

TOWN OF LITTLE COMPTON, RHODE ISLAND
ANNUAL FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

TOWN OF LITTLE COMPTON, RHODE ISLAND

ANNUAL FINANCIAL STATEMENTS

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CERTIFIED PUBLIC ACCOUNTANTS
126 President Avenue
Fall River, MA 02720
TEL. (508) 675-7889
FAX (508) 675-7859
www.hague-sahady.com

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, 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, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

continued

Town of Little Compton, Rhode Island
Independent Auditors' Report

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Little Compton, Rhode Island, as of June 30, 2016, and the respective changes in financial position and, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Town of Little Compton, Rhode Island
Independent Auditors' Report

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 3, 2016 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Town's internal control over financial reporting and compliance.

Hague, Sahady & Co. PC

Fall River, Massachusetts
December 3, 2016

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2016

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, 2016 (FY 2016) and 2015 (FY 2015). We encourage readers to consider the information presented here in conjunction with additional information found within the financial statements.

Financial Highlights

- The General Fund assets, plus deferred outflows of the Town exceeded its liabilities plus deferred inflows as of June 30, 2016 and 2015, \$1,538,132 and \$1,336,400, respectively.
- The School's operating funds, assets plus deferred outflow, exceeded its liabilities plus deferred inflows as of June 30, 2016 and June 30, 2015 by \$178,100 and \$263,226, respectively.
- The Town's total bonded debt as of June 30, 2016 was \$11,021,650 consisting of \$55,000 of revenue bonds related to the Wastewater Treatment Facility and a \$10,665,000 school renovation revenue bond which contains a \$301,650 bond premium. During 2016, \$475,000 was paid in principal and \$438,275 was paid in interest on the bonds.

Overview of the Financial Statements

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

Government-Wide and Fund Financial Statements

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

The government-wide financial statements include two statements:

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

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

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

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2016

Government-Wide and Fund Financial Statements

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

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

Fund Financial Statements

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

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

Governmental Funds

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

The basic governmental fund financial statements can be found on pages 17-20 of this report.

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

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

The Town adopts an annual appropriated budget for its General Fund. Budgetary comparison schedules have been provided for the General Fund and School Department to demonstrate compliance with budgets and are presented on pages 66-70 of this report.

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2016

Governmental Funds (Continued)

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

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

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

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

Fiduciary Funds

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

The Town maintains the following two types of fiduciary funds:

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

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information includes a schedule detailing the Town's progress in funding its pension and other postemployment benefit obligations, as well as budgetary comparison schedules for the General Fund and the School Department to demonstrate compliance with their respective budgets. Required supplementary information can be found on pages 66-77 of this report.

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2016

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, assets plus deferred outflows exceeded liabilities plus deferred inflows by (\$77,891) and (\$69,663) as of June 30, 2016 and 2015, respectively.

At June 30, 2016, one of the largest portions of the Town's total net position reflects its investment in capital assets (e.g., land, construction in progress, land improvements, infrastructure, building and improvements, office equipment, computer equipment and software, vehicles, machinery and equipment, and textbooks and library books), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to its residents; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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

	2016	2015	\$ Change
Assets			
Current assets	\$ 3,325,919	\$ 3,642,030	\$ (316,111)
Long-term assets	15,679,832	16,047,814	(367,982)
Total assets	19,005,751	19,689,844	(684,093)
Deferred Outflows of Resources			
Deferred outflows of resources	1,583,665	1,236,713	346,952
Total deferred outflows of resources	1,583,665	1,236,713	346,952
Liabilities			
Current liabilities	1,267,438	917,707	349,731
Long-term liabilities	18,066,356	19,041,596	(975,240)
Total liabilities	19,333,794	19,959,303	(625,509)
Deferred Inflows of Resources			
Deferred inflows of resources	1,333,513	1,036,917	296,596
Total deferred inflows of resources	1,333,513	1,036,917	296,596
Net Position			
Net investment in capital assets	3,985,542	3,549,720	435,822
Restricted	437,452	742,789	(305,337)
Unrestricted	(4,500,885)	(4,362,172)	(138,713)
Total net position	\$ (77,891)	\$ (69,663)	\$ (8,228)

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2016

Government-Wide Financial Analysis (Continued)

As of June 30, 2016 and 2015, cash and investments totaled \$2,010,185 and \$2,568,133, respectively, for the primary government.

The Town's net position decreased by \$8,228 in 2016 and decreased by \$380,973 in 2015.

The majority of general revenues are tax collections from the Town's taxpayers, which represents 79% and 81% of total revenues for fiscal years 2016 and 2015, respectively.

The Town's most significant expense is education, which in 2016 represented 56% of total expenses, followed by public safety at 22%.

	Changes in Net Assets Primary Government		\$ Change
	2016	2015	
Revenues			
Program Revenues:			
Charges for service	\$ 641,476	\$ 817,044	\$ (175,568)
Operating grants & contributions	1,333,122	781,199	551,923
Capital grants & contributions	10,000	27,854	(17,854)
General Revenues:			
Property taxes	11,244,066	10,945,695	298,371
Motor vehicle phase-out	12,896	10,664	2,232
Medicaid reimbursement	-	-	-
General state aid	776,215	767,309	8,906
Donation revenue	2,030	3,216	(1,186)
Meal tax	55,913	45,070	10,843
Telephone tax	43,188	47,317	(4,129)
Earnings on investments	4,838	2,378	2,460
Miscellaneous	61,549	29,082	32,467
Total revenue	14,185,293	13,476,828	708,465
Expenses			
General government	1,223,605	1,804,094	(580,489)
Finance administration	162,869	160,121	2,748
Public safety	3,143,335	2,587,768	555,567
Education	7,947,758	7,528,937	418,821
Public works	9,486	487,842	(478,356)
Transfer station	115,871	195,654	(79,783)
Parks, recreation, and other services	862,022	404,227	457,795
State contribution to teachers pension plan	284,146	219,425	64,721
Interest on debt	444,429	469,733	(25,304)
Total expenses	14,193,521	13,857,801	335,720
Increase(decrease) in net position	(8,228)	(380,973)	372,745
Net position-beginning of year	(69,663)	311,310	(380,973)
Net position-end of year	\$ (77,891)	\$ (69,663)	\$ (8,228)

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2016

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 \$24,460,754. Net position invested in capital assets, net of related debt, comprises \$20,698,445, or 85% of total net position. The remaining balance of net position of the Agricultural Trust, totaling \$3,762,309, 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, 2016, the Town's governmental funds reported combined fund balances of \$2,260,880 of which \$1,257,761 constitutes unassigned fund balance, which is available for spending at the Town's discretion, \$418,482 constitutes committed and assigned fund balance, which has been designated by the Town Council for specific purposes. \$427,452 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, nonspendable inventory or prepaid items. As of June 30, 2015, the governmental funds reported combined fund balances of \$2,260,880.

The General Fund had a fund balance of \$1,538,132 and \$1,336,400 at June 30, 2016 and 2015, respectively.

The School's operating fund balance is \$178,100 and \$263,226 at June 30, 2016 and 2015, respectively. The increase is primarily a result of initial costs related to the school renovation project in the prior year that did not exist in the current year.

The fund balance (deficit) of the Non-Major Governmental Funds is \$544,648 and \$868,969 as of June 30, 2016 and 2015, respectively. This significant increase is primarily due to short term borrowing in the prior year related to the school renovation project which were long term in the current year.

General Fund Budgetary Highlights

During fiscal year 2016, the actual charges to appropriations (expenditures) were lower than the final budgeted amounts by \$222,315 for the general fund and were higher than budgeted amount by \$128,246 for the school unrestricted fund. For 2015, the actual charges to appropriations (expenditures) were lower than the final budgeted amounts by \$81,814 and \$147,501 for the general fund and school unrestricted fund, respectively.

For 2016, revenues were \$10,383 in excess of budgeted amounts for the general fund and \$43,120 less than budgeted amounts for the school unrestricted fund. For 2015, revenues were \$133,504 and \$657 less than budgeted amounts for the general fund and school unrestricted fund, respectively.

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 \$133,504 lower than budgeted primarily due to the following.

- \$13,607 more collected than anticipated for general property taxes.

Total expenditures were lower than anticipated by \$222,315 primarily due to the following:

- \$148,996 less spent than budgeted on general government activities, mostly related to salaries and savings on other post-employment benefits.

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2016

Capital Asset Administration

The Town's investment in capital assets for governmental activities as of June 30, 2016 amounts to \$15,420,540, net of accumulated depreciation. The following is a summary of capital assets, net of accumulated depreciation where applicable, as of June 30, 2016 and 2015.

	Capital Assets		
	Governmental Activities		
	2016	2015	\$ Change
Primary government:			
Land	\$ 548,179	\$ 548,179	\$ -
Construction in progress	490,037	-	490,037
Land improvements, net	441,297	453,857	(12,560)
Building & improvements, net	12,103,917	12,773,047	(669,130)
Infrastructure, net	604,852	623,449	(18,597)
Machinery and equipment, net	826,423	228,372	598,051
Office equipment and furniture, net	312,312	466,805	(154,493)
Technology equipment, net	4,807	5,174	(367)
Vehicles, net	39,616	69,050	(29,434)
Textbooks and library books, net	49,100	52,684	(3,584)
Total primary government	\$ 15,420,540	\$ 15,220,617	\$ 199,923
Component unit	\$ 20,698,445	\$ 17,608,728	\$ 3,089,717

Additional information on the Town's capital assets may be found starting on page 35 of the notes to the financial statements.

Debt Administration

The town's outstanding debt for governmental activities as of June 30, 2016 amounts to \$18,675,576. The following is a summary of outstanding debt as of June 30, 2016 and 2015.

	Debt Administration		
	Governmental Activities		
	2016	2015	\$ Change
Primary government:			
Capital leases	\$ 346,972	\$ 86,124	\$ 260,848
Bonds and notes payable	11,021,650	11,524,552	(502,902)
Compensated absences	305,235	309,356	(4,121)
Net pension liability	6,330,329	6,783,195	(452,866)
Other post employment benefit obligations, net	671,390	453,357	218,033
Total primary government	\$ 18,675,576	\$ 19,156,584	\$ (481,008)

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2016

Factors Bearing on the Town's Future

The Town continues to experience a challenging budgeting environment due to the rising cost of education, health care, and pension fund contributions, which must be funded while facing a limited ability to generate additional revenue. The State of Rhode Island (State), in an effort to balance its own budget, continues to reduce and/or eliminate both State and school aid to Municipalities in relation to increasing budgets. In addition, the State has mandated a cap for property tax increases of 4.00%. The combination of rising costs of certain expenditures, primarily compensations and healthcare costs, and the inability to raise additional revenue creates difficulties in addressing new or unexpected expenditures.

Key issues for the Town's future are an increased focus on defining/planning for long-term needs and reducing reliance on tax-based revenues. Mitigating the increase in health care costs, proper funding of other postemployment benefits (OPEB) and adequately funding capital needs are of primary concern and must be addressed in order to implement measures to balance revenues and expenses without tax rate increases. In response, the Town Council, in concert with the Town Administrator and the Department heads, has included these matters as primary among its duties.

The Town Council, the School Committee and the Budget Committee have continued to work together effectively. Efforts include continuing to investigate new sources of revenue and analyzing the Town's current revenue streams to ensure the Town capitalizes on every opportunity available. The Budget Committee has reformed its budgeting process to require:

- establishing written goals very early in the new budget cycle,
- long-term financial and capital planning,
- analysis of budget to actual by expense categories,
- report generation explaining budget requests,
- mailings to the electors of the Town, and
- supplemental hearings to get voter input and explain the Budget Committee's thinking.
- The Town Council, the Town Administrator, the School Business Manager, and the School Committee have worked successfully to earn grants and low-interest loans (leases) to help fund needed capital improvements, which provide a direct benefit to the Town's tax rates.
- The Town Administrator and Budget Committee are focusing their efforts on:
 - using budget expenditures by category to permit closer tracking of cost drivers, which are enabling economies of scale,
 - increased attention on fund balances/trends, including capital funding, which has a direct impact on the Town's long-term capability to meet citizen needs,
 - providing increased visibility to the Town on overall financial performance as a key input for future planning and establishing budgets for the next fiscal year;
 - increasing the use of the MUNIS system in the budgeting process, including potential use of its web-based portal, and

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2016

Factors Bearing on the Town's Future (continued)

- researching other available accounting systems, subject to cost and budget constraints, that are more efficient and flexible, supporting ad hoc reporting and providing the necessary financial information (including trends) in order that the Town can leverage its level of staffing to maximize its efficiency.

FY 2016 was the second full year in the renovated School facility and was deemed a success by officials of the Town and the School, along with parents and teachers. The Director of Public Works, acting as the facilities manager (including the buildings and grounds) has been monitoring all School facility systems and is directly involved in ensuring all safety and other renovations were completed and operating efficiently.

The Commons Area Recreation Project was completed this fall with the exception of the plantings. The multi-purpose playing field has been seeded, irrigated and will be ready use by the spring. The walking path has been paved and the tennis courts have been resurfaced and are ready for use. The approved budget of \$801.7K including change orders was offset by \$773.3K in revenues from grants, the School and Town appropriations, along with donations from residents and others. The anticipated shortfall will be covered by additional sources.

Keeping the level of services responsive to Town needs as the State continues to reduce the amount of aid will require some 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.

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, 2016

	Primary Government Governmental Activities	Component Units Agricultural Trust
ASSETS		
Cash	\$ 1,642,095	\$ 1,567,427
Investments	368,090	2,223,798
Receivables, net		
Personal property taxes	775,013	-
Intergovernmental	57,114	-
Agricultural trust	19,514	-
Departmental and other	223,145	-
Prepaid expenses	132,916	-
Inventory	14,553	-
Due from other funds	93,479	-
TSB - net pension asset	259,292	-
Capital assets:		
Land and land easements	548,179	20,698,445
Construction in progress	490,037	
Infrastructure, net	441,297	-
Building and building improvements, net	12,103,917	-
Land improvements, net	604,852	-
Vehicles, net	826,423	-
Machinery and equipment, net	312,312	-
Furniture and fixtures, net	4,807	-
Technology equipment, net	39,616	-
Textbooks and library books, net	49,100	-
Total capital assets	15,420,540	20,698,445
Total assets	19,005,751	24,489,670
DEFERRED OUTFLOWS OF RESOURCES		
Town plan, net of deferred inflows	1,148,176	-
TSB, net of deferred inflows	435,489	-
Total assets and deferred outflows of resources	\$ 20,589,416	\$ 24,489,670

The accompanying notes are an integral part of this statement

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Statement of Net Position

June 30, 2016

	<u>Primary Government Governmental Activities</u>	<u>Component Units Agricultural Trust</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 498,363	\$ 9,400
Accrued interest	66,376	-
Due to other funds	93,479	19,516
Current portion of capital leases	57,360	-
Current portion of bonds and notes payable	517,089	-
Current portion of compensated absences	34,771	-
Portion due or payable in more than one year:		
Capital leases	289,612	-
Bonds and notes payable	10,504,561	-
Compensated absences	270,464	-
ERS - net pension liability	3,425,297	-
Town net pension liability	2,905,032	-
Other post-employment benefit obligation, net	671,390	-
Total liabilities	<u>19,333,794</u>	<u>28,916</u>
DEFERRED INFLOWS OF RESOURCES		
ERS, net of deferred outflows	<u>1,333,513</u>	-
Total deferred inflows of resources	<u>1,333,513</u>	-
NET POSITION		
Net investment in capital assets	3,985,542	20,698,445
Restricted	437,452	-
Unrestricted	<u>(4,500,885)</u>	<u>3,762,309</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 20,589,416</u>	<u>\$ 24,489,670</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, 2016

	<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	\$ 1,223,605	\$ 217,078	\$ 83,887	\$ -	\$ (922,640)	\$ -
Finance administration	162,869	-	-	-	(162,869)	-
Public safety	3,143,335	21,836	394,362	-	(2,727,137)	-
Education	7,947,758	12,306	251,809	-	(7,683,643)	-
Public works	9,486	107,979	25,943	-	124,436	-
Transfer station	115,871	25,867	-	-	(90,004)	-
Parks, recreation, and other services	862,022	256,410	292,975	10,000	(302,637)	-
State contribution to teacher pension plan	284,146	-	284,146	-	-	-
Interest on debt	<u>444,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(444,429)</u>	<u>-</u>
 Total primary government	 <u>14,193,521</u>	 <u>641,476</u>	 <u>1,333,122</u>	 <u>10,000</u>	 <u>(12,208,923)</u>	 <u>-</u>
Component Unit						
Agricultural Trust	<u>246,879</u>	<u>1,695,469</u>	<u>-</u>	<u>1,467,473</u>	<u>-</u>	<u>2,916,063</u>
 Total Town of Little Compton	 <u>\$ 14,440,400</u>	 <u>\$ 2,336,945</u>	 <u>\$ 1,333,122</u>	 <u>\$ 1,477,473</u>	 <u>\$ (12,208,923)</u>	 <u>\$ 2,916,063</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, 2016

	Primary Government Governmental Activities	Component Unit Agricultural Trust
General revenues		
Real estate and personal property, net of reserve for abatement	\$ 11,244,066	\$ -
Motor vehicle phase-out	12,896	-
General state aid	776,215	-
Donation revenue	2,030	-
Meal tax	55,913	-
Telephone tax	43,188	-
Earnings on investments	4,838	13,671
Miscellaneous	61,549	-
 Total general revenues	 12,200,695	 13,671
Changes in net position	(8,228)	2,929,734
Net position - July 1, 2015	(69,663)	21,531,020
Net position - June 30, 2016	\$ (77,891)	\$ 24,460,754

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Governmental Funds
Balance Sheet

June 30, 2016

	Major Funds		Non-Major	Total
	General Fund	School Unrestricted	Governmental Funds	Governmental Funds
Assets				
Cash	\$ 1,185,724	\$ 22,931	\$ 433,440	\$ 1,642,095
Investments	254,782	-	113,308	368,090
Receivables:				-
Property taxes, less reserve for abatements	775,013	-	-	775,013
Intergovernmental	-	50,376	6,738	57,114
Agricultural trust	19,514	-	-	19,514
Other	21,438	129,957	71,750	223,145
Prepaid expenses	1,911	131,005	-	132,916
Inventories	14,269	-	284	14,553
Due from other funds	50	73,758	19,671	93,479
Total assets	<u>2,272,701</u>	<u>408,027</u>	<u>645,191</u>	<u>3,325,919</u>
Deferred Outflows of Resources				
None	-	-	-	-
Total deferred outflows of resources and assets	<u>\$ 2,272,701</u>	<u>\$ 408,027</u>	<u>\$ 645,191</u>	<u>\$ 3,325,919</u>
Liabilities				
Accounts payable and accrued expenses	\$ 223,756	\$ 229,927	\$ 44,680	\$ 498,363
Due to other funds	37,616	-	55,863	93,479
Total Liabilities	<u>261,372</u>	<u>229,927</u>	<u>100,543</u>	<u>591,842</u>
Deferred Inflows of Resources				
Unearned tax revenue	473,197	-	-	473,197
Total deferred inflows of resources	<u>473,197</u>	<u>-</u>	<u>-</u>	<u>473,197</u>
Fund balance				
Nonspendable				
Legally required	-	-	10,000	10,000
Inventory and prepaids	16,180	131,005	-	147,185
Restricted	-	-	427,452	427,452
Assigned	193,751	47,095	177,636	418,482
Unassigned	1,328,201	-	(70,440)	1,257,761
Total fund balance	<u>1,538,132</u>	<u>178,100</u>	<u>544,648</u>	<u>2,260,880</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 2,272,701</u>	<u>\$ 408,027</u>	<u>\$ 645,191</u>	<u>\$ 3,325,919</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, 2016

	<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	\$ 11,201,806	\$ -	\$ -	\$ 11,201,806
Intergovernmental	480,500	410,212	403,214	1,293,926
Donation revenues	2,030	-	15,187	17,217
Departmental and other revenue	-	-	666,211	666,211
Licenses, permits, and fees	365,109	-	-	365,109
Beach receipts	256,410	-	-	256,410
Investment income	4,197	-	370	4,567
State contribution to teachers' pension plan	-	254,516	-	254,516
Miscellaneous	7,651	43,862	2,128	53,641
Total revenue	<u>12,317,703</u>	<u>708,590</u>	<u>1,087,110</u>	<u>14,113,403</u>
Expenditures				
General government	1,778,155		68,588	1,846,743
Financial administration	162,869		-	162,869
Public safety	1,754,472		720,203	2,474,675
Education	-	7,224,856	266,990	7,491,846
Public works	405,145		-	405,145
Transfer station	175,871		-	175,871
Parks, recreation, and other services	354,257		496,438	850,695
Debt service:				
Principal payments	475,000		-	475,000
Interest and fiscal charges	438,274	-	-	438,274
Total expenditures	<u>5,544,043</u>	<u>7,224,856</u>	<u>1,552,219</u>	<u>14,321,118</u>
Excess (deficiency) of revenues over expenditures	6,773,660	(6,516,266)	(465,109)	(207,715)
Other financing sources (uses)				
Transfers in	-	6,431,140	155,069	6,586,209
Transfers out	(6,571,928)	-	(14,281)	(6,586,209)
Other financing sources (uses)	<u>(6,571,928)</u>	<u>6,431,140</u>	<u>140,788</u>	<u>-</u>
Excess of revenue and other sources over expenditures and other uses	201,732	(85,126)	(324,321)	(207,715)
Fund balance, July 1, 2015	<u>1,336,400</u>	<u>263,226</u>	<u>868,969</u>	<u>2,468,595</u>
Fund balance, June 30, 2016	<u>\$ 1,538,132</u>	<u>\$ 178,100</u>	<u>\$ 544,648</u>	<u>\$ 2,260,880</u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

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

June 30, 2016

Total governmental fund balances	\$ 2,260,880
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	15,420,540
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	259,292
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	473,197
Deferred inflows of resources due to various aspects associated with Town pension plans	250,152
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due	(66,376)
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	(11,021,650)
Compensated absences	(305,235)
ERS - net pension liability	(3,425,297)
Town pension liability	(2,905,032)
Other postemployment benefits	<u>(671,390)</u>
Net position of governmental activities	<u>\$ (77,891)</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, 2016

Net change in fund balances - total governmental funds	\$ (207,715)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	199,923
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	42,260
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	242,054
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due	(6,155)
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	(64,683)
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	(218,033)
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>4,121</u>
Change in net position of governmental position	<u>\$ (8,228)</u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Fiduciary Funds
Statement of Net Position

June 30, 2016

	Pension Trust Fund	Agency Funds Student Activity	Total
Assets			
Cash and cash equivalents	\$ (39,614)	\$ 10,175	\$ (29,439)
Investments:			
Fixed income	2,750,183	-	2,750,183
Domestic equities	4,486,673	-	4,486,673
International equities	1,640,220	-	1,640,220
Real estate	258,016	-	258,016
Receivable from Town	434,295	-	434,295
 Total assets	 \$ 9,529,773	 \$ 10,175	 \$ 9,539,948
Liabilities			
Deposits held	\$ -	\$ 10,175	\$ 10,175
 Total liabilities	 -	 10,175	 10,175
Net Position			
Held in trust for pension benefits	9,529,773	-	9,529,773
 Total net position	 9,529,773	 -	 9,529,773
 Total liabilities and net position	 \$ 9,529,773	 \$ 10,175	 \$ 9,539,948

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Fiduciary Funds
Statement of Changes in Net Position

For the Year Ended June 30, 2016

	Pension Trust Fund
Additions	
Contributions:	
Employee contributions	\$ 15,640
Employer contributions	<u>434,295</u>
Total contributions	<u>449,935</u>
Net investment income:	
Net investment income	37,653
Total additions	<u>487,588</u>
Deductions	
Administrative expenses	7,910
Retirement benefits	<u>478,818</u>
Total deductions	<u>486,728</u>
Change in net position	860
Net position, July 1, 2015	<u>9,528,913</u>
Net position, June 30, 2016	<u><u>\$ 9,529,773</u></u>

The accompanying notes are an integral part of this statement

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 1. Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

Component Unit

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

B. Basic Financial Statements - Government-Wide Statements

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

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

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements - Government-Wide Statements (Continued):

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

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

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

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

C. Basic Financial Statements - Fund Financial Statements

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

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

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

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

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

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (Continued)

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

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

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

1. Governmental Funds

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

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

2. Fiduciary Funds

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

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

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

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 assets 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 assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

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

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

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

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

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

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts

Cash and cash equivalents:

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

Investments:

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

Implementation of New Standards:

For the year ending June 30, 2016, the Authority implemented the following pronouncements issued by the GASB:

- GASB Statement No. 72, *Fair Value Measurement and Application*

The implementation of GASB Statement No. 72 had no material reporting impact for the Town.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Use of estimates:

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

Property taxes:

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

Farm, Forest and Open Space:

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

Intergovernmental:

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

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

Capital assets:

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Net interest costs related to construction projects are capitalized during the construction period. Such costs were not considered material during fiscal 2016.

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Capital assets (Continued):

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

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

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

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

Encumbrances:

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

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.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Fund Balance/Net Position:

Government-wide financial statements:

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

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

Governmental fund financial statements:

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

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

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

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Governmental fund financial statements (continued):

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

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 benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Interfund receivables and payables are classified as "due from other funds" or "due to other funds."

Indirect expense allocation:

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

F. Budget Requirements, Accounting and Reporting

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

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

G. Pensions

Employees' Retirement System Plan (ERS)

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

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

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

(b) Plan Expenses

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

(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. Although the Plan has been subsequently amended, management of the Board is of the opinion that the Plan, as amended, meets the IRS requirements and, therefore, continues to be tax exempt.

(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.

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

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, 2016, the carrying amount of the Town's deposits, including the component unit, was \$3,189,568 and the bank balance was \$3,667,927. Of the bank balance, \$34,142 was uninsured and uncollateralized \$3,633,785 was insured under FDIC or collateralized under an agreement with Washington Trust.

At June 30, 2016, deposits are categorized as follows:

	Insured/ Collateralized in Town's Name	Total Bank Balance	Carrying Amount
Demand Deposit	\$ 2,273,245	\$ 2,307,387	\$ 1,867,967
Money Market	1,360,540	1,360,540	1,320,926
Petty Cash	-	-	675
Total Cash and Equivalents	\$ 3,633,785	\$ 3,667,927	\$ 3,189,568

B. Investments

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

Investment Type	Carrying Amount	Maturities
Primary Government:		
Stock	\$ 6,936	N/A
Certificate of Deposit	12,612	11/7/2016
Certificate of Deposit	17,823	12/27/2016
LCPD Drug Forfeiture	76,153	Revolving
General Fund Investment	245,081	Revolving
Agricultural Conservancy Trust	2,223,797	Revolving
Total Investments	\$ 2,582,402	
Investment Type	Carrying Amount	
Pension Trust Fund:		
Mutual Funds	3,030,393	
Collective Funds	6,104,699	
	\$ 9,135,092	

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 2. Cash and Investments (Continued)

B. Investments (Continued)

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

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At June 30, 2016, 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 below represent 5% or more of total investments, as well as investments that represent 5% or more of the Pension Trust Fund's net position available for benefits.

First Eagle Sogen Over A	\$	845,527
Metro West Total Ret		1,390,172
Oppenheimer Intl Grth A		794,693
Large Company Value		1,238,623
S&P 500 Index		894,627
Small Company Growth		558,036
Small Company Value		661,594
Strategic Bond		1,360,010
Strategic Growth		1,133,793

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 3. Capital Assets

Capital asset activity for the year ended June 30, 2016 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 & easements	\$ 548,179	\$ -	\$ -	\$ 548,179
Construction & infrastructure in progress	<u>-</u>	<u>490,037</u>	<u>-</u>	<u>490,037</u>
Total capital assets not being depreciated	<u>548,179</u>	<u>490,037</u>	<u>-</u>	<u>1,038,216</u>
Capital assets being depreciated:				
Infrastructure	503,997	-	-	503,997
Buildings & building improvements	15,675,440	12,737	-	15,688,177
Land improvements	740,717	-	-	740,717
Vehicles	969,716	560,451	-	1,530,167
Machinery & equipment	1,274,768	90,810	(350,060)	1,015,518
Furniture & fixtures	97,681	-	-	97,681
Technology equipment	549,048	-	-	549,048
Textbooks & library books	<u>413,766</u>	<u>10,404</u>	<u>-</u>	<u>424,170</u>
Total capital assets, being depreciated	<u>20,225,133</u>	<u>674,402</u>	<u>(350,060)</u>	<u>20,549,475</u>
Government Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Accumulated depreciation:				
Infrastructure	50,140	12,560	-	62,700
Buildings & building improvements	2,902,393	681,867	-	3,584,260
Land improvements	117,268	18,597	-	135,865
Vehicles	569,814	133,930	-	703,744
Machinery & equipment	979,493	73,773	(350,060)	703,206
Furniture & fixtures	92,507	367	-	92,874
Technology equipment	479,998	29,434	-	509,432
Textbooks & library books	<u>361,082</u>	<u>13,988</u>	<u>-</u>	<u>375,070</u>
Total accumulated depreciation	<u>5,552,695</u>	<u>964,516</u>	<u>(350,060)</u>	<u>6,167,151</u>
Total capital assets being depreciated, net	<u>14,672,438</u>	<u>(290,114)</u>	<u>-</u>	<u>14,382,324</u>
Governmental activities capital assets, net	<u>\$ 15,220,617</u>	<u>\$ 199,923</u>	<u>\$ -</u>	<u>\$ 15,420,540</u>

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 3. Capital Assets (Continued)

For the year ended June 30, 2016, depreciation was charged to the following functions:

Governmental activities:	
General government	\$ 20,600
Public safety	201,537
Public works	48,628
Education	672,021
Parks, recreation, and other services	<u>21,730</u>
 Total governmental activities depreciation expense	 <u><u>\$ 964,516</u></u>

NOTE 5. Long-term Obligations

	<u>Balance,</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance,</u> <u>June 30, 2016</u>	<u>Due</u> <u>within</u> <u>one year</u>
Bonds payable:					
Revenue Bonds - WWTP	110,000	-	55,000	55,000	55,000
Revenue Bonds - RIHEBC	<u>11,085,000</u>	<u>-</u>	<u>225,000</u>	<u>10,860,000</u>	<u>435,000</u>
 Total bonds payable	 11,195,000	 -	 280,000	 10,915,000	 490,000
Premium on revenue bonds-RIHEBC	<u>369,882</u>	<u>-</u>	<u>27,902</u>	<u>341,980</u>	<u>27,089</u>
 Capital leases	 86,126	 384,402	 123,556	 346,972	 57,360
 Accrued compensated absences	 <u>309,356</u>	 <u>-</u>	 <u>4,121</u>	 <u>305,235</u>	 <u>34,771</u>
 Total long-term obligations	 <u><u>\$11,590,482</u></u>	 <u><u>\$ 384,402</u></u>	 <u><u>\$ 435,579</u></u>	 <u><u>\$ 11,909,187</u></u>	 <u><u>\$ 609,220</u></u>

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 5. Long-term Obligations (Continued):

General Obligations Bonds:

At a Special Financial Town Meeting in fiscal year 2007, the Town approved the issuance of \$550,000 of revenue bonds. The bonds, dated May 16, 2007, are due October 1, 2008 to June 30, 2017. The bonds provide for a varying interest rate with a yield of 4.00%. Interest is due semiannually on October 1st and April 1st.

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

	<u>Date issued</u>	<u>Maturity date</u>	<u>Amount issued</u>	<u>Interest rate</u>	<u>Balance, July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2016</u>	<u>Interest paid</u>
Revenue Bonds - WWTP	5/16/07	6/30/17	550,000	4.00%	110,000	-	55,000	55,000	5,650
Revenue Bonds - RIHEBC	12/10/13	5/15/34	11,310,000	3.16% - 4.25%	<u>11,085,000</u>	<u>-</u>	<u>420,000</u>	<u>10,665,000</u>	<u>432,625</u>
					<u>\$11,195,000</u>	<u>\$ -</u>	<u>\$ 475,000</u>	<u>\$10,720,000</u>	<u>\$ 438,275</u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 5. 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>
2017	490,000	422,725	912,725
2018	450,000	406,975	856,975
2019	455,000	395,975	850,975
2020	465,000	385,875	850,875
2021	480,000	371,038	851,038
2022-2026	2,695,000	1,567,988	4,262,988
2027-2031	3,330,000	926,140	4,256,140
2032-2034	<u>2,355,000</u>	<u>203,150</u>	<u>2,558,150</u>
	<u>\$ 10,720,000</u>	<u>\$ 4,679,866</u>	<u>\$ 15,399,866</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, 2016 were as follows:

Capital lease obligations outstanding at June 30, 2016 are as follow:

	<u>Date issued</u>	<u>Amount issued</u>	<u>Interest rate</u>	<u>Balance, July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2016</u>	<u>Due within one year</u>	<u>Interest Paid</u>
Governmental activities:									
Fire engine stainless steel pumper and 2008 pierce pumper fire truck	12/01/08	\$ 339,855	4.55%	54,953	-	54,953	-	-	2,800
Ferrara Engine Tanker mounted on 2015 Freightliner	09/10/15	384,402	2.92%	-	384,402	61,523	322,879	50,282	11,242
2015 Ford F-350 4WD	07/09/14	40,260	6.45%	<u>31,171</u>	<u>-</u>	<u>7,078</u>	<u>24,093</u>	<u>7,078</u>	<u>2,011</u>
				<u>\$ 86,124</u>	<u>\$ -</u>	<u>\$ 62,031</u>	<u>\$ 24,093</u>	<u>\$ 7,078</u>	<u>\$ 4,811</u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 5. 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>
2017	70,612
2018	70,612
2019	70,612
2020	61,523
2021	61,523
2022	<u>61,523</u>
Minimum lease payments for all capital leases	396,405
Less amount representing interest	<u>38,164</u>
Total principal portion due	<u>\$ 358,241</u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 6. Fund Balance Classification

	Major Funds		Non-Major Funds			Total
	General Fund	School Unrestricted	Special Revenue	Capital Projects	Permanent Trust	
Fund Balances:						
Nonspendable:						
Corpus of endowment funds	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
In Form	16,180	131,005	-	-	-	147,185
Restricted for:						
General government	-	-	39,540	-	-	39,540
Cemetery costs	-	-	-	-	98,315	98,315
Educational purposes	-	-	1,034	-	17,435	18,469
Public works operations	-	-	72,141	-	11,947	84,088
Public safety operations	-	-	142,758	-	-	142,758
Parks, recreation, and other	-	-	35,975	-	-	35,975
Community development	-	-	11,186	-	-	11,186
Assigned to:						
Public safety operations	2,294	-	-	-	-	2,294
General government	161,644	-	89,273	56,792	-	307,709
Public works operations	29,813	-	-	-	-	29,813
Educational purposes	-	47,095	-	-	-	47,095
Capital expenditures	-	-	-	22,563	-	22,563
Recreational, library, & other purposes	-	-	-	9,008	-	9,008
Unassigned	<u>1,328,201</u>	<u>-</u>	<u>(39,111)</u>	<u>(34,208)</u>	<u>-</u>	<u>1,254,882</u>
	<u>\$ 1,538,132</u>	<u>\$ 178,100</u>	<u>\$ 352,796</u>	<u>\$ 54,155</u>	<u>\$ 137,697</u>	<u>\$ 2,260,880</u>

NOTE 7. 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.

	Due from Other Funds	Due to Other Funds	Other Financing Sources	Other Financing Uses
<u>Major Governmental Funds</u>				
General fund	\$ 50	\$ 37,616	\$ -	\$ 6,571,928
School unrestricted fund	73,758	-	6,431,140	-
<u>Non-Major Governmental Funds</u>				
Special revenue funds	14,383	55,813	23,069	14,281
Permanent Funds	-	50	-	-
Capital projects	<u>5,288</u>	<u>-</u>	<u>132,000</u>	<u>-</u>
Totals	<u>\$ 93,479</u>	<u>\$ 93,479</u>	<u>\$ 6,586,209</u>	<u>\$ 6,586,209</u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 8. 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 2015, the Town's teachers were required to contribute 3.75% of their annual covered salary except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The state and the Town are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by the Town; the rates were 9.41% and 13.73% of annual covered payroll for the fiscal year ended June 30, 2015 for the state and Town, respectively. The Town contributed \$312,970, \$282,371 and \$372,381 for the fiscal years ended June 30, 2016, 2015 and 2014, respectively, equal to 100% of the required contributions for each year.

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 8. 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, 2016, the Town reported a liability of \$3,425,297 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's proportionate share of the net pension liability	\$ 3,425,297
State's proportionate share of the net pension liability associated with the Town	<u>2,340,055</u>
Total net pension liability	<u>\$ 5,765,352</u>

The net pension liability was measured as of June 30, 2015, 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, 2014 rolled forward to June 30, 2015. 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, 2015 the Town's proportion was 0.12442040%.

For the year ended June 30, 2016 the Town recognized gross pension expense of \$464,665 and revenue of \$284,146 for support provided by the State. At June 30, 2016 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, 2016

NOTE 8. Pension Plans (Continued)

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

Deferred outflows of resources

Contributions subsequent to the measurement date \$ 312,970

Net difference between projected and actual investment earnings. 192,999

Deferred inflows of resources

Change of assumptions \$ 92,084

Difference between expected and actual experience 22,303

Changes in proportion and differences between employer contributions and proportionate share of contributions 1,529,512

Net difference between projected and actual earnings on pension plan investments 195,583

Total, net (\$1,333,513)

\$312,970 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2016 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2016. 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:	
2017	(\$ 272,002)
2018	(272,002)
2019	(272,002)
2020	(206,808)
2021	(255,057)
thereafter	(368,612)

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 8. 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	2.75%
Salary increases	3.50% to 13.50%
Investment rate of return	7.50%

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

The actuarial assumptions used in the June 30, 2014 valuation rolled forward to June 30, 2015 and the calculation of the total pension liability at June 30, 2015 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 23 sources. The June 30, 2015 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Type of Investment	Target Allocation	Long-term expected real rate of return
Global Equity:	38.0%	-
U.S. Equity	-	6.93%
International Developed	-	7.32%
International Emerging Markets	-	9.52%
Equity Hedge Funds	8.0%	3.98%
Private Equity	7.0%	9.99%
Core Fixed Income	15.0%	2.18%
Absolute Return Hedge Funds	7.0%	3.98%
Infrastructure	3.0%	5.70%
Real Estate	8.0%	4.85%
Other Real Return Assets:	11.0%	-
Master Limited Partnerships	-	4.51%
Credit	-	4.51%
Inflation Linked Bonds	-	1.24%
Cash, Overlay, Money Market	3.0%	7.80%
	100.0%	

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 8. 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 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability (asset) to changes in the discount rate - the following presents the net pension liability (asset) calculated using the discount rate of 7.5 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 (6.5%)	Current Discount Rate (7.5%)	1.00 Increase (8.5%)
\$ 4,295,295	\$ 3,425,297	\$ 2,713,081

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 \$55,596, for the fiscal year ended June 30, 2016.

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, 2016

NOTE 8. Pension Plans (Continued)

Teachers' Survivors Defined Benefit Pension Plan (TSB)

General Information about the Pension Plan

Plan description - Certain employees of the Town participate in a cost-sharing multiple-employer defined benefit pension plan - the Teachers' Survivors Benefit plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in Social Security.

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

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

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

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

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

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 8. 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 \$9,600; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the respective school district by which the member is employed. These contributions are in addition to the contributions required for regular pension benefits.

The Town contributed \$3,122, \$2,371 and \$4,053 for the fiscal years ended June 30, 2016 and 2015 and 2014, 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, 2016 the Town reported an asset of \$259,292 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, 2015, 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, 2014 rolled forward to June 30, 2015. The Town proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2015 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2015 the Town proportion was 0.27774680%.

For the year ended June 30, 2016 the Town recognized pension expense of \$28,958 – a decrease in the net pension asset. At June 30, 2016 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, 2016

NOTE 8. Pension Plans (Continued)

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

Deferred outflows of resources

Contributions subsequent to the measurement date	\$ 3,122
Differences between expected and actual contributions	59,948
Net difference between projected and actual investment earnings	32,947
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>373,364</u>

Deferred inflows of resources

Net difference between projected and actual earnings on pension plan investments	<u>33,892</u>
Total, net	<u>\$435,489</u>

\$3,122 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2016 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 49,709
2018	49,709
2019	49,709
2020	61,006
2021	52,770
Thereafter	169,464

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

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

Mortality rates for male and female teachers were based on 97% (males) and 92% (females) of rates in a GRS table based on male and female teacher experience, projected with scale AA from 2000.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 8. Pension Plans (Continued)

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

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

The actuarial assumptions used in the June 30, 2014 valuation rolled forward to June 30, 2015 and the calculation of the total pension liability at June 30, 2015 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 23 sources. The June 30, 2015 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Type of Investment	Target Allocation	Long-term expected real rate of return
Global Equity:	38.0%	-
U.S. Equity	-	6.93%
International Developed	-	7.32%
International Emerging Markets	-	9.52%
Equity Hedge Funds	8.0%	3.98%
Private Equity	7.0%	9.99%
Core Fixed Income	15.0%	2.18%
Absolute Return Hedge Funds	7.0%	3.98%
Infrastructure	3.0%	5.70%
Real Estate	8.0%	4.85%
Other Real Return Assets:	11.0%	-
Master Limited Partnerships	-	4.51%
Credit	-	4.51%
Inflation Linked Bonds	-	1.24%
Cash, Overlay, Money Market	3.0%	7.80%
	100.0%	

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.

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

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

Sensitivity of the net pension liability (asset) to changes in the discount rate - the following presents the net pension liability (asset) calculated using the discount rate of 7.5 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 (6.5%)	Current Discount Rate (7.5%)	1.00 Increase (8.5%)
(\$ 201,360)	(\$ 259,292)	(\$ 306,701)

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, 2016

NOTE 8. 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, 2016, pension plan membership consisted of the following:

Active plan members	45
Terminated vested	11
Retirees and Beneficiaries	<u>33</u>
Subtotal	<u><u>89</u></u>

(c) Benefits Provided

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

The normal retirement date for police and fire employees is upon completion of twenty-five years of credited service. Any police officer hired after July 1, 1004 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, 2016

NOTE 8. Pension Plans (Continued)

Town Pension Plan, Other than Certified Teachers

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

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

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

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

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

Method used to value investments.

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

(d) Contributions

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

Employees are required to contribute to the Plan as follows:

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

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 8. 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, 2016:

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

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

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 8. 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, 2016, 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, 2016 the annual money-weighted rate of return on Plan investments, net of investment expense, was .58%. 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, 2016, 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, 2016, 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, 2016, the Plan has no single issuer that exceeds 5% of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in diversified mutual funds, external investment pools, and other pooled investments are excluded.

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 8. 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, 2016, 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, 2016.

Net Pension Liability of the Plan

The components of the net pension liability of the Plan at June 30, 2016, were as follows:

Total pension liability	\$	12,434,805
Plan fiduciary net position		<u>(9,529,773)</u>
Town's net pension liability	\$	<u>2,905,032</u>
Plan fiduciary net position as a percentage of the total pension liability		76.64%

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 8. 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, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.00, including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period ended June 30, 2016.

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, 2016 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.50%
Fixed income	3.32%
Domestic equity	7.83%
International equity	8.65%
Real estate	8.50%

(b) Discount rate

The discount rate used to measure the total pension liability was 7.08 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 Commission contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 8. 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 7/1/2015	\$ 11,709,143	\$ 9,528,913	\$ 2,180,230
Changes for the year:			
Service cost	270,130	-	270,130
Interest on total pension liability	830,306	-	830,306
Differences between expected and actual experience	198,548	-	198,548
Changes in assumptions	(56,558)	-	(56,558)
Changes in benefit terms	(37,946)	-	(37,946)
Contributions - employer	-	434,295	(434,295)
Contributions - employee	-	15,640	(15,640)
Net investment income	-	37,653	(37,653)
Benefit payments	(478,818)	(478,818)	-
Administrative expense	-	(7,910)	7,910
Net changes	<u>725,662</u>	<u>860</u>	<u>724,802</u>
Balance as of 6/30/2016	<u>\$ 12,434,805</u>	<u>\$ 9,529,773</u>	<u>\$ 2,905,032</u>

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

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.08 percent, as well as what the Commission's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.08 percent) or 1-percentage-point higher (8.08 percent) than the current rate:

	1% Decrease (6.08%)	Current Discount Rate (7.08%)	1% Increase (8.08%)
Plan's Net Pension Liability	\$ 4,505,610	\$ 2,905,032	\$ 1,579,527

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

For the year ended June 30, 2016, the Commission recognized pension expense of \$631,588. At June 30, 2016, the Commission 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, 2016

NOTE 8. 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	\$ 200,401	\$ -
Changes in assumptions	485,955	(47,012)
Difference between projected and actual earnings on plan investments	754,999	(246,167)
Total deferred outflows / (inflows)	<u>\$ 1,441,355</u>	<u>\$ (293,179)</u>

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:

	2017	\$	225,734
	2018		225,733
	2019		348,816
	2020		270,269
	2021		69,688
	Thereafter		7,936
		\$	1,148,176

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 9. Other Postemployment Benefits

In addition to pension benefits, the Town and School Department provide, under the provisions of various union contracts and other employment agreements, postemployment health insurance benefits, or compensation in lieu of postemployment health insurance benefits, to eligible retirees for a specified maximum number of years. Eligibility is determined based on years of service, employee age, and other available health care coverage. The Town and School Department fund these benefits on a pay-as-you-go basis. During the year ended June 30, 2016, postemployment benefits totaling \$179,819 were received by twelve participants.

As of June 30, 2016, the latest available membership census is as follows:

Active employees	46
Retirees	<u>12</u>
 Total	 <u><u>58</u></u>

Annual OPEB cost and net OPEB obligation:

The Town's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Town. In prior years, the Town engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a closed period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost, the amount actually contributed to the plan for the year ended June 30, 2016, and the Town's net OPEB obligation as of June 30, 2016.

Public Safety OPEB:

Normal cost (current service cost)	\$ 55,255
Amortization of UAAL (for past service)	<u>114,516</u>
Annual Required Contribution (ARC)	169,771
Interest on beginning net OPEB obligation	11,353
ARC adjustment	<u>(12,856)</u>
Annual OPEB expense	168,268
Actual active employee matching contributions	<u>-</u>
Employer Portion of Annual OPEB expense	168,268
Actual current year employer contribution and/or payment	<u>121,340</u>
Increase in OPEB obligation	46,928
Net OPEB obligation at beginning of year	<u>283,814</u>
Net OPEB obligation at end of year	<u><u>\$ 330,742</u></u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 9. Other Postemployment Benefits (Continued)

Police OBEB (Continued)

Covered payroll	\$	401,325
Annual OPEB expense as of % of covered payroll		41.93%
Source for Government-Wide Adjustments		
OPEB expense presented in government-wide statement of activities	\$	168,268
Liability of the government-wide statement of net position	\$	330,742

Results of the ACOPEB Calculation - School Uncertified OPEB:

		<u>Current Calculation</u>
Actuarial accrued liabilities (AAL)	\$	2,336,257
Actuarial value of plan assets		<u>-</u>
Unfunded actuarial accrued liabilities (UAAL)	\$	<u><u>2,336,257</u></u>
Funded Ratio		0.00%
Covered Payroll	\$	401,325
UAAL as % of Covered Payroll		582.14%
Normal cost (current service cost)	\$	5,596
Amortization of UAAL (for past service)		<u>5,960</u>
Annual required contribution (ARC)		11,556
Interest on beginning net OPEB obligation		6,692
ARC adjustment		<u>(7,578)</u>
Annual OPEB expense		10,670
Actual active employee matching contributions		<u>-</u>
Employer portion of annual OPEB expense		10,670
Actual current year contribution and/or payment		<u>5,485</u>
Increase in OPEB obligation		5,185
Net OPEB obligation at beginning of year		<u>167,291</u>
Net OPEB obligation at end of year	\$	<u><u>172,476</u></u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 9. Other Postemployment Benefits (Continued)

Results of the ACOPEB Calculation - School Certified OPEB (Continued):

Covered payroll	\$	1,874,798
Annual OPEB expense as a % of covered payroll		0.57%
OPEB expense presented in government-wide statement of activities	\$	10,670
Liability on the government-wide statement of net position	\$	172,476

Results of the ACOPEB Calculation - School Uncertified OPEB:

		<u>Current Calculation</u>
Actuarial accrued liabilities (AAL)	\$	121,591
Actuarial value of plan assets		<u>-</u>
Unfunded actuarial accrued liabilities (UAAL)	\$	<u>121,591</u>
Funded Ratio		0.00%
Covered payroll	\$	1,874,798
UAAL as % of covered payroll		6.49%
Normal cost (current service cost)	\$	998
Amortization of UAAL (for past service)		<u>769</u>
Annual required contribution (ARC)		1,767
Interest on beginning net OPEB obligation		6,692
ARC adjustment		<u>(7,578)</u>
Annual OPEB expense		881
Actual active employee matching contributions		<u>-</u>
Employer portion of annual OPEB expense		881
Actual current year employer contribution and/or payment		<u>-</u>
Increase in OPEB obligation		881
Net OPEB obligation at beginning of year		<u>167,291</u>
Net OPEB obligation at end of year	\$	<u>168,172</u>

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 9. Other Postemployment Benefits (Continued)

Results of the ACOPEB Calculation - School Uncertified OPEB (Continued):

Covered payroll	\$	319,283
Annual OPEB expense as a % of covered payroll		0.28%
Source for government-wide statement of activities		
OPEB expense presented in government-wide statement of activities	\$	881
Liability on the government-wide statement of net position	\$	168,172

OPEB Information for Note Disclosure and Required Supplementary Information:

		<u>Current Calculation</u>
Actuarial accrued liabilities (AAL)	\$	15,685
Actuarial value of plan assets		-
Unfunded actuarial accrued liabilities (UAAL)	\$	<u>15,685</u>
Funded ratio		0%
Covered payroll	\$	319,283
UAAL as % of covered payroll		4.91%

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 9. Other Postemployment Benefits (Continued)

Actuarial methods and assumptions (continued):

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, 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. Some key assumptions are as follows:

Measurement date - June 30, 2016

Funding method- Projected Unit Credit Cost Method

Discount rate - 4.0%

Participation - All eligible retirees are assumed to elect medical and/or dental coverage if available

Health care trend rate - 5%

NOTE 10. Commitments and Contingencies

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

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

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 11. Fund Deficit

Individual funds had the following deficit fund balances at June 30, 2016:

School Renovation - Town	\$ 33,856
Pike's Peak	352
Substance abuse fund	2,879
School Lunch	<u>36,232</u>
Total	<u>\$ 73,319</u>

The School Renovation project will be covered in 2017 – currently still holding back about \$10,000 owed to a contractor. Pike's Peak will process through the contingency fund to cover the deficit. Substance abuse will be funded through the General fund via journal entry in 2017. Lastly the School Lunch deficit through a school administrative plan in 2017.

NOTE 12. 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, 2016.

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.

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

NOTE 13. 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 2016, net of IDEA funds was approximately \$373,611.

At June 30, 2016, a total of approximately \$119,947 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.

NOTE 14. Subsequent Events

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events that have occurred subsequent to June 30, 2016 and through December 3, 2016, the date of which the financial statements were issued.

As of December 3, 2016 the Town has the following significant subsequent events to disclose.

- 1) On November 3, 2016 the IRS notified the Town that a liability of would be deemed payable related to prior years 2014 and 2013. The final agreement that was negotiated by the School Business Manager, the Town Administrator and the IRS is for the total amount of \$35,496.70.

It is important to note that the Town has the potential waiver of the Federal Withholding Tax (FWT) for certain of the assessed amounts, which could generate a savings of \$12,250 off the final total. IRS Form 4669's (Statement of Payments Received) were sent to all employees who received a payment for uniform allowances for 2013, 2104, and 2015 as permitted under union contracts. The IRS has received many of the 2013 and 2014 forms back and were given FWT credit for those returned. Potentially, if all 4669 forms were signed and returned to the Town the \$12,250 would be forgiven and a refund would be issued. The Town has six months from the date of the Agreement to claim the refund.

continued

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information
Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2016

	<u>Original Budget</u>		Appropriations and Transfers	Total Available	Actual	Encumbrances Carried Forward to FY17	Variance Favorable (Unfavorable)
	Encumbrances Carried Forward to FY16	Budget As Adopted					
Revenues							
General property taxes and penalties	\$ -	\$ 11,188,739	\$ -	\$ 11,188,739	\$ 11,201,806	\$ -	\$ 13,067
Intergovernmental	-	501,770	-	501,770	480,500	-	(21,270)
Donation revenues	-	4,000	-	4,000	2,030	-	(1,970)
Licenses, permits, and fees	-	357,656	-	357,656	365,111	-	7,455
Beach receipts	-	246,157	-	246,157	256,410	-	10,253
Investment income	-	-	-	-	4,197	-	4,197
Miscellaneous	-	9,000	-	9,000	7,651	-	(1,349)
Total revenues	-	12,307,322	-	12,307,322	12,317,705	-	10,383
Expenditures							
General government	43,726	1,889,241	(5,816)	1,927,151	1,778,155	-	148,996
Financial administration	-	162,644	779	163,423	162,869	-	554
Public safety	-	1,779,388	-	1,779,388	1,754,472	-	24,916
Public works	29,813	490,869	-	520,682	405,145	85,832	29,705
Transfer station	-	196,356	-	196,356	175,871	-	20,485
Parks, recreation, and other services	12,991	333,889	5,037	351,917	354,258	-	(2,341)
Debt service:							
Principal payments	-	475,000	-	475,000	475,000	-	-
Interest and fiscal charges	-	438,275	-	438,275	438,275	-	-
Total expenditures	86,530	5,765,662	-	5,852,192	5,544,045	85,832	222,315
Excess (deficiency) of revenues over expenditures	(86,530)	6,541,660	-	6,455,130	6,773,660	(85,832)	232,698

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

(Continued)

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information
 Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2016

	<u>Original Budget</u>			<u>Total Available</u>	<u>Actual</u>	<u>Encumbrances Carried Forward to FY17</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried Forward to FY16</u>	<u>Budget As Adopted</u>	<u>Appropriations and Transfers</u>				
Other financing sources and (uses)							
Transfer to education	-	(6,431,140)		(6,431,140)	(6,431,140)		-
Use of fund balance	-	11,480		11,480	-		(11,480)
Transfers to other funds	-	(122,000)	-	(122,000)	(140,788)	-	(18,788)
	-	(6,541,660)	-	(6,541,660)	(6,571,928)	-	(30,268)
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	\$ (86,530)	\$ -	\$ -	\$ (86,530)	201,732	\$ (85,832)	\$ 202,430
Adjustment of budgetary basis to U.S. GAAP					-		
Excess (deficiency) of revenues and other sources over expenditures and other uses, GAAP basis					201,732		
Fund balance, July 1, 2015					1,336,400		
Fund balance, June 30, 2016					\$ 1,538,132		

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information
Budgetary Comparison Schedule - Unrestricted School Fund

For the Year Ended June 30, 2016

	Budget As <u>Adopted</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Funds received State RI - unrestricted	\$ 401,954	\$ 410,212	\$ 8,258
Federal aid - Entitlements, Grants and Restricted Funds	-	19,806	19,806
Miscellaneous receipts	<u>9,000</u>	<u>24,056</u>	<u>15,056</u>
Total revenues	<u>410,954</u>	<u>454,074</u>	<u>43,120</u>
Expenditures:			
Salaries	2,862,309	3,052,037	(189,728)
Fringe benefits	1,054,530	1,095,089	(40,559)
Technical and professional services	255,865	321,060	(65,195)
Purchased property services	94,500	120,749	(26,249)
Purchased other services	2,174,250	2,065,699	108,551
Materials and supplies	351,140	247,422	103,718
Capital outlay	40,500	61,412	(20,912)
Other operating expenses	<u>9,000</u>	<u>6,872</u>	<u>2,128</u>
Total expenditures	<u>6,842,094</u>	<u>6,970,340</u>	<u>(128,246)</u>
Excess of expenditures over revenues	<u>(6,431,140)</u>	<u>(6,516,266)</u>	<u>(85,126)</u>
Other financing sources (uses):			
Transfer Town appropriations	6,431,140	6,431,140	-
Transfer to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>6,431,140</u>	<u>6,431,140</u>	<u>-</u>
Excess of expenditures over revenues and other financing sources, budgetary basis	<u>\$ -</u>	(85,126)	<u>\$ (85,126)</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		(85,126)	
Fund balance, July 1, 2015		<u>359,058</u>	
Fund balance, June 30, 2016		<u>\$ 273,932</u>	

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

TOWN OF LITTLE COMPTON, RHODE ISLAND

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

For the Year Ended June 30, 2016

Budgetary – GAAP Reporting Reconciliation

The accompanying Statement of Revenues, Expenditures Budget and Actual (Non-GAAP Budgetary Basis) - General Fund and School Unrestricted are 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, 2016 are as follows:

	General Fund	School Unrestricted
Excess (deficiency) of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis) (Non-GAAP Budgetary Basis)	\$ 201,732	\$ (85,126)
State contribution to teachers' pension plan revenue on behalf	-	254,516
State contribution to teachers' pension plan expense on behalf	-	(254,516)
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	\$ 201,732	\$ (85,126)

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

For the Year Ended June 30, 2016

	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability	0.12442040%	0.66537331%
Employer's proportionate share of the net pension liability	\$ 3,425,297	\$ 4,602,965
State's proportionate share of the net pension liability associated with the school district	<u>2,340,055</u>	<u>3,156,465</u>
Total	<u>\$ 5,765,352</u>	<u>\$ 7,759,430</u>
Employer's covered employee payroll	2,834,252	2,309,723
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	120.85%	199.29%
Plan fiduciary net position as a percentage of the total pension liability	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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information

Schedule of Employer Contributions
Employees Retirement System

For the Year Ended June 30, 2016

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 312,970	\$ 282,371
Contributions in relation to the actuarially determined contribution	<u>312,970</u>	<u>282,371</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,834,252	\$ 2,309,723
Contributions as a percentage of covered- employee payroll	11.04%	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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information

Notes to ERS Pension Plan

For the Year Ended June 30, 2016

Changes in benefit provisions –

The June 30, 2015 measurement date determination of the net pension liability for the ERS plan 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 based on the member's years of service (an additional .25% for members with 10-15 years of service and .50% for members with 15-20 years of service). 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 7/1/2012 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 years rather than 5 year intervals.
- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5.5% (5yr return - 5.5%, with a max of 4%) and 50% calculated using previous year's CPI-U (max of 3%) for a total max COLA of 3.5%. This COLA is calculated on the first \$25,855, effective 01/01/16, and indexed as of that date as well. (The indexing formula is run annually regardless of funding level each year.)
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information

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

For the Year Ended June 30, 2016

	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension asset	0.27774680%	0.66537331%
Employer's proportionate share of the net pension asset	\$ 259,292	\$ 827,197
Employer's covered employee payroll	\$ 2,834,252	\$ 2,309,723
Employer's proportionate share of the net pension asset as a percentage of its covered employee payroll	9.15%	35.81%
Plan fiduciary net position as a percentage of the total pension liability	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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information

Schedule of Contributions
Teachers' Survivors Benefit Plan

For the Year Ended June 30, 2016

	<u>2016</u>	<u>2015</u>
Statutorily determined contribution	\$ 3,122	\$ 2,371
Contributions in relation to the statutorily determined contribution	<u>3,122</u>	<u>2,371</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,834,252	\$ 2,309,723
Contributions as a percentage of covered- employee payroll	0.11%	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

TOWN OF LITTLE COMPTON, RHODE ISLAND

Required Supplementary Information

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

For the Year Ended June 30, 2016

	Last 10 Fiscal Years*		
	June 30, 2016	June 30, 2015	June 30, 2014
Total pension liability			
Service cost	\$ 270,130	\$ 266,835	\$ 256,046
Interest	830,306	772,020	728,998
Differences between expected and actual experience	198,548	44,212	6,609
Changes of assumptions	(56,558)	688,557	16,807
Changes of benefit terms	(37,946)	-	16,807
Benefit payments, including refunds of participant contributions	(478,818)	(472,018)	(399,323)
Net change in total pension liability	725,662	1,299,606	625,944
Total pension liability - beginning	11,709,143	10,409,537	9,800,400
Total pension liability - ending	\$ 12,434,805	\$ 11,709,143	\$ 10,426,344
Pension fiduciary net position			
Contributions - employer	\$ 434,295	\$ 412,141	\$ 412,141
Contributions - employee	15,640	14,236	8,243
Net investment income	37,653	300,430	1,223,353
Benefit payments, including refunds of participant contributions	(478,818)	(472,018)	(399,323)
Administrative expense	(7,910)	(4,220)	(70,150)
Other	-	-	-
Net change in plan fiduciary net position	860	250,569	1,174,264
Plan fiduciary net position - beginning	9,528,913	9,278,344	8,104,080
Plan fiduciary net position - ending	\$ 9,529,773	\$ 9,528,913	\$ 9,278,344
Town's net pension liability - ending	\$ 2,905,032	\$ 2,180,230	\$ 1,148,000

	June 30, 2016	June 30, 2015	June 30, 2014
Total pension liability	\$ 12,434,805	\$ 11,709,143	\$ 10,409,537
Plan fiduciary net position	9,529,173	9,528,913	9,278,344
Town's net pension liability	\$ 2,905,632	\$ 2,180,230	\$ 1,131,193
Plan fiduciary net position as a percentage of the total pension liability	76.63%	81.38%	89.13%
Covered-employee payroll	2,119,651	1,992,934	1,951,935
Net pension liability as a percentage of covered-employee payroll	137.08%	109.40%	57.95%

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

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

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

For the Year Ended June 30, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contribution	\$ 434,295	\$ 375,537	\$ 412,141	\$ 420,236	\$ 336,738	\$ 414,405	\$ 507,986	\$ 424,375	\$ 338,040	\$ 358,331
Contributions in relation to the actuarially determined contribution	<u>434,295</u>	<u>412,141</u>	<u>412,141</u>	<u>420,236</u>	<u>336,738</u>	<u>414,405</u>	<u>507,986</u>	<u>424,375</u>	<u>338,040</u>	<u>358,331</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (36,604)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	2,119,651	1,992,934	1,951,935	1,798,862	1,864,145	1,784,706	1,707,439	1,730,883	1,945,970	1,826,625
Contributions as a percentage of covered-employee payroll	20.49%	20.68%	21.11%	23.36%	18.06%	23.22%	29.75%	24.52%	17.37%	19.62%

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

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

For the Year Ended June 30, 2016

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Annual money-weighted rate of return, net of investment expense	0.58%	3.49%

**Only two years of required data is available*

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Tax Collector's Annual Report

For the Year Ended June 30, 2016

<u>Description of property</u>	<u>Valuations</u>	<u>Levy</u>
Real property	\$ 1,878,150,367	\$10,736,586
Motor vehicles	10,469,120	331,576
Tangible personal	<u>45,883,405</u>	<u>120,386</u>
Total	1,934,502,892	11,188,548
Exemptions	<u>32,933,885</u>	<u>-</u>
Current year assessment	<u>\$ 1,901,569,007</u>	<u>\$11,188,548</u>
Reconciliation of current year property tax revenue:		
Current year collections		\$11,075,457
Revenue collected within 60 days subsequent to year ended June 30, 2016		<u>310,817</u>
		11,386,274
Prior year revenue received in current year		<u>(248,048)</u>
Current year real estate and personal property tax revenue		<u>\$11,138,226</u>

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Tax Collector's Annual Report

For the Year Ended June 30, 2016

<u>Tax Roll Year</u>	<u>Balance July 1, 2015</u>	<u>Assessment</u>	<u>Abatements Adjustments</u>	<u>Transfers</u>	<u>Amount to be collected</u>	<u>Collections</u>	<u>Balance June 30, 2016</u>
2015	\$ -	\$ 11,226,482	\$ (48,302)	\$ (10,024)	\$ 11,168,156	\$ 10,702,392	\$ 465,764
2014	420,821	-	-	8,633	429,454	340,465	88,989
2013	84,007	-	-	122	84,129	17,580	66,549
2012	54,068	-	-	11	54,079	6,851	47,228
2011	43,926	-	-	(81)	43,845	6,414	37,431
2010	27,919	-	-	(649)	27,270	620	26,650
2009	25,196	-	-	667	25,863	35	25,828
2008	16,928	-	-	-	16,928	-	16,928
2007	11,202	-	-	-	11,202	84	11,118
2006	3,976	-	-	-	3,976	1,016	2,960
2005	1,374	-	-	-	1,374	-	1,374
2004	1,282	-	-	-	1,282	-	1,282
2003	669	-	-	-	669	-	669
2002 and prior	<u>2,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,895</u>	<u>-</u>	<u>2,895</u>
	<u>\$ 694,263</u>	<u>\$ 11,226,482</u>	<u>\$ (48,302)</u>	<u>\$ (1,321)</u>	<u>\$ 11,871,122</u>	<u>\$ 11,075,457</u>	<u>\$ 795,665</u>
						Less reserve for abatements	<u>(23,387)</u>
							<u>\$ 772,278</u>

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

Non Major Governmental Funds
Combined Balance Sheet -

June 30, 2016

	Special Revenue Town	Special Revenue School	Permanent Trust Funds	Capital Projects	Total Non-Major Governmental Funds
Assets					
Cash	\$ 258,771	\$ 21,866	\$ 100,936	\$ 51,867	\$ 433,440
Investments	76,153	-	37,155	-	113,308
Receivables:					
Intergovernmental	5,321	1,417	-	-	6,738
Other	71,750	-	-	-	71,750
Inventories	-	284	-	-	284
Due from other funds	14,383	-	-	5,288	19,671
Total assets	<u>426,378</u>	<u>23,567</u>	<u>138,091</u>	<u>57,155</u>	<u>645,191</u>
Deferred outflows of resources					
None	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 426,378</u>	<u>\$ 23,567</u>	<u>\$ 138,091</u>	<u>\$ 57,155</u>	<u>\$ 645,191</u>
Liabilities					
Accounts payable and accrued expenses	\$ 36,338	\$ 4,998	\$ 344	\$ 3,000	\$ 44,680
Due to other funds	<u>2,046</u>	<u>53,767</u>	<u>50</u>	<u>-</u>	<u>55,863</u>
Total Liabilities:	<u>38,384</u>	<u>58,765</u>	<u>394</u>	<u>3,000</u>	<u>100,543</u>
Deferred inflows of resources					
None	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance					
Nonspendable	-	-	10,000	-	10,000
Restricted	298,721	1,034	127,697	-	427,452
Committed	-	-	-	-	-
Assigned	89,273	-	-	88,363	177,636
Unassigned	<u>-</u>	<u>(36,232)</u>	<u>-</u>	<u>(34,208)</u>	<u>(70,440)</u>
Total fund balance	<u>387,994</u>	<u>(35,198)</u>	<u>137,697</u>	<u>54,155</u>	<u>544,648</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 426,378</u>	<u>\$ 23,567</u>	<u>\$ 138,091</u>	<u>\$ 57,155</u>	<u>\$ 645,191</u>

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information

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

For the Year Ended June 30, 2016

	Special Revenue Town	Special Revenue School	Permanent Trust Funds	Capital Projects	Total Non-Major Governmental Funds
Revenues					
Intergovernmental revenue	\$ 153,202	\$ 250,012	\$ -	\$ -	\$ 403,214
Donation revenues	-	-	15,187	-	15,187
Departmental and other revenue	619,194	12,306	-	34,711	666,211
Investment income	323	-	47	-	370
Miscellaneous revenue	-	1,797	331	-	2,128
Total revenue	<u>772,719</u>	<u>264,115</u>	<u>15,565</u>	<u>34,711</u>	<u>1,087,110</u>
Expenditures					
General government	15,831	-	-	52,757	68,588
Public safety	570,572	-	-	149,631	720,203
Education	-	266,490	500	-	266,990
Parks, recreation and other services	478,089	-	5,347	13,002	496,438
Total Expenditures	<u>1,064,492</u>	<u>266,490</u>	<u>5,847</u>	<u>215,390</u>	<u>1,552,219</u>
Excess (deficiency) of revenues over expenditures	(291,773)	(2,375)	9,718	(180,679)	(465,109)
Other financing sources (uses)					
Transfers in	23,069	-	-	132,000	155,069
Transfers out	(14,281)	-	-	-	(14,281)
Total Other financing sources (uses):	<u>8,788</u>	<u>-</u>	<u>-</u>	<u>132,000</u>	<u>140,788</u>
Excess of revenue and other sources over expenditures and other uses	(282,985)	(2,375)	9,718	(48,679)	(324,321)
Fund balance, July 1, 2015	<u>670,979</u>	<u>(32,823)</u>	<u>127,979</u>	<u>102,834</u>	<u>868,969</u>
Fund balance, June 30, 2016	<u>\$ 387,994</u>	<u>\$ (35,198)</u>	<u>\$ 137,697</u>	<u>\$ 54,155</u>	<u>\$ 544,648</u>

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
 Combining Balance Sheet - Special Revenue Town

June 30, 2016

	<u>Brownfield Library Prof Dev</u>	<u>Library Resource Sharing</u>	<u>Substance Abuse Fund</u>	<u>Cell Tower</u>	<u>Recreation Conservation</u>	<u>Drug Forfeiture</u>
Assets						
Cash and cash equivalents	\$ 4,724	\$ -	\$ (2,879)	\$ 83,488	\$ 54,015	\$ 22,898
Federal and state grants receivable	-	-	-	-	-	-
Receivable, other, net	-	-	-	6,932	-	-
Due from other funds	-	-	-	-	-	8,580
ICS holding accounts	-	-	-	-	-	76,153
Total assets	<u>4,724</u>	<u>-</u>	<u>(2,879)</u>	<u>90,420</u>	<u>54,015</u>	<u>107,631</u>
Deferred Outflows of Resources						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total outflows of resources and assets	<u>\$ 4,724</u>	<u>\$ -</u>	<u>\$ (2,879)</u>	<u>\$ 90,420</u>	<u>\$ 54,015</u>	<u>\$ 107,631</u>
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 1,147	\$ 22,764	\$ 2,511
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,147</u>	<u>22,764</u>	<u>2,511</u>
Deferred Inflows of Resources						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted	4,724	-	(2,879)	-	31,251	105,120
Assigned	-	-	-	89,273	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u>4,724</u>	<u>-</u>	<u>(2,879)</u>	<u>89,273</u>	<u>31,251</u>	<u>105,120</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 4,724</u>	<u>\$ -</u>	<u>\$ (2,879)</u>	<u>\$ 90,420</u>	<u>\$ 54,015</u>	<u>\$ 107,631</u>

See independent auditor's report

(Continued)

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Special Revenue Town

June 30, 2016

	CDBG	DEM Wastewater Grant	Stormwater Management	Law Enforcement Block Grant	EOP and Cert Grants	Clerk Restoration Grant
Assets						
Cash and cash equivalents	\$ 11,331	\$ 690	\$ 9,050	\$ 518	\$ (730)	\$ 400
Federal and state grants receivable	-	-	-	-	2,750	-
Receivable, other, net	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
ICS holding accounts	-	-	-	-	-	-
Total assets	<u>11,331</u>	<u>690</u>	<u>9,050</u>	<u>518</u>	<u>2,020</u>	<u>400</u>
Deferred Outflows of Resources						
None	-	-	-	-	-	-
Total outflows of resources and assets	<u>\$ 11,331</u>	<u>\$ 690</u>	<u>\$ 9,050</u>	<u>\$ 518</u>	<u>\$ 2,020</u>	<u>\$ 400</u>
Liabilities						
Accounts payable and accrued expenses	\$ 145	\$ -	\$ -	\$ -	\$ 570	\$ -
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>570</u>	<u>-</u>
Deferred Inflows of Resources						
None	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances						
Restricted	11,186	690	9,050	518	1,450	400
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>11,186</u>	<u>690</u>	<u>9,050</u>	<u>518</u>	<u>1,450</u>	<u>400</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 11,331</u>	<u>\$ 690</u>	<u>\$ 9,050</u>	<u>\$ 518</u>	<u>\$ 2,020</u>	<u>\$ 400</u>

See independent auditor's report

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Special Revenue Town

June 30, 2016

	Historical Records Preservation	Spay / Neuter Fund	Homeland Security	FEMA Snow Removal	Legislative Grant	Road Detail
Assets						
Cash and cash equivalents	\$ 22,839	\$ 541	\$ 1,158	\$ (3,757)	\$ 1,000	\$ 24,669
Federal and state grants receivable	-	-	-	-	-	2,571
Receivable, other, net	-	-	-	-	-	-
Due from other funds	-	-	-	3,757	-	-
ICS holding accounts	-	-	-	-	-	-
Total assets	<u>22,839</u>	<u>541</u>	<u>1,158</u>	<u>-</u>	<u>1,000</u>	<u>27,240</u>
Deferred Outflows of Resources						
None	-	-	-	-	-	-
Total outflows of resources and assets	<u>\$ 22,839</u>	<u>\$ 541</u>	<u>\$ 1,158</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 27,240</u>
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,687
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,687</u>
Deferred Inflows of Resources						
None	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted	22,839	541	1,158	-	1,000	25,553
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>22,839</u>	<u>541</u>	<u>1,158</u>	<u>-</u>	<u>1,000</u>	<u>25,553</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 22,839</u>	<u>\$ 541</u>	<u>\$ 1,158</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 27,240</u>

See independent auditor's report

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
 Combining Balance Sheet - Special Revenue Town

June 30, 2016

	<u>Ambulance Reimbursement</u>	<u>Fire Alarm Inspections</u>	<u>Rec Fees / Historical</u>	<u>Fourth of July</u>	<u>Harbor Management</u>	<u>Total Town Special Revenue</u>
Assets						
Cash and cash equivalents	\$ (29,963)	\$ 3,995	\$ 14,601	\$ 700	\$ 39,483	\$ 258,771
Federal and state grants receivable	-	-	-	-	-	5,321
Receivable, other, net	63,645	1,173	-	-	-	71,750
Due from other funds	-	2,046	-	-	-	14,383
ICS holding accounts	-	-	-	-	-	76,153
Total assets	<u>33,682</u>	<u>7,214</u>	<u>14,601</u>	<u>700</u>	<u>39,483</u>	<u>426,378</u>
Deferred Outflows of Resources						
None	-	-	-	-	-	-
Total outflows of resources and assets	<u>\$ 33,682</u>	<u>\$ 7,214</u>	<u>\$ 14,601</u>	<u>\$ 700</u>	<u>\$ 39,483</u>	<u>\$ 426,378</u>
Liabilities						
Accounts payable and accrued expenses	\$ 6,403	\$ 522	\$ -	\$ -	\$ 589	\$ 36,338
Due to other funds	-	-	-	-	2,046	2,046
Total liabilities	6,403	522	-	-	2,635	38,384
Deferred Inflows of Resources						
None	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances						
Restricted	27,279	6,692	14,601	700	36,848	298,721
Assigned	-	-	-	-	-	89,273
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>27,279</u>	<u>6,692</u>	<u>14,601</u>	<u>700</u>	<u>36,848</u>	<u>387,994</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 33,682</u>	<u>\$ 7,214</u>	<u>\$ 14,601</u>	<u>\$ 700</u>	<u>\$ 39,483</u>	<u>\$ 426,378</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, 2016

	<u>Library Resource Sharing</u>	<u>Library Resource Sharing</u>	<u>Substance Abuse Fund</u>	<u>Cell Tower</u>	<u>Recreation Conservation</u>	<u>Drug Forfeiture</u>
Revenues						
Federal and state grants	\$ -	\$ 30,355	\$ 79,790	\$ -	\$ -	\$ -
Investment income	-	-	-	-	-	322
Other	-	-	-	41,446	231,419	-
Total revenues	<u>-</u>	<u>30,355</u>	<u>79,790</u>	<u>41,446</u>	<u>231,419</u>	<u>322</u>
Expenditures						
General government	-	-	-	8,889	-	-
Public safety	-	-	110,996	-	-	29,921
Parks, recreation, and other	4,216	30,355	-	-	405,486	-
Total expenditures	<u>4,216</u>	<u>30,355</u>	<u>110,996</u>	<u>8,889</u>	<u>405,486</u>	<u>29,921</u>
Excess (deficiency) of revenue over expenditures	(4,216)	-	(31,206)	32,557	(174,067)	(29,599)
Other financing sources (uses)						
Transfers in	-	-	-	-	7,788	-
Transfers out	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(4,216)	-	(31,206)	32,557	(166,279)	(29,599)
Fund balance, July 1, 2015	<u>8,940</u>	<u>-</u>	<u>28,327</u>	<u>56,716</u>	<u>197,530</u>	<u>134,719</u>
Fund balance, June 30, 2016	<u>\$ 4,724</u>	<u>\$ -</u>	<u>\$ (2,879)</u>	<u>\$ 89,273</u>	<u>\$ 31,251</u>	<u>\$ 105,120</u>

See independent auditor's report

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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, 2016

	<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						
Federal and state grants	\$ 10,000	\$ -	\$ -	\$ -	\$ 2,825	\$ -
Investment income	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,825</u>	<u>-</u>
Expenditures						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	5,225	-
Parks, recreation, and other	<u>10,907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>10,907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,225</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	(907)	-	-	-	(2,400)	-
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(907)	-	-	-	(2,400)	-
Fund balance, July 1, 2015	<u>12,093</u>	<u>690</u>	<u>9,050</u>	<u>518</u>	<u>3,850</u>	<u>400</u>
Fund balance, June 30, 2016	<u>\$ 11,186</u>	<u>\$ 690</u>	<u>\$ 9,050</u>	<u>\$ 518</u>	<u>\$ 1,450</u>	<u>\$ 400</u>

See independent auditor's report

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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, 2016

	Historical Records Preservation	Spay / Neuter Fund	Homeland Security	FEMA Snow Removal	Legislative Grant	Road Detail
Revenues						
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,838
Investment income	-	-	-	-	-	-
Other	<u>5,502</u>	<u>132</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>17,303</u>
Total revenues	<u>5,502</u>	<u>132</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>31,141</u>
Expenditures						
General government	6,942	-	-	-	-	-
Public safety	-	250	-	-	-	25,891
Parks, recreation, and other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>6,942</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,891</u>
Excess (deficiency) of revenue over expenditures	(1,440)	(118)	-	-	1,000	5,250
Other financing sources (uses)						
Transfers in	1,000	-	-	-	-	-
Transfers out	<u>(14,281)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(14,721)	(118)	-	-	1,000	5,250
Fund balance, July 1, 2015	<u>37,560</u>	<u>659</u>	<u>1,158</u>	<u>-</u>	<u>-</u>	<u>20,303</u>
Fund balance, June 30, 2016	<u>\$ 22,839</u>	<u>\$ 541</u>	<u>\$ 1,158</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 25,553</u>

See independent auditor's report

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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, 2016

	<u>Ambulance Reimbursement</u>	<u>Fire Alarm Inspections</u>	<u>Rec Fees / Historical</u>	<u>Fourth of July</u>	<u>Harbor Management</u>	<u>Total Town Special Revenue</u>
Revenues						
Federal and state grants	\$ 16,394	\$ -	\$ -	\$ -	\$ -	\$ 153,202
Investment income	-	-	-	1	-	323
Other	<u>292,144</u>	<u>6,034</u>	<u>320</u>	<u>22</u>	<u>23,872</u>	<u>619,194</u>
Total revenues	<u>308,538</u>	<u>6,034</u>	<u>320</u>	<u>23</u>	<u>23,872</u>	<u>772,719</u>
Expenditures						
General government	-	-	-	-	-	15,831
Public safety	384,456	13,833	-	-	-	570,572
Parks, recreation, and other	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>27,124</u>	<u>478,089</u>
Total expenditures	<u>384,456</u>	<u>13,833</u>	<u>-</u>	<u>1</u>	<u>27,124</u>	<u>1,064,492</u>
Excess (deficiency) of revenue over expenditures	(75,918)	(7,799)	320	22	(3,252)	(291,773)
Other financing sources (uses)						
Transfers in	-	-	14,281	-	-	23,069
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,281)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(75,918)	(7,799)	14,601	22	(3,252)	(282,985)
Fund balance, July 1, 2015	<u>103,197</u>	<u>14,491</u>	<u>-</u>	<u>678</u>	<u>40,100</u>	<u>670,979</u>
Fund balance, June 30, 2016	<u>\$ 27,279</u>	<u>\$ 6,692</u>	<u>\$ 14,601</u>	<u>\$ 700</u>	<u>\$ 36,848</u>	<u>\$ 387,994</u>

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Special Revenue School

June 30, 2016

	SPED Part B	SPED Preschool	Title I Part A	Title IIA Teacher Quality	REAP Small Rural Sch Program	Education Foundation
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 547
Inventory	-	-	-	-	-	-
Due from state or federal government	-	-	-	-	-	-
Total assets	-	-	-	-	-	547
Deferred Outflows of Resources						
None	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 547</u>
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 513
Due to other funds	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	513
Deferred Inflows of Resources						
None	-	-	-	-	-	-
Total deferred inflow of resources	-	-	-	-	-	-
Fund balances (deficits)	-	-	-	-	-	34
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 547</u>

See independent auditor's report

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Special Revenue School

June 30, 2016

	RTTT Inst Improve System	RTTT Educator Effect	RTTT Human Cap	Private Donation	School Lunch	Total School Special Revenue
Assets						
Cash	\$ -	\$ -	\$ -	\$ 1,000	\$ 20,319	\$ 21,866
Inventory	-	-	-	-	284	284
Due from state or federal government	-	-	-	-	1,417	1,417
Total assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>22,020</u>	<u>23,567</u>
Deferred Outflows of Resources						
None	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 22,020</u>	<u>\$ 23,567</u>
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 4,485	\$ 4,998
Due to other funds	-	-	-	-	53,767	53,767
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,252</u>	<u>58,765</u>
Deferred Inflows of Resources						
None	-	-	-	-	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), unreserved	-	-	-	1,000	(36,232)	(35,198)
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 22,020</u>	<u>\$ 23,567</u>

See independent auditor's report

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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, 2016

	SPED Part B	SPED Preschool	Title I Part A	Title IIA Teacher Quality	REAP Small Rural Sch Program	Education Foundation
Revenues						
Federal grant income	\$ 107,527	\$ 1,843	\$ 42,126	\$ 12,711	\$ 26,803	\$ -
Other income	-	-	-	-	-	525
Charges for services	-	-	-	-	-	-
	<u>107,527</u>	<u>1,843</u>	<u>42,126</u>	<u>12,711</u>	<u>26,803</u>	<u>525</u>
Expenditures						
Education	<u>107,527</u>	<u>1,843</u>	<u>42,126</u>	<u>12,711</u>	<u>26,803</u>	<u>1,038</u>
Excess (deficiency) of revenue over expenditures	-	-	-	-	-	(513)
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-	(513)
Fund balance, July 1, 2015	-	-	-	-	-	547
Fund balance, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34</u>

See independent auditor's report

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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, 2016

	RTTT Inst Improve System	RTTT Educator Effect	RTTT Human Cap	Private Donation	School Lunch	Total School Special Revenue
Revenues						
Federal grant income	\$ -	\$ -	\$ -	\$ -	\$ 59,002	\$ 250,012
State grant income	-	-	-	1,000	272	1,797
Charges for services	-	-	-	-	12,306	12,306
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,306</u>	<u>12,306</u>
Total revenues	-	-	-	1,000	71,580	264,115
Expenditures						
Education	-	-	-	-	74,442	266,490
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,442</u>	<u>266,490</u>
Excess (deficiency) of revenue over expenditures	-	-	-	1,000	(2,862)	(2,375)
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	1,000	(2,862)	(2,375)
Fund balance, July 1, 2015	-	-	-	-	(33,370)	(32,823)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,370)</u>	<u>(32,823)</u>
Fund balance, June 30, 2016	\$ -	\$ -	\$ -	\$ 1,000	\$ (36,232)	\$ (35,198)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ (36,232)</u>	<u>\$ (35,198)</u>

See independent auditor's report

TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Capital Project Funds

June 30, 2016

	Beach Emergency	Capital Expenditures	School Renovation - Town	Reevaluation	Pike's Peak	Capital Projects Total
Assets						
Cash and cash equivalents	\$ 9,008	\$ 20,275	\$ (33,856)	\$ 56,792	\$ (352)	\$ 51,867
Due from other funds	-	5,288	-	-	-	5,288
Total assets	9,008	25,563	(33,856)	56,792	(352)	57,155
Deferred Outflows of Resources						
None	-	-	-	-	-	-
Total outflows of resources and assets	<u>\$ 9,008</u>	<u>\$ 25,563</u>	<u>\$ (33,856)</u>	<u>\$ 56,792</u>	<u>\$ (352)</u>	<u>\$ 57,155</u>
Liabilities						
Accounts payable and accrued expense	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ 3,000
Total liabilities	-	3,000	-	-	-	3,000
Deferred Inflows of Resources:						
None	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances						
Assigned	9,008	22,563	-	56,792	-	88,363
Unassigned	-	-	(33,856)	-	(352)	(34,208)
Total fund balances (deficits)	9,008	22,563	(33,856)	56,792	(352)	54,155
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 9,008</u>	<u>\$ 25,563</u>	<u>\$ (33,856)</u>	<u>\$ 56,792</u>	<u>\$ (352)</u>	<u>\$ 57,155</u>

See independent auditor's report

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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, 2016

	Beach Emergency	Capital Expenditures	School Renovation - Town	Reevaluation	Pike's Peak	Capital Projects Total
Revenues						
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	2,071	-	32,640	-	34,711
Investment income	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>2,071</u>	<u>-</u>	<u>32,640</u>	<u>-</u>	<u>34,711</u>
Expenditures						
General government	-	-	-	52,757	-	52,757
Public safety	-	149,631	-	-	-	149,631
Parks, recreation, and other	13,002	-	-	-	-	13,002
Education	-	-	-	-	-	-
Total expenditures	<u>13,002</u>	<u>149,631</u>	<u>-</u>	<u>52,757</u>	<u>-</u>	<u>215,390</u>
Excess (deficiency) of revenue over expenditures	(13,002)	(147,560)	-	(20,117)	-	(180,679)
Other financing sources (uses)						
Other financing sources	12,000	100,000	-	20,000	-	132,000
Other financing uses	-	-	-	-	-	-
Total other financing sources (uses)	<u>12,000</u>	<u>100,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>132,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,002)	(47,560)	-	(117)	-	(48,679)
Fund balance, July 1, 2015	<u>10,010</u>	<u>70,123</u>	<u>(33,856)</u>	<u>56,909</u>	<u>(352)</u>	<u>102,834</u>
Fund balance, June 30, 2016	<u>\$ 9,008</u>	<u>\$ 22,563</u>	<u>\$ (33,856)</u>	<u>\$ 56,792</u>	<u>\$ (352)</u>	<u>\$ 54,155</u>

See independent auditor's report

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Permanent Trust Funds

June 30, 2016

	Cemetery	Historical Cemetery	Raposa Education Trust	Doris Simmons Mem
Assets				
Cash	\$ 39,478	\$ 31,866	\$ 14,131	\$ 3,304
Investments	<u>37,155</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>76,633</u>	<u>31,866</u>	<u>14,131</u>	<u>3,304</u>
	-	-	-	-
Deferred Outflows of Resources				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total outflows of resources and assets	<u>\$ 76,633</u>	<u>\$ 31,866</u>	<u>\$ 14,131</u>	<u>\$ 3,304</u>
Liabilities				
Accounts payable and accrued expenses	\$ 184	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Deposits Held in Custody	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>184</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
None	<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>76,449</u>	<u>21,866</u>	<u>14,131</u>	<u>3,304</u>
Total fund balances (deficits)	<u>76,449</u>	<u>31,866</u>	<u>14,131</u>	<u>3,304</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 76,633</u>	<u>\$ 31,866</u>	<u>\$ 14,131</u>	<u>\$ 3,304</u>

See independent auditor's report

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TOWN OF LITTLE COMPTON, RHODE ISLAND

Supplementary Information
Combining Balance Sheet - Permanent Trust Funds

June 30, 2016

	<u>R. Peckham</u>	<u>Tree Fund</u>	<u>Philip Wilbur Mem</u>	<u>Adamsville Historical Assoc</u>	<u>Total</u>
Assets					
Cash	\$ 1,362	\$ 5,601	\$ 3,025	\$ 2,169	\$ 100,936
Investments	-	-	-	-	37,155
Total assets	<u>1,362</u>	<u>5,601</u>	<u>3,025</u>	<u>2,169</u>	<u>138,091</u>
	-	-	-	-	-
Deferred Outflows of Resources					
None	-	-	-	-	-
Total outflows of resources and assets	<u>\$ 1,362</u>	<u>\$ 5,601</u>	<u>\$ 3,025</u>	<u>\$ 2,169</u>	<u>\$ 138,091</u>
Liabilities					
Accounts payable and accrued expenses	\$ -	\$ 160	\$ -	\$ -	\$ 344
Due to other funds	50	-	-	-	50
Deposits held in custody	-	-	-	-	-
Total liabilities	<u>50</u>	<u>160</u>	<u>-</u>	<u>-</u>	<u>394</u>
Deferred Inflows of Resources					
None	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund balances					
Nonspendable					10,000
Restricted	<u>1,312</u>	<u>5,441</u>	<u>3,025</u>	<u>2,169</u>	<u>127,697</u>
Total fund balances (deficits)	<u>1,312</u>	<u>5,441</u>	<u>3,025</u>	<u>2,169</u>	<u>137,697</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,362</u>	<u>\$ 5,601</u>	<u>\$ 3,025</u>	<u>\$ 2,169</u>	<u>\$ 138,091</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, 2016

	<u>Cemetery</u>	<u>Historical Cemetery</u>	<u>Raposa Education Trust</u>	<u>Doris Simmons Mem</u>
Revenues				
Investment income	\$ 15	\$ 3	\$ 14	\$ 3
Unrealized gain/(loss)	331	-	-	-
Other	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
Total revenue	<u>346</u>	<u>10,003</u>	<u>14</u>	<u>3</u>
Expenditures				
General government	-	-	-	-
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>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(804)	10,003	(336)	(147)
Fund balance, July 1, 2015	<u>77,253</u>	<u>21,863</u>	<u>14,467</u>	<u>3,451</u>
Fund balance, June 30, 2016	<u>\$ 76,449</u>	<u>\$ 31,866</u>	<u>\$ 14,131</u>	<u>\$ 3,304</u>

See independent auditor's report

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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, 2016

	<u>R. Peckham</u>	<u>Tree Fund</u>	<u>Philip Wilbur Mem</u>	<u>Adamsville Historical Assoc</u>	<u>Total</u>
Revenues					
Investment income	\$ 1	\$ 6	\$ 3	\$ 2	\$ 47
Unrealized gain/(loss)	-	-	-	-	331
Other	-	5,187	-	-	15,187
	<u>1</u>	<u>5,193</u>	<u>3</u>	<u>2</u>	<u>15,565</u>
Expenditures					
General government	-	-	-	-	-
Education	-	-	-	-	500
Parks, recreation, and other	-	4,197	-	-	5,347
	<u>-</u>	<u>4,197</u>	<u>-</u>	<u>-</u>	<u>5,847</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	1	996	3	2	9,718
Fund balance, July 1, 2015	<u>1,311</u>	<u>4,445</u>	<u>3,022</u>	<u>2,167</u>	<u>127,979</u>
Fund balance, June 30, 2016	<u>\$ 1,312</u>	<u>\$ 5,441</u>	<u>\$ 3,025</u>	<u>\$ 2,169</u>	<u>\$ 137,697</u>

See independent auditor's report

HAGUE, SAHADY & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS
126 President Avenue
Fall River, MA 02720
TEL. (508) 675-7889
FAX (508) 675-7859
www.hague-sahady.com

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 units, 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, 2016, and the related notes to the financial statements, which collectively comprise Town's basic financial statements, and have issued our report thereon dated December 3, 2016.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Hague, Sahady & Co. PC

Fall River, Massachusetts
December 3, 2016