

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

**ANNUAL FINANCIAL STATEMENTS**

*YEAR ENDED JUNE 30, 2018*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*ANNUAL FINANCIAL STATEMENTS*

*Table of Contents*

<b><i>Independent Auditor's Report</i></b> .....	1
Management's Discussion and Analysis .....	4
Basic Financial Statements .....	13
Statement of Net Position .....	13
Statement of Activities .....	15
Balance Sheet - Governmental Funds .....	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds ....	18
Reconciliation of the Governmental Fund Balance to the Statement of Net Position .....	19
Reconciliation of the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances to the Statement of Activities.....	20
Statement of Net Position - Fiduciary Funds .....	21
Statement of Changes on Net Position - Fiduciary Funds.....	22
Notes to the Financial Statements .....	23
Required Supplementary Information.....	66
Budgetary Comparison Schedule - General Fund .....	66
Schedule of Town's Proportionate Share of Net Pension Liability Employees Retirement System.....	68
Schedule of Employer Contributions - Employees Retirement System.....	69
Schedule of Town's Proportionate Share of Net Pension Liability - Teachers' Survivors Benefit	70
Plan Schedule of Contributions - Teachers' Survivors Benefit Plan .....	71
Notes to ERS Pension Plan .....	72
Schedule of Changes in Net Pension Liability and Related Ratios - Town Municipal Employees Pension Plan .....	74

Schedule of Employers Contribution - Town Employees' Pension Plan .....	76
Schedule of Investment Returns - Town Employees' Pension Plan .....	77
Schedule of Changes in Net OPEB Liability and Related Ratios .....	78
Schedule of Employers Contribution - OPEB.....	79
Supplementary Information .....	80
Budgetary Comparison Schedule - Unrestricted School Fund .....	80
Notes to Supplementary Information .....	81
Tax Collector's Annual Report .....	82
Combining Balance Sheet - Non-Major Governmental Funds .....	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Governmental Funds .....	85
Combining Balance Sheet - Special Revenue Town.....	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Town.....	90
Combining Balance Sheet - Special Revenue School .....	94
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Special Revenue School .....	96
Combining Balance Sheet - Capital Project Funds .....	98
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Capital Project Funds .....	99
Combining Balance Sheet - Permanent Trust Funds.....	100
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Permanent Trust Funds.....	102
Annual Supplemental Transparency Report (MTP2).....	104
<b><i>Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</i></b> .....	112

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## *Independent Auditor's Report*

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Little Compton, Rhode Island (the Town) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

*continued*

**Town of Little Compton, Rhode Island**  
*Independent Auditors' Report*

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Little Compton, Rhode Island, as of June 30, 2018, and the respective changes in financial position and, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule – General fund, pension related disclosure, and OPEB related disclosures, on pages 4-12 and 66-79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

The budgetary comparison schedule – school unrestricted fund, tax collector's annual report, combining governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balance, and MTP2 Annual Municipal Transparency Portal 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 budgetary comparison schedule – school unrestricted fund, tax collector's annual report, combining governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balance, and MTP2 Annual Municipal Transparency Portal are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*continued*

**Town of Little Compton, Rhode Island**  
*Independent Auditors' Report*

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated January 29, 2019 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Town's internal control over financial reporting and compliance.

*Hague, Sahady & Co. PC*

Fall River, Massachusetts  
January 29, 2019

# TOWN OF LITTLE COMPTON, RHODE ISLAND

## Management's Discussion and Analysis (MD&A)

*For the Year Ended June 30, 2018*

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As management of the Town of Little Compton, Rhode Island (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal years ended June 30, 2018 (FY 2018) and 2017 (FY 2017). We encourage readers to consider the information presented here in conjunction with additional information found within the financial statements.

### **Financial Highlights**

- The General Fund assets, plus deferred outflows of the Town exceeded its liabilities plus deferred inflows as of June 30, 2018 and 2017, \$1,634,114 and \$1,636,641, respectively.
- The School's operating funds, assets plus deferred outflow, exceeded its liabilities plus deferred inflows as of June 30, 2018 and June 30, 2017 by \$93,124 and \$78,100, respectively.
- The Town's total bonded debt as of June 30, 2018 was \$10,028,313 consisting of \$9,780,000 school renovation revenue bond which contains a \$248,313 bond premium. During 2018, \$450,000 was paid in principal and \$415,480 was paid in interest on the bonds.
- The Town's net other post employment liability decreased from \$2,473,463 as restated at the beginning of the current year to \$2,414,372 at June 30, 2018.

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

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

### **Government-Wide and Fund Financial Statements**

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

The government-wide financial statements include two statements:

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

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

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

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# TOWN OF LITTLE COMPTON, RHODE ISLAND

## Management's Discussion and Analysis (MD&A)

*For the Year Ended June 30, 2018*

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### **Government-Wide and Fund Financial Statements**

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

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

### **Fund Financial Statements**

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

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

#### ***Governmental Funds***

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

The basic governmental fund financial statements can be found on pages 17-18 of this report.

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

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

The Town adopts an annual appropriated budget for its General Fund. Budgetary comparison schedules have been provided for the General Fund and School Department to demonstrate compliance with budgets and are presented on pages 66-67 and 80-81 of this report.

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# TOWN OF LITTLE COMPTON, RHODE ISLAND

## Management's Discussion and Analysis (MD&A)

*For the Year Ended June 30, 2018*

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### **Governmental Funds (Continued)**

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

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

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

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

### **Fiduciary Funds**

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

The Town maintains the following two types of fiduciary funds:

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

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

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-65 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information includes a schedule detailing the Town's progress in funding its pension and other postemployment benefit obligations, as well as budgetary comparison schedules for the General Fund to demonstrate compliance with their respective budgets. Required supplementary information can be found on pages 66-79 of this report.

Remaining supplementary information including budgetary comparison information for the school unrestricted fund, tax collectors report, combining financial statements and MTP2 Annual Transparency Portal can be found on pages 80-111.

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**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Management's Discussion and Analysis (MD&A)

*For the Year Ended June 30, 2018*

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, liabilities plus deferred inflows exceeded assets plus deferred outflows by \$1,844,948 and \$1,955,085 as of June 30, 2018 and 2017, respectively.

At June 30, 2018, one of the largest portions of the Town's total net position reflects its investment in capital assets (e.g., land, construction in progress, land improvements, infrastructure, building and improvements, office equipment, computer equipment and software, vehicles, machinery and equipment, and textbooks and library books), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to its residents; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

**Town of Little Compton's Net Position - Primary Government  
Statement of Net Position**

	<b>2018</b>	<b>2017</b>	<b>\$ Change</b>
<b>Assets</b>			
Current assets	\$ 3,822,357	\$ 3,951,756	\$ (129,399)
Long-term assets	14,202,397	15,271,389	(1,068,992)
Total assets	18,024,754	19,223,145	(1,198,391)
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	2,151,155	2,359,366	(208,211)
Total deferred outflows of resources	2,151,155	2,359,366	(208,211)
<b>Liabilities</b>			
Current liabilities	1,484,154	1,855,919	(371,765)
Long-term liabilities	18,477,100	19,057,691	(580,591)
Total liabilities	19,961,254	20,913,610	(952,356)
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	2,109,603	2,623,986	(514,383)
Total deferred inflows of resources	2,109,603	2,623,986	(514,383)
<b>Net Position</b>			
Net investment in capital assets	3,561,447	3,746,692	(185,245)
Restricted	503,119	444,084	59,035
Unrestricted	(5,959,514)	(6,145,861)	186,347
Total net position	\$ (1,894,948)	\$ (1,955,085)	\$ 60,137

*continued*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Management's Discussion and Analysis (MD&A)

*For the Year Ended June 30, 2018*

**Government-Wide Financial Analysis (Continued)**

As of June 30, 2018 and 2017, cash and investments totaled \$2,632,068 and \$2,782,1115, respectively, for the primary government.

The Town's net position increased by \$60,137 in 2018 and increased by \$76,566 in 2017.

The majority of general revenues are tax collections from the Town's taxpayers, which represents 83% and 82% of total revenues for fiscal years 2018 and 2017, respectively.

The Town's most significant expense is education, which in 2018 represented 54% of total expenses, followed by public safety at 17%.

	<b>Changes in Net Position Primary Government</b>		<b>\$ Change</b>
	<b>2018</b>	<b>2017</b>	
<b>Revenues</b>			
Program Revenues:			
Charges for service	\$ 699,363	\$ 623,044	\$ 76,319
Operating grants & contributions	831,666	1,024,368	(192,702)
Capital grants & contributions	10,000	-	10,000
General Revenues:			
Property taxes	12,103,939	11,712,150	391,789
Motor vehicle phase-out	46,640	13,933	32,707
Medicaid reimbursement	-	-	-
General state aid	729,874	762,276	(32,402)
Donation revenue	-	(1,340)	1,340
Meal tax	86,941	80,066	6,875
Telephone tax	43,807	44,943	(1,136)
Earnings on investments	5,177	1,594	3,583
Miscellaneous	67,844	47,245	20,599
<b>Total revenue</b>	<b>14,625,251</b>	<b>14,308,279</b>	<b>316,972</b>
<b>Expenses</b>			
General government	2,406,225	2,017,424	388,801
Finance administration	158,898	198,755	(39,857)
Public safety	2,482,986	2,471,542	11,444
Education	7,784,363	7,582,146	202,217
Public works	555,079	533,799	21,280
Transfer station	163,064	143,920	19,144
Parks, recreation, and other services	484,133	633,192	(149,059)
State contribution to teachers pension plan	120,241	230,961	(110,720)
Interest on debt	410,125	419,974	(9,849)
<b>Total expenses</b>	<b>14,565,114</b>	<b>14,231,713</b>	<b>333,401</b>
Increase(decrease) in net position	60,137	76,566	(16,429)
Net position-beginning of year, restated	(1,955,085)	(2,031,651)	76,566
Net position-end of year	<u>\$ (1,894,948)</u>	<u>\$ (1,955,085)</u>	<u>\$ 60,137</u>

*continued*

## TOWN OF LITTLE COMPTON, RHODE ISLAND

### Management's Discussion and Analysis (MD&A)

*For the Year Ended June 30, 2018*

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#### **Government-Wide Financial Analysis (Continued)**

**Component Unit.** The assets plus deferred outflows of the Town's Component Unit, the Agricultural Trust, exceeded its liabilities plus deferred inflows by \$27,389,736. Net position invested in capital assets, net of related debt, comprises \$25,512,573, or 93% of total net position. The remaining balance of net position of the Agricultural Trust, totaling \$1,877,163, is unrestricted.

#### **Financial Analysis of Governmental Funds**

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

As of June 30, 2018, the Town's governmental funds reported combined fund balances of \$2,599,914 of which \$1,419,528 constitutes unassigned fund balance, which is available for spending at the Town's discretion, \$557,058 constitutes assigned fund balance, which has been designated by the Town Council for specific purposes. \$493,119 is restricted by outside parties to be used for specific purposes. The remainder of the fund balance is nonspendable, representing amounts legally required to be maintained intact, non-spendable inventory or prepaid items. As of June 30, 2017, the governmental funds reported combined fund balances of \$2,331,440.

The General Fund had a fund balance of \$1,634,114 and \$1,636,641 at June 30, 2018 and 2017, respectively.

The School's operating fund balance is \$93,124 and \$78,100 at June 30, 2018 and 2017, respectively.

The fund balance (deficit) of the Non-Major Governmental Funds is \$872,676 and \$616,699 as of June 30, 2018 and 2017, respectively.

#### **General Fund Budgetary Highlights**

During fiscal year 2018, the actual charges to appropriations (expenditures) were lower than the final budgeted amounts by \$156,466 for the general fund and were lower than budgeted amount by \$103,641 for the school unrestricted fund. For 2017, the actual charges to appropriations (expenditures) were higher than the final budgeted amounts by \$39,645 for the general fund and were higher than budgeted amount by \$89,382 for the school unrestricted fund.

For 2018, revenues were \$121,839 in excess of budgeted amounts for the general fund and \$21,057 more than budgeted amounts for the school unrestricted fund. For 2017, revenues were \$133,039 in excess of budgeted amounts for the general fund and \$35,084 more than budgeted amounts for the school unrestricted fund.

#### **General Fund Actual Comparisons (GAAP Basis)**

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

Total revenues were \$121,839 higher than budgeted primarily due to the following.

- \$49,430 more collected than anticipated for general property taxes.
- \$33,744 more collected than anticipated for motor vehicle phase out revenue, which is part of intergovernmental revenues

Total expenditures were lower than anticipated by \$206,466 primarily due to the following:

- \$33,875 favorable variance in the computer / technology line item, part of general government expenditures
- \$42,583 less spent on Town Administrator than were originally budgeted, part of financial administration expenditures
- \$37,588 less spent on the highway department than originally budgeted, part of public works expenditures

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Management's Discussion and Analysis (MD&A)

*For the Year Ended June 30, 2018*

**Capital Asset Administration**

The Town's investment in capital assets for governmental activities as of June 30, 2018 amounts to \$13,880,665, net of accumulated depreciation. The following is a summary of capital assets, net of accumulated depreciation where applicable, as of June 30, 2018 and 2017.

	<b>Capital Assets</b>		
	<b>Governmental Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>\$ Change</b>
<b>Primary government:</b>			
Land	\$ 548,179	\$ 548,179	\$ -
Construction in progress	-	-	-
Land improvements, net	416,178	428,738	(12,560)
Building & improvements, net	10,765,421	11,421,891	(656,470)
Infrastructure, net	1,167,431	1,192,374	(24,943)
Machinery and equipment, net	624,617	722,650	(98,033)
Office equipment and furniture, net	259,726	276,016	(16,290)
Technology equipment, net	4,314	4,561	(247)
Vehicles, net	67,201	22,941	44,260
Textbooks and library books, net	27,598	36,965	(9,367)
<b>Total primary government</b>	<b><u>\$ 13,880,665</u></b>	<b><u>\$ 14,654,315</u></b>	<b><u>\$ (773,650)</u></b>
<b>Component unit</b>	<b><u>\$ 25,512,573</u></b>	<b><u>\$ 21,384,522</u></b>	<b><u>\$ 4,128,051</u></b>

Additional information on the Town's capital assets may be found starting on pages 36-37 of the notes to the financial statements.

**Debt Administration**

The town's outstanding bonded debt for governmental activities as of June 30, 2018 amounts to \$10,028,313. The following is a summary of outstanding debt as of June 30, 2018 and 2017.

	<b>Debt Administration</b>		
	<b>Governmental Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>\$ Change</b>
<b>Primary government:</b>			
Capital leases	\$ 290,905	\$ 339,437	\$ (48,532)
Bonds and notes payable	10,028,313	10,504,651	(476,338)
Compensated absences	293,435	259,782	33,653
Net pension liability	6,013,927	6,034,556	(20,629)
Net other post employment benefit liability	2,414,372	2,473,463	(59,091)
<b>Total primary government</b>	<b><u>\$ 19,040,952</u></b>	<b><u>\$ 19,611,889</u></b>	<b><u>\$ (570,937)</u></b>

## TOWN OF LITTLE COMPTON, RHODE ISLAND

### Management's Discussion and Analysis (MD&A)

*For the Year Ended June 30, 2018*

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#### **Factors Bearing on the Town's Future**

The cost of providing town services continued to increase in Fiscal Year 18. Of particular significance are three types of expense over which the town has little control, or opportunity to influence:

- The continually rising costs of providing comprehensive employee health care.
- The effect of financial market performance on providing a defined benefit employee pension plan.
- Litigation initiated against the town associated with entertainment licensing requiring the expenditure of significant funds to respond.

For the second consecutive year, the Town Council needed to call a Special Financial Town Meeting late in the fiscal year to request voter approval to use reserves and unassigned general fund balances to offset unexpected legal expenses. Voter approval was obtained.

Key issues for the Town's future are:

- an increased focus on defining/planning for long-term needs
- reducing reliance on tax-based revenues
- ensuring collection of all taxes levied, and of taxes unpaid from past years
- mitigating the increase in health care costs with increased cost sharing
- appropriate funding of other postemployment benefits (OPEB)
- adequately funding infrastructure improvements in roads and structures via the town capital funding

The Town Council and the department heads in the town have made these issues primary among their duties. The expected hiring of a fulltime Town Administrator early in FY 19 is expected to provide additional important oversight.

The Town Council, the School Committee and the Budget Committee have continued to work together effectively. Efforts include continuing to investigate new sources of revenue and analyzing the Town's current revenue streams to ensure the Town capitalizes on every opportunity available. They have worked successfully to earn grants and low-interest leases to help fund needed capital improvements, which provide a direct benefit to the Town's tax rates.

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

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Management's Discussion and Analysis (MD&A)

*For the Year Ended June 30, 2018*

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**Contacting the Town's Financial Management**

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

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

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Statement of Net Position

*June 30, 2018*

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Agricultural Trust</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,809,983	\$ 254,495
Investments	822,085	1,399,183
Receivables, net		
Personal property taxes	549,822	-
Intergovernmental	16,341	-
Departmental and other	298,912	-
Prepaid expenses	104,790	-
Inventory	15,703	-
Due from other funds	204,721	-
Due from Town	-	223,485
Net pension asset	321,732	-
Capital assets:		
Land and land easements	548,179	25,512,573
Construction in progress	-	-
Infrastructure, net	416,178	-
Building and building improvements, net	10,765,421	-
Land improvements, net	1,167,431	-
Vehicles, net	624,617	-
Machinery and equipment, net	259,726	-
Furniture and fixtures, net	4,314	-
Technology equipment, net	67,201	-
Textbooks and library books, net	27,598	-
Total capital assets	<u>13,880,665</u>	<u>25,512,573</u>
Total assets	<u>18,024,754</u>	<u>27,389,736</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related deferred outflows	<u>2,151,155</u>	-
Total assets and deferred outflows of resources	<u>\$ 20,175,909</u>	<u>\$ 27,389,736</u>

*The accompanying notes are an integral part of this statement*

*continued*



**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Statement of Net Position

*June 30, 2018*

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Agricultural Trust</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 433,826	\$ -
Accrued interest	58,270	-
Due to other funds	204,721	-
Due to Agricultural Trust	223,485	-
Current portion of capital leases	61,803	-
Current portion of bonds and notes payable	480,538	-
Current portion of compensated absences	21,511	-
Portion due or payable in more than one year:		
Capital leases	229,102	-
Bonds and notes payable	9,547,775	-
Compensated absences	271,924	-
Net pension liability	6,013,927	-
Net other post-employment benefit liability	<u>2,414,372</u>	<u>-</u>
Total liabilities	<u>19,961,254</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related deferred inflows	<u>2,109,603</u>	<u>-</u>
Total deferred inflows of resources	<u>2,109,603</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	3,561,447	25,512,573
Restricted for corpus	10,000	-
Restricted for general government	41,652	-
Restricted for cemetery costs	96,447	-
Restricted for educational purposes	17,502	-
Restricted for public works operations	72,661	-
Restricted for public safety operations	249,388	-
Restricted for parks, recreation, and other	4,724	-
Restricted for community development	10,745	-
Unrestricted	<u>(5,959,514)</u>	<u>1,877,163</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 20,175,909</u>	<u>\$ 27,389,736</u>

*The accompanying notes are an integral part of this statement*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Statement of Activities

*For the Year Ended June 30, 2018*

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>	<u>Component Unit Agricultural Trust</u>
<b>Governmental Activities</b>						
General government	\$ 2,406,225	\$ 234,940	\$ 47,863	\$ -	\$ (2,123,422)	\$ -
Finance administration	158,898	-	-	-	(158,898)	-
Public safety	2,482,986	14,053	291,396	-	(2,177,537)	-
Education	7,784,363	40,549	215,593	10,000	(7,518,221)	-
Public works	555,079	135,181	100,312	-	(319,586)	-
Transfer station	163,064	28,110	-	-	(134,954)	-
Parks, recreation, and other services	484,133	246,530	56,261	-	(181,342)	-
State contribution to teacher pension plan	120,241	-	120,241	-	-	-
Interest on debt	410,125	-	-	-	(410,125)	-
 Total primary government	 <u>14,565,114</u>	 <u>699,363</u>	 <u>831,666</u>	 <u>10,000</u>	 <u>(13,024,085)</u>	 <u>-</u>
<b>Component Unit</b>						
Agricultural Trust	<u>116,798</u>	<u>1,449,095</u>	<u>-</u>	<u>1,925</u>	<u>-</u>	<u>1,334,222</u>
 Total Town of Little Compton	 <u>\$ 14,681,912</u>	 <u>\$ 2,148,458</u>	 <u>\$ 831,666</u>	 <u>\$ 11,925</u>	 <u>\$ (13,024,085)</u>	 <u>\$ 1,334,222</u>

*The accompanying notes are an integral part of this statement*

*continued*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Statement of Activities

*For the Year Ended June 30, 2018*

	<b>Primary Government Governmental Activities</b>	<b>Component Unit Agricultural Trust</b>
<b>General revenues</b>		
Real estate and personal property, net of reserve for abatement	\$ 12,103,939	\$ -
Motor vehicle phase-out	46,640	-
General state aid	729,874	-
Meal tax	86,941	-
Telephone tax	43,807	-
Earnings on investments	5,177	35,724
Miscellaneous	67,844	-
 Total general revenues	 13,084,222	 35,724
Changes in net position	60,137	1,369,946
Net position - July 1, 2017, restated	(1,955,085)	26,019,790
Net position - June 30, 2018	\$ (1,894,948)	\$ 27,389,736

*The accompanying notes are an integral part of this statement*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Governmental Funds*  
Balance Sheet

*June 30, 2018*

	<b>Major Funds</b>		<b>Non-Major</b>	<b>Total</b>
	<b>General Fund</b>	<b>School Unrestricted</b>	<b>Governmental Funds</b>	<b>Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 1,050,656	\$ 243,110	\$ 516,217	\$ 1,809,983
Investments	759,132	-	62,953	822,085
Receivables:				
Property taxes, less reserve for abatements	549,822	-	-	549,822
Intergovernmental	-	-	16,341	16,341
Other	14,875	177,994	106,043	298,912
Prepaid items	1,911	102,879	-	104,790
Inventories	15,419	-	284	15,703
Due from other funds	50	-	204,671	204,721
Total assets	<u>2,391,865</u>	<u>523,983</u>	<u>906,509</u>	<u>3,822,357</u>
<b>Deferred Outflows of Resources</b>				
None	-	-	-	-
Total deferred outflows of resources and assets	<u>\$ 2,391,865</u>	<u>\$ 523,983</u>	<u>\$ 906,509</u>	<u>\$ 3,822,357</u>
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 136,231	\$ 281,607	\$ 14,488	\$ 432,326
Due to Agricultural Trust	223,485	-	-	223,485
Other liabilities	-	1,500	-	1,500
Due to other funds	37,624	147,752	19,345	204,721
Total Liabilities	<u>397,340</u>	<u>430,859</u>	<u>33,833</u>	<u>862,032</u>
<b>Deferred Inflows of Resources</b>				
Unearned tax revenue	360,411	-	-	360,411
Total deferred inflows of resources	<u>360,411</u>	<u>-</u>	<u>-</u>	<u>360,411</u>
<b>Fund balance</b>				
Nonspendable				
Legally required	-	-	10,000	10,000
Inventory and prepaids	17,330	102,879	-	120,209
Restricted	-	-	493,119	493,119
Assigned	141,848	-	415,210	557,058
Unassigned	1,474,936	(9,755)	(45,653)	1,419,528
Total fund balance	<u>1,634,114</u>	<u>93,124</u>	<u>872,676</u>	<u>2,599,914</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 2,391,865</u>	<u>\$ 523,983</u>	<u>\$ 906,509</u>	<u>\$ 3,822,357</u>

*The accompanying notes are an integral part of this statement*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Governmental Funds*

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

*For the Year Ended June 30, 2018*

	<u>Major Fund</u>		<u>Non-Major</u>	<u>Total</u>
	<u>General Fund</u>	<u>School Unrestricted</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
<b>Revenues</b>				
General property taxes and penalties	\$ 12,125,658	\$ -	\$ -	\$ 12,125,658
Intergovernmental	510,189	397,073	372,764	1,280,026
Donation revenues	-	-	2,885	2,885
Departmental and other revenue	-	30,000	386,325	416,325
Licenses, permits, and fees	399,115	-	-	399,115
Beach receipts	246,530	-	-	246,530
Investment income	4,345	-	201	4,546
State contribution to teachers' pension plan	-	248,803	-	248,803
Miscellaneous	13,169	37,945	530	51,644
Total revenue	<u>13,299,006</u>	<u>713,821</u>	<u>762,705</u>	<u>14,775,532</u>
<b>Expenditures</b>				
General government	2,377,388	-	16,948	2,394,336
Financial administration	158,898	-	-	158,898
Public safety	1,925,042	-	465,486	2,390,528
Education	-	7,266,603	256,815	7,523,418
Public works	528,136	-	-	528,136
Transfer station	163,064	-	-	163,064
Parks, recreation, and other services	412,545	-	70,653	483,198
Debt service:				
Principal payments	450,000	-	-	450,000
Interest and fiscal charges	415,480	-	-	415,480
Total expenditures	<u>6,430,553</u>	<u>7,266,603</u>	<u>809,902</u>	<u>14,507,058</u>
Excess (deficiency) of revenues over expenditures	6,868,453	(6,552,782)	(47,197)	268,474
<b>Other financing sources (uses)</b>				
Transfers in	32,200	6,677,480	314,374	7,024,054
Transfers out	(6,903,180)	(109,674)	(11,200)	(7,024,054)
Other financing sources (uses)	<u>(6,870,980)</u>	<u>6,567,806</u>	<u>303,174</u>	<u>-</u>
<b>Excess of revenue and other sources over expenditures and other uses</b>	(2,527)	15,024	255,977	268,474
Fund balance, July 1, 2017	<u>1,636,641</u>	<u>78,100</u>	<u>616,699</u>	<u>2,331,440</u>
Fund balance, June 30, 2018	<u>\$ 1,634,114</u>	<u>\$ 93,124</u>	<u>\$ 872,676</u>	<u>\$ 2,599,914</u>

*The accompanying notes are an integral part of this statement*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Governmental Funds*  
Reconciliation of the Governmental Fund  
Balance to the Statement of Net Position

*June 30, 2018*

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Total governmental fund balances	\$ 2,599,914
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	13,880,665
Long-term assets that are not financial resources in the current period and, therefore are not reported in the governmental funds	
TSB - net pension asset	321,732
Deferred taxes are not available to pay for current-period expenditures and, therefore, are not reported in the governmental funds	360,411
Deferred outflows of resources due to various aspects associated with Town pension plans	2,151,155
Deferred inflows of resources due to various aspects associated with Town pension plans	(2,109,603)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due	(58,270)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds	
Bonds and notes payable	(10,028,313)
Capital leases	(290,905)
Compensated absences	(293,435)
ERS - net pension liability	(4,042,675)
Town pension liability	(1,971,252)
Net other postemployment benefits liability	<u>(2,414,372)</u>
Net position of governmental activities	<u>\$ (1,894,948)</u>

*The accompanying notes are an integral part of this statement*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Governmental Funds*

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

*For the Year Ended June 30, 2018*

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Net change in fund balances - total governmental funds	\$ 268,474
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	(773,650)
Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue	(21,719)
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items	524,780
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due	5,355
The pension expense reported in the statement of activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds	31,459
The other postemployment benefit expense reported in the statement of activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds	59,091
Some expenses reported in the Statement of Activities, such as compensated absences does not require the current financial resources, and therefore, are not reported as expenditures in the governmental funds	<u>(33,653)</u>
Change in net position of governmental position	<u>\$ 60,137</u>

*The accompanying notes are an integral part of this statement*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Fiduciary Funds*  
Statement of Net Position

*June 30, 2018*

	<b>Pension Trust Fund</b>	<b>Agency Funds Student Activity</b>	<b>Total</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets</b>			
Cash and cash equivalents	\$ 46,805	\$ 9,864	\$ 56,669
Investments:			
Mutual funds	3,384,293	-	3,384,293
Collective funds	7,548,974	-	7,548,974
Accounts receivable	<u>298,061</u>	<u>-</u>	<u>298,061</u>
 Total assets	 <u>\$ 11,278,133</u>	 <u>\$ 9,864</u>	 <u>\$ 11,287,997</u>
 <b>Liabilities</b>			
Deposits held	<u>\$ -</u>	<u>\$ 9,864</u>	<u>\$ 9,864</u>
 Total liabilities	 <u>-</u>	 <u>9,864</u>	 <u>9,864</u>
 <b>Net Position</b>			
Restricted for pension benefits	<u>11,278,133</u>	<u>-</u>	<u>11,278,133</u>
 Total net position	 <u>11,278,133</u>	 <u>-</u>	 <u>11,278,133</u>
 Total liabilities and net position	 <u>\$ 11,278,133</u>	 <u>\$ 9,864</u>	 <u>\$ 11,287,997</u>

*The accompanying notes are an integral part of this statement*



**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Fiduciary Funds*  
Statement of Changes in Net Position

*For the Year Ended June 30, 2018*

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	<b>Pension Trust Fund</b>
<b>Additions</b>	
Contributions:	
Employee contributions	\$ 31,692
Employer contributions	<u>391,670</u>
Total contributions	<u>423,362</u>
Net investment income:	
Net investment income	779,211
Total additions	<u>1,202,573</u>
<b>Deductions</b>	
Administrative expenses	11,078
Retirement benefits	<u>543,497</u>
Total deductions	<u>554,575</u>
<b>Change in net position</b>	647,998
Net position, July 1, 2017	<u>10,630,135</u>
Net position, June 30, 2018	<u><u>\$ 11,278,133</u></u>

*The accompanying notes are an integral part of this statement*

# TOWN OF LITTLE COMPTON, RHODE ISLAND

## Notes to the Financial Statements

June 30, 2018

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### **NOTE 1. Summary of Significant Accounting Policies**

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

#### **A. Financial Reporting Entity**

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

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

#### **Component Unit**

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

#### **B. Basic Financial Statements - Government-Wide Statements**

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

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

*continued*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2018*

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**NOTE 1. Summary of Significant Accounting Policies (continued)**

**B. Basic Financial Statements - Government-Wide Statements (continued)**

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

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

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

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

**C. Basic Financial Statements - Fund Financial Statements**

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

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

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

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

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

*continued*

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

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**NOTE 1. Summary of Significant Accounting Policies (continued)**

**C. Basic Financial Statements - Fund Financial Statements (continued)**

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

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

**1. Governmental Funds**

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

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

**2. Fiduciary Funds**

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

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

*continued*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2018*

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**NOTE 1. Summary of Significant Accounting Policies (continued)**

**D. Measurement Focus and Basis of Accounting**

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

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

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

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

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

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

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

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

*continued*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2018*

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**NOTE 1. Summary of Significant Accounting Policies (continued)**

**E. Financial Statement Amounts**

**Cash and cash equivalents:**

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

**Investments:**

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

**Use of estimates:**

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

**Property taxes:**

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

**Farm, Forest and Open Space:**

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

*continued*

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

**NOTE 1. Summary of Significant Accounting Policies (continued)**

**E. Financial Statement Amounts (continued)**

**Intergovernmental:**

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

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

**Capital assets:**

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Net interest costs related to construction projects are capitalized during the construction period. Such costs were not considered material during fiscal 2018.

**Capital assets (Continued):**

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

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

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

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

**Encumbrances:**

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

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2018*

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**NOTE 1. Summary of Significant Accounting Policies (continued)**

**E. Financial Statement Amounts (continued)**

**Compensated absences:**

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

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

**Long-term obligations:**

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

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

**Fund Balance/Net Position:**

**Government-wide financial statements:**

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

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

*continued*



TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

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**NOTE 1. Summary of Significant Accounting Policies (continued)**

**E. Financial Statement Amounts (continued)**

**Governmental fund financial statements:**

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

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

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

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

**Governmental fund financial statements (continued):**

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

*continued*

# TOWN OF LITTLE COMPTON, RHODE ISLAND

## Notes to the Financial Statements

June 30, 2018

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### NOTE 1. Summary of Significant Accounting Policies (continued)

#### E. Financial Statement Amounts (continued)

##### **Interfund transactions:**

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

##### **Indirect expense allocation:**

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

##### **Implementation of New Standards:**

Effective for the fiscal year ended June 30, 2018, the Town adopted the provisions of Statement No. 75 of the GASB, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). GASB 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses and expenditures related to other postemployment benefits ("OPEB") administered through trusts or equivalent arrangements. For defined benefit OPEBs, GASB 75 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, GASB 75 requires more extensive footnote disclosures in employer financial statements. GASB Statement numbers 81 – Irrevocable Split-Interest Agreements, 85 – Omnibus, and 86 – Certain Debt Extinguishment Issues were implemented in the current year but did not have a material impact on the financial statements.

##### **New Accounting Principles Not Yet Required to be Implemented:**

Effective for the fiscal year ending June 30, 2021, the Town will be required to adopt the provisions of Statement No. 87 of the GASB, *Leases* ("GASB 87"). GASB 87 requires recognition of lease assets and liabilities for leases that previously were classified as operating leases and recognize as inflows of resources or outflows of resources based on the payment provisions of the contract. The Town is currently evaluating the effects of GASB 87 on its financial statements. The following GASB standards will also be evaluated by the Town: 1. GASB 83 – Certain Asset Retirement Obligations, 2. GASB 84 – Fiduciary Activities, 3. GASB 88 - Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, 4. GASB 89 – Accounting for Interest Cost Incurred Before the End of a Construction Period, and 5. GASB 90 Majority Equity Interests.

*continued*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2018*

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**NOTE 1. Summary of Significant Accounting Policies (continued)**

**F. Budget Requirements, Accounting and Reporting**

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

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

**G. Pensions**

*Employees' Retirement System Plan (ERS)*

For purposes of measuring the net pension liability, 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 plan (ERS) and the additions to/deductions from ERS' fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Teachers' Survivors' Benefits Plan (TSB)*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Survivors Benefit plan (TSB) and the additions to/deductions from TSB fiduciary net position have been determined on the same basis as they are reported by TSB. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Town Pension Plan*

(a) Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting and in accordance with generally accepted accounting principles that apply to governmental accounting for defined benefit plans. Employer contributions are recognized when made, because there are no required due dates for contributions. Other additions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan document. Plan expenses, other than benefits and refunds are recognized on the accrual basis in accordance with generally accepted accounting principles.

(b) Plan Expenses

Certain expenses are paid from the assets of the Plan and are recorded as administrative expenses on the financial statements. These expenses include actuarial fees, auditing expenses, benefit payment processing fees, legal fees and other miscellaneous expenses. Additionally, investment manager fees and investment consulting expenses are recorded as investment expenses.

*continued*

# TOWN OF LITTLE COMPTON, RHODE ISLAND

## Notes to the Financial Statements

June 30, 2018

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### NOTE 1. Summary of Significant Accounting Policies (continued)

#### G. Pensions (continued)

##### (c) Fair Value of Investments

Plan investments are reported at fair value. The Plan's custodian provides pricing for all Plan investments. Plan investments in market-traded securities, including U.S. government and agency securities, municipal and corporate bonds and debentures, and common stock are reported at last quoted sales/bid prices provided by independent pricing vendors. These holdings are valued by investment managers in accordance with the authoritative guidance on fair value measurements and disclosures. Valuation policies and procedures are generally described in the investment managers' financial statements. Cash equivalents are valued at cost, which approximates fair value.

##### (d) Income Taxes

Pursuant to a determination letter received from the Internal Revenue Service (IRS), the Plan is exempt from federal income taxes. The Plan has been subsequently amended and management of the Board is of the opinion that the Plan, as amended, meets the IRS requirements and, therefore, continues to be tax exempt.

#### *Town Pension Plan (continued)*

##### (e) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, disclosure of contingent assets and liabilities, and the actuarial values at the date of the financial statements. Actual results could differ from these estimates.

#### H. Other Post-Employment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Town's plan and additions to/deductions from Town's fiduciary net position have been determined on the same basis as they are reported by the Town. For this purpose, the Town recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

*continued*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2018*

**NOTE 2. Cash and Investments**

**A. Cash and Cash Equivalents**

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

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

At June 30, 2018, the carrying amount of the Town's deposits, including the component unit, was \$2,121,147 and the bank balance was \$2,662,751. Of the bank balance, \$1,408,629 was insured under FDIC or collateralized under an agreement with Washington Trust.

At June 30, 2018, deposits are categorized as follows:

	Insured/ Collaterized in Town's Name	Total Bank Balance	Carrying Amount
Demand Deposit	\$1,131,546	\$ 2,385,668	\$ 1,844,951
Money Market	277,083	277,083	275,952
Petty Cash	-	-	244
<b>Total Cash and Equivalents</b>	<b>\$ 1,408,629</b>	<b>\$ 2,662,751</b>	<b>\$ 2,121,147</b>

**B. Investments**

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

Investment Type	Carrying Amount	Maturities
Primary Government:		
Stock	\$ 7,147	N/A
Certificate of Deposit	12,618	11/7/2017
Certificate of Deposit	17,823	1/7/1900
LCPD Drug Forfeiture	25,587	Revolving
General Fund Investment	758,910	Revolving
Agricultural Conservancy Trust	1,399,183	Revolving
<b>Total Investments</b>	<b>\$ 2,221,268</b>	

Investment Type	Carrying Amount
Pension Trust Fund:	
Mutual Funds	\$ 3,384,293
Collective Funds	7,548,974
	<b>\$ 10,933,267</b>

*continued*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2018

**NOTE 2. Cash and Investments (Continued)**

**B. Investments (Continued)**

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

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At June 30, 2018, the Town's investments were unrated.

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

First Eagle Sogen Over A	\$	919,394
Blackrock Strategic Inc.		613,409
Metro West Total Ret		886,272
Oppenheimer Intl Grth A		965,218
Blackrock Equity Index Fund Class OIM		1,096,178
Core Plus Fixed Income Fund		1,419,558
Multi-Manager Large Cap Growth Fund		1,591,779
Multi-Manager Large Cap Value Fund		1,463,331
Multi-Manager Small Cap Growth Fund		861,386
Multi-Manager Small Cap Value Fund		848,921

The Town follows the guidance of the fair value measurement and disclosures in accordance with GASB Statement No. 72, "Fair Value Measurement and Application". The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Unadjusted quoted priced in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Unobservable inputs for asset or liability (supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

Description	Fair Value	Level 1	Level 2	Level 3
<i>Pension Trust Fund:</i>				
Mutual Funds	\$ 3,384,293	\$ 3,384,293	\$ -	\$ -
Collective Funds	7,548,974	7,548,974	-	-
<i>Primary Government:</i>				
Stock	7,147	7,147		
Certificate of Deposit	12,618	12,618		
Certificate of Deposit	17,823	17,823		
LCPD Drug Forfeiture	25,587	25,587		
General Fund Investment	758,910	758,910		
Agricultural Conservancy Trust	1,399,183	1,399,183		
	<b>\$ 13,154,535</b>	<b>\$ 13,154,535</b>	<b>\$ -</b>	<b>\$ -</b>

*continued*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2018*

**NOTE 3. Capital Assets**

Capital asset activity for the year ended June 30, 2018 was as follows:

<b>Government Activities</b>	<b><u>Beginning Balance</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending Balance</u></b>
Capital assets not being depreciated:				
Land and easements	\$ 548,179	\$ -	\$ -	\$ 548,179
Total capital assets not being depreciated	<u>548,179</u>	<u>-</u>	<u>-</u>	<u>548,179</u>
Capital assets being depreciated:				
Infrastructure	503,997	-	-	503,997
Buildings & building improvements	15,688,177	26,078	-	15,714,255
Land improvements	1,354,508	9,111	-	1,363,619
Vehicles	1,521,083	29,299	-	1,550,382
Machinery and equipment	1,035,751	36,226	-	1,071,977
Office equipment	97,681	-	-	97,681
Computer equipment and software	549,048	63,785	-	612,833
Library and textbooks	424,170	-	-	424,170
Total capital assets, being depreciated	<u>21,174,415</u>	<u>164,499</u>	<u>-</u>	<u>21,338,914</u>
<b>Government Activities</b>	<b><u>Beginning Balance</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending Balance</u></b>
Accumulated depreciation:				
Infrastructure	75,259	12,560	-	87,819
Buildings & building improvements	4,266,286	682,548	-	4,948,834
Land improvements	162,134	34,054	-	196,188
Vehicles	798,433	127,332	-	925,765
Machinery and equipment	759,735	52,516	-	812,251
Office equipment	93,120	247	-	93,367
Computer equipment and software	526,107	19,525	-	545,632
Library and textbooks	387,205	9,367	-	396,572
Total accumulated depreciation	<u>7,068,279</u>	<u>938,149</u>	<u>-</u>	<u>8,006,428</u>
Total capital assets being depreciated, net	<u>14,106,136</u>	<u>(773,650)</u>	<u>-</u>	<u>13,332,486</u>
Governmental activities capital assets, net	<u>\$ 14,654,315</u>	<u>\$ (773,650)</u>	<u>\$ -</u>	<u>\$ 13,880,665</u>

*continued*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2018*

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**NOTE 3. Capital Assets (continued)**

For the year ended June 30, 2018, depreciation was charged to the following functions:

Governmental activities:

General government	\$	12,436
Public safety		181,749
Public works		43,274
Education		670,751
Parks, recreation, and other services		29,939
Total governmental activities depreciation expense	\$	938,149

**NOTE 4. Long-term Obligations**

Changes in the long term obligations of governmental activities during the year ended June 30, 2018 were as follows:

	Balance, <u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	Balance, <u>June 30, 2018</u>	Due within <u>one year</u>
Bonds payable:					
Revenue bonds - RIHEBC	10,230,000	-	450,000	9,780,000	455,000
Premium on revenue bonds-RIHEBC	274,651	-	26,338	248,313	25,538
Total bonds payable	10,504,651	-	476,338	10,028,313	480,538
Capital leases	339,437	-	48,532	290,905	61,803
Compensated absences	259,782	53,210	19,557	293,435	21,511
Total long-term obligations	\$11,378,521	\$ 53,210	\$ 570,765	\$ 10,860,966	\$ 589,390



**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2018*

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**NOTE 4. Long-term Obligations (continued):**

General Obligations Bonds:

At a Financial Town, meeting in fiscal year 2013, the Town approved the issuance of \$11,310,000 of revenue bonds. The bonds, dated December 10, 2013, are due November 15, 2015 to June 03, 2034. The bonds provide for a varying interest rate with a yield of 4.1063%. Interest is due semiannually on November 15<sup>th</sup> and May 15<sup>th</sup>.

	<u>Date issued</u>	<u>Maturity date</u>	<u>Amount issued</u>	<u>Interest rate</u>	<u>Balance, July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2018</u>	<u>Interest paid</u>
Revenue Bonds - RIHEBC	12/10/13	5/15/34	11,310,000	3.16% - 4.25%	<u>10,230,000</u>	<u>-</u>	<u>450,000</u>	<u>9,780,000</u>	<u>415,480</u>
					<u>\$10,230,000</u>	<u>\$ -</u>	<u>\$ 450,000</u>	<u>\$ 9,780,000</u>	<u>\$ 415,480</u>

*continued*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2018*

**NOTE 4. Long-term Obligations (continued):**

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	455,000	395,975	850,975
2020	465,000	385,875	850,875
2021	480,000	371,038	851,038
2022	495,000	356,038	851,038
2023	520,000	334,987	851,038
2024-2028	2,930,000	1,328,839	4,258,839
2029-2033	3,615,000	642,564	4,257,564
2034	<u>820,000</u>	<u>34,850</u>	<u>854,850</u>
	<u>\$ 9,780,000</u>	<u>\$ 3,850,166</u>	<u>\$ 13,626,217</u>

The Town's obligation for capital leases is recorded in the government-wide financial statements. Changes in the Town's capital leases during the year ended June 30, 2018 were as follows:

	<u>Date issued</u>	<u>Amount issued</u>	<u>Interest rate</u>	<u>Balance, July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2018</u>	<u>Due within one year</u>	<u>Interest Paid</u>
Governmental activities:									
2015 Freightliner	09/10/15	384,402	2.92%	334,120	-	51,752	282,368	53,266	9,771
2015 Ford F-350 4WD	07/09/14	40,260	6.45%	<u>16,558</u>	<u>-</u>	<u>8,021</u>	<u>8,537</u>	<u>8,537</u>	<u>1,068</u>
				<u>\$ 350,678</u>	<u>\$ -</u>	<u>\$ 59,773</u>	<u>\$ 290,905</u>	<u>\$ 61,803</u>	<u>\$ 10,839</u>

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2018*

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**NOTE 4. Long-Term Obligations (continued):**

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

<u>Year ending June 30,</u>	<u>Amount</u>
2019	70,612
2020	61,523
2021	61,523
2022	61,523
2023	<u>61,523</u>
Minimum lease payments for all capital leases	316,704
Less amount representing interest	<u>25,799</u>
Total principal portion due	<u><u>\$ 290,905</u></u>

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2018

**NOTE 5. Fund Balance Classification**

	<u>Major Funds</u>		<u>Non-Major Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>School Unrestricted</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Trust</u>	
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Corpus of endowment funds	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
In form	17,330	102,879	-	-	-	120,209
<b>Restricted for:</b>						
General government	-	-	41,652	-	-	41,652
Cemetery costs	-	-	-	-	96,447	96,447
Educational purposes	-	-	1,034	-	16,468	17,502
Public works operations	-	-	60,032	-	12,629	72,661
Public safety operations	-	-	249,388	-	-	249,388
Parks, recreation, and other	-	-	4,724	-	-	4,724
Community development	-	-	10,745	-	-	10,745
<b>Assigned to:</b>						
Public safety operations	2,294	-	-	-	-	2,294
General government	109,741	-	54,454	96,672	-	260,867
Public works operations	29,813	-	-	-	-	29,813
Educational purposes	-	-	-	185,000	-	185,000
Capital expenditures	-	-	-	48,076	-	48,076
Recreational, library, and other purposes	-	-	-	31,008	-	31,008
<b>Unassigned</b>	<u>1,474,936</u>	<u>(9,755)</u>	<u>(11,445)</u>	<u>(34,208)</u>	<u>-</u>	<u>1,419,528</u>
	<u>\$ 1,634,114</u>	<u>\$ 93,124</u>	<u>\$ 410,584</u>	<u>\$ 326,548</u>	<u>\$ 135,544</u>	<u>\$ 2,599,914</u>

It should also be noted that the school lunch fund has \$294 worth of nonspendable inventory, however that fund is currently in a deficit and therefore has to be considered unassigned fund balance.

**NOTE 6. Interfund Transactions**

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

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Other Financing Sources</u>	<u>Other Financing Uses</u>
<b><u>Major Governmental Funds</u></b>				
General fund	\$ 50	\$ 37,624	\$ 32,200	\$ 6,903,180
School unrestricted fund	-	147,752	6,677,480	109,674
<b><u>Non-Major Governmental Funds</u></b>				
Special revenue funds	14,383	19,294	45,374	-
Permanent funds	-	51	-	-
Capital projects	<u>190,288</u>	<u>-</u>	<u>269,000</u>	<u>11,200</u>
Totals	<u>\$ 204,721</u>	<u>\$ 204,721</u>	<u>\$ 7,024,054</u>	<u>\$ 7,024,054</u>

*continued*

# TOWN OF LITTLE COMPTON, RHODE ISLAND

## Notes to the Financial Statements

June 30, 2018

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### NOTE 7. Pension Plans

#### Employees' Retirement System Defined Benefit Pension Plan (ERS)

##### General Information about the Pension Plan

**Plan description** - Certain employees of the Town of Little Compton, RI, (Town) 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. The report may be obtained at <http://www.ersri.org>.

**Benefit provisions** - The level of benefits provided to participants is established by Chapter 36-10 of the General Laws, which is subject to amendment by the General Assembly. Member benefit provisions vary based on service credits accumulated at dates specified in various amendments to the General Laws outlining minimum retirement age, benefit accrual rates and maximum benefit provisions. In general, members accumulate service credits for each year of service subject to maximum benefit accruals of 80% or 75%. For those hired after June 30, 2012, the benefit accrual rate is 1% per year with a maximum benefit accrual of 40%. Members eligible to retire at September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and 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 is 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, the Town's 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 Town 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 Town; the rates were 9.89% and 13.24% of annual covered payroll for the fiscal year ended June 30, 2018 for the state and Town, respectively. The Town contributed \$298,305, \$299,704, \$304,597 for the fiscal years ended June 30, 2018, 2017 and 2016, respectively, equal to 100% of the required contributions for each year.

*continued*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2018

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**NOTE 7. Pension Plans (Continued)**

**Employees' Retirement System Defined Benefit Pension Plan (ERS) (continued)**

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

At June 30, 2018, the Town reported a liability of \$4,042,675 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the Town 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 Town were as follows:

Town proportionate share of net pension liability	\$ 4,042,675
State's proportionate share of the net pension liability associated with the Town	<u>3,055,291</u>
Total net pension liability	<u>\$ 7,097,966</u>

The net pension liability was measured as of June 30, 2017, 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, 2016 rolled forward to June 30, 2017. The Town's proportion of the net pension liability was based on a projection of the Town'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, 2017 the Town's proportion was 0.12817260%.

For the year ended June 30, 2018 the Town recognized gross pension expense of \$259,039 and revenue of \$120,241 for support provided by the State. At June 30, 2018 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2018*

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**NOTE 7. Pension Plans (continued)**

**Employees' Retirement System Defined Benefit Pension Plan (ERS) (continued)**

<b>Description of Outflows/Inflows</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between projected and actual experience	\$ -	\$ 95,842
Changes of assumptions	353,069	63,706
Net difference between projected and actual earnings on pension plan investments	102,121	
Changes in proportion and differences between System contributions and proportionate share contributions	217,420	1,220,179
Contributions subsequent to the measurement date	<u>305,295</u>	<u>-</u>
	<u>\$ 977,905</u>	<u>\$ 1,379,727</u>
Net amount of deferred outflows and (inflows) excluding Town contributions subsequent to measurement date		<u>\$ (707,117)</u>

\$305,295 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2018 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2019. 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	\$	(179,602)
2019		(112,297)
2020		(162,109)
2021		(233,168)
2022		(55,302)
Thereafter		<u>35,361</u>
	\$	<u>(707,117)</u>

*continued*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2018*

**NOTE 7. Pension Plans (continued)**

**Employees' Retirement System Defined Benefit Pension Plan (ERS) (continued)**

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

Inflation	2.50%
Salary increases	3.00% to 13.50%
Investment rate of return	7.00%

Mortality – variants of the RP-2014 mortality tables - for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

The actuarial assumptions used in the June 30, 2016 valuation rolled forward to June 30, 2017 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, 2016.

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:

Asset class	Target allocation	Long-term expected real rate of return
<b>Global equity:</b>		
U.S. equity	20.60%	6.85%
International developed	15.90%	6.71%
International emerging markets	3.50%	8.91%
<b>Private Growth</b>		
Private Equity	11.30%	9.62%
Non-Core RE	2.20%	5.17%
OPP Private Credit	1.50%	9.62%
<b>Income</b>		
High Yield Infrastructure	1.00%	4.26%
REITS	1.00%	5.17%
Liquid Credit	2.80%	4.26%
Private Credit	3.20%	4.26%
<b>Crisis Protection Class</b>		
Treasury Duration	4.00%	0.83%
Systematic Trend	4.00%	3.81%
<b>Inflation Protection</b>		
Core Real Estate	3.60%	5.17%
Private Infrastructure	2.40%	5.57%
TIPs	1.00%	1.72%
Natural Resources	1.00%	3.98%
<b>Volatility Protection</b>		
IG Fixed Income	11.50%	2.12%
Absolute Return	6.50%	3.81%
Cash	3.00%	0.83%

*continued*



**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2018*

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**NOTE 7. Pension Plans (continued)**

**Employees' Retirement System Defined Benefit Pension Plan (ERS) (continued)**

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 7.0 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 (asset) to changes in the discount rate** - the following presents the net pension liability (asset) calculated using the discount rate of 7.0 percent as well as what the net pension liability (asset) 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.

<b>1.00% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1.00% Increase (8.0%)</b>
\$ 5,080,676	\$ 4,042,675	\$ 3,269,529

**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 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. 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 Town recognized pension expense of \$67,858, for the fiscal year ended June 30, 2018.

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

NOTE 7. Pension Plans (continued)

Teachers' Survivors Defined Benefit Pension Plan (TSB)

General Information about the Pension Plan

Plan description - Certain employees of the Town participate in a cost-sharing multiple-employer defined benefit pension plan - the Teachers' Survivors Benefit 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 a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in Social Security.

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

Eligibility and plan benefits - the plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in the plan. Specific eligibility criteria and the amount of the benefit is subject to the provisions of Chapter 16-16 of the Rhode Island General Laws which are subject to amendment by the General Assembly. Spouse, parents, family and children's benefits are payable following the death of a member. A spouse shall be entitled to benefits upon attaining the age of sixty (60) years. Children's benefits are payable to the child, including a stepchild or adopted child of a deceased member if the child is unmarried and under the age of eighteen (18) years or twenty-three (23) years and a full time student, and was dependent upon the member at the time of the member's death. Family benefits are provided if at the time of the member's death the surviving spouse has in his or her care a child of the deceased member entitled to child benefits. Parents benefits are payable to the parent or parents of a deceased member if the member did not leave a widow, widower, or child who could ever qualify for monthly benefits on the member's wages and the parent has reached the age of 60 years, has not remarried, and received support from the member.

In January, a yearly cost-of-living adjustment for spouse's benefits is paid and based on the annual social security adjustment.

Survivors are eligible for benefits if the member has made contributions for at least six months prior to death or retirement.

The TSB plan provides benefits based on the highest salary at the time of retirement of the teacher. Benefits are payable in accordance with the following table:

Highest Annual Salary	Basic Monthly Spouses' Benefit
\$17,000 or less	\$ 750
\$17,001 to \$25,000	\$ 875
\$25,001 to \$33,000	\$ 1,000
\$33,001 to \$40,000	\$ 1,125
\$40,001 and over	\$ 1,250

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2018*

**NOTE 7. Pension Plans (continued)**

**Teachers' Survivors Defined Benefit Pension Plan (TSB) (continued)**

Benefits payable to children and families are equal to the spousal benefit multiplied by the percentage below:

<b>Parent and 1 Child</b>	<b>Parent and 2 or more Children</b>	<b>One Child Alone</b>	<b>Two Children Alone</b>	<b>Three or more Children Alone</b>	<b>Dependent Parent</b>
150%	175%	75%	150%	175%	100%

**Contributions** - The contribution requirements of active employees and the participating school districts were established under Chapter 16-16 of the Rhode Island General Laws, which may be amended by the General Assembly. The cost of the benefits provided by the plan are two percent (2%) of the member's annual salary up to but not exceeding an annual salary of \$9,600; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the respective school district by which the member is employed. These contributions are in addition to the contributions required for regular pension benefits.

The Town contributed \$2,493, \$2,294 and \$3,980 for the fiscal years ended June 30, 2018 and 2017 and 2016, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2018 the Town reported an asset of \$321,732 for its proportionate share of the net pension asset related to its participation in TSB. The net pension asset was measured as of June 30, 2017, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2016. The Town proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2016 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2016 the Town proportion was 0.38891074%.

For the year ended June 30, 2018 the Town recognized pension expense of \$65,929 – an increase in the net pension asset. At June 30, 2018 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2018*

**NOTE 7. Pension Plans (continued)**

**Teachers' Survivors Defined Benefit Pension Plan (TSB) (continued)**

<b>Description of Outflows/Inflows</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 63,496	\$ 67,608
Changes of assumptions	53,003	-
Net difference between projected and actual earnings on pension plan investments	20,556	-
Changes in proportion and differences between System contributions and proportionate share contributions	519,760	306,814
Contributions subsequent to the measurement date	2,493	-
	<u>\$ 659,308</u>	<u>\$ 374,422</u>
Net amount of deferred outflows and (inflows) excluding Town contributions subsequent to measurement date		<u>\$ 282,393</u>

\$2,493 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2018 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2019	\$	46,927
2020		62,746
2021		51,212
2022		34,245
2023		43,644
Thereafter		<u>43,619</u>
	\$	<u>282,393</u>

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2018

**NOTE 7. Pension Plans (continued)**

**Teachers' Survivors Defined Benefit Pension Plan (TSB) (continued)**

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

Inflation	2.50%
Salary increases	3.00% to 13.50%
Investment rate of return	7.00%

Mortality – variants of the RP-2014 mortality tables - for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

Cost of living adjustment – eligible survivors receive a yearly cost of living adjustment based on the annual social security adjustment – for valuation purposes, a 2.75% cost of living adjustment is assumed.

The actuarial assumptions used in the June 30, 2016 valuation and the calculation of the total pension liability at June 30, 2017 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

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, 2017 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
<b>Global equity:</b>		
U.S. equity	20.60%	6.85%
International developed	15.90%	6.71%
International emerging markets	3.50%	8.91%
<b>Private Growth</b>		
Private Equity	11.30%	9.62%
Non-Core RE	2.20%	5.17%
OPP Private Credit	1.50%	9.62%
<b>Income</b>		
High Yield Infrastructure	1.00%	4.26%
REITS	1.00%	5.17%
Liquid Credit	2.80%	4.26%
Private Credit	3.20%	4.26%
<b>Crisis Protection Class</b>		
Treasury Duration	4.00%	0.83%
Systematic Trend	4.00%	3.81%
<b>Inflation Protection</b>		
Core Real Estate	3.60%	5.17%
Private Infrastructure	2.40%	5.57%
TIPs	1.00%	1.72%
Natural Resources	1.00%	3.98%
<b>Volatility Protection</b>		
IG Fixed Income	11.50%	2.12%
Absolute Return	6.50%	3.81%
Cash	3.00%	0.83%

*continued*

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

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**NOTE 7. Pension Plans (continued)**

**Teachers' Survivors Defined Benefit Pension Plan (TSB) (continued)**

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 7.0 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 (asset) to changes in the discount rate** - the following presents the net pension liability (asset) calculated using the discount rate of 7.0 percent as well as what the net pension liability (asset) 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.

<b>1.00% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1.00% Increase (8.0%)</b>
\$ (220,056)	\$ (321,732)	\$ (397,427)

**Pension plan fiduciary net position** - detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

**NOTE 7. Pension Plans (continued)**

**Town Pension Plan, Other than Certified Teachers**

*(a) Plan Administration*

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

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

*(b) Plan Membership*

At June 30, 2018, pension plan membership consisted of the following:

Active plan members	45
Terminated vested	10
Retirees and Beneficiaries	<u>34</u>
Subtotal	<u><u>89</u></u>

*(c) Benefits Provided*

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

The normal retirement date for police and fire employees is upon completion of twenty-five years of credited service. Any police officer hired after July 1, 2004 must have also attained age 55. The normal retirement date for all other employees is their 62nd birthday.

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

- Effective July 1, 1992, members of the police and fire departments may retire after 25 years of service at 50 percent of their highest annual salary, regardless of age.

# TOWN OF LITTLE COMPTON, RHODE ISLAND

## Notes to the Financial Statements

June 30, 2018

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### NOTE 7. Pension Plans (Continued)

#### Town Pension Plan, Other than Certified Teachers

- Effective July 1, 1997, members of the police and fire departments will receive an additional 2% of salary for each year of service in excess of 25 years, subject to a maximum of five additional years.
- The minimum annual benefit is \$100 multiplied by the number of years of service.
- Effective July 1, 2000, participants in pay status receive an annual cost-of-living increase of 2%.
- Effective July 1, 2015, the 2% per year cost of living increase shall apply only to the first \$25,000 of a retiree's pension for Fire Department participants hired on or after July 1, 2012, and for Municipal participants who retire after July 1, 2012.

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

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

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

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

#### *Method used to value investments.*

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

#### *(d) Contributions*

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

Employees are required to contribute to the Plan as follows:

- Commencing July 1, 1995 and ending June 30, 1997, participants who were members of the fire department (other than the Fire Chief) contributed to the Plan an amount equal to 4.5% of their compensation.

*continued*



TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

**NOTE 7. Pension Plans (Continued)**

**Town Pension Plan, Other than Certified Teachers (Continued)**

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

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

**Investments**

*(a) Investment Policy*

The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board of Commissioners by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The following was the Committee's adopted asset allocation policy as of June 30, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed income	29.0%
Domestic equity	50.5%
Internantional equity	18.0%
Real estate	2.5%
Total	<u>100.0%</u>

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

# TOWN OF LITTLE COMPTON, RHODE ISLAND

## Notes to the Financial Statements

June 30, 2018

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### NOTE 7. Pension Plans (Continued)

#### Town Pension Plan, Other than Certified Teachers (Continued)

##### Investments (Continued)

###### *(b) Concentrations*

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in diversified mutual funds, external investment pools, and other pooled investments are excluded. As of June 30, 2018, the Plan had no investments in any one organization that represented 5% or more of the Plan's net position restricted for pension.

###### *(c) Money-Weighted Rate of Return*

For the year ended June 30, 2018 the annual money-weighted rate of return on Plan investments, net of investment expense, was 7.85%. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

###### *(d) Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Plan will not be able to recover its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan, and are held by either the counterparty or the counterparty's trust department or agent but not in the Plan's name.

At June 30, 2018, there were no deposits subject to custodial credit risk.

###### *(e) Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. At June 30, 2018, there were no deposits subject to interest rate risk.

###### *(f) Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. As of June 30, 2018, the Plan has no single issuer that exceeds 5% of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in diversified mutual funds, external investment pools, and other pooled investments are excluded.

*continued*

# TOWN OF LITTLE COMPTON, RHODE ISLAND

## Notes to the Financial Statements

June 30, 2018

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### NOTE 7. Pension Plans (Continued)

#### Town Pension Plan, Other than Certified Teachers (Continued)

##### Investments (Continued)

###### *(g) Credit Risk*

Credit risk is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations to the Plan. There are no Plan-wide policy limitations for credit risk exposures within the portfolio. Each portfolio is managed in accordance with an investment contract that is specific as to permissible credit quality ranges, the average credit quality of the overall portfolios, and issuer concentration.

###### *(h) Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment or a deposit. At June 30, 2018, there were no deposits subject to foreign currency risk.

###### *(i) Derivatives*

Derivatives are financial instruments whose values depend upon, or are derived from, the value of something else, such as one or more underlying investments, indexes or currencies. Derivatives may be used both for hedging and to enhance returns. Derivatives may be traded on organized exchanges, or individually negotiated transactions with other parties, known as over-the-counter derivatives. Derivatives involve special risks and costs and may result in losses to the Plan. The successful use of derivatives requires sophisticated management, and, to the extent that derivatives are used, the Plan will depend on the investment managers and their advisors to analyze and manage derivatives transactions.

Certain commingled funds held by the Plan at the year-end were permitted through their individual investment guidelines to use derivative instruments, including forwards, futures, swaps, and options. Disclosures about derivative holdings of the commingled fund managers can be found in their respective audited financial statements. The plan did not directly own any derivatives as of June 30, 2018.

#### Net Pension Liability of the Plan

The components of the net pension liability of the Plan at June 30, 2018, were as follows:

Total pension liability	\$ 13,249,385
Plan fiduciary net position	<u>(11,278,133)</u>
Town's net pension liability	<u>\$ 1,971,252</u>
Plan fiduciary net position as a percentage of the total pension liability	85.12%

*continued*

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

**NOTE 7. Pension Plans (Continued)**

**Town Pension Plan, Other than Certified Teachers (Continued)**

**Net Pension Liability of the Plan (Continued)**

*(a) Actuarial assumptions*

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate for purposes of	
Determining Net Pension Liability	7.09 percent
Inflation	3.00 percent
Salary increases	3.00, including inflation
Long term rate of	
Return on investments	7.25 percent, net of pension plan investment expense, including inflation
Municipal Bond	2.98 percent

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period ended June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2018 (see the discussion of the pension plan’s investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.10%
Fixed income	2.73%
Domestic equity	7.31%
International equity	9.34%
Real estate	7.70%

*(b) Discount rate*

The discount rate used to measure the total pension liability was 7.09 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was not 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 20 years and the municipal bond rate for the remaining years of projected benefit payments to determine the total pension liability.

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2018*

**NOTE 7. Pension Plans (Continued)**

**Town Pension Plan, Other than Certified Teachers (Continued)**

**Net Pension Liability of the Plan (Continued)**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balance as of 7/1/2017</b>	\$ 12,635,835	\$ 10,630,135	\$ 2,005,700
<b>Changes for the year:</b>			
Service cost	250,767	-	250,767
Interest on total pension liability	883,940	-	883,940
Differences between expected and actual experience	58,926	-	58,926
Changes in assumptions	(36,586)	-	(36,586)
Changes in benefit terms	-	-	-
Contributions - employer	-	391,670	(391,670)
Contributions - employee	-	31,692	(31,692)
Net investment income	-	779,211	(779,211)
Benefit payments	(543,497)	(543,497)	-
Administrative expense	-	(11,078)	11,078
<b>Net changes</b>	<u>613,550</u>	<u>647,998</u>	<u>(34,448)</u>
<b>Balance as of 6/30/2018</b>	<u>\$ 13,249,385</u>	<u>\$ 11,278,133</u>	<u>\$ 1,971,252</u>

***(c) Sensitivity of the net pension liability to changes in the discount rate***

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.09 percent, 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 (6.09 percent) or 1-percentage-point higher (8.09 percent) than the current rate:

	<b>1% Decrease (6.09%)</b>	<b>Current Discount Rate (7.09%)</b>	<b>1% Increase (8.09%)</b>
Plan's Net Pension Liability	\$ 3,599,842	\$ 1,971,252	\$ 615,314

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

For the year ended June 30, 2018, the Town recognized pension expense of \$428,378. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2018*

**NOTE 7. Pension Plans (Continued)**

**Town Pension Plan, Other than Certified Teachers (Continued)**

**Net Pension Liability of the Plan (Continued)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 167,793	\$ (141,441)
Changes in assumptions	267,935	(214,013)
Difference between projected and actual earnings on plan investments	78,214	-
Total deferred outflows / (inflows)	\$ 513,942	\$ (355,454)

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:**

2019	\$	198,291
2020		119,744
2021		(80,836)
2022		(66,794)
2023		(16,483)
Thereafter		4,566
	\$	158,488

*continued*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2018*

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**NOTE 8. Other Postemployment Benefits**

**Plan Description**

In addition to pension benefits, the Town and School Department provide, under the provisions of various union contracts and other employment agreements, postemployment health insurance benefits, or compensation in lieu of postemployment health insurance benefits, to eligible retirees for a specified maximum number of years. Eligibility is determined based on years of service, employee age, and other available health care coverage.

**Plan Types**

The Town and School Department participate in a single employer defined benefit other post-employment benefit plan.

**Town Membership**

As of June 30, 2018, the latest available membership census is as follows:

<b>Description</b>	<b>Active Employees</b>	<b>Inactive or Beneficiaries Receiving Benefits</b>	<b>Total</b>
Number	43	5	48

**Funding Policy**

The Town and School Department fund these benefits on a pay-as-you-go basis. During the year ended June 30, 2018, postemployment benefits totaling \$144,114 were received by five participants.

**Investment Policy**

The Town and School’s policy in regard to the allocation of invested assets is established and may be amended by the committee by a majority vote of its members. It is the policy of the Town and School to pursue an investment strategy that reduced risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Town and School’s adopted asset allocation policy as of June 30, 2018:

<b>Asset Class</b>	<b>Target Allocation</b>
Fixed income	29.0%
Domestic equity	50.5%
Internantional equity	18.0%
Real estate	2.5%
Total	100.0%

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2018*

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**NOTE 8. Other Postemployment Benefits (Continued)**

**Concentrations**

There were no concentrations noted as of June 30, 2018.

**Net OPEB Liability of the Town**

The components of the net OPEB liability of the Town at June 30, 2018 were as follows:

Total OPEB liability	\$ 2,414,372
Plans fiduciary net position	<u>-</u>
Town's net OPEB liability	<u>\$ 2,414,372</u>
Plan net position as a percentage of the total OPEB liability	0.00%

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include types of benefits provided at the time of each valuation and the historical pattern of sharing benefit cost between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Below are the actuarial assumptions used to project future cost of the plan.

Valuation Date:	Actuarially Determined Contribution was calculated as of June 30, 2018.
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	None noted

**Actuarial Assumptions:**

Single Equivalent Discount Rate:	4.00%, net of OPEB plan investment expense, including inflation
Salary Increases:	2.00% annually as of June 30, 2018 and for future periods
Retirement rates:	The probability of remaining employed until retirement age from current and entry age by age comes from The U.S. Office of Personnel Management Civil Service Retirement and Disability Fund Annual Report Fiscal Year Ended September 30, 2016.
Mortality:	Life expectancy by gender comes from the Life Expectancy Table from National Center for Health Statistics updated in 2015.

*continued*



**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2018*

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**NOTE 8. Other Postemployment Benefits (Continued)**

**Actuarial Methods and Assumptions (Continued)**

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 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 target asset allocation as of June 30, 2018 are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash	2.10%
Fixed income	2.73%
Domestic equity	7.31%
International equity	9.34%
Real estate	7.70%

**Discount rate**

The discount rate used to measure the total OPEB liability was 4.0 percent. The projection of cash flows used to determine the discount rate assumed that Town and School contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the net OPEB liability to changes in the discount rate**

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.0 percent) or 1-percentage-point higher (5.0 percent) than the current discount rate:

	<b>Impact of 1% Change in Discount Rate</b>		
	<b>1% Decrease (3.00%)</b>	<b>Current discount rate (4.00%)</b>	<b>1% Increase (5.00%)</b>
Total OPEB liability	\$ 2,551,910	\$ 2,414,372	\$ 2,275,793

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2018*

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**NOTE 8. Other Postemployment Benefits (Continued)**

**Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates**

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost 79 trend rates that are 1-percentage-point lower (4.0 percent) or 1- percentage-point higher (6.0 percent) than the current healthcare cost trend rates:

	<b>Impact of 1% Change in Healthcare Trend Rate</b>		
	<b>1% Decrease (4.00%)</b>	<b>Current trend rate (5.00%)</b>	<b>1% Increase (6.00%)</b>
Total OPEB liability	\$ 2,268,442	\$ 2,414,372	\$ 2,570,022

**NOTE 9. Commitments and Contingencies**

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

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

**NOTE 10. Fund Deficit**

Individual funds had the following deficit fund balances at June 30, 2018:

School Renovation - Town	\$ 33,856
Pike's Peak	352
Substance abuse fund	2,879
Recreation Conservation	1,180
Fire alarm inspection	2,955
Basketball Court	52
School Lunch	<u>4,379</u>
Total	<u>\$ 45,653</u>

The School renovation project will be covered in 2019 – currently still holding back about \$10,000 owed to a contractor. Pike's peak will process through the contingency fund to cover the deficit. Substance abuse will be funded through the General fund via journal entry in 2019. Lastly, the School lunch, Recreation conservation, Basketball court, and Fire alarm inspections deficits will be funded through an administrative plan in 2019.

*continued*

# TOWN OF LITTLE COMPTON, RHODE ISLAND

## Notes to the Financial Statements

June 30, 2018

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### **NOTE 11. Risk Management**

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

The School Department purchases commercial insurance for all of its risks of loss. There were no significant reductions in insurance coverage during the year ended June 30, 2018.

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

As of June 30, 2018, a \$50,000 liability was posted to the Town's General Fund in order to account for the probable estimate of the damages the Town is likely to face in the Hartley v. Little Compton case.

### **NOTE 12. Joint Venture**

The Little Compton School Department (LCSD), in conjunction with three other member school departments, participates in a joint venture entitled the Newport County Regional Special Education Program (NCRSEP). NCRSEP was formed to provide services to qualified special needs students in the four towns. Each town is assessed its share of the NCRSEP annual operating budget based on each town's share of total students in the region averaged with each town's share of students in the special education program. NCRSEP also administers the federally funded IDEA Part B program for each of the towns. Each town pays salaries and employee benefits directly to the teachers and aides on their respective payroll that work directly for the program; such amounts are deducted from the gross annual assessment. LCSD's net assessment for 2018, net of IDEA funds was approximately \$294,849.

At June 30, 2018, a total of approximately \$177,993 in Medicaid reimbursements due to the LCSD has been recorded as a liability of NCRSEP. This amount represents Medicaid reimbursements received by NCRSEP over a number of years in excess of the budgeted receipts for Little Compton.

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

*continued*

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2018

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**NOTE 13. Restatement**

	<b><u>Government-Wide Financial Statements</u></b>
	<b><u>Governmental Activities</u></b>
Beginning balance, July 1, 2017	\$ (1,325)
Removal of GASB 45 net OPEB obligation	519,703
Restatement to include Town's net OPEB liability in accordance with GASB 75	<u>(2,473,463)</u>
Beginning balance, July 1, 2017, restated	<u>\$ (1,955,085)</u>

**NOTE 14. Subsequent Events**

Management has evaluated events that have occurred subsequent to June 30, 2018 and through January 29, 2019 and does not have any significant subsequent events to disclose.

*continued*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Required Supplementary Information*  
Budgetary Comparison Schedule - General Fund

*For the Year Ended June 30, 2018*

	<u>Original Budget</u>		Appropriations and Transfers	Total Available	Actual	Encumbrances Carried Forward to FY19	Variance Favorable (Unfavorable)
	Encumbrances Carried Forward from FY17	Budget As Adopted					
<b>Revenues</b>							
General property taxes and penalties	\$ -	\$ 12,076,228	\$ -	\$ 12,076,228	\$ 12,125,658	\$ -	\$ 49,430
Intergovernmental	-	472,653	-	472,653	510,189	-	37,536
Licenses, permits, and fees	-	361,000	-	361,000	399,115	-	38,115
Beach receipts	-	256,786	-	256,786	246,530	-	(10,256)
Investment income	-	2,000	-	2,000	4,345	-	2,345
Miscellaneous	-	8,500	-	8,500	13,169	-	4,669
Total revenues	-	13,177,167	-	13,177,167	13,299,006	-	121,839
<b>Expenditures</b>							
General government	23,417	2,279,372	90,730	2,393,519	2,377,388	-	16,131
Financial administration	-	206,857	-	206,857	158,898	-	47,959
Public safety	9,406	1,963,959	-	1,973,365	1,925,042	-	48,323
Public works	70,178	553,568	2,022	625,768	536,641	58,222	30,905
Transfer station	-	183,106	-	183,106	163,064	-	20,042
Parks, recreation, and other services	5,500	395,903	4,248	405,651	412,545	-	(6,894)
Debt service:							
Principal payments	-	450,000	-	450,000	450,000	-	-
Interest and fiscal charges	-	406,975	-	406,975	406,975	-	-
Total expenditures	108,501	6,439,740	97,000	6,645,241	6,430,553	58,222	156,466
Excess (deficiency) of revenues over expenditures	(108,501)	6,737,427	(97,000)	6,531,926	6,868,453	(58,222)	278,305

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

*(Continued)*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Required Supplementary Information*  
Budgetary Comparison Schedule - General Fund

*For the Year Ended June 30, 2018*

	<u>Original Budget</u>		Appropriations and Transfers	Total Available	Actual	Encumbrances Carried Forward to FY19	Variance Favorable (Unfavorable)
	Encumbrances Carried Forward to FY17	Budget As Adopted					
<b>Other financing sources and (uses)</b>							
Transfer to education	-	(6,699,480)	-	(6,699,480)	(6,677,480)	-	22,000
(Addition to) / use of fund balance	-	62,053	97,000	159,053	-	-	(159,053)
Transfers from (to) other funds	-	(100,000)	-	(100,000)	(193,500)	-	(93,500)
	-	(6,737,427)	97,000	(6,640,427)	(6,870,980)	-	(230,553)
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis</b>	\$ (108,501)	\$ -	\$ -	\$ (108,501)	(2,527)	\$ (58,222)	\$ 47,752
Adjustment of budgetary basis to U.S. GAAP					-		
Excess (deficiency) of revenues and other sources over expenditures and other uses, GAAP basis					(2,527)		
Fund balance, July 1, 2017					1,636,641		
Fund balance, June 30, 2018					\$ 1,634,114		

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

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Required Supplementary Information*

Schedule of Town's Proportionate Share of Net Pension Liability  
Employees Retirement System

*For the Year Ended June 30, 2018*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability	0.12817260%	0.13503440%	0.12442040%	0.66537331%
Employer's proportionate share of the net pension liability	\$ 4,042,675	\$ 4,028,856	\$ 3,425,297	\$ 4,602,965
State's proportionate share of the net pension liability associated with the school district	<u>3,055,291</u>	<u>2,759,175</u>	<u>2,340,055</u>	<u>3,156,465</u>
Total	<u>\$ 7,097,966</u>	<u>\$ 6,788,031</u>	<u>\$ 5,765,352</u>	<u>\$ 7,759,430</u>
Employer's covered employee payroll	2,515,703	2,392,194	2,834,252	2,309,723
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	160.70%	168.42%	120.85%	199.29%
Plan fiduciary net position as a percentage of the total pension liability	54.00%	54.06%	57.55%	61.40%

**Notes:**

1.) The amounts presented for each fiscal year were determined as of 6/30 measurement date prior to the fiscal year-end.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

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

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Required Supplementary Information*

Schedule of Employer Contributions  
Employees Retirement System

*For the Year Ended June 30, 2018*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 298,305	\$ 299,704	\$ 304,597	\$ 282,371
Contributions in relation to the actuarially determined contribution	<u>298,305</u>	<u>299,704</u>	<u>304,597</u>	<u>282,371</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,515,703	\$ 2,392,194	\$ 2,834,252	\$ 2,309,723
Contributions as a percentage of covered- employee payroll	11.86%	12.53%	10.75%	12.23%

**Notes:**

1.) Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

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



**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Required Supplementary Information*

Schedule of Town's Proportionate Share of Net Pension Liability  
Teachers' Survivors Benefit Plan

*For the Year Ended June 30, 2018*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension asset	0.38891074%	0.61972762%	0.27774680%	0.66537331%
Employer's proportionate share of the net pension asset	\$ 321,732	\$ 617,074	\$ 259,292	\$ 827,197
Employer's covered employee payroll	\$ 2,515,703	\$ 2,392,194	\$ 2,834,252	\$ 2,309,723
Employer's proportionate share of the net pension asset as a percentage of its covered employee payroll	12.79%	25.80%	9.15%	35.81%
Plan fiduciary net position as a percentage of the total pension liability	136.1%	153.3%	146.6%	173.3%

**Notes:**

1.) *The amounts presented for each fiscal year were determined as of 6/30 measurement date prior to the fiscal year-end.*

2.) *Schedule is intended to show information for 10 years - additional years will be displayed as they become available.*

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

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Required Supplementary Information*

Schedule of Contributions  
Teachers' Survivors Benefit Plan

*For the Year Ended June 30, 2018*

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Statutorily determined contribution	\$ 2,493	\$ 2,294	\$ 3,980	\$ 2,371
Contributions in relation to the statutorily determined contribution	<u>2,493</u>	<u>2,294</u>	<u>3,980</u>	<u>2,371</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,515,703	\$ 2,392,194	\$ 2,834,252	\$ 2,309,723
Contributions as a percentage of covered-employee payroll	0.10%	0.10%	0.14%	0.10%

**Notes:**

1.) Employers participating in the Teachers' Survivor's Benefit Plan contribute at a rate established by the RI General Laws, Section 16-16-35.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

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

## TOWN OF LITTLE COMPTON, RHODE ISLAND

### *Required Supplementary Information*

#### Notes to ERS and TSB Pension Plans

*For the Year Ended June 30, 2018*

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The amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year end.

The schedules are intended to show information for 10 years – additional years will be displayed as they become available.

Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

Employers participating in the Teachers' Survivors Benefit Plan contribute at a rate established by RI General Laws, Section 16-16-35.

#### ***June 30, 2017 measurement date –***

As part of the 2017 Actuarial Experience Investigation Study for the six-year period ending June 30, 2016 as approved by the System Board on May 15, 2017, certain assumptions were modified and reflected in the determination of the net pension liability (asset) at the June 30, 2017 measurement date. The following summarizes the more significant changes in assumptions:

- Decreased the general inflation assumption from 2.75% to 2.50%;
- Decreased the nominal investment return assumption from 7.50% to 7.00%;
- Decreased the general wage growth assumption from 3.25% to 3.00%;
- Decreased salary increase assumptions; and
- Updated the post-retirement mortality tables to variants of the RP-2014 table. For the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

#### ***June 30, 2016 measurement date –***

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2016 measurement date compared to the June 30, 2015 measurement date.

*See independent auditor's report*

## TOWN OF LITTLE COMPTON, RHODE ISLAND

### *Required Supplementary Information*

#### Notes to ERS and TSB Pension Plans

*For the Year Ended June 30, 2018*

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#### ***June 30, 2015 measurement date –***

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2015 measurement date compared to the June 30, 2014 measurement date

The June 30, 2015 measurement date determination of the net pension liability for the ERS and MERS plans reflects changes in benefit changes resulting from the settlement of litigation challenging the various pension reform measures enacted in previous years by the General Assembly. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly. These amended benefit provisions, are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and municipal general employees will contribute 8.25% (9.25% for units with a COLA provision) and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service. Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.
- MERS public safety employees may retire at age 50 with 25 years of service, or any age with 27 years of service. MERS public safety employees will contribute 9.00% (10.00% for units with a COLA provision)
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan. Also, members who earn less than \$35,000 per year will not be required to pay the administrative fees to the defined contribution plan.
- Members who retired from a COLA eligible plan before July 1, 2012 will received a one-time cost of living adjustment of 2% of the first \$25,000 paid as soon as administratively possible.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 year rather than 5 year intervals.
- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5.5% (5yr Return - 5.5%, with a max of 4%) and 50% calculated using previous year's CPI-U (max of 3%) for a total max COLA of 3.5%. This COLA is calculated on the first \$25,855, effective 01/01/16, and indexed as of that date as well. (The indexing formula is run annually regardless of funding level each year.)
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

*See independent auditor's report*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Required Supplementary Information*  
 Schedule of Changes in Net Pension Liability and Related Ratios - Town Municipal Employees  
 Pension Plan

*For the Year Ended June 30, 2018*

	Last 10 Fiscal Years*				
	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<b>Total pension liability</b>					
Service cost	\$ 250,767	\$ 269,172	\$ 270,130	\$ 266,835	\$ 256,046
Interest	883,940	870,084	830,306	772,020	728,998
Differences between expected and actual experience	58,926	(206,907)	198,548	44,212	6,609
Changes of assumptions	(36,586)	(227,429)	(56,558)	688,557	16,807
Changes of benefit terms	-	-	(37,946)	-	16,807
Benefit payments, including refunds of participant contributions	<u>(543,497)</u>	<u>(503,890)</u>	<u>(478,818)</u>	<u>(472,018)</u>	<u>(399,323)</u>
<b>Net change in total pension liability</b>	613,550	201,030	725,662	1,299,606	625,944
<b>Total pension liability - beginning</b>	<u>12,635,835</u>	<u>12,434,805</u>	<u>11,709,143</u>	<u>10,409,537</u>	<u>9,800,400</u>
<b>Total pension liability - ending</b>	<u>\$ 13,249,385</u>	<u>\$ 12,635,835</u>	<u>\$ 12,434,805</u>	<u>\$ 11,709,143</u>	<u>\$ 10,426,344</u>
<b>Pension fiduciary net position</b>					
Contributions - employer	391,670	492,988	\$ 434,295	\$ 412,141	\$ 412,141
Contributions - employee	31,692	19,420	15,640	14,236	8,243
Net investment income	779,211	1,098,148	37,653	300,430	1,223,353
Benefit payments, including refunds of participant contributions	(543,497)	(503,890)	(478,818)	(472,018)	(399,323)
Administrative expense	(11,078)	(6,304)	(7,910)	(4,220)	(70,150)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in plan fiduciary net position</b>	647,998	1,100,362	860	250,569	1,174,264
<b>Plan fiduciary net position - beginning</b>	<u>10,630,135</u>	<u>9,529,773</u>	<u>9,528,913</u>	<u>9,278,344</u>	<u>8,104,080</u>
<b>Plan fiduciary net position - ending</b>	<u>\$ 11,278,133</u>	<u>\$ 10,630,135</u>	<u>\$ 9,529,773</u>	<u>\$ 9,528,913</u>	<u>\$ 9,278,344</u>
<b>Town's net pension liability - ending</b>	<u>\$ 1,971,252</u>	<u>\$ 2,005,700</u>	<u>\$ 2,905,032</u>	<u>\$ 2,180,230</u>	<u>\$ 1,148,000</u>

*See independent auditor's report*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Required Supplementary Information*  
 Schedule of Changes in Net Pension Liability and Related Ratios - Town Municipal Employees  
 Pension Plan

*For the Year Ended June 30, 2018*

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Total pension liability	13,249,385	12,635,835	\$ 12,434,805	\$ 11,709,143	\$ 10,409,537
Plan fiduciary net position	<u>11,278,133</u>	<u>10,630,135</u>	<u>9,529,173</u>	<u>9,528,913</u>	<u>9,278,344</u>
Town's net pension liability	<u><u>1,971,252</u></u>	<u><u>2,005,700</u></u>	<u><u>\$ 2,905,632</u></u>	<u><u>\$ 2,180,230</u></u>	<u><u>\$ 1,131,193</u></u>
Plan fiduciary net position as a percentage of the total pension liability	85.12%	84.13%	76.63%	81.38%	89.13%
Covered-employee payroll	2,160,776	2,173,104	2,119,651	1,992,934	1,951,935
Net pension liability as a percentage of covered-employee payroll	91.23%	92.30%	137.08%	109.40%	57.95%

*\*Fifth year of implementation of GASB 67 therefore only five years of the 10 year required data is available.*

*See independent auditor's report*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Required Supplementary Information*  
Schedule of Employers Contribution - Town Employees' Pension Plan

*For the Year Ended June 30, 2018*

	<u>2018</u>	<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>
Actuarially determined contribution	\$ 391,670	\$ 492,988	\$ 434,295	\$ 375,537	\$ 412,141	\$ 420,236	\$ 336,738	\$ 414,405	\$ 507,986	\$ 424,375
Contributions in relation to the actuarially determined contribution	<u>391,670</u>	<u>492,988</u>	<u>434,295</u>	<u>412,141</u>	<u>412,141</u>	<u>420,236</u>	<u>336,738</u>	<u>414,405</u>	<u>507,986</u>	<u>424,375</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36,604)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered-employee payroll	 2,160,776	 2,173,104	 2,119,651	 1,992,934	 1,951,935	 1,798,862	 1,864,145	 1,784,706	 1,707,439	 1,730,883
 Contributions as a percentage of covered-employee payroll	 18.13%	 22.69%	 20.49%	 20.68%	 21.11%	 23.36%	 18.06%	 23.22%	 29.75%	 24.52%

*See independent auditor's report*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Required Supplementary Information*  
Schedule of Investment Returns - Town Employees' Pension Plan

*For the Year Ended June 30, 2018*

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	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Annual money-weighted rate of return, net of investment expense	7.85%	12.07%	0.58%	3.49%	15.09%

*\*Only five years of required data is available*

*See independent auditor's report*



**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Required Supplementary Information*  
 Schedule of Changes in Net OPEB Liability and Related Ratios

*For the Year Ended June 30, 2018*

	<u><b>June 30, 2018</b></u>
<b>Total OPEB liability</b>	
Service cost	\$ 72,620
Interest on net OPEB liability and service cost	98,938
Differences between actual and expected experience	(86,535)
Changes of assumptions	-
Benefit payments, including refunds	<u>(144,114)</u>
 Net change in total OPEB liability	 (59,091)
 Total OPEB liability - beginning	 <u>2,473,463</u>
Total OPEB liability - ending	<u><u>\$ 2,414,372</u></u>
 <b>OPEB fiduciary net position</b>	
Benefit payments, including refunds	\$ (144,114)
Trust administrative expenses	-
Contributions - employer	144,114
Contribution - Active employees	-
Net investment income	<u>-</u>
 Net change in plan fiduciary net position	 -
 Plan fiduciary net position - beginning	 <u>-</u>
Plan fiduciary net position - ending	<u><u>\$ -</u></u>
 Plan's net pension liability - ending	 <u><u>\$ 2,414,372</u></u>
 Plan fiduciary net position as % of total OPEB liability	 0.00%
 Covered employee payroll	 2,639,408
 Plan NOL as % of covered employee payroll	 91.47%

\* First year of implementation of GASB 75, therefore only one years of the ten required data is available.

*See independent auditor's report*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Required Supplementary Information*  
Schedule of Employers Contribution – OPEB

*For the Year Ended June 30, 2018*

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	<b>June 30, 2018</b>
Actuarial determined contribution	\$ 144,114
Contributions in relation to the actuarially determined contribution	<u>144,114</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 2,639,408
Contributions as a percentage of covered-employee payroll	5.46%

\* First year of implementation of GASB 75, therefore only one year of the ten required data is available.

*See independent auditor's report*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*

Budgetary Comparison Schedule - Unrestricted School Fund

*For the Year Ended June 30, 2018*

	<u>Budget</u> As Adopted	<u>Actual</u>	<u>Variance</u> Favorable (Unfavorable)
<b>Revenues:</b>			
Funds received State RI - unrestricted	\$ 397,961	\$ 397,073	\$ (888)
Out of district student tuitions	24,000	30,000	6,000
Federal aid - entitlements, grants and restricted funds	12,000	24,331	12,331
Miscellaneous receipts	<u>10,000</u>	<u>13,614</u>	<u>3,614</u>
Total revenues	<u>443,961</u>	<u>465,018</u>	<u>21,057</u>
<b>Expenditures:</b>			
Salaries	3,248,147	3,221,706	26,441
Fringe benefits	1,176,334	1,149,635	26,699
Technical and professional services	238,100	261,687	(23,587)
Purchased property services	100,680	172,221	(71,541)
Purchased other services	1,999,100	1,942,556	56,544
Materials and supplies	281,700	205,204	76,496
Capital outlay	66,630	51,573	15,057
Other operating expenses	<u>10,750</u>	<u>13,218</u>	<u>(2,468)</u>
Total expenditures	<u>7,121,441</u>	<u>7,017,800</u>	<u>103,641</u>
Excess of expenditures over revenues	<u>(6,677,480)</u>	<u>(6,552,782)</u>	<u>124,698</u>
<b>Other financing sources (uses):</b>			
Transfer Town appropriations	6,677,480	6,677,480	-
Transfer to other funds	<u>-</u>	<u>(109,674)</u>	<u>(109,674)</u>
Total other financing sources (uses)	<u>6,677,480</u>	<u>6,567,806</u>	<u>(109,674)</u>
Excess of expenditures over revenues and other financing sources, budgetary basis	<u>\$ -</u>	15,024	<u>\$ 15,024</u>
Adjustment of budgetary basis to U.S. GAAP basis		<u>-</u>	
Excess of expenditures over revenues and other financing sources, U.S. GAAP basis		15,024	
Fund balance, July 1, 2017		<u>78,100</u>	
Fund balance, June 30, 2018		<u>\$ 93,124</u>	

*See independent auditor's report*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

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

*For the Year Ended June 30, 2018*

Budgetary – GAAP Reporting Reconciliation

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

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

Therefore, timing perspective, and entity differences in the excess (deficiency) of revenues and other sources of financial resources and expenditures and other uses for the year ended June 30, 2018 are as follows:

	<b>School Unrestricted</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis) (Non-GAAP Budgetary Basis)	\$ 15,024
State contribution to teachers' pension plan revenue on behalf	248,803
State contribution to teacher's pension plan expense on behalf	<u>(248,803)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	<u><u>\$ 15,024</u></u>

*See independent auditor's report*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*

Tax Collector's Annual Report

*For the Year Ended June 30, 2018*

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<u>Description of property</u>	<u>Valuations</u>	<u>Levy</u>
Real property	\$ 1,997,730,727	\$ 11,781,282
Motor vehicles	47,191,705	655,806
Tangible personal	<u>10,396,668</u>	<u>121,433</u>
Total	2,055,319,100	12,558,521
<b>Less: Exemptions and motor vehicle phase out</b>		
Real property	(11,274,758)	(180,390)
Motor vehicles	<u>(21,756,878)</u>	<u>(302,496)</u>
	(33,031,636)	(482,886)
Total	<u>\$ 2,022,287,464</u>	<u>\$ 12,075,635</u>

*See independent auditor's report*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*

Tax Collector's Annual Report

*For the Year Ended June 30, 2018*

Tax Roll Year	Balance, July 1, 2017	Current Year Assessment	Adjustments/ abatements	Transfers	Amount to be collected	Collections	Balance, June 30, 2018	July - August 2017	September-	Total FY 2018 Cash Collections	July - August 2018
								Collections Subject to 60 days FY17 Accrual	June 2018 Collections		Collections Subject to 60 days FY18 Accrual
2017	\$ -	\$ 12,108,000	\$ (88,969)	\$ (10,890)	\$ 12,008,141	\$ 11,717,708	\$ 290,433	\$ -	\$ 11,717,708	\$ 11,717,708	\$ 145,482
2016	292,435	-	(671)	10,609	302,373	244,026	58,347	163,839	80,187	244,026	5,439
2015	65,131	-	(549)	-	64,582	23,659	40,923	3,386	20,273	23,659	6,774
2014	49,321	-	(858)	-	48,463	16,908	31,555	413	16,495	16,908	917
2013	41,396	-	(801)	-	40,595	11,159	29,436	13	11,146	11,159	-
2012	31,841	-	(153)	-	31,688	5,709	25,979	4,695	1,014	5,709	-
2011	27,573	-	(107)	-	27,466	3,608	23,858	2,364	1,244	3,608	491
2010	19,403	-	(199)	-	19,204	548	18,656	-	548	548	642
2009	23,646	-	(390)	-	23,256	196	23,060	-	196	196	118
2008	16,928	-	(636)	-	16,292	1,540	14,752	-	1,540	1,540	188
2007	9,967	-	(364)	-	9,603	993	8,610	143	850	993	194
2006	2,898	-	-	-	2,898	-	2,898	-	-	-	51
2005	865	-	-	-	865	-	865	-	-	-	-
2004	681	-	-	-	681	-	681	-	-	-	-
2003 (and prior)	3,564	-	-	-	3,564	408	3,156	-	408	408	-
<b>Total</b>	<b>\$ 585,649</b>	<b>\$ 12,108,000</b>	<b>\$ (93,697)</b>	<b>\$ (281)</b>	<b>\$ 12,599,671</b>	<b>\$ 12,026,462</b>	<b>\$ 573,209</b>	<b>\$ 174,853</b>	<b>\$ 11,851,609</b>	<b>\$ 12,026,462</b>	<b>\$ 160,296</b>
Allowance for Uncollectable Accounts	(23,387)						(23,387)				
Net Property Tax Receivable	\$ 562,262						\$ 549,822				

*See independent auditor's report*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*

Non Major Governmental Funds  
Combining Balance Sheet -

June 30, 2018

	<b>Special Revenue Town</b>	<b>Special Revenue School</b>	<b>Permanent Trust Funds</b>	<b>Capital Projects</b>	<b>Total Non-Major Governmental Funds</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 269,877	\$ 11,508	\$ 98,572	\$ 136,260	\$ 516,217
Investments	25,587	-	37,366	-	62,953
Receivables:					
Intergovernmental	6,404	9,937	-	-	16,341
Other	106,043	-	-	-	106,043
Inventories	-	284	-	-	284
Due from other funds	14,383	-	-	190,288	204,671
Total assets	<u>422,294</u>	<u>21,729</u>	<u>135,938</u>	<u>326,548</u>	<u>906,509</u>
<b>Deferred outflows of resources</b>					
None	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 422,294</u>	<u>\$ 21,729</u>	<u>\$ 135,938</u>	<u>\$ 326,548</u>	<u>\$ 906,509</u>
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 6,318	\$ 7,827	\$ 343	\$ -	\$ 14,488
Due to other funds	<u>2,047</u>	<u>17,247</u>	<u>51</u>	<u>-</u>	<u>19,345</u>
Total liabilities:	<u>8,365</u>	<u>25,074</u>	<u>394</u>	<u>-</u>	<u>33,833</u>
<b>Deferred inflows of resources</b>					
None	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance</b>					
Nonspendable	-	-	10,000	-	10,000
Restricted	366,541	1,034	125,544	-	493,119
Assigned	54,454	-	-	360,756	415,210
Unassigned	<u>(7,066)</u>	<u>(4,379)</u>	<u>-</u>	<u>(34,208)</u>	<u>(45,653)</u>
Total fund balance	<u>413,929</u>	<u>(3,345)</u>	<u>135,544</u>	<u>326,548</u>	<u>872,676</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 422,294</u>	<u>\$ 21,729</u>	<u>\$ 135,938</u>	<u>\$ 326,548</u>	<u>\$ 906,509</u>

*See independent auditor's report*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*

Non Major Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

*For the Year Ended June 30, 2018*

	<b>Special Revenue Town</b>	<b>Special Revenue School</b>	<b>Permanent Trust Funds</b>	<b>Capital Projects</b>	<b>Total Non-Major Governmental Funds</b>
<b>Revenues</b>					
Intergovernmental revenue	\$ 157,783	\$ 214,981	\$ -	\$ -	\$ 372,764
Donation revenues	-	-	2,885	-	2,885
Departmental and other revenue	335,164	41,161	-	10,000	386,325
Investment income	162	-	39	-	201
Miscellaneous revenue	-	-	530	-	530
Total revenue	<u>493,109</u>	<u>256,142</u>	<u>3,454</u>	<u>10,000</u>	<u>762,705</u>
<b>Expenditures</b>					
General government	11,828	-	-	5,120	16,948
Public safety	351,550	-	-	113,936	465,486
Education	-	256,815	-	-	256,815
Parks, recreation and other services	67,961	-	2,692	-	70,653
Total expenditures	<u>431,339</u>	<u>256,815</u>	<u>2,692</u>	<u>119,056</u>	<u>809,902</u>
Excess (deficiency) of revenues over expenditures	61,770	(673)	762	(109,056)	(47,197)
<b>Other financing sources (uses)</b>					
Transfers in	10,700	34,674	-	269,000	314,374
Transfers out	-	-	-	(11,200)	(11,200)
Total Other financing sources (uses):	<u>10,700</u>	<u>34,674</u>	<u>-</u>	<u>257,800</u>	<u>303,174</u>
Excess of revenue and other sources over expenditures and other uses	72,470	34,001	762	148,744	255,977
Fund balance, July 1, 2017	<u>341,459</u>	<u>(37,346)</u>	<u>134,782</u>	<u>177,804</u>	<u>616,699</u>
Fund balance, June 30, 2018	<u>\$ 413,929</u>	<u>\$ (3,345)</u>	<u>\$ 135,544</u>	<u>\$ 326,548</u>	<u>\$ 872,676</u>

*See independent auditor's report*



**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*  
Combining Balance Sheet - Special Revenue Town

June 30, 2018

	<u>Brownfield Library Prof Dev</u>	<u>Library Resource Sharing</u>	<u>Substance Abuse Fund</u>	<u>Cell Tower</u>	<u>Recreation Conservation</u>	<u>Drug Forfeiture</u>
<b>Assets</b>						
Cash and cash equivalents	\$ 4,724	\$ -	\$ (2,879)	\$ 47,923	\$ (1,180)	\$ 25,017
Federal and state grants receivable	-	-	-	-	-	-
Receivable, other, net	-	-	-	7,086	-	6,310
Due from other funds	-	-	-	-	-	8,580
ICS holding accounts	-	-	-	-	-	25,587
<b>Total assets</b>	<u>4,724</u>	<u>-</u>	<u>(2,879)</u>	<u>55,009</u>	<u>(1,180)</u>	<u>65,494</u>
<b>Deferred outflows of resources</b>						
None	-	-	-	-	-	-
<b>Total deferred outflows of resources and assets</b>	<u>\$ 4,724</u>	<u>\$ -</u>	<u>\$ (2,879)</u>	<u>\$ 55,009</u>	<u>\$ (1,180)</u>	<u>\$ 65,494</u>
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 555	\$ -	\$ 747
Due to other funds	-	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>555</u>	<u>-</u>	<u>747</u>
<b>Deferred inflows of resources</b>						
None	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>						
Restricted	4,724	-	-	-	-	64,747
Assigned	-	-	-	54,454	-	-
Unassigned	-	-	(2,879)	-	(1,180)	-
<b>Total fund balances (deficits)</b>	<u>4,724</u>	<u>-</u>	<u>(2,879)</u>	<u>54,454</u>	<u>(1,180)</u>	<u>64,747</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<u>\$ 4,724</u>	<u>\$ -</u>	<u>\$ (2,879)</u>	<u>\$ 55,009</u>	<u>\$ (1,180)</u>	<u>\$ 65,494</u>

*See independent auditor's report*

*(Continued)*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*  
Combining Balance Sheet - Special Revenue Town

June 30, 2018

	CDBG	DEM Wastewater Grant	Stormwater Management	Law Enforcement Block Grant	EOP and Cert Grants	Clerk Restoration Grant
<b>Assets</b>						
Cash and cash equivalents	\$ 10,890	\$ 690	\$ 9,050	\$ 518	\$ 1,722	\$ 400
Federal and state grants receivable	-	-	-	-	2,750	-
Receivable, other, net	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
ICS holding accounts	-	-	-	-	-	-
Total assets	<u>10,890</u>	<u>690</u>	<u>9,050</u>	<u>518</u>	<u>4,472</u>	<u>400</u>
<b>Deferred outflows of resources</b>						
None	-	-	-	-	-	-
<b>Total deferred outflows of resources and assets</b>	<u>\$ 10,890</u>	<u>\$ 690</u>	<u>\$ 9,050</u>	<u>\$ 518</u>	<u>\$ 4,472</u>	<u>\$ 400</u>
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ 145	\$ -	\$ -	\$ -	\$ 284	\$ -
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>284</u>	<u>-</u>
<b>Deferred inflows of resources</b>						
None	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
<b>Fund Balances</b>						
Restricted	10,745	690	9,050	518	4,188	400
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>10,745</u>	<u>690</u>	<u>9,050</u>	<u>518</u>	<u>4,188</u>	<u>400</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<u>\$ 10,890</u>	<u>\$ 690</u>	<u>\$ 9,050</u>	<u>\$ 518</u>	<u>\$ 4,472</u>	<u>\$ 400</u>

*See independent auditor's report*

*(Continued)*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*  
Combining Balance Sheet - Special Revenue Town

*June 30, 2018*

	Historical Records Preservation	Spay / Neuter Fund	Homeland Security	FEMA Snow Removal	Legislative Grant	Road Detail
<b>Assets</b>						
Cash and cash equivalents	\$ 25,876	\$ 764	\$ 1,158	\$ 1,932	\$ 3,495	\$ 42,635
Federal and state grants receivable	-	-	-	-	-	3,654
Receivable, other, net	-	-	-	-	-	-
Due from other funds	-	-	-	3,757	-	-
ICS holding accounts	-	-	-	-	-	-
Total assets	<u>25,876</u>	<u>764</u>	<u>1,158</u>	<u>5,689</u>	<u>3,495</u>	<u>46,289</u>
<b>Deferred outflows of resources</b>						
None	-	-	-	-	-	-
<b>Total deferred outflows of resources and assets</b>	<u>\$ 25,876</u>	<u>\$ 764</u>	<u>\$ 1,158</u>	<u>\$ 5,689</u>	<u>\$ 3,495</u>	<u>\$ 46,289</u>
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,686
Due to other funds	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	1,686
<b>Deferred inflows of resources</b>						
None	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	-	-	-	-	-	-
<b>Fund Balances</b>						
Restricted	25,876	764	1,158	5,689	3,495	44,603
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>25,876</u>	<u>764</u>	<u>1,158</u>	<u>5,689</u>	<u>3,495</u>	<u>44,603</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<u>\$ 25,876</u>	<u>\$ 764</u>	<u>\$ 1,158</u>	<u>\$ 5,689</u>	<u>\$ 3,495</u>	<u>\$ 46,289</u>

*See independent auditor's report*

*(Continued)*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*  
Combining Balance Sheet - Special Revenue Town

*June 30, 2018*

	Ambulance Reimbursement	Fire Alarm Inspections	Rec Fees / Historical	Fourth of July	Police and Fire	Basketball Court	Harbor Management	Total Town Special Revenue
<b>Assets</b>								
Cash and cash equivalents	\$ 22,890	\$ (5,652)	\$ 11,681	\$ 200	\$ 12,849	\$ (51)	\$ 55,225	\$ 269,877
Federal and state grants receivable	-	-	-	-	-	-	-	6,404
Receivable, other, net	91,474	1,173	-	-	-	-	-	106,043
Due from other funds	-	2,046	-	-	-	-	-	14,383
ICS holding accounts	-	-	-	-	-	-	-	25,587
Total assets	<u>114,364</u>	<u>(2,433)</u>	<u>11,681</u>	<u>200</u>	<u>12,849</u>	<u>(51)</u>	<u>55,225</u>	<u>422,294</u>
<b>Deferred outflows of resources</b>								
None	-	-	-	-	-	-	-	-
<b>Total deferred outflows of resources and assets</b>	<u>\$ 114,364</u>	<u>\$ (2,433)</u>	<u>\$ 11,681</u>	<u>\$ 200</u>	<u>\$ 12,849</u>	<u>\$ (51)</u>	<u>\$ 55,225</u>	<u>\$ 422,294</u>
<b>Liabilities</b>								
Accounts payable and accrued expenses	\$ 1,296	\$ 522	\$ -	\$ -	\$ -	\$ -	\$ 1,083	\$ 6,318
Due to other funds	-	-	-	-	-	1	2,046	2,047
Total liabilities	1,296	522	-	-	-	1	3,129	8,365
<b>Deferred inflows of resources</b>								
None	-	-	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	-	-	-	-	-	-	-	-
<b>Fund Balances</b>								
Restricted	113,068	-	11,681	200	12,849	-	52,096	366,541
Assigned	-	-	-	-	-	-	-	54,454
Unassigned	-	(2,955)	-	-	-	(52)	-	(7,066)
Total fund balances (deficits)	<u>113,068</u>	<u>(2,955)</u>	<u>11,681</u>	<u>200</u>	<u>12,849</u>	<u>(52)</u>	<u>52,096</u>	<u>413,929</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<u>\$ 114,364</u>	<u>\$ (2,433)</u>	<u>\$ 11,681</u>	<u>\$ 200</u>	<u>\$ 12,849</u>	<u>\$ (51)</u>	<u>\$ 55,225</u>	<u>\$ 422,294</u>

*See independent auditor's report*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*

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

*For the Year Ended June 30, 2018*

	Library Resource Sharing	Library Resource Sharing	Substance Abuse Fund	Cell Tower	Recreation Conservation	Drug Forfeiture
<b>Revenues</b>						
Federal and state grants	\$ -	\$ 35,067	\$ 72,945	\$ -	\$ -	\$ -
Investment income	-	-	-	-	-	162
Other	-	-	-	42,357	13,130	14,297
Total revenues	-	35,067	72,945	42,357	13,130	14,459
<b>Expenditures</b>						
General government	-	-	-	6,632	-	-
Public safety	-	-	72,945	-	-	34,569
Parks, recreation, and other	-	35,067	-	-	15,652	-
Total expenditures	-	35,067	72,945	6,632	15,652	34,569
Excess (deficiency) of revenue over expenditures	-	-	-	35,725	(2,522)	(20,110)
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	9,700	-
Transfers out	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	35,725	7,178	(20,110)
Fund balance, July 1, 2017	4,724	-	(2,879)	18,729	(8,358)	84,857
Fund balance, June 30, 2018	\$ 4,724	\$ -	\$ (2,879)	\$ 54,454	\$ (1,180)	\$ 64,747

*See independent auditor's report*

*(Continued)*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*

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

*For the Year Ended June 30, 2018*

	<u>CDBG</u>	<u>DEM Wastewater Grant</u>	<u>Stormwater Management</u>	<u>Law Enforcement Block Grant</u>	<u>EOP and Cert Grants</u>	<u>Clerk Restoration Grant</u>
<b>Revenues</b>						
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ 3,350	\$ -
Investment income	-	-	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,350</u>	<u>-</u>
<b>Expenditures</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	1,924	-
Parks, recreation, and other	<u>189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,924</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	(189)	-	-	-	1,426	-
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(189)	-	-	-	1,426	-
Fund balance, July 1, 2017	<u>10,934</u>	<u>690</u>	<u>9,050</u>	<u>518</u>	<u>2,762</u>	<u>400</u>
Fund balance, June 30, 2018	<u>\$ 10,745</u>	<u>\$ 690</u>	<u>\$ 9,050</u>	<u>\$ 518</u>	<u>\$ 4,188</u>	<u>\$ 400</u>

*See independent auditor's report*

*(Continued)*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*

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

*For the Year Ended June 30, 2018*

	Historical Records Preservation	Spay / Neuter Fund	Homeland Security	FEMA Snow Removal	Legislative Grant	Road Detail
<b>Revenues</b>						
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,421
Investment income	-	-	-	-	-	-
Other	<u>876</u>	<u>97</u>	<u>-</u>	<u>5,689</u>	<u>3,430</u>	<u>26,832</u>
Total revenues	<u>876</u>	<u>97</u>	<u>-</u>	<u>5,689</u>	<u>3,430</u>	<u>73,253</u>
<b>Expenditures</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	68,380
Parks, recreation, and other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,380</u>
Excess (deficiency) of revenue over expenditures	876	97	-	5,689	3,430	4,873
<b>Other financing sources (uses)</b>						
Transfers in	1,000	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,876	97	-	5,689	3,430	4,873
Fund balance, July 1, 2017	<u>24,000</u>	<u>667</u>	<u>1,158</u>	<u>-</u>	<u>65</u>	<u>39,730</u>
Fund balance, June 30, 2018	<u>\$ 25,876</u>	<u>\$ 764</u>	<u>\$ 1,158</u>	<u>\$ 5,689</u>	<u>\$ 3,495</u>	<u>\$ 44,603</u>

*See independent auditor's report*

*(Continued)*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*

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

*For the Year Ended June 30, 2018*

	<u>Ambulance Reimbursement</u>	<u>Fire Alarm Inspections</u>	<u>Rec Fees / Historical</u>	<u>Fourth of July</u>	<u>Police and Fire</u>	<u>Basketball Court</u>	<u>Harbor Management</u>	<b>Total Town Special Revenue</b>
<b>Revenues</b>								
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 157,783
Investment income	-	-	-	-	-	-	-	162
Other	<u>181,470</u>	<u>6,388</u>	<u>5,179</u>	<u>1,200</u>	<u>12,849</u>	-	<u>21,370</u>	<u>335,164</u>
Total revenues	<u>181,470</u>	<u>6,388</u>	<u>5,179</u>	<u>1,200</u>	<u>12,849</u>	-	<u>21,370</u>	<u>493,109</u>
<b>Expenditures</b>								
General government	-	-	5,196	-	-	-	-	11,828
Public safety	164,238	9,494	-	-	-	-	-	351,550
Parks, recreation, and other	-	-	-	1,772	-	-	15,281	67,961
Total expenditures	<u>164,238</u>	<u>9,494</u>	<u>5,196</u>	<u>1,772</u>	-	-	<u>15,281</u>	<u>431,339</u>
Excess (deficiency) of revenue over expenditures	17,232	(3,106)	(17)	(572)	12,849	-	6,089	61,770
<b>Other financing sources (uses)</b>								
Transfers in	-	-	-	-	-	-	-	10,700
Transfers out	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	17,232	(3,106)	(17)	(572)	12,849	-	6,089	72,470
Fund balance, July 1, 2017	<u>95,836</u>	<u>151</u>	<u>11,698</u>	<u>772</u>	-	(52)	<u>46,007</u>	<u>341,459</u>
Fund balance, June 30, 2018	<u>\$ 113,068</u>	<u>\$ (2,955)</u>	<u>\$ 11,681</u>	<u>\$ 200</u>	<u>\$ 12,849</u>	<u>\$ (52)</u>	<u>\$ 52,096</u>	<u>\$ 413,929</u>

*See independent auditor's report*



**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*  
Combining Balance Sheet - Special Revenue School

*June 30, 2018*

	SPED Part B	SPED Preschool	Title I Part A	Title IIA Teacher Quality	REAP Small Rural Sch Program	Education Foundation
<b>Assets</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34
Inventory	-	-	-	-	-	-
Due from state or federal government	<u>1,718</u>	<u>-</u>	<u>8,219</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>1,718</u>	<u>-</u>	<u>8,219</u>	<u>-</u>	<u>-</u>	<u>34</u>
<b>Deferred Outflows of Resources</b>						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 1,718</u>	<u>\$ -</u>	<u>\$ 8,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34</u>
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>1,718</u>	<u>-</u>	<u>8,219</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,718</u>	<u>-</u>	<u>8,219</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,718</u>	<u>\$ -</u>	<u>\$ 8,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34</u>

*See independent auditor's report*

*(Continued)*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*  
 Combining Balance Sheet - Special Revenue School

*June 30, 2018*

	Private Donation	School Lunch	Total School Special Revenue
<b>Assets</b>			
Cash	\$ 1,000	\$ 10,474	\$ 11,508
Inventory	-	284	284
Due from state or federal government	-	-	9,937
	<u>1,000</u>	<u>10,758</u>	<u>21,729</u>
<b>Deferred Outflows of Resources</b>			
None	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 1,000</u>	<u>\$ 10,758</u>	<u>\$ 21,729</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ -	\$ 7,827	\$ 7,827
Due to other funds	-	7,310	17,247
	<u>-</u>	<u>15,137</u>	<u>25,074</u>
Total liabilities	<u>-</u>	<u>15,137</u>	<u>25,074</u>
<b>Deferred Inflows of Resources</b>			
None	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), restricted	<u>1,000</u>	<u>(4,379)</u>	<u>(3,345)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,000</u>	<u>\$ 10,758</u>	<u>\$ 21,729</u>

*See independent auditor's report*

*(Continued)*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*

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

*For the Year Ended June 30, 2018*

	SPED Part B	SPED Preschool	Title I Part A	Title IIA Teacher Quality	REAP Small Rural Sch Program	Education Foundation
<b>Revenues</b>						
Federal grant income	\$ 110,732	\$ 1,939	\$ 40,686	\$ 14,304	\$ 26,712	\$ -
Other income	-	-	-	-	-	612
Charges for services	-	-	-	-	-	-
	<u>110,732</u>	<u>1,939</u>	<u>40,686</u>	<u>14,304</u>	<u>26,712</u>	<u>612</u>
Total revenues	110,732	1,939	40,686	14,304	26,712	612
<b>Expenditures</b>						
Education	<u>110,732</u>	<u>1,939</u>	<u>40,686</u>	<u>14,304</u>	<u>26,712</u>	<u>612</u>
Excess (deficiency) of revenue over expenditures	-	-	-	-	-	-
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-	-
Fund balance, July 1, 2017	-	-	-	-	-	<u>34</u>
Fund balance, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34</u>

*See independent auditor's report*

*(Continued)*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*

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

*For the Year Ended June 30, 2018*

	Private Donation	School Lunch	<b>Total School Special Revenue</b>
<b>Revenues</b>			
Federal grant income	\$ -	\$ 20,608	\$ <b>214,981</b>
State grant income	-	-	<b>612</b>
Charges for services	-	40,549	<b>40,549</b>
	-	40,549	<b>40,549</b>
 Total revenues	 -	 61,157	 <b>256,142</b>
<b>Expenditures</b>			
Education	-	61,830	<b>256,815</b>
	-	61,830	<b>256,815</b>
 Excess (deficiency) of revenue over expenditures	 -	 (673)	 <b>(673)</b>
<b>Other financing sources (uses)</b>			
Transfers in	-	34,674	<b>34,674</b>
Transfers out	-	-	<b>-</b>
	-	-	<b>-</b>
 Excess (deficiency) of revenues and other sources over expenditures and other uses	 -	 34,001	 <b>34,001</b>
Fund balance, July 1, 2017	1,000	(38,380)	<b>(37,346)</b>
	1,000	(38,380)	<b>(37,346)</b>
Fund balance, June 30, 2018	\$ 1,000	\$ (4,379)	\$ <b>(3,345)</b>
	\$ 1,000	\$ (4,379)	\$ <b>(3,345)</b>

*See independent auditor's report*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*  
Combining Balance Sheet - Capital Project Funds

June 30, 2018

	Beach Emergency	Capital Expenditures	School Renovation - Town	Revaluation	School Renovation - School	Pike's Peak	<b>Capital Projects Total</b>
<b>Assets</b>							
Cash and cash equivalents	\$ 31,008	\$ 42,788	\$ (33,856)	\$ 96,672	\$ -	\$ (352)	\$ <b>136,260</b>
Due from other funds	-	5,288	-	-	185,000	-	<b>190,288</b>
Total assets	31,008	48,076	(33,856)	96,672	185,000	(352)	<b>326,548</b>
<b>Deferred Outflows of Resources</b>							
None	-	-	-	-	-	-	-
<b>Total outflows of resources and assets</b>	<u>\$ 31,008</u>	<u>\$ 48,076</u>	<u>\$ (33,856)</u>	<u>\$ 96,672</u>	<u>\$ 185,000</u>	<u>\$ (352)</u>	<u>\$ <b>326,548</b></u>
<b>Liabilities</b>							
Accounts payable and accrued expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-	-	-
<b>Deferred Inflows of Resources:</b>							
None	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-
<b>Fund Balances</b>							
Assigned	31,008	48,076	-	96,672	185,000	-	<b>360,756</b>
Unassigned	-	-	(33,856)	-	-	(352)	<b>(34,208)</b>
Total fund balances (deficits)	<u>31,008</u>	<u>48,076</u>	<u>(33,856)</u>	<u>96,672</u>	<u>185,000</u>	<u>(352)</u>	<u><b>326,548</b></u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<u>\$ 31,008</u>	<u>\$ 48,076</u>	<u>\$ (33,856)</u>	<u>\$ 96,672</u>	<u>\$ 185,000</u>	<u>\$ (352)</u>	<u>\$ <b>326,548</b></u>

*See independent auditor's report*

*(Continued)*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Capital Project Funds

*For the Year Ended June 30, 2018*

	Beach Emergency	Capital Expenditures	School Renovation - Town	Revaluation	School Renovation - School	Pike's Peak	<b>Capital Projects Total</b>
<b>Revenues</b>							
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-	10,000	-	<b>10,000</b>
Investment income	-	-	-	-	-	-	-
Total revenues	-	-	-	-	10,000	-	<b>10,000</b>
<b>Expenditures</b>							
General government	-	-	-	5,120	-	-	<b>5,120</b>
Public safety	-	113,936	-	-	-	-	<b>113,936</b>
Parks, recreation, and other	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Total expenditures	-	113,936	-	5,120	-	-	<b>119,056</b>
Excess (deficiency) of revenue over expenditures	-	(113,936)	-	(5,120)	10,000	-	<b>(109,056)</b>
<b>Other financing sources (uses)</b>							
Transfers in	10,000	159,000	-	25,000	75,000	-	<b>269,000</b>
Transfers out	-	(11,200)	-	-	-	-	<b>(11,200)</b>
Total other financing sources (uses)	10,000	147,800	-	25,000	75,000	-	<b>257,800</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	10,000	33,864	-	19,880	85,000	-	<b>148,744</b>
Fund balance, July 1, 2017	21,008	14,212	(33,856)	76,792	100,000	(352)	<b>177,804</b>
Fund balance, June 30, 2018	\$ 31,008	\$ 48,076	\$ (33,856)	\$ 96,672	\$ 185,000	\$ (352)	\$ <b>326,548</b>

*See independent auditor's report*

*(Continued)*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*  
Combining Balance Sheet - Permanent Trust Funds

*June 30, 2018*

	Cemetery	Historical Cemetery	Raposa Education Trust	Doris Simmons Mem
<b>Assets</b>				
Cash	\$ 37,321	\$ 31,943	\$ 13,458	\$ 3,010
Investments	<u>37,366</u>	-	-	-
<b>Total assets</b>	<u>74,687</u>	<u>31,943</u>	<u>13,458</u>	<u>3,010</u>
<b>Deferred Outflows of Resources</b>				
None	-	-	-	-
<b>Total outflows of resources and assets</b>	<u>\$ 74,687</u>	<u>\$ 31,943</u>	<u>\$ 13,458</u>	<u>\$ 3,010</u>
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 183	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Deposits held in custody	-	-	-	-
<b>Total liabilities</b>	<u>183</u>	-	-	-
<b>Deferred Inflows of Resources</b>				
None	-	-	-	-
<b>Total deferred inflows of resources</b>	-	-	-	-
<b>Fund balances</b>				
Nonspendable		10,000		
Restricted	<u>74,504</u>	<u>21,943</u>	<u>13,458</u>	<u>3,010</u>
<b>Total fund balances (deficits)</b>	<u>74,504</u>	<u>31,943</u>	<u>13,458</u>	<u>3,010</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<u>\$ 74,687</u>	<u>\$ 31,943</u>	<u>\$ 13,458</u>	<u>\$ 3,010</u>

*See independent auditor's report*

*(Continued)*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*  
Combining Balance Sheet - Permanent Trust Funds

June 30, 2018

	R. Peckham	Tree Fund	Philip Wilbur Mem	Adamsville Historical Assoc	<b>Total</b>
<b>Assets</b>					
Cash	\$ 1,365	\$ 6,270	\$ 3,031	\$ 2,174	<b>\$ 98,572</b>
Investments	-	-	-	-	<b>37,366</b>
<b>Total assets</b>	<u>1,365</u>	<u>6,270</u>	<u>3,031</u>	<u>2,174</u>	<b><u>135,938</u></b>
<b>Deferred Outflows of Resources</b>					
None	-	-	-	-	-
<b>Total outflows of resources and assets</b>	<u>\$ 1,365</u>	<u>\$ 6,270</u>	<u>\$ 3,031</u>	<u>\$ 2,174</u>	<b><u>\$ 135,938</u></b>
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ -	\$ 160	\$ -	\$ -	<b>\$ 343</b>
Due to other funds	51	-	-	-	<b>51</b>
Deposits held in custody	-	-	-	-	-
<b>Total liabilities</b>	<u>51</u>	<u>160</u>	<u>-</u>	<u>-</u>	<b><u>394</u></b>
<b>Deferred Inflows of Resources</b>					
None	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>-</u></b>
<b>Fund balances</b>					
Nonspendable					<b>10,000</b>
Restricted	1,314	6,110	3,031	2,174	<b>125,544</b>
<b>Total fund balances (deficits)</b>	<u>1,314</u>	<u>6,110</u>	<u>3,031</u>	<u>2,174</u>	<b><u>135,544</u></b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<u>\$ 1,365</u>	<u>\$ 6,270</u>	<u>\$ 3,031</u>	<u>\$ 2,174</u>	<b><u>\$ 135,938</u></b>

*See independent auditor's report*



**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*

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

*For the Year Ended June 30, 2018*

	<u>Cemetery</u>	<u>Historical Cemetery</u>	<u>Raposa Education Trust</u>	<u>Doris Simmons Mem</u>
<b>Revenues</b>				
Investment income	\$ 8	\$ 3	\$ 13	\$ 3
Unrealized gain/(loss)	530	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>538</u>	<u>3</u>	<u>13</u>	<u>3</u>
<b>Expenditures</b>				
General government	-	-	-	-
Education	-	-	-	-
Parks, recreation, and other	<u>1,196</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,196</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	(658)	3	13	3
Fund balance, July 1, 2017	<u>75,162</u>	<u>31,940</u>	<u>13,445</u>	<u>3,007</u>
Fund balance, June 30, 2018	<u>\$ 74,504</u>	<u>\$ 31,943</u>	<u>\$ 13,458</u>	<u>\$ 3,010</u>

*See independent auditor's report*

*(Continued)*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*

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

*For the Year Ended June 30, 2018*

	<u>R. Peckham</u>	<u>Tree Fund</u>	<u>Philip Wilbur Mem</u>	<u>Adamsville Historical Assoc</u>	<u>Total</u>
<b>Revenues</b>					
Investment income	\$ 1	\$ 6	\$ 3	\$ 2	\$ 39
Unrealized gain/(loss)	-	-	-	-	530
Other	-	2,885	-	-	2,885
Total revenue	<u>1</u>	<u>2,891</u>	<u>3</u>	<u>2</u>	<u>3,454</u>
<b>Expenditures</b>					
General government	-	-	-	-	-
Education	-	-	-	-	-
Parks, recreation, and other	-	1,496	-	-	2,692
Total expenditures	<u>-</u>	<u>1,496</u>	<u>-</u>	<u>-</u>	<u>2,692</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Excess of revenues and other sources over expenditures and other uses	1	1,395	3	2	762
Fund balance, July 1, 2017	<u>1,313</u>	<u>4,715</u>	<u>3,028</u>	<u>2,172</u>	<u>134,782</u>
Fund balance, June 30, 2018	<u>\$ 1,314</u>	<u>\$ 6,110</u>	<u>\$ 3,031</u>	<u>\$ 2,174</u>	<u>\$ 135,544</u>

*See independent auditor's report*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*  
Annual Supplemental Transparency Report (MTP2)

*For the Year Ended June 30, 2018*

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**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)

*See independent auditor's report*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*  
Annual Supplemental Transparency Report (MTP2)

*For the Year Ended June 30, 2018*

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 11,688,757	\$ -
Last Year's Levy Tax Collection	64,729	-
Prior Years Property Tax Collection	244,025	-
Interest & Penalty	128,147	-
PILOT & Tax Treaty (excluded from levy) Collection	-	-
Other Local Property Taxes	-	-
Licenses and Permits	399,115	-
Fines and Forfeitures	13,518	-
Investment Income	4,345	-
Departmental	-	-
Rescue Run Revenue	325,817	-
Police & Fire Detail	53,600	-
Other Local Non-Property Tax Revenues	19,557	-
Tuition	-	30,000
Impact Aid	-	-
Medicaid	-	24,331
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	-
CDBG	43,809	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	-	194,375
MV Excise Tax Reimbursement & Phase-out	46,639	-
State PILOT Program	-	-
Distressed Community Relief Fund	-	-
Library Resource Aid	35,067	-
Library Construction Aid	-	-
Public Service Corporation Tax	43,807	-
Meals & Beverage Tax / Hotel Tax	86,940	-
LEA Aid	-	397,073
Group Home	-	-
Housing Aid Capital Projects	-	-
Housing Aid Bonded Debt	332,801	-
State Food Service Revenue	-	20,608
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	-	-
Other Revenue	-	64,775
Local Appropriation for Education	-	6,677,480
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
<b>Total Revenue</b>	<b>\$ 13,530,673</b>	<b>\$ 7,408,642</b>
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	32,200	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
<b>Total Other Financing Sources</b>	<b>\$ 32,200</b>	<b>\$ -</b>

*See independent auditor's report*

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information  
Annual Supplemental Transparency Report (MTP2)

For the Year Ended June 30, 2018

EXPENDITURES	General		Social	Centralized			Public	Parks and	Police
	Government	Finance	Services	IT	Planning	Libraries	Works	Rec	Department
Compensation- Group A	\$ 237,972	\$ 155,456	\$ 5,683	\$ -	\$ -	\$ 131,538	\$ 176,929	\$ 120,754	\$ 695,420
Compensation - Group B	-	-	-	-	-	-	-	-	-
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	252	-	-	-	-	-	3,885	-	54,610
Overtime - Group B	-	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	-
Active Medical Insurance- Group A	84,106	48,060	-	-	-	24,030	36,045	-	120,151
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	-
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	7,183	4,105	-	-	-	2,052	3,079	-	10,262
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	-
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	33,827	19,330	435	-	-	9,665	14,497	9,238	48,326
Life Insurance	31	18	-	-	-	9	13	-	45
State Defined Contribution- Group A	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	-	-	-	-	-	-	-
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	214,982	31,732	-	-	-	-	32,420	-	110,356
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	45,184
Purchased Services	7,213	39,746	-	27,890	-	3,281	8,090	82,824	-
Materials/Supplies	2,482	8,314	750	140	3,974	4,114	1,250	27,119	3,927
Software Licenses	9,093	-	-	22,018	-	-	-	-	5,901
Capital Outlays	100,000	-	-	9,230	-	-	217,489	21,898	-
Insurance	114,946	-	-	-	-	-	-	-	-
Maintenance	6,492	-	-	-	-	-	7,227	19,040	-
Vehicle Operations	890	-	-	-	-	-	16,086	177	34,415
Utilities	8,902	-	-	1,264	-	1,933	4,512	-	737
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	2,433	-	-
Revaluation	-	5,120	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	79,843	-	-
Trash Removal & Recycling	-	-	-	-	-	-	201,064	-	-
Claims & Settlements	132,520	-	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	-	-	-
Other Operation Expenditures	47,780	30,719	-	10,000	-	-	120,095	53,009	10,466
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	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 1,008,673</b>	<b>\$ 342,600</b>	<b>\$ 6,868</b>	<b>\$ 70,542</b>	<b>\$ 3,974</b>	<b>\$ 176,622</b>	<b>\$ 924,958</b>	<b>\$ 334,059</b>	<b>\$ 1,139,800</b>

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information  
Annual Supplemental Transparency Report (MTP2)

For the Year Ended June 30, 2018

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ 641,758	\$ 178,049	\$ -	\$ -	\$ -	\$ -	\$ 2,343,558	\$ 2,669,936
Compensation - Group B	-	-	-	-	-	-	-	317,620
Compensation - Group C	-	-	-	-	-	-	-	406,840
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	106,096	19,355	-	-	-	-	184,198	-
Overtime - Group B	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	31,852
Police & Fire Detail	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	108,136	48,061	-	-	-	-	468,589	516,065
Active Medical Insurance- Group B	-	-	-	-	-	-	-	23,312
Active Medical Insurance- Group C	-	-	-	-	-	-	-	105,027
Active Dental insurance- Group A	9,236	4,105	-	-	-	-	40,022	31,954
Active Dental Insurance- Group B	-	-	-	-	-	-	-	296
Active Dental Insurance- Group C	-	-	-	-	-	-	-	4,119
Payroll Taxes	43,492	19,330	-	-	-	-	198,138	84,734
Life Insurance	1,088	18	-	-	-	-	1,222	13,519
State Defined Contribution- Group A	-	-	-	-	-	-	-	63,223
State Defined Contribution - Group B	-	-	-	-	-	-	-	5,933
State Defined Contribution - Group C	-	-	-	-	-	-	-	243
Other Benefits- Group A	-	-	-	-	-	-	-	19,265
Other Benefits- Group B	-	-	-	-	-	-	-	81
Other Benefits- Group C	-	-	-	-	-	-	-	13
Local Defined Benefit Pension- Group A	90,881	25,966	-	-	-	-	506,338	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	-	-	-	-	-	-	299,113
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	14,940
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	2,340
Other Defined Benefit / Contribution	-	-	-	-	-	-	45,184	-
Purchased Services	1,058	-	16,867	-	-	-	186,969	2,189,439
Materials/Supplies	7,265	-	2,658	-	-	-	61,993	123,381
Software Licenses	1,058	-	-	-	-	-	38,070	9,781
Capital Outlays	3,593	-	-	-	-	-	352,210	73,892
Insurance	-	-	-	-	-	-	114,946	24,068
Maintenance	-	-	9,245	-	-	-	42,004	107,338
Vehicle Operations	164,427	-	-	-	-	-	215,995	-
Utilities	292	14,077	18,553	-	-	-	50,271	100,216
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	2,433	-
Revaluation	-	-	-	-	-	-	5,120	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	79,843	-
Trash Removal & Recycling	-	-	-	-	-	-	201,064	-
Claims & Settlements	-	-	-	-	-	-	132,520	-
Community Support	-	-	-	-	-	-	-	-
Other Operation Expenditures	48,678	-	6,001	-	-	-	326,749	36,024
Local Appropriation for Education	-	-	-	6,677,480	-	-	6,677,480	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	490,000	-	490,000	-
Municipal Debt- Interest	-	-	-	-	375,480	-	375,480	-
School Debt- Principal	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	190,676	190,676	54
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 1,227,058</b>	<b>\$ 308,960</b>	<b>\$ 53,323</b>	<b>\$ 6,677,480</b>	<b>\$ 865,480</b>	<b>\$ 190,676</b>	<b>\$ 13,331,072</b>	<b>\$ 7,274,618</b>

Financing Uses: Transfer to Capital Funds	\$ 200,700	\$ -
Financing Uses: Transfer to Other Funds	-	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
<b>Total Other Financing Uses</b>	<b>\$ 200,700</b>	<b>\$ -</b>
<b>Net Change in Fund Balance<sup>1</sup></b>	<b>31,101</b>	<b>134,024</b>
<b>Fund Balance1- beginning of year</b>	<b>\$1,820,543</b>	<b>\$140,754</b>
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	-
Misc. Adjustment	-	-
<b>Fund Balance<sup>1</sup> - beginning of year adjusted</b>	<b>1,820,543</b>	<b>140,754</b>
Rounding	-	-
<b>Fund Balance<sup>1</sup> - end of year</b>	<b>\$ 1,851,644</b>	<b>\$ 274,778</b>

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

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information  
Annual Supplemental Transparency Report (MTP2)

For the Year Ended June 30, 2018

Per Audited Fund Financial Statements Fund Description	Total	Total Other Financing	Total	Total Other Financing	Net Change in Fund	Beginning Fund	Prior Period	Restated Beginning	Ending
	Revenue	Sources	Expenditures	Uses	Balance <sup>1</sup>	Fund Balance <sup>1</sup> (Deficit)	Adjustment	Fund Balance <sup>1</sup> (Deficit)	Fund Balance <sup>1</sup> (Deficit)
General Fund	\$ 13,299,006	\$ 32,200	\$ 6,430,553	\$ 6,903,180	\$ (2,527)	\$ 1,636,641	\$ -	\$ 1,636,641	\$ 1,634,114
Special Revenue Funds - CDBG	43,809	-	44,187	-	(378)	10,934	-	10,934	10,556
Special Revenue Funds - Ambulance Reimbursement	181,470	-	164,238	-	17,232	95,836	-	95,836	113,068
Special Revenue Funds - Fire Inspection	6,388	-	9,494	-	(3,106)	151	-	151	(2,955)
Capital Projects Funds - Revaluation	-	25,000	5,120	-	19,880	76,981	-	76,981	96,861
<b>Totals per audited financial statements</b>	<b>\$ 13,530,673</b>	<b>\$ 57,200</b>	<b>\$ 6,653,592</b>	<b>\$ 6,903,180</b>	<b>\$ 31,101</b>	<b>\$ 1,820,543</b>	<b>\$ -</b>	<b>\$ 1,820,543</b>	<b>\$ 1,851,644</b>
<b>Reconciliation from financial statements to MTP2</b>									
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	\$ -	\$ -	\$ 6,677,480	\$ (6,677,480)	\$ -	\$ -	\$ -	\$ -	\$ -
Eliminate transfers between Funds reported on MTP2:	-	-	-	-	-	-	-	-	-
- from General Fund to Revaluation Fund	-	(25,000)	-	(25,000)	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
<b>Totals Per MTP2</b>	<b>\$ 13,530,673</b>	<b>\$ 32,200</b>	<b>\$ 13,331,072</b>	<b>\$ 200,700</b>	<b>\$ 31,101</b>	<b>\$ 1,820,543</b>	<b>\$ -</b>	<b>\$ 1,820,543</b>	<b>\$ 1,851,644</b>

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

See independent auditor's report

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

*Supplementary Information*  
Annual Supplemental Transparency Report (MTP2)

*For the Year Ended June 30, 2018*

Per Audited Fund Financial Statements Fund Description	Total	Total Other	Total	Total Other	Net Change	Beginning Fund	Prior Period	Restated Beginning	Ending
	Revenue	Financing Sources	Total Expenditures	Financing Uses	in Fund Balance <sup>1</sup>	Fund Balance <sup>1</sup> (Deficit)	Adjustment	Fund Balance <sup>1</sup> (Deficit)	Fund Balance <sup>1</sup> (Deficit)
School Unrestricted Fund	\$ 713,821	\$ 6,677,480	\$ 7,266,603	\$ 109,674	\$ 15,024	\$ 78,100	\$ -	\$ 78,100	\$ 93,124
Enterprise Fund1	61,157	34674	61,830	-	34,001	(37,346)	-	(37,346)	(3,345)
SBA School Capital Project Fund	10,000	75,000	-	-	85,000	100,000	-	100,000	185,000
School Special Revenue Funds	194,985	-	194,985	-	-	-	-	-	-
<b>Totals per audited financial statements</b>	<b>\$ 979,963</b>	<b>\$ 6,787,154</b>	<b>\$ 7,523,418</b>	<b>\$ 109,674</b>	<b>\$ 134,025</b>	<b>\$ 140,754</b>	<b>\$ -</b>	<b>\$ 140,754</b>	<b>\$ 274,779</b>
<b><u>Reconciliation from financial statements to MTP2</u></b>									
Municipal appropriation for Education reported as a transfer on financial statements but a revenue on MTP2	\$ 6,677,480	\$ (6,677,480)	-	-	-	-	-	-	-
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(248,803)	-	(248,803)	-	-	-	-	-	-
Transfers of \$75,000 and \$34,674 ( from School Unrestricted to the School SBA Capital Project Fund and the School Nutrition Fund, respectively) are reported as an Other Financing Source and Use for GAAP while they are not reported in UCOA or the MTP2 because the transfers net to zero.	-	(109,674)	-	(109,674)	-	-	-	-	-
Miscellaneous variances between UCOA & FS	-	-	-	-	-	-	-	-	-
Rounding	2	-	3	-	(1)	-	-	-	(1)
<b>Totals Per MTP2</b>	<b>\$ 7,408,642</b>	<b>\$ -</b>	<b>\$ 7,274,618</b>	<b>\$ -</b>	<b>\$ 134,024</b>	<b>\$ 140,754</b>	<b>\$ -</b>	<b>\$ 140,754</b>	<b>\$ 274,778</b>
<b><u>Reconciliation from MTP2 to UCOA</u></b>									
No reconciling items for fiscal 2018	-	-	-	-	-	-	-	-	-
<b>Totals per UCOA Validated Totals Report</b>	<b>\$ 7,408,642</b>	<b>\$ -</b>	<b>\$ 7,274,618</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

*See independent auditor's report*



## TOWN OF LITTLE COMPTON, RHODE ISLAND

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

*For the Year Ended June 30, 2018*

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#### 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 audit report 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 City's (or Town's) budget and accounting system. To report these costs, the City (or 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

*See independent auditor's report*

**TOWN OF LITTLE COMPTON, RHODE ISLAND**

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

*For the Year Ended June 30, 2018*

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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/>.*

*See independent auditor's report*

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Little Compton, Rhode Island (the Town), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Town's basic financial statements, and have issued our report thereon dated January 29, 2019.

**Internal Control over Financial Reporting**

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

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

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

**Town of Little Compton, Rhode Island**  
Independent Auditors' Report on Internal Control

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Hague, Sabady & Co. PC*

Fall River, Massachusetts  
January 29, 2019