>OPEB Trust Funds</b>	<b>Agency Funds</b>
Assets:				
Cash and cash equivalents	\$ 204,084	\$ 126,412	\$ 35,787	\$ 370,008
Investments, at fair value:				
U.S. Government obligations	501,928			
Municipal bonds	1,893,286			
Corporate bonds	6,567,475		92,374	
Mutual funds - equity	4,972,882		132,527	
Mutual funds - fixed income	455,446		41,744	
Foreign bonds	250,022			
Common stock	11,985,670		88,625	
Foreign stock	100,324			
Mortgage backed securities	123			
Accrued interest receivable	135,041		849	
Other accounts receivable			67,920	14,022
Total assets	<u>27,066,281</u>	<u>126,412</u>	<u>459,826</u>	<u>384,030</u>
Liabilities:				
Accounts payable and accrued expenses				14,022
Due to other funds	228,965			
Deposits held in custody for others				370,008
Total liabilities	<u>228,965</u>	<u>-</u>	<u>-</u>	<u>384,030</u>
Net Position:				
Held in Trust and Other Purposes	<u>\$ 26,837,316</u>	<u>\$ 126,412</u>	<u>\$ 459,826</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF WESTERLY, RHODE ISLAND

## STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Funds</b>	<b>OPEB Trust Funds</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Additions:			
Contributions:			
Employer	\$ 1,586,044	\$	\$ 467,920
Plan members	368,593		
Total contributions	<u>1,954,637</u>	<u>-</u>	<u>467,920</u>
Net investment income (expense):			
Net appreciation (depreciation) in fair value of investments	1,591,030		(7,257)
Interest and dividends	849,309	2,387	
	<u>2,440,339</u>	<u>2,387</u>	<u>(7,257)</u>
Less investment expense	(51,874)		
Net investment income (expense)	<u>2,388,465</u>	<u>2,387</u>	<u>(7,257)</u>
Total additions	<u>4,343,102</u>	<u>2,387</u>	<u>460,663</u>
Deductions:			
Benefits	1,715,212		837
Police retiree health care	833,582		
Administrative expense	16,050		
Other		2,914	
Total deductions	<u>2,564,844</u>	<u>2,914</u>	<u>837</u>
Change in Net Position	1,778,258	(527)	459,826
Net Position at Beginning of Year	<u>25,059,058</u>	<u>126,939</u>	<u>-</u>
Net Position at End of Year	<u>\$ 26,837,316</u>	<u>\$ 126,412</u>	<u>\$ 459,826</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WESTERLY, RHODE ISLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of Town of Westerly, Rhode Island (the Town). All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

**B. Reporting Entity**

The Town was founded in 1669. The Town is governed largely under the 1968 Westerly Home Rule Charter. In some matters, including the issuance of short- and long-term debt, the Town is governed by the general laws of the State of Rhode Island. The Town operates under a Town Council-Town Manager form of government with a five-member Town Council headed by a Council President and a Council Vice-President. The Town Manager exercises the executive power of the Town government and is responsible to the Town Council for day-to-day operations of the Town's affairs. All legislative powers of the Town are vested in the Town Council.

The Town provides the following services as authorized by its charter: public safety (police, traffic safety, inspections); public works (sanitation, highways and streets, engineering and building maintenance); zoning and planning; parks and recreation; education; social services; and general administrative services.

**C. Basis of Presentation - Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the Town's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the Town's water and transit functions and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

## D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category: governmental, proprietary and fiduciary, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *School Restricted Fund* is used to account for activities related to educational programs funded by state and federal grants.

The *CDBG 2011 Fund* is used to account for projects funded by federal grants to support low to moderate income projects such as Housing Rehabilitation in the North End of Westerly.

The Town reports the following major proprietary funds:

The *Water Fund* is a proprietary (enterprise) fund used to account for the operation and maintenance of the Town's water system, which is primarily supported through charges to customers.

The *Sewer Fund* is a proprietary (enterprise) fund used to account for sewer use fees and the expenses associated with providing wastewater services to Town residents. The fund is primarily supported through charges to customers.

The *Beach Fund* is a proprietary (enterprise) fund used to account for the operation of the Town's beach. The fund is primarily supported through charges to customers.

Additionally, the Town reports the following fund types:

The *Internal Service Funds* are used to account for the Town's self-insurance program for medical and dental health insurance coverage for persons covered by the health benefit plan of the Town and for payment of insurance claims and deductibles not covered by the Town's commercial insurance.

The *Private Purpose Trust Funds* are used to account for resources legally held in trust for use by parties outside of the Town, and cannot be used at the Town's discretion or to support the Town's general operations. The activities of the Town's private purpose trust fund are utilized for various purposes within the Town.

The *Pension Trust Fund* is used to account for funding and payment of pension benefits provided to police officers.

The *OPEB Trust Fund* is used to account for funding of future other postemployment benefits such as health, dental and life insurance for the Town's and School Department's retirees.

The *Agency Funds* account for assets held by the Town as agent for various student groups and other organizations for construction deposits held in escrow, and for unclaimed probate estate assets.



During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

#### **E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements 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 related cash flows. Property taxes are recognized as revenues 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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

The proprietary, pension trust, and private purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

## **F. Assets, Liabilities and Equity**

### **1. Cash and Cash Equivalents**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

### **2. Investments**

Investments for the Town are reported at fair value (generally based on quoted market prices), except for nonparticipating interest earning investment contracts (i.e. certificates of deposit) which are recorded at amortized cost.

### **3. Inventories and Prepaid Items**

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of donated commodities are stated at fair market value. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

### **4. Unbilled Services Receivable**

Water and sewer revenue is recorded when earned. Customers are billed semi-annually and some commercial customers are billed quarterly. The estimated value of services provided but unbilled at June 30, 2013 is recorded as an accounts receivable in the water and sewer funds.

### **5. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The estimated historical costs of infrastructure assets (retroactive to January 1, 1979) have been included in the Governmental Activities capital assets.

As the Town constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs that are essentially amounts spent in relation to capital assets and that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Tanks and structures	100
Mains, wells, pumps, hydrants, laterals, connections, filter beds	75
Buildings and improvements	25-40
Machinery and equipment	3-10
Vehicles	5-10

## 6. Equity

Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position - Restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This component consists of net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance - This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts) or legally or contractually required to be maintained intact.

Restricted Fund Balance - This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

Committed Fund Balance - This represents amounts constrained for a specific purpose imposed by formal action of the Town’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Town Council is the highest level of decision-making authority and utilizes Town Ordinances or resolution as a formal procedure to commit fund balance.

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose. The intent should be expressed by the highest level of decision-making authority or an official to which this intent has been delegated by the highest level of decision-making authority, the finance director in this case.

Unassigned Fund Balance - This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

## **7. Fund Balance Policies**

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

## **G. Revenues and Expenditures/Expenses**

### **1. Program Revenues**

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

### **2. Property Taxes**

Property taxes attach as an enforceable lien on real property. Real and personal property taxes are based on values assessed as of each December 31 (lien date) and are levied as of July 1st.

Taxes are due in equal quarterly installments on August 1, November 1, February 1, and May 1 following the levy date. The taxpayer may elect to pay the taxes in full by September 1, annually. Taxes due and unpaid after the respective due dates are subject to interest at a rate of 12% per annum calculated on the unpaid portion of the total tax. An automatic lien is placed on the taxpayer's property if payment has not been received by the tax due date. Property taxes levied are recorded as receivables in the fiscal year of the levy.

### **3. Compensated Absences**

#### **Vacation and Sick Leave**

The Town's policy permits certain employees to accumulate earned but unused vacation and sick benefits. Upon retirement, termination or death, these employees are compensated for unused vacation and sick leave (subject to certain limitations) at their current rates of pay. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. For governmental activities, the General Fund is used to satisfy this liability as it becomes due, while each enterprise fund accounts for all its settlement of business-type liabilities for compensated absences. The liability for compensated absences is accrued at varying amounts based on the collective bargaining unit contracts of the various unions and includes salary-related benefits, where applicable.

### **4. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the wastewater fund, solid waste fund, water fund, school cafeteria fund and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **5. Accounting Estimates**

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

## **NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

In accordance with the Town's charter, the Town has formally established budgetary accounting control for its General Fund. It is the responsibility of the Town Manager to submit a proposed General Fund budget to the Town Council and the Board of Finance. The General Fund budget includes the Municipal budget and the School Department budget. The proposed School Department budget is approved by the School Committee and presented to the Town Manager. The Board of Finance has the power to recommend revisions to any School Department budget item and must conduct one public hearing after a tentative School budget is formed. The Board of Finance must also review the proposed Municipal budget and make revisions as appropriate and hold one public hearing on the Municipal budget. The Town Council may then revise and adopt a recommended General Fund budget including changes to the School Department appropriation. At least two public hearings are conducted on the recommended General Fund budget and the final recommended budget is legally enacted through an ordinance by the Town Council prior to the start of the fiscal year.

Budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the School Unrestricted Fund. The Capital Projects Fund is appropriated on a project-length basis. Other special revenue funds and the permanent funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

At any time during the fiscal year the Town Manager may transfer part or all of any unencumbered appropriation balance among programs within a department, office or agency and, upon written request by the Town Manager, the Council may by ordinance transfer part or all of any unencumbered appropriation balance from one department, office or agency to another.

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Every appropriation, except an appropriation for a capital expenditure or the appropriation for support of public schools, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned; the purpose of any such appropriation shall be deemed abandoned if three years pass without any disbursement from or encumbrance of the appropriation.

## B. Deficit Fund Equity

The following funds had fund equity deficits at June 30, 2013:

### Special Revenue Funds:

Riverwalk Greenways Grant	\$	6,551
CDBG 2010		703
Junevile Justice		177
Energy Efficiency		3
Underage Drinking		429

### Capital Project Funds:

Canal Street Acquisition		3,450
DEM Riverfront Park		23,000

These fund deficits will be funded by grants and Town contributions.

## C. Excess of Expenditures over Appropriations

For the year ended June 30, 2013, expenditures exceeded appropriations in the following categories:

Legal services	\$	5,216
Town manager		6,929
Finance department		163,380
Assessment administration		38,696
Human resources		15,191
Employee group insurance		63,742
Town buildings		31,604
Public works administration		52,923
Street lighting		54,321
Sanitation		311,823
Equipment maintenance		26,133
Engineering		33
Police department		33,786
Animal control		11,453
Animal shelter		8,026
Conservation commission		254
Town beach operations		60,691
Maintenance		35,017
Town debt service		2,936,417
Education		321,258

The excess of expenditures over budget for Education was covered by increase of State grant-in-aid for the same amount. All other excess of expenditures over appropriations was covered by the fund balance.

### **NOTE 3. CASH DEPOSITS WITH FINANCIAL INSTITUTIONS**

#### **A. Deposits**

Substantially, all of the Town's cash and cash equivalents are held in public deposit institutions. Pursuant to Section 35-10-1 of the Rhode Island General Laws, as of October 1, 1991, public deposit institutions are required to insure accounts that hold public funds in excess of the \$250,000 that is guaranteed by FDIC. At times, the Town pools cash resources of its various funds to facilitate the management of cash and maximize investment returns.

Deposit Custodial Credit Risk - Custodial credit risk in the case of deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned. The State of Rhode Island requires that certain uninsured deposits be collateralized. Section 35-10.1-7 of the General Laws of the State of Rhode Island, dealing with the collateralization of public deposits, requires that all time deposits with maturities of greater than 60 days and all deposits in institutions that do not meet the minimum capital requirements of its federal regulator must be collateralized. The Town does not have a formal deposit policy for custodial credit risk, but is governed by State laws as described above.

As of June 30, 2013, the Town's entire bank balance of \$19,447,532 was covered by either FDIC insurance or collateral held in Town's name.

#### **B. Cash Equivalents**

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. As of June 30, 2013, cash equivalents amounted to \$374,603. The cash equivalents consisted of certificates of deposit subject to coverage by federal depository insurance and collateralization and money market mutual funds held at banking institution and were not rated.



#### NOTE 4. INVESTMENTS

General Fund investments are governed by Title 35, Chapter 10, Section 11 of the State's General Laws. This law generally allows for short-term investments, such as certificates of deposit, money market funds and obligations guaranteed by the United States government with the goal of seeking reasonable income while preserving capital. The Pension Trust Fund's investments are not limited by a formal investment policy.

As of June 30, 2013, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Mortgage-backed securities	N/A	\$ 123	\$	123	\$
Foreign bonds	A3	250,022		250,022	
Government bonds	Aaa	501,928		501,928	
Corporate bonds	A1	2,140,519	289,158	1,851,361	
Corporate bonds	A2	1,529,883	456,190	1,073,693	
Corporate bonds	A3	848,209		848,209	
Corporate bonds	Aa1	203,721		203,721	
Corporate bonds	Aa3	279,788		279,788	
Corporate bonds	Aaa	565,852		565,852	
Corporate bonds	Ba1	247,782		247,782	
Corporate bonds	Baa1	844,095		844,095	
Municipal bonds	Aa1	217,975		102,358	115,617
Municipal bonds	Aa2	523,468		523,468	
Municipal bonds	Aa3	813,635		593,158	220,477
Municipal bonds	N/A	338,208		338,208	
Total		9,305,208	\$ 745,348	\$ 8,223,766	\$ 336,094
Other investments:					
Foreign stock		100,324			
Common stock		12,074,295			
Mutual funds - equity		5,105,409			
Mutual funds - fixed income		497,190			
Total Investments		\$ 27,082,426			

**Interest Rate Risk** - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Town has made it a practice to limit the maturities on General Fund investments to sixty (60) days or less. Information about the exposure of the Town's securities to the risk is presented in the table directly above.

**Credit Risk** - State law limits investments in U.S. Treasury bills, U.S. Treasury notes and bonds, U.S. Agency obligations, certificates of deposit, repurchase agreements, commercial paper, money market mutual funds and money market mutual funds. The Town has no investment policy that would further limit its investment choices. The ratings for the Town's investments are presented above.

**Concentration of Credit Risk** - The Town does not have any policies that limit the amount that can be invested in any one issuer.

**Custodial Credit Risk** - For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy related to custodial credit risk. The Town's investments held by the Town's counterparty are held in the name of the Town.

**NOTE 5. RECEIVABLES**

Below is the detail of receivables for each major governmental fund and the aggregate remaining funds, including the applicable allowances for uncollectible accounts:

	<u>General</u>	<u>School Restricted Fund</u>	<u>CDBG 2011</u>	<u>Water</u>	<u>Sewer</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:							
Property taxes	\$ 5,383,553	\$	\$	\$	\$	\$	\$ 5,383,553
Accounts				1,343,331	1,289,697		2,633,028
Other receivable	1,424,938	6,076		351	4,091	107,697	1,543,153
Interest						135,890	135,890
Intergovernmental	<u>2,390,129</u>	<u>1,451,217</u>	<u>1,568,231</u>		<u>42,153</u>	<u>118,945</u>	<u>5,570,675</u>
Gross receivables	9,198,620	1,457,293	1,568,231	1,343,682	1,335,941	362,532	15,266,299
Less allowance for uncollectibles	<u>(2,189,634)</u>			<u>(30,667)</u>	<u>(11,343)</u>		<u>(2,231,644)</u>
Net Total Receivables	<u>\$ 7,008,986</u>	<u>\$ 1,457,293</u>	<u>\$ 1,568,231</u>	<u>\$ 1,313,015</u>	<u>\$ 1,324,598</u>	<u>\$ 362,532</u>	<u>\$ 13,034,655</u>

**NOTE 6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS**

**A. Interfund Receivables and Payables**

The composition of interfund balances as of June 30, 2013 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Internal Service Fund	\$ 1,289,285
	School Restricted Fund	1,412,209
	CDBG 2011	1,377,370
	Nonmajor governmental funds	84,494
		<u>4,163,358</u>
Nonmajor governmental funds	General Fund	<u>796</u>
Internal Service Fund	General Fund	480,144
	Water Fund	135,352
	Sewer Fund	52,710
	Pension Trust Fund	228,965
		<u>897,171</u>
Beach Fund	General Fund	<u>114</u>
Total		<u>\$ 5,061,439</u>

The outstanding balances between funds result mainly from advances from one fund (primarily the General Fund) to another fund. The advances may represent balances resulting from operating advances or reimbursement for expenditures paid by one fund on behalf of another fund.

**B. Interfund Transfers**

The composition of interfund transfers for the year ended June 30, 2013 is as follows:

	<u>Transfers In</u>				<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Sewer Fund</u>	<u>Beach Fund</u>	<u>Nonmajor Govern-mental Funds</u>	
Transfers out:					
General Fund	\$	\$ 369,381	\$ 235,199	\$ 516,174	\$ 1,120,754
School Restricted Fund	1,951				1,951
Nonmajor Governmental Funds	<u>692,020</u>				<u>692,020</u>
Total Transfers In	<u>\$ 693,971</u>	<u>\$ 369,381</u>	<u>\$ 235,199</u>	<u>\$ 516,174</u>	<u>\$ 1,814,725</u>

During the year, transfers are used to provide a financing source to various funds that may not have the ability to cover all operating costs with revenue generated by the fund.

## NOTE 7. DEFERRED REVENUES

Governmental funds report deferred revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
General Fund:		
Delinquent property taxes receivable	\$ 2,580,897	\$
Property taxes collected in advance		144,635
Delinquent solid waste receivable	238,013	
Police billing	38,343	
School Restricted Fund:		
Miscellaneous grants		<u>4,568</u>
 Total Deferred Revenue for Governmental Funds	 <u>\$ 2,857,253</u>	 <u>\$ 149,203</u>

## NOTE 8. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance As Restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,095,021	\$ 155,706	\$	\$ 12,250,727
Construction in progress	2,157,959	1,750,270		3,908,229
Total capital assets not being depreciated	<u>14,252,980</u>	<u>1,905,976</u>	<u>-</u>	<u>16,158,956</u>
Capital assets being depreciated:				
Buildings and improvements	108,883,664	794,004	155,216	109,522,452
Motor vehicles	6,748,063	693,582		7,441,645
Machinery, equipment and furniture	6,060,994	505,533		6,566,527
Software	307,408			307,408
Infrastructure	77,389,571	2,408,044		79,797,615
Total capital assets being depreciated	<u>199,389,700</u>	<u>4,401,163</u>	<u>155,216</u>	<u>203,635,647</u>
Less accumulated depreciation for:				
Buildings and improvements	21,800,670	3,373,546		25,174,216
Motor vehicles	4,652,649	647,308	155,216	5,144,741
Machinery, equipment and furniture	4,167,972	475,898		4,643,870
Software	259,466	29,220		288,686
Infrastructure	25,473,657	759,520		26,233,177
Total accumulated depreciation	<u>56,354,414</u>	<u>5,285,492</u>	<u>155,216</u>	<u>61,484,690</u>
Total capital assets being depreciated, net	<u>143,035,286</u>	<u>(884,329)</u>	<u>-</u>	<u>142,150,957</u>
Governmental Activities Capital Assets, Net	<u>\$ 157,288,266</u>	<u>\$ 1,021,647</u>	<u>\$ -</u>	<u>\$ 158,309,913</u>

Depreciation expense was charged to the functions of the governmental activities of the primary government as follows:

Governmental activities:	
Legislative, judicial and general administrative	\$ 786,810
Public works	589,170
Public safety	479,944
Health and welfare	15,695
Parks and recreation	16,759
Education	<u>3,397,114</u>
 Total	 <u>\$ 5,285,492</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 5,930,455	\$ 343,700	\$	\$ 6,274,155
Construction in progress	<u>1,221,766</u>	<u>672,282</u>	<u>1,160,974</u>	<u>733,074</u>
Total capital assets not being depreciated	<u>7,152,221</u>	<u>1,015,982</u>	<u>1,160,974</u>	<u>7,007,229</u>
Capital assets being depreciated:				
Buildings and improvements	21,350,626	1,138,053	224,816	22,263,863
Mains, weels, pumps and hydrants	17,066,091	90,821		17,156,912
Tanks and structures	14,004,084			14,004,084
Machinery and equipment	3,269,992	15,800		3,285,792
Odor control plant	<u>1,024,302</u>			<u>1,024,302</u>
Total capital assets being depreciated	<u>56,715,095</u>	<u>1,244,674</u>	<u>224,816</u>	<u>57,734,953</u>
Less accumulated depreciation for:				
Buildings and improvements	11,111,119	373,141	89,551	11,394,709
Mains, weels, pumps and hydrants	6,349,101	236,118		6,585,219
Tanks and structures	4,782,724	183,868		4,966,592
Machinery and equipment	2,979,619	92,682		3,072,301
Odor control plant	<u>1,024,302</u>			<u>1,024,302</u>
Total accumulated depreciation	<u>26,246,865</u>	<u>885,809</u>	<u>89,551</u>	<u>27,043,123</u>
Total capital assets being depreciated, net	<u>30,468,230</u>	<u>358,865</u>	<u>135,265</u>	<u>30,691,830</u>
Business-Type Activities Capital Assets, Net	<u>\$ 37,620,451</u>	<u>\$ 1,374,847</u>	<u>\$ 1,296,239</u>	<u>\$ 37,699,059</u>

Depreciation was charged to the following business-type activities:

Business-type activities:	
Water	\$ 380,778
Sewer	480,977
Beach	<u>24,054</u>
 Total	 <u>\$ 885,809</u>

**NOTE 9. FUND BALANCE**

The components of fund balance for the governmental funds at June 30, 2013 are as follows:

	<u>General Fund</u>	<u>School Restricted Fund</u>	<u>CDBG 2011</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable for:					
Prepays expenditures - Town	\$ 1,508,892				\$ 1,508,892
Prepays expenditures - Schools	934,543				934,543
Restricted for:					
Educational programs	1,968,195	53,296		3,348	2,024,839
Emergency management grants	441,840				441,840
Historical records preservation grant				78,584	78,584
Public safety grant programs				252,356	252,356
Health and welfare grant programs			166,497	12,981	179,478
Road improvement projects				3,333,547	3,333,547
Other capital projects				349,435	349,435
Committed for:					
Town captial projects				2,527,199	2,527,199
Animal shelter				101,470	101,470
Recycling program				88,910	88,910
Other programs	188,496			958	189,454
Assigned for:					
Subsequent year's budget	642,000				642,000
Unassigned	7,542,061			(34,313)	7,507,748
Total Fund Balances	<u>\$ 13,226,027</u>	<u>\$ 53,296</u>	<u>\$ 166,497</u>	<u>\$ 6,714,475</u>	<u>\$ 20,160,295</u>

**NOTE 10. LEASE OBLIGATIONS**

**Operating Leases**

The Town has several operating leases for copiers. Total costs for the leases were \$69,265 for the year ended June 30, 2013. The lease has an option for an additional five-year term at the expiration of the initial term, which ends in 2017. Future minimum lease payments for these leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Lease Payment Requirements</u>
2014	\$ 26,724
2015	3,768
2016	3,768
2017	2,826
Total	<u>\$ 37,086</u>

## NOTE 11. SHORT-TERM DEBT

The schedule below details the changes in short-term debt during the year ended June 30, 2013:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Governmental Activities:				
General obligation bond anticipation notes payable	\$ 6,500,000	\$	\$ 6,500,000	\$ -

## NOTE 12. LONG-TERM LIABILITIES

### A. Changes in Long-Term Liabilities

Changes in the Town's long-term liabilities for the year ended June 30, 2013 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds and loans payable:					
General obligation bonds	\$ 53,710,000	\$ 26,573,678	\$ 24,050,000	\$ 56,233,678	\$ 3,914,203
Loan payable	29,411,562		1,679,438	27,732,124	1,679,438
Plus deferred amounts:					
On refunding		(1,968,976)	(138,838)	(1,830,138)	(151,460)
Issuance premium on bonds	633,244	1,933,875	300,903	2,266,216	449,662
Total bonds and notes payable	<u>83,754,806</u>	<u>26,538,577</u>	<u>25,891,503</u>	<u>84,401,880</u>	<u>5,891,843</u>
Capital lease payable	860,400	1,208,876	689,643	1,379,633	458,010
Compensated absences	1,819,246	425,633	130,082	2,114,797	20,430
Early retirement incentives obligation	317,000		137,000	180,000	130,000
MERS obligation		906,305		906,305	181,261
Net pension obligation	2,211,952		321,617	1,890,335	
Net OPEB obligation, as restated	<u>1,286,414</u>	<u>450,069</u>		<u>1,736,483</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 90,249,818</u>	<u>\$ 29,529,460</u>	<u>\$ 27,169,845</u>	<u>\$ 92,609,433</u>	<u>\$ 6,681,544</u>
Business-Type Activities:					
Bonds payable:					
General obligation bonds	\$ 1,790,000	\$ 1,411,322	\$ 1,530,000	\$ 1,671,322	\$ 25,797
Plus deferred amounts:					
Issuance premium on bonds	7,503	11,688	8,327	10,864	899
On refunding		116,765	8,982	107,783	8,992
Total bonds payable	<u>1,797,503</u>	<u>1,539,775</u>	<u>1,547,309</u>	<u>1,789,969</u>	<u>35,688</u>
Loans payable	5,782,025		600,387	5,181,638	612,268
Capital lease payable	23,840		11,333	12,507	11,333
Compensated absences	<u>176,343</u>	<u>46,545</u>	<u>35,145</u>	<u>187,743</u>	<u>4,236</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 7,779,711</u>	<u>\$ 1,586,320</u>	<u>\$ 2,194,174</u>	<u>\$ 7,171,857</u>	<u>\$ 663,525</u>

Compensated absences are normally liquidated by the General Fund inclusive of the School Department.

## B. General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. These bonds generally are issued as serial bonds with equal or varying amounts of principal maturing each year with maturities that range from 15 to 20 years. General obligation bonds outstanding at June 30, 2013 are as follows:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2013
Governmental Activities:					
General obligation bonds:					
Senior citizens center bond	08/01/96	10/01/16	4.8-6.75%	\$ 515,000	\$ 100,000
General obligation school bond	07/15/98	07/15/18	5.0-7.5%	560,000	150,000
School refunding bond	08/01/01	09/15/14	3.3-5.0%	13,635,000	1,820,000
High school renovations bond	08/15/04	05/15/25	4.0-5.0%	13,000,000	8,840,000
Police station and public works garage bond	07/01/06	07/01/26	4.0-5.0%	16,575,000	12,600,000
Road improvements and land acquisition	09/15/07	09/15/27	3.7-4.0%	8,000,000	6,150,000
General obligation bond, 2012 Series A	07/03/12	07/01/25	2.0-3.0%	6,500,000	6,500,000
Refunding bonds - 2012 Series B	07/03/12	08/15/24	2.0-5.0%	20,195,000	20,073,678
Total general obligation bonds				<u>78,980,000</u>	<u>56,233,678</u>
Loans:					
High school renovation loans	06/15/10	04/01/27	5.75%	3,855,000	3,373,124
High school renovation loans	12/02/10	04/01/27	6.29%	5,496,000	4,809,000
High school renovation loans	02/03/11	04/01/31	2.0-5.5%	6,000,000	5,680,000
High school renovation loans	07/14/11	04/01/31	2.0-5.5%	14,645,000	13,870,000
Total loans				<u>29,996,000</u>	<u>27,732,124</u>
Total governmental activities				<u>108,976,000</u>	<u>83,965,802</u>
Business Type Activities:					
General obligation bonds:					
Westerly Beach Fund:					
Beach bond	08/15/05	05/25/13	4.0-5.0%	400,000	260,000
Refunding bonds - 2012 Series B	07/03/12	08/15/24	2.0-5.0%	121,322	121,322
Refunding bonds - 2012 Series C	07/03/12	10/15/23	1.5-3.0%	1,290,000	1,290,000
Total general obligation bonds				<u>1,811,322</u>	<u>1,671,322</u>
Loans Payable:					
Westerly Sewer Fund:					
RICWFA SRF	12/15/95	09/01/15	2.96%	1,849,000	308,167
RICWFA 00 SRF	05/01/00	09/01/20	3.04%	255,000	123,660
RICWFA 01 SRF	12/19/00	09/01/20	2.86%	7,995,000	3,627,511
RICWFA 04 SRF	12/16/04	09/01/25	0.78-1.55%	1,724,300	1,122,300
Total loans payable				<u>11,823,300</u>	<u>5,181,638</u>
Total business-type activities				<u>13,634,622</u>	<u>6,852,960</u>
Total Outstanding				<u>\$ 122,610,622</u>	<u>\$ 90,818,762</u>



The Wastewater and Superfund bonds payable presented in the financial statements as direct liabilities of the Wastewater and Solid Waste funds are general obligations of the Town backed ultimately by its taxing power. Because the proceeds of the bonds are used entirely for the benefits of the Wastewater and Solid Waste Funds, the liabilities and the related debt service of these bonds are accounting for in these funds.

The Water Fund bonds payable presented in the financial statements as direct liabilities of the Water Fund are revenue bonds backed by the Water Funds ability to assess user fees. Because the proceeds of the bonds are used entirely for the benefits of the Water Fund, the liability and the related debt service of these bonds are accounted for in the Water Fund.

The debt service requirements for the Town’s bonds are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 3,914,203	\$ 2,196,647	\$ 25,797	\$ 45,805
2015	4,366,409	1,941,233	173,591	43,575
2016	3,866,169	1,785,183	168,831	40,222
2017	3,910,898	1,641,996	164,101	36,605
2018	3,945,538	1,498,037	164,462	32,681
2019-2023	20,760,724	5,114,085	774,278	96,093
2024-2028	13,669,737	1,300,944	200,262	6,580
2029-2033	<u>1,800,000</u>	<u>178,425</u>		
Total	\$ <u>56,233,678</u>	\$ <u>15,656,550</u>	\$ <u>1,671,322</u>	\$ <u>301,561</u>

### C. Loans Payable

The Town has entered into four loan agreements with Rhode Island Clean Water Protection Finance Agency (the Agency) as follows:

<u>Loan Date</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2013</u>
12/15/1995	9/1/2015	2.958	\$ 1,849,000	\$ 308,168
5/1/2000	9/1/2020	3.0365	255,000	123,660
12/19/2000	9/1/2020	2.864	7,995,000	3,627,510
12/16/2004	9/1/2025	0.775-1.545	1,724,300	<u>1,122,300</u>
				\$ <u>5,181,638</u>

The loan proceeds are to be used by the Town for the upgrade of the sewer treatment system. The Agency pays project invoices certified by the Town directly to the contractors or reimburses the Town for costs incurred on the projects. As of June 30, 2013, loans payable of \$5,181,638 are reflected in the Sewer Fund. A due from the Agency of \$42,153 is shown for that portion of the loans that have not been advanced as of June 30, 2013. The Town is responsible to drawdown and to repay the full amount of the loan.

The Town has also entered into four loan agreements with Rhode Island Health and Educational Building Corporation as follows:

<u>Loan Date</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2013</u>
6/15/2010	4/1/2027	5.75	\$ 3,855,000	\$ 3,373,124
12/2/2010	4/1/2027	6.286	5,496,000	4,809,000
2/3/2011	4/1/2031	2-5.5	6,000,000	5,680,000
7/14/2011	4/1/2031	2.5.0	14,645,000	<u>13,870,000</u>
				<u>\$ 27,732,124</u>

The Town will receive interest subsidies totaling \$2,753,366 for the June 15, 2010 loan and \$4,379,735 for the December 2, 2010 loan from the federal government over the life of the loans.

The debt service requirements for the loans are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 1,679,438	\$ 1,382,628	\$ 612,268	\$ 124,464
2015	1,679,438	13,497,778	624,492	108,012
2016	1,669,438	1,316,928	637,070	91,175
2017	1,669,438	1,284,378	547,289	75,461
2018	1,669,438	1,248,678	560,604	60,864
2019-2023	8,347,190	5,579,000	1,937,615	101,417
2024-2028	7,762,744	3,814,816	262,300	6,102
2029-2033	<u>3,255,000</u>	<u>320,862</u>		
Total	<u>\$ 27,732,124</u>	<u>\$ 28,445,068</u>	<u>\$ 5,181,638</u>	<u>\$ 567,495</u>

#### D. Capital Leases

The Town has entered into various lease agreements as lessee for financing the acquisition of vehicles and machinery valued at \$4,031,793. The assets have a three- to twenty-year useful life. For the year ended June 30, 2013, \$403,721 was included in depreciation expense. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013, are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2014	\$ 485,254	\$ 13,732
2015	514,621	
2016	191,682	
2017	129,483	
2018	68,226	
2019	68,226	
Total minimum lease payments	<u>1,457,492</u>	<u>13,732</u>
Less amount representing interest	<u>(77,859)</u>	<u>(1,225)</u>
Total	<u><u>\$ 1,379,633</u></u>	<u><u>\$ 12,507</u></u>

### E. Legal Debt Margin

The Town's legal debt margin as set forth by State Statute is limited to 3% of total taxable assessed value, which approximated \$176,617,926. As of June 30, 2013, the Town's debt subject to the legal debt margin is \$32,446,768 and the Town is under the debt limit by \$144,171,158. The debt subject to the debt limitation is based on the type of debt that is issued.

### F. Authorized But Unissued Bond Authority

The Town has remaining authorized but unissued bond authority totaling \$1,104,000. The unissued bond authority is allocated as follows:

<u>Chapter/Section</u>	<u>Year</u>	<u>Description</u>	<u>Original Authorization</u>	<u>Bonds Issued</u>	<u>BANs Outstanding</u>	<u>Remaining Authority</u>
Public Law 14 RI General Laws	1988	Sewer	\$ 943,000	\$ 940,000	\$ -	\$ 3,000
45-12-2 RI General Laws	2003	Open Space	4,000,000	2,900,000	-	1,100,000
15-11-6 RI General Laws	2008	High School	30,000,000	29,999,000	-	1,000
45-12-2	2010	Roads	<u>6,500,000</u>	<u>6,500,000*</u>	<u>-</u>	<u>-</u>
		Total	<u><u>\$ 41,443,000</u></u>	<u><u>\$ 40,339,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,104,000</u></u>

\* 2012 Series A Bonds

## **G. Early Retirement Incentives**

On May 11, 2011, there was an agreement between the Westerly School Department and the WTA to offer an Early Retirement Incentive (ERI). Members that elected to participate in the ERI will receive either (a) individual coverage of \$7,000 per year, (b) two persons or more coverage of \$10,000 per year, or (c) for members that were not covered by health insurance prior to retirement, a \$10,000 one-time payment. The duration of coverage under options (a) and (b) are limited to 4 years for members who are not Medicare eligible. However, any retired WTA member who is age 65 on or before July 1<sup>st</sup> at any time during the 4-year period shall not longer be eligible for the payment. WTA members at or above Medicare eligible age at the time of retirement will receive a one-time payment of \$10,000. For the year ended June 30, 2013, the Town paid \$137,000 in early retirement incentive benefits. The liability at year end is \$180,000.

## **NOTE 13. PENSION PLANS**

### **A. Employees' Retirement System (ERS) - Defined Benefit Plan**

**Plan Description** - All full-time teachers, principals, school nurses and certain other school officials (including the superintendent) in the Town's school system must participate in ERS, a cost-sharing multiple employer defined benefit plan administered by the Employees' Retirement System of Rhode Island (the System). The plan provides retirement, death and disability benefits (as well as annual cost of living allowances if certain conditions have been met) as outlined in Chapters 36-10 and 16-16 of the Rhode Island General Laws (RIGL). The benefits may be amended by the Rhode Island General Assembly.

**Funding Policy** - The funding policy is outlined in RIGL sections 16-16-22 and 36-10-2 (which can be amended by the Rhode Island General Assembly). Active plan members must contribute 3.75% of their compensation. The Town and the State are collectively required to contribute at an actuarially determined rate expressed as a percentage of total compensation paid to the active membership. The employer contribution is split and paid 40% by the State and 60% by the school district with the exception of teachers who work in federally funded programs where 100% is paid by the school district and reimbursed by the federal government. For fiscal 2013, the total employer rate 19.29% (7.88% State share and 11.41% local share). The State share of the employer contribution rate includes the total cost of prior contribution deferrals which was .28% for fiscal 2013.

The Town contributed \$2,789,974, \$3,194,006 and \$2,713,979 during the fiscal years 2013, 2012 and 2011, respectively, equal to 100% of the actuarially required contributions for those respective years. For financial reporting purposes, the State's share of contributions are reflected as on-behalf payments and are included as both revenue and expenditures in the accompanying financial statements.

The System issues an annual financial report that includes financial statements and required supplementary information for all of the plans it administers. The reports can be obtained at [www.ersri.org](http://www.ersri.org).

## **B. Municipal Employees' Retirement System (MERS) - Defined Benefit**

**Plan Closure** - Effective July 1, 2013, the Town will not have any active employees in the plan. As required by Rhode Island General Law (RIGL) 45-21-42 entitled Contributions by Municipalities, the Town is required to make the employer contributions for the vested pension obligation of its members. Accordingly, a calculation has been performed and computed the liability to be \$906,305. ERSRI has determined that this liability can be amortized over a period not to exceed five years. The Town is required to pay \$181,261 each year starting with fiscal year ending June 30, 2014 until fiscal year ending June 30, 2018. This amount has been recorded as a liability in the Town's government-wide financial statements.

The amount for subsequent years will be determined by future valuations, taking into account any gains or losses.

**Plan Description** - One current Town employee and eight retirees participate in the MERS, an agent multiple-employer defined benefit plan administered by the Employees' Retirement System of Rhode Island (the System). The plan provides retirement, death and disability benefits and an optional cost of living adjustment (COLA) as outlined in Chapter 45-21 (and Chapter 45-21.2 if police and fire) of the Rhode Island General Laws (RIGL). The benefits may be amended by the Rhode Island General Assembly.

**Retirement Eligibility and Plan Benefits - General Employee Units** - Service credits accrued at June 30, 2012 are protected under the Rhode Island Retirement Security Act. Beginning July 1, 2012, members receive a benefit accrual of 1.0% per year. Effective July 1, 2012 the retirement age mirrors the Social Security Normal Retirement Age not to exceed age 67. Benefits are based on the five-year average compensation multiplied by the accumulated service credit percentage. Joint and survivor retirement benefit options are available.

**Cost of Living Adjustments** - Pursuant to the Rhode Island Retirement Security Act, the Cost of Living Adjustment (COLA) has been suspended for any unit whose funding level is less than 80%. The COLA provision can be reviewed in a five-year interval. When the funding level of a plan exceeds 80%, eligible retirees may receive a COLA annually effective on their date of retirement plus one month. The COLA will be calculated as the five (5) year smoothed investment rate of return less 5.50%, with a 0.00% floor and a 4.00% cap. COLA will be delayed until the later of age 55 or three years after retirement. The COLA will be applied to the first \$25,000 of benefits indexed annually.

**Disability retirement provisions** - The plan also provides nonservice-connected disability benefits after 5 years of service and service-connected disability pensions with no minimum service requirement.

**Plan Funding Policy** - The funding policy is outlined in RIGL sections 45-21-41, 45-21-42, and 45-21-52 (which can be amended by the Rhode Island General Assembly). Active non police and fire members must contribute 1% if no COLA or 2% with COLA of their compensation.

The Town is required to contribute at an actuarially determined rate expressed as a percentage of total compensation paid to the active membership. The rate for fiscal year 2013 was 76.88%.

**Annual Pension Cost** - The Town's annual pension cost of \$47,298 for MERS was equal to the Town's required and actual contributions.

**Three - Year Trend Information  
General Municipal Employees**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2011	\$ 35,939	\$ 100 %	\$ -
6/30/2012	40,439	100	-
6/30/2013	47,298	100	-

The required contribution for fiscal 2013 was determined as part of the actuarial valuation performed as of June 30, 2010. The most recent valuation of the plans within the system was performed as of June 30, 2012. The actuarial methods and assumptions used in those valuations are summarized in the following table.

**Summary of Actuarial Assumptions Used in the MERS  
June 30, 2010 and June 30, 2012 Valuations**

Actuarial Cost Method	Individual Entry Age Actuarial Cost
Amortization Method	Level Percent of Payroll - Closed
Equivalent Single Remaining Amortization Period	25 years as of June 30, 2010
	23 years as of June 30, 2012
Asset Valuation Method	5 Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increases	<u>General Employees</u> 4.00% to 8.00%
Inflation	2.75%

Cost of Living Adjustments are equal to the average five-year fund asset performance (percent) greater than 5.5% up to a maximum of 4% - the COLA is to be applied to the first \$25,000 of benefits, indexed over time. COLA is delayed until the later of Social Security eligibility age or 3 years after retirement. For MERS Police and Fire, COLA is delayed until the later of age 55 or 3 years after retirement. A 2% COLA is assumed after July 1, 2012.

**Funding Status and Funding Progress** - The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The System issues an annual financial report that includes financial statements and required supplementary information for all of the plans it administers. The reports can be obtained at [www.ersri.org](http://www.ersri.org).

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL) Entry Age</u>	<u>Unfunded Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
6/30/2009	\$ 439,397	\$ 962,696	\$ (523,299)	45.6%	\$ 64,591	(810.2) %
6/30/2010	339,662	1,000,917	(661,255)	33.9%	64,658	(1,022.7)
6/30/2011	264,527	993,166	(728,639)	26.6%	65,976	(1,104.4)
6/30/2012	205,065	965,739	(760,674)	21.2%	67,306	(1,130.2)

**Changes Affecting the June 30, 2012 Actuarial Valuation** - The assumptions for the Municipal Employees' Retirement System are consistent with the 2011 valuation, with the exception of certain assumption changes that resulted from the enactment of the Rhode Island Retirement Security Act of 2011. The marriage assumption was modified to reflect the expected percentage of members that will be eligible for survivor benefits upon their death, the incidence of disability was lowered to incorporate a continued trend of significantly fewer incidents of disability than anticipated by the current assumption, and the missing data assumption was updated to incorporate an assumption for missing beneficiary data.

The method used to determine the actuarial value of assets is the five-year smoothed market method. A small adjustment was made to the method used to smooth investment gains and losses to allow gains and losses to offset each other immediately. This modification will reduce future volatility in the actuarial value of assets while ensuring that the actuarial value always trends directly towards the market value of assets.

**Changes Affecting the June 30, 2011 Actuarial Valuation** - The retirement rates were modified to be consistent with the retirement eligibility changes instituted by the Rhode Island Retirement Security Act of 2011. Members that were assumed to retire prior to the Act, but before the earliest allowable age under the Act, are assumed to retire once eligible.

### **C. Laborers' International Union of North America National Pension Fund**

**Plan Description** - The Laborers' International Union of North America National Pension Fund is a cost sharing multiple employer defined benefit plan (the Plan). All Town nonsalaried general employees participate in the Plan.

Information regarding the Plan can be obtained from the Fund Office maintained by the Board of Trustees at the following address: Laborers' International (Industrial) Pension Fund, 905 16th Street, N.W., Washington, DC 20006-1765 or at [www.lnipf.org](http://www.lnipf.org).

**Eligibility** - An employee is eligible to receive pension benefits if they have attained age 62, have five or more years of pension credit and have earned at least one of the years of pension credit during the period that his or her employer is contributing to the Plan.

**Benefits** - The amount of regular pension benefits payable to an employee is determined by the highest contribution rate at which he or she earned pension credit and years of pension credits earned (up to a maximum of 30 years of pension credits). The regular monthly benefit is payable for each year of pension credit at each contribution rate accepted by the Plan up to \$1.86 per hour. The Plan also provides death and disability benefits.

**Funding Policy** - The contribution requirements of the Town and employees are established by contract and may be amended by union negotiation. Employees are not required to contribute to the plan. The Town was required to contribute the following amounts for fiscal year ended June 30, 2013: bus drivers and aides - \$1.53 per hour up to a maximum of 40 hours per week; school maintenance, secretarial and clerical employees - \$1.93 per hour; town public works and secretarial employees - \$1.86 per hour from 7/2012 to 9/2012 and 2.05 per hour from 10/2012 to 6/2013; for employee's normal work week. The Town was also required to contribute \$0.06 per hour to an annuity fund (maximum of \$4,000 annually for School employees). The total contribution for fiscal years ended June 30, 2013, 2012 and 2011 was \$813,052, \$708,493 and \$570,512, respectively.

#### **D. Police Pension Plan**

The Town is the administrator of a single-employer defined-benefit pension plan established to provide pension benefits for its police officers. The plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund. Stand-alone financial statements are not issued for the plan. Plan provisions are established by contract and may be amended by union negotiation.

**Plan Description** - All regular police officers are eligible to participate in the Police Retirement Plan. The plan provides retirement benefits as well as death and disability benefits. Members are 100% vested after 10 years of service. Normal retirement is after the completion of 20 years of service for officers hired prior to July 1, 2010. Officers hired after July 1, 2010 may retire upon completion of 25 years of service. The retirement benefit for officers hired prior to July 1, 2010 is calculated at 50% of annual pay for 20 years of service plus 2% times annual pay for each year of service over 20 years (maximum service equals 25 years). For officers hired after July 1, 2010, the retirement benefit is calculated at 50% of annual pay for 25 years of service plus 2% times annual pay for each year of service over 25 years (maximum service equals 30 years). Annual pay at retirement is a sum equal to the base salary received for the 12 months immediately preceding retirement. The normal form of benefit is 67.5% Joint and Survivor. If a member leaved covered employment or dies before vesting, accumulated member contributions are refunded with interest. If a member dies in the line of duty, the member's heirs shall receive the same benefits as though they had been members of the bargaining unit for 20 years. Retired members are entitled to a 3% cost of living adjustment, not compounded, each year if hired prior to July 1, 2010. (2 1/2% if retired before July 1, 1998). Officers hired after July 1, 2010 are entitled to a 3% cost of living adjustment, not compounded after 5 years on pension or age 52, whichever comes first. Disability retirement for occupational causes equals 50% of annual pay at time of disability. Non-occupational causes receive a lower percentage varying by years of service at time of disability. Members who retire with 25 or more years of service shall receive severance pay based on 1.5 days for each year of service at retirement.



At July 1, 2012, Plan membership consisted of the following:

Retirees and beneficiaries receiving benefits	48
Terminated plan member entitled to but not yet receiving benefits	1
Active plan members	<u>46</u>
Total	<u><u>95</u></u>

**Summary of Significant Accounting Policies**

Basis of Accounting - Financial statements are prepared using the accrual basis of accounting for the three defined benefit pension plans. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Method Used to Value Investments - Investments are reported at market value. Investment income is recognized as earned.

**Funding Policy** - Active plan members contribute 11% of their covered earnings. The Town has an actuarial valuation to determine the annual required contribution, but does not fund the plan based on the valuation. The Town funds the plan based on the annual budget.

Administrative costs of the plan are financed through investment earnings.

**Annual Pension Cost and Net Pension Obligations** - The Town’s annual pension cost and net pension obligation to Police Pension Plan for the year ended June 30, 2013 was as follows:

	<b>Police Pension Plan</b>
Annual required contribution (ARC)	\$ 1,272,700
Interest on net pension obligation	165,896
Adjustment to annual required contribution	<u>(174,169)</u>
Annual pension cost	1,264,427
Contributions made	<u>(1,586,044)</u>
Change in net pension obligation	(321,617)
Net Pension Obligation, Beginning of Year	<u>2,211,952</u>
Net Pension Obligation, End of Year	<u><u>\$ 1,890,335</u></u>

The annual required contribution for the current year was determined as part of the July 1, 2012 actuarial valuation using the entry-age normal actuarial cost method. The actuarial assumptions included (a) an 8% investment rate of return and (b) 3% to 16% projected salary increases, based on years of service, (c) cost of living adjustment of 3%, not compounded, for members retiring after July 1, 1998 and 2.5%, not compounded, for members retiring before July 1, 1998. The actuarial value of assets was determined at market value with a 5-year phase-in at 20% per year of actual investment return in excess of (less than) expected investment return. The unfunded actuarial accrued liability is being amortized as a level dollar amount using 30-year amortization, on a closed basis.

### Three-Year Trend Information

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/2011	\$ 1,158,826	\$ 110.0%	\$ 2,216,911
6/30/2012	1,220,211	100.4%	2,211,952
6/30/2013	1,264,427	125.4%	1,890,335

### Schedule of Funding Progress

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Liability (AAL) Entry Age</b>	<b>Unfunded Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
7/1/2007	\$ 17,808,257	\$ 24,466,878	\$ (6,658,621)	72.8 %	\$ 2,624,354	(253.7) %
7/1/2008	17,712,494	26,013,800	(8,301,306)	68.1	2,976,831	(278.9)
7/1/2009	19,429,592	27,733,064	(8,303,472)	70.1	2,854,292	(290.9)
7/1/2010	20,159,824	29,257,507	(9,097,683)	68.9	2,838,895	(320.5)
7/1/2011	21,280,751	30,919,908	(9,639,157)	68.8	2,847,036	(338.6)
7/1/2012	22,140,150	34,686,089	(12,545,939)	63.8	3,039,511	(412.8)

### Schedule of Employer Contributions

<b>Fiscal Year Ending</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/2008	\$ 1,654,100	79%
6/30/2009	954,660	115%
6/30/2010	1,164,310	110%
6/30/2011	1,161,510	110%
6/30/2012	1,225,170	100%
6/30/2013	1,272,700	125%

The information presented in the above schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is presented in the Annual Pension Cost and Net Pension Obligations section.

### **E. International City Management Association (ICMA) Pension Plan**

General salaried employees hired after February 1981 were eligible to participate in this 401(a) defined contribution plan created as of September 1, 1995. Previously, these employees contributed to a defined contribution plan with the International City Management Association, established as a 457(b) deferred compensation plan; this plan was deemed ineligible by IRS codification and has been closed to new entrants, but assets cannot be transferred to the new 401(a) plan.

Employees contribute 6% or more of their qualified salary to a maximum of 25% not to exceed \$30,000. The Town contributes 10% of the qualified salary. Plan provisions and contribution requirements are established and may be amended by the Town Council. The Town's contribution for the year ended June 30, 2013 was \$272,546.

### **F. School Department Pension Program**

All School Department unaffiliated, classified, appointed employees participate in an agreed-upon pension program, which is funded by the School Department. The School Department's contribution is 10% of the qualified employee's salary per year. The employees do not contribute to the plan. The contributions are made to an eligible plan of the employee's choice. All school employees are eligible by federal law to participate in a payroll deduction tax deferred plan, which must be arranged by a broker or private insurance carrier. Contributions for the year ended June 30, 2013 were \$108,445.

## **NOTE 14. OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS**

### **Police Other Postemployment Benefit Plan**

**Plan Description** - The Town of Westerly administers a single-employer defined benefit healthcare plan for police. The plan provides medical, dental and life insurance benefits to eligible retirees and their dependents. Coverage to retirees and spouses includes dental insurance for life and a reimbursement of Medicare Part B premium to retirees only after age 65. Most full-time employees of the police department are eligible to participate in the plan. Benefit provisions are established through negotiations between the Town and the Police Officers Union.

At July 1, 2012, plan membership consisted of the following:

	<u>Participants</u>
Retirees	48
Terminated employees	1
Active employees	<u>46</u>
Total	<u><u>95</u></u>

**Funding Policy** - Contribution requirements are negotiated between the Town and the Police Officers Union. The Town is required to contribute the cost of medical and dental benefits for police officers who retire with at least 20 years of service less the amount of any applicable employee share of premiums as follows:

- Employees hired before July 1, 1993, shall, upon retirement, contribute the same percentage of medical coverage as they contribute at the time of retirement.
- Employees hired on or after July 1, 1993 and retiring after at least 20 years of active service will pay 15% of the cost of health care coverage at the full mature working rate or monthly premium cost and the Town will pay the balance up to a maximum of \$6,000 per year (\$500 per month) until the employee reaches age 65, after which time the employee will pay 15% of the premium cost or fully mature working rate of Plan 65 and the Town will pay the balance up to a maximum of \$6,000 per year (\$500 per month). Any amounts in excess of \$6,000 shall be borne by the employee.

**Annual OPEB Cost and Net OPEB Obligations** - The Town of Westerly's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation:

	<b>Police OPEB Benefit Plan</b>
Annual required contribution (ARC)	\$ 922,800
Interest on net OPEB obligation	96,481
Adjustment to annual required contribution	<u>(101,292)</u>
Annual OPEB cost	917,989
Contributions made	<u>(467,920)</u>
Increase in net OPEB obligation	450,069
Net OPEB obligation, beginning of year	<u>1,286,414</u>
Net OPEB Obligation, End of Year	<u><u>\$ 1,736,483</u></u>

The current year expenditures for these postretirement benefits are recognized on a pay-as-you-go basis, as the monthly premiums for the benefits become due.

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation three-year trend information is presented below.

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2011	\$ 802,028	\$ 425,000	53.0 %	\$ 1,066,598
6/30/2012	905,144	685,328	75.7	1,286,414
6/30/2013	917,989	467,920	51.0	1,736,483

**Funding Status and Funding Progress** - The funded status of the plan as of July 1, 2011, the most recent actuarial valuation date, is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2007	\$ 4,000,000	\$ 11,364,770	\$ (7,364,770)	35.2 %	\$ 2,624,354	(280.6) %
7/1/2008	3,724,198	11,319,636	(7,595,438)	32.9	2,976,831	(255.2)
7/1/2009	3,858,330	12,379,627	(8,521,297)	31.2	2,854,292	(298.5)
7/1/2010	3,459,301	13,361,267	(9,901,966)	25.9	2,838,895	(348.8)
7/1/2011	3,336,594	13,390,915	(10,054,321)	24.9	2,847,036	(353.2)
7/1/2012	3,473,653	14,382,821	(10,909,168)	24.2	3,039,511	(358.9)

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented above presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions** - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations, after this initial year, will use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The ARC for the plan was determined as part of the July 1, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included a 7.50% investment rate of return, net of expenses, compounded annually, medical trend rate - 10% as of 2007 graded off 1% per year to an ultimate rate of 5% per year for 2012 and after and dental cost trend rate of 4%. The unfunded actuarial accrued liability is being amortized using level dollar 30-year closed amortization. The actuarial value of assets is equal to fair market value with a 5-year phase-in of the difference between actual and expected investment return at 20% per year.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

**NOTE 15. RISK MANAGEMENT**

**A. Risk Management**

The Town of Westerly is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2013.

**B. Health Fund**

The Town has chosen to establish a Health Fund for risks associated with the employees’ health and dental insurance plans. This fund is accounted for as an Internal Service Fund where assets are set aside for claim settlements. The Town oversees the self-insured program. Plan administration is provided by Blue Cross/Blue Shield of Rhode Island and Delta Dental of Rhode Island.

A premium is charged to each fund that accounts for full or part-time employees. The total charge allocated to each of the funds is calculated using employee rates determined by the self-insurance administrator. The Town utilizes a “cost plus basis” plan under which the Town pays for the actual cost of covered health care services plus a fee to the provider for the administration of the program.

In order to avoid catastrophic losses, the Town purchases specific stop-loss re-insurance. Under the stop-loss, the Town is covered for \$150,000 in medical claims per person/per contract period.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs) and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example for salvage or subrogation, are another component of the claims liability estimate. Changes in the claims liability for the past two years are as follows:

<u>Fiscal Year</u>	<u>Accrued Liability Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Accrued Liability Claim Payments</u>	<u>Accrued Liability End of Fiscal Year</u>
2012-13	\$ 762,770	\$ 9,814,159	\$ 9,918,893	\$ 658,036
2011-12	640,239	9,254,373	9,131,842	762,770

### C. Self-Insurance Fund

The Town established a self-insurance fund to account for insurance on vehicles.

#### NOTE 16. CONTINGENCIES

Liabilities for legal cases and other claims against governmental funds are recorded in the governmental funds when the ultimate liability can be estimated and such cases are expected to be settled with available expendable financial resources. During the ordinary course of its operations, the Town is party to various claims, legal actions and complaints. In the opinion of the Town's management and legal counsel, these matters are not anticipated to have a material financial impact on the Town.

#### NOTE 17. PRIOR PERIOD ADJUSTMENTS AND RESTATEMENTS

The following restatements were recorded to the beginning fund balance of the governmental funds and net position of the governmental activities:

	<u>General Fund</u>
Fund balance - June 30, 2012, as previously reported	\$ 13,362,572
Adjustments:	
60-day tax collected amount not reported	627,758
Compensated absences recorded in error	<u>66,355</u>
Fund Balance - July 1, 2012, as Restated	<u>\$ 14,056,685</u>
	<u>Governmental Activities</u>
Net position - June 30, 2012, as previously reported	\$ 85,352,764
Adjustments:	
Capital assets not recorded	1,023,490
Accumulated depreciation	(28,533)
Compensated absences recorded in error	66,355
Early retirement not recorded	(243,361)
Allowance not recorded	<u>(461,200)</u>
Net Position - July 1, 2012, as Restated	<u>\$ 85,709,515</u>

**Required Supplementary  
Information**



## TOWN OF WESTERLY, RHODE ISLAND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Revenues and Use of Fund Balance:				
Property taxes:				
Current property taxes	\$ 58,155,954	\$ 58,155,954	\$ 57,672,348	\$ (483,606)
Motor vehicle - excise tax	3,991,581	3,991,581	4,399,026	407,445
Prior years property taxes	875,000	875,000	1,859,537	984,537
Pilot - RI Bowling Lane	19,500	19,500	26,141	6,641
Pilot - Housing authority	34,000	34,000	35,817	1,817
Pro-ration	125,000	125,000	52,443	(72,557)
Tax interest, lien fees and other	531,000	531,000	573,152	42,152
Sewer excise tax	671,910	671,910	665,876	(6,034)
Total property taxes	64,403,945	64,403,945	65,284,340	880,395
Intergovernmental revenues:				
State motor vehicle - excise tax phase out	228,000	228,000	208,522	(19,478)
State grant-in-aid - general	1,610,000	1,610,000	1,678,582	68,582
State grant-in-aid - school operation	6,250,604	6,250,604	6,571,862	321,258
State grant-in-aid - school housing aid	2,800,360	2,800,360	2,645,213	(155,147)
Total intergovernmental revenues	10,888,964	10,888,964	11,104,179	215,215
Licenses and permits	423,875	423,875	487,996	64,121
Fines and penalties	183,700	183,700	167,072	(16,628)
Use of property and money	100,000	100,000	575,428	475,428
Other revenues	1,288,250	1,288,250	1,368,009	79,759
Recreation	171,000	171,000	132,186	(38,814)
Solid waste revenue	2,082,000	2,082,000	2,155,889	73,889
Capital reinvested fund balance	750,000	750,000	750,000	-
Prior year surplus	35,000	35,000	35,000	-
Total revenues	80,326,734	80,326,734	82,060,099	1,733,365

(Continued on next page)

## TOWN OF WESTERLY, RHODE ISLAND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources				
Transfers In	\$ _____	\$ _____	\$ 692,023	\$ 692,023
Total revenues and other financing sources	\$ <u>80,326,734</u>	\$ <u>80,326,734</u>	82,752,122	\$ <u>2,425,388</u>
Budgetary revenues are different than GAAP revenues because:				
Capital reinvested fund balance and prior year surplus are not GAAP revenue			(785,000)	
Refunding bonds issued			20,073,678	
Premium on refunding bonds issued			1,933,872	
Capital lease issue			1,208,876	
Revenues for funds not reported as budgetary revenues, but included for financial reporting purposes:				
Revaluation Fund revenues			12	
Storm Fund revenues			2,280,074	
Community Police revenues			22	
School Unrestricted Fund revenues			1,266,349	
State of Rhode-Island on-behalf of the Town payments to the Employees Retirement System			1,913,008	
Athletic Fund revenues			21,702	
Miscellaneous Donation Fund revenues			20,476	
School Unrestricted Fund transfers in			<u>1,948</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds - Exhibit IV			\$ <u>110,687,139</u>	

## TOWN OF WESTERLY, RHODE ISLAND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Legislative, judicial and general administrative				
Legislative:				
Town council	\$ 85,525	\$ 85,525	\$ 70,357	\$ 15,168
Finance board	850	850		850
Judicial:				
Legal services	211,367	211,367	216,583	(5,216)
Probate court	73,942	73,942	72,005	1,937
Municipal court	78,932	78,932	68,805	10,127
Administrative:				
Board of canvassers	174,485	174,485	165,519	8,966
Town clerk	301,618	301,618	288,647	12,971
Town manager	268,962	268,962	275,891	(6,929)
Finance department	1,867,654	1,867,654	2,098,954	(231,300)
Assessment administration	339,649	339,649	378,345	(38,696)
Management information systems	234,799	234,799	232,744	2,055
Human resources	98,712	98,712	113,903	(15,191)
Benefits:				
Employee group insurance			63,742	(63,742)
Total legislative, judicial and general administrative	<u>3,736,495</u>	<u>3,736,495</u>	<u>4,045,495</u>	<u>(309,000)</u>
Public works:				
Town buildings	682,259	682,259	713,863	(31,604)
Public works administration	40,782	40,782	93,705	(52,923)
Tree warden	13,000	13,000	7,189	5,811
Highway and drainage	1,805,403	1,805,403	1,735,162	70,241
Snow and ice control	239,471	239,471	239,470	1
Street lighting	400,000	400,000	454,321	(54,321)
Sanitation	2,129,733	2,129,733	2,441,556	(311,823)
Equipment maintenance	254,713	254,713	280,846	(26,133)
Engineering			33	(33)
Total public works	<u>5,565,361</u>	<u>5,565,361</u>	<u>5,966,145</u>	<u>(400,784)</u>
Public safety:				
Police department	7,173,275	7,173,275	7,207,061	(33,786)
Animal control	44,350	44,350	55,803	(11,453)
Civil preparedness	13,000	13,000	10,000	3,000
Police reserve	3,000	3,000	1,131	1,869
Animal shelter	86,253	86,253	94,279	(8,026)
Total public safety	<u>7,319,878</u>	<u>7,319,878</u>	<u>7,368,274</u>	<u>(48,396)</u>

(Continued on next page)

## TOWN OF WESTERLY, RHODE ISLAND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Expenditures:				
Health and welfare:				
Subsidies	\$ 739,900	\$ 739,900	\$ 739,750	\$ 150
Conservation and development:				
Conservation commission	4,000	4,000	4,254	(254)
Parks and recreation:				
Recreation and leisure	270,309	270,309	261,069	9,240
Town beach operation	162,934	162,934	223,625	(60,691)
Celebration of public events	2,700	2,700	921	1,779
Maintenance	315,721	315,721	350,738	(35,017)
Total parks and recreation	751,664	751,664	836,353	(84,689)
Planning and zoning:				
Planning and zoning/codes/grants	721,661	721,661	680,536	41,125
Capital improvements/restricted programs:				
Restricted programs	900,379	900,379	735,510	164,869
Capital improvements	750,000	750,000	473,406	276,594
Total capital improvements/restricted programs	1,650,379	1,650,379	1,208,916	441,463
Debt service:				
Town debt service	2,483,221	2,483,221	5,419,638	(2,936,417)
School debt service	7,431,331	7,431,331	4,155,804	3,275,527
Total debt service	9,914,552	9,914,552	9,575,442	339,110
Education	49,922,844	49,922,844	50,244,102	(321,258)
Total expenditures	80,326,734	80,326,734	80,669,267	(342,533)

(Continued on next page)

## TOWN OF WESTERLY, RHODE ISLAND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Other Financing Uses:				
Transfers out	\$ _____	\$ _____	\$ 1,120,754	\$ (1,120,754)
Total Expenditures and Other Financing Uses	\$ 80,326,734	\$ 80,326,734	81,790,021	\$ (1,463,287)

Budgetary expenditures are different than GAAP expenditures because:

Bond issuance cost	193,574
Payment to refunded bond escrow agent	21,813,976
Equipment purchased through capital lease	1,208,876
Expenditures for funds not reported as budgetary expenditures, but are included in GAAP expenditures:	
FSA Fund expenditures	3,273
Santo Algiere Fund expenditures	17,350
Mentor & Juvenile Fund expenditures	993
Storm Fund expenditures	2,026,113
School Unrestricted Fund expenditures	2,521,520
State of Rhode-Island on-behalf of the Town payments to the Employees Retirement System	1,913,008
Athletic Fund expenditures	7,490
Miscellaneous Donation Fund expenditures	21,603

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds - Exhibit IV	\$ 111,517,797
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**Combining and Individual  
Fund Statements and Schedules**

**General Fund**

## **GENERAL FUND**

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund utilizes the modified accrual basis of accounting.

The School Unrestricted Fund is used to report all financial transactions of the Westerly School Department, which is not legally required to be accounted for separately.



**TOWN OF WESTERLY, RHODE ISLAND**  
**COMBINING BALANCE SHEET - GENERAL FUND**

**JUNE 30, 2013**

	<u>General Fund Town</u>	<u>School Unrestricted Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,363,535	\$ 1,940,783	\$	\$ 6,304,318
Property taxes receivable	3,208,655			3,208,655
Due from federal and state governments	2,388,645	1,484		2,390,129
Other receivables	723,335	686,867		1,410,202
Due from other funds	2,874,073	1,289,285		4,163,358
Prepaid items	<u>1,508,892</u>	<u>934,543</u>		<u>2,443,435</u>
Total Assets	<u>\$ 15,067,135</u>	<u>\$ 4,852,962</u>	<u>\$ -</u>	<u>\$ 19,920,097</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,241,182	\$ 1,614,606	\$	\$ 2,855,788
Accrued liabilities		334,822		334,822
Due to state and federal governments	88			88
Due to other funds	480,258	796		481,054
Deferred revenue	3,001,888			3,001,888
Accrued compensated absences	<u>20,430</u>			<u>20,430</u>
Total liabilities	<u>4,743,846</u>	<u>1,950,224</u>	<u>-</u>	<u>6,694,070</u>
Fund balances:				
Nonspendable	1,508,892	934,543		2,443,435
Restricted	441,840	1,968,195		2,410,035
Committed	188,496			188,496
Assigned	642,000			642,000
Unassigned	<u>7,542,061</u>			<u>7,542,061</u>
Total fund balances	<u>10,323,289</u>	<u>2,902,738</u>	<u>-</u>	<u>13,226,027</u>
Total Liabilities and Fund Balances	<u>\$ 15,067,135</u>	<u>\$ 4,852,962</u>	<u>\$ -</u>	<u>\$ 19,920,097</u>

## TOWN OF WESTERLY, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	School Unrestricted Fund	Eliminations	Total General Fund
Revenues:				
Property taxes, interest and lien fees	\$ 65,284,340	\$	\$	\$ 65,284,340
Intergovernmental and departmental revenues	15,672,328	3,199,833		18,872,161
Licenses and permits	488,008	21,702		509,710
Fines and penalties	167,072			167,072
Interest on investments	52,418			52,418
Other revenues	1,891,041			1,891,041
Total revenues	<u>83,555,207</u>	<u>3,221,535</u>	<u>-</u>	<u>86,776,742</u>
Expenditures:				
Current:				
Legislative, judicial and general administrative	4,048,768			4,048,768
Public works	7,992,258			7,992,258
Public safety	7,368,274			7,368,274
Health and welfare	740,743			740,743
Conservations and development	4,254			4,254
Parks and recreation	853,703			853,703
Planning and zoning	680,536			680,536
Education		54,707,723		54,707,723
Debt Service	9,769,016			9,769,016
Capital improvements/restricted programs	2,417,792			2,417,792
Total expenditures	<u>33,875,344</u>	<u>54,707,723</u>	<u>-</u>	<u>88,583,067</u>
Excess (Deficiency) of Revenues over Expenditures	<u>49,679,863</u>	<u>(51,486,188)</u>	<u>-</u>	<u>(1,806,325)</u>
Other Financing Sources (Uses):				
Issuance of capital leases	1,208,876			1,208,876
Refunding bonds issued	20,073,678			20,073,678
Premium on refunding bonds issued	1,933,872			1,933,872
Payment to refunded bond escrow agent	(21,813,976)			(21,813,976)
Transfers in	692,023	50,246,050	(50,244,102)	693,971
Transfers out	(51,364,856)		50,244,102	(1,120,754)
Total other financing sources (uses)	<u>(49,270,383)</u>	<u>50,246,050</u>	<u>-</u>	<u>975,667</u>
Net Change in Fund Balances	409,480	(1,240,138)	-	(830,658)
Fund Balances at Beginning of Year, as Restated	<u>9,913,809</u>	<u>4,142,876</u>	<u>-</u>	<u>14,056,685</u>
Fund Balances at End of Year	<u>\$ 10,323,289</u>	<u>\$ 2,902,738</u>	<u>\$ -</u>	<u>\$ 13,226,027</u>

## TOWN OF WESTERLY, RHODE ISLAND

SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES)-  
BUDGET AND ACTUAL - BUDGETARY BASIS - SCHOOL UNRESTRICTED FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Revenues and Use of Fund Balance:				
Town appropriation	\$ 43,672,240	\$ 43,672,240	\$ 43,672,237	\$ (3)
State aid	6,250,604	6,250,604	6,571,862	321,258
Medicaid reimbursement	500,000	500,000	854,300	354,300
Tuition	50,000	50,000	38,007	(11,993)
Community Service	125,000	125,000	160,813	35,813
Rental	100,000	100,000	121,973	21,973
Transportation Fees	18,000	18,000	41,211	23,211
Miscellaneous	30,000	30,000	50,045	20,045
Total revenues	<u>50,745,844</u>	<u>50,745,844</u>	<u>51,510,448</u>	<u>764,604</u>
Use of fund balance	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,015,000</u>	<u>15,000</u>
Total revenues and use of fund balance	<u>51,745,844</u>	<u>51,745,844</u>	<u>52,525,448</u>	<u>779,604</u>
Expenditures:				
Wages and benefits	42,354,808	42,354,808	43,018,317	(663,509)
Contract services	821,197	821,197	998,955	(177,758)
Tuition	3,083,000	3,083,000	3,763,596	(680,596)
Repair and maintenance	1,378,904	1,378,904	1,239,756	139,148
Utilities and fuel	1,544,799	1,544,799	1,456,959	87,840
Technology	334,707	334,707	308,400	26,307
Other operations	2,228,429	2,228,429	2,011,042	217,387
Total expenditures	<u>51,745,844</u>	<u>51,745,844</u>	<u>52,797,025</u>	<u>(1,051,181)</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	(271,577)	(271,577)
Other Financing Sources:				
Transfers in	-	-	1,951	1,951
Excess of Revenues, Other Sources and Uses of Fund Balance over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>(269,626)</u>	<u>\$ (269,626)</u>
Budgetary excess of revenues over expenditures is different than GAAP net change in fund balance because of the following reconciling items:				
Use of fund balance is not a GAAP revenue			(1,015,000)	
Change in encumbrance			31,403	
Revenues and expenditures not reported as budgetary items, but are included for GAAP reporting:				
Athletic Fund			14,212	
Miscellaneous Donations Fund			(1,127)	
Total Net Change in Fund Balance - GAAP basis - Exhibit A-2			<u>\$ (1,240,138)</u>	

**Nonmajor  
Governmental Funds**

**NONMAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are restricted to expenditures for specified purposes. The Special Revenue Funds utilize the modified accrual basis of accounting.

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
School Lunch Fund	State, federal and local	School lunch programs
Animal Shelter Fund	Fees, fines and donations	Animal shelter operations
Town Clerks Fund	Fees	Record maintenance
Civil Defense Fund	State emergency management	Civil defense
Riverwalk Greenways Fund	Federal grants	Purchase of 116 Canal Street
Recycling Program	State - Resource Recovery	Recycling program
CDBG (2012, 2010, 2009)	Federal grants	Miscellaneous projects
Department of Community Development	Federal grant	Downtown business
Substance Abuse	State grant	Kids safe program
Sex Offender Registry Grant	Federal and state grants	To make surprise visits to registered offenders to confirm their whereabouts
Byrne Grant	Federal grant	Police equipment
Federal Forfeiture	Federal grant	Seized money
Homeland Security Reimbursable	Federal grant	Police equipment
Juvenile Justice	Federal grant	Police program
Energy Efficient Grant	Federal grant	Boiler system
Underage Drinking	Federal grant	Police program
Seatbelt Grants	State grant	Police program
GOHS DWI Grant	State grant	Police program
EMA Grant	Federal grant	Emergency management assistance
Town 100 Year Anniversary	Local revenue	100 year Celebration
Safe Road To School Grant	State grant	Engineering program
Bradford Gravel Wetland Design	State grant	Engineering program

**CAPITAL PROJECTS FUNDS**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. Funding sources include debt proceeds, intergovernmental sources, third party contributions and General Fund transfers. The following capital project funds are reported as nonmajor governmental funds.

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
Capital Project Fund	Appropriations	Various capital projects
School Bond Fund	Bonds	High school renovation project
\$6.5 Million Road Improvement	Bonds	Repair and maintenance of Town roads
Public Works Garage	Bonds	DPW garage project
Land Acquisition Fund	Bonds	Land purchase
Police Station Fund	Bonds	Police station project
GIS System	Appropriations	Engineering and GIS system
West Street Bridge	Federal reimbursement	Bridge project
Canal Street Acquisition	State grant	Purchase homes in flood plain
DEM Riverfront Park	CDBG grant	Park project

## TOWN OF WESTERLY, RHODE ISLAND

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2013

## Special Revenue Funds

	<u>School Lunch Fund</u>	<u>Animal Shelter Fund</u>	<u>Town Clerks Fund</u>	<u>Civil Defense Fund</u>	<u>Riverwalk Greenways Fund</u>	<u>Recycling Program</u>	<u>CDBG 2012</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 95,343	\$ 101,929	\$ 78,584	\$ 39,569	\$	\$ 90,147	\$
Accounts and other receivables	21,240	166					2,300
Due from federal and state governments	54,086				31,638		
Due from other funds	796						
Total Assets	<u>\$ 171,465</u>	<u>\$ 102,095</u>	<u>\$ 78,584</u>	<u>\$ 39,569</u>	<u>\$ 31,638</u>	<u>\$ 90,147</u>	<u>\$ 2,300</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 168,117	\$ 625	\$	\$ 78	\$	\$ 907	\$
Accrued liabilities						330	
Due to other funds					38,189		2,300
Total liabilities	<u>168,117</u>	<u>625</u>	<u>-</u>	<u>78</u>	<u>38,189</u>	<u>1,237</u>	<u>2,300</u>
Fund Balances:							
Restricted	3,348		78,584	39,491			
Committed		101,470				88,910	
Unassigned					(6,551)		
Total fund balances	<u>3,348</u>	<u>101,470</u>	<u>78,584</u>	<u>39,491</u>	<u>(6,551)</u>	<u>88,910</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 171,465</u>	<u>\$ 102,095</u>	<u>\$ 78,584</u>	<u>\$ 39,569</u>	<u>\$ 31,638</u>	<u>\$ 90,147</u>	<u>\$ 2,300</u>

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**TOWN OF WESTERLY, RHODE ISLAND**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2013**

**Special Revenue Funds**

	<u>CDBG 2010</u>	<u>CDBG 2009</u>	<u>Department of Community Development</u>	<u>Substance Abuse</u>	<u>SOR Grant</u>	<u>Byrne Grant</u>	<u>Federal Forfeiture</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,550	\$	\$ 3,585	\$ 3,801	\$	\$ 2,627	\$ 204,933
Accounts and other receivables							
Due from federal and state governments		4,200		2,349	1,895	678	
Due from other funds							
Total Assets	<u>\$ 1,550</u>	<u>\$ 4,200</u>	<u>\$ 3,585</u>	<u>\$ 6,150</u>	<u>\$ 1,895</u>	<u>\$ 3,305</u>	<u>\$ 204,933</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 2,253	\$	\$	\$	\$	\$	\$ 6,252
Accrued liabilities							
Due to other funds		954			495		
Total liabilities	<u>2,253</u>	<u>954</u>	<u>-</u>	<u>-</u>	<u>495</u>	<u>-</u>	<u>6,252</u>
Fund Balances:							
Restricted		3,246	3,585	6,150	1,400	3,305	198,681
Committed							
Unassigned	(703)						
Total fund balances	<u>(703)</u>	<u>3,246</u>	<u>3,585</u>	<u>6,150</u>	<u>1,400</u>	<u>3,305</u>	<u>198,681</u>
Total Liabilities and Fund Balances	<u>\$ 1,550</u>	<u>\$ 4,200</u>	<u>\$ 3,585</u>	<u>\$ 6,150</u>	<u>\$ 1,895</u>	<u>\$ 3,305</u>	<u>\$ 204,933</u>

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**TOWN OF WESTERLY, RHODE ISLAND**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2013**

**Special Revenue Funds**

	<u>Homeland Security Reimbursable</u>	<u>Juvenile Justice</u>	<u>Energy Efficiency Grant</u>	<u>Underage Drinking</u>	<u>Seatbelt Grants</u>	<u>GOHS DWI Grant</u>	<u>EMA Grant</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,378	\$	\$	\$	\$ 1,358	\$ 2,572	\$
Accounts and other receivables							
Due from federal and state governments					2,935	1,236	3,458
Due from other funds							
Total Assets	<u>\$ 1,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,293</u>	<u>\$ 3,808</u>	<u>\$ 3,458</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$	\$	\$	\$ 160	\$	\$	\$ 1,870
Accrued liabilities							
Due to other funds		177	3	269			1,588
Total liabilities	<u>-</u>	<u>177</u>	<u>3</u>	<u>429</u>	<u>-</u>	<u>-</u>	<u>3,458</u>
Fund Balances:							
Restricted	1,378				4,293	3,808	
Committed							
Unassigned		(177)	(3)	(429)			
Total fund balances	<u>1,378</u>	<u>(177)</u>	<u>(3)</u>	<u>(429)</u>	<u>4,293</u>	<u>3,808</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 1,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,293</u>	<u>\$ 3,808</u>	<u>\$ 3,458</u>

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**TOWN OF WESTERLY, RHODE ISLAND**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2013**

	<u>Special Revenue Funds</u>			<u>Capital Project Funds</u>			
	<u>Town 100 Year Anniversary</u>	<u>Safe Roads To School Grant</u>	<u>Bradford Gravel Wetland Design</u>	<u>Capital Project Fund</u>	<u>School Bond Fund</u>	<u>\$6.5 Million Road Improvement</u>	<u>Public Works Garage</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 958			\$ 2,585,984	\$ 281,787	\$ 3,617,849	
Accounts and other receivables		1,049					
Due from federal and state governments			16,470				
Due from other funds							
Total Assets	<u>\$ 958</u>	<u>\$ 1,049</u>	<u>\$ 16,470</u>	<u>\$ 2,585,984</u>	<u>\$ 281,787</u>	<u>\$ 3,617,849</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable				\$ 58,785		\$ 284,302	
Accrued liabilities							
Due to other funds		1,049	16,470				
Total liabilities	<u>-</u>	<u>1,049</u>	<u>16,470</u>	<u>58,785</u>	<u>-</u>	<u>284,302</u>	<u>-</u>
Fund Balances:							
Restricted					281,787	3,333,547	
Committed	958			2,527,199			
Unassigned							
Total fund balances	<u>958</u>	<u>-</u>	<u>-</u>	<u>2,527,199</u>	<u>281,787</u>	<u>3,333,547</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 958</u>	<u>\$ 1,049</u>	<u>\$ 16,470</u>	<u>\$ 2,585,984</u>	<u>\$ 281,787</u>	<u>\$ 3,617,849</u>	<u>\$ -</u>

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**TOWN OF WESTERLY, RHODE ISLAND**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2013**

	<u>Capital Project Funds</u>						
	<u>Land Acquisition Fund</u>	<u>Police Station Fund</u>	<u>GIS System</u>	<u>West Street Bridge</u>	<u>Canal Street Acquisition</u>	<u>DEM Riverfront Park</u>	<u>Total</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 17,298	\$ -	\$ 20,087	\$ 30,263	\$ -	\$ -	\$ 7,181,602
Accounts and other receivables							24,755
Due from federal and state governments							118,945
Due from other funds							796
Total Assets	<u>\$ 17,298</u>	<u>\$ -</u>	<u>\$ 20,087</u>	<u>\$ 30,263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,326,098</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 3,450	\$ -	\$ 526,799
Accrued liabilities							330
Due to other funds						23,000	84,494
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,450</u>	<u>23,000</u>	<u>611,623</u>
Fund Balances:							
Restricted	17,298		20,087	30,263			4,030,251
Committed							2,718,537
Unassigned					(3,450)	(23,000)	(34,313)
Total fund balances	<u>17,298</u>	<u>-</u>	<u>20,087</u>	<u>30,263</u>	<u>(3,450)</u>	<u>(23,000)</u>	<u>6,714,475</u>
Total Liabilities and Fund Balances	<u>\$ 17,298</u>	<u>\$ -</u>	<u>\$ 20,087</u>	<u>\$ 30,263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,326,098</u>

**TOWN OF WESTERLY, RHODE ISLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Special Revenue Funds</b>						
	<b>School Lunch Fund</b>	<b>Animal Shelter Fund</b>	<b>Town Clerks Fund</b>	<b>Civil Defense Fund</b>	<b>Riverwalk Greenways Fund</b>	<b>Recycling Program</b>	<b>CDBG 2012</b>
Revenues:							
Intergovernmental revenues	\$ 563,235			\$ 4,553	\$ 25,288	\$ 68,990	
Charges for services	393,323	43,921	40,186				
Investment income							
Contributions and private grants		16,020					
Other revenue							2,300
Total revenues	<u>956,558</u>	<u>59,941</u>	<u>40,186</u>	<u>4,553</u>	<u>25,288</u>	<u>68,990</u>	<u>2,300</u>
Expenditures:							
Current:							
Legislative, financial, judicial and general administrative			30,381		25,288		
Public works						14,347	
Public safety				4,888			
Health and welfare		33,731					2,300
Conservation and development							
Education	953,210						
Capital outlay							
Total expenditures	<u>953,210</u>	<u>33,731</u>	<u>30,381</u>	<u>4,888</u>	<u>25,288</u>	<u>14,347</u>	<u>2,300</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,348</u>	<u>26,210</u>	<u>9,805</u>	<u>(335)</u>	<u>-</u>	<u>54,643</u>	<u>-</u>
Other Financing Sources (Uses):							
Issuance of bonds							
Transfers in							
Transfers out							
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	3,348	26,210	9,805	(335)	-	54,643	-
Fund Balances at Beginning of Year	<u>-</u>	<u>75,260</u>	<u>68,779</u>	<u>39,826</u>	<u>(6,551)</u>	<u>34,267</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 3,348</u>	<u>\$ 101,470</u>	<u>\$ 78,584</u>	<u>\$ 39,491</u>	<u>\$ (6,551)</u>	<u>\$ 88,910</u>	<u>\$ -</u>

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**TOWN OF WESTERLY, RHODE ISLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Special Revenue Funds</b>						
	<b>CDBG 2010</b>	<b>CDBG 2009</b>	<b>Department of Community Development</b>	<b>Substance Abuse</b>	<b>SOR Grant</b>	<b>Byrne Grant</b>	<b>Federal Forfeiture</b>
Revenues:							
Intergovernmental revenues	\$ 68,035	\$ 7,817	\$	\$ 28,191	\$ 3,041	\$	\$ 553
Charges for services							
Investment income							863
Contributions and private grants				3,195			
Other revenue			5				
Total revenues	<u>68,035</u>	<u>7,817</u>	<u>5</u>	<u>31,386</u>	<u>3,041</u>	<u>-</u>	<u>1,416</u>
Expenditures:							
Current:							
Legislative, financial, judicial and general administrative							
Public works							
Public safety					1,083		38,736
Health and welfare	70,611	3,475		29,220			
Conservation and development							
Education							
Capital outlay							
Total expenditures	<u>70,611</u>	<u>3,475</u>	<u>-</u>	<u>29,220</u>	<u>1,083</u>	<u>-</u>	<u>38,736</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,576)</u>	<u>4,342</u>	<u>5</u>	<u>2,166</u>	<u>1,958</u>	<u>-</u>	<u>(37,320)</u>
Other Financing Sources (Uses):							
Issuance of bonds							
Transfers in							
Transfers out							
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(2,576)	4,342	5	2,166	1,958	-	(37,320)
Fund Balances at Beginning of Year	<u>1,873</u>	<u>(1,096)</u>	<u>3,580</u>	<u>3,984</u>	<u>(558)</u>	<u>3,305</u>	<u>236,001</u>
Fund Balances at End of Year	<u>\$ (703)</u>	<u>\$ 3,246</u>	<u>\$ 3,585</u>	<u>\$ 6,150</u>	<u>\$ 1,400</u>	<u>\$ 3,305</u>	<u>\$ 198,681</u>

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**TOWN OF WESTERLY, RHODE ISLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Special Revenue Funds</b>						
	<b>Homeland Security Reimbursable</b>	<b>Juvenile Justice</b>	<b>Energy Efficiency Grant</b>	<b>Underage Drinking</b>	<b>Seatbelt Grants</b>	<b>GOHS DWI Grant</b>	<b>EMA Grant</b>
Revenues:							
Intergovernmental revenues	\$	\$	\$ 124,434	\$	\$ 7,047	\$ 10,197	\$ 3,458
Charges for services							
Investment income							
Contributions and private grants							
Other revenue							
Total revenues	<u>-</u>	<u>-</u>	<u>124,434</u>	<u>-</u>	<u>7,047</u>	<u>10,197</u>	<u>3,458</u>
Expenditures:							
Current:							
Legislative, financial, judicial and general administrative			124,437		2,800		
Public works							
Public safety				160		6,383	
Health and welfare							3,458
Conservation and development							
Education							
Capital outlay							
Total expenditures	<u>-</u>	<u>-</u>	<u>124,437</u>	<u>160</u>	<u>2,800</u>	<u>6,383</u>	<u>3,458</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>(160)</u>	<u>4,247</u>	<u>3,814</u>	<u>-</u>
Other Financing Sources (Uses):							
Issuance of bonds							
Transfers in							
Transfers out							
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	(3)	(160)	4,247	3,814	-
Fund Balances at Beginning of Year	<u>1,378</u>	<u>(177)</u>	<u>-</u>	<u>(269)</u>	<u>46</u>	<u>(6)</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 1,378</u>	<u>\$ (177)</u>	<u>\$ (3)</u>	<u>\$ (429)</u>	<u>\$ 4,293</u>	<u>\$ 3,808</u>	<u>\$ -</u>

(Continued on next page)

**TOWN OF WESTERLY, RHODE ISLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Special Revenue Funds</u>			<u>Capital Project Funds</u>			
	<u>Town 100 Year Anniversary</u>	<u>Safe Roads To School Grant</u>	<u>Bradford Gravel Wetland Design</u>	<u>Capital Project Fund</u>	<u>School Bond Fund</u>	<u>\$6.5 Million Road Improvement</u>	<u>Public Works Garage</u>
Revenues:							
Intergovernmental revenues	\$	\$	\$ 16,470	\$	\$	\$	\$
Charges for services							
Investment income					2,498		
Contributions and private grants							
Other revenue	12,750	1,049				822,019	
Total revenues	<u>12,750</u>	<u>1,049</u>	<u>16,470</u>	<u>-</u>	<u>2,498</u>	<u>822,019</u>	<u>-</u>
Expenditures:							
Current:							
Legislative, financial, judicial and general administrative							
Public works		1,049					
Public safety							
Health and welfare							
Conservation and development			16,470				
Education							
Capital outlay	11,792			601,435	111,303	1,703,231	8,801
Total expenditures	<u>11,792</u>	<u>1,049</u>	<u>16,470</u>	<u>601,435</u>	<u>111,303</u>	<u>1,703,231</u>	<u>8,801</u>
Excess (Deficiency) of Revenues over Expenditures	<u>958</u>	<u>-</u>	<u>-</u>	<u>(601,435)</u>	<u>(108,805)</u>	<u>(881,212)</u>	<u>(8,801)</u>
Other Financing Sources (Uses):							
Issuance of bonds						6,500,000	
Transfers in				516,174			
Transfers out				(69,825)			(130,026)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>446,349</u>	<u>-</u>	<u>6,500,000</u>	<u>(130,026)</u>
Net Change in Fund Balances	958	-	-	(155,086)	(108,805)	5,618,788	(138,827)
Fund Balances at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,682,285</u>	<u>390,592</u>	<u>(2,285,241)</u>	<u>138,827</u>
Fund Balances at End of Year	<u>\$ 958</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,527,199</u>	<u>\$ 281,787</u>	<u>3,333,547</u>	<u>\$ -</u>

(Continued on next page)

**TOWN OF WESTERLY, RHODE ISLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Capital Project Funds</b>						<b>Total</b>
	<b>Land Acquisition Fund</b>	<b>Police Station Fund</b>	<b>GIS System</b>	<b>West Street Bridge</b>	<b>Canal Street Acquisition</b>	<b>DEM Riverfront Park</b>	
Revenues:							
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	\$ 931,309
Charges for services							477,430
Investment income							3,361
Contributions and private grants							19,215
Other revenue							838,123
Total revenues	-	-	-	-	-	-	2,269,438
Expenditures:							
Current:							
Legislative, financial, judicial and general administrative	7,100		7,847				197,853
Public works							15,396
Public safety							51,250
Health and welfare							142,795
Conservation and development							16,470
Education							953,210
Capital outlay					3,450	23,000	2,463,012
Total expenditures	7,100	-	7,847	-	3,450	23,000	3,839,986
Excess (Deficiency) of Revenues over Expenditures	(7,100)	-	(7,847)	-	(3,450)	(23,000)	(1,570,548)
Other Financing Sources (Uses):							
Issuance of bonds							6,500,000
Transfers in							516,174
Transfers out		(492,169)					(692,020)
Total other financing sources (uses)	-	(492,169)	-	-	-	-	6,324,154
Net Change in Fund Balances	(7,100)	(492,169)	(7,847)	-	(3,450)	(23,000)	4,753,606
Fund Balances at Beginning of Year	24,398	492,169	27,934	30,263	-	-	1,960,869
Fund Balances at End of Year	\$ 17,298	\$ -	\$ 20,087	\$ 30,263	\$ (3,450)	\$ (23,000)	\$ 6,714,475

## **Internal Service Funds**



## **INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost-reimbursement basis.

**Health Fund** - To account for the Town's self-insured health and dental care programs.

**Self Insurance Fund** - To account for insurance claims and deductible not covered by the Town's insurance coverage.

**TOWN OF WESTERLY, RHODE ISLAND**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**

**JUNE 30, 2013**

	<b>Health Fund</b>	<b>Self Insurance Fund</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 899,147	\$ 53,886	\$ 953,033
Accounts receivable		1,000	1,000
Due from other funds	897,171		897,171
Total current assets	<u>1,796,318</u>	<u>54,886</u>	<u>1,851,204</u>
Noncurrent assets:			
Prepaid expenses	<u>1,674,148</u>		<u>1,674,148</u>
Total assets	<u>3,470,466</u>	<u>54,886</u>	<u>3,525,352</u>
Liabilities:			
Current liabilities:			
Due to other funds	1,289,285		1,289,285
Claims payable	657,291	745	658,036
Total current liabilities	<u>1,946,576</u>	<u>745</u>	<u>1,947,321</u>
Net Position:			
Unrestricted	\$ <u>1,523,890</u>	\$ <u>54,141</u>	\$ <u>1,578,031</u>

## TOWN OF WESTERLY, RHODE ISLAND

STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Health Fund</u>	<u>Self Insurance Fund</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 11,010,188	\$	\$ 11,010,188
Other	<u>75,720</u>	<u>15,662</u>	<u>91,382</u>
Total operating revenues	<u>11,085,908</u>	<u>15,662</u>	<u>11,101,570</u>
Operating Expenses:			
Claims	<u>9,765,118</u>	<u>49,041</u>	<u>9,814,159</u>
Operating Income (Loss)	1,320,790	(33,379)	1,287,411
Net Position at Beginning of Year	<u>203,100</u>	<u>87,520</u>	<u>290,620</u>
Net Position at End of Year	<u>\$ 1,523,890</u>	<u>\$ 54,141</u>	<u>\$ 1,578,031</u>

## TOWN OF WESTERLY, RHODE ISLAND

## COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS

## FOR THE YEAR ENDED JUNE 30, 2013

	<u>Health Fund</u>	<u>Self Insurance Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from insurance charges	\$ 11,152,723	\$	\$ 11,152,723
Other operating cash receipts	75,720	14,662	90,382
Claim payments	<u>(11,403,473)</u>	<u>(48,296)</u>	<u>(11,451,769)</u>
Net cash used in operating activities	<u>(175,030)</u>	<u>(33,634)</u>	<u>(208,664)</u>
Net Decrease in Cash and Cash Equivalents	(175,030)	(33,634)	(208,664)
Cash and Cash Equivalents at Beginning of Year	<u>1,074,177</u>	<u>87,520</u>	<u>1,161,697</u>
Cash and Cash Equivalents at End of Year	<u>\$ 899,147</u>	<u>\$ 53,886</u>	<u>\$ 953,033</u>
Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities:			
Operating income (loss)	<u>\$ 1,320,790</u>	<u>\$ (33,379)</u>	<u>\$ 1,287,411</u>
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	250,231	(1,000)	249,231
(Increase) decrease in due from other funds	(107,696)		(107,696)
(Increase) decrease in other assets	(1,470,883)		(1,470,883)
Increase (decrease) in due to other funds	(61,993)		(61,993)
Increase (decrease) in claims payable	<u>(105,479)</u>	<u>745</u>	<u>(104,734)</u>
Total adjustments	<u>(1,495,820)</u>	<u>(255)</u>	<u>(1,496,075)</u>
Net Cash Used in Operating Activities	<u>\$ (175,030)</u>	<u>\$ (33,634)</u>	<u>\$ (208,664)</u>

## **Fiduciary Funds**

## **FIDUCIARY FUNDS**

### **Private Purpose Trust Funds**

Private Purpose Trust Funds are used to account for funds held by the Town under various trust arrangements for the benefits of certain individuals. The Town maintains the following Private Purpose Trust Funds:

Permanent Neighbor Committee	Otis P. Chapman Fund
Honor Roll Fund	Municipal Court
Lois B. Stillment Fund	Francis Pat Coyle Memorial
Richmond Brewer Fund	Betty Zerbarini Fund
Irene Vose Fund	Berardinelli Trust Fund
Martha C. Babcock Memorial	John J. & Mary Smith Scholarship
Premio L. Russo Memorial	Roberta F. Serra Fund
Class of 1886	

### **Agency Funds**

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency Funds are as follows:

**Title II - P.W.E.A** - To account for RIDE teacher quality and professional development.

**Babcock Middle School Student Activity Fund** - To account for all funds held in Babcock Middle School programs.

**Westerly High School Student Activity Fund** - To account for all funds held in Westerly High School programs.

**Construction Escrow Deposits** - To account for contingency reserves held.

**Probate Escrow** - To account for Town Clerk funds as ordered by probate.

**Westerly TSA** - To account for the activities of the cooperative agreement among Rhode Island School Districts.

## TOWN OF WESTERLY, RHODE ISLAND

COMBINING STATEMENT OF NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS

JUNE 30, 2013

	<u>Permanent Neighbor Committee</u>	<u>Honor Roll Fund</u>	<u>Lois B. Stillment Fund</u>	<u>Richmond Brewer Fund</u>	<u>Irene Vose Fund</u>	<u>Martha C. Babcock Memorial</u>	<u>Premio L. Russo Memorial</u>	<u>Class of 1886</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,435	\$ 974	\$ 6,400	\$ 33,124	\$ 43,502	\$ 2,925	\$ 1,350	\$ 1,081
Total Assets	<u>\$ 1,435</u>	<u>\$ 974</u>	<u>\$ 6,400</u>	<u>\$ 33,124</u>	<u>\$ 43,502</u>	<u>\$ 2,925</u>	<u>\$ 1,350</u>	<u>\$ 1,081</u>
<b>NET POSITION</b>								
Held in Trust for Other Purpose	<u>\$ 1,435</u>	<u>\$ 974</u>	<u>\$ 6,400</u>	<u>\$ 33,124</u>	<u>\$ 43,502</u>	<u>\$ 2,925</u>	<u>\$ 1,350</u>	<u>\$ 1,081</u>

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## TOWN OF WESTERLY, RHODE ISLAND

COMBINING STATEMENT OF NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS (CONTINUED)

JUNE 30, 2013

	<u>Otis P. Chapman Fund</u>	<u>Municipal Court</u>	<u>Francis Pat Coyle Memorial</u>	<u>Betty Zerbarini Fund</u>	<u>Berardinelli Trust Fund</u>	<u>John J. &amp; Mary C. Smith Scholarship</u>	<u>Roberta F. Serra Fund</u>	<u>Total</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,798	\$ -	\$ 855	\$ 1,081	\$ 18,409	\$ 11,885	\$ 1,593	\$ 126,412
Total Assets	<u>\$ 1,798</u>	<u>\$ -</u>	<u>\$ 855</u>	<u>\$ 1,081</u>	<u>\$ 18,409</u>	<u>\$ 11,885</u>	<u>\$ 1,593</u>	<u>\$ 126,412</u>
<b>NET POSITION</b>								
Held in Trust for Other Purpose	<u>\$ 1,798</u>	<u>\$ -</u>	<u>\$ 855</u>	<u>\$ 1,081</u>	<u>\$ 18,409</u>	<u>\$ 11,885</u>	<u>\$ 1,593</u>	<u>\$ 126,412</u>



## TOWN OF WESTERLY, RHODE ISLAND

COMBINING STATEMENT OF CHANGES IN NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Permanent Neighbor Committee</u>	<u>Honor Roll Fund</u>	<u>Lois B. Stillment Fund</u>	<u>Richmond Brewer Fund</u>	<u>Irene Vose Fund</u>	<u>Martha C. Babcock Memorial</u>	<u>Premio L. Russo Memorial</u>	<u>Class of 1886</u>
Additions:								
Investment income	\$ 2	\$ 1	\$ 175	\$ 551	\$ 885	\$ 53	\$ 28	\$ 20
Deductions:								
Miscellaneous			1,000		955		35	
Change in Net Position	2	1	(825)	551	(70)	53	(7)	20
Net Position at Beginning of Year	<u>1,433</u>	<u>973</u>	<u>7,225</u>	<u>32,573</u>	<u>43,572</u>	<u>2,872</u>	<u>1,357</u>	<u>1,061</u>
Net Position at End of Year	<u>\$ 1,435</u>	<u>\$ 974</u>	<u>\$ 6,400</u>	<u>\$ 33,124</u>	<u>\$ 43,502</u>	<u>\$ 2,925</u>	<u>\$ 1,350</u>	<u>\$ 1,081</u>

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## TOWN OF WESTERLY, RHODE ISLAND

COMBINING STATEMENT OF CHANGES IN NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Otis P. Chapman Fund</u>	<u>Municipal Court</u>	<u>Francis Pat Coyle Memorial</u>	<u>Betty Zerbarini Fund</u>	<u>Berardinelli Trust Fund</u>	<u>John J. &amp; Mary C. Smith Scholarship</u>	<u>Roberta F. Serra Fund</u>	<u>Total</u>
Additions:								
Investment income	\$ 34	\$	\$ 18	\$ 21	\$ 342	\$ 224	\$ 33	\$ 2,387
Deductions:								
Miscellaneous	<u>50</u>	<u>473</u>	<u>151</u>			<u>125</u>	<u>125</u>	<u>2,914</u>
Change in Net Position	(16)	(473)	(133)	21	342	99	(92)	(527)
Net Position at Beginning of Year	<u>1,814</u>	<u>473</u>	<u>988</u>	<u>1,060</u>	<u>18,067</u>	<u>11,786</u>	<u>1,685</u>	<u>126,939</u>
Net Position at End of Year	<u>\$ 1,798</u>	<u>\$ -</u>	<u>\$ 855</u>	<u>\$ 1,081</u>	<u>\$ 18,409</u>	<u>\$ 11,885</u>	<u>\$ 1,593</u>	<u>\$ 126,412</u>

## TOWN OF WESTERLY, RHODE ISLAND

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Title II - P.W.E.A</b>				
Assets:				
Cash	\$ <u>2,585</u>	\$ <u>49</u>	\$ <u>-</u>	\$ <u>2,634</u>
Liabilities:				
Deposits held in custody for others	\$ <u>2,585</u>	\$ <u>49</u>	\$ <u>-</u>	\$ <u>2,634</u>
<b>Babcock Middle School Student Activity Fund</b>				
Assets:				
Cash	\$ <u>35,180</u>	\$ <u>52,236</u>	\$ <u>51,014</u>	\$ <u>36,402</u>
Liabilities:				
Deposits held in custody for others	\$ <u>35,180</u>	\$ <u>52,236</u>	\$ <u>51,014</u>	\$ <u>36,402</u>
<b>Westerly High School Student Activity Fund</b>				
Assets:				
Cash	\$ <u>217,594</u>	\$ <u>332,967</u>	\$ <u>365,651</u>	\$ <u>184,910</u>
Liabilities:				
Deposits held in custody for others	\$ <u>217,594</u>	\$ <u>332,967</u>	\$ <u>365,651</u>	\$ <u>184,910</u>
<b>Construction Escrow Deposits</b>				
Assets:				
Cash	\$ <u>141,989</u>	\$ <u>10</u>	\$ <u>6,000</u>	\$ <u>135,999</u>
Liabilities:				
Deposits held in custody for others	\$ <u>141,989</u>	\$ <u>10</u>	\$ <u>6,000</u>	\$ <u>135,999</u>

(Continued on next page)

## TOWN OF WESTERLY, RHODE ISLAND

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)

## FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Probate Escrow</b>				
Assets:				
Cash	\$ 10,056	\$ 7	\$ -	\$ 10,063
Liabilities:				
Deposits held in custody for others	\$ 10,056	\$ 7	\$ -	\$ 10,063
<b>Westerly TSA</b>				
Assets:				
Accounts receivable	\$ -	\$ 14,022	\$ -	\$ 14,022
Liabilities:				
Accounts payable	\$ -	\$ 14,022	\$ -	\$ 14,022
<b>Total All Agency Funds</b>				
Assets:				
Cash	\$ 407,404	\$ 385,269	\$ 422,665	\$ 370,008
Accounts receivable		14,022		14,022
Total Assets	\$ 407,404	\$ 399,291	\$ 422,665	\$ 384,030
Liabilities:				
Accounts payable	\$	\$ 14,022	\$	\$ 14,022
Deposits held in custody for others	407,404	385,269	422,665	370,008
Total Liabilities	\$ 407,404	\$ 399,291	\$ 422,665	\$ 384,030

**Other Schedules**

**TOWN OF WESTERLY, RHODE ISLAND**

**TAX COLLECTOR'S ANNUAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Fiscal Year</u>	<u>Balance July 1, 2012</u>	<u>Current year Assessment</u>	<u>Additions</u>	<u>Adjustments &amp; Abatements</u>	<u>Amount to be Collected</u>	<u>Current Year Collections</u>	<u>Balance June 30, 2013</u>
2013	\$	\$ 64,072,932	\$	\$	\$ 64,072,932	\$ 62,293,711	\$ 1,779,221
2012	2,158,594		60,220	79,504	2,139,310	1,461,072	678,238
2011	501,839		891	7,074	495,656	200,020	295,636
2010	141,570			714	140,856	47,337	93,519
2009	74,159			71	74,088	4,725	69,363
2008	76,236				76,236	3,194	73,042
2007	67,184				67,184	2,148	65,036
2006	66,942				66,942	3,005	63,937
2005	55,400				55,400	2,356	53,044
2004	45,231				45,231	2,054	43,177
2003	41,863				41,863	1,115	40,748
2002	54,269				54,269	1,026	53,243
2001	72,813				72,813	502	72,311
2000	91,398				91,398	656	90,742
1999	82,609				82,609	574	82,035
1998	73,598				73,598	454	73,144
1997	70,926				70,926	758	70,168
1996	76,493				76,493	1,338	75,155
1995	92,210				92,210	715	91,495
Suspense	1,520,299				1,520,299		1,520,299
	<u>\$ 5,363,633</u>	<u>\$ 64,072,932</u>	<u>\$ 61,111</u>	<u>\$ 87,363</u>	<u>\$ 69,410,313</u>	<u>\$ 64,026,760</u>	<u>5,383,553</u>
						Allowance for doubtful accounts	<u>(2,174,898)</u>
						Net property tax receivable	<u>\$ 3,208,655</u>

**Schedule of Most Recent Net Assessed Property Value by Category**

<u>Description of Property</u>	<u>Valuation</u>	<u>Levy</u>
Real Property	\$ 6,029,044,940	\$ 58,722,898
Motor Vehicles	207,200,816	6,147,648
Tangible personal property	111,092,881	1,082,045
<b>Total</b>	<u>6,347,338,637</u>	<u>65,952,591</u>
Exemptions	(123,833,594)	(1,879,659)
Net assessed value	<u>\$ 6,223,505,043</u>	<u>\$ 64,072,932</u>

# **Statistical Section**

## Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.



TOWN OF WESTERLY, RHODE ISLAND

NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 8,248,897	\$ 4,865,793	\$ 15,493,365	\$ 58,664,590	\$ 66,693,303	\$ 68,746,769	\$ 70,358,546	\$ 70,008,175	\$ 71,011,628	\$ 72,528,400
Restricted					840,250	609,887	4,271,819	5,596,748	4,289,962	2,542,513
Unrestricted	8,739,837	16,629,831	10,956,556	19,014,340	11,328,955	10,806,705	9,195,972	9,272,111	10,051,174	14,787,475
Total governmental activities net position	<u>16,988,734</u>	<u>21,495,624</u>	<u>26,449,921</u>	<u>77,678,930</u>	<u>78,862,508</u>	<u>80,163,361</u>	<u>83,826,337</u>	<u>84,877,034</u>	<u>85,352,764</u>	<u>89,858,388</u>
Business-type activities										
Net investment in capital assets	19,390,285	20,474,067	21,546,816	22,556,484	26,692,977	27,988,005	28,158,294	28,728,337	30,194,723	30,714,945
Unrestricted	5,475,892	6,928,573	8,448,158	11,257,392	9,382,408	7,514,990	7,014,809	6,219,520	5,376,027	5,751,583
Total business-type activities net position	<u>24,866,177</u>	<u>27,402,640</u>	<u>29,994,974</u>	<u>33,813,876</u>	<u>36,075,385</u>	<u>35,502,995</u>	<u>35,173,103</u>	<u>34,947,857</u>	<u>35,570,750</u>	<u>36,466,528</u>
Primary government										
Net Investment in capital assets	27,639,182	25,339,860	37,040,181	81,221,074	93,386,280	96,734,774	98,516,840	98,736,512	101,206,351	103,243,345
Restricted					840,250	609,887	4,271,819	5,596,748	4,289,962	2,542,513
Unrestricted	14,215,729	23,558,404	19,404,714	30,271,732	20,711,363	18,321,695	16,210,781	15,491,631	15,427,201	20,539,058
Total primary government net position	<u>\$ 41,854,911</u>	<u>\$ 48,898,264</u>	<u>\$ 56,444,895</u>	<u>\$ 111,492,806</u>	<u>\$ 114,937,893</u>	<u>\$ 115,666,356</u>	<u>\$ 118,999,440</u>	<u>\$ 119,824,891</u>	<u>\$ 120,923,514</u>	<u>\$ 126,324,916</u>

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Source: Town of Westerly Annual Financial Statements

**TOWN OF WESTERLY, RHODE ISLAND**  
**CHANGES IN NET POSITION, LAST TEN FISCAL YEARS**  
**GOVERNMENTAL ACTIVITIES**  
**(Accrual Basis of Accounting)**

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

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Expenses</b>										
Governmental activities:										
Legislative, judicial & general administrative	\$ 4,898,122	\$ 5,087,026	\$ 5,478,223	\$ 6,873,513	\$ 3,236,593	\$ 3,129,637	\$ 3,466,233	\$ 2,781,707	\$ 3,112,646	\$ 4,331,225
Public works	4,515,948	4,883,892	4,903,462	5,062,292	9,912,789	7,424,188	7,507,487	9,985,135	7,954,858	8,421,798
Public safety	3,853,057	3,743,339	4,073,352	4,427,133	7,814,959	7,761,483	7,799,497	8,240,563	8,214,392	7,641,412
Health and welfare	665,059	655,110	666,425	678,933	886,803	1,647,960	1,237,875	802,416	944,618	2,648,904
Conservation and development	3,549	41,802	41,923	43,976	57,013	83,398	63,593	61,603	66,841	13,723
Parks and recreation	384,887	407,522	515,258	559,495	670,797	671,243	715,016	851,085	855,819	835,358
Planning and zoning	187,898	194,530	211,016	210,824	300,666	315,979	311,526	317,731	328,874	659,533
Public education	43,346,028	46,426,481	48,708,393	51,584,096	56,538,216	55,623,925	53,346,773	56,373,765	59,863,127	60,152,421
Other	931,695	782,610	90,061	434,573						
Capital improvements/restricted programs	539,613	570,434	659,008	1,538,354						
Interest	682,169	1,973,585	2,168,881	2,861,227	2,991,507	2,921,665	2,834,606	3,001,369	4,161,148	3,417,931
Total governmental activities	<u>60,008,025</u>	<u>64,766,331</u>	<u>67,516,002</u>	<u>74,274,416</u>	<u>82,409,343</u>	<u>79,579,478</u>	<u>77,282,606</u>	<u>82,415,374</u>	<u>85,502,323</u>	<u>88,122,305</u>
Business-type activities:										
Water	3,167,368	2,930,748	3,165,920	3,631,349	3,519,078	4,427,003	4,999,866	5,107,553	4,126,250	4,040,375
Sewer	3,391,749	2,943,612	3,050,394	3,245,491	3,399,750	3,524,297	3,224,296	3,390,936	3,549,839	3,428,731
Beach	240,861	242,907	303,394	374,356	279,941	271,973	255,673	263,071	275,930	279,307
Total business-type activities	<u>6,799,978</u>	<u>6,117,267</u>	<u>6,519,708</u>	<u>7,251,196</u>	<u>7,198,769</u>	<u>8,223,273</u>	<u>8,479,835</u>	<u>8,761,560</u>	<u>7,952,019</u>	<u>7,748,413</u>
Total Primary Government Expense	<u>\$ 66,808,003</u>	<u>\$ 70,883,598</u>	<u>\$ 74,035,710</u>	<u>\$ 81,525,612</u>	<u>\$ 89,608,112</u>	<u>\$ 87,802,751</u>	<u>\$ 85,762,441</u>	<u>\$ 91,176,934</u>	<u>\$ 93,454,342</u>	<u>\$ 95,870,718</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Legislative, judicial & general administrative	\$ 807,190	\$ 480,209	\$ 1,902,781	\$ 644,390	\$ 1,206,498	\$ 940,220	\$ 986,339	\$ 1,088,315	\$ 1,072,310	\$ 2,064,851
Public works	2,576,508	3,304,537	2,558,277	2,377,169	2,667,752	2,554,611	2,040,910	2,107,314	2,230,461	2,539,006
Public safety	166,822	349,865	258,348	296,686	317,389	338,429	360,359	409,070	236,944	331,011
Conservation and development							5,250	23,451	22,512	18,914
Parks and recreation	111,724	123,010	118,030	141,985	136,770	143,383	163,233	163,476	176,045	132,186
Planning and zoning		614,966	62,784	783,768	674,096	63,457	76,959	74,779	62,967	68,532
Public education	298,706	1,063,868	1,572,384	1,865,487	1,209,848	1,424,345	1,266,433	1,499,327	1,561,476	885,397
Other			60,171	315,942						
Capital improvements/restricted programs			179,064							
Operating grants and contributions	5,802,033	10,113,918	10,944,457	13,122,333	13,448,568	11,992,674	12,546,972	12,570,266	14,632,146	19,613,142
Capital grants and contributions			411,677	1,394,603	301,712	498,774		735,857	577,744	
Total governmental activities program revenues	<u>9,762,983</u>	<u>16,050,373</u>	<u>18,067,973</u>	<u>20,942,363</u>	<u>19,962,633</u>	<u>17,955,893</u>	<u>17,446,455</u>	<u>18,671,855</u>	<u>20,572,605</u>	<u>25,699,265</u>
Business-type activities:										
Charges for services:										
Water	3,183,629	3,669,897	4,480,849	6,144,478	4,245,768	3,950,767	3,814,045	4,383,473	4,151,082	4,263,283
Sewer	2,569,121	3,561,988	3,766,637	3,864,384	3,495,261	3,152,629	3,483,850	3,398,737	3,283,137	3,707,640
Beach	278,179	507,251	105,217	96,428	86,664	84,533	118,388	104,898	124,256	66,577
Operating grants and contributions						25,000	75,133	1,568		
Capital grants and contributions									385,000	
Total business-type activities	<u>6,030,929</u>	<u>7,739,136</u>	<u>8,352,703</u>	<u>10,105,290</u>	<u>7,827,693</u>	<u>7,212,929</u>	<u>7,491,416</u>	<u>7,888,676</u>	<u>7,943,475</u>	<u>8,037,500</u>
Total Primary Government Program Revenues	<u>\$ 15,793,912</u>	<u>\$ 23,789,509</u>	<u>\$ 26,420,676</u>	<u>\$ 31,047,653</u>	<u>\$ 27,790,326</u>	<u>\$ 25,168,822</u>	<u>\$ 24,937,871</u>	<u>\$ 26,560,531</u>	<u>\$ 28,516,080</u>	<u>\$ 33,736,765</u>

(Continued on next page)

## TOWN OF WESTERLY, RHODE ISLAND

**CHANGES IN NET POSITION, LAST TEN FISCAL YEARS (CONTINUED)**  
**GOVERNMENTAL ACTIVITIES**  
**(Accrual Basis of Accounting)**

	For the Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (50,245,042)	\$ (48,715,958)	\$ (49,448,029)	\$ (53,332,053)	\$ (62,446,710)	\$ (61,623,585)	\$ (59,836,151)	\$ (63,743,519)	\$ (64,929,718)	\$ (62,423,040)
Business-type activities	(769,049)	1,621,869	1,832,995	2,854,094	628,924	(1,010,344)	(988,419)	(872,884)	(8,544)	289,087
Total Primary Government Net Expense	\$ (51,014,091)	\$ (47,094,089)	\$ (47,615,034)	\$ (50,477,959)	\$ (61,817,786)	\$ (62,633,929)	\$ (60,824,570)	\$ (64,616,403)	\$ (64,938,262)	\$ (62,133,953)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 44,110,152	\$ 47,768,204	\$ 50,057,187	\$ 52,511,864	\$ 55,992,277	\$ 59,323,341	\$ 59,555,979	\$ 63,296,907	\$ 64,031,797	\$ 65,108,718
State aid and in lieu of taxes not restricted					4,838,487	4,614,007	3,965,697	1,801,556	1,841,526	1,927,032
Unrestricted investment earnings	295,071	733,053	849,315	1,463,137	1,055,249	510,798	212,778	157,636	33,906	55,779
Miscellaneous	10,232,200	5,194,788	4,461,337	3,549,691	62,343	277,017	414,437	129,642	127,607	84,964
Transfers	(474,723)	(330,423)	(676,965)	(759,794)	(738,532)	(695,931)	(649,764)	(640,824)	(629,388)	(604,580)
Loss on disposal of capital assets	(45,672)	(261,182)	(288,548)	(581,020)						
Total governmental activities	54,117,028	53,104,440	54,402,326	56,183,878	61,209,824	64,029,232	63,499,127	64,744,917	65,405,448	66,571,913
Business-type activities:										
Unrestricted investment earnings	59,966	87,889	99,982	143,792	130,235	62,955	8,763	6,814	2,049	2,111
Miscellaneous	51,578	46,554	12,247	198,262						
Transfers	487,623	330,423	676,965	759,794	738,532	695,931	649,764	640,824	629,388	604,580
Loss/gain on disposal of capital assets			(29,857)	(137,038)	1,497,569					
Total business type activities	599,167	464,866	759,337	964,810	2,366,336	758,886	658,527	647,638	631,437	606,691
Total primary government	\$ 54,716,195	\$ 53,569,306	\$ 55,161,663	\$ 57,148,688	\$ 63,576,160	\$ 64,788,118	\$ 64,157,654	\$ 65,392,555	\$ 66,036,885	\$ 67,178,604
<b>Change in Net Position</b>										
Governmental activities	\$ 3,871,986	\$ 4,388,482	\$ 4,954,297	\$ 2,851,825	\$ (1,236,886)	\$ 2,405,647	\$ 3,662,976	\$ 1,001,398	\$ 475,730	\$ 4,148,873
Business-type activities	(169,882)	2,086,735	2,592,332	3,818,904	2,995,260	(251,458)	(329,892)	(225,246)	622,893	895,778
Total primary government	\$ 3,702,104	\$ 6,475,217	\$ 7,546,629	\$ 6,670,729	\$ 1,758,374	\$ 2,154,189	\$ 3,333,084	\$ 776,152	\$ 1,098,623	\$ 5,044,651

TOWN OF WESTERLY, RHODE ISLAND

FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Reserved	\$ 10,913	\$ 35,607	\$ 729,809	\$	\$	\$	\$	\$	\$	\$
Unreserved	3,503,080	4,976,795	6,210,739	7,439,653	8,980,861	9,020,357	9,157,164			
Nonspendable								203,645	1,424,796	2,443,435
Restricted								5,073,701	3,812,873	2,410,035
Committed								53,184	222,802	188,496
Assigned								160,000	785,000	642,000
Unassigned								8,895,223	7,811,214 *	7,542,061
Total General Fund	<u>\$ 3,513,993</u>	<u>\$ 5,012,402</u>	<u>\$ 6,940,548</u>	<u>\$ 7,439,653</u>	<u>\$ 8,980,861</u>	<u>\$ 9,020,357</u>	<u>\$ 9,157,164</u>	<u>\$ 14,385,753</u>	<u>\$ 14,056,685</u>	<u>\$ 13,226,027</u>
All Other Governmental Funds:										
Reserved	\$ 80,892	\$ 13,569	\$ 50	\$ 11,719	\$ 14,320	\$ 30,703	\$ 358,515	\$	\$	\$
Unreserved, reported in:										
Special revenue funds	1,304,646	964,599	1,636,802	1,727,363	839,164	1,104,125	3,827,266			
Capital project funds	4,784,600	11,479,682	3,483,872	11,277,246	7,310,686	6,972,328	7,446,534			
Nonspendable								30,500		
Restricted								2,580,224	1,523,075	4,250,044
Committed								3,200,511	2,791,812	2,718,537
Unassigned								(7,024,340)	(2,293,989)	(34,313)
Total All Other Governmental Funds	<u>\$ 6,170,138</u>	<u>\$ 12,457,850</u>	<u>\$ 5,120,724</u>	<u>\$ 13,016,328</u>	<u>\$ 8,164,170</u>	<u>\$ 8,107,156</u>	<u>\$ 11,632,315</u>	<u>\$ (1,213,105)</u>	<u>\$ 2,020,898</u>	<u>\$ 6,934,268</u>

Notes:

1. In 2011 the Town implemented GASB No. 54, reserved and unreserved fund balance are no longer used  
Fund balances are now reported as nonspendable, restricted, committed, assigned and unassigned

\* As restated

Source: Town of Westerly Annual Financial Statements

TOWN OF WESTERLY, RHODE ISLAND

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	For the Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues:</b>										
General property taxes	\$ 43,540,071	\$ 46,181,886	\$ 50,076,395	\$ 52,469,223	\$ 56,483,800	\$ 58,903,866	\$ 59,229,983	\$ 63,167,374	\$ 62,722,274	\$ 65,284,340
Intergovernmental revenues	13,913,014	15,172,917	16,227,115	16,621,209	22,090,229	20,896,628	19,659,330	17,990,858	20,545,204	23,610,581
Recreation										
Licenses and permits	460,721	480,209	597,521	802,650	705,272	520,627	470,593	405,455	433,773	987,140
Fines and penalties	166,822	172,222	156,807	152,349	170,050	190,165	174,040	199,297	165,168	170,433
Interest on investments	295,071	733,053	849,315	1,463,137	1,046,500	509,652	212,743	157,553	33,906	52,418
Other revenues	5,454,626	5,408,697	5,536,166	6,887,987	2,134,342	2,042,198	1,666,900	1,416,235	1,482,937	2,848,970
Total revenues	<u>63,830,325</u>	<u>68,148,984</u>	<u>73,443,319</u>	<u>78,396,555</u>	<u>82,630,193</u>	<u>83,063,136</u>	<u>81,413,589</u>	<u>83,336,772</u>	<u>85,383,262</u>	<u>92,953,882</u>
<b>Expenditures:</b>										
Current:										
Legislative, judicial and general administrative	4,847,143	5,001,042	5,233,953	5,570,881	8,682,345	6,236,470	7,007,720	6,352,555	6,525,866	4,246,621
Public works	4,429,143	4,732,271	4,692,128	4,806,646	12,964,052	6,762,533	6,049,632	7,065,978	4,911,750	8,007,654
Public safety	3,713,288	3,587,213	3,876,252	4,192,612	6,793,941	4,539,777	4,533,085	4,611,459	4,550,663	7,419,524
Health and welfare	652,144	642,195	650,033	664,999	862,972	1,603,577	1,198,722	757,683	906,923	2,633,209
Conservation and development	3,549	41,802	41,923	43,976	44,068	44,213	46,096	45,776	51,311	20,724
Parks and recreation	370,933	393,344	498,563	540,505	600,031	593,784	549,637	680,016	722,607	853,703
Planning and zoning	187,898	194,530	211,016	210,824	255,638	236,329	237,589	236,902	226,453	680,536
Public education	42,221,079	46,201,201	47,648,202	50,014,112	55,464,548	54,605,925	53,152,473	53,275,364	56,474,037	57,657,340
Other	978,762	1,161,177	701,643	1,467,117						
Capital improvements/restricted programs	4,779,437	23,510,945	16,320,264	12,771,572	2,332,971	2,049,818	1,154,114	21,401,103	14,246,132	4,880,804
Debt service:										
Principal	2,057,884	8,119,601	9,242,650	3,059,281	3,882,392	4,505,271	4,940,981	5,010,180	5,426,586	5,874,438
Interest	676,687	669,527	2,405,242	2,474,527	2,439,049	2,466,811	2,423,780	2,743,101	4,092,441	3,894,578
Total expenditures	<u>64,917,947</u>	<u>94,254,848</u>	<u>91,521,869</u>	<u>85,817,052</u>	<u>94,322,007</u>	<u>83,644,508</u>	<u>81,293,829</u>	<u>102,180,117</u>	<u>98,134,769</u>	<u>96,169,131</u>
Excess of revenues over (under) expenditures	<u>(1,087,622)</u>	<u>(26,105,864)</u>	<u>(18,078,550)</u>	<u>(7,420,497)</u>	<u>(11,691,814)</u>	<u>(581,372)</u>	<u>119,760</u>	<u>(18,843,345)</u>	<u>(12,751,507)</u>	<u>(3,215,249)</u>
<b>Other Financing Sources (Uses):</b>										
Bond and loan proceeds	6,012,900	34,222,318	13,346,535	16,575,000	9,104,712		3,855,000	11,496,000	14,645,000	6,500,000
Lease proceeds						1,259,784	396,970	258,003	761,413	1,208,876
Premium on debt					14,685			179,036	200,395	1,933,872
Issuance of refunding bonds										20,073,678
Payment to refunding bond escrow agent										(21,813,976)
Transfers from other funds	38,771,447	40,720,379	43,148,612	45,842,591	48,253,434	48,349,039	47,183,318	818,987	424,566	1,210,145
Transfers to other funds	(39,259,070)	(41,050,802)	(43,825,577)	(46,602,385)	(48,991,966)	(49,044,970)	(47,893,082)	(1,474,811)	(1,068,954)	(1,814,725)
Total other financing sources	<u>5,525,277</u>	<u>33,891,895</u>	<u>12,669,570</u>	<u>15,815,206</u>	<u>8,380,865</u>	<u>563,853</u>	<u>3,542,206</u>	<u>11,277,215</u>	<u>14,962,420</u>	<u>7,297,870</u>
Net Change in Fund Balances	<u>\$ 4,437,655</u>	<u>\$ 7,786,031</u>	<u>\$ (5,408,980)</u>	<u>\$ 8,394,709</u>	<u>\$ (3,310,949)</u>	<u>\$ (17,519)</u>	<u>\$ 3,661,966</u>	<u>\$ (7,566,130)</u>	<u>\$ 2,210,913</u>	<u>\$ 4,082,621</u>
Debt Service as a Percentage of Noncapital Expenditures (1)										
	<u>4.41%</u>	<u>12.27%</u>	<u>15.16%</u>	<u>7.20%</u>	<u>7.65%</u>	<u>8.63%</u>	<u>9.49%</u>	<u>9.60%</u>	<u>11.04%</u>	<u>10.87%</u>

Source: Town of Westerly Annual Financial Statements

TABLE 5

**TOWN OF WESTERLY, RHODE ISLAND**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Years**  
**(unaudited)**

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Tangible Property</b>	<b>Inventory</b>	<b>Motor Vehicles</b>	<b>less Exemptions</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate Real</b>	<b>Total Direct Tax Rate MV</b>
2013	\$ 6,409,080,500	\$ 103,052,933	\$ -	\$ 165,920,358	\$ 187,685,148	\$ 6,490,368,643	10.53	29.67
2012	\$ 6,029,044,940	\$ 111,092,881	\$ -	\$ 207,200,816	\$ 123,833,594	\$ 6,223,505,043	9.74	29.67
2011	\$ 6,003,921,400	\$ 109,834,014	\$ -	\$ 199,010,668	\$ 125,761,643	\$ 6,187,004,439	9.74	29.67
2010	\$ 5,968,175,200	\$ 103,394,190	\$ -	\$ 196,704,453	\$ 123,264,095	\$ 6,145,009,748	9.62	29.67
2009	\$ 6,409,080,500	\$ 103,052,933	\$ -	\$ 165,920,358	\$ 187,658,148	\$ 6,490,395,643	8.87	29.67
2008	\$ 6,328,033,730	\$ 96,273,051	\$ -	\$ 182,725,179	\$ 185,143,059	\$ 6,421,888,901	8.87	29.67
2007	\$ 6,224,102,400	\$ 94,064,493	\$ 31,563,795	\$ 175,020,389	\$ 192,699,255	\$ 6,332,051,822	8.60	29.67
2006	\$ 4,601,087,750	\$ 87,707,322	\$ 31,945,246	\$ 174,601,784	\$ 167,505,669	\$ 4,727,836,433	10.71	29.67
2005	\$ 4,540,847,900	\$ 80,535,101	\$ 32,244,011	\$ 158,160,264	\$ 136,454,285	\$ 4,675,332,991	10.30	29.67
2004	\$ 4,477,987,000	\$ 76,606,495	\$ 32,751,784	\$ 142,400,951	\$ 130,107,792	\$ 4,599,638,438	9.64	29.67

**TOWN OF WESTERLY, RHODE ISLAND**

**Property Tax Rates**  
**(per \$1,000 of assessed value)**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<u>Levy Year</u>	<u>Real Estate and Personal Property</u>	<u>Motor Vehicle</u>
2004	9.64	29.67
2005	10.30	29.67
2006	10.71	29.67
2007	8.60	29.67
2008	8.87	29.67
2009	8.87	29.67
2010	9.62	29.67
2011	9.74	29.67
2012	9.74	29.67
2013	10.53	29.67

Source: Finance Department, Westerly, Rhode Island

**TOWN OF WESTERLY, RHODE ISLAND**  
**Principal Property Taxpayers**  
**Current Year and Ten Years Ago**  
**(unaudited)**

<b>2013</b>				<b>2004</b>			
<b>Name</b>	<b>Assessed Value</b>	<b>Rank</b>	<b>% Net Taxable Grand List</b>	<b>Name</b>	<b>Assessed Value</b>	<b>Rank</b>	<b>% Net Taxable Grand List</b>
National Grid	\$ 25,556,219	1	0.411%	Franklin Plaza, LLC	\$ 12,482,500	1	0.453%
Washington Trust Company	\$ 24,598,316	2	0.395%	Narragansett Electric	\$ 10,963,225	2	0.398%
Ocean House Hotel Partners, LLC	\$ 24,328,403	3	0.391%	Home Depot USA	\$ 10,426,800	3	0.379%
Westerly Ventures, LLC	\$ 19,679,600	4	0.316%	Miller, Louis & Co	\$ 5,856,200	4	0.213%
Franklin Plaza LLC	\$ 18,024,180	5	0.290%	New Babson Assoc	\$ 6,852,200	5	0.249%
Misquamicut Club	\$ 17,934,757	6	0.288%	Wilmington Trust Company	\$ 6,705,800	6	0.243%
Kahuna RI, LLC	\$ 16,888,400	7	0.271%	Washington Trust Company	\$ 6,549,400	7	0.238%
Charles Royce	\$ 14,608,050	8	0.235%	Misquamicut Club	\$ 6,184,400	8	0.225%
Home Depot USA	\$ 14,327,136	9	0.230%	Westerly E & A LLC	\$ 5,607,500	9	0.204%
Shelter Harbor Golf Club	\$ 13,402,834	10	0.215%	Moore Company	\$ 5,305,600	10	0.193%



TABLE 8

**TOWN OF WESTERLY, RHODE ISLAND**  
**Property Tax Levies and Collections**  
**Last Ten Years**  
**(unaudited)**

<u>Fiscal Year</u>	<u>Taxes Levied (net abatements)</u>	<u>Collected within the Fiscal Year Amount</u>	<u>% of Levy</u>	<u>Collected in Subsequent Years</u>	<u>Total Collections Amount</u>	<u>Balance Remaining</u>	<u>% of Levy</u>
2004	\$ 43,750,651	\$ 42,546,293	97.25%	\$ 1,161,181	\$ 43,707,474	\$ 43,177	99.90%
2005	\$ 45,819,871	\$ 45,107,888	98.45%	\$ 658,939	\$ 45,766,827	\$ 53,044	99.88%
2006	\$ 49,558,714	\$ 48,875,918	98.62%	\$ 618,859	\$ 49,494,777	\$ 63,937	99.87%
2007	\$ 52,055,765	\$ 51,428,447	98.79%	\$ 562,282	\$ 51,990,729	\$ 65,036	99.88%
2008	\$ 56,226,442	\$ 55,596,246	98.88%	\$ 557,154	\$ 56,153,400	\$ 73,042	99.87%
2009	\$ 58,934,410	\$ 57,978,492	98.38%	\$ 886,555	\$ 58,865,047	\$ 69,363	99.88%
2010	\$ 59,188,131	\$ 58,104,182	98.17%	\$ 990,431	\$ 59,094,613	\$ 93,518	99.84%
2011	\$ 62,941,885	\$ 61,760,687	98.12%	\$ 885,562	\$ 62,646,249	\$ 295,636	99.53%
2012	\$ 63,528,578	\$ 61,369,984	96.60%	\$ 1,480,356	\$ 62,850,340	\$ 678,238	98.93%
2013	\$ 65,309,604	\$ 63,930,910	97.89%	\$ -	\$ 63,930,910	\$ 1,378,694	97.89%

## TOWN OF WESTERLY, RHODE ISLAND

**Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
(unaudited)**

Year	Governmental Activities			Business Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes and Loan Payable	Capital Leases	General Obligation Bonds	Loans Payable	Capital Leases			
2013	\$ 56,233,678	\$ 27,732,124	\$ 1,379,633	\$ 1,671,322	\$ 5,181,638	\$ 12,507	\$ 92,210,902	13.50%	\$ 4,047
2012	\$ 53,710,000	\$ 29,411,562	\$ 860,400	\$ 1,790,000	\$ 5,782,025	\$ 23,840	\$ 91,577,827	12.96%	\$ 3,988
2011	\$ 57,875,000	\$ 15,351,000	\$ 776,135	\$ 1,935,000	\$ 6,370,864	\$ -	\$ 82,307,999	11.73%	\$ 3,614
2010	\$ 62,015,000	\$ 3,855,000	\$ 1,388,312	\$ 2,080,000	\$ 6,948,482	\$ -	\$ 76,286,794	10.87%	\$ 3,348
2009	\$ 65,815,000	\$ -	\$ 2,132,323	\$ 2,225,000	\$ 7,515,192	\$ -	\$ 77,687,515	10.74%	\$ 3,306
2008	\$ 69,315,350	\$ -	\$ 1,877,460	\$ 2,479,650	\$ 8,071,301	\$ -	\$ 81,743,761	11.50%	\$ 3,497
2007	\$ 65,328,875	\$ -	\$ 1,641,615	\$ 2,801,265	\$ 8,617,107	\$ -	\$ 78,388,862	11.08%	\$ 3,306
2006	\$ 50,225,250	\$ -	\$ 972,679	\$ 3,125,030	\$ 8,801,179	\$ -	\$ 63,124,138	9.51%	\$ 2,708
2005	\$ 39,069,475	\$ 7,137,500	\$ 92,108	\$ 3,110,945	\$ 8,550,488	\$ -	\$ 57,960,516	8.98%	\$ 2,452
2004	\$ 13,655,475	\$ 6,550,000	\$ 213,209	\$ 3,390,085	\$ 9,999,262	\$ -	\$ 33,808,031	5.43%	\$ 1,424

TABLE 10

**TOWN OF WESTERLY, RHODE ISLAND**

**Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years  
(unaudited)**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Notes and Loan Payable</b>	<b>Total</b>	<b>(a) Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
2013	\$ 56,233,678	\$ 27,732,124	\$ 83,965,802	1.29%	\$ 3,685
2012	\$ 53,710,000	\$ 29,411,562	\$ 83,121,562	1.34%	\$ 3,619
2011	\$ 57,875,000	\$ 15,351,000	\$ 73,226,000	1.18%	\$ 3,215
2010	\$ 62,015,000	\$ 3,855,000	\$ 65,870,000	1.07%	\$ 2,891
2009	\$ 65,815,000	\$ -	\$ 65,815,000	1.01%	\$ 2,801
2008	\$ 69,315,350	\$ -	\$ 69,315,350	1.08%	\$ 2,965
2007	\$ 65,328,875	\$ -	\$ 65,328,875	1.02%	\$ 2,748
2006	\$ 50,225,250	\$ -	\$ 50,225,250	1.06%	\$ 2,155
2005	\$ 39,069,475	\$ 7,137,500	\$ 46,206,975	0.99%	\$ 1,955
2004	\$ 13,655,475	\$ 6,550,000	\$ 20,205,475	0.44%	\$ 851

Source: Finance Department , Westerly, Rhode Island

(a) - Total taxable assessed value

**TOWN OF WESTERLY, RHODE ISLAND**  
**Legal Debt Margin Information**  
**Last Ten Years**  
**(unaudited)**

	For the Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total assessed value	\$ 2,754,051,075	\$ 4,599,638,438	\$ 4,675,332,990	\$ 4,727,836,433	\$ 6,332,051,822	\$ 6,421,889,238	\$ 6,490,395,643	\$ 6,145,009,748	\$ 6,223,505,043	\$ 5,887,264,189
Debt Limit (1)	\$ 82,621,532	\$ 137,989,153	\$ 140,259,990	\$ 141,835,093	\$ 189,961,555	\$ 192,656,677	\$ 194,711,869	\$ 184,350,292	\$ 186,705,151	\$ 176,617,926
Amount of Debt Subject to Limit	\$ 13,655,475	\$ 39,069,475	\$ 50,255,250	\$ 64,328,875	\$ 34,079,661	\$ 32,537,459	\$ 34,785,328	\$ 57,013,711	\$ 34,592,621	\$ 32,446,768
Legal Debt Margin	\$ 68,966,057	\$ 98,919,678	\$ 90,004,740	\$ 77,506,218	\$ 155,881,894	\$ 160,119,218	\$ 159,926,541	\$ 127,336,581	\$ 152,112,530	\$ 144,171,158
Legal Debt Margin as a Percentage of the Debt Limit	83.47%	71.69%	64.17%	54.65%	82.06%	83.11%	82.13%	69.07%	81.47%	81.63%

Source: Finance Department, Westerly, Rhode Island

(1) The Town's legal debt margin as set forth by Rhode Island State Statute is limited to three percent of total taxable assessed value

TABLE 12

**TOWN OF WESTERLY, RHODE ISLAND**  
**Demographic and Economic Statistics**  
**Last Ten Years**  
**(unaudited)**

<u>Fiscal Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Education Level in Years of Schooling</u>	<u>School Enrollment</u>	<u>Unemployment</u>
2013	22,787	\$ 30,005.00	39	12	3037	8.0
2012	22,966	\$ 30,777.00	39	12	3021	10.8
2011	22,774	\$ 30,807.00	39	12	3079	9.2
2010	22,787	\$ 30,807.00	39	12	3021	8.9
2009	23,500	\$ 30,777.00	38	12	3180	9.1
2008	23,377	\$ 30,415.00	38	12	3301	7.0
2007	23,408	\$ 29,850.00	37	12	3408	4.3
2006	23,318	\$ 28,466.00	37	12	3489	4.6
2005	23,635	\$ 27,299.00	37	12	3590	4.1
2004	23,739	\$ 26,242.00	37	12	3623	4.0

TABLE 13

**TOWN OF WESTERLY, RHODE ISLAND**  
**Principal Employers**  
**Current and Ten Years Ago**  
**(unaudited)**

<b>2013</b>			<b>2004</b>		
<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Employer</b>	<b>Employees</b>	<b>Rank</b>
Washington Trust Company	475	1	Information is not available		
Westerly Hospital	400	2			
Home Depot	250	3			
Darlington Fabrics	238	4			
Stop & Shop	225	5			
Wal-Mart	225	6			
AGFA Healthcare	200	7			
Ocean House	200	8			
McQuades Market	170	9			
Weekapaug Inn	100	10			

**TOWN OF WESTERLY, RHODE ISLAND**  
**Full-Time Equivalent Town Government Employees by Function/Program**  
**(unaudited)**

For the Fiscal Year Ended June 30,

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>General Government</b>										
Town Council	7	7	7	7	7	7	7	7	7	7
Town Manager	1	1	1	1	1	1	1	1	1	1
Town Solicitor	4	4	4	4	4	4	4	4	4	4
Canvassing	2	2	2	2	2	2	2	2	2	1
Finance	9	9	9	10	10	10	10	10	11	11
City Clerk	5	5	5	5	5	5	6	6	6	6
Planning	4	4	4	4	4	4	4	4	4	4
Assessment	5	5	5	5	6	6	6	6	6	6
Other	16	16	16	16	16	16	15	15	12	12
<b>Public Safety</b>										
Sworn Officers	48	50	50	50	50	51	51	51	50	50
Support	12	12	12	12	12	12	12	12	12	12
<b>Public Health</b>										
Public Works	43	43	43	44	44	44	44	44	44	44
Water & Sewer	29	29	29	30	30	30	30	30	30	30
<b>Public Welfare</b>										
Recreation	1	1	1	1	1	2	2	2	2	0
<b>Public Education</b>										
Teachers	307.2	304	302	300	312	340	336	334	n/a	n/a
Pupil Support	234.63	208	208	191	207	251	255	259	n/a	n/a
Administration	38.28	37	37	37	37	41	37	37	n/a	n/a

**TOWN OF WESTERLY, RHODE ISLAND**  
**Operating Indicators by Function/Program**  
**(unaudited)**

For the Fiscal Year Ended June 30,

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General Government</b>										
Marriage Licenses Issued	212	178	185	196	183	202	182	203	241	n/a
Death Certificates Recorded	325	310	304	334	341	376	340	363	329	n/a
Land Records Recorded	7162	6559	5,237	6,670	6,959	6,271	6,516	8,322	9,916	9,711
Registered Voters	17,422	16,724	16,528	16,381	16,440	16,475	14,544	15,681	15,714	16,564
Elections & Referenda's	2	1	1	1	1	1	1	1	1	1
<b>Planning &amp; Development</b>										
Building Permits Issued	976	693	779	762	750	838	1,021	1,103	937	928
Cost of Construction	\$ 40,874,909	\$ 32,886,917	\$ 41,182,654	\$ 42,232,171	\$ 40,464,863	\$ 91,828,233	\$ 80,837,894	\$ 72,498,608	\$ 66,841,722	\$ 46,560,661
<b>Police</b>										
Arrest	972	997	1,015	1,037	1,236	1,008	1,038	1,121	1,151	1,191
Parking Violations	1,223	1,232	1500+/-	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Calls for Service	30,139	27,355	28,000+/-	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Public Works</b>										
Street Resurfacing (miles)	6.8	7	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Transfer station refuse (tons)	20,390	18,251	16,324	18,182	17,581	25,353	26,497	28,148	31,588	33,663
Transfer station recyclables (tons)	3,541	3,528	3,200	3,632	3,590	3,829	3,996	3,954	n/a	n/a
<b>Parks &amp; Recreation</b>										
Programs Offered	61	63	59	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Beach Passes Issued	2061	2206	2,042	1,941	1,849	1,865	1,875	2,066	1,989	n/a
<b>Education</b>										
Number of Students	2977	3021	3,079	3,021	3,180	3,301	3,408	3,489	3,590	3,623
<b>Water</b>										
New Connections	46	49	53	64	60	110	237	144	158	138
Water Main Breaks	17	25	22	17	28	23	34	17	23	29
Avg daily consumption (thousands of gallons)	3,321	3,297	3,427	3,298	3,867	3,418	3,350	3,434	3,313	3,257
<b>Sewer</b>										
Average daily treatment (thousands of gallons)	2,120	2,020	2,250	2,520	2,670	2,390	2,410	2,850	2,750	2,410
Sewer treatment capacity (thousands of gallons)	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300

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**TOWN OF WESTERLY, RHODE ISLAND**  
**Capital Asset Statistics by Function/Program**  
**(unaudited)**

Function/Program	For the Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	46	46	43	43	41	41	41	42	40	38
<b>Fire</b>										
Fire Prevention is covered by five separate self-taxing Fire Districts										
<b>Public Works</b>										
Streets (miles)	145	145	145	143	143	141	141	141	141	141
Street Lights	3150	3150	3,150	3,150	3,148	3,146	3,144	3,143	3,142	3,140
Register Vehicles	103	103	99	95	93	93	93	93	93	93
<b>Parks &amp; Recreation</b>										
Acreage	85	85	85	85	85	85	85	85	85	85
Parks & Playing Fields	6	6	6	6	6	6	6	6	6	6
Beaches	2	2	2	2	2	2	2	2	2	2
Community Centers	1	1	1	1	0	0	0	0	0	0
Senior Centers	1	1	1	1	1	1	1	1	1	1
Marina	1	1	1	1	1	1	1	1	1	1
Town Forest 54 Acres	1	1	1	1	1	1	1	1	1	1
<b>Public Libraries</b>										
Libraries	1	1	1	1	1	1	1	1	1	1
<b>Schools</b>										
Elementary Schools	4	4	4	4	4	5	5	5	5	5
Middle Schools	1	1	1	1	1	1	1	1	1	1
High Schools	1	1	1	1	1	1	1	1	1	1
School Buses	49	49	49	49	46	38	30	22	15	15
<b>Water</b>										
Water Mains (miles)	207	207	207	206	206	206	202	202	201	200
Fire Hydrants	1085	1085	1085	1064	1047	1037	1023	1004	991	984
Capacity (thousands of gallons)	164	164	164	147	136	135	124	113	107	107
<b>Sewer</b>										
Sanitary Sewers (miles)	61	61	61	61	61	n/a	n/a	n/a	n/a	n/a
Storm sewers (miles)	65	65	65	65	65	65	65	65	65	65
Treatment capacity (thousand gallons)	3300	3300	3300	3300	3300	3300	3300	3300	3300	3300

Source: Town capital asset records and various Town Departments