

Town of Westerly Rhode Island



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014

Town of Westerly Rhode Island

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014

Michelle A. Buck
Town Manager

Debra J. Bridgham
Finance Director

Prepared by: Finance Department

**TOWN OF WESTERLY, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2014**

TABLE OF CONTENTS

Introductory Section		Page
	List of Town Officials	i
	Organizational Chart	ii
	Letter of Transmittal	iii-viii
Financial Section		
	Independent Auditors' Report	1-3
	Management's Discussion and Analysis	4-12
 <u>Exhibit</u>		
<u>Basic Financial Statements</u>		
<u>Government-Wide Financial Statements</u>		
I	Statement of Net Position	13
II	Statement of Activities	14
<u>Fund Financial Statements</u>		
Governmental Funds:		
III	Balance Sheet	15-16
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	17-18
Proprietary Funds:		
V	Statement of Net Position	19
VI	Statement of Revenues, Expenses and Changes in Net Position	20
VII	Statement of Cash Flows	21
Fiduciary Funds:		
VIII	Statement of Net Position	22
IX	Statement of Changes in Net Position - Pension Trust Fund, Private Purpose Trust Funds and OPEB Trust Fund	23
	Notes to Financial Statements	24-55
<u>Required Supplementary Information</u>		
General Fund:		
RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	56-57
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	58-60
Pension Trust Fund:		
RSI-3	Schedule of Changes in Net Pension Liability and Related Ratios - Last Fiscal Year	61
RSI-4	Schedule of Employer Contributions - Last Ten Fiscal Years	62
RSI-5	Schedule of Investment Returns - Last Fiscal Year	63

<u>Exhibit</u>		<u>Page</u>
	<u>Combining and Individual Fund Statements and Schedules</u>	
	<u>General Fund</u>	
A-1	Combining Balance Sheet	64
A-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	65
A-3	Schedule of Revenues, Expenditures and Other Financing Sources (Uses) - Budget and Actual - School Unrestricted Fund	66
	<u>Nonmajor Governmental Funds</u>	
B-1	Combining Balance Sheet	67-71
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	72-76
	<u>Internal Service Funds</u>	
C-1	Combining Statement of Net Position	77
C-2	Combining Statement of Revenues, Expenses and Changes in Net Position	78
C-3	Combining Statement of Cash Flows	79
	<u>Private Purpose Trust Funds</u>	
D-1	Combining Statement of Net Position	80-81
D-2	Combining Statement Changes in Net Position	82-83
	<u>Agency Funds</u>	
E	Combining Statement of Changes in Assets and Liabilities	84-85
	<u>Other</u>	
F	Tax Collector's Annual Report	86

Statistical Section

Table

	Financial Trends:	
1	Net Position by Component	87
2	Changes in Net Position	88-89
3	Fund Balances, Governmental Funds	90
4	Changes in Fund Balances, Governmental Funds	91
	Revenue Capacity:	
5	Assessed Value and Actual Value of Taxable Property	92
6	Property Tax Rates	93
7	Principal Property Taxpayers	94
8	Property Tax Levies and Collections	95
	Debt Capacity	
9	Ratios of Outstanding Debt by Type	96
10	Ratios of General Bonded Debt Outstanding	97
11	Legal Debt Margin Information	98
	Demographic and Economic Statistics:	
12	Demographic and Economic Statistics	99
13	Principal Employers	100
	Operating Information:	
14	Full-Time Equivalent Town Government Employees by Function/Program	101
15	Operating Indicators by Function/Program	102
16	Capital Asset Statistics by Function/Program	103

Introductory Section

Town of Westerly, Rhode Island

List of Principal Officials

Fiscal Year Ended June 2014

Town Council:

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

School Committee:

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

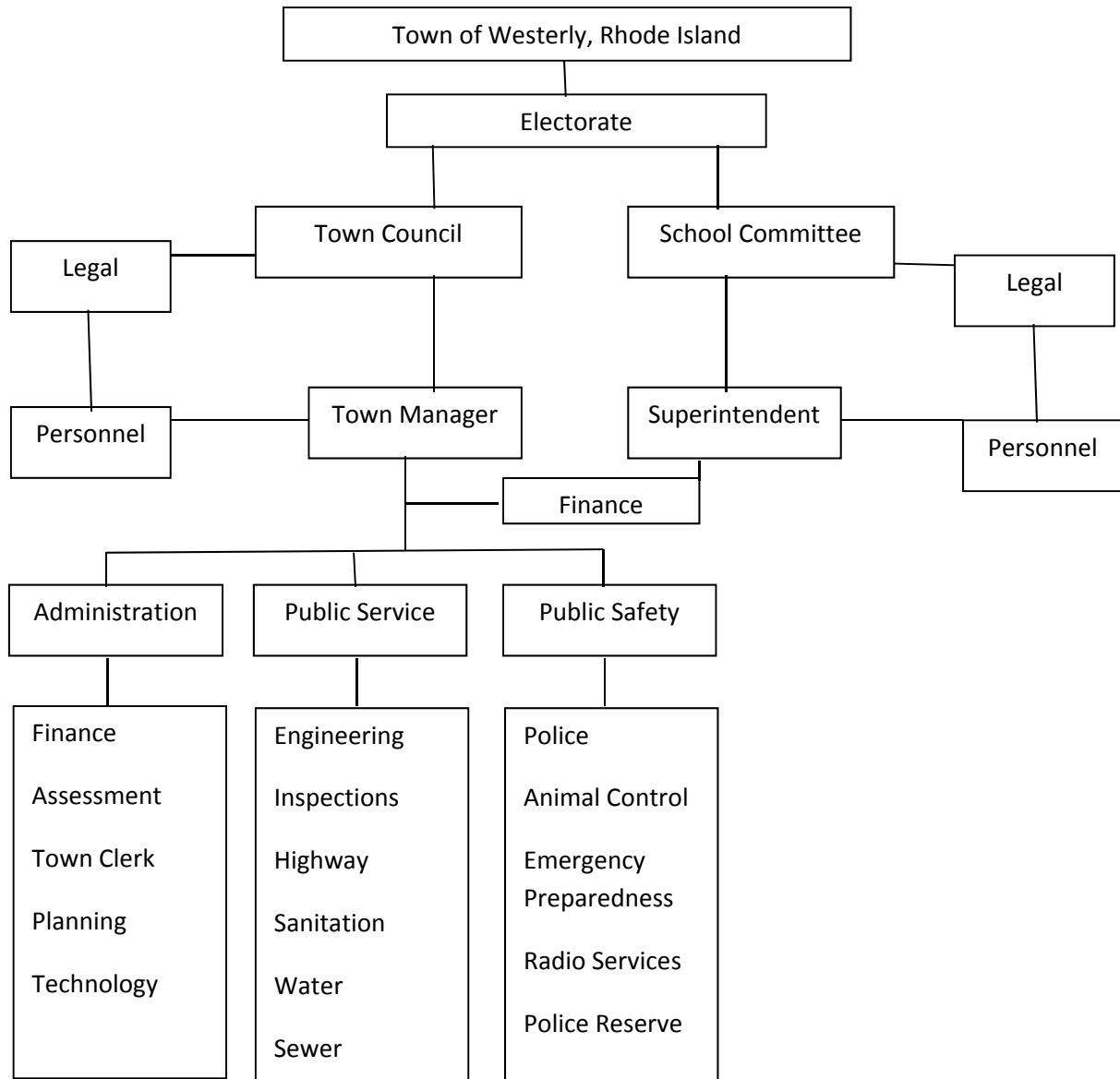
Town Manager: Michelle Buck

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

Director of Finance: Debra J. Bridgham

Police Chief: Edward St. Clair

Town Clerk: Donna L. Giordano, MMC





Westerly Rhode Island

Finance Department

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

December 29, 2014

To the Citizens of Westerly, Rhode Island

The comprehensive annual financial report of the Town of Westerly, Rhode Island, for the fiscal year ended June 30, 2014, is hereby submitted as mandated by state statute. State laws require that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants licensed to practice in the State of Rhode Island.

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

The Town of Westerly's financial statements have been audited by Blum, Shapiro & Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Westerly for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion, that the Town of Westerly's financial statement for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is present as the first component of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

General

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

The Town has a population of 22,775. In 2014, the Town’s median family income was \$59,008, and the median value of owner occupied housing was \$259,400. Not reflected in the Census statistics is the above average income of the more than 17,000 summer inhabitants of the Town who contribute to the Town’s economy, nor the value of vacation homes located along the Town’s coastal areas.

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

Government

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

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

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

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

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

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

Budget to actual comparisons are provided in this report for the general fund and the school unrestricted fund on pages 56 through 60 and page 66.

Factors Affecting Financial Condition

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

Local Economy

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

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

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

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

In May of 2014 the Westerly purchased 12 undeveloped parcels of land totaling 433 acres located generally in the Bradford area (sometimes referred to as the Lucey Property) for the purpose of open space. This property is located adjacent to the Westerly Lacrosse field, which was purchased in 2007. Westerly will be working in collaboration with the Municipal Land Trust as they did with the purchase in 2007.

In 2013 Westerly completed a \$30 million renovation of its high school. In 2006, a \$28 million dollar middle school was built, a new \$12 million dollar police station in 2007 and \$5 million dollar public works facility in 2008. In March of 2014 the School Committee appointed the School Redesign Advisory Committee to develop recommendation for Phase 3 of the Vision 2020 – renovation of elementary schools, provide an unbiased informed set of options and to include consideration of all facilities, not just elementary school facilities.

Pension and other postemployment benefits

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

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

The police are in a town managed defined contribution plan. Assets are professionally managed. This pension is currently funded at 64.7%. The Town will look at changes made to the state plan, and look to implement some of ideas into its plan. The Town has for the past two years and plans to continue to fund the Annual Required Payment (ARC) at 100%.

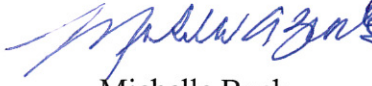
Westerly has an OPEB obligation of \$10.7 million, related to past and grandfathered employees. OPEB funds were previously part of the pension funds but now have been segregated. The OPEB is 24. % funded.

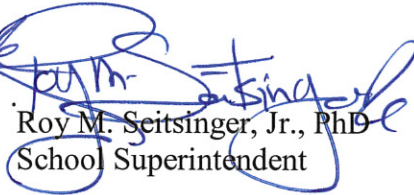
Other


Westerly believes in transparency and the accountability it inspires. This is the fourth year that the town's annual audit is presented in the form of a Comprehensive Annual Financial Report. The Town has redesigned its monthly budget reports and started posting them, along with grant updates, debt service and state aid 5 year forecast and pension actuary reports on its Town website. In 2012 Westerly combined the role of Town and School Finance Director position, and continues to look at other areas to combine services and expand report on its activities to the public.

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

Respectfully submitted,


Michelle Buck
Town Manager


Roy M. Seitsinger, Jr., PhD
School Superintendent


Debra J. Bridgham
Director of Finance

Financial Section

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Westerly, Rhode Island, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Westerly, Rhode Island's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the budgetary comparison information on pages 56 through 60, the schedule of changes in net pension liability and related ratios on page 61, the schedule of employer contributions on page 62 and the schedule of investment returns on page 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Westerly, Rhode Island's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2014 on our consideration of the Town of Westerly, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Westerly, Rhode Island's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 29, 2014

**TOWN OF WESTERLY, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2014**

As management of the Town of Westerly, we offer readers of the Town's financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2014. We encourage the readers to consider the information presented here in conjunction with the letter of transmittal on pages iii-viii of this report as well as the Town's basic financial statement that follow this section.

Financial Highlights

- The assets of the Town of Westerly exceeded its liabilities at the close of the most recent fiscal year by \$134,686,107. Of this amount \$16,338,872 is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's net position increased by \$3,502,688.
- As of the close of the current fiscal year, the Town of Westerly's governmental funds reported combined ending fund balances of \$19,320,337. Approximately 40.05% of the ending fund balance, \$7,819,474 is unassigned and available for use within the Town's designation and fiscal policies.
- At the end of the current fiscal year, the General Fund's unassigned fund balance was \$8,464,291, or 10.26% of the total General Fund budgeted expenditures for the 2014 fiscal year. The current fiscal year's General Fund expenditures and transfers exceeded revenues by \$440,356 on a GAAP basis. On a budgetary basis, the total revenues and other financing sources exceeded the total expenditures and other financing uses by \$863,892.
- The Town's General Fund total bonded debt decreased by \$3,278,678 (6.2%) during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

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

Both of the government-wide financial statement distinguish functions of the Town of Westerly that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The government activities of the Town include general government, public safety, streets and highways, libraries, education beach and recreation. The business-type activities of the Town include a water fund, sewer fund

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

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

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

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

The Town of Westerly maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, School Bond Fund, and Capital Project Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements included in the other supplementary information.

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

Proprietary Funds. The Town's proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements with the exception of the Internal Service Funds which are reported as governmental fund type activity. The Town has two enterprise funds. Water Fund accounts for the water system of the entire Town of Westerly as well as neighboring Pawcatuck, Connecticut. Sewer Fund operates sixty-one (61) miles of sanitary sewers, which covers approximately 50% of the Town.

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

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

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

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

Notes to Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement are presented on page 24-55.

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

Required supplementary information is presented on pages 56-63.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 64-85.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Westerly, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$134,686,107 as of June 30, 2014.

TOWN OF WESTERLY, RHODE ISLAND NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 27,984,618	\$ 29,879,669	\$ 7,546,523	\$ 6,691,429	\$ 35,531,141	\$ 36,571,098
Capital assets, net of accumulated depreciation	165,554,945	158,309,913	33,811,221	37,699,059	199,366,166	196,008,972
Total assets	<u>193,539,563</u>	<u>188,189,582</u>	<u>41,357,744</u>	<u>44,390,488</u>	<u>234,897,307</u>	<u>232,580,070</u>
Deferred charge on refunding	<u>2,929,914</u>	<u>1,830,138</u>			<u>2,929,914</u>	<u>1,830,138</u>
Current liabilities	12,007,412	12,403,305	845,683	1,415,628	12,853,095	13,818,933
Long-term liabilities outstanding	86,123,343	87,758,027	4,111,881	6,508,332	90,235,224	94,266,359
Total liabilities	<u>98,130,755</u>	<u>100,161,332</u>	<u>4,957,564</u>	<u>7,923,960</u>	<u>103,088,319</u>	<u>108,085,292</u>
Advance tax collections	<u>52,795</u>				<u>52,795</u>	<u>-</u>
Net Position:						
Net investment in capital assets	82,591,557	72,528,400	29,236,676	30,714,945	111,828,233	103,243,345
Restricted	6,519,002	2,542,513			6,519,002	2,542,513
Unrestricted	<u>9,175,368</u>	<u>14,787,475</u>	<u>7,163,504</u>	<u>5,751,583</u>	<u>16,338,872</u>	<u>20,539,058</u>
Total Net Position	<u>\$ 98,285,927</u>	<u>\$ 89,858,388</u>	<u>\$ 36,400,180</u>	<u>\$ 36,466,528</u>	<u>\$ 134,686,107</u>	<u>\$ 126,324,916</u>

The largest portion of the Town's net position (83%) is its investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is report net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital asset cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$6,519,002, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position \$16,338,872, may be used to meet the government's ongoing obligations to its citizens and creditors.

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

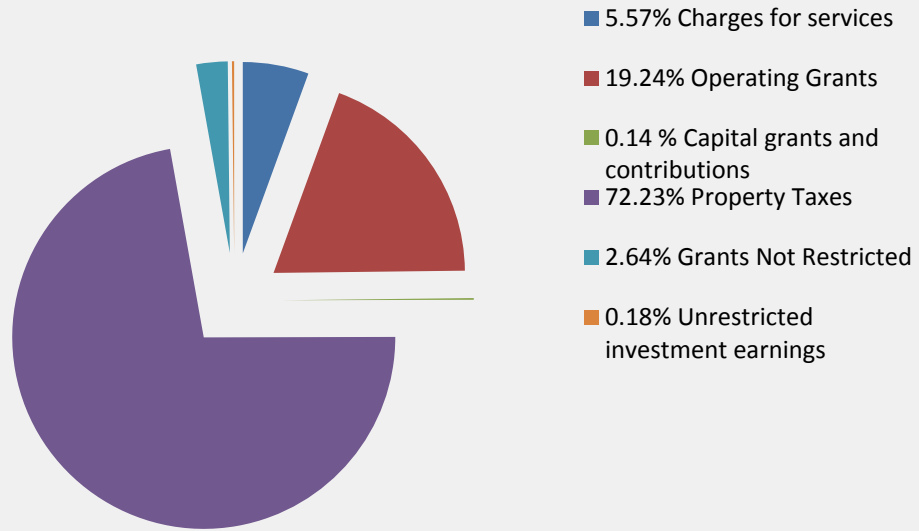
The Town's net position increased by \$3,502,688 during the current fiscal year. Of this amount, governmental activities accounted for \$3,569,036 the increase while business-type activities accounted for an expense of \$66,348.

Governmental Activities. Governmental activities increased the Town's net position by, \$3,569,036, thereby accounting for 102% of the total increase in net position of the town.

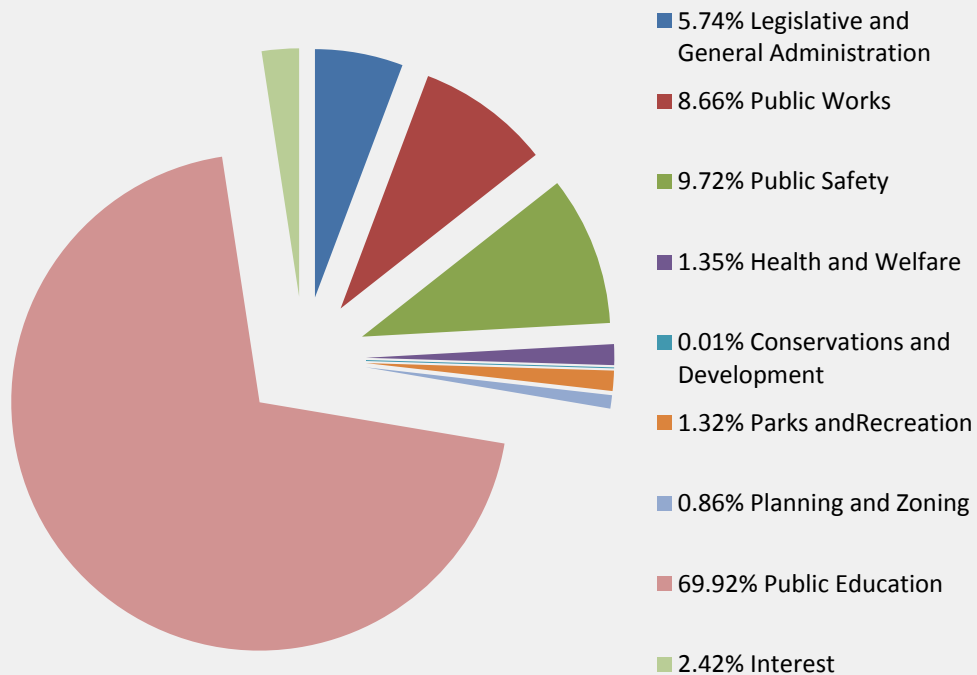
TOWN OF WESTERLY, RHODE ISLAND
CHANGES IN NET POSITION
For the Fiscal Years Ended June 30, 2014 and 2013

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for services	\$ 5,063,488	\$ 6,086,123	\$ 8,474,982	\$ 8,037,500	\$ 13,538,470	\$ 14,123,623
Operating grants and contributions	17,480,083	19,613,142			17,480,083	19,613,142
Capital grants and contributions	129,017				129,017	-
General revenues:						
Property taxes	65,605,977	65,108,718			65,605,977	65,108,718
Grants not restricted to specific programs	2,400,544	1,927,032			2,400,544	1,927,032
Unrestricted investment earnings	30,786	55,779	2,121	2,111	32,907	57,890
Miscellaneous revenue	133,290	84,964			133,290	84,964
Total revenues	<u>90,843,185</u>	<u>92,875,758</u>	<u>8,477,103</u>	<u>8,039,611</u>	<u>99,320,288</u>	<u>100,915,369</u>
Expenses:						
Legislative, judicial and general administrative	5,047,531	4,331,225			5,047,531	4,331,225
Public works	7,634,376	8,421,798			7,634,376	8,421,798
Public safety	8,569,273	7,641,412			8,569,273	7,641,412
Health and welfare	1,193,857	2,648,904			1,193,857	2,648,904
Conservation and development	8,058	13,723			8,058	13,723
Parks and recreation	1,162,690	835,358			1,162,690	835,358
Planning and Zoning	762,142	659,533			762,142	659,533
Public education	61,614,560	60,152,421			61,614,560	60,152,421
Interest on long-term debt	2,131,894	3,417,931			2,131,894	3,417,931
Water fund			4,255,925	4,040,375	4,255,925	4,040,375
Sewer fund			3,437,294	3,428,731	3,437,294	3,428,731
Beach fund				279,307		279,307
Total expenses	<u>88,124,381</u>	<u>88,122,305</u>	<u>7,693,219</u>	<u>7,748,413</u>	<u>95,817,600</u>	<u>95,870,718</u>
Change in net position before transfers	2,718,804	4,753,453	783,884	291,198	3,502,688	5,044,651
Transfers	850,232	(604,580)	(850,232)	604,580	-	-
Change in net position	3,569,036	4,148,873	(66,348)	895,778	3,502,688	5,044,651
Net Position at Beginning of Year, as Restated	<u>94,716,891</u>	<u>85,709,515</u>	<u>36,466,528</u>	<u>35,570,750</u>	<u>131,183,419</u>	<u>121,280,265</u>
Net Position at End of Year	<u>\$ 98,285,927</u>	<u>\$ 89,858,388</u>	<u>\$ 36,400,180</u>	<u>\$ 36,466,528</u>	<u>\$ 134,686,107</u>	<u>\$ 126,324,916</u>

2014 Governmental Activities: Revenues



2014 Governmental Activities: Expenses



Business-type Activities - Net position in business type activities decreased by \$66,348, resulting in a (.018%) decrease in business-type assets.

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

The total expenses within the business-type activities of the Town include the following: Water Fund 56.4%, wastewater treatment 43.6%

Financial Analysis of the Town of Westerly's Funds

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

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

At the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$19,320,337. Approximately 40.5% is available for spending at the government's discretion within the Town's total Fund Balance. The remaining fund balance of \$11,500,863 included \$3,016,495 of Committed Fund Balance for Capital Projects, \$642,000 assigned to the 2014 budget, \$840,328 nonspendable for prepaid items, and \$7,002,040 restricted to specific programs.

The General Fund is the chief operating fund of the Town of Westerly. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8,464,291 while total fund balance was \$12,785,671. As a measure of the General Fund's liquidity it may be useful to compare both unassigned fund balance and total fund balance to total General Fund budgeted expenditures. Unassigned fund balance represents 10.26% of the 2014 FY Adopted General Fund Expenditure Budget. While total fund balance represents 15.51% of that same amount.

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

The School Restricted fund balance of \$2,171,877 of which \$500,000 has been committed to the 2015 FY budget, additionally \$1,066,405 is committed to liquidate contracts and purchase orders of the prior year.

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

Unrestricted net position in the water fund at the end of the fiscal year amounted to \$3,244,241; unrestricted net position in the sewer fund was \$3,919,263.

General Fund Budgetary Highlights

Overall the Town of Westerly, Rhode Island finished the 2013-2014 fiscal year with a budgetary surplus of \$863,892.

Major General Fund Revenue Factors:

General Property Taxes - Property taxes are the largest single revenue source for the General Fund and account for 72.23% of total revenues. The town budgets current property tax at 97.5% collection rate, while the actual collection rate was at approximately 100.2%. The increase is due to Motor Vehicle, Personal Property and Prior Years Tax collection.

Licenses and Permits - The economy continues to grow along the cost as well as continued building and mitigation from storm Sandy and item being over budget by \$75,137.

Major Expenditure Factors:

Education Expense accounts for approximately 69.92% of the total expenditures within the General Fund of the Town of Westerly. Public Safety 9.72%, Public Works 8.66%, and General Government 11.7%.

Capital Assets and Debt Administration

Capital Assets - The Town of Westerly's in capital assets for its governmental and business-type activities as of June 30, 2014 amounts to \$199,366,166 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, infrastructure, and construction in progress.

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 17,477,036	\$ 13,718,916	\$ 3,131,635	\$ 6,274,155	\$ 20,608,671	\$ 19,993,071
Construction in progress	4,278,129	3,908,229	767,807	733,074	5,045,936	4,641,303
Buildings and improvements	82,813,162	85,422,119	10,379,666	10,869,154	93,192,828	96,291,273
Mains, wells, pumps and hydrants			10,352,189	10,571,693	10,352,189	10,571,693
Tanks and structures			8,853,624	9,037,492	8,853,624	9,037,492
Motor vehicles	3,156,120	3,470,285			3,156,120	3,470,285
Machinery, equipment and furniture	2,624,669	3,053,280	326,300	213,491	2,950,969	3,266,771
Software	17,083	31,149			17,083	31,149
Infrastructure	55,188,746	53,564,438			55,188,746	53,564,438
Total	\$ 165,554,945	\$ 163,168,416	\$ 33,811,221	\$ 37,699,059	\$ 199,366,166	\$ 200,867,475

Debt Administration - At the end of the current fiscal year, the Town of Westerly had total bonded debt outstanding of \$52,955,000, entirely backed by the full faith and credit of the Town and \$2,851,945 of capital leases and \$30,622,063 of loans payable.

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 52,955,000	\$ 56,233,678	\$ -	\$ 1,671,322	\$ 52,955,000	\$ 57,905,000
Capital lease	2,846,770	1,379,633	5,175	12,507	2,851,945	1,392,140
Loans	26,052,694	27,732,124	4,569,369	5,181,638	30,622,063	32,913,762
	<u>\$ 81,854,464</u>	<u>\$ 85,345,435</u>	<u>\$ 4,574,544</u>	<u>\$ 6,865,467</u>	<u>\$ 86,429,008</u>	<u>\$ 92,210,902</u>

State statutes limit the amount of general obligation bonded debt a town can issue to 3 percent of net assessed property values. However, all bonds approved through State enabling legislation and voter referendums are exempt from the limit. As of June 30, 2014, the Town had a debt limit of \$176,617,926.

In May 2014 the Town of Westerly was rated as part of Bond Refunding. Standard and Poor's rated the Town of Westerly's credit rating at AA/Stable. Moody's Investors Service rated the Town at Aa2.

Economic Factors and Next Year's Budget and Rates

The Town of Westerly's total proposed General Fund budget for fiscal year 2015 amounts to \$84,714,053 which reflects an increase of 2,283,878 (2.77%) over the fiscal 2014 budget. Of the Town's \$84,714,053 budget, \$52,600,095 or 62.9% is budgeted for Westerly Public Schools. The Town is budgeted to receive \$7,685,581 from the State of Rhode Island for Aid to Education.

The Town's tax rate for fiscal year 2014 is 10.53 versus 10.64 for fiscal year 2015.

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

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

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

Basic Financial Statements

TOWN OF WESTERLY, RHODE ISLAND

STATEMENT OF NET POSITION

JUNE 30, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 13,024,186	\$ 4,581,470	\$ 17,605,656
Receivables, net of allowance for uncollectibles	1,785,393	2,736,593	4,521,986
Due from federal and state governments	4,236,976	26,643	4,263,619
Other receivables	1,468,962		1,468,962
Due from fiduciary funds	208,756		208,756
Inventory		156,338	156,338
Prepaid items	5,532,275	45,479	5,577,754
Other assets	1,728,070		1,728,070
Total current assets	<u>27,984,618</u>	<u>7,546,523</u>	<u>35,531,141</u>
Noncurrent assets:			
Capital assets not being depreciated	21,755,165	3,899,442	25,654,607
Capital assets, net of accumulated depreciation	143,799,780	29,911,779	173,711,559
Total noncurrent assets	<u>165,554,945</u>	<u>33,811,221</u>	<u>199,366,166</u>
Total assets	<u>193,539,563</u>	<u>41,357,744</u>	<u>234,897,307</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	2,929,914		2,929,914
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	3,531,165	161,011	3,692,176
Accrued interest payable	843,610	55,005	898,615
Unearned revenue	1,120		1,120
Claims payable	938,241		938,241
Current maturities of long-term obligations	6,693,276	629,667	7,322,943
Total current liabilities	<u>12,007,412</u>	<u>845,683</u>	<u>12,853,095</u>
Noncurrent liabilities:			
Due in more than one year	86,123,343	4,111,881	90,235,224
Total liabilities	<u>98,130,755</u>	<u>4,957,564</u>	<u>103,088,319</u>
DEFERRED INFLOWS OF RESOURCES			
Advance tax collections	52,795		52,795
NET POSITION			
Net investment in capital assets	82,591,557	29,236,676	111,828,233
Restricted for:			
Special projects and programs	6,519,002		6,519,002
Unrestricted	9,175,368	7,163,504	16,338,872
Total Net Position	<u>\$ 98,285,927</u>	<u>\$ 36,400,180</u>	<u>\$ 134,686,107</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WESTERLY, RHODE ISLAND

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

Function/Program Activities	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Legislative, judicial and general administrative	\$ 5,047,531	\$ 1,170,950	\$ 9,336	\$	\$ (3,867,245)	\$	\$ (3,867,245)
Public works	7,634,376	2,451,873	363,760	125,686	(4,693,057)		(4,693,057)
Public safety	8,569,273	261,017	139,163		(8,169,093)		(8,169,093)
Health and welfare	1,193,857	51,367	1,379,454		236,964		236,964
Conservation and development	8,058	34,504			26,446		26,446
Parks and recreation	1,162,690	223,944			(938,746)		(938,746)
Planning and zoning	762,142	75,703			(686,439)		(686,439)
Education	61,614,560	794,130	12,813,245	3,331	(48,003,854)		(48,003,854)
Interest on long-term debt	2,131,894		2,775,125		643,231		643,231
Total governmental activities	<u>88,124,381</u>	<u>5,063,488</u>	<u>17,480,083</u>	<u>129,017</u>	<u>(65,451,793)</u>	<u>-</u>	<u>(65,451,793)</u>
Business-type activities:							
Water	4,255,925	4,724,623				468,698	468,698
Sewer	3,437,294	3,750,359				313,065	313,065
Total business-type activities	<u>7,693,219</u>	<u>8,474,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>781,763</u>	<u>781,763</u>
Total	<u>\$ 95,817,600</u>	<u>\$ 13,538,470</u>	<u>\$ 17,480,083</u>	<u>\$ 129,017</u>	<u>(65,451,793)</u>	<u>781,763</u>	<u>(64,670,030)</u>
General revenues:							
Property taxes					65,605,977		65,605,977
State aid and in lieu of taxes not restricted for a specific purpose					2,400,544		2,400,544
Unrestricted investment earnings					30,786	2,121	32,907
Miscellaneous					133,290		133,290
Transfers					850,232	(850,232)	-
Total general revenues and transfers					<u>69,020,829</u>	<u>(848,111)</u>	<u>68,172,718</u>
Change in net position					3,569,036	(66,348)	3,502,688
Net Position at Beginning of Year, as Restated					94,716,891	36,466,528	131,183,419
Net Position at End of Year					<u>\$ 98,285,927</u>	<u>\$ 36,400,180</u>	<u>\$ 134,686,107</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WESTERLY, RHODE ISLAND

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

	<u>General</u>	<u>School Restricted Fund</u>	<u>CDBG 2011</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 5,180,724	\$	\$	\$ 7,415,238	\$ 12,595,962
Property tax receivable	1,785,228				1,785,228
Due from federal and state governments	1,071,867	800,572	2,043,866	320,671	4,236,976
Other receivables	1,199,841	176,981		92,140	1,468,962
Due from other funds	4,124,789				4,124,789
Prepaid items	1,906,733				1,906,733
Other assets	1,728,070				1,728,070
Total Assets	<u>\$ 16,997,252</u>	<u>\$ 977,553</u>	<u>\$ 2,043,866</u>	<u>\$ 7,828,049</u>	<u>\$ 27,846,720</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,817,267	\$ 61,044	\$ 192,314	\$ 535,118	\$ 2,605,743
Accrued liabilities	925,335				925,335
Due to state and federal governments	87				87
Due to other funds		897,607	2,438,377	189,222	3,525,206
Unearned revenue		1,120			1,120
Total liabilities	<u>2,742,689</u>	<u>959,771</u>	<u>2,630,691</u>	<u>724,340</u>	<u>7,057,491</u>
Deferred inflows of resources					
Unavailable revenues - taxes	1,075,592				1,075,592
Unavailable revenues - solid waste assessments	249,959				249,959
Unavailable revenues - other billings	90,546				90,546
Advance tax collections	52,795				52,795
Total deferred inflows of resources	<u>1,468,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,468,892</u>
Fund balances:					
Nonspendable	840,328				840,328
Restricted	2,651,915	32,164		4,317,961	7,002,040
Committed	187,137			2,829,358	3,016,495
Assigned	642,000				642,000
Unassigned	8,464,291	(14,382)	(586,825)	(43,610)	7,819,474
Total fund balances	<u>12,785,671</u>	<u>17,782</u>	<u>(586,825)</u>	<u>7,103,709</u>	<u>19,320,337</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 16,997,252</u>	<u>\$ 977,553</u>	<u>\$ 2,043,866</u>	<u>\$ 7,828,049</u>	<u>\$ 27,846,720</u>

(Continued on next page)

TOWN OF WESTERLY, RHODE ISLAND

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2014

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

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

Fund balances - total governmental funds (Exhibit III)	\$	19,320,337
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	234,439,047	
Less accumulated depreciation		<u>(68,884,102)</u>	
Net capital assets			165,554,945

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

Property tax receivables greater than 60 days	1,075,592
Other departmental revenues	340,505

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

2,724,863

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

Bonds payable	(52,955,000)
Loans payable	(26,052,694)
Deferred charges on refunding	2,929,914
Unamortized bond issue premium	(4,038,838)
Interest payable on bonds and loans	(843,610)
Capital lease	(2,846,770)
MERS obligation	(725,044)
Compensated absences	(1,938,365)
Early retirement incentives	(110,000)
Net pension obligation	(1,883,220)
Net OPEB obligation	<u>(2,266,688)</u>

Net Position of Governmental Activities (Exhibit I)	\$	<u>98,285,927</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF WESTERLY, RHODE ISLAND

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

FOR THE YEAR ENDED JUNE 30, 2014

	General	School Restricted Fund	CDBG 2011	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
General property taxes	\$ 67,111,282	\$	\$	\$	\$ 67,111,282
Intergovernmental and department revenues	17,934,327	1,626,280	1,263,876	890,446	21,714,929
Licenses and permits	502,040			422,850	924,890
Fines and penalties	160,913			3,379	164,292
Interest on investments	27,407				27,407
Other revenues	1,836,710	264,068		240,763	2,341,541
Total revenues	<u>87,572,679</u>	<u>1,890,348</u>	<u>1,263,876</u>	<u>1,557,438</u>	<u>92,284,341</u>
Expenditures:					
Current:					
Legislative, judicial and general administrative	4,043,229			167,534	4,210,763
Public works	6,338,814	212,029		71,283	6,622,126
Public safety	7,948,298	1,181		137,767	8,087,246
Health and welfare	1,051,052	3,948	2,015,798	118,911	3,189,709
Conservation and development	7,998			60	8,058
Parks and recreation	987,563	1,197			988,760
Planning and zoning	784,507				784,507
Education	55,852,921	1,701,315		1,021,169	58,575,405
Debt service	9,879,211				9,879,211
Capital outlay	2,764,406			1,241,373	4,005,779
Total expenditures	<u>89,657,999</u>	<u>1,919,670</u>	<u>2,015,798</u>	<u>2,758,097</u>	<u>96,351,564</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,085,320)</u>	<u>(29,322)</u>	<u>(751,922)</u>	<u>(1,200,659)</u>	<u>(4,067,223)</u>
Other Financing Sources (Uses):					
Refunding bonds issued	14,590,000			1,300,000	15,890,000
Premium on refunding bonds issued	1,974,144			162,227	2,136,371
Payment to refunded bond escrow agent	(16,489,170)				(16,489,170)
Capital lease issued	2,347,516				2,347,516
Transfers in	436,334	648		827,703	1,264,685
Transfers out	(1,213,860)	(6,840)	(1,400)	(700,037)	(1,922,137)
Total other financing sources (uses)	<u>1,644,964</u>	<u>(6,192)</u>	<u>(1,400)</u>	<u>1,589,893</u>	<u>3,227,265</u>
Net Change in Fund Balances	(440,356)	(35,514)	(753,322)	389,234	(839,958)
Fund Balances at Beginning of Year	<u>13,226,027</u>	<u>53,296</u>	<u>166,497</u>	<u>6,714,475</u>	<u>20,160,295</u>
Fund Balances at End of Year	<u>\$ 12,785,671</u>	<u>\$ 17,782</u>	<u>\$ (586,825)</u>	<u>\$ 7,103,709</u>	<u>\$ 19,320,337</u>

(Continued on next page)

TOWN OF WESTERLY, RHODE ISLAND

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

FOR THE YEAR ENDED JUNE 30, 2014

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (839,958)
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Governmental funds report capital outlays as expenditures. However, in the statement of
activities the cost of those assets is allocated over their estimated useful lives and
reported as depreciation expense.

Capital outlay	4,716,323
Depreciation expense	(5,615,114)
Net transfer in of capital assets from the Beach Fund	3,285,320

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

Property taxes collected after 60 days	(1,505,305)
Other departmental revenues	64,149

Change in bond issuance cost	(663,559)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources
to governmental funds, while the repayment of the principal of long-term debt consumes the
current financial resources of governmental funds. Neither transaction, however, has any
effect on net position. Also, governmental funds report the effect of premiums,
discounts and similar items when debt is first issued, whereas these amounts are deferred
and amortized in the statement of activities. This amount is the net effect of these
differences in the treatment of long-term debt and related items.

Bonds issued	(1,671,322)
Issuance of refunding bonds	(15,890,000)
Payment to bond escrow agent	16,489,170
Bond payments	4,350,830
Premium on refunding bonds	(2,147,235)
Capital lease issued	(2,347,516)
Capital lease payments	880,379
Accrued interest	278,050
Loan payments	1,679,430

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

Amortization of deferred charges in refunding	1,099,776
Amortization of bond premiums	374,613
Change in long-term compensated absences	156,002
Change in early retirement incentives	70,000
Change in net pension obligation	7,115
Change in MERS obligation	181,261
Change in net OPEB obligation	(530,205)

The net expense of the internal service funds is reported with governmental activities.	<u>1,146,832</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 3,569,036</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF WESTERLY, RHODE ISLAND

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2014

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds				Activities
	Water Fund	Sewer Fund	Beach Fund	Total	Internal Service Funds
Assets:					
Current assets:					
Cash and cash equivalents	\$ 1,820,985	\$ 2,760,485	\$ -	\$ 4,581,470	\$ 428,224
Accounts and other receivables, net	1,487,861	1,248,732	-	2,736,593	165
Due from federal and state governments	-	26,643	-	26,643	-
Due from other funds	-	-	-	-	208,756
Inventory	146,933	9,405	-	156,338	-
Other assets	-	45,479	-	45,479	3,625,542
Total current assets	<u>3,455,779</u>	<u>4,090,744</u>	<u>-</u>	<u>7,546,523</u>	<u>4,262,687</u>
Noncurrent assets:					
Capital assets not being depreciated	3,899,442	-	-	3,899,442	-
Capital assets, net of accumulated depreciation	13,163,832	16,747,947	-	29,911,779	-
Total noncurrent assets	<u>17,063,274</u>	<u>16,747,947</u>	<u>-</u>	<u>33,811,221</u>	<u>-</u>
Total assets	<u>20,519,053</u>	<u>20,838,691</u>	<u>-</u>	<u>41,357,744</u>	<u>4,262,687</u>
Liabilities:					
Current liabilities:					
Accounts payable and accrued expenses	81,056	79,955	-	161,011	-
Accrued interest payable	-	55,005	-	55,005	-
Due to other funds	-	-	-	-	599,583
Claims payable	-	-	-	-	938,241
Current portion of long-term liabilities	9,410	620,257	-	629,667	-
Total current liabilities	<u>90,466</u>	<u>755,217</u>	<u>-</u>	<u>845,683</u>	<u>1,537,824</u>
Noncurrent liabilities:					
Liabilities due in more than one year	126,246	3,985,635	-	4,111,881	-
Total noncurrent liabilities	<u>126,246</u>	<u>3,985,635</u>	<u>-</u>	<u>4,111,881</u>	<u>-</u>
Total liabilities	<u>216,712</u>	<u>4,740,852</u>	<u>-</u>	<u>4,957,564</u>	<u>1,537,824</u>
Net Position:					
Net investment in capital assets	17,058,100	12,178,576	-	29,236,676	-
Unrestricted	3,244,241	3,919,263	-	7,163,504	2,724,863
Total Net Position	<u>\$ 20,302,341</u>	<u>\$ 16,097,839</u>	<u>\$ -</u>	<u>\$ 36,400,180</u>	<u>\$ 2,724,863</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WESTERLY, RHODE ISLAND

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

FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds				Activities
	Water Fund	Sewer Fund	Beach Fund	Total	Internal Service Funds
Operating Revenues:					
User fees and rental income	\$ 4,233,652	\$ 2,653,237	\$ -	\$ 6,886,889	\$ -
Sewer assessments and taxes		810,453		810,453	
Charges for insurance				-	10,664,732
Other revenues	490,971	286,669		777,640	46,520
Total operating revenues	<u>4,724,623</u>	<u>3,750,359</u>	<u>-</u>	<u>8,474,982</u>	<u>10,711,252</u>
Operating Expenses:					
Salaries and benefits	2,062,241	507,688		2,569,929	
Materials and supplies	588,367	41,066		629,433	
Repairs and maintenance	196,308	1,411,245		1,607,553	
Depreciation and amortization	318,401	548,663		867,064	
Utilities	324,674	992		325,666	
Administrative expense	289,359	5,395		294,754	
Insurance	231,823	123,926		355,749	
Claims				-	9,564,420
Contracted services	241,437	649,481		890,918	
Total operating expenses	<u>4,252,610</u>	<u>3,288,456</u>	<u>-</u>	<u>7,541,066</u>	<u>9,564,420</u>
Operating Income	<u>472,013</u>	<u>461,903</u>	<u>-</u>	<u>933,916</u>	<u>1,146,832</u>
Nonoperating Revenues (Expenses):					
Interest income	2,121			2,121	
Interest expense	(3,315)	(148,838)		(152,153)	
Total nonoperating revenues (expenses)	<u>(1,194)</u>	<u>(148,838)</u>	<u>-</u>	<u>(150,032)</u>	<u>-</u>
Income Before Transfers	470,819	313,065	-	783,884	1,146,832
Transfers In	433,659	380,555	6,354	820,568	
Transfers Out			(1,670,800)	(1,670,800)	
Change in Net Position	904,478	693,620	(1,664,446)	(66,348)	1,146,832
Net Position at Beginning of Year	<u>19,397,863</u>	<u>15,404,219</u>	<u>1,664,446</u>	<u>36,466,528</u>	<u>1,578,031</u>
Net Position at End of Year	<u>\$ 20,302,341</u>	<u>\$ 16,097,839</u>	<u>\$ -</u>	<u>\$ 36,400,180</u>	<u>\$ 2,724,863</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WESTERLY, RHODE ISLAND

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds				Activities
	Water Fund	Sewer Fund	Beach Fund	Total	Internal Service Funds
Cash Flows from Operating Activities:					
Receipts from customers and users	\$ 4,058,806	\$ 3,322,082	\$ -	\$ 7,380,888	\$ 11,353,982
Receipts from other operating services	490,971	286,669	-	777,640	46,520
Payments to suppliers	(2,046,155)	(2,432,207)	-	(4,478,362)	-
Payments to employees	(2,155,769)	(537,756)	-	(2,693,525)	-
Payments for claims	-	-	-	-	(11,925,311)
Net cash provided by (used in) operating activities	<u>347,853</u>	<u>638,788</u>	<u>-</u>	<u>986,641</u>	<u>(524,809)</u>
Cash Flows from Noncapital Financing Activities:					
Transfers in from other funds	433,659	380,555	6,354	820,568	-
Transfers to other funds	-	-	(166,281)	(166,281)	-
Net cash provided by (used in) noncapital financing activities	<u>433,659</u>	<u>380,555</u>	<u>(159,927)</u>	<u>654,287</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Additions to property, plant and equipment	(215,761)	-	-	(215,761)	-
Principal paid on bonds, loans and leases	(7,338)	(612,268)	-	(619,606)	-
Interest paid on bonds, loans and leases	(3,315)	(148,838)	-	(152,153)	-
Other nonoperating	-	-	-	-	-
Net cash used in capital and related financing activities	<u>(226,414)</u>	<u>(761,106)</u>	<u>-</u>	<u>(987,520)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest on investments	2,121	-	-	2,121	-
Net cash provided by investing activities	<u>2,121</u>	<u>-</u>	<u>-</u>	<u>2,121</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	557,219	258,237	(159,927)	655,529	(524,809)
Cash and Cash Equivalents at Beginning of Year	<u>1,263,766</u>	<u>2,502,248</u>	<u>159,927</u>	<u>3,925,941</u>	<u>953,033</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,820,985</u>	<u>\$ 2,760,485</u>	<u>\$ -</u>	<u>\$ 4,581,470</u>	<u>\$ 428,224</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:					
Operating income	\$ 472,013	\$ 461,903	\$ -	\$ 933,916	\$ 1,146,832
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation and amortization	318,401	548,663	-	867,064	-
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(174,846)	33,713	-	(141,133)	835
(Increase) decrease in due from other governments	-	15,510	-	15,510	-
(Increase) decrease in due from other funds	-	-	-	-	688,415
(Increase) decrease in other assets	-	-	-	-	(1,951,394)
(Increase) decrease in inventory	9,988	1,526	-	11,514	-
(Increase) decrease in construction in progress	-	18,900	-	18,900	-
Increase (decrease) in accounts payable and accrued items	(126,411)	(193,082)	-	(319,493)	-
Increase (decrease) in due to other governments	(4)	-	-	(4)	-
Increase (decrease) in due to other funds	(135,352)	(52,710)	-	(188,062)	(689,702)
Increase (decrease) in deferred revenue	-	(190,831)	-	(190,831)	-
Increase (decrease) in compensated absences	(15,936)	(4,804)	-	(20,740)	-
Increase (decrease) in claims payable	-	-	-	-	280,205
Total adjustments	<u>(124,160)</u>	<u>176,885</u>	<u>-</u>	<u>52,725</u>	<u>(1,671,641)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 347,853</u>	<u>\$ 638,788</u>	<u>\$ -</u>	<u>\$ 986,641</u>	<u>\$ (524,809)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WESTERLY, RHODE ISLAND

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

JUNE 30, 2014

	Pension Trust Funds	Private Purpose Trust Funds	OPEB Trust Funds	Agency Funds
Assets:				
Cash and cash equivalents	\$ 1,187,573	\$ 141,404	\$ 109,444	\$ 408,658
Investments, at fair value:				
U.S. Government obligations	1,001,208			
Municipal bonds	1,900,733		27,916	
Corporate bonds	7,205,229		175,021	
Mutual funds - equity	4,958,820		278,193	
Mutual funds - fixed income	628,259		54,113	
Foreign bonds	256,553			
Common stock	12,456,196		318,432	
Foreign stock	319,762		7,276	
Mortgage backed securities	66			
Accrued interest receivable			2,337	
Other accounts receivable	136,915			2,139
Total assets	<u>30,051,314</u>	<u>141,404</u>	<u>972,732</u>	<u>410,797</u>
Liabilities:				
Due to other funds	208,756			
Deposits held in custody for others				408,658
Total liabilities	<u>208,756</u>	<u>-</u>	<u>-</u>	<u>410,797</u>
Net Position:				
Held in Trust and Other Purposes	<u>\$ 29,842,558</u>	<u>\$ 141,404</u>	<u>\$ 972,732</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WESTERLY, RHODE ISLAND

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Pension Trust Funds	Private Purpose Trust Funds	OPEB Trust Funds
	<u> </u>	<u> </u>	<u> </u>
Additions:			
Contributions:			
Employer	\$ 1,816,000	\$	\$ 429,600
Plan members	355,995		
Total contributions	<u>2,171,995</u>	<u>-</u>	<u>429,600</u>
Net investment income (expense):			
Net appreciation (depreciation) in fair value of investments	2,660,032		90,196
Interest and dividends	859,926	17,327	
	<u>3,519,958</u>	<u>17,327</u>	<u>90,196</u>
Less investment expense	(2,399)		
Net investment income (expense)	<u>3,517,559</u>	<u>17,327</u>	<u>90,196</u>
Total additions	<u>5,689,554</u>	<u>17,327</u>	<u>519,796</u>
Deductions:			
Benefits	1,797,325		6,890
Police retiree health care	831,357		
Administrative expense	55,630		
Other		2,335	
Total deductions	<u>2,684,312</u>	<u>2,335</u>	<u>6,890</u>
Change in Net Position	3,005,242	14,992	512,906
Net Position at Beginning of Year	<u>26,837,316</u>	<u>126,412</u>	<u>459,826</u>
Net Position at End of Year	<u>\$ 29,842,558</u>	<u>\$ 141,404</u>	<u>\$ 972,732</u>

The accompanying notes are an integral part of the financial statements

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

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

B. Reporting Entity

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

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

C. Basis of Presentation - Government-Wide Financial Statements

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

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

D. Basis of Presentation - Fund Financial Statements

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

The Town reports the following major governmental funds:

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

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

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

The Town reports the following major proprietary funds:

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

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

The *Beach Fund* is a proprietary (enterprise) fund used to account for the operation of the Town's beach. The fund is primarily supported through charges to customers. The fund was closed effective fiscal year ending June 30, 2014.

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

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

E. Measurement Focus and Basis of Accounting

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

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

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

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

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

F. Assets, Liabilities and Equity

1. Cash and Cash Equivalents

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

2. Investments

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

3. Inventories and Prepaid Items

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

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

4. Unbilled Services Receivable

Water and sewer revenue is recorded when earned. Customers are billed semi-annually and some commercial customers are billed quarterly. The estimated value of services provided but unbilled at June 30, 2014 is recorded as an accounts receivable in the water and sewer funds.

5. Capital Assets

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

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

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

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

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections in the government-wide statement of net position and governmental fund balance sheet. In addition, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, other Town billings and solid waste management receivables. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

7. Equity

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

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

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

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

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

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

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

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

Assigned Fund Balance - This represents amounts constrained for the intent to be used for a specific purpose by the finance director that has been delegated by the highest level of decision-making authority.

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

8. Fund Balance Policies

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

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

3. Compensated Absences

Vacation and Sick Leave

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

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

5. Accounting Estimates

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

B. Deficit Fund Equity

The following funds had fund equity deficits at June 30, 2014:

Special Revenue Funds:	
CDBG 2011	\$ 586,825
School Lunch Fund	38,394
Juvenile Justice	177
Underage Drinking	429
HMPG 4027 Property Elevation	3,300
Brandywine Village Fund	60
Capital Project Funds:	
West Street Bridge II	1,250

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

C. Excess of Expenditures over Appropriations

For the year ended June 30, 2014, expenditures exceeded appropriations in the following categories:

Town council	\$ 8,513
Finance board	93
Legal services	188,996
Finance department	208,995
Human resources	50,944
Town buildings	53,362
Public works administration	529
Code enforcement office	72
Highway and drainage	80,510
Street lighting	92,450
Sanitation	271,248
Equipment maintenance	5,376
Engineering	18,763
Police department	174,328
Subsidies	48,704
Recreation and leisure	21,407
Town beach operation	68,810
Planning and zoning/codes/grants	1,991
School debt service	2,732,173
Education	147,794

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

NOTE 3. CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Deposits

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

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

As of June 30, 2014, the Town's entire bank balance of \$19,346,353 was covered by either FDIC insurance or collateral held in the Town's name.

B. Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. As of June 30, 2014, the Town held no cash equivalents.

NOTE 4. INVESTMENTS

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

As of June 30, 2014, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Mortgage-backed securities	N/A	\$ 66		\$ 66	
Foreign bonds	A3	256,553		256,553	
Government bonds	Aaa	1,001,190	250,602	750,588	
Corporate bonds	A1	2,873,870		2,873,870	
Corporate bonds	A2	1,194,660		1,194,660	
Corporate bonds	A3	794,983		794,983	
Corporate bonds	Aa1	205,610		205,610	
Corporate bonds	Aa3	281,436		281,436	
Corporate bonds	Aaa	721,790		721,790	
Corporate bonds	Baa1	1,307,902		1,307,902	
Municipal bonds	Aa1	365,396		365,396	
Municipal bonds	Aa2	631,827		631,827	
Municipal bonds	Aa3	512,509		282,975	229,534
Municipal bonds	Aaa	106,950		106,950	
Municipal bonds	A1	<u>311,967</u>		<u>311,967</u>	
Total		10,566,709	\$ <u>250,602</u>	\$ <u>10,086,573</u>	\$ <u>229,534</u>
Other investments:					
Foreign stock		327,038			
Common stock		12,774,644			
Mutual funds - equity		5,237,014			
Mutual funds - fixed income		<u>682,372</u>			
Total Investments		\$ <u>29,587,777</u>			

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

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

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

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

NOTE 5. RECEIVABLES

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

	<u>General</u>	<u>School Restricted Fund</u>	<u>CDBG 2011</u>	<u>Water</u>	<u>Sewer</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:							
Property taxes	\$ 2,566,912	\$	\$	\$	\$	\$	\$ 2,566,912
Accounts				1,530,838	1,260,655		2,791,493
Other receivable	1,229,313	176,981		321	4,091	231,359	1,642,065
Interest						2,337	2,337
Intergovernmental	1,071,867	800,572	2,043,866		26,643	320,671	4,263,619
Gross receivables	<u>4,868,092</u>	<u>977,553</u>	<u>2,043,866</u>	<u>1,531,159</u>	<u>1,291,389</u>	<u>554,367</u>	<u>11,266,426</u>
Less allowance for uncollectibles	<u>(811,156)</u>			<u>(43,298)</u>	<u>(16,014)</u>		<u>(870,468)</u>
Net Total Receivables	<u>\$ 4,056,936</u>	<u>\$ 977,553</u>	<u>\$ 2,043,866</u>	<u>\$ 1,487,861</u>	<u>\$ 1,275,375</u>	<u>\$ 554,367</u>	<u>\$ 10,395,958</u>

NOTE 6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

A. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2014 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Internal Service Fund	\$ 599,583
	School Restricted Fund	897,607
	CDBG 2011	2,438,377
	Nonmajor governmental funds	<u>189,222</u>
		4,124,789
Internal Service Fund	Pension Trust Fund	<u>208,756</u>
Total		<u>\$ 4,333,545</u>

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

B. Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2014 is as follows:

	Transfers In					Nonmajor Govern- mental Funds	Total Transfers Out
	General Fund	School Restricted Fund	Water Fund	Sewer Fund	Beach Fund		
Transfers out:							
General Fund	\$	\$ 648	\$	\$ 380,555	\$ 6,354	\$ 826,303	\$ 1,213,860
School Restricted Fund	6,840						6,840
CDBG 2011						1,400	1,400
Beach Fund	163,116						163,116
Nonmajor Governmental Funds	266,378		433,659				700,037
Total Transfers In	\$ <u>436,334</u>	\$ <u>648</u>	\$ <u>433,659</u>	\$ <u>380,555</u>	\$ <u>6,354</u>	\$ <u>827,703</u>	<u>2,085,253</u>
Transfer to close Beach Fund to governmental activities							<u>1,507,684</u>
Total Transfers							\$ <u>3,592,937</u>

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

See Note 16 for explanation of the transfer from the Beach Fund to the Governmental Activities of the Town.

NOTE 7. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 13,718,916	\$ 615,600	\$	\$ 3,142,520	\$ 17,477,036
Construction in progress	3,908,229	2,145,641	1,775,741		4,278,129
Total capital assets not being depreciated	<u>17,627,145</u>	<u>2,761,241</u>	<u>1,775,741</u>	<u>3,142,520</u>	<u>21,755,165</u>
Capital assets being depreciated:					
Buildings and improvements	111,681,505	930,369		256,256	112,868,130
Motor vehicles	9,177,955	465,567			9,643,522
Machinery, equipment and furniture	7,732,320	29,188			7,761,508
Software	307,408				307,408
Infrastructure	79,797,615	2,305,699			82,103,314
Total capital assets being depreciated	<u>208,696,803</u>	<u>3,730,823</u>	<u>-</u>	<u>256,256</u>	<u>212,683,882</u>
Less accumulated depreciation for:					
Buildings and improvements	26,259,386	3,682,126		113,456	30,054,968
Motor vehicles	5,707,670	779,732			6,487,402
Machinery, equipment and furniture	4,679,040	457,799			5,136,839
Software	276,259	14,066			290,325
Infrastructure	26,233,177	681,391			26,914,568
Total accumulated depreciation	<u>63,155,532</u>	<u>5,615,114</u>	<u>-</u>	<u>113,456</u>	<u>68,884,102</u>
Total capital assets being depreciated, net	<u>145,541,271</u>	<u>(1,884,291)</u>	<u>-</u>	<u>142,800</u>	<u>143,799,780</u>
Governmental Activities Capital Assets, Net	\$ <u>163,168,416</u>	\$ <u>876,950</u>	\$ <u>1,775,741</u>	\$ <u>3,285,320</u>	\$ <u>165,554,945</u>

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

Governmental activities:	
Legislative, judicial and general administrative	\$ 744,960
Public works	845,229
Public safety	427,472
Health and welfare	7,376
Planning and zoning	5,519
Parks and recreation	211,109
Education	<u>3,373,449</u>
 Total	 <u>\$ 5,615,114</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 6,274,155	\$	\$	\$ (3,142,520)	\$ 3,131,635
Construction in progress	733,074	53,633	18,900		767,807
Total capital assets not being depreciated	<u>7,007,229</u>	<u>53,633</u>	<u>18,900</u>	<u>(3,142,520)</u>	<u>3,899,442</u>
Capital assets being depreciated:					
Buildings and improvements	22,263,863			(256,256)	22,007,607
Mains, wells, pumps and hydrants	17,156,912				17,156,912
Tanks and structures	14,004,084				14,004,084
Machinery and equipment	3,285,792	162,128			3,447,920
Odor control plant	1,024,302				1,024,302
Total capital assets being depreciated	<u>57,734,953</u>	<u>162,128</u>	<u>-</u>	<u>(256,256)</u>	<u>57,640,825</u>
Less accumulated depreciation for:					
Buildings and improvements	11,394,709	346,688		(113,456)	11,627,941
Mains, wells, pumps and hydrants	6,585,219	219,504			6,804,723
Tanks and structures	4,966,592	183,868			5,150,460
Machinery and equipment	3,072,301	49,319			3,121,620
Odor control plant	1,024,302				1,024,302
Total accumulated depreciation	<u>27,043,123</u>	<u>799,379</u>	<u>-</u>	<u>(113,456)</u>	<u>27,729,046</u>
Total capital assets being depreciated, net	<u>30,691,830</u>	<u>(637,251)</u>	<u>-</u>	<u>(142,800)</u>	<u>29,911,779</u>
Business-Type Activities Capital Assets, Net	<u>\$ 37,699,059</u>	<u>\$ (583,618)</u>	<u>\$ 18,900</u>	<u>\$ (3,285,320)</u>	<u>\$ 33,811,221</u>

Depreciation was charged to the following business-type activities:

Business-type activities:	
Water	\$ 318,401
Sewer	<u>480,978</u>
 Total	 <u>\$ 799,379</u>

NOTE 8. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2014 are as follows:

	<u>General Fund</u>	<u>School Restricted Fund</u>	<u>CDBG 2011</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable for:					
Prepays expenditures - Town	\$ 840,328	\$	\$	\$	\$ 840,328
Restricted for:					
Educational programs	2,171,877	32,164			2,204,041
Neuter surcharge				3,000	3,000
Emergency management grants	480,038				480,038
Historical records preservation grant				79,853	79,853
Public safety grant programs				236,050	236,050
Health and welfare grant programs				13,889	13,889
Road improvement projects				2,444,960	2,444,960
Other capital projects				1,540,209	1,540,209
Committed for:					
Town capital projects				2,625,594	2,625,594
Animal shelter				83,107	83,107
Recycling program				116,914	116,914
Other programs	187,137			3,743	190,880
Assigned for:					
Subsequent year's budget	642,000				642,000
Unassigned	<u>8,464,291</u>	<u>(14,382)</u>	<u>(586,825)</u>	<u>(43,610)</u>	<u>7,819,474</u>
Total Fund Balances	<u>\$ 12,785,671</u>	<u>\$ 17,782</u>	<u>\$ (586,825)</u>	<u>\$ 7,103,709</u>	<u>\$ 19,320,337</u>

NOTE 9. LEASE OBLIGATIONS

Operating Leases

The Town has several operating leases for copiers. Total costs for the leases were \$70,603 for the year ended June 30, 2014. The lease has an option for an additional five-year term at the expiration of the initial term, which ends in 2016. Future minimum lease payments for these leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Lease Payment Requirements</u>
2015	\$ 37,596
2016	<u>5,796</u>
Total	<u>\$ 43,392</u>

NOTE 10. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Changes in the Town's long-term liabilities for the year ended June 30, 2014 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds and loans payable:					
General obligation bonds	\$ 56,233,678	\$ 17,561,322	\$ 20,840,000	\$ 52,955,000	\$ 3,730,000
Loan payable	27,732,124		1,679,430	26,052,694	1,679,438
Premium on bond issuance	2,266,216	2,147,235	374,613	4,038,838	
Total bonds and notes payable	<u>86,232,018</u>	<u>19,708,557</u>	<u>22,894,043</u>	<u>83,046,532</u>	<u>5,409,438</u>
Capital lease payable	1,379,633	2,347,516	880,379	2,846,770	1,016,171
Compensated absences	2,114,797		176,432	1,938,365	6,406
Early retirement incentives obligation	180,000	60,000	130,000	110,000	80,000
MERS obligation	906,305		181,261	725,044	181,261
Net pension obligation	1,890,335		7,115	1,883,220	
Net OPEB obligation, as restated	1,736,483	530,205		2,266,688	
Total Governmental Activities Long-Term Liabilities	<u>\$ 94,439,571</u>	<u>\$ 22,646,278</u>	<u>\$ 24,269,230</u>	<u>\$ 92,816,619</u>	<u>\$ 6,693,276</u>
Business-Type Activities:					
Bonds payable:					
General obligation bonds	\$ 1,671,322		\$ 1,671,322	-	-
Premium on bond issuance	10,864		10,864	-	-
Total bonds payable	<u>1,682,186</u>	<u>-</u>	<u>1,682,186</u>	<u>-</u>	<u>-</u>
Loans payable	5,181,638		612,269	4,569,369	624,492
Capital lease payable	12,507		7,332	5,175	5,175
Compensated absences	187,743		20,739	167,004	
Total Governmental Activities Long-Term Liabilities	<u>\$ 7,064,074</u>	<u>\$ -</u>	<u>\$ 2,322,526</u>	<u>\$ 4,741,548</u>	<u>\$ 629,667</u>

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

During fiscal year ending June 30, 2014 the Beach Fund, an enterprise fund, was closed and the outstanding debt of \$1,671,322 was transferred to governmental activities.

On June 4, 2014, the Town issued \$15,890,000 in general obligation refunding bonds with interest rates of 2.0%-5.0% to currently refund the outstanding principal amounts of \$7,000,000 General Obligation Bonds, dated August 15, 2005 and \$9,900,000 General Obligation Bonds, dated July 1, 2006. The net proceeds of \$18,217,240 (including a premium of \$2,136,371, debt service contributions of \$1,728,070, a land purchase of \$1,355,677, and issuance costs of \$181,524 including underwriter's fees) will reduce total debt service payments over the next 20 years by \$1,036,643 and represents an economic gain (difference between present values of the debt service payments on the old and new debt) of \$994,930. As a result, the refunded bonds are considered defeased and all future interest and principal on the defeased bonds will be paid from the proceeds of the refunding issue which were placed into an irrevocable escrow account until all the defeased bonds have been called. The balance in escrow was \$18,217,240 at June 30, 2014. The outstanding balance of the defeased bonds as of June 30, 2005 is \$16,900,000.

B. General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. These bonds generally are issued as serial bonds with equal or varying amounts of principal maturing each year with maturities that range from 15 to 20 years. General obligation bonds outstanding at June 30, 2014 are as follows:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2014
Governmental Activities:					
General obligation bonds:					
Senior citizens center bond	08/01/96	10/01/16	4.8-6.75%	\$ 515,000	\$ 75,000
General obligation school bond	07/15/98	07/15/18	5.0-7.5%	560,000	125,000
School refunding bond	08/01/01	09/15/14	3.3-5.0%	13,635,000	905,000
High school renovations bond	08/15/04	05/15/25	4.0-5.0%	13,000,000	1,360,000
Police station and public works garage bond	07/01/06	07/01/26	4.0-5.0%	16,575,000	1,800,000
Road improvements and land acquisition	09/15/07	09/15/27	3.7-4.0%	8,000,000	5,740,000
General obligation bond, 2012 Series A	07/03/12	07/01/25	2.0-3.0%	6,500,000	6,500,000
Refunding bonds - 2012 Series B	07/03/12	08/15/24	2.0-5.0%	20,195,000	19,114,476
Beach bond	08/15/05	05/25/16	4.0-5.0%	400,000	40,000
Refunding bonds - 2012 Series B	07/03/12	08/15/24	2.0-5.0%	121,322	115,524
Refunding bonds - 2012 Series C	07/03/12	10/15/23	1.5-3.0%	1,290,000	1,290,000
Refunding bonds - 2014 Series A	06/04/14	07/01/26	2.0-5.0%	15,890,000	15,890,000
Total general obligation bonds				<u>96,681,322</u>	<u>52,955,000</u>
Loans:					
High school renovation loans	06/15/10	04/01/27	5.75%	3,855,000	3,132,194
High school renovation loans	12/02/10	04/01/27	6.29%	5,496,000	4,465,500
High school renovation loans	02/03/11	04/01/31	2.0-5.5%	6,000,000	5,360,000
High school renovation loans	07/14/11	04/01/31	2.0-5.5%	14,645,000	13,095,000
Total loans				<u>29,996,000</u>	<u>26,052,694</u>
Total governmental activities				<u>126,677,322</u>	<u>79,007,694</u>
Business Type Activities:					
Loans Payable:					
Westerly Sewer Fund:					
RICWFA SRF	12/15/95	09/01/15	2.96%	1,849,000	205,444
RICWFA 00 SRF	05/01/00	09/01/20	3.04%	255,000	110,025
RICWFA 01 SRF	12/19/00	09/01/20	2.86%	7,995,000	3,217,600
RICWFA 04 SRF	12/16/04	09/01/25	0.78-1.55%	1,724,300	1,036,300
Total business-type activities				<u>11,823,300</u>	<u>4,569,369</u>
Total Outstanding				<u>\$ 138,500,622</u>	<u>\$ 83,577,063</u>

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

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

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

		<u>Governmental Activities</u>	
		<u>Principal</u>	<u>Interest</u>
	2015	\$ 3,730,000	\$ 1,690,670
	2016	4,080,000	1,820,370
	2017	4,095,000	1,678,936
	2018	4,040,000	1,545,840
	2019	4,100,000	1,399,002
	2020-2024	21,365,000	4,609,750
	2025-2029	9,610,000	958,115
	2030-2034	1,845,000	165,263
	2035-2039	<u>90,000</u>	<u>1,519</u>
	Total	<u>\$ 52,955,000</u>	<u>\$ 13,869,465</u>

C. Loans Payable

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

<u>Loan Date</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2014</u>
12/15/1995	9/1/2015	2.958	\$ 1,849,000	\$ 205,444
5/1/2000	9/1/2020	3.0365	255,000	110,025
12/19/2000	9/1/2020	2.864	7,995,000	3,217,600
12/16/2004	9/1/2025	0.775-1.545	1,724,300	<u>1,036,300</u>
				<u>\$ 4,569,369</u>

The loan proceeds are to be used by the Town for the upgrade of the sewer treatment system. The Agency pays project invoices certified by the Town directly to the contractors or reimburses the Town for costs incurred on the projects. As of June 30, 2014, loans payable of \$4,569,369 are reflected in the Sewer Fund. A due from the Agency of \$26,643 is shown for that portion of the loans that have not been advanced as of June 30, 2014. The Town is responsible to drawdown and to repay the full amount of the loan.

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

<u>Loan Date</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2014</u>
6/15/2010	4/1/2027	5.75	\$ 3,855,000	\$ 3,132,194
12/2/2010	4/1/2027	6.286	5,496,000	4,465,500
2/3/2011	4/1/2031	2-5.5	6,000,000	5,360,000
7/14/2011	4/1/2031	2.5.0	14,645,000	<u>13,095,000</u>
				<u>\$ 26,052,694</u>

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

The debt service requirements for the loans are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,679,438	\$ 1,349,778	\$ 624,492	\$ 108,012
2016	1,669,438	1,316,927	637,070	91,175
2017	1,669,438	1,284,378	547,289	75,461
2018	1,669,438	1,248,677	560,604	60,865
2019	1,669,438	1,212,978	574,305	45,860
2020-2024	8,347,190	5,338,332	1,449,309	58,912
2025-2029	7,178,314	3,002,064	176,300	2,748
2030-2034	<u>2,170,000</u>	<u>161,306</u>		
Total	<u>\$ 26,052,694</u>	<u>\$ 14,914,440</u>	<u>\$ 4,569,369</u>	<u>\$ 443,033</u>

D. Capital Leases

The Town has entered into various lease agreements as lessee for financing the acquisition of vehicles and machinery valued at \$4,136,507. The assets have a three- to twenty-year useful life. For the year ended June 30, 2014, \$414,204 was included in depreciation expense. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014, are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2015	\$ 1,016,171	\$ 5,246
2016	694,960	
2017	392,717	
2018	314,070	
2019	125,255	
Thereafter	611,218	
Total minimum lease payments	<u>3,154,391</u>	<u>5,246</u>
Less amount representing interest	<u>(307,621)</u>	<u>(71)</u>
Total	<u>\$ 2,846,770</u>	<u>\$ 5,175</u>

E. Legal Debt Margin

The Town's legal debt margin as set forth by State Statute is limited to 3% of total taxable assessed value, which approximated \$178,106,421. As of June 30, 2014, the Town's debt subject to the legal debt margin is \$29,787,516 and the Town is under the debt limit by \$148,318,905. The debt subject to the debt limitation is based on the type of debt that is issued.

F. Authorized But Unissued Bond Authority

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

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

* 2012 Series A Bonds

G. Early Retirement Incentives

On May 11, 2011, there was an agreement between the Westerly School Department and the WTA to offer an Early Retirement Incentive (ERI). Members that elected to participate in the ERI will receive either (a) individual coverage of \$7,000 per year, (b) two persons or more coverage of \$10,000 per year, or (c) for members that were not covered by health insurance prior to retirement, a \$10,000 one-time payment. The duration of coverage under options (a) and (b) are limited to 4 years for members who are not Medicare eligible. However, any retired WTA member who is age 65 on or before July 1st at any time during the 4-year period shall not longer be eligible for the payment. WTA members at or above Medicare eligible age at the time of retirement will receive a one-time payment of \$10,000. For the year ended June 30, 2014, the Town paid \$130,000 in early retirement incentive benefits. The liability at year end is \$110,000.

NOTE 11. PENSION PLANS

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

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

Funding Policy - The funding policy is outlined in RIGL sections 16-16-22 and 36-10-2 (which can be amended by the Rhode Island General Assembly). Active plan members must contribute 3.75% of their compensation. The Town and the State are collectively required to contribute at an actuarially determined rate expressed as a percentage of total compensation paid to the active membership. The employer contribution is split and paid 40% by the State and 60% by the school district with the exception of teachers who work in federally funded programs where 100% is paid by the school district and reimbursed by the federal government. For fiscal 2014, the total employer rate 23.14% (9.41% State share and 13.73% local share). The State share of the employer contribution rate includes the total cost of prior contribution deferrals which was .26% for fiscal 2014.

The Town contributed \$2,888,328, \$2,789,974 and \$3,194,006 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.

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

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

Plan Closure - Effective July 1, 2013, the Town will not have any active employees in the plan. As required by Rhode Island General Law (RIGL) 45-21-42 entitled Contributions by Municipalities, the Town is required to make the employer contributions for the vested pension obligation of its members. Accordingly, a calculation has been performed and computed the liability to be \$906,305. ERSRI has determined that this liability can be amortized over a period not to exceed five years. The Town is required to pay \$181,261 each year starting with fiscal year ending June 30, 2014 until fiscal year ending June 30, 2018. This amount has been recorded as a liability in the Town's government-wide financial statements, and the outstanding balance at June 30, 2014 is \$725,044.

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

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

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

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

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

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

Funding Policy - The contribution requirements of the Town and employees are established by contract and may be amended by union negotiation. Employees are not required to contribute to the plan. The Town was required to contribute the following amounts for fiscal year ended June 30, 2014: bus drivers and aides - \$1.69 per hour up to a maximum of 40 hours per week; school maintenance, secretarial and clerical employees - \$2.38 per hour; town public works and secretarial employees - \$2.05 per hour from 10/2012 to 9/2013 and \$2.26 per hour from 10/2013 to 9/2014 for employee's normal work week. The Town was also required to contribute \$0.06 per hour to an annuity fund (maximum of \$4,000 annually for School employees). The total contribution for fiscal years ended June 30, 2014, 2013 and 2012 was \$874,846, \$813,052 and \$708,493, respectively.

D. Police Pension Plan

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

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

The management of the Westerly Police and OPEB plans consist of The Town Manger, the Finance Director, HR Manager and a representative from the Police Pension. The Town Council is the governing body of approval of the Investment Policy Statements and the establishment of the OPEB share, and is responsible for the appointment of the investment committee.

At July 1, 2013, Plan membership consisted of the following:

Retirees and beneficiaries receiving benefits	46
Terminated plan member entitled to but not yet receiving benefits	1
Active Plan Members	<u>49</u>
Total	<u><u>96</u></u>

Summary of Significant Accounting Policies

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

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

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

Administrative costs of the plan are financed through investment earnings.

Investments Policy - The Town of Westerly has established an investment policy for the prudent investment all funds with the objective of preservation and growth of capital. Appropriate diversification of the portfolio is required to be maintained as advised by the plan's investment manager and the Town's finance director and approved by the Town Manager. The investment program shall be operated in conformance with federal, state and other legal requirements. All pertinent local and state ethic statutes are required to be adhered to by the Town administrative staff in regard to all investment fund activities. The Investment Manager may act autonomously in the selection of the fund investments within the framework of the required asset allocation. In terms of diversification, no individual security shall represent more than 5% of the portfolio's market value. Special investments such as special placements or venture capital are not allowed. The purchase of or carrying securities on margin is not permitted. Purchase of derivatives is not permitted. Short sales are not allowed to be conducted. The fund is not allowed to borrow money. Purchasing or selling of commodities, futures and options is not permitted.

The following was the Board's adopted asset allocation policy as of June 30, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
US Large Cap Equity	42.00%
US Mid/Small Cap Equity	10.00%
International Developed Equity	6.00%
International Emerging Market Equity	4.00%
Core Fixed Income	29.00%
High Yield Fixed Income	5.00%
REITs	3.00%
Cash & Cash Equivalents	<u>1.00%</u>
Total	<u><u>100.00%</u></u>

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 12.20%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

In accordance with GASB Statement No. 67, the components of the net pension liability of the Town at June 30, 2014 were as follows:

Total pension liability	\$ 40,510,611
Plan fiduciary net position	<u>27,500,986</u>
Total Net Pension Liability	<u><u>\$ 13,009,625</u></u>
Plan fiduciary net position as a percentage of the total pension liability	67.89%

The Town's net pension liability will be required to be recorded on the government-wide statement of net position at June 30, 2015.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.00%
Salary increases	Various
Investment rate of return	7.50%

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
US Large Cap Equity	4.75%
US Mid/Small Cap Equity	5.50%
International Developed Equity	5.25%
International Emerging Market Equity	6.00%
Core Fixed Income	2.00%
High Yield Fixed Income	3.25%
Cash & Cash Equivalents	0.50%

The discount rate used to measure the total pension liability was 7.50%. 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.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period July 1, 2004 through June 30, 2011.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the Town, calculated using the discount rate of 7.50%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 18,527,589	\$ 13,009,625	\$ 8,501,702

Annual Pension Cost and Net Pension Obligations - In accordance with GASB Statement No. 27, the Town's annual pension cost and net pension obligation to Police Pension Plan for the year ended June 30, 2014 was as follows:

	Police Pension Plan
Annual required contribution (ARC)	\$ 1,816,000
Interest on net pension obligation	141,775
Adjustment to annual required contribution	<u>(148,890)</u>
Annual pension cost	1,808,885
Contributions made	<u>(1,816,000)</u>
Change in net pension obligation	(7,115)
Net Pension Obligation, Beginning of Year	<u>1,890,335</u>
Net Pension Obligation, End of Year	<u>\$ 1,883,220</u>

The annual required contribution for the current year was determined as part of the July 1, 2013 actuarial valuation using the entry-age normal actuarial cost method. The actuarial assumptions included (a) a 7.50% investment rate of return and (b) 3.50% to 14.50% projected salary increases, based on years of service, (c) cost of living adjustment of 3%, not compounded, for members retiring after July 1, 1998 and 2.5%, not compounded, for members retiring before July 1, 1998. The actuarial value of assets was determined at market value with a 5-year phase-in at 20% per year of actual investment return in excess of (less than) expected investment return. The unfunded actuarial accrued liability is being amortized as a level dollar amount using 30-year amortization, on a closed basis.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 1,220,211	100.4%	\$ 2,211,952
6/30/2013	1,264,427	125.4%	1,890,335
6/30/2014	1,808,885	125.4%	1,883,220

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL) Entry Age</u>	<u>Unfunded Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2008	\$ 17,712,494	\$ 26,013,800	\$ (8,301,306)	68.1 %	\$ 2,976,831	(278.9) %
7/1/2009	19,429,592	27,733,064	(8,303,472)	70.1	2,854,292	(290.9)
7/1/2010	20,159,824	29,257,507	(9,097,683)	68.9	2,838,895	(320.5)
7/1/2011	21,280,751	30,919,908	(9,639,157)	68.8	2,847,036	(338.6)
7/1/2012	22,140,150	34,686,089	(12,545,939)	63.8	3,039,511	(412.8)
7/1/2013	23,756,900	38,565,941	(14,809,041)	61.6	3,299,516	(448.8)

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

E. International City Management Association (ICMA) Pension Plan

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

Employees contribute 6% or more of their qualified salary to a maximum of 25% not to exceed \$30,000. The Town contributes 10% of the qualified salary. Plan provisions and contribution requirements are established and may be amended by the Town Council. The Town's contribution for the year ended June 30, 2014 was \$221,830.

F. School Department Pension Program

All School Department unaffiliated, classified, appointed employees participate in an agreed-upon pension program, which is funded by the School Department. The School Department's contribution is 10% of the qualified employee's salary per year. The employees do not contribute to the plan. The contributions are made to an eligible plan of the employee's choice. All school employees are eligible by federal law to participate in a payroll deduction tax deferred plan, which must be arranged by a broker or private insurance carrier. There were no contributions for the year ended June 30, 2014.

NOTE 12. OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS

Police Other Postemployment Benefit Plan

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

At July 1, 2013, plan membership consisted of the following:

	<u>Participants</u>
Retirees	42
Active employees	<u>49</u>
Total	<u><u>91</u></u>

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

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

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

	Police OPEB Benefit Plan
Annual required contribution (ARC)	\$ 966,300
Interest on net OPEB obligation	130,236
Adjustment to annual required contribution	<u>(136,731)</u>
Annual OPEB cost	959,805
Contributions made	<u>(429,600)</u>
Increase in net OPEB obligation	530,205
Net OPEB obligation, beginning of year	<u>1,736,483</u>
Net OPEB Obligation, End of Year	<u><u>\$ 2,266,688</u></u>

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

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

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2012	\$ 905,144	\$ 685,328	75.7 %	\$ 1,286,414
6/30/2013	917,989	467,920	51.0	1,736,483
6/30/2014	959,805	429,600	44.8	2,266,688

Funding Status and Funding Progress - The funded status of the plan as of July 1, 2013, the most recent actuarial valuation date, is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2008	\$ 3,724,198	\$ 11,319,636	\$ (7,595,438)	32.9 %	\$ 2,976,831	(255.2) %
7/1/2009	3,858,330	12,379,627	(8,521,297)	31.2	2,854,292	(298.5)
7/1/2010	3,459,301	13,361,267	(9,901,966)	25.9	2,838,895	(348.8)
7/1/2011	3,336,594	13,390,915	(10,054,321)	24.9	2,847,036	(353.2)
7/1/2012	3,473,653	14,382,821	(10,909,168)	24.2	3,039,511	(358.9)
7/1/2013	3,310,972	14,079,993	(10,769,021)	23.5	3,384,654	(318.2)

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

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

The ARC for the plan was determined as part of the July 1, 2013 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included a 7.50% investment rate of return, net of expenses, compounded annually, medical trend rate - 10% as of 2007 graded off 1% per year to an ultimate rate of 5% per year for 2013 and after and dental cost trend rate of 4%. The unfunded actuarial accrued liability is being amortized using level dollar 30-year closed amortization. The actuarial value of assets is equal to fair market value with a 5-year phase-in of the difference between actual and expected investment return at 20% per year.

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

NOTE 13. RISK MANAGEMENT

A. Risk Management

The Town of Westerly is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2014.

B. Health Fund

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

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

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

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

<u>Fiscal Year</u>	<u>Accrued Liability Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Accrued Liability Claim Payments</u>	<u>Accrued Liability End of Fiscal Year</u>
2013-14	\$ 658,036	\$ 9,564,420	\$ 9,284,215	\$ 938,241
2012-13	762,770	9,814,159	9,918,893	658,036

C. Self-Insurance Fund

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

NOTE 14. CONTINGENCIES

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

NOTE 15. RESTATEMENT

During 2014, the Town performed an inventory of capital assets for the first time in several years, which resulted in modifications to the capital asset listing for both cost and accumulated depreciation. The impact of this restatement on governmental activities was an increase in net position of \$4,858,503 as follows:

	<u>Original</u>	<u>As Restated</u>
<u>Cost</u>		
Land	\$ 12,250,727	\$ 13,718,916
Buildings and improvements	109,522,452	111,681,505
Motor vehicles	7,441,645	9,177,955
Machinery, equipment and furniture	6,566,527	7,732,320
 <u>Accumulated depreciation</u>		
Buildings and improvements	25,174,216	26,259,386
Motor vehicles	5,144,741	5,707,670
Machinery, equipment and furniture	4,643,870	4,679,040
Software	288,686	276,259
 <u>Net Position</u>	 89,858,388	 94,716,891

NOTE 16. CLOSING OF THE BEACH FUND

During the fiscal year, the Town closed its Beach Fund, an enterprise fund, and is now accounting for its operations in the General Fund. The long-term capital assets and long-term debt were both transferred into the governmental activities of the Town. The Town has accounted for the transfers of the long-term items as an operating transfer as shown in Note 6. The transfer of capital assets is shown in Note 7.

**Required Supplementary
Information**

TOWN OF WESTERLY, RHODE ISLAND

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

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Revenues and Use of Fund Balance:				
Property taxes:				
Current property taxes	\$ 58,658,352	\$ 58,658,352	\$ 59,855,474	\$ 1,197,122
Motor vehicle - excise tax	4,280,571	4,280,571	4,475,285	194,714
Prior years property taxes	875,000	875,000	1,453,277	578,277
Pilot - RI Bowling Lane	25,000	25,000	15,685	(9,315)
Pilot - Housing authority	35,000	35,000	34,991	(9)
Pro-ration	50,000	50,000	54,972	4,972
Tax interest, lien fees and other	540,000	540,000	621,043	81,043
Sewer excise tax	475,000	475,000	600,555	125,555
Total property taxes	64,938,923	64,938,923	67,111,282	2,172,359
Intergovernmental revenues:				
State motor vehicle - excise tax phase out	224,286	224,286	221,373	(2,913)
State grant-in-aid - general	2,342,169	2,342,169	2,137,370	(204,799)
State grant-in-aid - school operation	7,016,425	7,016,425	7,164,219	147,794
State grant-in-aid - school housing aid	2,291,762	2,291,762	2,306,124	14,362
Total intergovernmental revenues	11,874,642	11,874,642	11,829,086	(45,556)
Licenses and permits	423,975	423,975	499,112	75,137
Fines and penalties	183,200	183,200	160,913	(22,287)
Use of property and money	564,199	564,199	499,412	(64,787)
Other revenues	1,471,236	1,471,236	1,431,550	(39,686)
Recreation	220,000	220,000	223,944	3,944
Solid waste revenue	2,047,000	2,047,000	2,046,809	(191)
Capital reinvested fund balance	299,500	299,500	299,500	-
Prior year surplus	342,500	342,500	342,500	-
Total revenues	82,365,175	82,365,175	84,444,108	2,078,933

(Continued on next page)

TOWN OF WESTERLY, RHODE ISLAND

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

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Other financing sources:				
Transfers in	\$ 65,000	\$ 65,000	\$ 429,494	\$ 364,494
Total revenues and other financing sources	<u>\$ 82,430,175</u>	<u>\$ 82,430,175</u>	84,873,602	<u>\$ 2,443,427</u>
Budgetary revenues are different than GAAP revenues because:				
Capital reinvested fund balance and prior year surplus are not GAAP revenue			(642,000)	
Refunding bonds issued			14,590,000	
Premium on refunding bonds issued			1,974,144	
Capital lease issue			2,347,516	
Revenues for funds not reported as budgetary revenues, but included for financial reporting purposes:				
FSA Fund			22,925	
Revaluation Fund revenues			12	
Mentor and Juvenile Fund revenues			230	
Storm Fund revenues			269,023	
School Unrestricted Fund revenues			1,482,637	
State of Rhode-Island on-behalf of the Town payments to the Employees Retirement System			2,056,209	
Athletic Fund revenues			2,916	
Miscellaneous Donation Fund revenues			26,619	
Services provided to School Unrestricted Fund by General Fund			(90,000)	
School Unrestricted Fund transfers in			<u>6,840</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 106,920,673</u>	

TOWN OF WESTERLY, RHODE ISLAND

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

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget - Positive (Negative)
Legislative, judicial and general administrative				
Legislative:				
Town council	\$ 94,039	\$ 94,039	\$ 102,552	\$ (8,513)
Finance board	850	850	943	(93)
Judicial:				
Legal services	215,094	215,094	404,090	(188,996)
Probate court	74,168	74,168	71,898	2,270
Municipal court	71,192	71,192	70,545	647
Administrative:				
Board of canvassers	145,799	145,799	140,922	4,877
Town clerk	296,700	296,700	292,566	4,134
Town manager	271,284	271,284	224,303	46,981
Finance department	2,036,019	2,036,019	2,245,014	(208,995)
Assessment administration	352,250	352,250	343,666	8,584
Human resources	108,239	108,239	159,183	(50,944)
Total legislative, judicial and general administrative	<u>3,665,634</u>	<u>3,665,634</u>	<u>4,055,682</u>	<u>(390,048)</u>
Public works:				
Town buildings	674,185	674,185	727,547	(53,362)
Public works administration	18,092	18,092	18,621	(529)
Code enforcement office	-	-	72	(72)
Tree warden	13,000	13,000	9,260	3,740
Highway and drainage	1,774,608	1,774,608	1,855,118	(80,510)
Snow and ice control	211,350	211,350	211,350	-
Street lighting	400,000	400,000	492,450	(92,450)
Sanitation	2,130,743	2,130,743	2,401,991	(271,248)
Equipment maintenance	295,428	295,428	300,804	(5,376)
Engineering	72,013	72,013	90,776	(18,763)
Total public works	<u>5,589,419</u>	<u>5,589,419</u>	<u>6,107,989</u>	<u>(518,570)</u>
Public safety:				
Police department	7,470,121	7,470,121	7,644,423	(174,302)
Civil preparedness	13,000	13,000	10,491	2,509
Police reserve	3,000	3,000	2,175	825
Animal shelter	155,528	155,528	145,315	10,213
Technology	157,365	157,365	145,894	11,471
Total public safety	<u>7,799,014</u>	<u>7,799,014</u>	<u>7,948,298</u>	<u>(149,284)</u>

(Continued on next page)

TOWN OF WESTERLY, RHODE ISLAND

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

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Expenditures:				
Health and welfare:				
Subsidies	\$ 1,000,943	\$ 1,000,943	\$ 1,049,647	\$ (48,704)
Conservation and development:				
Conservation commission	4,000	4,000	1,877	2,123
Municipal land trust	10,000	10,000	6,121	3,879
Total conservation and development	14,000	14,000	7,998	6,002
Parks and recreation:				
Recreation and leisure	262,987	262,987	284,394	(21,407)
Town beach operation	274,836	274,836	343,646	(68,810)
Celebration of public events	2,700	2,700	816	1,884
Maintenance	389,126	389,126	354,907	34,219
Total parks and recreation	929,649	929,649	983,763	(54,114)
Planning and zoning:				
Planning and zoning/codes/grants	782,516	782,516	784,507	(1,991)
Capital improvements/restricted programs:				
Restricted programs	885,400	885,400	63,000	822,400
Capital improvements	399,500	399,500	353,890	45,610
Total capital improvements/restricted programs	1,284,900	1,284,900	416,890	868,010
Debt service:				
Town debt service	5,848,261	5,848,261	2,994,798	2,853,463
School debt service	4,077,268	4,077,268	6,809,441	(2,732,173)
Total debt service	9,925,529	9,925,529	9,804,239	121,290
Education	51,438,571	51,438,571	51,586,365	(147,794)
Total expenditures	82,430,175	82,430,175	82,745,378	(315,203)

(Continued on next page)

TOWN OF WESTERLY, RHODE ISLAND

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

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Other Financing Uses:				
Transfers out	\$ _____	\$ _____	\$ 1,264,332	\$ (1,264,332)
 Total Expenditures and Other Financing Uses	 \$ <u>82,430,175</u>	 \$ <u>82,430,175</u>	 84,009,710	 \$ <u>(1,579,535)</u>
 Budgetary expenditures are different than GAAP expenditures because:				
Encumbrances outstanding at June 30, 2014			(12,453)	
Bond issuance cost			74,974	
Payment to refunded bond escrow agent			16,489,170	
Equipment purchased through capital lease			2,347,516	
Expenditures for funds not reported as budgetary expenditures, but are included in GAAP expenditures:				
Santo Algiere Fund expenditures			3,800	
Mentor & Juvenile Fund expenditures			895	
K-9 Donation Fund expenditures			510	
Storm Fund expenditures			230,825	
School Unrestricted Fund expenditures			2,224,349	
State of Rhode-Island on-behalf of the Town payments to the Employees Retirement System			2,056,209	
Miscellaneous Donation Fund expenditures and transfers			25,524	
Services provided to School Unrestricted Fund by General Fund			<u>(90,000)</u>	
 Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			 \$ <u>107,361,029</u>	

TOWN OF WESTERLY, RHODE ISLAND

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

LAST FISCAL YEAR

	<u>2014</u>
Total pension liability:	
Service cost	\$ 851,843
Interest	2,890,153
Benefit payments, including refunds of member contributions	<u>(1,797,326)</u>
Net change in total pension liability	1,944,670
Total pension liability - beginning	<u>38,565,941</u>
Total pension liability - ending	<u>40,510,611</u>
Plan fiduciary net position:	
Contributions - employer	1,816,000
Contributions - employee	355,912
Net investment income	2,968,145
Benefit payments, including refunds of member contributions	<u>(1,797,326)</u>
Net change in plan fiduciary net position	3,342,731
Plan fiduciary net position - beginning	<u>24,158,255</u>
Plan fiduciary net position - ending	<u>27,500,986</u>
Net Pension Liability - Ending	<u>\$ 13,009,625</u>
Plan fiduciary net position as a percentage of the total pension liability	67.89%
Covered-employee payroll	\$ 3,497,794
Net pension liability as a percentage of covered-employee payroll	371.94%

TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,301,600	\$ 1,355,800	\$ 1,502,900	\$ 1,651,100	\$ 954,660	\$ 1,164,310	\$ 1,161,510	\$ 1,225,170	\$ 1,272,700	\$ 1,816,000
Contributions in relation to the actuarially determined contribution	<u>1,250,000</u>	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,098,750</u>	<u>1,275,000</u>	<u>1,275,000</u>	<u>1,225,170</u>	<u>1,586,044</u>	<u>1,816,000</u>
Contribution Deficiency (Excess)	<u>\$ 51,600</u>	<u>\$ 55,800</u>	<u>\$ 202,900</u>	<u>\$ 351,100</u>	<u>\$ (144,090)</u>	<u>\$ (110,690)</u>	<u>\$ (113,490)</u>	<u>\$ -</u>	<u>\$ (313,344)</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,397,868	\$ 2,606,387	\$ 2,624,354	\$ 2,624,354	\$ 2,624,354	\$ 2,854,292	\$ 2,838,895	\$ 2,847,036	\$ 3,039,511	\$ 3,497,794
Contributions as a percentage of covered-employee payroll	52.13%	49.88%	49.54%	49.54%	41.87%	44.67%	44.91%	43.03%	52.18%	51.92%

Notes to Schedule

Valuation date: July 1, 2013
Measurement date: June 30, 2014
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age
Amortization method 30 year level dollar amortization method (closed)
Asset valuation method Market value
Inflation 3.00%
Salary increases 3.50% to 14.50%
Investment rate of return 7.50%, net of pension plan investment expense, including inflation
Retirement age Various based on service years, with separate scales for hires before and after July 1, 2010

Mortality RP-2000 Mortality Table with separate male and female rates, with no collar adjustment, combined table for non-annuitants and annuitants, projected to the valuation date with Scale AA. Unprojected disabled table.

TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF INVESTMENT RETURNS
LAST FISCAL YEAR

2014

Annual money-weighted rate of return, net of investment expense

12.20%

**Combining and Individual
Fund Statements and Schedules**

General Fund

GENERAL FUND

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

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

TOWN OF WESTERLY, RHODE ISLAND

COMBINING BALANCE SHEET - GENERAL FUND

JUNE 30, 2014

	<u>General Fund Town</u>	<u>School Unrestricted Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
ASSETS				
Cash and cash equivalents	\$ 3,483,892	\$ 1,696,832	\$	\$ 5,180,724
Property taxes receivable	1,785,228			1,785,228
Due from federal and state governments	1,071,867			1,071,867
Other receivables	711,893	487,948		1,199,841
Due from other funds	3,504,699	697,379	(77,289)	4,124,789
Prepaid items	840,328	1,066,405		1,906,733
Other assets	<u>1,728,070</u>			<u>1,728,070</u>
Total Assets	<u>\$ 13,125,977</u>	<u>\$ 3,948,564</u>	<u>\$ (77,289)</u>	<u>\$ 16,997,252</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,043,204	\$ 774,063	\$	\$ 1,817,267
Accrued liabilities		925,335		925,335
Due to state and federal governments	87			87
Due to other funds		77,289	(77,289)	-
Total liabilities	<u>1,043,291</u>	<u>1,776,687</u>	<u>(77,289)</u>	<u>2,742,689</u>
Deferred inflows of resources				
Unavailable revenues - taxes	\$ 1,075,592	\$	\$	\$ 1,075,592
Unavailable revenues - solid waste assessments	249,959			249,959
Unavailable revenues - other billings	90,546			90,546
Advance tax collections	52,795			52,795
Total deferred inflows of resources	<u>1,468,892</u>	<u>-</u>	<u>-</u>	<u>1,468,892</u>
Fund balances:				
Nonspendable	840,328			840,328
Restricted	480,038	2,171,877		2,651,915
Committed	187,137			187,137
Assigned	642,000			642,000
Unassigned	8,464,291			8,464,291
Total fund balances	<u>10,613,794</u>	<u>2,171,877</u>	<u>-</u>	<u>12,785,671</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,125,977</u>	<u>\$ 3,948,564</u>	<u>\$ (77,289)</u>	<u>\$ 16,997,252</u>

TOWN OF WESTERLY, RHODE ISLAND

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

FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	School Unrestricted Fund	Eliminations	Total General Fund
Revenues:				
Property taxes, interest and lien fees	\$ 67,111,282	\$	\$	\$ 67,111,282
Intergovernmental and departmental revenues	14,368,862	3,565,465		17,934,327
Licenses and permits	499,124	2,916		502,040
Fines and penalties	160,913			160,913
Interest on investments	27,407			27,407
Other revenues	1,926,710		(90,000)	1,836,710
Total revenues	<u>84,094,298</u>	<u>3,568,381</u>	<u>(90,000)</u>	<u>87,572,679</u>
Expenditures:				
Current:				
Legislative, judicial and general administrative	4,043,229			4,043,229
Public works	6,338,814			6,338,814
Public safety	7,948,298			7,948,298
Health and welfare	1,051,052			1,051,052
Conservations and development	7,998			7,998
Parks and recreation	987,563			987,563
Planning and zoning	784,507			784,507
Education		55,942,921	(90,000)	55,852,921
Debt Service	9,879,211			9,879,211
Capital improvements/restricted programs	2,764,406			2,764,406
Total expenditures	<u>33,805,078</u>	<u>55,942,921</u>	<u>(90,000)</u>	<u>89,657,999</u>
Excess (Deficiency) of Revenues over Expenditures	<u>50,289,220</u>	<u>(52,374,540)</u>	<u>-</u>	<u>(2,085,320)</u>
Other Financing Sources (Uses):				
Issuance of capital leases	2,347,516			2,347,516
Refunding bonds issued	14,590,000			14,590,000
Premium on refunding bonds issued	1,974,144			1,974,144
Payment to refunded bond escrow agent	(16,489,170)			(16,489,170)
Transfers in	429,494	51,644,327	(51,637,487)	436,334
Transfers out	(52,850,699)	(648)	51,637,487	(1,213,860)
Total other financing sources (uses)	<u>(49,998,715)</u>	<u>51,643,679</u>	<u>-</u>	<u>1,644,964</u>
Net Change in Fund Balances	290,505	(730,861)	-	(440,356)
Fund Balances at Beginning of Year, as Restated	<u>10,323,289</u>	<u>2,902,738</u>	<u>-</u>	<u>13,226,027</u>
Fund Balances at End of Year	<u>\$ 10,613,794</u>	<u>\$ 2,171,877</u>	<u>\$ -</u>	<u>\$ 12,785,671</u>

TOWN OF WESTERLY, RHODE ISLAND

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

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues and Use of Fund Balance:				
Town appropriation	\$ 44,422,146	\$ 44,422,146	\$ 44,422,146	\$ -
State aid	7,016,425	7,016,425	7,164,219	147,794
Medicaid reimbursement	750,000	750,000	1,080,130	330,130
Tuition	50,000	50,000	45,114	(4,886)
Community service	150,000	150,000	184,453	34,453
Rental	150,000	150,000	116,440	(33,560)
Transportation fees	50,000	50,000	42,691	(7,309)
Miscellaneous	30,000	30,000	13,809	(16,191)
Total revenues	52,618,571	52,618,571	53,069,002	450,431
Use of fund balance	1,051,122	1,051,122	1,015,935	(35,187)
Total revenues and use of fund balance	53,669,693	53,669,693	54,084,937	415,244
Expenditures:				
Wages and benefits	43,739,579	43,739,579	43,984,567	(244,988)
Contract services	965,475	965,475	975,227	(9,752)
Tuition	3,500,000	3,500,000	3,674,071	(174,071)
Repair and maintenance	1,326,372	1,326,372	1,210,568	115,804
Utilities and fuel	1,317,824	1,317,824	1,487,118	(169,294)
Technology	522,649	522,649	494,554	28,095
Other operations	2,339,128	2,339,128	2,030,251	308,877
Total expenditures	53,711,027	53,711,027	53,856,356	(145,329)
Excess (Deficiency) of Revenues over Expenditures	(41,334)	(41,334)	228,581	269,915
Other Financing Sources:				
Transfers in	-	-	57,962	57,962
Excess of Revenues, Other Financing Sources and Use of Fund Balance over Expenditures and Other Financing Uses	\$ (41,334)	\$ (41,334)	286,543	\$ 327,877

Budgetary excess of revenues over expenditures is different than GAAP
net change in fund balance because of the following reconciling items:

Use of fund balance is not a GAAP revenue	(1,015,935)
Change in encumbrance	(5,480)
Revenues and expenditures not reported as budgetary items, but are included for GAAP reporting:	
Athletic Fund	2,916
Miscellaneous Donations Fund	1,095
	1,095
Total Net Change in Fund Balance - GAAP basis - Exhibit A-2	\$ (730,861)

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Fund	Funding Source	Function
School Lunch Fund	State, federal and local	School lunch programs
Animal Shelter Fund	Fees, fines and donations	Animal shelter operations
Neuter Surcharge Fund	Fees	Animal shelter operation
Town Clerks Fund	Fees	Record maintenance
Civil Defense Fund	State emergency management	Civil defense
Riverwalk Greenways Fund	Federal grants	Purchase of 116 Canal Street
Recycling Program	State - Resource Recovery	Recycling program
CDBG (2013, 2012, 2010, 2009)	Federal grants	Miscellaneous projects
Department of Community Development	Federal grant	Downtown business
Substance Abuse	State grant	Kids safe program
Sex Offender Registry Grant	Federal and state grants	To make surprise visits to registered offenders to confirm their whereabouts
Byrne Grant	Federal grant	Police equipment
Federal Forfeiture	Federal grant	Seized money
Homeland Security Reimbursable	Federal grant	Police equipment
Juvenile Justice	Federal grant	Police program
Energy Efficient Grant	Federal grant	Boiler system
Underage Drinking	Federal grant	Police program
Seatbelt Grants	State grant	Police program
GOHS DWI Grant	State grant	Police program
EMA Grant	Federal grant	Emergency management assistance
Town 100 Year Anniversary	Local revenue	100 year Celebration
HMPG 4027 Property Elevation	FEMA grant	Emergency management
Bulletproof Vest Grant	DOJ grant	Police operations
Brandywine Village Fund	Civil defense grant	Miscellaneous projects
NROC CRS Public Outreach	Non-profit grants	Miscellaneous projects
Police Text Later Grant	Federal grant	Police operations
Highway Safety Grant	RIDOT grant	Police operations

CAPITAL PROJECTS FUNDS

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

Fund	Funding Source	Function
Capital Project Fund	Appropriations	Various capital projects
School Bond Fund	Bonds	High school renovation project
\$6.5 Million Road Improvement	Bonds	Repair and maintenance of Town roads
Land Acquisition Fund	Bonds	Land purchase
GIS System	Appropriations	Engineering and GIS system
West Street Bridge	Federal reimbursement	Bridge project
Canal Street Acquisition	State grant	Purchase homes in flood plain
DEM Riverfront Park	CDBG grant	Park project
West Street Bridge II	State grant	Bridge demolition

TOWN OF WESTERLY, RHODE ISLAND

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014

Special Revenue Funds

	<u>School Lunch Fund</u>	<u>Animal Shelter Fund</u>	<u>Neuter Surcharge Fund</u>	<u>Town Clerks Fund</u>	<u>Civil Defense Fund</u>	<u>Riverwalk Greenways Fund</u>	<u>Recycling Program</u>
ASSETS							
Cash and cash equivalents	\$ 99,338	\$ 83,096	\$ 3,749	\$ 84,145	\$ 38,876	\$	\$ 61,826
Accounts and other receivables		11	1	163			60,688
Due from federal and state governments	<u>229,768</u>					<u>40,974</u>	
Total Assets	<u>\$ 329,106</u>	<u>\$ 83,107</u>	<u>\$ 3,750</u>	<u>\$ 84,308</u>	<u>\$ 38,876</u>	<u>\$ 40,974</u>	<u>\$ 122,514</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 367,500	\$	\$ 750	\$ 4,455	\$	\$	\$ 5,600
Due to other funds						<u>38,189</u>	
Total liabilities	<u>367,500</u>	<u>-</u>	<u>750</u>	<u>4,455</u>	<u>-</u>	<u>38,189</u>	<u>5,600</u>
Fund Balances:							
Restricted			3,000	79,853	38,876		
Committed		83,107				2,785	116,914
Unassigned	<u>(38,394)</u>						
Total fund balances	<u>(38,394)</u>	<u>83,107</u>	<u>3,000</u>	<u>79,853</u>	<u>38,876</u>	<u>2,785</u>	<u>116,914</u>
Total Liabilities and Fund Balances	<u>\$ 329,106</u>	<u>\$ 83,107</u>	<u>\$ 3,750</u>	<u>\$ 84,308</u>	<u>\$ 38,876</u>	<u>\$ 40,974</u>	<u>\$ 122,514</u>

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TOWN OF WESTERLY, RHODE ISLAND

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014

Special Revenue Funds

	<u>CDBG 2013</u>	<u>CDBG 2012</u>	<u>CDBG 2009</u>	<u>Department of Community Development</u>	<u>Substance Abuse</u>	<u>SOR Grant</u>	<u>Byrne Grant</u>
ASSETS							
Cash and cash equivalents	\$	\$	\$ 5,540	\$ 3,589	\$	\$ 1,189	\$
Accounts and other receivables	15,459	975					
Due from federal and state governments					5,842		15,833
Total Assets	<u>\$ 15,459</u>	<u>\$ 975</u>	<u>\$ 5,540</u>	<u>\$ 3,589</u>	<u>\$ 5,842</u>	<u>\$ 1,189</u>	<u>\$ 15,833</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 7,409	\$	\$	\$	\$ 1,045	\$	\$
Due to other funds	8,050	975			37		12,528
Total liabilities	<u>15,459</u>	<u>975</u>	<u>-</u>	<u>-</u>	<u>1,082</u>	<u>-</u>	<u>12,528</u>
Fund Balances:							
Restricted			5,540	3,589	4,760	1,189	3,305
Committed							
Unassigned							
Total fund balances	<u>-</u>	<u>-</u>	<u>5,540</u>	<u>3,589</u>	<u>4,760</u>	<u>1,189</u>	<u>3,305</u>
Total Liabilities and Fund Balances	<u>\$ 15,459</u>	<u>\$ 975</u>	<u>\$ 5,540</u>	<u>\$ 3,589</u>	<u>\$ 5,842</u>	<u>\$ 1,189</u>	<u>\$ 15,833</u>

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

JUNE 30, 2014

Special Revenue Funds

	<u>Federal Forfeiture</u>	<u>Juvenile Justice</u>	<u>Underage Drinking</u>	<u>Seatbelt Grants</u>	<u>GOHS DWI Grant</u>	<u>EMA Grant</u>	<u>Town 100 Year Anniversary</u>
ASSETS							
Cash and cash equivalents	\$ 180,312	\$	\$	\$ 10,228	\$	\$	\$ 958
Accounts and other receivables	2,140						
Due from federal and state governments					409	788	
Total Assets	<u>\$ 182,452</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,228</u>	<u>\$ 409</u>	<u>\$ 788</u>	<u>\$ 958</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	\$	\$	\$	\$	\$	\$
Due to other funds		177	429		409	788	
Total liabilities	<u>-</u>	<u>177</u>	<u>429</u>	<u>-</u>	<u>409</u>	<u>788</u>	<u>-</u>
Fund Balances:							
Restricted	182,452			10,228			
Committed							958
Unassigned		(177)	(429)				
Total fund balances	<u>182,452</u>	<u>(177)</u>	<u>(429)</u>	<u>10,228</u>	<u>-</u>	<u>-</u>	<u>958</u>
Total Liabilities and Fund Balances	<u>\$ 182,452</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,228</u>	<u>\$ 409</u>	<u>\$ 788</u>	<u>\$ 958</u>

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

JUNE 30, 2014

	Special Revenue Funds					
	HMPG 4027 Property Elevation	Bulletproof Vest Grant	Brandywine Village Fund	NROC CRS Public Outreach	Police Text Later Grant	Highway Safety Grant
ASSETS						
Cash and cash equivalents	\$	\$ 253	\$	\$	\$	\$
Accounts and other receivables						11,915
Due from federal and state governments		11,383		10,674	5,000	
Total Assets	\$	\$ 11,636	\$	\$ 10,674	\$ 5,000	\$ 11,915
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 3,300	\$ 11,636	\$	\$ 2,711	\$	\$
Due to other funds			60	7,963	5,000	11,915
Total liabilities	3,300	11,636	60	10,674	5,000	11,915
Fund Balances:						
Restricted						
Committed						
Unassigned	(3,300)		(60)			
Total fund balances	(3,300)	-	(60)	-	-	-
Total Liabilities and Fund Balances	\$	\$ 11,636	\$	\$ 10,674	\$ 5,000	\$ 11,915

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

JUNE 30, 2014

Capital Project Funds

	Capital Project Fund	School Bond Fund	\$6.5 Million Road Improvement	Land Acquisition Fund	GIS System	DEM Riverfront Park	West Street Bridge II	Total
ASSETS								
Cash and cash equivalents	\$ 2,616,890	\$ 275,188	\$ 2,533,324	\$ 1,354,386	\$ 12,087	\$ 50,264		\$ 7,415,238
Accounts and other receivables						788		92,140
Due from federal and state governments								320,671
Total Assets	<u>\$ 2,616,890</u>	<u>\$ 275,188</u>	<u>\$ 2,533,324</u>	<u>\$ 1,354,386</u>	<u>\$ 12,087</u>	<u>\$ 51,052</u>	<u>\$ -</u>	<u>\$ 7,828,049</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 39,269		\$ 88,364			\$ 3,079		\$ 535,118
Due to other funds		101,452					1,250	189,222
Total liabilities	<u>39,269</u>	<u>101,452</u>	<u>88,364</u>	<u>-</u>	<u>-</u>	<u>3,079</u>	<u>1,250</u>	<u>724,340</u>
Fund Balances:								
Restricted		173,736	2,444,960	1,354,386	12,087			4,317,961
Committed	2,577,621					47,973		2,829,358
Unassigned							(1,250)	(43,610)
Total fund balances	<u>2,577,621</u>	<u>173,736</u>	<u>2,444,960</u>	<u>1,354,386</u>	<u>12,087</u>	<u>47,973</u>	<u>(1,250)</u>	<u>7,103,709</u>
Total Liabilities and Fund Balances	<u>\$ 2,616,890</u>	<u>\$ 275,188</u>	<u>\$ 2,533,324</u>	<u>\$ 1,354,386</u>	<u>\$ 12,087</u>	<u>\$ 51,052</u>	<u>\$ -</u>	<u>\$ 7,828,049</u>

TOWN OF WESTERLY, RHODE ISLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds							
	School Lunch Fund	Animal Shelter Fund	Neuter Surcharge Fund	Town Clerks Fund	Civil Defense Fund	Riverwalk Greenways Fund	Recycling Program	
Revenues:								
Intergovernmental revenues	\$ 643,374	\$	\$	\$	\$ 4,546	\$ 9,336	\$ 94,737	\$
Charges for services	336,053	50,444	689	35,664				
Investment income								
Contributions and private grants		10,013						
Other revenue								67,601
Total revenues	<u>979,427</u>	<u>60,457</u>	<u>689</u>	<u>35,664</u>	<u>4,546</u>	<u>9,336</u>	<u>94,737</u>	<u>67,601</u>
Expenditures:								
Current:								
Legislative, financial, judicial and general administrative				34,395				
Public works							66,733	
Public safety					5,161			
Health and welfare		9,820	1,689					67,601
Conservation and development								
Parks and recreation								
Education	1,021,169							
Capital outlay								
Total expenditures	<u>1,021,169</u>	<u>9,820</u>	<u>1,689</u>	<u>34,395</u>	<u>5,161</u>	<u>-</u>	<u>66,733</u>	<u>67,601</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(41,742)</u>	<u>50,637</u>	<u>(1,000)</u>	<u>1,269</u>	<u>(615)</u>	<u>9,336</u>	<u>28,004</u>	<u>-</u>
Other Financing Sources (Uses):								
Refunding bonds issued								
Premium on refunding bonds issued								
Transfers in			4,000					
Transfers out		(69,000)						
Total other financing sources (uses)	<u>-</u>	<u>(69,000)</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(41,742)	(18,363)	3,000	1,269	(615)	9,336	28,004	-
Fund Balances at Beginning of Year	<u>3,348</u>	<u>101,470</u>	<u>-</u>	<u>78,584</u>	<u>39,491</u>	<u>(6,551)</u>	<u>88,910</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ (38,394)</u>	<u>\$ 83,107</u>	<u>\$ 3,000</u>	<u>\$ 79,853</u>	<u>\$ 38,876</u>	<u>\$ 2,785</u>	<u>\$ 116,914</u>	<u>\$ -</u>

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TOWN OF WESTERLY, RHODE ISLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds							
	CDBG 2012	CDBG 2010	CDBG 2009	Department of Community Development	Substance Abuse	SOR Grant	Byrne Grant	Federal Forfeiture
Revenues:								
Intergovernmental revenues	\$	\$ 6,919	\$ 1,936	\$	\$ 21,251	\$ 1,833	\$ 15,155	\$ 62,672
Charges for services								875
Investment income								
Contributions and private grants					1,025			
Other revenue	6,045			4				
Total revenues	<u>6,045</u>	<u>6,919</u>	<u>1,936</u>	<u>4</u>	<u>22,276</u>	<u>1,833</u>	<u>15,155</u>	<u>63,547</u>
Expenditures:								
Current:								
Legislative, financial, judicial and general administrative								
Public works								
Public safety								79,776
Health and welfare	6,045	6,216	1,042		23,666	2,044		
Conservation and development								
Parks and recreation								
Education								
Capital outlay							15,155	
Total expenditures	<u>6,045</u>	<u>6,216</u>	<u>1,042</u>	<u>-</u>	<u>23,666</u>	<u>2,044</u>	<u>15,155</u>	<u>79,776</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>703</u>	<u>894</u>	<u>4</u>	<u>(1,390)</u>	<u>(211)</u>	<u>-</u>	<u>(16,229)</u>
Other Financing Sources (Uses):								
Refunding bonds issued								
Premium on refunding bonds issued								
Transfers in			1,400					
Transfers out								
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	703	2,294	4	(1,390)	(211)	-	(16,229)
Fund Balances at Beginning of Year	<u>-</u>	<u>(703)</u>	<u>3,246</u>	<u>3,585</u>	<u>6,150</u>	<u>1,400</u>	<u>3,305</u>	<u>198,681</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,540</u>	<u>\$ 3,589</u>	<u>\$ 4,760</u>	<u>\$ 1,189</u>	<u>\$ 3,305</u>	<u>\$ 182,452</u>

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TOWN OF WESTERLY, RHODE ISLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds							
	Homeland Security Reimbursable	Juvenile Justice	Energy Efficiency Grant	Underage Drinking	Seatbelt Grants	GOHS DWI Grant	EMA Grant	Town 100 Year Anniversary
Revenues:								
Intergovernmental revenues	\$	\$	\$	\$	\$ 5,935	\$ 1,455	\$ 788	\$
Charges for services								
Investment income								
Contributions and private grants								
Other revenue								
Total revenues	-	-	-	-	5,935	1,455	788	-
Expenditures:								
Current:								
Legislative, financial, judicial and general administrative								
Public works								
Public safety						5,263		
Health and welfare							788	
Conservation and development								
Parks and recreation								
Education								
Capital outlay								
Total expenditures	-	-	-	-	-	5,263	788	-
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-	5,935	(3,808)	-	-
Other Financing Sources (Uses):								
Refunding bonds issued								
Premium on refunding bonds issued								
Transfers in			3					
Transfers out	(1,378)	-	3	-	-	-	-	-
Total other financing sources (uses)	(1,378)	-	3	-	-	-	-	-
Net Change in Fund Balances	(1,378)	-	3	-	5,935	(3,808)	-	-
Fund Balances at Beginning of Year	1,378	(177)	(3)	(429)	4,293	3,808	-	958
Fund Balances at End of Year	\$ -	\$ (177)	\$ -	\$ (429)	\$ 10,228	\$ -	\$ -	\$ 958

7/4

(Continued on next page)

TOWN OF WESTERLY, RHODE ISLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

75

	Special Revenue Funds						Capital Project Funds		
	HMPG 4027 Property Elevation	Bulletproof Vest Grant	Brandywine Village Fund	NROC CRS Public Outreach	Police Text Later Grant	Highway Safety Grant	Capital Project Fund	School Bond Fund	\$6.5 Million Road Improvement
Revenues:									
Intergovernmental revenues	\$	\$	\$	\$	\$	\$ 20,509	\$	\$	\$
Charges for services									
Investment income								2,504	
Contributions and private grants		11,383		10,675	5,000				
Other revenue							49,900	3,331	
Total revenues	-	11,383	-	10,675	5,000	20,509	49,900	5,835	-
Expenditures:									
Current:									
Legislative, financial, judicial and general administrative									
Public works	3,300								
Public safety		11,383		10,675	5,000	20,509			
Health and welfare									
Conservation and development			60						
Parks and recreation									
Education									
Capital outlay							652,591	113,886	454,928
Total expenditures	3,300	11,383	60	10,675	5,000	20,509	652,591	113,886	454,928
Excess (Deficiency) of Revenues over Expenditures	(3,300)	-	(60)	-	-	-	(602,691)	(108,051)	(454,928)
Other Financing Sources (Uses):									
Refunding bonds issued									
Premium on refunding bonds issued									
Transfers in							853,113		
Transfers out							(200,000)		(433,659)
Total other financing sources (uses)	-	-	-	-	-	-	653,113	-	(433,659)
Net Change in Fund Balances	(3,300)	-	(60)	-	-	-	50,422	(108,051)	(888,587)
Fund Balances at Beginning of Year	-	-	-	-	-	-	2,527,199	281,787	3,333,547
Fund Balances at End of Year	\$ (3,300)	\$ -	\$ (60)	\$ -	\$ -	\$ -	\$ 2,577,621	\$ 173,736	\$ 2,444,960

(Continued on next page)

TOWN OF WESTERLY, RHODE ISLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Capital Project Funds						Eliminations	Total
	Land Acquisition Fund	GIS System	West Street Bridge	Canal Street Acquisition	DEM Riverfront Park	West Street Bridge II		
Revenues:								
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	\$	\$ 890,446
Charges for services								422,850
Investment income								3,379
Contributions and private grants					75,786			113,882
Other revenue								126,881
Total revenues	-	-	-	-	75,786	-	-	1,557,438
Expenditures:								
Current:								
Legislative, financial, judicial and general administrative	125,139	8,000						167,534
Public works						1,250		71,283
Public safety								137,767
Health and welfare								118,911
Conservation and development								60
Parks and recreation								-
Education								1,021,169
Capital outlay					4,813			1,241,373
Total expenditures	125,139	8,000	-	-	4,813	1,250	-	2,758,097
Excess (Deficiency) of Revenues over Expenditures	(125,139)	(8,000)	-	-	70,973	(1,250)	-	(1,200,659)
Other Financing Sources (Uses):								
Refunding bonds issued	1,300,000							1,300,000
Premium on refunding bonds issued	162,227							162,227
Transfers in				3,450			(34,263)	827,703
Transfers out			(30,263)				34,263	(700,037)
Total other financing sources (uses)	1,462,227	-	(30,263)	3,450	-	-	-	1,589,893
Net Change in Fund Balances	1,337,088	(8,000)	(30,263)	3,450	70,973	(1,250)	-	389,234
Fund Balances at Beginning of Year	17,298	20,087	30,263	(3,450)	(23,000)	-	-	6,714,475
Fund Balances at End of Year	\$ 1,354,386	\$ 12,087	\$ -	\$ -	\$ 47,973	\$ (1,250)	\$ -	\$ 7,103,709

Internal Service Funds

INTERNAL SERVICE FUNDS

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

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

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

TOWN OF WESTERLY, RHODE ISLAND

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

JUNE 30, 2014

	<u>Health Fund</u>	<u>Self Insurance Fund</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 401,458	\$ 26,766	\$ 428,224
Accounts receivable	165		165
Due from other funds	208,756		208,756
Total current assets	<u>610,379</u>	<u>26,766</u>	<u>637,145</u>
Noncurrent assets:			
Prepaid expenses	<u>3,625,542</u>		<u>3,625,542</u>
Total assets	<u>4,235,921</u>	<u>26,766</u>	<u>4,262,687</u>
Liabilities:			
Current liabilities:			
Due to other funds	599,583		599,583
Claims payable	927,347	10,894	938,241
Total current liabilities	<u>1,526,930</u>	<u>10,894</u>	<u>1,537,824</u>
Net Position:			
Unrestricted	<u>\$ 2,708,991</u>	<u>\$ 15,872</u>	<u>\$ 2,724,863</u>

TOWN OF WESTERLY, RHODE ISLAND

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

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Health Fund</u>	<u>Self Insurance Fund</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 10,664,732	\$	\$ 10,664,732
Other	41,316	5,204	46,520
Total operating revenues	<u>10,706,048</u>	<u>5,204</u>	<u>10,711,252</u>
Operating Expenses:			
Claims	<u>9,520,947</u>	<u>43,473</u>	<u>9,564,420</u>
Operating Income (Loss)	1,185,101	(38,269)	1,146,832
Net Position at Beginning of Year	<u>1,523,890</u>	<u>54,141</u>	<u>1,578,031</u>
Net Position at End of Year	<u>\$ 2,708,991</u>	<u>\$ 15,872</u>	<u>\$ 2,724,863</u>

TOWN OF WESTERLY, RHODE ISLAND

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Health Fund</u>	<u>Self Insurance Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from insurance charges	\$ 11,352,982	\$ 1,000	\$ 11,353,982
Other operating cash receipts	41,316	5,204	46,520
Claim payments	<u>(11,891,987)</u>	<u>(33,324)</u>	<u>(11,925,311)</u>
Net cash used in operating activities	<u>(497,689)</u>	<u>(27,120)</u>	<u>(524,809)</u>
Net Decrease in Cash and Cash Equivalents	(497,689)	(27,120)	(524,809)
Cash and Cash Equivalents at Beginning of Year	<u>899,147</u>	<u>53,886</u>	<u>953,033</u>
Cash and Cash Equivalents at End of Year	<u>\$ 401,458</u>	<u>\$ 26,766</u>	<u>\$ 428,224</u>
Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities:			
Operating income (loss)	\$ <u>1,185,101</u>	\$ <u>(38,269)</u>	\$ <u>1,146,832</u>
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(165)	1,000	835
(Increase) decrease in due from other funds	688,415		688,415
(Increase) decrease in other assets	(1,951,394)		(1,951,394)
Increase (decrease) in due to other funds	(689,702)		(689,702)
Increase (decrease) in claims payable	<u>270,056</u>	<u>10,149</u>	<u>280,205</u>
Total adjustments	<u>(1,682,790)</u>	<u>11,149</u>	<u>(1,671,641)</u>
Net Cash Used in Operating Activities	<u>\$ (497,689)</u>	<u>\$ (27,120)</u>	<u>\$ (524,809)</u>

Fiduciary Funds

FIDUCIARY FUNDS

Private Purpose Trust Funds

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

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

Agency Funds

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

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

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

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

Construction Escrow Deposits - To account for contingency reserves held.

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

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

TOWN OF WESTERLY, RHODE ISLAND

COMBINING STATEMENT OF NET POSITION
PRIVATE-PURPOSE TRUST FUNDS

JUNE 30, 2014

	<u>Permanent Neighbor Committee</u>	<u>Honor Roll Fund</u>	<u>Lois B. Stillment Fund</u>	<u>Richmond Brewer Fund</u>	<u>Irene Vose Fund</u>	<u>Martha C. Babcock Memorial</u>	<u>Premio L. Russo Memorial</u>
ASSETS							
Cash and cash equivalents	\$ 1,437	\$ 75	\$ 6,637	\$ 37,476	\$ 49,764	\$ 3,310	\$ 1,512
Total Assets	<u>\$ 1,437</u>	<u>\$ 75</u>	<u>\$ 6,637</u>	<u>\$ 37,476</u>	<u>\$ 49,764</u>	<u>\$ 3,310</u>	<u>\$ 1,512</u>
NET POSITION							
Held in Trust for Other Purpose	<u>\$ 1,437</u>	<u>\$ 75</u>	<u>\$ 6,637</u>	<u>\$ 37,476</u>	<u>\$ 49,764</u>	<u>\$ 3,310</u>	<u>\$ 1,512</u>

(Continued on next page)

TOWN OF WESTERLY, RHODE ISLAND

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

JUNE 30, 2014

	<u>Class of 1886</u>	<u>Otis P. Chapman Fund</u>	<u>Francis Pat Coyle Memorial</u>	<u>Betty Zerbarini Fund</u>	<u>Berardinelli Trust Fund</u>	<u>John J. & Mary C. Smith Scholarship</u>	<u>Roberta F. Serra Fund</u>	<u>Total</u>
ASSETS								
Cash and cash equivalents	\$ 1,223	\$ 2,042	\$ 837	\$ 1,123	\$ 20,833	\$ 13,341	\$ 1,794	\$ 141,404
Total Assets	<u>\$ 1,223</u>	<u>\$ 2,042</u>	<u>\$ 837</u>	<u>\$ 1,123</u>	<u>\$ 20,833</u>	<u>\$ 13,341</u>	<u>\$ 1,794</u>	<u>\$ 141,404</u>
NET POSITION								
Held in Trust for Other Purpose	<u>\$ 1,223</u>	<u>\$ 2,042</u>	<u>\$ 837</u>	<u>\$ 1,123</u>	<u>\$ 20,833</u>	<u>\$ 13,341</u>	<u>\$ 1,794</u>	<u>\$ 141,404</u>

TOWN OF WESTERLY, RHODE ISLAND

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

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Permanent Neighbor Committee</u>	<u>Honor Roll Fund</u>	<u>Lois B. Stillment Fund</u>	<u>Richmond Brewer Fund</u>	<u>Irene Vose Fund</u>	<u>Martha C. Babcock Memorial</u>	<u>Premio L. Russo Memorial</u>
Additions:							
Investment income	\$ 2	\$ 1	\$ 1,237	\$ 4,352	\$ 6,262	\$ 385	\$ 197
Deductions:							
Miscellaneous		900	1,000				35
Change in Net Position	2	(899)	237	4,352	6,262	385	162
Net Position at Beginning of Year	1,435	974	6,400	33,124	43,502	2,925	1,350
Net Position at End of Year	<u>\$ 1,437</u>	<u>\$ 75</u>	<u>\$ 6,637</u>	<u>\$ 37,476</u>	<u>\$ 49,764</u>	<u>\$ 3,310</u>	<u>\$ 1,512</u>

(Continued on next page)

TOWN OF WESTERLY, RHODE ISLAND

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

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Class of 1886</u>	<u>Otis P. Chapman Fund</u>	<u>Francis Pat Coyle Memorial</u>	<u>Betty Zerbarini Fund</u>	<u>Berardinelli Trust Fund</u>	<u>John J. & Mary C. Smith Scholarship</u>	<u>Roberta F. Serra Fund</u>	<u>Total</u>
Additions:								
Investment income	\$ 142	\$ 244	\$ 132	\$ 142	\$ 2,424	\$ 1,581	\$ 226	\$ 17,327
Deductions:								
Miscellaneous			150	100		125	25	2,335
Change in Net Position	142	244	(18)	42	2,424	1,456	201	14,992
Net Position at Beginning of Year	<u>1,081</u>	<u>1,798</u>	<u>855</u>	<u>1,081</u>	<u>18,409</u>	<u>11,885</u>	<u>1,593</u>	<u>126,412</u>
Net Position at End of Year	<u>\$ 1,223</u>	<u>\$ 2,042</u>	<u>\$ 837</u>	<u>\$ 1,123</u>	<u>\$ 20,833</u>	<u>\$ 13,341</u>	<u>\$ 1,794</u>	<u>\$ 141,404</u>

TOWN OF WESTERLY, RHODE ISLAND

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Title II - P.W.E.A				
Assets:				
Cash	\$ 2,634	\$ 347	\$ -	\$ 2,981
Liabilities:				
Deposits held in custody for others	\$ 2,634	\$ 347	\$ -	\$ 2,981
 Babcock Middle School Student Activity Fund				
Assets:				
Cash	\$ 36,402	\$ 41,444	\$ 40,191	\$ 37,655
Liabilities:				
Deposits held in custody for others	\$ 36,402	\$ 41,444	\$ 40,191	\$ 37,655
 Westerly High School Student Activity Fund				
Assets:				
Cash	\$ 184,910	\$ 403,840	\$ 364,305	\$ 224,445
Liabilities:				
Deposits held in custody for others	\$ 184,910	\$ 403,840	\$ 364,305	\$ 224,445
 Construction Escrow Deposits				
Assets:				
Cash	\$ 135,999	\$ -	\$ 2,489	\$ 133,510
Liabilities:				
Deposits held in custody for others	\$ 135,999	\$ -	\$ 2,489	\$ 133,510

(Continued on next page)

TOWN OF WESTERLY, RHODE ISLAND

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Probate Escrow				
Assets:				
Cash	\$ 10,063	\$ 4	\$ -	\$ 10,067
Liabilities:				
Deposits held in custody for others	\$ 10,063	\$ 4	\$ -	\$ 10,067
Westerly TSA				
Assets:				
Accounts receivable	\$ 14,022	\$ -	\$ 11,883	\$ 2,139
Liabilities:				
Accounts payable	\$ 14,022	\$ -	\$ 11,883	\$ 2,139
Total All Agency Funds				
Assets:				
Cash	\$ 370,008	\$ 445,635	\$ 406,985	\$ 408,658
Accounts receivable	14,022	-	11,883	2,139
Total Assets	\$ 384,030	\$ 445,635	\$ 418,868	\$ 410,797
Liabilities:				
Accounts payable	\$ 14,022	\$ -	\$ 11,883	\$ 2,139
Deposits held in custody for others	370,008	445,635	406,985	408,658
Total Liabilities	\$ 384,030	\$ 445,635	\$ 418,868	\$ 410,797

Other Schedules

TOWN OF WESTERLY, RHODE ISLAND

TAX COLLECTOR'S ANNUAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

<u>Fiscal Year</u>	<u>Balance July 1, 2013</u>	<u>Current Year Assessment</u>	<u>Additions</u>	<u>Adjustments & Abatements</u>	<u>Amounts Written Off</u>	<u>Amount to be Collected</u>	<u>Current Year Collections</u>	<u>Balance June 30, 2014</u>
2014	\$	\$ 65,926,338	\$ 62,228	\$ 236,918	\$	65,751,648	\$ 64,484,854	\$ 1,266,794
2013		1,779,221	177,591	18,910		1,937,902	1,440,327	497,575
2012		678,238	10,474	8,414		680,298	386,547	293,751
2011		295,636	3,503	2,064		297,075	104,784	192,291
2010		93,519	1,533			95,052	35,637	59,415
2009		69,363	282			69,645	8,700	60,945
2008		73,042	33			73,075	2,073	71,002
2007		65,036	2,492	2,418		65,110	2,338	62,772
2006		63,937	401			64,338	1,971	62,367
2005		53,044			53,044	-		-
2004		43,177			43,177	-		-
2003		40,748			40,748	-		-
2002		53,243			53,243	-		-
2001		72,311			72,311	-		-
2000		90,742			90,742	-		-
1999		82,035			82,035	-		-
1998		73,144			73,144	-		-
1997		70,168			70,168	-		-
1996		75,155			75,155	-		-
1995		91,495			91,495	-		-
Suspense		1,520,299			1,520,299	-		-
	\$	<u>5,383,553</u>	\$ <u>65,926,338</u>	\$ <u>258,537</u>	\$ <u>268,724</u>	\$ <u>2,265,561</u>	\$ <u>69,034,143</u>	\$ <u>66,467,231</u>
							Allowance for doubtful accounts	(781,684)
							Net property tax receivable	\$ <u>1,785,228</u>

98

Schedule of Most Recent Net Assessed Property Value by Category

<u>Description of Property</u>	<u>Valuation</u>	<u>Levy</u>
Real property	\$ 5,681,316,650	\$ 60,414,441
Motor vehicles	206,850,868	6,137,265
Tangible personal property	113,754,910	1,225,038
Total	<u>6,001,922,428</u>	<u>67,776,744</u>
Exemptions	<u>(114,676,239)</u>	<u>(1,850,406)</u>
Net Assessed Value	\$ <u>5,887,246,189</u>	\$ <u>65,926,338</u>

Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

TOWN OF WESTERLY, RHODE ISLAND

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

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
Net investment in capital assets	\$ 4,865,793	\$ 15,493,365	\$ 58,664,590	\$ 66,693,303	\$ 68,746,769	\$ 70,358,546	\$ 70,008,175	\$ 71,011,628	\$ 72,528,400	\$ 82,591,557
Restricted				840,250	609,887	4,271,819	5,596,748	4,289,962	2,542,513	6,519,002
Unrestricted	16,629,831	10,956,556	19,014,340	11,328,955	10,806,705	9,195,972	9,272,111	10,051,174	14,787,475	9,175,368
Total governmental activities net position	<u>21,495,624</u>	<u>26,449,921</u>	<u>77,678,930</u>	<u>78,862,508</u>	<u>80,163,361</u>	<u>83,826,337</u>	<u>84,877,034</u>	<u>85,352,764</u>	<u>89,858,388</u>	<u>98,285,927</u>
Business-type activities:										
Net investment in capital assets	20,474,067	21,546,816	22,556,484	26,692,977	27,988,005	28,158,294	28,728,337	30,194,723	30,714,945	29,236,676
Unrestricted	6,928,573	8,448,158	11,257,392	9,382,408	7,514,990	7,014,809	6,219,520	5,376,027	5,751,583	7,163,504
Total business-type activities net position	<u>27,402,640</u>	<u>29,994,974</u>	<u>33,813,876</u>	<u>36,075,385</u>	<u>35,502,995</u>	<u>35,173,103</u>	<u>34,947,857</u>	<u>35,570,750</u>	<u>36,466,528</u>	<u>36,400,180</u>
Total:										
Net investment in capital assets	25,339,860	37,040,181	81,221,074	93,386,280	96,734,774	98,516,840	98,736,512	101,206,351	103,243,345	111,828,233
Restricted				840,250	609,887	4,271,819	5,596,748	4,289,962	2,542,513	6,519,002
Unrestricted	<u>23,558,404</u>	<u>19,404,714</u>	<u>30,271,732</u>	<u>20,711,363</u>	<u>18,321,695</u>	<u>16,210,781</u>	<u>15,491,631</u>	<u>15,427,201</u>	<u>20,539,058</u>	<u>16,338,872</u>
Total Net Position	<u>\$ 48,898,264</u>	<u>\$ 56,444,895</u>	<u>\$ 111,492,806</u>	<u>\$ 114,937,893</u>	<u>\$ 115,666,356</u>	<u>\$ 118,999,440</u>	<u>\$ 119,824,891</u>	<u>\$ 120,923,514</u>	<u>\$ 126,324,916</u>	<u>\$ 134,686,107</u>

Source: Town of Westerly Annual Financial Statements

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

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
Legislative, judicial & general administrative	\$ 5,087,026	\$ 5,478,223	\$ 6,873,513	\$ 3,236,593	\$ 3,129,637	\$ 3,466,233	\$ 2,781,707	\$ 3,112,646	\$ 4,331,225	\$ 5,047,531
Public works	4,883,892	4,903,462	5,062,292	9,912,789	7,424,188	7,507,487	9,985,135	7,954,858	8,421,798	7,634,376
Public safety	3,743,339	4,073,352	4,427,133	7,814,959	7,761,483	7,799,497	8,240,563	8,214,392	7,641,412	8,569,273
Health and welfare	655,110	666,425	678,933	886,803	1,647,960	1,237,875	802,416	944,618	2,648,904	1,193,857
Conservation and development	41,802	41,923	43,976	57,013	83,398	63,593	61,603	66,841	13,723	8,058
Parks and recreation	407,522	515,258	559,495	670,797	671,243	715,016	851,085	855,819	835,358	1,162,690
Planning and zoning	194,530	211,016	210,824	300,666	315,979	311,526	317,731	328,874	659,533	762,142
Public education	46,426,481	48,708,393	51,584,096	56,538,216	55,623,925	53,346,773	56,373,765	59,863,127	60,152,421	61,614,560
Other	782,610	90,061	434,573							
Capital improvements/restricted programs	570,434	659,008	1,538,354							
Interest	1,973,585	2,168,881	2,861,227	2,991,507	2,921,665	2,834,606	3,001,369	4,161,148	3,417,931	2,131,894
Total governmental activities	<u>64,766,331</u>	<u>67,516,002</u>	<u>74,274,416</u>	<u>82,409,343</u>	<u>79,579,478</u>	<u>77,282,606</u>	<u>82,415,374</u>	<u>85,502,323</u>	<u>88,122,305</u>	<u>88,124,381</u>
Business-type activities:										
Water	2,930,748	3,165,920	3,631,349	3,519,078	4,427,003	4,999,866	5,107,553	4,126,250	4,040,375	4,255,925
Sewer	2,943,612	3,050,394	3,245,491	3,399,750	3,524,297	3,224,296	3,390,936	3,549,839	3,428,731	3,437,294
Beach	242,907	303,394	374,356	279,941	271,973	255,673	263,071	275,930	279,307	
Total business-type activities	<u>6,117,267</u>	<u>6,519,708</u>	<u>7,251,196</u>	<u>7,198,769</u>	<u>8,223,273</u>	<u>8,479,835</u>	<u>8,761,560</u>	<u>7,952,019</u>	<u>7,748,413</u>	<u>7,693,219</u>
Total Expenses	<u>\$ 70,883,598</u>	<u>\$ 74,035,710</u>	<u>\$ 81,525,612</u>	<u>\$ 89,608,112</u>	<u>\$ 87,802,751</u>	<u>\$ 85,762,441</u>	<u>\$ 91,176,934</u>	<u>\$ 93,454,342</u>	<u>\$ 95,870,718</u>	<u>\$ 95,817,600</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Legislative, judicial & general administrative	\$ 480,209	\$ 1,902,781	\$ 644,390	\$ 1,206,498	\$ 940,220	\$ 986,339	\$ 1,088,315	\$ 1,072,310	\$ 2,064,851	\$ 1,170,950
Public works	3,304,537	2,558,277	2,377,169	2,667,752	2,554,611	2,040,910	2,107,314	2,230,461	2,539,006	2,451,873
Public safety	349,865	258,348	296,686	317,389	338,429	360,359	409,070	236,944	331,011	261,017
Health and welfare									46,226	51,367
Conservation and development						5,250	23,451	22,512	18,914	34,504
Parks and recreation	123,010	118,030	141,985	136,770	143,383	163,233	163,476	176,045	132,186	223,944
Planning and zoning	614,966	62,784	783,768	674,096	63,457	76,959	74,779	62,967	68,532	75,703
Public education	1,063,868	1,572,384	1,865,487	1,209,848	1,424,345	1,266,433	1,499,327	1,561,476	885,397	794,130
Other		60,171	315,942							
Capital improvements/restricted programs		179,064								
Operating grants and contributions	10,113,918	10,944,457	13,122,333	13,448,568	11,992,674	12,546,972	12,570,266	14,632,146	19,613,142	17,480,083
Capital grants and contributions		411,677	1,394,603	301,712	498,774		735,857	577,744		129,017
Total governmental activities program revenues	<u>16,050,373</u>	<u>18,067,973</u>	<u>20,942,363</u>	<u>19,962,633</u>	<u>17,955,893</u>	<u>17,446,455</u>	<u>18,671,855</u>	<u>20,572,605</u>	<u>25,699,265</u>	<u>22,672,588</u>
Business-type activities:										
Charges for services:										
Water	3,669,897	4,480,849	6,144,478	4,245,768	3,950,767	3,814,045	4,383,473	4,151,082	4,263,283	4,724,623
Sewer	3,561,988	3,766,637	3,864,384	3,495,261	3,152,629	3,483,850	3,398,737	3,283,137	3,707,640	3,750,359
Beach	507,251	105,217	96,428	86,664	84,533	118,388	104,898	124,256	66,577	
Operating grants and contributions					25,000	75,133	1,568			
Capital grants and contributions								385,000		
Total business-type activities	<u>7,739,136</u>	<u>8,352,703</u>	<u>10,105,290</u>	<u>7,827,693</u>	<u>7,212,929</u>	<u>7,491,416</u>	<u>7,888,676</u>	<u>7,943,475</u>	<u>8,037,500</u>	<u>8,474,982</u>
Total Program Revenues	<u>\$ 23,789,509</u>	<u>\$ 26,420,676</u>	<u>\$ 31,047,653</u>	<u>\$ 27,790,326</u>	<u>\$ 25,168,822</u>	<u>\$ 24,937,871</u>	<u>\$ 26,560,531</u>	<u>\$ 28,516,080</u>	<u>\$ 33,736,765</u>	<u>\$ 31,147,570</u>

(Continued on next page)

TOWN OF WESTERLY, RHODE ISLAND

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

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (Expense)/Revenue										
Governmental activities	\$ (48,715,958)	\$ (49,448,029)	\$ (53,332,053)	\$ (62,446,710)	\$ (61,623,585)	\$ (59,836,151)	\$ (63,743,519)	\$ (64,929,718)	\$ (62,423,040)	\$ (65,451,793)
Business-type activities	1,621,869	1,832,995	2,854,094	628,924	(1,010,344)	(988,419)	(872,884)	(8,544)	289,087	781,763
Total Net Expense	\$ (47,094,089)	\$ (47,615,034)	\$ (50,477,959)	\$ (61,817,786)	\$ (62,633,929)	\$ (60,824,570)	\$ (64,616,403)	\$ (64,938,262)	\$ (62,133,953)	\$ (64,670,030)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 47,768,204	\$ 50,057,187	\$ 52,511,864	\$ 55,992,277	\$ 59,323,341	\$ 59,555,979	\$ 63,296,907	\$ 64,031,797	\$ 65,108,718	\$ 65,605,977
State aid and in lieu of taxes not restricted				4,838,487	4,614,007	3,965,697	1,801,556	1,841,526	1,927,032	2,400,544
Unrestricted investment earnings	733,053	849,315	1,463,137	1,055,249	510,798	212,778	157,636	33,906	55,779	30,786
Miscellaneous	5,194,788	4,461,337	3,549,691	62,343	277,017	414,437	129,642	127,607	84,964	133,290
Transfers	(330,423)	(676,965)	(759,794)	(738,532)	(695,931)	(649,764)	(640,824)	(629,388)	(604,580)	850,232
Loss on disposal of capital assets	(261,182)	(288,548)	(581,020)							
Total governmental activities	53,104,440	54,402,326	56,183,878	61,209,824	64,029,232	63,499,127	64,744,917	65,405,448	66,571,913	69,020,829
Business-type activities:										
Unrestricted investment earnings	87,889	99,982	143,792	130,235	62,955	8,763	6,814	2,049	2,111	2,121
Miscellaneous	46,554	12,247	198,262							
Transfers	330,423	676,965	759,794	738,532	695,931	649,764	640,824	629,388	604,580	(850,232)
Loss/gain on disposal of capital assets		(29,857)	(137,038)	1,497,569						
Total business type activities	464,866	759,337	964,810	2,366,336	758,886	658,527	647,638	631,437	606,691	(848,111)
Total	\$ 53,569,306	\$ 55,161,663	\$ 57,148,688	\$ 63,576,160	\$ 64,788,118	\$ 64,157,654	\$ 65,392,555	\$ 66,036,885	\$ 67,178,604	\$ 68,172,718
Change in Net Position										
Governmental activities	\$ 4,388,482	\$ 4,954,297	\$ 2,851,825	\$ (1,236,886)	\$ 2,405,647	\$ 3,662,976	\$ 1,001,398	\$ 475,730	\$ 4,148,873	\$ 3,569,036
Business-type activities	2,086,735	2,592,332	3,818,904	2,995,260	(251,458)	(329,892)	(225,246)	622,893	895,778	(66,348)
Total	\$ 6,475,217	\$ 7,546,629	\$ 6,670,729	\$ 1,758,374	\$ 2,154,189	\$ 3,333,084	\$ 776,152	\$ 1,098,623	\$ 5,044,651	\$ 3,502,688

TOWN OF WESTERLY, RHODE ISLAND

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

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Reserved	\$ 35,607	\$ 729,809	\$	\$	\$	\$	\$	\$	\$	\$
Unreserved	4,976,795	6,210,739	7,439,653	8,980,861	9,020,357	9,157,164				
Nonspendable							203,645	1,424,796	2,443,435	840,328
Restricted							5,073,701	3,812,873	2,410,035	2,651,915
Committed							53,184	222,802	188,496	187,137
Assigned							160,000	785,000	642,000	642,000
Unassigned							8,895,223 *	7,811,214	7,542,061	8,464,291
Total General Fund	<u>\$ 5,012,402</u>	<u>\$ 6,940,548</u>	<u>\$ 7,439,653</u>	<u>\$ 8,980,861</u>	<u>\$ 9,020,357</u>	<u>\$ 9,157,164</u>	<u>\$ 14,385,753</u>	<u>\$ 14,056,685</u>	<u>\$ 13,226,027</u>	<u>\$ 12,785,671</u>
All Other Governmental Funds:										
Reserved	\$ 13,569	\$ 50	\$ 11,719	\$ 14,320	\$ 30,703	\$ 358,515	\$	\$	\$	\$
Unreserved, reported in:										
Special revenue funds	964,599	1,636,802	1,727,363	839,164	1,104,125	3,827,266				
Capital project funds	11,479,682	3,483,872	11,277,246	7,310,686	6,972,328	7,446,534				
Nonspendable							30,500			
Restricted							2,580,224	1,523,075	4,250,044	4,350,125
Committed							3,200,511	2,791,812	2,718,537	2,829,358
Unassigned							(7,024,340)	(2,293,989)	(34,313)	(644,817)
Total All Other Governmental Funds	<u>\$ 12,457,850</u>	<u>\$ 5,120,724</u>	<u>\$ 13,016,328</u>	<u>\$ 8,164,170</u>	<u>\$ 8,107,156</u>	<u>\$ 11,632,315</u>	<u>\$ (1,213,105)</u>	<u>\$ 2,020,898</u>	<u>\$ 6,934,268</u>	<u>\$ 6,534,666</u>

Notes:

1. In 2011 the Town implemented GASB No. 54, reserved and unreserved fund balance are no longer used

Fund balances are now reported as nonspendable, restricted, committed, assigned and unassigned

* As restated

Source: Town of Westerly Annual Financial Statements

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

	For the Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
General property taxes	\$ 46,181,886	\$ 50,076,395	\$ 52,469,223	\$ 56,483,800	\$ 58,903,866	\$ 59,229,983	\$ 63,167,374	\$ 62,722,274	\$ 65,284,340	\$ 67,111,282
Intergovernmental revenues	15,172,917	16,227,115	16,621,209	22,090,229	20,896,628	19,659,330	17,990,858	20,545,204	23,610,581	21,714,929
Recreation										
Licenses and permits	480,209	597,521	802,650	705,272	520,627	470,593	405,455	433,773	987,140	924,890
Fines and penalties	172,222	156,807	152,349	170,050	190,165	174,040	199,297	165,168	170,433	164,292
Interest on investments	733,053	849,315	1,463,137	1,046,500	509,652	212,743	157,553	33,906	52,418	27,407
Other revenues	5,408,697	5,536,166	6,887,987	2,134,342	2,042,198	1,666,900	1,416,235	1,482,937	2,848,970	2,341,541
Total revenues	68,148,984	73,443,319	78,396,555	82,630,193	83,063,136	81,413,589	83,336,772	85,383,262	92,953,882	92,284,341
Expenditures:										
Current:										
Legislative, judicial and general administrative	5,001,042	5,233,953	5,570,881	8,682,345	6,236,470	7,007,720	6,352,555	6,525,866	4,246,621	4,210,763
Public works	4,732,271	4,692,128	4,806,646	12,964,052	6,762,533	6,049,632	7,065,978	4,911,750	8,007,654	6,622,126
Public safety	3,587,213	3,876,252	4,192,612	6,793,941	4,539,777	4,533,085	4,611,459	4,550,663	7,419,524	8,087,246
Health and welfare	642,195	650,033	664,999	862,972	1,603,577	1,198,722	757,683	906,923	2,633,209	3,189,709
Conservation and development	41,802	41,923	43,976	44,068	44,213	46,096	45,776	51,311	20,724	8,058
Parks and recreation	393,344	498,563	540,505	600,031	593,784	549,637	680,016	722,607	853,703	988,760
Planning and zoning	194,530	211,016	210,824	255,638	236,329	237,589	236,902	226,453	680,536	784,507
Public education	46,201,201	47,648,202	50,014,112	55,464,548	54,605,925	53,152,473	53,275,364	56,474,037	57,657,340	58,575,405
Other	1,161,177	701,643	1,467,117							
Capital improvements/restricted programs	23,510,945	16,320,264	12,771,572	2,332,971	2,049,818	1,154,114	21,401,103	14,246,132	4,880,804	4,005,779
Debt service:										
Principal	8,119,601	9,242,650	3,059,281	3,882,392	4,505,271	4,940,981	5,010,180	5,426,586	5,874,438	5,874,438
Interest	669,527	2,405,242	2,474,527	2,439,049	2,466,811	2,423,780	2,743,101	4,092,441	3,894,578	4,004,773
Total expenditures	94,254,848	91,521,869	85,817,052	94,322,007	83,644,508	81,293,829	102,180,117	98,134,769	96,169,131	96,351,564
Excess of revenues over (under) expenditures	(26,105,864)	(18,078,550)	(7,420,497)	(11,691,814)	(581,372)	119,760	(18,843,345)	(12,751,507)	(3,215,249)	(4,067,223)
Other Financing Sources (Uses):										
Bond and loan proceeds	34,222,318	13,346,535	16,575,000	9,104,712		3,855,000	11,496,000	14,645,000	6,500,000	
Lease proceeds					1,259,784	396,970	258,003	761,413	1,208,876	2,347,516
Premium on debt				14,685			179,036	200,395	1,933,872	2,136,371
Issuance of refunding bonds									20,073,678	15,890,000
Payment to refunding bond escrow agent									(21,813,976)	(16,489,170)
Transfers from other funds	40,720,379	43,148,612	45,842,591	48,253,434	48,349,039	47,183,318	818,987	424,566	1,210,145	1,264,685
Transfers to other funds	(41,050,802)	(43,825,577)	(46,602,385)	(48,991,966)	(49,044,970)	(47,893,082)	(1,474,811)	(1,068,954)	(1,814,725)	(1,922,137)
Total other financing sources	33,891,895	12,669,570	15,815,206	8,380,865	563,853	3,542,206	11,277,215	14,962,420	7,297,870	3,227,265
Net Change in Fund Balances	\$ 7,786,031	\$ (5,408,980)	\$ 8,394,709	\$ (3,310,949)	\$ (17,519)	\$ 3,661,966	\$ (7,566,130)	\$ 2,210,913	\$ 4,082,621	\$ (839,958)
Debt Service as a Percentage of Noncapital Expenditures (1)	12.27%	15.16%	7.20%	7.65%	8.63%	9.49%	9.60%	11.04%	10.87%	10.78%

Source: Town of Westerly Annual Financial Statements

TOWN OF WESTERLY, RHODE ISLAND

**Assessed Value and Actual Value of Taxable Property
Last Ten Years
(unaudited)**

Fiscal Year	Real Property	Tangible Property	Inventory	Motor Vehicles	Less Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate Real	Total Direct Tax Rate MV
2014	\$ 5,720,353,700	\$ 117,617,714	\$ -	\$208,705,482	\$ 109,796,164	\$ 5,936,880,732	10.64	29.67
2013	\$ 5,681,316,650	\$ 113,754,910	\$ -	\$ 206,850,868	\$ 187,685,148	\$ 5,887,246,189	10.53	29.67
2012	\$ 6,029,044,940	\$ 111,092,881	\$ -	\$ 207,200,816	\$ 123,833,594	\$ 6,223,505,043	9.74	29.67
2011	\$ 6,003,921,400	\$ 109,834,014	\$ -	\$ 199,010,668	\$ 125,761,643	\$ 6,187,004,439	9.74	29.67
2010	\$ 5,968,175,200	\$ 103,394,190	\$ -	\$ 196,704,453	\$ 123,264,095	\$ 6,145,009,748	9.62	29.67
2009	\$ 6,409,080,500	\$ 103,052,933	\$ -	\$ 165,920,358	\$ 187,658,148	\$ 6,490,395,643	8.87	29.67
2008	\$ 6,328,033,730	\$ 96,273,051	\$ -	\$ 182,725,179	\$ 185,143,059	\$ 6,421,888,901	8.87	29.67
2007	\$ 6,224,102,400	\$ 94,064,493	\$ 31,563,795	\$ 175,020,389	\$ 192,699,255	\$ 6,332,051,822	8.60	29.67
2006	\$ 4,601,087,750	\$ 87,707,322	\$ 31,945,246	\$ 174,601,784	\$ 167,505,669	\$ 4,727,836,433	10.71	29.67
2005	\$ 4,540,847,900	\$ 80,535,101	\$ 32,244,011	\$ 158,160,264	\$ 136,454,285	\$ 4,675,332,991	10.30	29.67

TOWN OF WESTERLY, RHODE ISLAND

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

<u>Levy Year</u>	<u>Real Estate and Personal Property</u>	<u>Motor Vehicle</u>
2005	10.30	29.67
2006	10.71	29.67
2007	8.60	29.67
2008	8.87	29.67
2009	8.87	29.67
2010	9.62	29.67
2011	9.74	29.67
2012	9.74	29.67
2013	10.53	29.67
2014	10.64	29.67

Source: Finance Department, Westerly, Rhode Island

TOWN OF WESTERLY, RHODE ISLAND

Principal Property Taxpayers
Current Year and Nine Years Ago
(unaudited)

2014				2005			
Name	Assessed Value	Rank	% Net Taxable Grand List	Name	Assessed Value	Rank	% Net Taxable Grand List
National Grid	\$ 25,556,219	1	0.411%	Home Depot USA Inc.	\$ 17,503,463	1	0.636%
Washington Trust Company	\$ 24,598,316	2	0.395%	Franklin Plaza LLC	\$ 17,493,580	2	0.635%
Ocean House Hotel Partners, LLC	\$ 24,328,403	3	0.391%	Shelter Harbor Golf Club	\$ 14,991,700	3	0.544%
Westerly Ventures, LLC	\$ 19,679,600	4	0.316%	Misquamicut Club, The	\$ 14,056,485	4	0.510%
Franklin Plaza LLC	\$ 18,024,180	5	0.290%	Washington Trust Co.	\$ 13,667,500	5	0.496%
Misquamicut Club	\$ 17,934,757	6	0.288%	Narragansett Electric Co.	\$ 11,613,883	6	0.422%
Kahuna RI, LLC	\$ 16,888,400	7	0.271%	Bluff Avenue, LLC	\$ 11,165,600	7	0.405%
Charles Royce	\$ 14,608,050	8	0.235%	Holmgren, John J & Antoinette	\$ 10,641,900	8	0.386%
Home Depot USA	\$ 14,327,136	9	0.230%	Wilmington Trust Co.	\$ 10,514,000	9	0.382%
Shelter Harbor Golf Club	\$ 13,402,834	10	0.215%	Moore Company The	\$ 9,395,726	10	0.341%

TABLE 8

TOWN OF WESTERLY, RHODE ISLAND

**Property Tax Levies and Collections
Last Ten Years
(unaudited)**

<u>Fiscal Year</u>	<u>Taxes Levied (net abatements)</u>	<u>Collected within the Fiscal Year Amount</u>	<u>% of Levy</u>	<u>Collected in Subsequent Years</u>	<u>Total Collections Amount</u>	<u>Balance Remaining</u>	<u>% of Levy</u>
2005	\$ 45,819,871	\$ 45,107,888	98.45%	\$ 658,939	\$ 45,766,827	\$ 53,044	99.88%
2006	\$ 49,558,714	\$ 48,875,918	98.62%	\$ 618,859	\$ 49,494,777	\$ 63,937	99.87%
2007	\$ 52,055,765	\$ 51,428,447	98.79%	\$ 562,282	\$ 51,990,729	\$ 65,036	99.88%
2008	\$ 56,226,442	\$ 55,596,246	98.88%	\$ 557,154	\$ 56,153,400	\$ 73,042	99.87%
2009	\$ 58,934,410	\$ 57,978,492	98.38%	\$ 886,555	\$ 58,865,047	\$ 69,363	99.88%
2010	\$ 59,188,131	\$ 58,104,182	98.17%	\$ 990,431	\$ 59,094,613	\$ 93,518	99.84%
2011	\$ 62,941,885	\$ 61,760,687	98.12%	\$ 885,562	\$ 62,646,249	\$ 295,636	99.53%
2012	\$ 63,528,578	\$ 61,369,984	96.60%	\$ 1,480,356	\$ 62,850,340	\$ 678,238	98.93%
2013	\$ 65,309,604	\$ 63,930,910	97.89%	\$ 2,054,858	\$ 65,985,768	\$ (676,164)	101.04%
2014	\$ 67,067,280	\$ 64,645,348	96.39%	\$ -	\$ 64,645,348	\$ 2,421,932	96.39%

TOWN OF WESTERLY, RHODE ISLAND

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

Year	Governmental Activities			Business Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes and Loan Payable	Capital Leases	General Obligation Bonds	Loans Payable	Capital Leases			
2014	\$ 52,955,000	\$ 26,052,688	\$ 2,844,049	\$ -	\$ 4,569,370	\$ 20,000	\$ 86,441,107	Debbie	\$ 3,795
2013	\$ 56,233,678	\$ 27,732,124	\$ 1,379,633	\$ 1,671,322	\$ 5,181,638	\$ 12,507	\$ 92,210,902	13.50%	\$ 4,047
2012	\$ 53,710,000	\$ 29,411,562	\$ 860,400	\$ 1,790,000	\$ 5,782,025	\$ 23,840	\$ 91,577,827	12.96%	\$ 3,988
2011	\$ 57,875,000	\$ 15,351,000	\$ 776,135	\$ 1,935,000	\$ 6,370,864	\$ -	\$ 82,307,999	11.73%	\$ 3,614
2010	\$ 62,015,000	\$ 3,855,000	\$ 1,388,312	\$ 2,080,000	\$ 6,948,482	\$ -	\$ 76,286,794	10.87%	\$ 3,348
2009	\$ 65,815,000	\$ -	\$ 2,132,323	\$ 2,225,000	\$ 7,515,192	\$ -	\$ 77,687,515	10.74%	\$ 3,306
2008	\$ 69,315,350	\$ -	\$ 1,877,460	\$ 2,479,650	\$ 8,071,301	\$ -	\$ 81,743,761	11.50%	\$ 3,497
2007	\$ 65,328,875	\$ -	\$ 1,641,615	\$ 2,801,265	\$ 8,617,107	\$ -	\$ 78,388,862	11.08%	\$ 3,306
2006	\$ 50,225,250	\$ -	\$ 972,679	\$ 3,125,030	\$ 8,801,179	\$ -	\$ 63,124,138	9.51%	\$ 2,708
2005	\$ 39,069,475	\$ 7,137,500	\$ 92,108	\$ 3,110,945	\$ 8,550,488	\$ -	\$ 57,960,516	8.98%	\$ 2,452

TOWN OF WESTERLY, RHODE ISLAND

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

Fiscal Year	General Obligation Bonds	Notes and Loan Payable	Total	(a) Percentage of Estimated Actual Taxable Value of Property	Per Capita
2014	\$ 52,955,000	\$ 26,052,688	\$ 79,007,688	1.33%	\$ 3,469
2013	\$ 56,233,678	\$ 27,732,124	\$ 83,965,802	1.43%	\$ 3,685
2012	\$ 53,710,000	\$ 29,411,562	\$ 83,121,562	1.34%	\$ 3,619
2011	\$ 57,875,000	\$ 15,351,000	\$ 73,226,000	1.18%	\$ 3,215
2010	\$ 62,015,000	\$ 3,855,000	\$ 65,870,000	1.07%	\$ 2,891
2009	\$ 65,815,000	\$ -	\$ 65,815,000	1.01%	\$ 2,801
2008	\$ 69,315,350	\$ -	\$ 69,315,350	1.08%	\$ 2,965
2007	\$ 65,328,875	\$ -	\$ 65,328,875	1.02%	\$ 2,748
2006	\$ 50,225,250	\$ -	\$ 50,225,250	1.06%	\$ 2,155
2005	\$ 39,069,475	\$ 7,137,500	\$ 46,206,975	0.99%	\$ 1,955

Source: Finance Department , Westerly, Rhode Island

(a) - Total taxable assessed value

TOWN OF WESTERLY, RHODE ISLAND

Legal Debt Margin Information
Last Ten Years
(unaudited)

	For the Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total assessed value	\$ 4,599,638,438	\$ 4,675,332,990	\$ 4,727,836,433	\$ 6,332,051,822	\$ 6,421,889,238	\$ 6,490,395,643	\$ 6,145,009,748	\$ 6,223,505,043	\$ 5,887,264,189	\$ 5,936,880,732
Debt Limit (1)	\$ 137,989,153	\$ 140,259,990	\$ 141,835,093	\$ 189,961,555	\$ 192,656,677	\$ 194,711,869	\$ 184,350,292	\$ 186,705,151	\$ 176,617,926	\$ 178,106,421
Amount of Debt Subject to Limit	\$ 39,069,475	\$ 50,255,250	\$ 64,328,875	\$ 34,079,661	\$ 32,537,459	\$ 34,785,328	\$ 57,013,711	\$ 34,592,621	\$ 32,446,768	\$ 29,787,516
Legal Debt Margin	\$ 98,919,678	\$ 90,004,740	\$ 77,506,218	\$ 155,881,894	\$ 160,119,218	\$ 159,926,541	\$ 127,336,581	\$ 152,112,530	\$ 144,171,158	\$ 148,318,905
Legal Debt Margin as a Percentage of the Debt Limit	71.69%	64.17%	54.65%	82.06%	83.11%	82.13%	69.07%	81.47%	81.63%	83.28%

Source: Finance Department, Westerly, Rhode Island

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

TOWN OF WESTERLY, RHODE ISLAND

**Demographic and Economic Statistics
Last Ten Years
(unaudited)**

<u>Fiscal Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Education Level in Years of Schooling</u>	<u>School Enrollment</u>	<u>Unemployment</u>
2014	22,775	\$ 31,881.00	39	12	2996	7.3
2013	22,787	\$ 30,005.00	39	12	3037	8.0
2012	22,966	\$ 30,777.00	39	12	3021	10.8
2011	22,774	\$ 30,807.00	39	12	3079	9.2
2010	22,787	\$ 30,807.00	39	12	3021	8.9
2009	23,500	\$ 30,777.00	38	12	3180	9.1
2008	23,377	\$ 30,415.00	38	12	3301	7.0
2007	23,408	\$ 29,850.00	37	12	3408	4.3
2006	23,318	\$ 28,466.00	37	12	3489	4.6
2005	23,635	\$ 27,299.00	37	12	3590	4.1

TOWN OF WESTERLY, RHODE ISLAND

Principal Employers
 Current Year and Nine Years Ago
 (unaudited)

2014			2005		
Employer	Employees	Rank	Employer	Employees	Rank
Westerly Hospital	664	1	Information is not available		
Wal-Mart	320	2			
Washington Trust Company	317	3			
Darlington Fabrics	215	4			
Ocean House	200	5			
Home Depot	142	6			
Stop & Shop	125	7			
McQuades Market	104	8			
Weekapaug Inn	100	9			
AGFA Healthcare	65	10			

100

TOWN OF WESTERLY, RHODE ISLAND

Full-Time Equivalent Town Government Employees by Function/Program
(unaudited)

For the Fiscal Year Ended June 30,

	<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>
General Government										
Town Council	7	7	7	7	7	7	7	7	7	7
Town Manager	1	1	1	1	1	1	1	1	1	1
Town Solicitor	2	4	4	4	4	4	4	4	4	4
Canvassing	2	2	2	2	2	2	2	2	2	2
Finance	9	9	9	9	10	10	10	10	10	11
City Clerk	7	5	5	5	5	5	5	6	6	6
Planning	4	4	4	4	4	4	4	4	4	4
Assessment	5	5	5	5	5	6	6	6	6	6
Other	16	16	16	16	16	16	16	15	15	12
Public Safety										
Sworn Officers	50	48	50	50	50	50	51	51	51	50
Support	11	12	12	12	12	12	12	12	12	12
Public Health										
Public Works	45	43	43	43	44	44	44	44	44	44
Water & Sewer	29	29	29	29	30	30	30	30	30	30
Public Welfare										
Recreation	2	1	1	1	1	1	2	2	2	2
Public Education										
Teachers	310	307.2	304	302	300	312	340	336	334	n/a
Pupil Support	233	235	208	208	191	207	251	255	259	n/a
Administration	34	38.28	37	37	37	37	41	37	37	n/a

TOWN OF WESTERLY, RHODE ISLAND

Operating Indicators by Function/Program
(unaudited)

	For the Fiscal Year Ended June 30,									
	2014	2013 (Revised)	2012	2011	2010	2009	2008	2007	2006	2005
General Government										
Marriage Licenses Issued	212	212	178	185	196	183	202	182	203	241
Death Certificates Recorded	287	325	310	304	334	341	376	340	363	329
Land Records Recorded	6302	7162	6559	5,237	6,670	6,959	6,271	6,516	8,322	9,916
Registered Voters	17729	17,422	16,724	16,528	16,381	16,440	16,475	14,544	15,681	15,714
Elections & Referenda's	1	2	1	1	1	1	1	1	1	1
Planning & Development										
Building Permits Issued	2482	976	693	779	762	750	838	1,021	1,103	937
Cost of Construction	\$ 52,404,978	\$ 40,874,909	\$ 32,886,917	\$ 41,182,654	\$ 42,232,171	\$ 40,464,863	\$ 91,828,233	\$ 80,837,894	\$ 72,498,608	\$ 66,841,722
Police										
Arrest	1061	972	997	1,015	1,037	1,236	1,008	1,038	1,121	1,151
Parking Violations	1196	1,223	1,232	1500+/-	n/a	n/a	n/a	n/a	n/a	n/a
Calls for Service	28825	30,139	27,355	28,000+/-	n/a	n/a	n/a	n/a	n/a	n/a
Public Works										
Street Resurfacing (miles)	6.8	6.8	7	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Transfer station refuse (tons)	13,383	11,881	18,251	16,324	18,182	17,581	25,353	26,497	28,148	31,588
Transfer station recyclables (tons)	4,159	3,739	3,528	3,200	3,632	3,590	3,829	3,996	3,954	n/a
Parks & Recreation										
Programs Offered	61	61	63	59	n/a	n/a	n/a	n/a	n/a	n/a
Beach Passes Issued	2454	2061	2206	2,042	1,941	1,849	1,865	1,875	2,066	1,989
Education										
Number of Students	2986	2977	3021	3,079	3,021	3,180	3,301	3,408	3,489	3,590
Water										
New Connections	86	46	49	53	64	60	110	237	144	158
Water Main Breaks	18	17	25	22	17	28	23	34	17	23
Avg daily consumption (thousands of gallons)	3,440	3,321	3,297	3,427	3,298	3,867	3,418	3,350	3,434	3,313
Sewer										
Average daily treatment (thousands of gallons)	2,227	2,120	2,020	2,250	2,520	2,670	2,390	2,410	2,850	2,750
Sewer treatment capacity (thousands of gallons)	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300

TOWN OF WESTERLY, RHODE ISLAND

Capital Asset Statistics by Function/Program
(unaudited)

Function/Program	For the Fiscal Year Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	46	46	46	43	43	41	41	41	42	40
Fire										
Fire Prevention is covered by five separate self-taxing Fire Districts										
Public Works										
Streets (miles)	145	145	145	145	143	143	141	141	141	141
Street Lights	3150	3150	3150	3,150	3,150	3,148	3,146	3,144	3,143	3,142
Register Vehicles	103	103	103	99	95	93	93	93	93	93
Parks & Recreation										
Acreage	85	85	85	85	85	85	85	85	85	85
Parks & Playing Fields	6	6	6	6	6	6	6	6	6	6
Beaches	2	2	2	2	2	2	2	2	2	2
Community Centers	1	1	1	1	1	0	0	0	0	0
Senior Centers	1	1	1	1	1	1	1	1	1	1
Marina	1	1	1	1	1	1	1	1	1	1
Town Forest 54 Acres	1	1	1	1	1	1	1	1	1	1
Public Libraries										
Libraries	1	1	1	1	1	1	1	1	1	1
Schools										
Elementary Schools	4	4	4	4	4	4	5	5	5	5
Middle Schools	1	1	1	1	1	1	1	1	1	1
High Schools	1	1	1	1	1	1	1	1	1	1
School Buses	43	49	49	49	49	46	38	30	22	15
Water										
Water Mains (miles)	207	207	207	207	206	206	206	202	202	201
Fire Hydrants	1091	1085	1085	1085	1064	1047	1037	1023	1004	991
Sewer										
Sanitary Sewers (miles)	61	61	61	61	61	61	n/a	n/a	n/a	n/a
Storm sewers (miles)	65	65	65	65	65	65	65	65	65	65
Treatment capacity (thousand gallons)	3300	3300	3300	3300	3300	3300	3300	3300	3300	3300

Source: Town capital asset records and various Town Departments