

TOWN OF NARRAGANSETT, RHODE ISLAND
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2015

Laura K. Kenyon
Finance Director

Prepared by: Finance Department

INTRODUCTORY SECTION

**THIS SECTION CONTAINS
THE FOLLOWING:**

- **Table of Contents**
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- **Town of Narragansett Organizational Chart**
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TOWN OF NARRAGANSETT, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2015

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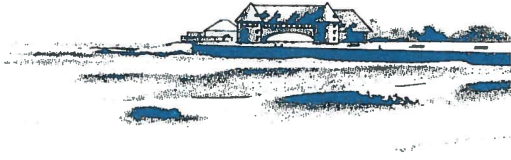
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Town of Narragansett

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February 1, 2016

To the Citizens of the Town of Narragansett:

The comprehensive annual financial report of the Town of Narragansett, Rhode Island, for the fiscal year ended June 30, 2015, is hereby submitted as mandated by both state statutes and the Town charter. 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. Consequently, management assumes full responsibility 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 Narragansett has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Narragansett's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Narragansett'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 Narragansett's financial statements have been audited by Bacon and Company, LLC, 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 Narragansett for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; 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 Narragansett's financial statements for the fiscal year ended June 30, 2015 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Narragansett was part of a 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 presentation 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 a separate Single Audit 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 Narragansett's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The Town of Narragansett, incorporated as a town on March 28, 1901, is situated in Washington County, on the southeastern coast of the State of Rhode Island, approximately 30 miles south of Providence. It is bounded by Narragansett Bay and the Atlantic Ocean on the east; by the Atlantic Ocean on the south; by the Town of South Kingstown on the west; and the Town of North Kingstown on the north. The total area of the community is 18.3 square miles, which includes 4.4 square miles of inland water. The year-round population of the Town decreased from 16,361 persons counted in the 2000 census to 15,868 in the 2010 census. The actual population served is estimated to be approximately 10,000 persons higher with summer rentals and University of Rhode Island student and faculty rentals.

Government

The Town operates under a charter form of government, which provides for a five member elected Town Council which is responsible for enacting local legislation; and an appointed Town Manager who executes the laws and the administration of the town government. The Town has a home-rule charter and operates under the Council-Manager form of government. The Town Council is elected by popular vote every two years and is responsible for, among other things, passing ordinances, adopting a budget, appointing committees, and hiring both the Town Manager and Town Solicitor . The Town Manager is responsible for carrying out the policies of the Town Council, for overseeing the day-to-day operations of the Town, and for appointing all other employees, except for School Department personnel.

The Town provides a full range of municipal services including public safety protection, the repair and maintenance of highways, streets, and other infrastructure, libraries, recreational activities, planning and zoning, education and administrative services. In addition, the Town operates water, wastewater, the Town Beach and the Middlebridge Recreation Area.

The annual budget serves as the foundation for the Town's financial planning and control. The Town Council is granted all powers to enact, amend or repeal ordinances relating to the Town's property, affairs and government as well as the authorization of the issuance of bonds or notes by ordinance, except that no bonded indebtedness may be incurred pledging the credit of the Town in excess of 1.5% of the budget in any one fiscal year unless submitted to a vote of the electors at either a general or special election and approved by a majority of the electors voting at said election.

Education

The general administration of the Narragansett School System is directed by a five-member School Committee that is elected at large at the regular biennial elections for staggered four-year terms. The School Committee determines and controls all policies affecting the administration, maintenance, and operation of the public schools in the Town. The School Committee appoints a Superintendent as its chief administrative agent; submits a detailed budget of expenditures and revenue to the Town Council and, once the school budget has been approved, determines the allocation of the amount appropriated. The cost of operating the Town's School System for the fiscal year ended June 30, 2015 was \$26,848,591. The School Department budget for fiscal year ended June 30, 2015 is \$27,738,098 and the budget for fiscal year ending June 30, 2016 is \$29,596,917. The budgeted cost per student in the fiscal year ending June 30, 2015 was \$20,501 shared by the Town and the State of Rhode Island in the form of School Operations Aid. The Town has one elementary school, one middle school and one high school. As of October at the beginning of each school year, the student enrollment in the Narragansett School System for the past five years has been and is projected to be as follows:

Fiscal Year Ending	Actual Enrollment	Fiscal Year Ending	Year Projected Enrollment
2010	1,469	2015	1,353
2011	1,481	2016	1,331
2012	1,453	2017	1,330
2013	1,457	2018	1,330
2014	1,408	2019	1,330

Municipal Services

The Town provides major public services which are detailed as follows:

Wastewater Facilities

The Town has 20 sewage pumping stations and approximately 90 miles of sanitary sewers. Service for the southern portion of Narragansett, including the commercial fishing port of Galilee, is provided at the Town-owned Scarborough Wastewater Treatment Plant, a 1.4 million gallon per day (MGD) extended aeration plant. The South Kingstown Regional Treatment Facility provides wastewater treatment for the Pier area and the northern portion of the Town. Approximately 6,483 connections are serviced by the Town. The annual rate for residential users is currently \$400 per unit. The Wastewater Division operates as an enterprise fund, with all operations funded from user fees and assessments.

Water Facilities

The Town's Water Division is responsible for the conveyance of potable water for domestic, commercial, industrial and fire protection uses. All water used within the Town's system is purchased from United Water of Rhode Island, a private company, or the Town of North Kingstown. In addition to its operational and maintenance activities related to the Town's water storage, transmission and conveyance systems and infrastructure, the Division provides technical assistance to the Town in reviewing water related plans or regulations. The Town

owns, operates and maintains three water storage tanks, with a combined capacity of two million gallons, and approximately 85 miles of water mains. Approximately one-half of the Town's populated area (representing 6,381 accounts) is served by the Town water system, while service to the remaining citizens is provided directly by United Water of Rhode Island. Major maintenance projects for 2013 and extending into 2015 were the lead paint remediation and re-painting of two of the storage tanks. The Water Division operates as an enterprise fund, with all operations funded from user fees and assessments.

Public Works

The Town's Public Works Department provides a full range of services including street constructions/maintenance, snow removal and maintenance of Town property. The Public Works Department expended \$2,939,001 for fiscal year ended June 30, 2015 and budgeted \$3,092,532 and \$2,941,122 for the fiscal years ending June 30, 2015 and 2016, respectively.

Public Safety

Services include fire prevention, emergency medical rescue, police patrol, investigations, community education, dispatching, harbor patrol and animal control functions. The Narragansett Police Department has a force that consists of 53 full-time police officers, and other support personnel. The Police Department expended \$7,512,935 for fiscal year ended June 30, 2015 and budgeted \$7,349,607 and \$7,592,282 for the fiscal years ending June 30, 2015 and 2016, respectively. The Town has three fire stations staffed by 34 full-time fire fighters. The Fire Department expended \$5,510,237 for fiscal year ended June 30, 2015 and budgeted \$5,441,756 and \$5,103,026 for the fiscal years ending June 30, 2015 and 2016, respectively.

Employee Relations

As of June 30, 2015, the Town employs 182 full-time employees exclusive of those employed by the School Department. The School Department employs 253.4 full-time equivalent employees.

The current status of union contracts for municipal and school employees is as follows:

Police Department- 3 year contract expires June 30, 2016

Public Works & Municipal Clerical - 3 year contract expires June 30, 2017

School Dept. Non-Certified- 3 year contract expires June 30, 2018

Fire Department- 3 year contract expires June 30, 2016

Teachers- 3 year contract expires August 31, 2018

Municipal Middle Management – 3 Year contract expires June 30, 2017

Retirement Programs

The Town has a contributory pension plan covering substantially all of its employees. The retirement plans for policemen and municipal employees are administered by Town officials. The retirement plan for teachers is administered by the State of Rhode Island Retirement Board.

The Town Plan

The Town contributes to the Town Plan, a single employer public employee retirement plan established in accordance with the Town Charter. The Plan is considered part of the Town's financial reporting entity and is included in the Town's annual financial report as a pension trust fund. All permanent, regular and probationary status employees who work for at least five months of a year and for at least twenty hours per week are eligible to participate in the Town Plan, a single-employer defined benefit pension plan, except as follows: School System employees who have been, are, or will be eligible for membership in the Employees' Retirement System of Rhode Island and any police officer covered under the Police Plan who has refused to join the Town Plan. The Town Plan was established by the Town in accordance with Town Ordinance. The Town Plan is included in the Town's financial statements as a pension trust fund.

Police Plan

The Town contributes to the Police Plan, a single-employer public employee retirement plan. The Police Plan is considered part of the Town's financial reporting entity and is included in the Town's annual financial report as a pension trust fund. There are no active participants, and the Police Plan is closed to new entrants. All members of the permanent Police Force who were hired prior to July 1, 1978 and refused the September 1984 offer to join the Town Plan are eligible to participate in the Police Plan. All other policemen are covered by the Town Plan.

School Teachers' Retirement Plan

Town certified school personnel participate in the Rhode Island Retirement System, a statutory, mandatory, statewide, cost-sharing, multi-employer defined benefit plan, which first covered State teachers on July 1, 1949. This Teacher's Retirement System is administered as a unified statewide system by the State Retirement Board, the composition of which is set forth in the pertinent State statute. The assets are held in the custody of the State Treasurer as an undivided single fund.

Defined Contribution Plan for ERSRI Participants

The Rhode Island Retirement Act of 2011 changed the defined benefit plan to a hybrid plan which includes a defined contribution plan. The State selected TIAA-CREF to administer the plan. All employees in ERSRI are required to participate. ERSRI employees contribute 5% of their annual salary into the defined contribution plan, with an additional 2% contribution for those employees that do not participate in Social Security, and the Town must contribute 1% of salary. Participants have a selection of investments options chosen by the State and provided by TIAA-CREF.

Other Post-Employment Benefits

Town Plan

The Town administers a single-employer, defined benefit post-employment benefit plan. The plan provides medical, dental and life insurance for eligible retirees and their dependents through the Town's group insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations between the Town and the respective unions or as established by the Town Ordinance for non-union employees. On August 1, 2011 the Town Council authorized the creation of an OPEB

Trust Fund. As such, the plan has been reported as a Trust Fund in the Town's financial statements in fiscal year 2015. The plan does not issue a publicly available financial report.

School Plan

The Narragansett School System administers a single-employer, defined benefit post-employment benefit plan. The plan provides medical and dental insurance for eligible retirees and their dependents through the School System's group insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations between the School System and the respective unions or as established by employee contract for non-union employees.

Long-term capital financial planning. As a part of the annual budget process, the Town Manager prepares and presents a capital improvement plan. This plan identifies costs and financing methods for those capital projects that the Town anticipates funding over the next five years. The plan provides for the needs of the general government and addresses such issues as infrastructure, major equipment replacement, school facilities, public safety, recreation and open space purchases.

Cash management policies and practices. It is the policy of the Town to invest funds in a manner which will provide the highest investment return, with the maximum amount of security while meeting the daily cash flow needs of the Town and conforming to all state statutes governing the investment of municipal funds. Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U.S. Treasury and money market mutual funds. In addition, some trust funds held corporate stocks and bonds in their investment portfolios. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

Risk management. The Town is a member of the Rhode Island Inter-Local Risk Management Pool. The cooperative pool was formed in 1986 to address the insurance needs of Rhode Island municipalities. Narragansett became a member on July 1, 1988. The pool provides all property, liability and worker's compensation insurance policies for the Town. Property and liability claims are subject to a \$2,500 deductible with the exception of public officials' liability claims, which are subject to a \$5,000 deductible. The pool's self-insured retention levels range from \$10,000 to \$1,000,000 depending on the type of coverage provided. In addition to the self-insurance provided by the pool, there is also reinsurance through third party sources for claims up to \$5,000,000. In addition to the insurance coverage provided, the pool also provides various educational and training seminars to promote safety training and loss control efforts.

ACKNOWLEDGEMENTS

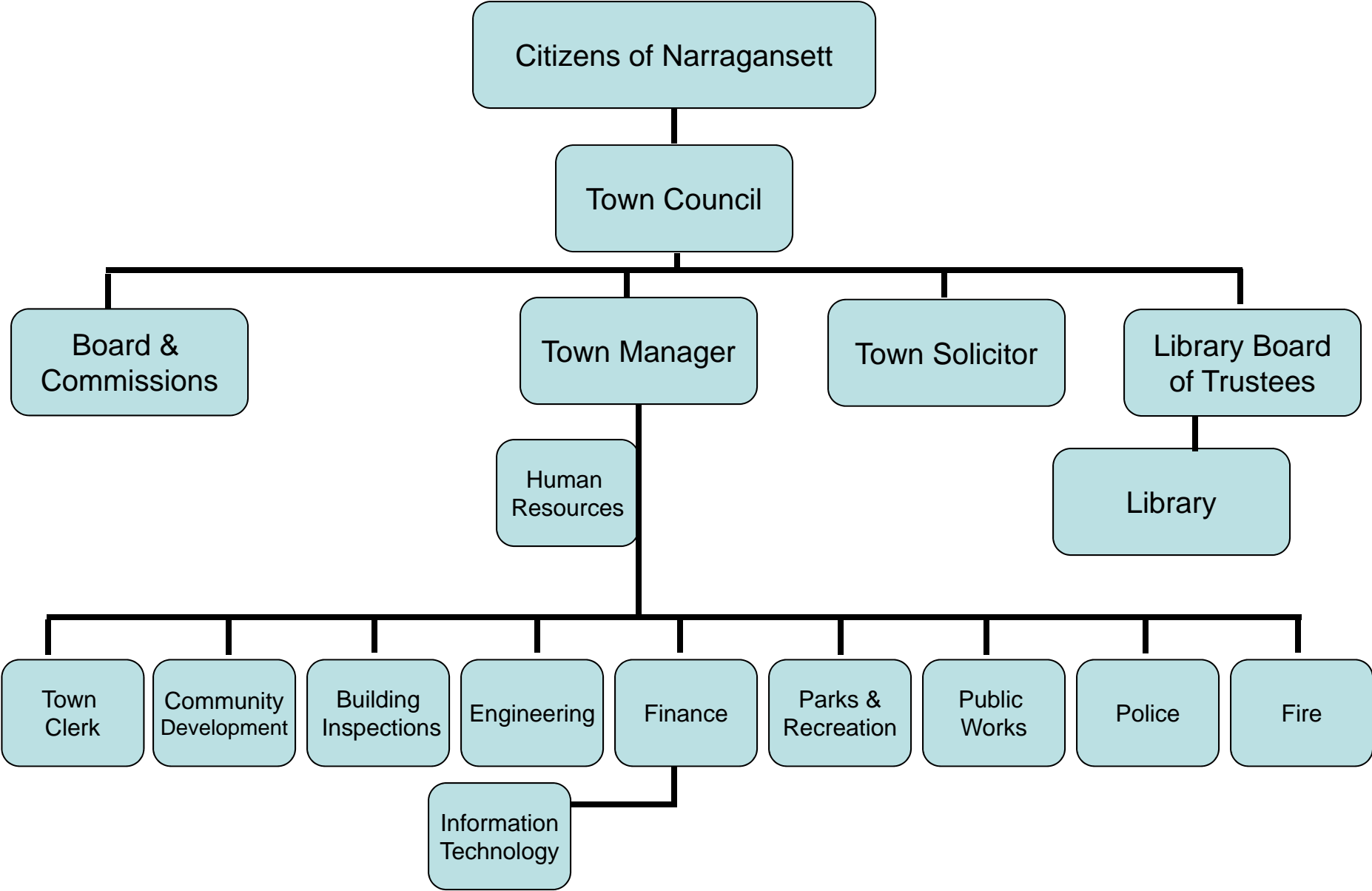
The preparation of this report was made possible by the efficient and dedicated services of the entire staff of the Finance Department. I sincerely appreciate their efforts in assisting me with preparing this comprehensive annual financial report.

In closing, I would like to express my appreciation to the Town Manager, Pamela Nolan and the Town Council for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully submitted,

Laura K. Kenyon
Finance Director

Governmental Organization



TOWN OF NARRAGANSETT, RHODE ISLAND
LIST OF ELECTED AND APPOINTED OFFICIALS

JUNE 30, 2015

Elected Officials

Council President	Matthew M. Mannix
President Pro Tempore	Susan Cicilline-Buonanno
Council Member	Patrick Murray
Council Member	Raymond Ranaldi
Council Member	Christopher Wilkens
School Committee, Chairperson	Tammy McNeiece
School Committee, Vice-Chairperson	Diane S. Nobles
School Committee, Member	Frank White
School Committee, Member	Keith Ranaldi
School Committee, Member	Guy deWardener

Appointed Officials

Town Manager	Pamela Nolan
Town Solicitor	Dawson Hodgson, Esq.
Finance Director	Laura K. Kenyon
Town Clerk	Anne M. Irons
Town Engineer	Jeffry Ceasrine
Police Chief	F. Dean Hoxsie
Fire Chief	Scott Partington
Acting Public Works Director	Michael DiCicco
Parks & Recreation Director	Steven T. Wright
Community Development Director	Michael J. DeLuca
Inspectional Services Director	Anthony L. Santilli
Human Resources Manager	Susan E. Healy
Town Controller	Laurie A. LaBore
Tax Assessor	Allan Booth, Interim
Tax Collector	Christine A. Beck
Purchasing Agent	Susan W. Gallagher
Library Director	Patti A. Arkwright
Superintendent of Schools	Katherine E. Sipala
Director of Finance, School Department	Karen M. Hagan

FINANCIAL SECTION

THIS SECTION CONTAINS THE FOLLOWING:

- **Independent Auditor's Report**
- **Management Discussion and Analysis**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Other Supplementary Information**



CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

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 Narragansett, Rhode Island, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Narragansett, 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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Narragansett, Rhode Island, as of June 30, 2015, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Town implemented GASB Statement No.68, “Financial Reporting for Pensions – An Amendment of GASB Statement No.27”, and GASB Statement No.71, “Pension Transition for Contributions Made Subsequent to the Measurement Date”, during fiscal year 2015. Our opinion was not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, budgetary comparison information, and supplementary pension and other postemployment benefit information on pages 4 through 13 and pages 73 through 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Narragansett, Rhode Island’s basic financial statements. The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, other supplementary information, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, and other supplementary information 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 nonmajor fund financial statements, the combining fiduciary fund financial statements, and other supplementary information 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report February 1, 2016 on our consideration of the Town of Narragansett, 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 Narragansett, Rhode Island's internal control over financial reporting and compliance.

Bacon & Company, LLC

Warwick, Rhode Island
February 1, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

As Finance Director for the Town of Narragansett (the Town), the following narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015 (FY2015) has been prepared. The Town administration encourages all to consider the information presented herein in conjunction with the additional information furnished in the *Letter of Transmittal*, which can be found at the beginning of this report.

Financial Highlights

At the end of the current fiscal year, the total fund balance for the General Fund was \$18,580,671 or 35.3 % of the total 2015 budgeted revenues. This is an increase of \$1,890,818 from the prior year fund balance.

The total unassigned fund balance of the General Fund is \$8,781,159 or 16.7% of the total 2015 budgeted revenues. This is an increase of \$576,501 from the prior year unassigned fund balance.

The total assigned, committed, restricted or nonspendable fund balance of the General Fund is \$9,799,512. This is an increase of \$1,314,317 from the prior year total assigned, committed, restricted or nonspendable fund balance.

The Town General Fund ended the fiscal year 2015 with a budgetary operating surplus of \$1,157,539.

The total bonded debt amount of the Town of Narragansett increased by \$ 2,950,000.

As reported in the government wide financial statements, the assets and deferred outflows of resources of the Town of Narragansett exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$47,132,622. The Town's capital asset base has been developed from both the current operations and debt. The Town has recorded its property and equipment at original values in order to insure proper asset management.

The Town's total net position decreased by \$1,392,173 for the fiscal year ended June 30, 2015.

Overview of the Financial Statements

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

1. Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.
 - a. *Statement of Net Position*: This statement presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the two reported as *net position*. Increases or decreases in net position may serve as a useful indicator of an improving or deteriorating financial position.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Overview of the Financial Statements (Continued)

- b. *Statement of Activities*: This statement presents information showing how the government's net position changed during the reporting period. 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 (such as uncollected taxes and earned but unused personnel leaves).
- c. Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, education, public safety, public works and highway, community development and recreation. The business-type activities of the Town include Water, Sewer, Beach and the Middlebridge Recreation Fund operations.

The government-wide financial statements can be found on pages 14 and 15 of this report.

2. 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, 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 may be divided into three categories: governmental funds, proprietary funds and fiduciary funds.
 - a. *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. This information may be helpful in evaluating the Town's near-term financing requirements.

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

Funds are classified as "major" and "nonmajor." Data from major governmental funds is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances. Data from the nonmajor funds is combined into a single, aggregated presentation. Individual fund data

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Overview of the Financial Statements (Continued)

for each of these nonmajor governmental funds is provided in the form of *combining statements* and can be found on pages 88-95 of this report.

The Town adopted annual budgets for its General Fund, Water Fund, Sewer Fund, Internal Services Fund (Vehicle Maintenance), Library Fund, Beach Fund, Middlebridge Recreation Fund, Pension Fund, the Streets Improvement Fund and the OPEB Trust Fund. Budgets are also adopted for Debt Service, Capital Projects, Major Maintenance and Non-capitalization expenses, the Kinney Bungalow, Sunset Farm, The Towers and the Galilee Landing Fund. The School Committee adopts a budget for the operation of the Town's three schools. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 16-19 of this report.

- b. Proprietary Funds:* The Town maintains one type of proprietary fund.

Enterprise Funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its Water, Wastewater, Middlebridge Recreation and Beach operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Wastewater, Middlebridge Recreation and Beach operations, all of which are considered to be major funds of the Town.

The proprietary fund financial statements can be found on pages 20-23 of this report.

- c. 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 statements because the 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 fiduciary fund financial statements can be found on pages 24-25 of this report.

3. Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 26-72 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Overview of the Financial Statements (Continued)

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information comparing budget to actual revenues and expenditures for the General Fund, and concerning the Town's progress in funding its obligations to provide pension and other postemployment benefits to its enrolled employees. Required supplementary information can be found on pages 73-87 of this report.

Government-wide Financial Analysis

Net Position: 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, the governmental activities assets exceeded liabilities by \$47,132,622 at the close of this reporting period.

The Town's net position consist principally of its investment in capital assets (that is, land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Town of Narragansett's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$27,958,082	\$24,227,117	\$13,033,924	\$13,834,467	\$40,992,006	\$38,061,584
Capital assets	\$91,199,860	\$92,272,584	\$35,067,796	\$34,984,655	\$126,267,656	\$127,257,239
Total assets	<u>\$119,157,942</u>	<u>\$116,499,701</u>	<u>\$48,101,720</u>	<u>\$48,819,122</u>	<u>\$167,259,662</u>	<u>\$165,318,823</u>
Deferred outflows of resources	\$8,246,769	\$1,430,414		\$2,383	\$8,246,769	\$1,432,797
Current liabilities	\$5,642,724	\$6,223,811	\$970,980	\$1,268,068	\$6,613,704	\$7,491,879
Noncurrent liabilities	\$113,197,660	\$103,130,095	\$3,399,996	\$3,935,400	\$116,597,656	\$107,065,495
Total liabilities	<u>\$118,840,384</u>	<u>\$109,353,906</u>	<u>\$4,370,976</u>	<u>\$5,203,468</u>	<u>\$123,211,360</u>	<u>\$114,557,374</u>
Deferred inflows of resources	\$2,157,636	\$16,885	\$3,004,813	\$3,652,566	\$5,162,449	\$3,669,451
Net position:						
Net investment in capital assets	\$71,751,258	\$73,242,220	\$31,406,927	\$30,664,018	\$103,158,185	\$103,906,238
Restricted	\$7,550,352	\$7,151,671	\$0	\$0	\$7,550,352	\$7,151,671
Unrestricted	(72,894,919)	(71,834,567)	\$9,319,004	\$9,301,453	(\$63,575,915)	(62,533,114)
Total net position	<u>\$6,406,691</u>	<u>\$8,559,324</u>	<u>\$40,725,931</u>	<u>\$39,965,471</u>	<u>\$47,132,622</u>	<u>\$48,524,795</u>

At June 30, 2015, the Town is able to report positive balances in both categories of net position for its business-type activities. For governmental activities, the deficit in the Town's unrestricted net position increased, due principally to the recording of a liability for other postemployment benefits (OPEB) and pension.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis (Continued)

Governmental Activities: Governmental activities decreased the Town's net position by \$2,152,633

Town of Narragansett's Changes in Net Position.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$4,462,180	\$4,615,762	\$8,561,404	\$8,486,196	\$13,023,584	\$13,101,958
Operating grants and contributions	4,783,010	4,681,774	140,376		4,923,386	4,681,774
Capital grants and contributions	509,300	1,203,364			509,300	1,203,364
General revenues, property taxes	47,541,544	46,131,289			47,541,544	46,131,289
State aid and in lieu of taxes	1,614,798	1,604,893			1,614,798	1,604,893
Miscellaneous and interest	415,568	931,733		95,017	415,568	1,026,750
Total revenues	\$59,326,400	\$59,168,815	\$8,701,780	\$8,581,213	\$68,028,180	\$67,750,028
Expenses:						
General government	3,354,594	3,657,602			3,354,594	3,657,602
Financial administration	1,824,303	1,677,212			1,824,303	1,677,212
Public safety	15,338,485	15,180,592			15,338,485	15,180,592
Public works	4,913,307	4,978,149			4,913,307	4,978,149
Social Services	140,703	93,240			140,703	93,240
Parks and recreation	2,214,141	2,398,295			2,214,141	2,398,295
Plan, engineer & inspection	1,273,212	1,204,386			1,273,212	1,204,386
Library	782,598	709,574			782,598	709,574
Education	30,442,611	30,396,974			30,442,611	30,396,974
Interest on Long term debt	1,038,443	894,414			1,038,443	894,414
Water Fund			2,258,823	1,922,478	2,258,823	1,922,478
Sewer Fund			4,053,411	3,780,631	4,053,411	3,780,631
Beach Fund			1,749,799	1,768,047	1,749,799	1,768,047
Middlebridge Recreation			35,923	43,983	35,923	43,983
Total expenses	61,322,397	61,190,438	8,097,956	7,515,139	69,420,353	68,705,577
Transfers	(\$156,636)	\$342,241	156,636	(342,241)		
Change in net position	(\$2,152,633)	(\$1,679,382)	\$760,460	\$723,833	(\$1,392,173)	(\$955,549)
Net position, beginning of year, restated	8,559,324	10,238,706	39,965,471	39,241,638	48,524,795	49,480,344
	\$6,406,691	\$8,559,324	\$40,725,931	\$39,965,471	\$47,132,622	\$48,524,795

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis (Continued)

Property taxes levied for FY 2014-15 based on the December 31, 2013 grand list increased by \$1,339,590 to \$47,399,848 from the amount levied for 2013-14 of \$46,060,258. This was an increase of 2.9%, well below the State mandated cap increase of 4%, which is the maximum allowable increase permitted under state law. Chapter 253 of the Public Laws of 2006 (known as Senate 3050) entitled "Relating to Taxation – Property Taxes" modified the calculation of the property tax cap beginning in fiscal year 2008, changed the criteria for exemptions from the property tax cap, limited the increase that School Committees could request from municipal funds in their annual budget proposal and amended the definition of "state mandates." The state-wide property tax cap became effective on July 1, 2007. This cap limited the property tax levy increase to 5.25% in fiscal year 2008 and set in place a .25% reduction for each successive fiscal year until fiscal year 2013, when the cap will be set at 4.0%. The amount of current year taxes to be collected for FY 2015 was \$46,696,428 which was based on a rate of collection of 98.5%. Current year collections were \$47,101,995 compared to the budgeted amount of \$46,696,428, an increase of \$405,567 or .86%.

Business-type activities: Business-type activities increased the Town's net position by \$760,460. Key elements of the increase are as follows:

- a. Water Fund: The net position of the Water enterprise is down \$210,437 or 3.5%.
- b. Sewer Fund: The net position for the Sewer enterprise is up \$259,114 or .95%.
- c. Beach Fund: The net position for the Beach enterprise is up \$537,871 or 8.46%.
- d. Middlebridge: The net position for the Middlebridge Fund is up \$173,912 or 36.7%.

Financial Analysis of the Town's Funds

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

Governmental funds: The focus of the Town'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.

As of the end of the reporting period, the Town governmental funds reported combined ending fund balances of \$24,299,497. Approximately 36.1% of this total amount or \$8,766,605 constitutes *unassigned fund balance*, which is available for spending at the Town's discretion.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, *unassigned* fund balance of the General Fund was \$8,781,159, while total fund balance was \$18,580,671. 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 fund expenditures and transfers. Unassigned fund balance of \$8,781,159 represents 15.6% of total General Fund expenditures and transfers of \$56,181,456, while total fund balance represents 33% of the same amount.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis of the Town's Funds (Continued)

The Town's General Fund – Fund Balance increased by \$1,890,818 due mainly to lower expenditures in the operating budget, such as the reserve for retirements unexpended for \$150,000, decrease in need for contingency of \$211,561, decrease in anticipated school expenditures, increase in revenue for rental registration, surplus equipment, and towers, along with the increase in tax revenue received above the anticipated budget \$511,684.

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

- a. Water Fund: The unrestricted net position of the Water Fund at June 30, 2015 was \$2,126,935.
- b. Sewer Fund: The unrestricted net position of the Sewer Fund at June 30, 2015 amounted to \$6,151,924.
- c. Beach Fund: The unrestricted net position of the Beach Fund at June 30, 2015 was \$1,018,076.
- d. Middlebridge Fund: The unrestricted net position of Middlebridge Recreation Fund at June 30, 2015 was \$22,069.

General Fund Budgetary Highlights

The general fund operating budget shows an operating surplus of \$ 1,157,539. This represents 2.2% of the \$52,601,193 budget as approved by the Town Council. The largest surplus in revenue was from additional tax revenue above budget for \$511,684 and the lack of need for retirement and contingency funds on the expense side totaling \$361,561.

Capital Assets and Debt Administration

1. Capital assets: The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounted to \$126,267,656 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads and bridges. The total decrease in the Town's investment in capital assets, net of accumulated depreciation, for FY2015 was \$989,583, or .77% (a 1.1% decrease for governmental activities and a .24% increase for business-type activities).

MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

Capital Assets and Debt Administration (Continued)

Town of Narragansett’s Capital Assets
(Net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$44,058,624	\$44,058,624	\$3,240,280	\$ 3,240,280	\$47,298,904	\$ 47,298,904
Construction in progress	2,089,909	1,080,364	689,151	336,008	2,779,060	1,416,372
Buildings and improvements	26,521,897	27,662,950	11,384,251	11,035,142	37,906,148	38,698,092
Machinery and equipment	3,052,818	3,246,592	637,990	651,740	3,690,808	3,898,332
Vehicles	1,810,372	1,586,424	149,055	102,771	1,959,427	1,689,195
Infrastructure	13,666,240	14,637,630	18,967,069	19,618,714	32,633,309	34,256,344
Total	\$91,199,860	\$92,272,584	\$35,067,796	\$ 34,984,655	\$126,267,656	\$127,257,239

2. Debt administration: At the end of the fiscal year, the Town’s governmental activities had total bonds, notes and capital leases outstanding of \$22,865,853, all of which is backed by the full faith and credit of the Town. Total debt was increased from \$19,677,655 by additions of \$4,724,870 and retirements of \$1,536,672 during FY2015.

The Town was upgraded from a “AA“ rating to “AA+” from Standard & Poor’s for general obligation debt.

Town of Narragansett’s Outstanding Debt
Bonds, Notes and Capital Leases
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$20,690	\$ 17,740	\$ 765	\$ 940	\$21,455	\$ 18,680
Notes and loans	1,615	1,762	2,896	3,383	4,511	5,145
Capital leases	561	176			561	176
Total	\$22,866	\$ 19,678	\$ 3,661	\$ 4,323	\$26,527	\$ 24,001

Except as provided below, under Rhode Island general laws, the Town may not, without special statutory authorization, incur any debt which would increase its aggregate indebtedness not otherwise excepted by law to an amount greater than 3% of the taxable property of the Town. Deducted from the computation of aggregated indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any sinking funds maintained by the Town. The 3% debt limit of the Town is \$135,196,470 based on net assessed valuations of \$4,506,548,986 as of December 31, 2013. As of June 30, 2015, the Town had \$112,891,829 of debt that could be issued under the 3% debt limit provision.

MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

Capital Assets and Debt Administration (Continued)

The Town is guided by a Debt Policy, adopted by a prior Town Council, which places internal limits on the amount of General Fund debt the Town may undertake. These restrictions are:

Debt Issuance Ratios	Limitation
Debt Service as a Percentage of Operating Budget	7% of Operating Budget Expenses
Outstanding Debt as a Percentage of Assessed Valuation	2.5% of assessed valuations
Debt Service as a Percentage of Maximum Allowable Tax Levy	8% of Maximum Allowable Tax Levy
Outstanding Debt Per Capita	\$2,500 per capita

Current general obligation debt for Governmental Activities of \$22,865,853 and debt service of \$2,388,673 for FY 2015 equates to the following (excludes compensated absences, pollution remediation obligations and pension and OPEB obligations):

- 4.5% Debt service as a Percent of the Operating Budget (FY 15 budget was \$52,601,193 while debt service was \$2,388,673).
- 0.51% Outstanding general obligation debt as a percentage of Net Assessed valuation \$4,506,548,986
- 5.0% Debt service as a percent of net tax levy of \$47,399,848.
- \$1441 Outstanding general obligation debt per capita of 15,868

As can be seen, the Town is well within the Debt Policy Guidelines.

MAXIMUM TO STAY WITHIN DEBT LIMITS

	LIMITS	CURRENT	
Debt service at 7% of operating budget	\$ 3,682,083	\$ 2,388,673	64.9%
Debt at 2.5% of assessed value	\$112,663,725	\$ 22,865,853	20.3%
Debt service at 8% of the tax levy	\$ 3,791,988	\$ 2,388,673	63.0%
Debt per capita at \$2,500	\$ 2,500	\$ 1,441	57.6%

Subsequent Fiscal Year 2015-16 Budget and Tax Rates

The Town of Narragansett’s total general fund budget for fiscal year 15/16 is \$54,458,208, which reflects an increase of \$1,857,015 from the fiscal year 2014/15 budget. The Town’s tax rates for fiscal year 2015/16 are residential real estate \$9.94 per thousand of valuation, commercial real estate and property \$14.91 per thousand of valuation, and motor vehicles \$16.46 per thousand of valuation over \$6000.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Other subsequent events

The Town of Narragansett is planning on issuing \$3.8 million in General Obligation bonds during the FY ending June 30, 2016 for the purpose of renovating the Public Safety Building (\$2.0 million) and the building of a School Athletic Field (\$1.8 million).

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Director of Finance
Town of Narragansett
25 Fifth Avenue
Narragansett, RI 02882

BASIC FINANCIAL STATEMENTS

THE BASIC FINANCIAL STATEMENTS INCLUDE:

Government-Wide Financial Statements

Fund Financial Statements:

- **Governmental Funds**
- **Proprietary Funds**
- **Fiduciary Funds**

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 27,165,503	\$ 186,061	\$ 27,351,564
Investments	6,067,660	-	6,067,660
Accrued interest receivable	-	61,488	61,488
Real estate and personal property tax receivable (net)	521,428	-	521,428
Water and Sewer use and assessments receivable	-	579,691	579,691
Due from federal and state government	449,636	-	449,636
Other receivables	651,594	14,395	665,989
Internal balances	(9,129,279)	9,129,279	-
Inventories	19,578	-	19,578
Prepaid expenses	127,333	-	127,333
Total current assets	25,873,453	9,970,914	35,844,367
Noncurrent assets:			
Sewer assessments receivable	-	3,063,010	3,063,010
Capital assets: (Note 2)			
Land and land easements	44,058,624	3,240,280	47,298,904
Depreciable buildings, property, equipment, infrastructure (net)	45,051,327	31,138,365	76,189,692
Construction in progress	2,089,909	689,151	2,779,060
Other assets (net)	2,084,629	-	2,084,629
Total noncurrent assets	93,284,489	38,130,806	131,415,295
Total assets	119,157,942	48,101,720	167,259,662
Deferred outflows of resources:			
Deferred pension amounts	8,246,769	-	8,246,769
Total deferred outflows of resources	8,246,769	-	8,246,769
Liabilities:			
Current Liabilities:			
Accounts payable and accrued liabilities	2,910,636	283,099	3,193,735
Accrued interest payable	168,082	27,709	195,791
Customer deposits payable	-	16,775	16,775
Unearned revenue	19,072	-	19,072
Compensated absences payable	731,561	67,202	798,763
Pollution remediation obligations	85,574	-	85,574
Long-term debt - due within one year (Note 6)	1,727,799	576,195	2,303,994
Total current liabilities	5,642,724	970,980	6,613,704
Noncurrent Liabilities:			
Long-term debt - due in more than one year (Note 6)	21,813,837	3,084,674	24,898,511
Compensated absences payable	2,505,054	315,322	2,820,376
Pollution remediation obligations	1,919,908	-	1,919,908
Net pension liability	63,213,103	-	63,213,103
Net other post employment benefit obligation	23,745,758	-	23,745,758
Total noncurrent liabilities	113,197,660	3,399,996	116,597,656
Total liabilities	118,840,384	4,370,976	123,211,360
Deferred Inflows of Resources:			
Deferred property taxes	31,709	-	31,709
Deferred pension amounts	2,125,927	-	2,125,927
Deferred sewer assessments	-	3,004,813	3,004,813
Total deferred inflows of resources	2,157,636	3,004,813	5,162,449
Net Position:			
Net Investment in capital assets	71,751,258	31,406,927	103,158,185
Restricted for:			
Capital	150,715	-	150,715
Education programs	6,496,356	-	6,496,356
Public safety programs	92,044	-	92,044
Historical records preservation	208,890	-	208,890
Community service programs	459,368	-	459,368
Parks and recreation programs	71,591	-	71,591
Other programs	71,388	-	71,388
Unrestricted	(72,894,919)	9,319,004	(63,575,915)
Total net position	\$ 6,406,691	\$ 40,725,931	\$ 47,132,622

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND

Statement of Activities

For the Fiscal Year Ended June 30, 2015

<i>Functions/Programs</i>	<i>Expenses</i>	<i>Program Revenues</i>			<i>Net (Expense) Revenue and Changes in Net Position</i>		
		<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Governmental Activities:							
General government	\$ 3,354,594	\$ 1,461,007	\$ 104,850	\$ -	\$ (1,788,737)	\$ -	\$ (1,788,737)
Financial administration	1,824,303	716,726	-	-	(1,107,577)	-	(1,107,577)
Public safety	15,338,485	712,509	69,957	133,308	(14,422,711)	-	(14,422,711)
Public works	4,913,307	29,538	29,983	-	(4,853,786)	-	(4,853,786)
Social services	140,703	-	130,732	-	(9,971)	-	(9,971)
Parks and recreation	2,214,141	684,488	17,713	-	(1,511,940)	-	(1,511,940)
Planning, engineering and inspection	1,273,212	335,749	-	-	(937,463)	-	(937,463)
Library	782,598	15,254	124,880	-	(642,464)	-	(642,464)
Education	30,442,611	506,909	3,822,146	375,992	(25,737,564)	-	(25,737,564)
Interest on long-term debt	1,038,443	-	482,749	-	(555,694)	-	(555,694)
Total governmental activities	61,322,397	4,462,180	4,783,010	509,300	(51,567,907)	-	(51,567,907)
Business-Type Activities:							
Water	2,258,823	2,048,386	-	-	-	(210,437)	(210,437)
Sewer	4,053,411	4,312,525	-	-	-	259,114	259,114
Beach	1,749,799	2,147,294	140,376	-	-	537,871	537,871
Middlebridge Recreation	35,923	53,199	-	-	-	17,276	17,276
Total business-type activities	8,097,956	8,561,404	140,376	-	-	603,824	603,824
Total	\$ 69,420,353	\$ 13,023,584	\$ 4,923,386	\$ 509,300	(51,567,907)	603,824	(50,964,083)
General Revenues:							
Taxes:							
Property taxes					47,541,544	-	47,541,544
State aid and in lieu of taxes, not restricted for a specific purpose					1,614,798	-	1,614,798
Investment earnings					131,188	-	131,188
Miscellaneous					284,380	-	284,380
Transfers					(156,636)	156,636	-
Total general revenues and transfers					49,415,274	156,636	49,571,910
Change in net position					(2,152,633)	760,460	(1,392,173)
Net position - beginning of year, restated					8,559,324	39,965,471	48,524,795
Net position - end of year					\$ 6,406,691	\$ 40,725,931	\$ 47,132,622

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND

*Balance Sheet
Governmental Funds
June 30, 2015*

	<i>General Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>
Assets			
Cash	\$ 23,445,441	\$ 3,720,062	\$ 27,165,503
Investments	6,067,660	-	6,067,660
Real estate and personal property tax receivable	821,428	-	821,428
Due from federal and state governments	209,544	240,092	449,636
Due from other funds	1,213,815	3,059,754	4,273,569
Other receivables	26,507	298,546	325,053
Inventory	19,578	-	19,578
Prepaid expenditures	127,333	-	127,333
Other assets	2,084,629	-	2,084,629
Total assets	<u>\$ 34,015,935</u>	<u>\$ 7,318,454</u>	<u>\$ 41,334,389</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable and accrued expenditures	\$ 1,862,108	\$ 175,633	\$ 2,037,741
Due to other funds	12,185,824	1,138,275	13,324,099
Claims payable	497,249	-	497,249
Unearned revenue	10,694	8,378	19,072
Other liabilities	127,854	-	127,854
Total liabilities	<u>14,683,729</u>	<u>1,322,286</u>	<u>16,006,015</u>
Deferred Inflows of Resources:			
Deferred property taxes	682,142	-	682,142
Other deferred revenues	69,393	277,342	346,735
Total deferred inflows of resources	<u>751,535</u>	<u>277,342</u>	<u>1,028,877</u>
Fund Balances:			
Nonspendable:			
Other assets WB Community Health	1,517,988	-	1,517,988
Inventory	19,578	-	19,578
Prepaid expenditures	127,333	-	127,333
Restricted for:			
Education programs	6,493,531	2,825	6,496,356
Public safety programs	-	92,044	92,044
Historical records preservation	-	208,890	208,890
Community service programs	-	182,026	182,026
Parks and recreation programs	-	71,591	71,591
Library programs	38,374	-	38,374
Capital projects	-	2,905,314	2,905,314
Other programs	-	32,944	32,944
Committed for:			
Capital projects	-	1,612,909	1,612,909
Assigned to:			
2016 Budget	997,821	-	997,821
Parks and recreation programs	118,434	-	118,434
Towers	279,424	-	279,424
Kinney Bungalow	88,989	-	88,989
Sunset Farm	21,895	-	21,895
Capital projects	-	624,837	624,837
Other	96,145	-	96,145
Unassigned	8,781,159	(14,554)	8,766,605
Total fund balances	<u>18,580,671</u>	<u>5,718,826</u>	<u>24,299,497</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 34,015,935</u>	<u>\$ 7,318,454</u>	<u>\$ 41,334,389</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2015

Total Fund Balances - Total Governmental Funds	\$ 24,299,497
 <i>Amounts reported for Governmental Activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. See note 2 to the financial statements.	91,199,860
Other long-term receivables are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the Governmental Funds financial statements.	346,735
Delinquent taxes are recognized as revenue in the period for which levied in the Government-Wide financial statements, but are reported as deferred inflows of resources in the Governmental Funds financial statements.	350,433
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet.	(168,082)
Deferred pension amounts are not reported in the Governmental Funds financial statements, but are reported in the Government-Wide financial statements as follows:	
Deferred outflows of resources	8,246,769
Deferred inflows of resources	(2,125,927)
Long-term liabilities (including bonds, notes, loans, and capital leases payable, compensated absences, pollution remediation obligations, net pension liabilities and net other post employment benefit obligation) are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet. See note 6 to the financial statements.	(115,742,594)
 Net Position of Governmental Activities	 <u>\$ 6,406,691</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
General property taxes and payments in lieu of taxes	\$ 47,915,634	\$ -	\$ 47,915,634
State and federal aid	4,977,340	147,456	5,124,796
Charges for services	4,243,294	324,319	4,567,613
Operating grants and contributions	19,360	1,282,955	1,302,315
Capital grants and contributions	-	361,843	361,843
Investment and interest income	113,407	17,781	131,188
Other revenues	118,407	8,485	126,892
Total revenues	<u>57,387,442</u>	<u>2,142,839</u>	<u>59,530,281</u>
Expenditures:			
<i>Current:</i>			
General government	1,581,333	42,462	1,623,795
Financial administration	1,295,173	165,760	1,460,933
Public safety	12,860,196	84,132	12,944,328
Public works	2,928,660	86,539	3,015,199
Social services	-	140,703	140,703
Parks and recreation	1,698,479	120,968	1,819,447
Planning, engineering and inspection	1,119,003	-	1,119,003
Library	770,261	-	770,261
Food service	-	401,748	401,748
Education	28,173,434	818,106	28,991,540
Other	1,787,774	-	1,787,774
Debt Service	-	2,416,792	2,416,792
Capital outlay	430,553	2,677,000	3,107,553
Total expenditures	<u>52,644,866</u>	<u>6,954,210</u>	<u>59,599,076</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>4,742,576</u>	<u>(4,811,371)</u>	<u>(68,795)</u>
Other financing sources (uses):			
Capital lease issued	624,870	-	624,870
General obligation bonds issued	-	4,100,000	4,100,000
Premium on debt issued	-	135,626	135,626
Sale of capital assets	59,962	-	59,962
Transfers from other funds	-	3,379,954	3,379,954
Transfers to other funds	(3,536,590)	-	(3,536,590)
Total other financing sources (uses)	<u>(2,851,758)</u>	<u>7,615,580</u>	<u>4,763,822</u>
Net change in fund balances	1,890,818	2,804,209	4,695,027
Fund balances - beginning of year, restated	<u>16,689,853</u>	<u>2,914,617</u>	<u>19,604,470</u>
Fund balances - end of year	<u>\$ 18,580,671</u>	<u>\$ 5,718,826</u>	<u>\$ 24,299,497</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF NARRAGANSETT, RHODE ISLAND
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in the Fund Balances to Government-Wide Statement of Activities
For the Year Ended June 30, 2015

Net Changes in Fund Balances - Total Governmental Funds	\$ 4,695,027
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental Funds financial statements report capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital asset additions recorded in the current period.	2,636,530
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in Governmental Funds financial statements.	(3,701,287)
Loss on disposal of capital assets is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, the loss on disposal of capital assets is not reported as an expenditure in the Governmental Funds financial statements.	(7,965)
Long-term compensated absences are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in Governmental Funds financial statements. This is the amount of the change in long-term compensated absences in the current period.	(175,429)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of debt principal is an expenditure in the Government Funds, but the payments reduce long-term liabilities in the Government-Wide Statement of Net Position.	
This amount represents debt proceeds during the year	(4,724,870)
This amount represents debt principal payments during the current period.	1,536,672
Accrued interest on long-term debt is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in Governmental Funds financial statements. The following amount represents the change in accrued interest from prior year.	(48,975)
Debt issued at a premium provide current financial resources to Governmental Funds, but are deferred and amortized in the Government-Wide financial statements.	
The loss on refunding debt is an expenditure in the Governmental Funds, but is reported as deferred outflows of resources and amortized in the Government-Wide financial statements.	
This amount represents amortization on loss on refundings during the current period.	(15,255)
This amount represents premium received during the current period.	(135,626)
This amount represents amortization of premium on debt during the current period.	39,048
Other long-term liabilities are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources. Therefore, other long-term liabilities are not reported as expenditures in Governmental Funds financial statements.	
This amount represents the change in pollution remediation obligations during the current period.	82,255
This amount represents the change in the net pension liability and related deferred pension amounts during the current period.	100,831
This amount represents the change in the net OPEB obligation during the current period.	(2,438,048)
Revenues in the Government-Wide Statement of Activities that are not measurable and available in Governmental Funds are not reported as revenue in the Governmental Funds.	4,459
Change in Net Position of Governmental Activities	<u><u>\$ (2,152,633)</u></u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-Type Activities - Enterprise Funds				Total
	Water Fund	Sewer Fund	Beach Fund	Middlebridge Recreation Fund	
Assets					
Current assets:					
Cash and cash equivalents	\$ 62,546	\$ 113,165	\$ 10,350	\$ -	\$ 186,061
Accounts receivable:					
Water and sewer use fees	240,563	292,793	-	-	533,356
Sewer assessment	-	46,335	-	-	46,335
Accrued interest	-	61,488	-	-	61,488
Other	5,763	6,028	2,604	-	14,395
Due from other funds	2,095,601	5,873,247	1,133,498	26,933	9,129,279
Total current assets	2,404,473	6,393,056	1,146,452	26,933	9,970,914
Noncurrent assets:					
Sewer assessments receivable	-	3,063,010	-	-	3,063,010
Capital assets:					
Non-depreciable assets	169,360	894,201	1,813,370	1,052,500	3,929,431
Depreciable assets - net	3,510,620	23,276,274	4,063,854	287,617	31,138,365
Total noncurrent assets	3,679,980	27,233,485	5,877,224	1,340,117	38,130,806
Total assets	6,084,453	33,626,541	7,023,676	1,367,050	48,101,720
Liabilities					
Current liabilities:					
Accounts payable and accrued expenses	92,822	93,225	96,957	95	283,099
Accrued interest payable	745	23,470	-	3,494	27,709
Accrued compensated absences	25,911	25,372	15,919	-	67,202
Customer and security deposits payable	-	-	15,500	1,275	16,775
Current portion of bonds, notes and loans payable	50,000	391,195	-	135,000	576,195
Total current liabilities	169,478	533,262	128,376	139,864	970,980
Noncurrent liabilities:					
Accrued compensated absences	158,060	157,262	-	-	315,322
Bonds, notes and loans payable	-	2,504,674	-	580,000	3,084,674
Total noncurrent liabilities	158,060	2,661,936	-	580,000	3,399,996
Total liabilities	327,538	3,195,198	128,376	719,864	4,370,976
Deferred Inflows of Resources					
Deferred sewer assessments	-	3,004,813	-	-	3,004,813
Total deferred inflows of resources	-	3,004,813	-	-	3,004,813
Net Position					
Net investment in capital assets	3,629,980	21,274,606	5,877,224	625,117	31,406,927
Unrestricted	2,126,935	6,151,924	1,018,076	22,069	9,319,004
Total net position	\$ 5,756,915	\$ 27,426,530	\$ 6,895,300	\$ 647,186	\$ 40,725,931

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	<i>Business-Type Activities - Enterprise Funds</i>				<u>Total</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Beach Fund</u>	<u>Middlebridge Recreation Fund</u>	
Operating revenues					
Assessments and user fees	\$ 1,996,961	\$ 4,270,592	\$ -	\$ -	\$ 6,267,553
Admittance and rental fees	-	-	2,129,245	52,150	2,181,395
Other revenues	51,425	41,933	18,049	1,049	112,456
Total operating revenues	<u>2,048,386</u>	<u>4,312,525</u>	<u>2,147,294</u>	<u>53,199</u>	<u>8,561,404</u>
Operating expenses					
Salaries and benefits	694,339	1,065,780	835,985	-	2,596,104
Materials, supplies and maintenance	943,156	1,328,337	241,767	4,699	2,517,959
Utilities	15,321	199,643	20,307	1,946	237,217
Administrative and miscellaneous	220,808	647,842	404,086	2,879	1,275,615
Depreciation and amortization	380,588	738,651	242,558	7,732	1,369,529
Total operating expenses	<u>2,254,212</u>	<u>3,980,253</u>	<u>1,744,703</u>	<u>17,256</u>	<u>7,996,424</u>
Operating income (loss)	<u>(205,826)</u>	<u>332,272</u>	<u>402,591</u>	<u>35,943</u>	<u>564,980</u>
Nonoperating revenues (expenses)					
Other non-operating revenue	-	-	140,376	-	140,376
Loss on disposal of capital assets	-	-	(5,096)	-	(5,096)
Amortization expense	(2,383)	-	-	-	(2,383)
Interest expense	(2,228)	(73,158)	-	(18,667)	(94,053)
Total nonoperating revenues (expenses)	<u>(4,611)</u>	<u>(73,158)</u>	<u>135,280</u>	<u>(18,667)</u>	<u>38,844</u>
Income (loss) before transfers	<u>(210,437)</u>	<u>259,114</u>	<u>537,871</u>	<u>17,276</u>	<u>603,824</u>
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,636</u>	<u>156,636</u>
Change in net position	<u>(210,437)</u>	<u>259,114</u>	<u>537,871</u>	<u>173,912</u>	<u>760,460</u>
Total net position - beginning of year, restated	<u>5,967,352</u>	<u>27,167,416</u>	<u>6,357,429</u>	<u>473,274</u>	<u>39,965,471</u>
Total net position - end of year	<u>\$ 5,756,915</u>	<u>\$ 27,426,530</u>	<u>\$ 6,895,300</u>	<u>\$ 647,186</u>	<u>\$ 40,725,931</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	<i>Business-Type Activities - Enterprise Funds</i>				<u>Total</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Beach Fund</u>	<u>Middlebridge Recreation Fund</u>	
<i>Cash flows from operating activities</i>					
Cash received from customers	\$ 2,070,540	\$ 4,368,809	\$ 2,129,245	\$ 52,150	\$ 8,620,744
Cash payments to suppliers for goods and services	(1,021,785)	(1,766,325)	(318,426)	(9,749)	(3,116,285)
Cash payments to employees for services	(668,393)	(1,074,099)	(809,993)	-	(2,552,485)
Payments for interfund services used	(171,104)	(571,053)	(340,789)	-	(1,082,946)
Other operating receipts	51,425	41,933	158,425	1,049	252,832
Customer deposits received	-	-	28,500	-	28,500
Customer deposits repaid	-	-	(27,000)	-	(27,000)
<i>Net cash provided by operating activities</i>	<u>260,683</u>	<u>999,265</u>	<u>819,962</u>	<u>43,450</u>	<u>2,123,360</u>
<i>Cash flows from non-capital financing activities</i>					
Interfund transactions	(46,234)	389,997	(347,506)	(50,715)	(54,458)
Transfer from other funds	-	-	-	156,636	156,636
<i>Net cash provided by (used for) non-capital related financing activities</i>	<u>(46,234)</u>	<u>389,997</u>	<u>(347,506)</u>	<u>105,921</u>	<u>102,178</u>
<i>Cash flows from capital and related financing activities</i>					
Acquisition and construction of capital assets	(181,808)	(847,002)	(467,456)	-	(1,496,266)
Payment of interest on bonds and loans	(2,900)	(76,576)	-	(19,371)	(98,847)
Payment of principal on bonds and loans	(45,000)	(487,151)	-	(130,000)	(662,151)
<i>Net cash used for capital and related financing activities</i>	<u>(229,708)</u>	<u>(1,410,729)</u>	<u>(467,456)</u>	<u>(149,371)</u>	<u>(2,257,264)</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	(15,259)	(21,467)	5,000	-	(31,726)
<i>Cash and cash equivalents - beginning of year</i>	<u>77,805</u>	<u>134,632</u>	<u>5,350</u>	<u>-</u>	<u>217,787</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 62,546</u>	<u>\$ 113,165</u>	<u>\$ 10,350</u>	<u>\$ -</u>	<u>\$ 186,061</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
Statement of Cash Flows (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	<i>Business-Type Activities - Enterprise Funds</i>				<u>Total</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Beach Fund</u>	<u>Middlebridge Recreation Fund</u>	
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ (205,826)	\$ 332,272	\$ 402,591	\$ 35,943	\$ 564,980
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	380,588	738,651	242,558	7,732	1,369,529
Other non-operating revenue	-	-	140,376	-	140,376
Changes in assets, liabilities and deferred inflows of resources:					
(Increase) decrease in accounts receivable	76,300	745,972	-	-	822,272
(Increase) decrease in prepaid expenses	-	-	1,000	-	1,000
Increase (decrease) in accounts payable and accrued expenses	(11,377)	(180,346)	18,662	(225)	(173,286)
Increase (decrease) in accrued compensated absences	20,998	10,469	13,275	-	44,742
Increase (decrease) in deposits payable	-	-	1,500	-	1,500
Increase (decrease) in deferred sewer assessment revenue	-	(647,753)	-	-	(647,753)
Net cash provided by operating activities	<u>\$ 260,683</u>	<u>\$ 999,265</u>	<u>\$ 819,962</u>	<u>\$ 43,450</u>	<u>\$ 2,123,360</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	<u>Pension Trust Funds</u>	<u>Other Post- Employment Benefit Trust Fund</u>	<u>Private- Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets				
Cash and cash equivalents	\$ 1,777,861	\$ 70,493	\$ 7,501	\$ -
Investments at fair value:				
U.S. government obligations	1,003,527	-	-	-
Municipal obligations	33,182	-	-	-
Corporate bonds	2,791,489	-	-	-
Mortgage backed securities	507,749	-	-	-
Common stock	31,173,043	1,514,349	-	-
Preferred stock	118,800	19,800	-	-
Mutual and exchange traded funds - equities	19,349,034	129,893	7,792	-
Mutual and exchange traded funds - fixed income	13,895,806	842,326	-	-
Hedge fund	3,731,791	-	-	-
Total investments	<u>72,604,421</u>	<u>2,506,368</u>	<u>7,792</u>	<u>-</u>
Contribution receivable	377,424	379,721	-	-
Due from other funds	-	-	68,202	179,590
Accrued interest receivable	32,484	-	-	-
Prepaid expenses	383,148	-	-	-
Total assets	<u>75,175,338</u>	<u>2,956,582</u>	<u>83,495</u>	<u>179,590</u>
Liabilities				
Accounts payable and accrued expenses	37,532	16,428	-	-
Due to other funds	326,041	-	500	-
Deposits held in custody for others	-	-	-	179,590
Total liabilities	<u>363,573</u>	<u>16,428</u>	<u>500</u>	<u>179,590</u>
Net Position				
Restricted for pension benefits, post-employment benefits and other purposes	<u>\$ 74,811,765</u>	<u>\$ 2,940,154</u>	<u>\$ 82,995</u>	<u>\$ -</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2015

	<u>Pension Trust Funds</u>	<u>Other Post- Employment Benefit Trust Fund</u>	<u>Private- Purpose Trust Funds</u>
Additions			
Contributions:			
Employer	\$ 5,126,126	\$ 2,346,138	\$ -
Plan member	1,465,617	104,550	-
Total contributions	<u>6,591,743</u>	<u>2,450,688</u>	<u>-</u>
Investment income:			
Net increase (decrease) in fair value of investments	(1,259,170)	77,977	(337)
Interest and dividends	2,136,309	44,993	666
Less: investment expense	(401,707)	(9,984)	-
Net investment income	<u>475,432</u>	<u>112,986</u>	<u>329</u>
Total additions	<u>7,067,175</u>	<u>2,563,674</u>	<u>329</u>
Deductions			
Benefits	4,482,187	2,084,895	-
Refunds of contributions	142,496	-	-
Administrative expenses	38,693	2,500	-
Scholarships	-	-	1,000
Miscellaneous	-	-	5,550
Total deductions	<u>4,663,376</u>	<u>2,087,395</u>	<u>6,550</u>
Change in net position	2,403,799	476,279	(6,221)
Net position - beginning of year	<u>72,407,966</u>	<u>2,463,875</u>	<u>89,216</u>
Net position - end of year	<u>\$ 74,811,765</u>	<u>\$ 2,940,154</u>	<u>\$ 82,995</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2015

The financial statements of the Town of Narragansett, Rhode Island, have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the Town's financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Town of Narragansett was founded in 1888. The Town is governed largely under the 1966 Narragansett 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 and provides the following services as authorized by its charter: public safety (police, fire, and emergency services); public works (highways, streets, and facilities management); parks and recreation; planning, engineering and inspection; education; social services; and general administrative services.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting entity, the Town applied the criteria prescribed by GASB Statement No. 14, as amended by GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units,” and GASB Statement No. 61 “Financial Reporting Entity Omnibus” A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or based on the nature and significance of the organization’s relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading. The Town of Narragansett does not have any component units.

B. BASIS OF PRESENTATION AND ACCOUNTING

Government-Wide Financial Statements

The Town’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements report information about the reporting entity as a whole. Fiduciary activities of the Town are not included in these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through property taxes, intergovernmental revenue, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services rendered.

The Statement of Activities presents a comparison between direct expenses and program revenue for the business-type activities and for each function of the Town’s governmental activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including property taxes and general state aid, are presented as general revenues.

TOWN OF NARRAGANSETT, RHODE ISLAND
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These statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all the Town’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability is incurred.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total column. In the Statement of Activities, those transactions between governmental and business-type activities have not been eliminated.

Fund Financial Statements

The Fund Financial Statements of the Town are organized into funds, each of which is considered to be a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific Town functions or activities. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three categories: governmental, proprietary, and fiduciary. Major individual governmental funds and enterprise funds are reported as separate columns in the Fund Financial Statements.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide Financial Statements.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally collected 60 days after year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the Town are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments,

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
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and compensated absences which are recognized as expenditures to the extent they have matured.

Major Governmental Funds:

General Fund – The General Fund is used to account for resources devoted to financing the general services that the Town performs for its citizens and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted or reported in another fund.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The Town has four Enterprise Funds. The Town considers all Enterprise Funds to be major funds for financial statement purposes. The Town’s Enterprise Funds are as follows:

Water Fund – The Water Fund is used to account for the water use fees and the expenses associated with providing water services to Town residents and businesses.

Sewer Fund – The Sewer Fund is used to account for the sewer use fees, the assessments, and the expenses associated with providing sewer services to Town residents and businesses.

Beach Fund – The Beach Fund is used to account for the fees and the expenses associated with the operation of the Town beach.

Middlebridge Recreation Fund – The Middlebridge Recreation Fund is used to account for rental fees and expenses associated with the operations of Middlebridge Recreation Area.

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Net Position and a Statement of Changes in Net Position. The Town’s Fiduciary Funds include the Pension Trust Funds, the Other Post-Employment Benefits Trust Fund, the Private Purpose Trust Funds, and the Agency Funds. Fiduciary

TOWN OF NARRAGANSETT, RHODE ISLAND
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Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations or other governments. The Fiduciary Funds and the Agency Funds are accounted for on a spending or “*economic resources*” measurement focus and the accrual basis of accounting. Agency funds are purely custodial and do not involve measurement of results of operations.

Pension Trust Funds – The Pension Trust Funds account for contributions made by the Town and its participating employees to provide pension benefits to these employees at retirement.

Other Post-Employment Benefits Trust Fund – This fund was established by Town Ordinance effective August 1, 2011 to account for funds to finance other post-employment benefits paid by the Town and the payment of these benefits as they come due.

Private Purpose Trust Funds – The Private Purpose Trust Funds account for funds held in trust for use by an outside committee to provide awards and scholarships in accordance with a donor’s instructions. All resources of the funds, including any earnings on investments, may be used. There is no requirement that any portion that these resources be considered nonexpendable.

Agency Funds – These funds account for assets held by the Town as agent for various student groups. The Agency Funds include the Student Activity Funds.

C. RECENTLY ISSUED ACCOUNTING STANDARDS

The Town has implemented the following new accounting pronouncements:

- GASB Statement No. 68 – Financial Reporting for Pensions - an amendment of GASB Statement No. 27, effective for the Town's fiscal year ending June 30, 2015.
- GASB Statement No. 69 – Government Combinations and Disposals of Government Operations, effective for the Town’s fiscal year ending June 30, 2015.
- GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date, effective for the Town’s fiscal year ending June 30, 2015.

The adoption of GASB statement No. 69 did not have an impact on the Town’s financial position or results of operations. However, the adoption of GASB Statement Nos. 68 and 71 for the Town’s Pension Plans resulted in a restatement of net position in the Government-Wide Financial Statements of (\$36,623,528) as discussed in Note 14.

The Town will adopt the following new accounting pronouncements in future years:

- GASB Statement No. 72 – Fair Value Measurement and Application, effective for the Town’s fiscal year ending June 30, 2016.
- GASB Statement No. 73 – Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, effective for the Town’s fiscal years ending June

TOWN OF NARRAGANSETT, RHODE ISLAND
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30, 2016 and June 30, 2017.

- GASB Statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, effective for the Town’s fiscal year ending June 30, 2017.
- GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for the Town’s fiscal year ending June 30, 2018.
- GASB Statement No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, effective for the Town’s fiscal year ending June 30, 2016.
- GASB Statement No. 77 – Tax Abatement Disclosures, effective for the Town’s fiscal year ending June 30, 2017.

The impact of these pronouncements on the Town's financial statements has not been determined.

D. CASH EQUIVALENTS

The Town considers cash and cash equivalents in the Proprietary Funds to include cash on hand, time and demand deposits, and short-term investments maturing within three months from the date of acquisition.

E. INVESTMENTS

The Town reports investments at fair value.

F. ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE

Accounts receivable and taxes receivable are shown net of an allowance for uncollectible accounts. The allowances are calculated based on the age of the individual receivables.

G. UNBILLED SERVICES RECEIVABLE

Water and sewer revenue is recorded when earned. Customers are billed quarterly. The estimated value of services provided but unbilled at year-end has been included in the accompanying financial statements.

H. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I. INVENTORY

Inventory is maintained on a periodic system and is stated at cost (first in, first out method of inventory valuation). Inventory is generally recorded as expenditures/expenses when consumed.

J. CAPITAL ASSETS AND DEPRECIATION

Capital assets are reported in the Government-Wide Statement of Net Position.

TOWN OF NARRAGANSETT, RHODE ISLAND
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In the Fund Financial Statements, capital assets used in governmental fund activities are accounted for as capital expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in Government-Wide Financial Statements.

All capital assets are recorded at cost (or estimated historical cost). Donated capital assets are recorded at estimated fair market values as of the date received. The Town follows the policy of not capitalizing assets with a cost of less than \$10,000 and a useful life of less than 1 year.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Land improvements	5 – 65 years
Buildings and improvements	25 – 65 years
Machinery and equipment	5 – 30 years
Vehicles	6 – 12 years
Infrastructure	15 – 65 years

K. DEBT PREMIUMS

In the Governmental Fund Financial Statements, debt premiums are reported as an “other financing source.” In the Government-Wide Statements, debt premiums are deferred and amortized over the term of the debt. Debt premiums are presented as an addition to the face amount of the debt payable.

L. DEFERRED INFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

In the Governmental Fund Financial Statements, deferred inflows of resources are reported for receivables recorded in the Governmental Fund Financial Statements for which the revenue is not available or amounts received before the period for which property taxes are levied. In the Government-Wide Financial Statements deferred outflows of resources and deferred inflows of resources are reported for amounts related to the Town’s pension plans that will be amortized as a component of pension expense in future years.

M. PROPERTY TAXES

The Town is permitted by Rhode Island General Law to levy property taxes. Current tax collections for the Town were approximately 99.2% of the total 2014 levy. The tax rate of the Town is established in accordance with Town Ordinance.

The Town's fiscal 2014-2015 property taxes were levied on June 25, 2014, on assessed valuation as of December 31, 2013. Upon levy, taxes are due and payable between July 1 and July 31 or may be paid

TOWN OF NARRAGANSETT, RHODE ISLAND
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June 30, 2015

quarterly on July 31, October 31, January 31 and April 30. Failure to mail payments by due dates will result in a lien on the taxpayer's property. Taxable assessed values are established by Tax Assessor's Office and are currently calculated at 100% of the full and fair value for real estate and tangible personal property and the value, as determined by the RI Vehicle Valuation Commission, for motor vehicles. A full revaluation of all property was completed as of December 31, 2014.

Rhode Island General Law restricts the Town's ability to increase its total tax levy by more than 4% over that of the preceding fiscal year for 2015.

N. COMPENSATED ABSENCES

Under the terms of various contracts and agreements, Town employees are granted vacation and sick leave in varying amounts based on length of service. Vacation benefits are accrued as a liability based on the accumulated benefits earned at June 30. Sick leave benefits are based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The liability is calculated at the rate of pay in effect at June 30, 2015.

The entire compensated absence liability is reported on the Government-Wide Financial Statements. For Governmental Fund Financial Statements, the amount of accumulated vacation and sick leave has been recorded as a current liability to the extent that the amounts are due to employees who have resigned or retired.

O. ACCRUED LIABILITIES AND LONG-TERM DEBT

All accrued liabilities and long-term debt are reported in the Government-Wide Financial Statements.

For Governmental Fund Financial Statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims and judgments and compensated absences paid from governmental funds are reported as a liability in the Governmental Fund Financial Statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the Governmental Fund Financial Statements until due.

P. PENSIONS

For the purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System of the State of Rhode Island, the Town Pension, and 1666 Pension plans and the additions to/ deductions from each plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2015

Q. 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Nondepreciable assets:				
Land and land easements	\$ 44,058,624	\$ -	\$ -	\$ 44,058,624
Construction in progress	1,080,364	1,541,338	531,793	2,089,909
	<u>45,138,988</u>	<u>1,541,338</u>	<u>531,793</u>	<u>46,148,533</u>
Depreciable assets:				
Land improvements and infrastructure	40,175,871	128,981	-	40,304,852
Buildings and improvements	48,335,710	737,703	-	49,073,413
Machinery and equipment	7,993,414	178,894	9,431	8,162,877
Vehicles	8,044,684	581,405	261,949	8,364,140
	<u>104,549,679</u>	<u>1,626,983</u>	<u>271,380</u>	<u>105,905,282</u>
Total capital assets	<u>149,688,667</u>	<u>3,168,321</u>	<u>803,173</u>	<u>152,053,815</u>
Less accumulated depreciation for:				
Land improvements and infrastructure	25,538,241	1,100,371	-	26,638,612
Buildings and improvements	20,672,760	1,878,756	-	22,551,516
Machinery and equipment	4,746,822	373,344	10,107	5,110,059
Vehicles	6,458,260	348,816	253,308	6,553,768
Total accumulated depreciation	<u>57,416,083</u>	<u>3,701,287</u>	<u>263,415</u>	<u>60,853,955</u>
Governmental activities capital assets, net	<u>\$ 92,272,584</u>	<u>\$ (532,966)</u>	<u>\$ 539,758</u>	<u>\$ 91,199,860</u>
Business-Type Activities:				
Nondepreciable assets:				
Land	\$ 3,240,280	\$ -	\$ -	\$ 3,240,280
Construction in progress	336,008	1,187,725	834,582	689,151
	<u>3,576,288</u>	<u>1,187,725</u>	<u>834,582</u>	<u>3,929,431</u>
Depreciable assets:				
System improvements and infrastructure	36,201,432	61,909	-	36,263,341
Buildings and improvements	18,343,095	940,473	21,965	19,261,603
Machinery and equipment	2,461,089	32,619	16,947	2,476,761
Vehicles	565,609	69,623	71,420	563,812
	<u>57,571,225</u>	<u>1,104,624</u>	<u>110,332</u>	<u>58,565,517</u>
Total capital assets	<u>61,147,513</u>	<u>2,292,349</u>	<u>944,914</u>	<u>62,494,948</u>
Less accumulated depreciation for:				
System improvements and infrastructure	16,582,718	713,554	-	17,296,272
Buildings and improvements	7,307,953	586,267	16,868	7,877,352
Machinery and equipment	1,809,349	46,369	16,947	1,838,771
Vehicles	462,838	23,339	71,420	414,757
Total accumulated depreciation	<u>26,162,858</u>	<u>1,369,529</u>	<u>105,235</u>	<u>27,427,152</u>
Business-type activities capital assets, net	<u>\$ 34,984,655</u>	<u>\$ 922,820</u>	<u>\$ 839,679</u>	<u>\$ 35,067,796</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
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Depreciation expense was charged to governmental functions as follows:

General government	\$ 88,294
Public safety	340,295
Public works	1,306,718
Parks and recreation	246,882
Public libraries	8,664
Education	1,710,434
Total Depreciation Expense	\$ 3,701,287

Depreciation expense was charged to the business-type functions as follows:

Water	\$ 380,588
Sewer	738,651
Beach	242,558
Middlebridge Recreation	7,732
Total Depreciation Expense	\$1,369,529

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. LEGAL DEBT MARGIN

The Town's legal debt margin as set forth by State Statute is limited to three percent of total taxable assessed value which approximates \$135,196,470. As of June 30, 2015, the Town's debt subject to the legal debt margin is \$22,304,641 and the Town is under the debt limit by \$112,891,829. The debt subject to the debt limitation is based on the type of debt that is issued.

B. DEFICIT FUND BALANCES/NET POSITION

The following nonmajor governmental fund had a deficit in unassigned fund balance as of June 30, 2015: Grants Fund - \$(14,554).

NOTE 4 – CASH DEPOSITS

DEPOSITS – are in several financial institutions and are carried at cost. The carrying amount of deposits is separately displayed on the Balance Sheet of the Fund Financial Statements and Statement of Net Position as “Cash and Cash Equivalents”.

	<i>Carrying Amount</i>
Total Deposits	\$27,507,225
Add: Petty Cash	17,690
Add: Investments classified as cash equivalents	1,888,605
Less: Cash and cash equivalents classified as investments	(206,101)
Total Cash and Cash Equivalents Reported in the Financial Statements	\$29,207,419

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
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CUSTODIAL CREDIT RISK – custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a formal deposit policy for custodial credit risk, but is governed by State Laws as described below. As of June 30, 2015, \$21,783,108 of the Town’s bank balance of \$28,241,140 was exposed to custodial credit risk as follows:

	<i>Bank Balance</i>
Insured (federal depository insurance funds)	\$ 6,458,032
Collateralized with securities held by pledging financial institution or its agent, not in the Town’s name	3,956,320
Uninsured and uncollateralized	17,826,788
<i>Total</i>	\$28,241,140

Under Rhode Island General Laws, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits which are time deposits with maturities greater than sixty (60) days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, regardless of maturity. At June 30, 2015, the Town's uncollateralized deposits with institutions were \$17,826,788. These deposits are held by institutions that meet the minimum capital standards prescribed by the federal regulators.

NOTE 5 – INVESTMENTS

The Town has investment policies for the Pension Trust Funds:

- Equities (including convertible securities) may represent up to 70% of the account’s market value with a minimum requirement of 25%.
- International Securities should not exceed 20% of the total plan assets.
- Fixed income (including preferred stocks) is not to exceed 75% of the account’s market value with a minimum requirement of 30%.
- Cash equivalents (including all senior debt securities with under 1 year to maturity) may be held to a maximum of 30% of the account’s market value.
- No manager shall hold greater than 15% of the total pension plan assets, calculated on an annual basis.
- Manager’s investments in any one equity security (except mutual funds, exchange traded funds (ETFs), and U.S. Government and Agency securities) should not exceed 5% at cost of the total market value of the respective manager’s portfolio, and should not exceed 10% of the portfolio at any time.

TOWN OF NARRAGANSETT, RHODE ISLAND
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- No more than 25% of the equity portfolio should be invested in any one of the following S&P 500 sectors: consumer cyclical, consumer staple, basic industrial, transportation, energy, capital goods and construction, utilities, finance, health care, and technology.
- Fixed income investments will be diversified by industry and by maturity. Not more than 5% of the portfolio value will be invested in any one issuer with the exception of the U.S. Government or its agencies.
- Average effective duration for the fixed income portfolio will not exceed six (6) years.
- At the time of purchase, all holdings must have a rating of A or higher from Moody's or a comparable established rating agency.
- Fixed income investments must be rated at least Baa2 or its equivalent by at least one recognized bond rating service. At least 80% of the fixed income portfolio must carry a rating of A or its equivalent by one rating agency.
- Current holdings that are not rated at least Baa2 or its equivalent by one rating agency must be sold within a reasonable period of time, not to exceed six (6) months.
- The Manager is prohibited from investing in private placements and from speculating in fixed income or interest rate futures.
- The Managers may invest in commercial paper, repurchase agreements, Treasury Bills, certificate of deposits, and money market funds. All such assets must represent maturities of one year or less at time of purchase. Commercial Paper must be rated P-1 or A-1 by Standards & Poor's or Moody's respectively.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
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As of June 30, 2015 the Town had the following investments:

<u>Investments</u>	<u>Fair Value</u>	<u>Rating (Moody's)</u>
Corporate Bonds	\$ 388,384	A1
Corporate Bonds	395,032	A2
Corporate Bonds	482,290	A3
Corporate Bonds	138,181	AA1
Corporate Bonds	146,673	AA3
Corporate Bonds	60,168	BA1
Corporate Bonds	821,149	BAA1
Corporate Bonds	402,900	BAA2
Corporate Bonds	112,810	BAA3
Municipal Obligations	33,182	A2
US Government Obligations	1,003,527	AAA
US Gov. Agency Obligations	112,212	AA2
US Gov. Agency Obligations	630,275	AAA
Mortgage-Backed Securities	483,292	AAA
Mortgage-Backed Securities	112,806	Not rated
Mutual Funds & ETFs - Fixed Income	298,539	AA
Mutual Funds & ETFs - Fixed Income	1,833,693	A
Mutual Funds & ETFs - Fixed Income	2,268,858	BBB
Mutual Funds & ETFs - Fixed Income	5,145,217	BB
Mutual Funds & ETFs - Fixed Income	1,009,435	B
Mutual Funds & ETFs - Fixed Income	6,485,428	Not rated
Mutual Funds & ETFs - Equities	19,486,719	Not applicable
Common Stock	32,687,392	Not applicable
Preferred Stock	188,700	Not applicable
Money Market Funds	238,232	Not rated
Money Market Funds	1,783,660	AAAm
Hedge Fund	3,731,791	Not rated
Mutual Fund - Other	204,133	Not rated
Annuity	2,184,067	Not rated
	<hr/>	
	82,868,745	
Add: Cash classified as investments	206,101	
Less: Investment classified as cash and cash equivalents	(1,888,605)	
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Total investments reported in the financial statements	\$ 81,186,241	
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TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2015

Interest Rate Risk – Except as discussed above for the Pension Trust Funds, 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. Information about the exposure of the Town’s securities to this risk is presented below:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>						
		<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>11-15 Years</u>	<u>16-20 Years</u>	<u>21-25 Years</u>	<u>26-30 Years</u>
Corporate Bonds	\$ 2,947,587	\$ 266,878	\$ 1,813,788	\$ 866,921	\$ -	\$ -	\$ -	\$ -
Municipal Obligations	33,182	-	33,182	-	-	-	-	-
US Government Obligations	1,003,527	-	508,587	494,940	-	-	-	-
US Agency Obligations	742,487	-	253,778	-	-	-	488,709	-
Mortgage-Backed Securities	596,098	-	485,882	-	39,108	2,849	53,048	15,211
Mutual Funds & ETFs -								
Fixed Income	9,614,552	-	2,464,639	7,149,913	-	-	-	-
Money Market Funds	2,021,892	2,021,892	-	-	-	-	-	-
Total	\$16,959,325	\$ 2,288,770	\$ 5,559,856	\$ 8,511,774	\$ 39,108	\$ 2,849	\$ 541,757	\$ 15,211

Mutual fund and exchange traded fund maturity is based on average maturity of the fund. \$7,426,618 of the Town’s mutual funds and exchange traded funds do not have an average maturity.

Credit Risk – The Town is governed by State Laws that limit investment choices to short-term investments for its public deposits (General Fund). Except as discussed above for the Pension Trust 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 – Except as discussed above for the Pension Trust Funds, the Town does not have any policies that limit the amount that can be invested with one issuer.

Custodial Credit Risk – For an investment, custodial credit risk 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 are held by the Town’s counterparty not in the Town’s name.

Foreign Currency Risk – Except as discussed above for the Pension Trust Funds, the Town does not have any policies related to foreign currency risk. Information about exposure of the Town’s securities to this risk is presented below:

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2015

<i>Currency</i>	<i>Fair Value</i>	
	<i>Equities</i>	<i>Fixed Income Securities</i>
Australian dollar	\$ 205,155	\$ -
Bermudian dollar	224,160	-
Brazilian real	247,055	42,035
British pound sterling	1,704,812	211,379
Canadian dollar	93,775	40,179
Chinese yuan	128,935	-
Danish krone	61,374	-
Euro	3,536,577	72,697
Guernsey pound	51,861	-
Hong Kong dollar	197,089	-
Israeli new shekel	199,640	-
Japanese yen	1,578,415	-
Mexican peso	-	50,600
Netherlands Antillean guilder	221,509	-
New Zealand dollar	89,027	-
Norwegian krone	320,961	-
Russian ruble	88,594	-
South Korean won	270,100	-
Swedish krona	129,842	-
Swiss franc	822,834	-
Turkish lira	48,060	-
	\$ 10,219,775	\$ 416,890

The Town's investment in mutual funds and ETFs – fixed income includes \$1,826,526 in international bond funds.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2015

NOTE 6 – LONG TERM LIABILITIES

A. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds, notes, loans and capital leases payable:					
General obligation bonds	\$ 17,740,000	\$ 4,100,000	\$ 1,150,000	\$ 20,690,000	\$ 1,375,000
Notes and loans payable	1,761,590	-	146,950	1,614,640	149,885
Capital leases payable	176,065	624,870	239,722	561,213	202,914
	<u>19,677,655</u>	<u>4,724,870</u>	<u>1,536,672</u>	<u>22,865,853</u>	<u>1,727,799</u>
Plus amortized premium on bonds	579,205	135,626	39,048	675,783	-
Total bonds, notes, loans and capital leases	<u>20,256,860</u>	<u>4,860,496</u>	<u>1,575,720</u>	<u>23,541,636</u>	<u>1,727,799</u>
Other liabilities:					
Compensated absences	3,061,186	259,488	84,059	3,236,615	731,561
Pollution remediation obligations	2,087,737	-	82,255	2,005,482	85,574
Net pension liability	58,608,251	4,604,852	-	63,213,103	-
Net other post employment benefit obligation	21,307,710	2,438,048	-	23,745,758	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 105,321,744</u>	<u>\$ 12,162,884</u>	<u>\$ 1,742,034</u>	<u>\$ 115,742,594</u>	<u>\$ 2,544,934</u>
Business Type Activities:					
Bonds, notes and loans payable:					
General obligation bonds	\$ 940,000	\$ -	\$ 175,000	\$ 765,000	\$ 185,000
Notes and loans payable	3,383,020	-	487,151	2,895,869	391,195
Total bonds, notes and loans	<u>4,323,020</u>	<u>-</u>	<u>662,151</u>	<u>3,660,869</u>	<u>576,195</u>
Other liabilities:					
Compensated absences	337,783	44,741	-	382,524	67,202
Business-Type Activities Long-Term Liabilities	<u>\$ 4,660,803</u>	<u>\$ 44,741</u>	<u>\$ 662,151</u>	<u>\$ 4,043,393</u>	<u>\$ 643,397</u>

All debt of the Governmental Activities is general obligation debt. The payments on the bonds, notes and loans are made from the Debt Service Fund. The capital leases are paid from the General Fund and Debt Service Fund. The compensated absences from Governmental Activities are paid from the General Fund. The net pension liability and other post-employment obligations will be paid from the General Fund. All debt and compensated absences of the Business-Type activities are paid from the Water, Sewer, Beach and Middlebridge Recreation Enterprise Funds.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2015

B. GENERAL OBLIGATION BONDS DEBT SERVICE REQUIREMENTS

The debt service requirements at June 30, 2015, were as follows:

<i>Fiscal Year Ended June 30,</i>	<i>Governmental Activities General Obligation Bonds</i>		<i>Business-Type Activities General Obligation Bonds</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2016	\$1,375,000	\$890,900	\$185,000	\$16,864
2017	1,095,000	846,400	140,000	12,495
2018	1,135,000	796,775	145,000	9,004
2019	1,180,000	745,625	145,000	5,451
2020	1,225,000	695,500	150,000	1,838
2021-2025	6,880,000	2,663,601	-	-
2026-2030	6,775,000	996,853	-	-
2031-2035	1,025,000	89,303	-	-
	<u>\$20,690,000</u>	<u>\$7,724,957</u>	<u>\$765,000</u>	<u>\$45,652</u>

C. NOTES AND LOANS PAYABLE DEBT SERVICE REQUIREMENTS

The debt service requirements at June 30, 2015, were as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2016	\$149,885	\$27,536	\$391,195	\$66,304
2017	153,906	24,929	400,394	55,991
2018	158,011	22,242	408,750	45,387
2019	162,206	19,470	418,269	34,489
2020	166,492	16,615	428,954	23,270
2021-2025	630,140	41,743	848,307	45,106
2026-2030	194,000	9,162	-	-
	<u>\$1,614,640</u>	<u>\$161,697</u>	<u>\$2,895,869</u>	<u>\$270,547</u>

D. CAPITAL LEASE COMMITMENTS

The Town acquired computer equipment valued at \$335,536 and vehicles valued at \$517,173 that were financed with lease purchase agreements. Amortization of assets acquired under capital leases is included in depreciation expense for the year ended June 30, 2015.

Obligations of governmental activities under capital leases at June 30, 2015 were as follows:

<i>Fiscal Year Ended June 30,</i>	<i>Lease Payment Requirements</i>
2016	\$212,856
2017	139,268
2018	139,414
2019	90,139
Total minimum lease payments	581,677
Less: Amount representing interest cost	(20,464)
Present value of minimum lease payments	<u>\$561,213</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
 June 30, 2015

E. BONDS, NOTES AND LOANS PAYABLE

<i>Purpose</i>	<i>Date Issued</i>	<i>Interest Rate</i>	<i>Maturity Date</i>	<i>Authorized and Issued</i>	<i>Outstanding June 30, 2014</i>	<i>New Issues</i>	<i>Maturities During Year</i>	<i>Outstanding June 30, 2015</i>
Governmental Activities:								
Bonds Payable:								
Pavement Management/Pier School	07/13/2004	2.50-4.00%	08/15/2015	\$ 3,740,000	\$ 630,000	\$ -	\$ 320,000	\$ 310,000
School Construction	05/15/2009	3.00-5.00%	05/15/2029	20,910,000	17,110,000	-	830,000	16,280,000
Road Bond	07/02/2014	2.00-4.00%	07/15/2034	4,100,000	-	4,100,000	-	4,100,000
Total Governmental Bonds					17,740,000	4,100,000	1,150,000	20,690,000
Notes and Loans Payable:								
Rose Hill Closing and Capping	09/03/2002	1.68%	09/01/2022	2,000,000	1,039,590	-	102,950	936,640
Narrow River	12/12/2007	1.64-2.04%	09/01/2029	600,000	497,000	-	27,000	470,000
Landfill Closure	12/15/2005	1.59-2.00%	09/01/2025	350,000	225,000	-	17,000	208,000
Total Governmental Notes and Loans					1,761,590	-	146,950	1,614,640
Total Governmental Activities					19,501,590	4,100,000	1,296,950	22,304,640
Business-Type Activities:								
Bonds Payable:								
Water Bond	07/13/2004	2.50-4.00%	08/15/2015	585,000	95,000	-	45,000	50,000
Middlebridge	10/18/2012	2.45%	10/18/2019	974,000	845,000	-	130,000	715,000
Total Business-Type Bonds					940,000	-	175,000	765,000
Notes and Loans Payable:								
Sewer Projects	06/29/1994	3.46%	09/01/2014	2,100,000	105,000	-	105,000	-
Sewer Projects	08/25/1999	3.25%	09/01/2019	780,000	279,808	-	43,530	236,278
Sewer Projects	02/04/1999	3.00%	09/01/2019	3,500,000	1,236,905	-	193,621	1,043,284
Briggs Farm Sewer Project	11/13/2003	0.97-2.12%	09/01/2024	4,200,000	1,761,307	-	145,000	1,616,307
Total Business-Type Notes and Loans					3,383,020	-	487,151	2,895,869
Total Business-Type Activities					4,323,020	-	662,151	3,660,869
Total Bonds, Notes and Loans Payable					\$ 23,824,610	\$ 4,100,000	\$ 1,959,101	\$ 25,965,509

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2015

F. POLLUTION REMEDIATION OBLIGATIONS

The United States Environmental Protection Agency (US EPA) has notified the Town that two former landfills used by the Town, Rose Hill Regional Landfill (Rose Hill) and West Kingston/URI Disposal Area Landfill, have been placed on the Superfund list.

Rose Hill Regional Landfill – Rose Hill was previously operated by the Towns of South Kingstown and Narragansett. In September 2002, the US EPA, the Rhode Island Department of Environmental Management (RIDEM) and the Towns of Narragansett and South Kingstown entered into a Final Consent Decree for remediation of Rose Hill. Since then, the site has been capped and long-term groundwater and air monitoring has commenced to determine the effectiveness of the cap and what, if any, additional remediation actions may be necessary in the future. The current estimated total cost of completing the clean-up of Rose Hill is \$21,615,468. The Town's share of this obligation is estimated to be \$4,558,847. In prior years, the Town paid \$2,000,000 to the Federal Government to settle all past liabilities associated with Rose Hill and \$504,931 for its share of natural resource damages. The Final Consent Decree also requires reimbursement to the State of 30% of the costs associated with remediation of this landfill and ongoing operation and maintenance costs. These costs will be shared equally by the two towns. The Town has paid \$328,434 to date for its share of remediation of the landfill and operation and maintenance costs. The Town's remaining share of the estimated cost, totaling \$1,725,482 at June 30, 2015, will be paid to the State over a 22-year period. Accordingly, \$1,725,482 has been reported as a pollution remediation obligation in the government-wide financial statements.

West Kingston/URI Disposal Area Landfills – The West Kingston/URI Disposal Area Landfills, also known as the Plains Road Landfill (Plains Road), was added to the Superfund list in 1992. The Towns of Narragansett and South Kingstown and the University of Rhode Island (URI) were named as potentially responsible parties. The Towns of Narragansett and South Kingstown and URI have agreed to participate in the remediation of the site under State landfill closure regulations. A consent decree was entered for the site as well. The current estimated cost of completing the clean-up of Plains Road is \$7,646,911. The Town's share of this obligation is estimated to be \$1,763,234. In prior years, the Town has paid \$1,483,234 related to its obligation with an estimated \$280,000 remaining for ongoing operation and maintenance costs at June 30, 2015. Accordingly, \$280,000 has been reported as a pollution remediation obligation in the government-wide financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2015

NOTE 7 – INTERFUND BALANCES

The Town reports interfund balances between many of its funds. The totals of all balances agree with the sum of interfund balances presented in the fund statements.

	<i>Due From:</i>				<i>Total</i>
	<i>General Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Pension Trust Funds</i>	<i>Private Purpose Trust Funds</i>	
<i>Due To:</i>					
General Fund	\$ (250,501)	\$ 1,138,275	\$ 326,041	\$ -	\$ 1,213,815
Nonmajor Governmental Funds	3,059,754	-	-	-	3,059,754
Water Fund	2,095,601	-	-	-	2,095,601
Sewer Fund	5,873,247	-	-	-	5,873,247
Beach Fund	1,133,498	-	-	-	1,133,498
Middlebridge Recreation Fund	26,933	-	-	-	26,933
Private Purpose Trust Funds	68,202	-	-	-	68,202
Agency Funds	179,090	-	-	500	179,590
<i>Total</i>	<u>\$ 12,185,824</u>	<u>\$ 1,138,275</u>	<u>\$ 326,041</u>	<u>\$ 500</u>	<u>\$ 13,650,640</u>

The balances primarily result from the time lag between the dates the 1) transactions are recorded in the accounting system and 2) payments between funds are made.

NOTE 8 – INTERFUND TRANSFERS

	<i>Transfer From:</i>	
	<i>General Fund</i>	<i>Total</i>
<i>Transfer To:</i>		
Nonmajor Governmental Funds	\$ 3,379,954	\$ 3,379,954
Middlebridge Recreation Fund	156,636	156,636
<i>Total</i>	<u>\$ 3,536,590</u>	<u>\$ 3,536,590</u>

Transfers are used to move revenues from the fund that the budget requires to collect them, to the funds that the budget requires to expend them.

NOTE 9 – NET POSITION/FUND BALANCES

The Government-Wide Financial Statements and Proprietary Fund Statements utilize a net position presentation. Net position is categorized as net investment in capital assets; restricted; and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

TOWN OF NARRAGANSETT, RHODE ISLAND
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Restricted Net Position – This category represents balances limited to uses specified either externally by creditors, contributors, laws and regulations of other governments or imposed through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the residual component of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The Town considers restricted resources to have been spent when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” criteria includes items that are not expected to be converted to cash (e.g. inventories and prepaid expenditures).

Restricted Fund Balance – This classification includes amounts that have constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision-making authority. These committed amounts cannot be used for any other purpose unless the Town removes or changes the specific use by taking the same type of action it employed to previously commit those amounts.

Assigned Fund Balance – This classification includes amounts constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance – This classification is the residual fund balance for the General Fund. This classification represents fund balance that has not been assigned to another fund and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Committed fund balances are established, modified or rescinded by resolution adopted by the Town Council. The Town Council delegates to the Town Manager the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. The Town considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Town considers unrestricted fund balance classifications to be used in the following order when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used: 1) committed; 2) assigned; and 3) unassigned.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2015

NOTE 10 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

A. ACCOUNTS RECEIVABLE

The Town disaggregates significant components of receivables in the financial statements. Receivable balances determined immaterial are included as other receivables. The Town expects to receive all receivables within the subsequent year, except for sewer assessments, sewer lot development fees and community development loans receivable. The real estate and personal property tax receivable includes an allowance for doubtful accounts of \$300,000.

B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities at June 30, 2015, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
Governmental activities:				
General Fund	\$ 302,056	\$ 2,014,702	\$ 418,245	\$ 2,735,003
Other Governmental Funds	171,562	4,071	-	175,633
Total	<u>\$ 473,618</u>	<u>\$ 2,018,773</u>	<u>\$ 418,245</u>	<u>\$ 2,910,636</u>
Business-Type activities:				
Water Fund	\$ 74,237	\$ 5,039	\$ 13,546	\$ 92,822
Sewer Fund	85,104	8,113	8	93,225
Beach Fund	46,178	50,779	-	96,957
Middlebridge Recreation Fund	95	-	-	95
Total	<u>\$ 205,614</u>	<u>\$ 63,931</u>	<u>\$ 13,554</u>	<u>\$ 283,099</u>

NOTE 11 – POST-EMPLOYMENT BENEFITS

A. Town Plan

Plan Description

The Town of Narragansett administers a single-employer, defined benefit post-employment benefit plan. This plan does not include the pension benefits discussed in Note 15. The plan provides medical, dental and life insurance for eligible retirees and their dependents through the Town's group insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations between the Town and the respective unions or as established by the Town Ordinance for non-union employees. On August 1, 2011 the Town Council authorized the creation of an OPEB Trust Fund. As such, the plan has been reported as a Trust Fund in the Town's financial statements in fiscal year 2015. The plan does not issue a publicly available financial report.

The plan provides the following benefits based on employee group:

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
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Municipal Employees – Employees who have attained age 58 with 10 years of service or 20 years of service (whichever is earlier) are eligible for lifetime medical, dental and life insurance benefits, if hired prior to July 1, 2014. For Council 94 employees hired on/after July 1, 2014 who have attained the age of 65 with 10 years of service or 25 years of service (whichever is earlier) are eligible for medical and dental coverage until Medicare eligible. Local 1033 employees hired on/after July 1, 2014, who have attained the age of 58 with 10 years of service or 25 years of service (whichever is earlier) are eligible for medical and dental coverage until Medicare eligible. Employees retiring prior to January 1, 2010 have no employee contribution. If the employee has a spouse, then the Town shall provide an individual health plan for the spouse. The following employee contribution requirements apply to employees retiring on/after January 1, 2010:

- Council 94 – date of retirement prior to January 1, 2012 – 2% of monthly pension; date of retirement on/after January 1, 2012 – 10% of health and dental premiums; date of retirement on/after July 1, 2012 – 12% of health and dental premiums; date of retirement on/after July 1, 2013 – 15% of health and dental premiums
- Local 1033 – date of retirement prior to January 1, 2012 – 2% of monthly pension. For those hired prior to July 1, 1996 and; retire between July 1, 2014 and June 30, 2015 – 5% of health and dental premiums; and retire between July 1, 2015 and June 30, 2016 – 10% of health and dental premiums; and retire after July 1, 2016 – 15% of health and dental premiums. For those hired on/after July 1, 1996 who retire on/after July 1, 2014 – 20% of health and dental premium.
- Non-Union – 2% of monthly pension

Firefighters – Employees who have 20 years of service are eligible for lifetime medical, dental and life insurance benefits if hired prior to July 1, 2013. Firefighters hired on/after July 1, 2013 must have 25 years of service to be eligible for benefits. Employees retiring prior to January 1, 2011 have no employee contribution. Employees retiring on/after January 1, 2011 must contribute 20% of their health premium.

Police Officers – Employees who have attained age 58 with 10 years of service or 20 years of service (whichever is earlier) are eligible for lifetime medical, dental and life insurance benefits if hired prior to July 1, 2013. Officers hired on/after July 1, 2013 must have 25 years of service to be eligible for medical and dental coverage until Medicare eligibility and lifetime life insurance benefits. Employees retiring prior to January 1, 2010 have no employee contribution. Employees retiring on/after January 1, 2010 but prior to January 1, 2011 must contribute 2% of their monthly pension and employees retiring on/after January 1, 2011 but prior to July 1, 2013, must contribute 5% of their monthly pension towards health, dental and life insurance costs. Employees who retire on/after July 1, 2013 must contribute 15% of health and dental premiums.

Current and future Town retirees who waive coverage from the Town due to equivalent coverage elsewhere shall be reimbursed a percentage of the Town's group health and dental cost depending on their coverage level (municipal and fire employees – 50% and police employees – 60%, police hired on/after July 1, 2013 will receive this benefit until Medicare eligibility).

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2015

As of July 1, 2014, the plan membership data is as follows:

	<i>Town</i>
Active employees (with and without coverage)	165
Retirees and beneficiaries	118
	283

Funding Policy

Contribution requirements are negotiated between the Town and the respective unions or are established by Town Ordinance for non-union employees. The Town is required to contribute the cost of medical, dental and life benefits, less the amount of any applicable employee share of premiums. For the year ended June 30, 2015, the plan operated on a pay as you go basis and no provision has been made to fund future benefits to be provided to plan members. For the fiscal year ended June 30, 2015, the Town contributed \$2,346,138 to the plan. Administrative costs are paid from plan assets.

Summary of Significant Accounting Policies

Basis of Accounting – The Other Post-Employment Benefits Trust Fund’s financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments – Investments are reported at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates.

Annual OPEB Cost and Net OPEB Obligation

The Town’s annual other post-employment benefit (OPEB) cost for the plan is calculated based on the annual required contribution (ARC) for the employer, 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 accrued liabilities (or funding excess) over a period not to exceed thirty years.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2015

The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Town's net OPEB obligation:

	<i>Town</i>
Annual required contribution (ARC)	\$ 5,047,958
Interest on net OPEB obligation	928,520
Adjustment to annual required contribution	(1,266,739)
Annual OPEB cost	4,709,739
Contributions made	(2,346,138)
Increase in net OPEB obligation	2,363,601
Net OPEB obligation, beginning of year	20,633,784
Net OPEB obligation, end of year	\$22,997,385

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three fiscal years are as follows:

	<i>Annual</i>	<i>Percentage of Annual</i>	<i>Net OPEB</i>
<u><i>Fiscal Year Ended</i></u>	<u><i>OPEB Cost</i></u>	<u><i>Contributed</i></u>	<u><i>Obligation</i></u>
6/30/13	\$4,854,140	51.8%	\$18,414,648
6/30/14	4,729,147	53.1%	20,633,784
6/30/15	4,709,739	49.8%	22,997,385

Funded Status and Funding Progress

The funded status of the Town's plan as of July 1, 2014, the most recent actuarial valuation, is as follows:

	<i>Town</i>
Actuarial Accrued Liability (AAL)	\$58,945,640
Actuarial Value of Plan Assets	2,463,875
Unfunded Actuarial Accrued Liability (UAAL)	\$56,481,765
Funded ratio (Actuarial Value of Plan Assets/AAL)	4.2%
Annual Covered Payroll (Active Plan Members)	\$9,522,699
UAAL as a Percentage of Covered Payroll	593.1%

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 actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary

TOWN OF NARRAGANSETT, RHODE ISLAND
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information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities 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 types 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 methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The July 1, 2014 actuarial valuation used the projected unit credit actuarial cost method (with linear proration to decrement). Under this funding method, projected benefits are assumed to accrue on a straight line basis from the date of hire to the date of retirement for each participant. Normal cost for a participant is the present value of the projected benefit which accrues in the current plan year. Normal cost for the plan is the sum of the normal costs for all participants. The actuarial assumptions included: a) 4.5% discount rate; b) 3% inflation rate; and c) healthcare trend rates –

<u>FYE</u>	<u>Medical</u>	<u>Dental</u>	<u>Part B</u>
2016	9.00%	4.50%	3.25%
2017	8.00%	4.00%	3.50%
2018	7.00%	3.50%	3.75%
2019	6.50%	3.00%	4.00%
2020	6.00%	3.00%	4.25%
2021	5.50%	3.00%	4.25%
2022+	5.00%	3.00%	4.25%

The unfunded actuarial accrued liability as of July 1, 2014 is being amortized using level dollar amortization over 30 years based on an open group. The actuarial value of assets is equal to fair market value.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about employment, mortality and healthcare cost trends. Actuarial valuations are subject to continual revision as actual results are compared to past expectations and new estimates are formulated about the future.

TOWN OF NARRAGANSETT, RHODE ISLAND
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B. School Plan

Plan Description

The Narragansett School System administers a single-employer, defined benefit post-employment benefit plan. This plan does not include the pension benefits discussed in Note 15. The plan provides medical and dental insurance for eligible retirees and their dependents through the School System's group insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations between the School System and the respective unions or as established by employee contract for non-union employees.

The plan provides the following benefits based on employee group:

Certified Teachers – Employees are eligible for health and dental benefits until Medicare eligibility once they meet the retirement eligibility requirements of the Employees Retirement System. Retirees are responsible for 100% of the premium cost plus a 2% administrative fee once any accrued sick leave balance which is converted to pay for health and dental insurance has been exhausted.

Other School Employees – Employees with 10 years of service, upon retirement, are eligible for health and dental benefits until Medicare eligibility. Retirees are responsible for 100% of the premium cost plus a 2% administrative fee once any accrued sick leave balance which is converted to pay for health and dental insurance has been exhausted.

School System employees may convert accumulated vacation and sick pay, as applicable, to be used to purchase health and dental insurance based on requirements applicable to their employee group.

As of July 1, 2014 the plan membership data is as follows:

	<u><i>School</i></u>
Active employees (with and without coverage)	240
Retirees and beneficiaries	45
	<u>285</u>

Funding Policy

Contribution requirements are negotiated between the School System and the respective unions or are established by employee contract for non-union employees. The School System is required to contribute the cost of medical and dental benefits, less the amount of any applicable employee share of premiums. For the year ended June 30, 2015, the plan operated on a pay as you go basis and no provision has been made to fund future benefits to be provided to plan members. For the fiscal year ended June 30, 2015, the School System contributed \$307,430 to the plan.

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Annual OPEB Cost and Net OPEB Obligation

The School System's annual other post-employment benefit (OPEB) cost for the plan is calculated based on the annual required contribution (ARC) for the employer, 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 accrued liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the School System's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the School System's net OPEB obligation:

	<i>School</i>
Annual required contribution (ARC)	\$392,924
Interest on net OPEB obligation	30,327
Adjustment to annual required contribution	(41,374)
Annual OPEB cost	<u>381,877</u>
Contributions made	<u>(307,430)</u>
Increase in net OPEB obligation	74,447
Net OPEB obligation, beginning of year	<u>673,926</u>
Net OPEB obligation, end of year	<u><u>\$748,373</u></u>

The School System's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three fiscal years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/13	\$482,331	62.6%	\$579,738
6/30/14	369,708	74.5%	673,926
6/30/15	381,877	80.5%	748,373

Funded Status and Funding Progress

The funded status of the Town's plan as of July 1, 2014, the most recent actuarial valuation, is as follows:

	<i>School</i>
Actuarial Accrued Liability (AAL)	<u>\$3,422,659</u>
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$3,422,659</u></u>
Funded ratio (Actuarial Value of Plan Assets/AAL)	0%
Annual Covered Payroll (Active Plan Members)	N/A
UAAL as a Percentage of Covered Payroll	N/A

TOWN OF NARRAGANSETT, RHODE ISLAND
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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 actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities 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 types 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 methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The July 1, 2014 actuarial valuation used the projected unit credit actuarial cost method (with linear proration to decrement). Under this funding method, projected benefits are assumed to accrue on a straight line basis from the date of hire to the date of retirement for each participant. Normal cost for a participant is the present value of the projected benefit which accrues in the current plan year. Normal cost for the plan is the sum of the normal costs for all participants. The actuarial assumptions included: a) 4.5% discount rate; b) 3% inflation rate; and c) healthcare trend rates –

<u><i>FYE</i></u>	<u><i>Medical</i></u>	<u><i>Dental</i></u>
2016	9.00%	4.50%
2017	8.00%	4.00%
2018	7.00%	3.50%
2019	6.50%	3.00%
2020	6.00%	3.00%
2021	5.50%	3.00%
2022+	5.00%	3.00%

The unfunded actuarial accrued liability as of July 1, 2014 is being amortized using level dollar amortization over 30 years based on an open group. The plan had no assets as of the July 1, 2014 actuarial valuation.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about employment, mortality and healthcare cost trends. Actuarial valuations are subject to continual revision as actual results are compared to past expectations and new estimates are formulated about the future.

TOWN OF NARRAGANSETT, RHODE ISLAND
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NOTE 12 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

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

During the ordinary course of its operations, the Town is a party to various claims, legal actions and complaints. The potential liability to the Town, if any, or an evaluation of the outcome of these matters cannot be made at the present time.

NOTE 13 – RISK MANAGEMENT

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

The Town also participates in a healthcare self-insurance pool administered by WB Community Health (WBCH). WB Community Health is a not-for-profit organization formed to administer health and dental programs for Rhode Island cities, towns and school districts. Upon joining WBCH each member enters into a member agreement with WBCH that outlines the rights and responsibilities of each member and WBCH.

WBCH is a claims-servicing or account pool, which is an arrangement by which a pool manages separate accounts for each pool member from which the claims and administration costs of each member are paid. This arrangement does not result in the transfer of risk to WBCH or the pooling (sharing) of risk amongst the members of WBCH. The Town is retaining the risk and it recognizes and measures its claims liabilities and related expenditures in accordance with GASB Statement No. 10 because the risk of loss has not been transferred to an unrelated third party. The Town's payments of premiums to WBCH are reported as deposits (other assets) in the General Fund and the claims paid by WBCH on the Town's behalf and the administrative costs paid to WBCH are recorded as expenditures

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in the General Fund and a reduction of deposits in the General Fund. The premiums are based on “working rates” determined by WBCH based on available funds on deposit and claims experience.

In order to avoid catastrophic losses, the Town purchases specific stop loss re-insurance. Under the stop loss re-insurance, the Town is covered for medical claims in excess of \$200,000 per person per contract period.

The claims liability of \$497,249 reported in the General Fund at June 30, 2015 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the Town’s claims liability for the past two fiscal years were:

	<i>Beginning Fiscal Year Liability</i>	<i>Current Year Claims and Changes In Estimate</i>	<i>Claims Payments</i>	<i>Balance Fiscal Year End</i>
2013-2014	\$371,054	\$6,744,974	\$6,646,594	\$469,434
2014-2015	\$469,434	\$6,535,980	\$6,508,165	\$497,249

NOTE 14 – RESTATEMENTS

The net position of the Governmental Activities has been restated to reflect adjustments related to the adoption of GASB Statement No. 68, “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,” and GASB Statement No.71, “Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68,” in fiscal year 2015. The following corrections and reclassifications have also been reported in the Governmental Activities, Business-Type Activities, General Fund, Internal Service Fund, Water Fund and Sewer Fund:

	<i>Governmental Activities</i>	<i>Governmental Funds- General Fund</i>
Net position/fund balance, June 30, 2014, as previously reported	\$ 44,765,366	\$ 16,717,075
Adoption of GASB Statements No. 68 and No. 71	(36,623,528)	-
Reclassify Internal Service Fund to the General Fund	-	(27,222)
Correct accrued compensated absences	417,486	-
<i>Net position /fund balance June 30, 2014, as restated</i>	\$ 8,559,324	\$ 16,689,853

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	<i>Business-Type Activities</i>	<i>Proprietary Funds</i>		
		<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Internal Service Fund</i>
Net position, June 30, 2014, as previously reported	\$39,915,660	\$5,943,130	\$27,141,827	\$ 26,126
Reclassify Internal Service Fund to the General Fund	-	-	-	(26,126)
Correct compensated absences	49,811	24,222	25,589	-
<i>Net position June 30, 2014, as restated</i>	<u>\$39,965,471</u>	<u>\$5,967,352</u>	<u>\$27,167,416</u>	<u>\$ -</u>

NOTE 15 – PENSION PLANS

A. EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND PLANS

Effective July 1, 2012, the Employees' Retirement System of Rhode Island (ERS) was modified to include both defined benefit and defined contribution plan components.

Defined Benefit Plan

General Information about the Pension Plan

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

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

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

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other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

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

Cost of living adjustments are provided but are currently suspended until the collective plans covering state employees and teachers reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments are provided at five-year intervals.

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

Contributions - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2015, Narragansett School Department teachers were required to contribute 3.75% of their annual covered salary. The State and the Narragansett School Department are required to contribute at an actuarially determined rate, 40% of which is to be paid by the State and the remaining 60% is to be paid by the Narragansett School Department; the rates were 9.19% and 13.41% of annual covered payroll for the fiscal year ended June 30, 2015 for the State and Narragansett School Department, respectively. The Narragansett School Department contributed \$1,666,368, \$1,512,995 and \$1,381,479 for the fiscal years ended June 30, 2015, 2014 and 2013, respectively, equal to 100% of the required contributions for each year. The State's share of contributions totaling \$1,102,183 for fiscal year 2015 are reflected as on-behalf payments and are included as both revenue and expenditures in the Governmental Funds financial statements.

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

At June 30, 2015, the Narragansett School Department reported a liability of \$17,492,643 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the State. The amount recognized by the Narragansett School Department as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the Narragansett School Department were as follows:

Narragansett School Department's proportionate share of the net pension liability	\$17,492,643
State's proportionate share of the net pension liability associated with the Narragansett School Department	<u>11,995,511</u>
Total net pension liability	<u><u>\$29,488,154</u></u>

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The net pension liability was measured as of June 30, 2014, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014. The Narragansett School Department's proportion of the net pension liability was based on a projection of the Narragansett School Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State, actuarially determined. At June 30, 2014 the Narragansett School Department's proportion was 0.71867874%.

Subsequent to June 30, 2014 (the measurement date), litigation challenging the various pension reform measures enacted in previous years by the General Assembly (2009, 2010, and 2011) was settled. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly.

The amended benefit provisions in the newly enacted legislation and settlement agreement have not been reflected in the determination of the net pension liability at June 30, 2014 (the measurement date). These amended benefit provisions are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rate from 3.75% to 11% and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 year rather 5 year intervals.
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

These amendments are not considered to have a material effect on the net pension liability had they been retroactively applied to the calculation of the total pension liability at June 30, 2013 rolled forward to June 30, 2014. An actuarial analysis of the pension settlement provisions enacted by the General Assembly and approved by the Court indicated that the funded ratio at June 30, 2014 for teachers (determined on a funding basis) decreased from 59.6% to 58.2%

For the year ended June 30, 2015, the Narragansett School Department recognized in the Government-Wide financial statements gross pension expense of \$2,049,901 and revenue of \$833,881 for support provided by the State. At June 30, 2015, the Narragansett School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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Deferred outflows of resources:	
Contributions subsequent to the measurement date	\$1,666,368
Deferred inflows of resources:	
Change of assumptions	\$619,623
Net difference between projected and actual earnings on pension plan investments	1,506,304
Total	\$2,125,927

\$1,666,368 reported as deferred outflows of resources related to pensions resulting from the Narragansett School Department contributions in fiscal year 2015 subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$(464,304)
2017	\$(464,304)
2018	\$(464,304)
2019	\$(464,304)
2020	\$(87,728)
thereafter	\$(180,983)

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

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

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

The actuarial assumptions used in the June 30, 2013 valuation rolled forward to June 30, 2014 and the calculation of the total pension liability at June 30, 2014 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future

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expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms. The June 30, 2014 expected arithmetic returns over the medium term by asset class as developed by the State Investment Commission's investment consultant, which are generally consistent with the averages utilized by the actuary, are summarized in the following table:

Asset Class	Target allocation	Medium-term expected real rate of return
Global Equity	38%	6.05%
Private Equity	7%	9.05%
Equity Hedge funds	8%	4.75%
Absolute return hedge	7%	2.95%
Real Return	14%	3.85%
Real Estate	8%	4.45%
Core Fixed	15%	0.25%
Cash	3%	-0.50%
	100%	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall medium-term expected rate of return best-estimate on an arithmetic basis. To arrive at the long-term expected return estimate, the actuary adjusts the medium-term number to reflect the longer 30-year time frame required for actuarial calculations. This process produces the actuarial expected return, which is based on a 30-year horizon, and can differ from the medium-term, 10-year-horizon return expectations.

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability calculated using the discount rate of 7.5 percent as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

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1.00% Decrease <u>(6.5%)</u>	Current Discount Rate <u>(7.5%)</u>	1.00 Increase <u>(8.5%)</u>
\$21,907,374	\$17,492,643	\$12,987,326

Pension Plan Fiduciary Net Position - Detailed information about the pension plan’s fiduciary net position is available in the separately issued ERSRI financial report.

Defined Contribution Plan

Plan Description

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

Employees contribute 5% of their annual covered salary and employers contribute 1% of annual covered salary. The employer contribution is split between the State and the school department. For fiscal 2015, the total employer rate of 1% was split as follows: 0.40% State share and 0.60% local share. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

As previously indicated in the disclosure of recently-enacted pension legislation, the employer contribution for certain qualifying employees will increase slightly beginning in fiscal 2016.

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

The Narragansett School Department recognized pension expense of \$122,501 and employees contributed \$612,513 for the fiscal year ended June 30, 2015. For financial reporting purposes, the State’s share of contributions totaling \$47,162 for fiscal year 2015 are reflected as on behalf-payments and are included as both revenue and expenditures in the accompanying financial statements.

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

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B. POLICE PLAN

General Information about the Pension Plan

Plan Description and Administration – All police officers hired before July 1, 1978 who refused the September 1984 offer to join the Town Plan are covered by the Town of Narragansett’s Police Pension Plan which is administered by the Town of Narragansett Pension Board. The Pension Board consists of seven members nominated and appointed by the Town Council. This plan is a single-employer defined benefit pension plan that was established by the Town in accordance with Town Charter and State Statutes. The Town Council has the authority to establish and amend the benefits terms through the adoption of an ordinance. The pension plan is reported as a pension trust fund in the Town’s financial statements. The plan does not issue a separate publicly available financial report. The plan is closed to new entrants.

Plan Membership – As of July 1, 2014, membership data related to the pension plan was as follows:

Active members	-
Retired and beneficiaries	18
Terminated vested	-
	<hr/>
	18
	<hr/>

Benefit Provided – The pension plan provides retirement, disability and survivorship benefits.

A police officer may retire upon the earlier of attainment of age 65 or the completion of 20 years of credited service. The normal retirement benefit is equal to 50% of final earnings. Retirement benefits are payable in the form of a 67.5% joint and survivor annuity if the participant is married at the retirement date or a life annuity if single.

Death benefits are provided for members with 25 years of service. The surviving spouse shall receive a monthly benefit equal to 67.5% of the member’s accrued benefit continuing until his/her death or remarriage.

In the event a member becomes unable to perform active police duty by reason of a clearly proven physical or mental disability, he/she shall be entitled to a monthly pension in the amount of 50% of final earnings in the year of disability.

Benefit terms provide for a 3% compounded, annual cost-of-living adjustment (COLA) to a participant’s retirement benefit for members who retired on or after July 1, 2002. Eligible members receive the COLA beginning on July 1 of the year the member turns 52 years old or July 1 of the year that is the 5th anniversary of the member’s retirement, whichever occurs first. Participants who retired prior to July 1, 2002 do not receive COLA adjustments.

Contributions – Contribution requirements for the plan are established and may be amended by Town ordinance or union contract. Employees are not required to contribute to the Police Plan since there are no active members. The Town contribution is an actuarially determined amount recommended by an independent actuary. The actuarially determined amount is the estimated amount to finance the costs

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of benefits earned by plan members during the year, with an additional amount to finance the unfunded accrued liability. The Town contribution for the year ended June 30, 2015 was \$126,770.

Summary of Significant Accounting Policies

Basis of Accounting – The Police Pension Trust Fund’s financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which employees provide service to the Town. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments – Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Investments

Investment Policy – The pension plan’s policy is described in Note 5 – Investments.

Rate of Return – For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.78%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2015 were as follows:

Total Pension Liability	\$2,486,688
Plan Fiduciary Net Position	<u>723,354</u>
Town’s Net Pension Liability	<u>1,763,334</u>
Plan fiduciary net position as a percentage of the total pension liability	29.09%

Actuarial Assumptions – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2014 rolled forward to June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Method
Amortization Method	Open amortization over average remaining expected lifetime of current retirees
Actuarial Assumptions:	
Inflation	3%
Salary Increases	Not applicable

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2015

Investment Rate of Return	7.40%
Mortality	<ul style="list-style-type: none"> • Healthy - RP-2014 Blue Collar with Social Security generational improvements from 2006 • Disabled - RP-2014 Disabled with Social Security generational improvements from 2006
Cost of Living Adjustment	3% for eligible retirees; 0% otherwise

Given the size of the plan, there is not enough data available to conduct a credible experience study. The assumptions are not anticipated to produce significant cumulative actuarial gains or losses over time. The liabilities and data are analyzed each year in order to identify any trends of experience deviating from the actuarial assumptions.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate of 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, 2015 (see the discussion of the pension plan's investment policy in Note 5 – Investments) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	35%	3.80%
Domestic Equity	50%	7.00%
International Equity	15%	7.40%
Alternatives	0%	4.00%
Cash	0%	2.10%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that the 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.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2015

Police Plan
Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2014	\$2,498,730	\$849,096	\$1,649,634
Changes for the Year:			
Service cost			
Interest on the total pension liability	177,837		177,837
Changes in benefits			
Difference between expected and actual experience	(20,730)		(20,730)
Changes in assumptions	85,996		85,996
Employer contributions		126,770	(126,770)
Employee contributions			
Net investment income		2,633	(2,633)
Benefit payments, including employee refunds	(255,145)	(255,145)	-
Administrative expense			
Other changes		-	-
Net changes	(12,042)	(125,742)	113,700
Balances as of June 30, 2015	\$2,486,688	\$723,354	\$1,763,334

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 7.40%, 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 (6.40%) or 1-percentage point higher (8.40%) than the current rate:

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
Net Pension Liability	\$1,964,184	\$1,763,334	\$1,577,494

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2015, the Town recognized pension expense of \$195,395. The Town reported deferred outflows of resources related to pensions from the following sources:

Deferred Outflows of Resources:

Net difference between projected and actual investment earnings	\$44,452
Total	\$44,452

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2015

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

Year Ending June 30	
2016	\$11,113
2017	11,113
2018	11,113
2019	11,113
2020	-
Thereafter	-
Total	\$44,452

C. TOWN PENSION PLAN

General Information about the Pension Plan

Plan Description and Administration – All employees who work at least 5 months of a year for at least 20 hours per week, except for school system employees eligible for membership in the Employees’ Retirement System of the State of Rhode Island and any police officers covered by the Police Plan, are covered by the Town of Narragansett’s Town Pension Plan which is administered by the Town of Narragansett Pension Board. The Pension Board consists of seven members nominated and appointed by the Town Council. This plan is a single-employer defined benefit pension plan that was established by the Town in accordance with Town Charter and State Statutes. The Town Council has the authority to establish and amend the benefits terms through the adoption of an ordinance. The pension plan is reported as a pension trust fund in the Town’s financial statements. The plan does not issue a separate publicly available financial report.

Plan Membership – As of July 1, 2014, membership data related to the pension plan was as follows:

Active members	251
Retired and beneficiaries	181
Terminated vested	24
	<u>456</u>

Benefit Provided – The pension plan provides retirement, disability and survivorship benefits.

A municipal or school system employee may retire upon the later of attainment of age 58 or the completion of ten years of credited service; but, in any case, the member can retire immediately after completing 20 years of credited service. A police officer hired before July 1, 2013 may retire upon the earlier of attainment of age 58 or the completion of 20 years of credited service. A police officer hired on or after July 1 2013 may retire upon the completion of 25 years of credited service. A firefighter hired prior to July 1, 2011 may retire upon completion of 20 years of credited service. A firefighter hired on or after July 1, 2011, may retire upon completion of 23 years from their date of hire with a minimum of 20 years of credited service. A firefighter hired on or after July 1, 2013 may retire upon

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2015

completion of 25 years of credited service. For employees hired prior to July 1, 2011, the normal retirement benefit is equal to 2.5% of final average compensation multiplied by years of credited service (subject to a maximum benefit of 75% of final average compensation). For Council 94 and Local 1033 employees hired on or after July 1, 2011, the normal retirement benefit is equal to 2% of final average compensation multiplied by years of credited service up to 20 and 2.5% of final average compensation multiplied by years of service in excess of 20, limited to 14 (subject to a maximum benefit of 75% of final average compensation). Police officers and firefighters hired on or after July 1, 2013 receive a normal retirement benefit equal to 2% of final average compensation multiplied by years of credited service. Final average compensation is the average annual basic compensation during the highest three consecutive years of service. In lieu of the normal form of benefit, any member who is married at the time of retirement may elect a pension that provides, upon the member's death, for 67.5% of the pension to continue to the dependent spouse or dependent children.

A member who has attained age 55 with 10 years of credited service, or has attained age 50 with 20 years of credited service may elect to retire early. A member who elects to retire early will receive a monthly benefit equal to the actuarial equivalent of the accrued benefit determined as of the normal retirement date.

Beneficiaries of municipal employees receiving death benefits for nonoccupational causes shall be entitled to the greater of a) a refund of employee contributions with interest plus a lump-sum death benefit equal to \$400 times the number of years of credited service (subject to a minimum of \$2,000 and maximum of \$8,000) or b) for municipal employees with 10 or more years of credited service, a refund of employee contributions with interest plus a monthly benefit of 50% of the member's accrued benefit. For occupational causes, the death benefit is a refund of the municipal employee's contributions with interest, plus a benefit equal to 50% of compensation.

Beneficiaries of firefighters or police officers who have completed 10 years of credited service may elect either a refund of employee contributions with interest or a benefit equal to 50% of the member's accrued benefit. Special rules apply for death after meeting eligibility for retirement.

The disability benefit for nonoccupational causes for municipal employees with seven years of credited service but prior to attainment of age 58 is a monthly benefit equal to the greater of:

- a) 2.5% of final average compensation multiplied by years of credited service (subject to a minimum of 25% and a maximum of 50%).
- b) 1-2/3% of final average compensation multiplied by years of credited service (subject to a minimum of 25%).

Disability benefits for nonoccupational causes for firefighters and police officers with seven years of credited service but prior to attainment of age 58 (age 55 for firefighters) is a benefit equal to 2.5% of final average compensation multiplied by years of credited service (subject to a minimum of 25% and a maximum of 50%). Municipal employees, firefighters and police officers disabled due to occupational causes receive a disability benefit equal to 66-2/3% of the annualized rate of compensation determined as the date of disability, reduced by the monthly value of any payments

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2015

provided for the member under any workers' compensation law.

Retirees receive cost of living adjustments (COLA) as follows:

- a) *Municipal Employees (excluding School System employees)* – who retire, on or after July 1, 2002 shall receive annual 3% compounded COLAs beginning on the July 1 of the year that the employee turns 58 years old.
- b) *Firefighters* – who retire on or after July 1, 2002 and before July 1, 2015 shall receive annually 3% compounded COLAs beginning on the July 1 of the year that the firefighter turns 52 years old. Firefighters who retire on or after July 1, 2015 shall receive annually a 3 % simple COLA beginning July 1 of the year the firefighter turns 52 years old. The COLA has been suspended for 8 years for active members as of July 1, 2013.
- c) *Police Officers* – who retire on or after July 1, 2002 if employed before July 1, 2013, shall receive annual 3% compounded COLAs beginning on the earlier of July 1 of the year that the employee turns 52 years old or July 1 of the year that is the fifth anniversary of the police officer's retirement. Police officers hired on or after July 1, 2013 shall receive annually a 3% simple COLA at retirement and when eligible. The COLA has been suspended for 8 years for active members as of July 1, 2013.

Contributions – Contribution requirements for the plan are established and may be amended by Town ordinance or union contract.

Members are required to contribute a percentage of their pay as follows:

Police	11% of base salary, holiday, incentive and longevity
Fire	10.5% of base salary, holiday, incentive and longevity
Mid-managers; laborers; clerical	10% of base salary and longevity
Non-union	10% of base salary
School	8% of base salary
Council 94; Local 1033	11% of base salary

The Town contribution is an actuarially determined amount recommended by an independent actuary. The actuarially determined amount is the estimated amount to finance the costs of benefits earned by plan members during the year, with an additional amount to finance the unfunded accrued liability. The Town contribution for the year ended June 30, 2015 was \$4,999,356.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2015

Summary of Significant Accounting Policies

Basis of Accounting – The Town Pension Trust Fund’s financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which employees provide service to the Town. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments – Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Investments

Investment Policy – The pension plan’s policy is described in Note 5 – Investments.

Rate of Return – For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.71%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2015 were as follows:

Total Pension Liability	\$118,045,537
Plan Fiduciary Net Position	74,088,411
Town’s Net Pension Liability	<u>\$ 43,957,126</u>
Plan fiduciary net position as a percentage of the total pension liability	62.76%

Actuarial Assumptions – The total pension liability was determined as of June 30, 2015, based on an actuarial valuation performed as of July 1, 2014 rolled forward to June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Method
Amortization Method	Closed 20-year level percent of pay amortization
Actuarial Assumptions:	
Inflation	3%
Salary Increases	Age 20-29 - 6%; Age 30-34 - 5.5%; Age 35-39 - 5%; Age 40-44 – 4.5%; Age 45+ - 4%
Investment Rate of Return	7.40%
Mortality	<ul style="list-style-type: none"> • Healthy Public Safety - RP-2014 Blue Collar with Social Security generational

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2015

- improvements from 2006
- Healthy Non-Public Safety – RP-2014 with Social Security generational improvements from 2006
- Disabled - RP-2014 Disabled with Social Security generational improvements from 2006

Cost of Living Adjustment 3% for eligible retirees; 0% otherwise

An experience study was performed for the experience over the July 1, 2007 to July 1, 2014 period. Assumptions with credible data to support updates have been implemented. The liabilities and data are analyzed each year in order to identify any trends of experience deviating from the actuarial assumptions.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate of 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, 2015 (see the discussion of the pension plan’s investment policy in Note 5 – Investments) are summarized in the following table:

<u><i>Asset Class</i></u>	<u><i>Target Allocation</i></u>	<u><i>Long-Term Expected Real Rate of Return</i></u>
Fixed Income	35%	3.80%
Domestic Equity	50%	7.00%
International Equity	15%	7.40%
Alternatives	0%	4.00%
Cash	0%	2.10%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that the 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.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2015

Town Plan
Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2014	\$108,699,781	\$71,558,870	\$37,140,911
Changes for the Year:			
Service cost	2,550,557		2,550,557
Interest on the total pension liability	8,179,918		8,179,918
Changes in benefits			
Difference between expected and actual experience	415,238		415,238
Changes in assumptions	2,569,581		2,569,581
Employer contributions		4,999,356	(4,999,356)
Employee contributions		1,465,617	(1,465,617)
Net investment income		472,799	(472,799)
Benefit payments, including employee refunds	(4,369,538)	(4,369,538)	-
Administrative expense		(38,693)	38,693
Other changes		-	-
Net changes	9,345,756	2,529,541	6,816,215
Balances as of June 30, 2015	\$118,045,537	\$74,088,411	\$43,957,126

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 7.40%, 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 (6.40%) or 1-percentage point higher (8.40%) than the current rate:

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
Net Pension Liability	\$60,436,283	\$43,957,126	\$29,496,651

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2015, the Town recognized pension expense of \$5,280,247. The Town reported deferred outflows of resources related to pensions from the following sources:

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2015

Deferred Outflows of Resources:

Differences between expected and actual experience	\$355,918
Changes of assumptions	2,202,498
Net difference between projected and actual investment earnings	<u>3,977,533</u>
Total	<u><u>\$6,535,949</u></u>

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

<u>Year Ending June 30</u>	
2016	\$1,420,786
2017	1,420,786
2018	1,420,786
2019	1,420,786
2020	426,403
Thereafter	<u>426,402</u>
Total	<u><u>\$6,535,949</u></u>

D. AGGREGATE PENSION AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS

	<u>Deferred Outflows of Resources – Pension Amounts</u>	<u>Deferred Inflows of Resources – Pension Amounts</u>	<u>Net Pension Liability</u>	<u>Pension Expense</u>
Employees' Retirement System of RI	\$1,666,368	\$2,125,927	\$17,492,643	\$ 2,049,901
Police Plan	44,452	-	1,763,334	195,395
Town Plan	<u>6,535,949</u>	<u>-</u>	<u>43,957,126</u>	<u>5,280,247</u>
Total	<u><u>\$8,246,769</u></u>	<u><u>\$2,125,927</u></u>	<u><u>\$63,213,103</u></u>	<u><u>\$7,525,543</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- **Pension Plans and Other Post-employment Benefit Plans
Required Supplementary Information**
- **Budgetary Comparison Schedule - General Fund**

In addition, the notes to the required supplementary information are included to provide information that is essential to a user's understanding of the required supplementary information.

TOWN OF NARRAGANSETT, RHODE ISLAND
Required Supplementary Information - Other Post-Employment Benefit Plans
Schedule of Funding Progress (1)
"Unaudited"

	<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL) (2)</i>	<i>Unfunded Liability/ (Funding Excess)</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>Unfunded Liability (Funding Excess) as a Percentage of Covered Payroll</i>
<i>Town Other Post-Employment Benefit Plan</i>							
	7/1/2010	\$ -	\$ 60,598,047	\$ 60,598,047	0.0%	\$ 8,644,525	701.0%
	7/1/2011	-	67,695,108	67,695,108	0.0%	8,839,013	765.9%
	7/1/2012	1,171,831	58,932,348	57,760,517	2.0%	9,104,183	634.4%
	7/1/2013	1,868,509	58,381,028	56,512,519	3.2%	9,377,308	602.7%
	7/1/2014	2,463,875	58,945,640	56,481,765	4.2%	9,522,699	593.1%
<i>School System Other Post-Employment Benefit Plan</i>							
	7/1/2010	\$ -	\$ 3,721,274	\$ 3,721,274	0.0%	\$ 15,293,489	24.3%
	7/1/2011	-	3,652,675	3,652,675	0.0%	15,112,602	24.2%
	7/1/2012	-	3,974,657	3,974,657	0.0%	15,565,980	25.5%
	7/1/2013	-	3,079,624	3,079,624	0.0%	16,032,959	19.2%
	7/1/2014	-	3,422,659	3,422,659	0.0%	N/A	N/A

(1) Town and School System Other Post-Employment Benefit Plans - projected unit credit actuarial cost method.

(2) 7/1/2013 AAL was rolled forward from July 1, 2012 valuation.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Required Supplementary Information
Other Post-Employment Benefit Plan
Schedule of Annual Required Contributions
"Unaudited"

Town Other Post-Employment Benefit Plan

<u><i>Year Ended June 30</i></u>	<u><i>Annual Required Contribution</i></u>	<u><i>Percentage Contributed</i></u>
2015	\$ 5,047,958	46.48%
2014	5,030,992	49.89%
2013	5,117,673	49.20%
2012	5,960,237	50.90%
2011	5,308,196	35.80%

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Required Supplementary Information
Employees' Retirement System Pension Plan
Schedule of the Town's Proportionate Share of the Net Pension Liability (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2015</u>
Town's proportion of the net pension liability	0.71867874%
Town's proportionate share of the net pension liability	\$ 17,492,643
State's proportionate share of the net pension liability associated with the Town	<u>11,995,511</u>
Total	<u>\$ 29,488,154</u>
Town's covered-employee payroll	\$ 12,180,991
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	143.61%
Plan fiduciary net position as a percentage of the total pension liability	61.40%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Required Supplementary Information - Police Pension Plan
Schedule of Changes in the Town's Net Pension Liability and Related Ratios (1)
"Unaudited"

	<u>2015</u>	<u>2014</u>
Total pension liability:		
Service cost	\$ -	\$ -
Interest	177,837	182,866
Changes of benefit terms	-	-
Differences between expected and actual experience	(20,730)	-
Changes of assumptions	85,996	-
Benefits payments, including refunds of member contributions	(255,145)	(244,698)
Net change in total pension liability	<u>(12,042)</u>	<u>(61,832)</u>
Total pension liability - beginning	<u>2,498,730</u>	<u>2,560,562</u>
Total pension liability - ending (a)	<u>\$ 2,486,688</u>	<u>\$ 2,498,730</u>
Plan fiduciary net position:		
Contributions - employer	\$ 126,770	\$ 124,954
Contributions - employee	-	-
Net investment income	2,633	-
Benefits payments, including refunds of member contributions	(255,145)	(244,698)
Administrative expense	-	-
Other	-	-
Net change in plan fiduciary net position	<u>(125,742)</u>	<u>(119,744)</u>
Plan fiduciary net position - beginning	<u>849,096</u>	<u>968,840</u>
Plan fiduciary net position - ending (b)	<u>\$ 723,354</u>	<u>\$ 849,096</u>
Town's net pension liability - ending (a) - (b)	<u>\$ 1,763,334</u>	<u>\$ 1,649,634</u>
Plan fiduciary net position as a percentage of the total pension liability	29.09%	33.98%
Covered employee payroll	Not applicable	Not applicable
Town's net pension liability as a percentage of covered employee payroll	Not applicable	Not applicable

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Required Supplementary Information - Town Pension Plan
Schedule of Changes in the Town's Net Pension Liability and Related Ratios (1)
"Unaudited"

	<u>2015</u>	<u>2014</u>
Total pension liability:		
Service cost	\$ 2,550,557	\$ 2,777,999
Interest	8,179,918	7,743,047
Changes of benefit terms	-	-
Differences between expected and actual experience	415,238	(138,666)
Changes of assumptions	2,569,581	(69,684)
Benefits payments, including refunds of member contributions	(4,369,538)	(4,151,080)
Net change in total pension liability	<u>9,345,756</u>	<u>6,161,616</u>
Total pension liability - beginning	<u>108,699,781</u>	<u>102,538,165</u>
Total pension liability - ending (a)	<u>\$118,045,537</u>	<u>\$ 108,699,781</u>
Plan fiduciary net position:		
Contributions - employer	\$ 4,999,356	\$ 3,237,890
Contributions - employee	1,465,617	1,272,360
Net investment income	472,799	10,071,983
Benefits payments, including refunds of member contributions	(4,369,538)	(4,151,082)
Administrative expense	(38,693)	(36,250)
Other	-	-
Net change in plan fiduciary net position	<u>2,529,541</u>	<u>10,394,901</u>
Plan fiduciary net position - beginning	<u>71,558,870</u>	<u>61,163,969</u>
Plan fiduciary net position - ending (b)	<u>\$ 74,088,411</u>	<u>\$ 71,558,870</u>
Town's net pension liability - ending (a) - (b)	<u>\$ 43,957,126</u>	<u>\$ 37,140,911</u>
Plan fiduciary net position as a percentage of the total pension liability	62.76%	65.83%
Covered employee payroll	\$ 12,188,272	\$ 12,466,246
Town's net pension liability as a percentage of covered employee payroll	360.65%	297.93%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Required Supplementary Information - Pension Plans
Schedule of Town Contributions
Last Ten Fiscal Years
"Unaudited"

	<u>2015</u>	<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>Employees' Retirement System of RI (1)</u>										
Actuarially determined contribution	\$ 1,666,368									
Contributions in relation to the actuarially determined contribution	1,666,368									
Contribution deficiency (excess)	<u>\$ -</u>									
Covered employee payroll	\$ 12,250,219									
Contributions as a percentage of covered employee payroll	13.60%									
<u>Police Plan</u>										
Actuarially determined contribution	\$ 208,518	\$ 129,257	\$ 124,954	\$ 131,117	\$ 125,293	\$ 77,093	\$ 77,093	\$ 80,656	\$ 80,656	\$ 71,561
Contributions in relation to the actuarially determined contribution	126,770	124,954	102,200	102,200	130,000	120,000	-	215,717	-	70,000
Contribution deficiency (excess)	<u>\$ 81,748</u>	<u>\$ 4,303</u>	<u>\$ 22,754</u>	<u>\$ 28,917</u>	<u>\$ (4,707)</u>	<u>\$ (42,907)</u>	<u>\$ 77,093</u>	<u>\$ (135,061)</u>	<u>\$ 80,656</u>	<u>\$ 1,561</u>
Covered employee payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Contributions as a percentage of covered employee payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
<u>Town Plan</u>										
Actuarially determined contribution	\$ 4,881,459	\$ 5,619,927	\$ 5,432,159	\$ 4,359,974	\$ 3,581,961	\$ 2,462,870	\$ 2,462,870	\$ 2,630,851	\$ 2,653,919	\$ 2,184,453
Contributions in relation to the actuarially determined contribution	4,999,356	3,237,890	2,627,014	2,177,565	1,936,385	1,557,772	1,342,866	1,164,457	1,051,572	1,028,030
Contribution deficiency (excess)	<u>\$ (117,897)</u>	<u>\$ 2,382,037</u>	<u>\$ 2,805,145</u>	<u>\$ 2,182,409</u>	<u>\$ 1,645,576</u>	<u>\$ 905,098</u>	<u>\$ 1,120,004</u>	<u>\$ 1,466,394</u>	<u>\$ 1,602,347</u>	<u>\$ 1,156,423</u>
Covered employee payroll	\$ 12,188,272	\$ 12,466,246	\$ 12,482,365	\$ 11,393,405	\$ 11,975,586	\$ 9,620,655	\$ 9,620,655	\$ 9,803,980	\$ 9,279,194	\$ 8,814,679
Contributions as a percentage of covered employee payroll	41.02%	25.97%	21.05%	19.11%	16.17%	16.19%	13.96%	11.88%	11.33%	11.66%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Required Supplementary Information - Pension Plans
Schedule of Investment Returns (1)
"Unaudited"

	<u>2015</u>	<u>2014</u>
<i>Police Plan</i>		
Annual money-weighted rate of return, net of investment expense	<u>0.78%</u>	<u>0.00%</u>
<i>Town Plan</i>		
Annual money-weighted rate of return, net of investment expense	<u>0.71%</u>	<u>15.81%</u>

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes:				
Current year taxes	\$ 46,696,428	\$ 46,696,428	\$ 47,101,995	\$ 405,567
Prior year taxes	135,000	135,000	241,117	106,117
	<u>46,831,428</u>	<u>46,831,428</u>	<u>47,343,112</u>	<u>511,684</u>
Investment and interest revenues:				
Interest from delinquent taxes and charges for services	197,140	197,140	186,068	(11,072)
Interest from investments	110,000	110,000	113,073	3,073
	<u>307,140</u>	<u>307,140</u>	<u>299,141</u>	<u>(7,999)</u>
Intergovernmental revenues:				
Motor vehicle tax reimbursement	65,718	65,718	60,561	(5,157)
Federal PILOT	64,640	64,640	66,720	2,080
Police grants - overtime reimbursement	4,465	4,465	-	(4,465)
Municipal aid incentive program	75,677	75,677	75,676	(1)
State beach parking	258,500	258,500	178,111	(80,389)
State telephone tax	199,818	199,818	195,635	(4,183)
State hotel tax	79,746	79,746	79,807	61
State meal and beverage tax	540,384	540,384	571,833	31,449
School building grant	485,970	485,970	482,749	(3,221)
	<u>1,774,918</u>	<u>1,774,918</u>	<u>1,711,092</u>	<u>(63,826)</u>
Licenses and permits:				
Building permits	315,000	315,000	324,409	9,409
Mooring fees	61,000	61,000	63,680	2,680
Variance and exception fees	14,000	14,000	11,341	(2,659)
Fire alarm inspection fees	9,850	9,850	9,300	(550)
Road permit fees	2,050	2,050	925	(1,125)
VIN inspection fees	3,100	3,100	5,187	2,087
Rental registration fees	145,000	145,000	145,000	-
	<u>550,000</u>	<u>550,000</u>	<u>559,842</u>	<u>9,842</u>
Fines and forfeitures:				
Police fees and fines	12,000	12,000	14,938	2,938
Municipal court	290,500	290,500	266,698	(23,802)
	<u>302,500</u>	<u>302,500</u>	<u>281,636</u>	<u>(20,864)</u>

(Continued)

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
General Fund
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<i>PILOT & Interfund revenues:</i>				
Beach in lieu of taxes	207,447	207,447	207,447	-
Housing authority in lieu of taxes	1,590	1,590	-	(1,590)
Water in lieu of taxes	32,015	32,015	32,015	-
Wastewater in lieu of taxes	142,993	142,993	142,993	-
Water administrative fees	139,089	139,089	139,089	-
Wastewater administrative fees	428,060	428,060	428,060	-
Beach administrative fees	133,342	133,342	133,342	-
Vehicle Maintenance	-	-	16,235	16,235
Charter School	500	-	4,000	4,000
	<u>1,085,036</u>	<u>1,084,536</u>	<u>1,103,181</u>	<u>18,645</u>
<i>Miscellaneous revenues:</i>				
Police finger print receipts	2,450	2,450	3,455	1,005
Town clerk general receipts	690,500	690,500	693,525	3,025
Town clerk alcoholic beverages	35,000	35,000	34,172	(828)
Police detail revenue	98,000	98,000	204,431	106,431
Pre-treatment revenue	-	-	2	2
Cellular tower rentals	234,546	234,546	201,528	(33,018)
Miscellaneous receipts	41,000	41,500	94,791	53,291
Emergency medical services	425,000	425,000	343,479	(81,521)
Miscellaneous fire department receipts	15,000	15,000	314	(14,686)
Miscellaneous police receipts	6,550	6,550	14,988	8,438
Police overtime reimbursement	23,800	23,800	21,967	(1,833)
Fire marshal plan review	22,000	22,000	30,770	8,770
Retained claims	-	-	10,639	10,639
Concessions	1,950	1,950	2,650	700
	<u>1,595,796</u>	<u>1,596,296</u>	<u>1,656,711</u>	<u>60,415</u>
<i>Recreation revenues:</i>				
Community center rental	8,200	8,200	8,636	436
Parks and recreation receipts	16,250	16,250	15,129	(1,121)
Miscellaneous receipts	1,550	1,550	-	(1,550)
Basketball	41,075	41,075	37,665	(3,410)
Workshops	24,000	24,000	30,051	6,051
Park rental	-	-	6,590	6,590
Concert rental	-	-	3,450	3,450
The Camp	63,300	63,300	68,753	5,453
	<u>154,375</u>	<u>154,375</u>	<u>170,274</u>	<u>15,899</u>
<i>Total revenues</i>	<u>52,601,193</u>	<u>52,601,193</u>	<u>53,124,989</u>	<u>523,796</u>

(Continued)

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
General Fund
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
General government:				
Town council	44,566	44,566	51,617	(7,051)
Town solicitor	100,905	100,905	133,193	(32,288)
Municipal court	211,884	211,884	181,401	30,483
Board of canvassers	122,549	122,549	130,030	(7,481)
Town manager	292,056	292,056	296,171	(4,115)
Human resources	134,895	134,895	116,146	18,749
Town clerk	396,771	396,771	353,817	42,954
Information technology	358,383	358,383	309,491	48,892
Historic district commission	664	664	301	363
Conservation commission	522	522	122	400
Planning board	5,186	5,186	2,768	2,418
Pension board	15,230	15,230	272	14,958
Zoning board of appeals	11,190	11,190	22,329	(11,139)
Non-departmental	198,566	198,566	193,198	5,368
	<u>1,893,367</u>	<u>1,893,367</u>	<u>1,790,856</u>	<u>102,511</u>
Financial administration:				
Financial and purchasing	392,986	392,986	390,630	2,356
Accounting	439,380	439,380	424,793	14,587
Tax assessor	297,118	297,118	249,074	48,044
Tax collector	370,017	370,017	254,656	115,361
	<u>1,499,501</u>	<u>1,499,501</u>	<u>1,319,153</u>	<u>180,348</u>
Public safety:				
Police administration	6,178,013	1,456,726	1,364,191	92,535
Uniformed patrol	-	3,936,231	4,189,190	(252,959)
Investigations	-	785,056	787,679	(2,623)
Animal control	187,215	187,215	190,208	(2,993)
Harbor master	42,223	42,223	42,171	52
Dispatching & records	942,156	942,156	939,496	2,660
Fire administration	5,431,471	5,431,471	5,509,923	(78,452)
Fire prevention & inspections	-	-	(7,492)	7,492
Emergency management	10,285	10,285	7,806	2,479
	<u>12,791,363</u>	<u>12,791,363</u>	<u>13,023,172</u>	<u>(231,809)</u>
Public works:				
Public works administration	420,400	420,400	302,290	118,110
Highway	1,901,526	1,901,526	1,854,295	47,231
Facilities maintenance	244,344	244,344	238,610	5,734
Vehicle maintenance	526,262	526,262	543,806	(17,544)
	<u>3,092,532</u>	<u>3,092,532</u>	<u>2,939,001</u>	<u>153,531</u>

(Continued)

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
General Fund
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<i>Parks and recreation:</i>				
Parks and recreation administration	235,426	235,426	173,541	61,885
Parks maintenance	812,099	812,099	763,256	48,843
Recreation programs	451,972	451,972	453,672	(1,700)
	<u>1,499,497</u>	<u>1,499,497</u>	<u>1,390,469</u>	<u>109,028</u>
<i>Planning, engineering and inspection:</i>				
Community development	412,271	412,271	414,693	(2,422)
Inspection services	406,736	406,736	441,483	(34,747)
Engineering	277,093	277,093	283,713	(6,620)
	<u>1,096,100</u>	<u>1,096,100</u>	<u>1,139,889</u>	<u>(43,789)</u>
<i>Education appropriation</i>	<u>24,698,297</u>	<u>24,698,297</u>	<u>24,698,297</u>	<u>-</u>
<i>Library appropriation</i>	<u>684,883</u>	<u>684,883</u>	<u>684,883</u>	<u>-</u>
<i>Other:</i>				
Contingency	300,000	300,000	88,439	211,561
OPEB sinking contribution	1,322,565	1,322,565	1,322,565	-
Special OPEB contribution	250,000	250,000	250,000	-
Police Chapter 1666 pension contribution	126,770	126,770	126,770	-
Retirement and termination benefits	150,000	150,000	-	150,000
	<u>2,149,335</u>	<u>2,149,335</u>	<u>1,787,774</u>	<u>361,561</u>
<i>Other financing uses:</i>				
<i>Transfers to other funds:</i>				
Town Capital Projects Fund	570,606	570,606	570,606	-
Debt Service Fund	2,419,076	2,419,076	2,388,673	30,403
Land Conservancy Fund	50,000	50,000	50,000	-
Special Revenue Fund	-	-	28,041	(28,041)
Middlebridge Fund	156,636	156,636	156,636	-
	<u>3,196,318</u>	<u>3,196,318</u>	<u>3,193,956</u>	<u>2,362</u>
<i>Total expenditures and other financing uses</i>	<u>52,601,193</u>	<u>52,601,193</u>	<u>51,967,450</u>	<u>633,743</u>
<i>Net change in fund balance - budgetary basis</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,157,539</u>	<u>\$ 1,157,539</u>

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2015
"Unaudited"

NOTE 2 - SCHEDULE OF TOWN CONTRIBUTIONS

	<u>Employees' Retirement System of RI</u>	<u>Police Pension</u>	<u>Town Pension</u>												
Valuation date:	June 30, 2012 - Actuarially determined contribution rates are calculated as of June 30 of each plan year and effective 2 years later	July 1, 2014 - Actuarially determined contribution rates are calculated as of July 1 of the fiscal year in which contributions are reported	July 1, 2014 - Actuarially determined contribution rates are calculated as of July 1 of the fiscal year in which contributions are reported												
Methods and assumptions used to determine contribution rates:															
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal												
Amortization method	Level percentage of payroll over a closed period	Open amortization over the average remaining expected lifetime of current retirees	Level percent of payroll over a closed 20 year period; for this purpose, payroll is assumed to grow at 4% annually												
Remaining amortization period	23 years	13 years	20 years												
Asset valuation method	5-year smoothed market	Fair market value of assets on the valuation date	Fair market value of assets on the valuation date adjusted for a 5 year phase in of gains and losses of plan assets												
Projected salary increases	Teachers - 4% - 12.75%	Not applicable	<table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><u>Age</u></th> <th style="text-align: left;"><u>Percent</u></th> </tr> </thead> <tbody> <tr> <td>20-29</td> <td>6.00%</td> </tr> <tr> <td>30-34</td> <td>5.50%</td> </tr> <tr> <td>35-39</td> <td>5.00%</td> </tr> <tr> <td>40-44</td> <td>4.50%</td> </tr> <tr> <td>45+</td> <td>4.00%</td> </tr> </tbody> </table> <p>Note: Different rates/amounts apply to Local 1033 and Council 94 members for fiscal years 2015, 2016 and 2017; thereafter revert to above table</p>	<u>Age</u>	<u>Percent</u>	20-29	6.00%	30-34	5.50%	35-39	5.00%	40-44	4.50%	45+	4.00%
<u>Age</u>	<u>Percent</u>														
20-29	6.00%														
30-34	5.50%														
35-39	5.00%														
40-44	4.50%														
45+	4.00%														
Investment rate of return	7.50%	7.50%	7.50%												
Inflation	2.75%	3%	3%												
Retirement rates	Experienced based table of rates that are specific to the type of eligibility condition	Not applicable	100% retirement at the earlier of age 58 with 10 years or 20 years for non-public safety. For public safety, age 58 or 20 years.												
Mortality	Teachers - Males - 97% of rates in GRS table based on male teacher experience, projected with Scale AA from 2000 Teachers - Females - 92% of rates in GRS table based on female teacher experience, projected with Scale AA from 2000	Healthy - Males - 115% of RP-2000 Mortality for Males with White Collar Adjustments, projected with Scale AA to 2013 Healthy - Females - 95% of RP-2000 Mortality for Females with White Collar Adjustments, projected with Scale AA to 2013 Disabled - 60% of PBGC Mortality 2012 under Section 4044	Healthy and disabled - RP-2000 Fully Generational, Base Year 2000, Scale AA												
Other Information:	Employers participating in the Employees' Retirement System of RI are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.	There were no changes from the prior valuation.	The unfunded liability was re-amortized as of July 1, 2014 based on a 20-year level percent of pay closed amortization with payments increasing at 4% per year. Six Police Plan retirees were moved to the Town Plan. Projected salary increases for Local 1033 and Council 94 members were updated for fiscal years 2015, 2016 and 2017 and then increase at assumption rates used for all other employees. Contribution rate for non-union employees was increased to 10%. Contribution rate for school employees was corrected to 8%.												

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2015

NOTE 3 - BUDGETARY DATA AND BUDGETARY COMPLIANCE

In accordance with the Town’s Charter, the Town has formally established budgetary accounting control for its General Fund and Enterprise Funds. It is the responsibility of the Town Manager to submit the proposed budgets to the Town Council. The General Fund budget includes the Municipal budget and School Department’s total budgeted Town appropriation. The proposed School Department budget is approved by the School Committee prior to being presented to the Town Manager. The Town Council may then revise and adopt a recommended General Fund budget including changes to the School Department’s total appropriation. At least two public hearings are conducted on the Town Council recommended budgets and the final recommended budgets are legally enacted through an ordinance by the Town Council prior to the start of the fiscal year. The General Fund’s annual operating budget is not in conformity with accounting principles generally accepted in the United States of America. The budget to actual presentation in the financial statements for the General Fund is presented on a budgetary basis. The difference between the budgetary basis and the accounting principles generally accepted in the United States of America basis is explained below.

Appropriations in addition to those contained in the annual operating budget require Town Council approval. Amendments to the operating budgets that do not result in additional appropriations may be made within a department by means of a transfer. The Town Manager has authority to make such transfers within departments. Transfers made outside the departmental level require Town Council approval. All unencumbered appropriations lapse at the end of the fiscal year.

The table below shows the amounts by which certain municipal department expenditures exceeded fiscal year 2015 appropriations:

<u>Department</u>	<u>Fund</u>	<u>Expenditures In Excess of Budget</u>
Town council	General	\$ 7,051
Town solicitor	General	32,288
Board of canvassers	General	7,481
Town manager	General	4,115
Zoning board of appeals	General	11,139
Uniformed patrol	General	252,959
Investigations	General	2,623
Animal control	General	2,993
Fire operations	General	78,452
Vehicle maintenance	General	17,544
Recreation programs	General	1,700
Community development	General	2,422
Inspection services	General	34,747
Engineering	General	6,620

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2015

Explanation of Differences between Budgetary Revenues, Expenditures, and Other Financing Sources and Uses and GAAP Revenues, Expenditures, and Other Financing Sources and Uses

<u>Revenues and Other Financing Sources</u>	<u>General Fund</u>
Actual amounts (budgetary basis)	\$53,124,989
Differences – budget to GAAP:	
The pension contributions made to the Employees Retirement System by the State on behalf of the Town of Narragansett is not reported as budgetary revenue, but is a current year revenue for financial reporting purposes.	1,149,345
Unbudgeted revenues not included for budgetary purposes, but included for financial reporting purposes.	3,173,070
The proceeds from a capital lease are not reported as an other financing source for budgetary purposes, but are reported as an other financing source for financial reporting purpose.	<u>624,870</u>
<i>Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds</i>	<u><u>\$58,072,274</u></u>
<u>Expenditures and Other Financing Uses</u>	<u>General Fund</u>
Actual amounts (budgetary basis)	\$51,967,450
Differences – budget to GAAP:	
The pension contributions made to the Employees Retirement System by the State on behalf of the Town of Narragansett is not reported as a budgetary expenditure, but is a current year expenditure for financial reporting purposes.	1,149,345
Unbudgeted expenditures not included for budgetary purposes, but included for financial reporting purposes.	2,439,791
The acquisition of capital assets with a capital lease is not reported as a budgetary expenditure, but is a current year expenditure for financial reporting purposes.	<u>624,870</u>
<i>Total expenditures and other financing uses as reported in the statement of revenues, expenditures and changes in fund balances – governmental funds</i>	<u><u>\$56,181,456</u></u>

OTHER SUPPLEMENTARY INFORMATION

The information provided herein contains schedules which the Town deems necessary to provide additional disclosures.

THIS SECTION CONTAINS THE FOLLOWING:

- Combining Fund Financial Statements for Nonmajor Governmental Funds**
- Combining Fund Financial Statements for Pension Trust Funds**
- Combining Fund Financial Statements for Private Purpose Trust Funds**
- Combining Statement of Assets and Liabilities for Agency Funds**
- Other Supplementary Information**

**COMBINING FUND FINANCIAL STATEMENTS -
NONMAJOR GOVERNMENTAL FUNDS**

**THE FOLLOWING FUNDS OF THE TOWN
ARE REPORTED IN THIS SECTION:**

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service and capital projects

The Capital Projects Funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital facilities and other capital assets outlays, including the acquisition and/or construction of capital items, except those financed by the Proprietary Fund Types or Trust Funds.

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	<i>Special Revenue Funds</i>				
	<i>School Restricted Grants</i>	<i>Food Service Fund</i>	<i>Grants Fund</i>	<i>Community Development Fund</i>	<i>Forfeited Funds</i>
ASSETS					
Cash	\$ -	\$ 16,220	\$ -	\$ -	\$ -
Due from federal and state governments	227,485	10,857	1,750	-	-
Due from other funds	2,825	36,267	104,418	170,526	40,582
Other receivables	-	21,204	-	277,342	-
Total assets	\$ 230,310	\$ 84,548	\$ 106,168	\$ 447,868	\$ 40,582
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
<i>Liabilities</i>					
Accounts payable and accrued expenditures	\$ -	\$ 76,170	\$ 2,383	\$ -	\$ -
Due to other funds	227,485	-	-	-	-
Unearned revenue	-	8,378	-	-	-
Total liabilities	227,485	84,548	2,383	-	-
<i>Deferred Inflows of Resources</i>					
Other deferred revenue	-	-	-	277,342	-
Total deferred inflows of resources	-	-	-	277,342	-
<i>Fund Balances (Deficits)</i>					
Restricted for:					
Education programs	2,825	-	-	-	-
Public safety programs	-	-	51,462	-	40,582
Historical records preservation	-	-	536	-	-
Community service programs	-	-	11,500	170,526	-
Parks and recreation programs	-	-	54,841	-	-
Capital projects	-	-	-	-	-
Other programs	-	-	-	-	-
Committed for:					
Capital projects	-	-	-	-	-
Assigned to:					
Capital projects	-	-	-	-	-
Unassigned	-	-	(14,554)	-	-
Total fund balances (deficits)	2,825	-	103,785	170,526	40,582
Total liabilities, deferred inflows of resources, and fund balances	\$ 230,310	\$ 84,548	\$ 106,168	\$ 447,868	\$ 40,582

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2015

	<u>Special Revenue Funds</u>			<u>Total Special Revenue Funds</u>
	<u>State Recycling Fund</u>	<u>Galilee Landing Fees Fund</u>	<u>Historical Preservation Fund</u>	
ASSETS				
Cash	\$ -	\$ -	\$ -	\$ 16,220
Due from federal and state governments	-	-	-	240,092
Due from other funds	32,944	20,074	208,354	615,990
Other receivables	-	-	-	298,546
Total assets	<u>\$ 32,944</u>	<u>\$ 20,074</u>	<u>\$ 208,354</u>	<u>\$ 1,170,848</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenditures	\$ -	\$ 3,324	\$ -	\$ 81,877
Due to other funds	-	-	-	227,485
Unearned revenue	-	-	-	8,378
Total liabilities	<u>-</u>	<u>3,324</u>	<u>-</u>	<u>317,740</u>
Deferred Inflows of Resources				
Other deferred revenue	-	-	-	277,342
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,342</u>
Fund Balances (Deficits)				
Restricted for:				
Education programs	-	-	-	2,825
Public safety programs	-	-	-	92,044
Historical records preservation	-	-	208,354	208,890
Community service programs	-	-	-	182,026
Parks and recreation programs	-	16,750	-	71,591
Capital projects	-	-	-	-
Other programs	32,944	-	-	32,944
Committed for:				
Capital projects	-	-	-	-
Assigned to:				
Capital projects	-	-	-	-
Unassigned	-	-	-	(14,554)
Total fund balances (deficits)	<u>32,944</u>	<u>16,750</u>	<u>208,354</u>	<u>575,766</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 32,944</u>	<u>\$ 20,074</u>	<u>\$ 208,354</u>	<u>\$ 1,170,848</u>

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2015

	<u>Capital Project Funds</u>			
	<u>Debt Service Fund</u>	<u>Land Trust Fund</u>	<u>Town Capital Projects Fund</u>	<u>School Capital Projects Fund</u>
ASSETS				
Cash	\$ -	\$ -	\$ -	\$ -
Due from federal and state governments	-	-	-	-
Due from other funds	-	122,847	1,565,476	669,232
Other receivables	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 122,847</u>	<u>\$ 1,565,476</u>	<u>\$ 669,232</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenditures	\$ -	\$ 4	\$ 75,410	\$ -
Due to other funds	-	-	-	292,951
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>4</u>	<u>75,410</u>	<u>292,951</u>
Deferred Inflows of Resources				
Other deferred revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)				
Restricted for:				
Education programs	-	-	-	-
Public safety programs	-	-	-	-
Historical records preservation	-	-	-	-
Community service programs	-	-	-	-
Parks and recreation programs	-	-	-	-
Capital projects	-	-	-	51,444
Other programs	-	-	-	-
Committed for:				
Capital projects	-	122,843	1,490,066	-
Assigned to:				
Capital projects	-	-	-	324,837
Unassigned	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>122,843</u>	<u>1,490,066</u>	<u>376,281</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 122,847</u>	<u>\$ 1,565,476</u>	<u>\$ 669,232</u>

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2015

	<u>Capital Project Funds</u>		<u>Total Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>School Athletic Complex Fund</u>	<u>Street Improvement Fund</u>		
ASSETS				
Cash	\$ 317,136	\$ 3,386,706	\$ 3,703,842	\$ 3,720,062
Due from federal and state governments	-	-	-	240,092
Due from other funds	86,209	-	2,443,764	3,059,754
Other receivables	-	-	-	298,546
Total assets	<u>\$ 403,345</u>	<u>\$ 3,386,706</u>	<u>\$ 6,147,606</u>	<u>\$ 7,318,454</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenditures	\$ 4,074	\$ 14,268	\$ 93,756	\$ 175,633
Due to other funds	-	617,839	910,790	1,138,275
Unearned revenue	-	-	-	8,378
Total liabilities	<u>4,074</u>	<u>632,107</u>	<u>1,004,546</u>	<u>1,322,286</u>
Deferred Inflows of Resources				
Other deferred revenue	-	-	-	277,342
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,342</u>
Fund Balances (Deficits)				
Restricted for:				
Education programs	-	-	-	2,825
Public safety programs	-	-	-	92,044
Historical records preservation	-	-	-	208,890
Community service programs	-	-	-	182,026
Parks and recreation programs	-	-	-	71,591
Capital projects	99,271	2,754,599	2,905,314	2,905,314
Other programs	-	-	-	32,944
Committed for:				
Capital projects	-	-	1,612,909	1,612,909
Assigned to:				
Capital projects	300,000	-	624,837	624,837
Unassigned	-	-	-	(14,554)
Total fund balances (deficits)	<u>399,271</u>	<u>2,754,599</u>	<u>5,143,060</u>	<u>5,718,826</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 403,345</u>	<u>\$ 3,386,706</u>	<u>\$ 6,147,606</u>	<u>\$ 7,318,454</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015

	<i>Special Revenue Funds</i>				
	<i>School Restricted Grants</i>	<i>Food Service Fund</i>	<i>Grants Fund</i>	<i>Community Development Fund</i>	<i>Forfeited Funds</i>
Revenues					
State aid	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services		211,528			
Operating grants and contributions	799,597	147,586	196,733		6,456
Capital grants and contributions			133,307		
Investment and interest income				7,629	
Other revenue				8,485	
Total revenues	<u>799,597</u>	<u>359,114</u>	<u>330,040</u>	<u>16,114</u>	<u>6,456</u>
Expenditures					
Current:					
General government					
Financial administration					
Public safety			81,613		2,519
Public works					
Social services			140,703		
Parks and recreation			7,568		
Food service		401,748			
Education	800,623				
Debt service:					
Principal					
Interest and fees					
Capital outlay			86,744		
Total expenditures	<u>800,623</u>	<u>401,748</u>	<u>316,628</u>	<u>-</u>	<u>2,519</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(1,026)</u>	<u>(42,634)</u>	<u>13,412</u>	<u>16,114</u>	<u>3,937</u>
Other financing sources (uses)					
General obligation bonds issued					
Premium on debt issued					
Transfers from other funds		42,634			28,041
Total other financing sources (uses)		<u>42,634</u>			<u>28,041</u>
Net change in fund balance	(1,026)	-	13,412	16,114	31,978
Fund balances (deficits) - beginning of year	<u>3,851</u>	<u>-</u>	<u>90,373</u>	<u>154,412</u>	<u>8,604</u>
Fund balances (deficits) - end of year	<u>\$ 2,825</u>	<u>\$ -</u>	<u>\$ 103,785</u>	<u>\$ 170,526</u>	<u>\$ 40,582</u>

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015

	<u>Special Revenue Funds</u>			<i>Total Special Revenue Funds</i>
	<i>State Recycling Fund</i>	<i>Galilee Landing Fees Fund</i>	<i>Historical Preservation Fund</i>	
Revenues				
State aid	\$ -	\$ -	\$ -	\$ -
Charges for services	171	86,708	25,912	324,319
Operating grants and contributions	29,983	-	-	1,180,355
Capital grants and contributions	-	-	-	133,307
Investment and interest income	-	-	-	7,629
Other revenue	-	-	-	8,485
Total revenues	<u>30,154</u>	<u>86,708</u>	<u>25,912</u>	<u>1,654,095</u>
Expenditures				
Current:				
General government	-	-	39,520	39,520
Financial administration	-	-	-	-
Public safety	-	-	-	84,132
Public works	18,962	-	-	18,962
Social services	-	-	-	140,703
Parks and recreation	-	113,400	-	120,968
Food service	-	-	-	401,748
Education	-	-	-	800,623
Debt service:				
Principal	-	-	-	-
Interest and fees	-	-	-	-
Capital outlay	-	-	-	86,744
Total expenditures	<u>18,962</u>	<u>113,400</u>	<u>39,520</u>	<u>1,693,400</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>11,192</u>	<u>(26,692)</u>	<u>(13,608)</u>	<u>(39,305)</u>
Other financing sources (uses)				
General obligation bonds issued	-	-	-	-
Premium on debt issued	-	-	-	-
Transfers from other funds	-	-	-	70,675
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,675</u>
Net change in fund balance	11,192	(26,692)	(13,608)	31,370
Fund balances (deficits) - beginning of year	<u>21,752</u>	<u>43,442</u>	<u>221,962</u>	<u>544,396</u>
Fund balances (deficits) - end of year	<u>\$ 32,944</u>	<u>\$ 16,750</u>	<u>\$ 208,354</u>	<u>\$ 575,766</u>

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015

	<u>Capital Project Funds</u>			
	<u>Debt Service Fund</u>	<u>Land Trust Fund</u>	<u>Town Capital Projects Fund</u>	<u>School Capital Projects Fund</u>
Revenues				
State aid	\$ -	\$ -	\$ -	\$ 147,456
Charges for services	-	-	-	-
Operating grants and contributions	-	-	102,600	-
Capital grants and contributions	-	-	-	-
Investment and interest income	-	-	-	-
Other revenue	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>102,600</u>	<u>147,456</u>
Expenditures				
Current:				
General government	-	-	2,942	-
Financial administration	-	-	165,760	-
Public safety	-	-	-	-
Public works	67,577	-	-	-
Social services	-	-	-	-
Parks and recreation	-	-	-	-
Food service	-	-	-	-
Education	-	-	-	-
Debt service:				
Principal	1,403,530	-	-	-
Interest and fees	917,566	-	-	-
Capital outlay	-	-	1,164,271	96,012
Total expenditures	<u>2,388,673</u>	<u>-</u>	<u>1,332,973</u>	<u>96,012</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(2,388,673)</u>	<u>-</u>	<u>(1,230,373)</u>	<u>51,444</u>
Other financing sources (uses)				
General obligation bonds issued	-	-	-	-
Premium on debt issued	-	-	-	-
Transfers from other funds	2,388,673	50,000	570,606	-
Total other financing sources (uses)	<u>2,388,673</u>	<u>50,000</u>	<u>570,606</u>	<u>-</u>
Net change in fund balance	-	50,000	(659,767)	51,444
Fund balances (deficits) - beginning of year	<u>-</u>	<u>72,843</u>	<u>2,149,833</u>	<u>324,837</u>
Fund balances (deficits) - end of year	<u>\$ -</u>	<u>\$ 122,843</u>	<u>\$ 1,490,066</u>	<u>\$ 376,281</u>

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015

	<u>Capital Project Funds</u>		<u>Total Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>School Athletic Complex Fund</u>	<u>Street Improvement Fund</u>		
Revenues				
State aid	\$ -	\$ -	\$ 147,456	\$ 147,456
Charges for services	-	-	-	324,319
Operating grants and contributions	-	-	102,600	1,282,955
Capital grants and contributions	228,536	-	228,536	361,843
Investment and interest income	-	10,152	10,152	17,781
Other revenue	-	-	-	8,485
Total revenues	<u>228,536</u>	<u>10,152</u>	<u>488,744</u>	<u>2,142,839</u>
Expenditures				
Current:				
General government	-	-	2,942	42,462
Financial administration	-	-	165,760	165,760
Public safety	-	-	-	84,132
Public works	-	-	-	86,539
Social services	-	-	-	140,703
Parks and recreation	-	-	-	120,968
Food service	-	-	-	401,748
Education	17,483	-	17,483	818,106
Debt service:				
Principal	-	-	-	1,403,530
Interest and fees	-	95,696	95,696	1,013,262
Capital outlay	117,997	1,211,976	2,590,256	2,677,000
Total expenditures	<u>135,480</u>	<u>1,307,672</u>	<u>2,872,137</u>	<u>6,954,210</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>93,056</u>	<u>(1,297,520)</u>	<u>(2,383,393)</u>	<u>(4,811,371)</u>
Other financing sources (uses)				
General obligation bonds issued	-	4,100,000	4,100,000	4,100,000
Premium on debt issued	-	135,626	135,626	135,626
Transfers from other funds	300,000	-	920,606	3,379,954
Total other financing sources (uses)	<u>300,000</u>	<u>4,235,626</u>	<u>5,156,232</u>	<u>7,615,580</u>
Net change in fund balance	393,056	2,938,106	2,772,839	2,804,209
Fund balances (deficits) - beginning of year	<u>6,215</u>	<u>(183,507)</u>	<u>2,370,221</u>	<u>2,914,617</u>
Fund balances (deficits) - end of year	<u>\$ 399,271</u>	<u>\$ 2,754,599</u>	<u>\$ 5,143,060</u>	<u>\$ 5,718,826</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet
Special Revenue Funds - School Restricted Fund
June 30, 2015

	<u>IDEA</u>	<u>Title I Part A</u>	<u>PL 94 - 142 IDEA Preschool</u>	<u>Title II Part A</u>	<u>School Support Implementation Plan</u>
ASSETS					
Due from the state	\$ 132,883	\$ 54,779	\$ 2,327	\$ 29,110	\$ 6,448
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 132,883</u>	<u>\$ 54,779</u>	<u>\$ 2,327</u>	<u>\$ 29,110</u>	<u>\$ 6,448</u>
 LIABILITIES AND FUND BALANCES					
Liabilities					
Due to other funds	132,883	54,779	2,327	29,110	6,448
Total liabilities	<u>132,883</u>	<u>54,779</u>	<u>2,327</u>	<u>29,110</u>	<u>6,448</u>
Fund balances - restricted	-	-	-	-	-
Total liabilities and fund balances	<u>\$ 132,883</u>	<u>\$ 54,779</u>	<u>\$ 2,327</u>	<u>\$ 29,110</u>	<u>\$ 6,448</u>

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet (Continued)
Special Revenue Funds - School Restricted Fund
June 30, 2015

	<i>Casit, Inc. AP Italian Program</i>	<i>Race to the Top Instructional Improvement System Set Aside</i>	<i>Race to the Top Standards & Curriculum</i>	<i>Race to the Top Educator Effectiveness Set Aside</i>	<i>Race to the Top Instructional Improvement System</i>
ASSETS					
Due from the state	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	20	-	-	-	-
Total assets	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES					
<i>Liabilities</i>					
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - restricted	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet (Continued)
Special Revenue Funds - School Restricted Fund
June 30, 2015

	<i>Race to the Top Year 5: Teacher Resource Summit</i>	<i>Drug Free Communities Support Program</i>	<i>Tolerance Program</i>	<i>Chartwell's Grant</i>	<i>Total</i>
ASSETS					
Due from the state	\$ 1,938	\$ -	\$ -	\$ -	\$ 227,485
Due from other funds	-	-	929	1,876	2,825
Total assets	\$ 1,938	\$ -	\$ 929	\$ 1,876	\$ 230,310
 LIABILITIES AND FUND BALANCES					
Liabilities					
Due to other funds	1,938	-	-	-	227,485
Total liabilities	1,938	-	-	-	227,485
Fund balances - restricted	-	-	929	1,876	2,825
Total liabilities and fund balances	\$ 1,938	\$ -	\$ 929	\$ 1,876	\$ 230,310

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds - School Restricted Fund
For the Fiscal Year Ended June 30, 2015

	<i>IDEA</i>	<i>Title I Part A</i>	<i>PL 94 - 142 IDEA Preschool</i>	<i>Title II Part A</i>	<i>School Support Implementation Plan</i>
Revenues					
Operating grants and contributions	\$ 444,430	\$ 149,074	\$ 9,454	\$ 75,039	\$ 6,448
Total revenues	<u>444,430</u>	<u>149,074</u>	<u>9,454</u>	<u>75,039</u>	<u>6,448</u>
Expenditures					
Salaries	280,162	101,316	8,674	55,366	3,900
Employee benefits	156,993	47,758	780	19,673	298
Purchased services	7,125	-	-	-	2,250
Capital outlay	-	-	-	-	-
Miscellaneous	150	-	-	-	-
Total expenditures	<u>444,430</u>	<u>149,074</u>	<u>9,454</u>	<u>75,039</u>	<u>6,448</u>
Net change in fund balances	-	-	-	-	-
Fund balances - beginning of year	-	-	-	-	-
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Special Revenue Funds - School Restricted Fund
For the Fiscal Year Ended June 30, 2015

	<i>Casit, Inc. AP Italian Program</i>	<i>Race to the Top Instructional Improvement System Set Aside</i>	<i>Race to the Top Standards & Curriculum</i>	<i>Race to the Top Educator Effectiveness Set Aside</i>	<i>Race to the Top Instructional Improvement System</i>
Revenues					
Operating grants and contributions	\$ 1,000	\$ 362	\$ 4,939	\$ 2,041	\$ 2,383
Total revenues	<u>1,000</u>	<u>362</u>	<u>4,939</u>	<u>2,041</u>	<u>2,383</u>
Expenditures					
Salaries	-	-	4,600	-	1,519
Employee benefits	-	-	339	-	116
Purchased services	-	362	-	2,041	748
Capital outlay	1,976	-	-	-	-
Miscellaneous	50	-	-	-	-
Total expenditures	<u>2,026</u>	<u>362</u>	<u>4,939</u>	<u>2,041</u>	<u>2,383</u>
Net change in fund balances	(1,026)	-	-	-	-
Fund balances - beginning of year	<u>1,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - end of year	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Special Revenue Funds - School Restricted Fund
For the Fiscal Year Ended June 30, 2015

	<i>Race to the Top Year 5: Teacher Resource Summit</i>	<i>Drug Free Communities Support Program</i>	<i>Tolerance Program</i>	<i>Chartwell's Grant</i>	<i>Total</i>
Revenues					
Operating grants and contributions	\$ 1,938	\$ 102,489	\$ -	\$ -	\$ 799,597
Total revenues	<u>1,938</u>	<u>102,489</u>	<u>-</u>	<u>-</u>	<u>799,597</u>
Expenditures					
Salaries	1,800	-	-	-	457,337
Employee benefits	138	-	-	-	226,095
Purchased services	-	102,489	-	-	115,015
Capital outlay	-	-	-	-	1,976
Miscellaneous	-	-	-	-	200
Total expenditures	<u>1,938</u>	<u>102,489</u>	<u>-</u>	<u>-</u>	<u>800,623</u>
Net change in fund balances	-	-	-	-	(1,026)
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>929</u>	<u>1,876</u>	<u>3,851</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 929</u>	<u>\$ 1,876</u>	<u>\$ 2,825</u>

**COMBINING FUND FINANCIAL STATEMENTS -
PENSION TRUST FUNDS**

Pension Trust Funds account for contributions made by the Town and its participating employees to provide pension benefits to these employees at retirement.

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2015

	<u>Town Plan</u>	<u>Police Plan</u>	<u>Total Pension Trust Funds</u>
Assets			
Cash and cash equivalents	\$ 1,755,704	\$ 22,157	\$ 1,777,861
Investments at fair value:			
U.S. government obligations	1,003,527	-	1,003,527
Municipal obligations	33,182	-	33,182
Corporate bonds	2,791,489	-	2,791,489
Mortgage backed securities	507,749	-	507,749
Common stock	31,173,043	-	31,173,043
Preferred stock	118,800	-	118,800
Mutual and exchange traded funds - equities	18,691,752	657,282	19,349,034
Mutual and exchange traded funds - fixed income	13,547,025	348,781	13,895,806
Hedge fund	3,731,791	-	3,731,791
Total investments	<u>71,598,358</u>	<u>1,006,063</u>	<u>72,604,421</u>
Accrued interest receivable	32,484	-	32,484
Contribution receivable	377,424	-	377,424
Prepaid expenses	361,973	21,175	383,148
Total assets	<u>74,125,943</u>	<u>1,049,395</u>	<u>75,175,338</u>
Liabilities			
Accounts payable	37,532	-	37,532
Due to other funds	-	326,041	326,041
Total liabilities	<u>37,532</u>	<u>326,041</u>	<u>363,573</u>
Net Position			
Restricted for pension benefits	<u>\$ 74,088,411</u>	<u>\$ 723,354</u>	<u>\$ 74,811,765</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended June 30, 2015

	<u>Town Plan</u>	<u>Police Plan</u>	<u>Total Pension Trust Funds</u>
Additions			
Contributions:			
Employer	\$ 4,999,356	\$ 126,770	\$ 5,126,126
Plan member	1,465,617	-	1,465,617
Total contributions	<u>6,464,973</u>	<u>126,770</u>	<u>6,591,743</u>
Investment income:			
Net increase (decrease) in fair value of investments	(1,259,087)	(83)	(1,259,170)
Interest and dividends	2,131,228	5,081	2,136,309
Less: investment expense	(399,342)	(2,365)	(401,707)
Net investment income	<u>472,799</u>	<u>2,633</u>	<u>475,432</u>
Total additions	<u>6,937,772</u>	<u>129,403</u>	<u>7,067,175</u>
Deductions			
Benefits	4,227,042	255,145	4,482,187
Refunds of contributions	142,496	-	142,496
Administrative expenses	38,693	-	38,693
Total deductions	<u>4,408,231</u>	<u>255,145</u>	<u>4,663,376</u>
Change in net position	2,529,541	(125,742)	2,403,799
Net position - beginning of year	<u>71,558,870</u>	<u>849,096</u>	<u>72,407,966</u>
Net position - end of year	<u>\$ 74,088,411</u>	<u>\$ 723,354</u>	<u>\$ 74,811,765</u>

**COMBINING FUND FINANCIAL STATEMENTS -
PRIVATE PURPOSE TRUST FUNDS**

Private Purpose Trust Funds were established to account for assets held by the Town in a fiduciary capacity for individuals, governmental entities and others. Trust funds are operated by carrying out specific requirements, or other governing regulations.

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds
June 30, 2015

	<i>Barton Memorial Scholarship Fund</i>	<i>Richard Colvin Memorial Scholarship Fund</i>	<i>Barbara E. Duggan Memorial Scholarship Fund</i>	<i>Peter Davis Burial Fund</i>	<i>Franklin Burial Fund</i>	<i>James Water Fund</i>	<i>Frank L. Robinson Fund</i>	<i>Total Private- Purpose Trusts</i>
Assets								
Cash and cash equivalents	\$ 6,897	\$ -	\$ 604	\$ -	\$ -	\$ -	\$ -	\$ 7,501
Investments	-	7,792	-	-	-	-	-	7,792
Due from other funds	-	-	-	529	3,461	2,719	61,493	68,202
Total assets	<u>6,897</u>	<u>7,792</u>	<u>604</u>	<u>529</u>	<u>3,461</u>	<u>2,719</u>	<u>61,493</u>	<u>83,495</u>
Liabilities								
Due to other funds	500	-	-	-	-	-	-	500
Total liabilities	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>
Net Position								
Restricted for other purposes	<u>\$ 6,397</u>	<u>\$ 7,792</u>	<u>\$ 604</u>	<u>\$ 529</u>	<u>\$ 3,461</u>	<u>\$ 2,719</u>	<u>\$ 61,493</u>	<u>\$ 82,995</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trusts Funds
For the Fiscal Year Ended June 30, 2015

	<i>Barton Memorial Scholarship Fund</i>	<i>Richard Colvin Memorial Scholarship Fund</i>	<i>Barbara E. Duggan Memorial Scholarship Fund</i>	<i>Peter Davis Burial Fund</i>	<i>Franklin Burial Fund</i>	<i>James Water Fund</i>	<i>Frank L. Robinson Fund</i>	<i>Total Private- Purpose Trusts</i>
Additions								
Investment earnings:								
Net increase (decrease) in fair value of investments	\$ -	\$ (337)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (337)
Interest and dividends	3	663	-	-	-	-	-	666
Net investment earnings	3	326	-	-	-	-	-	329
Total additions	3	326	-	-	-	-	-	329
Deductions								
Scholarships	750	250	-	-	-	-	-	1,000
Miscellaneous	-	-	-	-	-	-	5,550	5,550
Total deductions	750	250	-	-	-	-	5,550	6,550
Change in net position	(747)	76	-	-	-	-	(5,550)	(6,221)
Net position - beginning of year	7,144	7,716	604	529	3,461	2,719	67,043	89,216
Net position - end of year	<u>\$ 6,397</u>	<u>\$ 7,792</u>	<u>\$ 604</u>	<u>\$ 529</u>	<u>\$ 3,461</u>	<u>\$ 2,719</u>	<u>\$ 61,493</u>	<u>\$ 82,995</u>

AGENCY FUNDS

Agency Funds account for assets held by the Town as an agent for individuals, organizations or other governmental units.

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2015

	<u>Student Activities - High School</u>	<u>Student Activities - Pier School</u>	<u>Student Activities - Elementary School</u>	<u>Total</u>
Assets				
Due from other funds	<u>\$ 71,624</u>	<u>\$ 60,759</u>	<u>\$ 47,207</u>	<u>\$ 179,590</u>
Total assets	<u><u>\$ 71,624</u></u>	<u><u>\$ 60,759</u></u>	<u><u>\$ 47,207</u></u>	<u><u>\$ 179,590</u></u>
Liabilities				
Deposits held in custody for others	<u>\$ 71,624</u>	<u>\$ 60,759</u>	<u>\$ 47,207</u>	<u>\$ 179,590</u>
Total liabilities	<u><u>\$ 71,624</u></u>	<u><u>\$ 60,759</u></u>	<u><u>\$ 47,207</u></u>	<u><u>\$ 179,590</u></u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2015

	<i>Balance</i> <i>June 30, 2014</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance</i> <i>June 30, 2015</i>
STUDENT ACTIVITIES - HIGH SCHOOL				
<i>Assets</i>				
Due from other funds	\$ 78,316	\$ 196,650	\$ 203,342	\$ 71,624
Total assets	\$ 78,316	\$ 196,650	\$ 203,342	\$ 71,624
<i>Liabilities</i>				
Deposits held in custody for others	\$ 78,316	\$ 196,650	\$ 203,342	\$ 71,624
Total liabilities	\$ 78,316	\$ 196,650	\$ 203,342	\$ 71,624
STUDENT ACTIVITIES - PIER SCHOOL				
<i>Assets</i>				
Due from other funds	\$ 64,877	\$ 92,838	\$ 96,956	\$ 60,759
Total assets	\$ 64,877	\$ 92,838	\$ 96,956	\$ 60,759
<i>Liabilities</i>				
Accounts payable	\$ 479	\$ -	\$ 479	\$ -
Deposits held in custody for others	64,398	92,838	96,477	60,759
Total liabilities	\$ 64,877	\$ 92,838	\$ 96,956	\$ 60,759
STUDENT ACTIVITIES - ELEMENTARY SCHOOL				
<i>Assets</i>				
Due from other funds	\$ 48,661	\$ 25,235	\$ 26,689	\$ 47,207
Total assets	\$ 48,661	\$ 25,235	\$ 26,689	\$ 47,207
<i>Liabilities</i>				
Deposits held in custody for others	\$ 48,661	\$ 25,235	\$ 26,689	\$ 47,207
Total liabilities	\$ 48,661	\$ 25,235	\$ 26,689	\$ 47,207
TOTAL AGENCY FUNDS				
<i>Assets</i>				
Due from other funds	\$ 191,854	\$ 314,723	\$ 326,987	\$ 179,590
Total assets	\$ 191,854	\$ 314,723	\$ 326,987	\$ 179,590
<i>Liabilities</i>				
Accounts payable	\$ 479	\$ -	\$ 479	\$ -
Deposits held in custody for others	191,375	314,723	326,508	179,590
Total liabilities	\$ 191,854	\$ 314,723	\$ 326,987	\$ 179,590

TOWN OF NARRAGANSETT, RHODE ISLAND
Tax Collector's Annual Report
For the Fiscal Year Ended June 30, 2015

Real Estate and Personal Property Taxes

<i>Tax Year</i>	<i>Balance June 30, 2014</i>	<i>Assessments December 31, 2013</i>	<i>Additions</i>	<i>Refunds</i>	<i>Abatements and Adjustments</i>	<i>Amount to be Collected</i>	<i>Current Year Collections</i>	<i>Balance June 30, 2015</i>
2014	\$ -	\$ 47,399,848	\$ 24,930	\$ 54,688	\$ (23,802)	\$ 47,455,664	\$ 47,043,390	\$ 412,274
2013	352,899	-	-	15,544	(15,451)	352,992	287,554	65,438
2012	70,961	-	-	11,206	(15,715)	66,452	12,786	53,666
2011	41,582	-	-	-	-	41,582	5,835	35,747
2010	34,171	-	-	-	-	34,171	1,360	32,811
2009	35,518	-	-	-	-	35,518	297	35,221
2008	55,626	-	-	-	-	55,626	620	55,006
2007	35,653	-	-	-	-	35,653	59	35,594
2006	24,916	-	-	-	-	24,916	130	24,786
2005	28,664	-	-	-	-	28,664	67	28,597
2004	27,389	-	-	-	(19,344)	8,045	97	7,948
2003	6,978	-	-	-	-	6,978	-	6,978
2002	3,936	-	-	-	-	3,936	-	3,936
2001	6,302	-	-	-	-	6,302	-	6,302
2000	6,513	-	-	-	-	6,513	-	6,513
1999	4,830	-	-	-	-	4,830	-	4,830
1998	5,781	-	-	-	-	5,781	-	5,781
	<u>\$ 741,719</u>	<u>\$ 47,399,848</u>	<u>\$ 24,930</u>	<u>\$ 81,438</u>	<u>\$ (74,312)</u>	<u>\$ 48,173,623</u>	<u>\$ 47,352,195</u>	<u>\$ 821,428</u>

Schedule of Most Recent Net Assessed Property Value by Category

<i>Description of Property</i>	<i>Valuation</i>	<i>Levy</i>
<i>Real property</i>	\$ 4,397,923,568	\$ 45,491,462
<i>Motor vehicles</i>	167,279,089	2,753,414
<i>Tangible personal property</i>	43,131,161	649,555
<i>Total</i>	4,608,333,818	48,894,431
<i>Exemptions</i>	101,784,831	1,494,583
<i>Net assessed value</i>	<u>\$ 4,506,548,987</u>	<u>\$ 47,399,848</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of Assets, Liabilities and Fund Balance
School Department Operating Fund
June 30, 2015

ASSETS

Cash	\$ 125
Due from federal and state governments	13,909
Other receivables	6,880
Due from other funds	6,408,953
Prepaid expenditures	118,186
Other assets	224,233
Total assets	<u><u>\$ 6,772,286</u></u>

LIABILITIES AND FUND BALANCES

Liabilities

Accounts payable and accrued expenditures	\$ 154,733
Due to other funds	924,260
Total liabilities	<u><u>1,078,993</u></u>

Fund balances

Nonspendable:	
Prepaid expenditures	118,186
Other assets- WB deposits	224,233
Restricted for:	
Education	5,350,874
Total fund balances	<u><u>5,693,293</u></u>
Total liabilities and fund balances	<u><u>\$ 6,772,286</u></u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of Revenues, Expenditures and Changes in Fund Balance
School Department Operating Fund
For the Fiscal Year Ended June 30, 2015

REVENUES	
Town appropriation	\$ 24,698,297
State aid	3,143,265
Charges for services	285,913
Other revenues	14,758
Total revenues	<u>28,142,233</u>
EXPENDITURES	
Education	<u>27,555,302</u>
Total expenditures	<u>27,555,302</u>
Excess of revenues over expenditures before other financing uses	<u>586,931</u>
Other financing uses:	
Transfers to other funds	<u>(442,634)</u>
Total other financing uses	<u>(442,634)</u>
Net change in fund balances	144,297
Fund balances - beginning of year	<u>5,548,996</u>
Fund balances - end of year	<u>\$ 5,693,293</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of General Fund - Fund Balance
Restricted for Education Programs
June 30, 2015

Restricted for Education:

School Committee designation for other post-employment benefit costs	\$ 1,122,788
School Committee designation for use in subsequent year budget	3,061,000
Undesignated	<u>2,309,743</u>
<i>Total</i>	<u><u>\$ 6,493,531</u></u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of Revenues and Expenditures - Budget and Actual
School Department Operating Budget
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Town appropriation	\$ 24,698,297	\$ 24,698,297	\$ 24,698,297	\$ -
State aid	1,805,079	1,805,079	1,993,920	188,841
Charges for services	318,000	318,000	285,913	(32,087)
Other revenues	216,722	216,722	14,758	(201,964)
Re-appropriated school surplus	700,000	700,000	-	(700,000)
Total revenues	<u>27,738,098</u>	<u>27,738,098</u>	<u>26,992,888</u>	<u>(745,210)</u>
Expenditures				
Salaries	16,381,513	16,210,009	16,083,416	126,593
Employee benefits	7,104,369	7,054,420	6,919,746	134,674
Purchased services	2,664,095	2,391,141	2,083,947	307,194
Supplies and materials	1,245,900	1,191,891	910,300	281,591
Capital outlay	160,275	356,914	338,076	18,838
Other costs	39,946	91,723	70,472	21,251
Total expenditures	<u>27,596,098</u>	<u>27,296,098</u>	<u>26,405,957</u>	<u>890,141</u>
Excess of revenues over expenditures before other financing uses	<u>142,000</u>	<u>442,000</u>	<u>586,931</u>	<u>144,931</u>
Other financing uses				
Transfer to other funds	(142,000)	(442,000)	(442,634)	(634)
Total other financing uses	<u>(142,000)</u>	<u>(442,000)</u>	<u>(442,634)</u>	<u>(634)</u>
Net change in fund balance (budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,297</u>	<u>\$ 144,297</u>

STATISTICAL SECTION

The Statistical Schedules differ from other financial statement presentations because they generally disclose more than one fiscal year and may present non-accounting data such as social and economic data and financial trends of the Town.

TOWN OF NARRAGANSETT, RHODE ISLAND

NET POSITION BY COMPONENT
 LAST NINE FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

Exhibit 1

	Fiscal Year								
	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities:									
Net investment in capital assets	\$ 71,751,258	\$ 73,242,220	\$ 72,797,383	\$ 73,799,642	\$ 72,788,921	\$ 76,328,788	\$ 65,852,760	\$ 30,048,212	\$ 26,117,977
Restricted	7,550,352	7,151,671	6,041,787	5,465,023	5,048,391	-	-	-	845,523
Unrestricted	(72,894,919)	(71,834,567)	(68,600,464)	(26,820,119)	(21,287,061)	(13,189,145)	(12,642,946)	(6,403,948)	(3,886,114)
Total governmental activities net position	<u>\$ 6,406,691</u>	<u>\$ 8,559,324</u>	<u>\$ 10,238,706</u>	<u>\$ 52,444,546</u>	<u>\$ 56,550,251</u>	<u>\$ 63,139,643</u>	<u>\$ 53,209,814</u>	<u>\$ 23,644,264</u>	<u>\$ 23,077,386</u>
Business-type activities:									
Net investment in capital assets	\$ 31,406,927	\$ 30,664,018	\$ 30,053,171	\$ 29,007,798	\$ 26,981,862	\$ 26,525,585	\$ 26,399,950	\$ 24,910,202	\$ 23,532,410
Unrestricted	9,319,004	9,301,453	9,188,467	7,993,878	9,644,978	10,288,862	9,643,685	10,419,879	10,158,298
Total business-type activities net position	<u>\$ 40,725,931</u>	<u>\$ 39,965,471</u>	<u>\$ 39,241,638</u>	<u>\$ 37,001,676</u>	<u>\$ 36,626,840</u>	<u>\$ 36,814,447</u>	<u>\$ 36,043,635</u>	<u>\$ 35,330,081</u>	<u>\$ 33,690,708</u>
Primary government:									
Net investment in capital assets	\$ 103,158,185	\$ 103,906,238	\$ 102,850,554	\$ 102,807,440	\$ 99,770,783	\$ 102,854,373	\$ 92,252,710	\$ 54,958,414	\$ 49,650,387
Restricted	7,550,352	7,151,671	6,041,787	5,465,023	5,048,391	-	-	-	845,523
Unrestricted	(63,575,915)	(62,533,114)	(59,411,997)	(18,826,241)	(11,642,083)	(2,900,283)	(2,999,261)	4,015,931	6,272,184
Total primary government net position	<u>\$ 47,132,622</u>	<u>\$ 48,524,795</u>	<u>\$ 49,480,344</u>	<u>\$ 89,446,222</u>	<u>\$ 93,177,091</u>	<u>\$ 99,954,090</u>	<u>\$ 89,253,449</u>	<u>\$ 58,974,345</u>	<u>\$ 56,768,094</u>

TOWN OF NARRAGANSETT, RHODE ISLAND

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Exhibit 2

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:										
Governmental activities:										
General government	\$ 3,354,594	\$ 3,657,602	\$ 3,697,034	\$ 3,967,108	\$ 1,960,227	\$ 999,494	\$ 3,758,548	\$ 3,483,345	\$ 3,166,633	\$ 2,941,590
Financial administration	1,824,303	1,677,212	1,719,594	1,972,289	1,108,193	1,109,011	868,872	951,634	1,029,179	1,035,841
Public safety	15,338,485	15,180,592	15,284,664	14,644,220	11,627,180	10,922,031	10,932,393	12,652,621	12,191,560	9,318,715
Public works	4,913,307	4,978,149	4,757,802	4,107,512	4,523,343	3,921,244	3,757,059	2,084,085	1,720,256	1,880,594
Social services	140,703	93,240	54,874	93,959	187,285	362,588	249,641	264,272	655,799	356,170
Parks and recreation	2,214,141	2,398,295	2,403,126	2,323,745	1,387,846	1,460,487	1,451,280	1,423,735	1,695,839	1,601,978
Planning, engineering and inspection	1,273,212	1,204,386	1,333,057	1,226,549	1,491,691	1,282,366	1,843,867	1,229,624	1,137,184	2,093,327
Library	782,598	709,574	743,782	697,801	656,175	682,173	727,401	667,178	-	-
Food service	-	-	-	-	380,926	361,762	357,069	343,724	363,427	419,440
Other	-	-	-	-	5,953,585	6,816,208	7,590,833	1,648,603	1,275,265	838,715
Education	30,442,611	30,396,974	30,074,899	30,177,912	29,487,050	28,544,163	27,651,643	27,177,622	25,829,729	24,897,064
Interest on long-term debt	1,038,443	894,414	890,143	979,348	966,891	1,047,327	1,152,315	536,422	318,649	226,897
Total governmental activities expenses	61,322,397	61,190,438	60,958,975	60,190,443	59,730,392	57,508,854	60,340,921	52,462,865	49,383,520	45,610,331
Business-type activities:										
Water Fund	2,258,823	1,922,478	1,888,917	1,873,817	1,682,772	1,732,292	1,722,238	1,611,942	1,420,822	1,815,665
Sewer Fund	4,053,411	3,780,631	3,712,886	3,764,890	4,101,213	3,659,479	3,497,571	3,009,609	2,998,432	3,070,767
Beach Fund	1,749,799	1,768,047	2,027,956	1,613,978	1,439,581	1,383,501	1,194,320	1,143,886	1,099,735	1,047,187
Middlebridge Recreation Fund	35,923	43,983	189,469	-	-	-	-	-	-	-
Total business-type activities expenses	8,097,956	7,515,139	7,819,228	7,252,685	7,223,566	6,775,272	6,414,129	5,765,437	5,518,989	5,933,619
Total primary government expenses	69,420,353	68,705,577	68,778,203	67,443,128	66,953,958	64,284,126	66,755,050	58,228,302	54,902,509	51,543,950
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,461,007	1,369,157	1,356,215	1,271,041	1,415,282	1,033,620	1,018,126	974,427	983,611	1,019,898
Financial administration	716,726	700,491	700,491	656,167	656,167	641,989	645,099	325,000	325,000	195,000
Public safety	712,509	724,676	712,988	568,833	625,609	593,592	507,740	621,966	524,600	494,861
Public works	29,538	2,125	1,050	400	1,050	1,100	1,625	1,075	1,250	-
Social services	-	-	-	-	-	-	-	31,499	-	15,632
Parks and recreation	684,488	660,367	623,976	598,997	109,911	131,421	135,667	548,215	629,984	668,716
Planning, engineering and inspection	335,749	501,068	468,874	402,698	325,717	313,100	228,230	421,343	376,977	367,820
Library	15,254	12,811	9,619	10,619	8,412	6,997	6,644	-	-	-
Food Service	-	-	-	-	229,198	215,034	234,592	264,559	295,032	303,682
Other	-	-	-	-	500,793	368,003	381,414	-	-	-
Education	506,909	645,067	605,599	636,300	688,583	870,270	342,412	472,852	202,797	273,618
Operating grants and contributions	4,783,010	4,681,774	4,630,534	4,556,277	4,200,924	3,945,898	2,996,995	4,718,839	3,376,402	3,316,221
Capital grants and contributions	509,300	1,203,364	202,815	981,500	1,146,219	638,539	1,190,259	3,717,528	2,059,431	2,455,066
Total governmental activities program revenues	9,754,490	10,500,900	9,312,161	9,682,832	9,907,865	8,759,563	7,688,803	12,097,303	8,775,084	9,110,514
Business-type activities:										
Charges for services:										
Water Fund	2,048,386	2,015,463	2,123,262	1,541,433	1,291,766	1,371,384	1,263,442	1,305,178	1,212,254	1,275,912
Sewer Fund	4,312,525	4,334,115	4,576,529	4,177,713	3,900,155	3,995,311	3,935,886	3,842,147	3,818,004	3,682,157
Beach Fund	2,147,294	2,081,062	1,862,687	1,902,033	1,659,461	1,678,536	1,394,208	1,504,371	1,380,711	1,204,459
Middlebridge Recreation Fund	53,199	55,556	65,113	-	-	-	-	-	-	-
Operating grants and contributions, Beach Fund	140,376	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	8,701,780	8,486,196	8,627,591	7,621,179	6,851,382	7,045,231	6,593,536	6,651,696	6,410,969	6,162,528
Total primary government program revenues	18,456,270	18,987,096	17,939,752	17,304,011	16,759,247	15,804,794	14,282,339	18,748,999	15,186,053	15,273,042
Net (Expense) Revenue:										
Governmental activities	(51,567,907)	(50,689,538)	(51,646,814)	(50,507,611)	(49,822,527)	(48,749,291)	(52,652,118)	(40,365,562)	(39,061,414)	(36,499,817)
Business-type activities	603,824	971,057	808,363	368,494	(372,184)	269,959	179,407	886,259	891,980	228,909
Total primary government net expenses	(50,964,083)	(49,718,481)	(50,838,451)	(50,139,117)	(50,194,711)	(48,479,332)	(52,472,711)	(39,479,303)	(38,169,434)	(36,270,908)

(continued)

TOWN OF NARRAGANSETT, RHODE ISLAND

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes and in lieu of taxes	47,541,544	46,131,289	44,974,695	44,908,921	44,522,795	42,585,105	41,435,378	38,699,963	37,454,608	36,424,752
State aid, unrestricted	1,614,798	1,604,893	1,526,105	1,422,516	1,686,866	2,466,572	2,501,803	2,828,020	3,651,506	3,297,710
Investment income	131,188	280,124	40,703	168,042	65,845	274,532	(172,041)	596,193	687,436	208,292
Other revenues	284,380	651,609	30,182	101,577	159,064	90,826	111,390	37,436	468,859	440,452
Transfers	(156,636)	342,241	(924,669)	-	-	-	-	-	-	-
Gain (loss) on sale of capital	-	-	-	-	-	-	-	317,850	(17,663)	(69,349)
Total governmental activities	49,415,274	49,010,156	45,647,016	46,601,056	46,434,570	45,417,035	43,876,530	42,479,462	42,244,746	40,301,857
Business-type activities:										
Investment income	-	95,017	65,032	80,336	354,455	500,853	534,147	753,114	651,007	354,565
Transfers	156,636	(342,241)	924,669	-	-	-	-	-	-	-
Other revenues	-	-	392,087	-	-	-	-	-	(18,521)	-
Total business-type activities	156,636	(247,224)	1,381,788	80,336	354,455	500,853	534,147	753,114	632,486	354,565
Total primary government	49,571,910	48,762,932	47,028,804	46,681,392	46,789,025	45,917,888	44,410,677	43,232,576	42,877,232	40,656,422
Change in Net Position:										
Governmental activities	(2,152,633)	(1,679,382)	(5,999,798)	(3,906,555)	(3,387,957)	(3,332,256)	(8,775,588)	2,113,900	3,183,332	3,802,040
Business-type activities	760,460	723,833	2,190,151	448,830	(17,729)	770,812	713,554	1,639,373	1,524,466	583,474
Total primary government	\$ (1,392,173)	\$ (955,549)	\$ (3,809,647)	\$ (3,457,725)	\$ (3,405,686)	\$ (2,561,444)	\$ (8,062,034)	\$ 3,753,273	\$ 4,707,798	\$ 4,385,514

(concluded)

TOWN OF NARRAGANSETT, RHODE ISLAND

FUND BALANCES - GOVERNMENTAL FUNDS
 LAST NINE FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

Exhibit 3

	FISCAL YEAR								
	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
General Fund:									
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 380,047	\$ 288,903	\$ 310,481	\$ 268,762
Unreserved:									
Designated for next year's budget	-	-	-	-	-	-	148,171	1,000,000	800,000
Undesignated	-	-	-	-	-	4,099,653	1,735,519	1,611,116	2,755,351
Nonspendable	1,664,899	1,787,715	2,000,281	2,112,420	331,498	-	-	-	-
Restricted	6,531,905	6,290,018	5,195,278	4,655,701	3,745,542	-	-	-	-
Assigned	1,602,708	407,462	2,219,760	414,758	-	-	-	-	-
Unassigned	8,781,159	8,204,658	4,229,693	6,580,480	6,340,414	-	-	-	-
Total General Fund	18,580,671	16,689,853	13,645,012	13,763,359	10,417,454	4,479,700	2,172,593	2,921,597	3,824,113
All Other Governmental Funds:									
Reserved	-	-	-	-	-	-	-	220,017	2,780
Unreserved:									
Designated for next year's budget	-	-	-	-	-	-	-	692,456	530,646
Unreserved	-	-	-	-	-	-	-	859,171	792,456
Unreserved, reported in:									
Special Revenue Funds	-	-	-	-	-	4,802,382	5,864,427	1,301,496	293,909
Debt Service Fund	-	-	-	-	-	-	-	377,081	372,951
Capital Projects Funds	-	-	-	-	-	3,216,836	(112,274)	(67,310)	845,523
Restricted	3,495,634	576,405	553,042	493,255	982,020	-	-	-	-
Committed	1,612,909	2,222,676	2,844,035	2,582,359	3,983,825	-	-	-	-
Assigned	624,837	324,837	452,219	561,192	729,013	-	-	-	-
Unassigned	(14,554)	(209,301)	(180,562)	(118,319)	(2,112,922)	-	-	-	-
Total All Other Governmental Funds	5,718,826	2,914,617	3,668,734	3,518,487	3,581,936	8,019,218	5,752,153	3,382,911	2,838,265
Grand Total	\$ 24,299,497	\$ 19,604,470	\$ 17,313,746	\$ 17,281,846	\$ 13,999,390	\$ 12,498,918	\$ 7,924,746	\$ 6,304,508	\$ 6,662,378

TOWN OF NARRAGANSETT, RHODE ISLAND

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

Exhibit 4	FISCAL YEAR									
	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Revenues:										
General property taxes and payments in lieu of taxes	\$ 47,915,634	\$ 46,583,683	\$ 45,255,391	\$ 45,232,567	\$ 44,897,780	\$ 43,132,950	\$ 40,314,466	\$ 38,503,227	\$ 37,441,499	\$ 36,476,981
State aid, unrestricted	5,124,796	5,012,113	4,752,274	4,453,025	2,629,201	3,358,167	3,715,817	5,616,213	5,554,466	5,028,480
Charges for services	4,567,613	4,603,869	4,445,998	4,097,518	4,560,722	4,175,126	3,501,549	3,189,383	2,669,414	3,168,384
Operating grants and contributions	1,302,315	1,133,829	1,219,449	1,350,198	2,285,726	1,966,682	2,180,945	1,930,646	2,139,810	1,649,235
Capital gains and contributions	361,843	976,344	32,425	811,998	1,184,276	638,539	1,190,259	3,717,528	2,062,900	2,562,125
Investment income	131,188	280,124	40,703	168,042	65,845	274,532	49,041	601,366	707,448	208,292
State contribution to teachers pension plan	-	-	-	-	933,945	-	-	-	-	-
Other revenues	126,892	642,769	60,529	148,322	465,288	980,017	117,189	508,989	468,859	440,452
Total revenues	59,530,281	59,232,731	55,806,769	56,261,670	57,022,783	54,526,013	51,069,266	54,067,352	51,044,396	49,533,949
Expenditures:										
Current:										
General government	1,623,795	1,904,804	1,895,652	1,832,287	1,767,415	1,278,395	1,728,193	2,005,594	1,787,904	1,898,830
Financial administration	1,460,933	1,266,781	1,275,723	1,541,310	1,118,473	1,054,645	957,878	950,184	1,026,003	1,032,665
Public safety	12,944,328	11,334,333	11,613,905	10,641,387	11,223,322	10,776,537	10,999,683	13,358,804	12,705,577	11,575,387
Public works	3,015,199	2,551,415	2,437,380	2,118,369	3,138,946	2,466,899	2,978,866	2,271,703	2,435,924	2,315,190
Social services	140,703	93,240	54,874	100,779	177,829	353,678	226,346	256,836	662,110	421,544
Parks and recreation	1,819,447	1,888,093	1,963,199	1,864,081	1,410,040	1,363,896	1,511,348	1,446,171	1,928,093	1,584,859
Planning, engineering and inspection	1,119,003	990,026	971,121	854,110	2,048,533	1,306,309	2,136,033	1,495,884	1,113,164	2,195,105
Library	770,261	697,892	690,615	670,406	649,384	679,346	634,152	-	-	-
Food services	401,748	403,267	-	-	380,926	-	357,069	343,724	363,427	419,440
Other	1,787,774	2,867,951	2,184,981	2,346,879	1,800,117	2,075,712	1,389,536	1,658,389	1,275,265	838,715
Education	28,991,540	27,330,462	27,397,152	27,630,424	27,659,222	27,062,964	26,087,223	26,809,613	26,466,513	25,018,820
Debt service:										
Principal	1,403,530	1,268,095	1,370,553	1,534,485	1,526,266	2,194,667	22,929,810	2,226,986	2,142,138	2,147,297
Interest	1,013,262	879,515	922,026	969,447	1,012,797	1,072,286	1,290,766	-	-	-
Capital outlay and Major Maintenance	3,107,553	3,810,103	2,378,620	2,367,389	1,011,065	146,592	9,482,535	11,771,334	-	-
Total expenditures	59,599,076	57,285,977	55,155,801	54,471,353	54,924,335	51,831,926	82,709,438	64,595,222	51,906,118	49,447,852
Excess (deficiency) of revenues over expenditures	(68,795)	1,946,754	650,968	1,790,317	2,098,448	2,694,087	(31,640,172)	(10,527,870)	(861,722)	86,097
Other financing sources (uses):										
Bond anticipation note, net	-	-	-	-	-	-	11,548,271	9,800,000	-	-
Bond proceeds	4,100,000	-	-	-	-	-	20,930,000	-	840,500	-
Bond premium	135,626	-	-	-	-	-	780,950	-	-	-
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	624,870	-	280,540	142,041	709,807	-	-	-	-	-
Transfers from other funds	3,379,954	6,505,644	5,097,416	8,122,110	28,367,059	28,835,043	29,380,961	28,979,592	28,510,981	27,641,778
Transfers to other funds	(3,536,590)	(6,163,403)	(6,022,085)	(8,122,110)	(28,367,059)	(28,835,043)	(29,380,961)	(28,979,592)	(28,510,981)	(27,641,778)
Sale of capital assets	59,962	28,951	25,061	12,375	18,500	27,900	-	360,000	-	-
Total other financing sources (uses)	4,763,822	371,192	(619,068)	154,416	728,307	27,900	33,259,221	10,160,000	840,500	-
Net change in fund balances	\$ 4,695,027	\$ 2,317,946	\$ 31,900	\$ 1,944,733	\$ 2,826,755	\$ 2,721,987	\$ 1,619,049	\$ (367,870)	\$ (21,222)	\$ 86,097
Debt service as a percentage of noncapital expenditures	4.3%	4.0%	4.3%	4.8%	4.7%	6.3%	33.1%	4.2%	4.1%	4.3%

TOWN OF NARRAGANSETT, RHODE ISLAND

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Exhibit 5

Assessment Date	Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed Valuation to Total Estimated Actual Value
		Assessed Valuations	Estimated Actual Value	Assessed Valuations	Estimated Actual Value	Assessed Valuations	Estimated Actual Value	
12/31/2004	2005-06	3,046,940,100	4,214,301,660	194,140,512	268,520,763	3,241,080,612	4,482,822,423	72.30%
12/31/2005	2006-07	5,165,044,102	5,172,803,307	202,826,187	203,130,883	5,367,870,289	5,375,934,190	99.85%
12/31/2006	2007-08	5,158,689,100	5,386,539,731	201,731,499	210,641,640	5,360,420,599	5,597,181,371	95.77%
12/31/2007	2008-09	5,181,200,600	5,410,045,526	216,904,287	226,484,585	5,398,104,887	5,636,530,111	95.77%
12/31/2008	2009-10	4,617,076,700	4,821,005,221	189,473,696	197,842,431	4,806,550,396	5,018,847,652	95.77%
12/31/2009	2010-11	4,660,076,700	4,755,180,306	191,058,160	199,018,917	4,851,134,860	4,954,199,223	97.92%
12/31/2010	2011-12	4,638,015,302	4,732,668,676	126,150,948	126,150,948	4,764,166,250	4,858,819,624	98.05%
12/31/2011	2012-13	4,350,353,287	4,439,136,007	133,943,059	133,943,059	4,484,296,346	4,573,079,066	98.06%
12/31/2012	2013-14	4,351,278,768	4,542,366,625	132,860,822	132,860,822	4,484,139,590	4,675,227,447	95.91%
12/31/2013	2014-15	4,369,756,694	4,599,743,888	136,792,291	136,792,291	4,506,548,896	4,736,536,179	95.14%

Source: Town of Narragansett, Rhode Island Assessor

TOWN OF NARRAGANSETT, RHODE ISLAND

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO
(UNAUDITED)

Exhibit 6

Taxpayer	Type of Business	FISCAL YEAR 2014-15 (ASSESSED VALUE AS OF 12-31-13)			FISCAL YEAR 2004-2005 (ASSESSED VALUE AS OF 12-31-03)		
		Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation
DPF Narragansett, LLC	Shopping Plaza	\$ 24,228,800	1	0.54%	\$ 15,287,100	1	0.44%
National Grid	Electric Utility	13,405,135	2	0.30%	8,056,722	5	0.23%
Dunes Corporation	Private Beach Club	11,424,400	3	0.25%	13,427,506	2	0.39%
Point Judith Country Club	Private Golf Course	8,332,300	4	0.18%	6,171,400	7	0.18%
United Water Company	Water Utility	8,138,600	5	0.18%	10,989,860	3	0.32%
JDL Family LTD Partnership	Shopping Plaza	7,752,200	6	0.17%			
Recreation Partners I	Hotel/Restaurant	7,443,700	7	0.17%			
Cox Communications	Cable Utility	7,206,840	8	0.16%			
Gilbane Properties Retail Shopping	Retail Shopping	7,110,200	9	0.16%			
J. Terrance Murray	Residential Property	5,988,900	10	0.13%			
Frank, Marilyn & William	Residential Property	5,290,500	11	0.12%			
Beachwood Preservation Assoc.	Senior Apartments	5,224,800	12	0.12%			
Picerne, John G. Trust	Residential Property	5,175,900	13	0.11%			
Micacci, Anthony & Lucille	Residential Property	5,151,100	14	0.11%			
Boss, Marhorie & Russell	Residential Property	4,995,700	15	0.11%	5,179,500	10	0.15%
Murray, Stephen P & Tami A.	Residential Property	4,958,200	16	0.11%	5,379,800	9	0.15%
Town Dock	Fish Processor				8,308,676	4	0.24%
Stop & Shop Supermarket	Grocery				5,820,814	8	0.17%
New England Gas Company	Gas Utility				6,891,194	6	0.20%
		<u>\$ 131,827,275</u>		<u>2.93%</u>	<u>\$ 72,800,564</u>		<u>2.09%</u>
	Total assessed valuation (gross)	<u>\$ 4,506,548,986</u>			<u>\$ 3,475,333,264</u>		
	Commercial/Industrial Values	\$ 100,266,975		2.22%	\$ 74,953,272		2.16%
	Residential Values	31,560,300		0.70%	10,559,300		0.30%

Source: Town of Narragansett Assessor, certified tax roll.

TOWN OF NARRAGANSETT, RHODE ISLAND

PROPERTY TAX LEVIES AND COLLECTIONS
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Exhibit 7

Fiscal Year Ended June 30	Taxes Outstanding for the Fiscal Year	Collected within the Fiscal year	
		Amount	Percentage of Balance
2003-04	\$ 33,462,184	\$ 33,267,395	99.42%
2004-05	34,339,260	34,158,944	99.47%
2005-06	36,266,408	36,131,210	99.63%
2006-07	37,367,278	37,136,701	99.38%
2007-08	38,496,512	38,081,116	98.92%
2008-09	41,264,467	38,670,037	93.71%
2009-10	44,923,670	43,608,209	97.07%
2010-11	45,357,123	44,407,854	97.91%
2011-12	45,657,642	44,917,809	98.38%
2012-13	45,635,119	44,843,811	98.27%
2013-14	46,855,316	46,113,597	98.42%
2014-15	48,173,623	47,352,195	98.29%
		Current Year Collected	Percent of Levy
2007-08	\$ 38,496,512	\$ 38,081,116	98.92%
2008-09	40,477,770	38,251,119	94.50%
2009-10	42,258,667	41,425,591	98.03%
2010-11	44,053,922	43,613,626	99.00%
2011-12	44,736,568	44,380,651	99.20%
2012-13	44,946,199	44,547,908	99.11%
2013-14	46,107,795	45,754,896	99.23%
2014-15	47,455,661	47,043,390	99.13%

Source: Town of Narragansett Tax Collector

TOWN OF NARRAGANSETT, RHODE ISLAND

PROPERTY TAX RATES
 (PER \$1000 OF ASSESSED VALUE)
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Exhibit 8

<u>List Year</u>	<u>Fiscal Year</u>	<u>Residential Property Rate</u>	<u>Commercial Property Rate</u>	<u>Personal Property Rate</u>	<u>Motor Vehicle Rate</u>	<u>Inventory Rate</u>
2004	2005-06	\$10.89	\$16.34	\$16.34	\$16.46	\$5.05
2005	2006-07	\$6.74	\$10.11	\$10.11	\$16.46	\$3.37
2006	2007-08	\$6.96	\$10.44	\$10.44	\$16.46	\$1.69
2007	2008-09	\$7.25	\$10.87	\$10.87	\$16.46	\$0.00
2008	2009-10	\$8.58	\$12.87	\$12.87	\$16.46	\$0.00
2009	2010-11	\$8.86	\$13.29	\$13.29	\$16.46	\$0.00
2010	2011-12	\$8.97	\$13.45	\$13.45	\$16.46	\$0.00
2011	2012-13	\$9.57	\$14.35	\$14.35	\$16.46	\$0.00
2012	2013-14	\$9.80	\$14.68	\$14.68	\$16.46	\$0.00
2013	2014-15	\$10.04	\$15.06	\$15.06	\$16.46	\$0.00

TOWN OF NARRAGANSETT, RHODE ISLAND

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(UNAUDITED)

Exhibit 9

Fiscal Year	Population	Assessed Valuation	Gross Bonded Debt	Debt payable from Enterprise Revenues	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt per Capita
2005-06	16,361	3,241,080,612	19,126,134	11,522,225	7,603,909	0.23%	464.76
2006-07	16,361	5,367,870,289	17,231,063	11,088,164	6,142,899	0.11%	375.46
2007-08	16,361	5,360,420,599	15,865,000	1,408,380	14,456,620	0.27%	883.60
2008-09	16,361	5,398,104,887	25,034,999	875,952	24,159,047	0.45%	1,476.62
2009-10	15,868	4,806,550,396	31,728,315	6,692,867	25,035,448	0.52%	1,577.73
2010-11	15,868	4,851,134,860	30,196,064	6,638,301	23,557,763	0.49%	1,484.61
2011-12	15,868	4,764,166,250	27,864,187	5,795,183	22,069,004	0.46%	1,390.79
2012-13	15,868	4,484,296,346	25,968,000	5,198,315	20,769,685	0.46%	1,308.90
2013-14	15,868	4,484,139,590	23,824,611	4,323,020	19,501,590	0.43%	1,228.99
2014-15	15,868	4,506,548,986	25,965,510	3,660,869	22,304,641	0.49%	1,405.64

TOWN OF NARRAGANSETT, RHODE ISLAND

COMPUTATION OF LEGAL DEBT MARGIN
LAST EIGHT FISCAL YEARS
(UNAUDITED)

Exhibit 10

	Assessment Date 12/31/2013 FY 2014-15	Assessment Date 12/31/2012 FY 2013-14	Assessment Date 12/31/2011 FY 2012-13	Assessment Date 12/31/2010 FY 2011-12	Assessment Date 12/31/2009 FY 2010-11	Assessment Date 12/31/2008 FY 2009-10	Assessment Date 12/31/2007 FY 2008-09	Assessment Date 12/31/2006 FY 2007-08
Net assessed valuation	4,506,548,986	4,484,139,590	\$ 4,484,296,346	\$ 4,764,166,250	\$ 4,851,134,862	\$ 4,806,550,396	\$ 5,398,104,887	\$ 5,360,420,599
Debt limit	135,196,470	134,524,188	134,528,890	142,924,988	145,534,046	144,196,512	161,943,147	160,812,618
Total net debt applicable to limit	22,304,641	19,501,590	20,769,685	22,069,004	23,557,763	25,035,448	24,159,047	14,456,620
Legal debt margin	112,891,829	115,022,598	113,759,205	120,855,984	121,976,283	119,161,064	137,784,100	146,355,998
Total net debt applicable to limit as a percentage of the debt limit	16.50%	14.50%	15.44%	15.44%	16.19%	17.36%	14.92%	8.99%

TOWN OF NARRAGANSETT, RHODE ISLAND

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS
(UNAUDITED)

Exhibit 11

Fiscal Year	Principal	Interest	Total Debt Service	Total Governmental Funds Expenditures (1)	Ratio of Total Debt Service to Total Governmental Expenditures
2006	1,745,042	352,047	2,097,089	49,447,852	4.24%
2007	1,461,010	244,241	1,705,251	51,906,118	3.29%
2008	1,486,279	195,495	1,681,774	64,595,222	2.60%
2009	1,429,810	1,290,766	2,720,576	61,209,438	4.44%
2010	2,194,667	1,072,286	3,266,953	51,831,926	6.30%
2011	1,526,266	1,012,797	2,539,063	54,924,335	4.62%
2012	1,534,485	969,447	2,503,932	54,471,353	4.60%
2013	1,370,553	922,026	2,292,579	55,155,801	4.16%
2014	1,268,095	879,015	2,147,110	57,285,977	3.75%
2015	1,403,530	917,566	2,321,096	59,599,076	3.89%

Note:

(1) Modified accrual basis of accounting

TOWN OF NARRAGANSETT, RHODE ISLAND

PRINCIPAL EMPLOYERS*

JUNE 30, 2015
(UNAUDITED)

Exhibit 12

Employer	Type of Business	Number of Employees
Town of Narragansett	Municipality/Schools	443.5
University of Rhode Island/Bay Campus	Colleges & Universities	300
Dunes Club	Beach Club/Seasonal - Private	180
VNS Home Health Service	Healthcare Services	150
DeWal Industries	Manufacturer - Specialty films, tapes, etc.	135
Ocean Rose Inn	Hotel and Motel	120
George's of Galilee Restaurant	Restaurant	118
Stop & Shop	Grocery Retail - Supermarket	100
Aunt Carrie's Restaurant	Restaurant	100
Environmental Protection Agency	Federal Government Laboratory	100
Point Judith Country Club	Parks & Recreation - Private Club	80
NOAA National Marine Fisheries Service	Federal Government	70
Bonnet Shores Beach Club	Beach Club/Seasonal - Private	70
Unemployment rate: 3.8% - June 2015	* Source: RIEDC, Major Employers in RI March 2011	

TOWN OF NARRAGANSETT, RHODE ISLAND

FULL-TIME EQUIVALENT TOWN EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Exhibit 13

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Administration	10.0	10.0	11.0	11.0	11.0	10.0	9.0	11.0	10.0	10.0
Financial administration	15.0	15.0	15.0	16.0	16.0	16.0	15.0	12.0	14.0	14.0
Public safety:										
Police:										
Officers	40.0	40.0	41.0	41.0	41.0	42.0	42.0	41.0	41.0	41.0
Civilians	13.0	13.0	15.0	14.0	13.0	13.0	13.0	12.0	12.0	12.0
Fire:										
Firefighter and officers	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0
Civilians	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total Public Safety	88.0	88.0	91.0	90.0	89.0	90.0	90.0	88.0	88.0	88.0
Public works:										
Administration & Highway	12.0	12.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	14.0
Parks Maintenance	0.0	0.0	0.0	5.5	0.0	0.0	0.0	0.0	0.0	0.0
Engineering	2.6	2.6	2.6	2.6	2.6	2.6	2.7	3.0	3.0	3.0
Total Public Works & Engineering	14.6	14.6	15.6	15.6	21.1	21.1	21.2	21.5	21.5	22.5
Parks and recreation	4.5	4.5	4.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Parks Maintenance	5.5	5.5	5.5	0.0	5.5	5.5	5.5	5.5	5.5	5.5
Planning and Development	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Education:										
Administrative, certified	8.5	8.0	8.0	8.0	8.0	8.0	9.0	9.0	10.0	9.0
Administrative, noncertified	11.6	11.7	11.4	11.0	11.0	11.0	11.0	11.0	12.0	11.0
Classroom aides	28.4	32.0	28.0	28.0	31.0	29.0	28.0	28.0	28.0	25.0
Teachers	152.1	153.9	154.8	154.9	158.0	158.0	154.0	158.0	159.0	163.0
Bus drivers, monitors, and bus aides	22.5	22.5	24.0	24.0	22.0	24.0	27.0	27.0	26.0	26.0
Clerks	12.0	12.0	12.0	12.0	11.0	11.0	12.0	13.0	14.0	15.0
Operation and maintenance	18.4	18.4	18.0	18.0	20.0	22.0	20.0	20.0	20.0	19.0
	253.5	258.5	256.2	255.9	261.0	263.0	261.0	266.0	269.0	268.0
Library - full-time	5.0	5.0	5.0	5.0	4.0	4.0	5.0	5.0	5.0	5.0
Library-part-time	12.0	15.0	18.0	18.0	16.0	16.0	16.0	N/A	N/A	N/A
Fleet Maintenance	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Water	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	4.0	4.0
Wastewater Treatment	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.0	9.0
Beach	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0	0.0
Total	435.5	443.5	449.2	447.9	449.0	451.0	448.1	434.4	435.0	435.0

TOWN OF NARRAGANSETT, RHODE ISLAND
 MISCELLANEOUS STATISTICS
 JUNE 30, 2015
 (UNAUDITED)

Exhibit 14

Town Incorporation	1901	Municipal buildings:	
Type of Government	Council / Town Manager	Town Hall	1
Population:		Fire Stations	3
Official U.S. Census:		Police Station	1
1950	2,288	Port Facility Building	1
1960	3,444	Education	
1970	7,138	High School (Grades 9 – 12)	1
1980	12,088	Middle School (Grades 5 – 8)	1
1990	15,004	Elementary (Grades Pre-K – 4)	1
2000	16,361	Wastewater pumping stations	19
2010 (State of RI Est.)	17,454	Wastewater treatment plant	1
2010 Census	15,876	Water pumping stations	1
Area of Town	18.3 square miles	Water storage tanks	3
Shoreline	44.2 miles	Water chlorine injections stations	3
Miles of Streets:		Public works garage/maintenance facility	2
Local Paved	103	Library	1
State Paved	25	Parks/recreation buildings	10
Construction (Period 1-1-14 to 12-31-14):		Beach Cabanas – 83 units	1
Permits Issued	2,239	Beach clubhouse	1
Total Value	\$48,624,258	North Beach Pavilion – 263 units	1
Elections – November 2014:		South Beach Pavilion – 218 units	1
Registered voters	12,065	Kinney Bungalow	1
Number of votes cast	6,176	Comfort station	1
Percentage voting	51%	Community Center	1
Fire Protection:		The Towers	1
Fire alarm boxes	187	Recreation Facilities:	
Fire hydrants	698	Public squares	3
Education:		Acres for recreation (developed)	48
Student Enrollments:		Playgrounds	6
Pre-Kindergarten	53	Tot lots	1
Elementary (grades k – 4)	452	Major recreation facilities	12
Middle School (grades 5 – 8)	405	Undeveloped sites	2
High (grades 9 – 12)	423	Municipal tennis courts	16
Special Education-Out of Dist	9	Bathing beaches	1
CHARIHO	11	Diamonds:	
Total in all schools	1,353	Hard ball	4
Home Instruction	11	Soft ball	1
Charter Schools	23	Basketball courts:	
Total	<u>1,387</u>	Outdoor	7
		Indoor (schools)	3
		Soccer Fields	7
		Marina - 37 slips	1
		Marina Building	1
		Residential Cottages	4
		Residential House	1
		Café/Restaurant Building	1
		Farm House (Sunset Farm)	1
		Barn (Sunset Farm)	1



CERTIFIED PUBLIC ACCOUNTANTS

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***REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Narragansett, Rhode Island, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Narragansett, Rhode Island's basic financial statements, and have issued our report thereon dated February 1, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses, as item 2015-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Town of Narragansett, Rhode Island's Response to Findings

The Town of Narragansett, Rhode Island's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town of Narragansett, Rhode Island's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Bacon & Company, LLC

Warwick, Rhode Island
February 1, 2016

TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2015

Capital Assets

2015-001 Significant Deficiency – The Town does not have formal policies and procedures in place to properly account for the Town’s capital assets on a perpetual basis. The Town also does not have formal policies and procedures that include performing a physical inventory of the capital assets. Although the Town prepared the detail schedules of capital assets and depreciation for the year ended June 30, 2015, it was not prepared until several months after year-end. We had to propose several audit adjustments to record omitted assets and to correct depreciation expense.

The Town is also not recording to the general ledger the capital asset transactions for the Enterprise Funds. We had to propose audit adjustments to record all current year capital asset transactions, including additions and transfers from construction in progress, capital asset additions and depreciation expense.

Recommendation – We recommend that the Town establish formal policies and procedures to account for on a perpetual basis, the addition and deletion of capital assets, construction in progress and depreciation expense. We also recommend that the Town establish policies and procedures to include a physical inventory of the Town’s capital assets on at least a biannual basis.

We also recommend that the Town record to the general ledger, at least at year-end, all Enterprise Fund capital assets transactions and reconcile the detail capital assets schedules to the general ledger.

These procedures are necessary to ensure that the proper recording and safeguarding of the Town’s capital assets.

Management’s Response – Management acknowledges the need for policies and procedures for recording capital assets. The Town has a new software program slated for implementation in the spring of 2016 to account for capital assets. This project will correct the issues raised by the auditors.