

TOWN OF LITTLE COMPTON, RHODE ISLAND

ANNUAL FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

TOWN OF LITTLE COMPTON, RHODE ISLAND

Table of Contents

June 30, 2014

	Page
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-12
Basic Financial Statements:	
Government-wide financial statements:	
Statement of net position	13-14
Statement of activities	15-16
Fund financial statements:	
Balance sheet - governmental funds	17
Statement of revenues, expenditures and changes in fund balance - governmental funds	18
Reconciliation of the governmental funds balance sheet to the statement of net position	19
Reconciliation of the governmental funds statement of revenues, expenditures and changes in fund balance to the statement of activities	20
Statement of net position - fiduciary funds	21
Statement of changes in net position - fiduciary funds	22
Notes to basic financial statements	23-55
Required Supplementary Information:	
Budgetary comparison schedules	56-57
Notes to required supplementary information	58
Schedule of funding progress - Municipal Employee Retirement System GASB 27 (Unaudited)	59
Schedule of employer contributions - Municipal Employees Retirement System GASB 27 (Unaudited)	60-61
Schedule of changes in net pension liability and related ratios - Municipal Employees Retirement System GASB 67 (Unaudited)	62
Schedule of employer contributions - Municipal Employees Retirement System GASB 67 (Unaudited)	63
Schedule of investments returns - Municipal employees retirement system GASB 67 (unaudited)	64
Supplementary Information:	
Tax collector's annual report	65-66
Non-Major Governmental Funds:	
Combining balance sheet - total non-major	67
Combining balance sheet - special revenue town	68-71
Combining balance sheet - special revenue school	72-73
Combining balance sheet - permanent trust	74-75
Combining balance sheet - capital projects	76-77
Combining statement of revenues, expenditures and changes in fund balance - total non-major	78
Combining statement of revenues, expenditures and changes in fund balance - special revenue town	79-82
Combining statement of revenues, expenditures and changes in fund balance - special revenue school	83-84
Combining statement of revenues, expenditures and changes in fund balance - permanent trust	85-86
Combining statement of revenues, expenditures and changes in fund balance - capital projects	87-88
Financial operating information fiscal year 2008-2012	89-90
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	91-92

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Little Compton, Rhode Island (the Town) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Little Compton, Rhode Island, as of June 30, 2014, and the respective changes in financial position and, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Continued

Town of Little Compton, Rhode Island

Independent Auditors' Report

Page 2

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Little Compton, Rhode Island's basic financial statements. The supplementary schedules on pages 60 through 85 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules on pages 60 through 85 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2014 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Town's internal control over financial reporting and compliance.

Hague, Sabady & Co. PC

Fall River, Massachusetts
January 16, 2015

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management’s Discussion and Analysis (MD&A)

For the Year Ended June 30, 2014

As management of the Town of Little Compton, Rhode Island (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal years ended June 30, 2014 (FY 2014) and 2013 (FY 2013). We encourage readers to consider the information presented here in conjunction with additional information found within the financial statements.

Financial Highlights

- The General Fund assets, plus deferred outflows of the Town exceeded its liabilities plus deferred inflows as of June 30, 2014 and 2013, \$1,374,352 and \$1,619,809, respectively.
- The School’s operating funds, assets plus deferred outflow, exceeded its liabilities plus deferred inflows as of June 30, 2014 and June 30, 2013 by \$116,382 and \$359,058, respectively.
- The Town's total bonded debt as of June 30, 2014 was \$11,844,882 consisting of \$220,000 of revenue bonds related to the Wastewater Treatment Facility and an \$11,535,000 school renovation revenue bond which contains a \$369,882 bond premium. During 2014, \$160,000 was paid in principal and \$14,999 was paid in interest on the bonds.

Implementation of New GASB Standards

In June 2012, the Governmental Accounting Standards Board (GASB) approved a Statement that reflects substantial changes to the accounting and financial reporting of pension plans. Statement No. 67, Financial Reporting for Pension Plans, addresses financial reporting for state and local government pension plans. Statement No. 67 replaces the requirements of Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans and replaces the requirements of Statement No. 50, Pension Disclosures, for those governments and public pension plans. Under Statement No. 67, an emphasis is put on accounting for pension plans whereas Statement No. 25 dealt more with funding pension plans.

A key change from Statement No. 25 to Statement No. 67 is the measurement of the liability. GASB 25 subtracts the Actuarial Value of Assets from the Actuarial Accrued Liability to achieve the Unfunded Actuarial Accrued Liability. GASB 67 subtracts the Fiduciary Net Position from the Total Pension Liability to attain the Net Pension Liability. The major difference in the measurements is that GASB 25 allows for asset smoothing, whereas, GASB 67 uses the fair value of assets as of the measurement date.

A chart illustrating the difference between the liability measurements as of July 1, 2013, the last measurement date GASB 25 information is available, is noted below.

As of July 1, 2013			
GASB 67 - Accounting Method		GASB 25 - Funding Method	
Total Pension Liability (TPL)	\$ 9,800,400	Actuarial Accrued Liability (AAL)	\$ 9,800,400
		Actuarial Value of Assets (Market Value	
Fiduciary Net Position	8,104,080	including Accrued Contributions)	8,104,080
Net Pension Liability (NPL)	1,696,320	Unfunded Actuarial Accrued Liabilities	1,696,320
Ratio - Fiduciary Net Position/TPL	82.7%	Funded Ratio	82.7%

- Under GASB 25, PSERS’ funded ratio for the pension plan increased from 82.7% at June 30, 2013 to 89.1% as of the latest actuarial valuation dated June 30, 2014. This increase was primarily due to gains on investment assets and employer contributions that were more than the normal cost.
- Under GASB 67, PSERS’ pension plan ratio of fiduciary net position to total pension liability did not change in comparison to the unfunded actuarial accrued liability noted in GASB 25 on the chart above. This is because the assets included in the GASB 25 conversion were recorded using the market value approach as opposed to an actuarial valuation which would have required the smoothing of assets. As the market value of assets was used in measurement, this ratio is more susceptible to volatility.

Continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2014

Implementation of New GASB Standards (Continued)

- The NPL is larger than the UAAL since the Actuarial Value of Assets, which is smoothed, is larger than the Fiduciary Net Position. The Actuarial Value of Assets is larger as the impact of the FY 2009 Great Recession losses are not fully recognized. For funding purposes, PSERS smoothes asset gains and losses over a 10-year period to reduce volatility.
- GASB 67 separates the accounting for pensions from the funding provisions used for the actuarial valuation. GASB 67 has no impact on how pension plans are funded. The assumptions and methods used in the actuarial valuation to establish the employer contribution rate will not change as a result of its implementation.

Overview of the Financial Statements

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

Government-Wide and Fund Financial Statements

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

The government-wide financial statements include two statements:

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

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

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

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

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

Continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2014

Fund Financial Statements

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

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

Governmental Funds

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

The basic governmental fund financial statements can be found on pages 17-20 of this report.

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

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

The Town adopts an annual appropriated budget for its General Fund. Budgetary comparison schedules have been provided for the General Fund and School Department to demonstrate compliance with budgets and are presented on pages 56-58 of this report.

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

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

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

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2014

Fiduciary Funds

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

The Town maintains the following two types of fiduciary funds:

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-55 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information includes a schedule detailing the Town's progress in funding its pension and other postemployment benefit obligations, as well as budgetary comparison schedules for the General Fund and the School Department to demonstrate compliance with their respective budgets. Required supplementary information can be found on pages 56-64 of this report.

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, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$5,187,254 and \$6,223,213 as of June 30, 2014 and 2013, respectively. This decrease was primarily due to a decrease in program revenues and increases in public safety and education operating expenses.

At June 30, 2014, one of the largest portions of the Town's total net position reflects its investment in capital assets (e.g., land, construction in progress, land improvements, infrastructure, building and improvements, office equipment, computer equipment and software, vehicles, machinery and equipment, and textbooks and library books), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to its residents; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2014

Government-Wide Financial Analysis (Continued)

Town of Little Compton's Net Assets - Primary Government

	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>
Assets			
Current assets	\$ 2,888,703	\$ 11,097,226	\$ (8,208,523)
Capital assets	<u>16,033,999</u>	<u>8,127,827</u>	<u>7,906,172</u>
Total assets	<u>18,922,702</u>	<u>19,225,053</u>	<u>(302,351)</u>
Deferred Outflows of Resources			
None	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities			
Current liabilities	1,059,100	11,632,194	(10,573,094)
Long-term liabilities	<u>12,676,348</u>	<u>1,369,646</u>	<u>11,306,702</u>
Total liabilities	<u>13,735,448</u>	<u>13,001,840</u>	<u>733,608</u>
Deferred Inflows of Resources			
None	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Net Position			
Investment in capital assets, net of related debt	3,857,981	4,155,768	(297,787)
Restricted	536,277	1,394,434	(858,157)
Unrestricted	<u>792,996</u>	<u>673,011</u>	<u>119,985</u>
Total net position	<u>\$ 5,187,254</u>	<u>\$ 6,223,213</u>	<u>\$ (1,035,959)</u>

As of June 30, 2014 and 2013, cash and investments totaled \$1,706,413 and \$9,577,524, respectively, for the primary government.

The Town's net position decreased by \$1,035,959 in 2014 and decreased by \$910,045 in 2013.

The majority of general revenues are tax collections from the Town's taxpayers, which represents 83% of total revenues for both fiscal years 2014 and 2013.

The Town's most significant expense is education, which in 2014 represented 78% of total expenses, followed by public safety at 9%.

Continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2014

Government-Wide Financial Analysis (Continued)

	2014	2013	\$ Change
Revenues			
Program Revenues:			
Charges for service	\$ 864,018	\$ 471,677	\$ 392,341
Operating grants & contributions	396,674	1,154,466	(757,792)
Capital grants & contributions	86,452	79,963	6,489
General Revenues:			
Property taxes	10,365,637	10,118,952	246,685
Motor vehicle phase-out	24,136	23,382	754
Medicaid reimbursement	11,845	14,173	(2,328)
General state aid	586,598	223,265	363,333
Donation revenue	16,025	-	16,025
Meal tax	39,719	41,787	(2,068)
Telephone tax	43,866	-	43,866
Earnings on investments	7,631	26,424	(18,793)
Miscellaneous	16,940	18,848	(1,908)
Total revenue	12,459,541	12,172,937	286,604
Expenditures			
General government	1,830,040	1,984,320	(154,280)
Finance administration	151,988	149,003	2,985
Public safety	2,216,119	1,826,010	390,109
Education	19,726,849	7,789,248	11,937,601
Public works	451,470	456,233	(4,763)
Transfer station	172,072	150,143	21,929
Parks, recreation, and other services	400,883	711,130	(310,247)
Interest on debt	225,961	16,895	209,066
Total expenses	25,175,382	13,082,982	12,092,400
Increase(decrease) in net assets before transfers	(12,715,841)	(910,045)	(11,805,796)
Bond Issuance proceeds	11,679,882	-	11,679,882
Increase(decrease) in net assets	(1,035,959)	(910,045)	(125,914)
Net assets-beginning of year	6,223,213	7,133,258	(910,045)
Net assets-end of year	\$ 5,187,254	\$ 6,223,213	\$ (1,035,959)

Component Unit. The assets plus deferred outflows of the Town's Component Unit, the Agricultural Trust, exceeded its liabilities plus deferred inflows by \$20,548,065. Net position invested in capital assets, net of related debt, comprises \$17,483,728, or 85% of total net position. The remaining balance of net position of the Agricultural Trust, totaling \$3,064,337, is unrestricted.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2014

Government-Wide Financial Analysis (Continued)

Financial Analysis of Governmental Funds

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

As of June 30, 2014, the Town's governmental funds reported combined fund balances of \$2,087,175 of which \$1,148,462 constitutes unassigned fund balance, which is available for spending at the Town's discretion, \$274,958 constitutes committed and assigned fund balance, which has been designated by the Town Council for specific purposes. \$526,277 is restricted by outside parties to be used for specific purposes. The remainder of the fund balance is nonspendable, representing amounts legally required to be maintained intact, unexpendable inventory or prepaid items. As of June 30, 2013, the governmental funds reported combined fund balances of \$(623,483).

The General Fund had a fund balance of \$1,374,352 and \$1,619,809 at June 30, 2014 and 2013, respectively.

The School's operating fund balance is \$116,382 and \$359,058 at June 30, 2014 and 2013, respectively. The decrease is primarily a result of initial costs related to the school renovation project.

The fund balance (deficit) of the Nonmajor Governmental Funds is \$596,441 and \$(2,602,350) as of June 30, 2014 and 2013, respectively. This significant increase is primarily due to short term borrowing in the prior year related to the school renovation project which were long term in the current year.

General Fund Budgetary Highlights

During fiscal year 2014, the actual charges to appropriations (expenditures) were lower than the final budgeted amounts by \$12,182 for the general fund, but exceeded budgeted amounts by \$105,007 for the school unrestricted fund. For 2013, the actual charges to appropriations (expenditures) were lower than the final budgeted amounts by \$54,609 and \$190,923 for the general fund and school unrestricted fund, respectively.

For 2014, revenues were \$156,354 less than budgeted amounts for the general fund and \$660 in excess of the budgeted amounts for the school unrestricted fund. For 2013, revenues were \$80,272 and \$22,717 in excess of the budgeted amounts for the general fund and school unrestricted fund, respectively.

General Fund Actual Comparisons (GAAP Basis)

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

Total revenues were \$156,354 lower than budgeted primarily due to the following.

- \$45,000 less collected than anticipated for real estate transfer fees.
- \$77,639 less collected than anticipated for general property taxes.

Total expenditures were lower than anticipated by \$12,182 primarily due to the following:

- \$40,572 less spent than budgeted on other post employment benefits.
- \$32,412 more spent than budgeted on roadside utility work.

Continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2014

Capital Asset Administration

Capital Assets

The Town's investment in capital assets for governmental activities as of June 30, 2014 amounts to \$16,033,999, net of accumulated depreciation. The following is a summary of capital assets, net of accumulated depreciation where applicable, as of June 30, 2014 and 2013.

	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>
Primary government:			
Land	\$ 548,179	\$ 548,179	\$ -
Construction in progress	-	3,488,380	(3,488,380)
Land improvements, net	642,045	660,641	(18,596)
Building & improvements, net	13,454,755	1,911,356	11,543,399
Infrastructure, net	466,416	394,264	72,152
Machinery and equipment, net	563,176	661,206	(98,030)
Office equipment and furniture, net	7,142	10,594	(3,452)
Technology equipment, net	95,594	84,968	10,626
Vehicles, net	197,533	296,446	(98,913)
Textbooks and library books, net	<u>59,159</u>	<u>71,793</u>	<u>(12,634)</u>
 Total primary government	 <u>\$ 16,033,999</u>	 <u>\$ 8,127,827</u>	 <u>\$ 7,906,172</u>
 Component unit	 <u>\$ 17,483,728</u>	 <u>\$ 16,959,276</u>	 <u>\$ 524,452</u>

Additional information on the Town's capital assets may be found starting on page 33 of the notes to the financial statements.

Debt Administration

Debt Administration

The town's outstanding debt for governmental activities as of June 30, 2014 amounts to \$13,074,023. The following is a summary of outstanding debt as of June 30, 2014 and 2013.

	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>
Primary government:			
Capital leases	\$ 107,243	\$ 156,998	\$ (49,755)
Bonds and notes payable	11,844,882	10,125,000	1,719,882
Compensated absences	235,609	281,594	(45,985)
Pension obligation, net	442,467	454,962	(12,495)
Other post employment benefit obligations, net	<u>443,822</u>	<u>410,602</u>	<u>33,220</u>
 Total primary government	 <u>\$ 13,074,023</u>	 <u>\$ 11,429,156</u>	 <u>\$ 1,644,867</u>

Continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2014

Factors Bearing on the Town's Future

The Town continues to experience a challenging budgeting environment due to the rising cost of education, health care, and pension benefits which must be funded while facing a limited ability to generate additional revenue. The State of Rhode Island (State), in an effort to balance its own budget, continues to reduce and/or eliminate both State and school aid. In addition, the State has mandated a cap for property tax increases of 4.00% in FY2014. The combination of rising costs of certain expenditures and the ability to raise additional revenue creates difficulties in addressing new or unexpected expenditures.

Key issues for the Town's future are an increased focus on defining/planning for long-term needs and reducing reliance on tax-based revenues. Mitigating the increase in health care costs, proper funding of other postemployment benefits (OPEB) and modifying the Town and School Union contracts are of primary concern and must be addressed in order to implement measures to balance revenues and expenses without tax rate increases. In response, the Town Council, in concert with the Business Manager and the Department heads, has included these matters as primary among its duties. The Police, Fire and Municipal Employees contracts were renegotiated for the period from July 1, 2012 through June 30, 2015 and include employee pension contributions of 7% of salary for those employees hired after July 1, 2012.

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

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

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

The Business Manager and Budget Committee are focusing on:

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

Continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2014

Factors Bearing on the Town's Future (continued)

During FY2013, the School Committee, the School Building Committee and the Town Council approved the construction/renovation of the Wilbur & McMahon School (the Project). The electors of the Town, at a referendum on May 1, 2012, approved the issuance of not more than \$11,310,000 in bonds/notes to finance the Project. It was anticipated that the bond term would be 20 years at an interest rate of less than 5% with the State reimbursing 40% of principal and interest over the term of the bond. On December 13, 2012, the Town issued a Bond Anticipation Note (BAN) for \$9,800,000 in order to cover construction costs until such time as a bond is issued through Rhode Island Health and Educational Building Corporation (RIHEBC) for the cost of the Project. The School Committee engaged the services of architect for the design of the Project at an estimated cost of \$750,000. The Town and School Committee voted to select and signed ADS Construction as the contractor for the project with bid price of \$10,100,000. Additionally, the School Department opted to utilize approximately \$1,100,000 of its accumulated surplus to fund nonconstruction-related costs such as temporary classroom costs, etc. See Note 10 of the financial statements on page 51.

During FY 2013, the Town had short-term borrowing of \$9,800,000 which was intended to be paid back with long-term debt in order to fund the construction of school infrastructure. On December 10, 2013, the Town paid off this \$9,800,000 and obtained a long-term bond in the amount of \$11,310,000, which will require level debt payments of approximately \$850,000 per year for twenty years. Bond proceeds will finance health and safety school projects at Wilbur and McMahon Schools including emergency repairs and code compliance. The projects have been approved by the Rhode Island Department of Education at an expected reimbursement rate of 40%.

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

Contacting the Town's Financial Management

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

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Statement of Net Position

June 30, 2014

	Primary Government	Component Units
	Governmental	Agricultural
	Activities	Trust
ASSETS		
Cash	\$ 1,559,515	\$ 886,313
Investments	146,898	2,207,682
Receivables, net		
Personal property taxes	615,849	
Intergovernmental	31,072	
Agricultural trust	19,514	
Departmental and other	178,732	
Prepaid expenses	93,896	
Payroll paid in advance	84,080	
Inventory	35,776	
Due from other funds	123,371	
Capital assets:		
Land and land easements	548,179	17,483,728
Construction in progress	-	
Infrastructure, net	466,416	
Building and building improvements, net	13,454,755	
Land improvements, net	642,045	
Vehicles, net	197,533	
Machinery and equipment, net	563,176	
Furniture and fixtures, net	7,142	
Technology equipment, net	95,594	
Textbooks and library books, net	59,159	-
	16,033,999	17,483,728
Total capital assets		
	18,922,702	20,577,723
	18,922,702	20,577,723
DEFERRED OUTFLOWS OF RESOURCES		
None	-	-
	-	-
Total assets and deferred outflows of resources	\$ 18,922,702	\$ 20,577,723

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Statement of Net Position

June 30, 2014

	Primary Government Governmental Activities	Component Units Agricultural Trust
LIABILITIES		
Accounts payable and accrued expenses	\$ 314,161	\$ 10,144
Accrued interest	223,893	
Due to other funds	123,371	19,514
Current portion of capital leases	52,290	
Current portion of bonds and notes payable	320,330	
Current portion of compensated absences	25,055	
Portion due or payable in more than one year:		
Capital leases	54,953	
Bonds and notes payable	11,524,552	
Compensated absences	210,554	
Pension obligation, net	442,467	
Other post-employment benefit obligation, net	443,822	-
Total liabilities	13,735,448	29,658
DEFERRED INFLOWS OF RESOURCES		
None	-	-
NET POSITION		
Invested in capital assets, net of related debt	3,857,981	\$ 17,483,728
Restricted	536,277	-
Unrestricted	792,996	3,064,337
Total liabilities, deferred inflows of resources, and net position	\$ 18,922,702	\$ 20,577,723

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Statement of Activities

For the Year Ended June 30, 2014

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>	<u>Component Unit Agricultural Trust</u>
Governmental Activities						
General government	\$ 1,830,040	\$ 256,602	\$ 9,986	\$ -	\$ (1,563,452)	\$ -
Finance administration	151,988	-	-	-	(151,988)	
Public safety	2,216,119	270,062	19,305	-	(1,926,752)	
Education	19,726,849	14,687	281,681	65,216	(19,365,265)	
Public works	451,470	127,242	34,002	-	(290,226)	
Transfer station	172,072	28,081	-	-	(143,991)	
Parks, recreation, and other services	400,883	167,344	51,700	21,236	(160,603)	
Interest on debt	225,961	-	-	-	(225,961)	-
	<u>25,175,382</u>	<u>864,018</u>	<u>396,674</u>	<u>86,452</u>	<u>(23,828,238)</u>	<u>-</u>
Component Unit						
Agricultural Trust	<u>84,423</u>	<u>991,689</u>	<u>-</u>	<u>1,700</u>	<u>-</u>	<u>908,966</u>
Total Town of Little Compton	<u>\$ 25,259,805</u>	<u>\$ 1,855,707</u>	<u>\$ 396,674</u>	<u>\$ 88,152</u>	<u>\$ (23,828,238)</u>	<u>\$ 908,966</u>

The accompany notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Statement of Activities

For the Year Ended June 30, 2014

	Primary Government Governmental Activities	Component Unit Agricultural Trust
General revenues		
Real estate and personal property, net of reserve for abatement	\$ 10,365,637	\$ -
Motor vehicle phase-out	24,136	
Medicaid reimbursement	11,845	
General state aid	586,598	
Donation revenue	16,025	
Meal tax	39,719	
Telephone tax	43,866	
Earnings on investments	7,631	6,032
Miscellaneous	16,940	-
Total general revenues	11,112,397	6,032
Special Item - bond issuance proceeds	11,679,882	-
Changes in net position	(1,035,959)	914,998
Net position - July 1, 2013	6,223,213	19,633,067
Net position - June 30, 2014	\$ 5,187,254	\$ 20,548,065

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Balance Sheet - Governmental Funds

June 30, 2014

	<u>Major Funds</u>		<u>Non-Major</u>	<u>Total</u>
	<u>General Fund</u>	<u>School Unrestricted</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
Assets				
Cash	\$ 1,246,013	\$ (104,779)	\$ 418,281	\$ 1,559,515
Investments	232		146,666	146,898
Receivables:				-
Property taxes, less reserve for abatements	615,849	-	-	615,849
Intergovernmental	-	1,104	29,968	31,072
Agricultural trust	19,514	-	-	19,514
Other	7,102	106,489	65,141	178,732
Prepaid expenses	1,910	91,986	-	93,896
Payroll paid in advance	-	84,080	-	84,080
Inventories	35,492	-	284	35,776
Due from other funds	<u>50</u>	<u>80,773</u>	<u>42,548</u>	<u>123,371</u>
Total assets	<u>1,926,162</u>	<u>259,653</u>	<u>702,888</u>	<u>2,888,703</u>
Deferred Outflows of Resources				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources and assets	<u>\$ 1,926,162</u>	<u>\$ 259,653</u>	<u>\$ 702,888</u>	<u>\$ 2,888,703</u>
Liabilities				
Accounts payable and accrued expenses	\$ 150,189	\$ 120,394	\$ 43,578	\$ 314,161
Due to other funds	<u>37,625</u>	<u>22,877</u>	<u>62,869</u>	<u>123,371</u>
Total Liabilities	<u>187,814</u>	<u>143,271</u>	<u>106,447</u>	<u>437,532</u>
Deferred Inflows of Resources				
Unearned tax revenue	<u>363,996</u>	<u>-</u>	<u>-</u>	<u>363,996</u>
Total deferred inflows of resources	<u>363,996</u>	<u>-</u>	<u>-</u>	<u>363,996</u>
Fund balance				
Nonspendable				
Legally required	-	-	10,000	10,000
Inventory and prepaids	35,492	91,986	-	127,478
Restricted	-	-	526,277	526,277
Committed	-	-	-	-
Assigned	122,934	24,396	127,628	274,958
Unassigned	<u>1,215,926</u>	<u>-</u>	<u>(67,464)</u>	<u>1,148,462</u>
Total fund balance	<u>1,374,352</u>	<u>116,382</u>	<u>596,441</u>	<u>2,087,175</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,926,162</u>	<u>\$ 259,653</u>	<u>\$ 702,888</u>	<u>\$ 2,888,703</u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

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

For the Year Ended June 30, 2014

	<u>Major Fund</u>		<u>Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Unrestricted</u>	<u>Funds</u>	<u>Funds</u>
Revenues				
General property taxes and penalties	\$ 10,341,226	\$ -	\$ -	\$ 10,341,226
Intergovernmental	146,222	365,270	443,648	955,140
Donation revenues	12,325		3,700	16,025
Departmental and other revenue			365,518	365,518
Licenses, permits, and fees	354,113			354,113
Beach receipts	167,344			167,344
Investment income	907		7,053	7,960
State contribution to teachers' pension plan		198,908		198,908
Miscellaneous	<u>16,521</u>	<u>12,375</u>	<u>-</u>	<u>28,896</u>
Total revenue	<u>11,038,658</u>	<u>576,553</u>	<u>819,919</u>	<u>12,435,130</u>
Expenditures				
General government	1,731,270		110,590	1,841,860
Financial administration	151,988			151,988
Public safety	1,698,993		365,168	2,064,161
Education	121,889	6,982,486	9,027,742	16,132,117
Public works	478,960		-	478,960
Transfer station	172,072			172,072
Parks, recreation, and other services	312,944		75,253	388,197
Debt service:				
Principal payments	160,000			160,000
Interest and fiscal charges	<u>14,999</u>	<u>-</u>	<u>-</u>	<u>14,999</u>
Total expenditures	<u>4,843,115</u>	<u>6,982,486</u>	<u>9,578,753</u>	<u>21,404,354</u>
Excess (deficiency) of revenues over expenditures	6,195,543	(6,405,933)	(8,758,834)	(8,969,224)
Other financing sources (uses)				
Bond proceeds			11,679,882	11,679,882
Transfers in	11,000	6,321,000	296,882	6,628,882
Transfers out	<u>(6,452,000)</u>	<u>(157,743)</u>	<u>(19,139)</u>	<u>(6,628,882)</u>
Other financing sources (uses)	<u>(6,441,000)</u>	<u>6,163,257</u>	<u>11,957,625</u>	<u>11,679,882</u>
Excess of revenue and other sources over expenditures and other uses	(245,457)	(242,676)	3,198,791	2,710,658
Fund balance, July 1, 2013	<u>1,619,809</u>	<u>359,058</u>	<u>(2,602,350)</u>	<u>(623,483)</u>
Fund balance, June 30, 2014	<u>\$ 1,374,352</u>	<u>\$ 116,382</u>	<u>\$ 596,441</u>	<u>\$ 2,087,175</u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

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

June 30, 2014

Total governmental fund balances	\$ 2,087,175
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	16,033,999
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	363,996
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(223,893)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds	
Bonds and notes payable	(11,844,882)
Compensated absences	(235,609)
Pension obligation	(442,467)
Other postemployment benefits	<u>(443,822)</u>
Net position of governmental activities	<u>\$ 5,187,254</u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

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

For the Year Ended June 30, 2014

Net change in fund balances - total governmental funds	\$ 2,710,658
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	7,906,172
Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.	24,411
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(11,470,127)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.	(210,962)
The pension obligation expense reported in the statement of activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds	12,495
The other postemployment benefit expense reported in the statement of activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds	(33,220)
Some expenses reported in the Statement of Activities, such as compensated absences does not require the current financial resources, and therefore, are not reported as expenditures in the governmental funds.	<u>24,614</u>
Change in net position of governmental position	<u>\$ (1,035,959)</u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Statement of Net Position - Fiduciary Funds

June 30, 2014

	Pension Trust Fund	Agency Funds Student Activity	Total
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and investments	\$ -	\$ 8,360	\$ 8,360
Investments:			
Mututal funds	2,823,178		2,823,178
Collective funds	<u>6,043,025</u>	<u>-</u>	<u>6,043,025</u>
 Total assets	 <u>\$ 8,866,203</u>	 <u>\$ 8,360</u>	 <u>\$ 8,874,563</u>
 Liabilities			
Deposits held	<u>\$ -</u>	<u>\$ 8,360</u>	<u>\$ 8,360</u>
 Total liabilities	 <u>-</u>	 <u>8,360</u>	 <u>8,360</u>
 Net Position			
Held in trust for pension benefits	<u>8,866,203</u>	<u>-</u>	<u>8,866,203</u>
 Total net position	 <u>8,866,203</u>	 <u>-</u>	 <u>8,866,203</u>
 Total liabilities and net position	 <u>\$ 8,866,203</u>	 <u>\$ 8,360</u>	 <u>\$ 8,874,563</u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Statement of Changes in Net Position - Fiduciary Funds

For the Year Ended June 30, 2014

	<u>Pension Trust Fund</u>
Additions	
Contributions:	
Employee contributions	\$ 20,624
Employer contributions	<u>642,843</u>
Total contributions	<u>663,467</u>
Net investment income:	
Dividends and interest	81,092
Capital gains/(losses)	32,689
Net appreciation in fair value of investments	<u>1,109,572</u>
Total investment income	1,223,353
Less investment expense	<u>47,815</u>
Net investment income	1,175,538
Total additions	<u>1,839,005</u>
Deductions	
Retirement benefits	<u>656,646</u>
Total deductions	656,646
Change in net position	1,182,359
Net position, July 1, 2013	<u>7,683,844</u>
Net position, June 30, 2014	<u><u>\$ 8,866,203</u></u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 1: Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

Component Unit

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

B. Basic Financial Statements - Government-Wide Statements

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

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

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

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

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

C. Basic Financial Statements - Fund Financial Statements

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

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

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

1. Governmental Funds

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

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

2. Fiduciary Funds

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

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Implementation of New Accounting Principles:

For the year ending June 30, 2014, the School Department implemented the following pronouncements issued by the GASB:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (early implementation in fiscal year 2013)
- GASB Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Management elected to implement this GASB Statement during fiscal year 2013 (early implementation) in order to improve financial reporting by clarifying the appropriate use of the financial statement elements (deferred outflows of resources and deferred inflows of resources) to ensure consistency in financial reporting.

The implementation of GASB Statement No.'s 66 and 70 had no material reporting impact for the District.

E. Financial Statement Amounts

Cash and cash equivalents:

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

Investments:

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

Use of estimates:

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Property taxes:

Real and personal property taxes are based on assessed values as of December 31st and a tax rate based on an approved levy at the annual town meeting in May. Once levied, these taxes are recorded as receivables, net of estimated uncollectible amounts. In the governmental fund financial statements, property tax revenues have been recorded using the modified accrual basis of accounting. Under the modified accrual basis, real estate, personal property and other excise taxes levied are recorded as receivables in the fiscal year of the levy and as revenue when collected within the current year or expected to be collected within 60 days after the end of the current year. Taxes not collected within this time period are classified as deferred inflows of resources. Deferred inflows of resources are those where asset recognition has been met for which revenue criteria have not been met. The government-wide financial statements recognize property tax revenue when taxes are levied net of estimated abatements and exemptions.

For 2013, Rhode Island General Law restricts the Town's ability to increase its total tax levy by more than 4.00%.

Farm, Forest and Open Space:

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

Intergovernmental:

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

These receivables are considered 100% collectible; therefore, the Town has not reported an allowance for uncollectible grants.

Capital assets:

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Net interest costs related to construction projects are capitalized during the construction period. Such costs were not considered material during fiscal 2014.

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

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Capital Assets (Continued)

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

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

Encumbrances:

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

Compensated absences:

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

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

Long-term obligations:

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

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Fund Balance/Net Position:

Government-wide financial statements:

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

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

Governmental fund financial statements:

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

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

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

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Governmental fund financial statements (continued):

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

Interfund transactions:

Transactions between funds have been eliminated in the government-wide financial statements but fully presented within the governmental fund financial statements with no eliminations made between or within funds. Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Interfund receivables and payables are classified as "due from other funds" or "due to other funds."

Indirect expense allocation:

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

F. Budget Requirements, Accounting and Reporting

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

Actual revenue and expenditures in the budgetary basis statements of revenues and expenditures for the General Fund and the School Department are presented on the budgetary basis which includes the net effect of not budgeting for certain other items. Thus, the actual revenues and expenditures differ from those in the governmental fund financial statements which are presented in accordance with accounting principles generally accepted in the United States.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 2: Cash and Investments

A. Cash and Cash Equivalents

Deposits are in various financial institutions and are carried at cost, or fair value in the case of pooled deposits for trust funds.

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

At June 30, 2014, the carrying amount of the Town's deposits, including the component unit, was \$2,454,188 and the bank balance was \$3,586,764. Of the bank balance, \$655,309 was uninsured and uncollateralized, \$871,783 was under FDIC, and \$2,059,672 was collateralized under an agreement with Washington Trust.

At June 30, 2014, deposits are categorized as follows:

	Insured/ Collateralized in Town's Name	Total Bank Balance	Carrying Amount
Demand Deposit	\$ 1,999,647	\$ 2,654,957	\$ 1,532,668
Money Market	931,808	931,807	920,845
Petty Cash	-	-	675
Total Cash and Equivalents	\$ 2,931,455	\$ 3,586,764	\$ 2,454,188

B. Investments

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

Investment Type	Carrying Amount	Maturities
Primary Government:		
Stock	\$ 5,668	N/A
Certificate of Deposit	12,605	11/14/2014
Certificate of Deposit	17,823	12/27/2014
LCPD Drug Forfeiture	110,569	Revolving
General Fund Investment	233	Revolving
Agricultural Conservancy Trust	2,207,682	Revolving
Total Investments	\$ 2,354,580	

Investment Type	Carrying Amount
Pension Trust Fund:	
Mutual Funds	\$ 2,823,178
Collective Funds	6,043,025
	\$ 8,866,203

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 2: Cash and Investments (Continued)

B. Investments (Continued)

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

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At June 30, 2014, the Town's investments were unrated.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The investments listed below represent 5% or more of total investments, as well as investments that represent 5% or more of the Pension Trust Fund's net position available for benefits.

Wilmington Trust First Eagle Sogen Over A	798,366
Wilmington Trust PIMCO Total Return A	1,290,096
Wilmington Trust Thornburg International Value	734,717
Wilmington Trust Large Company Domestic Growth	1,197,351
Wilmington Trust Large Company Value	1,217,231
Wilmington Trust Money Market	6,530
Wilmington Trust S&P 500 Index	889,946
Wilmington Trust Small Company Growth	501,329
Wilmington Trust Small Company Value	561,462
Wilmington Trust Strategic Bond	1,457,736
Wilmington Trust Total Return REIT	247,312

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 3: Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

Government Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land & easements	\$ 548,179	\$ -	\$ -	\$ 548,179
Construction & infrastructure in progress	3,488,380	-	(3,488,380)	-
Total capital assets not being depreciated:	<u>4,036,559</u>	<u>-</u>	<u>(3,488,380)</u>	<u>548,179</u>
Capital assets being depreciated:				
Infrastructure	421,352	82,645		503,997
Buildings & building improvements	3,749,007	11,926,433		15,675,440
Land improvements	740,717			740,717
Vehicles	662,969	28,785	(58,882)	632,872
Machinery & equipment	1,482,313	33,135	(5,500)	1,509,948
Furniture & fixtures	97,681			97,681
Technology equipment	485,623	51,536		537,159
Textbooks & library books	398,748	6,833	-	405,581
Total capital assets, being depreciated:	<u>8,038,410</u>	<u>12,129,367</u>	<u>(64,382)</u>	<u>20,103,395</u>
Accumulated depreciation:				
Infrastructure	27,088	10,493		37,581
Buildings & building improvements	1,837,651	383,034		2,220,685
Land improvements	80,076	18,596		98,672
Vehicles	366,523	106,655	(37,839)	435,339
Machinery & equipment	821,107	131,165	(5,500)	946,772
Furniture & fixtures	87,087	3,452		90,539
Technology equipment	400,655	40,910		441,565
Textbooks & library books	326,955	19,467	-	346,422
Total accumulated depreciation:	<u>3,947,142</u>	<u>713,772</u>	<u>(43,339)</u>	<u>4,617,575</u>
Total capital assets being depreciated, net	<u>4,091,268</u>	<u>11,415,595</u>	<u>(21,043)</u>	<u>15,485,820</u>
Governmental activities capital assets, net	<u>\$ 8,127,827</u>	<u>\$ 11,415,595</u>	<u>\$ (3,509,423)</u>	<u>\$ 16,033,999</u>

For the year ended June 30, 2014, depreciation was charged to the following functions:

Governmental activities:	
General government	\$ 24,732
Public safety	232,718
Public works	49,751
Education	387,052
Parks, recreation, and other services	19,519
Total governmental activities depreciation expense	<u>\$ 713,772</u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 4: Short-Term Debt

Governmental Activities:

	Maturity Dates	Balance 7/1/2013	Increases	Decreases	Balance 6/30/2014	Interest Rate	Interest Paid
Bond Anticipation Note	6/28/2013	\$ 9,800,000	\$ -	\$ 9,800,000	\$ -	0.68%	\$ 66,455
		<u>\$ 9,800,000</u>	<u>\$ -</u>	<u>\$ 9,800,000</u>	<u>\$ -</u>	NA	<u>\$ 66,455</u>

Primary Government:

Under state law and by authorization of the Town Council, the Town is authorized to borrow on a temporary basis to fund the following:

Special revenue, capital projects and enterprise fund costs incurred prior to obtaining permanent financing through the issuance of bond anticipation notes BANS and federal and state aided capital projects and other program expenditures prior to receiving reimbursement through the issuance of federal and state aid anticipation notes (FAANS and SAANS).

NOTE 5. Long-term Obligations

Changes in the long-term obligations of governmental activities during the year ended June 30, 2014 were as follows:

	Balance, July 1, 2013	Additions	Retirements	Balance, June 30, 2014	Due within one year
Bonds payable:					
General obligation bonds	\$ 105,000	\$ -	\$ 105,000	\$ -	\$ -
Revenue Bonds - WWTP	220,000	-	55,000	165,000	55,000
Revenue Bonds - RIHEBC	<u>-</u>	<u>11,310,000</u>	<u>-</u>	<u>11,310,000</u>	<u>225,000</u>
Total bonds payable	325,000	11,310,000	160,000	11,475,000	280,000
Premium on revenue bonds-RIHEBC	<u>-</u>	<u>369,882</u>	<u>-</u>	<u>369,882</u>	<u>40,330</u>
Capital leases	156,998	-	49,755	107,243	52,290
Accrued compensated absences	<u>260,223</u>	<u>-</u>	<u>24,614</u>	<u>235,609</u>	<u>25,055</u>
Total long-term obligations	<u>\$ 742,221</u>	<u>\$11,679,882</u>	<u>\$ 234,369</u>	<u>\$12,187,734</u>	<u>\$ 397,675</u>

Compensated absences have typically been liquidated in the General and School Department governmental funds.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 5. Long-term Obligations (Continued):

General Obligations Bonds (Continued):

At a Special Financial Town Meeting in fiscal year 2007, the Town approved the issuance of \$550,000 of revenue bonds. The bonds, dated May 16, 2007, are due October 1, 2008 to June 30, 2017. The bonds provide for a varying interest rate with a yield of 4.00%. Interest is due semiannually on October 1st and April 1st.

	<u>Date issued</u>	<u>Maturity date</u>	<u>Amount issued</u>	<u>Interest rate</u>	<u>Balance, July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2014</u>	<u>Interest paid</u>
General obligation bonds	1/1/99	1/1/14	\$ 3,010,000	4.13%	\$ 105,000	\$ -	\$ 105,000	\$ -	\$ 4,725
Revenue Bonds - WWTP	5/16/07	6/30/17	550,000	4.00%	220,000	-	55,000	165,000	10,275
Revenue Bonds - RIHEBC	12/10/13	5/15/34	11,310,000	3.16% - 4.25%	-	11,310,000	-	11,310,000	-
					<u>\$ 325,000</u>	<u>\$ 11,310,000</u>	<u>\$ 160,000</u>	<u>\$ 11,475,000</u>	<u>\$ 15,000</u>

At a Financial Town, meeting in fiscal year 2013, the Town approved the issuance of \$11,310,000 of revenue bonds. The bonds, dated December 10, 2013, are due November 15, 2014 to June 03, 2034. The bonds provide for a varying interest rate with a yield of 4.1063%. Interest is due semiannually on November 15th and May 15th.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 280,000	\$ 633,407	\$ 913,407
2016	475,000	438,275	913,275
2017	490,000	422,725	912,725
2018	450,000	406,975	856,975
2019	455,000	395,975	850,975
2020-2024	2,500,000	1,762,124	4,262,124
2025-2029	3,055,000	1,199,739	4,254,739
2030-2034	<u>3,770,000</u>	<u>492,324</u>	<u>4,262,324</u>
	<u>\$ 11,475,000</u>	<u>\$ 5,751,544</u>	<u>\$ 17,226,544</u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 5. Long-Term Obligations (Continued):

Capital Leases:

The Town's obligation for capital leases is recorded in the government-wide financial statements. Changes in the Town's capital leases during the year ended June 30, 2014 were as follows:

Capital lease obligations outstanding at June 30, 2014 are as follow:

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

<u>Year ending June 30,</u>	<u>Amount</u>
2015	\$ 57,754
2016	<u>57,754</u>
Minimum lease payments	115,508
Less interest portion	<u>8,265</u>
Total principal portion due	<u>\$ 107,243</u>

The gross amount of assets capitalized under capital leases is \$519,538.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 6. Fund Balance Classification

	<u>Major Funds</u>		<u>Non-Major Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>School Unrestricted</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Trust</u>	
Fund Balances:						
Nonspendable:						
Corpus of endowment funds	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
In Form	35,492	91,986				127,478
Restricted for:						
General government			48,224		9,792	58,016
Cemetery costs					89,618	89,618
Educational purposes		24,396			18,399	42,795
Public works operations			76,550			76,550
Public safety operations			271,601			271,601
Community development			12,093			12,093
Assigned to:						
Public safety operations	2,294					2,294
General government	120,640		14,139	43,826		178,605
Capital expenditures				58,427		58,427
Recreational, library, and other purposes				11,236		11,236
Unassigned:	1,215,926	-	(33,608)	(33,856)	-	1,148,462
	<u>\$ 1,374,352</u>	<u>\$ 116,382</u>	<u>\$ 388,999</u>	<u>\$ 79,633</u>	<u>\$ 127,809</u>	<u>\$ 2,087,175</u>

Continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 7. Interfund Transactions

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

	Due from Other Funds	Due to Other Funds	Other Financing Sources	Other Financing Uses
<u>Major Governmental Funds</u>				
General fund	\$ 50	\$ 37,625	\$ 11,000	\$ 6,452,000
School unrestricted fund	80,773	22,877	6,321,000	157,743
<u>Non-Major Governmental Funds</u>				
Special revenue funds	14,383	62,819	74,634	9,139
Permanent Funds		50		
Capital projects	28,165	-	222,248	10,000
Totals	\$ 123,371	\$ 123,371	\$ 6,628,882	\$ 6,628,882

NOTE 8. Pension Plans

Teachers' Plan

Effective July 1, 2012, the State administered retirement system which covers local teachers and certain municipal employees was modified to include both defined benefit and defined contribution plan components.

Employees' Retirement System (ERS) - Defined Benefit Plan

Plan Description

All full-time teachers, principals, school nurses and certain other school officials in the Town of Little Compton'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.

Financial statements for the Teachers' Plan are issued separately and may be obtained from the Employee's Retirement System, 50 Service Avenue, 2nd floor, Warwick, RI 02886. Total covered payroll under the Teachers' Plan for the year ended June 30, 2014 was approximately \$2,447,057.

The Teachers' Plan provides a two-tier benefit structure referred to as Schedule A benefits and B benefits.

Schedule A Benefits:

Schedule A benefits are available to members who possessed ten years or more of contributory service on or before July 1, 2005. Schedule A provides unreduced benefits of 1.70% of earnings for each of the first ten years of service; 1.90% for each of the next ten years of service; 3.00% for each of the next fourteen years; and 2.00% for the 35th year. Effective July 1, 2012, Schedule A members will retain the benefit rate that they have accrued as of June 30, 2012, however, the accrue rate for any new members will be 1% per year. Joint and survivor options are available, as well as an option that provides for the payment of a larger benefit before the attainment of age 62. The maximum benefit is 80% of final average earnings after 35 years of service. Such benefits are available to members who are at least age 60 with ten years of credited service, or after 28 years of service at any age. Benefits for all employees are based on the average of the highest three consecutive years' earnings, exclusive of overtime.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 8. Pension Plans (Continued)

Teachers' Plan (Continued)

Schedule A Benefits (Continued):

On the third January after retirement, a cost-of-living increase of 3.00% (compounded annually) is provided. The Teachers' Plan also provides nonservice-connected disability benefits after five years of service; service-connected disability benefits with no minimum service requirement; vested benefits after ten years of service; survivor's benefits for service-connected death; and certain lump-sum death benefits.

Schedule B Benefits:

Schedule B benefits are provided to members who had less than ten years of contributory service on or before July 1, 2005. Schedule B provides unreduced benefits of 1.60% of earnings for each of the first ten years of service; 1.80% for each of the next ten years; 2.00% for years 21 through 25 inclusive; 2.25% for years 26 through 30 inclusive; 2.50% for years 31 through 37 inclusive; and 2.25% for the 38th year. Effective July 1, 2012, Schedule B members will retain the benefit rate that they have accrued as of June 30, 2012, however, the accrue rate for any new members will be 1% per year. Only single life, joint and survivor options are available. The maximum benefit is 75% of the average highest three years of compensation after 38 years of service. Such benefits are available to members who are at least age 65 with 10 years of service, or at least age 59 with 29 years of service. Actuarially reduced retirement is available at age 55 with 20 years of service; the benefit is reduced actuarially for each month that the age of the member is less than 65 years.

On the month following the third anniversary date of retirement, and on the month following the anniversary date of each succeeding year, a benefit increase is provided for Schedule B members, consisting of the lesser of a cost-of-living increase of 3.00% (compounded annually) or the percentage increase in the Consumer Price Index, determined as of September 30 of the prior calendar year.

Rhode Island General Law relating to state employees and teachers' benefits was amended during the fiscal year ended June 30, 2009. Members eligible to retire as of September 30, 2009 are not affected by the changes. The legislation established a minimum retirement age of 62 for all members, except those Schedule B members who retire with less than 29 years of service; their retirement eligibility remains age 65 with a minimum of ten years of service credit. For affected state employees and teachers, the law provides a proportional downward adjustment of the minimum retirement age based on the years of service credit of a member at September 30, 2009, a final average salary based on the five consecutive highest years of salary and a cost-of-living adjustment.

This legislation also amended the disability retirement provision for state employees and teachers. Effective for applications filed after September 30, 2009, accidental disability will be available at 66 2/3% for members who are permanently and totally disabled. If the disability is determined to be partial and the member is able to work in other jobs, the benefit will be limited to 50%.

Sweeping pension system reform was passed by the Rhode Island General Assembly on November 17, 2012 and will be implemented effective July 1, 2012. The Rhode Island Retirement Security Act of 2012 (RIRSA) makes substantial changes to the Teachers' Plan pension benefits, adds a defined contribution element, and creates a hybrid plan as opposed to the current defined benefit plan.

Rhode Island General Law relating to state employees and teachers benefits were amended during the fiscal year ended June 30, 2010. Members eligible to retire as of June 12, 2010 are not affected by the legislation. The legislation modifies the Cost of Living Adjustment (COLA). The COLA now applies to the first \$35,000 of retirement allowance, indexed annually, and shall commence upon the retiree's third anniversary of the date of retirement or when the retiree reaches age 65, whichever is later. The \$35,000 limit will increase annually by the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics, determined as of September 30 of the prior calendar year or 3%, whichever is less.

Continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 8. Pension Plans (Continued)

Teachers' Plan (Continued)

Schedule B Benefits (Continued)

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 his/her compensation. The Town of Little Compton 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 19.71% (8.03% State share and 11.68% local share). The State share of the employer contribution rate includes the total cost of prior contribution deferrals which was .28% for fiscal 2014.

The Town of Little Compton contributed \$282,000, \$249,000 and \$287,000 during the fiscal years 2014, 2013 and 2012, 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.

Teachers Survivor Benefits

Plan Description

The plan provides a survivor benefit to public school teachers in lieu of Social Security as outlined in sections 16-16-25 through 16-16-38 of the Rhode Island General Laws (RIGL). Spouse, parents, family or children's benefits are payable upon death of a member. In lieu of a survivor benefit, members may opt to receive a lump sum return of their contributions plus interest upon retirement.

The benefits may be amended by the Rhode Island General Assembly.

The cost of the benefits provided by the plan are two percent (2%) of the member's annual salary up to but not exceeding an annual salary of \$9,600; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the school district. These contributions are in addition to the contributions required for regular pension benefits.

The Town contributed \$5,089 and \$3,456 during the fiscal years 2014 and 2013, respectively, equal to 100% of the required contributions for those respective years.

Employees Retirement System (ERS) - Defined Contribution Plan

Plan Description

Employees participating in the defined benefit plan(s), as described above, also participate in a defined contribution plan of the Employees' Retirement System as authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF and the Employees' Retirement System of Rhode Island (the System). Employees may choose among various investment options available to plan participants.

Employee contributions are immediately vested while employer contributions are vested after three years of contributory service. Contributions required under the plan by both the employee and employers are established by the General Laws, which are subject to amendment by the General Assembly.

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 8. Pension Plans (Continued)

Teachers' Plan (Continued)

Plan Funding Policy

The funding policy is outlined in RIGL chapter 36-10.3 (which can be amended by the Rhode Island General Assembly). Active plan members must contribute 7% of his/her compensation and the town is required to contribute 3%. The plan members and city/town contributed \$173,394 and \$84,901, respectively, during the fiscal year ended June 30, 2014.

Town Pension Plan, Other than Certified Teachers (GASB 67)

Summary of Significant Accounting Policies

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

Plan Description

Plan administration. The Retirement Plan for Employees of the Town (the Plan) is a single-employer, contributory defined benefit pension plan which provides retirement, disability and death benefits to substantially all full-time employees of the Town except School Department personnel certified by the Rhode Island Department of Education (Certified Employees) who are eligible to participate in the Employees' Retirement System of the State of Rhode Island. The Plan was established in accordance with the Town Charter and State Statutes.

The Plan is administered by a pension committee consisting of four members appointed annually by the Town Council, plus three members of the various unions. The pension committee can make minor changes while major changes require Financial Town Meeting approval. State law gives the Town Council authority to negotiate union contracts.

Plan membership. At June 30, 2014, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	33
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	42
	<hr/>
	82
	<hr/> <hr/>

Benefits provided. Plan participation commences on the first day of the month coincident with or following the date of hire, if the employee chose to participate in the Plan. Members of the Town Council and Certified Employees of the School Department are not eligible to participate in the Plan. The normal form of the benefit is a life annuity.

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

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 8. Pension Plans (Continued)

Plan Description (Continued)

Benefits provided (continued).

- Effective July 1, 1992, members of the police and fire departments may retire after 25 years of service at 50 percent of their highest annual salary, regardless of age.
- Effective July 1, 1997, members of the police and fire departments will receive an additional 2% of salary for each year of service in excess of 25 years, subject to a maximum of five additional years.
- The minimum annual benefit is \$100 multiplied by the number of years of service.
- Effective July 1, 2000, participants in pay status receive an annual cost-of-living increase of 2%.

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

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

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

All employees with ten years of credited service have a non-forfeitable right to the accrued benefit as of the date of termination of employment payable at their normal retirement date. Notwithstanding this vesting schedule, a participant becomes 100% vested upon reaching the normal retirement date.

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

Employees are required to contribute to the Plan as follows:

- Commencing July 1, 1995 and ending June 30, 1997, participants who were members of the fire department (other than the Fire Chief) contributed to the Plan an amount equal to 4.5% of their compensation.
- Effective July 1, 1997, employee contributions for the fire department members were no longer required.
- Commencing July 1, 1994 and ending June 30, 2001, police officers hired after July 1, 1994 were required to contribute 2.5% of their base annual compensation.
- Effective July 1, 2000, employee contributions for the police department members were no longer required.
- Effective July 1, 2012, any fire, police, or municipal employee hired after July 1, 2012 shall contribute to the Plan an amount equal to 7.0% of compensation.

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

Continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 8. Pension Plans (Continued)

Plan Description (Continued)

Investments

Investment policy. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Plan Committee (Board) by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2009:

Assets Class	Target Allocation
Mutual funds	18.00%
Collective funds	50.50
Fixed income	29.00
Other	2.50
Cash	0.00
Total	100%

Concentrations.

Organization that represents 5% or more of the pension plan's fiduciary net position:

Description	Total Market Value	Percentage
Wilmington Trust First Eagle Sogen Over A	\$ 798,366	9.01%
Wilmington Trust PIMCO Total Return A	1,290,096	14.55
Wilmington Trust Thornburg International Value	734,717	8.29
Wilmington Trust Large Company Domestic Growth	1,197,351	13.51
Wilmington Trust Large Company Value	1,217,231	13.73
Wilmington Trust S&P 500 Index	889,946	10.04
Wilmington Trust Small Company Growth	501,329	5.65
Wilmington Trust Small Company Value	561,462	6.33
Wilmington Trust Strategic Bond	1,457,736	16.44

Rate of return. For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.39 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2014, were as follows:

Total pension liability	\$ 10,409,537
Plan fiduciary net position	(9,278,344)
Town's net pension liability	\$ 1,131,193
Plan fiduciary net pension as a percentage of the total pension liability	89.13%

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 8. Pension Plans (Continued)

Net Pension Liability of the Town (Continued)

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Economic Assumptions

Discount rate for purposes of determining net pension liability	7.50%
Long term rate of return on investment	7.5% (net of expense, including inflation)
Municipal bond	3.66% The Municipal Bond rates is based on the S&P Municipal Bond 20 year High Grade Index.
Inflation	3.00%
Mortality	RP-2000 Mortality table for males and females
Salary scale	4.00%
Retirement Age:	Members of the Fire and Police departments are assumed to retire at the earlier of age 62, or the completion of 30 years of service. Participants who are not members of the Fire and Police departments are assumed to retire at age 62.
Withdrawal rate	None
Expenses	The investment return assumption is net of expenses
Employee contributions	Effective July 1, 2012, any Fire, Police or Municipal employee hired after July 1, 2012 shall contribute to the plan an amount equal to (7.00%) of compensation.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.50 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Town's net pension liability	\$ 2,262,312	\$ 1,131,193	\$ (68,525)

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 8. Pension Plans (Continued)

Town Pension Plan, Other than Certified Teachers (GASB 27)

Annual Pension Cost and Net Pension Obligations

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual Required Contribution (ARC)	\$ 412,141	\$ 420,236	\$ 336,738
Interest on Net Pension Obligation (NPO)	34,122	28,132	34,289
Adjustment to ARC	<u>(38,522)</u>	<u>(31,760)</u>	<u>(38,710)</u>
Annual Pension Cost	407,741	416,608	332,317
Contribution made	<u>(420,236)</u>	<u>(336,738)</u>	<u>(414,405)</u>
Increase (decrease) in NPO	(12,495)	79,870	(82,088)
NPO, beginning of the year	<u>454,962</u>	<u>375,092</u>	<u>457,180</u>
NPO, end of year	<u>\$ 442,467</u>	<u>\$ 454,962</u>	<u>\$ 375,092</u>
% of annual pension cost contributed	103.06%	80.83%	124.70%

Funded status and funding progress:

As of July 1, 2013, the Plan was 82.7% funded. The actuarial accrued liability for benefits was \$9,800,400 and the actuarial value of assets was \$8,104,080, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,696,320. The covered payroll (annual payroll of active employees covered by the Plan) was \$1,798,862 and the ratio of the UAAL to the covered payroll was 94.3%.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial values of Plan assets are increasing or decreasing over time relative to accrued actuarial liabilities for benefits.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 9. Other Postemployment Benefits

In addition to pension benefits, the Town and School Department provide, under the provisions of various union contracts and other employment agreements, postemployment health insurance benefits, or compensation in lieu of postemployment health insurance benefits, to eligible retirees for a specified maximum number of years. Eligibility is determined based on years of service, employee age, and other available health care coverage. The Town and School Department fund these benefits on a pay-as-you-go basis. During the year ended June 30, 2014, postemployment benefits totaling \$172,408 were received by twelve participants.

As of June 30, 2014, the latest available membership census is as follows:

Active employees	44
Retirees	<u>12</u>
Total	<u>56</u>

Annual OPEB cost and net OPEB obligation:

The Town's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Town. In prior years, the Town engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a closed period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost, the amount actually contributed to the plan for the year ended June 30, 2014, and the Town's net OPEB obligation as of June 30, 2014.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 9. Other Postemployment Benefits (Continued)

Public Safety OPEB:

Normal cost (current service cost)	\$	56,877
Amortization of UAAL (for past service)		<u>114,906</u>
Annual Required Contribution (ARC)		171,783
Interest on beginning net OPEB obligation		10,262
ARC adjustment		<u>(11,763)</u>
Annual OPEB expense		170,282
Actual active employee matching contributions		<u>-</u>
Employer Portion of Annual OPEB expense		170,282
Actual current year employer contribution and/or payment		<u>161,227</u>
Increase in OPEB obligation		9,055
Net OPEB obligation at beginning of year		<u>256,558</u>
Net OPEB obligation at end of year	\$	<u><u>265,613</u></u>
Covered payroll	\$	454,765
Annual OPEB expense as of % of covered payroll		37.44%
Source for Government-Wide Adjustments		
OPEB expense presented in government-wide statement of activities	\$	170,282
Liability of the government-wide statement of net position	\$	265,613

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 9. Other Postemployment Benefits (Continued)

OPEB Information for Note Disclosure and Required Supplementary Information

	Current Calculation
Actuarial accrued liabilities (AAL)	\$ 2,409,636
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liabilities (UAAL)	<u>\$ 2,409,636</u>
Funded Ratio	0.00%
Covered Payroll	\$ 454,765
UAAL as % of Covered Payroll	529.86%

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 9. Other Postemployment Benefits (Continued)

Results of the ACOPEB Calculation - School Certified OPEB

Normal cost (current service cost)	\$	20,112
Amortization of UAAL (for past service)		15,088
Annual required contribution (ARC)		35,200
Interest on beginning net OPEB obligation		6,115
ARC adjustment		(7,009)
Annual OPEB expense		34,306
Actual active employee matching contributions		-
Employer portion of annual OPEB expense		34,306
Actual current year contribution and/or payment		11,181
Increase in OPEB obligation		23,125
Net OPEB obligation at beginning of year		152,863
Net OPEB obligation at end of year	\$	175,988
Covered payroll	\$	1,747,359
Annual OPEB expense as a % of covered payroll		1.96%
OPEB expense presented in government-wide statement of activities	\$	34,306
Liability on the government-wide statement of net position	\$	175,988
		Current Calculation
Actuarial accrued liabilities (AAL)	\$	367,016
Actuarial value of plan assets		50,600
Unfunded actuarial accrued liabilities (UAAL)	\$	316,416
Funded Ratio		16.00%
Covered payroll	\$	1,747,359
UAAL as % of covered payroll		18.11%

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 9. Other Postemployment Benefits (Continued)

Results of the ACOPEB Calculation - School Uncertified OPEB:

Normal cost (current service cost)	\$	462
Amortization of UAAL (for past service)		558
Annual required contribution (ARC)		1,020
Interest on beginning net OPEB obligation		48
ARC adjustment		(55)
Annual OPEB expense		1,013
Actual active employee matching contributions		-
Employer portion of annual OPEB expense		1,013
Actual current year employer contribution and/or payment		-
Increase in OPEB obligation		1,013
Net OPEB obligation at beginning of year		1,208
Net OPEB obligation at end of year	\$	2,221
Covered payroll	\$	197,652
Annual OPEB expense as a % of covered payroll		0.51%
Source for government-wide statement of activities		
OPEB expense presented in government-wide statement of activities	\$	1,013
Liability on the government-wide statement of net position	\$	2,221

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 9. Other Postemployment Benefits (Continued)

OPEB Information for Note Disclosure and Required Supplementary Information:

	<u>Current Calculation</u>
Actuarial accrued liabilities (AAL)	\$ 11,719
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liabilities (UAAL)	<u>\$ 11,719</u>
Funded ratio	0%
Covered payroll	\$ 197,562
UAAL as % of covered payroll	5.93%

Actuarial methods and assumptions (continued):

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

Measurement date - June 30, 2014

Funding method- Projected Unit Credit Cost Method

Discount rate - 4.0%

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

Health care trend rate - 3%

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 10. Commitments and Contingencies

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

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

School construction project:

During 2012, the School Committee, the School Building Committee and the Town Council approved the construction/renovation of the Wilbur & McMahon School (the Project). The electors of the Town, at a referendum on May 1, 2012, approved the issuance of not more than \$11,310,000 in bonds/notes to finance the Project. It was anticipated that the bond term would be 20 years at an interest rate of less than 5%, with the State reimbursing 40% of principal and interest over the term of the bond. On December 13, 2012, the Town issued a Bond Anticipation Note (BAN) for \$9,800,000 to cover construction costs until such time as a bond is issued through Rhode Island Health and Educational Building Corporation (RIHEBC) for the cost of the Project.

During the construction, the students, teachers and administrators will be displaced and housed in temporary portable building erected on a site adjacent to the School's present location. The cost of these portable buildings, including site preparation, set-up, monthly rent, take-down expenditures and the installation of the necessary utilities, will be approximately \$1,100,000. The School Committee has committed to utilizing \$1,100,000 of its accumulated surplus to fund these nonconstruction-related costs.

On December 10, 2013, the Town paid off their \$9.8 million short term BAN and obtained a long-term bond in the amount of \$11,310,000, which will require level debt payments of approximately \$850,000 per year for twenty years. Bond proceeds will finance health and safety school project at Wilbur and McMahon Schools including emergency repairs and code compliance. The projects have been approved by the Rhode Island Department of Education at an expended reimbursement rate of 40%.

NOTE 11. Fund Deficit

Individual funds had the following deficit fund balances at June 30, 2014:

Recreation Conservation	\$ 2,221
School Renovation – Town	33,856
School Lunch	<u>31,386</u>
	<u>\$ 67,463</u>

The Recreation Conservation School Renovation - Town and the School lunch deficit will be funded through an administrative plan.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 12. Risk Management

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

The School Department purchases commercial insurance for all of its risks of loss. There were no significant reductions in insurance coverage during the year ended June 30, 2014.

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

NOTE 13. Joint Venture

The Little Compton School Department (LCSD), in conjunction with three other member school departments, participates in a joint venture entitled the Newport County Regional Special Education Program (NCRSEP). NCRSEP was formed to provide services to qualified special needs students in the four towns. Each town is assessed its share of the NCRSEP annual operating budget based on each town's share of total students in the region averaged with each town's share of students in the special education program. NCRSEP also administers the federally funded IDEA Part B program for each of the towns. Each town pays salaries and employee benefits directly to the teachers and aides on their respective payroll that work directly for the program; such amounts are deducted from the gross annual assessment. LCSD's net assessment for 2014 was approximately \$516,667.

At June 30, 2014, a total of approximately \$83,072 in Medicaid reimbursements due to the LCSD has been recorded as a liability of NCRSEP. This amount represents Medicaid reimbursements received by NCRSEP over a number of years in excess of the budgeted receipts for Little Compton.

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 14. Subsequent Events

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events that have occurred subsequent to June 30, 2014 and through January 16, 2015, the date of which the financial statements were issued.

As of January 16, 2015 the Town did not have any significant subsequent events to disclose.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information
 Budgetary Comparison Schedules - General Fund
 For the Year Ended June 30, 2014

	<u>Original Budget</u>					
	Encumbrances Carried Forward to FY13	Budget As Adopted	Recap Total Available	Actual	Encumbrances Carried Forward to FY14	Variance Favorable (Unfavorable)
Revenues						
General property taxes and penalties	\$ -	\$ 10,418,865	\$ 10,418,865	\$ 10,341,226	\$ -	\$ (77,639)
Intergovernmental		155,362	155,362	146,222		(9,140)
Donation revenues		12,000	12,000	12,325		325
Departmental and other revenue		-	-			-
Licenses, permits, and fees		430,000	430,000	354,115		(75,885)
Beach receipts		195,000	195,000	217,344		22,344
Investment income		7,000	7,000	907		(6,093)
Miscellaneous	-	26,787	26,787	16,521	-	(10,266)
Total revenues	<u>-</u>	<u>11,245,014</u>	<u>11,245,014</u>	<u>11,088,660</u>	<u>-</u>	<u>(156,354)</u>
Expenditures						
General government	5,000	1,849,295	1,854,295	1,790,755	-	63,540
Financial administration		149,979	149,979	151,988		(2,009)
Public safety		1,695,753	1,695,753	1,698,993		(3,240)
Education		-	-	-		-
Public works	19,325	423,516	442,841	478,960		(36,119)
Transfer station		165,456	165,456	172,072		(6,616)
Parks, recreation, and other services		312,215	312,215	312,944	12,991	(13,720)
Debt service:						-
Principal payments		160,000	160,000	160,000		-
Interest and fiscal charges	-	91,800	91,800	81,454	-	10,346
Total expenditures	<u>24,325</u>	<u>4,848,014</u>	<u>4,872,339</u>	<u>4,847,166</u>	<u>12,991</u>	<u>12,182</u>
Excess (deficiency) of revenues over expenditures	<u>(24,325)</u>	<u>6,397,000</u>	<u>6,372,675</u>	<u>6,241,494</u>	<u>(12,991)</u>	<u>(144,172)</u>
Other financing sources and (uses)						
Transfer to capital projects		-	-	(30,000)		(30,000)
Transfer to education		(6,321,000)	(6,321,000)	(6,321,000)		-
Transfers from other funds			-	11,000		11,000
Transfers to other funds	-	(76,000)	(76,000)	(101,000)	-	(25,000)
	<u>-</u>	<u>(6,397,000)</u>	<u>(6,397,000)</u>	<u>(6,441,000)</u>	<u>-</u>	<u>(44,000)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	<u>\$ (24,325)</u>	<u>-</u>	<u>\$ (24,325)</u>	(199,506)	<u>\$ (12,991)</u>	<u>\$ (188,172)</u>
Adjustment of budgetary basis to U.S. GAAP				(37,009)		
Excess (deficiency) of revenues and other sources over expenditures and other uses, GAAP basis				6,308		
Fund balance, July 1, 2013				<u>1,619,809</u>		
Fund balance, June 30, 2014				<u>\$ 1,626,117</u>		

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information
Budgetary Comparison Schedule - School Unrestricted

For the Year Ended June 30, 2014

	<u>Budget As Adopted</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Funds received State RI - unrestricted	\$ 367,484	\$ 365,269	\$ (2,215)
Federal aid - Entitlements, Grants and Restricted Funds	-	530	530
Miscellaneous receipts	<u>9,500</u>	<u>11,845</u>	<u>2,345</u>
Total revenues	<u>376,984</u>	<u>377,644</u>	<u>660</u>
Expenditures:			
Salaries	2,847,447	2,930,385	(82,938)
Fringe benefits	1,138,873	1,126,596	12,277
Technical and professional services	330,950	226,238	104,712
Purchased property services	78,600	55,923	22,677
Purchased other services	2,015,000	2,165,064	(150,064)
Materials and supplies	247,800	237,308	10,492
Capital outlay	12,500	30,267	(17,767)
Other operating expenses	<u>7,400</u>	<u>11,796</u>	<u>(4,396)</u>
Total expenditures	<u>6,678,570</u>	<u>6,783,577</u>	<u>(105,007)</u>
Excess of expenditures over revenues	<u>(6,301,586)</u>	<u>(6,405,933)</u>	<u>(104,347)</u>
Other financing sources (uses):			
Transfer Town appropriations	6,321,000	6,321,000	-
Transfer to school renovation fund	-	(147,248)	(147,248)
Transfer to school lunch	<u>(19,414)</u>	<u>(10,495)</u>	<u>8,919</u>
Total other financing sources (uses)	<u>6,301,586</u>	<u>6,163,257</u>	<u>(138,329)</u>
Excess of expenditures over revenues and other financing sources, budgetary basis	<u>\$ -</u>	(242,676)	<u>\$ (242,676)</u>
Adjustment of budgetary basis to U.S. GAAP basis		-	
Excess of expenditures over revenues and other financing sources, U.S. GAAP basis		(242,676)	
Fund balance, July 1, 2013		<u>359,058</u>	
Fund balance, June 30, 2014		<u>\$ 116,382</u>	

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

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

For the Year Ended June 30, 2014

Budgetary – GAAP Reporting Reconciliation

The accompanying Statement of Revenues, Expenditures Budget and Actual (Non-GAAP Budgetary Basis) - General Fund and School Unrestricted are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and the Generally Accepted Accounting Principles (“GAAP”) basis are that:

- a) Revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP basis);
- b) Expenditures are recorded when paid in cash (budgetary basis) as opposed to when liabilities are incurred (GAAP basis);
- c) Encumbrances are reported as a use of fund (budgetary basis) as opposed to a reservation of fund balance (GAAP basis).

Therefore, timing perspective, and entity differences in the excess (deficiency) of revenues and other sources of financial resources and expenditures and other uses for the year ended June 30, 2014 are as follows:

	General Fund	School Unrestricted
Excess (deficiency) of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis) (Non-GAAP Budgetary Basis)	\$ (199,506)	\$ (242,676)
Budgeted beach receipt revenue which was used to write off receivable which no longer existed in the current year	(50,000)	
Unbudgeted capital expenditures for school renovation costs in excess of long term debt	(121,889)	
State contribution to teachers' pension plan revenue on behalf		198,908
State contribution to teachers' pension plan expense on behalf		(198,908)
Budgeted health insurance expense which was picked up as accounts payable in the prior year	59,483	
Interest payments budgeted in the general fund but paid out the capital projects school renovation fund	66,455	-
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	\$ (245,457)	\$ (242,676)

See independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information
Schedule of Funding Progress - Municipal Employees Retirement System (Unaudited)

GASB 27: Accounting for Pensions by State and Local Governmental Employees

For the Year Ended June 30, 2014

Actuarial Valuation Date	Actual Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
<i>Pension Plan</i>						
7/1/2013	\$ 8,104,080	\$9,800,400	\$1,696,320	82.69%	\$ 1,798,862	94.30%
7/1/2012	7,281,048	9,107,062	1,826,014	79.95%	1,864,145	97.95%
7/1/2011	7,158,938	8,257,937	1,098,999	86.69%	1,784,706	61.58%
7/1/2010	5,847,475	7,853,226	2,005,751	74.46%	1,707,439	117.47%
7/1/2009	4,990,643	7,757,561	2,766,918	64.33%	1,730,883	159.86%

The information included in the schedule of funding progress was obtained from the annual actuarial valuation at the dates indicated.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information
Schedule of Employer Contributions - Municipal Employees Retirement System (Unaudited)

GASB 27: Accounting for Pensions by State and Local Governmental Employees

For the Year Ended June 30, 2014

Pension Plan

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
2007	\$ 358,331	\$ 303,148	84.60%
2008	338,040	358,322	106.00%
2009	424,375	338,057	79.66%
2010	507,896	424,398	83.56%
2011	414,405	507,895	122.56%
2012	336,738	414,390	123.06%
2013	420,236	336,735	80.13%
2014	412,141	420,219	101.96%

See independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information
Schedule of Employee Contribution - Municipal Employees Retirement System(Unaudited)

GASB 27: Accounting for Pensions by State and Local Governmental Employees

For the Year Ended June 30, 2014

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

Pension Plan

Valuation date	July 1, 2013
Actuarial cost method	Entry Age Normal
Amortization method	30 years
Remaining amortization period	Unknown
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.5% per annum
Projected salary increases	4.0% per annum

OPEB Plan

Valuation date	June 30, 2013
Actuarial cost method	Projected unit credit
Asset valuation	Not applicable; unfunded Actuarial assumptions:
Discount rate	4.0% per annum
Health care cost trend rates	3% per year
Participation	All eligible retirees are assumed to elect medical and/or dental coverage if available

See independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios - Municipal Employees
Retirement System (Unaudited)

GASB 67: Financial Reporting for Pension Plans (an amendment of GASB 25)

For the Year Ended June 30, 2014

Last 10 Fiscal Years*

	2014
Total pension liability	
Service cost	\$ 256,046
Interest	728,998
Changes of benefit terms	-
Differences between expected and actual experience	6,609
Changes of assumptions	16,807
Benefit payments, including refunds of member contributions	(399,323)
Net change in total pension liability	609,137
Total pension liability - beginning	9,800,400
Total pension liability - ending (a)	\$ 10,409,537
Pension fiduciary net position	
Contributions - employer	\$ 412,141
Contributions - employee	8,243
Net investment income	1,223,353
Benefit payments, including refunds of member contributions	(399,323)
Administrative expense	(70,150)
Other	-
Net change in plan fiduciary net position	1,174,264
Plan fiduciary net position - beginning	8,104,080
Plan fiduciary net position - ending (b)	\$ 9,278,344
Towns' net pension liability (asset) - ending (a) - (b)	\$ 1,131,193
Plan fiduciary net position as a percentage of the total pension liability	89.13%
Covered payroll	\$ 1,824,244
June 30, 2014 net pension liability as a percentage of covered payroll	62.01%

Notes to the Schedule:

None

**First year of implementation of GASB 67 therefore only one year of the 10 year required data is available.*

See independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information
Schedule of Employers Contribution - Municipal Employees Retirement System (Unaudited)

GASB 67: Financial Reporting for Pension Plans (an amendment of GASB 25)

For the Year Ended June 30, 2014

Last 10 Fiscal Years

	<u>2014</u>	<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>
Actuarially determined contribution	\$ 412,141	\$ 420,236	\$ 336,738	\$ 414,405	\$ 507,896	\$ 424,375	\$ 338,040	\$ 358,331	\$ 303,154	\$ 281,263
Contributions in relation to the actuarially determined contribution	<u>412,141</u>	<u>420,236</u>	<u>336,738</u>	<u>414,405</u>	<u>507,896</u>	<u>424,375</u>	<u>338,040</u>	<u>358,331</u>	<u>303,154</u>	<u>281,263</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	1,798,862	1,864,145	1,784,706	1,707,439	1,730,883	1,945,970	1,826,625	1,660,654	1,390,105	1,259,860
Contributions as a percentage of covered-employee payroll	22.91%	22.54%	18.87%	24.27%	29.34%	21.81%	18.51%	21.58%	21.81%	22.32%

Notes to the Schedule:

Actuarially determined contribution	Calculated as the normal cost as of July 1st prior to the beginning of the fiscal year in which contributions are recorded.
Actuarial cost method	Entry age normal cost method
Normal Cost:	The normal cost is the sum of the normal costs for all active participants who have not reached the assumed retirement age. For which such participants, the individual normal cost is the participant's normal cost accrual rate multiplied by the participant's current compensation. The normal cost accrual rate equals (a) the actuarial present value of future benefits as of the participant's entry age divided by (b) the actuarial present value of future compensation as of the participant's entry age. For other participants, the normal cost equals zero.
Salary increases	4.00% per year
Asset valuation method	Market value
Investment rate of return	7.50%
Retirement age	Members of the Fire and Police Departments are assumed to retire at the earlier of age 62, or the completion of 30 Years of Service. Participants who are not members of the Fire and Police Department are assumed to retire at age 62.
Mortality	IRS P.V. Optional Combined Table for Males and Females (1.430(h)(3)-1)

See independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information

Schedule of Investment Returns - Municipal Employees Retirement System (Unaudited)

GASB 67: Financial Reporting for Pension Plans (an amendment of GASB 25)

For the Year Ended June 30, 2014

Last 10 Fiscal Years*

	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	15.39%

**First year of implementation of GASB 67 only one year of the 10 year required data is available*

See independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Tax Collector's Annual Report

For the Year Ended June 30, 2014

Real estate and personal property tax receivable:

<u>Tax Roll Year</u>	<u>Balance July 1, 2013</u>	<u>Assessment</u>	<u>Abatements Refunds</u>	<u>Transfers</u>	<u>Amount to be collected</u>	<u>Collections</u>	<u>Balance June 30, 2014</u>
2013	\$ -	\$ 10,362,668	\$ (41,479)	\$ (27,691)	\$ 10,293,498	\$ 9,892,506	\$ 400,992
2012	362,907	-	(627)	28,679	390,959	300,522	90,437
2011	90,196		(452)	(1,290)	88,454	38,631	49,823
2010	46,468				46,468	15,346	31,122
2009	40,067				40,067	14,871	25,196
2008	24,102				24,102	7,174	16,928
2007	12,099				12,099	897	11,202
2006	6,492		92		6,584	1,208	5,376
2005	1,096		630		1,726	352	1,374
2004	763		601		1,364	82	1,282
2003	759		-		759	90	669
2002	656				656	84	572
2001 and prior	<u>1,993</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,993</u>	<u>79</u>	<u>1,914</u>
	<u>\$ 587,598</u>	<u>\$ 10,362,668</u>	<u>\$ (41,235)</u>	<u>\$ (302)</u>	<u>\$ 10,908,729</u>	<u>\$ 10,271,842</u>	<u>\$ 636,887</u>
						Less reserve for abatements	<u>(23,387)</u>
							<u>\$ 613,500</u>

See independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Tax Collector's Annual Report

For the Year Ended June 30, 2014

Schedule of net assessed property value by category:

Description of property	Valuations	Levy
Real property	\$ 1,854,608,167	\$ 9,906,143
Motor vehicles	44,503,908	318,315
Tangible personal	<u>9,785,154</u>	<u>105,281</u>
Total	1,908,897,229	10,329,739
Exemptions	<u>34,905,654</u>	<u>-</u>
Current year assessment	<u><u>\$ 1,873,991,575</u></u>	<u><u>\$ 10,329,739</u></u>

Reconciliation of current year property tax revenue:

Current year collections	\$ 10,271,842
Revenue collected within 60 days subsequent to year ended June 30, 2014	<u>251,853</u>
	10,523,695
Prior year revenue received in current year	<u>(379,336)</u>
Current year real estate and personal property tax revenue	<u><u>\$ 10,144,359</u></u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Non Major Governmental Funds

June 30, 2014

	Special Revenue Town	Special Revenue School	Permanent Trust Funds	Capital Projects	Total Non-Major Governmental Funds
Assets					
Cash	\$ 242,707	\$ 9,283	\$ 91,946	\$ 74,345	\$ 418,281
Investments	110,569		36,097		146,666
Receivables:					
Intergovernmental	3,551	26,417			29,968
Other	65,141				65,141
Inventories		284			284
Due from other funds	14,383	-	-	28,165	42,548
Total assets	436,351	35,984	128,043	102,510	702,888
Deferred outflows of resources					
None	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 436,351	\$ 35,984	\$ 128,043	\$ 102,510	\$ 702,888
Liabilities					
Accounts payable and accrued expenses	\$ 13,919	\$ 6,598	\$ 184	\$ 22,877	\$ 43,578
Due to other funds	2,046	60,773	50	-	62,869
Total Liabilities:	15,965	67,371	234	22,877	106,447
Deferred inflows of resources					
None	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund balance					
Nonspendable			10,000		10,000
Restricted	408,468		117,809		526,277
Committed					-
Assigned	14,139			113,489	127,628
Unassigned	(2,221)	(31,387)	-	(33,856)	(67,464)
Total fund balance	420,386	(31,387)	127,809	79,633	596,441
Total liabilities, deferred inflows of resources, and fund balance	\$ 436,351	\$ 35,984	\$ 128,043	\$ 102,510	\$ 702,888

See independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Special Revenue Town

June 30, 2014

	Library Resource Sharing	Substance Abuse Fund	Cell Tower	Recreation Conservation	Drug Forfeiture	CDBG
Assets						
Cash and cash equivalents	\$ -	\$ 3,101	\$ 11,869	\$ (2,221)	\$ 28,583	\$ 12,238
Federal and state grants receivable	-	1,551	-	-	-	-
Receivable, other, net	-	-	4,736	-	-	-
Due from other funds	-	-	-	-	8,580	-
ICS holding accounts	-	-	-	-	110,569	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,569</u>	<u>-</u>
Total assets	-	4,652	16,605	(2,221)	147,732	12,238
Deferred Outflows of Resources						
None	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total outflows of resources and assets	<u>\$ -</u>	<u>\$ 4,652</u>	<u>\$ 16,605</u>	<u>\$ (2,221)</u>	<u>\$ 147,732</u>	<u>\$ 12,238</u>
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ 2,466	\$ -	\$ 3,261	\$ 145
Due to other funds	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	-	-	2,466	-	3,261	145
	<u>-</u>	<u>-</u>	<u>2,466</u>	<u>-</u>	<u>3,261</u>	<u>145</u>
Deferred Inflows of Resources						
None	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted	-	4,652	-	-	144,471	12,093
Assigned	-	-	14,139	-	-	-
Unassigned	-	-	-	(2,221)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,221)</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	-	4,652	14,139	(2,221)	144,471	12,093
	<u>-</u>	<u>4,652</u>	<u>14,139</u>	<u>(2,221)</u>	<u>144,471</u>	<u>12,093</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ -</u>	<u>\$ 4,652</u>	<u>\$ 16,605</u>	<u>\$ (2,221)</u>	<u>\$ 147,732</u>	<u>\$ 12,238</u>

See independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Special Revenue Town

June 30, 2014

	<u>DEM Wastewater Grant</u>	<u>Stormwater Management</u>	<u>Law Enforcement Block Grant</u>	<u>EOP and Cert Grants</u>	<u>U.S. Department of Justice</u>	<u>Clerk Restoration Grant</u>
Assets						
Cash and cash equivalents	\$ 690	\$ 9,050	\$ 518	\$ 10,839	\$ -	\$ 400
Federal and state grants receivable	-	-	-	2,000	-	-
Receivable, other, net	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
ICS holding accounts	-	-	-	-	-	-
Total assets	<u>690</u>	<u>9,050</u>	<u>518</u>	<u>12,839</u>	<u>-</u>	<u>400</u>
Deferred Outflows of Resources						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total outflows of resources and assets	<u>\$ 690</u>	<u>\$ 9,050</u>	<u>\$ 518</u>	<u>\$ 12,839</u>	<u>\$ -</u>	<u>\$ 400</u>
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 285	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>285</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted	690	9,050	518	12,554	-	400
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>690</u>	<u>9,050</u>	<u>518</u>	<u>12,554</u>	<u>-</u>	<u>400</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 690</u>	<u>\$ 9,050</u>	<u>\$ 518</u>	<u>\$ 12,839</u>	<u>\$ -</u>	<u>\$ 400</u>

See independent auditors' report

Continued
69

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Special Revenue Town

June 30, 2014

	Historical Records Preservation	Spay / Neuter Fund	Homeland Security	AFG Grant	FEMA Snow Removal	Road Detail
Assets						
Cash and cash equivalents	\$ 34,146	\$ 509	\$ 1,158	\$ -	\$ (3,757)	\$ 39,622
Federal and state grants receivable	-	-	-	-	-	-
Receivable, other, net	-	-	-	-	-	-
Due from other funds	-	-	-	-	3,757	-
ICS holding accounts	-	-	-	-	-	-
Total assets	<u>34,146</u>	<u>509</u>	<u>1,158</u>	<u>-</u>	<u>-</u>	<u>39,622</u>
Deferred Outflows of Resources						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total outflows of resources and assets	<u><u>\$ 34,146</u></u>	<u><u>\$ 509</u></u>	<u><u>\$ 1,158</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 39,622</u></u>
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,274
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,274</u>
Deferred Inflows of Resources						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted	34,146	509	1,158	-	-	38,348
Assigned	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u>34,146</u>	<u>509</u>	<u>1,158</u>	<u>-</u>	<u>-</u>	<u>38,348</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u><u>\$ 34,146</u></u>	<u><u>\$ 509</u></u>	<u><u>\$ 1,158</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 39,622</u></u>

See independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Special Revenue Town

	June 30, 2014				
	Ambulance Reimbursement	Fire Alarm Inspections	Fourth of July	Harbor Management	Total Town Special Revenue
Assets					
Cash and cash equivalents	\$ 55,067	\$ 9,087	\$ 615	\$ 31,193	\$ 242,707
Federal and state grants receivable	-	-	-	-	3,551
Receivable, other, net	59,819	586	-	-	65,141
Due from other funds	-	2,046	-	-	14,383
ICS holding accounts	-	-	-	-	110,569
	<u>114,886</u>	<u>11,719</u>	<u>615</u>	<u>31,193</u>	<u>436,351</u>
Total assets					
Deferred Outflows of Resources					
None	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total outflows of resources and assets					
	<u>\$ 114,886</u>	<u>\$ 11,719</u>	<u>\$ 615</u>	<u>\$ 31,193</u>	<u>\$ 436,351</u>
Liabilities					
Accounts payable and accrued expenses	\$ 5,281	\$ 522	\$ -	\$ 685	\$ 13,919
Due to other funds	-	-	-	2,046	2,046
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,046</u>	<u>2,046</u>
Total liabilities	5,281	522	-	2,731	15,965
Deferred Inflows of Resources					
None	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Restricted	109,605	11,197	615	28,462	408,468
Assigned	-	-	-	-	14,139
Unassigned	-	-	-	-	(2,221)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,221)</u>
Total fund balances (deficits)	109,605	11,197	615	28,462	420,386
Total liabilities, deferred inflows of resources, and fund balances (deficits)					
	<u>\$ 114,886</u>	<u>\$ 11,719</u>	<u>\$ 615</u>	<u>\$ 31,193</u>	<u>\$ 436,351</u>

See independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Special Revenue School

June 30, 2014

	SPED Part B	SPED Preschool	Title I Part A	Title IIA Teacher Quality	REAP Small Rural Sch Program	REAP Ride	Education Foundation
Assets							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,897
Inventory							
Due from state or federal government	-	-	-	-	-	24,906	-
Total assets	-	-	-	-	-	24,906	1,897
Deferred Outflows of Resources							
None	-	-	-	-	-	-	-
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,906</u>	<u>\$ 1,897</u>
Liabilities							
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	24,906	1,897
Total liabilities	-	-	-	-	-	24,906	1,897
Deferred Inflows of Resources							
None	-	-	-	-	-	-	-
Total deferred inflow of resources	-	-	-	-	-	-	-
Fund balances (deficits), unreserved	-	-	-	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,906</u>	<u>\$ 1,897</u>

See independent auditors' report

Continued
72

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Special Revenue School

June 30, 2014

	RTTT Stds & Curriculum	RTTT Inst Improv System	RTTT Educator Effect	RTTT Human Cap	School Lunch	Total School Special Revenue
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ 7,386	\$ 9,283
Inventory	-	-	-	-	284	284
Due from state or federal government	-	-	-	-	1,511	26,417
Total assets	-	-	-	-	9,181	35,984
Deferred Outflows of Resources						
None	-	-	-	-	-	-
Total deferred outflows of resources	\$ -	\$ -	\$ -	\$ -	\$ 9,181	\$ 35,984
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 6,598	\$ 6,598
Due to other funds	-	-	-	-	33,970	60,773
Total liabilities	-	-	-	-	40,568	67,371
Deferred Inflows of Resources						
None	-	-	-	-	-	-
Total deferred inflow of resources	-	-	-	-	-	-
Fund balances (deficits), unreserved	-	-	-	-	(31,387)	(31,387)
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ -	\$ -	\$ -	\$ -	\$ 9,181	\$ 35,984

See independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Permanent Trust Funds

June 30, 2014

	<u>Cemetery</u>	<u>Historical Cemetery</u>	<u>Raposa Education Trust</u>	<u>Doris Simmons Mem</u>	<u>R. Peckham</u>	<u>Tree Fund</u>
Assets						
Cash	\$ 41,844	\$ 21,861	\$ 14,802	\$ 3,597	\$ 1,359	\$ 3,299
Investments	<u>36,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>77,941</u></u>	<u><u>21,861</u></u>	<u><u>14,802</u></u>	<u><u>3,597</u></u>	<u><u>1,359</u></u>	<u><u>3,299</u></u>
Deferred Outflows of Resources						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total outflows of resources and assets	<u><u>\$ 77,941</u></u>	<u><u>\$ 21,861</u></u>	<u><u>\$ 14,802</u></u>	<u><u>\$ 3,597</u></u>	<u><u>\$ 1,359</u></u>	<u><u>\$ 3,299</u></u>
Liabilities						
Accounts payable and accrued expenses	\$ 184	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds					50	
Deposits Held in Custody	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>-</u>
Deferred Inflows of Resources						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances						
Nonspendable		10,000				
Restricted	<u>77,757</u>	<u>11,861</u>	<u>14,802</u>	<u>3,597</u>	<u>1,309</u>	<u>3,299</u>
Total fund balances (deficits)	<u>77,757</u>	<u>21,861</u>	<u>14,802</u>	<u>3,597</u>	<u>1,309</u>	<u>3,299</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u><u>\$ 77,941</u></u>	<u><u>\$ 21,861</u></u>	<u><u>\$ 14,802</u></u>	<u><u>\$ 3,597</u></u>	<u><u>\$ 1,359</u></u>	<u><u>\$ 3,299</u></u>

See independent auditors' report

Continued
74

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Permanent Trust Funds

June 30, 2014

	Philip Wilbur Mem	Adamsville Historical Assoc	Total
Assets			
Cash	\$ 3,019	\$ 2,165	\$ 91,946
Investments	-	-	36,097
Total assets	3,019	2,165	128,043
Deferred Outflows of Resources			
None	-	-	-
Total outflows of resources and assets	\$ 3,019	\$ 2,165	\$ 128,043
Liabilities			
Accounts payable and accrued expenses	\$ -	\$ -	\$ 184
Due to other funds			50
Deposits held in custody	-	-	-
Total liabilities	-	-	234
Deferred Inflows of Resources			
None	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances			
Nonspendable			10,000
Restricted	3,019	2,165	117,809
Total fund balances (deficits)	3,019	2,165	127,809
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 3,019	\$ 2,165	\$ 128,043

See independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Capital Projects

June 30, 2014

	<u>Beach Emergency</u>	<u>Capital Expenditures</u>	<u>School Renovation - Town</u>
Assets			
Cash and cash equivalents	\$ 11,236	\$ 53,139	\$ (33,856)
Due from other funds	<u>-</u>	<u>5,288</u>	<u>-</u>
Total assets	11,236	58,427	(33,856)
Deferred Outflows of Resources			
None	<u>-</u>	<u>-</u>	<u>-</u>
Total outflows of resources and assets	<u><u>\$ 11,236</u></u>	<u><u>\$ 58,427</u></u>	<u><u>\$ (33,856)</u></u>
Liabilities			
Accounts payable and accrued expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:			
None	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Assigned	11,236	58,427	
Unassigned	<u>-</u>	<u>-</u>	<u>(33,856)</u>
Total fund balances (deficits)	<u>11,236</u>	<u>58,427</u>	<u>(33,856)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u><u>\$ 11,236</u></u>	<u><u>\$ 58,427</u></u>	<u><u>\$ (33,856)</u></u>

See independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Capital Projects

June 30, 2014

	<u>Reevaluation</u>	<u>Pike's Peak</u>	<u>School Renovation - School</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 43,552	\$ 274		\$ 74,345
Due from other funds	<u>-</u>	<u>-</u>	<u>22,877</u>	<u>28,165</u>
Total assets	43,552	274	22,877	102,510
Deferred Outflows of Resources				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total outflows of resources and assets	<u>\$ 43,552</u>	<u>\$ 274</u>	<u>\$ 22,877</u>	<u>\$ 102,510</u>
Liabilities				
Accounts payable and accrued expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,877</u>	<u>\$ 22,877</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>22,877</u>	<u>22,877</u>
Deferred Inflows of Resources:				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Assigned	43,552	274		113,489
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,856)</u>
Total fund balances (deficits)	<u>43,552</u>	<u>274</u>	<u>-</u>	<u>79,633</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 43,552</u>	<u>\$ 274</u>	<u>\$ 22,877</u>	<u>\$ 102,510</u>

See independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Non Major Governmental Funds - Combining Statement of Revenues,
Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2014

	Special Revenue Town	Special Revenue School	Permanent Trust Funds	Capital Projects	Total Non-Major Governmental Funds
Revenues					
Intergovernmental revenue	\$ 75,515	\$ 281,681	\$ -	\$ 86,452	\$ 443,648
Donation revenues			3,700		3,700
Departmental and other revenue	350,831	14,687			365,518
Investment income	364		372	6,317	7,053
Miscellaneous revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>426,710</u>	<u>296,368</u>	<u>4,072</u>	<u>92,769</u>	<u>819,919</u>
Expenditures					
General government	104,916		7,021	(1,347)	110,590
Public safety	329,031			36,137	365,168
Education		306,863	500	8,720,379	9,027,742
Parks, recreation and other services	<u>74,149</u>	<u>-</u>	<u>1,104</u>	<u>-</u>	<u>75,253</u>
Total Expenditures	<u>508,096</u>	<u>306,863</u>	<u>8,625</u>	<u>8,755,169</u>	<u>9,578,753</u>
Excess (deficiency) of revenues over expenditures	(81,386)	(10,495)	(4,553)	(8,662,400)	(8,758,834)
Other financing sources (uses)					
Bond proceeds				11,679,882	11,679,882
Transfers in	64,139	10,495	-	222,248	296,882
Transfers out	<u>(9,139)</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>(19,139)</u>
Total Other financing sources (uses):	<u>55,000</u>	<u>10,495</u>	<u>-</u>	<u>11,892,130</u>	<u>11,957,625</u>
Excess of revenue and other sources over expenditures and other uses	(26,386)	-	(4,553)	3,229,730	3,198,791
Fund balance, July 1, 2013	<u>446,772</u>	<u>(31,387)</u>	<u>132,362</u>	<u>(3,150,097)</u>	<u>(2,602,350)</u>
Fund balance, June 30, 2014	<u>\$ 420,386</u>	<u>\$ (31,387)</u>	<u>\$ 127,809</u>	<u>\$ 79,633</u>	<u>\$ 596,441</u>

See independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

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

For the Year Ended June 30, 2014

	Library Resource Sharing	Substance Abuse Fund	Cell Tower	Recreation Conservation	Drug Forfeiture	CDBG
Revenues						
State grants	\$ 29,670	\$ 10,725	\$ -	\$ -	\$ -	\$ 22,030
Investment income	-	-	-	-	363	-
Other	-	-	55,126	-	8,580	-
Total revenues	<u>29,670</u>	<u>10,725</u>	<u>55,126</u>	<u>-</u>	<u>8,943</u>	<u>22,030</u>
Expenditures						
General government	-	-	95,987	-	-	-
Public safety	-	10,725	-	-	91,621	-
Parks, recreation, and other	29,670	-	-	2,221	-	21,446
Total expenditures	<u>29,670</u>	<u>10,725</u>	<u>95,987</u>	<u>2,221</u>	<u>91,621</u>	<u>21,446</u>
Excess (deficiency) of revenue over expenditures	-	-	(40,861)	(2,221)	(82,678)	584
Other financing sources (uses)						
Transfers in	-	-	55,000	-	9,139	-
Transfers out	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	14,139	(2,221)	(73,539)	584
Fund balance, July 1, 2013	-	4,652	-	-	218,010	11,509
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ 4,652</u>	<u>\$ 14,139</u>	<u>\$ (2,221)</u>	<u>\$ 144,471</u>	<u>\$ 12,093</u>

See independent auditors' report

Continued
79

TOWN OF LITTLE COMPTON, RHODE ISLAND

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

For the Year Ended June 30, 2014

	<u>DEM Wastewater Grant</u>	<u>Stormwater Management</u>	<u>Law Enforcement Block Grant</u>	<u>EOP and Cert Grants</u>	<u>U.S. Department of Justice</u>	<u>Clerk Restoration Grant</u>
Revenues						
State grants	\$ -	\$ -	\$ -	\$ 3,500	\$ -	\$ -
Investment income	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,500</u>	<u>-</u>	<u>-</u>
Expenditures						
General government	-	-	-	-	-	-
Public safety	-	-	-	2,058	-	-
Parks, recreation, and other	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,058</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	-	-	-	1,442	-	-
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(9,139)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	1,442	(9,139)	-
Fund balance, July 1, 2013	<u>690</u>	<u>9,050</u>	<u>518</u>	<u>11,112</u>	<u>9,139</u>	<u>400</u>
Fund balance, June 30, 2014	<u>\$ 690</u>	<u>\$ 9,050</u>	<u>\$ 518</u>	<u>\$ 12,554</u>	<u>\$ -</u>	<u>\$ 400</u>

See independent auditors' report

Continued
80

TOWN OF LITTLE COMPTON, RHODE ISLAND

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

For the Year Ended June 30, 2014

	Historical Records Preservation	Spay / Neuter Fund	Homeland Security	AFG Grant	FEMA Snow Removal	Road Detail
Revenues						
State grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,590
Investment income	-	-	-	-	-	-
Other	<u>6,337</u>	<u>129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189</u>
Total revenues	<u>6,337</u>	<u>129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,779</u>
Expenditures						
General government	8,679	250	-	-	-	-
Public safety	-	-	-	-	-	17,398
Parks, recreation, and other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>8,679</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,398</u>
Excess (deficiency) of revenue over expenditures	(2,342)	(121)	-	-	-	(7,619)
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(2,342)	(121)	-	-	-	(7,619)
Fund balance, July 1, 2013	<u>36,488</u>	<u>630</u>	<u>1,158</u>	<u>-</u>	<u>-</u>	<u>45,967</u>
Fund balance, June 30, 2014	<u><u>\$ 34,146</u></u>	<u><u>\$ 509</u></u>	<u><u>\$ 1,158</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 38,348</u></u>

See independent auditors' report

Continued
81

TOWN OF LITTLE COMPTON, RHODE ISLAND

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

For the Year Ended June 30, 2014

	<u>Ambulance Reimbursement</u>	<u>Fire Alarm Inspections</u>	<u>Fourth of July</u>	<u>Harbor Management</u>	<u>Total Town Special Revenue</u>
Revenues					
State grants	\$ -	\$ -	\$ -	\$ -	\$ 75,515
Investment income	-	-	1	-	364
Other	<u>246,911</u>	<u>9,316</u>	<u>20</u>	<u>24,223</u>	<u>350,831</u>
Total revenues	<u>246,911</u>	<u>9,316</u>	<u>21</u>	<u>24,223</u>	<u>426,710</u>
Expenditures					
General government	-	-	-	-	104,916
Public safety	195,284	11,945	-	-	329,031
Parks, recreation, and other	<u>-</u>	<u>-</u>	<u>1</u>	<u>20,811</u>	<u>74,149</u>
Total expenditures	<u>195,284</u>	<u>11,945</u>	<u>1</u>	<u>20,811</u>	<u>508,096</u>
Excess (deficiency) of revenue over expenditures	51,627	(2,629)	20	3,412	(81,386)
Other financing sources (uses)					
Transfers in	-	-	-	-	64,139
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,139)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	51,627	(2,629)	20	3,412	(26,386)
Fund balance, July 1, 2013	<u>57,978</u>	<u>13,826</u>	<u>595</u>	<u>25,050</u>	<u>446,772</u>
Fund balance, June 30, 2014	<u>\$ 109,605</u>	<u>\$ 11,197</u>	<u>\$ 615</u>	<u>\$ 28,462</u>	<u>\$ 420,386</u>

See accompanying independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

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

For the Year Ended June 30, 2014

	<u>SPED Part B</u>	<u>SPED Preschool</u>	<u>Title I Part A</u>	<u>Title IIA Teacher Quality</u>	<u>REAP Small Rural Sch Program</u>	<u>REAP Ride</u>	<u>Education Foundation</u>
Revenues							
Federal grant income	\$ 87,035	\$ 1,843	\$ 51,131	\$ 8,451	\$ 49,229	\$ 49,812	\$ 1,350
Charges for services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	87,035	1,843	51,131	8,451	49,229	49,812	1,350
Expenditures							
Education	<u>87,035</u>	<u>1,843</u>	<u>51,131</u>	<u>8,451</u>	<u>49,229</u>	<u>49,812</u>	<u>1,350</u>
Excess (deficiency) of revenue over expenditures	-	-	-	-	-	-	-
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-	-	-
Fund balance, July 1, 2013	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2014	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See independent auditors' report

Continued
83

TOWN OF LITTLE COMPTON, RHODE ISLAND

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

For the Year Ended June 30, 2014

	RTTT Stds & Curriculum	RTTT Inst Improv System	RTTT Educator Effect	RTTT Human Cap	School Lunch	Total School Special Revenue
Revenues						
Federal grant income	\$ 1,600	\$ 1,965	\$ 3,219	\$ 14,577	\$ 11,469	\$ 281,681
Charges for services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,687</u>	<u>14,687</u>
Total revenues	1,600	1,965	3,219	14,577	26,156	296,368
Expenditures						
Education	<u>1,600</u>	<u>1,965</u>	<u>3,219</u>	<u>14,577</u>	<u>36,651</u>	<u>306,863</u>
Excess (deficiency) of revenue over expenditures	-	-	-	-	(10,495)	(10,495)
Other financing sources (uses)						
Transfers in	-	-	-	-	10,495	10,495
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-	-
Fund balance, July 1, 2013	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,386)</u>	<u>(31,386)</u>
Fund balance, June 30, 2014	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(31,386)</u></u>	<u><u>(31,386)</u></u>

See independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

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

For the Year Ended June 30, 2014

	<u>Cemetery</u>	<u>Historical Cemetery</u>	<u>Raposa Education Trust</u>	<u>Doris Simmons Mem</u>	<u>R. Peckham</u>	<u>Tree Fund</u>
Revenues						
Investment income	\$ 10	\$ 2	\$ 15	\$ 4	\$ 1	\$ 6
Unrealized gain/(loss)	329	-	-	-	-	-
Other	-	-	-	-	-	3,650
Total revenue	<u>339</u>	<u>2</u>	<u>15</u>	<u>4</u>	<u>1</u>	<u>3,656</u>
Expenditures						
General government	-	-	-	-	-	7,021
Education	-	-	350	150	-	-
Parks, recreation, and other	<u>1,104</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,104</u>	<u>-</u>	<u>350</u>	<u>150</u>	<u>-</u>	<u>7,021</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(765)	2	(335)	(146)	1	(3,365)
Fund balance, July 1, 2013	<u>78,522</u>	<u>21,859</u>	<u>15,137</u>	<u>3,743</u>	<u>1,308</u>	<u>6,664</u>
Fund balance, June 30, 2014	<u><u>\$ 77,757</u></u>	<u><u>\$ 21,861</u></u>	<u><u>\$ 14,802</u></u>	<u><u>\$ 3,597</u></u>	<u><u>\$ 1,309</u></u>	<u><u>\$ 3,299</u></u>

See independent auditors' report

Continued
85

TOWN OF LITTLE COMPTON, RHODE ISLAND

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

For the Year Ended June 30, 2014

	Philip Wilbur Mem	Adamsville Historical Assoc	Permanent Trust Total
Revenues			
Investment income	\$ 3	\$ 2	\$ 43
Unrealized gain/(loss)	-	-	329
Other	-	50	3,700
Total revenue	3	52	4,072
Expenditures			
General government	-	-	7,021
Education	-	-	500
Parks, recreation, and other	-	-	1,104
Total expenditures	-	-	8,625
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Excess of Revenues and Other Sources Over Expenditures and Other Uses	3	52	(4,553)
Fund balance, July 1, 2013	3,016	2,113	132,362
Fund balance, June 30, 2014	\$ 3,019	\$ 2,165	\$ 127,809

See independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Statement of Revenues,
Expenditures and Changes in Fund Balance - Capital Projects

For the Year Ended June 30, 2014

	<u>Beach Emergency</u>	<u>Capital Expenditures</u>	<u>School Renovation - Town</u>
Revenues			
Federal and State Grants	\$ 21,236	\$ -	\$ 65,216
Investment income	<u>-</u>	<u>-</u>	<u>6,317</u>
Total revenues	<u>21,236</u>	<u>-</u>	<u>71,533</u>
Expenditures			
General Government			
Public Safety		36,137	
Education	<u>-</u>	<u>30,000</u>	<u>8,374,147</u>
Total expenditures	<u>-</u>	<u>66,137</u>	<u>8,374,147</u>
Excess (deficiency) of revenue over expenditures	21,236	(66,137)	(8,302,614)
Other financing sources (uses)			
Other financing sources		60,000	
Other financing uses	(10,000)		
Bond proceeds	<u>-</u>	<u>-</u>	<u>11,679,882</u>
Total other financing sources (uses)	(10,000)	60,000	11,679,882
Excess (deficiency) of revenues and other sources over expenditures and other uses	11,236	(6,137)	3,377,268
Fund balance, July 1, 2013	<u>-</u>	<u>64,564</u>	<u>(3,411,124)</u>
Fund balance, June 30, 2014	<u>\$ 11,236</u>	<u>\$ 58,427</u>	<u>\$ (33,856)</u>

See independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Statement of Revenues,
Expenditures and Changes in Fund Balance - Capital Projects

For the Year Ended June 30, 2014

	<u>Reevaluation</u>	<u>Pike's Peak</u>	<u>School Renovation - School</u>	<u>Capital Projects Total</u>
Revenues				
Federal and state grants	\$ -	\$ -	\$ -	\$ 86,452
Investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,317</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,769</u>
Expenditures				
General government	(1,347)			(1,347)
Public safety				36,137
Education	<u>-</u>	<u>-</u>	<u>316,232</u>	<u>8,720,379</u>
Total expenditures	<u>(1,347)</u>	<u>-</u>	<u>316,232</u>	<u>8,755,169</u>
Excess (deficiency) of revenue over expenditures	1,347	-	(316,232)	(8,662,400)
Other financing sources (uses)				
Other financing sources	15,000		147,248	222,248
Other financing uses				(10,000)
Bond proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,679,882</u>
Total other financing sources (uses)	15,000	-	147,248	11,892,130
Excess (deficiency) of revenues and other sources over expenditures and other uses	16,347	-	(168,984)	3,229,730
Fund balance, July 1, 2013	<u>27,205</u>	<u>274</u>	<u>168,984</u>	<u>(3,150,097)</u>
Fund balance, June 30, 2014	<u>\$ 43,552</u>	<u>\$ 274</u>	<u>\$ -</u>	<u>\$ 79,633</u>

See independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Financial and Operating Information
Fiscal Year 2008-2014

For the Year Ended June 30, 2014

Building Permits

<u>Fiscal Year</u>	<u>Permits Issued</u>	<u>Value</u>
2004	611	\$ 17,423,584
2005	688	17,725,976
2006	877	19,568,551
2007	844	20,126,169
2008	875	28,123,254
2009	762	20,759,035
2010	620	17,545,964
2011	525	9,643,595
2012	567	12,922,929
2013	747	22,680,051
2014	836	21,803,715

Source: Town Building Inspector

Debt Ratio and Debt Per Capita

	Fiscal Years Endings June 30,						
	<u>2008⁽¹⁾</u>	<u>2009</u>	<u>2010</u>	<u>2011⁽¹⁾</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Population	3,492	3,492	3,492	3,492	3,492	3,492	3,492
Estimated Full Market Value	\$ 2,004,450,610	\$ 2,016,210,360	\$ 2,032,454,725	\$ 1,839,956,716	\$ 1,868,749,676	\$ 1,867,240,667	N/A
Gross Bonded Debt	\$ 1,440,000	\$ 1,170,000	\$ 905,000	\$ 665,000	\$ 485,000	\$ 165,000	\$ 11,310,000
Ratio of Debt to EFMV	0.07%	0.06%	0.04%	0.04%	0.03%	0.09%	0.61%
Debt Per Capita	\$ 412	\$ 335	\$ 259	\$ 190	\$ 139	\$ 47	\$ 3,239
Real Property Tax Rate	\$ 4.62	\$ 4.61	\$ 5.33	\$ 5.33	\$ 5.38	\$ 5.38	\$ 5.64

(1) Statistical update

Assessed Valuation

	<u>12/31/2008</u>	<u>12/31/2009⁽¹⁾</u>	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012⁽²⁾</u>	<u>12/31/2013</u>
	<u>(FY2010)</u>	<u>(FY2011)</u>	<u>(FY2012)</u>	<u>(FY2013)</u>	<u>(FY2014)</u>	<u>(FY2015)</u>
Real Estate	\$ 1,987,918,097	\$ 1,794,167,067	\$ 1,816,073,967	\$ 1,820,657,467	\$ 1,854,608,167	\$ 1,867,240,667
Motor Vehicles	35,049,234	36,537,566	43,057,212	45,543,630	44,503,908	44,990,825
Tangible Personal	9,487,394	9,252,083	9,618,497	9,691,899	9,785,154	10,039,732
Total	\$ 2,032,454,725	\$ 1,839,956,716	\$ 1,868,749,676	\$ 1,875,892,996	\$ 1,908,897,229	\$ 1,922,271,224
Less Exemptions	(28,674,837)	(31,615,762)	(35,755,047)	(35,715,960)	(34,905,654)	(34,234,325)
Net Total	\$ 2,003,779,888	\$ 1,808,340,954	\$ 1,832,994,629	\$ 1,840,177,036	\$ 1,873,991,575	\$ 1,888,036,899
Full Value Ratio of Assessment	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Estimated Full Value	\$ 2,032,454,725	\$ 1,839,956,716	\$ 1,868,749,676	\$ 1,875,892,996	\$ 1,908,897,229	\$ 1,922,271,224

(1) Revaluation

(2) Statistical Update

See independent auditors' report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Financial and Operating Information
Fiscal Year 2008-2014

For the Year Ended June 30, 2014

The following table sets forth the principal taxpayers of the Town and the assessed valuation of property held by such taxpayers as of December 31, 2013:

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>
Sakonnet Golf Club	Golf course	\$ 10,655,400
Wagner Family GST Trust	Residential	8,054,300
Higgins, Robert J & Mary D	Residential	7,672,800
Wattles, Gurdon B	Residential	7,380,500
Merriman, David W	Residential	7,285,800
ADK LLC	Residential	7,146,800
Carpenter, Benjamin & Leigh Worcester	Residential	6,997,600
Johannessen, Siguard W	Residential	6,445,800
Conaway, D Allen ET AL	Residential	6,406,300
O'Connor, Stephen L & Lucy C	Residential	6,083,100

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Little Compton, Rhode Island (the Town), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Town's basic financial statements, and have issued our report thereon dated December 5, 2014.

Internal Control over Financial Reporting

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

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

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

Continued

Compliance and Other Matters

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

Purpose of this Report

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



Fall River, Massachusetts
January 16, 2015