

TOWN OF LITTLE COMPTON, RHODE ISLAND
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

TOWN OF LITTLE COMPTON, RHODE ISLAND

JUNE 30, 2019

Table of Contents

<i>Independent Auditor's Report</i>	1
Management's Discussion and Analysis (MD&A)	4
Basic Financial Statements	14
Statement of Net Position.....	14
Statement of Activities	16
Balance Sheet - Governmental Funds	18
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position.....	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds ...	20
Reconciliation of the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances to the Statement of Activities.....	21
Statement of Fiduciary Net Position - Fiduciary Funds	22
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	23
Notes to the Financial Statements	24
Required Supplementary Information.....	69
Budgetary Comparison Schedule - General Fund	69
Notes to Budgetary Comparison Schedule – General Fund	71
Budgetary Comparison Schedule - Unrestricted School Fund	72
Notes to Supplementary Information – Budgetary Comparison Unrestricted School Fund ..	73
Schedule of Town's Proportionate Share of Net Pension Liability - Employees Retirement System.....	74
Schedule of Employer Contributions - Employees Retirement System.....	75
Schedule of Town's Proportionate Share of Net Pension Asset - Teachers' Survivors Benefit Plan	76

Schedule of Contributions - Teachers' Survivors Benefit Plan	77
Notes to ERS and TSB Pension Plans.....	78
Schedule of Changes in Net Pension Liability and Related Ratios - Town Municipal Employees Pension Plan	80
Schedule of Employers Contributions - Town Employees' Pension Plan	82
Schedule of Investment Returns and Notes - Town Employees' Pension Plan	83
Schedule of Changes in Net OPEB Liability and Related Ratios	84
Schedule of Employers Contributions and Notes- OPEB	85
Supplementary Information	86
Tax Collector's Annual Report	86
Combining Balance Sheet - Non-Major Governmental Funds	88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds	89
Combining Balance Sheet - Special Revenue Town.....	90
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Town.....	94
Combining Balance Sheet - Special Revenue School	98
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Special Revenue School	100
Combining Balance Sheet - Capital Project Funds	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Capital Project Funds	103
Combining Balance Sheet - Permanent Trust Funds.....	104
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Permanent Trust Funds.....	106
Annual Supplemental Transparency Report (MTP2).....	108
<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>	116

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Independent Auditor's Report

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

Report on the Financial Statements

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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Little Compton, Rhode Island, as of June 30, 2019, and the respective changes in financial position 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 and School Unrestricted Fund, Pension related disclosures, and OPEB related disclosures, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The Tax collector's annual report, Combining Governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balance, and Annual Supplemental Transparency Report (MTP2) are the responsibility of management and were derived from and relates 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 Tax collector's annual report, Combining Governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balance, and Annual Supplemental Transparency Report (MTP2) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

Hague, Sabady & Co. PC

Fall River, Massachusetts
December 23, 2019

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2019

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, 2019 (FY 2019) and 2018 (FY 2018). We encourage readers to consider the information presented here in conjunction with additional information found within the financial statements.

Financial Highlights

Government-Wide Financial Statements (Primary Government)

- The liabilities and deferred inflows of the Town exceeded its assets and deferred outflows as of June 30, 2019 by \$1,642,551 (net position). The Town realized an increase in its net position by \$252,397 in FY 19.
- The Town's net other post employment liability increased from \$2,412,372 as restated at the beginning of the current year to \$2,441,944 at June 30, 2019. This was primarily because of a reduction in the discount rate from 4.0% to 3.8%.
- The Town's total bonded debt as of June 30, 2019 was \$9,547,775 consisting of a \$9,325,000 school renovation revenue bond which included \$222,775 of bond premiums. During 2019, \$455,000 was paid in principal and \$395,976 was paid in interest on the bonds.

Governmental Fund Financial Statements:

- The General Fund assets plus deferred outflows of the Town exceeded its liabilities plus deferred inflows as of June 30, 2019 and 2018 by \$1,921,851 and \$1,634,114, respectively.
- The School's operating funds, assets plus deferred outflow, exceeded its liabilities plus deferred inflows as of June 30, 2019 and June 30, 2018 by \$9,798 and \$93,124, respectively.

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. These are prepared using the economic resources measurement focus and the accrual basis of accounting. They take into account all revenues recognized and expenses incurred even if the cash has not been received or paid.

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 or decreases in the Town's net position serves as a useful indicator of whether the financial position is improving or deteriorating.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2019

Government-Wide and Fund Financial Statements (continued)

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 in this Statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The statement also presents a comparison between direct expenses and program revenues for each function of the Town. The activities of this section (*governmental activities*) are principally supported by taxes and intergovernmental revenues (*federal and state grants*) 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.

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.

Discretely Presented Component Unit – This represents a legally separate entity, the Agricultural Trust, for which the Town has financial accountability but functions independent of the Town. This entity operates similar to a private sector business. Additional information about the Town's component unit is presented in the notes to the financial statements.

The government -wide financial statements can be found on pages 14-17 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 maintain control over resources that have been segregated for specific projects, activities, or objectives. 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: governmental and fiduciary funds.

Governmental Funds

Most of the basic services provided by the Town are financed through governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the Government-Wide financial statements, the Governmental fund financial statements focus on near term inflows and outflows of spendable resources. The focus is also on the balances left at the end of the fiscal year available for spending. Such information may be useful in evaluating the governments near-term financing requirements. This approach is known as the flow of current financial resources measurement focus and modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual (i.e. measurable and available to liquidate liabilities of the current period.) Expenditures are generally recorded when liabilities are incurred, except for those related to long-term liabilities, which are recorded when due and payable. 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.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2019

Governmental Funds (continued)

The basic governmental fund financial statements can be found on pages 18-21 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-nine 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 non-major 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 69-71 and 84-85 of this report.

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 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 and activities not accounted for and reported in another fund. It is the only fund that operates a positive unassigned fund balance.

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. These funds include 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 economic resources measurement focus and the 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 account for contributions made by the Town and its participating employees to provide retirement benefits to the participants.

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 22-23 of this report.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2019

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 24-68 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 post-employment 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 69-85 of this report. Other supplementary information including the tax collectors report, combining financial statements and MTP2 Annual Transparency Report can be found on pages 86-115.

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 \$1,642,551 and \$1,894,948 as of June 30, 2019 and 2018, respectively.

At June 30, 2019, one of the largest portions of the Town's total net position reflects its investment in capital assets (e.g., land, construction in progress, land improvements, infrastructure, building and improvements, office equipment, computer equipment and software, vehicles, machinery and equipment, and textbooks and library books), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to its residents; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2019

Government-Wide Financial Analysis (continued):

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

	2019	2018	\$ Change
Assets			
Current assets	\$ 3,659,018	\$ 3,822,357	\$ (163,339)
Long-term assets	14,074,281	14,202,397	(128,116)
Total assets	17,733,299	18,024,754	(291,455)
Deferred Outflows of Resources			
Deferred outflows of resources	2,690,329	2,151,155	539,174
Total deferred outflows of resources	2,690,329	2,151,155	539,174
Liabilities			
Current liabilities	1,248,320	1,484,154	(235,834)
Long-term liabilities	18,569,457	18,477,100	92,357
Total liabilities	19,817,777	19,961,254	(143,477)
Deferred Inflows of Resources			
Deferred inflows of resources	2,248,402	2,109,603	138,799
Total deferred inflows of resources	2,248,402	2,109,603	138,799
Net Position			
Net investment in capital assets	3,504,723	3,561,447	(56,724)
Restricted	883,424	503,119	380,305
Unrestricted	(6,030,698)	(5,959,514)	(71,184)
Total net position	\$ (1,642,551)	\$ (1,894,948)	\$ 252,397

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2019

Government-Wide Financial Analysis (continued)

As of June 30, 2019 and 2018, cash and investments totaled \$2,422,312 and \$2,632,068, respectively, for the primary government.

The Town's net position increased by \$252,397 in 2019 and increased by \$60,137 in 2018.

The majority of general revenues are tax collections from the Town's taxpayers, which represents 80% and 83% of total revenues for fiscal years 2019 and 2018, respectively.

The Town's most significant expense is education, which in 2019 represented 53% of total expenses, followed by public safety and general governmental services at 16%.

	Changes in Net Position Primary Government		
	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>
Revenues			
Program Revenues:			
Charges for services	\$ 1,086,208	\$ 699,363	\$ 386,845
Operating grants & contributions	1,068,679	831,666	237,013
Capital grants & contributions	4,604	10,000	(5,396)
General Revenues:			
Real estate & property taxes, net	12,528,333	12,103,939	424,394
Motor vehicle phase-out	66,928	46,640	20,288
General state aid	651,276	729,874	(78,598)
Meal tax	84,248	86,941	(2,693)
Telephone tax	44,099	43,807	292
Earnings on investments	13,300	5,177	8,123
Miscellaneous	32,421	67,844	(35,423)
Total revenue	<u>15,580,096</u>	<u>14,625,251</u>	<u>954,845</u>
Expenses			
General government	2,477,408	2,406,225	71,183
Finance administration	125,551	158,898	(33,347)
Public safety	2,475,360	2,482,986	(7,626)
Education	8,085,120	7,784,363	300,757
Public works	695,301	555,079	140,222
Transfer station	186,152	163,064	23,088
Parks, recreation, and other services	621,209	484,133	137,076
State contribution to teachers pension plan	268,775	120,241	148,534
Interest on debt	392,823	410,125	(17,302)
Total expenses	<u>15,327,699</u>	<u>14,565,114</u>	<u>762,585</u>
Increase(decrease) in net position	252,397	60,137	192,260
Net position-beginning of year	<u>(1,894,948)</u>	<u>(1,955,085)</u>	<u>60,137</u>
Net position-end of year	<u>\$ (1,642,551)</u>	<u>\$ (1,894,948)</u>	<u>\$ 252,397</u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2019

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 \$28,685,001. Net position, net of investment in capital assets, comprises \$26,312,573, or 92% of total net position. The remaining balance of net position of the Agricultural Trust, totaling \$2,372,428, 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, 2019, the Town's governmental funds reported combined fund balances of \$2,918,899 of which \$1,576,312 constitutes unassigned fund balance, which is available for spending at the Town's discretion, \$356,723 constitutes assigned fund balance, which has been designated by the Town Council for specific purposes. \$50,752 is committed by Town Council toward the FY20 budget, \$873,424 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, 2018, the governmental funds reported combined fund balances of \$2,599,914.

The General Fund had a fund balance of \$1,921,851 and \$1,634,114 at June 30, 2019 and 2018, respectively. The School's operating fund balance is \$9,798 and \$93,124 at June 30, 2019 and 2018, respectively. The fund balance of the Non-Major Governmental Funds is \$987,250 and \$872,676 as of June 30, 2019 and 2018, respectively.

General Fund Budgetary Highlights

During fiscal year 2019, the actual charges to appropriations (expenditures) were lower than the final budgeted amounts by \$135,088 for the general fund and were higher than budgeted amount by \$83,326 for the school unrestricted fund. For 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 2019, revenues were \$188,721 in excess of budgeted amounts for the general fund and \$4,880 more than budgeted amounts 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.

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 \$188,721 higher than budgeted primarily due to the following.

- \$94,093 more collected than anticipated for general property taxes.
- \$69,310 more earned in licenses, permits and fees primarily due to building and mechanical permits.
- \$71,653 more than budgeted in miscellaneous items, which included \$29,080 from the Little Compton Housing Trust.

Total expenditures were lower than anticipated by \$135,088 primarily due to the following:

- \$70,475 favorable variance in employee benefits.
- \$15,791 less spent on Town Administrator than were originally budgeted, part of financial administration expenditures

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2019

Capital Asset Administration

The Town's investment in capital assets for governmental activities as of June 30, 2019 amounts to \$13,334,219, net of accumulated depreciation. The following is a summary of capital assets, net of accumulated depreciation where applicable, as of June 30, 2019 and 2018.

	Capital Assets		
	Governmental Activities		
	2019	2018	\$ Change
Primary government:			
Land	\$ 548,179	\$ 548,179	\$ -
Land improvements, net	403,619	416,178	(12,559)
Building & improvements, net	10,096,325	10,765,421	(669,096)
Infrastructure, net	1,133,262	1,167,431	(34,169)
Machinery and equipment, net	534,916	624,617	(89,701)
Office equipment and furniture, net	520,252	259,726	260,526
Technology equipment, net	4,067	4,314	(247)
Vehicles, net	73,568	67,201	6,367
Library and textbooks, net	20,031	27,598	(7,567)
 Total primary government	 \$ 13,334,219	 \$ 13,880,665	 \$ (546,446)
 Component unit	 \$ 26,312,573	 \$ 21,384,522	 \$ 4,928,051

Additional information on the Town's capital assets may be found starting on page 39 of the notes to the financial statements.

Debt Administration

The Town's outstanding bonded debt and capital leases for governmental activities as of June 30, 2019 were \$9,547,775 and \$281,721, respectively. The following is a summary of outstanding debt as of June 30, 2019 and 2018.

	Debt Administration		
	Governmental Activities		
	2019	2018	\$ Change
Primary government:			
Capital leases	\$ 281,721	\$ 290,905	\$ (9,184)
Bonds and notes payable	9,547,775	10,028,313	(480,538)
 Total primary government	 \$ 9,829,496	 \$ 10,319,218	 \$ (489,722)

Additional information on the Town's long-term debt may be found starting on page 40 of the notes to the financial statements.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2019

Factors Bearing on the Town's Future

The cost of providing Town services continued to increase in Fiscal Year 19. Of particular significance were the following expenses over which the Town had 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, which continued to require the expenditure of significant funds.

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 post-employment benefits (OPEB)
- adequately funding infrastructure improvements in roads and structures via the Town's capital funding

The Town Council, Town Administrator and department heads have made these issues primary among their duties.

The Council and Town Administrator have begun the process which will replace the elected position of Town Treasurer with an appointed position of Town Finance Director. Completion of this conversion is expected to occur early in Fiscal Year 21 and to provide improvements in financial planning, budgeting, and oversight of financial decisions.

The Town Council, the School Committee and the Budget Committee have continued to work together effectively. Efforts include continuing to identify and monitor 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, 2019

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, 2019

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Agricultural Trust</u>
ASSETS		
Cash and cash equivalents	\$ 2,422,432	\$ 739,519
Short-Term investments	38,796	-
Receivables, net		
Personal property taxes	757,749	-
Intergovernmental	19,352	-
Departmental and other	368,917	-
Prepaid expenses	28,875	-
Inventory	22,897	-
Due from Town	-	223,487
Net pension asset	455,120	-
Non current investments	284,942	1,418,243
Capital assets:		
Land and land easements	548,179	26,312,573
Infrastructure, net	403,619	-
Building and building improvements, net	10,096,325	-
Land improvements, net	1,133,262	-
Vehicles, net	534,916	-
Machinery and equipment, net	520,252	-
Office equipment, net	4,067	-
Technology equipment, net	73,568	-
Library and textbooks, net	20,031	-
Total capital assets	<u>13,334,219</u>	<u>26,312,573</u>
Total assets	<u>17,733,299</u>	<u>28,693,822</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflows	<u>2,690,329</u>	-
Total deferred outflows of resources	<u>2,690,329</u>	-
Total assets and deferred outflows of resources	<u>\$ 20,423,628</u>	<u>\$ 28,693,822</u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Statement of Net Position

June 30, 2019

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Agricultural Trust</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 392,720	\$ 8,821
Accrued interest	55,118	-
Due to Agricultural Trust	223,487	-
Current portion of capital leases	65,832	-
Current portion of bonds and notes payable	489,887	-
Current portion of compensated absences	21,276	-
Portion due or payable in more than one year:		
Capital leases	215,889	-
Bonds and notes payable	9,057,888	-
Compensated absences	262,399	-
Net pension liability	6,591,337	-
Net other post-employment benefit liability	<u>2,441,944</u>	<u>-</u>
Total liabilities	<u>19,817,777</u>	<u>8,821</u>
DEFERRED INFLOWS OF RESOURCES		
Unearned revenues	50,000	
Pension related deferred inflows	<u>2,198,402</u>	<u>-</u>
Total deferred inflows of resources	<u>2,248,402</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	3,504,723	26,312,573
Restricted	883,424	-
Unrestricted	<u>(6,030,698)</u>	<u>2,372,428</u>
Total net position	<u>(1,642,551)</u>	<u>28,685,001</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 20,423,628</u>	<u>\$ 28,693,822</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, 2019

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>	<u>Component Unit Agricultural Trust</u>
Governmental Activities						
General government	\$ 2,477,408	\$ 275,964	\$ 54,252	\$ -	\$ (2,147,192)	\$ -
Finance administration	125,551	-	-	-	(125,551)	-
Public safety	2,475,360	236,897	348,418	-	(1,890,045)	-
Education	8,085,120	78,472	194,433	-	(7,812,215)	-
Public works	695,301	205,398	-	4,604	(485,299)	-
Transfer station	186,152	-	-	-	(186,152)	-
Parks, recreation, and other services	621,209	289,477	202,801	-	(128,931)	-
State contribution to teacher pension plan	268,775	-	268,775	-	-	-
Interest on debt	<u>392,823</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(392,823)</u>	<u>-</u>
Total primary government	<u>15,327,699</u>	<u>1,086,208</u>	<u>1,068,679</u>	<u>4,604</u>	<u>(13,168,208)</u>	<u>-</u>
Component Unit						
Agricultural Trust	<u>125,674</u>	<u>1,392,877</u>	<u>-</u>	<u>525</u>	<u>-</u>	<u>1,267,728</u>
Total Town of Little Compton	<u>\$ 15,453,373</u>	<u>\$ 2,479,085</u>	<u>\$ 1,068,679</u>	<u>\$ 5,129</u>	<u>\$ (13,168,208)</u>	<u>\$ 1,267,728</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, 2019

	Net (Expense) Revenue and Changes in Net Position	
	Primary Government	Component Unit
	Governmental Activities	Agricultural Trust
Total Town of Little Compton	\$ (13,168,208)	\$ 1,267,728
General revenues		
Real estate and personal property, net of reserve for abatement	12,528,333	-
Motor vehicle phase-out	66,928	-
General state aid	651,276	-
Meal tax	84,248	-
Telephone tax	44,099	-
Earnings on investments	13,300	27,537
Miscellaneous	<u>32,421</u>	<u>-</u>
Total general revenues	<u>13,420,605</u>	<u>27,537</u>
Changes in net position	252,397	1,295,265
Net position - July 1, 2018	<u>(1,894,948)</u>	<u>27,389,736</u>
Net position - June 30, 2019	<u>\$ (1,642,551)</u>	<u>\$ 28,685,001</u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Governmental Funds
Balance Sheet

June 30, 2019

	<u>Major Funds</u>		<u>Non-Major</u>	<u>Total</u>
	<u>General Fund</u>	<u>School Unrestricted</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 1,554,837	\$ 230,761	\$ 636,834	\$ 2,422,432
Short-Term investments			38,796	38,796
Receivables:				
Property taxes, less reserve for abatements	757,749	-	-	757,749
Intergovernmental	2,154	-	17,198	19,352
Other	23,481	212,782	132,654	368,917
Prepaid items	1,911	26,964	-	28,875
Inventories	22,613	-	284	22,897
Non-current investments	261,758	-	23,184	284,942
Due from other funds	50	24,188	244,671	268,909
Total assets	<u>2,624,553</u>	<u>494,695</u>	<u>1,093,621</u>	<u>4,212,869</u>
Deferred Outflows of Resources				
Deferred outflows	-	-	-	-
Total deferred outflows of resources and assets	<u>\$ 2,624,553</u>	<u>\$ 494,695</u>	<u>\$ 1,093,621</u>	<u>\$ 4,212,869</u>
Liabilities				
Accounts payable and accrued expenses	\$ 82,736	\$ 259,898	\$ 50,086	\$ 392,720
Due to Agricultural Trust	223,487	-	-	223,487
Due to other funds	37,625	224,999	6,285	268,909
Total Liabilities	<u>343,848</u>	<u>484,897</u>	<u>56,371</u>	<u>885,116</u>
Deferred Inflows of Resources				
Unearned revenues - other			50,000	50,000
Unearned tax revenue	358,854	-	-	358,854
Total deferred inflows of resources	<u>358,854</u>	<u>-</u>	<u>50,000</u>	<u>408,854</u>
Fund balance				
Nonspendable	24,524	26,964	10,000	61,488
Restricted		-	873,424	873,424
Committed	50,952			50,952
Assigned	205,301	-	151,422	356,723
Unassigned	1,641,074	(17,166)	(47,596)	1,576,312
Total fund balance	<u>1,921,851</u>	<u>9,798</u>	<u>987,250</u>	<u>2,918,899</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 2,624,553</u>	<u>\$ 494,695</u>	<u>\$ 1,093,621</u>	<u>\$ 4,212,869</u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

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

June 30, 2019

Total governmental fund balances	\$ 2,918,899
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	13,334,219
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	455,120
Deferred taxes are not available to pay for current-period expenditures and, therefore, are not reported in the governmental funds	358,854
Deferred outflows of resources due to various aspects associated with Town pension plans	2,690,329
Deferred inflows of resources due to various aspects associated with Town pension plans	(2,198,402)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due	(55,118)
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	(9,547,775)
Capital leases	(281,721)
Compensated absences	(283,675)
ERS - net pension liability	(4,428,409)
Town pension liability	(2,162,928)
Net other postemployment benefits liability	<u>(2,441,944)</u>
Net position of governmental activities	<u>\$ (1,642,551)</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, 2019

	<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>
Revenues				
General property taxes and penalties	\$ 12,529,890	\$ -	\$ -	\$ 12,529,890
Intergovernmental revenue	492,585	357,321	682,193	1,532,099
Donation revenues	800	-	47,458	48,258
Departmental and other revenue	-	31,500	368,096	399,596
Licenses, permits, and fees	430,310	-	-	430,310
Beach receipts	259,506	-	-	259,506
Investment income	11,709	-	1,592	13,301
State contribution to teachers' pension plan	-	268,775	-	268,775
Miscellaneous revenue	71,653	28,265	-	99,918
Total revenues	<u>13,796,453</u>	<u>685,861</u>	<u>1,099,339</u>	<u>15,581,653</u>
Expenditures				
General government	2,285,319	-	168,679	2,453,998
Financial administration	125,551	-	-	125,551
Public safety	2,013,211	-	468,189	2,481,400
Education	-	7,616,489	277,876	7,894,365
Public works	600,126	-	66,762	666,888
Transfer station	186,152	-	-	186,152
Parks, recreation, and other services	390,916	-	201,809	592,725
Capital expenditures	10,614	-	-	10,614
Debt service:				
Principal payments	455,000	-	-	455,000
Interest and fiscal charges	395,975	-	-	395,975
Total expenditures	<u>6,462,864</u>	<u>7,616,489</u>	<u>1,183,315</u>	<u>15,262,668</u>
Excess (deficiency) of revenues over expenditures	7,333,589	(6,930,628)	(83,976)	318,985
Other financing sources (uses)				
Transfers in	2,450	6,887,302	291,502	7,181,254
Transfers out	<u>(7,048,302)</u>	<u>(40,000)</u>	<u>(92,952)</u>	<u>(7,181,254)</u>
Other financing sources (uses)	<u>(7,045,852)</u>	<u>6,847,302</u>	<u>198,550</u>	<u>-</u>
Excess of revenue and other sources over expenditures and other uses	287,737	(83,326)	114,574	318,985
Fund balance, July 1, 2018	<u>1,634,114</u>	<u>93,124</u>	<u>872,676</u>	<u>2,599,914</u>
Fund balance, June 30, 2019	<u>\$ 1,921,851</u>	<u>\$ 9,798</u>	<u>\$ 987,250</u>	<u>\$ 2,918,899</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, 2019

Net change in fund balances - total governmental funds	\$ 318,985
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are 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	(546,446)
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	(1,557)
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	489,722
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due	3,152
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	6,353
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	(27,572)
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>9,760</u>
Change in net position of governmental position	<u>\$ 252,397</u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2019

	Pension Trust Fund	Agency Funds Student Activity	Total
Assets			
Cash and cash equivalents	\$ 159,243	\$ 19,370	\$ 178,613
Investments:			
Mutual funds	5,806,601	-	5,806,601
Collective funds	5,371,977	-	5,371,977
Accounts receivable	442,000	-	442,000
 Total assets	 \$ 11,779,821	 \$ 19,370	 \$ 11,799,191
 Liabilities			
Deposits held	\$ -	\$ 19,370	\$ 19,370
 Total liabilities	 -	 19,370	 19,370
 Net Position			
Restricted for pension benefits	11,779,821	-	11,779,821
 Total net position	 11,779,821	 -	 11,779,821
 Total liabilities and net position	 \$ 11,779,821	 \$ 19,370	 \$ 11,799,191

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2019

	Pension Trust Fund
Additions	
Contributions:	
Employee contributions	\$ 41,972
Employer contributions	<u>442,000</u>
Total contributions	<u>483,972</u>
Net investment income:	
Net investment income	<u>680,816</u>
Total additions	<u>1,164,788</u>
Deductions	
Administrative expenses	9,635
Retirement benefits	<u>653,465</u>
Total deductions	<u>663,100</u>
Change in net position	501,688
Net position, July 1, 2018	<u>11,278,133</u>
Net position, June 30, 2019	<u>\$ 11,779,821</u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

Note 1. Summary of Significant Accounting Policies

The accompanying basic financial statements of the Town of Little Compton, Rhode Island (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental entities (U.S. GAAP). In certain circumstances, summaries of the Town's significant accounting policies have been presented throughout the notes to the basic 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" and GASB Statement No. 61 "Financial Reporting Entity Omnibus." 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 statement of net position and statement of activities display information about the Town as a whole. They include all funds of the Town except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

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, recreation and other services, education, public works, transfer station and general and financial administrative services are classified as governmental activities. The Town does not have any activities classified as business-type activities.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

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 full accrual, economic resources measurement 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 – net investment in capital assets; 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 comprise its assets, liabilities, fund balances, revenues and expenditures/expenses. There are three major fund types for financial reporting purposes: governmental, proprietary and fiduciary. The Town does not currently have any activities meeting the criteria of being reported as a proprietary fund.

Separate fund 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 retirees, and cannot be used to satisfy obligations of the primary government. Major individual governmental funds are emphasized by being 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 (10%) of the corresponding total for all funds of that category or type, and

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

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/expenses of the individual governmental fund or enterprise fund are at least five percent (5%) of the corresponding total for all governmental and enterprise funds combined.

All remaining governmental funds are aggregated and reported as non-major funds.

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 and activities not accounted for and reported in another fund. The General fund is the only fund that can report a positive unassigned fund balance.
- 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 students.
- c) **Capital projects funds** are used to account for and report financial resources to be used for the acquisition or construction of major capital facilities or specific capital project outlays. The Town's capital project funds are all considered 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 considered 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) The **Pension Trust Fund** accounts for contributions made by the Town and its participating employees to provide retirement benefits to participating employees.
- b) **Agency funds** are established when the Town holds assets in custody for others in an agency capacity.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

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 of Rhode Island (the State) on behalf of the Town, interest and charges for services. Fines, licenses and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash; therefore, they are recognized when received.

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

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

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

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

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. The Town complied with these requirements. The Town does not have a deposit policy for custodial credit risk or other risks.

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 (loss). 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. The Town categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quotes prices in active markets for identical assets. Level 2 inputs are inputs, other than quoted prices that are observable for the asset, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset.

Property taxes:

Real and personal property taxes are recognized as revenue when they are levied and become available. 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 recognition criteria has not been met. The government-wide financial statements recognized property tax revenue when taxes are levied, net of an estimated allowance for doubtful accounts of \$23,387.

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.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

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. Capitalizable fixed assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Net interest costs related to construction projects are capitalized during the construction period. Such costs were not considered material during fiscal 2019.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's 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>
Land improvements	25-50
Infrastructure	20-50
Building and improvements	40
Machinery and equipment	5-10
Office equipment	5-10
Technology equipment	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, 2019

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. The proceeds of debt issued is reported as an other financing source. Bond premiums are reported as other financing sources, while discounts are reported as other financing uses.

Fund Balance/Net Position:

Government-wide financial statements:

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

- a. Net investment in capital assets - 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 "net investment in capital assets".

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

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 Town Administrator 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.

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

Interfund transactions:

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

E. Financial Statement Amounts (continued)

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.

Use of estimates:

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the 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.

Accounting Pronouncements Implemented in the Current Year:

GASB Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* is effective for periods beginning after June 15, 2018. The objective of this statement is to improve the information that is disclosed in the notes to government's financial statements related to debt, including direct borrowings and direct placements. This statement requires that additional essential information related to debt be disclosed in the notes to the financial statements, including unused lines of credit, assets pledged as collateral for the debt, and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. The Town of Little Compton, Rhode Island has implemented this standard in FY19 and expects an impact to the financial reporting framework related specifically to the note disclosures.

Recently Issued Accounting Pronouncements not yet Effective:

GASB Statement 84, *Fiduciary Activities*, is effective for periods beginning after December 15, 2018. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should present a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. The impact to this standard will be evaluated by the Town of Little Compton, Rhode Island's management.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncements not yet Effective (continued):

GASB Statement 87, *Leases* is effective for periods beginning after December 15, 2019. The objective of this statement is to improve accounting and financial reporting for leases by governments. It requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Town of Little Compton, Rhode Island is in the process of evaluating this statement and expects an impact to the financial accounting and reporting framework in FY21.

GASB Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* is effective for periods beginning after December 15, 2019. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement establishes accounting requirements for interest cost incurred before the end of a construction period and requires that interest cost incurred before the end of a construction period be recognized as an expense for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The Town of Little Compton, Rhode Island does not anticipate an impact from implementing this standard since there are currently no business-type activities or enterprise funds.

GASB Statement 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61* is effective for periods beginning after December 15, 2018. The primary objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This statement also requires that a component unit in which a government has 100 percent equity interest account for its assets, deferred outflows of resources, liabilities and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component units. The Town of Little Compton, Rhode Island has evaluated this standard and does not expect an impact to the financial reporting framework.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncements not yet Effective (continued):

GASB Statement 91, *Conduit Debt Obligations* is effective for reporting periods beginning after December 15, 2020. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. A conduit debt obligation is defined as a debt instrument having *all* of the following characteristics: (a) There are at least three parties involved: (1) an issuer, (2) a third-party obligor and (3) a debt holder or a debt trustee; (b) The issuer and the third party obligor are not within the same financial reporting entity; (c) The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer; (d) The third party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuances; and (e) The third party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments.) This statement also addresses arrangements-often characterized as leases-that are associated with conduit debt obligations. The Town of Little Compton, Rhode Island is in the process of evaluating this statement and will evaluate the impact prior to the required implementation of FY22.

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 of America.

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.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

G. Pensions (continued)

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 Town Pension Plan's ("Plan") 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.

(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 OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

G. Pensions (continued)

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

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, 2019, the carrying amount of the Town's deposits, including the component unit, was \$3,340,564 and the bank balance was \$3,353,363. Of the bank balance, \$1,759,999 was insured under FDIC or collateralized under an agreement with Washington Trust.

At June 30, 2019, deposits are categorized as follows:

	Insured/ Collateralized in Town's Name	Total Bank Balance	Carrying Amount
Demand Deposit	\$954,756	\$ 2,548,120	\$ 2,551,021
Money Market	805,243	805,243	788,868
Petty Cash	-	-	675
Total Cash and Equivalents	<u>\$ 1,759,999</u>	<u>\$ 3,353,363</u>	<u>\$ 3,340,564</u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

Note 2. Cash and Investments (continued)

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.

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Maturities</u>
Primary Government:		
Short-term Investments:		
Stock	\$ 8,351	N/A
Certificate of Deposit	12,622	10/29/2019
Certificate of Deposit	17,823	12/27/2019
Non-current Investments:		
LCPD Drug Forfeiture	23,184	Revolving
General Fund Investment	261,758	Revolving
Agricultural Conservancy Trust	<u>1,418,243</u>	Revolving
 Total Investments	 <u>\$ 1,741,981</u>	

<u>Investment Type</u>	<u>Carrying Amount</u>
Pension Trust Fund:	
Mutual Funds	\$ 5,806,601
Collective Funds	<u>5,371,977</u>
	 <u>\$ 11,178,578</u>

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, 2019, 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.

Vanguard 500 Index Admiral	\$	1,543,113
US Treasury Bonds		945,760
BlackRock Strategic Inc.		779,729
Vanguard Total Intl Stock Index Admiral		876,090

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

Note 2. Cash and Investments (continued)

B. Investments (continued)

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).

<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<i>Primary Government:</i>				
Certificate of Deposit	\$ 12,622	\$ 12,622	\$ -	\$ -
Certificate of Deposit	17,823	17,823	-	-
Stock	8,351	8,351	-	-
LCPD Drug Forfeiture	23,184	23,184	-	-
General Fund Investment	261,758	261,758	-	-
Agricultural Conservancy Trust	1,418,243	1,418,243	-	-
<i>Pension Trust Fund:</i>				
Mutual Funds	5,806,601	5,806,601	-	-
Collective Funds	5,371,977	5,371,977	-	-
Total investments by fair value level	<u>\$ 12,920,559</u>	<u>\$ 12,920,559</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

Government Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and land 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	15,714,255	14,150	-	15,728,405
Land improvements	1,363,619	-	-	1,363,619
Vehicles	1,550,382	33,958	-	1,584,340
Machinery and equipment	1,071,977	333,264	-	1,405,241
Office equipment	97,681	-	-	97,681
Technology equipment	612,833	29,400	-	642,233
Library and textbooks	424,170	-	-	424,170
Total capital assets, being depreciated	<u>21,338,914</u>	<u>410,772</u>	<u>-</u>	<u>21,749,686</u>
Government Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Accumulated depreciation:				
Infrastructure	87,819	12,559	-	100,378
Buildings & building improvements	4,948,834	683,246	-	5,632,080
Land improvements	196,188	34,169	-	230,357
Vehicles	925,765	123,659	-	1,049,424
Machinery and equipment	812,251	72,738	-	884,989
Office equipment	93,367	247	-	93,614
Technology equipment	545,632	23,033	-	568,665
Library and textbooks	396,572	7,567	-	404,139
Total accumulated depreciation	<u>8,006,428</u>	<u>957,218</u>	<u>-</u>	<u>8,963,646</u>
Total capital assets being depreciated, net	<u>13,332,486</u>	<u>(546,446)</u>	<u>-</u>	<u>12,786,040</u>
Governmental activities capital assets, net	<u>\$ 13,880,665</u>	<u>\$ (546,446)</u>	<u>\$ -</u>	<u>\$ 13,334,219</u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

Note 3. Capital Assets (continued)

For the year ended June 30, 2019, depreciation was charged to the following functions:

Governmental activities:	
General government	\$ 11,978
Public safety	201,127
Public works	44,341
Education	671,288
Parks, recreation, and other services	<u>28,484</u>
Total governmental activities depreciation expense	<u><u>\$ 957,218</u></u>

Note 4. Long-term Obligations

Changes in the long term obligations of governmental activities during the year ended June 30, 2019 were as follows:

	Balance, <u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	Balance, <u>June 30, 2019</u>	Due within <u>one year</u>
Bonds payable:					
Revenue bonds - RIHEBC	\$ 9,780,000	\$ -	\$ 455,000	\$ 9,325,000	\$ 465,000
Premium on revenue bonds-RIHEBC	<u>248,313</u>	<u>-</u>	<u>25,538</u>	<u>222,775</u>	<u>24,887</u>
Total bonds payable	10,028,313	-	480,538	9,547,775	489,887
Capital leases	290,905	89,900	99,084	281,721	65,832
Compensated absences	<u>293,435</u>	<u>11,751</u>	<u>21,511</u>	<u>283,675</u>	<u>21,276</u>
Total long-term obligations	<u><u>\$ 10,860,966</u></u>	<u><u>\$ 101,651</u></u>	<u><u>\$ 626,671</u></u>	<u><u>\$ 10,335,946</u></u>	<u><u>\$ 601,882</u></u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

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 May 15, 2034. The bonds provide for a varying interest rate with a yield of 4.1063%. Interest is due semiannually on November 15th and May 15th.

	<u>Date issued</u>	<u>Maturity date</u>	<u>Amount issued</u>	<u>Interest rate</u>	<u>Balance, July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2019</u>	<u>Interest paid</u>
Revenue Bonds - RIHEBC	12/10/13	5/15/34	\$ 11,310,000	3.16% - 4.25%	<u>\$ 9,780,000</u>	<u>\$ -</u>	<u>\$ 455,000</u>	<u>\$ 9,325,000</u>	<u>\$ 395,976</u>
					<u>\$ 9,780,000</u>	<u>\$ -</u>	<u>\$ 455,000</u>	<u>\$ 9,325,000</u>	<u>\$ 395,976</u>

Events of default include failure to make principal and interest payments when due, defaults related to performance or observance of any other covenants, agreements or conditions that have not been remedied, or the Town's inability to pay its debts. Upon notice of any events of default, all principal and accrued interest may be declared due and payable immediately. Revenues received by the Town of Little Compton, Rhode Island are pledged as security on the revenue bonds.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

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>
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	854,987
2024	540,000	314,187	854,987
2025-2029	3,055,000	1,199,738	4,254,738
2030-2034	<u>3,770,000</u>	<u>492,325</u>	<u>4,262,325</u>
	<u>\$ 9,325,000</u>	<u>\$ 3,454,188</u>	<u>\$ 12,779,988</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, 2019 were as follows:

	<u>Date issued</u>	<u>Amount issued</u>	<u>Interest rate</u>	<u>Balance, July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2019</u>	<u>Due within one year</u>	<u>Interest Paid</u>
Governmental activities:									
2015 Freightliner	09/10/15	\$ 385,402	2.92%	\$ 282,368	\$ -	\$ 53,265	\$ 229,103	\$ 54,823	\$ 8,258
2016 John Deere backhoe	11/06/18	\$ 89,900	5.75%		89,900	37,282	52,618	11,009	1,883
2015 Ford F-350 4WD	07/09/14	\$ 40,260	6.45%	<u>8,537</u>	<u>-</u>	<u>8,537</u>	<u>-</u>	<u>-</u>	<u>551</u>
				<u>\$ 290,905</u>	<u>\$ 89,900</u>	<u>\$ 99,084</u>	<u>\$ 281,721</u>	<u>\$ 65,832</u>	<u>\$ 10,692</u>

Assets capitalized under capital leases totaled \$515,562 and accumulated depreciation was \$175,620 as of June 30, 2019.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

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>
2020	\$ 75,270
2021	75,271
2022	75,271
2023	75,280
2024	<u>4,584</u>
Minimum lease payments for all capital leases	305,676
Less amount representing interest	<u>23,955</u>
Total principal portion due	<u><u>\$ 281,721</u></u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

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>	
Fund Balances:						
Nonspendable:						
Corpus of endowment funds	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
Inventories	22,613					22,613
Prepaid expenses	1,911	26,964	-	-	-	28,875
Restricted for:						
General government		-	49,516	-	-	49,516
Cemetery costs	-	-	-	-	116,744	116,744
Educational purposes	-	-	1,034	188,306	15,984	205,324
Public works operations	-	-	107,060	-	-	107,060
Public safety operations	-	-	247,195	-	-	247,195
Parks, recreation, and other	-	-	19,873	-	17,049	36,922
Community development	-	-	10,745	99,918	-	110,663
Capital expenditures				-		-
Committed for:						
General government's 2020 budget	50,952					50,952
Assigned to:						
Public safety operations	2,294	-	-	-	-	2,294
General government	152,712	-	91,502	28,912	-	273,126
Public works operations	30,000	-	-	-	-	30,000
Recreational, library, and other purposes	20,295	-	-	31,008	-	51,303
Unassigned	<u>1,641,074</u>	<u>(17,166)</u>	<u>(13,388)</u>	<u>(34,208)</u>	<u>-</u>	<u>1,576,312</u>
	<u>\$ 1,921,851</u>	<u>\$ 9,798</u>	<u>\$ 513,537</u>	<u>\$ 313,936</u>	<u>\$ 159,777</u>	<u>\$ 2,918,899</u>

It should also be noted that the school lunch fund has \$284 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>
<u>Major Governmental Funds</u>				
General fund	\$ 50	\$ 37,625	\$ 2,450	\$ 7,048,302
School unrestricted fund	24,188	224,999	6,887,302	40,000
<u>Non-Major Governmental Funds</u>				
Special revenue funds	14,383	6,235	117,502	92,952
Permanent funds	-	50	-	-
Capital projects	<u>230,288</u>	<u>-</u>	<u>174,000</u>	<u>-</u>
Totals	<u>\$ 268,909</u>	<u>\$ 268,909</u>	<u>\$ 7,181,254</u>	<u>\$ 7,181,254</u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

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 2019, 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 10.06% and 13.45% of annual covered payroll for the fiscal year ended June 30, 2019 for the state and Town, respectively. The Town contributed \$359,344, \$333,080 and \$299,704 for the fiscal years ended June 30, 2019, 2018 and 2017, respectively, equal to 100% of the required contributions for each year.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

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, 2019, the Town reported a liability of \$4,428,409 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	\$ 4,428,409
State's proportionate share of the net pension liability associated with the Town	<u>3,303,275</u>
Total net pension liability	<u>\$ 7,731,684</u>

The net pension liability was measured as of June 30, 2018, 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, 2017 rolled forward to June 30, 2018. 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, 2018 the Town's proportion was 0.13937877%.

For the year ended June 30, 2019 the Town recognized gross pension expense of \$397,043 and revenue of \$179,403 for support provided by the State, resulting in a net pension expense of \$217,640. At June 30, 2019 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, 2019

Note 7. Pension Plans (continued)

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

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 64,772	\$ 84,464
Changes of assumptions	321,673	52,113
Net difference between projected and actual earnings on pension plan investments	52,896	
Changes in proportion and differences between System contributions and proportionate share contributions	448,828	957,535
Contributions subsequent to the measurement date	<u>359,344</u>	<u>-</u>
	<u>\$ 1,247,513</u>	<u>\$ 1,094,112</u>
Net amount of deferred outflows and (inflows) excluding Town contributions subsequent to measurement date		<u>\$ (205,943)</u>

\$359,344 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2019 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2020. 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:	
2020	\$ (57,291)
2021	(111,341)
2022	(188,447)
2023	(6,120)
2024	89,195
Thereafter	<u>68,061</u>
	<u>\$ (205,943)</u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

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 13.00%
Investment rate of return	7.00%

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

The actuarial assumptions used in the June 30, 2017 valuation rolled forward to June 30, 2018 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 34 sources. The June 30, 2018 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
Global equity:		
U.S. equity	20.80%	6.43%
International developed	14.40%	6.72%
Emerging markets equity	4.80%	8.90%
Private Growth		
Private Equity	11.30%	9.08%
Non-Core RE	2.20%	5.03%
Opportunistic Private Credit	1.50%	9.08%
Income		
High Yield Infrastructure	1.00%	3.81%
REITS	1.00%	5.03%
Liquid Credit	2.80%	3.81%
Private Credit	3.20%	3.81%
Crisis Protection Class		
Treasury Duration	4.00%	0.61%
Systematic Trend	4.00%	4.00%
Inflation Protection		
Core Real Estate	3.60%	5.03%
Private Infrastructure	2.40%	5.61%
TIPs	1.00%	1.75%
Natural Resources	1.00%	3.81%
Volatility Protection		
IG Fixed Income	11.50%	2.14%
Absolute Return	6.50%	4.00%
Cash	3.00%	0.61%

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

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.

1.00% Decrease (6.0%)	Current Discount Rate (7.0%)	1.00% Increase (8.0%)
\$ 5,571,697	\$ 4,428,409	\$ 3,576,862

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 \$69,418, for the fiscal year ended June 30, 2019.

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, 2019

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	\$ 825
\$17,001 to \$25,000	\$ 963
\$25,001 to \$33,000	\$ 1,100
\$33,001 to \$40,000	\$ 1,238
\$40,001 and over	\$ 1,375

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

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:

Parent and 1 Child	Parent and 2 or more Children	One Child Alone	Two Children Alone	Three or more Children Alone	Dependent Parent
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 \$11,500; 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 \$3,910, \$3,975 and \$2,294 for the fiscal years ended June 30, 2019, 2018 and 2017, 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, 2019 the Town reported an asset of \$455,120 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, 2018, 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, 2017. The Town proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2018 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2018 the Town proportion was 0.51005638%.

For the year ended June 30, 2019 the Town recognized pension expense of \$10,742— a decrease in the net pension asset. At June 30, 2019 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, 2019

Note 7. Pension Plans (continued)

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

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 77,544	\$ 76,373
Changes of assumptions	59,966	-
Net difference between projected and actual earnings on pension plan investments	10,329	-
Changes in proportion and differences between System contributions and proportionate share contributions	441,696	371,104
Contributions subsequent to the measurement date	<u>3,910</u>	<u>-</u>
	<u>\$ 593,445</u>	<u>\$ 447,477</u>
Net amount of deferred outflows and (inflows) excluding Town contributions subsequent to measurement date		<u>\$ 142,058</u>

\$3,910 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2019 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2020	\$	54,211
2021		39,085
2022		16,832
2023		29,159
2024		32,240
Thereafter		<u>(29,469)</u>
	\$	<u>142,058</u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

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 13.00%
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 2.50% cost of living adjustment is assumed.

The actuarial assumptions used in the June 30, 2017 valuation and the calculation of the total pension liability at June 30, 2018 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 34 sources. The June 30, 2018 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
Global equity:		
U.S. equity	20.80%	6.43%
International developed	14.40%	6.72%
Emerging markets equity	4.80%	8.90%
Private Growth		
Private Equity	11.30%	9.08%
Non-Core RE	2.20%	5.03%
Opportunistic Private Credit	1.50%	9.08%
Income		
High Yield Infrastructure	1.00%	3.81%
REITS	1.00%	5.03%
Liquid Credit	2.80%	3.81%
Private Credit	3.20%	3.81%
Crisis Protection Class		
Treasury Duration	4.00%	0.61%
Systematic Trend	4.00%	4.00%
Inflation Protection		
Core Real Estate	3.60%	5.03%
Private Infrastructure	2.40%	5.61%
TIPs	1.00%	1.75%
Natural Resources	1.00%	3.81%
Volatility Protection		
IG Fixed Income	11.50%	2.14%
Absolute Return	6.50%	4.00%
Cash	3.00%	0.61%

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

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.

1.00% Decrease (6.0%)	Current Discount Rate (7.0%)	1.00% Increase (8.0%)
\$ (315,830)	\$ (455,120)	\$ (558,823)

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, 2019

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, 2019, pension plan membership consisted of the following:

Active plan members	46
Terminated vested	11
Retirees and Beneficiaries	<u>37</u>
Subtotal	<u><u>94</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, 2019

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.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

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, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed income	35.0%
Domestic equity	47.0%
Internantional equity	15.5%
Real estate	<u>2.5%</u>
Total	<u><u>100.0%</u></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, 2019

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, 2019, 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, 2019 the annual money-weighted rate of return on Plan investments, net of investment expense, was 6.24%. 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, 2019, 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, 2019, 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, 2019, 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.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

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, 2019, 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, 2019.

Net Pension Liability of the Plan

The components of the net pension liability of the Plan at June 30, 2019, were as follows:

Total pension liability	\$ 13,942,749
Plan fiduciary net position	<u>(11,779,821)</u>
Town's net pension liability	<u>\$ 2,162,928</u>
Plan fiduciary net position as a percentage of the total pension liability	84.49%

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

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, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate for purposes of	
Determining Net Pension Liability	7.13 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	2.79 percent

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period ended June 30, 2019.

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, 2019 (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	3.00%
Fixed income	4.38%
Domestic equity	5.88%
International equity	7.78%
Real estate	6.20%

(b) Discount rate

The discount rate used to measure the total pension liability was 7.13 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, 2019

Note 7. Pension Plans (continued)

Town Pension Plan, Other than Certified Teachers (continued)

Net Pension Liability of the Plan (continued)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of 7/1/2018	\$ 13,249,385	\$ 11,278,133	\$ 1,971,252
Changes for the year:			
Service cost	271,077	-	271,077
Interest on total pension liability	922,938	-	922,938
Differences between expected and actual experience	(247,752)	-	(247,752)
Changes in assumptions	400,566	-	400,566
Changes in benefit terms	-	-	-
Contributions - employer	-	442,000	(442,000)
Contributions - employee	-	41,973	(41,973)
Net investment income	-	680,815	(680,815)
Benefit payments	(653,465)	(653,465)	-
Administrative expense	-	(9,635)	9,635
Net changes	693,364	501,688	191,676
Balance as of 6/30/2019	\$ 13,942,749	\$ 11,779,821	\$ 2,162,928

(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 7.13 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 (6.13 percent) or 1-percentage-point higher (8.13 percent) than the current rate:

	1% Decrease (6.13%)	Current Discount Rate (7.13%)	1% Increase (8.13%)
Plan's Net Pension Liability	\$ 3,922,352	\$ 2,162,928	\$ 705,031

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

For the year ended June 30, 2019, the Town recognized pension expense of \$599,606. At June 30, 2019, 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, 2019

Note 7. Pension Plans (continued)

Town Pension Plan, Other than Certified Teachers (continued)

Net Pension Liability of the Plan (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 117,225	\$ (319,729)
Changes in assumptions	500,105	(162,525)
Difference between projected and actual earnings on plan investments	232,041	(174,559)
Total deferred outflows / (inflows)	\$ 849,371	\$ (656,813)

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:

2020	\$	167,950
2021		(32,630)
2022		(18,588)
2023		31,725
2024		19,010
Thereafter		25,091
	\$	192,558

Aggregate Pension Amounts Reported in the Financial Statements:

As required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions and amendment of GASB Statement No. 34 the table below presents the aggregate amount of pension expense, pension liabilities (assets), and deferred inflows and outflows for the defined benefit plans of the Town of Little Compton, Rhode Island and for the Town's component unit.

	ERS	TSB	Town Plan	Total
Deferred Outflows of Resources - Pension	\$ 1,247,513	\$ 593,445	\$ 849,371	\$ 2,690,329
Deferred Inflows of Resources - Pension	1,094,112	447,477	656,813	2,198,402
Net Pension (Asset)		(455,120)		(455,120)
Net Pension Liability	4,428,409		2,162,928	6,591,337
Pension Expense	217,640	10,742	599,606	827,988
Total	\$ 6,987,674	\$ 596,544	\$ 4,268,718	\$ 11,852,936

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

Note 8. Other Post-employment 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, post-employment health insurance benefits, or compensation in lieu of post-employment 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, 2019, the latest available membership census is as follows:

Description	Active Employees	Inactive or Beneficiaries Receiving Benefits	Total
Number	42	6	48

Funding Policy

The Town and School Department fund these benefits on a pay-as-you-go basis. During the year ended June 30, 2019, post-employment benefits totaling \$125,461 were received by six 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, 2019:

Asset Class	Target Allocation
Fixed income	35.0%
Domestic equity	47.0%
Internantional equity	15.5%
Real estate	2.5%
Total	100.0%

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

Note 8. Other Post-employment Benefits (continued)

Concentrations

There were no concentrations noted as of June 30, 2019.

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	\$ 2,441,944
Plans fiduciary net position	-
Town's net OPEB liability	<u>\$ 2,441,944</u>
Plan net position as a percentage of the total OPEB liability	0.00%

For the year ended June 30, 2019 OPEB expenses totaled \$153,033.

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, 2019.
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	None noted
Actuarial Assumptions:	
Single Equivalent Discount Rate:	3.80%, net of OPEB plan investment expense, including inflation
Salary Increases:	2.00% annually as of June 30, 2019 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.
Assumed retirement age:	62
Mortality:	Life expectancy by gender comes from the Life Expectancy Table from National Center for Health Statistics updated in 2015.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

Note 8. Other Post-employment 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	3.00%
Fixed income	4.38%
Domestic equity	5.88%
International equity	7.78%
Real estate	6.20%

Discount rate

The discount rate used to measure the total OPEB liability was 3.8 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 (2.8 percent) or 1-percentage-point higher (4.8 percent) than the current discount rate:

	Impact of 1% Change in Discount Rate		
	1% Decrease (2.80%)	Current discount rate (3.80%)	1% Increase (4.80%)
Total OPEB liability	\$ 2,293,974	\$ 2,441,944	\$ 2,599,721

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

Note 8. Other Post-employment 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 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:

	Impact of 1% Change in Healthcare Trend Rate		
	1% Decrease (4.00%)	Current trend rate (5.00%)	1% Increase (6.00%)
Total OPEB liability	\$ 2,579,166	\$ 2,441,944	\$ 2,302,738

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. With the exception of the Hartley v. Little Compton case described in Note 11. Risk Management, the outcome of the remaining lawsuits and claims cannot be estimated 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 Deficits

Individual funds had the following deficit fund balances at June 30, 2019:

School Renovation - Town	\$ 33,856
Fire alarm inspection	3,261
School Lunch	3,656
AFG Grant	6,419
Pike's Peak	352
Basketball Court	<u>52</u>
Total	<u>\$ 47,596</u>

The School renovation project will be covered in 2020 – currently the Town is still holding back approximately \$10,000 owed to a contractor. Pike's Peak deficit will be covered through the contingency fund in a future fiscal year. Lastly, the School lunch, Recreation conservation, Basketball court, AFG grant and Fire alarm inspections deficits will be funded through an administrative plan in 2020.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

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, 2019.

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, 2019, a \$50,000 liability was presented in 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 2019, net of IDEA funds was approximately \$173,184.

At June 30, 2019, a total of approximately \$195,138 in Medicaid reimbursements due to the LCSD has been recorded as a liability of NCRSEP. This amount represents Medicaid reimbursements received by NCRSEP over a number of years in excess of the budgeted receipts for Little Compton.

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2019

Note 13. Subsequent Events

Management has evaluated events that have occurred subsequent to June 30, 2019 and through December 23, 2019 and does not have any significant subsequent events to disclose.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information
Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2019

	<u>Original Budget</u>		<u>Appropriations and Transfers</u>	<u>Total Available</u>	<u>Actual</u>	<u>Encumbrances Carried Forward to FY20</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried Forward from FY19</u>	<u>Budget As Adopted</u>					
Revenues							
General property taxes and penalties	\$ -	\$ 12,435,797	\$ -	\$ 12,435,797	\$ 12,529,890	\$ -	\$ 94,093
Intergovernmental	-	516,394	-	516,394	492,585	-	(23,809)
Donation revenues	-	-	-	-	800	-	800
Licenses, permits, and fees	-	361,000	-	361,000	430,310	-	69,310
Beach receipts	-	292,041	-	292,041	259,506	-	(32,535)
Investment income	-	2,500	-	2,500	11,709	-	9,209
Miscellaneous	-	-	-	-	71,653	-	71,653
Total revenues	-	13,607,732	-	13,607,732	13,796,453	-	188,721
Expenditures							
General government	-	2,451,368	(21,000)	2,430,368	2,285,319	40,000	105,049
Financial administration	-	134,462	-	134,462	125,551	7,000	1,911
Public safety	-	2,016,361	-	2,016,361	2,013,211	-	3,150
Public works	58,222	596,838	-	655,060	600,126	30,000	24,934
Transfer station	-	181,500	-	181,500	186,152	-	(4,652)
Parks, recreation, and other services	-	435,026	(39,800)	395,226	375,116	15,800	4,310
Capital expenditures	-	125,000	(114,000)	11,000	10,614	-	386
Debt service:							
Principal payments	-	455,000	-	455,000	455,000	-	-
Interest and fiscal charges	-	395,975	-	395,975	395,975	-	-
Total expenditures	58,222	6,791,530	(174,800)	6,674,952	6,447,064	92,800	135,088
Excess (deficiency) of revenues over expenditures	(58,222)	6,816,202	174,800	6,932,780	7,349,389	(92,800)	323,809

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information
 Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2019

	<u>Original Budget</u>			<u>Actual</u>	<u>Encumbrances Carried Forward to FY20</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried Forward to FY19</u>	<u>Budget As Adopted</u>	<u>Appropriations and Transfers</u>			
Other financing sources and (uses)						
Transfer to education	-	(6,887,302)	-	(6,887,302)	(6,887,302)	-
(Addition to) / use of fund balance	-	83,100	-	83,100	-	(83,100)
Transfers from (to) other funds	-	(12,000)	(174,800)	(186,800)	(174,350)	12,450
Total other financing sources (uses)	-	(6,816,202)	(174,800)	(6,991,002)	(7,061,652)	(70,650)
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	\$ (58,222)	\$ -	\$ -	\$ (58,222)	287,737	\$ (92,800) \$ 253,159
Adjustment of budgetary basis to U.S. GAAP				-		
Excess (deficiency) of revenues and other sources over expenditures and other uses, GAAP basis				287,737		
Fund balance, July 1, 2018				1,634,114		
Fund balance, June 30, 2019				\$ 1,921,851		

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to Required Supplementary Information
Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2019

Budgetary – GAAP Reporting Reconciliation – *General Fund*

In accordance with the Town’s Charter, the Town has formally established budgetary accounting control for its General Fund. The General Fund is subject to an annual operating budget legally adopted by the Town Council. The annual operating budget’s appropriation amounts are supported by revenue estimates and take into account the elimination of accumulated deficits and the reappropriation of accumulated surpluses to the extent necessary. The General Fund operating budget is in conformity with the legally enacted budgetary basis, which is not in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The accompanying Statement of Revenues, Expenditures Budget and Actual (Non-GAAP Budgetary Basis) – General Fund 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 normally 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).

For the year ended June 30, 2019 there were no significant timing perspectives or differences in the excess (deficiency) of revenues and other sources of financial resources and expenditures and other uses, therefore, there were no differences when presenting the budgetary and GAAP basis presentation.

Appropriations in addition to those contained in the annual operating budget require Town Council approval. Amendments to the operating budget that do not result in additional appropriations may be made within departments through transfers. Transfers made within and outside the departmental level require Town Council approval. The level at which the General Fund budgeted expenditures may not legally exceed appropriations is at the departmental level.

The following General Fund departments have an excess of expenditures over appropriations:

Transfer Station	\$ 4,652
Computer/Tech	2,788
Wilbour Woods/Repair	2,523
Civic Recreation	1,405
Town Solicitor	1,211
Public Safety Building Maintenance	1,089
Fire Department	947
Planning Board	313
Library	274
Street Lights	66
Senior Citizens Busing	45

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information
 Budgetary Comparison Schedule – Unrestricted School Fund

For the Year Ended June 30, 2019

	<u>Budget As Adopted</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Funds received State RI - unrestricted	\$ 357,206	\$ 357,321	\$ 115
Out of district student tuitions	30,000	31,500	1,500
Federal aid - entitlements, grants and restricted funds	15,000	17,145	2,145
Miscellaneous receipts	<u>10,000</u>	<u>11,120</u>	<u>1,120</u>
Total revenues	<u>412,206</u>	<u>417,086</u>	<u>4,880</u>
Expenditures:			
Salaries	3,301,617	3,281,270	20,347
Fringe benefits	1,185,166	1,215,489	(30,323)
Technical and professional services	256,895	312,046	(55,151)
Purchased property services	109,100	137,065	(27,965)
Purchased other services	2,128,450	2,117,716	10,734
Materials and supplies	242,000	229,828	12,172
Capital outlay	25,030	42,561	(17,531)
Other operating expenses	<u>11,250</u>	<u>11,739</u>	<u>(489)</u>
Total expenditures	<u>7,259,508</u>	<u>7,347,714</u>	<u>(88,206)</u>
Excess of expenditures over revenues	<u>(6,847,302)</u>	<u>(6,930,628)</u>	<u>(83,326)</u>
Other financing sources (uses):			
Transfer from Town appropriations	6,887,302	6,887,302	-
Transfer to other funds	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>6,847,302</u>	<u>6,847,302</u>	<u>-</u>
Excess of expenditures over revenues and other financing sources, budgetary basis	<u>\$ -</u>	<u>(83,326)</u>	<u>\$ (83,326)</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		(83,326)	
Fund balance, July 1, 2018		<u>93,124</u>	
Fund balance, June 30, 2019		<u>\$ 9,798</u>	

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to Required Supplementary Information
 Budgetary Comparison Schedule – Unrestricted School Fund

For the Year Ended June 30, 2019

Budgetary – GAAP Reporting Reconciliation – *Unrestricted School Fund*

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, 2019 are as follows:

	School Unrestricted
Excess (deficiency) of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis) (Non-GAAP Budgetary Basis)	\$ (83,326)
State contribution to teachers' pension plan revenue on behalf	268,775
State contribution to teacher's pension plan expense on behalf	<u>(268,775)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	\$ <u>(83,326)</u>

Expenditures in excess of appropriations for the school department totaled \$88,206 for the year ended June 30, 2019.

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information

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

Last 10 Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability	0.13937877%	0.12817260%	0.13503440%	0.12442040%	0.66537331%
Employer's proportionate share of the net pension liability	\$ 4,428,409	\$ 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>3,303,275</u>	<u>3,055,291</u>	<u>2,759,175</u>	<u>2,340,055</u>	<u>3,156,465</u>
Total	<u>\$ 7,731,684</u>	<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	2,671,179	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	165.78%	160.70%	168.42%	120.85%	199.29%
Plan fiduciary net position as a percentage of the total pension liability	54.30%	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

Last 10 Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 359,344	\$ 333,080	\$ 299,704	\$ 304,597	\$ 282,371
Contributions in relation to the actuarially determined contribution	<u>359,344</u>	<u>333,080</u>	<u>299,704</u>	<u>304,597</u>	<u>282,371</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,671,179	\$ 2,515,703	\$ 2,392,194	\$ 2,834,252	\$ 2,309,723
Contributions as a percentage of covered- employee payroll	13.45%	13.24%	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 Asset
Teachers' Survivors Benefit Plan

Last 10 Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension asset	0.51005638%	0.38891074%	0.61972762%	0.27774680%	0.66537331%
Employer's proportionate share of the net pension asset	\$ 455,120	\$ 321,732	\$ 617,074	\$ 259,292	\$ 827,197
Employer's covered employee payroll	\$ 2,671,719	\$ 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	17.03%	12.79%	25.80%	9.15%	35.81%
Plan fiduciary net position as a percentage of the total pension asset	137.4%	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

Last 10 Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily determined contribution	\$ 3,910	\$ 3,795	\$ 2,294	\$ 3,980	\$ 2,371
Contributions in relation to the statutorily determined contribution	<u>3,910</u>	<u>3,795</u>	<u>2,294</u>	<u>3,980</u>	<u>2,371</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,671,719	\$ 2,515,703	\$ 2,392,194	\$ 2,834,252	\$ 2,309,723
Contributions as a percentage of covered-employee payroll	0.15%	0.15%	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, 2019

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, 2018 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, 2018 measurement date compared to the June 30, 2017 measurement date.

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, 2019

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.

Teachers Survivor Benefit Plan – the employee and employer contribution rates were applied to the first \$11,500 of member salary for fiscal 2018. In fiscal 2017 and prior the rate was applied to a salary up to \$9,600. Covered employee payroll is the full amount of employer payroll for plan members and not just the capped salary amount to which the contribution rate is applied.

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

**Last 10 Years*

	<u>June 30, 2019</u>	<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						
Service cost	\$ 271,077	\$ 250,767	\$ 269,172	\$ 270,130	\$ 266,835	\$ 256,046
Interest	922,937	883,940	870,084	830,306	772,020	728,998
Differences between expected and actual experience	(247,752)	58,926	(206,907)	198,548	44,212	6,609
Changes of assumptions	400,567	(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	(653,465)	(543,497)	(503,890)	(478,818)	(472,018)	(399,323)
Net change in total pension liability	<u>693,364</u>	<u>613,550</u>	<u>201,030</u>	<u>725,662</u>	<u>1,299,606</u>	<u>625,944</u>
Total pension liability - beginning	<u>13,249,385</u>	<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>
Total pension liability - ending	<u>\$ 13,942,749</u>	<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>
Pension fiduciary net position						
Contributions - employer	442,000	391,670	492,988	\$ 434,295	\$ 412,141	\$ 412,141
Contributions - employee	41,973	31,692	19,420	15,640	14,236	8,243
Net investment income	680,815	779,211	1,098,148	37,653	300,430	1,223,353
Benefit payments, including refunds of participant contributions	(653,465)	(543,497)	(503,890)	(478,818)	(472,018)	(399,323)
Administrative expense	(9,635)	(11,078)	(6,304)	(7,910)	(4,220)	(70,150)
Net change in plan fiduciary net position	<u>501,688</u>	<u>647,998</u>	<u>1,100,362</u>	<u>860</u>	<u>250,569</u>	<u>1,174,264</u>
Plan fiduciary net position - beginning	<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>	<u>8,104,080</u>
Plan fiduciary net position - ending	<u>\$ 11,779,821</u>	<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>
Town's net pension liability - ending	<u>\$ 2,162,928</u>	<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 and notes to required supplementary information

TOWN OF LITTLE COMPTON, RHODE ISLAND

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

**Last 10 Years*

	<u>June 30, 2019</u>	<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	\$ 13,942,749	\$ 13,249,385	\$ 12,635,835	\$ 12,434,805	\$ 11,709,143	\$ 10,409,537
Plan fiduciary net position	<u>11,779,821</u>	<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>\$ 2,162,928</u>	<u>\$ 1,971,252</u>	<u>\$ 2,005,700</u>	<u>\$ 2,905,632</u>	<u>\$ 2,180,230</u>	<u>\$ 1,131,193</u>
Plan fiduciary net position as a percentage of the total pension liability	84.49%	85.12%	84.13%	76.63%	81.38%	89.13%
Covered-employee payroll	2,204,191	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	98.13%	91.23%	92.30%	137.08%	109.40%	57.95%

**Sixth year of implementation of GASB 67 therefore only six years of the 10 year required data is available.*

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

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

Last 10 Years

	<u>2019</u>	<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>
Actuarially determined contribution	\$ 391,779	\$ 391,670	\$ 492,988	\$ 434,295	\$ 375,537	\$ 412,141	\$ 420,236	\$ 336,738	\$ 414,405	\$ 507,986
Contributions in relation to the actuarially determined contribution	<u>442,000</u>	<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>
Contribution deficiency (excess)	<u>\$ (50,221)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36,604)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	2,204,191	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
Contributions as a percentage of covered-employee payroll	20.05%	18.13%	22.69%	20.49%	20.68%	21.11%	23.36%	18.06%	23.22%	29.75%

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

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

**Last 10 Years*

	<u>June 30, 2019</u>	<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	6.24%	7.85%	12.07%	0.58%	3.49%	15.09%

**Only six years of required data is available*

Notes to the Schedules

Valuation Date:

Actuarially determined contribution rates are calculated as of June 30, 2019.

Methods and assumptions used to determine contribution rates:

Discount rate for net pension liability purposes	7.13%
Long-term rate of return on investments	7.25%
Municipal bond rate	2.79%
Salary increases	3.00%
Cost of living adjustments	N/A
Inflation	3.00%
Mortality rates	Gender specific Pub-2010 below median weighted 30% Teacher, 40% Safety, 30% General government with Scale MP-2019 generational Improvements from 2010; separate tables are used for Employees and Annuitants.

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

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

*Last 10 Years

	June 30, 2019	June 30, 2018
Total OPEB liability		
Service cost	\$ 75,673	\$ 72,620
Interest on net OPEB liability and service cost	91,747	98,938
Differences between actual and expected experience	(14,387)	(86,535)
Changes of assumptions	-	-
Benefit payments, including refunds	(125,461)	(144,114)
Net change in total OPEB liability	27,572	(59,091)
Total OPEB liability - beginning	2,414,372	2,473,463
Total OPEB liability - ending	\$ 2,441,944	\$ 2,414,372
OPEB fiduciary net position		
Benefit payments, including refunds	\$ (125,461)	\$ (144,114)
Trust administrative expenses	-	-
Contributions - employer	125,461	144,114
Contribution - Active employees	-	-
Net investment income	-	-
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending	\$ -	\$ -
Plan's net pension liability - ending	\$ 2,441,944	\$ 2,414,372
Plan fiduciary net position as % of total OPEB liability	0.00%	0.00%
Covered employee payroll	2,639,408	2,639,408
Plan NOL as % of covered employee payroll	92.52%	91.47%

* Second year of implementation of GASB 75, therefore only two years of the ten required data is available.

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information
 Schedule of Employers Contributions and Notes – OPEB

**Last 10 Years*

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Actuarial determined contribution	\$ 125,461	\$ 144,114
Contributions in relation to the actuarially determined contribution	<u>125,461</u>	<u>144,114</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,639,408	\$ 2,639,408
Contributions as a percentage of covered-employee payroll	4.75%	5.46%

* Second year of implementation of GASB 75, therefore only two years of the ten required data is available.

Notes to Required Supplementary Information:

Valuation Date: Actuarially Determined Contribution was calculated as of June 30, 2019.
 Actuarial Cost Method: Individual Entry Age Normal
 Asset-Valuation Method: None noted

Actuarial Assumptions:

Single Equivalent Discount Rate: 3.80%, net of OPEB plan investment expense, including inflation
 Salary Increases: 2.00% annually as of June 30, 2019 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.
 Assumed retirement age: 62
 Mortality: Life expectancy by gender comes from the Life Expectancy Table from National Center for Health Statistics updated in 2015.

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Tax Collector's Annual Report

For the Year Ended June 30, 2019

<u>Description of property</u>	<u>Valuations</u>	<u>Levy</u>
Real property	\$ 2,023,239,027	\$ 12,058,505
Motor vehicles	39,674,241	551,472
Tangible personal	<u>10,721,398</u>	<u>127,798</u>
Total	2,073,634,666	12,737,775
Less: Exemptions and motor vehicle phase out		
Real Property	(10,457,000)	(62,334)
Motor vehicles	<u>(18,088,578)</u>	<u>(251,624)</u>
	<u>(28,545,578)</u>	<u>(313,958)</u>
Current year assessment	<u>\$ 2,045,089,088</u>	<u>\$ 12,486,151</u>

See independent auditor's report and notes to supplementary information

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Tax Collector's Annual Report

For the Year Ended June 30, 2019

Tax Roll Year	Balance, July 1, 2018	Current Year Assessment	Adjustments/ abatements	Transfers	Amount to be collected	Collections	Balance, June 30, 2019	July - August 2018 Collections Subject to 60 days FY18 Accrual	September- June 2019 Collections	Total FY 2019 Cash Collections	July - August 2019 Collections Subject to 60 days FY19 Accrual
2018	\$ -	\$ 12,441,345	\$ (21,895)	\$ (36,534)	\$ 12,382,916	\$ 11,887,053	\$ 495,863	\$ -	\$ 11,887,053	\$ 11,887,053	\$ 336,543
2017	290,433	-	(55)	33,240	323,618	270,441	53,177	145,482	124,959	270,441	13,625
2016	58,347	-	(194)	13	58,166	19,345	38,821	5,439	13,906	19,345	8,901
2015	40,923	-	(134)	-	40,789	10,204	30,585	6,774	3,430	10,204	4,766
2014	31,555	-	(239)	-	31,316	3,531	27,785	917	2,614	3,531	4,650
2013	29,436	-	(365)	-	29,071	2,094	26,977	-	2,094	2,094	4,435
2012	25,979	-	(302)	-	25,677	2,045	23,632	-	2,045	2,045	4,541
2011	23,858	-	(307)	-	23,551	3,251	20,299	491	2,760	3,251	4,499
2010	18,656	-	(151)	-	18,505	2,563	15,943	642	1,921	2,563	4,512
2009	23,060	-	(1,030)	-	22,030	3,221	18,808	118	3,103	3,221	4,531
2008	14,752	-	(1,240)	-	13,512	335	13,177	188	147	335	4,480
2007	8,610	-	(1,066)	-	7,544	1,328	6,216	194	1,134	1,328	3,412
2006	2,898	-	(633)	-	2,265	188	2,077	51	137	188	-
2005	865	-	(275)	-	590	-	590	-	-	-	-
2004	681	-	(122)	-	559	-	559	-	-	-	-
2003 (and prior)	3,156	-	(431)	-	2,725	-	2,725	-	-	-	-
Total	\$ 573,209	\$ 12,441,345	\$ (28,440)	\$ (3,281)	\$ 12,982,833	\$ 12,205,599	\$ 777,234	\$ 160,296	\$ 12,045,303	\$ 12,205,599	\$ 398,895
Allowance for Uncollectable Accounts	(23,387)						(23,387)				
Net Property Tax Receivable	<u>\$ 549,822</u>						<u>\$ 753,847</u>				

See independent auditor's report and notes to supplementary information

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Non Major Governmental Funds
Combining Balance Sheet

June 30, 2019

	Special Revenue Town	Special Revenue School	Permanent Trust Funds	Capital Projects	Total Non-Major Governmental Funds
Assets					
Cash and cash equivalents	\$ 340,316	\$ 4,801	\$ 121,375	\$ 170,342	\$ 636,834
Short-Term investments			38,796		38,796
Investments	23,184	-		-	23,184
Receivables:					
Intergovernmental	14,969	2,229	-	-	17,198
Other	132,654	-	-	-	132,654
Inventories	-	284	-	-	284
Due from other funds	14,383	-	-	230,288	244,671
Total assets	<u>525,506</u>	<u>7,314</u>	<u>160,171</u>	<u>400,630</u>	<u>1,093,621</u>
Deferred outflows of resources					
Deferred outflows	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 525,506</u>	<u>\$ 7,314</u>	<u>\$ 160,171</u>	<u>\$ 400,630</u>	<u>\$ 1,093,621</u>
Liabilities					
Accounts payable and accrued expenses	\$ 7,300	\$ 5,748	\$ 344	\$ 36,694	\$ 50,086
Due to other funds	<u>2,047</u>	<u>4,188</u>	<u>50</u>	-	<u>6,285</u>
Total liabilities:	<u>9,347</u>	<u>9,936</u>	<u>394</u>	<u>36,694</u>	<u>56,371</u>
Deferred inflows of resources					
Unearned revenues - other	-	-	-	50,000	50,000
Total deferred inflows of resources	-	-	-	<u>50,000</u>	<u>50,000</u>
Fund balance					
Nonspendable	-	-	10,000	-	10,000
Restricted	434,389	1,034	149,777	288,224	873,424
Assigned	91,502	-	-	59,920	151,422
Unassigned	<u>(9,732)</u>	<u>(3,656)</u>	-	<u>(34,208)</u>	<u>(47,596)</u>
Total fund balances	<u>516,159</u>	<u>(2,622)</u>	<u>159,777</u>	<u>313,936</u>	<u>987,250</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 525,506</u>	<u>\$ 7,314</u>	<u>\$ 160,171</u>	<u>\$ 400,630</u>	<u>\$ 1,093,621</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, 2019

	Special Revenue Town	Special Revenue School	Permanent Trust Funds	Capital Projects	Total Non-Major Governmental Funds
Revenues					
Intergovernmental revenue	\$ 483,156	\$ 194,433	\$ -	\$ 4,604	\$ 682,193
Donation revenues	19,233	-	28,225	-	47,458
Departmental and other revenue	321,124	46,972	-	-	368,096
Investment income	110	-	1,482	-	1,592
Total revenues	<u>823,623</u>	<u>241,405</u>	<u>29,707</u>	<u>4,604</u>	<u>1,099,339</u>
Expenditures					
General government	80,919	-	-	87,760	168,679
Public safety	468,189	-	-	-	468,189
Education	-	240,682	500	36,694	277,876
Public works	-	-	-	66,762	66,762
Parks, recreation and other services	196,835	-	4,974	-	201,809
Total expenditures	<u>745,943</u>	<u>240,682</u>	<u>5,474</u>	<u>191,216</u>	<u>1,183,315</u>
Excess (deficiency) of revenues over expenditures	77,680	723	24,233	(186,612)	(83,976)
Other financing sources (uses)					
Transfers in	117,502	-	-	174,000	291,502
Transfers out	(92,952)	-	-	-	(92,952)
Total Other financing sources (uses):	<u>24,550</u>	<u>-</u>	<u>-</u>	<u>174,000</u>	<u>198,550</u>
Excess of revenue and other sources over expenditures and other uses					
	102,230	723	24,233	(12,612)	114,574
Fund balance, July 1, 2018	<u>413,929</u>	<u>(3,345)</u>	<u>135,544</u>	<u>326,548</u>	<u>872,676</u>
Fund balance, June 30, 2019	<u>\$ 516,159</u>	<u>\$ (2,622)</u>	<u>\$ 159,777</u>	<u>\$ 313,936</u>	<u>\$ 987,250</u>

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Special Revenue Town

June 30, 2019

	Brownfield Library Prof Dev	Library Resource Sharing	Substance Abuse Fund	Cell Tower	Reserve Fund	Recreation Conservation	Drug Forfeiture
Assets							
Cash and cash equivalents	\$ 4,724	\$ -	\$ 17,112	\$(10,227)	\$ 91,502	\$ 16,124	\$ 41,363
Investments							23,184
Intergovernmental receivables	-	-	-	-		-	-
Other receivables	-	-	-	10,749		-	6,310
Due from other funds	-	-	-	-	-	-	8,580
Total assets	<u>4,724</u>	<u>-</u>	<u>17,112</u>	<u>522</u>	<u>91,502</u>	<u>16,124</u>	<u>79,437</u>
Deferred outflows of resources							
Unearned revenues	-	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources and assets	<u>\$ 4,724</u>	<u>\$ -</u>	<u>\$ 17,112</u>	<u>\$ 522</u>	<u>\$ 91,502</u>	<u>\$ 16,124</u>	<u>\$ 79,437</u>
Liabilities							
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 522	\$ -	\$ 975	\$ 648
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>522</u>	<u>-</u>	<u>975</u>	<u>648</u>
Deferred inflows of resources							
Deferred inflows	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances							
Restricted	4,724	-	17,112	-	-	15,149	78,789
Assigned	-	-	-	-	91,502	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>4,724</u>	<u>-</u>	<u>17,112</u>	<u>-</u>	<u>91,502</u>	<u>15,149</u>	<u>78,789</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 4,724</u>	<u>\$ -</u>	<u>\$ 17,112</u>	<u>\$ 522</u>	<u>\$ 91,502</u>	<u>\$ 16,124</u>	<u>\$ 79,437</u>

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Special Revenue Town

June 30, 2019

	<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>
Assets						
Cash and cash equivalents	\$ 10,890	\$ 690	\$ 9,050	\$ 518	\$ 1,095	\$ 400
Investments						
Intergovernmental receivables	-	-	-	-	2,750	-
Other receivables	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	<u>10,890</u>	<u>690</u>	<u>9,050</u>	<u>518</u>	<u>3,845</u>	<u>400</u>
Deferred outflows of resources						
Unearned revenues	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total deferred outflows of resources and assets	<u>\$ 10,890</u>	<u>\$ 690</u>	<u>\$ 9,050</u>	<u>\$ 518</u>	<u>\$ 3,845</u>	<u>\$ 400</u>
Liabilities						
Accounts payable and accrued expenses	\$ 145	\$ -	\$ -	\$ -	\$ 524	\$ -
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>524</u>	<u>-</u>
Deferred inflows of resources						
Deferred inflows	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances						
Restricted	10,745	690	9,050	518	3,321	400
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>10,745</u>	<u>690</u>	<u>9,050</u>	<u>518</u>	<u>3,321</u>	<u>400</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 10,890</u>	<u>\$ 690</u>	<u>\$ 9,050</u>	<u>\$ 518</u>	<u>\$ 3,845</u>	<u>\$ 400</u>

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Special Revenue Town

June 30, 2019

	Historical Records Preservation	Spay / Neuter Fund	Homeland Security	FEMA Snow Removal	Legislative Grant	Road Detail	AFG Grant
Assets							
Cash and cash equivalents	\$ 25,345	\$ 905	\$ 1,158	\$ 1,932	\$ 4,495	\$ 19,911	\$ (6,419)
Investments							
Intergovernmental receivables	-	-	-	-	-	12,219	-
Other receivables	-	-	-	-	-	-	-
Due from other funds	-	-	-	3,757	-	-	-
Total assets	<u>25,345</u>	<u>905</u>	<u>1,158</u>	<u>5,689</u>	<u>4,495</u>	<u>32,130</u>	<u>(6,419)</u>
Deferred outflows of resources							
Unearned revenues	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-
Total deferred outflows of resources and assets	<u>\$ 25,345</u>	<u>\$ 905</u>	<u>\$ 1,158</u>	<u>\$ 5,689</u>	<u>\$ 4,495</u>	<u>\$ 32,130</u>	<u>\$ (6,419)</u>
Liabilities							
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,686	\$ -
Due to other funds	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	1,686	-
Deferred inflows of resources							
Deferred inflows	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-
Fund Balances							
Restricted	25,345	905	1,158	5,689	4,495	30,444	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(6,419)
Total fund balances (deficits)	<u>25,345</u>	<u>905</u>	<u>1,158</u>	<u>5,689</u>	<u>4,495</u>	<u>30,444</u>	<u>(6,419)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 25,345</u>	<u>\$ 905</u>	<u>\$ 1,158</u>	<u>\$ 5,689</u>	<u>\$ 4,495</u>	<u>\$ 32,130</u>	<u>\$ (6,419)</u>

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Special Revenue Town

June 30, 2019

	Ambulance Reimbursement	Fire Alarm Inspections	Rec Fees / Historical	Fourth of July	Police and Fire	Basketball Court	Harbor Management	Total Town Special Revenue
Assets								
Cash and cash equivalents	\$ 690	\$ (5,958)	\$ 12,223	\$ 7,053	\$ 31,812	\$ (51)	\$ 63,979	\$ 340,316
Investments								23,184
Intergovernmental receivables	-	-	-	-	-	-	-	14,969
Other receivables	114,422	1,173	-	-	-	-	-	132,654
Due from other funds	-	2,046	-	-	-	-	-	14,383
Total assets	<u>115,112</u>	<u>(2,739)</u>	<u>12,223</u>	<u>7,053</u>	<u>31,812</u>	<u>(51)</u>	<u>63,979</u>	<u>525,506</u>
Deferred outflows of resources								
Unearned revenues	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-
Total deferred outflows of resources and assets	<u>\$ 115,112</u>	<u>\$ (2,739)</u>	<u>\$ 12,223</u>	<u>\$ 7,053</u>	<u>\$ 31,812</u>	<u>\$ (51)</u>	<u>\$ 63,979</u>	<u>\$ 525,506</u>
Liabilities								
Accounts payable and accrued expenses	\$ 1,532	\$ 522	\$ -	\$ -	\$ -	\$ -	\$ 746	\$ 7,300
Due to other funds	-	-	-	-	-	1	2,046	2,047
Total liabilities	<u>1,532</u>	<u>522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>2,792</u>	<u>9,347</u>
Deferred inflows of resources								
Deferred inflows	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-
Fund Balances								
Restricted	113,580	-	12,223	7,053	31,812	-	61,187	434,389
Assigned	-	-	-	-	-	-	-	91,502
Unassigned	-	(3,261)	-	-	-	(52)	-	(9,732)
Total fund balances (deficits)	<u>113,580</u>	<u>(3,261)</u>	<u>12,223</u>	<u>7,053</u>	<u>31,812</u>	<u>(52)</u>	<u>61,187</u>	<u>516,159</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 115,112</u>	<u>\$ (2,739)</u>	<u>\$ 12,223</u>	<u>\$ 7,053</u>	<u>\$ 31,812</u>	<u>\$ (51)</u>	<u>\$ 63,979</u>	<u>\$ 525,506</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, 2019

	Brownfield Library Prof Dev	Library Resource Sharing	Substance Abuse Fund	Cell Tower	Reserve Fund	Recreation Conservation	Drug Forfeiture
Revenues							
Intergovernmental revenues	\$ -	\$ 34,306	\$ 70,499	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-	-	-	99
Donation revenues							
Departmental and other revenue	-	-	-	43,313	-	-	15,735
Total revenues	-	34,306	70,499	43,313	-	-	15,834
Expenditures							
General government	-	-	-	6,265	-	-	-
Public safety	-	-	50,508	-	-	-	1,792
Parks, recreation, and other services	-	34,306	-	-	-	8,221	-
Total expenditures	-	34,306	50,508	6,265	-	8,221	1,792
Excess (deficiency) of revenue over expenditures	-	-	19,991	37,048	-	(8,221)	14,042
Other financing sources (uses)							
Transfers in	-	-	-	-	91,502	26,000	-
Transfers out	-	-	-	(91,502)	-	(1,450)	-
Total other financing sources (uses)	-	-	-	(91,502)	91,502	24,550	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	19,991	(54,454)	91,502	16,329	14,042
Fund balance, July 1, 2018	4,724	-	(2,879)	54,454	-	(1,180)	64,747
Fund balance, June 30, 2019	\$ 4,724	\$ -	\$ 17,112	\$ -	\$ 91,502	\$ 15,149	\$ 78,789

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, 2019

	<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>
Revenues						
Intergovernmental revenues	\$ 140,000	\$ -	\$ -	\$ -	\$ 17,816	\$ -
Investment income	-	-	-	-	-	-
Donation revenues	-	-	-	-	-	-
Departmental and other revenue	-	-	-	-	-	-
Total revenues	<u>140,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,816</u>	<u>-</u>
Expenditures						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	18,683	-
Parks, recreation, and other services	<u>140,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>140,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,683</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	-	-	-	-	(867)	-
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	(867)	-
Fund balance, July 1, 2018	<u>10,745</u>	<u>690</u>	<u>9,050</u>	<u>518</u>	<u>4,188</u>	<u>400</u>
Fund balance, June 30, 2019	<u>\$ 10,745</u>	<u>\$ 690</u>	<u>\$ 9,050</u>	<u>\$ 518</u>	<u>\$ 3,321</u>	<u>\$ 400</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, 2019

	Historical Records Preservation	Spay / Neuter Fund	Homeland Security	FEMA Snow Removal	Legislative Grant	Road Detail	AFG Grant
Revenues							
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,171	\$ 211,364
Investment income	-	-	-	-	-	-	-
Donation revenues							
Departmental and other revenue	<u>768</u>	<u>141</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>46,053</u>	<u>13,900</u>
Total revenues	<u>768</u>	<u>141</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>55,224</u>	<u>225,264</u>
Expenditures							
General government	1,299	-	-	-	-	69,383	-
Public safety	-	-	-	-	-	-	231,683
Parks, recreation, and other services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,299</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,383</u>	<u>231,683</u>
Excess (deficiency) of revenue over expenditures	(531)	141	-	-	1,000	(14,159)	(6,419)
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses							
	(531)	141	-	-	1,000	(14,159)	(6,419)
Fund balance, July 1, 2018	<u>25,876</u>	<u>764</u>	<u>1,158</u>	<u>5,689</u>	<u>3,495</u>	<u>44,603</u>	<u>-</u>
Fund balance, June 30, 2019	<u>\$ 25,345</u>	<u>\$ 905</u>	<u>\$ 1,158</u>	<u>\$ 5,689</u>	<u>\$ 4,495</u>	<u>\$ 30,444</u>	<u>\$ (6,419)</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, 2019

	<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>	<u>Total Town Special Revenue</u>
Revenues								
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 483,156
Investment income	-	-	-	11	-	-	-	110
Donation revenues	-	-	-	270	18,963	-	-	19,233
Departmental and other revenue	<u>154,404</u>	<u>11,325</u>	<u>4,514</u>	<u>6,572</u>	<u>-</u>	<u>-</u>	<u>23,399</u>	<u>321,124</u>
Total revenues	<u>154,404</u>	<u>11,325</u>	<u>4,514</u>	<u>6,853</u>	<u>18,963</u>	<u>-</u>	<u>23,399</u>	<u>823,623</u>
Expenditures								
General government	-	-	3,972	-	-	-	-	80,919
Public safety	153,892	11,631	-	-	-	-	-	468,189
Parks, recreation, and other services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,308</u>	<u>196,835</u>
Total expenditures	<u>153,892</u>	<u>11,631</u>	<u>3,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,308</u>	<u>745,943</u>
Excess (deficiency) of revenue over expenditures	512	(306)	542	6,853	18,963	-	9,091	77,680
Other financing sources (uses)								
Transfers in	-	-	-	-	-	-	-	117,502
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92,952)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,550</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	512	(306)	542	6,853	18,963	-	9,091	102,230
Fund balance, July 1, 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>
Fund balance, June 30, 2019	<u>\$ 113,580</u>	<u>\$ (3,261)</u>	<u>\$ 12,223</u>	<u>\$ 7,053</u>	<u>\$ 31,812</u>	<u>\$ (52)</u>	<u>\$ 61,187</u>	<u>\$ 516,159</u>

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Special Revenue School

June 30, 2019

	<u>SPED Part B</u>	<u>SPED Preschool</u>	<u>Title I Part A</u>	<u>Title IIA Teacher Quality</u>	<u>REAP Small Rural Sch Program</u>	<u>Education Foundation</u>
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34
Inventories	-	-	-	-	-	-
Receivables, intergovernmental	-	-	-	1,217	-	-
Total assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,217</u>	<u>-</u>	<u>34</u>
Deferred Outflows of Resources						
Deferred outflows	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,217</u>	<u>\$ -</u>	<u>\$ 34</u>
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 1,217	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,217</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources						
Unearned revenues	-	-	-	-	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances						
Restricted						34
Unassigned	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,217</u>	<u>\$ -</u>	<u>\$ 34</u>

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
 Combining Balance Sheet - Special Revenue School

June 30, 2019

	<u>Title IV</u>	<u>Private Donation</u>	<u>School Lunch</u>	<u>Total School Special Revenue</u>
Assets				
Cash and cash equivalents	\$ -	\$ 1,000	\$ 3,767	\$ 4,801
Inventories	-	-	284	284
Receivables, intergovernmental	-	-	1,012	2,229
Total assets	<u>-</u>	<u>1,000</u>	<u>5,063</u>	<u>7,314</u>
Deferred Outflows of Resources				
Deferred outflows	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 5,063</u>	<u>\$ 7,314</u>
Liabilities				
Accounts payable and accrued expenses	\$ -	\$ -	\$ 4,531	\$ 5,748
Due to other funds	-	-	4,188	4,188
Total liabilities	<u>-</u>	<u>-</u>	<u>8,719</u>	<u>9,936</u>
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Restricted		1,000		1,034
Unassigned	-	-	(3,656)	(3,656)
	<u>-</u>	<u>1,000</u>	<u>(3,656)</u>	<u>(2,622)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 5,063</u>	<u>\$ 7,314</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 School

For the Year Ended June 30, 2019

	SPED Part B	SPED Preschool	Title I Part A	Title IIA Teacher Quality	REAP Small Rural Sch Program	Education Foundation
Revenues						
Intergovernmental revenues	\$ 110,686	\$ 2,066	\$ 35,362	\$ 2,952	\$ 23,988	\$ -
Departmental and other revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	110,686	2,066	35,362	2,952	23,988	-
Expenditures						
Education	<u>110,686</u>	<u>2,066</u>	<u>35,362</u>	<u>2,952</u>	<u>23,988</u>	<u>-</u>
Total expenditures	<u>110,686</u>	<u>2,066</u>	<u>35,362</u>	<u>2,952</u>	<u>23,988</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	-	-	-	-	-	-
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-	-
Fund balance, July 1, 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34</u>
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34</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 School

For the Year Ended June 30, 2019

	<u>Title IV</u>	<u>Private Donation</u>	<u>School Lunch</u>	<u>Total School Special Revenue</u>
Revenues				
Intergovernmental revenues	\$ 1,095	\$ -	\$ 18,284	\$ 194,433
Departmental and other revenues	<u>-</u>	<u>-</u>	<u>46,972</u>	<u>46,972</u>
 Total revenues	1,095	-	65,256	241,405
Expenditures				
Education	<u>1,095</u>	<u>-</u>	<u>64,533</u>	<u>240,682</u>
 Total expenditures	<u>1,095</u>	<u>-</u>	<u>64,533</u>	<u>240,682</u>
 Excess (deficiency) of revenue over expenditures	-	-	723	723
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	723	723
Fund balance, July 1, 2018	<u>-</u>	<u>1,000</u>	<u>(4,379)</u>	<u>(3,345)</u>
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ (3,656)</u>	<u>\$ (2,622)</u>

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Capital Project Funds

June 30, 2019

	Beach Emergency	Capital Expenditures	School Renovation - Town	Revaluation	School Renovation - School	Pike's Peak	Capital Projects Total
Assets							
Cash and cash equivalents	\$ 31,008	\$ 144,630	\$ (33,856)	\$ 28,912	\$ -	\$ (352)	\$ 170,342
Due from other funds	-	5,288	-	-	225,000	-	230,288
Total assets	31,008	149,918	(33,856)	28,912	225,000	(352)	400,630
Deferred Outflows of Resources							
Deferred outflows	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-
Total outflows of resources and assets	<u>\$ 31,008</u>	<u>\$ 149,918</u>	<u>\$ (33,856)</u>	<u>\$ 28,912</u>	<u>\$ 225,000</u>	<u>\$ (352)</u>	<u>\$ 400,630</u>
Liabilities							
Accounts payable and accrued expense	\$ -	\$ -	\$ -	\$ -	\$ 36,694	\$ -	\$ 36,694
Total liabilities	-	-	-	-	36,694	-	36,694
Deferred Inflows of Resources:							
Unearned revenues - other	-	50,000	-	-	-	-	50,000
Total deferred inflows of resources	-	50,000	-	-	-	-	50,000
Fund Balances							
Restricted		99,918			188,306		288,224
Assigned	31,008		-	28,912		-	59,920
Unassigned	-	-	(33,856)	-	-	(352)	(34,208)
Total fund balances (deficits)	31,008	99,918	(33,856)	28,912	188,306	(352)	313,936
Total liabilities, deferred inflows of resources,							

See independent auditor's report

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, 2019

	Beach Emergency	Capital Expenditures	School Renovation - Town	Revaluation	School Renovation - School	Pike's Peak	Capital Projects Total
Revenues							
Intergovernmental revenues	\$ -	\$ 4,604	\$ -	\$ -	\$ -	\$ -	\$ 4,604
Total revenues	<u>-</u>	<u>4,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,604</u>
Expenditures							
General government	-		-	87,760	-	-	87,760
Public works		66,762					66,762
Education	-	-	-	-	36,694	-	36,694
Total expenditures	<u>-</u>	<u>66,762</u>	<u>-</u>	<u>87,760</u>	<u>36,694</u>	<u>-</u>	<u>191,216</u>
Excess (deficiency) of revenue over expenditures	-	(62,158)	-	(87,760)	(36,694)	-	(186,612)
Other financing sources (uses)							
Transfers in	-	114,000	-	20,000	40,000	-	174,000
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>114,000</u>	<u>-</u>	<u>20,000</u>	<u>40,000</u>	<u>-</u>	<u>174,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	51,842	-	(67,760)	3,306	-	(12,612)
Fund balance, July 1, 2018	<u>31,008</u>	<u>48,076</u>	<u>(33,856)</u>	<u>96,672</u>	<u>185,000</u>	<u>(352)</u>	<u>326,548</u>
Fund balance, June 30, 2019	<u>\$ 31,008</u>	<u>\$ 99,918</u>	<u>\$ (33,856)</u>	<u>\$ 28,912</u>	<u>\$ 188,306</u>	<u>\$ (352)</u>	<u>\$ 313,936</u>

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Permanent Trust Funds

June 30, 2019

	<u>Cemetery</u>	<u>Historical Cemetery</u>	<u>Raposa Education Trust</u>	<u>Doris Simmons Mem</u>
Assets				
Cash	\$ 56,186	\$ 31,946	\$ 13,121	\$ 2,863
Short-Term investments	<u>38,796</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>94,982</u>	<u>31,946</u>	<u>13,121</u>	<u>2,863</u>
Deferred Outflows of Resources				
Deferred outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources and assets	<u>\$ 94,982</u>	<u>\$ 31,946</u>	<u>\$ 13,121</u>	<u>\$ 2,863</u>
Liabilities				
Accounts payable and accrued expenses	\$ 184	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>184</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unearned revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable		10,000		
Restricted	<u>94,798</u>	<u>21,946</u>	<u>13,121</u>	<u>2,863</u>
Total fund balances (deficits)	<u>94,798</u>	<u>31,946</u>	<u>13,121</u>	<u>2,863</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 94,982</u>	<u>\$ 31,946</u>	<u>\$ 13,121</u>	<u>\$ 2,863</u>

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
 Combining Balance Sheet - Permanent Trust Funds

June 30, 2019

	R. Peckham	Tree Fund	Philip Wilbur Mem	Adamsville Historical Assoc	Total
Assets					
Cash	\$ 1,366	\$ 10,682	\$ 3,034	\$ 2,177	\$ 121,375
Short-Term investments	-	-	-	-	38,796
Total assets	<u>1,366</u>	<u>10,682</u>	<u>3,034</u>	<u>2,177</u>	<u>160,171</u>
Deferred Outflows of Resources					
Deferred outflows	-	-	-	-	-
	-	-	-	-	-
Total deferred outflows of resources and assets	<u>\$ 1,366</u>	<u>\$ 10,682</u>	<u>\$ 3,034</u>	<u>\$ 2,177</u>	<u>\$ 160,171</u>
Liabilities					
Accounts payable and accrued expenses	\$ -	\$ 160	\$ -	\$ -	\$ 344
Due to other funds	50	-	-	-	50
Total liabilities	<u>50</u>	<u>160</u>	<u>-</u>	<u>-</u>	<u>394</u>
Deferred Inflows of Resources					
Unearned revenues	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable					10,000
Restricted	1,316	10,522	3,034	2,177	149,777
Total fund balances (deficits)	<u>1,316</u>	<u>10,522</u>	<u>3,034</u>	<u>2,177</u>	<u>159,777</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,366</u>	<u>\$ 10,682</u>	<u>\$ 3,034</u>	<u>\$ 2,177</u>	<u>\$ 160,171</u>

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, 2019

	Cemetery	Historical Cemetery	Raposa Education Trust	Doris Simmons Mem
Revenues				
Investment income	\$ 14	\$ 3	\$ 13	\$ 3
Unrealized gain/(loss)	1,430	-	-	-
Donation revenues	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total revenues	 <u>21,444</u>	 <u>3</u>	 <u>13</u>	 <u>3</u>
 Expenditures				
Education	-	-	350	150
Parks, recreation, and other	<u>1,150</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total expenditures	 <u>1,150</u>	 <u>-</u>	 <u>350</u>	 <u>150</u>
 Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total other financing sources (uses)	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Excess of revenues and other sources over expenditures and other uses	 20,294	 3	 (337)	 (147)
 Fund balance, July 1, 2018	 <u>74,504</u>	 <u>31,943</u>	 <u>13,458</u>	 <u>3,010</u>
 Fund balance, June 30, 2019	 <u>\$ 94,798</u>	 <u>\$ 31,946</u>	 <u>\$ 13,121</u>	 <u>\$ 2,863</u>

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, 2019

	<u>R. Peckham</u>	<u>Tree Fund</u>	<u>Philip Wilbur Mem</u>	<u>Adamsville Historical Assoc</u>	<u>Total</u>
Revenues					
Investment income	\$ 2	\$ 11	\$ 3	\$ 3	\$ 52
Unrealized gain/(loss)	-	-	-	-	1,430
Donation revenues	-	8,225	-	-	28,225
	<u>2</u>	<u>8,236</u>	<u>3</u>	<u>3</u>	<u>29,707</u>
Expenditures					
Education	-	-	-	-	500
Parks, recreation, and other	-	3,824	-	-	4,974
	<u>-</u>	<u>3,824</u>	<u>-</u>	<u>-</u>	<u>5,474</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	2	4,412	3	3	24,233
Fund balance, July 1, 2018	<u>1,314</u>	<u>6,110</u>	<u>3,031</u>	<u>2,174</u>	<u>135,544</u>
Fund balance, June 30, 2019	<u>\$ 1,316</u>	<u>\$ 10,522</u>	<u>\$ 3,034</u>	<u>\$ 2,177</u>	<u>\$ 159,777</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, 2019

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, 2019

Town of Little Compton
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2019

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 12,127,383	\$ -
Last Year's Levy Tax Collection	270,441	-
Prior Years Property Tax Collection	48,106	-
Interest & Penalty	82,403	-
PILOT & Tax Treaty (excluded from levy) Collection	-	-
Other Local Property Taxes	-	-
Licenses and Permits	430,310	-
Fines and Forfeitures	6,542	-
Investment Income	11,709	-
Departmental	259,506	-
Rescue Run Revenue	154,404	-
Police & Fire Detail	11,325	-
Other Local Non-Property Tax Revenues	-	-
Tuition	-	31,500
Impact Aid	-	-
Medicaid	-	17,144
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	17,548
CDBG	140,000	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	-	177,984
MV Excise Tax Reimbursement	13,465	-
State PILOT Program	-	-
Distressed Community Relief Fund	-	-
Library Resource Aid	34,306	-
Library Construction Aid	-	-
Public Service Corporation Tax	44,099	-
Meals & Beverage Tax / Hotel Tax	84,248	-
LEA Aid	-	355,487
Group Home	-	-
Housing Aid Capital Projects	-	-
Housing Aid Bonded Debt	330,472	-
State Food Service Revenue	-	736
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	-	-
Motor Vehicle Phase Out	53,463	-
Other Revenue	-	58,092
Local Appropriation for Education	-	6,887,302
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	\$ 14,102,182	\$ 7,545,793
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	2,450	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
Total Other Financing Sources	\$ 2,450	\$ -

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Annual Supplemental Transparency Report (MTP2)

For the Year Ended June 30, 2019

Town of Little Compton
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2019

<u>EXPENDITURES</u>	General Government	Finance	Social Services	Centralized IT	Planning	Libraries	Public Works	Parks and Rec	Police Department
Compensation- Group A	\$ 322,815	\$ 171,627	\$ 6,453	\$ -	\$ -	\$ 154,242	\$ 171,308	\$ 120,200	\$ 757,332
Compensation - Group B	-	-	-	-	-	-	-	-	-
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	800	-	-	-	-	-	2,000	7,800	73,334
Overtime - Group B	-	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	9,200
Active Medical Insurance- Group A	76,759	100,973	-	-	-	19,880	62,221	-	165,541
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	-
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental Insurance- Group A	388	376	-	-	-	61	288	-	591
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	-
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	10,000	36,500	313	-	-	12,792	33,000	40,000	210,000
Life Insurance	325	192	-	-	-	96	145	-	478
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	54,446	33,909	-	-	-	26,983	40,477	-	85,428
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	-	-	-	-	-	-	-	-	-
Purchased Services	31,000	12,580	-	83,725	14,470	3,225	14,895	155,698	18,250
Materials/Supplier	8,641	17,675	-	-	-	3,209	10,150	8,241	8,820
Software Licenses	-	-	-	30,000	-	-	-	-	-
Capital Outlays	1,000	-	-	-	-	-	14,500	1,500	-
Insurance	115,000	-	-	-	-	-	-	-	-
Maintenance	6,191	-	-	-	-	-	-	12,500	-
Vehicle Operations	-	-	-	-	-	-	-	500	31,000
Utilities	13,600	1,040	-	3,000	-	3,100	2,900	500	3,000
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	2,100	-	-
Revaluation	-	87,760	-	-	-	-	-	-	-
Snow Removal-raw Material & External Contracts	-	-	-	-	-	-	113,017	-	-
Trash Removal & Recycling	-	-	-	-	-	-	89,009	-	-
Claims & Settlements	79,000	-	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	-	-	-
Other Operation Expenditures	20,000	-	-	-	-	-	-	-	-
Tipping Fees	-	-	-	-	-	-	75,191	-	-
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	-	-	-	-	-	-	-	-	-
OPES Contribution- Total	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 792,875	\$ 482,612	\$ 6,746	\$ 96,725	\$ 14,470	\$ 202,570	\$ 632,000	\$ 346,939	\$ 1,342,974

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Annual Supplemental Transparency Report (MTP2)

For the Year Ended June 30, 2019

Town of Little Compton
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2019

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ 683,223	\$ 181,779	\$ -	\$ -	\$ -	\$ -	\$ 2,538,989	\$ 2,734,378
Compensation - Group B	-	-	-	-	-	-	-	258,596
Compensation - Group C	-	-	-	-	-	-	-	438,213
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	107,628	21,289	-	-	-	-	212,827	-
Overtime- Group B	-	-	-	-	-	-	-	-
Overtime- Group C	-	-	-	-	-	-	-	45,227
Police & Fire Detail	-	-	-	-	-	-	3,200	-
Active Medical Insurance - Group A	196,421	100,098	-	-	-	-	721,874	520,184
Active Medical Insurance- Group B	-	-	-	-	-	-	-	25,613
Active Medical Insurance- Group C	-	-	-	-	-	-	-	90,134
Active Dental Insurance- Group A	822	130	-	-	-	-	2,555	31,751
Active Dental Insurance- Group B	-	-	-	-	-	-	-	3,613
Active Dental Insurance- Group C	-	-	-	-	-	-	-	3,970
Payroll Taxes	305,645	52,000	-	-	-	-	621,450	91,939
Life Insurance	215	193	-	-	-	-	1,654	11,049
State Defined Contribution- Group A	-	-	-	-	-	-	-	56,677
State Defined Contribution - Group B	-	-	-	-	-	-	-	6,122
State Defined Contribution - Group C	-	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	-	-	-	-	-	28,637
Other Benefits- Group B	-	-	-	-	-	-	-	2,635
Other Benefits- Group C	-	-	-	-	-	-	-	1,361
Local Defined Benefit Pension- Group A	70,285	20,081	-	-	-	-	391,670	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	-	-	-	-	-	-	362,859
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	22,339
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
Other Defined Benefits / Contribution	-	-	-	-	-	-	-	-
Purchased Services	166,472	2,000	600	-	-	-	492,915	2,397,072
Materials/Supplies	9,800	646	2,500	-	-	-	69,682	117,096
Software Licenses	-	-	-	-	-	-	10,000	14,560
Capital Outlays	3,412	-	-	-	-	-	20,412	301,755
Insurance	-	-	-	-	-	-	115,000	26,124
Maintenance	-	-	7,400	-	-	-	26,171	66,849
Vehicle Operations	29,597	-	-	-	-	-	60,097	-
Utilities	2,000	200	24,129	-	-	-	52,469	129,839
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	2,100	-
Revaluation	-	-	-	-	-	-	87,760	-
Snow Removal-raw Material & External Contracts	-	-	-	-	-	-	113,017	-
Trash Removal & Recycling	-	-	-	-	-	-	89,800	-
Claims & Settlements	-	-	-	-	-	-	79,000	186
Community Support	-	-	-	-	-	-	-	-
Other Operation Expenditures	11,631	-	-	-	-	-	31,631	35,678
Tipping Fees	-	-	-	-	-	-	75,191	-
Local Appropriation for Education	-	-	-	6,887,302	-	-	6,887,302	-
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	-	-	-	-	652,968	-	652,968	-
School Debt- Interest	-	-	-	-	197,968	-	197,968	-
Retiree Medical Insurance- Total	-	-	-	-	-	187,729	187,729	1,633
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 1,486,347	\$ 379,296	\$ 34,709	\$ 6,887,302	\$ 850,936	\$ 187,729	\$ 13,743,449	\$ 7,625,000

Financing Uses: Transfer to Capital Funds	\$ -	\$ -
Financing Uses: Transfer to Other Funds	141,000	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ 141,000	\$ -
Net Change in Fund Balance¹	220,183	(79,297)
Fund Balance- beginning of year	\$1,851,644	\$274,778
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	-
Misc. Adjustment	-	-
Fund Balance¹ - beginning of year adjusted	1,851,644	274,778
Rounding	-	-
Fund Balance¹ - end of year	\$ 2,071,827	\$ 395,481

¹ 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, 2019

Town of Little Compton Annual Supplemental Transparency Report (MTP2) Combining Schedule of Reportable Government Services with Reconciliation to MTP2 Municipal Fiscal Year Ended June 30, 2019									
Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ² (Deficit)
Fund Balance ² - per MTP-2 at June 30, 2018						\$ 1,851,644	-	\$ 1,851,644	
No funds removed from RGS for fiscal 2018						-	-	-	
No funds added to RGS for fiscal 2018						-	-	-	
No misc. adjustments made for fiscal 2018						-	-	-	
Fund Balance ² - per MTP-2 at June 30, 2018 adjusted						<u>\$ 1,851,644</u>	<u>-</u>	<u>\$ 1,851,644</u>	
General Fund	\$ 13,796,453	\$ 2,450	\$ 6,462,864	\$ 7,048,302	\$ 287,737	\$ 1,634,114	-	\$ 1,634,114	\$ 1,921,851
Special Revenue Funds - CDBG	140,000	-	140,000	-	-	10,745	-	10,745	20,745
Special Revenue Funds - Ambulance Reimbursement	154,404	-	153,892	-	512	113,068	-	113,068	113,580
Special Revenue Funds - Fire Inspection	11,325	-	11,631	-	(306)	(2,955)	-	(2,955)	(3,261)
Capital Projects Funds - Revaluation	-	20,000	87,760	-	(67,760)	96,672	-	96,672	28,912
Totals per audited financial statements	<u>\$ 14,102,182</u>	<u>\$ 22,450</u>	<u>\$ 6,856,147</u>	<u>\$ 7,048,302</u>	<u>\$ 220,183</u>	<u>\$ 1,851,644</u>	<u>\$ -</u>	<u>\$ 1,851,644</u>	<u>\$ 2,071,827</u>
Reconciliation from financial statements to MTP2									
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	\$ -	\$ -	\$ 6,887,302	\$ (6,887,302)	\$ -	-	-	-	-
Transfer from (to) other funds	-	(20,000)	-	(20,000)	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 14,102,182</u>	<u>\$ 2,450</u>	<u>\$ 13,743,449</u>	<u>\$ 141,000</u>	<u>\$ 220,183</u>	<u>\$ 1,851,644</u>	<u>\$ -</u>	<u>\$ 1,851,644</u>	<u>\$ 2,071,827</u>

¹ 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, 2019

Town of Little Compton
Annual Supplemental Transparency Report (MTP2)
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Education Department
Fiscal Year Ended June 30, 2019

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance ¹ - per MTP-2 at June 30, 2018 <i>No misc. adjustments made for fiscal 2018</i>						\$ 274,778	-	\$ 274,778	
Fund Balance ¹ - per MTP-2 at June 30, 2018 adjusted						\$ 274,778	-	\$ 274,778	
School Unrestricted Fund	\$ 685,861	\$ 6,887,302	\$ 7,616,489	\$ 40,000	\$ (83,326)	\$ 93,124	\$ -	\$ 93,124	\$ 9,798
SBA School Capital Project Fund	-	40,000	36,694	-	3,306	183,000	-	183,000	183,306
School Special Revenue Funds	241,405	-	240,682	-	723	(3,345)	-	(3,345)	(2,622)
Totals per audited financial statements:	\$ 927,266	\$ 6,927,302	\$ 7,893,865	\$ 40,000	\$ (79,297)	\$ 274,778	\$ -	\$ 274,778	\$ 195,482
Reconciliation from financial statements to MTP2									
Municipal appropriation for Education reported as a transfer on financial statements but a revenue on MTP2	\$ 6,887,302	\$ (6,887,302)	-	-	-	-	-	-	-
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(268,775)	-	(268,775)	-	-	-	-	-	-
Transfer to Capital Reserve Funds	-	(40,000)	-	(40,000)	-	-	-	-	-
Rounding	-	-	-	-	-	(1)	-	(1)	(1)
Totals Per MTP2	\$ 7,545,793	\$ -	\$ 7,625,090	\$ -	\$ (79,297)	\$ 274,778	\$ -	\$ 274,778	\$ 195,481
Reconciliation from MTP2 to UCOA									
No reconciling items for 2019	-	-	-	-	-	-	-	-	-
Totals per UCOA Validated Totals Report	\$ 7,545,793	\$ -	\$ 7,625,090	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

¹ 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, 2019

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, 2019

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, 2019, and the related notes to the financial statements, which collectively comprise Town's basic financial statements, and have issued our report thereon dated December 23, 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.

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 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, Sahady & Co. PC

Fall River, Massachusetts
December 23, 2019