

TOWN OF WESTERLY RHODE ISLAND



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

Town of Westerly Rhode Island

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

**Derrick M. Kennedy
Town Manager**

**Debra J. Bridgham
Finance Director**

Prepared by: Finance Department

**TOWN OF WESTERLY, RHODE ISLAND
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 JUNE 30, 2016
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Introductory Section

Town of Westerly, Rhode Island

List of Principal Officials

Fiscal Year Ended June 2016

Town Council:

James Silvestri, President
Mario Celico, Vice President
Christopher Duhamel
John Carson
Phill Overton
Jean L Gagnier
Louis Sposato Jr.***

School Committee:

David Patten, Jr., Chair
James E. Murano, Jr., Vice Chair
Diane C. Bowdy, Clerk
Patricia Panciera
Mary Raftery

Marianne Nardone
Gina Fuller

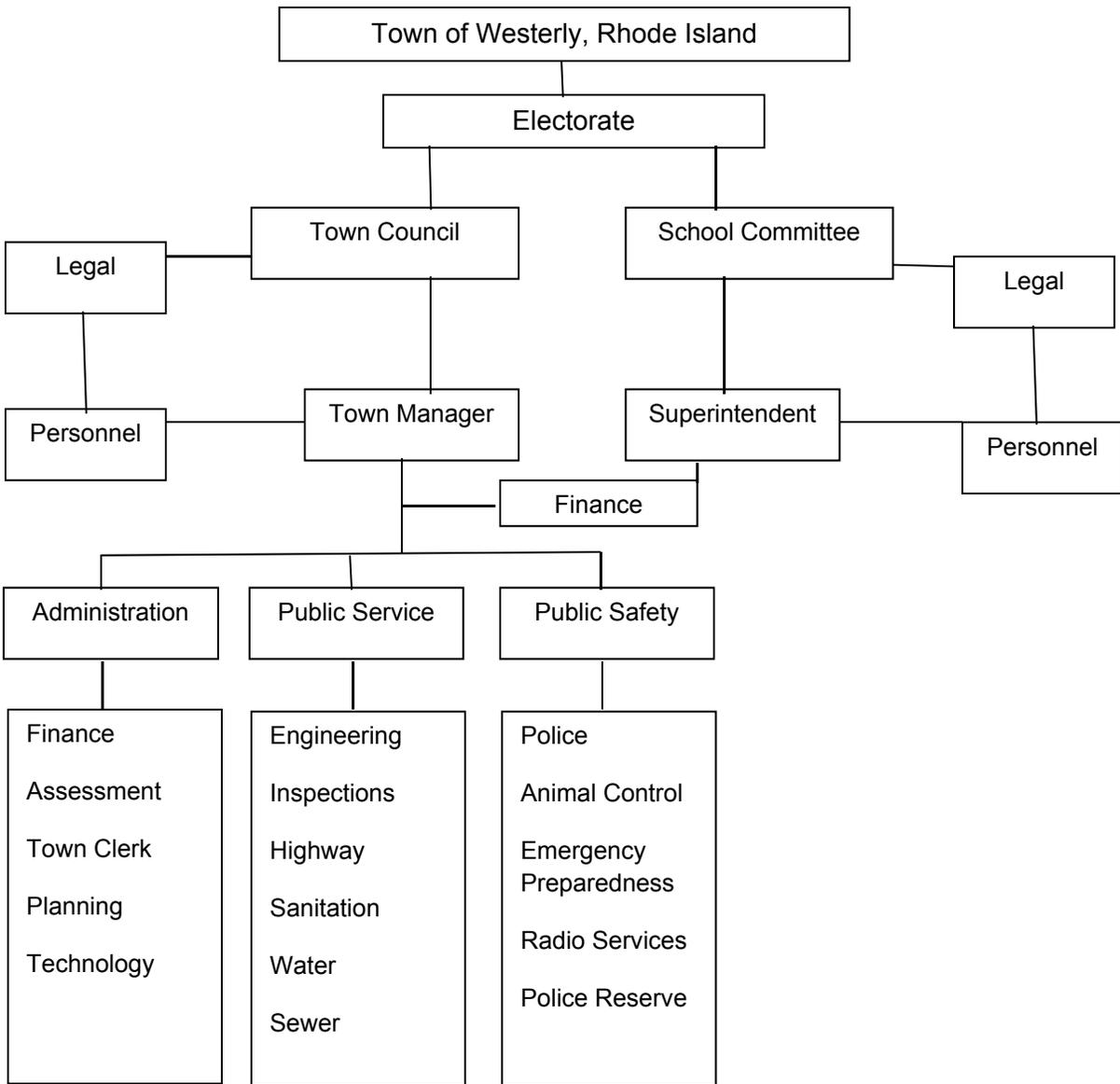
Town Manager: Derrik Kennedy

School Superintendent: Roy M. Seitsinger, Jr., Ph.D.

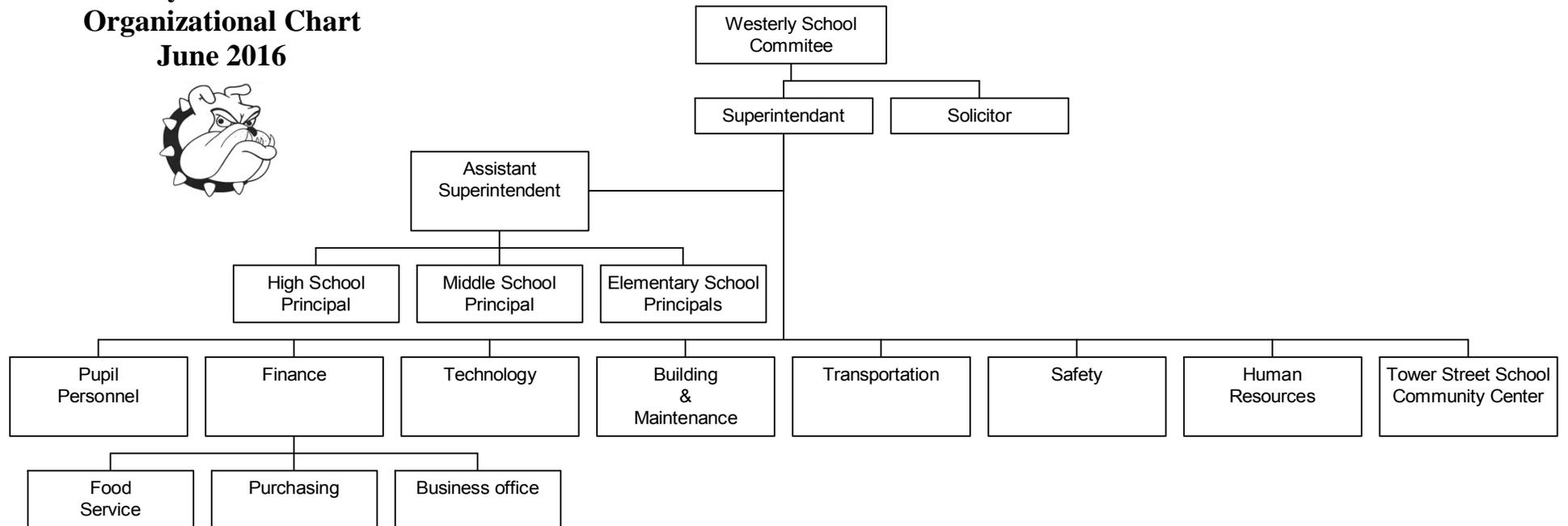
Director of Finance: Debra J. Bridgham

Police Chief: Edward St. Clair

Town Clerk: Donna L. Giordano, MMC



**Westerly Public Schools
Organizational Chart
June 2016**



School Committee

David B. Patten, Chair
James E. Murano, Jr., Vice Chair
Diane C. Bowdy, Clerk
Gina T. Fuller
Marianne Nardone
Patricia Panciera
Mary G. Raftery

Solicitors

Jon Lallo, Esq.
William Nardone, Esq.

Superintendent

Roy M. Seitsinger, Jr., Ph.D.

Assistant Superintendent

Alicia Storey

Director of Pupil Personnel

Melissa Denton

Director of Finance

Debra Bridgham

Director of Technology

Mark Lamson

Director of Buildings & Maintenance

Matt Murphy

Safety Officer

Michael Turano

Human Resources

Deb Kopech

Tower Street School Community Center

Joan Serra, Director

Director of Transportation

Peter Denomme

High School Principal

Todd Grimes

Middle School Principal

Paula Fusco

Elementary School Principals

Debra Pendola, Bradford

Polly Gillie, Dunn's Corners

Susan Martin Springbrook

Audrey Faubert, State Street



Westerly Rhode Island

Finance Department

45 Broad Street Westerly, RI 02891
tel: (401) 348-2516 fax: (401) 348-2607

December 29, 2016

To the Citizens of Westerly, Rhode Island

The comprehensive annual financial report of the Town of Westerly, Rhode Island, for the fiscal year ended June 30, 2016, is hereby submitted as mandated by state statute. State laws require that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants licensed to practice in the State of Rhode Island.

This report consists of management's representations concerning the finances of the Town of Westerly, Rhode Island. Consequently, management assumes full responsibilities for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Westerly, Rhode Island has established a comprehensive internal control framework that is designed to both protect the government's accounts from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Westerly's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Westerly's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. As management, I assert that, to the best of my knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Westerly's financial statements have been audited by Blum, Shapiro & Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Westerly for the fiscal year ended June 30, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion, that the Town of Westerly's financial statement for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is present as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Westerly was part of the broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentations of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in the Single Audit section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Westerly's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

General

The Town of Westerly, incorporated in 1669, is in the southwest corner of the State of Rhode Island, bounded on the west by the town of Stonington, Connecticut, on the North by the towns of North Stonington, Connecticut and Hopkinton, Rhode Island, on the east by the town of Charlestown, Rhode Island, and on the south by the Atlantic Ocean. Covering 32.5 square miles, Westerly is located approximately 42 miles from Providence, Rhode Island, 60 miles from Hartford, Connecticut, 80 miles from Boston, Massachusetts, and 130 miles from New York City, New York.

The Town has a population of 18,926. In 2016, the Town's median family income was \$58,082, and the median value of owner occupied housing was \$287,500. Not reflected in the Census statistics is the above average income of the more than 17,000 summer inhabitants of the Town who contribute to the Town's economy, nor the value of vacation homes located along the Town's coastal areas.

Westerly is an economically diverse residential community with a well-established commercial base, small pockets of industry and recreational facilities. Due to its many miles of salt water beaches and ocean frontage, the Town is a well-known vacation and tourist center, and part of Rhode Island's South County summer vacation area. Stately summer residences located in the Watch Hill area along with summer cottage colonies located in the Misquamicut, Weekapaug and Shelter Harbor areas of the Town add substantially to the Town's tax base.

Government

The Town of Westerly, established in 1669, operates under a Home Rule Charter adopted in 1968, which provides for a council/manager form of government. The Town Council, comprised of seven members elected at large who each serve two year terms, is vested by the Charter with all legislative powers of the Town, including the ordering of any tax, making appropriations, and transacting any other business pertaining to the financial affairs of the Town. The Charter grants to the Town Council all powers to enact, amend, or repeal ordinances related to the Town's property, affairs, and government. The Council also has the power relating to the Town's property, affairs, and government. The Council also has the power to authorize the issuance of bonds or notes by resolution, subject to approval by a majority of electors voting who are qualified to vote on financial matters of the Town.

The Town Council appoints the Town Manager for an indefinite term solely on the basis of their executive and administrative qualifications and experience. The Town Manager is the chief executive officer and the head of the administrative branch of the Town government. The Town Manager is responsible for carrying out the policies of the Town Council, for overseeing the day to day operations of the Town, and for appointing all other employees, except for School District personnel.

The Town provides a full range of municipal services including public safety protection, the construction and maintenance of highways, streets and other infrastructure, libraries, recreational activities, planning and zoning, education and administrative services. In addition, the Town operates water, sewer and solid waste utility systems.

The annual budget serves as the foundation for the Town of Westerly’s financial planning and control. All departments of the Town are required to submit requests for appropriation and revenue estimates to the Town Manager on or before December 28th of each year. The School Committee submits the proposed school budget by the first Monday of February each year. The Town Manager uses these requests as the starting point for developing a proposed budget. It is the responsibility of the Town Manger to submit a proposed budget for the following fiscal year to the Board of Finance on or before the third Monday of February of each year. The Town Council and Board of Finance hold several budget work sessions to discuss the details of the proposed budget document. The Town council may revise and adopt a preliminary budget not later than the fourth Wednesday in April of each year.

Following adoption of the preliminary budget by the Council, any qualified elector of the Town may circulate and file a petition contesting any of the proposed budget items, within eight (8) days of the publishing of the budget. If no petition is filed by this date, the budget is considered adopted. If there is a petition, a referendum must be held within 35 days of the date the Board of Canvassers validates the signatures on the budget petition.

The appropriated budget is prepared by fund, major program function (e.g., public safety) and department (e.g., police). Department heads may make transfer of appropriation within a department. Transfers with a major program function may be made by the Town Manager, provided that proper notification is given to the town Council.

Budget to actual comparisons are provided in this report for the general fund and the school unrestricted fund on pages 72 through 75 and page 87.

Education

The general administration of the Westerly Public Schools is directed by a seven-member School Committee that is elected at large at the regular biennial elections for staggered four year terms. The School Committee determines and controls all policies affecting the administration, maintenance, and operation of the public schools in the Town. The School Committee appoints a Superintendent as its chief administrative agent; submits a detailed budget of expenditures and revenue to the Town Council and, once the school budget has been approved, determines the allocation of the amount appropriated. The cost of operating the School District for the fiscal year ended June 30, 2016 was \$55,759,154. The budgeted cost per student in the fiscal year ending June 30, 2016 was \$19,599 (Calculated by State) shared by the Town and the State of Rhode Island in the form of School Operations Aid. The Town has four elementary schools, one middle school, one high school and the Tower Street Community Center. As of October at the beginning of each school year, the student enrollment in the Westerly School System for the past five years has been and is projected to be as follows:

Enrollment	PK-12	Projected Enrollment	
FY 2012	3071	FY 2017	2903
FY 2013	3067	FY 2018	2878
FY 2014	3016	FY 2019	2867
FY 2015	3270	FY 2020	2845
FY 2016	3182	FY 2021	2846
		FY 2022	2848

Municipal Services

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

Water Facilities

Westerly's water system is owned by the town and operated by the Public Works Utilities Department. This system serves portions of Westerly and the Pawcatuck section of Stonington, Connecticut. A small portion of town (approximately 6 percent) depends on private wells. Most of the properties not served are residences remote from the town water system. A study titled Westerly Water Division - Water Supply Management Plan, prepared by the Maguire Group in July 2007, describes existing conditions and includes a long range program to improve the quality and quantity of water. Water studies are conducted on five-year cycles and results are submitted to both Rhode Island and Connecticut state agencies (Departments of Health) for evaluation

Sanitary Sewer System

Westerly owns and operates a wastewater treatment collection and treatment system that services approximately 45 percent of the parcels in the town. In terms of residential parcels only, 39 percent have public sewers and 61% use individual septic systems. The town has not extended sewer service in several years. Developers of some projects have extended sewers in conjunction with completing the projects. The wastewater in areas not serviced by sewers has been accommodated in many ways including cesspools and septic systems installed during time periods where no regulations existed or where there were minimal local regulations. Later systems were installed under regulations of Rhode Island Department of Environmental Management (RIDEM) relating to Individual Septic Disposal Systems including, effective January 1, 2008, the new RIDEM Rules Establishing Minimum Standards Relating to Location, Design, Construction and Maintenance of Onsite Wastewater Treatment Systems

Public Works

The Town's Public Works Department provides a full range of services including street construction/maintenance, snow removal and maintenance of Town property. The Public Works Department expended \$6,142,069 for fiscal year ended June 30, 2016 and budgeted \$6,387,275

Public Safety

Services include police patrol, investigations, community education, dispatching, harbor patrol and animal control functions. The Westerly t Police Department has a force that consists of 51 full-time police officers, and other support personnel. The Police Department expended \$8,257,042 for fiscal year ended June 30, 2016 and budgeted \$8,177,922 respectively.

Employee Relations

As of June 30, 2016, the Town employs 179 full-time employees exclusive of those employed by the School District. The School District employs 566 full-time equivalent employees.

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

- Police Department- 3 year contract expires June 30, 2016
- Public Works & Municipal Clerical - 3 year contract expires June 30, 2016
- Teachers- 2 year extended contract expires August 31, 2017
- Transportation 3 year contract expires June 30, 2016
- Local 808 Clerical-Custodial-Mechanical-Secretarial 3 year contract expires June 30, 2017

Factors Affecting Financial Condition

The information presented in the financial statement is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Westerly operates.

Local Economy

Westerly was known for its granite and stone-cutting industry, a type of granite, known as Westerly granite, has been and continues to be quarried here. The granite is ideal for statuary, and has been used in numerous government buildings of states along the eastern seaboard.

Along the coast of Westerly lie salt ponds, which serve as shallow reef like pools, whose outer walls form the long, white beaches which the town is renowned for. These ponds, Maschaug Pond, Winnapaug Pond and the Ouocochontaug Pond are assets that the town continues to utilize. They are part of the Rhode Island's growing aquaculture industry. Portions of the ponds are leased to small commercial oyster farms.

In June 2016, the beach pavilion at the "old town beach" was completed. The cost of these projects was \$1.2 million. This project was partially reimbursed by the Federal Emergency Management Agency (FEMA) due to damages incurred from Super Storm Sandy.

Westerly also finalized road infrastructure improvements projects from funding of the 2010 \$6.5 Million bond by completing over 9.5 miles of road surface repaving. Other recreation facilities include two yacht clubs, and several marinas and boat yards. The Westerly YMCA, located downtown, completed in 2013 a \$6.5 million renovation, and in 2011 started operating a downtown outdoor ice skating rink, funded with nearly \$1 million of private donations. The Westerly Public Library recently completed an \$8 million dollar renovation which was funded primarily with private donations.

In October 2016 they Town entered into a memorandum of agreement with Cherenzia Excavations Inc. a tax exempt lease purchase \$2,800,000 for a 20 year period, subject to non-appropriation on annual basis, a declaration of covenants, restrictions and conditions with respect to the Aquifer Protection Property, including a prohibition of an incinerator and a Conditional right of first refusal and option to purchase with respect to the aquifer protection property.

In 2016 the School Committee completed and submitted Phase 1 and 2 which received approval from the Rhode Island Department of Education (RIDE) and the School Building Authority (SBA) with the assistance of Frank Locker Educational Planner and Studio JAED Architectural firm. With this approval a question was placed on the November 2016 ballot. Due to the rejection of the project by the voters, expenditures of \$283,000 related to this project have been included in the 2016 financial documents.

The Town of Westerly, in partnership with Stand up for Animals (SUFA) has completed the Santo Algiere Dog Park in fall of 2016. This project will include a boat launch which will adjacent to the dog park.

Since 2007 the town has invested in a new \$12 million dollar police station and \$5-million-dollar public works facility

Westerly is home to the Westerly State Airport and an Amtrak Station.

In May of 2016 South County Health, Medical and Wellness Center opened a 30, 000 square foot facility on Route 1. This facility offers urgent/walk-in care seven days a week.

In February of 2016 Announcement made by community leaders for plans for a new CCRI Jobs Skills Training Center in downtown Westerly adjacent to the train station. The purpose of the facility is to train students and prepare them for high paying jobs with companies like Electric Boat.

Ivory Ella an online retailer moved headquarters from Connecticut to Airport Road in Westerly, which will create 40 jobs to the area.

The Westerly Hospital was acquired by Lawrence and Memorial Hospital (L&M). L&M has made a commitment to the community to invest \$30 million dollars in capital upgrades over a five-year period. L&M is committed to keeping the name Westerly Hospital and servicing the residents of this community.

Westerly is also home to multiple public and private golf courses. Other recreation facilities include two yacht clubs, and several marinas and boat yards. The Westerly downtown area includes the YMCA, an outdoor ice skating rink, the Westerly Public Library and many restaurants and retail stores.

Pension and other postemployment benefits

Unlike most municipalities Westerly has moved away from defined benefit type pensions. Most town employees participate in a defined contribution (401 type) plan. There are only two groups, police and teachers, which still have defined benefit plans.

Teachers participate in the State plan. In November 2011, the State of Rhode Island passed major changes to this plan. Among the changes is the creation of a hybrid program with both defined benefit and defined contribution components. This legislation also changed the required length of service.

The police are in a town managed defined benefit plan. Assets are professionally managed. This pension is currently funded at 67.8%. The Town will look at changes made to the state plan, and look to implement some of ideas into its plan. The Town has for the past two years and plans to continue to fund the Annual Required Payment (ARC) at 100%.

Westerly has an OPEB obligation of \$35.2 million, related to past and grandfathered employees. OPEB funds were previously part of the pension funds but now have been segregated. The OPEB is 8.7 % funded.

Other

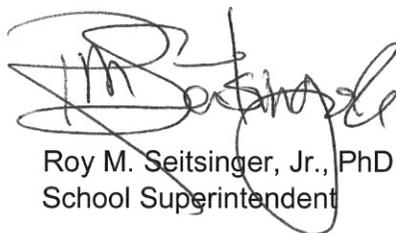
Westerly believes in transparency and the accountability it inspires. This is the fifth year that the town's annual audit is presented in the form of a Comprehensive Annual Financial Report. The Town has redesigned its monthly budget reports and started posting them, along with grant updates, debt service and state aid 5 year forecast and pension actuary reports on its Town website. In 2012 Westerly combined the role of Town and School Finance Director position, and continues to look at other areas to combine services and expand report on its activities to the public.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department. Credit must also be given to the Town Council and its President, and the School Committee and its Chairman, for the unfailing support for achieving and maintaining the highest standards of professionalism in the management of the Town of Westerly's finances.

Respectfully submitted,



Derrik Kennedy
Town Manager



Roy M. Seitsinger, Jr., PhD
School Superintendent



Debra J. Bridgham
Director of Finance

Financial Section

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Westerly, Rhode Island, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Westerly, Rhode Island's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Change in Accounting Principle

As discussed in Note 4 to the financial statements, during the fiscal year ended June 30, 2016, the Town adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the budgetary comparison information on pages 72 through 75 and the pension schedules on pages 76 through 84 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, which 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 Westerly, Rhode Island's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and 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 combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2016 on our consideration of the Town of Westerly, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Westerly, Rhode Island's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

Cranston, Rhode Island
December 29, 2016

**TOWN OF WESTERLY, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016**

As management of the Town of Westerly, we offer readers of the Town's financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2016. We encourage the readers to consider the information presented here in conjunction with the letter of transmittal on pages iv-ix of this report as well as the Town's basic financial statement that follow this section.

Overview of the Financial Statements

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

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

The Town's basic financial statements and other supplementary financial information provide information about all of the Town's activities. They provide both a short-term and long-term view of the Town's financial health as well as information about activities for which the Town acts solely as a trustee for the benefit of those outside of the Town's government.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with board overview of the Town's finances in a manner similar to a private-sector business. Also the Town of Westerly implemented GASB statements 68 and 71 last year and GASB 72 in 2016. With the new reporting change, the Town is allocated its proportionate share of the Employee Retirement System of Rhode Island (ERSRI) Municipal Employees Retirement (MERS) and the Teachers Survivor Benefit Trust net pension assets, deferred outflows of resources, net pension liabilities, deferred inflows of resources and pension. Decisions regarding the allocations are made by the administrators of the pension plan not the Town of Westerly Administration.

The statement of net position present information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Examples are uncollected taxes and earned but unused compensated absences.

Both of the government-wide financial statement distinguish functions of the Town of Westerly that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The government activities of the Town include general government, public safety, streets and highways, libraries, education, beach and recreation. The business-type activities of the Town include a water fund and a sewer fund
The government-wide financial statements are reported on pages 13 through 14.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Westerly, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Town can be divided into three categories, governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. 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 of Westerly maintains 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, School Restricted Fund, and \$6.0 Million Bond Fund, which are consider to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements included in the other supplementary information.

The Town of Westerly adopts an annual appropriated budget for its General Fund and School Unrestricted Fund. Budgetary comparison schedules have been provided for the General Fund and School Unrestricted fund to demonstrate compliance with this budget.

Proprietary Funds. The Town's proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements with the exception of the Internal Service Funds which are reported as governmental fund type activity. The Town has two enterprise funds. The Water Fund accounts for the water system of the entire Town of Westerly as well as neighboring Pawcatuck, Connecticut. The Sewer Fund operates sixty-one (61) miles of sanitary sewers, which covers approximately 50% of the Town.

The Town's internal service funds represent an accounting device used to accumulate and allocate cost internally among the Town's various functions. The Town has two internal service funds, Health Fund and Self-Insurance Fund. The Town is self-insured through Blue Cross and Blue Shield of Rhode Island for health and Delta Dental, and is administered by West Bay Community Health. The health fund reports the actual claims as well as the Town's contribution to the fund and employee deductions for the benefit program. The current fund balance for this fund is \$2,192,092 53.69% is designated to the general fund and 46.31% is designated to the school district fund. The self-insurance fund records activities for the Town's commercial insurance deductibles and insurance claim receipts.

The basic propriety fund financial statements are present on pages 19-21.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on pages 22-23.

Notes to 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 statement are presented on page 24-71.

Other Information. In addition to the basis financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Westerly.

Required supplementary information is presented on pages 72-84.

The combining statements referred to earlier in connection with non major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 85-105.

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 of Westerly, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$91,462,943 as of June 30, 2016.

TOWN OF WESTERLY, RHODE ISLAND NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015 (As Restated)	2016	2015 (As Restated)
Current and other assets	\$ 33,574,064	\$ 36,713,158	\$ 9,026,415	\$ 8,512,065	\$ 42,600,479	\$ 45,225,223
Capital assets, net of accumulated depreciation	164,713,533	166,738,974	35,830,417	36,024,795	200,543,950	202,763,769
Total assets	<u>198,287,597</u>	<u>203,452,132</u>	<u>44,856,832</u>	<u>44,536,860</u>	<u>243,144,429</u>	<u>247,988,992</u>
Deferred outflows of resources	9,744,297	7,887,757			9,744,297	7,887,757
Current liabilities	12,836,790	12,085,543	1,020,412	989,024	13,857,202	13,074,567
Long-term liabilities outstanding	137,809,744	137,429,080	5,335,946	6,002,670	143,145,690	143,431,750
Total liabilities	<u>150,646,534</u>	<u>149,514,623</u>	<u>6,356,358</u>	<u>6,991,694</u>	<u>157,002,892</u>	<u>156,506,317</u>
Deferred inflows of resources	4,422,891	6,332,295			4,422,891	6,332,295
Net Position:						
Net investment in capital assets	87,403,763	83,443,820	30,030,849	29,485,916	117,434,612	112,929,736
Restricted	7,601,874	7,790,677			7,601,874	7,790,677
Unrestricted	<u>(42,043,168)</u>	<u>(35,741,526)</u>	<u>8,469,625</u>	<u>8,059,250</u>	<u>(33,573,543)</u>	<u>(27,682,276)</u>
Total Net Position	<u>\$ 52,962,469</u>	<u>\$ 55,492,971</u>	<u>\$ 38,500,474</u>	<u>\$ 37,545,166</u>	<u>\$ 91,462,943</u>	<u>\$ 93,038,137</u>

The largest portion of the Town's net position \$117,434,612 (128%) is its investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is report net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital asset cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$7,601,874, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of (\$33,573,543) includes pension liability and to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the Town of Westerly is able to report positive balance in all two of the categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. With the unrestricted including the pension liability.

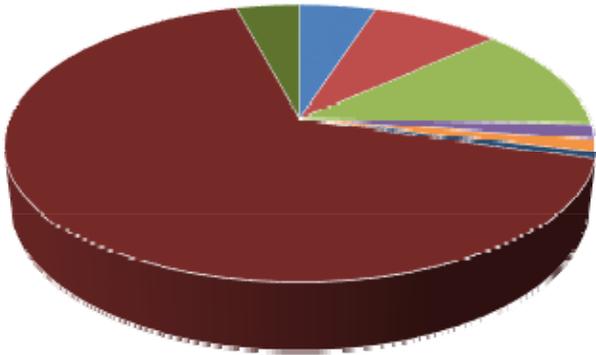
The Town's net position decreased by \$1,575,194 during the current fiscal year. Of this amount, governmental activities accounted for \$2,530,502 of the decreased while business-type activities increased by \$955,308.

Governmental Activities. Governmental activities decreased the Town's net position by \$2,530,502.

TOWN OF WESTERLY, RHODE ISLAND
CHANGES IN NET POSITION
For the Fiscal Years Ended June 30, 2016 and 2015

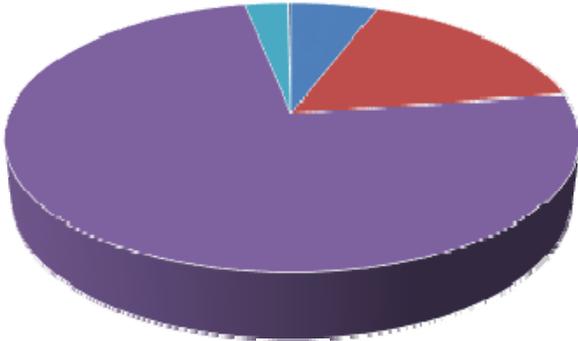
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015 (As Restated)	2016	2015 (As Restated)
Revenues:						
Program revenues:						
Charges for services	\$ 5,379,363	\$ 4,939,009	\$ 8,614,547	\$ 8,220,189	\$ 13,993,910	\$ 13,159,198
Operating grants and contributions	15,552,575	18,292,668			15,552,575	18,292,668
Capital grants and contributions	91,443	482,120			91,443	482,120
General revenues:						
Property taxes	68,367,279	68,528,551			68,367,279	68,528,551
Grants not restricted to specific programs	2,737,650	2,519,706			2,737,650	2,519,706
Unrestricted investment earnings	50,854	32,886	3,434	6,826	54,288	39,712
Miscellaneous revenue	146,118	247,693			146,118	247,693
Total revenues	<u>92,325,282</u>	<u>95,042,633</u>	<u>8,617,981</u>	<u>8,227,015</u>	<u>100,943,263</u>	<u>103,269,648</u>
Expenses:						
Legislative, judicial and general administrative	4,707,273	4,708,957			4,707,273	4,708,957
Public works	8,030,694	7,891,734			8,030,694	7,891,734
Public safety	11,395,743	10,097,782			11,395,743	10,097,782
Health and welfare	1,625,117	932,767			1,625,117	932,767
Conservation and development	18,168	24,852			18,168	24,852
Parks and recreation	1,295,865	1,400,753			1,295,865	1,400,753
Planning and Zoning	782,652	743,772			782,652	743,772
Public education	62,732,292	60,242,455			62,732,292	60,242,455
Interest on long-term debt	3,898,458	4,597,122			3,898,458	4,597,122
Water fund			4,274,095	3,881,550	4,274,095	3,881,550
Sewer fund			3,758,100	3,577,374	3,758,100	3,577,374
Total expenses	<u>94,486,262</u>	<u>90,640,194</u>	<u>8,032,195</u>	<u>7,458,924</u>	<u>102,518,457</u>	<u>98,099,118</u>
Change in net position before transfers	(2,160,980)	4,402,439	585,786	768,091	(1,575,194)	5,170,530
Transfers	(369,522)	(376,895)	369,522	376,895	-	-
Change in net position	<u>(2,530,502)</u>	<u>4,025,544</u>	<u>955,308</u>	<u>1,144,986</u>	<u>(1,575,194)</u>	<u>5,170,530</u>
Net Position at Beginning of Year	<u>55,492,971</u>	<u>51,467,427</u>	<u>37,545,166</u>	<u>36,400,180</u>	<u>93,038,137</u>	<u>87,867,607</u>
Net Position at End of Year	<u>\$ 52,962,469</u>	<u>\$ 55,492,971</u>	<u>\$ 38,500,474</u>	<u>\$ 37,545,166</u>	<u>\$ 91,462,943</u>	<u>\$ 93,038,137</u>

2016 Governmental Activities: Expense



- Legislative, judicial and general administrative
- Public safety
- Conservation and development
- Planning and Zoning
- Interest on long-term debt
- Public works
- Health and welfare
- Parks and recreation
- Public education

2016 Governmental Activities: Revenues



- Charges for services
- Capital grants and contributions
- Grants not restricted to specific programs
- Miscellaneous revenue
- Operating grants and contributions
- Property taxes
- Unrestricted investment earnings

Business-type Activities - Net position in business type activities increased by \$955,308 resulting in a 0.72% increase in business-type assets.

Charges for services for business-type activities accounted for 99.96% of the total revenue sources. The balance of revenues for business-type activities was from investment income.

The total expenses within the business-type activities of the Town include the following: Water Fund 53.21%, Wastewater Treatment 46.79%

Financial Analysis of the Town of Westerly's Funds

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

Governmental Funds - The focus of the Town of Westerly's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balances of \$19,184,704. Approximately 50.18% or \$5,750,791 is available for spending at the government's discretion within the Town's total Fund Balance. The remaining fund balance of \$13,433,913 includes \$3,075,503 of Committed Fund Balance for Capital Projects, \$2,481,536 non-spendable for prepaid items, and \$7,601,874 restricted to specific programs and \$275,000 assigned.

The General Fund is the chief operating fund of the Town of Westerly. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,836,916 while total fund balance was \$11,633,039. As a measure of the General Fund's liquidity it may be useful to compare both unassigned fund balance and total fund balance to total General Fund budgeted expenditures. Unassigned fund balance represents 6.71% of the 2016 FY Adopted General Fund Expenditure Budget, while total fund balance represents 13.38% of that same amount.

Key Factors in the Change of the Town's Governmental Fund Balances

The School Unrestricted Fund reported ending fund balance of \$2,339,316, of which \$200,000 has been committed to the 2017 fiscal year budget. Additionally, \$322,927 is considered non-spendable as is in assets for the purposes of future contract liquidation.

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

Unrestricted net position in the water fund at the end of the fiscal year amounted to \$4,298,822; unrestricted net position in the sewer fund was \$4,170,803.

General Fund Budgetary Highlights

Overall the Town of Westerly, Rhode Island finished the 2015-2016 fiscal year with a budgetary surplus of \$156,521

Major General Fund Revenue Factors:

General Property Taxes - Property taxes are the largest single revenue source for the General Fund and account for 78.28% of total budgetary revenues. The town budgets current property tax at 97.5% of the assessment, while the actual collection rate was at approximately 100.67% of the original assessment. The increase is due to Real Estate and Motor Vehicles.

Major Expenditure Factors:

Education Expense accounts for approximately 62.48% of the total budgetary expenditures within the General Fund of the Town of Westerly, followed by Debt Service representing 12.38%, Public Safety representing 12.56%, Public Works representing 7.01%, and General Government representing 4.12%.

Capital Assets and Debt Administration

Capital Assets - The Town of Westerly's in capital assets for its governmental and business-type activities as of June 30, 2016 amounts to \$200,543,950 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, infrastructure, and construction in progress.

TOWN OF WESTERLY'S CAPITAL ASSETS AT YEAR END NET OF ACCUMULATED DEPRECIATION

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015 (As Restated)	2016	2015 (As Restated)
Land	\$ 15,146,109	\$ 15,146,109	\$ 5,931,635	\$ 5,931,635	\$ 21,077,744	\$ 21,077,744
Construction in progress	4,369,704	5,046,122	1,188,844	792,644	5,558,548	5,838,766
Buildings and improvements	82,077,293	85,394,332	9,704,850	10,044,421	91,782,143	95,438,753
Mains, wells, pumps and hydrants			9,980,837	10,216,694	9,980,837	10,216,694
Tanks and structures			8,485,237	8,669,103	8,485,237	8,669,103
Motor vehicles	2,747,651	3,151,067			2,747,651	3,151,067
Machinery, equipment and furniture	2,575,654	2,632,707	539,014	370,298	3,114,668	3,003,005
Software		10,314			-	10,314
Infrastructure	57,797,122	55,358,323			57,797,122	55,358,323
Total	\$ 164,713,533	\$ 166,738,974	\$ 35,830,417	\$ 36,024,795	\$ 200,543,950	\$ 202,763,769

Debt Administration - At the end of the current fiscal year, the Town of Westerly had total bonded debt outstanding of \$51,145,000 entirely backed by the full faith and credit of the Town and \$4,834,276 of capital leases and \$26,011,620 of loans payable.

TOWN OF WESTERLY'S OUTSTANDING DEBT AT YEAR END BONDS, LOANS AND CAPITALIZED LEASES PAYABLE

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015 (As Restated)	2016	2015 (As Restated)
General obligation bonds	\$ 51,145,000	\$ 55,225,000	\$	\$	\$ 51,145,000	\$ 55,225,000
Capital lease	2,342,516	2,516,178	2,491,760	2,594,000	4,834,276	5,110,178
Loans	22,703,812	24,373,250	3,307,808	3,944,877	26,011,620	28,318,127
	\$ 76,191,328	\$ 82,114,428	\$ 5,799,568	\$ 6,538,877	\$ 81,990,896	\$ 88,653,305

State statues limit the amount of general obligation bonded debt a town can issue to 3 percent of net assessed property values. However, all bonds approved through State enabling legislation and voter referendums are exempt from the limit. As of June 30, 2016, the Town had a debt limit of \$175,690,081.

In May 2015 the Town of Westerly was rated as part of Bond Refunding. Standard and Poor's rated the Town of Westerly's credit rating at AA and Moody's Investors Service rated the Town at Aa2

Economic Factors and Next Year's Budget and Rates

The Town of Westerly's total proposed General Fund budget for fiscal year 2016 amounts to \$86,728,357 which reflects an increase of \$2,013,304 (2.38%) over the fiscal 2015 budget. Of the Town's \$86,728,357 budget, \$53,839,173 or 62% is budgeted for Westerly Public Schools. The Town is budgeted to receive \$8,257,392 from the State of Rhode Island for Aid to Education. The Town's tax rate for fiscal year 2015 is 10.64 versus 10.82 for fiscal year 2016.

The Town's debt service will remain level, until 2017 when the Town will see significant reductions.

Request for Information: This financial report is designed to provide a general overview of the Town of Westerly's finances for all those with an interest in the town's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Office of the Finance Director, 23 Highland Ave. Westerly, RI 02891.

Basic Financial Statements

TOWN OF WESTERLY, RHODE ISLAND
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 17,998,864	\$ 5,956,394	\$ 23,955,258
Receivables, net	2,307,996	2,850,936	5,158,932
Due from federal and state governments	2,758,067		2,758,067
Other receivables	458,965		458,965
Due from fiduciary funds	157,674		157,674
Inventory		196,315	196,315
Prepaid items	5,102,277	22,770	5,125,047
Net pension asset	4,790,221		4,790,221
Total current assets	<u>33,574,064</u>	<u>9,026,415</u>	<u>42,600,479</u>
Noncurrent assets:			
Capital assets not being depreciated	19,515,813	7,120,479	26,636,292
Capital assets, net of accumulated depreciation	<u>145,197,720</u>	<u>28,709,938</u>	<u>173,907,658</u>
Total noncurrent assets	<u>164,713,533</u>	<u>35,830,417</u>	<u>200,543,950</u>
Total assets	<u>198,287,597</u>	<u>44,856,832</u>	<u>243,144,429</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	2,496,956		2,496,956
Differences between expected and actual experience	1,146,984		1,146,984
Changes in pension assumptions	637,095		637,095
Changes in projected pension investment earnings	2,132,557		2,132,557
Changes in proportion and differences in employer contributions and proportionate share of contributions	21,646		21,646
Contributions after measurement date	3,309,059		3,309,059
Total deferred outflows of resources	<u>9,744,297</u>	<u>-</u>	<u>9,744,297</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	4,133,691	329,767	4,463,458
Accrued interest payable	756,497	32,790	789,287
Unearned revenue	312,021		312,021
Claims payable	608,623		608,623
Current maturities of long-term obligations	7,025,958	657,855	7,683,813
Total current liabilities	<u>12,836,790</u>	<u>1,020,412</u>	<u>13,857,202</u>
Noncurrent liabilities:			
Due in more than one year	<u>137,809,744</u>	<u>5,335,946</u>	<u>143,145,690</u>
Total liabilities	<u>150,646,534</u>	<u>6,356,358</u>	<u>157,002,892</u>
DEFERRED INFLOWS OF RESOURCES			
Advance tax collections	395,629		395,629
Difference in pension actuarial experience	595,235		595,235
Difference between projected and actual pension earnings	49,777		49,777
Changes in proportion and differences in employer contributions and proportionate share of contributions	1,552,964		1,552,964
Changes in pension assumptions	1,829,286		1,829,286
Total deferred inflows of resources	<u>4,422,891</u>	<u>-</u>	<u>4,422,891</u>
NET POSITION			
Net investment in capital assets	87,403,763	30,030,849	117,434,612
Restricted for:			
Special projects and programs	7,601,874		7,601,874
Unrestricted	<u>(42,043,168)</u>	<u>8,469,625</u>	<u>(33,573,543)</u>
Total Net Position	<u>\$ 52,962,469</u>	<u>\$ 38,500,474</u>	<u>\$ 91,462,943</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WESTERLY, RHODE ISLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Function/Program Activities	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Legislative, judicial and general administrative	\$ 4,707,273	\$ 1,211,251	\$	\$	\$ (3,496,022)	\$	\$ (3,496,022)
Public works	8,030,694	2,561,957	382,985	18	(5,085,734)		(5,085,734)
Public safety	11,395,743	361,958	256,243		(10,777,542)		(10,777,542)
Health and welfare	1,625,117	38,606	508,270		(1,078,241)		(1,078,241)
Conservation and development	18,168	16,759	10,492	91,425	100,508		100,508
Parks and recreation	1,295,865	300,888			(994,977)		(994,977)
Planning and zoning	782,652	65,508			(717,144)		(717,144)
Education	62,732,292	822,436	11,877,198		(50,032,658)		(50,032,658)
Interest on long-term debt	3,898,458		2,517,387		(1,381,071)		(1,381,071)
Total governmental activities	<u>94,486,262</u>	<u>5,379,363</u>	<u>15,552,575</u>	<u>91,443</u>	<u>(73,462,881)</u>	<u>-</u>	<u>(73,462,881)</u>
Business-type activities:							
Water	4,274,095	4,856,600				582,505	582,505
Sewer	3,758,100	3,757,947				(153)	(153)
Total business-type activities	<u>8,032,195</u>	<u>8,614,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>582,352</u>	<u>582,352</u>
Total	<u>\$ 102,518,457</u>	<u>\$ 13,993,910</u>	<u>\$ 15,552,575</u>	<u>\$ 91,443</u>	<u>(73,462,881)</u>	<u>582,352</u>	<u>(72,880,529)</u>
General revenues:							
Property taxes					68,367,279		68,367,279
State aid and in lieu of taxes not restricted for a specific purpose					2,737,650		2,737,650
Unrestricted investment earnings					50,854	3,434	54,288
Miscellaneous					146,118		146,118
Transfers					(369,522)	369,522	-
Total general revenues and transfers					<u>70,932,379</u>	<u>372,956</u>	<u>71,305,335</u>
Change in net position					(2,530,502)	955,308	(1,575,194)
Net Position at Beginning of Year, as Restated					<u>55,492,971</u>	<u>37,545,166</u>	<u>93,038,137</u>
Net Position at End of Year					<u>\$ 52,962,469</u>	<u>\$ 38,500,474</u>	<u>\$ 91,462,943</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WESTERLY, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>General</u>	<u>School Restricted Fund</u>	<u>\$6.0 Million Bond Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 7,468,588	\$ 2,013	\$ 5,144,519	\$ 2,810,207	\$ 15,425,327
Property tax receivable	1,551,570				1,551,570
Due from federal and state governments	1,740,490	480,087		537,490	2,758,067
Other receivables	267,569	23,961		167,435	458,965
Due from other funds	3,504,945			86,997	3,591,942
Prepaid items	<u>2,481,536</u>	<u>200</u>			<u>2,481,736</u>
Total Assets	<u>\$ 17,014,698</u>	<u>\$ 506,261</u>	<u>\$ 5,144,519</u>	<u>\$ 3,602,129</u>	<u>\$ 26,267,607</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 3,086,825	\$ 19,688	\$ 34,090	\$ 394,166	\$ 3,534,769
Accrued liabilities	472,580	16,086		1,684	490,350
Due to state and federal governments	108,572				108,572
Due to other funds	86,997	410,604		543,304	1,040,905
Unearned revenue	<u>30,399</u>			<u>281,622</u>	<u>312,021</u>
Total liabilities	<u>3,785,373</u>	<u>446,378</u>	<u>34,090</u>	<u>1,220,776</u>	<u>5,486,617</u>
Deferred inflows of resources					
Unavailable revenues - taxes	1,160,581				1,160,581
Unavailable revenues - solid waste assessments	24,665				24,665
Unavailable revenues - other billings	15,411				15,411
Advance tax collections	<u>395,629</u>				<u>395,629</u>
Total deferred inflows of resources	<u>1,596,286</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,596,286</u>
Fund balances:					
Nonspendable	2,481,536				2,481,536
Restricted	2,016,389	59,883	5,110,429	415,173	7,601,874
Committed	1,023,198			2,052,305	3,075,503
Assigned	475,000				475,000
Unassigned	<u>5,636,916</u>			<u>(86,125)</u>	<u>5,550,791</u>
Total fund balances	<u>11,633,039</u>	<u>59,883</u>	<u>5,110,429</u>	<u>2,381,353</u>	<u>19,184,704</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 17,014,698</u>	<u>\$ 506,261</u>	<u>\$ 5,144,519</u>	<u>\$ 3,602,129</u>	<u>\$ 26,267,607</u>

(Continued on next page)

TOWN OF WESTERLY, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2016

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$ 19,184,704
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 244,297,778	
Less accumulated depreciation	<u>(79,584,245)</u>	
Net capital assets		164,713,533

Other long-term assets and deferred outflows are not available to pay for current-period expenditures and, therefore, are deferred in the funds:

Property tax receivables greater than 60 days	1,160,581
Interest receivable on property taxes	756,426
Other departmental revenues	40,076
Net pension asset	4,790,221
Deferred outflows related to differences between expected and actual experience	1,146,984
Deferred outflows related to changes in assumptions	637,095
Deferred outflows related to changes in projected investment earnings	2,132,557
Deferred outflows related to changes in proportion and differences in employer contributions and proportionate share of contributions	21,646
Deferred outflows related to contributions after measurement date	3,309,059

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.

2,192,092

Long-term liabilities, including bonds payable and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(51,145,000)
Loans payable	(22,703,812)
Deferred charges on refunding	2,496,956
Deferred inflows related to changes in actuarial experience	(595,235)
Deferred inflows related to changes in projected investment earnings	(49,777)
Deferred inflows related to changes in proportion and differences in employer contributions and proportionate share of contributions	(1,552,964)
Deferred inflows related to changes in assumptions	(1,829,286)
Unamortized bond issue premium	(3,615,398)
Interest payable on bonds and loans	(756,497)
Capital lease	(2,342,516)
Compensated absences	(1,902,097)
Early retirement incentives	(45,000)
Net pension liability	(57,969,870)
Net OPEB obligation	<u>(5,112,009)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 52,962,469</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF WESTERLY, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>General</u>	<u>School Restricted Fund</u>	<u>\$6.0 Million Bond Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
General property taxes	\$ 68,353,018	\$	\$	\$	\$ 68,353,018
Intergovernmental and department revenues	20,536,278	1,509,932		1,559,310	23,605,520
Licenses and permits	610,853			393,849	1,004,702
Fines and penalties	246,835			1,408	248,243
Interest on investments	49,446				49,446
Other revenues	1,403,210	175,991		124,432	1,703,633
Total revenues	<u>91,199,640</u>	<u>1,685,923</u>	<u>-</u>	<u>2,078,999</u>	<u>94,964,562</u>
Expenditures:					
Current:					
Legislative, judicial and general administrative	3,616,713			15,738	3,632,451
Public works	6,142,069			238,136	6,380,205
Public safety	8,255,042	478		220,159	8,475,679
Health and welfare	1,028,515	24,049		520,055	1,572,619
Conservation and development	5,296			11,460	16,756
Parks and recreation	1,421,213	10,000			1,431,213
Planning and zoning	771,227				771,227
Education	57,245,333	1,673,761		965,420	59,884,514
Debt service	11,042,373		10,500	91,425	11,144,298
Capital outlay	1,878,842		980,798	1,015,766	3,875,406
Total expenditures	<u>91,406,623</u>	<u>1,708,288</u>	<u>991,298</u>	<u>3,078,159</u>	<u>97,184,368</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(206,983)</u>	<u>(22,365)</u>	<u>(991,298)</u>	<u>(999,160)</u>	<u>(2,219,806)</u>
Other Financing Sources (Uses):					
Capital lease issued	1,194,433				1,194,433
Transfers in	428,666			820,320	1,248,986
Transfers out	<u>(1,189,842)</u>	<u>(1,166)</u>		<u>(82,500)</u>	<u>(1,273,508)</u>
Total other financing sources (uses)	<u>433,257</u>	<u>(1,166)</u>	<u>-</u>	<u>737,820</u>	<u>1,169,911</u>
Net Change in Fund Balances	226,274	(23,531)	(991,298)	(261,340)	(1,049,895)
Fund Balances at Beginning of Year	<u>11,406,765</u>	<u>83,414</u>	<u>6,101,727</u>	<u>2,642,693</u>	<u>20,234,599</u>
Fund Balances at End of Year	<u>\$ 11,633,039</u>	<u>\$ 59,883</u>	<u>\$ 5,110,429</u>	<u>\$ 2,381,353</u>	<u>\$ 19,184,704</u>

(Continued on next page)

**TOWN OF WESTERLY, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because of the following:

Net change in fund balances - total governmental funds (Exhibit IV) \$ (1,049,895)

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.

Capital outlay	3,770,156
Depreciation expense	(5,795,597)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes collected after 60 days	(17,712)
Property interest and lien revenue - accrual basis change	31,973
Other departmental revenues	(349,354)
Net pension asset	(1,616,808)
Deferred outflows related to differences between expected and actual experience	1,146,984
Deferred outflows related to changes in assumption	(178,612)
Deferred outflows related to changes in projected investment earnings	1,478,265
Deferred outflows related to changes in proportion and differences in employer contributions and proportionate share of contribution	21,646
Deferred outflows related to contributions after measurement date	(394,279)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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.

Bond payments	4,080,000
Capital lease issued	(1,194,433)
Capital lease payments	1,368,095
Accrued interest	66,023
Loan payments	1,669,438

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Amortization of deferred charges in refunding	(217,464)
Deferred inflows related to changes in actuarial experience	(185,337)
Deferred inflows related to changes in projected investment earnings	4,148,675
Deferred inflows related to changes in proportion and differences in employer contributions and proportionate share of contribution	(1,552,964)
Deferred inflows related to changes in assumption	(452,673)
Amortization of bond premiums	279,748
Change in long-term compensated absences	(30,577)
Change in early retirement incentives	56,000
Change in net pension liability	(4,425,776)
Change in net OPEB obligation	(2,346,598)

The net expense of the internal service funds is reported with governmental activities. (839,426)

Change in Net Position of Governmental Activities (Exhibit II) \$ (2,530,502)

The accompanying notes are an integral part of the financial statements

TOWN OF WESTERLY, RHODE ISLAND
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2016

	Business-Type Activities - Enterprise Funds			Governmental
	Major Funds			Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	\$ 2,831,979	\$ 3,124,415	\$ 5,956,394	\$ 2,573,537
Accounts and other receivables, net	1,622,808	1,228,128	2,850,936	
Due from other funds			-	149,455
Inventory	186,864	9,451	196,315	
Prepaid expenses	15,105	7,665	22,770	2,620,541
Total current assets	<u>4,656,756</u>	<u>4,369,659</u>	<u>9,026,415</u>	<u>5,343,533</u>
Noncurrent assets:				
Capital assets not being depreciated	7,072,119	48,360	7,120,479	
Capital assets, net of accumulated depreciation	<u>12,616,212</u>	<u>16,093,726</u>	<u>28,709,938</u>	
Total noncurrent assets	<u>19,688,331</u>	<u>16,142,086</u>	<u>35,830,417</u>	<u>-</u>
Total assets	<u>24,345,087</u>	<u>20,511,745</u>	<u>44,856,832</u>	<u>5,343,533</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued expenses	210,652	119,115	329,767	
Accrued interest payable		32,790	32,790	
Due to other funds			-	2,542,818
Claims payable			-	608,623
Current portion of long-term liabilities	<u>110,566</u>	<u>547,289</u>	<u>657,855</u>	
Total current liabilities	<u>321,218</u>	<u>699,194</u>	<u>1,020,412</u>	<u>3,151,441</u>
Noncurrent liabilities:				
Liabilities due in more than one year	<u>2,528,476</u>	<u>2,807,470</u>	<u>5,335,946</u>	
Total noncurrent liabilities	<u>2,528,476</u>	<u>2,807,470</u>	<u>5,335,946</u>	<u>-</u>
Total liabilities	<u>2,849,694</u>	<u>3,506,664</u>	<u>6,356,358</u>	<u>3,151,441</u>
Net Position:				
Net investment in capital assets	17,196,571	12,834,278	30,030,849	
Unrestricted	<u>4,298,822</u>	<u>4,170,803</u>	<u>8,469,625</u>	<u>2,192,092</u>
Total Net Position	<u>\$ 21,495,393</u>	<u>\$ 17,005,081</u>	<u>\$ 38,500,474</u>	<u>\$ 2,192,092</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WESTERLY, RHODE ISLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Major Funds</u>			<u>Activities</u>
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>Internal</u>
	<u>Fund</u>	<u>Fund</u>		<u>Service Funds</u>
Operating Revenues:				
User fees and rental income	\$ 4,389,770	\$ 2,773,486	\$ 7,163,256	\$
Sewer assessments and taxes		706,741	706,741	
Charges for insurance			-	10,810,284
Other revenues	466,830	277,720	744,550	44,073
Total operating revenues	<u>4,856,600</u>	<u>3,757,947</u>	<u>8,614,547</u>	<u>10,854,357</u>
Operating Expenses:				
Salaries and benefits	2,005,465	453,695	2,459,160	
Materials and supplies	511,627	30,097	541,724	
Repairs and maintenance	337,330	1,761,944	2,099,274	
Depreciation and amortization	387,907	498,291	886,198	
Utilities	314,537	930	315,467	
Administrative expense	290,433	4,639	295,072	
Insurance	92,788	108,899	201,687	
Claims			-	11,348,783
Contracted services	230,248	757,509	987,757	
Total operating expenses	<u>4,170,335</u>	<u>3,616,004</u>	<u>7,786,339</u>	<u>11,348,783</u>
Operating Income	<u>686,265</u>	<u>141,943</u>	<u>828,208</u>	<u>(494,426)</u>
Nonoperating Revenues (Expenses):				
Interest income	3,434		3,434	
Interest expense	(103,760)	(142,096)	(245,856)	
Total nonoperating revenues (expenses)	<u>(100,326)</u>	<u>(142,096)</u>	<u>(242,422)</u>	<u>-</u>
Income (Loss) Before Transfers	585,939	(153)	585,786	(494,426)
Transfers In		369,522	369,522	
Transfers Out			-	(345,000)
Change in Net Position	585,939	369,369	955,308	(839,426)
Net Position at Beginning of Year, as Restated	<u>20,909,454</u>	<u>16,635,712</u>	<u>37,545,166</u>	<u>3,031,518</u>
Net Position at End of Year	<u>\$ 21,495,393</u>	<u>\$ 17,005,081</u>	<u>\$ 38,500,474</u>	<u>\$ 2,192,092</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WESTERLY, RHODE ISLAND
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds			Governmental
	Major Funds			Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 4,358,253	\$ 3,515,691	\$ 7,873,944	\$ 10,840,078
Receipts from other operating services	466,830	277,720	744,550	44,073
Payments to suppliers	(1,720,208)	(2,667,361)	(4,387,569)	
Payments to employees	(2,015,563)	(446,665)	(2,462,228)	
Payments for claims			-	(9,948,703)
Net cash provided by (used in) operating activities	<u>1,089,312</u>	<u>679,385</u>	<u>1,768,697</u>	<u>935,448</u>
Cash Flows from Noncapital Financing Activities:				
Transfers in from other funds		369,522	369,522	
Transfers to other funds			-	(345,000)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>369,522</u>	<u>369,522</u>	<u>(345,000)</u>
Cash Flows from Capital and Related Financing Activities:				
Additions to property, plant and equipment	(423,223)	(268,597)	(691,820)	
Principal paid on bonds, loans and leases	(102,240)	(637,071)	(739,311)	
Interest paid on bonds, loans and leases	(103,760)	(109,306)	(213,066)	
Net cash provided by (used in) capital and related financing activities	<u>(629,223)</u>	<u>(1,014,974)</u>	<u>(1,644,197)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Interest on investments	3,434		3,434	
Net cash provided by (used in) investing activities	<u>3,434</u>	<u>-</u>	<u>3,434</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	463,523	33,933	497,456	590,448
Cash and Cash Equivalents at Beginning of Year	<u>2,368,456</u>	<u>3,090,482</u>	<u>5,458,938</u>	<u>1,983,089</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,831,979</u>	<u>\$ 3,124,415</u>	<u>\$ 5,956,394</u>	<u>\$ 2,573,537</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ <u>686,265</u>	\$ <u>141,943</u>	\$ <u>828,208</u>	\$ <u>(494,426)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	387,907	498,291	886,198	
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(46,643)	19,487	(27,156)	475
Increase (decrease) in allowance for doubtful accounts	15,126	5,314	20,440	
(Increase) decrease in due from other governments		10,663	10,663	
(Increase) decrease in due from other funds			-	29,319
(Increase) decrease in other assets	(15,105)	(7,665)	(22,770)	1,504,715
(Increase) decrease in inventory	1,349	389	1,738	
Increase (decrease) in accounts payable and accrued items	79,218	5,262	84,480	
Increase (decrease) in due to other funds			-	(175,022)
Increase (decrease) in compensated absences	(18,805)	5,701	(13,104)	
Increase (decrease) in claims payable			-	70,387
Total adjustments	<u>403,047</u>	<u>537,442</u>	<u>940,489</u>	<u>1,429,874</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,089,312</u>	<u>\$ 679,385</u>	<u>\$ 1,768,697</u>	<u>\$ 935,448</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WESTERLY, RHODE ISLAND
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2016

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds	Agency Funds
Assets:			
Cash and cash equivalents	\$ 894,752	\$ 26,485	\$ 352,735
Investments, at fair value	31,356,139	129,363	3,100
Accrued interest receivable	5,933		
Other accounts receivable	145,719		
Total assets	<u>32,402,543</u>	<u>155,848</u>	<u>355,835</u>
Liabilities:			
Accounts payable and accrued expenses		1,685	
Due to other funds	149,455	8,219	
Deposits held in custody for others			355,835
Total liabilities	<u>149,455</u>	<u>9,904</u>	<u>355,835</u>
Net Position:			
Restricted for Pension Benefits and Trust Purposes	<u>\$ 32,253,088</u>	<u>\$ 145,944</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of Town of Westerly, Rhode Island (the Town). All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

B. Reporting Entity

The Town was founded in 1669. The Town is governed largely under the 1968 Westerly Home Rule Charter. In some matters, including the issuance of short- and long-term debt, the Town is governed by the general laws of the State of Rhode Island. The Town operates under a Town Council-Town Manager form of government with a five-member Town Council headed by a Council President and a Council Vice-President. The Town Manager exercises the executive power of the Town government and is responsible to the Town Council for day-to-day operations of the Town's affairs. All legislative powers of the Town are vested in the Town Council.

The Town provides the following services as authorized by its charter: public safety (police, traffic safety, inspections); public works (sanitation, highways and streets, engineering and building maintenance); zoning and planning; parks and recreation; education; social services; and general administrative services.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the Town's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the Town's water and transit functions and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category: governmental, proprietary and fiduciary, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *School Restricted Fund* is used to account for activities related to educational programs funded by state and federal grants.

The *\$6.0 Million Bond Fund* is used to account for projects funded by the general obligation series 2015A issuance to finance the construction renovation, rehabilitation, repair and improvements the Town's roads, sidewalks and drainage facilities.

The Town reports the following major proprietary funds:

The *Water Fund* is a proprietary (enterprise) fund used to account for the operation and maintenance of the Town's water system, which is primarily supported through charges to customers.

The *Sewer Fund* is a proprietary (enterprise) fund used to account for sewer use fees and the expenses associated with providing wastewater services to Town residents. The fund is primarily supported through charges to customers.

Additionally, the Town reports the following fund types:

The *Internal Service Funds* are used to account for the Town's self-insurance program for medical and dental health insurance coverage for persons covered by the health benefit plan of the Town and for payment of insurance claims and deductibles not covered by the Town's commercial insurance.

The *Private Purpose Trust Funds* are used to account for resources legally held in trust for use by parties outside of the Town, and cannot be used at the Town's discretion or to support the Town's general operations. The activities of the Town's private purpose trust fund are utilized for various purposes within the Town.

The *Pension and Other Employee Benefit Trust Funds* is used to account for funding and payment of pension benefits provided to police officers and funding of future other postemployment benefits such as health, dental and life insurance for the Town's and School Department's retirees.

The *Agency Funds* account for assets held by the Town as agent for various student groups and other organizations for construction deposits held in escrow, and for unclaimed probate estate assets.

During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements 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 related cash flows. Property taxes are recognized as revenues 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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

The proprietary, trust funds and private purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

F. Assets, Liabilities and Equity

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments for the Town are reported at fair value (generally based on quoted market prices), except for nonparticipating interest earning investment contracts (i.e. certificates of deposit) which are recorded at amortized cost.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of donated commodities are stated at fair market value. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Unbilled Services Receivable

Water and sewer revenue is recorded when earned. Customers are billed semi-annually and some commercial customers are billed quarterly. The estimated value of services provided but unbilled at June 30, 2016 is recorded as an accounts receivable in the water and sewer funds.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. The estimated historical costs of infrastructure assets (retroactive to January 1, 1979) have been included in the Governmental Activities capital assets.

As the Town constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs that are essentially amounts spent in relation to capital assets and that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

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Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Tanks and structures	100
Mains, wells, pumps, hydrants, laterals, connections, filter beds	75
Buildings and improvements	25-40
Machinery and equipment	3-10
Vehicles	5-10

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. The Town also reports deferred inflows of resources related to pensions in the government-wide statement of net position. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). In addition, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, other Town billings and solid waste management receivables. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

Equity

Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position

Restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This component consists of net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance

This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts) or legally or contractually required to be maintained intact.

Restricted Fund Balance

This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

Committed Fund Balance

This represents amounts constrained for a specific purpose imposed by formal action of the Town’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Town Council is the highest level of decision-making authority and utilizes Town Ordinances or resolution as a formal procedure to commit fund balance.

Assigned Fund Balance

This represents amounts constrained for the intent to be used for a specific purpose by the finance director that has been delegated by the highest level of decision-making authority.

Unassigned Fund Balance

This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

Fund Balance Policies

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

G. Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes attach as an enforceable lien on real property. Real and personal property taxes are based on values assessed as of each December 31 (lien date) and are levied as of July 1st.

Taxes are due in equal quarterly installments on August 1, November 1, February 1, and May 1 following the levy date. The taxpayer may elect to pay the taxes in full by September 1, annually. Taxes due and unpaid after the respective due dates are subject to interest at a rate of 12% per annum calculated on the unpaid portion of the total tax. An automatic lien is placed on the taxpayer's property if payment has not been received by the tax due date. Property taxes levied are recorded as receivables in the fiscal year of the levy.

Compensated Absences

Vacation and Sick Leave

The Town's policy permits certain employees to accumulate earned but unused vacation and sick benefits. Upon retirement, termination or death, these employees are compensated for unused vacation and sick leave (subject to certain limitations) at their current rates of pay. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. For governmental activities, the General Fund is used to satisfy this liability as it becomes due, while each enterprise fund accounts for all its settlement of business-type liabilities for compensated absences. The liability for compensated absences is accrued at varying amounts based on the collective bargaining unit contracts of the various unions and includes salary-related benefits, where applicable.

Net Pension Liability/Asset

The net pension liability/asset is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability/asset is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Net OPEB Obligations

The net OPEB obligation represents the cumulative difference between the annual OPEB cost and the Town's contributions to the plan. This amount is calculated on an actuarial basis and is recorded as noncurrent liabilities in the government-wide financial statements.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the wastewater fund, solid waste fund, water fund, school cafeteria fund and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

H. Accounting Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the Town's charter, the Town has formally established budgetary accounting control for its General Fund. It is the responsibility of the Town Manager to submit a proposed General Fund budget to the Town Council and the Board of Finance. The General Fund budget includes the Municipal budget and the School budget. The proposed School budget is approved by the School Committee and presented to the Town Manager. The Board of Finance has the power to recommend revisions to any School budget item and must conduct one public hearing after a tentative School budget is formed. The Board of Finance must also review the proposed Municipal budget and make revisions as appropriate and hold one public hearing on the Municipal budget. The Town Council may then revise and adopt a recommended General Fund budget including changes to the School appropriation. At least two public hearings are conducted on the recommended General Fund budget and the final recommended budget is legally enacted through an ordinance by the Town Council prior to the start of the fiscal year.

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Budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the School Unrestricted Fund. The Capital Projects Fund is appropriated on a project-length basis. Other special revenue funds and the permanent funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

At any time during the fiscal year the Town Manager may transfer part or all of any unencumbered appropriation balance among programs within a department, office or agency and, upon written request by the Town Manager, the Council may by ordinance transfer part or all of any unencumbered appropriation balance from one department, office or agency to another.

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Every appropriation, except an appropriation for a capital expenditure or the appropriation for support of public schools, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned; the purpose of any such appropriation shall be deemed abandoned if three years pass without any disbursement from or encumbrance of the appropriation.

B. Deficit Fund Equity

The following funds had fund equity deficits at June 30, 2016:

Special Revenue Funds:		
School Lunch Fund	\$	85,458
Juvenile Justice		177
Underage Drinking		429
Brandywine Village Fund		60
CDBG 2011		1

These fund deficits will be funded by grants and Town contributions.

**TOWN OF WESTERLY, RHODE ISLAND
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C. Excess of Expenditures over Appropriations

For the year ended June 30, 2016, expenditures exceeded appropriations in the following categories:

Finance board	\$	41
Legal services		267,884
Municipal court		5,164
Town manager		13,573
Management information systems		5,915
Human resources		14,347
Public works administration		664
Street lighting		27,817
Police department		87,612
Animal shelter		4,644
Health and welfare subsidies		26,584
Town beach operation		25,053
Celebration of public events		115
Town debt service		463,726
School debt service		150,358
Education		161,426
Transfers out		795,760

The excess of expenditures over budget for Education was covered by increase of State grants-in-aid. All other excess of expenditures over appropriations was covered by additional revenues generated. Additional appropriations of \$236,764 were approved during the year to be covered through use of fund balance.

3. CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Deposits

Substantially, all of the Town's cash and cash equivalents are held in public deposit institutions. Pursuant to Section 35-10-1 of the Rhode Island General Laws, as of October 1, 1991, public deposit institutions are required to insure accounts that hold public funds in excess of the \$250,000 that is guaranteed by FDIC. At times, the Town pools cash resources of its various funds to facilitate the management of cash and maximize investment returns.

Deposit Custodial Credit Risk - Custodial credit risk in the case of deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned. The State of Rhode Island requires that certain uninsured deposits be collateralized. Section 35-10.1-7 of the General Laws of the State of Rhode Island, dealing with the collateralization of public deposits, requires that all time deposits with maturities of greater than 60 days and all deposits in institutions that do not meet the minimum capital requirements of its federal regulator must be collateralized. The Town does not have a formal deposit policy for custodial credit risk, but is governed by State laws as described above.

As of June 30, 2016, the Town's entire bank balance of \$24,959,867 was covered by either FDIC insurance or collateral held in the Town's name.

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B. Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. As of June 30, 2016, the Town held \$1,780,427 in money market funds that are considered to be cash equivalents.

4. INVESTMENTS

General Fund investments are governed by Title 35, Chapter 10, Section 11 of the State's General Laws. This law generally allows for short-term investments, such as certificates of deposit, money market funds and obligations guaranteed by the United States government with the goal of seeking reasonable income while preserving capital. The Pension Trust Fund's investments are not limited by a formal investment policy.

As of June 30, 2016, the Town had the following investments:

	Investment Maturities (Years)			
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:				
Certificate of Deposit*	\$ 281,754	\$	\$ 281,754	\$ -
U.S. Government Agencies	2,679,757	103,096	2,576,661	-
Corporate Bonds	<u>8,097,375</u>	<u>1,041,117</u>	<u>7,056,258</u>	-
Total	11,058,886	<u>\$ 1,144,213</u>	<u>\$ 9,914,673</u>	<u>\$ -</u>
Other investments:				
Mutual Funds	6,083,088			
Common Stock	<u>14,346,628</u>			
Total Investments	<u>\$ 31,488,602</u>			

* Subject to coverage by the Federal Depository Insurance and Collateralization

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Presented below is the rating of investments for each debt investment type:

<u>Average Rating</u>	<u>Corporate Bonds</u>	<u>U.S. Government Agencies</u>	<u>Certificate of Deposit</u>
Aaa	\$ 702,015	\$ 704,805	\$
Aa1	101,835	574,009	
Aa2	108,916	534,703	
Aa3	654,294	545,666	
A1	1,947,693	320,574	
A2	1,716,403		
A3	583,192		
Baa1	1,279,698		
Baa2	1,003,329		
Unrated			281,754
	<u>\$ 8,097,375</u>	<u>\$ 2,679,757</u>	<u>\$ 281,754</u>

The Town adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. The new disclosure is presented below:

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2016:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level:				
U.S. Government Agencies	\$ 2,679,757	\$	\$ 2,679,757	\$
Corporate Bonds	8,097,375		8,097,375	
Common Stock	14,346,628	14,346,628		
Mutual Funds	6,083,088	6,083,088		
Total investments by fair value level	31,206,848	<u>\$ 20,429,716</u>	<u>\$ 10,777,132</u>	<u>\$ -</u>
Investments not included above:				
Certificates of Deposit	281,754			
Total Investments	<u>\$ 31,488,602</u>			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Town has made it a practice to limit the maturities on General Fund investments to sixty (60) days or less. Information about the exposure of the Town's securities to the risk is presented in the table directly above.

Credit Risk

State law limits investments in U.S. Treasury bills, U.S. Treasury notes and bonds, U.S. Agency obligations, certificates of deposit, repurchase agreements, commercial paper, money market mutual funds and money market mutual funds. The Town has no investment policy that would further limit its investment choices. The ratings for the Town's investments are presented above.

Concentration of Credit Risk

The Town does not have any policies that limit the amount that can be invested in any one issuer.

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy related to custodial credit risk. The Town's investments held by the Town's counterparty are held in the name of the Town.

5. RECEIVABLES

Below is the detail of receivables for each major governmental fund and the aggregate remaining funds, including the applicable allowances for uncollectible accounts:

	<u>General</u>	<u>School Restricted Fund</u>	<u>Water</u>	<u>Sewer</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Property taxes	\$ 2,416,685	\$	\$	\$	\$	\$ 2,416,685
Accounts			1,595,064	1,248,435		2,843,499
Other receivable	312,973	23,961	83,260		313,154	733,348
Interest					5,933	5,933
Intergovernmental	<u>1,740,490</u>	<u>480,087</u>			<u>537,490</u>	<u>2,758,067</u>
Gross receivables	4,470,148	504,048	1,678,324	1,248,435	856,577	8,757,532
Less allowance for uncollectibles	<u>(910,519)</u>		<u>(55,516)</u>	<u>(20,307)</u>		<u>(986,342)</u>
Net Total Receivables	<u>\$ 3,559,629</u>	<u>\$ 504,048</u>	<u>\$ 1,622,808</u>	<u>\$ 1,228,128</u>	<u>\$ 856,577</u>	<u>\$ 7,771,190</u>

Receivables of \$756,426 related to accrued interest on property taxes are included in the Government Wide Statement of Net Position but not included in the table above.

**TOWN OF WESTERLY, RHODE ISLAND
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6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

A. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2016 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Internal Service Fund	\$ 2,542,818
	School Restricted Fund	410,604
	Nonmajor governmental funds	543,304
	Private purpose trust funds	<u>8,219</u>
		3,504,945
Nonmajor governmental funds	General Fund	86,997
Internal Service Fund	Pension Trust Fund	<u>149,455</u>
Total		<u>\$ 3,741,397</u>

The outstanding balances between funds result mainly from advances from one fund (primarily the General Fund) to another fund. The advances may represent balances resulting from operating advances or reimbursement for expenditures paid by one fund on behalf of another fund.

B. Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2016 is as follows:

	<u>Transfers In</u>			<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor Governmental and Other Funds</u>	
Transfers out:				
General Fund	\$	\$ 369,522	\$ 820,320	\$ 1,189,842
Internal Service Fund	345,000			345,000
School Restricted Fund	1,166			1,166
Nonmajor Governmental Funds	<u>82,500</u>			<u>82,500</u>
Total Transfers In	<u>\$ 428,666</u>	<u>\$ 369,522</u>	<u>\$ 820,320</u>	<u>1,618,508</u>

During the year, transfers are used to provide a financing source to various funds that may not have the ability to cover all operating costs with revenue generated by the fund.

TOWN OF WESTERLY, RHODE ISLAND
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7. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 15,146,109	\$	\$	\$	\$ 15,146,109
Construction in progress	<u>5,046,122</u>	<u>2,530,056</u>	<u></u>	<u>(3,206,474)</u>	<u>4,369,704</u>
Total capital assets not being depreciated	<u>20,192,231</u>	<u>2,530,056</u>	<u>-</u>	<u>(3,206,474)</u>	<u>19,515,813</u>
Capital assets being depreciated:					
Land improvements	4,117,625	26,700			4,144,325
Buildings and improvements	114,971,505	405,500			115,377,005
Motor vehicles	10,168,532	345,362	199,064		10,314,830
Machinery, equipment and furniture	8,250,636	462,538	24,450		8,688,724
Software	307,408		177,408		130,000
Infrastructure	<u>82,920,607</u>	<u></u>	<u></u>	<u>3,206,474</u>	<u>86,127,081</u>
Total capital assets being depreciated	<u>220,736,313</u>	<u>1,240,100</u>	<u>400,922</u>	<u>3,206,474</u>	<u>224,781,965</u>
Less accumulated depreciation for:					
Land Improvements	2,130,392	191,472			2,321,864
Buildings and improvements	31,564,406	3,557,767			35,122,173
Motor vehicles	7,017,465	748,778	199,064		7,567,179
Machinery, equipment and furniture	5,617,929	519,591	24,450		6,113,070
Software	297,094	10,314	177,408		130,000
Infrastructure	<u>27,562,284</u>	<u>767,675</u>	<u></u>	<u></u>	<u>28,329,959</u>
Total accumulated depreciation	<u>74,189,570</u>	<u>5,795,597</u>	<u>400,922</u>	<u>-</u>	<u>79,584,245</u>
Total capital assets being depreciated, net	<u>146,546,743</u>	<u>(4,555,497)</u>	<u>-</u>	<u>3,206,474</u>	<u>145,197,720</u>
Governmental Activities Capital Assets, Net	<u>\$ 166,738,974</u>	<u>\$ (2,025,441)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,713,533</u>

Depreciation expense was charged to the functions of the governmental activities of the primary government as follows:

Governmental activities:	
Legislative, judicial and general administrative	\$ 846,768
Public works	777,900
Public safety	455,053
Health and welfare	7,376
Planning and zoning	7,190
Parks and recreation	170,938
Education	<u>3,530,372</u>
Total	<u>\$ 5,795,597</u>

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	<u>Beginning Balance as Restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 5,931,635	\$	\$	\$	\$ 5,931,635
Construction in progress	792,644	396,200			1,188,844
Total capital assets not being depreciated	<u>6,724,279</u>	<u>396,200</u>	<u>-</u>	<u>-</u>	<u>7,120,479</u>
Capital assets being depreciated:					
Buildings and improvements	22,049,282	41,512			22,090,794
Mains, wells, pumps and hydrants	17,257,913				17,257,913
Tanks and structures	14,004,084				14,004,084
Machinery and equipment	3,463,822	254,108			3,717,930
Odor control plant	1,024,302				1,024,302
Total capital assets being depreciated	<u>57,799,403</u>	<u>295,620</u>	<u>-</u>	<u>-</u>	<u>58,095,023</u>
Less accumulated depreciation for:					
Buildings and improvements	12,004,861	381,083			12,385,944
Mains, wells, pumps and hydrants	7,041,219	235,857			7,277,076
Tanks and structures	5,334,981	183,866			5,518,847
Machinery and equipment	3,093,524	85,392			3,178,916
Odor control plant	1,024,302				1,024,302
Total accumulated depreciation	<u>28,498,887</u>	<u>886,198</u>	<u>-</u>	<u>-</u>	<u>29,385,085</u>
Total capital assets being depreciated, net	<u>29,300,516</u>	<u>(590,578)</u>	<u>-</u>	<u>-</u>	<u>28,709,938</u>
Business-Type Activities Capital Assets, Net	<u>\$ 36,024,795</u>	<u>\$ (194,378)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,830,417</u>

Depreciation was charged to the following business-type activities:

Business-type activities:	
Water	\$ 387,907
Sewer	<u>498,291</u>
Total	<u>\$ 886,198</u>

Construction Commitments

The Town has active construction projects as of June 30, 2016. The projects include renovations to public buildings and various demolition and remediation projects.

The following is a summary of significant capital projects as of June 30, 2016:

<u>Project</u>	<u>Project Authorization</u>	<u>Spent to Date</u>
Canal Street	\$ 160,000	\$ -
Town-Wide Milling and Paving	555,013	-
22 Canal Street Demolition	61,400	-
Energy Upgrades to Public Buildings	1,600,000	-
Cross Street Improvements	105,000	71,355
Tower Street Water Storage Tank		
Soil Remediation Project	469,437	346,532

TOWN OF WESTERLY, RHODE ISLAND
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JUNE 30, 2016

8. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2016 are as follows:

	<u>General Fund</u>	<u>School Restricted Fund</u>	<u>\$6.0 Million Bond Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable for:					
Prepays expenditures - Town	\$ 2,158,609	\$	\$	\$	\$ 2,158,609
Prepays expenditures - Schools	322,927				322,927
Restricted for:					
Educational programs	2,016,389	59,883			2,076,272
Neuter surcharge				975	975
Historical records preservation grant				123,053	123,053
Public safety grant programs				190,934	190,934
Health and welfare grant programs				6,926	6,926
Road improvement projects			5,110,429		5,110,429
Other capital projects				93,285	93,285
Committed for:					
Town capital projects				1,916,117	1,916,117
Animal shelter				81,854	81,854
Recycling program				47,247	47,247
Snow removal	154,229				154,229
Hospital evaluation	17,843				17,843
Dog fund	400,000				400,000
Dredging Winnapaug pond	400,000				400,000
Other programs	28,976			7,087	36,063
FSA program	4,642				4,642
Revaluation	9,502				9,502
K-9 donations program	2,551				2,551
Mentor and juvenile program	5,455				5,455
Assigned for:					
Subsequent year's budget	475,000				475,000
Unassigned	5,636,916			(86,125)	5,550,791
Total Fund Balances	\$ 11,633,039	\$ 59,883	\$ 5,110,429	\$ 2,381,353	\$ 19,184,704

9. LEASE OBLIGATIONS

Operating Leases

The Town has several operating leases for copiers. Total costs for the leases were \$158,439 for the year ended June 30, 2016. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30,</u>	<u>Minimum Lease Payments</u>
2017	\$ 54,012
2018	19,755

**TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

10. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Changes in the Town's long-term liabilities for the year ended June 30, 2016 are as follows:

	<u>Beginning Balance as Restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds and loans payable:					
General obligation bonds	\$ 55,225,000	\$	\$ 4,080,000	\$ 51,145,000	\$ 4,335,000
Loan payable	24,373,250		1,669,438	22,703,812	1,669,438
Premium on bond issuance	3,895,146		279,748	3,615,398	
Total bonds and notes payable	<u>83,493,396</u>	-	<u>6,029,186</u>	<u>77,464,210</u>	<u>6,004,438</u>
Capital lease payable	2,516,178	1,194,433	1,368,095	2,342,516	837,385
Compensated absences	1,871,520	37,960	7,383	1,902,097	139,135
Early retirement incentives obligation	101,000	45,000	101,000	45,000	45,000
Net pension liability	53,544,094	4,425,776		57,969,870	
Net OPEB obligation	<u>2,765,411</u>	<u>2,346,598</u>		<u>5,112,009</u>	
 Total Governmental Activities Long-Term Liabilities	 <u>\$ 144,291,599</u>	 <u>\$ 8,049,767</u>	 <u>\$ 7,505,664</u>	 <u>\$ 144,835,702</u>	 <u>\$ 7,025,958</u>
Business-Type Activities:					
Loans payable	\$ 3,944,877	\$	\$ 637,069	\$ 3,307,808	\$ 547,289
Capital lease payable	2,594,000		102,240	2,491,760	106,330
Compensated absences	<u>207,339</u>		<u>13,106</u>	<u>194,233</u>	<u>4,236</u>
 Total Governmental Activities Long-Term Liabilities	 <u>\$ 6,746,216</u>	 <u>\$ -</u>	 <u>\$ 752,415</u>	 <u>\$ 5,993,801</u>	 <u>\$ 657,855</u>

Compensated absences are normally liquidated by the General Fund inclusive of the School Department.

The Town had previously issued refunding debt that is considered defeased until called. The balance in escrow was \$9,171,824 at June 30, 2016. The outstanding balance of the defeased bonds as of June 30, 2016 is \$9,000,000.

**TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

B. General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. These bonds generally are issued as serial bonds with equal or varying amounts of principal maturing each year with maturities that range from 15 to 20 years. General obligation bonds outstanding at June 30, 2016 are as follows:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2016
Governmental Activities:					
General obligation bonds:					
Senior citizens center bond	08/01/96	10/01/16	4.8-6.75%	\$ 515,000	\$ 25,000
General obligation school bond	07/15/98	07/15/18	5.0-7.5%	560,000	75,000
Police station and public works garage bond	07/01/06	07/01/26	4.0-5.0%	16,575,000	900,000
Road improvements and land acquisition	09/15/07	09/15/27	3.7-4.0%	8,000,000	4,920,000
General obligation bond, 2012 Series A	07/03/12	07/01/25	2.0-3.0%	6,500,000	6,135,000
Refunding bonds - 2012 Series B	07/03/12	08/15/24	2.0-5.0%	20,195,000	16,231,897
Refunding bonds - 2012 Series B	07/03/12	08/15/24	2.0-5.0%	121,322	98,103
Refunding bonds - 2012 Series C	07/03/12	10/15/23	1.5-3.0%	1,290,000	1,005,000
Refunding bonds - 2014 Series A	06/04/14	07/01/26	2.0-5.0%	15,890,000	15,755,000
General obligation bond, 2015 Series A	04/15/15	04/15/35	2.0-3.25%	6,000,000	6,000,000
Total general obligation bonds				<u>102,681,322</u>	<u>51,145,000</u>
Loans:					
High school renovation loans	06/15/10	04/01/27	5.75%	3,855,000	2,650,312
High school renovation loans	12/02/10	04/01/27	6.29%	5,496,000	3,778,500
High school renovation loans	02/03/11	04/01/31	2.0-5.5%	6,000,000	4,725,000
High school renovation loans	07/14/11	04/01/31	2.0-5.5%	14,645,000	11,550,000
Total loans				<u>29,996,000</u>	<u>22,703,812</u>
Total governmental activities				<u>132,677,322</u>	<u>73,848,812</u>
Business Type Activities:					
Loans Payable:					
Westerly Sewer Fund:					
RICWFA SRF	12/15/95	09/01/15	2.96%	1,849,000	
RICWFA 00 SRF	05/01/00	09/01/20	3.04%	255,000	81,283
RICWFA 01 SRF	12/19/00	09/01/20	2.86%	7,995,000	2,362,225
RICWFA 04 SRF	12/16/04	09/01/25	0.78-1.55%	1,724,300	864,300
Total loans payable				<u>11,823,300</u>	<u>3,307,808</u>
Total Outstanding				<u>\$ 144,500,622</u>	<u>\$ 77,156,620</u>

The Wastewater and Superfund bonds payable presented in the financial statements as direct liabilities of the Wastewater and Solid Waste funds are general obligations of the Town backed ultimately by its taxing power. Because the proceeds of the bonds are used entirely for the benefits of the Wastewater and Solid Waste Funds, the liabilities and the related debt service of these bonds are accounting for in these funds.

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The Water Fund bonds payable presented in the financial statements as direct liabilities of the Water Fund are revenue bonds backed by the Water Funds ability to assess user fees. Because the proceeds of the bonds are used entirely for the benefits of the Water Fund, the liability and the related debt service of these bonds are accounted for in the Water Fund.

The debt service requirements for the Town’s bonds are as follows:

	Governmental Activities	
	Principal	Interest
2017	\$ 4,335,000	\$ 1,789,421
2018	4,360,000	1,654,002
2019	4,420,000	1,504,631
2020	4,455,000	1,348,115
2021	4,520,000	1,192,374
2022-2026	21,335,000	3,380,651
2027-2031	5,380,000	777,869
2032-2036	<u>2,340,000</u>	<u>148,008</u>
Total	<u>\$ 51,145,000</u>	<u>\$ 11,795,071</u>

C. Loans Payable

The Town has entered into four loan agreements with Rhode Island Clean Water Protection Finance Agency (the Agency) as noted in the table above. The loan proceeds are to be used by the Town for the upgrade of the sewer treatment system. The Agency pays project invoices.

The Town has also entered into four loan agreements with Rhode Island Health and Educational Building Corporation as noted in the table above. The Town will receive interest subsidies totaling \$2,753,366 for the June 15, 2010 loan and \$4,379,735 for the December 2, 2010 loan from the federal government over the life of the loans.

D. Capital Leases

The Town has entered into various lease agreements as lessee for financing the acquisition of vehicles, machinery, land valued at \$8,909,932. The depreciable assets have a three- to twenty-year useful life. For the year ended June 30, 2016, \$57,063 was included in depreciation expense. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

**TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business- Activities</u>
2017	\$ 885,670	\$ 206,000
2018	612,660	206,000
2019	269,471	206,000
2020	207,498	206,000
2021	61,062	206,000
Thereafter	<u>487,856</u>	<u>2,444,014</u>
Total minimum lease payments	2,524,217	3,474,014
Less amount representing interest	<u>(181,701)</u>	<u>(982,254)</u>
 Total	 <u>\$ 2,342,516</u>	 <u>\$ 2,491,760</u>

E. Legal Debt Margin

The Town's legal debt margin as set forth by State Statute is limited to 3% of total taxable assessed value, which approximated \$175,690,081. As of June 30, 2016, the Town's debt subject to the legal debt margin is \$27,962,833 and the Town is under the debt limit by \$147,727,248. The debt subject to the debt limitation is based on the type of debt that is issued.

F. Authorized But Unissued Bond Authority

The Town has remaining authorized but unissued bond authority totaling \$1,104,000. The unissued bond authority is allocated as follows:

<u>Chapter/Section</u>	<u>Year</u>	<u>Description</u>	<u>Original Authorization</u>	<u>Bonds Issued</u>	<u>BANs Outstanding</u>	<u>Remaining Authority</u>
Public Law 14	1988	Sewer	\$ 943,000	\$ 940,000	\$ -	\$ 3,000
RI General Laws 45-12-2	2003	Open Space	4,000,000	2,900,000	-	1,100,000
RI General Laws 15-11-6	2008	High School	<u>30,000,000</u>	<u>29,999,000</u>	<u>-</u>	<u>1,000</u>
		Total	<u>\$ 34,943,000</u>	<u>\$ 33,839,000</u>	<u>\$ -</u>	<u>\$ 5,100,000</u>

G. Early Retirement Incentives

On April 15, 2015 there was an agreement between the Westerly Public Schools and Westerly Teachers' Association (WTA) to offer an early retirement incentive (ERI). WTA members who are not 65 as of 8/31/2015 and have elected to retire shall be provided with health insurance coverage equal to their existing plan for 2 years provided the participant pays 20% share of the cost of coverage. WTA members who are not 65 as of 8/31/2016 and have elected to retire shall receive one year of health insurance coverage equal to their existing plan provided the participant pays 20% share of the cost of coverage. WTA Member participants who are sixty-five or older as of August 31, 2015 and have elected to retire shall receive the "Blue Cross Blue Shield for Medicare Group Preferred Unlimited" plan

**TOWN OF WESTERLY, RHODE ISLAND
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for up to two persons for a period of two years and then shall not be obligated to pay a share of the cost. WTA member participants who are sixty-five or older as of August 31, 2016 shall receive the "Blue Cross Blue Shield for Medicare Group Preferred Unlimited" plan for up to two persons for one year and then shall not be obligated to pay a share of the cost. The estimated liability of this incentive is \$45,000 at June 30, 2016.

11. PENSION PLANS

A. Employees' Retirement System (ERS) - Defined Benefit Plan

Plan Description

All full-time teachers, principals, school nurses and certain other school officials (including the superintendent) in the town's school system must 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 covering state employees and teachers reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments are provided at five-year intervals.

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

TOWN OF WESTERLY, RHODE ISLAND
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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 2016, full-time teachers, principals, school nurses and certain other school officials were required to contribute 3.75% of their annual covered salary. The State and the School 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 School; the rates were 9.19% and 13.41% of annual covered payroll for the fiscal year ended June 30, 2015 for the state and School, respectively. The School contributed \$3,232,326, \$3,491,094 and \$3,194,006 for the fiscal years ended June 30, 2016, 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 School reported a liability of \$42,148,536 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the School 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 School were as follows:

School's proportionate share of the net pension liability	\$ 42,148,536
State's proportionate share of the net pension liability associated with the School	<u>28,794,557</u>
Total net pension liability	<u>\$ 70,943,093</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 School's proportion of the net pension liability was based on a projection of the Westerly's School Department 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 School's proportion was 1.53100236%.

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

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and municipal general employees will contribute 8.25% (9.25% for units with a COLA provision) and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service or 62 with 33 years of service. Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.
- MERS public safety employees may retire at age 50 with 25 years of service, or any age with 27 years of service. MERS public safety employees will contribute 9.00% (10.00% for units with a COLA provision)

TOWN OF WESTERLY, RHODE ISLAND
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- 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 members' 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 year rather than 5 year intervals.
- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5.5% (5yr return - 5.5%, with a max of 4%) and 50% calculated using previous year's CPI-U (max of 3%) for a total max COLA of 3.5%. This COLA is calculated on the first \$25,855, effective 01/01/16, and indexed as of that date as well. (The indexing formula is run annually regardless of funding level each year.)
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early

For the year ended June 30, 2016 the School recognized gross pension expense of \$4,890,455 and revenue of \$3,496,443 for support provided by the State. At June 30, 2016 the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources:	
Contributions subsequent to the measurement date	\$ <u>3,097,654</u>
Deferred inflows of resources:	
Differences between expected and actual experience	\$ 274,445
Change of assumptions	1,133,096
Net difference between projected and actual earning on pension plan investments	31,797
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>1,552,964</u>
Total	\$ <u>2,992,302</u>

TOWN OF WESTERLY, RHODE ISLAND
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The \$3,097,654 reported as deferred outflows of resources related to pensions resulting from the School 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:

<u>Year Ended June 30,</u>	<u>Net Deferred Inflows of Resources</u>
2017	\$ 677,861
2018	677,861
2019	677,861
2020	(124,359)
2021	469,357
Thereafter	613,721

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.

TOWN OF WESTERLY, RHODE ISLAND
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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 forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms. The June 30, 2015 expected arithmetic returns over the long term by asset class as developed by the State Investment Commission's investment consultant, which are generally consistent with the averages utilized by the actuary, are summarized in the following table:

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%
	<u>100.0%</u>	

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

Discount Rate

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

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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.

	<u>1% Decrease</u> <u>(6.50%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.50%)</u>	<u>1% Increase</u> <u>(8.50%)</u>
Net Pension Liability	\$ 52,853,925	\$ 42,148,536	\$ 33,384,660

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued ERSRI financial report.

B. Municipal Employees’ Retirement System (MERS) - Defined Benefit

General Information about the Pension Plan

Plan Description

Municipal Employees’ Retirement System (MERS) - an agent multiple-employer defined benefit pension plan - has been effectively closed to new entrants by the Town and only encompasses one active employee as noted in the table below. MERS provides certain retirement, disability and death benefits to plan members and beneficiaries. MERS was established under Rhode Island General Law and placed under the management of the Employee’s Retirement System of Rhode Island (ERSRI) Board to provide retirement allowances to employees of municipalities, housing authorities, water and sewer districts, and municipal police and fire persons that have elected to participate. Benefit provisions are subject to amendment by the General Assembly.

MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the ERSRI website at www.ersri.org.

Benefits Provided

General employees, police officers and firefighters employed by electing municipalities participate in MERS. Eligible employees become members at their date of employment. Anyone employed by a municipality at the time the municipality joins MERS may elect not to be covered. Elected officials may opt to be covered by MERS. Employees covered under another plan maintained by the municipality may not become members of MERS. Police officers and/or firefighters may be designated as such by the municipality, in which case the special contribution and benefit provisions described below will apply to them, or they may be designated as general employees with no special benefits. Members designated as police officers and/or firefighters are treated as belonging to a unit separate from the general employees, with separate contribution rates applicable.

Salary includes the member's base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.

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Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods by making an additional contribution to purchase the additional service. Special rules and limits govern the purchase of additional service and the contribution required.

Prior to July 1, 2012 and for general employee members eligible to retire as of June 30, 2012, the average was based on the member's highest three consecutive annual salaries. Effective July 1, 2012, the average was based on the member's highest five consecutive annual salaries. Once a member retires or is terminated, the applicable FAC will be the greater of the member's highest three year FAC as of July 1, 2012 or the five year FAC as of the retirement/termination date. Monthly benefits are based on one-twelfth of this amount.

Subsequent to June 30, 2015, litigation challenging the various pension reform measures enacted in previous years by the General Assembly (2009, 2010 and 2011) was settled. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly. These amended benefit provisions, which have been included in the determination of the total pension liability at the June 30, 2015 measurement date and are reflected in the summary of benefit provisions described below.

Other benefit provisions

Death and disability benefits are also provided to members. A member is eligible for a disability retirement provided he/she has credit for at least five years of service or if the disability is work-related. Members are not eligible for an ordinary disability benefit if they are eligible for unreduced retirement.

Joint and survivor benefit options are available to retirees. For some employees, a Social Security Option is also available where an annuity is paid at one amount prior to age 62, and at a reduced amount after age 62, designed to provide a level total income when combined with the member's age 62 Social Security benefit. Benefits cease upon the member's death.

Post-retirement benefit increases are paid to members who retire after June 30, 2012. Members will be eligible to receive cost of living increases at the later of the member's third anniversary of retirement and the month following their SSNRA (age 55 for members designated as police officers and/or firefighters). When a municipality elects coverage, it may elect either COLA C (covering only current and future active members and excluding members already retired) or COLA B (covering current retired members as well as current and future active members).

The COLA will be suspended for any unit whose funding level is less than 80%; however, an interim COLA may be granted in four-year intervals while the COLA is suspended. The first interim COLA may begin January 1, 2018.

Effective July 1, 2015, the COLA is determined based on 50% of the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%, plus 50% of the lesser of 3.0% or last year's CPI-U increase for a total maximum increase of 3.50%. Previously, it was the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%

The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on the every fourth year provision described in (i) above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$25,000 for 2013, \$25,000 for 2014, \$25,168 for 2015, \$25,855 for 2016 and \$26,098 for 2017.

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Employees Covered by Benefit Terms

At the June 30, 2014 valuation date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	8
Inactive, Nonretired Members	<u>1</u>
Total	<u><u>9</u></u>

Contributions

The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 2% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. The Town contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The Town contributed \$181,261 in the year ended June 30, 2016. There was no covered annual covered payroll as the Town has no active employees in the plan.

Net Pension Liability

The total pension liability was determined by actuarial valuations performed as of June 30, 2014 and rolled forward to June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement.

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2015 measurement date (June 30, 2014 valuation rolled forward to June 30, 2015)	
Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Actuarial Assumptions	
Investment Rate of Return	7.50%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.75%
Mortality	<ul style="list-style-type: none"> • Male Employees, MERS General and MERS P&F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. • Female Employees, MERS General and MERS P&F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
Cost of Living Adjustments	A 2% COLA is assumed after January 1, 2014.

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.

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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.

Discount Rate

The discount rate used to measure the total pension liability of the plans 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.

**TOWN OF WESTERLY, RHODE ISLAND
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Changes in Net Pension Liabilities

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2015	\$ 871,468	\$ 223,229	\$ 648,239
Changes for the year:			
Interest on the total pension liability	60,047		60,047
Changes in benefits	(108)		(108)
Difference between expected and actual experience	140,725		140,725
Employer contributions		181,261	(181,261)
Net investment income		6,300	(6,300)
Benefit payments, including employee refunds	(141,691)	(141,691)	-
Administrative expense		(254)	254
Net changes	<u>58,973</u>	<u>45,616</u>	<u>13,357</u>
Balances as of June 30, 2016	<u>\$ 930,441</u>	<u>\$ 268,845</u>	<u>\$ 661,596</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the employers calculated using the discount rate of 7.5 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability \$	769,698	661,596	573,038

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

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

For the year ended June 30, 2016 the employer recognized pension expense of \$53,058. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Net difference between projected and actual earning on pension plan investments	\$	\$ 521
Town contributions subsequent to measurement date	<u>181,261</u>	<u></u>
Total	<u>\$ 181,261</u>	<u>\$ 521</u>

Total of the Town contributions subsequent to measurement date of \$181,261 reported as deferred outflows of resources related to pensions above will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Net Deferred Inflows of Resources</u>
2017	\$ 969
2018	969
2019	968
2020	(2,385)

C. Teachers' Survivors Benefit Plan (TSB)

General Information about the Pension Plan Description

Certain employees of the Town of Westerly School (School) 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>.

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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 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 years or twenty-three 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

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 of the member's annual salary up to but not exceeding an annual salary of \$9,600; one-half of the cost is contributed by the member by deductions from his or her salary, and the other half 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 \$28,608, \$30,983 and \$31,394 for the fiscal years ended June 30, 2016, 2015 and 2014, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2016 the Town reported an asset of \$6,407,029 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's 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 5.13%.

For the year ended June 30, 2016 the Town recognized pension expense of \$(302,411) - an increase 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:

Deferred outflows of resources:

Differences between expected and actual experience	\$ 1,107,495
Changes in proportion and differences between employer contributions and proportionate share of contributions	21,646
Town contributions subsequent to measurement date	<u>30,144</u>
Total	<u>\$ 1,159,285</u>

Deferred inflows of resources:

Net difference between projected and actual earning on pension plan investments	<u>\$ 17,459</u>
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The \$30,144 reported as deferred outflows of resources related to pensions resulting from School's contributions in fiscal year 2015 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:

<u>Year Ended June 30,</u>	<u>Net Deferred Inflows of Resources</u>
2017	\$ 80,968
2018	80,968
2019	80,968
2020	289,679
2021	137,511
Thereafter	441,588

**TOWN OF WESTERLY, RHODE ISLAND
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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.

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.

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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:

<u>Type of Investment</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
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.

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.

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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.

	<u>1% Decrease</u> <u>(6.50%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.50%)</u>	<u>1% Increase</u> <u>(8.50%)</u>
Net Pension Asset	\$ 3,719,973	\$ 4,790,221	\$ 5,666,071

D. Police Pension Plan

The Town is the administrator of a single-employer defined-benefit pension plan established to provide pension benefits for its police officers. The plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund. Stand-alone financial statements are not issued for the plan. Plan provisions are established by contract and may be amended by union negotiation.

Plan Description and Benefits Provided

All regular police officers are eligible to participate in the Police Retirement Plan. The plan provides retirement benefits as well as death and disability benefits. Members are 100% vested after 10 years of service. Normal retirement is after the completion of 20 years of service for officers hired prior to July 1, 2010. Officers hired after July 1, 2010 may retire upon completion of 25 years of service. The retirement benefit for officers hired prior to July 1, 2010 is calculated at 50% of annual pay for 20 years of service plus 2% times annual pay for each year of service over 20 years (maximum service equals 25 years). For officers hired after July 1, 2010, the retirement benefit is calculated at 50% of annual pay for 25 years of service plus 2% times annual pay for each year of service over 25 years (maximum service equals 30 years). Annual pay at retirement is a sum equal to the base salary received for the 12 months immediately preceding retirement. The normal form of benefit is 67.5% Joint and Survivor. If a member leaved covered employment or dies before vesting, accumulated member contributions are refunded with interest. If a member dies in the line of duty, the member's heirs shall receive the same benefits as though they had been members of the bargaining unit for 20 years. Retired members are entitled to a 3% cost of living adjustment, not compounded, each year if hired prior to July 1, 2010 (2 1/2% if retired before July 1, 1998). Officers hired after July 1, 2010 are entitled to a 3% cost of living adjustment, not compounded after 5 years on pension or age 52, whichever comes first. Disability retirement for occupational causes equals 50% of annual pay at time of disability. Non-occupational causes receive a lower percentage varying by years of service at time of disability. Members who retire with 25 or more years of service shall receive severance pay based on 1.5 days for each year of service at retirement.

The management of the Westerly Police and OPEB plans consist of The Town Manger, the Finance Director, HR Manager and a representative from the Police Pension. The Town Council is the governing body of approval of the Investment Policy Statements and the establishment of the OPEB share, and is responsible for the appointment of the investment committee.

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At July 1, 2015, Plan membership consisted of the following:

Retirees and beneficiaries receiving benefits	46
Terminated plan member entitled to but not yet receiving benefits	1
Active Plan Members	<u>49</u>
	<u><u>96</u></u>

Summary of Significant Accounting Policies

Basis of Accounting

Financial statements are prepared using the accrual basis of accounting for the three defined benefit pension plans. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Method Used to Value Investments

Investments are reported at market value. Investment income is recognized as earned.

Funding Policy

Active plan members contribute 11% of their covered earnings. The Town has an actuarial valuation to determine the annual required contribution, but does not fund the plan based on the valuation. The Town funds the plan based on the annual budget.

Administrative costs of the plan are financed through investment earnings.

Pension Trust Funds

The Town maintains a police pension trust fund to account for its fiduciary responsibility. The following schedules present the net position held in trust for pension benefits and OPEB Trust at June 30, 2015 and the changes in net position for the year then ended. Included in the Police Pension trust funds are OPEB assets related to a medical subaccount. Those assets are not used to offset the total pension liability.

Schedule of Plan Net Position

	<u>Police Pension Trust</u>	<u>OPEB Trust</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 874,905	\$ 19,847	\$ 894,752
Investments, at fair value	29,505,977	1,850,162	31,356,139
Other accounts receivable	145,719	5,933	151,652
Total assets	<u>30,526,601</u>	<u>1,875,942</u>	<u>32,402,543</u>
Liabilities:			
Due to other funds	<u>149,455</u>		<u>149,455</u>
Net Position:			
Restricted for Pension and OPEB Benefits	<u>\$ 30,377,146</u>	<u>\$ 1,875,942</u>	<u>\$ 32,253,088</u>

**TOWN OF WESTERLY, RHODE ISLAND
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Schedule of Changes in Plan Net Position

	<u>Police Pension Trust</u>	<u>OPEB Trust</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 1,713,800	\$ 386,000	\$ 2,099,800
Plan members	385,569		385,569
Total contributions	<u>2,099,369</u>	<u>386,000</u>	<u>2,485,369</u>
Net investment income:			
Net appreciation in fair value of investments	(467,952)	77,076	(390,876)
Interest and dividends	801,714		801,714
	<u>333,762</u>	<u>77,076</u>	<u>410,838</u>
Total additions	<u>2,433,131</u>	<u>463,076</u>	<u>2,896,207</u>
Deductions:			
Benefits	2,029,473	16,268	2,045,741
Police retiree health care	662,484		662,484
Administrative expense	55,381		55,381
Total deductions	<u>2,747,338</u>	<u>16,268</u>	<u>2,763,606</u>
Change in Net Position	(314,207)	446,808	132,601
Net Position at Beginning of Year	<u>30,691,353</u>	<u>1,429,134</u>	<u>32,120,487</u>
Net Position at End of Year	<u>\$ 30,377,146</u>	<u>\$ 1,875,942</u>	<u>\$ 32,253,088</u>

Investments Policy

The Town has established an investment policy for the prudent investment all funds with the objective of preservation and growth of capital. Appropriate diversification of the portfolio is required to be maintained as advised by the plan's investment manager and the Town's finance director and approved by the Town Manager. The investment program shall be operated in conformance with federal, state and other legal requirements. All pertinent local and state ethic statutes are required to be adhered to by the Town administrative staff in regard to all investment fund activities. The Investment Manager may act autonomously in the selection of the fund investments within the framework of the required asset allocation. In terms of diversification, no individual security shall represent more than 5% of the portfolio's market value. Special investments such as special placements or venture capital are not allowed. The purchase of or carrying securities on margin is not permitted. Purchase of derivatives is not permitted. Short sales are not allowed to be conducted. The fund is not allowed to borrow money. Purchasing or selling of commodities, futures and options is not permitted.

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The following was the Board's adopted asset allocation policy as of June 30, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>
Equity	62.00%
Fixed Income	34.00%
Real Estate	3.00%
Cash	<u>1.00%</u>
Total	<u><u>100.00%</u></u>

Rate of Return: For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.17%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

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

Total pension liability	\$ 44,419,188
Plan fiduciary net position	<u>29,259,450</u>
Total Net Pension Liability	<u>\$ 15,159,738</u>
Plan fiduciary net position as a percentage of the total pension liability	65.87%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement.

Mortality rates were based on the RP 2014 Healthy Mortality Table with generational improvements from 2006 using scale MP-2015 and the RP 2014 Disabled Mortality Table with generational improvements from 2006 using scale MP-2015.

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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 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>
Equity	5.00%
Fixed Income	2.18%
Real Estate	5.00%
Cash	0.50%

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was 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.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

Changes in Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances as of June 30, 2015	\$ 43,094,832	\$ 29,062,295	\$ 14,032,537
Changes for the year:			
Service cost	917,082		917,082
Interest on the total pension liability	3,224,788		3,224,788
Difference between expected and actual experience	47,387		47,387
Changes in assumptions	(835,428)		(835,428)
Employer contributions		1,713,800	(1,713,800)
Employee contributions		382,932	(382,932)
Net investment income		129,896	(129,896)
Benefit payments, including employee refunds	(2,029,473)	(2,029,473)	-
Net changes	<u>1,324,356</u>	<u>197,155</u>	<u>1,127,201</u>
Balances as of June 30, 2016	\$ <u>44,419,188</u>	\$ <u>29,259,450</u>	\$ <u>15,159,738</u>

**TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the discount rate of 7.50%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Net Pension Liability	\$ 17,977,492	\$ 15,159,738	\$ 12,510,068

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

For the year ended June 30, 2016, the Town recognized pension expense of \$2,107,300. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 39,489	\$ 320,790
Changes of assumptions	637,095	696,190
Net difference between projected and actual earning on pension plan investments	<u>2,132,557</u>	<u> </u>
Total	<u>\$ 2,809,141</u>	<u>\$ 1,016,980</u>

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

<u>Year Ended June 30,</u>	<u>Net Deferred Outflows of Resources</u>
2017	\$ 530,556
2018	530,556
2019	530,556
2020	331,834
2021	(131,341)

E. International City Management Association (ICMA) Pension Plan

General salaried employees hired after February 1981 were eligible to participate in this 401(a) defined contribution plan created as of September 1, 1995. Previously, these employees contributed to a defined contribution plan with the International City Management Association, established as a 457(b) deferred compensation plan; this plan was deemed ineligible by IRS codification and has been closed to new entrants, but assets cannot be transferred to the new 401(a) plan.

**TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Employees contribute 6% or more of their qualified salary to a maximum of 25% not to exceed \$30,000. The Town contributes 10% of the qualified salary. Plan provisions and contribution requirements are established and may be amended by the Town Council. The Town's contribution for the years ended June 30, 2016 and 2015, were \$316,453 and \$313,524, respectively.

F. Laborers' International Union of North America National Pension Fund

Plan Description and Benefits Provided

The Laborers' International Union of North America National Pension Fund is a cost sharing multiple employer defined benefit plan (the Plan), which is operating as a 401(a) plan. All Town nonsalaried general employees participate in the Plan.

Information regarding the Plan can be obtained from the Fund Office maintained by the Board of Trustees at the following address: Laborers' International (Industrial) Pension Fund, 905 16th Street, N.W., Washington, DC 20006-1765 or at www.inipf.org.

Eligibility

An employee is eligible to receive pension benefits if they have attained age 62, have five or more years of pension credit and have earned at least one of the years of pension credit during the period that his or her employer is contributing to the Plan.

Benefits

The amount of regular pension benefits payable to an employee is determined by the highest contribution rate at which he or she earned pension credit and years of pension credits earned (up to a maximum of 30 years of pension credits). The regular monthly benefit is payable for each year of pension credit at each contribution rate accepted by the Plan up to \$1.86 per hour. The Plan also provides death and disability benefits.

Funding Policy

The contribution requirements of the Town and employees are established by contract and may be amended by union negotiation. Employees are not required to contribute to the plan. The Town was required to contribute the following amounts for fiscal year ended June 30, 2016: bus drivers and aides - \$1.69 per hour up to a maximum of 40 hours per week; school maintenance, secretarial and clerical employees - \$2.38 per hour; town public works and secretarial employees - \$2.05 per hour from 10/2012 to 9/2013 and \$2.26 per hour from 10/2013 to 9/2014 for employee's normal work week. The Town was also required to contribute \$0.06 per hour to an annuity fund (maximum of \$4,000 annually for School employees). The total contribution for fiscal years ended June 30, 2016, 2015 and 2014 was \$1,031,248, \$976,725 and \$874,846, respectively.

G. School Department Pension Program

All School Department unaffiliated, classified, appointed employees participate in an agreed-upon 403(b) pension program, which is funded by the School Department. The School Department's contribution is 10% of the qualified employee's salary per year. The employees do not contribute to the plan. The contributions are made to an eligible plan of the employee's choice. All school employees are eligible by federal law to participate in a payroll deduction tax deferred plan, which must be arranged by a broker or private insurance carrier. Total contributions for the year ended June 30, 2016 were \$105,719.

12. OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS

Police Other Postemployment Benefit Plan

Plan Description

The Town administers a single-employer defined benefit healthcare plan for police. The plan provides medical, dental and life insurance benefits to eligible retirees and their dependents. Coverage to retirees and spouses includes dental insurance for life and a reimbursement of Medicare Part B premium to retirees only after age 65. Most full-time employees of the police department are eligible to participate in the plan. Benefit provisions are established through negotiations between the Town and the Police Officers Union.

At July 1, 2015, plan membership consisted of the following:

	<u>Participants</u>
Retirees	42
Active employees	<u>47</u>
Total	<u><u>89</u></u>

Funding Policy

Contribution requirements are negotiated between the Town and the Police Officers Union. The Town is required to contribute the cost of medical and dental benefits for police officers who retire with at least 20 years of service less the amount of any applicable employee share of premiums as follows:

- Employees hired before July 1, 1993, shall, upon retirement, contribute the same percentage of medical coverage as they contribute at the time of retirement.
- Employees hired on or after July 1, 1993 and retiring after at least 20 years of active service will pay 15% of the cost of health care coverage at the full mature working rate or monthly premium cost and the Town will pay the balance up to a maximum of \$6,000 per year (\$500 per month) until the employee reaches age 65, after which time the employee will pay 15% of the premium cost or fully mature working rate of Plan 65 and the Town will pay the balance up to a maximum of \$6,000 per year (\$500 per month). Any amounts in excess of \$6,000 shall be borne by the employee.

**TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Annual OPEB Cost and Net OPEB Obligations

The Town’s annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following tables show the components of the Town’s Schedule of OPEB Net Position, Schedule of Changes in OPEB Net Position, annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Town’s net OPEB obligation:

	Police OPEB Benefit Plan
Annual required contribution (ARC)	\$ 2,784,810
Interest on net OPEB obligation	110,616
Adjustment to annual required contribution	<u>(162,828)</u>
Annual OPEB cost	2,732,598
Contributions made	<u>(386,000)</u>
Change in net OPEB obligation	2,346,598
Net OPEB obligation, beginning of year	<u>2,765,411</u>
Net OPEB Obligation, End of Year	<u><u>\$ 5,112,009</u></u>

The current year expenditures for these postretirement benefits are recognized on a pay-as-you-go basis, as the monthly premiums for the benefits become due.

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation three-year trend information is presented below.

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2016	\$ 2,732,598	\$ 386,000	14.1 %	\$ 5,112,009
6/30/2015	928,323	429,600	46.3	2,765,411
6/30/2014	959,805	429,600	44.8	2,266,688

**TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Funding Status and Funding Progress

The funded status of the plan as of July 1, 2015, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2015	\$ 3,064,959	\$ 35,211,874	\$ (32,146,915)	8.7 %	\$ 3,406,417	(943.7) %
7/1/2014	3,187,714	14,259,790	(11,072,076)	22.4	3,307,201	(334.8)
7/1/2013	3,310,972	14,079,993	(10,769,021)	23.5	3,299,516	(326.4)

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented above presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations, after this initial year, will use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The ARC for the plan was determined as part of the July 1, 2015 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included a 7.50% investment rate of return, net of expenses, compounded annually, a discount rate of 4.00%, and a payroll growth rate of 3.0% per year. The unfunded actuarial accrued liability is being amortized using level dollar 30-year closed amortization. The actuarial value of assets is equal to fair market value with a 5-year phase-in of the difference between actual and expected investment return at 20% per year.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

**TOWN OF WESTERLY, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016**

13. RISK MANAGEMENT

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2016.

B. Health Fund

The Town has chosen to establish a Health Fund for risks associated with the employees' health and dental insurance plans. This fund is accounted for as an Internal Service Fund where assets are set aside for claim settlements. The Town oversees the self-insured program. Plan administration is provided by Blue Cross/Blue Shield of Rhode Island and Delta Dental of Rhode Island.

A premium is charged to each fund that accounts for full or part-time employees. The total charge allocated to each of the funds is calculated using employee rates determined by the self-insurance administrator. The Town utilizes a "cost plus basis" plan under which the Town pays for the actual cost of covered health care services plus a fee to the provider for the administration of the program.

In order to avoid catastrophic losses, the Town purchases specific stop-loss re-insurance. Under the stop-loss, the Town is covered for medical claims over \$500,000 per person/per contract period.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs) and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example for salvage or subrogation, are another component of the claims liability estimate. Changes in the claims liability for the past two years are as follows:

<u>Fiscal Year</u>	<u>Accrued Liability Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Accrued Liability Claim Payments</u>	<u>Accrued Liability End of Fiscal Year</u>
2015-16	\$ 538,236	\$ 11,348,783	\$ 11,278,396	\$ 608,623
2014-15	938,241	10,513,285	10,913,290	538,236

**TOWN OF WESTERLY, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016**

14. CONTINGENCIES

Liabilities for legal cases and other claims against governmental funds are recorded in the governmental funds when the ultimate liability can be estimated and such cases are expected to be settled with available expendable financial resources. During the ordinary course of its operations, the Town is party to various claims, legal actions and complaints. In the opinion of the Town's management and legal counsel, these matters are not anticipated to have a material financial impact on the Town.

15. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning of net position of the business-type activities for land acquired through a capital lease:

	<u>Capital Assets Not Being Depreciated</u>	<u>Capital Lease Payable</u>	<u>Total Net Position</u>	<u>Water Fund Total Net Position</u>
Balance at June 30, 2015, as previously reported	\$ 3,924,279	\$	\$ 37,339,166	\$ 20,703,454
Adjustments:				
Capital lease purchase of land	<u>2,800,000</u>	<u>2,594,000</u>	<u>206,000</u>	<u>206,000</u>
Balance at July 1, 2015, as Restated	<u>\$ 6,724,279</u>	<u>\$ 2,594,000</u>	<u>\$ 37,545,166</u>	<u>\$ 20,909,454</u>

**Required Supplementary
Information**

TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues and Use of Fund Balance:				
Property taxes:				
Current property taxes	\$ 60,603,700	\$ 60,603,700	\$ 60,957,893	\$ 354,193
Motor vehicle - excise tax	4,667,989	4,667,989	4,805,032	137,043
Personal property taxes	1,261,547	1,261,547	1,210,730	(50,817)
Prior year property taxes	1,023,190	1,023,190	861,691	(161,499)
Pilot - Housing authority	15,000	15,000	14,170	(830)
Pro-ration	54,400	54,400	44,437	(9,963)
Tax interest, lien fees and other	458,000	458,000	459,065	1,065
Total property taxes	<u>68,083,826</u>	<u>68,083,826</u>	<u>68,353,018</u>	<u>269,192</u>
Intergovernmental revenues:				
State motor vehicle - excise tax phase out	226,373	226,373	216,507	(9,866)
State grant-in-aid - general	2,021,790	2,021,790	2,233,193	211,403
State grant-in-aid - library	253,815	253,815	274,847	21,032
State grant-in-aid - school operation	8,257,392	8,257,392	8,418,818	161,426
State grant-in-aid - school housing aid	2,057,338	2,057,338	2,043,800	(13,538)
Total intergovernmental revenues	<u>12,816,708</u>	<u>12,816,708</u>	<u>13,187,165</u>	<u>370,457</u>
Licenses and permits	<u>502,465</u>	<u>502,465</u>	<u>610,853</u>	<u>108,388</u>
Fines and penalties	<u>177,150</u>	<u>177,150</u>	<u>246,835</u>	<u>69,685</u>
Use of property and money	<u>528,819</u>	<u>528,819</u>	<u>529,015</u>	<u>196</u>
Other revenues	<u>1,423,889</u>	<u>1,423,889</u>	<u>1,510,894</u>	<u>87,005</u>
Recreation	<u>219,500</u>	<u>219,500</u>	<u>300,888</u>	<u>81,388</u>
Solid waste revenue	<u>2,238,500</u>	<u>2,238,500</u>	<u>2,305,548</u>	<u>67,048</u>
Capital reinvested fund balance	<u>275,000</u>	<u>498,000</u>	<u>275,000</u>	<u>(223,000)</u>
Total revenues	<u>86,265,857</u>	<u>86,488,857</u>	<u>87,319,216</u>	<u>830,359</u>

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TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources:				
Transfers in	\$ 462,500	\$ 476,264	\$ 427,500	\$ (48,764)
Total Revenues and Other Financing Sources	\$ 86,728,357	\$ 86,965,121	87,746,716	\$ 781,595
Budgetary revenues are different than GAAP revenues because:				
Capital reinvested fund balance and prior year surplus are not GAAP revenue			(275,000)	
Capital lease issue			1,194,433	
Revenues for funds not reported as budgetary revenues, but included for financial reporting purposes:				
Revaluation Fund revenues			26	
Mentor and Juvenile Fund revenues			100	
Storm Fund revenues			156,270	
School Unrestricted Fund revenues			1,677,480	
State of Rhode-Island on-behalf of the Town payments to the Employees Retirement System			2,304,187	
Miscellaneous Donation Fund revenues			17,361	
School Unrestricted Fund transfers in			1,166	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ 92,822,739	

**TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Legislative, judicial and general administrative				
Legislative:				
Town council	\$ 78,237	\$ 78,237	\$ 75,368	\$ 2,869
Finance board	850	850	891	(41)
Judicial:				
Legal services	216,916	216,916	484,800	(267,884)
Probate court	79,471	79,471	79,470	1
Municipal court	72,993	72,993	78,157	(5,164)
Administrative:				
Board of canvassers	165,440	165,440	156,195	9,245
Town clerk	311,106	311,106	309,996	1,110
Town manager	175,877	175,877	189,450	(13,573)
Finance department	1,433,466	1,433,466	1,425,124	8,342
Assessment administration	361,726	361,726	360,244	1,482
Management information systems	303,108	303,108	309,023	(5,915)
Human resources	126,034	126,034	140,381	(14,347)
Total legislative, judicial and general administrative	<u>3,325,224</u>	<u>3,325,224</u>	<u>3,609,099</u>	<u>(283,875)</u>
Public works:				
Town buildings	700,539	700,539	674,874	25,665
Public works administration	19,722	19,722	20,386	(664)
Tree warden	8,098	8,098	2,225	5,873
Highway and drainage	1,881,121	1,881,121	1,829,803	51,318
Snow and ice control	211,350	211,350	209,857	1,493
Street lighting	490,000	490,000	517,817	(27,817)
Sanitation	2,390,451	2,613,451	2,451,841	161,610
Equipment maintenance	309,317	309,317	295,234	14,083
Engineering	153,677	153,677	140,032	13,645
Total public works	<u>6,164,275</u>	<u>6,387,275</u>	<u>6,142,069</u>	<u>245,206</u>
Public safety:				
Police department	7,854,552	7,844,552	7,932,164	(87,612)
Police restricted				-
Animal shelter	147,513	147,513	152,157	(4,644)
Technology	175,857	185,857	170,721	15,136
Total public safety	<u>8,177,922</u>	<u>8,177,922</u>	<u>8,255,042</u>	<u>(77,120)</u>
Expenditures:				
Health and welfare:				
Subsidies	<u>1,001,515</u>	<u>1,001,515</u>	<u>1,028,099</u>	<u>(26,584)</u>
Conservation and development:				
Conservation commission	4,000	4,000	1,350	2,650
Municipal land trust	20,000	20,000	3,946	16,054
Total conservation and development	<u>24,000</u>	<u>24,000</u>	<u>5,296</u>	<u>18,704</u>

(Continued on next page)

TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Parks and recreation:				
Recreation and leisure	\$ 287,392	\$ 272,730	\$ 258,664	\$ 14,066
Town beach operation	301,828	316,490	341,543	(25,053)
Celebration of public events	12,700	12,700	12,815	(115)
Maintenance	611,120	611,120	484,590	126,530
Total parks and recreation	<u>1,213,040</u>	<u>1,213,040</u>	<u>1,097,612</u>	<u>115,428</u>
Planning and zoning:				
Planning and zoning/codes/grants	<u>805,165</u>	<u>805,165</u>	<u>771,227</u>	<u>33,938</u>
Capital improvements/restricted programs:				
Restricted programs	876,992	889,544	565,203	324,341
Capital improvements	<u>692,612</u>	<u>692,612</u>	<u>96,454</u>	<u>596,158</u>
Total capital improvements/restricted programs	<u>1,569,604</u>	<u>1,582,156</u>	<u>661,657</u>	<u>920,499</u>
Debt service:				
Town debt service	3,814,934	3,814,934	4,278,660	(463,726)
School debt service	<u>6,423,983</u>	<u>6,423,983</u>	<u>6,574,341</u>	<u>(150,358)</u>
Total debt service	<u>10,238,917</u>	<u>10,238,917</u>	<u>10,853,001</u>	<u>(614,084)</u>
Education	<u>53,839,173</u>	<u>53,839,173</u>	<u>54,000,599</u>	<u>(161,426)</u>
Total expenditures	<u>86,358,835</u>	<u>86,594,387</u>	<u>86,423,701</u>	<u>170,686</u>
Other Financing Uses:				
Transfers out	<u>369,522</u>	<u>370,734</u>	<u>1,166,494</u>	<u>(795,760)</u>
Total Expenditures and Other Financing Uses	<u>\$ 86,728,357</u>	<u>\$ 86,965,121</u>	<u>87,590,195</u>	<u>\$ (625,074)</u>
Budgetary expenditures are different than GAAP expenditures because:				
Equipment purchased through capital lease			1,194,433	
Expenditures for funds not reported as budgetary expenditures, but are included in GAAP expenditures:				
FSA Fund expenditures			7,614	
Santo Algieri Fund expenditures			323,601	
Mentor & Juvenile Fund expenditures			416	
Storm Fund expenditures			22,752	
School Unrestricted Fund expenditures			1,109,360	
School Unrestricted Fund transfers out			23,348	
State of Rhode-Island on-behalf of the Town payments to the Employees Retirement System			2,304,187	
Athletic Fund expenditures			6,097	
Miscellaneous Donation Fund expenditures and transfers			<u>14,462</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 92,596,465</u>	

**TOWN OF WESTERLY , RHODE ISLAND
 SCHEDULE OF TOWN 'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
 EMPLOYEES' RETIREMENT SYSTEM - TEACHERS
 LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2016</u>
Town's proportion of the net pension liability	1.59668%	1.53100236%
Town's proportionate share of the net pension liability	\$ 38,863,318	\$ 42,148,536
State's proportionate share of the net pension liability associated with the school district	<u>26,650,367</u>	<u>28,794,557</u>
Total	<u>\$ 65,513,685</u>	<u>\$ 70,943,093</u>
Town's covered employee payroll	\$ 24,523,661	\$ 22,561,209
Town's proportionate share of the net pension liability as a percentage of its covered employee payroll	63.10%	53.53%
Plan fiduciary net position as a percentage of the total pension liability	61.40%	56.49%

Notes to Schedule

- 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.

**TOWN OF WESTERLY, RHODE ISLAND
 SCHEDULE OF TOWN' S CONTRIBUTIONS
 EMPLOYEES' RETIREMENT SYSTEM - TEACHERS
 LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 3,491,094	\$ 3,232,326
Contributions in relation to the actuarially determined contribution	<u>3,491,094</u>	<u>3,097,654</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 134,672</u>
Covered-employee payroll	\$ 24,523,661	\$ 22,561,209
Contributions as a percentage of covered- employee payroll	14%	14%

Notes to Schedule

- 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.

TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN
LAST TWO FISCAL YEARS

	<u>2015</u>	<u>2016</u>
Total pension liability:		
Service Cost		
Interest on the total pension liability	\$ 65,369	\$ 60,047
Changes of benefit terms		(108)
Difference between expected and actual experience of the Total Pension Liability		140,725
Changes of assumptions	5,469	
Benefit payments, including refunds of employee contributions	(141,905)	(141,691)
Net change in total pension liability	(71,067)	58,973
Total pension liability - beginning	942,535	871,468
Total pension liability - ending	<u>871,468</u>	<u>930,441</u>
Plan fiduciary net position:		
Contributions - employer	183,142	181,261
Net investment income	29,732	6,300
Benefit payments, including refunds of employee contributions	(141,905)	(141,691)
Pension plan administrative expense	(186)	(253)
Other		(1)
Net change in plan fiduciary net position	70,783	45,616
Plan fiduciary net position beginning	152,446	223,229
Plan fiduciary net position - ending	<u>223,229</u>	<u>268,845</u>
Net Pension Liability - Ending	<u>\$ 648,239</u>	<u>\$ 661,596</u>
Plan fiduciary net position as a percentage of the total pension liability	25.62%	28.89%
Covered-employee payroll	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A	N/A

Notes to Schedule

- 1.) *Changes in assumptions* - In 2015, amounts reported as changes in assumptions resulted primarily from a change in the salary increases from 4.00% - 14.25% to 3.50% - 14.00%.
- 2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

**TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF TOWN'S CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN
LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 183,142	\$ 181,400
Contributions in relation to the actuarially determined contribution	<u>183,142</u>	<u>181,261</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 139</u>
Covered-employee payroll	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A

Notes to Schedule

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	20 years
Inflation	2.75%
Salary Increases	General Employees - 3.50% to 7.50% Police & Fire Employees - 4.00% to 14.00%
Investment rate of return	7.50%
Retirement age	Varies depending on Years of Service and Age
Mortality	Male Employees, MERS General and MERS P&F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. Female Employees, MERS General and MERS P&F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

- 1.) Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.
- 2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE
LAST THREE FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total pension liability:			
Service cost	\$ 851,843	\$ 851,843	\$ 917,082
Interest	2,890,153	3,036,062	3,224,788
Difference between expected and actual experience		(499,006)	47,387
Changes of assumptions		991,037	(835,428)
Benefit payments, including refunds of member contributions	<u>(1,797,326)</u>	<u>(1,795,715)</u>	<u>(2,029,473)</u>
Net change in total pension liability	1,944,670	2,584,221	1,324,356
Total pension liability - beginning	<u>38,565,941</u>	<u>40,510,611</u>	<u>43,094,832</u>
Total pension liability - ending	<u>40,510,611</u>	<u>43,094,832</u>	<u>44,419,188</u>
Plan fiduciary net position:			
Contributions - employer	1,816,000	1,716,400	1,713,800
Contributions - employee	355,912	384,672	382,932
Net investment income	2,968,145	1,255,952	129,896
Benefit payments, including refunds of member contributions	<u>(1,797,326)</u>	<u>(1,795,715)</u>	<u>(2,029,473)</u>
Net change in plan fiduciary net position	3,342,731	1,561,309	197,155
Plan fiduciary net position - beginning	<u>24,158,255</u>	<u>27,500,986</u>	<u>29,062,295</u>
Plan fiduciary net position - ending	<u>27,500,986</u>	<u>29,062,295</u>	<u>29,259,450</u>
Net Pension Liability - Ending	<u>\$ 13,009,625</u>	<u>\$ 14,032,537</u>	<u>\$ 15,159,738</u>
Plan fiduciary net position as a percentage of the total pension liability	67.89%	67.44%	65.87%
Covered-employee payroll	\$ 3,497,794	\$ 3,802,837	\$ 4,077,370
Net pension liability as a percentage of covered-employee payroll	371.94%	369.00%	371.80%

Notes to Schedule

1.) *Changes in assumptions* - In 2016, amounts reported as changes in assumptions resulted primarily from a change in the salary increases from 3.50% - 14.50% to 4.00% - 15.00%. In 2015, amounts reported as changes in assumptions resulted primarily from a change from the RP-2000 mortality tables to the RP-2014 Total Dataset Mortality table.

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

TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE
LAST TEN FISCAL YEARS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 1,502,900	\$ 1,651,100	\$ 954,660	\$ 1,164,310	\$ 1,161,510	\$ 1,225,170	\$ 1,272,700	\$ 1,816,000	\$ 1,716,400	\$ 1,713,800
Contributions in relation to the actuarially determined contribution	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,098,750</u>	<u>1,275,000</u>	<u>1,275,000</u>	<u>1,225,170</u>	<u>1,586,044</u>	<u>1,816,000</u>	<u>1,716,400</u>	<u>1,713,800</u>
Contribution Deficiency (Excess)	<u>\$ 202,900</u>	<u>\$ 351,100</u>	<u>\$ (144,090)</u>	<u>\$ (110,690)</u>	<u>\$ (113,490)</u>	<u>\$ -</u>	<u>\$ (313,344)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,624,354	\$ 2,624,354	\$ 2,624,354	\$ 2,854,292	\$ 2,838,895	\$ 2,847,036	\$ 3,039,511	\$ 3,497,794	\$ 3,802,837	\$ 4,077,370
Contributions as a percentage of covered-employee payroll	49.54%	49.54%	41.87%	44.67%	44.91%	43.03%	52.18%	51.92%	45.13%	42.03%

Notes to Schedule

Valuation date: July 1, 2015
Measurement date: June 30, 2016
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry age method
Amortization method: 30 year level dollar amortization method (closed)
Asset valuation method: Fair market value of assets on the measurement date adjusted for a five year phase-in of gains and losses of plan assets at 20% per year
Inflation: 3.00%
Salary increases: 4.00% to 15.00%
Investment rate of return: 7.50%, net of pension plan investment expense, including inflation
Retirement age: Various based on service years, with separate scales for hires before and after July 1, 2010
Mortality: RP 2014 Mortality Table with separate male and female rates with generational improvements from 2006 using scale MP-2015

**TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF INVESTMENT RETURNS
POLICE
LAST THREE FISCAL YEARS**

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	12.20%	4.46%	0.45%

Notes to Schedule

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

**TOWN OF WESTERLY, RHODE ISLAND
 SCHEDULE OF TOWN 'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
 TEACHERS' SURVIVORS BENEFIT PLAN
 LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2016</u>
Town's proportion of the net pension asset	5.15362918%	5.13115531%
Town's proportionate share of the net pension asset	\$ 6,407,029	\$ 4,790,221
Town's covered employee payroll	\$ 24,523,661	\$ 22,561,209
Town's proportionate share of the net pension liability as a percentage of its covered employee payroll	382.8%	471.0%
Plan fiduciary net position as a percentage of the total pension liability	173.3%	173.3%

Notes to Schedule

- 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.

**TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF TOWN' S CONTRIBUTIONS
TEACHERS' SURVIVORS BENEFIT PLAN
LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 30,983	28,608
Contributions in relation to the actuarially determined contribution	<u>30,983</u>	<u>30,144</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>
Covered-employee payroll	\$ 24,523,661	\$ 22,561,209
Contributions as a percentage of covered- employee payroll	0.13%	0.13%

Notes to Schedule

- 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.

Combining and Individual Fund Statements and Schedules

General Fund

GENERAL FUND

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund utilizes the modified accrual basis of accounting.

The School Unrestricted Fund is used to report all financial transactions of the Westerly School Department, which is not legally required to be accounted for separately.

**TOWN OF WESTERLY, RHODE ISLAND
COMBINING BALANCE SHEET - GENERAL FUND
JUNE 30, 2016**

	<u>General Fund Town</u>	<u>School Unrestricted Fund</u>	<u>Total General Fund</u>
ASSETS			
Cash and cash equivalents	\$ 4,488,424	\$ 2,980,164	\$ 7,468,588
Property taxes receivable	1,551,570		1,551,570
Due from federal and state governments	1,740,240	250	1,740,490
Other receivables	156,170	111,399	267,569
Due from other funds	2,328,069	1,176,876	3,504,945
Prepaid items	<u>2,158,609</u>	<u>322,927</u>	<u>2,481,536</u>
Total Assets	<u>\$ 12,423,082</u>	<u>\$ 4,591,616</u>	<u>\$ 17,014,698</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,328,075	\$ 1,758,750	\$ 3,086,825
Accrued liabilities	40,588	431,992	472,580
Due to state and federal governments	95,732	12,840	108,572
Due to other funds	68,678	18,319	86,997
Unearned revenue		30,399	30,399
Total liabilities	<u>1,533,073</u>	<u>2,252,300</u>	<u>3,785,373</u>
Deferred inflows of resources			
Unavailable revenues - taxes	1,160,581		1,160,581
Unavailable revenues - solid waste assessments	24,665		24,665
Unavailable revenues - other billings	15,411		15,411
Advance tax collections	395,629		395,629
Total deferred inflows of resources	<u>1,596,286</u>	<u>-</u>	<u>1,596,286</u>
Fund balances:			
Nonspendable	2,158,609	322,927	2,481,536
Restricted		2,016,389	2,016,389
Committed	1,023,198		1,023,198
Assigned	275,000	200,000	475,000
Unassigned	5,836,916	(200,000)	5,636,916
Total fund balances	<u>9,293,723</u>	<u>2,339,316</u>	<u>11,633,039</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,423,082</u>	<u>\$ 4,591,616</u>	<u>\$ 17,014,698</u>

**TOWN OF WESTERLY, RHODE ISLAND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
Revenues:				
Property taxes, interest and lien fees	\$ 68,353,018	\$	\$	\$ 68,353,018
Intergovernmental and departmental revenues	16,537,392	3,998,886		20,536,278
Licenses and permits	610,853			610,853
Fines and penalties	246,835			246,835
Interest on investments	49,446			49,446
Other revenues	1,403,068	142		1,403,210
Total revenues	<u>87,200,612</u>	<u>3,999,028</u>	<u>-</u>	<u>91,199,640</u>
Expenditures:				
Current:				
Legislative, judicial and general administrative	3,616,713			3,616,713
Public works	6,142,069			6,142,069
Public safety	8,255,042			8,255,042
Health and welfare	1,028,515			1,028,515
Conservations and development	5,296			5,296
Parks and recreation	1,421,213			1,421,213
Planning and zoning	771,227			771,227
Education		57,245,333		57,245,333
Debt Service	10,853,001	189,372		11,042,373
Capital improvements/restricted programs	1,465,607	413,235		1,878,842
Total expenditures	<u>33,558,683</u>	<u>57,847,940</u>	<u>-</u>	<u>91,406,623</u>
Excess (Deficiency) of Revenues over Expenditures	<u>53,641,929</u>	<u>(53,848,912)</u>	<u>-</u>	<u>(206,983)</u>
Other Financing Sources (Uses):				
Issuance of capital leases	781,198	413,235		1,194,433
Transfers in	427,500	54,001,765	(54,000,599)	428,666
Transfers out	(55,167,093)	(23,348)	54,000,599	(1,189,842)
Total other financing sources (uses)	<u>(53,958,395)</u>	<u>54,391,652</u>	<u>-</u>	<u>433,257</u>
Net Change in Fund Balances	(316,466)	542,740	-	226,274
Fund Balances at Beginning of Year	<u>9,610,189</u>	<u>1,796,576</u>	<u>-</u>	<u>11,406,765</u>
Fund Balances at End of Year	<u>\$ 9,293,723</u>	<u>\$ 2,339,316</u>	<u>\$ -</u>	<u>\$ 11,633,039</u>

TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES) -
BUDGET AND ACTUAL - BUDGETARY BASIS - SCHOOL UNRESTRICTED FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget - Positive (Negative)
Revenues and Use of Fund Balance:				
Town appropriation	\$ 46,121,781	\$ 45,581,781	\$ 45,581,781	\$ -
State aid	8,257,392	8,257,392	8,418,818	161,426
Medicaid reimbursement	980,000	1,072,500	1,272,668	200,168
Tuition	42,500	42,500	59,571	17,071
Program revenues TSSCC	190,000	190,000	220,063	30,063
Rental	105,000	105,000	117,944	12,944
Transportation fees	5,000	5,000	3,400	(1,600)
Miscellaneous	24,981	24,981	3,367	(21,614)
Total revenues	<u>55,726,654</u>	<u>55,279,154</u>	<u>55,677,612</u>	<u>398,458</u>
Use of fund balance	<u>480,000</u>	<u>480,000</u>	<u>480,000</u>	<u>-</u>
Total revenues and use of fund balance	<u>56,206,654</u>	<u>55,759,154</u>	<u>56,157,612</u>	<u>398,458</u>
Expenditures:				
Wages and benefits	46,260,016	46,160,016	45,261,469	898,547
Contract services	1,033,000	1,016,500	1,164,728	(148,228)
Tuition	3,575,000	3,575,000	3,923,513	(348,513)
Repair and maintenance	1,428,500	1,127,500	1,222,499	(94,999)
Utilities and fuel	1,482,638	1,482,638	1,198,933	283,705
Technology	497,500	497,500	706,348	(208,848)
Other operations	1,930,000	1,900,000	2,259,614	(359,614)
Total expenditures	<u>56,206,654</u>	<u>55,759,154</u>	<u>55,737,104</u>	<u>22,050</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	420,508	420,508
Other Financing Sources (Uses):				
Transfers in			1,166	1,166
Transfers out			(23,348)	(23,348)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(22,182)</u>	<u>(22,182)</u>
Excess of Revenues, Other Financing Sources and Use of Fund Balance over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	398,326	<u>\$ 398,326</u>
Budgetary excess of revenues over expenditures is different than GAAP net change in fund balance because of the following reconciling items:				
Use of fund balance is not a GAAP revenue			(480,000)	
Change in encumbrance			627,612	
Revenues and expenditures not reported as budgetary items, but are included for GAAP reporting:				
Athletic Fund			(6,097)	
Miscellaneous Donations Fund			2,899	
Total Net Change in Fund Balance - GAAP basis - Exhibit A-2			<u>\$ 542,740</u>	

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are restricted to expenditures for specified purposes. The Special Revenue Funds utilize the modified accrual basis of accounting.

Fund	Funding Source	Function
School Lunch Fund	State, federal and local	School lunch programs
Animal Shelter Fund	Fees, fines and donations	Animal shelter operations
Neuter Surcharge Fund	Fees	Animal shelter operation
Town Clerks Fund	Fees	Record maintenance
Civil Defense Fund	State emergency management	Civil defense
Riverwalk Greenways Fund	Federal grants	Purchase of 116 Canal Street
Recycling Program	State - Resource Recovery	Recycling program
CDBGDR (2011)	State grant	Disaster preparedness
CDBGDR Sandy	State grant	Disaster recovery
CDBG (2015, 2013, 2012, 2011, 2010)	Federal grants	Miscellaneous projects
Substance Abuse	State grant	Kids safe program
Sex Offender Registry Grant	Federal and state grants	To make surprise visits to registered offenders to confirm their whereabouts
Byrne Grant	Federal grant	Police equipment
Federal Forfeiture	Federal grant	Seized money
Juvenile Justice	Federal grant	Police program
Underage Drinking	Federal grant	Police program
Seatbelt Grants	State grant	Police program
Town 100 Year Anniversary	Local revenue	100 year Celebration
Town Beautification	Local revenue	Town beautification projects
HMPG 4027 Property Elevation	FEMA grant	Emergency management
Brandywine Village Fund	Civil defense grant	Miscellaneous projects
Highway Safety Grant	RIDOT grant	Police operations
RIEMA Grant	State grant	Emergency Management
EPA Brownfields	Federal grant	Environmental
Substance Abuse Grant	State grant	Focus on Marijuana and Alcohol education
CERT Fund	State grant	Communication Improvements
RIEMA Project A Storm Readiness	State grant	Hazard Mitigation Plan
RIEMA HMGP	State grant	Hazard Mitigation Plan

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. Funding sources include debt proceeds, intergovernmental sources, third party contributions and General Fund transfers. The following capital project funds are reported as nonmajor governmental funds.

Fund	Funding Source	Function
Capital Project Fund	Appropriations	Various capital projects
\$6.5 Million Road Improvement	Bonds	Repair and maintenance of Town roads
Land Acquisition Fund	Bonds	Land purchase
GIS System	Appropriations	Engineering and GIS system
Canal Street Acquisition	State grant	Purchase homes in flood plain
DEM Riverfront Park	CDBG grant	Park project

TOWN OF WESTERLY, RHODE ISLAND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

EXHIBIT B-1

	Special Revenue Funds									
	School Lunch Fund	Animal Shelter Fund	Neuter Surcharge Fund	Town Clerks Fund	Civil Defense Fund	Riverwalk Greenways Fund	Recycling Program	CDBGDR Sandy	CDBGDR 2011	CDBG 2015
ASSETS										
Cash and cash equivalents	\$ 30,841	\$ 82,508	\$ 975	\$ 123,655	\$ 38,137	\$ 2,770	\$ 48,669	\$	\$	\$
Accounts and other receivables	44,801									
Due from federal and state governments	36,339				1,000			7,180		29,490
Due from other funds	86,997									
Total Assets	<u>\$ 198,978</u>	<u>\$ 82,508</u>	<u>\$ 975</u>	<u>\$ 123,655</u>	<u>\$ 39,137</u>	<u>\$ 2,770</u>	<u>\$ 48,669</u>	<u>\$ 7,180</u>	<u>\$ -</u>	<u>\$ 29,490</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 284,436	\$	\$	\$ 602	\$ 134	\$	\$ 1,102	\$ 2,565	\$	\$ 25,161
Accrued liabilities		654					320			
Due to other funds								4,615		4,329
Deferred revenue										
Total liabilities	<u>284,436</u>	<u>654</u>	<u>-</u>	<u>602</u>	<u>134</u>	<u>-</u>	<u>1,422</u>	<u>7,180</u>	<u>-</u>	<u>29,490</u>
Fund Balances:										
Restricted			975	123,053	39,003					
Committed		81,854				2,770	47,247			
Unassigned	(85,458)									
Total fund balances	<u>(85,458)</u>	<u>81,854</u>	<u>975</u>	<u>123,053</u>	<u>39,003</u>	<u>2,770</u>	<u>47,247</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 198,978</u>	<u>\$ 82,508</u>	<u>\$ 975</u>	<u>\$ 123,655</u>	<u>\$ 39,137</u>	<u>\$ 2,770</u>	<u>\$ 48,669</u>	<u>\$ 7,180</u>	<u>\$ -</u>	<u>\$ 29,490</u>

(Continued on next page)

TOWN OF WESTERLY, RHODE ISLAND
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

EXHIBIT B-1

	Special Revenue Funds									
	CDBG 2013	CDBG 2012	CDBG 2011	CDBG 2010	Substance Abuse	SOR Grant	Byrne Grant	Federal Forfeiture	Juvenile Justice	Underage Drinking
ASSETS										
Cash and cash equivalents	\$	\$	\$	\$ 90	\$ 6,926	\$	\$ 2,627	\$ 138,922	\$	\$
Accounts and other receivables										
Due from federal and state governments	2,326	8,754				2,090				
Due from other funds										
Total Assets	<u>\$ 2,326</u>	<u>\$ 8,754</u>	<u>\$ -</u>	<u>\$ 90</u>	<u>\$ 6,926</u>	<u>\$ 2,090</u>	<u>\$ 2,627</u>	<u>\$ 138,922</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	\$ 8,060	\$	\$	\$	\$	\$	\$ 1,035	\$	\$
Accrued liabilities				90						
Due to other funds	2,326	694	1			901			177	429
Deferred revenue										
Total liabilities	<u>2,326</u>	<u>8,754</u>	<u>1</u>	<u>90</u>	<u>-</u>	<u>901</u>	<u>-</u>	<u>1,035</u>	<u>177</u>	<u>429</u>
Fund Balances:										
Restricted					6,926	1,189	2,627	137,887		
Committed										
Unassigned			(1)						(177)	(429)
Total fund balances	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>6,926</u>	<u>1,189</u>	<u>2,627</u>	<u>137,887</u>	<u>(177)</u>	<u>(429)</u>
Total Liabilities and Fund Balances	<u>\$ 2,326</u>	<u>\$ 8,754</u>	<u>\$ -</u>	<u>\$ 90</u>	<u>\$ 6,926</u>	<u>\$ 2,090</u>	<u>\$ 2,627</u>	<u>\$ 138,922</u>	<u>\$ -</u>	<u>\$ -</u>

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TOWN OF WESTERLY, RHODE ISLAND
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

EXHIBIT B-1

	Special Revenue Funds									
	Seatbelt Grants	Town 100 Year Anniversary	Town Beautification	HMPG 4027 Property Elevation	Brandywine Village Fund	Highway Safety Grant	RIEMA Grant	EPA Brownfields Fund	Substance Abuse Grant	CERT Fund
ASSETS										
Cash and cash equivalents	\$ 10,228	\$ 958	\$ 3,359	\$	\$	\$	\$	\$	\$	\$
Accounts and other receivables						1,667				
Due from federal and state governments				312,330			47,141	3,837	67,935	280
Due from other funds										
Total Assets	<u>\$ 10,228</u>	<u>\$ 958</u>	<u>\$ 3,359</u>	<u>\$ 312,330</u>	<u>\$ -</u>	<u>\$ 1,667</u>	<u>\$ 47,141</u>	<u>\$ 3,837</u>	<u>\$ 67,935</u>	<u>\$ 280</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	\$	\$	\$	\$	\$	\$	2,075	36,283	\$
Accrued liabilities						620				
Due to other funds				312,330	60	1,047	47,141	1,762	31,652	280
Deferred revenue										
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>312,330</u>	<u>60</u>	<u>1,667</u>	<u>47,141</u>	<u>3,837</u>	<u>67,935</u>	<u>280</u>
Fund Balances:										
Restricted	10,228									
Committed		958	3,359							
Unassigned					(60)					
Total fund balances	<u>10,228</u>	<u>958</u>	<u>3,359</u>	<u>-</u>	<u>(60)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 10,228</u>	<u>\$ 958</u>	<u>\$ 3,359</u>	<u>\$ 312,330</u>	<u>\$ -</u>	<u>\$ 1,667</u>	<u>\$ 47,141</u>	<u>\$ 3,837</u>	<u>\$ 67,935</u>	<u>\$ 280</u>

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TOWN OF WESTERLY, RHODE ISLAND
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

EXHIBIT B-1

	Special Revenue Funds			Capital Project Funds						Total
	REIMA Project A Storm Readiness	CDBG DR	RIEMA HMGP	Capital Project Fund	\$6.5 Million Road Improvement	Land Acquisition Fund	GIS System	Canal Street Acquisition	DEM Riverfront Park	
ASSETS										
Cash and cash equivalents	\$	\$	\$	\$ 1,898,835	\$	\$ 354,820	\$ 20,087	\$	\$ 45,800	\$ 2,810,207
Accounts and other receivables				750				120,217		167,435
Due from federal and state governments	2,490	3,484	12,814							537,490
Due from other funds										86,997
Total Assets	\$ 2,490	\$ 3,484	\$ 12,814	\$ 1,899,585	\$ -	\$ 354,820	\$ 20,087	\$ 120,217	\$ 45,800	\$ 3,602,129
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	\$ 3,250	\$ 195	\$ 29,268	\$	\$	\$	\$	\$	394,166
Accrued liabilities										1,684
Due to other funds	2,490	234	12,619					120,217		543,304
Deferred revenue						281,622				281,622
Total liabilities	2,490	3,484	12,814	29,268	-	281,622	-	120,217	-	\$ 1,220,776
Fund Balances:										
Restricted						73,198	20,087			415,173
Committed				1,870,317					45,800	2,052,305
Unassigned										(86,125)
Total fund balances	-	-	-	1,870,317	-	73,198	20,087	-	45,800	2,381,353
Total Liabilities and Fund Balances	\$ 2,490	\$ 3,484	\$ 12,814	\$ 1,899,585	\$ -	\$ 354,820	\$ 20,087	\$ 120,217	\$ 45,800	\$ 3,602,129

**TOWN OF WESTERLY, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016**

EXHIBIT B-2

	Special Revenue Funds									
	School Lunch Fund	Animal Shelter Fund	Neuter Surcharge Fund	Town Clerks Fund	Civil Defense Fund	Riverwalk Greenways Fund	Recycling Program	CDBGDR Sandy	CDBGDR 2011	CDBG 2015
Revenues:										
Intergovernmental revenues	\$ 590,579	\$	\$	\$	\$ 3,186	\$	\$ 23,907	\$ 159,825	\$ 46,555	\$ 44,350
Charges for services	322,301	37,882	624	33,042						
Investment income										
Contributions and private grants		32,789								
Other revenue										
Total revenues	<u>912,880</u>	<u>70,671</u>	<u>624</u>	<u>33,042</u>	<u>3,186</u>	<u>-</u>	<u>23,907</u>	<u>159,825</u>	<u>46,555</u>	<u>44,350</u>
Expenditures:										
Current:										
Legislative, financial, judicial and general administrative				15,738						
Public works							37,818			
Public safety					1,456			159,825		
Health and welfare		24,845	1,192						46,555	44,350
Conservation and development										
Education	965,420									
Capital outlay										
Total expenditures	<u>965,420</u>	<u>24,845</u>	<u>1,192</u>	<u>15,738</u>	<u>1,456</u>	<u>-</u>	<u>37,818</u>	<u>159,825</u>	<u>46,555</u>	<u>44,350</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(52,540)</u>	<u>45,826</u>	<u>(568)</u>	<u>17,304</u>	<u>1,730</u>	<u>-</u>	<u>(13,911)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):										
Transfers in	23,348									
Transfers out		(32,500)					(50,000)			
Total other financing sources (uses)	<u>23,348</u>	<u>(32,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(29,192)	13,326	(568)	17,304	1,730	-	(63,911)	-	-	-
Fund Balances at Beginning of Year	(56,266)	68,528	1,543	105,749	37,273	2,770	111,158	-	-	-
Fund Balances at End of Year	<u>\$ (85,458)</u>	<u>\$ 81,854</u>	<u>\$ 975</u>	<u>\$ 123,053</u>	<u>\$ 39,003</u>	<u>\$ 2,770</u>	<u>\$ 47,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**TOWN OF WESTERLY, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016**

EXHIBIT B-2

	Special Revenue Funds									
	CDBG 2013	CDBG 2012	CDBG 2011	CDBG 2010	Substance Abuse	SOR Grant	Byrne Grant	Federal Forfeiture	Juvenile Justice	Underage Drinking
Revenues:										
Intergovernmental revenues	\$ 45,548	\$ 202,228	\$ 9,143	\$ 28,928	\$ 14,001	\$ 2,090	\$ 16,100	\$	\$	\$
Charges for services										
Investment income								1,408		
Contributions and private grants					200					
Other revenue										
Total revenues	<u>45,548</u>	<u>202,228</u>	<u>9,143</u>	<u>28,928</u>	<u>14,201</u>	<u>2,090</u>	<u>16,100</u>	<u>1,408</u>	<u>-</u>	<u>-</u>
Expenditures:										
Current:										
Legislative, financial, judicial and general administrative										
Public works										
Public safety								33,875		
Health and welfare	45,548	202,228	9,144		9,536	2,090				
Conservation and development										
Education										
Capital outlay				28,928			16,100			
Total expenditures	<u>45,548</u>	<u>202,228</u>	<u>9,144</u>	<u>28,928</u>	<u>9,536</u>	<u>2,090</u>	<u>16,100</u>	<u>33,875</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>4,665</u>	<u>-</u>	<u>-</u>	<u>(32,467)</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):										
Transfers in										
Transfers out										
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>4,665</u>	<u>-</u>	<u>-</u>	<u>(32,467)</u>	<u>-</u>	<u>-</u>
Fund Balances at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,261</u>	<u>1,189</u>	<u>2,627</u>	<u>170,354</u>	<u>(177)</u>	<u>(429)</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 6,926</u>	<u>\$ 1,189</u>	<u>\$ 2,627</u>	<u>\$ 137,887</u>	<u>\$ (177)</u>	<u>\$ (429)</u>

(Continued on next page)

**TOWN OF WESTERLY, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016**

EXHIBIT B-2

	Special Revenue Funds									
	Seatbelt Grants	Town 100 Year Anniversary	Town Beautification	HMPG 4027 Property Elevation	Brandywine Village Fund	Highway Safety Grant	RIEMA Grant	EPA Brownfields Fund	Substance Abuse Grant	CERT Fund
Revenues:										
Intergovernmental revenues	\$	\$	\$	\$ 155,132	\$	\$ 10,970	\$ 45,186	\$ 10,492	\$ 131,083	\$ 12,711
Charges for services										
Investment income										
Contributions and private grants										
Other revenue										
Total revenues	-	-	-	155,132	-	10,970	45,186	10,492	131,083	12,711
Expenditures:										
Current:										
Legislative, financial, judicial and general administrative										
Public works				155,132			45,186			
Public safety						10,970				12,711
Health and welfare									131,083	
Conservation and development			968				10,492			
Education										
Capital outlay										
Total expenditures	-	-	968	155,132	-	10,970	45,186	10,492	131,083	12,711
Excess (Deficiency) of Revenues over Expenditures	-	-	(968)	-	-	-	-	-	-	-
Other Financing Sources (Uses):										
Transfers in			4,327							
Transfers out										
Total other financing sources (uses)	-	-	4,327	-	-	-	-	-	-	-
Net Change in Fund Balances	-	-	3,359	-	-	-	-	-	-	-
Fund Balances at Beginning of Year	10,228	958	-	-	(60)	-	-	-	-	-
Fund Balances at End of Year	\$ 10,228	\$ 958	\$ 3,359	\$ -	\$ (60)	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued on next page)

**TOWN OF WESTERLY, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016**

EXHIBIT B-2

	Special Revenue Funds			Capital Project Funds						Total
	REIMA Project A Storm Readiness	CDBG DR	RIEMA HMGP	Capital Project Fund	\$6.5 Million Road Improvement	Land Acquisition Fund	GIS System	Canal Street Acquisition	DEM Riverfront Park	
Revenues:										
Intergovernmental revenues	\$ 2,490	\$ 3,484	\$ 1,322	\$	\$	\$	\$	\$	\$	\$ 1,559,310
Charges for services										393,849
Investment income										1,408
Contributions and private grants										32,989
Other revenue				18		91,425				91,443
Total revenues	<u>2,490</u>	<u>3,484</u>	<u>1,322</u>	<u>18</u>	<u>-</u>	<u>91,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,078,999</u>
Expenditures:										
Current:										
Legislative, financial, judicial and general administrative										15,738
Public works										238,136
Public safety			1,322							220,159
Health and welfare		3,484								520,055
Conservation and development										11,460
Education										965,420
Capital outlay	2,490			685,395	281,467				1,386	1,015,766
Total expenditures	<u>2,490</u>	<u>3,484</u>	<u>1,322</u>	<u>685,395</u>	<u>281,467</u>	<u>91,425</u>	<u>-</u>	<u>-</u>	<u>1,386</u>	<u>3,078,159</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(685,377)</u>	<u>(281,467)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,386)</u>	<u>(999,160)</u>
Other Financing Sources (Uses):										
Transfers in				792,645						820,320
Transfers out										(82,500)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>792,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>737,820</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,268</u>	<u>(281,467)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,386)</u>	<u>(261,340)</u>
Fund Balances at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,763,049</u>	<u>281,467</u>	<u>73,198</u>	<u>20,087</u>	<u>-</u>	<u>47,186</u>	<u>2,642,693</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,870,317</u>	<u>\$ -</u>	<u>\$ 73,198</u>	<u>\$ 20,087</u>	<u>\$ -</u>	<u>\$ 45,800</u>	<u>\$ 2,381,353</u>

Internal Service Funds

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost-reimbursement basis.

Health Fund

To account for the Town's self-insured health and dental care programs.

Self Insurance Fund

To account for insurance claims and deductible not covered by the Town's insurance coverage.

**TOWN OF WESTERLY, RHODE ISLAND
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2016**

	<u>Health Fund</u>	<u>Self Insurance Fund</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 2,568,946	\$ 4,591	\$ 2,573,537
Due from other funds	149,455		149,455
Prepaid expenses	<u>2,620,541</u>		<u>2,620,541</u>
Total current assets	<u>5,338,942</u>	<u>4,591</u>	<u>5,343,533</u>
Liabilities:			
Current liabilities:			
Due to other funds	2,542,818		2,542,818
Claims payable	<u>608,623</u>		<u>608,623</u>
Total current liabilities	<u>3,151,441</u>	<u>-</u>	<u>3,151,441</u>
Net Position:			
Unrestricted	<u>\$ 2,187,501</u>	<u>\$ 4,591</u>	<u>\$ 2,192,092</u>

**TOWN OF WESTERLY, RHODE ISLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Health Fund</u>	<u>Self Insurance Fund</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 10,810,284	\$	\$ 10,810,284
Other	37,544	6,529	44,073
Total operating revenues	<u>10,847,828</u>	<u>6,529</u>	<u>10,854,357</u>
Operating Expenses:			
Claims	<u>11,346,845</u>	<u>1,938</u>	<u>11,348,783</u>
Operating Income (Loss)	(499,017)	4,591	(494,426)
Transfers Out	<u>(345,000)</u>		<u>(345,000)</u>
Change in Net Position	(844,017)	4,591	(839,426)
Net Position at Beginning of Year	<u>3,031,518</u>	<u>-</u>	<u>3,031,518</u>
Net Position at End of Year	<u>\$ 2,187,501</u>	<u>\$ 4,591</u>	<u>\$ 2,192,092</u>

TOWN OF WESTERLY, RHODE ISLAND
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Health Fund</u>	<u>Self Insurance Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from insurance charges	\$ 10,839,603	\$ 475	\$ 10,840,078
Receipts from other operating services	37,544	6,529	44,073
Payments for claims	(9,946,290)	(2,413)	(9,948,703)
Net cash provided by (used in) operating activities	<u>930,857</u>	<u>4,591</u>	<u>935,448</u>
Cash Flows from Noncapital Financing Activities:			
Transfers to other funds	<u>(345,000)</u>		<u>(345,000)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	585,857	4,591	590,448
Cash and Cash Equivalents at Beginning of Year	<u>1,983,089</u>	-	<u>1,983,089</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,568,946</u>	<u>\$ 4,591</u>	<u>\$ 2,573,537</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ <u>(499,017)</u>	\$ 4,591	\$ <u>(494,426)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Change in assets and liabilities:			
(Increase) decrease in accounts receivable		475	475
(Increase) decrease in due from other funds	29,319		29,319
(Increase) decrease in other assets	1,504,715		1,504,715
Increase (decrease) in due to other funds	(174,547)	(475)	(175,022)
Increase (decrease) in claims payable	70,387		70,387
Total adjustments	<u>1,429,874</u>	<u>-</u>	<u>1,429,874</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 930,857</u>	<u>\$ 4,591</u>	<u>\$ 935,448</u>

Fiduciary Funds

FIDUCIARY FUNDS

Private Purpose Trust Funds

Private Purpose Trust Funds are used to account for funds held by the Town under various trust arrangements for the benefits of certain individuals. The Town maintains the following Private Purpose Trust Funds:

Permanent Neighbor Committee	Class of 1886
Honor Roll Fund	Otis P. Chapman Fund
Lois B. Stillment Fund	Francis Pat Coyle Memorial
Richmond Brewer Fund	Betty Zerbarini Fund
Irene Vose Fund	Berardinelli Trust Fund
Martha C. Babcock Memorial	John J. & Mary C. Smith Scholarship
Premio L. Russo Memorial	Roberta F. Serra Fund

Agency Funds

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency Funds are as follows:

Title II - P.W.E.A

To account for RIDE teacher quality and professional development.

Babcock Middle School Student Activity Fund

To account for all funds held in Babcock Middle School programs.

Westerly High School Student Activity Fund

To account for all funds held in Westerly High School programs.

Construction Escrow Deposits

To account for contingency reserves held.

Probate Escrow

To account for Town Clerk funds as ordered by probate.

**TOWN OF WESTERLY, RHODE ISLAND
 COMBINING STATEMENT OF NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 JUNE 30, 2016**

EXHIBIT D-1

	<u>Permanent Neighbor Committee</u>	<u>Honor Roll Fund</u>	<u>Lois B. Stillment Fund</u>	<u>Richmond Brewer Fund</u>	<u>Irene Vose Fund</u>	<u>Martha C. Babcock Memorial</u>	<u>Premio L. Russo Memorial</u>	<u>Class of 1886</u>
ASSETS								
Cash and cash equivalents	\$ 1,444	\$ 79	\$	\$	\$ 24,946	\$ 3	\$	\$ 5
Investments			11,060	39,578	29,807	3,441	1,755	1,267
Due from other funds		400						
Total Assets	\$ <u>1,444</u>	\$ <u>479</u>	\$ <u>11,060</u>	\$ <u>39,578</u>	\$ <u>54,753</u>	\$ <u>3,444</u>	\$ <u>1,755</u>	\$ <u>1,272</u>
LIABILITIES								
Accounts payable	\$	\$	\$	\$	\$ 1,685	\$	\$	\$
Due to other funds			5,993	736			245	
Total Liabilities			5,993	736	1,685		245	
NET POSITION								
Held in Trust for Other Purpose	<u>1,444</u>	<u>479</u>	<u>5,067</u>	<u>38,842</u>	<u>53,068</u>	<u>3,444</u>	<u>1,510</u>	<u>1,272</u>
Total Liabilities and Net Position	\$ <u>1,444</u>	\$ <u>479</u>	\$ <u>11,060</u>	\$ <u>39,578</u>	\$ <u>54,753</u>	\$ <u>3,444</u>	\$ <u>1,755</u>	\$ <u>1,272</u>

(Continued on next page)

TOWN OF WESTERLY, RHODE ISLAND
 COMBINING STATEMENT OF NET POSITION (CONTINUED)
 PRIVATE-PURPOSE TRUST FUNDS
 JUNE 30, 2016

EXHIBIT D-1

	<u>Otis P. Chapman Fund</u>	<u>Francis Pat Coyle Memorial</u>	<u>Betty Zerbarini Fund</u>	<u>Berardinelli Trust Fund</u>	<u>John J. & Mary C. Smith Scholarship</u>	<u>Roberta F. Serra Fund</u>	<u>Interfund Eliminations</u>	<u>Total</u>
ASSETS								
Cash and cash equivalents	\$	\$	\$	\$ 8	\$	\$	\$	\$ 26,485
Investments	2,178	1,183	1,273	21,666	14,134	2,021		129,363
Due from other funds							(400)	-
Total Assets	<u>\$ 2,178</u>	<u>\$ 1,183</u>	<u>\$ 1,273</u>	<u>\$ 21,674</u>	<u>\$ 14,134</u>	<u>\$ 2,021</u>	<u>\$ (400)</u>	<u>\$ 155,848</u>
LIABILITIES								
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$ 1,685
Due to other funds	52	600	200		494	299	(400)	8,219
Total Liabilities	52	600	200		494	299	(400)	9,904
NET POSITION								
Held in Trust for Other Purpose	<u>2,126</u>	<u>583</u>	<u>1,073</u>	<u>21,674</u>	<u>13,640</u>	<u>1,722</u>		<u>145,944</u>
Total Liabilities and Net Position	<u>\$ 2,178</u>	<u>\$ 1,183</u>	<u>\$ 1,273</u>	<u>\$ 21,674</u>	<u>\$ 14,134</u>	<u>\$ 2,021</u>	<u>\$ (400)</u>	<u>\$ 155,848</u>

**TOWN OF WESTERLY, RHODE ISLAND
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016**

EXHIBIT D-2

	<u>Permanent Neighbor Committee</u>	<u>Honor Roll Fund</u>	<u>Lois B. Stillment Fund</u>	<u>Richmond Brewer Fund</u>	<u>Irene Vose Fund</u>	<u>Martha C. Babcock Memorial</u>	<u>Premio L. Russo Memorial</u>
Additions:							
Investment income	\$ 5	\$ 2	\$ 410	\$ 1,353	\$ 2,071	\$ 128	\$ 65
Contributions		400					
Total additions	<u>5</u>	<u>402</u>	<u>410</u>	<u>1,353</u>	<u>2,071</u>	<u>128</u>	<u>65</u>
Deductions:							
Miscellaneous			1,000		1,685		35
Change in Net Position	5	402	(590)	1,353	386	128	30
Net Position at Beginning of Year	<u>1,439</u>	<u>77</u>	<u>5,657</u>	<u>37,489</u>	<u>52,682</u>	<u>3,316</u>	<u>1,480</u>
Net Position at End of Year	<u>\$ 1,444</u>	<u>\$ 479</u>	<u>\$ 5,067</u>	<u>\$ 38,842</u>	<u>\$ 53,068</u>	<u>\$ 3,444</u>	<u>\$ 1,510</u>

(Continued on next page)

**TOWN OF WESTERLY, RHODE ISLAND
 COMBINING STATEMENT OF CHANGES IN NET POSITION (CONTINUED)
 PRIVATE-PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016**

EXHIBIT D-2

	<u>Class of 1886</u>	<u>Otis P. Chapman Fund</u>	<u>Francis Pat Coyle Memorial</u>	<u>Betty Zerbarini Fund</u>	<u>Berardinelli Trust Fund</u>	<u>John J. & Mary C. Smith Scholarship</u>	<u>Roberta F. Serra Fund</u>	<u>Total</u>
Additions:								
Investment income	\$ 47	\$ 80	\$ 44	\$ 48	\$ 802	\$ 523	\$ 74	\$ 5,652
Contributions								400
Total additions	<u>47</u>	<u>80</u>	<u>44</u>	<u>48</u>	<u>802</u>	<u>523</u>	<u>74</u>	<u>6,052</u>
Deductions:								
Miscellaneous			1			125	125	2,971
Change in Net Position	47	80	43	48	802	398	(51)	3,081
Net Position at Beginning of Year	<u>1,225</u>	<u>2,046</u>	<u>540</u>	<u>1,025</u>	<u>20,872</u>	<u>13,242</u>	<u>1,773</u>	<u>142,863</u>
Net Position at End of Year	<u>\$ 1,272</u>	<u>\$ 2,126</u>	<u>\$ 583</u>	<u>\$ 1,073</u>	<u>\$ 21,674</u>	<u>\$ 13,640</u>	<u>\$ 1,722</u>	<u>\$ 145,944</u>

**TOWN OF WESTERLY, RHODE ISLAND
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2016**

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2016</u>
Title II - P.W.E.A				
Assets:				
Cash	\$ 1	\$	\$	\$ 1
Investments	<u>2,985</u>	<u>115</u>	<u></u>	<u>3,100</u>
Total Assets	<u>\$ 2,986</u>	<u>\$ 115</u>	<u>\$ -</u>	<u>\$ 3,101</u>
Liabilities:				
Deposits held in custody for others	<u>\$ 2,986</u>	<u>\$ 115</u>	<u>\$ -</u>	<u>\$ 3,101</u>
Babcock Middle School Student Activity Fund				
Assets:				
Cash	<u>\$ 26,541</u>	<u>\$ 48,013</u>	<u>\$ 46,240</u>	<u>\$ 28,314</u>
Liabilities:				
Deposits held in custody for others	<u>\$ 26,541</u>	<u>\$ 48,013</u>	<u>\$ 46,240</u>	<u>\$ 28,314</u>
Westerly High School Student Activity Fund				
Assets:				
Cash	<u>\$ 222,753</u>	<u>\$ 386,355</u>	<u>\$ 396,004</u>	<u>\$ 213,104</u>
Liabilities:				
Deposits held in custody for others	<u>\$ 222,753</u>	<u>\$ 386,355</u>	<u>\$ 396,004</u>	<u>\$ 213,104</u>
Construction Escrow Deposits				
Assets:				
Cash	<u>\$ 101,156</u>	<u>\$ 41</u>	<u>\$</u>	<u>\$ 101,197</u>
Liabilities:				
Deposits held in custody for others	<u>\$ 101,156</u>	<u>\$ 41</u>	<u>\$ -</u>	<u>\$ 101,197</u>

(Continued on next page)

**TOWN OF WESTERLY, RHODE ISLAND
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
Probate Escrow				
Assets:				
Cash	\$ 10,079	\$ 40	\$ -	\$ 10,119
Liabilities:				
Deposits held in custody for others	\$ 10,079	\$ 40	\$ -	\$ 10,119
Total All Agency Funds				
Assets:				
Cash	\$ 360,530	\$ 434,449	\$ 442,244	\$ 352,735
Investments	2,985	115		3,100
Total Assets	\$ 363,515	\$ 434,564	\$ 442,244	\$ 355,835
Liabilities:				
Deposits held in custody for others	\$ 363,515	\$ 434,564	\$ 442,244	\$ 355,835
Total Liabilities	\$ 363,515	\$ 434,564	\$ 442,244	\$ 355,835

Other Schedules

**TOWN OF WESTERLY, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Fiscal Year</u>	<u>Balance July 1, 2015</u>	<u>Current Year Assessment</u>	<u>Additions</u>	<u>Adjustments & Abatements</u>	<u>Amounts Written Off</u>	<u>Amount to be Collected</u>	<u>Current Year Collections</u>	<u>Balance June 30, 2016</u>
2015	\$	\$ 68,917,541	\$ 284,085	\$ 182,361	\$	\$ 69,019,265	\$ 67,949,144	\$ 1,070,121
2014		915,795	38,181	10,838		943,138	619,731	323,407
2013		351,185	12,402	1,263		362,324	118,147	244,177
2012		271,029	16,098	8,391		278,736	45,011	233,725
2011		214,637	8,451	8,447		214,641	15,265	199,376
2010		175,392	7,598	8,132		174,858	5,174	169,684
2009		52,886	12,622	12,004		53,504	2,521	50,983
2008		58,825	10,775	11,308		58,292	1,460	56,832
2007		68,635	10,534	10,381		68,788	408	68,380
2006		60,674	57	343	59,872	516	516	-
	\$	<u>2,169,058</u>	<u>\$ 68,917,541</u>	<u>\$ 400,803</u>	<u>\$ 59,872</u>	<u>\$ 71,174,062</u>	<u>\$ 68,757,377</u>	2,416,685
						Allowance for doubtful accounts		<u>(865,115)</u>
						Net property tax receivable	\$	<u>1,551,570</u>

Statistical Section

Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

TOWN OF WESTERLY, RHODE ISLAND
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015 Restated	2016
Governmental activities:										
Net investment in capital assets	\$ 58,664,590	\$ 66,693,303	\$ 68,746,769	\$ 70,358,546	\$ 70,008,175	\$ 71,011,628	\$ 72,528,400	\$ 82,591,557	\$ 83,443,820	\$ 87,403,763
Restricted		840,250	609,887	4,271,819	5,596,748	4,289,962	2,542,513	6,519,002	7,790,677	7,601,874
Unrestricted	19,014,340	11,328,955	10,806,705	9,195,972	9,272,111	10,051,174	14,787,475	(37,643,132)	(35,741,526)	(42,043,168)
Total governmental activities net position	<u>77,678,930</u>	<u>78,862,508</u>	<u>80,163,361</u>	<u>83,826,337</u>	<u>84,877,034</u>	<u>85,352,764</u>	<u>89,858,388</u>	<u>51,467,427</u>	<u>55,492,971</u>	<u>52,962,469</u>
Business-type activities:										
Net investment in capital assets	22,556,484	26,692,977	27,988,005	28,158,294	28,728,337	30,194,723	30,714,945	29,236,676	29,485,916	30,030,849
Unrestricted	11,257,392	9,382,408	7,514,990	7,014,809	6,219,520	5,376,027	5,751,583	7,163,504	8,059,250	8,469,625
Total business-type activities net position	<u>33,813,876</u>	<u>36,075,385</u>	<u>35,502,995</u>	<u>35,173,103</u>	<u>34,947,857</u>	<u>35,570,750</u>	<u>36,466,528</u>	<u>36,400,180</u>	<u>37,545,166</u>	<u>38,500,474</u>
Total:										
Net investment in capital assets	81,221,074	93,386,280	96,734,774	98,516,840	98,736,512	101,206,351	103,243,345	111,828,233	112,929,736	117,434,612
Restricted		840,250	609,887	4,271,819	5,596,748	4,289,962	2,542,513	6,519,002	7,790,677	7,601,874
Unrestricted	30,271,732	20,711,363	18,321,695	16,210,781	15,491,631	15,427,201	20,539,058	(30,479,628)	(27,682,276)	(33,573,543)
Total Net Position	<u>\$ 111,492,806</u>	<u>\$ 114,937,893</u>	<u>\$ 115,666,356</u>	<u>\$ 118,999,440</u>	<u>\$ 119,824,891</u>	<u>\$ 120,923,514</u>	<u>\$ 126,324,916</u>	<u>\$ 87,867,607</u>	<u>\$ 93,038,137</u>	<u>\$ 91,462,943</u>

Source: Town of Westerly Annual Financial Statements

**TOWN OF WESTERLY, RHODE ISLAND
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
GOVERNMENTAL ACTIVITIES
(Accrual Basis of Accounting)**

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
Legislative, judicial & general administrative	\$ 6,873,513	\$ 3,236,593	\$ 3,129,637	\$ 3,466,233	\$ 2,781,707	\$ 3,112,646	\$ 4,331,225	\$ 5,047,531	\$ 4,708,957	\$ 4,707,273
Public works	5,062,292	9,912,789	7,424,188	7,507,487	9,985,135	7,954,858	8,421,798	7,634,376	7,891,734	8,030,694
Public safety	4,427,133	7,814,959	7,761,483	7,799,497	8,240,563	8,214,392	7,641,412	8,569,273	10,097,782	11,395,743
Health and welfare	678,933	886,803	1,647,960	1,237,875	802,416	944,618	2,648,904	1,193,857	932,767	1,625,117
Conservation and development	43,976	57,013	83,398	63,593	61,603	66,841	13,723	8,058	24,852	18,168
Parks and recreation	559,495	670,797	671,243	715,016	851,085	855,819	835,358	1,162,690	1,400,753	1,295,865
Planning and zoning	210,824	300,666	315,979	311,526	317,731	328,874	659,533	762,142	743,772	782,652
Public education	51,584,096	56,538,216	55,623,925	53,346,773	56,373,765	59,863,127	60,152,421	61,614,560	60,242,455	62,732,292
Other	434,573									
Capital improvements/restricted programs	1,538,354									
Interest	2,861,227	2,991,507	2,921,665	2,834,606	3,001,369	4,161,148	3,417,931	2,131,894	4,597,122	3,898,458
Total governmental activities	<u>74,274,416</u>	<u>82,409,343</u>	<u>79,579,478</u>	<u>77,282,606</u>	<u>82,415,374</u>	<u>85,502,323</u>	<u>88,122,305</u>	<u>88,124,381</u>	<u>90,640,194</u>	<u>94,486,262</u>
Business-type activities:										
Water	3,631,349	3,519,078	4,427,003	4,999,866	5,107,553	4,126,250	4,040,375	4,255,925	4,087,550	4,274,095
Sewer	3,245,491	3,399,750	3,524,297	3,224,296	3,390,936	3,549,839	3,428,731	3,437,290	3,577,374	3,758,100
Beach	374,356	279,941	271,973	255,673	263,071	275,930	279,307			
Total business-type activities	<u>7,251,196</u>	<u>7,198,769</u>	<u>8,223,273</u>	<u>8,479,835</u>	<u>8,761,560</u>	<u>7,952,019</u>	<u>7,748,413</u>	<u>7,693,215</u>	<u>7,664,924</u>	<u>8,032,195</u>
Total Expenses	<u>\$ 81,525,612</u>	<u>\$ 89,608,112</u>	<u>\$ 87,802,751</u>	<u>\$ 85,762,441</u>	<u>\$ 91,176,934</u>	<u>\$ 93,454,342</u>	<u>\$ 95,870,718</u>	<u>\$ 95,817,596</u>	<u>\$ 98,305,118</u>	<u>\$ 102,518,457</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Legislative, judicial & general administrative	\$ 644,390	\$ 1,206,498	\$ 940,220	\$ 986,339	\$ 1,088,315	\$ 1,072,310	\$ 2,064,851	\$ 1,170,950	\$ 1,004,773	\$ 1,211,251
Public works	2,377,169	2,667,752	2,554,611	2,040,910	2,107,314	2,230,461	2,539,006	2,451,873	2,369,581	2,561,957
Public safety	296,686	317,389	338,429	360,359	409,070	236,944	331,011	261,017	384,141	361,958
Health and welfare							46,226	51,367	49,498	38,606
Conservation and development				5,250	23,451	22,512	18,914	34,504	11,876	16,759
Parks and recreation	141,985	136,770	143,383	163,233	163,476	176,045	132,186	223,944	226,461	300,888
Planning and zoning	783,768	674,096	63,457	76,959	74,779	62,967	68,532	75,703	67,330	65,508
Public education	1,865,487	1,209,848	1,424,345	1,266,433	1,499,327	1,561,476	885,397	794,130	825,349	822,436
Other	315,942									
Capital improvements/restricted programs										
Operating grants and contributions	13,122,333	13,448,568	11,992,674	12,546,972	12,570,266	14,632,146	19,613,142	17,480,083	18,292,668	15,552,575
Capital grants and contributions	1,394,603	301,712	498,774		735,857	577,744		129,017	482,120	91,443
Total governmental activities program revenues	<u>20,942,363</u>	<u>19,962,633</u>	<u>17,955,893</u>	<u>17,446,455</u>	<u>18,671,855</u>	<u>20,572,605</u>	<u>25,699,265</u>	<u>22,672,588</u>	<u>23,713,797</u>	<u>21,023,381</u>
Business-type activities:										
Charges for services:										
Water	6,144,478	4,245,768	3,950,767	3,814,045	4,383,473	4,151,082	4,263,283	4,724,623	4,481,837	4,856,600
Sewer	3,864,384	3,495,261	3,152,629	3,483,850	3,398,737	3,283,137	3,707,640	3,750,359	3,738,352	3,757,947
Beach	96,428	86,664	84,533	118,388	104,898	124,256	66,577			
Operating grants and contributions			25,000	75,133	1,568					
Capital grants and contributions						385,000				
Total business-type activities	<u>10,105,290</u>	<u>7,827,693</u>	<u>7,212,929</u>	<u>7,491,416</u>	<u>7,888,676</u>	<u>7,943,475</u>	<u>8,037,500</u>	<u>8,474,982</u>	<u>8,220,189</u>	<u>8,614,547</u>
Total Program Revenues	<u>\$ 31,047,653</u>	<u>\$ 27,790,326</u>	<u>\$ 25,168,822</u>	<u>\$ 24,937,871</u>	<u>\$ 26,560,531</u>	<u>\$ 28,516,080</u>	<u>\$ 33,736,765</u>	<u>\$ 31,147,570</u>	<u>\$ 31,933,986</u>	<u>\$ 29,637,928</u>

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TOWN OF WESTERLY, RHODE ISLAND
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS (CONTINUED)
GOVERNMENTAL ACTIVITIES
(Accrual Basis of Accounting)

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense)/Revenue										
Governmental activities	\$ (53,332,053)	\$ (62,446,710)	\$ (61,623,585)	\$ (59,836,151)	\$ (63,743,519)	\$ (64,929,718)	\$ (62,423,040)	\$ (65,451,793)	\$ (66,926,397)	\$ (73,462,881)
Business-type activities	<u>2,854,094</u>	<u>628,924</u>	<u>(1,010,344)</u>	<u>(988,419)</u>	<u>(872,884)</u>	<u>(8,544)</u>	<u>289,087</u>	<u>781,763</u>	<u>555,265</u>	<u>582,352</u>
Total Net Expense	<u>\$ (50,477,959)</u>	<u>\$ (61,817,786)</u>	<u>\$ (62,633,929)</u>	<u>\$ (60,824,570)</u>	<u>\$ (64,616,403)</u>	<u>\$ (64,938,262)</u>	<u>\$ (62,133,953)</u>	<u>\$ (64,670,030)</u>	<u>\$ (66,371,132)</u>	<u>\$ (72,880,529)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 52,511,864	\$ 55,992,277	\$ 59,323,341	\$ 59,555,979	\$ 63,296,907	\$ 64,031,797	\$ 65,108,718	\$ 65,605,977	\$ 68,528,551	\$ 68,367,279
State aid and in lieu of taxes not restricted		4,838,487	4,614,007	3,965,697	1,801,556	1,841,526	1,927,032	2,400,544	2,519,706	2,737,650
Unrestricted investment earnings	1,463,137	1,055,249	510,798	212,778	157,636	33,906	55,779	30,786	32,886	50,854
Miscellaneous	3,549,691	62,343	277,017	414,437	129,642	127,607	84,964	133,290	247,693	146,118
Transfers	(759,794)	(738,532)	(695,931)	(649,764)	(640,824)	(629,388)	(604,580)	850,232	(376,895)	(369,522)
Loss on disposal of capital assets	<u>(581,020)</u>									
Total governmental activities	<u>56,183,878</u>	<u>61,209,824</u>	<u>64,029,232</u>	<u>63,499,127</u>	<u>64,744,917</u>	<u>65,405,448</u>	<u>66,571,913</u>	<u>69,020,829</u>	<u>70,951,941</u>	<u>70,932,379</u>
Business-type activities:										
Unrestricted investment earnings	143,792	130,235	62,955	8,763	6,814	2,049	2,111	2,121	6,826	3,434
Miscellaneous	198,262									
Transfers	759,794	738,532	695,931	649,764	640,824	629,388	604,580	(850,232)	376,895	369,522
Loss/gain on disposal of capital assets	<u>(137,038)</u>	<u>1,497,569</u>								
Total business type activities	<u>964,810</u>	<u>2,366,336</u>	<u>758,886</u>	<u>658,527</u>	<u>647,638</u>	<u>631,437</u>	<u>606,691</u>	<u>(848,111)</u>	<u>383,721</u>	<u>372,956</u>
Total	<u>\$ 57,148,688</u>	<u>\$ 63,576,160</u>	<u>\$ 64,788,118</u>	<u>\$ 64,157,654</u>	<u>\$ 65,392,555</u>	<u>\$ 66,036,885</u>	<u>\$ 67,178,604</u>	<u>\$ 68,172,718</u>	<u>\$ 71,335,662</u>	<u>\$ 71,305,335</u>
Change in Net Position										
Governmental activities	\$ 2,851,825	\$ (1,236,886)	\$ 2,405,647	\$ 3,662,976	\$ 1,001,398	\$ 475,730	\$ 4,148,873	\$ 3,569,036	\$ 4,025,544	\$ (2,530,502)
Business-type activities	<u>3,818,904</u>	<u>2,995,260</u>	<u>(251,458)</u>	<u>(329,892)</u>	<u>(225,246)</u>	<u>622,893</u>	<u>895,778</u>	<u>(66,348)</u>	<u>938,986</u>	<u>955,308</u>
Total	<u>\$ 6,670,729</u>	<u>\$ 1,758,374</u>	<u>\$ 2,154,189</u>	<u>\$ 3,333,084</u>	<u>\$ 776,152</u>	<u>\$ 1,098,623</u>	<u>\$ 5,044,651</u>	<u>\$ 3,502,688</u>	<u>\$ 4,964,530</u>	<u>\$ (1,575,194)</u>

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

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unreserved	7,439,653	8,980,861	9,020,357	9,157,164						
Nonspendable					203,645	1,424,796	2,443,435	840,328	3,727,798	2,481,536
Restricted					5,073,701	3,812,873	2,410,035	2,651,915	899,551	2,016,389
Committed					53,184	222,802	188,496	187,137	631,100	1,023,198
Assigned					160,000	785,000	642,000	500,000	275,000	475,000
Unassigned					8,895,223 *	7,811,214	7,542,061	8,606,291	5,873,316	5,636,916
Total General Fund	<u>\$ 7,439,653</u>	<u>\$ 8,980,861</u>	<u>\$ 9,020,357</u>	<u>\$ 9,157,164</u>	<u>\$ 14,385,753</u>	<u>\$ 14,056,685</u>	<u>\$ 13,226,027</u>	<u>\$ 12,785,671</u>	<u>\$ 11,406,765</u>	<u>\$ 11,633,039</u>
All Other Governmental Funds:										
Reserved	\$ 14,320	\$ 30,703	\$ 358,515	\$	\$	\$	\$	\$	\$	\$
Unreserved, reported in:										
Special revenue funds	839,164	1,104,125	3,827,266							
Capital project funds	7,310,686	6,972,328	7,446,534							
Nonspendable				30,500						
Restricted				2,580,224	1,523,075	4,250,044	4,250,044	4,350,125	6,891,126	5,585,485
Committed				3,200,511	2,791,812	2,718,537	2,718,537	2,829,359	1,993,649	2,052,305
Unassigned				(7,024,340)	(2,293,989)	(34,313)	(34,313)	(644,817)	(56,941)	(86,125)
Total All Other Governmental Funds	<u>\$ 8,164,170</u>	<u>\$ 8,107,156</u>	<u>\$ 11,632,315</u>	<u>\$ 30,500</u>	<u>\$ 2,020,898</u>	<u>\$ 6,934,268</u>	<u>\$ 6,934,268</u>	<u>\$ 6,534,667</u>	<u>\$ 8,827,834</u>	<u>\$ 7,551,665</u>

Notes:

1. In 2011 the Town implemented GASB No. 54, reserved and unreserved fund balance are no longer used
Fund balances are now reported as nonspendable, restricted, committed, assigned and unassigned

* As restated

Source: Town of Westerly Annual Financial Statements

**TOWN OF WESTERLY, RHODE ISLAND
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	For the Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
General property taxes	\$ 52,469,223	\$ 56,483,800	\$ 58,903,866	\$ 59,229,983	\$ 63,167,374	\$ 62,722,274	\$ 65,284,340	\$ 67,111,282	\$ 67,701,397	\$ 68,353,018
Intergovernmental revenues	16,621,209	22,090,229	20,896,628	19,659,330	17,990,858	20,545,204	23,610,581	21,714,929	23,507,224	23,605,520
Recreation										
Licenses and permits	802,650	705,272	520,627	470,593	405,455	433,773	987,140	924,890	892,998	1,004,702
Fines and penalties	152,349	170,050	190,165	174,040	199,297	165,168	170,433	164,292	189,849	248,243
Interest on investments	1,463,137	1,046,500	509,652	212,743	157,553	33,906	52,418	27,407	29,172	49,446
Other revenues	6,887,987	2,134,342	2,042,198	1,666,900	1,416,235	1,482,937	2,848,970	2,341,541	2,246,949	1,703,633
Total revenues	<u>78,396,555</u>	<u>82,630,193</u>	<u>83,063,136</u>	<u>81,413,589</u>	<u>83,336,772</u>	<u>85,383,262</u>	<u>92,953,882</u>	<u>92,284,341</u>	<u>94,567,589</u>	<u>94,964,562</u>
Expenditures:										
Current:										
Legislative, judicial and general administrative	5,570,881	8,682,345	6,236,470	7,007,720	6,352,555	6,525,866	4,246,621	4,210,763	4,071,190	3,632,451
Public works	4,806,646	12,964,052	6,762,533	6,049,632	7,065,978	4,911,750	8,007,654	6,622,126	6,410,305	6,380,205
Public safety	4,192,612	6,793,941	4,539,777	4,533,085	4,611,459	4,550,663	7,419,524	8,087,246	8,797,203	8,475,679
Health and welfare	664,999	862,972	1,603,577	1,198,722	757,683	906,923	2,633,209	3,189,709	1,509,542	1,572,619
Conservation and development	43,976	44,068	44,213	46,096	45,776	51,311	20,724	8,058	28,591	16,756
Parks and recreation	540,505	600,031	593,784	549,637	680,016	722,607	853,703	988,760	1,169,251	1,431,213
Planning and zoning	210,824	255,638	236,329	237,589	236,902	226,453	680,536	784,507	749,471	771,227
Public education	50,014,112	55,464,548	54,605,925	53,152,473	53,275,364	56,474,037	57,657,340	58,575,405	59,794,583	59,884,514
Other	1,467,117									
Capital improvements/restricted programs	12,771,572	2,332,971	2,049,818	1,154,114	21,401,103	14,246,132	4,880,804	4,005,779	7,468,346	3,875,406
Debt service:										
Principal	3,059,281	3,882,392	4,505,271	4,940,981	5,010,180	5,426,586	5,874,438	5,874,438	5,874,438	5,874,438
Interest	2,474,527	2,439,049	2,466,811	2,423,780	2,743,101	4,092,441	3,894,578	4,004,773	4,557,382	5,269,860
Total expenditures	<u>85,817,052</u>	<u>94,322,007</u>	<u>83,644,508</u>	<u>81,293,829</u>	<u>102,180,117</u>	<u>98,134,769</u>	<u>96,169,131</u>	<u>96,351,564</u>	<u>100,430,302</u>	<u>97,184,368</u>
Excess of revenues over (under) expenditures	<u>(7,420,497)</u>	<u>(11,691,814)</u>	<u>(581,372)</u>	<u>119,760</u>	<u>(18,843,345)</u>	<u>(12,751,507)</u>	<u>(3,215,249)</u>	<u>(4,067,223)</u>	<u>(5,862,713)</u>	<u>(2,219,806)</u>
Other Financing Sources (Uses):										
Bond and loan proceeds	16,575,000	9,104,712		3,855,000	11,496,000	14,645,000	6,500,000			
Lease proceeds			1,259,784	396,970	258,003	761,413	1,208,876	2,347,516	778,992	1,194,433
Premium on debt		14,685			179,036	200,395	1,933,872	2,136,371	145,374	
Issuance of refunding bonds							20,073,678	15,890,000	6,000,000	
Payment to refunding bond escrow agent							(21,813,976)	(16,489,170)		
Transfers from other funds	45,842,591	48,253,434	48,349,039	47,183,318	818,987	424,566	1,210,145	1,264,685	1,174,147	1,248,986
Transfers to other funds	(46,602,385)	(48,991,966)	(49,044,970)	(47,893,082)	(1,474,811)	(1,068,954)	(1,814,725)	(1,922,137)	(1,321,542)	(1,273,508)
Total other financing sources	<u>15,815,206</u>	<u>8,380,865</u>	<u>563,853</u>	<u>3,542,206</u>	<u>11,277,215</u>	<u>14,962,420</u>	<u>7,297,870</u>	<u>3,227,265</u>	<u>6,776,971</u>	<u>1,169,911</u>
Net Change in Fund Balances	<u>\$ 8,394,709</u>	<u>\$ (3,310,949)</u>	<u>\$ (17,519)</u>	<u>\$ 3,661,966</u>	<u>\$ (7,566,130)</u>	<u>\$ 2,210,913</u>	<u>\$ 4,082,621</u>	<u>\$ (839,958)</u>	<u>\$ 914,258</u>	<u>\$ (1,049,895)</u>
Debt Service as a Percentage of Noncapital Expenditures (1)	<u>7.20%</u>	<u>7.65%</u>	<u>8.63%</u>	<u>9.49%</u>	<u>9.60%</u>	<u>11.04%</u>	<u>10.87%</u>	<u>10.87%</u>	<u>11.13%</u>	<u>11.93%</u>

Source: Town of Westerly Annual Financial Statements

TOWN OF WESTERLY, RHODE ISLAND
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)

Fiscal Year	Real Property	Tangible Property	Inventory	Motor Vehicles	Less Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate Real	Total Direct Tax Rate MV
2016	\$ 5,618,394,130	\$ 121,142,653	\$ -	\$ 218,935,856	\$ 102,135,031	\$ 5,856,336,030	11.36	29.67
2015	5,767,432,015	115,459,093	-	215,176,591	108,693,817	5,989,385,500	10.82	29.67
2014	5,720,353,700	117,617,714	-	208,705,482	109,796,164	5,936,880,732	10.64	29.67
2013	5,681,316,650	113,754,910	-	206,850,868	187,685,148	5,887,246,189	10.53	29.67
2012	6,029,044,940	111,092,881	-	207,200,816	123,833,594	6,223,505,043	9.74	29.67
2011	6,003,921,400	109,834,014	-	199,010,668	125,761,643	6,187,004,439	9.74	29.67
2010	5,968,175,200	103,394,190	-	196,704,453	123,264,095	6,145,009,748	9.62	29.67
2009	6,409,080,500	103,052,933	-	165,920,358	187,658,148	6,490,395,643	8.87	29.67
2008	6,328,033,730	96,273,051	-	182,725,179	185,143,059	6,421,888,901	8.87	29.67
2007	6,224,102,400	94,064,493	31,563,795	175,020,389	192,699,255	6,332,051,822	8.60	29.67

TOWN OF WESTERLY, RHODE ISLAND
PROPERTY TAX RATES
(PER \$1,000 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS
(Unaudited)

<u>Levy Year</u>	<u>Real Estate and Personal Property</u>	<u>Motor Vehicle</u>
2007	8.60	29.67
2008	8.87	29.67
2009	8.87	29.67
2010	9.62	29.67
2011	9.74	29.67
2012	9.74	29.67
2013	10.53	29.67
2014	10.64	29.67
2015	10.82	29.67
2016	11.36	29.67

Source: Finance Department, Westerly, Rhode Island

**TOWN OF WESTERLY, RHODE ISLAND
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO
(Unaudited)**

2016				2007			
Name	Assessed Value	Rank	% Net Taxable Grand List	Name	Assessed Value	Rank	% Net Taxable Grand List
National Grid	\$ 35,875,057	1	0.613%	Washington Trust Company	\$ 25,531,429	1	0.403%
Washington Trust Company	25,580,540	2	0.437%	Franklin Plaza, LLC	20,984,400	2	0.331%
Ocean House Hotel Partners, LLC	23,450,700	3	0.400%	Home Depot USA, Inc.	20,573,567	3	0.325%
Westerly Ventures, LLC	20,443,700	4	0.349%	Shelter Harbor Golf Club	18,252,793	4	0.288%
George W. Whitney Rev Tr etal	19,367,181	5	0.331%	Narragansett Electric Co.	17,138,897	5	0.271%
Westerly Associates, LLC	16,919,700	6	0.289%	Misquamicut Club	16,843,587	6	0.266%
Misquamicut Club	13,310,006	7	0.227%	Kahuna Rhode Island, LLC	15,443,400	7	0.244%
Harbor Land Strategic Realty, LLC	13,258,600	8	0.226%	Lamm, Peter & Deborah S.	14,493,790	8	0.229%
Shelter Harbor Golf Club	13,232,657	9	0.226%	Bluff Avenue, LLC	14,363,700	9	0.227%
Weekapaug Inn & Cottages LLC	12,606,767	10	0.215%	Wilmington Trust Co.	14,165,000	10	0.224%

NET ASSESSED VALUE AS OF 12/31/16: \$5,856,336,030

NET ASSESSED VALUE AS OF 12/31/07: \$6,332,051,821

TABLE 8

TOWN OF WESTERLY, RHODE ISLAND
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS
(Unaudited)

<u>Fiscal Year</u>	<u>Taxes Levied (Net Abatements)</u>	<u>Collected within the Fiscal Year Amount</u>	<u>% of Levy</u>	<u>Collected in Subsequent Years</u>	<u>Total Collections Amount</u>	<u>Balance Remaining</u>	<u>% of Levy</u>
2007	\$ 52,055,765	\$ 51,428,447	98.79%	\$ 567,446	\$ 51,995,893	\$ 59,872	99.88%
2008	56,226,442	55,596,246	98.88%	561,816	56,158,062	68,380	99.88%
2009	58,934,410	57,978,492	98.38%	899,086	58,877,578	56,832	99.90%
2010	59,188,131	58,104,182	98.17%	1,032,966	59,137,148	50,983	99.91%
2011	62,941,885	61,760,687	98.12%	1,011,514	62,772,201	169,684	99.73%
2012	63,528,578	61,369,984	96.60%	1,959,218	63,329,202	199,376	99.69%
2013	65,309,604	63,930,910	97.89%	1,144,969	65,075,879	233,725	99.64%
2014	67,067,280	64,645,348	96.39%	2,177,755	66,823,103	244,177	99.64%
2015	67,067,280	66,274,258	98.82%	469,615	66,743,873	323,407	99.52%
2016	69,019,265	67,949,144	98.45%	-	67,949,144	1,070,121	98.45%

TABLE 9

TOWN OF WESTERLY, RHODE ISLAND
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(unaudited)

Year	Governmental Activities			Business Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes and Loan Payable	Capital Leases	General Obligation Bonds	Loans Payable	Capital Leases			
2016	\$ 51,145,000	\$ 22,703,812	\$ 2,342,516	\$	\$ 3,307,808	\$ 2,491,760	\$ 81,990,896	10.81%	\$ 3,890
2015	59,347,000	20,476,250	2,503,007		3,944,878	2,594,000	88,865,135	11.80%	4,069
2014	52,955,000	26,052,688	2,844,049		4,569,370	20,000	86,441,107	11.91%	3,795
2013	56,233,678	27,732,124	1,379,633	1,671,322	5,181,638	12,507	92,210,902	13.49%	4,047
2012	53,710,000	29,411,562	860,400	1,790,000	5,782,025	23,840	91,577,827	12.96%	3,988
2011	57,875,000	15,351,000	776,135	1,935,000	6,370,864		82,307,999	11.73%	3,614
2010	62,015,000	3,855,000	1,388,312	2,080,000	6,948,482		76,286,794	10.87%	3,348
2009	65,815,000		2,132,323	2,225,000	7,515,192		77,687,515	10.74%	3,306
2008	69,315,350		1,877,460	2,479,650	8,071,301		81,743,761	11.50%	3,497
2007	65,328,875		1,641,615	2,801,265	8,617,107		78,388,862	11.22%	3,306

TOWN OF WESTERLY, RHODE ISLAND
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	General Obligation Bonds	Notes and Loan Payable	Total	(a) Percentage of Estimated Actual Taxable Value of Property	Per Capita
2016	\$ 51,145,000	\$ 22,703,812	\$ 73,848,812	1.26%	\$ 3,504
2015	59,347,000	20,476,250	79,823,250	1.33%	3,655
2014	52,955,000	26,052,688	79,007,688	1.33%	3,469
2013	56,233,678	27,732,124	83,965,802	1.43%	3,685
2012	53,710,000	29,411,562	83,121,562	1.34%	3,619
2011	57,875,000	15,351,000	73,226,000	1.18%	3,215
2010	62,015,000	3,855,000	65,870,000	1.07%	2,891
2009	65,815,000		65,815,000	1.01%	2,801
2008	69,315,350		69,315,350	1.08%	2,965
2007	65,328,875		65,328,875	1.02%	2,748

Source: Finance Department , Westerly, Rhode Island

(a) - Total taxable assessed value

**TOWN OF WESTERLY, RHODE ISLAND
LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS
(Unaudited)**

	For the Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total assessed value	\$ <u>4,727,836,433</u>	\$ <u>6,332,051,822</u>	\$ <u>6,421,889,238</u>	\$ <u>6,490,395,643</u>	\$ <u>6,145,009,748</u>	\$ <u>6,223,505,043</u>	\$ <u>5,887,264,189</u>	\$ <u>5,936,880,732</u>	\$ <u>5,989,385,500</u>	\$ <u>5,856,336,030</u>
Debt Limit (1)	\$ 141,835,093	\$ 189,961,555	\$ 192,656,677	\$ 194,711,869	\$ 184,350,292	\$ 186,705,151	\$ 176,617,926	\$ 178,106,421	\$ 179,681,565	\$ 175,690,081
Amount of Debt Subject to Limit	<u>64,328,875</u>	<u>34,079,661</u>	<u>32,537,459</u>	<u>34,785,328</u>	<u>57,013,711</u>	<u>34,592,621</u>	<u>32,446,768</u>	<u>29,787,516</u>	<u>28,597,811</u>	<u>27,962,833</u>
Legal Debt Margin	\$ <u>77,506,218</u>	\$ <u>155,881,894</u>	\$ <u>160,119,218</u>	\$ <u>159,926,541</u>	\$ <u>127,336,581</u>	\$ <u>152,112,530</u>	\$ <u>144,171,158</u>	\$ <u>148,318,905</u>	\$ <u>151,083,754</u>	\$ <u>147,727,248</u>
Legal Debt Margin as a Percentage of the Debt Limit	54.65%	82.06%	83.11%	82.13%	69.07%	81.47%	81.63%	83.28%	84.08%	84.08%

Source: Finance Department, Westerly, Rhode Island

(1) The Town's legal debt margin as set forth by Rhode Island State Statute is limited to three percent of total taxable assessed value

**TOWN OF WESTERLY, RHODE ISLAND
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
(Unaudited)**

<u>Fiscal Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Education Level in Years of Schooling</u>	<u>School Enrollment</u>	<u>Unemployment</u>
2016	21,078	\$ 35,971	45	12	3007	4.9
2015	21,840	34,478	39	12	2997	6.8
2014	22,775	31,881	39	12	2996	7.3
2013	22,787	30,005	39	12	3037	8.0
2012	22,966	30,777	39	12	3021	10.8
2011	22,774	30,807	39	12	3079	9.2
2010	22,787	30,807	39	12	3021	8.9
2009	23,500	30,777	38	12	3180	9.1
2008	23,377	30,415	38	12	3301	7.0
2007	23,408	29,850	37	12	3408	4.3

**TOWN OF WESTERLY, RHODE ISLAND
PRINCIPAL EMPLOYERS
CURRENT AND TEN YEARS AGO
(Unaudited)**

2016		
Employer	Employees	Rank
Westerly Hospital	658	1
Washington Trust Company	313	2
Darlington Fabrics	226	3
Stop & Shop	149	4
Home Depot	125	5
McQuades Market	110	6

2007		
Employer	Employees	Rank
Westerly Hospital	638	1
Washington Trust Company	311	2
Wal-Mart	280	3
Darlington Fabrics	220	4
Ocean House	200	5
McQuades Market	110	6

TOWN OF WESTERLY, RHODE ISLAND
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
(Unaudited)

	For the Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government										
Town Council	7	7	7	7	7	7	7	7	7	7
Town Manager	1	1	1	1	1	1	1	1	1	1
Town Solicitor		4	2	4	4	4	4	4	4	4
Canvassing	2	2	2	2	2	2	2	2	2	2
Finance	9	9	9	9	9	9	10	10	10	10
City Clerk	7	7	7	5	5	5	5	5	5	6
Planning	4	4	4	4	4	4	4	4	4	4
Assessment	5	5	5	5	5	5	5	6	6	6
Other	16	16	16	16	16	16	16	16	16	15
Public Safety										
Sworn Officers	45	50	50	48	50	50	50	50	51	51
Support	11	11	11	12	12	12	12	12	12	12
Public Health										
Public Works	45	45	45	43	43	43	44	44	44	44
Water & Sewer	28	28	29	29	29	29	30	30	30	30
Public Welfare										
Recreation	2	2	2	1	1	1	1	1	2	2
Public Education										
Teachers	302	302	310	307.2	304	302	300	312	340	336
Pupil Support	234	234	233	235	208	208	191	207	251	255
Administration	38	38	34	38.28	37	37	37	37	41	37

TOWN OF WESTERLY, RHODE ISLAND
OPERATING INDICATORS BY FUNCTION/PROGRAM
(Unaudited)

	For the Fiscal Year Ended June 30,									
	2016	2015	2014	2013 (Revised)	2012	2011	2010	2009	2008	2007
General Government										
Marriage Licenses Issued	195	185	212	212	178	185	196	183	202	182
Death Certificates Recorded	357	368	287	325	310	304	334	341	376	340
Land Records Recorded	5,764	5,450	6,302	7,162	6,559	5,237	6,670	6,959	6,271	6,516
Registered Voters	17,728	17,224	17,729	17,422	16,724	16,528	16,381	16,440	16,475	14,544
Elections & Referenda's	2	2	1	2	1	1	1	1	1	1
Planning & Development										
Building Permits Issued	2,399	1,984	2,482	976	693	779	762	750	838	1,021
Cost of Construction	69,905,961	47,232,404	52,404,978	40,874,909	32,886,917	41,182,654	42,232,171	40,464,863	91,828,233	80,837,894
Police										
Arrest	1,099	1,198	1,061	972	997	1,015	1,037	1,236	1,008	1,038
Parking Violations	1,754	1,860	1,196	1,223	1,232	1500+/-	n/a	n/a	n/a	n/a
Calls for Service	34,704	30,948	28,825	30,139	27,355	28,000+/-	n/a	n/a	n/a	n/a
Public Works										
Street Resurfacing (miles)	9	6	7	7	7	n/a	n/a	n/a	n/a	n/a
Transfer station refuse (tons)	10,077	12,692	13,383	11,881	18,251	16,324	18,182	17,581	25,353	26,497
Transfer station recyclables (tons)	4,410	4,343	4,159	3,739	3,528	3,200	3,632	3,590	3,829	3,996
Parks & Recreation										
Programs Offered	68	63	61	61	63	59	n/a	n/a	n/a	n/a
Beach Passes Issued	2,591	2,552	2,454	2,061	2,206	2,042	1,941	1,849	1,865	1,875
Education										
Number of Students	3,018	2,936	2,986	2,977	3,021	3,079	3,021	3,180	3,301	3,408
Water										
New Connections	69	76	86	46	49	53	64	60	110	237
Water Main Breaks	22	38	18	17	25	22	17	28	23	34
Avg daily consumption (thousands of gallons)	3,559	3,287	3,440	3,321	3,297	3,427	3,298	3,867	3,418	3,350
Sewer										
Average daily treatment (thousands of gallons)	2,195	2,060	2,227	2,120	2,020	2,250	2,520	2,670	2,390	2,410
Sewer treatment capacity (thousands of gallons)	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300

**TOWN OF WESTERLY, RHODE ISLAND
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
(Unaudited)**

Function/Program	For the Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	52	47	46	46	46	43	43	41	41	41
Fire										
Fire Prevention is covered by five separate self-taxing Fire Districts										
Public Works										
Streets (miles)	156	156	145	145	145	145	143	143	141	141
Street Lights	3153	3152	3150	3150	3150	3,150	3,150	3,148	3,146	3,144
Register Vehicles	103	107	103	103	103	99	95	93	93	93
Parks & Recreation										
Acreage	85	85	85	85	85	85	85	85	85	85
Parks & Playing Fields	6	6	6	6	6	6	6	6	6	6
Beaches	2	2	2	2	2	2	2	2	2	2
Community Centers	1	1	1	1	1	1	1	0	0	0
Senior Centers	1	1	1	1	1	1	1	1	1	1
Marina	1	1	1	1	1	1	1	1	1	1
Town Forest 54 Acres	1	1	1	1	1	1	1	1	1	1
Public Libraries										
Libraries	1	1	1	1	1	1	1	1	1	1
Schools										
Elementary Schools	4	4	4	4	4	4	4	4	5	5
Middle Schools	1	1	1	1	1	1	1	1	1	1
High Schools	1	1	1	1	1	1	1	1	1	1
School Buses	48	48	43	49	49	49	49	46	38	30
Water										
Water Mains (miles)	207	207	207	207	207	207	206	206	206	202
Fire Hydrants	1091	1091	1091	1085	1085	1085	1064	1047	1037	1023
Sewer										
Sanitary Sewers (miles)	61	61	61	61	61	61	61	61	n/a	n/a
Storm sewers (miles)	65	65	65	65	65	65	65	65	65	65
Treatment capacity (thousand gallons)	3300	3300	3300	3300	3300	3300	3300	3300	3300	3300

Source: Town capital asset records and various Town Departments