

TOWN OF NARRAGANSETT, RHODE ISLAND
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2017

Laura K. Kenyon
Finance Director

Prepared by: Finance Department

INTRODUCTORY SECTION

**THIS SECTION CONTAINS
THE FOLLOWING:**

- **Table of Contents**
- **Letter of Transmittal**
- **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, 2017**

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Town of Narragansett, Rhode Island
Finance Department
25 Fifth Avenue
Narragansett, RI 02882

February 1, 2018

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, 2017, 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, 2017, 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, 2017 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, 2017 was \$27,681,304. The School Department budget for fiscal year ended June 30, 2017 is \$29,103,490 and the budget for fiscal year ending June 30, 2018 is \$29,559,824. The budgeted cost per student in the fiscal year ending June 30, 2017 was \$21,002 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	Actual	Fiscal Year	Projected
Ending	Enrollment	Ending	Enrollment
2010	1,469	2015	1,353
2011	1,481	2016	1,331
2012	1,453	2017	1,318
2013	1,457	2018	1,310
2014	1,408	2019	1,300

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 7,848 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. The Scarborough Treatment Plant underwent a \$1.0 million flood proofing project with a grant from Federal Community Development Block Grant disaster relief funds.

Water Facilities

The Town's Water Division is responsible for the treatment (i.e. chlorine injection) and conveyance of potable water for domestic, commercial, industrial and fire protection uses. All water used within the Town's system is purchased from SUEZ (formerly 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 5,285 accounts) is served by the Town water system, while service to the remaining citizens is provided directly by United Water of Rhode Island. 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 \$2,970,700 for fiscal year ended June 30, 2017 and budgeted \$3,100,459 and \$3,040,710 for the fiscal years ending June 30, 2017 and 2018, 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 \$7,829,122 for fiscal year ended June 30, 2017 and budgeted \$7,662,087 and \$8,166,437 for the fiscal years ending June 30, 2017 and 2018, respectively. The Town has three fire stations staffed by 34 full-time fire fighters. The Fire Department expended \$5,242,312 for fiscal year ended June 30, 2017 and budgeted \$5,202,217 and \$5,450,840 for the fiscal years ending June 30, 2017 and 2018, respectively.

Employee Relations

As of June 30, 2017, the Town employs 166 full-time employees exclusive of those employed by the School Department. The School Department employs 146 teachers, 26 aides and approximately 69 support and administrative staff.

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

Police Department- 3 year contract expires June 30, 2019

Public Works & Municipal Clerical - 3 year contract expires June 30, 2020

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

Fire Department- 3 year contract expires June 30, 2019

Teachers- 3 year contract expires August 31, 2018

Municipal Middle Management – 3 Year contract expires June 30, 2020

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 2017. 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 six 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 or decreases 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

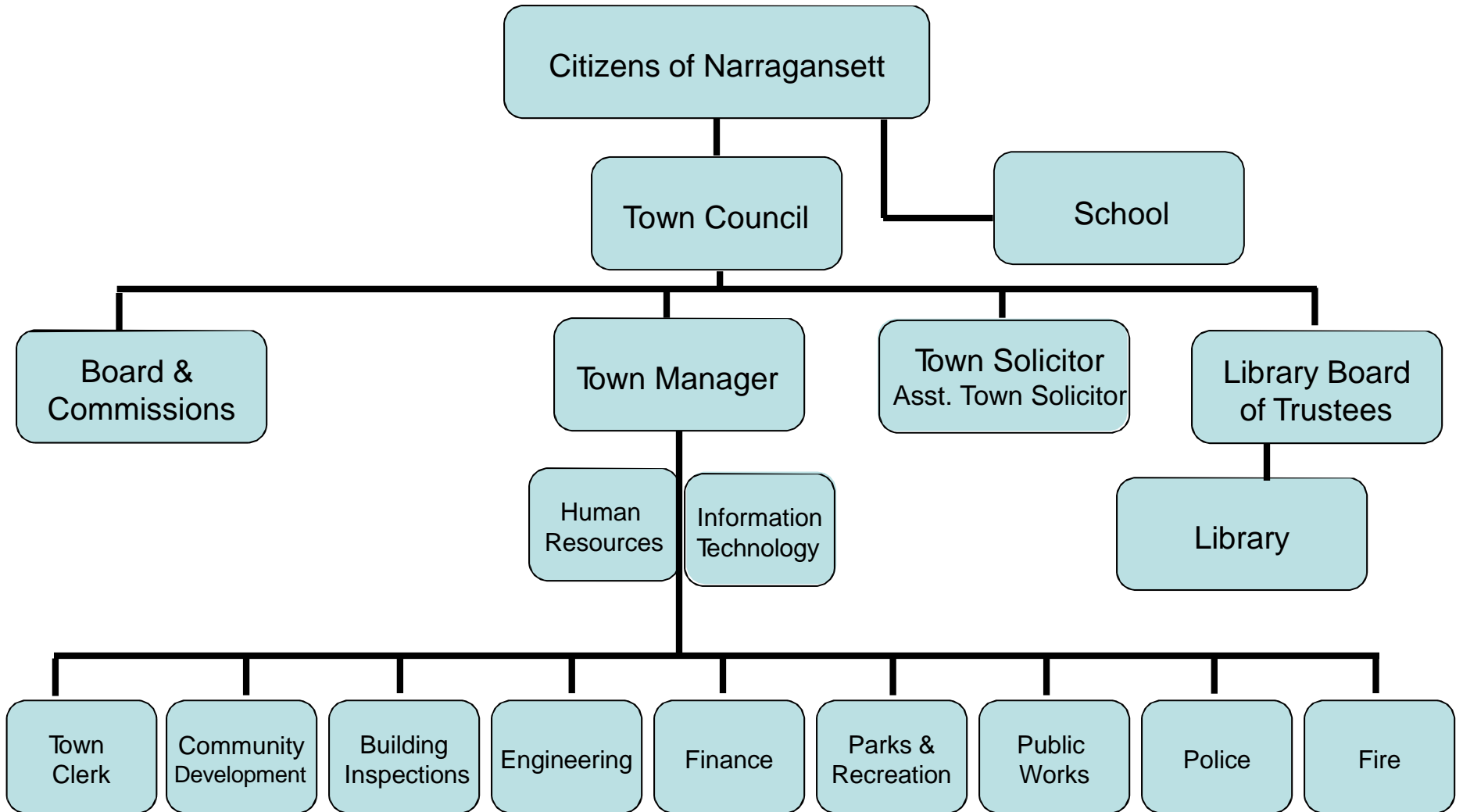
The preparation of this report was made possible by the efficient and dedicated services of the entire staff of the Finance Department. I sincerely appreciate their efforts in assisting me with preparing this comprehensive annual financial report.

In closing, I would like to express my appreciation to the Town Manager, James Manni 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, 2017

Elected Officials

Council President	Susan Cicilline-Buonanno
President Pro Tempore	Matthew M. Mannix
Council Member	Patrick Murray
Council Member	Michael Moretti
Council Member	Jill Lawler
School Committee, Chairperson	Tammy McNeiece
School Committee, Vice-Chairperson	Diane S. Nobles
School Committee, Member	Frank White
School Committee, Member	Rebecca Durkin
School Committee, Member	Justin Skenyon

Appointed Officials

Town Manager	James M. Manni
Town Solicitor	J. Patrick O'Neill
Assistant Town Solicitor	Stephen Marsella
Finance Director	Laura K. Kenyon
Town Clerk	Anne M. Irons
Town Engineer	Jeffrey Ceasrine
Police Chief	Sean Corrigan
Fire Chief	Scott Partington
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
Tax Collector	Christine A. Beck
Purchasing Agent	Susan W. Gallagher
Library Director	Patti A. Arkwright
Superintendent of Schools	Peter J. Cummings
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

875 Centerville Road, Building 3, Unit 10 • Warwick, RI 02886
(401) 586-6565 • Fax (401) 826-1710

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, 2017, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and supplementary pension and other postemployment benefit information on pages 4 through 13 and pages 80 through 96 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, Annual Supplemental Transparency Report (MTP2), 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, Annual Supplemental Transparency Report (MTP2), 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, Annual Supplementary Transparency Report (MTP2), 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, 2018 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 solely 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 the effectiveness of the Town of Narragansett, Rhode Island's 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.



Warwick, Rhode Island
February 1, 2018

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, 2017 (FY2017) 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 \$18,929,967 or 34.3 % of the total 2017 budgeted revenues. This is an increase of \$677,539 from the prior year restated fund balance.

The total unassigned fund balance of the General Fund is \$10,255,432 or 18.6% of the total 2017 budgeted revenues. This is an increase of \$341,878 from the prior year restated unassigned fund balance.

The total assigned, committed, restricted or nonspendable fund balance of the General Fund is \$8,674,535. This this is an increase of \$335,661 from the prior year restated total assigned, committed, restricted or nonspendable fund balance.

The Town General Fund ended the fiscal year 2017 with a budgetary operating surplus of \$2,011,084.

The total bonded debt amount of the Town of Narragansett increased by \$ 4,269,000

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 \$29,151,161. 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 increased by \$5,108,242 for the fiscal year ended June 30, 2017.

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 97-104 of this report.

The Town adopted annual budgets for its General Fund, Water Fund, Sewer Fund, Beach Fund, and Middlebridge Recreation 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 26-79 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 80-96 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 government-wide assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$29,151,161 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	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 28,614,239	\$ 22,836,427	\$ 12,737,934	\$ 13,848,307	\$ 41,352,173	\$ 36,684,734
Capital assets	\$ 96,656,032	\$ 95,586,108	\$ 36,648,910	\$ 35,275,179	\$ 133,304,942	\$ 130,861,287
Total assets	\$ 125,270,271	\$ 118,422,535	\$ 49,386,844	\$ 49,123,486	\$ 174,657,115	\$ 167,546,021
Deferred outflows of resources	\$ 13,821,512	\$ 16,174,957	\$ -	\$ -	\$ 13,821,512	\$ 16,174,957
Current liabilities	\$ 5,495,702	\$ 5,111,493	\$ 1,499,297	\$ 1,542,756	\$ 6,994,999	\$ 6,654,249
Noncurrent liabilities	\$ 146,348,928	\$ 146,850,994	\$ 2,288,667	\$ 2,975,217	\$ 148,637,595	\$ 149,826,211
Total liabilities	\$ 151,844,630	\$ 151,962,487	\$ 3,787,964	\$ 4,517,973	\$ 155,632,594	\$ 156,480,460
Deferred inflows of resources	\$ 1,693,923	\$ 720,162	\$ 2,000,949	\$ 2,477,437	\$ 3,694,872	\$ 3,197,599
Net position:						
Net investment in capital assets	\$ 73,026,624	\$ 75,998,883	\$ 34,104,629	\$ 32,190,505	\$ 107,131,253	\$ 108,189,388
Restricted	\$ 4,483,692	\$ 5,685,301	\$ -	\$ -	\$ 4,483,692	\$ 5,685,301
Unrestricted	\$ (91,957,086)	\$ (99,769,341)	\$ 9,493,302	\$ 9,937,571	\$ (82,463,784)	\$ (89,831,770)
Total net position	\$ (14,446,770)	\$ (18,085,157)	\$ 43,597,931	\$ 42,128,076	\$ 29,151,161	\$ 24,042,919

At June 30, 2017, 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 increased the Town’s net position by \$3,638,387.

Town of Narragansett’s Changes in Net Position.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 5,589,438	\$ 4,966,839	\$ 8,967,174	\$ 9,369,937	\$ 14,556,612	\$ 14,336,776
Operating grants and contributions	5,396,724	5,758,255			5,396,724	5,758,255
Capital grants and contributions	847,113	792,470	992,131	115,647	1,839,244	908,117
General revenues:						
Property taxes	49,492,588	48,389,492			49,492,588	48,389,492
State aid and in lieu of taxes	1,822,669	1,755,249			1,822,669	1,755,249
Miscellaneous and interest	373,285	272,815	25,537	159,746	398,822	432,561
Total revenues	<u>63,521,817</u>	<u>61,935,120</u>	<u>9,984,842</u>	<u>9,645,330</u>	<u>73,506,659</u>	<u>71,580,450</u>
Expenses:						
General government	2,129,141	2,662,489			2,129,141	2,662,489
Financial administration	1,441,551	1,857,972			1,441,551	1,857,972
Public safety	14,422,218	18,133,546			14,422,218	18,133,546
Public works	4,650,783	4,984,541			4,650,783	4,984,541
Social Services	29,372	16,893			29,372	16,893
Parks and recreation	2,130,369	2,484,974			2,130,369	2,484,974
Plan, engineer & inspection	1,156,325	1,454,157			1,156,325	1,454,157
Library	907,202	1,001,974			907,202	1,001,974
Education	31,740,543	32,489,013			31,740,543	32,489,013
Interest on Long term debt	1,170,831	871,622			1,170,831	871,622
Water Fund			2,328,498	2,234,456	2,328,498	2,234,456
Sewer Fund			4,400,539	4,084,743	4,400,539	4,084,743
Beach Fund			1,861,793	1,918,514	1,861,793	1,918,514
Middlebridge Recreation			29,252	33,660	29,252	33,660
Total expenses	<u>59,778,335</u>	<u>65,957,181</u>	<u>8,620,082</u>	<u>8,271,373</u>	<u>68,398,417</u>	<u>74,228,554</u>
Transfers	<u>(105,095)</u>	<u>(129,225)</u>	<u>105,095</u>	<u>129,225</u>	<u>-</u>	<u>-</u>
Change in net position	3,638,387	(4,151,286)	1,469,855	1,503,182	5,108,242	(2,648,104)
Net position, beginning of year	(18,085,157)	(13,933,871)	42,128,076	40,624,894	24,042,919	26,691,023
Net position, end of year	<u>\$ (14,446,770)</u>	<u>\$ (18,085,157)</u>	<u>\$43,597,931</u>	<u>\$42,128,076</u>	<u>\$ 29,151,161</u>	<u>\$ 24,042,919</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis (Continued)

Property taxes levied for FY 2016-17 based on the December 31, 2015 grand list increased by \$978,099 to \$49,294,923 from the amount levied for 2015-16 of \$48,316,824. This was an increase of 2.0%, 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 2017 was \$48,586,127 which was based on a rate of collection of 98.6%. Current year collections were \$49,023,552 compared to the budgeted amount of \$48,586,127, an increase of \$437,425 or .9%.

Business-type activities: Business-type activities increased the Town's net position by \$1,469,855. Key elements of the increase are as follows:

- a. Water Fund: The net position of the Water enterprise is up \$68,077 or 1.2%.
- b. Sewer Fund: The net position for the Sewer enterprise is up \$723,679 or 2.6%.
- c. Beach Fund: The net position for the Beach enterprise is up \$528,596 or 6.9%.
- d. Middlebridge: The net position for the Middlebridge Fund is up \$149,503 or 18.5%.

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 \$25,088,039. Approximately 40.6% of this total amount or \$10,184,606 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 \$10,255,432, while total fund balance was \$18,929,967. 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 \$10,255,432 represents 16.9% of total General Fund expenditures and transfers of \$60,742,686, while total fund balance represents 31.2% 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 \$677,539 due mainly to the net between the lower expenditures in the operating budget of around \$259,368 and increased revenue of \$1,751,716 less the use of fund balance of \$531,262 in the town general fund , an increase of around \$250,000 in the other general accounts and the school activity of a transfer out of the school general fund \$1,122,788 to a retirement Trust for health benefits and the school operating surplus of around \$325,678.

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, 2017 was \$1,633,616.
- b. Sewer Fund: The unrestricted net position of the Sewer Fund at June 30, 2017 amounted to \$5,436,207.
- c. Beach Fund: The unrestricted net position of the Beach Fund at June 30, 2017 was \$2,350,502.
- d. Middlebridge Fund: The unrestricted net position of Middlebridge Recreation Fund at June 30, 2017 was \$72,977.

General Fund Budgetary Highlights

The general fund operating budget shows an operating surplus of \$ 2,011,084. This represents 3.6% of the \$55,221,926 budget as approved by the Town Council. The largest surplus in revenue above budget from tax revenue for \$421,000, investment interest \$131,401, clerk receipts for \$116,473, court receipts for \$151,104, police detail revenue for \$338,413, miscellaneous revenue \$271,300, fire rescue revenue for \$182,366 and the lack of need for retirement and contingency funds on the expense side totaling \$443,260.

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, 2017 amounted to \$133,304,942 (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 increase in the Town's investment in capital assets, net of accumulated depreciation, for FY2017 was \$2,443,655, or 1.87% (a 1.1% increase for governmental activities and a 3.9% 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	
	2017	2016	2017	2016	2017	2016
Land	\$44,058,624	\$44,058,624	\$3,186,280	\$3,186,280	\$47,244,904	\$47,244,904
Construction in progress	2,536,011	6,386,840	2,185,922	574,532	4,721,933	6,961,372
Buildings and improvements	24,854,384	24,909,301	12,698,044	12,348,419	37,552,428	37,257,720
Machinery and equipment	3,054,236	2,970,360	732,807	765,926	3,787,043	3,736,286
Vehicles	2,993,747	2,042,482	222,575	125,717	3,216,322	2,168,199
Infrastructure	19,159,030	15,218,501	17,623,282	18,274,305	36,782,312	33,492,806
Total	\$96,656,032	\$95,586,108	\$36,648,910	\$35,275,179	\$133,304,942	\$130,861,287

2. Debt administration: At the end of the fiscal year, the Town’s governmental activities had total bonds, notes and capital leases outstanding of \$25,623,150, all of which is backed by the full faith and credit of the Town. Total debt was increased from \$21,138,054 by additions \$18,584,670 and retirements of \$14,099,574 during FY2017.

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	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$23,724	\$19,315	\$ 440	\$ 580	\$24,164	\$19,895
Notes and loans	1,311	1,465	2,104	2,505	3,415	3,970
Capital leases	588	358	-	-	588	358
Total	\$25,623	\$21,138	\$2,544	\$3,085	\$28,167	\$24,223

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 \$139,520,701 based on net assessed valuations of \$4,650,690,022 as of December 31, 2015. As of June 30, 2017, the Town had \$114,485,852 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:

<u>Debt Issuance Ratios</u>	<u>Limitation</u>
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 \$25,623,150 and a debt service transfer of \$2,842,081 for FY 2017 equates to the following (excludes compensated absences, pollution remediation obligations and pension and OPEB obligations):

- 5.1% Debt service as a Percent of the Operating Budget (FY 17 budget was \$55,221,926 while debt service was \$2,842,081).
- .55% Outstanding general obligation debt as a percentage of Net Assessed valuation \$4,650,690,022
- 5.8% Debt service as a percent of net tax levy of \$49,294,923
- \$1615 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	\$ 3,865,535	\$ 2,842,081	73.5%
Debt at 2.5% of assessed value	\$116,267,251	\$ 25,623,150	22.0%
Debt service at 8% of the tax levy	\$ 3,943,594	\$ 2,842,081	72.1%
Debt per capita at \$2,500	\$ 2,500	\$ 1,615	64.6%

The Town of Narragansett issued \$6.1 million in General Obligation bonds in October 2016 for the purpose of reimbursing the expense for renovating the Public Safety Building (\$2.0 million), reimbursing the expense for the School Athletic Field (\$1.8 million) and the continuation of the Road Construction Project (\$2.3 million). The School also obligated the Town to a 5 yr lease/purchase in the amount of \$410,450 for 5 busses. The Town also refunded a portion of the RIHEBC Public School bond issue of 2009 in May 2017 resulting in a savings of 7.71% or approximately \$973,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Subsequent Fiscal Year 2017-18 Budget and Tax Rates

The Town of Narragansett's total general fund budget for fiscal year 17/18 is \$58,152,434, which reflects an increase of \$2,930,508 from the fiscal year 2016/17 budget. The Town's tax rates for fiscal year 2017/18 are residential real estate \$10.56 per thousand of valuation, commercial real estate and property \$15.84 per thousand of valuation, and motor vehicles \$16.46 per thousand of valuation over \$6000 with a new State 5 year phase out planned for the motor vehicle tax.

Other subsequent events The State of Rhode Island passed a new tax law phasing out the local authority to tax motor vehicles R.I Gen. Laws 44-34.1 Article 11 of 2017-H 5175 Sub A. This is a five year phase out with FY 17/18 as the first year of implementation of this law. The State will reimburse the reduction of the revenue to the Town. In FY 17/18 the Town's motor vehicle base levy went from \$1,645,641 to \$1,504,234 December 2016 assessment date. This reduction of \$141,407 is to be reimbursed by the State directly to the Town as revenue in FY 17/18.

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, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 18,516,026	\$ 9,437,233	\$ 27,953,259
Investments	5,940,419	-	5,940,419
Accrued interest receivable	-	34,522	34,522
Real estate and personal property tax receivable, net	525,216	-	525,216
Water and sewer use and assessments receivable	-	669,488	669,488
Due from federal and state government	586,380	535,687	1,122,067
Other receivables	718,201	5,940	724,141
Inventories	22,828	-	22,828
Prepaid expenses	319,800	-	319,800
Total current assets	<u>26,628,870</u>	<u>10,682,870</u>	<u>37,311,740</u>
Noncurrent assets:			
Sewer assessments receivable	-	2,055,064	2,055,064
Capital assets: (Note 2)			
Land and land easements	44,058,624	3,186,280	47,244,904
Depreciable buildings, property, equipment, infrastructure, net	50,061,397	31,276,708	81,338,105
Construction in progress	2,536,011	2,185,922	4,721,933
Other assets	1,985,369	-	1,985,369
Total noncurrent assets	<u>98,641,401</u>	<u>38,703,974</u>	<u>137,345,375</u>
Total assets	<u>125,270,271</u>	<u>49,386,844</u>	<u>174,657,115</u>
Deferred outflows of resources:			
Deferred amounts on refunding	356,310	-	356,310
Deferred pension amounts	11,793,764	-	11,793,764
Deferred other post-employment benefit amounts	1,671,438	-	1,671,438
Total deferred outflows of resources	<u>13,821,512</u>	<u>-</u>	<u>13,821,512</u>
Liabilities:			
Current Liabilities:			
Accounts payable and accrued liabilities	2,800,083	843,390	3,643,473
Accrued interest payable	218,122	18,840	236,962
Customer deposits payable	-	22,280	22,280
Unearned revenue	9,194	-	9,194
Compensated absences payable	559,154	61,037	620,191
Pollution remediation obligations	85,574	-	85,574
Long-term debt - due within one year (Note 7)	1,823,575	553,750	2,377,325
Total current liabilities	<u>5,495,702</u>	<u>1,499,297</u>	<u>6,994,999</u>
Noncurrent Liabilities:			
Long-term debt - due in more than one year (Note 7)	25,714,331	1,990,530	27,704,861
Compensated absences payable	2,997,241	298,137	3,295,378
Pollution remediation obligations	1,678,761	-	1,678,761
Net pension liabilities	75,578,756	-	75,578,756
Net other post-employment benefit liabilities	40,379,839	-	40,379,839
Total noncurrent liabilities	<u>146,348,928</u>	<u>2,288,667</u>	<u>148,637,595</u>
Total liabilities	<u>151,844,630</u>	<u>3,787,964</u>	<u>155,632,594</u>
Deferred Inflows of Resources:			
Deferred property taxes	6,567	-	6,567
Deferred pension amounts	1,456,725	-	1,456,725
Deferred other post-employment benefit amounts	230,631	-	230,631
Deferred sewer assessments	-	2,000,949	2,000,949
Total deferred inflows of resources	<u>1,693,923</u>	<u>2,000,949</u>	<u>3,694,872</u>
Net Position:			
Net investment in capital assets	73,026,624	34,104,629	107,131,253
Restricted for:			
Capital	98,962	-	98,962
Education programs	3,510,871	-	3,510,871
Public safety programs	90,136	-	90,136
Historical records preservation	153,699	-	153,699
Community service programs	445,940	-	445,940
Parks and recreation programs	101,837	-	101,837
Other programs	82,247	-	82,247
Unrestricted	(91,957,086)	9,493,302	(82,463,784)
Total net position	<u>\$ (14,446,770)</u>	<u>\$ 43,597,931</u>	<u>\$ 29,151,161</u>

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, 2017

<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	\$ 2,129,141	\$ 1,700,014	\$ 265	\$ -	\$ (428,862)	\$ -	\$ (428,862)
Financial administration	1,441,551	700,491	-	-	(741,060)	-	(741,060)
Public safety	14,422,218	1,173,178	275,024	377,407	(12,596,609)	-	(12,596,609)
Public works	4,650,783	31,871	15,859	-	(4,603,053)	-	(4,603,053)
Social services	29,372	-	-	-	(29,372)	-	(29,372)
Parks and recreation	2,130,369	684,790	11,100	-	(1,434,479)	-	(1,434,479)
Planning, engineering and inspection	1,156,325	399,635	-	-	(756,690)	-	(756,690)
Library	907,202	15,362	154,049	-	(737,791)	-	(737,791)
Education	31,740,543	884,097	4,453,947	469,706	(25,932,793)	-	(25,932,793)
Interest on long-term debt	1,170,831	-	486,480	-	(684,351)	-	(684,351)
Total governmental activities	59,778,335	5,589,438	5,396,724	847,113	(47,945,060)	-	(47,945,060)
Business-Type Activities:							
Water	2,328,498	2,390,322	-	-	-	61,824	61,824
Sewer	4,400,539	4,120,966	-	992,131	-	712,558	712,558
Beach	1,861,793	2,382,280	-	-	-	520,487	520,487
Middlebridge Recreation	29,252	73,606	-	-	-	44,354	44,354
Total business-type activities	8,620,082	8,967,174	-	992,131	-	1,339,223	1,339,223
Total	\$ 68,398,417	\$ 14,556,612	\$ 5,396,724	\$ 1,839,244	(47,945,060)	1,339,223	(46,605,837)
General Revenues:							
Taxes:							
Property taxes					49,492,588	-	49,492,588
State aid and in lieu of taxes, not restricted for a specific purpose					1,822,669	-	1,822,669
Investment earnings					271,919	15,358	287,277
Miscellaneous					101,366	10,179	111,545
Transfers					(105,095)	105,095	-
Total general revenues and transfers					51,583,447	130,632	51,714,079
Change in net position					3,638,387	1,469,855	5,108,242
Net position - beginning of year, restated					(18,085,157)	42,128,076	24,042,919
Net position - end of year					\$ (14,446,770)	\$ 43,597,931	\$ 29,151,161

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

TOWN OF NARRAGANSETT, RHODE ISLAND

*Balance Sheet
Governmental Funds
June 30, 2017*

	<i>General Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>
Assets			
Cash	\$ 12,368,077	\$ 6,161,569	\$ 18,529,646
Investments	5,940,419	-	5,940,419
Real estate and personal property			
tax receivable, net	525,216	-	525,216
Due from federal and state governments	219,666	366,714	586,380
Due from other funds	620,299	505,775	1,126,074
Other receivables	209,708	289,828	499,536
Inventory	22,828	-	22,828
Prepaid expenditures	319,800	-	319,800
Other assets	1,985,369	-	1,985,369
Total assets	<u>\$ 22,211,382</u>	<u>\$ 7,323,886</u>	<u>\$ 29,535,268</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Cash overdraft	\$ -	\$ 13,620	\$ 13,620
Accounts payable and accrued expenditures	1,800,549	479,406	2,279,955
Due to other funds	708,534	401,634	1,110,168
Claims payable	229,643	-	229,643
Unearned revenue	-	9,194	9,194
Other liabilities	87,726	-	87,726
Total liabilities	<u>2,826,452</u>	<u>903,854</u>	<u>3,730,306</u>
Deferred Inflows of Resources:			
Deferred property taxes	387,826	-	387,826
Other deferred revenues	67,137	261,960	329,097
Total deferred inflows of resources	<u>454,963</u>	<u>261,960</u>	<u>716,923</u>
Fund Balances:			
Nonspendable:			
Other assets WB Community Health	1,688,589	-	1,688,589
Inventory	22,828	-	22,828
Prepaid expenditures	319,800	-	319,800
Restricted for:			
Education programs	3,483,582	27,289	3,510,871
Public safety programs	-	90,136	90,136
Historical records preservation	-	153,699	153,699
Community service programs	-	183,980	183,980
Parks and recreation programs	-	101,837	101,837
Library programs	42,521	-	42,521
Capital projects	98,962	2,607,483	2,706,445
Other programs	-	39,726	39,726
Committed for:			
Capital projects	50,000	1,818,494	1,868,494
Debt service	-	787,125	787,125
Assigned to:			
2018 budget	2,047,135	-	2,047,135
Parks and recreation programs	122,766	-	122,766
Towers	503,481	-	503,481
Kinney Bungalow	69,861	-	69,861
Sunset Farm	18,987	-	18,987
Capital projects	-	419,129	419,129
Other	206,023	-	206,023
Unassigned	10,255,432	(70,826)	10,184,606
Total fund balances	<u>18,929,967</u>	<u>6,158,072</u>	<u>25,088,039</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,211,382</u>	<u>\$ 7,323,886</u>	<u>\$ 29,535,268</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, 2017

Total Fund Balances - Total Governmental Funds	\$ 25,088,039
 <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.	96,656,032
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.	329,097
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.	381,259
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.	(218,122)
Deferred pension and other post-employment benefit 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	13,465,202
Deferred inflows of resources	(1,687,356)
Long-term liabilities (including bonds, notes, loans, and capital leases payable, compensated absences, pollution remediation obligations, settlements, net pension liabilities and net other post employment benefit liabilities) are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. See note 7 to the financial statements.	(148,817,231)
Deferred amounts on refunding are not reported in the Governmental Fund financial statements, but are reported net of accumulated amortization as deferred outflows of resources in the Government-Wide financial statements.	356,310
 Net Position of Governmental Activities	 <u>\$ (14,446,770)</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, 2017

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
General property taxes and payments in lieu of taxes	\$ 49,896,038	\$ -	\$ 49,896,038
State and federal aid	5,380,939	9,356	5,390,295
Charges for services	5,385,500	341,364	5,726,864
Operating grants and contributions	9,735	1,274,957	1,284,692
Capital grants and contributions	-	837,757	837,757
Investment and interest income	251,467	20,452	271,919
Other revenues	25,372	28,117	53,489
Total revenues	<u>60,949,051</u>	<u>2,512,003</u>	<u>63,461,054</u>
Expenditures:			
<i>Current:</i>			
General government	1,875,970	27,128	1,903,098
Financial administration	1,346,402	-	1,346,402
Public safety	13,071,434	248,799	13,320,233
Public works	2,990,749	15,883	3,006,632
Social services	-	29,372	29,372
Parks and recreation	1,777,799	83,905	1,861,704
Planning, engineering and inspection	1,114,189	-	1,114,189
Library	881,832	-	881,832
Food service	-	389,010	389,010
Education	28,966,801	847,572	29,814,373
Town-wide	737,200	-	737,200
Other	2,796,294	-	2,796,294
Debt Service	-	2,597,327	2,597,327
Capital outlay	-	4,899,189	4,899,189
Total expenditures	<u>55,558,670</u>	<u>9,138,185</u>	<u>64,696,855</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>5,390,381</u>	<u>(6,626,182)</u>	<u>(1,235,801)</u>
Other financing sources (uses):			
Transfers from other funds	-	5,150,004	5,150,004
Transfers to other funds	(5,184,016)	(71,083)	(5,255,099)
Sale of capital assets	15,504	-	15,504
Capital lease	455,670	-	455,670
General obligation bonds issued	-	6,100,000	6,100,000
Premium on general obligation bonds issued	-	262,766	262,766
Refunding bonds issued	-	12,029,000	12,029,000
Premium on refunding bonds issued	-	1,565,550	1,565,550
Payment to refunded bonds escrow agent	-	(13,458,152)	(13,458,152)
Total other financing sources (uses)	<u>(4,712,842)</u>	<u>11,578,085</u>	<u>6,865,243</u>
Net change in fund balances	677,539	4,951,903	5,629,442
Fund balances - beginning of year-restated	<u>18,252,428</u>	<u>1,206,169</u>	<u>19,458,597</u>
Fund balances - end of year	<u>\$ 18,929,967</u>	<u>\$ 6,158,072</u>	<u>\$ 25,088,039</u>

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

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, 2017

Net Changes in Fund Balances - Total Governmental Funds	\$ 5,629,442
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.	5,274,076
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.	(4,193,966)
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.	(10,186)
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.	(102,221)
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 principal payments during the current period.	1,474,574
This amount represents debt issued during the current period.	(18,584,670)
This amount represents payments to the refunding bond escrow agent during the current period.	13,458,152
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.	(64,809)
Debt issued at a premium provide current financial resources to Governmental Funds, but are deferred and amortized in the Government-Wide financial statements. Deferred amounts on refunding are expenditures in the Governmental Funds, but are deferred and amortized in the Government-Wide financial statements.	
This amount represents premium on debt issued during the current period.	(1,828,316)
This amount represents amortization of premium on debt during the current period.	77,342
This amount represents amortization of deferred amounts on refunding during the current period.	(5,018)
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.	85,574
This amount represents the change in settlements payable during the current period.	30,420
This amount represents the change in the net pension liabilities and related deferred pension amounts during the current period.	(4,051,165)
This amount represents the change in the net OPEB liabilities and related deferred OPEB amounts during the current period.	6,419,117
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.	30,041
Change in Net Position of Governmental Activities	<u>\$ 3,638,387</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, 2017

	<i>Business-Type Activities - Enterprise Funds</i>				<i>Total</i>
	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Beach Fund</i>	<i>Middlebridge Recreation Fund</i>	
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,740,284	\$ 5,151,146	\$ 2,469,073	\$ 76,730	\$ 9,437,233
Accounts receivable:					
Water and sewer use fees	277,864	361,070	-	-	638,934
Sewer assessment	-	30,554	-	-	30,554
Accrued interest	-	34,522	-	-	34,522
Other	-	3,336	2,604	-	5,940
Due from federal and state governments	-	535,687	-	-	535,687
Total current assets	2,018,148	6,116,315	2,471,677	76,730	10,682,870
Noncurrent assets:					
Sewer assessments receivable	-	2,055,064	-	-	2,055,064
Capital assets:					
Non-depreciable assets	115,360	2,292,750	1,911,592	1,052,500	5,372,202
Depreciable assets - net	4,159,432	22,956,448	3,888,675	272,153	31,276,708
Total noncurrent assets	4,274,792	27,304,262	5,800,267	1,324,653	38,703,974
Total assets	6,292,940	33,420,577	8,271,944	1,401,383	49,386,844
Liabilities					
Current liabilities:					
Accounts payable and accrued expenses	205,800	539,762	97,500	328	843,390
Accrued interest payable	-	16,690	-	2,150	18,840
Accrued compensated absences	26,109	32,258	2,670	-	61,037
Customer and security deposits payable	-	-	21,005	1,275	22,280
Current portion of bonds, notes and loans payable	-	408,750	-	145,000	553,750
Total current liabilities	231,909	997,460	121,175	148,753	1,499,297
Noncurrent liabilities:					
Accrued compensated absences	152,623	145,514	-	-	298,137
Bonds, notes and loans payable	-	1,695,530	-	295,000	1,990,530
Total noncurrent liabilities	152,623	1,841,044	-	295,000	2,288,667
Total liabilities	384,532	2,838,504	121,175	443,753	3,787,964
Deferred Inflows of Resources					
Deferred sewer assessments	-	2,000,949	-	-	2,000,949
Total deferred inflows of resources	-	2,000,949	-	-	2,000,949
Net Position					
Net investment in capital assets	4,274,792	23,144,917	5,800,267	884,653	34,104,629
Unrestricted	1,633,616	5,436,207	2,350,502	72,977	9,493,302
Total net position	\$ 5,908,408	\$ 28,581,124	\$ 8,150,769	\$ 957,630	\$ 43,597,931

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, 2017

	<i>Business-Type Activities - Enterprise Funds</i>				<i>Total</i>
	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Beach Fund</i>	<i>Middlebridge Recreation Fund</i>	
Operating revenues					
Assessments and user fees	\$ 2,365,182	\$ 4,093,895	\$ -	\$ -	\$ 6,459,077
Admittance and rental fees	-	-	2,360,487	72,550	2,433,037
Other revenues	25,140	27,071	21,793	1,056	75,060
Total operating revenues	<u>2,390,322</u>	<u>4,120,966</u>	<u>2,382,280</u>	<u>73,606</u>	<u>8,967,174</u>
Operating expenses					
Salaries and benefits	755,629	1,267,513	866,198	-	2,889,340
Materials, supplies and maintenance	761,292	1,369,428	217,411	3,815	2,351,946
Utilities	13,205	229,862	33,149	1,481	277,697
Administrative and miscellaneous	286,221	672,478	486,712	4,423	1,449,834
Depreciation and amortization	512,151	808,710	258,323	7,732	1,586,916
Total operating expenses	<u>2,328,498</u>	<u>4,347,991</u>	<u>1,861,793</u>	<u>17,451</u>	<u>8,555,733</u>
Operating income (loss)	<u>61,824</u>	<u>(227,025)</u>	<u>520,487</u>	<u>56,155</u>	<u>411,441</u>
Nonoperating revenues (expenses)					
Other non-operating revenue	5,421	3,809	949	-	10,179
Investment income	832	7,312	7,160	54	15,358
Interest expense	-	(52,548)	-	(11,801)	(64,349)
Total nonoperating revenues (expenses)	<u>6,253</u>	<u>(41,427)</u>	<u>8,109</u>	<u>(11,747)</u>	<u>(38,812)</u>
Income before capital contributions and transfers	<u>68,077</u>	<u>(268,452)</u>	<u>528,596</u>	<u>44,408</u>	<u>372,629</u>
Capital contributions	-	992,131	-	-	992,131
Transfers in	-	-	-	105,095	105,095
Change in net position	<u>68,077</u>	<u>723,679</u>	<u>528,596</u>	<u>149,503</u>	<u>1,469,855</u>
Total net position - beginning of year	<u>5,840,331</u>	<u>27,857,445</u>	<u>7,622,173</u>	<u>808,127</u>	<u>42,128,076</u>
Total net position - end of year	<u>\$ 5,908,408</u>	<u>\$ 28,581,124</u>	<u>\$ 8,150,769</u>	<u>\$ 957,630</u>	<u>\$ 43,597,931</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, 2017

	<i>Business-Type Activities - Enterprise Funds</i>				<i>Total</i>
	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Beach Fund</i>	<i>Middlebridge Recreation Fund</i>	
<i>Cash flows from operating activities</i>					
Cash received from customers	\$ 2,360,728	\$ 4,140,484	\$ 2,360,468	\$ 72,550	\$ 8,934,230
Cash payments to suppliers for goods and services	(921,801)	(1,700,934)	(385,805)	(9,703)	(3,018,243)
Cash payments to employees for services	(755,187)	(1,334,655)	(881,628)	-	(2,971,470)
Payments for interfund services used	(171,104)	(571,052)	(340,789)	-	(1,082,945)
Other operating receipts	30,561	30,880	22,742	1,056	85,239
Customer deposits received	-	-	36,515	-	36,515
Customer deposits repaid	-	-	(34,710)	-	(34,710)
<i>Net cash provided by operating activities</i>	543,197	564,723	776,793	63,903	1,948,616
<i>Cash flows from non-capital financing activities</i>					
Interfund transactions	1,736,072	5,274,059	487,033	26,932	7,524,096
Transfer from other funds	-	-	-	105,095	105,095
<i>Net cash provided by non-capital related financing activities</i>	1,736,072	5,274,059	487,033	132,027	7,629,191
<i>Cash flows from capital and related financing activities</i>					
Capital contributions received	-	456,444	-	-	456,444
Acquisition and construction of capital assets	(1,096,939)	(1,558,115)	(391,899)	-	(3,046,953)
Payment of interest on bonds and loans	-	(55,989)	-	(12,485)	(68,474)
Payment of principal on bonds and loans	-	(400,394)	-	(140,000)	(540,394)
<i>Net cash used for capital and related financing activities</i>	(1,096,939)	(1,558,054)	(391,899)	(152,485)	(3,199,377)
<i>Cash flows from investing activities</i>					
Investment income	832	7,312	7,160	54	15,358
<i>Net cash provided by investing activities</i>	832	7,312	7,160	54	15,358
<i>Net increase in cash and cash equivalents</i>	1,183,162	4,288,040	879,087	43,499	6,393,788
<i>Cash and cash equivalents - beginning of year</i>	557,122	863,106	1,589,986	33,231	3,043,445
<i>Cash and cash equivalents - end of year</i>	\$ 1,740,284	\$ 5,151,146	\$ 2,469,073	\$ 76,730	\$ 9,437,233

(Continued)

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, 2017

	<i>Business-Type Activities - Enterprise Funds</i>				<i>Total</i>
	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Beach Fund</i>	<i>Middlebridge Recreation Fund</i>	
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ 61,824	\$ (227,025)	\$ 520,487	\$ 56,155	\$ 411,441
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	512,151	808,710	258,323	7,732	1,586,916
Other non-operating revenue	5,421	3,809	949	-	10,179
Changes in assets, liabilities and deferred inflows of resources:					
(Increase) decrease in accounts receivable	(7,306)	523,076	(20)	-	515,750
Increase (decrease) in accounts payable and accrued expenses	35,974	(748)	12,385	16	47,627
Increase (decrease) in accrued compensated absences	(64,867)	(66,611)	(17,136)	-	(148,614)
Increase (decrease) in deposits payable	-	-	1,805	-	1,805
Increase (decrease) in deferred sewer assessment revenue	-	(476,488)	-	-	(476,488)
Net cash provided by operating activities	\$ 543,197	\$ 564,723	\$ 776,793	\$ 63,903	\$ 1,948,616

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, 2017

	<u>Pension Trust Funds</u>	<u>Other Post- Employment Benefit Trust Funds</u>	<u>Private- Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets				
Cash and cash equivalents	\$ 7,177,047	\$ 2,173,860	\$ 70,945	\$ -
Investments at fair value:				
U.S. government obligations	2,643,341	-	-	-
Municipal obligations	32,098	-	-	-
Corporate bonds	4,283,361	-	-	-
Mortgage backed securities	491,169	-	-	-
Common stock	35,254,123	1,771,032	-	-
Mutual and exchange traded funds - equities	12,659,648	342,803	8,635	-
Mutual and exchange traded funds - fixed income	18,459,605	1,047,645	-	-
Hedge fund	3,505,254	-	-	-
Pooled investments	-	1,122,811	-	-
Total investments	<u>77,328,599</u>	<u>4,284,291</u>	<u>8,635</u>	<u>-</u>
Contribution receivable	80,755	-	-	-
Due from other funds	-	-	-	202,759
Accrued interest receivable	55,567	-	-	-
Prepaid expenses	441,134	135,030	-	-
Total assets	<u>85,083,102</u>	<u>6,593,181</u>	<u>79,580</u>	<u>202,759</u>
Liabilities				
Accounts payable and accrued expenses	-	132,302	-	16,923
Due to other funds	218,665	-	-	-
Deposits held in custody for others	-	-	-	185,836
Total liabilities	<u>218,665</u>	<u>132,302</u>	<u>-</u>	<u>202,759</u>
Net Position				
Restricted for pension benefits, post-employment benefits and other purposes	<u>\$ 84,864,437</u>	<u>\$ 6,460,879</u>	<u>\$ 79,580</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, 2017

	<u><i>Pension Trust Funds</i></u>	<u><i>Other Post- Employment Benefit Trust Funds</i></u>	<u><i>Private- Purpose Trust Funds</i></u>
<i>Additions</i>			
Contributions:			
Employer	\$ 5,666,268	\$ 4,698,907	\$ -
Plan member	1,474,196	-	-
Total contributions	<u>7,140,464</u>	<u>4,698,907</u>	<u>-</u>
Investment income:			
Net increase (decrease) in fair value of investments	6,583,323	286,458	1,196
Interest and dividends	1,812,795	68,034	144
Less: investment expense	<u>(448,720)</u>	<u>(16,231)</u>	<u>-</u>
Net investment income	<u>7,947,398</u>	<u>338,261</u>	<u>1,340</u>
<i>Total additions</i>	<u>15,087,862</u>	<u>5,037,168</u>	<u>1,340</u>
<i>Deductions</i>			
Benefits	5,124,399	2,489,359	-
Refunds of contributions	73,382	-	-
Administrative expenses	34,085	26,250	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>605</u>
<i>Total deductions</i>	<u>5,231,866</u>	<u>2,515,609</u>	<u>605</u>
<i>Change in net position</i>	9,855,996	2,521,559	735
<i>Net position - beginning of year, restated</i>	<u>75,008,441</u>	<u>3,939,320</u>	<u>78,845</u>
<i>Net position - end of year</i>	<u>\$ 84,864,437</u>	<u>\$ 6,460,879</u>	<u>\$ 79,580</u>

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

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

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," GASB Statement No. 61 "Financial Reporting Entity Omnibus" and GASB Statement No. 80, "Blending Requirements for Certain Component Units". 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
Notes to Financial Statements
June 30, 2017

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, and compensated absences which are recognized as expenditures to the extent they have matured.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

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 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 Funds, the Private Purpose Trust Funds, and the Agency Funds. Fiduciary 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 are accounted for on a

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

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 Funds – The Other Post-Employment Benefits (OPEB) Trust Funds were established to account for contributions to finance other post-employment benefits paid by the Town and the payment of these benefits as they come due. The Town OPEB Fund was established by Town Ordinance effective August 1, 2011 and the School OPEB Fund was established by School Committee Resolution effective May 17, 2017.

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. 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. The Town early implemented GASB Statement No. 75.
- GASB Statement No. 77 – *Tax Abatement Disclosures*, effective for the Town’s fiscal year ending June 30, 2017.
- GASB Statement No. 78 – *Pensions Provided Through Certain Multiple – Employer Defined Benefit Pension Plans*, effective for the Town’s fiscal year ending June 30, 2017.
- GASB Statement No. 79 – *Certain External Investment Pools and Pool Participants*, effective for the Town’s fiscal year ending June 30, 2017.
- GASB Statement No. 80 – *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, effective for the Town’s fiscal year ending June 30, 2017.
- GASB Statement No. 82 – *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*, effective for the Town’s fiscal year ending June 30, 2017.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

The adoption of GASB Statement Numbers 74, 77, 78, 79, 80 and 82 did not have an impact on the Town's financial position or results of operations. The adoption of GASB Statement No. 75 resulted in a restatement of net position in the Government-Wide Financial Statements of (\$20,208,627) as discussed in Note 15.

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

- GASB Statement No. 81 – *Irrevocable Split-Interest Agreements*, effective for the Town's fiscal year ending June 30, 2018.
- GASB Statement No. 83 – *Certain Asset Retirement Obligations*, effective for the Town's fiscal year ending June 30, 2019.
- GASB Statement No. 84 – *Fiduciary Activities*, effective for the Town's fiscal year ending June 30, 2020.
- GASB Statement No. 85 – *Omnibus 2017*, effective for the Town's fiscal year ending June 30, 2018.
- GASB Statement No. 86 – *Certain Debt Extinguishment Issues*, effective for the Town's fiscal year ending June 30, 2018.
- GASB Statement No. 87 – *Leases*, effective for the Town's fiscal year ending June 30, 2021.

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, except for investments in annuities which are reported at amortized cost and money market funds, the Trust OPEB Funding Program and the hedge fund which are reported at net asset value per share (which approximates 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.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

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.

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 acquisition value 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 OUTFLOWS OF RESOURCES AND 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

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

available or amounts received before the period for which property taxes are levied. In the Government-Wide Financial Statements, deferred inflows of resources are reported for amounts received before the period for which property taxes are levied and deferred amounts related to refunding debt issues which will be amortized as a component of interest expense in future years. Deferred outflows of resources and deferred inflows of resources are also reported for amounts related to the Town's pension plans and other post-employment benefit plans that will be amortized as a component of pension and other post-employment benefit 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 99.4% of the total 2016 levy. The tax rate of the Town is established in accordance with Town Ordinance.

The Town's fiscal 2016-2017 property taxes were levied on June 20, 2016, on assessed valuation as of December 31, 2015. Upon levy, taxes are due and payable between July 1 and July 31 or may be paid 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 2017.

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, 2017.

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

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

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, the plans 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.

Q. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For the purposes of measuring the net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Town OPEB and School OPEB plans and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, the plans recognizes benefit payments when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

R. 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.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

NOTE 2 - CAPITAL ASSETS

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

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Retirements</i>	<i>Ending Balance</i>
Governmental Activities:				
Nondepreciable assets:				
Land and land easements	\$ 44,058,624	\$ -	\$ -	\$ 44,058,624
Construction in progress	6,386,840	2,411,639	6,262,468	2,536,011
	<u>50,445,464</u>	<u>2,411,639</u>	<u>6,262,468</u>	<u>46,594,635</u>
Depreciable assets:				
Land improvements and infrastructure	43,008,430	5,291,156	-	48,299,586
Buildings and improvements	49,344,822	1,822,054	-	51,166,876
Machinery and equipment	8,327,359	493,032	51,055	8,769,336
Vehicles	8,535,656	1,518,663	855,438	9,198,881
	<u>109,216,267</u>	<u>9,124,905</u>	<u>906,493</u>	<u>117,434,679</u>
Total capital assets	<u>159,661,731</u>	<u>11,536,544</u>	<u>7,168,961</u>	<u>164,029,314</u>
Less accumulated depreciation for:				
Land improvements and infrastructure	27,789,929	1,350,627	-	29,140,556
Buildings and improvements	24,435,521	1,876,971	-	26,312,492
Machinery and equipment	5,356,999	409,156	51,055	5,715,100
Vehicles	6,493,174	557,212	845,252	6,205,134
	<u>64,075,623</u>	<u>4,193,966</u>	<u>896,307</u>	<u>67,373,282</u>
Governmental activities capital assets, net	<u>\$ 95,586,108</u>	<u>\$ 7,342,578</u>	<u>\$ 6,272,654</u>	<u>\$ 96,656,032</u>
Business-Type Activities:				
Nondepreciable assets:				
Land	\$ 3,186,280	\$ -	\$ -	\$ 3,186,280
Construction in progress	574,532	2,448,532	837,142	2,185,922
	<u>3,760,812</u>	<u>2,448,532</u>	<u>837,142</u>	<u>5,372,202</u>
Depreciable assets:				
System improvements and infrastructure	36,274,263	24,255	-	36,298,518
Buildings and improvements	20,891,602	1,157,265	-	22,048,867
Machinery and equipment	2,814,642	28,436	8,085	2,834,993
Vehicles	563,812	139,301	-	703,113
	<u>60,544,319</u>	<u>1,349,257</u>	<u>8,085</u>	<u>61,885,491</u>
Total capital assets	<u>64,305,131</u>	<u>3,797,789</u>	<u>845,227</u>	<u>67,257,693</u>
Less accumulated depreciation for:				
System improvements and infrastructure	17,999,958	675,278	-	18,675,236
Buildings and improvements	8,543,183	807,640	-	9,350,823
Machinery and equipment	2,048,716	61,555	8,085	2,102,186
Vehicles	438,095	42,443	-	480,538
	<u>29,029,952</u>	<u>1,586,916</u>	<u>8,085</u>	<u>30,608,783</u>
Business-type activities capital assets, net	<u>\$ 35,275,179</u>	<u>\$ 2,210,873</u>	<u>\$ 837,142</u>	<u>\$ 36,648,910</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

Depreciation expense was charged to governmental functions as follows:

General government	\$ 77,210
Public safety	477,535
Public works	1,431,612
Parks and recreation	258,926
Public libraries	8,664
Education	1,940,019
Total Depreciation Expense	\$ 4,193,966

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

Water	\$ 512,151
Sewer	808,710
Beach	258,323
Middlebridge Recreation	7,732
Total Depreciation Expense	\$1,586,916

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 \$139,520,701. As of June 30, 2017, the Town's debt subject to the legal debt margin is \$25,034,849 and the Town is under the debt limit by \$114,485,852. 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 governmental funds had a deficit in unassigned fund balance as of June 30, 2017:

- School Athletic Complex - \$(70,826)

NOTE 4 – CASH DEPOSITS

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

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

	<u>Carrying Amount</u>
Total Deposits	\$34,108,576
Add: Petty Cash and Cash on Hand	47,153
Add: Investments classified as cash equivalents	3,719,360
Less: Cash and cash equivalents classified as investments	<u>(499,978)</u>
Total Cash and Cash Equivalents Reported in the Financial Statements	<u>\$37,375,111</u>

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, 2017, \$28,552,695 of the Town’s bank balance of \$35,096,732 was exposed to custodial credit risk as follows:

	<u>Bank Balance</u>
Insured (federal depository insurance funds)	\$6,544,037
Collateralized with securities held by pledging financial institution or its agent, in the Town’s name	3,992,004
Uninsured and uncollateralized	<u>24,560,691</u>
Total	<u>\$35,096,732</u>

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, 2017, the Town's uncollateralized deposits with institutions were \$24,560,691. These deposits are held by institutions that meet the minimum capital standards prescribed by the federal regulators.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

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.
- 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
June 30, 2017

As of June 30, 2017 the Town had the following investments:

<u><i>Investments</i></u>	<u><i>Fair Value/Amortized Cost</i></u>	<u><i>Rating (Moody's)</i></u>
Corporate Bonds	\$ 135,317	AAA
Corporate Bonds	51,409	AA1
Corporate Bonds	346,189	AA2
Corporate Bonds	567,081	A1
Corporate Bonds	344,883	A2
Corporate Bonds	1,157,722	A3
Corporate Bonds	1,060,995	BAA1
Corporate Bonds	481,653	BAA2
Corporate Bonds	292,131	BAA3
Corporate Bonds	50,157	BA1
Municipal Obligations	32,098	A1
US Government Obligations	2,643,341	AAA
US Gov. Agency Obligations	148,688	AAA
US Gov. Agency Obligations	105,095	AA2
Mortgage-Backed Securities	477,171	AAA
Mortgage-Backed Securities	60,893	Not rated
Mutual Funds & ETFs - Fixed Income	90,543	AAA
Mutual Funds & ETFs - Fixed Income	354,176	AA
Mutual Funds & ETFs - Fixed Income	3,509,149	A
Mutual Funds & ETFs - Fixed Income	4,143,463	BBB
Mutual Funds & ETFs - Fixed Income	6,558,498	BB
Mutual Funds & ETFs - Fixed Income	7,649,128	Not rated
Mutual Funds & ETFs - Equities	13,011,086	Not applicable
Common Stock	37,025,155	Not applicable
Money Market Funds	85,785	Not rated
Money Market Funds	3,719,360	Aaa-mf
Trust OPEB Funding Program	1,122,811	Not rated
Hedge Fund	3,505,254	Not rated
Annuity	2,052,095	Not rated
	<hr/>	
	90,781,326	
Add: Cash classified as investments	499,978	
Less: Investment classified as cash and cash equivalents	(3,719,360)	
	<hr/>	
<i>Total investments reported in the financial statements</i>	<u><u>\$ 87,561,944</u></u>	

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

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	\$ 4,487,537	\$ 413,854	\$ 2,693,971	\$ 1,379,712	\$ -	\$ -	\$ -	\$ -
Municipal Obligations	32,098	-	32,098	-	-	-	-	-
US Government Obligations	2,643,341	-	1,749,893	893,448	-	-	-	-
US Agency Obligations	253,783	-	253,783	-	-	-	-	-
Mortgage-Backed Securities	538,064	-	477,919	20,491	-	1,709	37,945	-
Mutual Funds & ETFs -								
Fixed Income	18,928,683	-	4,340,606	12,154,443	2,433,634	-	-	-
Money Market Funds	3,805,145	3,805,145	-	-	-	-	-	-
Total	\$30,688,651	\$ 4,218,999	\$ 9,548,270	\$14,448,094	\$2,433,634	\$ 1,709	\$ 37,945	\$ -

Mutual fund and exchange traded fund maturity is based on average maturity of the fund. \$3,376,274 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, 2017

<u>Currency</u>	<u>Fair Value</u>	
	<u>Equities</u>	<u>Fixed Income Securities</u>
Australian dollar	\$ 422,616	\$ 53,213
Bermudian dollar	136,738	-
Brazilian real	322,550	-
Canadian dollar	-	313,792
Cayman Islands dollar	102,225	-
Chinese renminbi	220,076	-
Danish krone	218,000	-
Euro	4,663,838	112,360
Japanese yen	1,567,877	-
Mexican peso	239,956	62,220
Netherlands Antillean guilder	319,522	-
Norwegian krone	108,152	-
Pound sterling	1,588,805	126,996
Russian ruble	90,089	-
South Korean won	270,561	-
Swiss franc	1,110,894	-
Turkish lira	42,299	-
	<u>\$ 11,424,198</u>	<u>\$ 668,581</u>

The Town's investment in mutual funds and ETFs includes \$4,512,150 in international fixed income funds and \$1,785,560 in international equity funds.

NOTE 6 – FAIR VALUE MEASUREMENTS

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2017:

<u>Investments by fair value level:</u>	<u>June 30, 2017</u>	<u>Fair Value Measurements Using:</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Common Stock	\$ 37,025,155	\$ 37,025,155	\$ -	\$ -
Mutual Funds & ETFs - Equities	13,011,086	13,011,086	-	-
Mutual Funds & ETFs - Fixed Income	22,304,957	22,304,957	-	-
Corporate Bonds - Domestic Investment Grade	3,818,956	-	3,818,956	-
Fixed Income - Global/Foreign	668,581	-	668,581	-
Fixed Income - Government/Agency	2,897,124	-	2,897,124	-
Mortgage-Backed Securities	538,064	-	538,064	-
Municipal Bonds	32,098	-	32,098	-
Total investments measured by fair value level	80,296,021	\$ 72,341,198	\$ 7,954,823	\$ -
Investments measured at net asset value (NAV):				
Money Market Funds	3,805,145			
Trust OPEB Funding Program	1,122,811			
Hedge Fund	3,505,254			
Total investments measured at fair value	\$ 88,729,231			

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

Equity and debt securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 are valued using multi-dimensional relational models and matrices that consider benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data.

All money market investments have a maturity of less than one year. The fair value of these money market funds reflects the net asset value reported by the fund administrator which is a stable \$1 per unit. The underlining investments, which are short-term cash equivalent type investments are generally carried at amortized cost which approximates fair value. There are no participant's withdrawal limitations.

The Town's investment in the Trust OPEB Funding Program is valued using net asset value (NAV) per share (or its equivalent). The redemption frequency of the Trust OPEB Funding Program is daily and there is no redemption notice period. The Trust OPEB Funding Program investment utilizes a balanced strategy seeking both a reasonable level of income and long-term growth of capital and income. The Program invests in seven index and mutual funds: total stock market index fund, total international stock index fund, total bond market index fund, intermediate-term investment grade fund, short-term investment grade fund, inflation protected securities fund, and REIT index fund. The fair values of the underlying investments are used to determine NAV per share (or its equivalent) of the Trust OPEB Funding Program investment.

The Town's investment in the Hedge Fund is valued using the net asset value (NAV) per share (or its equivalent). The redemption frequency of the Hedge Fund is quarterly with a 65 day redemption notice period.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

NOTE 7 – LONG TERM LIABILITIES
A. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2017 was as follows:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Retirements</i>	<i>Ending Balance</i>	<i>Amounts Due Within One Year</i>
Governmental Activities:					
Bonds, notes, loans and capital leases payable:					
General obligation bonds	\$ 19,315,000	\$ 18,129,000	\$ 13,720,000	\$ 23,724,000	\$ 1,440,000
Notes and loans payable	1,464,755	-	153,906	1,310,849	158,011
Capital leases payable	358,299	455,670	225,668	588,301	225,564
	<u>21,138,054</u>	<u>18,584,670</u>	<u>14,099,574</u>	<u>25,623,150</u>	<u>1,823,575</u>
Plus amortized premium on bonds	635,605	1,828,316	549,165	1,914,756	-
Total bonds, notes, loans and capital leases	<u>21,773,659</u>	<u>20,412,986</u>	<u>14,648,739</u>	<u>27,537,906</u>	<u>1,823,575</u>
Other liabilities:					
Compensated absences	3,454,174	358,221	256,000	3,556,395	559,154
Pollution remediation obligations	1,849,909	-	85,574	1,764,335	85,574
Settlement payable	30,420	-	30,420	-	-
Net pension liabilities	76,656,829	-	1,078,073	75,578,756	-
Net other post-employment benefit liabilities	45,358,149	-	4,978,310	40,379,839	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 149,123,140</u>	<u>\$ 20,771,207</u>	<u>\$ 21,077,116</u>	<u>\$ 148,817,231</u>	<u>\$ 2,468,303</u>
Business Type Activities:					
Bonds, notes and loans payable:					
General obligation bonds	\$ 580,000	\$ -	\$ 140,000	\$ 440,000	\$ 145,000
Notes and loans payable	2,504,674	-	400,394	2,104,280	408,750
Total bonds, notes and loans	<u>3,084,674</u>	<u>-</u>	<u>540,394</u>	<u>2,544,280</u>	<u>553,750</u>
Other liabilities:					
Compensated absences	507,788	31,174	179,788	359,174	61,037
Business-Type Activities Long-Term Liabilities	<u>\$ 3,592,462</u>	<u>\$ 31,174</u>	<u>\$ 720,182</u>	<u>\$ 2,903,454</u>	<u>\$ 614,787</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 liabilities and other post-employment benefit liabilities 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, 2017

B. GENERAL OBLIGATION BONDS DEBT SERVICE REQUIREMENTS

The debt service requirements at June 30, 2017, were as follows:

<u>Fiscal Year Ended June 30,</u>	<i>Governmental Activities</i> <i>General Obligation Bonds</i>		<i>Business-Type Activities</i> <i>General Obligation Bonds</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2018	\$ 1,440,000	\$ 915,312	\$ 145,000	\$ 9,004
2019	1,485,000	806,200	145,000	5,451
2020	1,509,000	746,925	150,000	1,838
2021	1,540,000	703,705	-	-
2022	1,580,000	649,255	-	-
2023-2027	8,630,000	2,311,891	-	-
2028-2032	5,400,000	623,984	-	-
2033-2037	2,140,000	121,119	-	-
	<u>\$ 23,724,000</u>	<u>\$ 6,878,391</u>	<u>\$ 440,000</u>	<u>\$ 16,293</u>

C. NOTES AND LOANS PAYABLE DEBT SERVICE REQUIREMENTS

The debt service requirements at June 30, 2017, were as follows:

<u>Fiscal Year Ended June 30,</u>	<i>Governmental Activities</i> <i>Notes and Loans</i>		<i>Business-Type Activities</i> <i>Notes and Loans</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2018	\$ 158,011	\$ 21,020	\$ 408,750	\$ 45,388
2019	162,206	17,408	418,269	34,489
2020	166,492	14,573	428,954	23,270
2021	170,871	11,607	163,000	15,931
2022	175,347	8,561	166,000	12,587
2023-2027	371,922	12,958	519,307	16,587
2028-2030	106,000	-	-	-
	<u>\$ 1,310,849</u>	<u>\$ 86,127</u>	<u>\$ 2,104,280</u>	<u>\$ 148,252</u>

D. CAPITAL LEASE COMMITMENTS

The Town acquired computer equipment valued at \$239,538 and vehicles valued at \$841,003 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, 2017.

Obligations of governmental activities under capital leases at June 30, 2017 were as follows:

<u>Fiscal Year Ended June 30,</u>	<i>Lease</i> <i>Payment</i> <i>Requirements</i>
2018	\$ 239,218
2019	189,944
2020	99,805
2021	87,149
Total minimum lease payments	616,116
Less: Amount representing interest cost	(27,815)
Present value of minimum lease payments	<u>\$ 588,301</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
 June 30, 2017

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, 2016</i>	<i>New Issues</i>	<i>Refundings/ Maturities During Year</i>	<i>Outstanding June 30, 2017</i>
Governmental Activities:								
Bonds Payable:								
School Construction	05/15/2009	3.00-5.00%	05/15/2029	\$ 20,910,000	\$ 15,420,000	\$ -	\$ 13,515,000	\$ 1,905,000
Road Bond	07/02/2014	2.00-4.00%	07/15/2034	4,100,000	3,895,000	-	205,000	3,690,000
General Obligation Bond	11/08/2016	2.00-3.00%	11/01/2036	6,100,000	-	6,100,000	-	6,100,000
School Refunding	04/11/2017	3.00-5.00%	05/15/2029	12,029,000	-	12,029,000	-	12,029,000
Total Governmental Bonds					19,315,000	18,129,000	13,720,000	23,724,000
Notes and Loans Payable:								
Rose Hill Closing and Capping	09/03/2002	1.68%	09/01/2022	2,000,000	830,755	-	108,906	721,849
Narrow River	12/12/2007	1.64-2.04%	09/01/2029	600,000	443,000	-	28,000	415,000
Landfill Closure	12/15/2005	1.59-2.00%	09/01/2025	350,000	191,000	-	17,000	174,000
Total Governmental Notes and Loans					1,464,755	-	153,906	1,310,849
Total Governmental Activities					20,779,755	18,129,000	13,873,906	25,034,849
Business-Type Activities:								
Bonds Payable:								
Middlebridge	10/18/2012	2.45%	10/18/2019	974,000	580,000	-	140,000	440,000
Total Business-Type Bonds					580,000	-	140,000	440,000
Notes and Loans Payable:								
Sewer Projects	08/25/1999	3.25%	09/01/2019	780,000	191,551	-	45,957	145,594
Sewer Projects	02/04/1999	3.00%	09/01/2019	3,500,000	844,816	-	203,437	641,379
Briggs Farm Sewer Project	11/13/2003	0.97-2.12%	09/01/2024	4,200,000	1,468,307	-	151,000	1,317,307
Total Business-Type Notes and Loans					2,504,674	-	400,394	2,104,280
Total Business-Type Activities					3,084,674	-	540,394	2,544,280
Total Bonds, Notes and Loans Payable					\$ 23,864,429	\$ 18,129,000	\$ 14,414,300	\$ 27,579,129

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

F. REFUNDINGS OF LONG-TERM DEBT

On April 11, 2017, the Town entered into an agreement with the RI Health and Educational Building Corporation (RIHEBC) in the amount of \$12,029,000 with an average interest rate of 4.42% to advance refund \$12,625,000 of the RIHEBC Series 2009C bonds with an average interest rate of 4.75%. The net proceeds of \$13,458,152 (after receipt of premium of \$1,565,550 and payment of \$136,398 in underwriter's fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited to an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2009C bonds. As a result, the Series 2009C bonds are considered defeased and the liability for the loan has been removed from long-term debt.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$361,329. The difference is reported in the accompanying Government-wide financial statements as deferred outflows of resources and is being amortized to interest expense in the Statement of Activities through 2029 using the straight-line method. The Town completed the advance refunding to reduce its total debt service payments over the next 12 years by \$1,152,116 and obtain an economic gain (difference between the present values of the old and new debt service payments) of \$972,515.

G. 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 of 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 \$21,547,731. The Town's share of this obligation is estimated to be \$4,512,491. 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 \$463,225 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 \$1,544,335 at June 30, 2017, will be paid to the State over a 20-year period. Accordingly, \$1,544,335 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

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

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 \$7,536,390. The Town's share of this obligation is estimated to be \$1,707,973. The Town has paid \$1,487,973 to date related to its obligation with an estimated \$220,000 remaining for ongoing operation and maintenance costs at June 30, 2017. Accordingly, \$220,000 has been reported as a pollution remediation obligation in the government-wide financial statements.

NOTE 8 – 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>Due To:</i>				
General Fund	\$ -	\$ 401,634	\$ 218,665	\$ 620,299
Nonmajor Governmental Funds	505,775	-	-	505,775
Agency Funds	202,759	-	-	202,759
<i>Total</i>	\$ 708,534	\$ 401,634	\$ 218,665	\$ 1,328,833

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 9 – INTERFUND TRANSFERS

	<i>Transfer From:</i>		<i>Total</i>
	<i>General Fund</i>	<i>Nonmajor Governmental Funds</i>	
<i>Transfer To:</i>			
Nonmajor Governmental Funds	\$ 5,078,921	\$ 71,083	\$ 5,150,004
Middlebridge Recreation Fund	105,095	-	105,095
<i>Total</i>	\$ 5,184,016	\$ 71,083	\$ 5,255,099

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.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

NOTE 10 – 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.

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.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

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.

NOTE 11 – 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 \$275,000.

B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities at June 30, 2017, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
Governmental activities:				
General Fund	\$ 973,686	\$ 717,945	\$ 629,046	\$ 2,320,677
Other Governmental Funds	477,554	1,852	-	479,406
Total	<u>\$ 1,451,240</u>	<u>\$ 719,797</u>	<u>\$ 629,046</u>	<u>\$ 2,800,083</u>
Business-Type activities:				
Water Fund	\$ 102,908	\$ 85,522	\$ 17,370	\$ 205,800
Sewer Fund	513,055	26,015	692	539,762
Beach Fund	51,742	45,758	-	97,500
Middlebridge Recreation Fund	328	-	-	328
Total	<u>\$ 668,033</u>	<u>\$ 157,295</u>	<u>\$ 18,062</u>	<u>\$ 843,390</u>

NOTE 12 – POST-EMPLOYMENT BENEFITS

A. TOWN PLAN

Plan Description

Plan Administration - 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 16. On August 1, 2011 the Town Council authorized the creation of an OPEB Trust Fund. The Finance Director is responsible for administration of the plan in accordance with the Trust Agreement dated September 8, 2011 with Town Council oversight. The plan is reported as a Trust Fund in the Town's financial statements. The plan does not issue a publicly available financial report.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

Plan Membership - As of June 30, 2017, the plan membership data is as follows:

Active employees (with and without coverage)	163
Retirees and beneficiaries	123
	286

Benefits Provided - 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. The plan provides the following benefits based on employee group upon retirement:

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. Effective July 1, 2001, those retirees eligible for lifetime benefits who are Medicare eligible are enrolled in Blue Cross Plan 65. 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 and retires prior to July 1, 2018, then the Town shall provide an individual health plan for the spouse and the retiree contribution requirements noted below apply to the spouse as well. Council 94 and Local 1033 employees retiring on/after July 1, 2018 who elect spousal coverage at retirement must contribute the full incremental cost of the spousal coverage. 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; date of retirement on/after July 1, 2018 – 20% 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 who: retire between July 1, 2014 and June 30, 2015 – 5% of health and dental premiums; retire between July 1, 2015 and June 30, 2016 – 10% of health and dental premiums; retire between July 1, 2016 and June 30, 2018 – 15% of health and dental premiums; retire after July 1, 2018 – 20% 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

Council 94 and Local 1033 employees retiring on/after July 1, 2018 will receive individual health and dental benefits only until age 65 or Medicare eligible (whichever is earlier) regardless of date of hire.

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

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

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 but prior to January 1, 2017 must contribute 20% of their health premium (for retirees and spouses). These retirees will no longer be eligible for subsidized Medicare Supplement coverage. Employees retiring on/after January 1, 2017 will receive health coverage through a Blue Solutions HDHP plan with no contribution requirement.

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 but prior to July 1, 2017 must contribute 15% of health and dental premiums. Employees who retire on/after July 1, 2017 but prior to July 1, 2018 must contribute 17% of health and dental premiums. Employees who retire on/after July 1, 2018 must contribute 20% 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 cost of group health and dental depending on their coverage level (municipal employees and firefighters – 50%; police officers – 60% for retirements prior to July 1, 2017 and 50% for retirements on/after July 1, 2017). Council 94 and Local 1033 employees retiring on/after July 1, 2018 will receive this benefit until age 65 or Medicare eligible. Firefighters retiring on/after January 1, 2011 will receive this benefit until Medicare eligible. Police officers hired on/after July 1, 2013 will receive this benefit until Medicare eligible.

Contributions - 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 retiree share of premiums. For the year ended June 30, 2017, the Town's contribution was based on the adopted budget which was less than the actuarially determined contribution. For the fiscal year ended June 30, 2017, the Town contributed \$3,176,785 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.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

Investments

Investment Policy – The Finance Director may invest funds held in the OPEB Trust Fund in accordance with the Trust Agreement and State Law in the following types of investments: common or preferred stocks, bonds, notes, debentures, mortgages, equipment or investment trust certificates, mutual funds or other pooled investment vehicles, and other evidences of indebtedness.

Rate of Return – For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 12.52%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Net OPEB Liability of the Town Plan

The components of the net OPEB liability of the Town at June 30, 2017, were as follows:

Total OPEB Liability	\$43,680,916
OPEB Plan Fiduciary Net Position	<u>(5,338,068)</u>
Net OPEB Liability	<u>\$38,342,848</u>

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	12.2%
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Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal Cost Method
Salary Increases	Age 20-29 - 6%; Age 30-39 - 5.5%; Age 40-49 – 4.5%; Age 50+ - 4%
Inflation	4%
Investment Rate of Return	7.20%
Mortality	SOA RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016

Health Care Trend Rates	<u>FYE</u>	<u>Medical</u>	<u>Dental</u>	<u>Part B</u>
	2018	9.00%	4.50%	3.25%
	2019	8.00%	4.00%	3.50%
	2020	7.00%	3.50%	3.75%
	2021	6.50%	3.00%	4.00%
	2022	6.00%	3.00%	4.25%
	2023	5.50%	3.00%	4.25%
	2024+	5.00%	3.00%	4.25%

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	35.0%	2.00%
Domestic Equity	50.0%	6.00%
International Equity	15.0%	5.00%
	<hr/>	
	100.00%	
	<hr/> <hr/>	

Discount Rate – The discount rate used to measure the OPEB liability was 6.60% for the Town Plan. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the greater of \$3,000,000 or the expected benefit payments. Based on those assumptions, the Town Plan’s net fiduciary position was not projected to be available to make all projected future benefit payments of current plan members. The long-term rate of return was applied to projected benefit payments through fiscal year 2057 and the municipal bond rate of 3.56% (Municipal Bond Index) was applied for years thereafter.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

Town Plan - Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2016	\$45,880,053	\$3,939,320	\$41,940,733
Changes for the Year:			
Service cost	1,189,644	-	1,189,644
Interest on the total OPEB liability	3,005,083	-	3,005,083
Changes in benefits	(6,256,712)	-	(6,256,712)
Difference between expected and actual experience	658,887	-	658,887
Changes in assumptions	1,293,986	-	1,293,986
Employer contributions	-	3,176,785	(3,176,785)
Plan member contributions	-	-	-
Net investment income	-	338,238	(338,238)
Benefit payments, including employee refunds	(2,090,025)	(2,090,025)	-
Administrative expense	-	(26,250)	26,250
Other changes	-	-	-
Net changes	(2,199,137)	1,398,748	(3,597,885)
Balances as of June 30, 2017	\$43,680,916	\$5,338,068	\$38,342,848

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the Town Plan, as well as what the Town Plan's net OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower and 1-percentage-point higher than the current discount rate:

	1% Decrease <u>(5.60%)</u>	Current Discount Rate <u>(6.60%)</u>	1% Increase <u>(7.60%)</u>
Net OPEB Liability	\$44,287,330	\$38,342,848	\$33,492,119

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability of the Town Plan, as well as what the Town Plan's net OPEB liability would be if it were calculated using a healthcare cost trend rates 1-percentage-point lower (8% decreasing to 4%) and 1-percentage-point higher (10% decreasing to 6%) than the current healthcare cost trend rates:

	1% Decrease <u>(8% decreasing to 4%)</u>	Current Healthcare Cost Trend Rates <u>(9% decreasing to 5%)</u>	1% Increase <u>(10% decreasing to 6%)</u>
Net OPEB Liability	\$33,624,841	\$38,342,848	\$44,124,554

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2017, the Town recognized OPEB expense of \$(2,034,820). At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$549,072	\$ -
Changes in assumptions	1,078,322	-
Net difference between projected and actual earnings on OPEB plan investments	<u>-</u>	<u>13,674</u>
Total	<u>\$ 1,627,394</u>	<u>\$13,674</u>

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

Year ended June 30:

2018	\$322,061
2019	322,061
2020	322,061
2021	322,059
2022	325,478
Thereafter	-

B. SCHOOL PLAN

Plan Description

Plan Administration - 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 16. On May 17, 2017 the School Committee authorized the creation of an OPEB Trust Fund. The Director of Finance and Administration is responsible for administration of the plan in accordance with the Trust Agreement effective May 17, 2017 with School Committee oversight. The plan is reported as a Trust Fund in the Town's financial statements. The plan does not issue a publicly available financial report.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

Plan Membership - As of June 30, 2017 the plan membership data is as follows:

Active employees (with and without coverage)	228
Retirees and beneficiaries	35
	263
	263

Benefits Provided - 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 who have 10 years of service are eligible for health and dental benefits until Medicare eligible 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 eligible. 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.

Contributions - 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 retiree share of premiums. For the year ended June 30, 2017, 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, 2017, the School System contributed \$1,522,122 to the plan.

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.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

Investments

Investment Policy – The Director of Finance and Administration may invest funds held in the OPEB Trust Fund in accordance with the Trust Agreement and State Law. The School Plan utilizes a third-party investment advisor and has adopted a balanced strategy.

Rate of Return – For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 0%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Net OPEB Liability of the School Plan

The components of the net OPEB liability of the Town at June 30, 2017, were as follows:

Total OPEB Liability	\$3,159,802
OPEB Plan Fiduciary Net Position	(1,122,811)
Net OPEB Liability	<u>\$2,036,991</u>

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	35.5%
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Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal Cost Method
Salary Increases	General wage inflation of 3.50% plus merit increases
Inflation	3.50%
Investment Rate of Return	6.75%
Mortality	SOA RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016

Health Care Trend Rates	<u>FYE</u>	<u>Medical</u>	<u>Dental</u>
	2018	9.00%	4.50%
	2019	8.00%	4.00%
	2020	7.00%	3.50%
	2021	6.50%	3.00%
	2022	6.00%	3.00%
	2023	5.50%	3.00%
	2024+	5.00%	3.00%

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	37.1%	5.90%
Non-US Equity	15.9%	6.30%
U.S. Aggregate Bonds	12.0%	1.60%
Intermediate-Term Credit	7.2%	2.20%
Short-Term Credit	4.8%	1.90%
Intermediate-Term TIPS	15.0%	0.70%
REITs	8.0%	4.70%
	<hr/> 100.00% <hr/>	

Discount Rate – The discount rate used to measure the OPEB liability was 5.60% for the School Plan. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the expected benefit payments. Based on those assumptions, the School Plan’s net fiduciary position was not projected to be available to make all projected future benefit payments of current plan members. The long-term rate of return was applied to projected benefit payments through fiscal year 2046 and the municipal bond rate of 3.56% (Municipal Bond Index) was applied for years thereafter.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

School Plan - Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2016	\$3,417,416	\$-	\$3,417,416
Changes for the Year:			
Service cost	199,504	-	199,504
Interest on the total OPEB liability	167,455	-	167,455
Changes in benefits	-	-	-
Difference between expected and actual experience	(241,063)	-	(241,063)
Changes in assumptions	15,824	-	15,824
Employer contributions	-	1,522,122	(1,522,122)
Plan member contributions	-	-	-
Net investment income	-	23	(23)
Benefit payments, including employee refunds	(399,334)	(399,334)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	(257,614)	1,122,811	(1,380,425)
Balances as of June 30, 2017	\$3,159,802	\$1,122,811	\$2,036,991

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the School Plan, as well as what the School Plan's net OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower and 1-percentage-point higher than the current discount rate:

	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
Net OPEB Liability	\$2,212,085	\$2,036,991	\$1,870,788

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability of the School Plan, as well as what the School Plan's net OPEB liability would be if it were calculated using a healthcare cost trend rates 1-percentage-point lower (8% decreasing to 4%) and 1-percentage-point higher (10% decreasing to 6%) than the current healthcare cost trend rates:

	1% Decrease (8% decreasing to 4%)	Current Healthcare Cost Trend Rates (9% decreasing to 5%)	1% Increase (10% decreasing to 6%)
Net OPEB Liability	\$1,794,332	\$2,036,991	\$2,315,624

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2017, the School System recognized OPEB expense of \$314,610. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$216,957
Changes in assumptions	14,242	-
Net difference between projected and actual earnings on OPEB plan investments	<u>29,802</u>	<u>-</u>
Total	<u>\$44,044</u>	<u>\$216,957</u>

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

Year ended June 30:	
2018	\$(15,074)
2019	(15,074)
2020	(15,074)
2021	(15,072)
2022	(22,524)
Thereafter	(90,095)

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

C. AGGREGATE OPEB AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS

	Deferred Outflows of Resources – OPEB Amounts	Deferred Inflows of Resources – OPEB Amounts	Net OPEB Liability	OPEB Expense
Town Plan	\$1,627,394	\$13,674	\$38,342,848	\$(2,034,820)
School Plan	44,044	216,957	2,036,991	314,610
Total	<u>\$1,671,438</u>	<u>\$230,631</u>	<u>\$40,379,839</u>	<u>\$(1,720,210)</u>

NOTE 13 – 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 14 – 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.

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

The School System 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 School System 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 School System's payments of premiums to WBCH are reported as deposits (other assets) in the General Fund and the claims paid by WBCH on the School System's behalf and the administrative costs paid to WBCH are recorded as expenditures 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 School System purchases specific stop loss re-insurance. Under the stop loss re-insurance, the School System is covered for medical claims in excess of \$200,000 per person per contract period.

The claims liability of \$229,643 reported in the General Fund at June 30, 2017 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:

	<u><i>Beginning Fiscal Year Liability</i></u>	<u><i>Current Year Claims and Changes In Estimate</i></u>	<u><i>Claims Payments</i></u>	<u><i>Balance Fiscal Year End</i></u>
2015-2016	\$497,249	\$3,351,220	\$3,664,002	\$184,467
2016-2017	\$184,467	\$3,311,601	\$3,266,425	\$229,643

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

NOTE 15 – RESTATEMENTS

The following corrections and restatements have been reported in the Governmental Activities, General Fund and Town OPEB Plan Fund:

	<u>Governmental</u> <u>Activities</u>	<u>General</u> <u>Fund</u>	<u>Other Post- Employment Benefit Trust Funds</u> <u>Town OPEB Plan</u>
Net position, June 30, 2016, as previously reported	\$ 2,255,405	\$18,384,363	\$ 3,810,193
Adoption of GASB Statement No. 75	(20,208,627)	-	-
Correct prior year prepaid expenses	(131,935)	(131,935)	129,127
<i>Net position June 30, 2016, as restated</i>	<u>\$ (18,085,157)</u>	<u>\$18,252,428</u>	<u>\$ 3,939,320</u>

NOTE 16 – PENSION PLANS

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

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

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is 1% per year with a maximum benefit accrual of 40%. Members eligible to retire at September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

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

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

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

Contributions - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2017, Narragansett School Department teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The State and the 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 9.95% and 13.18% of annual covered payroll for the fiscal year ended June 30, 2017 for the State and Narragansett School Department, respectively. The Narragansett School Department contributed \$1,642,280, \$1,681,848 and \$1,642,581 for the fiscal years ended June 30, 2017, 2016 and 2015, respectively, equal to 100% of the required contributions for each year. The State's share of contributions totaling \$1,193,094 for fiscal year 2017 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, 2017, the Narragansett School Department reported a liability of \$22,245,559 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:

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Narragansett School Department's proportionate share of the net pension liability	\$22,245,559
State's proportionate share of the net pension liability associated with the Narragansett School Department	<u>15,234,941</u>
Total net pension liability	<u>\$37,480,500</u>

The net pension liability was measured as of June 30, 2016, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016. The 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, 2016 the Narragansett School Department's proportion was 0.74560016%.

For the year ended June 30, 2017, the Narragansett School Department recognized in the Government-Wide financial statements gross pension expense of \$3,234,709 and revenue of \$1,275,263 for support provided by the State. At June 30, 2017, the Narragansett School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources:	
Contributions subsequent to the measurement date	\$1,642,280
Changes in proportion and differences between employer contributions and proportionate share of contributions	702,311
Net difference between projected and actual earnings on pension plan investments	<u>1,735,940</u>
Total	<u>\$4,080,531</u>

Deferred inflows of resources:	
Differences between expected and actual experience	\$438,917
Change of assumptions	460,805
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>201,051</u>
Total	<u>\$1,100,773</u>

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\$1,642,280 reported as deferred outflows of resources related to pensions resulting from the Narragansett School Department contributions in fiscal year 2017 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$241,699
2019	241,699
2020	632,381
2021	343,241
2022	(69,230)
Thereafter	(52,312)

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

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

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

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

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

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

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

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 (6.5%)	Current Discount Rate (7.5%)	1.00 Increase (8.5%)
\$27,471,319	\$22,245,559	\$17,967,491

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 with less than 20 years of service as of June 30, 2012, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants.

Employees contribute 5% of their annual covered salary and employers contribute between 1% and 1.5% of annual covered salary depending on the employee’s total years of service as of June 30, 2012. The employer contribution is split between the State and the school department. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

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

The Narragansett School Department recognized pension expense of \$104,571 and employees contributed \$486,607 for the fiscal year ended June 30, 2017. For financial reporting purposes, the State’s share of contributions totaling \$45,244 for fiscal year 2017 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>.

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

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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, 2016, membership data related to the pension plan was as follows:

Active members	-
Retired and beneficiaries	17
Terminated vested	-
	17

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 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, 2017 was \$267,000.

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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, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.00%. 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, 2017 were as follows:

Total Pension Liability	\$2,352,410
Plan Fiduciary Net Position	934,315
Town’s Net Pension Liability	<u>\$1,418,095</u>
Plan fiduciary net position as a percentage of the total pension liability	39.72%

Actuarial Assumptions – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2016 rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

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Actuarial Cost Method	Entry Age Method
Amortization Method	Closed amortization over average remaining expected lifetime of current retirees
Actuarial Assumptions:	
Inflation	2%
Salary Increases	Not applicable
Investment Rate of Return	7.20%
Mortality	<ul style="list-style-type: none"> • Healthy - RP-2014 Blue Collar with generational improvements from 2006 based on 2016 SSA Trustees' Report (2015 SSA Trustees' Report in prior year) • Disabled - RP-2014 Disabled with generational improvements from 2006 based on 2016 SSA Trustees' Report (2015 SSA Trustees' Report in prior year)
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, 2017 (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%	2.00%
Domestic Equity	50%	6.00%
International Equity	15%	5.00%
Alternatives	0%	2.20%
Cash	0%	1.00%
Total	100%	

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Discount Rate – The discount rate used to measure the total pension liability was 7.20%. 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.

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, 2016	\$2,403,164	\$820,641	\$1,582,523
Changes for the Year:			
Service cost	-	-	-
Interest on the total pension liability	163,991	-	163,991
Changes in benefits	-	-	-
Difference between expected and actual experience	50,752	-	50,752
Changes in assumptions	(14,486)	-	(14,486)
Employer contributions	-	267,000	(267,000)
Employee contributions	-	-	-
Net investment income	-	102,865	(102,865)
Benefit payments, including employee refunds	(251,011)	(251,011)	-
Administrative expense	-	(5,180)	5,180
Other changes	-	-	-
Net changes	(50,754)	113,674	(164,428)
Balances as of June 30, 2017	\$2,352,410	\$934,315	\$1,418,095

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 7.20%, 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 (6.20%) or 1-percentage point higher (8.20%) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Net Pension Liability	\$1,600,327	\$1,418,095	\$1,248,965

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Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2017, the Town recognized pension expense of \$159,630. 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	\$21,211
Total	<u>\$21,211</u>

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

Year Ending June 30,	
2018	\$13,668
2019	13,668
2020	2,553
2021	(8,678)
2022	-
Thereafter	-

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, 2016, membership data related to the pension plan was as follows:

Active members	253
Retired and beneficiaries	193
Terminated vested	18
	<u>464</u>

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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. Local 1033 employees hired on or after July 1, 2014 may retire upon completion of 25 years of credited service. Council 94 employees hired on or after July 1, 2014 and school employees hired after July 1, 2015 may retire upon the later of attainment of age 65 or the completion of ten year of credited service; but in any case, the member can retire immediately after completing 25 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 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). For Council 94 and Local 1033 employees hired on or after July 1, 2014 and school employees hired on or after July 1, 2015, the normal retirement benefit is equal to 2% of final average compensation multiplied by years of credited service (subject to a maximum 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

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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 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. Council 94 employees hired on or after July 1, 2014 shall receive annual 3% simple COLAs beginning July 1 of the year the employee turns 58 years old.
- b) *School System Employees* – hired on or after July 1, 2015 shall receive a compounded COLA on each July 1 based on the COLA given to Social Security recipients, if any.
- c) *Firefighters* – who retire on or after July 1, 2002 and before July 1, 2015 shall receive annual 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 annual 3% simple COLAs 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.
- d) *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 annual 3% simple COLAs 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.

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

Police	11% of base salary, holiday, incentive and longevity
Fire	11% of base salary, holiday, incentive and longevity
Mid-managers; laborers; clerical	10% of base salary and longevity
Non-union	10% of base salary
School	10% 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, 2017 was \$5,399,268.

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, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.69%. 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, 2017 were as follows:

Total Pension Liability	\$135,845,224
Plan Fiduciary Net Position	83,930,122
Town’s Net Pension Liability	<u>\$51,915,102</u>
Plan fiduciary net position as a percentage of the total pension liability	61.78%

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Actuarial Assumptions – The total pension liability was determined as of June 30, 2017, based on an actuarial valuation performed as of July 1, 2016 rolled forward to June 30, 2017, 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	2%
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	7.20%
Mortality	<ul style="list-style-type: none"> • Healthy Public Safety - RP-2014 Blue Collar with generational improvements from 2006 based on 2016 SSA Trustees’ Report (2015 SSA Trustees’ Report in prior year) • Healthy Non-Public Safety – RP-2014 with generational improvements from 2006 based on 2016 SSA Trustees’ Report (2015 SSA Trustees’ Report in prior year) • Disabled - RP-2014 Disabled with generational improvements from 2006 based on 2016 SSA Trustees’ Report (2015 SSA Trustees’ Report in prior year)
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, 2017 (see the discussion of the pension plan’s investment policy in Note 5 – Investments) are summarized in the following table:

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	35%	2.00%
Domestic Equity	50%	6.00%
International Equity	15%	5.00%
Alternatives	0%	2.20%
Cash	0%	1.00%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.20%. 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 Plan
Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2016	\$128,509,587	\$74,187,800	\$54,321,787
Changes for the Year:			
Service cost	2,930,982	-	2,930,982
Interest on the total pension liability	9,285,637	-	9,285,637
Changes in benefits	-	-	-
Difference between expected and actual experience	540,391	-	540,391
Changes in assumptions	(474,603)	-	(474,603)
Employer contributions	-	5,399,268	(5,399,268)
Employee contributions	-	1,474,196	(1,474,196)
Net investment income	-	7,844,533	(7,844,533)
Benefit payments, including employee refunds	(4,946,770)	(4,946,770)	-
Administrative expense	-	(28,905)	28,905
Other changes	-	-	-
Net changes	7,335,637	9,742,322	(2,406,685)
Balances as of June 30, 2017	\$135,845,224	\$83,930,122	\$51,915,102

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

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 7.20%, 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 (6.20%) or 1-percentage point higher (8.20%) than the current rate:

	1% Decrease	Current Discount	1% Increase
	<u>(6.20%)</u>	<u>Rate (7.20%)</u>	<u>(8.20%)</u>
Net Pension Liability	\$70,679,916	\$51,915,102	\$35,427,748

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

For the year ended June 30, 2017, the Town recognized pension expense of \$9,215,552. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources:

Differences between expected and actual experience	\$881,848
Changes of assumptions	2,454,642
Net difference between projected and actual investment earnings	<u>4,355,532</u>
Total	<u>\$7,692,022</u>

Deferred Inflows of Resources:

Changes of assumptions	<u>\$355,952</u>
Total	<u>\$355,952</u>

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

Year Ending June 30,	
<u>2018</u>	\$3,854,067
2019	3,001,261
2020	967,681
2021	(486,939)
2022	-
Thereafter	-

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Financial Statements
June 30, 2017

D. AGGREGATE PENSION AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS

	Deferred Outflows of Resources – Pension Amounts	Deferred Inflows of Resources – Pension Amounts	Net Pension Liability	Pension Expense
Employees’ Retirement System of RI	\$4,080,531	\$1,100,773	\$22,245,559	\$ 3,234,709
Police Plan	21,211	-	1,418,095	159,630
Town Plan	<u>7,692,022</u>	<u>355,952</u>	<u>51,915,102</u>	<u>9,215,552</u>
Total	<u>\$11,793,764</u>	<u>\$1,456,725</u>	<u>\$75,578,756</u>	<u>\$12,609,891</u>

NOTE 17 – OPERATING LEASES

The Town leases certain equipment under noncancellable operating leases expiring in June 2019. At June 30, 2017, future minimum lease payments are as follows:

<i>Year Ending June 30,</i>	
2018	\$12,873
2019	<u>12,873</u>
	<u>\$25,746</u>

Rental expenditures for operating leases for the year ended June 30, 2017 totaled \$12,873.

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 - Town Other Post-Employment Benefit (OPEB) Plan
Schedule of Changes in the Town's Net OPEB Liability and Related Ratios (1)
"Unaudited"

	2017
Total OPEB liability:	
Service cost	\$ 1,189,644
Interest	3,005,083
Changes of benefit terms	(6,256,712)
Differences between expected and actual experience	658,887
Changes of assumptions	1,293,986
Benefits payments	(2,090,025)
Net change in total OPEB liability	(2,199,137)
Total OPEB liability - beginning	45,880,053
Total OPEB liability - ending (a)	\$ 43,680,916
Plan fiduciary net position:	
Contributions - employer	\$ 3,176,785
Contributions - employee	-
Net investment income	338,238
Benefits payments	(2,090,025)
Administrative expense	(26,250)
Other	-
Net change in plan fiduciary net position	1,398,748
Plan fiduciary net position - beginning	3,939,320
Plan fiduciary net position - ending (b)	\$ 5,338,068
 Town's net OPEB liability - ending (a) - (b)	 \$ 38,342,848
Plan fiduciary net position as a percentage of the total OPEB liability	12.22%
 Covered employee payroll	 \$ 10,228,484
 Town's net OPEB liability as a percentage of covered employee payroll	 374.86%

(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 NARRAGANSET, RHODE ISLAND
Required Supplementary Information - School Other Post-Employment Benefit (OPEB) Plan
Schedule of Changes in the Town's Net OPEB Liability and Related Ratios (1)
"Unaudited"

	2017
Total OPEB liability:	
Service cost	\$ 199,504
Interest	167,455
Changes of benefit terms	-
Differences between expected and actual experience	(241,063)
Changes of assumptions	15,824
Benefits payments	(399,334)
Net change in total OPEB liability	(257,614)
Total OPEB liability - beginning	3,417,416
Total OPEB liability - ending (a)	\$ 3,159,802
Plan fiduciary net position:	
Contributions - employer	\$ 1,522,122
Contributions - employee	-
Net investment income	23
Benefits payments	(399,334)
Administrative expense	-
Other	-
Net change in plan fiduciary net position	1,122,811
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	\$ 1,122,811
Town's net OPEB liability - ending (a) - (b)	\$ 2,036,991
Plan fiduciary net position as a percentage of the total OPEB liability	35.53%
Covered employee payroll	N/A
Town's net OPEB liability as a percentage of covered employee payroll	N/A

(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 - Other Post-employment Benefit (OPEB) Plans
Schedule of Town Contributions
Last Ten Fiscal Years
"Unaudited"

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<i>Town Plan (1)</i>									
Actuarially determined contribution	\$ 3,517,887	\$ 4,620,054	\$ 5,047,958	\$ 5,030,992	\$ 5,117,673	\$ 5,960,237	\$ 5,308,196	\$ 6,549,964	\$ 6,406,441
Contributions in relation to the actuarially determined contribution	3,176,785	2,911,234	2,346,138	2,510,011	2,516,858	3,069,142	1,899,453	1,447,706	1,384,467
<i>Contribution deficiency (excess)</i>	<u>\$ 341,102</u>	<u>\$ 1,708,820</u>	<u>\$ 2,701,820</u>	<u>\$ 2,520,981</u>	<u>\$ 2,600,815</u>	<u>\$ 2,891,095</u>	<u>\$ 3,408,743</u>	<u>\$ 5,102,258</u>	<u>\$ 5,021,974</u>
Covered employee payroll	\$ 10,228,484	\$ 9,808,380	\$ 9,522,699	\$ 9,377,308	\$ 9,104,183	\$ 8,839,013	\$ 8,644,525	Not available	Not available
Contributions as a percentage of covered employee payroll	31.06%	29.68%	24.64%	26.77%	27.65%	34.72%	21.97%	Not available	Not available
<i>School Plan (1)</i>									
Actuarially determined contribution	\$ 379,021	\$ 419,272	\$ 392,924	\$ 379,211	\$ 488,877	\$ 445,449	\$ 473,447		
Contributions in relation to the actuarially determined contribution	1,522,122	335,099	307,430	275,520	301,939	274,490	241,254		
<i>Contribution deficiency (excess)</i>	<u>\$ (1,143,101)</u>	<u>\$ 84,173</u>	<u>\$ 85,494</u>	<u>\$ 103,691</u>	<u>\$ 186,938</u>	<u>\$ 170,959</u>	<u>\$ 232,193</u>		
Covered employee payroll	Not available	Not available	Not available	\$ 16,032,959	\$ 15,565,980	\$ 15,293,489	\$ 15,293,489		
Contributions as a percentage of covered employee payroll	Not available	Not available	Not available	1.72%	1.94%	1.79%	1.58%		

(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 - Other Post-Employment Benefit (OPEB) Plans
Schedule of Investment Returns (1)
"Unaudited"

	2017
<i>Town Plan</i>	
Annual money-weighted rate of return, net of investment expense	<u><u>12.52%</u></u>
<i>School Plan</i>	
Annual money-weighted rate of return, net of investment expense	<u><u>0.00%</u></u>

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

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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>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.74560016%	0.75381396%	0.71867874%
Town's proportionate share of the net pension liability	\$ 22,245,559	\$ 20,752,519	\$ 17,492,643
State's proportionate share of the net pension liability associated with the Town	<u>15,234,941</u>	<u>14,177,469</u>	<u>11,995,511</u>
Total	<u>\$ 37,480,500</u>	<u>\$ 34,929,988</u>	<u>\$ 29,488,154</u>
Town's covered-employee payroll	\$ 12,249,451	\$ 12,250,219	\$ 12,180,991
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	181.60%	169.41%	143.61%
Plan fiduciary net position as a percentage of the total pension liability	54.06%	57.55%	61.40%

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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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	163,991	174,613	177,837	182,866
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	50,752	(37,247)	(20,730)	-
Changes of assumptions	(14,486)	33,213	85,996	-
Benefits payments, including refunds of member contributions	(251,011)	(254,103)	(255,145)	(244,698)
Net change in total pension liability	<u>(50,754)</u>	<u>(83,524)</u>	<u>(12,042)</u>	<u>(61,832)</u>
Total pension liability - beginning	<u>2,403,164</u>	<u>2,486,688</u>	<u>2,498,730</u>	<u>2,560,562</u>
Total pension liability - ending (a)	<u>\$ 2,352,410</u>	<u>\$ 2,403,164</u>	<u>\$ 2,486,688</u>	<u>\$ 2,498,730</u>
Plan fiduciary net position:				
Contributions - employer	\$ 267,000	\$ 355,000	\$ 126,770	\$ 124,954
Contributions - employee	-	-	-	-
Net investment income	102,865	930	2,633	-
Benefits payments, including refunds of member contributions	(251,011)	(254,103)	(255,145)	(244,698)
Administrative expense	(5,180)	(4,540)	-	-
Other	-	-	-	-
Net change in plan fiduciary net position	<u>113,674</u>	<u>97,287</u>	<u>(125,742)</u>	<u>(119,744)</u>
Plan fiduciary net position - beginning	<u>820,641</u>	<u>723,354</u>	<u>849,096</u>	<u>968,840</u>
Plan fiduciary net position - ending (b)	<u>\$ 934,315</u>	<u>\$ 820,641</u>	<u>\$ 723,354</u>	<u>\$ 849,096</u>
Town's net pension liability - ending (a) - (b)	<u>\$ 1,418,095</u>	<u>\$ 1,582,523</u>	<u>\$ 1,763,334</u>	<u>\$ 1,649,634</u>
Plan fiduciary net position as a percentage of the total pension liability	39.72%	34.15%	29.09%	33.98%
Covered employee payroll	Not applicable	Not applicable	Not applicable	Not applicable
Town's net pension liability as a percentage of covered employee payroll	Not applicable	Not applicable	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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Service cost	\$ 2,930,982	\$ 2,810,067	\$ 2,550,557	\$ 2,777,999
Interest	9,285,637	8,763,993	8,179,918	7,743,047
Changes of benefit terms	-	(420,257)	-	-
Differences between expected and actual experience	540,391	715,831	415,238	(138,666)
Changes of assumptions	(474,603)	3,440,952	2,569,581	(69,684)
Benefits payments, including refunds of member contributions	(4,946,770)	(4,846,536)	(4,369,538)	(4,151,080)
Net change in total pension liability	<u>7,335,637</u>	<u>10,464,050</u>	<u>9,345,756</u>	<u>6,161,616</u>
Total pension liability - beginning	<u>128,509,587</u>	<u>118,045,537</u>	<u>108,699,781</u>	<u>102,538,165</u>
Total pension liability - ending (a)	<u>\$ 135,845,224</u>	<u>\$ 128,509,587</u>	<u>\$ 118,045,537</u>	<u>\$ 108,699,781</u>
Plan fiduciary net position:				
Contributions - employer	\$ 5,399,268	\$ 5,190,005	\$ 4,999,356	\$ 3,237,890
Contributions - employee	1,474,196	1,427,810	1,465,617	1,272,360
Net investment income	7,844,533	(1,643,823)	472,799	10,071,983
Benefits payments, including refunds of member contributions	(4,946,770)	(4,846,536)	(4,369,538)	(4,151,082)
Administrative expense	(28,905)	(28,067)	(38,693)	(36,250)
Other	-	-	-	-
Net change in plan fiduciary net position	<u>9,742,322</u>	<u>99,389</u>	<u>2,529,541</u>	<u>10,394,901</u>
Plan fiduciary net position - beginning	<u>74,187,800</u>	<u>74,088,411</u>	<u>71,558,870</u>	<u>61,163,969</u>
Plan fiduciary net position - ending (b)	<u>\$ 83,930,122</u>	<u>\$ 74,187,800</u>	<u>\$ 74,088,411</u>	<u>\$ 71,558,870</u>
Town's net pension liability - ending (a) - (b)	<u>\$ 51,915,102</u>	<u>\$ 54,321,787</u>	<u>\$ 43,957,126</u>	<u>\$ 37,140,911</u>
Plan fiduciary net position as a percentage of the total pension liability	61.78%	57.73%	62.76%	65.83%
Covered employee payroll	\$ 13,626,448	\$ 12,984,298	\$ 12,188,272	\$ 12,466,246
Town's net pension liability as a percentage of covered employee payroll	380.99%	418.37%	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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Employees' Retirement System of RI (1)</u>										
Actuarially determined contribution	\$ 1,642,280	\$ 1,681,848	\$ 1,642,581							
Contributions in relation to the actuarially determined contribution	1,642,280	1,681,848	1,642,581							
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>							
Covered employee payroll	\$ 12,258,431	\$ 12,249,451	\$ 12,250,219							
Contributions as a percentage of covered employee payroll	13.40%	13.73%	13.41%							
<u>Police Plan</u>										
Actuarially determined contribution	\$ 230,391	\$ 216,196	\$ 208,518	\$ 129,257	\$ 124,954	\$ 131,117	\$ 125,293	\$ 77,093	\$ 77,093	\$ 80,656
Contributions in relation to the actuarially determined contribution	267,000	355,000	126,770	124,954	102,200	102,200	130,000	120,000	-	215,717
Contribution deficiency (excess)	<u>\$ (36,609)</u>	<u>\$ (138,804)</u>	<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>
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	\$ 5,428,475	\$ 5,082,997	\$ 4,881,459	\$ 5,619,927	\$ 5,432,159	\$ 4,359,974	\$ 3,581,961	\$ 2,462,870	\$ 2,462,870	\$ 2,630,851
Contributions in relation to the actuarially determined contribution	5,399,268	5,190,005	4,999,356	3,237,890	2,627,014	2,177,565	1,936,385	1,557,772	1,342,866	1,164,457
Contribution deficiency (excess)	<u>\$ 29,207</u>	<u>\$ (107,008)</u>	<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>
Covered employee payroll	\$ 13,626,448	\$ 12,984,298	\$ 12,188,272	\$ 12,466,246	\$ 12,482,365	\$ 11,393,405	\$ 11,975,586	\$ 9,620,655	\$ 9,620,655	\$ 9,803,980
Contributions as a percentage of covered employee payroll	39.62%	39.97%	41.02%	25.97%	21.05%	19.11%	16.17%	16.19%	13.96%	11.88%

(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"

	<i>2017</i>	<i>2016</i>	<i>2015</i>	<i>2014</i>
 <i>Police Plan</i>				
Annual money-weighted rate of return, net of investment expense	<u>10.00%</u>	<u>0.09%</u>	<u>0.78%</u>	<u>0.00%</u>
 <i>Town Plan</i>				
Annual money-weighted rate of return, net of investment expense	<u>10.69%</u>	<u>-2.29%</u>	<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, 2017

	<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	\$ 48,586,127	\$ 48,586,127	\$ 49,023,552	\$ 437,425
Prior year taxes	236,000	236,000	219,754	(16,246)
	<u>48,822,127</u>	<u>48,822,127</u>	<u>49,243,306</u>	<u>421,179</u>
Investment and interest revenues:				
Interest on delinquent taxes	185,000	185,000	181,139	(3,861)
Interest from investments	110,000	110,000	241,401	131,401
	<u>295,000</u>	<u>295,000</u>	<u>422,540</u>	<u>127,540</u>
Intergovernmental revenues:				
Motor vehicle tax reimbursement	60,810	60,810	61,720	910
Municipal aid incentive program	-	-	2,123	2,123
State beach parking	190,000	190,000	205,026	15,026
State telephone tax	195,635	195,635	196,380	745
State hotel tax	265,200	265,200	233,186	(32,014)
State meal and beverage tax	635,682	635,682	652,641	16,959
School housing aid	486,480	486,480	486,480	-
Storm reimbursement	-	-	2,033	2,033
	<u>1,833,807</u>	<u>1,833,807</u>	<u>1,839,589</u>	<u>5,782</u>
Licenses and permits:				
Building permits	335,000	335,000	391,535	56,535
Mooring fees	61,000	61,000	61,115	115
Variance and exception fees	14,000	14,000	8,100	(5,900)
Fire alarm inspection fees	10,000	10,000	9,480	(520)
Road open permits	2,100	2,100	1,125	(975)
VIN inspection fees	4,000	4,000	5,604	1,604
	<u>426,100</u>	<u>426,100</u>	<u>476,959</u>	<u>50,859</u>
Fines and forfeitures:				
Police fees and fines	15,000	15,000	20,104	5,104
Municipal court	268,921	268,921	420,025	151,104
	<u>283,921</u>	<u>283,921</u>	<u>440,129</u>	<u>156,208</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
PILOT & interfund revenues:				
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	142,992	142,992	142,992	-
Charter school	500	500	8,000	7,500
Federal PILOT	71,000	71,000	79,549	8,549
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	-
Surplus equipment fund	50,000	50,000	50,000	-
Rental registration transfer	125,000	125,000	125,000	-
Vehicle maintenance	120,000	120,000	97,370	(22,630)
	<u>1,451,035</u>	<u>1,451,035</u>	<u>1,444,454</u>	<u>(6,581)</u>
Miscellaneous revenues:				
Police finger print receipts	3,000	3,000	4,315	1,315
Town clerk general receipts	656,000	656,000	772,473	116,473
Town clerk alcoholic beverages	35,000	35,000	34,095	(905)
Police detail revenue	123,800	123,800	462,213	338,413
Cellular tower rentals	168,049	168,049	185,339	17,290
Miscellaneous receipts	40,400	40,400	311,700	271,300
Emergency medical services	365,000	365,000	547,366	182,366
Miscellaneous police receipts	7,000	7,000	24,028	17,028
Concessions	2,650	2,650	3,050	400
Fire marshal plan review	23,000	23,000	36,400	13,400
Retained claims	-	-	15,713	15,713
Miscellaneous fire department receipts	-	-	2,553	2,553
	<u>1,423,899</u>	<u>1,423,899</u>	<u>2,399,245</u>	<u>975,346</u>
Recreation revenues:				
Community center rental	8,200	8,200	9,459	1,259
Miscellaneous receipts	14,500	14,500	23,242	8,742
Basketball	41,075	41,075	40,650	(425)
Workshops	31,000	31,000	25,402	(5,598)
The Camp	60,000	60,000	59,735	(265)
Park rental	-	-	4,220	4,220
Event rental	-	-	10,700	10,700
Concert Revenue	-	-	2,750	2,750
	<u>154,775</u>	<u>154,775</u>	<u>176,158</u>	<u>21,383</u>
Other financing sources:				
Fund balance appropriation	531,262	531,262	531,262	-
	<u>55,221,926</u>	<u>55,221,926</u>	<u>56,973,642</u>	<u>1,751,716</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, 2017

	<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	56,862	56,862	34,762	22,100
Town solicitor	125,000	125,000	142,803	(17,803)
Municipal court	217,298	217,298	198,858	18,440
Board of canvassers	135,203	135,203	125,636	9,567
Town manager	283,041	283,041	281,005	2,036
Human resources	123,306	123,306	112,822	10,484
Town clerk	386,031	386,031	379,260	6,771
Information technology	367,011	367,011	339,758	27,253
History Commission	650	650	427	223
Conservation commission	650	650	586	64
General Pension Board	-	-	45	(45)
Planning board	7,150	7,150	2,163	4,987
Zoning board of appeals	11,700	11,700	4,880	6,820
Special appropriations	167,691	167,691	167,691	-
	<u>1,881,593</u>	<u>1,881,593</u>	<u>1,790,696</u>	<u>90,897</u>
Financial administration:				
Financial and purchasing	425,285	425,285	378,147	47,138
Accounting	440,872	440,872	434,074	6,798
Tax assessor	268,508	268,508	246,764	21,744
Tax collector	294,786	294,786	287,417	7,369
	<u>1,429,451</u>	<u>1,429,451</u>	<u>1,346,402</u>	<u>83,049</u>
Public safety:				
Police administration	1,428,752	1,428,752	1,264,615	164,137
Uniformed patrol	4,039,439	4,039,439	4,613,204	(573,765)
Investigations	957,279	957,279	717,571	239,708
Animal control	201,040	201,040	190,418	10,622
Harbor master	40,412	40,412	59,513	(19,101)
Dispatching & records	995,165	995,165	983,801	11,364
Fire	5,189,117	5,189,117	5,236,003	(46,886)
Emergency management	13,100	13,100	6,309	6,791
	<u>12,864,304</u>	<u>12,864,304</u>	<u>13,071,434</u>	<u>(207,130)</u>
Public works:				
Public works administration	389,284	389,284	385,901	3,383
Highway	1,795,080	1,795,080	1,675,587	119,493
Facilities maintenance	255,240	255,240	170,653	84,587
Vehicle maintenance	660,855	660,855	738,559	(77,704)
	<u>3,100,459</u>	<u>3,100,459</u>	<u>2,970,700</u>	<u>129,759</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, 2017

	<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	185,721	185,721	188,011	(2,290)
Parks maintenance	777,752	777,752	757,695	20,057
Recreation programs	469,679	469,679	479,633	(9,954)
	<u>1,433,152</u>	<u>1,433,152</u>	<u>1,425,339</u>	<u>7,813</u>
<i>Planning, engineering and inspection:</i>				
Community development	431,004	431,004	428,607	2,397
Inspection services	410,703	410,703	400,073	10,630
Engineering	287,170	287,170	285,509	1,661
	<u>1,128,877</u>	<u>1,128,877</u>	<u>1,114,189</u>	<u>14,688</u>
<i>Town-wide expenditures</i>	<u>855,041</u>	<u>855,041</u>	<u>737,200</u>	<u>117,841</u>
<i>Education appropriation</i>	<u>24,735,185</u>	<u>24,735,185</u>	<u>24,735,185</u>	<u>-</u>
<i>Library appropriation</i>	<u>841,103</u>	<u>841,103</u>	<u>841,103</u>	<u>-</u>
<i>Other:</i>				
Contingency	300,000	300,000	6,740	293,260
OPEB contribution	2,101,745	2,101,745	2,522,554	(420,809)
Police Chapter 1666 pension contribution	267,000	267,000	267,000	-
Retirement and termination benefits	150,000	150,000	-	150,000
	<u>2,818,745</u>	<u>2,818,745</u>	<u>2,796,294</u>	<u>22,451</u>
<i>Other financing uses:</i>				
<i>Transfers to other funds:</i>				
Special Revenue Funds				
Town Capital Projects Fund	1,086,840	1,086,840	1,086,840	-
Debt Service Fund	2,842,081	2,842,081	2,842,081	-
Land Conservancy Fund	50,000	50,000	50,000	-
Towers Fund	50,000	50,000	50,000	-
Middlebridge Fund	105,095	105,095	105,095	-
	<u>4,134,016</u>	<u>4,134,016</u>	<u>4,134,016</u>	<u>-</u>
<i>Total expenditures and other financing uses</i>	<u>55,221,926</u>	<u>55,221,926</u>	<u>54,962,558</u>	<u>259,368</u>
<i>Net change in fund balance - budgetary basis</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,011,084</u>	<u>\$ 2,011,084</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
For the Year Ended June 30, 2017
"Unaudited"

NOTE 1 - SCHEDULE OF TOWN CONTRIBUTIONS - OPEB PLANS

	<u><i>Town Other Post-Employment Benefit Plan</i></u>	<u><i>School Other Post-Employment Benefit Plan</i></u>
<i>Valuation date:</i>	6/30/2017	6/30/2017
<i>Methods and assumptions used to determine contribution rates:</i>		
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level dollar - closed	Level dollar - closed
Remaining amortization period	30 years	30 years
Asset valuation method	Fair market value	Fair market value
Investment rate of return/ Discount rate	7.20% discount rate	6.75% discount rate
Inflation rate	4%	3.50%
Payroll growth rate	N/A	N/A
Medical trend cost rate	Medical - 9% per year graded off to an ultimate rate of 5% per year Part B - 3.25% per year increasing to an ultimate rate of 4.25% per year	Medical - 9% per year graded off to an ultimate rate of 5% per year
Dental trend cost rate	4.50% per year graded off to an ultimate rate of 3% per year	4.50% per year graded off to an ultimate rate of 3% per year
Mortality	SOA RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016	SOA RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2017
"Unaudited"

NOTE 2 - SCHEDULE OF TOWN CONTRIBUTIONS - PENSION PLANS

	<u>Employees' Retirement System of RI</u>	<u>Police Pension</u>	<u>Town Pension</u>												
Valuation date:	June 30, 2014 - Actuarially determined contribution rates are calculated as of June 30 of each plan year and effective 2 years later	July 1, 2015 - Actuarially determined contribution rates are based on the calculated contribution as a percentage of payroll from the prior valuation date	July 1, 2015 - Actuarially determined contribution rates are based on the calculated contribution as a percentage of payroll from the prior valuation date												
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	Closed 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	21 years	12 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 - 3.5% - 13.5%	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%	7.20%	7.20%												
Inflation	2.75%	2%	2%												
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 - RP-2014 Blue Collar with generational improvements from 2006 based on 2014 SSA Trustees' Report Disabled - RP-2014 Disabled with generational improvements from 2006 based on 2014 SSA Trustees' Report	Healthy - Public Safety - RP-2014 Blue Collar with generational improvements from 2006 based on 2014 SSA Trustees' Report Healthy - Non-Public Safety - RP-2014 with generational improvements from 2006 based on 2014 SSA Trustees' Report Disabled - RP-2014 Disabled with generational improvements from 2006 based on 2014 SSA Trustees' Report												
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 In May 2017, the Employees' Retirement System Board voted to lower the investment rate of return assumption from 7.5% to 7.0% which will be reflected in the net pension liability beginning with the June 30, 2017 measurement date valuations.	Prior to July 1, 2015, actuarially determined contribution rates were calculated as of July 1 of the fiscal year in which contributions were reported	Prior to July 1, 2015, actuarially determined contribution rates were calculated as of July 1 of the fiscal year in which contributions were reported												

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2017

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 2017 appropriations:

<u>Department</u>	<u>Fund</u>	<u>Expenditures In Excess of Budget</u>
Town solicitor	General	\$17,803
General pension board	General	45
Uniformed patrol	General	573,765
Harbor master	General	19,101
Fire	General	46,886
Vehicle maintenance	General	77,704
Parks and recreation administration	General	2,290
Recreation programs	General	9,954

TOWN OF NARRAGANSETT, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2017

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)	\$56,973,642
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 revenue for financial reporting purposes.	1,238,338
Unbudgeted revenues not included for budgetary purposes, but included for financial reporting purposes.	3,746,194
Transfer from other funds and other cash receipts included as revenues for budgetary purposes, but not included for financial reporting purposes.	(462,357)
Appropriation of fund balance is a revenue for budgetary purposes, but is not a revenue for financial reporting purposes.	(531,262)
Capital lease proceeds are not reported as a budgetary financing source, but are a financing source for financial reporting purposes.	<u>455,670</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>\$61,420,225</u>
<u>Expenditures and Other Financing Uses</u>	<u>General Fund</u>
Actual amounts (budgetary basis)	\$54,962,558
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 an expenditure for financial reporting purposes.	1,238,338
Unbudgeted expenditures not included for budgetary purposes, but included for financial reporting purposes.	4,086,120
Capital assets acquired through a capital lease are not reported as a budgetary expenditure, but are an expenditure for financial reporting purposes.	<u>455,670</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>\$60,742,686</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 Other Post-Employment Benefit 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, 2017

	Special Revenue Funds						
	<i>School Restricted Grants</i>	<i>Food Service Fund</i>	<i>Historic Preservation Grants</i>	<i>Community Development Fund</i>	<i>RI Legislative Grant</i>	<i>Safe Routes To School</i>	<i>Forfeited Funds</i>
ASSETS							
Cash	\$ -	\$ 39,096	\$ 51,099	\$ 172,480	\$ 2,897	\$ 175	\$ 44,240
Due from federal and state governments	296,369	38,874	-	-	-	-	-
Due from other funds	8,914	-	-	-	-	-	-
Other receivables	-	20,905	-	261,960	-	-	-
Total assets	\$ 305,283	\$ 98,875	\$ 51,099	\$ 434,440	\$ 2,897	\$ 175	\$ 44,240
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	-	47,653	-	-	-	-	-
Due to other funds	296,049	23,973	-	-	-	-	-
Unearned revenue	-	9,194	-	-	-	-	-
Total liabilities	296,049	80,820	-	-	-	-	-
Deferred Inflows of Resources							
Other deferred revenue	-	-	-	261,960	-	-	-
Total deferred inflows of resources	-	-	-	261,960	-	-	-
Fund Balances (Deficits)							
Restricted for:							
Education programs	9,234	18,055	-	-	-	-	-
Public safety programs	-	-	-	-	-	175	44,240
Historical records preservation	-	-	-	-	-	-	-
Community service programs	-	-	-	172,480	-	-	-
Parks and recreation programs	-	-	50,563	-	2,897	-	-
Capital projects	-	-	-	-	-	-	-
Other programs	-	-	536	-	-	-	-
Committed for:							
Capital projects	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Assigned to:							
Capital projects	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	9,234	18,055	51,099	172,480	2,897	175	44,240
Total liabilities, deferred inflows of resources, and fund balances	\$ 305,283	\$ 98,875	\$ 51,099	\$ 434,440	\$ 2,897	\$ 175	\$ 44,240

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	<i>Special Revenue Funds</i>							
	<i>State Recycling Fund</i>	<i>Galilee Landing Fees Fund</i>	<i>Byrne Grants</i>	<i>RI EMA Grant</i>	<i>RI EMA MEDS Grant</i>	<i>Historical Preservation Fund</i>	<i>Earthday Mini grant</i>	<i>DEM Tree Grant</i>
ASSETS								
Cash	\$ 39,492	\$ 45,667	\$ -	\$ 10,794	\$ 12,773	\$ 153,699	\$ 200	\$ 5,599
Due from federal and state governments	-	-	13,784	11,620	-	-	-	2,600
Due from other funds	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-
Total assets	\$ 39,492	\$ 45,667	\$ 13,784	\$ 22,414	\$ 12,773	\$ 153,699	\$ 200	\$ 8,199
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities								
Cash overdraft	\$ -	\$ -	\$ 13,620	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	302	5,689	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	302	5,689	13,620	-	-	-	-	-
Deferred Inflows of Resources								
Other deferred revenue	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-
Fund Balances (Deficits)								
Restricted for:								
Education programs	-	-	-	-	-	-	-	-
Public safety programs	-	-	164	22,414	12,773	-	-	-
Historical records preservation	-	-	-	-	-	153,699	-	-
Community service programs	-	-	-	-	-	-	-	-
Parks and recreation programs	-	39,978	-	-	-	-	200	8,199
Capital projects	-	-	-	-	-	-	-	-
Other programs	39,190	-	-	-	-	-	-	-
Committed for:								
Capital projects	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Assigned to:								
Capital projects	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances (deficits)	39,190	39,978	164	22,414	12,773	153,699	200	8,199
Total liabilities, deferred inflows of resources, and fund balances	\$ 39,492	\$ 45,667	\$ 13,784	\$ 22,414	\$ 12,773	\$ 153,699	\$ 200	\$ 8,199

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	<i>Special Revenue Funds</i>						<i>Total Special Revenue Funds</i>
	<i>RI Interlocal Trust Safety Grant</i>	<i>Fire Act Grants</i>	<i>Youth Task Force</i>	<i>Homeland Security Grant</i>	<i>CDBG Grant</i>	<i>Grant Miscellaneous</i>	
ASSETS							
Cash	\$ 1,989	\$ -	\$ -	\$ -	\$ 11,500	\$ 24	\$ 591,724
Due from federal and state governments	-	-	-	-	-	3,467	366,714
Due from other funds	-	-	-	-	-	-	8,914
Other receivables	902	-	-	-	-	6,061	289,828
Total assets	\$ 2,891	\$ -	\$ -	\$ -	\$ 11,500	\$ 9,552	\$ 1,257,180
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,620
Accounts payable and accrued expenditures	902	-	-	-	-	1,171	55,717
Due to other funds	-	-	-	-	-	-	320,022
Unearned revenue	-	-	-	-	-	-	9,194
Total liabilities	902	-	-	-	-	1,171	398,553
Deferred Inflows of Resources							
Other deferred revenue	-	-	-	-	-	-	261,960
Total deferred inflows of resources	-	-	-	-	-	-	261,960
Fund Balances (Deficits)							
Restricted for:							
Education programs	-	-	-	-	-	-	27,289
Public safety programs	1,989	-	-	-	-	8,381	90,136
Historical records preservation	-	-	-	-	-	-	153,699
Community service programs	-	-	-	-	11,500	-	183,980
Parks and recreation programs	-	-	-	-	-	-	101,837
Capital projects	-	-	-	-	-	-	-
Other programs	-	-	-	-	-	-	39,726
Committed for:							
Capital projects	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Assigned to:							
Capital projects	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	1,989	-	-	-	11,500	8,381	596,667
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,891	\$ -	\$ -	\$ -	\$ 11,500	\$ 9,552	\$ 1,257,180

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	<u>Capital Project Funds</u>						<i>Total Capital Project Funds</i>	<i>Total Nonmajor Governmental Funds</i>
	<i>Debt Service Fund</i>	<i>School Athletic Complex Fund</i>	<i>School Capital Projects Fund</i>	<i>Town Capital Projects Fund</i>	<i>Street Improvement Fund</i>	<i>Land Trust Fund</i>		
ASSETS								
Cash	\$ 787,125	\$ 10,786	\$ -	\$ 1,683,739	\$ 2,864,809	\$ 223,386	\$ 4,782,720	\$ 6,161,569
Due from federal and state governments	-	-	-	-	-	-	-	366,714
Due from other funds	-	-	496,861	-	-	-	496,861	505,775
Other receivables	-	-	-	-	-	-	-	289,828
Total assets	<u>\$ 787,125</u>	<u>\$ 10,786</u>	<u>\$ 496,861</u>	<u>\$ 1,683,739</u>	<u>\$ 2,864,809</u>	<u>\$ 223,386</u>	<u>\$ 5,279,581</u>	<u>\$ 7,323,886</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities								
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,620
Accounts payable and accrued expenditures	-	-	77,732	88,631	257,326	-	423,689	479,406
Due to other funds	-	81,612	-	-	-	-	81,612	401,634
Unearned revenue	-	-	-	-	-	-	-	9,194
Total liabilities	<u>-</u>	<u>81,612</u>	<u>77,732</u>	<u>88,631</u>	<u>257,326</u>	<u>-</u>	<u>505,301</u>	<u>903,854</u>
Deferred Inflows of Resources								
Other deferred revenue	-	-	-	-	-	-	-	261,960
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>261,960</u>
Fund Balances (Deficits)								
Restricted for:								
Education programs	-	-	-	-	-	-	-	27,289
Public safety programs	-	-	-	-	-	-	-	90,136
Historical records preservation	-	-	-	-	-	-	-	153,699
Community service programs	-	-	-	-	-	-	-	183,980
Parks and recreation programs	-	-	-	-	-	-	-	101,837
Capital projects	-	-	-	-	2,607,483	-	2,607,483	2,607,483
Other programs	-	-	-	-	-	-	-	39,726
Committed for:								
Capital projects	-	-	-	1,595,108	-	223,386	1,818,494	1,818,494
Debt service	787,125	-	-	-	-	-	-	787,125
Assigned to:								
Capital projects	-	-	419,129	-	-	-	419,129	419,129
Unassigned	-	(70,826)	-	-	-	-	(70,826)	(70,826)
Total fund balances (deficits)	<u>787,125</u>	<u>(70,826)</u>	<u>419,129</u>	<u>1,595,108</u>	<u>2,607,483</u>	<u>223,386</u>	<u>4,774,280</u>	<u>6,158,072</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 787,125</u>	<u>\$ 10,786</u>	<u>\$ 496,861</u>	<u>\$ 1,683,739</u>	<u>\$ 2,864,809</u>	<u>\$ 223,386</u>	<u>\$ 5,279,581</u>	<u>\$ 7,323,886</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, 2017

	<i>Special Revenue Funds</i>						
	<i>School Restricted Grants</i>	<i>Food Service Fund</i>	<i>Historic Preservation Grants</i>	<i>Community Development Fund</i>	<i>RI Legislative Grant</i>	<i>Safe Routes To School</i>	<i>Forfeited Funds</i>
Revenues							
State aid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	207,907	-	-	-	-	-
Operating grants and contributions	845,048	138,459	-	-	-	-	1,918
Capital grants and contributions	-	-	-	-	-	-	-
Investment and interest income	-	-	65	7,338	-	-	61
Other revenue	-	18,046	1,540	8,320	-	-	-
Total revenues	845,048	364,412	1,605	15,658	-	-	1,979
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Social services	-	-	-	29,372	-	-	-
Parks and recreation	-	-	-	-	-	-	-
Food service	-	389,010	-	-	-	-	-
Education	847,572	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	847,572	389,010	-	29,372	-	-	-
Excess (deficiency) of revenues over (under) expenditures before other financing sources	(2,524)	(24,598)	1,605	(13,714)	-	-	1,979
Other financing sources							
Transfers from other funds	-	30,000	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-	-
General obligation bonds issued	-	-	-	-	-	-	-
Premium on general obligation bonds issued	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-
Premium on refunding bonds issued	-	-	-	-	-	-	-
Payment to refunded bonds escrow agent	-	-	-	-	-	-	-
Total other financing sources	-	30,000	-	-	-	-	-
Net change in fund balance	(2,524)	5,402	1,605	(13,714)	-	-	1,979
Fund balances (deficits) - beginning of year	11,758	12,653	49,494	186,194	2,897	175	42,261
Fund balances (deficits) - end of year	\$ 9,234	\$ 18,055	\$ 51,099	\$ 172,480	\$ 2,897	\$ 175	\$ 44,240

(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, 2017

	<i>Special Revenue Funds</i>							
	<i>State Recycling Fund</i>	<i>Galilee Landing Fees Fund</i>	<i>Byrne Grants</i>	<i>RI EMA Grant</i>	<i>RI EMA MEDS Grant</i>	<i>Historical Preservation Fund</i>	<i>Earthday Mini grant</i>	<i>DEM Tree Grant</i>
Revenues								
State aid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	326	99,357	-	-	-	33,774	-	-
Operating grants and contributions	13,826	-	13,784	14,870	5,044	-	-	2,600
Capital grants and contributions	-	-	-	-	-	-	-	-
Investment and interest income	-	87	-	-	42	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	<u>14,152</u>	<u>99,444</u>	<u>13,784</u>	<u>14,870</u>	<u>5,086</u>	<u>33,774</u>	<u>-</u>	<u>2,600</u>
Expenditures								
Current:								
General government	-	-	-	-	-	27,128	-	-
Public safety	-	-	13,784	1,357	8,582	-	-	-
Public works	15,883	-	-	-	-	-	-	-
Social services	-	-	-	-	-	-	-	-
Parks and recreation	-	81,305	-	-	-	-	-	2,600
Food service	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>15,883</u>	<u>81,305</u>	<u>13,784</u>	<u>1,357</u>	<u>8,582</u>	<u>27,128</u>	<u>-</u>	<u>2,600</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>(1,731)</u>	<u>18,139</u>	<u>-</u>	<u>13,513</u>	<u>(3,496)</u>	<u>6,646</u>	<u>-</u>	<u>-</u>
Other financing sources								
Transfers from other funds	-	-	-	-	2,815	-	-	-
Transfers to other funds	-	-	-	-	(11,830)	-	-	-
General obligation bonds issued	-	-	-	-	-	-	-	-
Premium on general obligation bonds issued	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-	-
Premium on refunding bonds issued	-	-	-	-	-	-	-	-
Payment to refunded bonds escrow agent	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,015)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(1,731)</u>	<u>18,139</u>	<u>-</u>	<u>13,513</u>	<u>(12,511)</u>	<u>6,646</u>	<u>-</u>	<u>-</u>
Fund balances (deficits) - beginning of year	<u>40,921</u>	<u>21,839</u>	<u>164</u>	<u>8,901</u>	<u>25,284</u>	<u>147,053</u>	<u>200</u>	<u>8,199</u>
Fund balances (deficits) - end of year	<u>\$ 39,190</u>	<u>\$ 39,978</u>	<u>\$ 164</u>	<u>\$ 22,414</u>	<u>\$ 12,773</u>	<u>\$ 153,699</u>	<u>\$ 200</u>	<u>\$ 8,199</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, 2017

	<i>Special Revenue Funds</i>						<i>Total Special Revenue Funds</i>
	<i>RI Interlocal Trust Safety Grant</i>	<i>Fire Act Grants</i>	<i>Youth Task Force</i>	<i>Homeland Security Grant</i>	<i>CDBG Grant</i>	<i>Grant Miscellaneous</i>	
Revenues							
State aid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	341,364
Operating grants and contributions	1,716	3,088	11,914	-	-	222,690	1,274,957
Capital grants and contributions	-	377,407	-	-	-	-	377,407
Investment and interest income	-	-	-	-	-	-	7,593
Other revenue	-	211	-	-	-	-	28,117
Total revenues	<u>1,716</u>	<u>380,706</u>	<u>11,914</u>	<u>-</u>	<u>-</u>	<u>222,690</u>	<u>2,029,438</u>
Expenditures							
Current:							
General government	-	-	-	-	-	-	27,128
Public safety	1,727	-	9,040	-	-	214,309	248,799
Public works	-	-	-	-	-	-	15,883
Social services	-	-	-	-	-	-	29,372
Parks and recreation	-	-	-	-	-	-	83,905
Food service	-	-	-	-	-	-	389,010
Education	-	-	-	-	-	-	847,572
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-
Capital outlay	-	533,404	-	-	-	-	533,404
Total expenditures	<u>1,727</u>	<u>533,404</u>	<u>9,040</u>	<u>-</u>	<u>-</u>	<u>214,309</u>	<u>2,175,073</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>(11)</u>	<u>(152,698)</u>	<u>2,874</u>	<u>-</u>	<u>-</u>	<u>8,381</u>	<u>(145,635)</u>
Other financing sources							
Transfers from other funds	-	-	-	11,830	-	-	44,645
Transfers to other funds	-	(2,815)	-	-	-	-	(14,645)
General obligation bonds issued	-	-	-	-	-	-	-
Premium on general obligation bonds issued	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-
Premium on refunding bonds issued	-	-	-	-	-	-	-
Payment to refunded bonds escrow agent	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>(2,815)</u>	<u>-</u>	<u>11,830</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Net change in fund balance	<u>(11)</u>	<u>(155,513)</u>	<u>2,874</u>	<u>11,830</u>	<u>-</u>	<u>8,381</u>	<u>(115,635)</u>
Fund balances (deficits) - beginning of year	<u>2,000</u>	<u>155,513</u>	<u>(2,874)</u>	<u>(11,830)</u>	<u>11,500</u>	<u>-</u>	<u>712,302</u>
Fund balances (deficits) - end of year	<u>\$ 1,989</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,500</u>	<u>\$ 8,381</u>	<u>\$ 596,667</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, 2017

	Capital Project Funds						Total Capital Project Funds	Total Nonmajor Governmental Funds
	Debt Service Fund	School Athletic Complex Fund	School Capital Projects Fund	Town Capital Projects Fund	Street Improvement Fund	Land Trust Fund		
Revenues								
State aid	\$ -	\$ -	\$ 9,356	\$ -	\$ -	\$ -	\$ 9,356	\$ 9,356
Charges for services	-	-	-	-	-	-	-	341,364
Operating grants and contributions	-	-	-	-	-	-	-	1,274,957
Capital grants and contributions	-	460,350	-	-	-	-	460,350	837,757
Investment and interest income	-	-	-	-	12,416	443	12,859	20,452
Other revenue	-	-	-	-	-	-	-	28,117
Total revenues	-	460,350	9,356	-	12,416	443	482,565	2,512,003
Expenditures								
Current:								
General government	-	-	-	-	-	-	-	27,128
Public safety	-	-	-	-	-	-	-	248,799
Public works	-	-	-	-	-	-	-	15,883
Social services	-	-	-	-	-	-	-	29,372
Parks and recreation	-	-	-	-	-	-	-	83,905
Food service	-	-	-	-	-	-	-	389,010
Education	-	-	-	-	-	-	-	847,572
Debt service:								
Principal	1,334,364	-	84,618	-	-	-	84,618	1,418,982
Interest and fees	1,086,257	-	250	57,211	34,627	-	92,088	1,178,345
Capital outlay	-	95,271	1,789,203	1,644,403	836,908	-	4,365,785	4,899,189
Total expenditures	2,420,621	95,271	1,874,071	1,701,614	871,535	-	4,542,491	9,138,185
Excess (deficiency) of revenues over (under) expenditures before other financing sources	(2,420,621)	365,079	(1,864,715)	(1,701,614)	(859,119)	443	(4,059,926)	(6,626,182)
Other financing sources								
Transfers from other funds	2,898,519	-	1,070,000	1,086,840	-	50,000	2,206,840	5,150,004
Transfers to other funds	-	-	-	(56,438)	-	-	(56,438)	(71,083)
General obligation bonds issued	-	-	-	3,800,000	2,300,000	-	6,100,000	6,100,000
Premium on general obligation bonds issued	-	-	-	163,691	99,075	-	262,766	262,766
Refunding bonds issued	12,029,000	-	-	-	-	-	-	12,029,000
Premium on refunding bonds issued	1,565,550	-	-	-	-	-	-	1,565,550
Payment to refunded bonds escrow agent	(13,458,152)	-	-	-	-	-	-	(13,458,152)
Total other financing sources	3,034,917	-	1,070,000	4,994,093	2,399,075	50,000	8,513,168	11,578,085
Net change in fund balance	614,296	365,079	(794,715)	3,292,479	1,539,956	50,443	4,453,242	4,951,903
Fund balances (deficits) - beginning of year	172,829	(435,905)	1,213,844	(1,697,371)	1,067,527	172,943	321,038	1,206,169
Fund balances (deficits) - end of year	\$ 787,125	\$ (70,826)	\$ 419,129	\$ 1,595,108	\$ 2,607,483	\$ 223,386	\$ 4,774,280	\$ 6,158,072

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet
Special Revenue Funds - School Restricted Fund
June 30, 2017

	<u>IDEA</u>	<u>Title I Part A</u>	<u>IDEA Preschool</u>	<u>Title II Part A</u>	<u>Title III</u>	<u>Tolerance Program</u>	<u>NE Dairy Council Grant</u>
ASSETS							
Due from federal and state government	\$ 143,437	\$ 64,394	\$ 248	\$ 25,110	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-	1,676	462
Total assets	<u>\$ 143,437</u>	<u>\$ 64,394</u>	<u>\$ 248</u>	<u>\$ 25,110</u>	<u>\$ -</u>	<u>\$ 1,676</u>	<u>\$ 462</u>
 LIABILITIES AND FUND BALANCES							
Liabilities							
Due to other funds	\$ 143,437	\$ 64,394	\$ 248	\$ 25,110	\$ -	\$ -	\$ -
Total liabilities	<u>143,437</u>	<u>64,394</u>	<u>248</u>	<u>25,110</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,676</u>	<u>462</u>
Total liabilities and fund balances	<u>\$ 143,437</u>	<u>\$ 64,394</u>	<u>\$ 248</u>	<u>\$ 25,110</u>	<u>\$ -</u>	<u>\$ 1,676</u>	<u>\$ 462</u>

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet (Continued)
Special Revenue Funds - School Restricted Fund
June 30, 2017

	<i>RI Learning Champions</i>	<i>Casit, Inc. AP Italian Program</i>	<i>Drug Free Communities Support Program</i>	<i>Perkins Agriculture CTE Grant</i>	<i>Chartwell's Grant</i>	<i>Career & Technical Education</i>	<i>Total</i>
ASSETS							
Due from federal and state government	\$ 363	\$ -	\$ 62,817	\$ -	\$ -	\$ -	\$ 296,369
Due from other funds	-	229	-	-	1,876	4,671	8,914
<i>Total assets</i>	<u>\$ 363</u>	<u>\$ 229</u>	<u>\$ 62,817</u>	<u>\$ -</u>	<u>\$ 1,876</u>	<u>\$ 4,671</u>	<u>\$ 305,283</u>
 LIABILITIES AND FUND BALANCES							
<i>Liabilities</i>							
Due to other funds	\$ 363	\$ -	\$ 62,497	\$ -	\$ -	\$ -	\$ 296,049
<i>Total liabilities</i>	<u>363</u>	<u>-</u>	<u>62,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>296,049</u>
<i>Fund balances - restricted</i>	<u>-</u>	<u>229</u>	<u>320</u>	<u>-</u>	<u>1,876</u>	<u>4,671</u>	<u>9,234</u>
<i>Total liabilities and fund balances</i>	<u>\$ 363</u>	<u>\$ 229</u>	<u>\$ 62,817</u>	<u>\$ -</u>	<u>\$ 1,876</u>	<u>\$ 4,671</u>	<u>\$ 305,283</u>

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, 2017

	<u>IDEA</u>	<u>Title I Part A</u>	<u>IDEA Preschool</u>	<u>Title II Part A</u>	<u>Title III</u>	<u>Tolerance Program</u>	<u>NE Dairy Council Grant</u>
Revenues							
Operating grants and contributions	\$ 414,855	\$ 171,897	\$ 8,356	\$ 68,588	\$ 1,628	\$ 200	\$ 3,500
Total revenues	<u>414,855</u>	<u>171,897</u>	<u>8,356</u>	<u>68,588</u>	<u>1,628</u>	<u>200</u>	<u>3,500</u>
Expenditures							
Salaries	255,910	119,242	7,754	45,479	-	-	-
Employee benefits	157,499	52,512	602	23,109	-	-	-
Purchased services	1,446	-	-	-	982	-	-
Supplies and materials	-	23	-	-	646	-	2,129
Capital outlay	-	-	-	-	-	-	909
Other costs	-	120	-	-	-	-	-
Total expenditures	<u>414,855</u>	<u>171,897</u>	<u>8,356</u>	<u>68,588</u>	<u>1,628</u>	<u>-</u>	<u>3,038</u>
Net change in fund balances	-	-	-	-	-	200	462
Fund balances - beginning of year	-	-	-	-	-	1,476	-
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,676</u>	<u>\$ 462</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, 2017

	<i>RI Learning Champions</i>	<i>Casit, Inc. AP Italian Program</i>	<i>Drug Free Communities Support Program</i>	<i>Perkins Agriculture CTE Grant</i>	<i>Chartwell's Grant</i>	<i>Career & Technical Education</i>	<i>Total</i>
Revenues							
Operating grants and contributions	\$ 363	\$ -	\$ 151,712	\$ 23,949	\$ -	\$ -	\$ 845,048
Total revenues	363	-	151,712	23,949	-	-	845,048
Expenditures							
Salaries	337	-	-	-	-	-	428,722
Employee benefits	26	-	-	-	-	-	233,748
Purchased services	-	-	151,392	1,841	-	-	155,661
Supplies and materials	-	39	-	-	-	820	3,657
Capital outlay	-	-	-	21,436	-	2,622	24,967
Other costs	-	25	-	672	-	-	817
Total expenditures	363	64	151,392	23,949	-	3,442	847,572
Net change in fund balances	-	(64)	320	-	-	(3,442)	(2,524)
Fund balances - beginning of year	-	293	-	-	1,876	8,113	11,758
Fund balances - end of year	\$ -	\$ 229	\$ 320	\$ -	\$ 1,876	\$ 4,671	\$ 9,234

**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, 2017

	<i>Town Plan</i>	<i>Police Plan</i>	<i>Total Pension Trust Funds</i>
Assets			
Cash and cash equivalents	\$ 7,149,447	\$ 27,600	\$ 7,177,047
Investments at fair value:			
U.S. government obligations	2,643,341	-	2,643,341
Municipal obligations	32,098	-	32,098
Corporate bonds	4,283,361	-	4,283,361
Mortgage backed securities	491,169	-	491,169
Common stock	35,254,123	-	35,254,123
Mutual and exchange traded funds - equities	11,942,675	716,973	12,659,648
Mutual and exchange traded funds - fixed income	18,072,163	387,442	18,459,605
Hedge fund	3,505,254	-	3,505,254
Total investments	76,224,184	1,104,415	77,328,599
Accrued interest receivable	55,567	-	55,567
Contribution receivable	80,755	-	80,755
Prepaid expenses	420,169	20,965	441,134
Total assets	83,930,122	1,152,980	85,083,102
Liabilities			
Due to other funds	-	218,665	218,665
Total liabilities	-	218,665	218,665
Net Position			
Restricted for pension benefits	\$ 83,930,122	\$ 934,315	\$ 84,864,437

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended June 30, 2017

	<u>Town Plan</u>	<u>Police Plan</u>	<u>Total Pension Trust Funds</u>
Additions			
Contributions:			
Employer	\$ 5,399,268	\$ 267,000	\$ 5,666,268
Plan member	1,474,196	-	1,474,196
Total contributions	<u>6,873,464</u>	<u>267,000</u>	<u>7,140,464</u>
Investment income:			
Net increase (decrease) in fair value of investments	6,495,985	87,338	6,583,323
Interest and dividends	1,790,939	21,856	1,812,795
Less: investment expense	<u>(442,391)</u>	<u>(6,329)</u>	<u>(448,720)</u>
Net investment income	<u>7,844,533</u>	<u>102,865</u>	<u>7,947,398</u>
Total additions	<u>14,717,997</u>	<u>369,865</u>	<u>15,087,862</u>
Deductions			
Benefits	4,873,388	251,011	5,124,399
Refunds of contributions	73,382	-	73,382
Administrative expenses	28,905	5,180	34,085
Total deductions	<u>4,975,675</u>	<u>256,191</u>	<u>5,231,866</u>
Change in net position	9,742,322	113,674	9,855,996
Net position - beginning of year	<u>74,187,800</u>	<u>820,641</u>	<u>75,008,441</u>
Net position - end of year	<u>\$ 83,930,122</u>	<u>\$ 934,315</u>	<u>\$ 84,864,437</u>

**COMBINING FUND FINANCIAL STATEMENTS -
OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS**

Other Post-Employment Benefit Trust Funds account for contributions made by the Town and School System to provide other post-employment benefits to employees at retirement.

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Fiduciary Net Position
Other Post-Employment Benefit Trust Funds
June 30, 2017

	<u>Town Plan</u>	<u>School Plan</u>	<u>Total Other Post- Employment Benefit Trust Funds</u>
Assets			
Cash and cash equivalents	\$ 2,173,860	\$ -	\$ 2,173,860
Investments at fair value:			
Common stock	1,771,032	-	1,771,032
Mutual and exchange traded funds - equities	342,803	-	342,803
Mutual and exchange traded funds - fixed income	1,047,645	-	1,047,645
Pooled investments	-	1,122,811	1,122,811
Total investments	<u>3,161,480</u>	<u>1,122,811</u>	<u>4,284,291</u>
Prepaid expenses	<u>135,030</u>	-	<u>135,030</u>
Total assets	<u>5,470,370</u>	<u>1,122,811</u>	<u>6,593,181</u>
Liabilities			
Accounts payable and accrued expenses	<u>132,302</u>	-	<u>132,302</u>
Total liabilities	<u>132,302</u>	-	<u>132,302</u>
Net Position			
Restricted for other post-employment benefits	<u>\$ 5,338,068</u>	<u>\$ 1,122,811</u>	<u>\$ 6,460,879</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Changes in Fiduciary Net Position
Other Post-Employment Benefit Trust Funds
For the Year Ended June 30, 2017

	<u>Town Plan</u>	<u>School Plan</u>	<u>Total Other Post- Employment Benefit Trust Funds</u>
Additions			
Contributions:			
Employer	\$ 3,176,785	\$ 1,522,122	\$ 4,698,907
Total contributions	<u>3,176,785</u>	<u>1,522,122</u>	<u>4,698,907</u>
Investment income:			
Net increase (decrease) in fair value of investments	286,458	-	286,458
Interest and dividends	68,011	23	68,034
Less: investment expense	(16,231)	-	(16,231)
Net investment income	<u>338,238</u>	<u>23</u>	<u>338,261</u>
Total additions	<u>3,515,023</u>	<u>1,522,145</u>	<u>5,037,168</u>
Deductions			
Benefits	2,090,025	399,334	2,489,359
Administrative expenses	26,250	-	26,250
Total deductions	<u>2,116,275</u>	<u>399,334</u>	<u>2,515,609</u>
Change in net position	1,398,748	1,122,811	2,521,559
Net position - beginning of year, restated	<u>3,939,320</u>	<u>-</u>	<u>3,939,320</u>
Net position - end of year	<u>\$ 5,338,068</u>	<u>\$ 1,122,811</u>	<u>\$ 6,460,879</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, 2017

	<u>Barton Memorial Scholarship Fund</u>	<u>Richard Colvin Memorial Scholarship Fund</u>	<u>Barbara E. Duggan Memorial Scholarship Fund</u>	<u>Peter Davis Burial Fund</u>	<u>Franklin Burial Fund</u>	<u>James Water Fund</u>	<u>Frank L. Robinson Fund</u>	<u>Total Private- Purpose Trusts</u>
Assets								
Cash and cash equivalents	\$ 5,903	\$ -	\$ -	\$ 544	\$ 3,547	\$ 2,787	\$ 58,164	\$ 70,945
Investments	-	8,635	-	-	-	-	-	8,635
Total assets	<u>5,903</u>	<u>8,635</u>	<u>-</u>	<u>544</u>	<u>3,547</u>	<u>2,787</u>	<u>58,164</u>	<u>79,580</u>
Net Position								
Restricted for other purposes	<u>\$ 5,903</u>	<u>\$ 8,635</u>	<u>\$ -</u>	<u>\$ 544</u>	<u>\$ 3,547</u>	<u>\$ 2,787</u>	<u>\$ 58,164</u>	<u>\$ 79,580</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, 2017

	<u>Barton Memorial Scholarship Fund</u>	<u>Richard Colvin Memorial Scholarship Fund</u>	<u>Barbara E. Duggan Memorial Scholarship Fund</u>	<u>Peter Davis Burial Fund</u>	<u>Franklin Burial Fund</u>	<u>James Water Fund</u>	<u>Frank L. Robinson Fund</u>	<u>Total Private- Purpose Trusts</u>
Additions								
Investment earnings:								
Net increase (decrease) in fair value of investments	\$ -	\$ 1,196	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,196
Interest and dividends	3	77	-	-	-	-	64	144
Net investment earnings	<u>3</u>	<u>1,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64</u>	<u>1,340</u>
Total additions	<u>3</u>	<u>1,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64</u>	<u>1,340</u>
Deductions								
Miscellaneous	-	-	605	-	-	-	-	605
Total deductions	<u>-</u>	<u>-</u>	<u>605</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>605</u>
Change in net position	3	1,273	(605)	-	-	-	64	735
Net position - beginning of year	<u>5,900</u>	<u>7,362</u>	<u>605</u>	<u>544</u>	<u>3,547</u>	<u>2,787</u>	<u>58,100</u>	<u>78,845</u>
Net position - end of year	<u>\$ 5,903</u>	<u>\$ 8,635</u>	<u>\$ -</u>	<u>\$ 544</u>	<u>\$ 3,547</u>	<u>\$ 2,787</u>	<u>\$ 58,164</u>	<u>\$ 79,580</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, 2017

	<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	\$ 99,364	\$ 61,156	\$ 42,239	\$ 202,759
Total assets	<u>\$ 99,364</u>	<u>\$ 61,156</u>	<u>\$ 42,239</u>	<u>\$ 202,759</u>
Liabilities				
Accounts payable	\$ 15,472	\$ 137	\$ 1,314	\$ 16,923
Deposits held in custody for others	83,892	61,019	40,925	185,836
Total liabilities	<u>\$ 99,364</u>	<u>\$ 61,156</u>	<u>\$ 42,239</u>	<u>\$ 202,759</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
STUDENT ACTIVITIES - HIGH SCHOOL				
<i>Assets</i>				
Due from other funds	\$ 78,963	\$ 173,591	\$ 153,190	\$ 99,364
Total assets	\$ 78,963	\$ 173,591	\$ 153,190	\$ 99,364
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 15,472	\$ -	\$ 15,472
Deposits held in custody for others	78,963	173,591	168,662	83,892
Total liabilities	\$ 78,963	\$ 189,063	\$ 168,662	\$ 99,364
STUDENT ACTIVITIES - PIER SCHOOL				
<i>Assets</i>				
Due from other funds	\$ 62,693	\$ 79,191	\$ 80,728	\$ 61,156
Total assets	\$ 62,693	\$ 79,191	\$ 80,728	\$ 61,156
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 137	\$ -	\$ 137
Deposits held in custody for others	62,693	79,191	80,865	61,019
Total liabilities	\$ 62,693	\$ 79,328	\$ 80,865	\$ 61,156
STUDENT ACTIVITIES - ELEMENTARY SCHOOL				
<i>Assets</i>				
Due from other funds	\$ 46,022	\$ 46,842	\$ 50,625	\$ 42,239
Total assets	\$ 46,022	\$ 46,842	\$ 50,625	\$ 42,239
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 1,314	\$ -	\$ 1,314
Deposits held in custody for others	46,022	46,842	51,939	40,925
Total liabilities	\$ 46,022	\$ 48,156	\$ 51,939	\$ 42,239
TOTAL AGENCY FUNDS				
<i>Assets</i>				
Due from other funds	\$ 187,678	\$ 299,624	\$ 284,543	\$ 202,759
Total assets	\$ 187,678	\$ 299,624	\$ 284,543	\$ 202,759
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 16,923	\$ -	\$ 16,923
Deposits held in custody for others	187,678	299,624	301,466	185,836
Total liabilities	\$ 187,678	\$ 316,547	\$ 301,466	\$ 202,759

TOWN OF NARRAGANSETT, RHODE ISLAND
Tax Collector's Annual Report
For the Fiscal Year Ended June 30, 2017

Real Estate and Personal Property Taxes

Tax Year	Balance June 30, 2016	Assessments December 31, 2015	Additions	Refunds	Abatements and Adjustments	Amount to be Collected	Current Year Collections	Balance June 30, 2017
2016	\$ -	\$ 49,294,923	\$ 63,338	\$ 88,076	\$ (49,802)	\$ 49,396,535	\$ 48,974,578	\$ 421,957
2015	405,593	-	-	-	3,452	409,045	349,947	59,098
2014	58,972	-	-	-	(423)	58,549	14,582	43,967
2013	46,321	-	-	3	-	46,324	4,600	41,724
2012	46,330	-	-	-	-	46,330	3,237	43,093
2011	34,550	-	-	-	1	34,551	1,980	32,571
2010	31,790	-	-	-	-	31,790	984	30,806
2009	34,737	-	-	-	-	34,737	362	34,375
2008	54,498	-	-	-	73	54,571	1,006	53,565
2007	35,371	-	-	-	(81)	35,290	111	35,179
2006	24,407	-	-	-	(21,533)	2,874	-	2,874
2004	383	-	-	-	-	383	-	383
2003	624	-	-	-	-	624	-	624
	<u>\$ 773,576</u>	<u>\$ 49,294,923</u>	<u>\$ 63,338</u>	<u>\$ 88,079</u>	<u>\$ (68,313)</u>	<u>\$ 50,151,603</u>	<u>\$ 49,351,387</u>	800,216

Schedule of Most Recent Net Assessed Property Value by Category

Description of Property	Valuation	Levy
Real property	\$ 4,522,619,500	\$ 47,090,143
Motor vehicles	173,265,721	2,851,954
Tangible personal property	55,818,754	843,979
Total	<u>4,751,703,975</u>	<u>50,786,076</u>
Exemptions	<u>101,013,952</u>	<u>1,491,153</u>
Net assessed value	<u>\$ 4,650,690,023</u>	<u>\$ 49,294,923</u>

Allowance for Uncollectible Accounts

Net Property Tax Receivable \$ 525,216

(275,000)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet
General Fund
June 30, 2017

	<u>Town General</u>	<u>Library Fund</u>	<u>Retained Claims</u>	<u>Kinney Bungalow</u>	<u>Surplus Property</u>	<u>Towers Committee</u>	<u>Parks & Recreation Aid</u>	<u>Parks & Recreation Trust</u>	<u>Sunset Farm</u>	<u>Town Anniversary</u>	<u>Earle Water Tank</u>
Assets											
Cash	\$ 10,586,254	\$ 751,965	\$ 186	\$ 84,752	\$ 41,503	\$ 523,805	\$ 13,183	\$ 110,583	\$ 18,987	\$ 1,387	\$ 88
Investments	5,940,419	-	-	-	-	-	-	-	-	-	-
Real estate and personal property											
tax receivable, net	525,216	-	-	-	-	-	-	-	-	-	-
Due from federal and state governments	198,821	-	-	-	-	-	-	-	-	-	-
Due from other funds	218,665	-	-	-	-	-	-	-	-	-	-
Other receivables	121,640	-	-	-	-	-	-	-	-	-	-
Inventory	22,828	-	-	-	-	-	-	-	-	-	-
Prepaid expenditures	169,216	-	-	-	-	-	-	-	-	-	-
Other assets	67,137	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 17,850,196</u>	<u>\$ 751,965</u>	<u>\$ 186</u>	<u>\$ 84,752</u>	<u>\$ 41,503</u>	<u>\$ 523,805</u>	<u>\$ 13,183</u>	<u>\$ 110,583</u>	<u>\$ 18,987</u>	<u>\$ 1,387</u>	<u>\$ 88</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances											
Liabilities:											
Accounts payable and accrued expenditures	\$ 1,461,016	\$ 19,284	\$ 2,500	\$ 4,391	\$ 165	\$ 12,116	\$ -	\$ 1,000	\$ -	\$ -	\$ -
Due to other funds	3,976,474	-	-	-	-	-	-	-	-	-	-
Claims payable	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	69,018	-	-	10,500	-	8,208	-	-	-	-	-
Total liabilities	<u>5,506,508</u>	<u>19,284</u>	<u>2,500</u>	<u>14,891</u>	<u>165</u>	<u>20,324</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:											
Deferred property taxes	387,826	-	-	-	-	-	-	-	-	-	-
Other deferred revenues	67,137	-	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>454,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:											
Nonspendable:											
Other assets WB Community Health	-	-	-	-	-	-	-	-	-	-	-
Inventory	22,828	-	-	-	-	-	-	-	-	-	-
Prepaid expenditures	169,216	-	-	-	-	-	-	-	-	-	-
Restricted for:											
Education programs	-	-	-	-	-	-	-	-	-	-	-
Library programs	-	42,521	-	-	-	-	-	-	-	-	-
Capital projects	-	98,962	-	-	-	-	-	-	-	-	-
Committed for:											
Capital projects	-	50,000	-	-	-	-	-	-	-	-	-
Assigned to:											
2018 budget	2,047,135	-	-	-	-	-	-	-	-	-	-
Parks and recreation programs	-	-	-	-	-	-	13,183	109,583	-	-	-
Towers	-	-	-	-	-	503,481	-	-	-	-	-
Kinney Bungalow	-	-	-	69,861	-	-	-	-	-	-	-
Sunset Farm	-	-	-	-	-	-	-	18,987	-	-	-
Other	-	-	-	-	-	-	-	-	-	1,387	88
Unassigned	9,649,546	541,198	(2,314)	-	41,338	-	-	-	-	-	-
Total fund balances	<u>11,888,725</u>	<u>732,681</u>	<u>(2,314)</u>	<u>69,861</u>	<u>41,338</u>	<u>503,481</u>	<u>13,183</u>	<u>109,583</u>	<u>18,987</u>	<u>1,387</u>	<u>88</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,850,196</u>	<u>\$ 751,965</u>	<u>\$ 186</u>	<u>\$ 84,752</u>	<u>\$ 41,503</u>	<u>\$ 523,805</u>	<u>\$ 13,183</u>	<u>\$ 110,583</u>	<u>\$ 18,987</u>	<u>\$ 1,387</u>	<u>\$ 88</u>

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Balance Sheet (Continued)
General Fund
June 30, 2017

	<u>Rental Registration</u>	<u>Tipping Fees</u>	<u>Total Town</u>	<u>School Unrestricted</u>	<u>Health Pool Surplus</u>	<u>Athletic Gate Receipts</u>	<u>Total School</u>	<u>Interfund Elimination Entries</u>	<u>Total General Fund</u>
Assets									
Cash	\$ 205,490	\$ 29,769	\$ 12,367,952	\$ 125	\$ -	\$ -	\$ 125	\$ -	\$ 12,368,077
Investments	-	-	5,940,419	-	-	-	-	-	5,940,419
Real estate and personal property									
tax receivable	-	-	525,216	-	-	-	-	-	525,216
Due from federal and state governments	-	-	198,821	20,845	-	-	20,845	-	219,666
Due from other funds	-	-	218,665	4,378,108	-	27,194	4,405,302	(4,003,668)	620,299
Other receivables	-	-	121,640	88,068	-	-	88,068	-	209,708
Inventory	-	-	22,828	-	-	-	-	-	22,828
Prepaid expenditures	-	-	169,216	150,584	-	-	150,584	-	319,800
Other assets	-	-	67,137	1,918,232	-	-	1,918,232	-	1,985,369
Total assets	<u>\$ 205,490</u>	<u>\$ 29,769</u>	<u>\$ 19,631,894</u>	<u>\$ 6,555,962</u>	<u>\$ -</u>	<u>\$ 27,194</u>	<u>\$ 6,583,156</u>	<u>\$ (4,003,668)</u>	<u>\$ 22,211,382</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances									
Liabilities:									
Accounts payable and accrued expenditures	\$ 942	\$ 4,105	\$ 1,505,519	\$ 292,394	\$ -	\$ 2,636	\$ 295,030	\$ -	\$ 1,800,549
Due to other funds	-	-	3,976,474	735,728	-	-	735,728	(4,003,668)	708,534
Claims payable	-	-	-	229,643	-	-	229,643	-	229,643
Other liabilities	-	-	87,726	-	-	-	-	-	87,726
Total liabilities	<u>942</u>	<u>4,105</u>	<u>5,569,719</u>	<u>1,257,765</u>	<u>-</u>	<u>2,636</u>	<u>1,260,401</u>	<u>(4,003,668)</u>	<u>2,826,452</u>
Deferred Inflows of Resources:									
Deferred property taxes	-	-	387,826	-	-	-	-	-	387,826
Other deferred revenues	-	-	67,137	-	-	-	-	-	67,137
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>454,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>454,963</u>
Fund Balances:									
Nonspendable:									
Other assets WB Community Health	-	-	-	1,688,589	-	-	1,688,589	-	1,688,589
Inventory	-	-	22,828	-	-	-	-	-	22,828
Prepaid expenditures	-	-	169,216	150,584	-	-	150,584	-	319,800
Restricted for:									
Education programs	-	-	-	3,459,024	-	24,558	3,483,582	-	3,483,582
Library programs	-	-	42,521	-	-	-	-	-	42,521
Capital projects	-	-	98,962	-	-	-	-	-	98,962
Committed for:									
Capital projects	-	-	50,000	-	-	-	-	-	50,000
Assigned to:									
2018 budget	-	-	2,047,135	-	-	-	-	-	2,047,135
Parks and recreation programs	-	-	122,766	-	-	-	-	-	122,766
Towers	-	-	503,481	-	-	-	-	-	503,481
Kinney Bungalow	-	-	69,861	-	-	-	-	-	69,861
Sunset Farm	-	-	18,987	-	-	-	-	-	18,987
Other	204,548	-	206,023	-	-	-	-	-	206,023
Unassigned	-	25,664	10,255,432	-	-	-	-	-	10,255,432
Total fund balances	<u>204,548</u>	<u>25,664</u>	<u>13,607,212</u>	<u>5,298,197</u>	<u>-</u>	<u>24,558</u>	<u>5,322,755</u>	<u>-</u>	<u>18,929,967</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 205,490</u>	<u>\$ 29,769</u>	<u>\$ 19,631,894</u>	<u>\$ 6,555,962</u>	<u>\$ -</u>	<u>\$ 27,194</u>	<u>\$ 6,583,156</u>	<u>\$ (4,003,668)</u>	<u>\$ 22,211,382</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
General Fund
For the Fiscal Year Ended June 30, 2017

	<u>Town General</u>	<u>Library Fund</u>	<u>Retained Claims</u>	<u>Kinney Bungalow</u>	<u>Surplus Property</u>	<u>Towers Committee</u>	<u>Parks & Recreation Aid</u>	<u>Parks & Recreation Trust</u>	<u>Sunset Farm</u>	<u>Town Anniversary</u>	<u>Earle Water Tank</u>
Revenues:											
General property taxes and payments in lieu of taxes	\$ 49,896,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State and federal aid	1,839,589	153,079	-	-	-	-	-	-	-	-	-
Charges for services	4,002,995	15,362	-	87,376	-	318,849	-	-	-	-	-
Operating grants and contributions	-	970	-	-	-	-	3,000	5,500	-	-	265
Investment and interest income	241,401	7,714	-	-	-	1,514	20	146	-	-	-
Other revenues	-	-	1,897	-	-	-	-	-	-	-	-
Total revenues	55,980,023	177,125	1,897	87,376	-	320,363	3,020	5,646	-	-	265
Expenditures:											
<i>Current:</i>											
General government	1,790,696	-	17,302	-	1,322	-	-	-	-	-	5,026
Financial administration	1,346,402	-	-	-	-	-	-	-	-	-	-
Public safety	13,071,434	-	-	-	-	-	-	-	-	-	-
Public works	2,970,700	-	-	-	-	-	-	-	-	-	-
Parks and recreation	1,425,339	-	-	77,883	-	264,742	3,430	5,199	1,206	-	-
Planning, engineering and inspection	1,114,189	-	-	-	-	-	-	-	-	-	-
Library	-	881,832	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-	-
Town-wide	737,200	-	-	-	-	-	-	-	-	-	-
Other	2,796,294	-	-	-	-	-	-	-	-	-	-
Total expenditures	25,252,254	881,832	17,302	77,883	1,322	264,742	3,430	5,199	1,206	-	5,026
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	30,727,769	(704,707)	(15,405)	9,493	(1,322)	55,621	(410)	447	(1,206)	-	(4,761)
Other financing sources (uses):											
Capital lease	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	15,504	-	-	-	-	-	-
Transfers from other funds	175,000	841,103	-	-	-	50,000	-	-	-	-	-
Transfers to other funds	(29,710,304)	-	-	-	(50,000)	-	-	-	-	-	-
Total other financing sources (uses)	(29,535,304)	841,103	-	-	(34,496)	50,000	-	-	-	-	-
Net change in fund balances	1,192,465	136,396	(15,405)	9,493	(35,818)	105,621	(410)	447	(1,206)	-	(4,761)
Fund balances - beginning of year-restated	10,696,260	596,285	13,091	60,368	77,156	397,860	13,593	109,136	20,193	1,387	4,849
Fund balances - end of year	\$ 11,888,725	\$ 732,681	\$ (2,314)	\$ 69,861	\$ 41,338	\$ 503,481	\$ 13,183	\$ 109,583	\$ 18,987	\$ 1,387	\$ 88

(Continued)

TOWN OF NARRAGANSETT, RHODE ISLAND
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)
General Fund
For the Fiscal Year Ended June 30, 2017

	<u>Rental Registration</u>	<u>Tipping Fees</u>	<u>Total Town</u>	<u>School Unrestricted</u>	<u>Health Pool Surplus</u>	<u>Athletic Gate Receipts</u>	<u>Total School</u>	<u>Interfund Elimination Entries</u>	<u>Total General Fund</u>
Revenues:									
General property taxes and payments in lieu of taxes	\$ -	\$ -	\$ 49,896,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,896,038
State and federal aid	-	-	1,992,668	3,388,271	-	-	3,388,271	-	5,380,939
Charges for services	254,308	30,420	4,709,310	661,608	-	14,582	676,190	-	5,385,500
Operating grants and contributions	-	-	9,735	-	-	-	-	-	9,735
Investment and interest income	534	138	251,467	-	-	-	-	-	251,467
Other revenues	-	-	1,897	23,475	-	-	23,475	-	25,372
Total revenues	<u>254,842</u>	<u>30,558</u>	<u>56,861,115</u>	<u>4,073,354</u>	<u>-</u>	<u>14,582</u>	<u>4,087,936</u>	<u>-</u>	<u>60,949,051</u>
Expenditures:									
<i>Current:</i>									
General government	61,624	-	1,875,970	-	-	-	-	-	1,875,970
Financial administration	-	-	1,346,402	-	-	-	-	-	1,346,402
Public safety	-	-	13,071,434	-	-	-	-	-	13,071,434
Public works	-	20,049	2,990,749	-	-	-	-	-	2,990,749
Parks and recreation	-	-	1,777,799	-	-	-	-	-	1,777,799
Planning, engineering and inspection	-	-	1,114,189	-	-	-	-	-	1,114,189
Library	-	-	881,832	-	-	-	-	-	881,832
Education	-	-	-	27,838,531	1,122,788	5,482	28,966,801	-	28,966,801
Town-wide	-	-	737,200	-	-	-	-	-	737,200
Other	-	-	2,796,294	-	-	-	-	-	2,796,294
Total expenditures	<u>61,624</u>	<u>20,049</u>	<u>26,591,869</u>	<u>27,838,531</u>	<u>1,122,788</u>	<u>5,482</u>	<u>28,966,801</u>	<u>-</u>	<u>55,558,670</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	193,218	10,509	30,269,246	(23,765,177)	(1,122,788)	9,100	(24,878,865)	-	5,390,381
Other financing sources (uses):									
Capital lease	-	-	-	455,670	-	-	455,670	-	455,670
Sale of capital assets	-	-	15,504	-	-	-	-	-	15,504
Transfers from other funds	-	-	1,066,103	24,735,185	-	-	24,735,185	(25,801,288)	-
Transfers to other funds	(125,000)	-	(29,885,304)	(1,100,000)	-	-	(1,100,000)	25,801,288	(5,184,016)
Total other financing sources (uses)	<u>(125,000)</u>	<u>-</u>	<u>(28,803,697)</u>	<u>24,090,855</u>	<u>-</u>	<u>-</u>	<u>24,090,855</u>	<u>-</u>	<u>(4,712,842)</u>
Net change in fund balances	68,218	10,509	1,465,549	325,678	(1,122,788)	9,100	(788,010)	-	677,539
Fund balances - beginning of year-restated	136,330	15,155	12,141,663	4,972,519	1,122,788	15,458	6,110,765	-	18,252,428
Fund balances - end of year	<u>\$ 204,548</u>	<u>\$ 25,664</u>	<u>\$ 13,607,212</u>	<u>\$ 5,298,197</u>	<u>\$ -</u>	<u>\$ 24,558</u>	<u>\$ 5,322,755</u>	<u>\$ -</u>	<u>\$ 18,929,967</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of Assets, Liabilities and Fund Balance
School Unrestricted Fund
June 30, 2017

ASSETS

Cash	\$ 125
Due from federal and state governments	20,845
Other receivables	88,068
Due from other funds	4,378,108
Prepaid expenditures	150,584
Other assets	1,918,232
Total assets	<u><u>\$ 6,555,962</u></u>

LIABILITIES AND FUND BALANCES

Liabilities

Accounts payable and accrued expenditures	\$ 292,394
Claims payable	229,643
Due to other funds	735,728
Total liabilities	<u><u>1,257,765</u></u>

Fund balances

Nonspendable:	
Prepaid expenditures	150,584
Other assets- WB deposits	1,688,589
Restricted for:	
Education	3,459,024
Total fund balances	<u><u>5,298,197</u></u>

Total liabilities and fund balances	<u><u>\$ 6,555,962</u></u>
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TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of Revenues, Expenditures and Changes in Fund Balance
School Unrestricted Fund
For the Fiscal Year Ended June 30, 2017

REVENUES	
Town appropriation	\$ 24,735,185
State aid	3,388,271
Charges for services	661,608
Other revenues	23,475
Total revenues	<u>28,808,539</u>
 EXPENDITURES	
Education	<u>27,838,531</u>
Total expenditures	<u>27,838,531</u>
 <i>Excess of revenues over expenditures before other financing sources(use)</i>	 <u>970,008</u>
 <i>Other financing sources (uses):</i>	
Capital lease	455,670
Transfers to other funds	<u>(1,100,000)</u>
Total other financing sources (uses)	<u>(644,330)</u>
 <i>Net change in fund balances</i>	 325,678
 <i>Fund balances - beginning of year</i>	 <u>4,972,519</u>
 <i>Fund balances - end of year</i>	 <u><u>\$ 5,298,197</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, 2017

	<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	\$ 24,735,185	\$ 24,735,185	\$ 24,735,185	\$ -
State aid	2,150,151	2,150,151	2,149,933	(218)
Charges for services	388,157	388,157	661,608	273,451
Other revenues	5,000	5,000	23,475	18,475
Re-appropriated school surplus	1,824,997	1,824,997	1,824,997	-
Total revenues	<u>29,103,490</u>	<u>29,103,490</u>	<u>29,395,198</u>	<u>291,708</u>
Expenditures				
Salaries	16,123,694	16,074,070	16,049,987	24,083
Employee benefits	7,341,973	7,353,968	6,987,879	366,089
Purchased services	2,852,862	2,822,186	2,147,424	674,762
Supplies and materials	1,160,170	1,158,191	835,735	322,456
Capital outlay	456,281	525,325	504,568	20,757
Other costs	68,510	69,750	55,711	14,039
Total expenditures	<u>28,003,490</u>	<u>28,003,490</u>	<u>26,581,304</u>	<u>1,422,186</u>
Excess of revenues over expenditures before other financing uses	<u>1,100,000</u>	<u>1,100,000</u>	<u>2,813,894</u>	<u>1,713,894</u>
Other financing uses				
Transfer to other funds	(1,100,000)	(1,100,000)	(1,100,000)	-
Total other financing uses	<u>(1,100,000)</u>	<u>(1,100,000)</u>	<u>(1,100,000)</u>	<u>-</u>
Net change in fund balance (budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,713,894</u>	<u>\$ 1,713,894</u>

TOWN OF NARRAGANSETT, RHODE ISLAND
Schedule of General Fund - Fund Balance
Restricted for Education Programs
June 30, 2017

Restricted for Education:

School Committee designation for use in subsequent year budget	\$ 1,167,355
Undesignated	<u>2,316,227</u>
Total	<u><u>\$ 3,483,582</u></u>

OTHER SUPPLEMENTARY INFORMATION

The Annual Supplemental Transparency Report Schedules
required by the State of Rhode Island General Law § 45-12-22.2 and § 44-35-10

Annual Supplemental Transparency Report (MTP2) - Revenue

Annual Supplemental Transparency Report (MTP2) – Expenditures

Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Municipal

Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Education Department

Notes to Supplementary Information – Annual Supplemental Transparency Report (MTP2)

Town of Narragansett
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2017

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 49,023,552	\$ -
Last Year's Levy Tax Collection	204,094	-
Prior Years Property Tax Collection	15,660	-
Interest & Penalty	181,139	-
PILOT & Tax Treaty (excluded from levy) Collection	471,593	-
Other Local Property Taxes	-	-
Licenses and Permits	426,755	-
Fines and Forfeitures	440,128	-
Investment Income	251,467	-
Departmental	2,832,847	-
<u>Rescue Run Revenue</u>	<u>547,366</u>	-
Police & Fire Detail	468,844	-
Other Local Non-Property Tax Revenues	11,632	-
Tuition	-	336,388
Impact Aid	-	-
Medicaid	-	300,609
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	133,817
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	-	840,986
MV Excise Tax Reimbursement	61,720	-
State PILOT Program	-	-
Distressed Community Relief Fund	-	-
Library Resource Aid	153,079	-
Library Construction Aid	-	-
Public Service Corporation Tax	196,380	-
Meals & Beverage Tax / Hotel Tax	885,827	-
LEA Aid	-	2,149,933
Group Home	-	-
Housing Aid Capital Projects	-	9,356
Housing Aid Bonded Debt	486,480	-
State Food Service Revenue	-	4,642
Incentive Aid	2,123	-
Property Revaluation Reimbursement	-	-
Other State Revenue	207,059	401,363
Other Revenue	-	351,671
Local Appropriation for Education	-	24,735,185
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	<u>\$ 56,867,745</u>	<u>\$ 29,263,951</u>
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	-	-
Financing Sources: Debt Proceeds	13,650,988	-
Financing Sources: Other	15,504	-
Rounding	-	-
Total Other Financing Sources	<u>\$ 13,666,492</u>	<u>\$ -</u>

Town of Narragansett
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2017

EXPENDITURES	General		Social	Centralized	Planning	Libraries	Public Works	Parks and Rec	Police Department
	Government	Finance	Services	IT					
Compensation- Group A	\$ 656,511	\$ 696,427	\$ -	\$ 155,282	\$ 612,556	\$ 412,928	\$ 1,005,355	\$ 910,568	\$ 3,037,336
Compensation - Group B	-	-	-	-	-	-	-	-	298,132
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	7,226	4,194	-	153	7,771	8,293	119,179	21,434	357,233
Overtime - Group B	-	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	372,730
Active Medical Insurance - Group A	104,700	151,898	-	16,670	122,300	63,141	199,366	83,198	499,382
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	35,249
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	5,850	4,381	-	1,087	5,943	1,849	12,985	4,533	21,005
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	1,912
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	55,203	56,430	-	9,781	48,117	31,215	86,612	73,398	321,563
Life Insurance	3,065	3,664	-	591	2,977	1,772	4,739	2,989	12,342
State Defined Contribution- Group A	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	27,543	29,331	-	8,000	37,638	1,170	87,995	70,307	50,941
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	506,920	279,327	-	50,490	245,261	148,020	350,895	176,688	1,195,352
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	66,559
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	231,678	94,851	-	2,489	35,361	44,112	60,443	39,970	52,292
Materials/Supplies	56,764	52,645	-	2,338	13,013	120,134	196,380	206,219	101,499
Software Licenses	-	200	-	100,470	3,650	-	3,449	2,353	3,993
Capital Outlays	-	-	-	-	-	7,573	-	30,574	-
Insurance	387,856	-	-	-	-	-	-	-	-
Maintenance	-	-	-	-	-	9,823	36,573	77,855	7,965
Vehicle Operations	-	-	-	-	713	-	270,041	18,724	68,869
Utilities	3,550	2,385	-	405	5,540	23,229	340,281	121,524	91,038
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	240,084	-	-
Revaluation	-	24,552	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	64,367	-	-
Trash Removal & Recycling	-	-	-	-	-	-	-	-	-
Claims & Settlements	88,895	-	-	-	-	-	-	-	-
Community Support	171,391	-	-	-	-	-	-	-	-
Other Operation Expenditures	-	-	-	-	-	8,573	-	1,461	-
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 2,307,152	\$ 1,400,285	\$ -	\$ 347,756	\$ 1,140,840	\$ 881,832	\$ 3,078,744	\$ 1,841,795	\$ 6,595,392

Town of Narragansett
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2017

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ 2,472,920	\$ 550,181	\$ 98,283	\$ -	\$ -	\$ -	\$ 10,608,347	\$ 11,761,065
Compensation - Group B	43,527	-	-	-	-	-	341,659	1,623,440
Compensation - Group C	-	-	-	-	-	-	-	3,075,810
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	763,875	77,465	2,848	-	-	-	1,369,671	-
Overtime - Group B	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	18,395
Police & Fire Detail	6,631	-	-	-	-	-	379,361	-
Active Medical Insurance - Group A	396,451	94,562	17,095	-	-	-	1,748,763	1,607,971
Active Medical Insurance- Group B	6,312	-	-	-	-	-	41,561	188,721
Active Medical Insurance- Group C	-	-	-	-	-	-	-	760,399
Active Dental insurance- Group A	19,249	4,071	696	-	-	-	81,649	128,403
Active Dental Insurance- Group B	366	-	-	-	-	-	2,278	13,773
Active Dental Insurance- Group C	-	-	-	-	-	-	-	45,041
Payroll Taxes	250,435	49,596	7,396	-	-	-	989,746	1,224,834
Life Insurance	10,341	2,632	295	-	-	-	45,407	51,327
State Defined Contribution- Group A	-	-	-	-	-	-	-	54,677
State Defined Contribution - Group B	-	-	-	-	-	-	-	4,650
State Defined Contribution - Group C	-	-	-	-	-	-	-	-
Other Benefits- Group A	3,035	-	-	-	-	-	315,960	46,978
Other Benefits- Group B	-	24,027	-	-	-	-	24,027	6,188
Other Benefits- Group C	-	-	-	-	-	-	-	88,659
Local Defined Benefit Pension- Group A	989,867	193,414	23,105	-	-	-	4,159,339	-
Local Defined Benefit Pension - Group B	17,571	-	-	-	-	-	84,130	162,737
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	945,066
State Defined Benefit Pension- Group A	-	-	-	-	-	-	-	1,502,272
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	140,008
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-
Purchased Services	51,198	-	72,919	-	-	-	685,313	3,574,880
Materials/Supplies	115,292	11,879	28,309	-	-	-	904,472	364,961
Software Licenses	14,091	-	-	-	-	-	128,206	50,986
Capital Outlays	-	-	-	-	-	-	38,147	1,062,637
Insurance	-	-	-	-	-	-	387,856	181,810
Maintenance	25,265	-	-	-	-	-	157,481	229,277
Vehicle Operations	21,071	-	3,886	-	-	-	383,304	140,919
Utilities	35,136	-	1,408	-	-	-	624,496	426,659
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	240,084	-
Revaluation	-	-	-	-	-	-	24,552	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	64,367	-
Trash Removal & Recycling	-	-	-	-	-	-	-	-
Claims & Settlements	-	-	-	-	-	-	88,895	-
Community Support	-	-	-	-	-	-	171,391	777
Other Operation Expenditures	-	-	-	-	-	-	10,034	59,469
Local Appropriation for Education	-	-	-	24,735,185	-	-	24,735,185	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	444,364	-	444,364	-
Municipal Debt- Interest	-	-	-	-	332,470	-	332,470	-
School Debt- Principal	-	-	-	-	890,000	-	890,000	-
School Debt- Interest	-	-	-	-	753,787	-	753,787	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	2,522,554	2,522,554	1,372,712
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 5,242,633	\$ 1,007,827	\$ 256,240	\$ 24,735,185	\$ 2,420,621	\$ 2,522,554	\$ 53,778,856	\$ 30,915,500

Financing Uses: Transfer to Capital Funds	\$ 1,086,840	\$ -
Financing Uses: Transfer to Other Funds	155,095	-
Financing Uses: Payment to Bond Escrow Agent	13,458,152	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ 14,700,087	\$ -
Net Change in Fund Balance¹	2,055,294	(1,651,549)
Fund Balance¹- beginning of year	\$ 12,314,492	\$ 5,885,540
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	-
Misc. Adjustment	-	-
Fund Balance¹ - beginning of year adjusted	12,314,492	5,885,540
Rounding	-	-
Fund Balance¹ - end of year	\$ 14,369,786	\$ 4,233,991

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

Town of Narragansett
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Municipal
Fiscal Year Ended June 30, 2017

Reported in Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ² (Deficit)	Ending Fund Balance ¹ (Deficit)
General Fund	\$ 60,949,051	\$ 471,174	\$ 55,558,670	\$ 5,184,016	\$ 677,539	\$ 18,252,428	\$ -	\$ 18,252,428	\$ 18,929,967
Town Capital Project Fund	-	5,050,531	1,701,614	56,438	3,292,479	(1,697,371)	-	(1,697,371)	1,595,108
Debt Service Fund	-	16,493,069	2,420,621	13,458,152	614,296	172,829	-	172,829	787,125
					-				
Amounts reported in financial statements	\$ 60,949,051	\$ 22,014,774	\$ 59,680,905	\$ 18,698,606	\$ 4,584,314	\$ 16,727,886	\$ -	\$ 16,727,886	\$ 21,312,200
<u>Reconciliation from financial statements to MTP2</u>									
Reverse elimination entry from combining School Unrestricted Fund with Town's General Fund	\$ -	\$ 24,735,185	\$ -	\$ 24,735,185	\$ -	\$ -	\$ -	\$ -	\$ -
Remove School Unrestricted Fund from General Fund	(4,087,936)	(25,190,855)	(28,966,801)	(1,100,000)	788,010	(6,110,765)	-	(6,110,765)	(5,322,755)
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	-	-	24,735,185	(24,735,185)	-	-	-	-	-
Reclassify transfer of municipal appropriation for Debt on MTP2	-	(2,842,081)	-	(2,842,081)	-	-	-	-	-
Fire Detail	6,631	-	6,631	-	-	-	-	-	-
Elimination of capital project activity reported in fund financial statements and not reported in MTP2	-	(5,050,531)	(1,677,062)	(56,438)	(3,317,031)	1,697,371	-	1,697,371	(1,619,660)
Rounding	(1)	-	(2)	-	1	-	-	-	1
Totals Per MTP2	\$ 56,867,745	\$ 13,666,492	\$ 53,778,856	\$ 14,700,087	\$ 2,055,294	\$ 12,314,492	\$ -	\$ 12,314,492	\$ 14,369,786

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

Town of Narragansett
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Education Department
Fiscal Year Ended June 30, 2017

Reported in Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
General Fund(Town and School combined Statement)	\$ 60,949,051	\$ 471,174	\$ 55,558,670	\$ 5,184,016	\$ 677,539	\$ 18,252,428	-	\$ 18,252,428	\$ 18,929,967
Reverse elimination entry from combining School Unrestricted Fund with Town's General Fund	-	24,735,185	-	24,735,185	-	-	-	-	-
Remove General Fund from combined financial statements School Unrestricted Fund	(56,861,115)	(15,504)	(26,591,869)	(28,819,201)	(1,465,549)	(12,141,663)	-	(12,141,663)	(13,607,212)
	<u>\$ 4,087,936</u>	<u>\$ 25,190,855</u>	<u>\$ 28,966,801</u>	<u>\$ 1,100,000</u>	<u>\$ (788,010)</u>	<u>\$ 6,110,765</u>	<u>\$ -</u>	<u>\$ 6,110,765</u>	<u>\$ 5,322,755</u>
School Special Revenue Funds - Restricted Grants	845,048	-	847,572	-	(2,524)	11,758	-	11,758	9,234
School Special Revenue Funds - Food Service Fund	364,412	30,000	389,010	-	5,402	12,653	-	12,653	18,055
School Athletic Complex Fund	460,350	-	95,271	-	365,079	(435,905)	-	(435,905)	(70,826)
School Capital Project Funds	9,356	1,070,000	1,874,071	-	(794,715)	1,213,844	-	1,213,844	419,129
Amounts reported in financial statements	<u>\$ 5,767,102</u>	<u>\$ 26,290,855</u>	<u>\$ 32,172,725</u>	<u>\$ 1,100,000</u>	<u>\$ (1,214,768)</u>	<u>\$ 6,913,115</u>	<u>\$ -</u>	<u>\$ 6,913,115</u>	<u>\$ 5,698,347</u>
<u>Reconciliation from financial statements amounts reported above to MTP2</u>									
Municipal appropriation for Education reported as a transfer on financial statements but as revenue on MTP2	\$ 24,735,185	\$ (24,735,185)	-	-	-	-	-	-	-
Transfer of unrestricted fund balance to capital projects fund	-	(1,070,000)	-	(1,070,000)	-	-	-	-	-
Transfer of unrestricted fund balance to food service fund	-	(30,000)	-	(30,000)	-	-	-	-	-
Capital Projects fund	-	-	-	-	-	-	-	-	-
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(1,238,338)	-	(1,238,338)	-	-	-	-	-	-
GAAP reporting on capital lease proceeds	-	(455,670)	(455,670)	-	-	-	-	-	-
Adjustment for WB Community Health transactions	-	-	436,781	-	(436,781)	(1,027,575)	-	(1,027,575)	(1,464,356)
Rounding	2	-	2	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 29,263,951</u>	<u>\$ -</u>	<u>\$ 30,915,500</u>	<u>\$ -</u>	<u>\$ (1,651,549)</u>	<u>\$ 5,885,540</u>	<u>\$ -</u>	<u>\$ 5,885,540</u>	<u>\$ 4,233,991</u>
<u>Reconciliation from MTP2 to UCOA</u>									
Reappropriated Fund Balance reported in UCOA	1,824,997	-	-	-	-	-	-	-	-
Adjustment for OPEB Trust Transfer	-	-	(1,122,786)	-	-	-	-	-	-
Rounding	24	-	-	-	-	-	-	-	-
Totals per UCOA Validated Totals Report	<u>\$ 31,088,972</u>	<u>\$ -</u>	<u>\$ 29,792,714</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

Town of Narragansett, Rhode Island
Reportable Government Services with
MTP2 Notes
Fiscal Year Ended June 30, 2017

Notes to Supplementary Information – *Annual Supplemental Transparency Report (MTP2)*

NOTE 1. Basis of Presentation

The *Annual Supplemental Transparency Report (MTP2)* is a supplemental schedule required by the State of Rhode Island General Laws 45-12-22.2 and 44-35-10. This supplementary schedule included within the annual financial statements is part of a broader project to create a municipal transparency portal (MTP) website to host municipal financial information in a centralized location.

The format of the Annual Supplemental Transparency Report (MTP2) was prescribed by the State Department of Revenue (Division of Municipal Finance), Office of the Auditor General, and the Department of Education.

NOTE 2. Reportable Government Services

Data consistency and comparability are among the key objectives of the State's Municipal Transparency portal. Consistent with that goal, the State has defined "reportable government services", RGS, to include those operational revenues, expenditures, and transfers related to activities which are essential to the achievement of municipal operations. The determination of RGS may be different from the activities included within the legally adopted budget of the municipality. In practice, some communities report certain RGS in separate funds (e.g., special revenue funds, enterprise funds) rather than the municipality's general fund. The Annual Supplemental Transparency Report (MTP2) includes a reconciliation to the fund level statements.

NOTE 3. Allocations

The State reporting requires expenditures to be reported by departments, as defined by the State. Some of the departmental groupings are not consistent with the departments reflected in the Town's budget and accounting system. To report these costs, the Town made allocations of costs to the State's departmental groupings based on a reasonable basis.

NOTE 4. Employee Groups - Compensation and Benefit Costs

Compensation includes salaries, longevity, stipends, clothing allowance/maintenance, shift differential, out-of-rank, holiday pay and bonuses.

For Public Safety departments (i.e., police, fire, and centralized dispatch) and the Education Department, compensation and most benefits costs are reported in the following employee groupings:

Group A: This group consists of employees who serve the primary function of the department.

- Police Department - police officers (e.g., uniform personnel - including, leadership positions)
- Fire Department - fire fighters (e.g., uniform personnel - including, leadership positions)
- Centralized Dispatch Department - civilian dispatchers only
- Education Department - professional staff providing direct services to students
- For the remaining departments - all employees' compensation and benefits are reported under Group A

Group B: For Police and Fire Departments, compensation and benefits paid to its administrative employees and civilian dispatch employees are reported under Group B. The Education Department reports compensation and benefits paid to executive/mid-level educational administration employees under Group B.

Group C: This group is only used for the Education Department and it includes administrative and support staff.

Other post-employment benefits (OPEB) are not reported by employee groups on the MTP2. They are reported in total as either (1) contributions to a qualified OPEB trust or (2) the amount paid for medical and dental insurance for retirees when an OPEB trust fund has not been established. The detail employee group information for the Education Department can be found on the State's Municipal Transparency portal website.

NOTE 5. Education Revenue and Expenditures

The revenues and expenditures presented on the MTP2 under the Education Department is consistent with existing Uniform Chart of Accounts (UCOA) guidelines. Each MTP account code has been mapped to the corresponding UCOA code or group of UCOA codes to facilitate the preparation of the MTP reporting.

Additional guidance and definitions regarding the State's Municipal Transparency Portal can be found on the State Division of Municipal Finance website: <http://www.municipalfinance.ri.gov/>.

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 TEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

Exhibit 1

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities:										
Net investment in capital assets	\$ 73,026,624	\$ 75,998,883	\$ 71,751,258	\$ 73,242,220	\$ 72,797,383	\$ 73,799,642	\$ 72,788,921	\$ 76,328,788	\$ 65,852,760	\$ 30,048,212
Restricted	4,483,692	5,685,301	7,550,352	7,151,671	6,041,787	5,465,023	5,048,391	-	-	-
Unrestricted	(91,957,086)	(99,769,341)	(72,894,919)	(71,834,567)	(68,600,464)	(26,820,119)	(21,287,061)	(13,189,145)	(12,642,946)	(6,403,948)
Total governmental activities net position	<u>\$ (14,446,770)</u>	<u>\$ (18,085,157)</u>	<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>
Business-type activities:										
Net investment in capital assets	\$ 34,104,629	\$ 32,190,505	\$ 31,305,890	\$ 30,664,018	\$ 30,053,171	\$ 29,007,798	\$ 26,981,862	\$ 26,525,585	\$ 26,399,950	\$ 24,910,202
Unrestricted	9,493,302	9,937,571	9,319,004	9,301,453	9,188,467	7,993,878	9,644,978	10,288,862	9,643,685	10,419,879
Total business-type activities net position	<u>\$ 43,597,931</u>	<u>\$ 42,128,076</u>	<u>\$ 40,624,894</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>
Primary government:										
Net investment in capital assets	\$ 107,131,253	\$ 108,189,388	\$ 103,057,148	\$ 103,906,238	\$ 102,850,554	\$ 102,807,440	\$ 99,770,783	\$ 102,854,373	\$ 92,252,710	\$ 54,958,414
Restricted	4,483,692	5,685,301	7,550,352	7,151,671	6,041,787	5,465,023	5,048,391	-	-	-
Unrestricted	(82,463,784)	(89,831,770)	(63,575,915)	(62,533,114)	(59,411,997)	(18,826,241)	(11,642,083)	(2,900,283)	(2,999,261)	4,015,931
Total primary government net position	<u>\$ 29,151,161</u>	<u>\$ 24,042,919</u>	<u>\$ 47,031,585</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>

TOWN OF NARRAGANSETT, RHODE ISLAND

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Exhibit 2

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Governmental activities:										
General government	\$ 2,129,141	\$ 2,662,489	\$ 3,354,594	\$ 3,657,602	\$ 3,697,034	\$ 3,967,108	\$ 1,960,227	\$ 999,494	\$ 3,758,548	\$ 3,483,345
Financial administration	1,441,551	1,857,972	1,824,303	1,677,212	1,719,594	1,972,289	1,108,193	1,109,011	868,872	951,634
Public safety	14,422,218	18,133,546	15,338,485	15,180,592	15,284,664	14,644,220	11,627,180	10,922,031	10,932,393	12,652,621
Public works	4,650,783	4,984,541	4,913,307	4,978,149	4,757,802	4,107,512	4,523,343	3,921,244	3,757,059	2,084,085
Social services	29,372	16,893	140,703	93,240	54,874	93,959	187,285	362,588	249,641	264,272
Parks and recreation	2,130,369	2,484,974	2,214,141	2,398,295	2,403,126	2,323,745	1,387,846	1,460,487	1,451,280	1,423,735
Planning, engineering and inspection	1,156,325	1,454,157	1,273,212	1,204,386	1,333,057	1,226,549	1,491,691	1,282,366	1,843,867	1,229,624
Library	907,202	1,001,974	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
Other	-	-	-	-	-	-	5,953,585	6,816,208	7,590,833	1,648,603
Education	31,740,543	32,489,013	30,442,611	30,396,974	30,074,899	30,177,912	29,487,050	28,544,163	27,651,643	27,177,622
Interest on long-term debt	1,170,831	871,622	1,038,443	894,414	890,143	979,348	966,891	1,047,327	1,152,315	536,422
Total governmental activities expenses	59,778,335	65,957,181	61,322,397	61,190,438	60,958,975	60,190,443	59,730,392	57,508,854	60,340,921	52,462,865
Business-type activities:										
Water Fund	2,328,498	2,234,456	2,258,823	1,922,478	1,888,917	1,873,817	1,682,772	1,732,292	1,722,238	1,611,942
Sewer Fund	4,400,539	4,084,743	4,053,411	3,780,631	3,712,886	3,764,890	4,101,213	3,659,479	3,497,571	3,009,609
Beach Fund	1,861,793	1,918,514	1,749,799	1,768,047	2,027,956	1,613,978	1,439,581	1,383,501	1,194,320	1,143,886
Middlebridge Recreation Fund	29,252	33,660	35,923	43,983	189,469	-	-	-	-	-
Total business-type activities expenses	8,620,082	8,271,373	8,097,956	7,515,139	7,819,228	7,252,685	7,223,566	6,775,272	6,414,129	5,765,437
Total primary government expenses	68,398,417	74,228,554	69,420,353	68,705,577	68,778,203	67,443,128	66,953,958	64,284,126	66,755,050	58,228,302
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,700,014	1,549,178	1,461,007	1,369,157	1,356,215	1,271,041	1,415,282	1,033,620	1,018,126	974,427
Financial administration	700,491	700,566	716,726	700,491	700,491	656,167	656,167	641,989	645,099	325,000
Public safety	1,173,178	1,016,391	712,509	724,676	712,988	568,833	625,609	593,592	507,740	621,966
Public works	31,871	28,432	29,538	2,125	1,050	400	1,050	1,100	1,625	1,075
Social services	-	-	-	-	-	-	-	-	-	31,499
Parks and recreation	684,790	696,417	684,488	660,367	623,976	598,997	109,911	131,421	135,667	548,215
Planning, engineering and inspection	399,635	337,113	335,749	501,068	468,874	402,698	325,717	313,100	228,230	421,343
Library	15,362	11,610	15,254	12,811	9,619	10,619	8,412	6,997	6,644	-
Food Service	-	-	-	-	-	-	229,198	215,034	234,592	264,559
Other	-	-	-	-	-	-	500,793	368,003	381,414	-
Education	884,097	627,132	506,909	645,067	605,599	636,300	688,583	870,270	342,412	472,852
Operating grants and contributions	5,396,724	5,758,255	4,783,010	4,681,774	4,630,534	4,556,277	4,200,924	3,945,898	2,996,995	4,718,839
Capital grants and contributions	847,113	792,470	509,300	1,203,364	202,815	981,500	1,146,219	638,539	1,190,259	3,717,528
Total governmental activities program revenues	11,833,275	11,517,564	9,754,490	10,500,900	9,312,161	9,682,832	9,907,865	8,759,563	7,688,803	12,097,303
Business-type activities:										
Charges for services:										
Water Fund	2,390,322	2,418,909	2,048,386	2,015,463	2,123,262	1,541,433	1,291,766	1,371,384	1,263,442	1,305,178
Sewer Fund	4,120,966	4,283,991	4,312,525	4,334,115	4,576,529	4,177,713	3,900,155	3,995,311	3,935,886	3,842,147
Beach Fund	2,382,280	2,601,661	2,147,294	2,081,062	1,862,687	1,902,033	1,659,461	1,678,536	1,394,208	1,504,371
Middlebridge Recreation Fund	73,606	65,376	53,199	55,556	65,113	-	-	-	-	-
Operating grants and contributions	-	115,647	140,376	-	-	-	-	-	-	-
Capital grants and contributions	992,131	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	9,959,305	9,485,584	8,701,780	8,486,196	8,627,591	7,621,179	6,851,382	7,045,231	6,593,536	6,651,696
Total primary government program revenues	21,792,580	21,003,148	18,456,270	18,987,096	17,939,752	17,304,011	16,759,247	15,804,794	14,282,339	18,748,999
Net (Expense) Revenue:										
Governmental activities	(47,945,060)	(54,439,617)	(51,567,907)	(50,689,538)	(51,646,814)	(50,507,611)	(49,822,527)	(48,749,291)	(52,652,118)	(40,365,562)
Business-type activities	1,339,223	1,214,211	603,824	971,057	808,363	368,494	(372,184)	269,959	179,407	886,259
Total primary government net expenses	(46,605,837)	(53,225,406)	(50,964,083)	(49,718,481)	(50,838,451)	(50,139,117)	(50,194,711)	(48,479,332)	(52,472,711)	(39,479,303)

(continued)

TOWN OF NARRAGANSETT, RHODE ISLAND

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes and in lieu of taxes	49,492,588	48,389,492	47,541,544	46,131,289	44,974,695	44,908,921	44,522,795	42,585,105	41,435,378	38,699,963
State aid, unrestricted	1,822,669	1,755,249	1,614,798	1,604,893	1,526,105	1,422,516	1,686,866	2,466,572	2,501,803	2,828,020
Investment income	271,919	179,241	131,188	280,124	40,703	168,042	65,845	274,532	(172,041)	596,193
Other revenues	101,366	93,574	284,380	651,609	30,182	101,577	159,064	90,826	111,390	37,436
Transfers	(105,095)	(129,225)	(156,636)	342,241	(924,669)	-	-	-	-	-
Gain (loss) on sale of capital	-	-	-	-	-	-	-	-	-	317,850
Total governmental activities	51,583,447	50,288,331	49,415,274	49,010,156	45,647,016	46,601,056	46,434,570	45,417,035	43,876,530	42,479,462
Business-type activities:										
Investment income	15,358	-	-	95,017	65,032	80,336	354,455	500,853	534,147	753,114
Transfers	105,095	129,225	156,636	(342,241)	924,669	-	-	-	-	-
Other revenues	10,179	159,746	-	-	392,087	-	-	-	-	-
Total business-type activities	130,632	288,971	156,636	(247,224)	1,381,788	80,336	354,455	500,853	534,147	753,114
Total primary government	51,714,079	50,577,302	49,571,910	48,762,932	47,028,804	46,681,392	46,789,025	45,917,888	44,410,677	43,232,576
Change in Net Position:										
Governmental activities	3,638,387	(4,151,286)	(2,152,633)	(1,679,382)	(5,999,798)	(3,906,555)	(3,387,957)	(3,332,256)	(8,775,588)	2,113,900
Business-type activities	1,469,855	1,503,182	760,460	723,833	2,190,151	448,830	(17,729)	770,812	713,554	1,639,373
Total primary government	\$ 5,108,242	\$ (2,648,104)	\$ (1,392,173)	\$ (955,549)	\$ (3,809,647)	\$ (3,457,725)	\$ (3,405,686)	\$ (2,561,444)	\$ (8,062,034)	\$ 3,753,273

(concluded)

TOWN OF NARRAGANSETT, RHODE ISLAND
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

Exhibit 3

	FISCAL YEAR									
	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 380,047	\$ 288,903	\$ 310,481
Unreserved:										
Designated for next year's budget	-	-	-	-	-	-	-	-	148,171	1,000,000
Undesignated	-	-	-	-	-	-	-	4,099,653	1,735,519	1,611,116
Nonspendable	2,031,217	2,171,270	1,664,899	1,787,715	2,000,281	2,112,420	331,498	-	-	-
Restricted	3,625,065	4,842,626	6,531,905	6,290,018	5,195,278	4,655,701	3,745,542	-	-	-
Committed	50,000	50,000	-	-	-	-	-	-	-	-
Assigned	2,968,253	1,274,978	1,602,708	407,462	2,219,760	414,758	-	-	-	-
Unassigned	10,255,432	9,913,554	8,781,159	8,204,658	4,229,693	6,580,480	6,340,414	-	-	-
Total General Fund	18,929,967	18,252,428	18,580,671	16,689,853	13,645,012	13,763,359	10,417,454	4,479,700	2,172,593	2,921,597
All Other Governmental Funds:										
Reserved	-	-	-	-	-	-	-	-	-	220,017
Unreserved:										
Designated for next year's budget	-	-	-	-	-	-	-	-	-	692,456
Unreserved	-	-	-	-	-	-	-	-	-	859,171
Unreserved, reported in:										
Special Revenue Funds	-	-	-	-	-	-	-	4,802,382	5,864,427	1,301,496
Debt Service Fund	-	-	-	-	-	-	-	-	-	377,081
Capital Projects Funds	-	-	-	-	-	-	-	3,216,836	(112,274)	(67,310)
Restricted	3,204,150	1,640,560	3,495,634	576,405	553,042	493,255	982,020	-	-	-
Committed	2,605,619	501,285	1,612,909	2,222,676	2,844,035	2,582,359	3,983,825	-	-	-
Assigned	419,129	1,213,844	624,837	324,837	452,219	561,192	729,013	-	-	-
Unassigned	(70,826)	(2,149,520)	(14,554)	(209,301)	(180,562)	(118,319)	(2,112,922)	-	-	-
Total All Other Governmental Funds	6,158,072	1,206,169	5,718,826	2,914,617	3,668,734	3,518,487	3,581,936	8,019,218	5,752,153	3,382,911
Grand Total	\$ 25,088,039	\$ 19,458,597	\$ 24,299,497	\$ 19,604,470	\$ 17,313,746	\$ 17,281,846	\$ 13,999,390	\$ 12,498,918	\$ 7,924,746	\$ 6,304,508

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									
	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Revenues:										
General property taxes and payments in lieu of taxes	\$ 49,896,038	\$ 48,793,179	\$ 47,915,634	\$ 46,583,683	\$ 45,255,391	\$ 45,232,567	\$ 44,897,780	\$ 43,132,950	\$ 40,314,466	\$ 38,503,227
State aid, unrestricted	5,390,295	5,397,906	5,124,796	5,012,113	4,752,274	4,453,025	2,629,201	3,358,167	3,715,817	5,616,213
Charges for services	5,726,864	5,141,830	4,567,613	4,603,869	4,445,998	4,097,518	4,560,722	4,175,126	3,501,549	3,189,383
Operating grants and contributions	1,284,692	1,176,369	1,302,315	1,133,829	1,219,449	1,350,198	2,285,726	1,966,682	2,180,945	1,930,646
Capital grants and contributions	837,757	743,116	361,843	976,344	32,425	811,998	1,184,276	638,539	1,190,259	3,717,528
Investment income	271,919	179,241	131,188	280,124	40,703	168,042	65,845	274,532	49,041	601,366
State contribution to teachers pension plan	-	-	-	-	-	-	933,945	-	-	-
Other revenues	53,489	48,463	126,892	642,769	60,529	148,322	465,288	980,017	117,189	508,989
Total revenues	63,461,054	61,480,104	59,530,281	59,232,731	55,806,769	56,261,670	57,022,783	54,526,013	51,069,266	54,067,352
Expenditures:										
Current:										
General government	1,903,098	1,990,605	1,623,795	1,904,804	1,895,652	1,832,287	1,767,415	1,278,395	1,728,193	2,005,594
Financial administration	1,346,402	1,346,256	1,460,933	1,266,781	1,275,723	1,541,310	1,118,473	1,054,645	957,878	950,184
Public safety	13,320,233	13,136,170	12,944,328	11,334,333	11,613,905	10,641,387	11,223,322	10,776,537	10,999,683	13,358,804
Public works	3,006,632	2,811,152	3,015,199	2,551,415	2,437,380	2,118,369	3,138,946	2,466,899	2,978,866	2,271,703
Social services	29,372	16,893	140,703	93,240	54,874	100,779	177,829	353,678	226,346	256,836
Parks and recreation	1,861,704	1,859,508	1,819,447	1,888,093	1,963,199	1,864,081	1,410,040	1,363,896	1,511,348	1,446,171
Planning, engineering and inspection	1,114,189	1,073,782	1,119,003	990,026	971,121	854,110	2,048,533	1,306,309	2,136,033	1,495,884
Library	881,832	848,756	770,261	697,892	690,615	670,406	649,384	679,346	634,152	-
Food services	389,010	369,185	401,748	403,267	-	-	380,926	-	357,069	343,724
Other	3,533,494	3,536,709	1,787,774	2,867,951	2,184,981	2,346,879	1,800,117	2,075,712	1,389,536	1,658,389
Education	29,814,373	28,207,782	28,991,540	27,330,462	27,397,152	27,630,424	27,659,222	27,062,964	26,087,223	26,809,613
Debt service:										
Principal	1,418,982	1,631,158	1,403,530	1,268,095	1,370,553	1,534,485	1,526,266	2,194,667	22,929,810	2,226,986
Interest	1,178,345	926,569	1,013,262	879,515	922,026	969,447	1,012,797	1,072,286	1,290,766	-
Capital outlay and Major Maintenance	4,899,189	8,315,844	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	64,696,855	66,070,369	59,599,076	57,285,977	55,155,801	54,471,353	54,924,335	51,831,926	82,709,438	64,595,222
Excess (deficiency) of revenues over expenditures	(1,235,801)	(4,590,265)	(68,795)	1,946,754	650,968	1,790,317	2,098,448	2,694,087	(31,640,172)	(10,527,870)
Other financing sources (uses):										
Bond anticipation note, net	-	-	-	-	-	-	-	-	11,548,271	9,800,000
Bond proceeds	6,100,000	-	4,100,000	-	-	-	-	-	20,930,000	-
Bond premium	262,766	-	135,626	-	-	-	-	-	780,950	-
Issued and Premium of refunding bonds	13,594,550	-	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	(13,458,152)	-	-	-	-	-	-	-	-	-
Capital lease proceeds	455,670	-	624,870	-	280,540	142,041	709,807	-	-	-
Transfers from other funds	5,150,004	5,880,609	3,379,954	6,505,644	5,097,416	8,122,110	28,367,059	28,835,043	29,380,961	28,979,592
Transfers to other funds	(5,255,099)	(6,009,834)	(3,536,590)	(6,163,403)	(6,022,085)	(8,122,110)	(28,367,059)	(28,835,043)	(29,380,961)	(28,979,592)
Sale of capital assets	15,504	10,525	59,962	28,951	25,061	12,375	18,500	27,900	-	360,000
Total other financing sources (uses)	6,865,243	(118,700)	4,763,822	371,192	(619,068)	154,416	728,307	27,900	33,259,221	10,160,000
Net change in fund balances	\$ 5,629,442	\$ (4,708,965)	\$ 4,695,027	\$ 2,317,946	\$ 31,900	\$ 1,944,733	\$ 2,826,755	\$ 2,721,987	\$ 1,619,049	\$ (367,870)
Debt service as a percentage of noncapital expenditures	4.3%	4.4%	4.3%	4.0%	4.3%	4.8%	4.7%	6.3%	33.1%	4.2%

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	
12/31/2006	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%
12/31/2014	2015-16	4,476,928,059	4,815,206,205	147,375,176	147,375,176	4,624,303,235	4,962,581,381	93.18%
12/31/2015	2016-17	4,495,724,567	4,940,356,667	154,965,455	154,965,455	4,650,690,022	5,095,322,122	91.27%

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 2016-17 (ASSESSED VALUE AS OF 12-31-15)			FISCAL YEAR 2006-2007 (ASSESSED VALUE AS OF 12-31-05)		
		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	0.52%	\$ 27,509,500	1	0.85%
National Grid	Electric & Gas Utility	14,324,985	2	0.31%			
Dunes Corporation	Private Beach Club	11,438,000	3	0.25%	10,853,200	2	0.33%
Cox Communications	Cable Utility	10,737,825	4	0.23%			
United Water Company	Water Utility	8,952,460	5	0.19%			
Point Judith Country Club	Private Golf Course	8,332,300	6	0.18%	7,811,700	4	0.24%
JDL Family LTD Partnership	Shopping Plaza	7,752,200	7	0.17%	6,422,400	7	0.20%
Recreation Partners I	Hotel/Restaurant	7,443,700	8	0.16%	6,641,900	5	0.20%
J. Terrance Murray	Residential Property	5,988,900	9	0.13%	6,397,100	8	0.20%
Reiser, David R Trust	Residential Property	5,666,500	10	0.12%			
Frank, Marilyn & William	Residential Property	5,290,500	11	0.11%			
Beachwood Preservation Assoc.	Senior Apartments	5,224,800	12	0.11%			
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%	6,517,200	6	0.20%
Gilbane Properties Retail Shopping	Retail Shopping						
New England Gas Company	Gas Utility						
Healey, Joseph P.	Residential Property				5,858,500	9	0.18%
Dibiaio, Adolf	Residential Property				5,278,400	10	0.16%
Narragansett Pier Village Apartments	Residential Property				8,498,900	3	0.26%
		<u>\$ 130,703,670</u>		<u>2.81%</u>	<u>\$ 91,788,800</u>		<u>2.83%</u>
	Total assessed valuation (gross)	<u>\$ 4,650,690,022</u>			<u>\$ 3,241,080,612</u>		
	TOP TEN ONLY						
	Commercial/Industrial Values	\$ 98,435,070		2.12%	\$ 59,238,700		1.83%
	Residential Values	32,268,600		0.69%	32,550,100		1.00%

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
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%
2015-16	49,094,018	48,320,442	98.42%
2016-17	50,151,603	49,351,387	98.40%
		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%
2015-16	48,342,629	47,937,036	99.16%
2016-17	49,396,535	48,974,578	99.15%

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>
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
2014	2015-16	\$9.94	\$14.91	\$14.91	\$16.46	\$0.00
2015	2016-17	\$10.08	\$15.12	\$15.12	\$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 (1)	Debt payable from Business Type Revenues	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt per Capita
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
2015-16	15,868	4,624,303,235	23,864,429	3,084,673	20,779,756	0.45%	1,309.54
2016-17	15,868	4,650,690,022	27,579,129	2,544,280	25,034,849	0.54%	1,577.69

(1) includes Business-type Activities

TOWN OF NARRAGANSETT, RHODE ISLAND

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

Exhibit 10

	Assessment Date 12/31/2015 FY 2016-17	Assessment Date 12/31/2014 FY 2015-16	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	\$ 4,650,690,022	\$ 4,624,303,235	\$ 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	139,520,701	138,729,097	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	25,034,849	20,779,755	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	114,485,852	117,949,342	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	17.94%	14.98%	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 (2)	Total Governmental Funds Expenditures (1)	Ratio of Total Debt Service to Total Governmental Expenditures
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	1,296,950	839,622	2,136,572	59,599,076	3.58%
2016	1,524,885	928,436	2,453,321	66,070,369	3.71%
2017	1,248,906	944,472	2,193,378	64,696,855	3.39%

Note:

(1) Modified accrual basis of accounting

(2) General Obligation Bonds and Notes only

TOWN OF NARRAGANSETT, RHODE ISLAND

PRINCIPAL EMPLOYERS*

JUNE 30, 2017
(UNAUDITED)

Exhibit 12

Employer	Type of Business	Number of Employees
Town of Narragansett	Municipality/Schools/Library	435
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: 4.2%% - June 2017	* Source: R I Dept of Labor and Training	

TOWN OF NARRAGANSETT, RHODE ISLAND

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

Exhibit 13

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Administration	13.0	10.0	10.0	10.0	11.0	11.0	11.0	10.0	9.0	11.0
Financial administration	12.0	15.0	15.0	15.0	15.0	16.0	16.0	16.0	15.0	12.0
Public safety:										
Police:										
Officers	41.0	40.0	40.0	40.0	41.0	41.0	41.0	42.0	42.0	41.0
Civilians	13.0	13.0	13.0	13.0	15.0	14.0	13.0	13.0	13.0	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	89.0	88.0	88.0	88.0	91.0	90.0	89.0	90.0	90.0	88.0
Public works:										
Administration & Highway	13.0	12.0	12.0	12.0	13.0	13.0	13.0	13.0	13.0	13.0
Parks Maintenance	0.0	0.0	0.0	0.0	0.0	5.5	0.0	0.0	0.0	0.0
Engineering	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.7	3.0
Total Public Works & Engineering	15.6	14.6	14.6	14.6	15.6	15.6	21.1	21.1	21.2	21.5
Parks and recreation	5.5	4.5	4.5	4.5	4.5	3.5	3.5	3.5	3.5	3.5
Parks Maintenance	5.5	5.5	5.5	5.5	5.5	0.0	5.5	5.5	5.5	5.5
Planning and Development	7.5	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Education:										
Administrative, certified	8.0	8.5	8.5	8.0	8.0	8.0	8.0	8.0	9.0	9.0
Administrative, noncertified	10.6	11.6	11.6	11.7	11.4	11.0	11.0	11.0	11.0	11.0
Classroom aides	25.5	28.4	28.4	32.0	28.0	28.0	31.0	29.0	28.0	28.0
Teachers	145.8	152.1	152.1	153.9	154.8	154.9	158.0	158.0	154.0	158.0
Bus drivers, monitors, and bus aides	21.3	22.5	22.5	22.5	24.0	24.0	22.0	24.0	27.0	27.0
Clerks	12.0	12.0	12.0	12.0	12.0	12.0	11.0	11.0	12.0	13.0
Operation and maintenance	17.4	18.4	18.4	18.4	18.0	18.0	20.0	22.0	20.0	20.0
	240.5	253.5	253.5	258.5	256.2	255.9	261.0	263.0	261.0	266.0
Library - full-time	6.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	5.0	5.0
Library-part-time	10.0	12.0	12.0	15.0	18.0	18.0	16.0	16.0	16.0	N/A
Fleet Maintenance	4.0	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	5.6	5.6
Wastewater Treatment	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8
Beach	1.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	425.5	435.5	435.5	443.5	449.2	447.9	449.0	451.0	448.1	434.4

TOWN OF NARRAGANSETT, RHODE ISLAND
 MISCELLANEOUS STATISTICS
 JUNE 30, 2017
 (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 7/1/16 to 6/30/17):		Beach Cabanas – 83 units	1
Building Permits Issued	1,009	Beach clubhouse	1
Total Value	\$42,232,835	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	56	Tot lots	1
Elementary (grades k – 4)	406	Major recreation facilities	12
Middle School (grades 5 – 8)	438	Undeveloped sites	2
High (grades 9 – 12)	419	Municipal tennis courts	16
Special Education-Out of Dist	10	Bathing beaches	1
Other out of district	8	Diamonds:	
Total in all schools	1,337	Hard ball	4
Home Instruction	10	Soft ball	1
Charter Schools	20	Basketball courts:	
Total	<u>1,367</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

875 Centerville Road, Building 3, Unit 10 • Warwick, RI 02886
(401) 586-6565 • Fax (401) 826-1710

***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, 2017, 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, 2018.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

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

Bacon & Company, LLC

Warwick, Rhode Island
February 1, 2018