

TOWN OF WESTERLY RHODE ISLAND



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

Town of Westerly Rhode Island

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

**Derrik M. Kennedy
Town Manager**

**Barbara Perino
Interim Finance Director**

Prepared by: Finance Department

TOWN OF WESTERLY, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2017
TABLE OF CONTENTS

Introductory Section		Page
	List of Town Officials	i
	Organizational Chart	ii
	Public Schools Organizational Chart	iii
	Letter of Transmittal	iv-x
Financial Section		
	Independent Auditors' Report	1-3
	Management's Discussion and Analysis	4-12
Basic Financial Statements		
Exhibit	Government-Wide Financial Statements:	
I	Statement of Net Position	13
II	Statement of Activities	14
	Fund Financial Statements:	
	Governmental Funds:	
III	Balance Sheet	15-16
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	17-18
	Proprietary Funds:	
V	Statement of Net Position	19
VI	Statement of Revenues, Expenses and Changes in Net Position	20
VII	Statement of Cash Flows	21
	Fiduciary Funds:	
VIII	Statement of Net Position	22
IX	Statement of Changes in Net Position	23
	Notes to the Financial Statements	24-72
Required Supplementary Information		
	General Fund:	
RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	73-74
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	75-76
	Pension Funds:	
RSI-3	Schedule of Town's Proportionate Share of Net Pension Liability - Employees' Retirement System - Teachers	77
RSI-4	Schedule of Town's Contributions - Employees Retirement System - Teachers	78
RSI-5	Schedule of Changes in Town's Net Pension Liability and Related Ratios - MERS Plan	79
RSI-6	Schedule of Town's Contributions - MERS Plan	80

<u>Exhibit</u>		<u>Page</u>
RSI-7	Schedule of Changes in Net Pension Liability and Related Ratios - Police	81
RSI-8	Schedule of Employer Contributions - Police	82
RSI-9	Schedule of Investment Returns - Police	83
RSI-10	Schedule of Town's Proportionate Share of Net Pension Liability - Teachers' Survivor Benefit Plan	84
RSI-11	Schedule of Town's Contributions - Teachers' Survivor Benefit Plan	85
RSI-12	Schedule of Changes in Net OPEB Liability and Related Ratios	86
RSI-13	Schedule of Employer Contributions - Other Post-Employment Benefits Plan	87
RSI-14	Schedule of Investment Returns - Other Post-Employment Benefits Plan	88
	Supplemental, Combining and Individual Fund Statements and Schedules	
	General Fund:	
A-1	Combining Balance Sheet	89
A-2	Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	90
A-3	Schedule of Revenues, Expenditures and Other Financing Sources (Uses) - Budget and Actual - School Unrestricted Fund	91
	Nonmajor Governmental Funds:	
B-1	Combining Balance Sheet	92-96
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	97-101
	Internal Service Funds:	
C-1	Combining Statement of Net Position	102
C-2	Combining Statement of Revenues, Expenses and Changes in Net Position	103
C-3	Combining Statement of Cash Flows	104
	Private-Purpose Trust Funds:	
D-1	Combining Statement of Net Position	105-106
D-2	Combining Statement of Changes in Net Position	107-108
	Agency Funds:	
E	Combining Statement of Changes in Assets and Liabilities	109-110
	Other:	
F	Tax Collector's Annual Report	111

Statistical Section

Table		Page
	Financial Trends:	
1	Net Position by Component	112
2	Changes in Net Position	113-114
3	Fund Balances, Governmental Funds	115
4	Changes in Fund Balances, Governmental Funds	116
	Revenue Capacity:	
5	Assessed Value and Actual Value of Taxable Property	117
6	Property Tax Rates	118
7	Principal Property Taxpayers	119
8	Property Tax Levies and Collections	120
	Debt Capacity:	
9	Ratio of Outstanding Debt by Type	121
10	Ratios of General Bonded Debt Outstanding	122
11	Legal Debt Margin Information	123
	Demographic and Economic Statistics:	
12	Demographic and Employment Statistics	124
	Operating Information:	
13	Full-Time Equivalent Town Government Employees by Function/Program	125
14	Operating Indicators by Function/Program	126
15	Capital Asset Statistics by Function/Program	127

Introductory Section

Town of Westerly, Rhode Island

List of Principal Officials

Fiscal Year Ended June 2017

Town Council:

Mario Celico, Vice President
John P. Carson, Sr.
Philip M. Overton
Jean L. Gagnier
William J. Aiello
Edward P. Morrone

School Committee:

Diane C. Bowdy, Chair
Patricia A. Panciera, Vice Chair
Marianne A. Nardone
Gina T. Fuller
Christine A. Piezzo
Christine M. Misto
Rebecca Greene

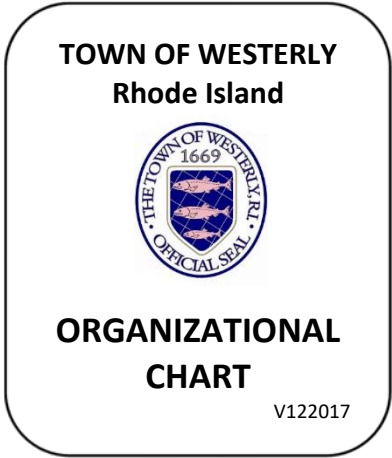
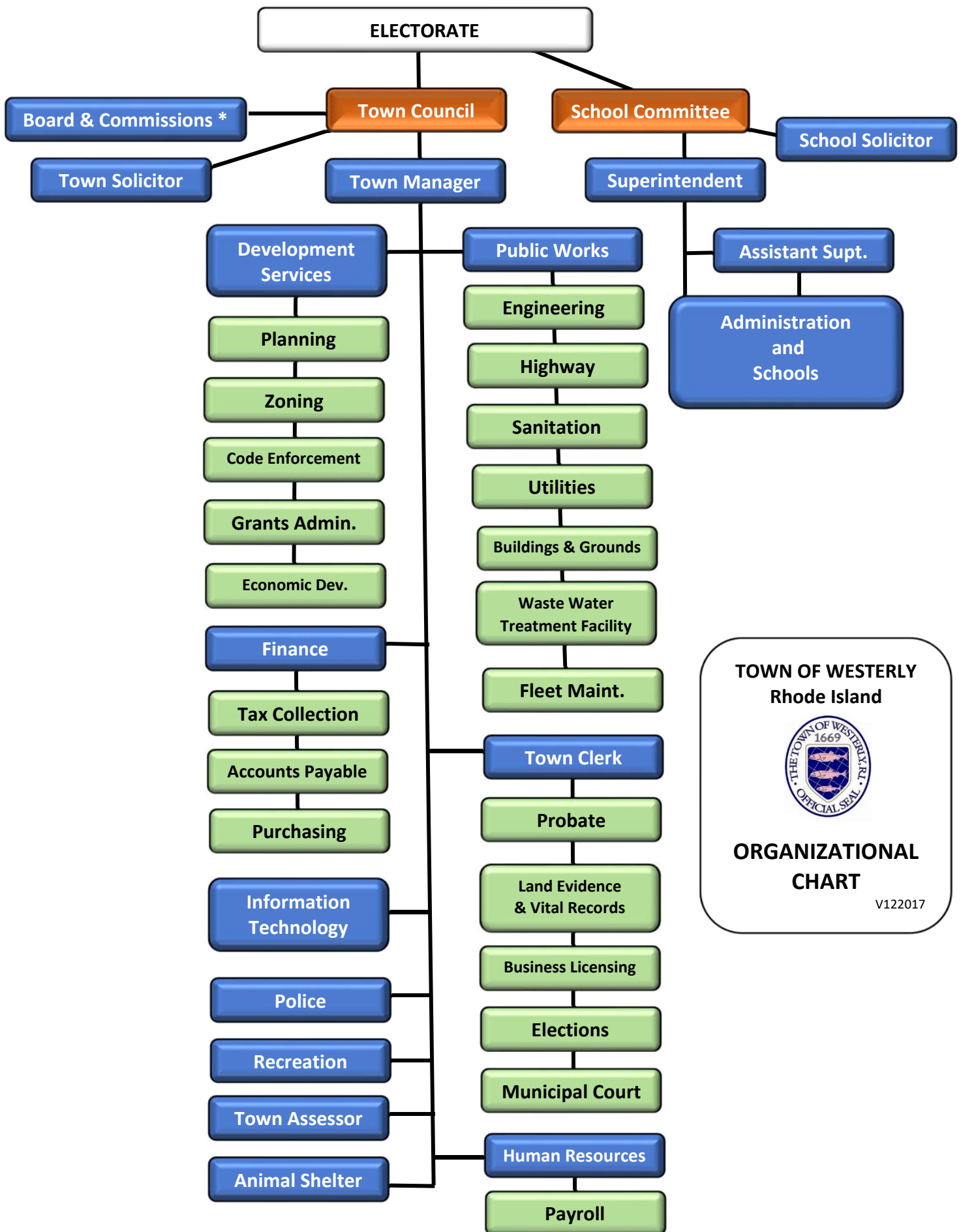
Town Manager: Derrik M. Kennedy, MPA, ICMA-CM

School Superintendent: Mark Garceau, Ed.D.

Director of Finance: Debora Bridgham

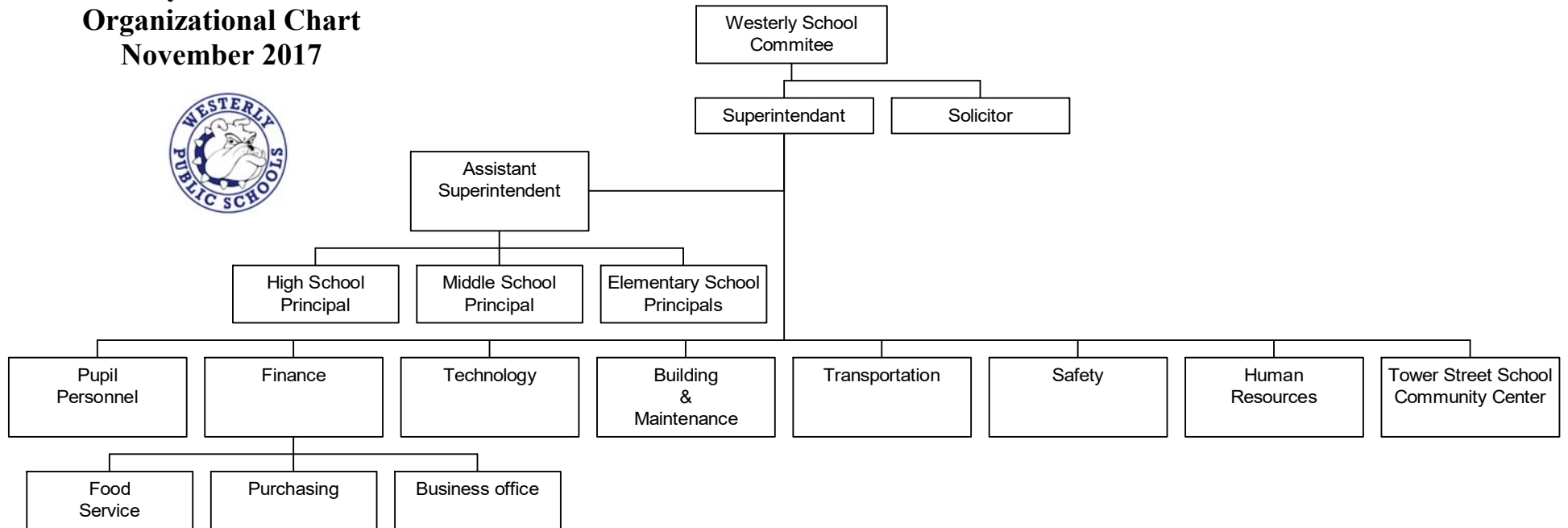
Police Chief: Richard Silva

Town Clerk: Donna L. Giordano, MMC



* The majority of appointments are by the Town Council, however some Board members are appointed by the Town Manager.

Westerly Public Schools Organizational Chart November 2017



School Committee

Diane C. Bowdy, Chair
Patricia Panciera
Marianne Nardone
Gina T. Fuller
Rebecca Greene
Christine Misto
Christine Piezzo

Solicitors

Jon Lallo, Esq.
William Nardone, Esq.

Superintendent

Mark C. Garceau, Ed.D.

Assistant Superintendent

Alicia Storey

Director of Pupil Personnel

Melissa Denton

Interim Director of Finance

Barbara Perino

Director of Technology

Mark Lamson

Director of Buildings & Maintenance

Michael Needleman

Safety Officer

Michael Turano

Human Resources

Kim Sihavong

Tower Street School Community Center

Joan Serra, Director

Director of Transportation

Susan Guarino

High School Principal

Todd Grimes

Middle School Principal

Paula Fusco

Elementary School Principals

Steven Morrone, 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

March 9, 2018

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, 2017, 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 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. As 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, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion, that the Town of Westerly's financial statement for the fiscal year ended June 30, 2017, 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, established 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 about 23,000. In 2016, the Town's median family income was \$60,800, and the median value of owner occupied housing was \$285,200. 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 and 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, which is comprised of seven members who are elected at-large, and serve two-year terms, is vested by the Charter with all legislative powers of the Town, including the ordering of any tax; making appropriations; the power to enact, amend, or repeal ordinances related to the Town's property; and 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 a town manager for a definite term solely on the basis of his or her 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 Town employees, except for School District personnel.

The Town provides a full range of municipal services including public safety protection; the maintenance of highways, streets and other infrastructure; recreational activities; development services; high-quality education; water and sewer utilities; waste disposal services; and other administrative services.

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 31st. The School Committee submits the proposed school budget to the town manager by the first Monday of February. 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 recommended budget to the Board of Finance for the following fiscal year on or before the third Monday of February. The Board of Finance holds several budget work sessions with the town manager to discuss the details of the proposed budget document and may make recommended edits to the Town Council. After the recommended Board of Finance budget is delivered to the Town Council, the town manager and Town Council hold several budget work sessions to revise and, eventually, adopt a preliminary budget not later than the fourth Wednesday in April of each year.

Following adoption of the preliminary budget by the Town 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). 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. If during the fiscal year the Town Manager certified that there are available for appropriation revenues in excess of those estimated in the budget, the Council by ordinance may make supplemental appropriations for the year up to the amount of such excess. If at any time during the fiscal year it appears probable to the Town Manager that the revenues available will be insufficient to meet the amount appropriated, he shall report to the Council without delay, indicating the estimated amount of the deficit, any remedial action taken by him and his recommendations as to any other steps to be taken. The Council shall then take such further action as it deems necessary to prevent or minimize any deficit and for that purpose it may by ordinance reduce one or more appropriations.

Budget-to-actual comparisons are provided in this report for the general fund and the school unrestricted fund on pages 73 through 76 and page 91.

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, 2017 was \$55,256,436. The Town currently has three elementary schools, (Bradford Elementary was closed at the end of the 2017 school year) one middle school, one high school and the Tower Street Community Center. 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 2013	3,067	FY 2018	2,789
FY 2014	3,016	FY 2019	2,768
FY 2015	3,022	FY 2020	2,723
FY 2016	2,908	FY 2021	2,707
FY 2017	2,865	FY 2022	2,702

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%) depends on private wells. Most properties that are not served by the town water system 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 collection and treatment system that services approximately 45% 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 vehicle, roads, grounds, and building maintenance and snow removal. The Public Works Department expended \$5,916,677 for fiscal year ended June 30, 2017 and budgeted \$6,165,170.

Public Safety

Services include police patrol, investigations, community education, dispatching, harbor patrol and animal control functions. The Westerly Police Department has a force that consists of 50 full-time police officers and 11 support personnel. The Police Department expended \$6,736,985 for fiscal year ended June 30, 2017 and budgeted \$6,552,906tra respectively.

Employee Relations

As of June 30, 2017, the Town employs 180 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- three-year contract expires June 30, 2019
- Public Works & Municipal Clerical – Three-year contract expires June 30, 2016
- Teachers- Two-year extended contract expires August 31, 2017
- Transportation – Three-year contract expires June 30, 2016
- Local 808 Clerical-Custodial-Mechanical-Secretarial – Three-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 is 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.

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

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

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 Library and many restaurants and retail stores.

The Town of Westerly, in partnership with Stand up for Animals (SUFA) completed the Santo Algiere Dog Park in 2016, which also includes a new boat launch that is adjacent to the dog park.

In October 2016 the 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.

Over the past several years, the Town has invested in a new police station, public works facility, middle and high school. The Town is currently working on developing a plan to upgrade the Town's three elementary schools.

In the spring of 2017, the Town welcomed the opening of the Westerly Educational Center. This multi-occupant facility offers academic courses provided by several private and public post-secondary schools, such as the Community College of Rhode Island (CCRI) and the Rhode Island School of Design (RISD), and provides job skills training to prepare potential employees for work in their chosen industry. Working with General Dynamics Electric Boat division, more than 500 potential employees have already undergone training since the facility's opening.

Last year, Lawrence and Memorial (L&M), which previously acquired the Westerly Hospital in 2013, was acquired by and affiliated with Yale-New Haven Health System (YNHHS). Subsequent to this, YNHHS has committed \$300 million in capital upgrades over a five-year period to Westerly Hospital and other facilities in eastern Connecticut and western Rhode Island it has acquired through its purchase.

Pension and Other Postemployment Benefits

All non-union town employees participate in a defined contribution 401(a) plan. The police union, public works/clerical union, and teachers 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 public works/clerical union participate in a federally-managed, union plan. Employee contributions and fund management are dictated by the union. The police participate in a defined benefit plan whereby plan assets are professionally managed. The police pension is currently funded at 70%. The Town continues to fund the Annual Required Contribution (ARC) at 100%.

Westerly has a net OPEB obligation of \$27.9 million, related to retired and active employees. OPEB funds were previously part of the pension funds but now have been segregated. The OPEB is 9.1% funded.

Other

Westerly believes in transparency and the accountability it inspires. This is the sixth year that the town's annual audit is presented in the form of a Comprehensive Annual Financial Report.

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 Chair, 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 M. Kennedy
Town Manager



Mark Garceau, Ed.D
School Superintendent



Barbara J. Perino, CPA
Interim Finance Director

Financial Section



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

Change in Accounting Principle

As discussed in Note 12 to the financial statements, during the fiscal year ended June 30, 2017, the Town of Westerly, Rhode Island, adopted new accounting guidance, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. 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 73 through 76 and the pension and OPEB schedules on pages 77 through 88 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 March 9, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Westerly, Rhode Island's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Westerly, Rhode Island's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

Cranston, Rhode Island
March 9, 2018

TOWN OF WESTERLY, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2017

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, 2017. We encourage the readers to consider the information presented here in conjunction with the letter of transmittal on pages iv-x of this report as well as the Town's basic financial statements 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 are comprised of 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.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with broad overview of the Town's finances in a manner similar to a private-sector business. During the fiscal year, the Town implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*.

The Statement of Net Position presents information on 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 statements 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 the Water Fund and 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 Town funds 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 considered 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 accounts for sewer system user charges and costs associated with wastewater collection for approximately 45% of the parcels in Town.

The Town uses internal service funds to account for employee healthcare expenses and commercial insurance deductibles and claims in the Health Fund and Self Insurance Fund, respectfully. Included in the Health Fund activities are contributions from the Town and employee and claims paid. The Self Insurance Fund records activities for the Town's commercial insurance deductibles and claims not covered by the Town's insurance plans. The Self Insurance Fund records activities for the Town's commercial insurance deductibles and claims not covered by the Town's insurance plans.

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 24-72.

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 73-88.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 89-111.

Government-Wide Financial Analysis

As noted earlier, net position may serve as a useful indicator over time 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 \$94,670,169 as of June 30, 2017.

TOWN OF WESTERLY, RHODE ISLAND NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 33,419,139	\$ 33,574,064	\$ 8,911,486	\$ 9,026,415	\$ 42,330,625	\$ 42,600,479
Capital assets, net of accumulated depreciation	163,664,427	164,713,533	36,238,911	35,830,417	199,903,338	200,543,950
Total assets	197,083,566	198,287,597	45,150,397	44,856,832	242,233,963	243,144,429
Deferred outflows of resources	16,209,377	9,744,297			16,209,377	9,744,297
Current liabilities	12,957,422	12,836,790	1,208,001	1,020,412	14,165,423	13,857,202
Long-term liabilities outstanding	135,651,788	137,809,744	4,665,573	5,335,946	140,317,361	143,145,690
Total liabilities	148,609,210	150,646,534	5,873,574	6,356,358	154,482,784	157,002,892
Deferred inflows of resources	9,290,387	4,422,891			9,290,387	4,422,891
Net Position:						
Net investment in capital assets	91,221,136	87,403,763	31,019,004	30,030,849	122,240,140	117,434,612
Restricted	6,453,686	7,601,874			6,453,686	7,601,874
Unrestricted	(42,281,476)	(42,043,168)	8,257,819	8,469,625	(34,023,657)	(33,573,543)
Total Net Position	\$ 55,393,346	\$ 52,962,469	\$ 39,276,823	\$ 38,500,474	\$ 94,670,169	\$ 91,462,943

The largest portion of the Town's net position \$122,210,212 (129%) 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 reported 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, \$6,442,796, represents resources that are subject to external restriction on how they may be used. The remaining balance of the unrestricted net position is (\$34,012,767).

The Town's net position increased by \$4,662,939 during the current fiscal year. Of this amount, governmental activities accounted for \$3,774,102 of the increase, while business-type activities increased by \$888,837.

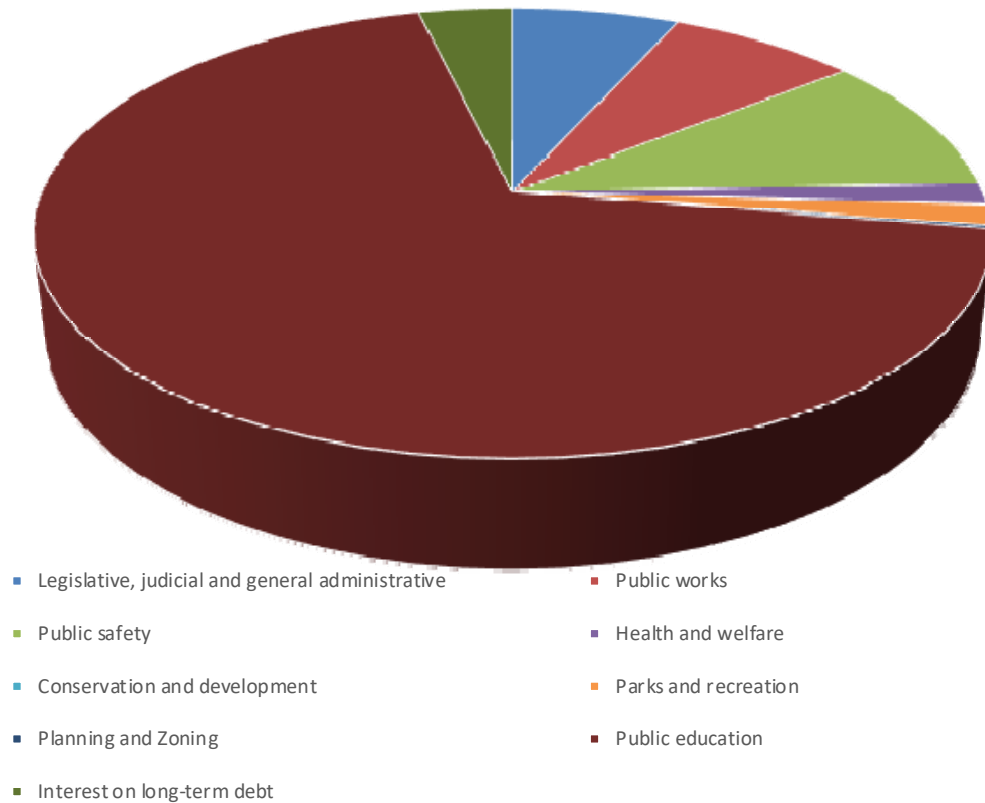
Governmental Activities.

Governmental activities increased the Town's net position by \$3,774,102.

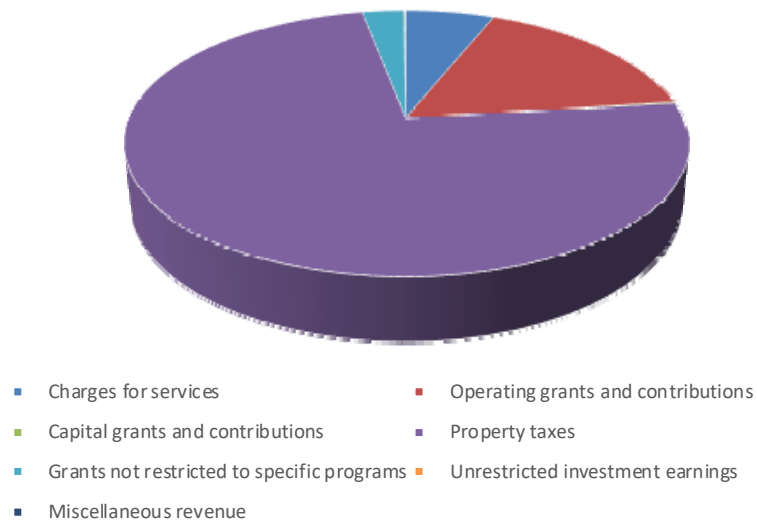
TOWN OF WESTERLY, RHODE ISLAND
CHANGES IN NET POSITION
For the Fiscal Years Ended June 30, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 5,804,599	\$ 5,379,363	\$ 8,528,429	\$ 8,614,547	\$ 14,333,028	\$ 13,993,910
Operating grants and contributions	16,052,500	15,552,575			16,052,500	15,552,575
Capital grants and contributions	147,507	91,443			147,507	91,443
General revenues:						
Property taxes	70,244,120	68,367,279			70,244,120	68,367,279
Grants not restricted to specific programs	2,735,220	2,737,650			2,735,220	2,737,650
Unrestricted investment earnings	71,802	50,854	3,439	3,434	75,241	54,288
Miscellaneous revenue	31,120	146,118			31,120	146,118
Total revenues	<u>95,086,868</u>	<u>92,325,282</u>	<u>8,531,868</u>	<u>8,617,981</u>	<u>103,618,736</u>	<u>100,943,263</u>
Expenses:						
Legislative, judicial and general administrative	6,148,593	4,707,273			6,148,593	4,707,273
Public works	6,962,464	8,030,694			6,962,464	8,030,694
Public safety	9,023,890	11,395,743			9,023,890	11,395,743
Health and welfare	1,444,325	1,625,117			1,444,325	1,625,117
Conservation and development	44,730	18,168			44,730	18,168
Parks and recreation	1,309,351	1,295,865			1,309,351	1,295,865
Planning and Zoning	198,784	782,652			198,784	782,652
Public education	62,428,690	62,732,292			62,428,690	62,732,292
Interest on long-term debt	3,435,937	3,898,458			3,435,937	3,898,458
Water fund			4,239,920	4,274,095	4,239,920	4,274,095
Sewer fund			3,719,113	3,758,100	3,719,113	3,758,100
Total expenses	<u>90,996,764</u>	<u>94,486,262</u>	<u>7,959,033</u>	<u>8,032,195</u>	<u>98,955,797</u>	<u>102,518,457</u>
Change in net position before transfers	4,090,104	(2,160,980)	572,835	585,786	4,662,939	(1,575,194)
Transfers	(316,002)	(369,522)	316,002	369,522	-	-
Change in net position	<u>3,774,102</u>	<u>(2,530,502)</u>	<u>888,837</u>	<u>955,308</u>	<u>4,662,939</u>	<u>(1,575,194)</u>
Net Position at Beginning of Year, as Restated	<u>51,619,244</u>	<u>55,492,971</u>	<u>38,387,986</u>	<u>37,545,166</u>	<u>90,007,230</u>	<u>93,038,137</u>
Net Position at End of Year	<u>\$ 55,393,346</u>	<u>\$ 52,962,469</u>	<u>\$ 39,276,823</u>	<u>\$ 38,500,474</u>	<u>\$ 94,670,169</u>	<u>\$ 91,462,943</u>

2017 Governmental Activities: Expense



2017 Governmental Activities: Revenues



Business-type Activities - Net position in business type activities increased by \$888,837 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 57.07%, Wastewater Treatment 42.93%

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 \$20,861,951. Approximately 39.69% or \$8,279,313, is available for spending at the government's discretion within the Town's total Fund Balance. The remaining fund balance of \$12,582,638 includes \$4,175,362 of Committed Fund Balance for Capital Projects, \$1,964,480 non-spendable for prepaid items, and \$6,442,796 restricted to specific programs.

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 \$8,565,108 while total fund balance was \$14,491,057. 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 9.7% of the 2017 FY Adopted General Fund Expenditure Budget, while total fund balance represents 16.4% 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 \$2,981,362. \$19,253 of this amount is considered nonspendable as it relates to prepaid expenditures.

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 \$4,091,061; unrestricted net position in the Sewer Fund was \$4,166,758.

General Fund Budgetary Highlights

The Town of Westerly, Rhode Island finished the 2016-2017 fiscal year with a budgetary surplus of \$1,429,269.

Major General Fund Revenue Factors:

Property taxes are the largest single revenue source for the General Fund and account for 78.96% of total budgetary revenues. The tax collection rate for both current and prior assessments was approximately 101.03%.

Major Expenditure Factors:

Education Expense accounts for approximately 61.57% of the total budgetary expenditures within the General Fund of the Town of Westerly, followed by Debt Service representing 11.78%, Public Safety representing 7.54%, Public Works representing 6.67%, and General Government representing 6.07%.

Capital Assets and Debt Administration

Capital Assets - The Town of Westerly's capital assets for its governmental and business-type activities amounted to \$199,903,338 (net of accumulated depreciation) as of June 30, 2017. This investment in capital assets includes land, buildings, improvements, machinery and equipment, motor vehicles, infrastructure, and construction in progress.

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 15,146,109	\$ 15,146,109	\$ 5,931,635	\$ 5,931,635	\$ 21,077,744	\$ 21,077,744
Construction in progress	3,663,749	3,118,808	849,088	1,188,844	4,512,837	4,307,652
Buildings and improvements	81,234,897	82,083,201	9,503,522	9,704,850	90,738,419	91,788,051
Mains, wells, pumps and hydrants			10,500,290	9,980,837	10,500,290	9,980,837
Tanks and structures			8,809,878	8,485,237	8,809,878	8,485,237
Motor vehicles	2,809,672	2,750,439			2,809,672	2,750,439
Machinery, equipment and furniture	3,066,512	2,570,438	644,498	539,014	3,711,010	3,109,452
Infrastructure	57,743,488	57,809,974			57,743,488	57,809,974
Total	<u>\$ 163,664,427</u>	<u>\$ 163,478,969</u>	<u>\$ 36,238,911</u>	<u>\$ 35,830,417</u>	<u>\$ 199,903,338</u>	<u>\$ 199,309,386</u>

Debt Administration - At the end of the current fiscal year, the Town of Westerly had total bonded debt outstanding of \$48,160,000, capital leases of \$4,679,453 and \$23,794,893 of loans payable.

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 48,160,000	\$ 51,145,000	\$	\$	\$ 48,160,000	\$ 51,145,000
Capital lease	2,190,137	2,342,516	2,459,388	2,491,760	4,649,525	4,834,276
Loans	21,034,374	22,703,812	2,760,519	3,307,808	23,794,893	26,011,620
	<u>\$ 71,384,511</u>	<u>\$ 76,191,328</u>	<u>\$ 5,219,907</u>	<u>\$ 5,799,568</u>	<u>\$ 76,604,418</u>	<u>\$ 81,990,896</u>

State statutes 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 this limit. As of June 30, 2017, the Town had a debt limit of \$177,242,444.

Standard and Poor's rated the Town of Westerly's credit at AA while Moody's Investors Service rated the Town at Aa3.

Economic Factors and Next Year's Budget and Rates

The Town of Westerly's total proposed General Fund budget for fiscal year 2017-18 amounts to \$88,413,873 which reflects a decrease of \$50,869 (0.06%) over the fiscal 2016-17 budget. Of the total Town budget, \$54,843,512 or 62% is budgeted for Westerly Public Schools. The Town is budgeted to receive \$10,977,752 from the State of Rhode Island for Aid to Education. The Town's mill rate for fiscal year 2016-17 was 10.82, versus 11.59 for fiscal year 2017-18.

The Town's debt service will remain fairly level, until 2026 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. 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, 45 Broad Street, Westerly, RI 02891.

Basic Financial Statements

TOWN OF WESTERLY, RHODE ISLAND
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 16,295,695	\$ 5,896,089	\$ 22,191,784
Receivables, net	1,427,592	2,820,357	4,247,949
Due from federal and state governments	2,777,647		2,777,647
Other receivables	1,311,161		1,311,161
Due from fiduciary funds	15,966		15,966
Inventory		195,040	195,040
Prepaid items	5,391,847		5,391,847
Net pension asset	4,888,524		4,888,524
Bond proceeds receivable	1,310,707		1,310,707
Total current assets	<u>33,419,139</u>	<u>8,911,486</u>	<u>42,330,625</u>
Noncurrent assets:			
Capital assets not being depreciated	18,809,858	6,780,723	25,590,581
Capital assets, net of accumulated depreciation	144,854,569	29,458,188	174,312,757
Total noncurrent assets	<u>163,664,427</u>	<u>36,238,911</u>	<u>199,903,338</u>
Total assets	<u>197,083,566</u>	<u>45,150,397</u>	<u>242,233,963</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	2,279,492		2,279,492
Differences between expected and actual experience	962,205		962,205
Changes in pension assumptions	1,513,797		1,513,797
Changes in projected pension investment earnings	7,976,650		7,976,650
Changes in proportion and differences in employer contributions and proportionate share of contributions	245,406		245,406
Contributions after measurement date	3,231,827		3,231,827
Total deferred outflows of resources	<u>16,209,377</u>	<u>-</u>	<u>16,209,377</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	3,501,842	329,897	3,831,739
Accrued interest payable	1,013,360	32,790	1,046,150
Unearned revenue	218,058	91,835	309,893
Claims payable	949,838		949,838
Current maturities of long-term obligations	7,274,324	753,479	8,027,803
Total current liabilities	<u>12,957,422</u>	<u>1,208,001</u>	<u>14,165,423</u>
Noncurrent liabilities:			
Due in more than one year	135,651,788	4,665,573	140,317,361
Total liabilities	<u>148,609,210</u>	<u>5,873,574</u>	<u>154,482,784</u>
DEFERRED INFLOWS OF RESOURCES			
Advance tax collections	67,787		67,787
Difference in pension actuarial experience	2,908,208		2,908,208
Difference between projected and actual pension earnings	3,024,128		3,024,128
Changes in proportion and differences in employer contributions and proportionate share of contributions	1,799,386		1,799,386
Changes in pension assumptions	1,490,878		1,490,878
Total deferred inflows of resources	<u>9,290,387</u>	<u>-</u>	<u>9,290,387</u>
NET POSITION			
Net investment in capital assets	91,221,136	31,019,004	122,240,140
Restricted for:			
Special projects and programs	6,453,686		6,453,686
Unrestricted	<u>(42,281,476)</u>	<u>8,257,819</u>	<u>(34,023,657)</u>
Total Net Position	<u>\$ 55,393,346</u>	<u>\$ 39,276,823</u>	<u>\$ 94,670,169</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, 2017

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	\$ 6,148,593	\$ 1,164,508	\$	\$	\$ (4,984,085)	\$	\$ (4,984,085)
Public works	6,962,464	2,901,374	435,217		(3,625,873)		(3,625,873)
Public safety	9,023,890	507,607	192,889		(8,323,394)		(8,323,394)
Health and welfare	1,444,325	95,320	158,222		(1,190,783)		(1,190,783)
Conservation and development	44,730	7,577	50,000	144,007	156,854		156,854
Parks and recreation	1,309,351	239,660		3,500	(1,066,191)		(1,066,191)
Planning and zoning	198,784	52,239			(146,545)		(146,545)
Education	62,428,690	836,314	12,876,638		(48,715,738)		(48,715,738)
Interest on long-term debt	3,435,937		2,339,534		(1,096,403)		(1,096,403)
Total governmental activities	<u>90,996,764</u>	<u>5,804,599</u>	<u>16,052,500</u>	<u>147,507</u>	<u>(68,992,158)</u>	<u>-</u>	<u>(68,992,158)</u>
Business-type activities:							
Water	4,239,920	4,867,342				627,422	627,422
Sewer	3,719,113	3,661,087				(58,026)	(58,026)
Total business-type activities	<u>7,959,033</u>	<u>8,528,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>569,396</u>	<u>569,396</u>
Total	<u>\$ 98,955,797</u>	<u>\$ 14,333,028</u>	<u>\$ 16,052,500</u>	<u>\$ 147,507</u>	<u>(68,992,158)</u>	<u>569,396</u>	<u>(68,422,762)</u>
General revenues:							
Property taxes					70,244,120		70,244,120
State aid and in lieu of taxes not restricted for a specific purpose					2,735,220		2,735,220
Unrestricted investment earnings					71,802	3,439	75,241
Miscellaneous					31,120		31,120
Transfers					(316,002)	316,002	-
Total general revenues and transfers					<u>72,766,260</u>	<u>319,441</u>	<u>73,085,701</u>
Change in net position					3,774,102	888,837	4,662,939
Net Position at Beginning of Year, as Restated					51,619,244	38,387,986	90,007,230
Net Position at End of Year					<u>\$ 55,393,346</u>	<u>\$ 39,276,823</u>	<u>\$ 94,670,169</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WESTERLY, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	<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	\$ 7,308,968	\$ 4,522	\$ 3,753,034	\$ 2,931,627	\$ 13,998,151
Property tax receivable	733,746				733,746
Due from federal and state governments	1,528,166	532,671		716,810	2,777,647
Other receivables	1,119,110	2,981		189,070	1,311,161
Due from other funds	4,724,925			106,614	4,831,539
Prepaid items	1,964,480	200			1,964,680
Bond proceeds receivable				1,310,707	1,310,707
Total Assets	<u>\$ 17,379,395</u>	<u>\$ 540,374</u>	<u>\$ 3,753,034</u>	<u>\$ 5,254,828</u>	<u>\$ 26,927,631</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,117,186	\$ 51,243	\$ 694,042	\$ 570,570	\$ 2,433,041
Accrued liabilities	944,557	668		2,580	947,805
Due to state and federal governments	120,996				120,996
Due to other funds	107,173	447,835		1,218,307	1,773,315
Unearned revenue	25,961			192,097	218,058
Total liabilities	<u>2,315,873</u>	<u>499,746</u>	<u>694,042</u>	<u>1,983,554</u>	<u>5,493,215</u>
Deferred inflows of resources					
Unavailable revenues - taxes	461,197				461,197
Unavailable revenues - solid waste assessments	15,636				15,636
Unavailable revenues - other billings	27,845				27,845
Advance tax collections	67,787				67,787
Total deferred inflows of resources	<u>572,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>572,465</u>
Fund balances:					
Nonspendable	1,964,480				1,964,480
Restricted	2,962,109	59,077	3,058,992	373,508	6,453,686
Committed	999,360			3,176,002	4,175,362
Unassigned	8,565,108	(18,449)		(278,236)	8,268,423
Total fund balances	<u>14,491,057</u>	<u>40,628</u>	<u>3,058,992</u>	<u>3,271,274</u>	<u>20,861,951</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 17,379,395</u>	<u>\$ 540,374</u>	<u>\$ 3,753,034</u>	<u>\$ 5,254,828</u>	<u>\$ 26,927,631</u>

(Continued on next page)

TOWN OF WESTERLY, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017

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)	\$ 20,861,951
--	---------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 248,504,521	
Less accumulated depreciation	(84,840,094)	
Net capital assets		163,664,427

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	461,197
Interest receivable on property taxes	693,846
Other departmental revenues	43,481
Net pension asset	4,888,524
Deferred outflows related to differences between expected and actual experience	962,205
Deferred outflows related to changes in assumptions	1,513,797
Deferred outflows related to changes in projected investment earnings	7,976,650
Deferred outflows related to changes in proportion and differences in employer contributions and proportionate share of contributions	245,406
Deferred outflows related to contributions after measurement date	3,231,827

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.

1,732,615

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	(48,160,000)
Loans payable	(21,034,374)
Deferred charges on refunding	2,279,492
Deferred inflows related to changes in actuarial experience	(2,908,208)
Deferred inflows related to changes in projected investment earnings	(3,024,128)
Deferred inflows related to changes in proportion and differences in employer contributions and proportionate share of contributions	(1,799,386)
Deferred inflows related to changes in assumptions	(1,490,878)
Unamortized bond issue premium	(3,338,272)
Interest payable on bonds and loans	(1,013,360)
Capital lease	(2,190,137)
Compensated absences	(1,925,769)
Net pension liability	(59,845,170)
Net OPEB obligation	(6,432,390)

Net Position of Governmental Activities (Exhibit I)	\$ <u>55,393,346</u>
---	----------------------

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, 2017

	General	School Restricted Fund	\$6.0 Million Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
General property taxes	\$ 71,006,084	\$	\$	\$	\$ 71,006,084
Intergovernmental and department revenues	20,427,987	1,770,629		1,476,061	23,674,677
Licenses and permits	520,158			437,296	957,454
Fines and penalties	256,463			1,462	257,925
Interest on investments	70,392				70,392
Other revenues	1,883,814	172,622		126,646	2,183,082
Total revenues	<u>94,164,898</u>	<u>1,943,251</u>	<u>-</u>	<u>2,041,465</u>	<u>98,149,614</u>
Expenditures:					
Current:					
Legislative, judicial and general administrative	5,190,160			124,911	5,315,071
Public works	5,778,947			413,985	6,192,932
Public safety	6,735,759			123,613	6,859,372
Health and welfare	1,093,115	87,106		256,728	1,436,949
Conservation and development	27,101			16,541	43,642
Parks and recreation	1,069,603	61,250			1,130,853
Planning and zoning	654,428				654,428
Education	58,075,277	1,814,150		951,895	60,841,322
Debt service	10,013,728			39,293	10,053,021
Capital outlay	2,524,171		2,051,437	1,304,203	5,879,811
Total expenditures	<u>91,162,289</u>	<u>1,962,506</u>	<u>2,051,437</u>	<u>3,231,169</u>	<u>98,407,401</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,002,609</u>	<u>(19,255)</u>	<u>(2,051,437)</u>	<u>(1,189,704)</u>	<u>(257,787)</u>
Other Financing Sources (Uses):					
Capital lease issued	1,039,625				1,039,625
Issuance of bonds				1,350,000	1,350,000
Transfers in	203,737			933,362	1,137,099
Transfers out	(1,249,364)			(203,737)	(1,453,101)
Total other financing sources (uses)	<u>(6,002)</u>	<u>-</u>	<u>-</u>	<u>2,079,625</u>	<u>2,073,623</u>
Net Change in Fund Balances	2,996,607	(19,255)	(2,051,437)	889,921	1,815,836
Fund Balances at Beginning of Year, as Restated	<u>11,494,450</u>	<u>59,883</u>	<u>5,110,429</u>	<u>2,381,353</u>	<u>19,046,115</u>
Fund Balances at End of Year	<u>\$ 14,491,057</u>	<u>\$ 40,628</u>	<u>\$ 3,058,992</u>	<u>\$ 3,271,274</u>	<u>\$ 20,861,951</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, 2017

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)	\$ 1,815,836
---	--------------

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	6,048,154
Depreciation expense	(5,862,696)

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	(699,384)
Property interest and lien revenue - accrual basis change	(62,580)
Other departmental revenues	3,405
Net pension asset	98,303
Deferred outflows related to differences between expected and actual experience	(184,779)
Deferred outflows related to changes in assumptions	876,702
Deferred outflows related to changes in projected investment earnings	5,844,093
Deferred outflows related to changes in proportion and differences in employer contributions and proportionate share of contributions	223,760
Deferred outflows related to contributions after measurement date	(77,232)

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.

Bonds issued	(1,350,000)
Bond payments	4,335,000
Capital lease issued	(1,039,625)
Capital lease payments	1,162,076
Accrued interest	(256,863)
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	(2,312,973)
Deferred inflows related to changes in projected investment earnings	(2,974,351)
Deferred inflows related to changes in proportion and differences in employer contributions and proportionate share of contributions	(246,422)
Deferred inflows related to changes in assumptions	338,408
Amortization of bond premiums	277,126
Change in long-term compensated absences	(23,672)
Change in early retirement incentives	45,000
Change in net pension liability	(1,875,300)
Change in net OPEB obligation	(1,320,381)

The net expense of the internal service funds is reported with governmental activities.	<u>(459,477)</u>
---	------------------

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 3,774,102</u>
--	---------------------

The accompanying notes are an integral part of the financial statements

TOWN OF WESTERLY, RHODE ISLAND
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2017

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Major Funds			
	Water Fund	Sewer Fund	Total	Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	\$ 2,605,497	\$ 3,290,592	\$ 5,896,089	\$ 2,297,544
Accounts and other receivables, net	1,601,088	1,219,269	2,820,357	
Due from other funds			-	559
Inventory	186,789	8,251	195,040	
Prepaid expenses			-	3,427,167
Total current assets	<u>4,393,374</u>	<u>4,518,112</u>	<u>8,911,486</u>	<u>5,725,270</u>
Noncurrent assets:				
Capital assets not being depreciated	6,780,723		6,780,723	
Capital assets, net of accumulated depreciation	<u>13,713,858</u>	<u>15,744,330</u>	<u>29,458,188</u>	
Total noncurrent assets	<u>20,494,581</u>	<u>15,744,330</u>	<u>36,238,911</u>	<u>-</u>
Total assets	<u>24,887,955</u>	<u>20,262,442</u>	<u>45,150,397</u>	<u>5,725,270</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued expenses	120,927	208,970	329,897	
Accrued interest payable		32,790	32,790	
Due to other funds			-	3,042,817
Unearned revenue		91,835	91,835	
Claims payable			-	949,838
Current portion of long-term liabilities	<u>189,322</u>	<u>564,157</u>	<u>753,479</u>	
Total current liabilities	<u>310,249</u>	<u>897,752</u>	<u>1,208,001</u>	<u>3,992,655</u>
Noncurrent liabilities:				
Liabilities due in more than one year	<u>2,451,452</u>	<u>2,214,121</u>	<u>4,665,573</u>	
Total liabilities	<u>2,761,701</u>	<u>3,111,873</u>	<u>5,873,574</u>	<u>3,992,655</u>
Net Position:				
Net investment in capital assets	18,035,193	12,983,811	31,019,004	
Unrestricted	<u>4,091,061</u>	<u>4,166,758</u>	<u>8,257,819</u>	<u>1,732,615</u>
Total Net Position	<u>\$ 22,126,254</u>	<u>\$ 17,150,569</u>	<u>\$ 39,276,823</u>	<u>\$ 1,732,615</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, 2017

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Major Funds			
	Water Fund	Sewer Fund	Total	Internal Service Funds
Operating Revenues:				
User fees and rental income	\$ 4,444,461	\$ 2,825,721	\$ 7,270,182	\$
Sewer assessments and taxes		554,617	554,617	
Charges for insurance			-	10,642,521
Other revenues	422,881	280,749	703,630	43,250
Total operating revenues	<u>4,867,342</u>	<u>3,661,087</u>	<u>8,528,429</u>	<u>10,685,771</u>
Operating Expenses:				
Salaries and benefits	2,052,201	415,438	2,467,639	
Materials and supplies	551,139	30,691	581,830	
Repairs and maintenance	221,289	1,750,211	1,971,500	
Depreciation and amortization	407,576	511,991	919,567	
Utilities	338,507		338,507	
Administrative expense	308,337	7,810	316,147	
Insurance	27,561	161,514	189,075	
Claims			-	11,145,248
Contracted services	233,208	750,827	984,035	
Total operating expenses	<u>4,139,818</u>	<u>3,628,482</u>	<u>7,768,300</u>	<u>11,145,248</u>
Operating Income (Loss)	<u>727,524</u>	<u>32,605</u>	<u>760,129</u>	<u>(459,477)</u>
Nonoperating Revenues (Expenses):				
Interest income	3,439		3,439	
Interest expense	(99,670)	(90,631)	(190,301)	
Loss on disposal of capital assets	(432)		(432)	
Total nonoperating revenues (expenses)	<u>(96,663)</u>	<u>(90,631)</u>	<u>(187,294)</u>	<u>-</u>
Income (Loss) Before Transfers	630,861	(58,026)	572,835	(459,477)
Transfers In		316,002	316,002	
Change in Net Position	630,861	257,976	888,837	(459,477)
Net Position at Beginning of Year, as Restated	<u>21,495,393</u>	<u>16,892,593</u>	<u>38,387,986</u>	<u>2,192,092</u>
Net Position at End of Year	<u>\$ 22,126,254</u>	<u>\$ 17,150,569</u>	<u>\$ 39,276,823</u>	<u>\$ 1,732,615</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, 2017

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Major Funds			
	Water Fund	Sewer Fund	Total	Internal Service Funds
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 4,466,181	\$ 3,368,544	\$ 7,834,725	\$ 10,791,417
Receipts from other operating services	422,881	280,749	703,630	43,250
Payments to suppliers	(1,712,216)	(2,590,203)	(4,302,419)	
Payments to employees	(2,060,467)	(456,760)	(2,517,227)	
Payments for claims			-	(11,110,660)
Net cash provided by (used in) operating activities	1,116,379	602,330	1,718,709	(275,993)
Cash Flows from Noncapital Financing Activities:				
Transfers in from other funds		316,002	316,002	
Net cash provided by (used in) noncapital financing activities	-	316,002	316,002	-
Cash Flows from Capital and Related Financing Activities:				
Capital lease proceeds	131,372		131,372	
Additions to property, plant and equipment	(1,214,258)	(114,235)	(1,328,493)	
Principal paid on bonds, loans and leases	(163,744)	(547,289)	(711,033)	
Interest paid on bonds, loans and leases	(99,670)	(90,631)	(190,301)	
Net cash provided by (used in) capital and related financing activities	(1,346,300)	(752,155)	(2,098,455)	-
Cash Flows from Investing Activities:				
Interest on investments	3,439		3,439	
Net cash provided by (used in) investing activities	3,439	-	3,439	-
Net Increase (Decrease) in Cash and Cash Equivalents	(226,482)	166,177	(60,305)	(275,993)
Cash and Cash Equivalents at Beginning of Year	2,831,979	3,124,415	5,956,394	2,573,537
Cash and Cash Equivalents at End of Year	\$ 2,605,497	\$ 3,290,592	\$ 5,896,089	\$ 2,297,544
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 727,524	\$ 32,605	\$ 760,129	\$ (459,477)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	407,576	511,991	919,567	
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	7,964	4,026	11,990	
Increase (decrease) in allowance for doubtful accounts	13,756	4,833	18,589	
(Increase) decrease in due from other governments			-	
(Increase) decrease in due from other funds			-	148,896
(Increase) decrease in other assets			-	(806,626)
(Increase) decrease in inventory	75	1,200	1,275	
(Increase) decrease in prepaids	15,105	7,665	22,770	
(Increase) decrease in construction in progress			-	
Increase (decrease) in accounts payable and accrued items	(89,725)	89,855	130	
Increase (decrease) in due to other governments			-	
Increase (decrease) in due to other funds			-	499,999
Increase (decrease) in unearned revenue		(20,653)	(20,653)	
Increase (decrease) in compensated absences	34,104	(29,192)	4,912	
Increase (decrease) in claims payable			-	341,215
Total adjustments	388,855	569,725	958,580	183,484
Net Cash Provided by (Used in) Operating Activities	\$ 1,116,379	\$ 602,330	\$ 1,718,709	\$ (275,993)

The accompanying notes are an integral part of the financial statements

TOWN OF WESTERLY, RHODE ISLAND
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2017

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds	Agency Funds
Assets:			
Cash and cash equivalents	\$ 699,291	\$ 1,550	\$ 359,784
Investments, at fair value	34,582,167	166,801	3,325
Accrued interest receivable			
Other accounts receivable	121,038		
Due from other funds	355,121		
Total assets	<u>35,757,617</u>	<u>168,351</u>	<u>363,109</u>
Liabilities:			
Accounts payable and accrued expenses			
Due to other funds	355,121	15,966	
Deposits held in custody for others			363,109
Total liabilities	<u>355,121</u>	<u>15,966</u>	<u>363,109</u>
Net Position:			
Restricted for Pension Benefits and Trust Purposes	\$ <u>35,402,496</u>	\$ <u>152,385</u>	\$ <u>-</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WESTERLY, RHODE ISLAND
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds
Additions:		
Contributions:		
Employer	\$ 2,120,000	\$
Plan members	388,742	
Other		400
Total contributions	<u>2,508,742</u>	<u>400</u>
Net investment income:		
Net change in fair value of investments	2,893,861	
Interest and dividends	<u>764,185</u>	<u>9,362</u>
	<u>3,658,046</u>	<u>9,362</u>
Total additions	<u>6,166,788</u>	<u>9,762</u>
Deductions:		
Benefits	2,248,159	
Police retiree health care	691,271	
Administrative expense	77,950	
Other		3,321
Total deductions	<u>3,017,380</u>	<u>3,321</u>
Change in Net Position	3,149,408	6,441
Net Position at Beginning of Year	<u>32,253,088</u>	<u>145,944</u>
Net Position at End of Year	<u>\$ 35,402,496</u>	<u>\$ 152,385</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 the 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 seven-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, 2017

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 to 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* are 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.

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.

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017 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.

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:

Assets	Years
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 section 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 section 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 then. 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.”

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, but are neither restricted nor committed. The intent should be expressed by the Town Council, or an official to which the Town Council has delegated the 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.

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.

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

B. Deficit Fund Equity

The following funds had fund equity deficits at June 30, 2017:

Special Revenue Funds:		
Juvenile Justice	\$	177
Underage Drinking		429
Brandywine Village Fund		60
Highway Safety Grant		1,366
CERT Fund		11,355
NEIWPC Grant		3,814
TMDL Grant		6,820
Canal Street Acquisition		254,215

These fund deficits will be funded by future debt issuances, grants and Town contributions.

C. Excess of Expenditures over Appropriations

For the year ended June 30, 2017, expenditures exceeded appropriations in the following categories:

Town council	\$	18,560
Finance board		536
Legal services		49,169
Probate court		43
Town clerk		2,599
Finance department		3,196
Management information systems		33,728
Human resources		27,626
Public works administration		30,033
Snow and ice control		32,379
Street lighting		13,349
Police department		183,197
Technology		2,762
Health and welfare subsidies		37,051
Recreation and leisure		9,503
Town beach operation		20,439
Celebration of public events		17
Town debt service		734
Transfers out		1,322,453

The excess of expenditures over appropriations was offset by additional revenues generated. Additional appropriations of \$6,000 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, 2017, the Town's entire bank balance of \$24,238,342 was covered by either FDIC insurance or collateral held in the Town's name.

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, 2017, the Town held \$1,561,669 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 and OPEB Trust Fund's investments are not restricted in this manner.

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

	Investment Maturities (Years)		
	Fair Value	Less Than 1	1 - 10
Interest-bearing investments:			
Certificate of Deposit*	\$ 512,616	\$	\$ 512,616
U.S. Government Agencies	2,872,667	100,000	2,772,667
Corporate Bonds	7,725,007	1,523,776	6,201,231
Total	11,110,290	\$ 1,623,776	\$ 9,486,514
Other investments:			
Mutual Funds	7,041,131		
Common Stock	16,600,872		
Total Investments	\$ 34,752,293		

* Subject to coverage by the FDIC and financial institution collateralization

Presented below is the credit rating of each investment type:

Average Rating	Corporate Bonds	U.S. Government Agencies	Certificate of Deposit
Aaa	\$ 672,001	\$ 1,413,518	\$
Aa1	124,746	430,120	
Aa2	105,277	516,362	
Aa3	386,010	512,667	
A1	2,296,480		
A2	1,848,522		
A3	306,471		
Baa1	975,217		
Baa2	1,010,283		
Unrated			512,616
	\$ 7,725,007	\$ 2,872,667	\$ 512,616

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017:

	Fair Value Measurements			
	Fair Value	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
U.S. Government Agencies	\$ 2,872,667	\$	\$ 2,872,667	\$
Corporate Bonds	7,725,007		7,725,007	
Common Stock	16,600,872	16,600,872		
Mutual Funds	7,041,131	7,041,131		
Total investments by fair value level	34,239,677	\$ 23,642,003	\$ 10,597,674	\$ -
Investments not included above:				
Certificates of Deposit	512,616			
Total Investments	\$ 34,752,293			

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.

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.

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

5. RECEIVABLES

Below is the detail of receivables for each major governmental fund, proprietary funds 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	\$ 1,598,861	\$	\$	\$	\$	\$ 1,598,861
Accounts			1,595,320	1,244,409		2,839,729
Other receivable	1,173,649	2,981	75,040		310,108	1,561,778
Intergovernmental	<u>1,528,166</u>	<u>532,671</u>			<u>716,810</u>	<u>2,777,647</u>
Gross receivables	4,300,676	535,652	1,670,360	1,244,409	1,026,918	8,778,015
Less allowance for uncollectibles	<u>(919,654)</u>		<u>(69,272)</u>	<u>(25,140)</u>		<u>(1,014,066)</u>
Net Total Receivables	<u>\$ 3,381,022</u>	<u>\$ 535,652</u>	<u>\$ 1,601,088</u>	<u>\$ 1,219,269</u>	<u>\$ 1,026,918</u>	<u>\$ 7,763,949</u>

Receivables of \$693,846 related to accrued interest on property taxes are included in the government-wide statement of net position but not included in the table above.

6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

A. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2017 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Internal Service Fund	\$ 3,042,817
	School Restricted Fund	447,835
	Nonmajor governmental funds	1,218,307
	Private purpose trust funds	<u>15,966</u>
		4,724,925
Nonmajor governmental funds	General Fund	106,614
OPEB Trust Fund	Pension Trust Fund	355,121
Internal Service Fund	General Fund	<u>559</u>
Total		<u>\$ 5,187,219</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.

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

B. Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2017 is as follows:

	Transfers In			
	General Fund	Sewer Fund	Nonmajor Governmental and Other Funds	Total Transfers Out
Transfers out:				
General Fund	\$	\$ 316,002	\$ 933,362	\$ 1,249,364
Nonmajor Governmental Funds	<u>203,737</u>			<u>203,737</u>
Total Transfers In	<u>\$ 203,737</u>	<u>\$ 316,002</u>	<u>\$ 933,362</u>	<u>1,453,101</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.

7. CAPITAL ASSETS

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

	Beginning Balance (as restated)	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 15,146,109	\$	\$	\$	\$ 15,146,109
Construction in progress	<u>3,118,808</u>	<u>3,125,791</u>		<u>(2,580,850)</u>	<u>3,663,749</u>
Total capital assets not being depreciated	<u>18,264,917</u>	<u>3,125,791</u>	<u>-</u>	<u>(2,580,850)</u>	<u>18,809,858</u>
Capital assets being depreciated:					
Land improvements	4,144,325	262,627		1,728,437	6,135,389
Buildings and improvements	115,382,494	952,798			116,335,292
Motor vehicles	10,337,117	535,140	612,802	329,950	10,589,405
Machinery, equipment and furniture	8,683,235	504,661		522,463	9,710,359
Software	130,000				130,000
Infrastructure	<u>86,127,081</u>	<u>667,137</u>	<u>612,802</u>	<u>2,580,850</u>	<u>86,794,218</u>
Total capital assets being depreciated	<u>224,804,252</u>	<u>2,922,363</u>	<u>612,802</u>	<u>2,580,850</u>	<u>229,694,663</u>
Less accumulated depreciation for:					
Land Improvements	2,321,415	213,995			2,535,410
Buildings and improvements	35,122,203	3,578,171			38,700,374
Motor vehicles	7,586,678	805,857	612,802		7,779,733
Machinery, equipment and furniture	6,112,797	531,050			6,643,847
Software	130,000				130,000
Infrastructure	<u>28,317,107</u>	<u>733,623</u>	<u>612,802</u>	<u>-</u>	<u>29,050,730</u>
Total accumulated depreciation	<u>79,590,200</u>	<u>5,862,696</u>	<u>612,802</u>	<u>-</u>	<u>84,840,094</u>
Total capital assets being depreciated, net	<u>145,214,052</u>	<u>(2,940,333)</u>	<u>-</u>	<u>2,580,850</u>	<u>144,854,569</u>
Governmental Activities Capital Assets, Net	<u>\$ 163,478,969</u>	<u>\$ 185,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,664,427</u>

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

Governmental activities:	
Legislative, judicial and general administrative	\$ 831,789
Public works	742,322
Public safety	525,617
Health and welfare	7,376
Planning and zoning	8,861
Parks and recreation	174,144
Education	<u>3,572,587</u>
Total	<u>\$ 5,862,696</u>

	<u>Beginning Balance</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	<u>1,188,844</u>	<u>849,087</u>		<u>(1,188,843)</u>	<u>849,088</u>
Total capital assets not being depreciated	<u>7,120,479</u>	<u>849,087</u>	<u>-</u>	<u>(1,188,843)</u>	<u>6,780,723</u>
Capital assets being depreciated:					
Buildings and improvements	22,090,794	184,846			22,275,640
Mains, wells, pumps and hydrants	17,257,913	14,234		760,321	18,032,468
Tanks and structures	14,004,084	140,553		371,369	14,516,006
Machinery and equipment	3,717,930	139,773	22,131	57,153	3,892,725
Odor control plant	<u>1,024,302</u>				<u>1,024,302</u>
Total capital assets being depreciated	<u>58,095,023</u>	<u>479,406</u>	<u>22,131</u>	<u>1,188,843</u>	<u>59,741,141</u>
Less accumulated depreciation for:					
Buildings and improvements	12,385,944	386,174			12,772,118
Mains, wells, pumps and hydrants	7,277,076	255,102			7,532,178
Tanks and structures	5,518,847	187,281			5,706,128
Machinery and equipment	3,178,916	91,010	21,699		3,248,227
Odor control plant	<u>1,024,302</u>				<u>1,024,302</u>
Total accumulated depreciation	<u>29,385,085</u>	<u>919,567</u>	<u>21,699</u>	<u>-</u>	<u>30,282,953</u>
Total capital assets being depreciated, net	<u>28,709,938</u>	<u>(440,161)</u>	<u>432</u>	<u>1,188,843</u>	<u>29,458,188</u>
Business-Type Activities Capital Assets, Net	<u>\$ 35,830,417</u>	<u>\$ 408,926</u>	<u>\$ 432</u>	<u>\$ -</u>	<u>\$ 36,238,911</u>

Depreciation was charged to the following business-type activities:

Business-type activities:	
Water	\$ 407,576
Sewer	<u>511,991</u>
Total	<u>\$ 919,567</u>

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Construction Commitments

The Town has active construction projects as of June 30, 2017. 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, 2017:

Project	Project Authorization	Spent to Date
Canal Street Demolition / Remediation	\$ 367,412	\$ 291,909
Bay Street Sidewalk Repairs	67,500	61,500
Broad Street Downtown Culvert Project	1,521,062	12,645
Chapman Pond Boat Launch	279,158	22,636
Cross Street Improvements	3,437,614	3,066,526
Energy Upgrades to Public Buildings	1,600,000	351,204
Misquamicut Pump Station	71,564	25,233
Tower Street Water Storage Tank	559,737	511,922
Town-Wide Milling and Paving	871,738	605,638

8. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2017 are as follows:

	General Fund	School Restricted Fund	\$6.0 Million Bond Fund	Nonmajor Governmental Funds	Total
Fund balances:					
Nonspendable for:					
Prepays expenditures - Town	\$ 1,945,227	\$	\$	\$	\$ 1,945,227
Prepays expenditures - Schools	19,253				19,253
Restricted for:					
Educational programs	2,962,109	59,077			3,021,186
Neuter surcharge				1,364	1,364
Historical records preservation grant				31,751	31,751
Public safety grant programs				207,003	207,003
Health and welfare grant programs				18,868	18,868
Road improvement projects			3,058,992		3,058,992
Other capital projects				114,522	114,522
Committed for:					
Town capital projects				3,068,248	3,068,248
Animal shelter				98,733	98,733
Recycling program				1,934	1,934
Snow removal	54,227				54,227
Hospital evaluation	17,843				17,843
Dredging Winnapaug pond	400,000				400,000
Legislative, judicial and general administrative	249,309			7,087	256,396
Public works	137,730				137,730
Other programs	119,430				119,430
FSA program	3,380				3,380
Revaluation	9,554				9,554
K-9 donations program	2,551				2,551
Mentor and juvenile program	5,336				5,336
Unassigned	8,565,108	(18,449)		(278,236)	8,268,423
Total Fund Balances	\$ 14,491,057	\$ 40,628	\$ 3,058,992	\$ 3,271,274	\$ 20,861,951

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

9. LEASE OBLIGATIONS

Operating Leases

Leases for the Town's copiers are accounted for as operating leases. Total costs for the leases were \$38,098 for the year ended June 30, 2017. The future minimum lease payments for these leases are as follows:

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

10. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Changes in the Town's long-term liabilities for the year ended June 30, 2017 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	\$ 51,145,000	\$ 1,350,000	\$ 4,335,000	\$ 48,160,000	\$ 4,360,000
Loan payable	22,703,812		1,669,438	21,034,374	1,669,438
Premium on bond issuance	3,615,398		277,126	3,338,272	
Total bonds and notes payable	77,464,210	1,350,000	6,281,564	72,532,646	6,029,438
Capital lease payable	2,312,588	1,039,625	1,162,076	2,190,137	859,732
Compensated absences	1,902,097	23,672		1,925,769	385,154
Early retirement incentives obligation	45,000		45,000	-	
Net pension liability	57,969,870	1,875,300		59,845,170	
Net OPEB obligation	5,112,009	1,720,381	400,000	6,432,390	
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 144,805,774</u>	<u>\$ 6,008,978</u>	<u>\$ 7,888,640</u>	<u>\$ 142,926,112</u>	<u>\$ 7,274,324</u>
Business-Type Activities					
Loans payable	\$ 3,307,808	\$	\$ 547,289	\$ 2,760,519	\$ 560,605
Capital lease payable	2,491,760	131,372	163,744	2,459,388	153,044
Compensated absences	194,233	4,912		199,145	39,830
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 5,993,801</u>	<u>\$ 136,284</u>	<u>\$ 711,033</u>	<u>\$ 5,419,052</u>	<u>\$ 753,479</u>

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

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017 are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2017</u>
Governmental Activities					
General obligation bonds:					
Senior citizens center bond	08/01/96	10/01/16	4.8-6.75%	\$ 515,000	\$ -
General obligation school bond	07/15/98	07/15/18	5.0-7.5%	560,000	50,000
Police station and public works garage bond	07/01/06	07/01/26	4.0-5.0%	16,575,000	-
Road improvements and land acquisition	09/15/07	09/15/27	3.7-4.0%	8,000,000	4,510,000
General obligation bond, 2012 Series A	07/03/12	07/01/25	2.0-3.0%	6,500,000	5,770,000
Refunding bonds - 2012 Series B	07/03/12	08/15/24	2.0-5.0%	20,073,678	14,725,998
Refunding bonds - 2012 Series B	07/03/12	08/15/24	2.0-5.0%	121,322	89,002
Refunding bonds - 2012 Series C	07/03/12	10/15/23	1.5-3.0%	1,290,000	870,000
Refunding bonds - 2014 Series A	06/04/14	07/01/26	2.0-5.0%	15,890,000	15,035,000
General obligation bond, 2015 Series A	04/15/15	04/15/35	2.0-3.25%	6,000,000	5,760,000
SRF Revenue Bonds 2016B	07/08/16	09/01/32		1,350,000	1,350,000
Total general obligation bonds				<u>76,875,000</u>	<u>48,160,000</u>
Loans:					
High school renovation loans	06/15/10	04/01/27	5.75%	3,855,000	2,409,374
High school renovation loans	12/02/10	04/01/27	6.29%	5,496,000	3,435,000
High school renovation loans	02/03/11	04/01/31	2.0-5.5%	6,000,000	4,410,000
High school renovation loans	07/14/11	04/01/31	2.0-5.5%	14,645,000	10,780,000
Total loans				<u>29,996,000</u>	<u>21,034,374</u>
Total governmental activities				<u>106,871,000</u>	<u>69,194,374</u>
Business Type Activities					
Loans Payable:					
Westerly Sewer Fund:					
RICWFA 00 SRF	05/01/00	09/01/20	3.04%	255,000	66,142
RICWFA 01 SRF	12/19/00	09/01/20	2.86%	7,995,000	1,916,077
RICWFA 04 SRF	12/16/04	09/01/25	0.78-1.55%	1,724,300	778,300
Total loans payable				<u>9,974,300</u>	<u>2,760,519</u>
Total Outstanding				<u>\$ 116,845,300</u>	<u>\$ 71,954,893</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 accounted for in these funds.

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

The Water Fund bonds payable presented in the financial statements as direct liabilities of the Water Fund are revenue bonds backed by the Water Fund's ability to assess user fees. Because the proceeds of the bonds are used entirely for the benefit 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 and loans are as follows:

Governmental Activities				
	Bonds		Loans	
	Principal	Interest	Principal	
2018	\$ 4,360,000	\$ 1,676,135	\$ 1,669,438	
2019	4,502,000	1,536,398	1,669,438	
2020	4,538,000	1,378,650	1,669,438	
2021	4,604,000	1,221,540	1,669,438	
2022	4,664,000	1,063,828	1,669,438	
2023-2027	19,144,000	2,691,220	8,347,190	
2028-2032	4,667,000	665,943	4,339,994	
2033-2035	<u>1,681,000</u>	<u>81,828</u>		
Total	<u>\$ 48,160,000</u>	<u>\$ 10,315,542</u>	<u>\$ 21,034,374</u>	

C. Loans Payable

The Town has entered into loan agreements with the 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 Town has also entered into loan agreements with the 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, and land valued at \$5,289,966. The depreciable assets have a three- to twenty-year useful life. For the year ended June 30, 2017, \$398,742 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
JUNE 30, 2017

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2018	\$ 925,547	\$ 251,140
2019	602,681	239,019
2020	263,593	206,000
2021	112,757	206,000
2022	63,182	206,000
Thereafter	424,674	2,238,013
Total minimum lease payments	2,392,434	3,346,172
Less amount representing interest	(202,297)	(886,784)
Total	<u>\$ 2,190,137</u>	<u>\$ 2,459,388</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 amounts to \$177,242,444. As of June 30, 2017, the Town's debt subject to the legal debt margin is \$28,209,207 and the Town is under the debt limit by \$149,032,536. 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 RI General Laws	1988	Sewer	\$ 943,000	\$ 940,000	\$ -	\$ 3,000
45-12-2 RI General Laws	2003	Open Space	4,000,000	2,900,000	-	1,100,000
15-11-6	2008	High School	30,000,000	29,999,000	-	1,000
		Total	<u>\$ 34,943,000</u>	<u>\$ 33,839,000</u>	<u>\$ -</u>	<u>\$ 1,104,000</u>

G. Subsequent Event

On July 19, 2017 the Town issued \$3,890,000 of general obligation refunding bonds to advance refund \$4,100,000 of general obligation bonds dated September 15, 2007.

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 participate in a cost-sharing multiple-employer defined benefit pension plan - the Employees' Retirement System plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

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

Benefit Provisions

The level of benefits provided to participants is established by Chapter 36-10 of the General Laws, which is subject to amendment by the General Assembly. Member benefit provisions vary based on service credits accumulated at dates specified in various amendments to the General Laws outlining minimum retirement age, benefit accrual rates and maximum benefit provisions. In general, members accumulate service credits for each year of service subject to maximum benefit accruals of 80% or 75%. For those hired after June 30, 2012, the benefit accrual rate is 1% per year with a maximum benefit accrual of 40%. Members eligible to retire at September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

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

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

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

Contributions

The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2017, full-time teachers, principals, school nurses and certain other school officials were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The State and the 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 9.95% and 13.18% of annual covered payroll for the fiscal year ended June 30, 2017 for the state and School, respectively. The School contributed \$3,020,673, \$3,408,645 and \$3,336,096 for the fiscal years ended June 30, 2017, 2016 and 2015, respectively, equal to 100% of the required contributions for each year.

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

At June 30, 2017, the School reported a liability of \$45,085,674 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	\$	45,085,674
State's proportionate share of the net pension liability associated with the School		<u>30,877,067</u>
Total net pension liability	\$	<u><u>75,962,741</u></u>

The net pension liability was measured as of June 30, 2016, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016. The 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, 2016 the School's proportion was 1.51112797%.

For the year ended June 30, 2017 the School recognized gross pension expense of \$3,458,083 and revenue of \$2,584,610 for support provided by the State. At June 30, 2017 the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 889,565
Change of assumptions		933,926
Net difference between projected and actual earning on pension plan investments	5,101,890	1,583,613
Changes in proportion and differences between employer contributions and proportionate share of contributions		1,799,386
Contributions after the measurement date	<u>3,020,763</u>	<u></u>
Total	\$ <u><u>8,122,653</u></u>	\$ <u><u>5,206,490</u></u>

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

The \$3,020,763 reported as deferred outflows of resources related to pensions resulting from the School contributions in fiscal year 2017 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Inflows of Resources</u>
2018	\$ (23,322)
2019	(23,322)
2020	768,484
2021	182,475
2022	(653,490)
Thereafter	(355,425)

Actuarial Assumptions

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

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

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

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

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

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

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall medium-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%. 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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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% as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

		1% Decrease	Current	1% Increase
		(6.50%)	Discount Rate	(8.50%)
			(7.50%)	
Net Pension Liability	\$	55,676,863	\$	45,085,674
			\$	36,415,199

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. 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 paid by the employer under IRC Section 414(h), are not excluded from salary.

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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.

Final Average Compensation (FAC): 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 are reflected in the summary of benefit provisions described below.

General Employees

Members with less than five years of contributory service as of June 30, 2012 and members hired on or after that date are eligible for retirement on or after their Social Security normal retirement age (SSNRA).

Members who had at least five years of contributory service as of June 30, 2012 will be eligible for retirement at an individually determined age. This age is the result of interpolating between the member's prior Retirement Date, described below, and the retirement age applicable to members hired after June 30, 2012 in (A) above. The interpolation is based on service as of June 30, 2012 divided by projected service at the member's prior Retirement Date. The minimum retirement age is 59.

Members with 10 or more years of contributory service on June 30, 2012 may choose to retire at their prior Retirement Date if they continue to work and contribute until that date. If this option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

Effective July 1, 2015, members will be eligible to retire with full benefits at the earlier of their current Rhode Island Retirement Security Act (RIRSA) date described above or upon the attainment of age 65 with 30 years of service, age 64 with 31 years of service, age 63 with 32 years of service, or age 62 with 33 years of service.

A member who is within five years of reaching their retirement eligibility date and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

Prior to July 1, 2012, members were eligible for retirement on or after age 58 if they had credit for 10 or more years of service, or at any age if they had credit for at least 30 years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

The annual benefit is equal to 2.00% of the member's monthly FAC for each year of service prior to July 1, 2012 and 1.00% of the member's monthly FAC for each year of service from July 1, 2012 through June 30, 2015. For all service after June 30, 2015, the annual benefit is equal to 1.0% per year unless the member had 20 or more years of service as of June 30, 2012 in which case the benefit accrual is 2.0% per year for service after June 30, 2015. The benefit cannot exceed 75% of the member's FAC. Benefits are paid monthly.

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 (COLA) 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 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.

Employees Covered by Benefit Terms

At the June 30, 2015 valuation date, the following employees were covered by the benefit terms:

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

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Contributions

The amounts 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 \$181,400 in the year ended June 30, 2017. 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, 2015 and rolled forward to June 30, 2016, 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, 2016 measurement date (June 30, 2015 valuation rolled forward to June 30, 2016)	
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	- 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, 2015 valuation rolled forward to June 30, 2016 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

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

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

Discount Rate

The discount rate used to measure the total pension liability of the plans was 7.5%. 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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Changes in Net Pension Liabilities

Municipal Employee's Retirement System			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of July 1, 2016	\$ 930,441	\$ 268,845	\$ 661,596
Changes for the year:			
Interest on the total pension liability	64,320		64,320
Difference between expected and actual experience	64,388		64,388
Employer contributions		181,400	(181,400)
Net investment income		2,011	(2,011)
Benefit payments, including employee refunds	(145,691)	(145,691)	-
Administrative expense		(2,400)	2,400
Net changes	(16,983)	35,320	(52,303)
Balances as of June 30, 2017	\$ 913,458	\$ 304,165	\$ 609,293

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%, 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 \$	716,136	\$ 609,293	\$ 521,762

Pension Plan Fiduciary Net Position

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

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

For the year ended June 30, 2017, 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>
Changes of assumptions		
Net difference between projected and actual earning on pension plan investments	\$ 22,672	\$ 6,703
Town contributions subsequent to measurement date	<u>181,400</u>	
Total	<u>\$ 204,072</u>	<u>\$ 6,703</u>

Total Town contributions of \$181,400 made subsequent to the measurement date are reported as deferred outflows of resources. These contributions will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Outflows of Resources</u>
2018	\$ 2,911
2019	2,912
2020	6,265
2021	3,881

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>.

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Eligibility and Plan Benefits

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 \$29,664, \$31,533 and \$30,983 for the fiscal years ended June 30, 2017, 2016 and 2015, respectively, equal to 100% of the required contributions for each year.

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

At June 30, 2017, the Town reported an asset of \$4,888,524 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, 2016, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2016. The Town's proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2016 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2016 the Town proportion was 4.91%.

For the year ended June 30, 2017, the Town recognized pension expense of \$(53,449), an increase in the net pension asset. At June 30, 2017 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 930,614	\$ 971,828
Net difference between projected and actual earning on pension plan investments	1,293,564	399,392
Changes in proportion and differences between employer contributions and proportionate share of contributions	245,406	
Town contributions subsequent to measurement date	<u>29,664</u>	
Total	<u>\$ 2,499,248</u>	<u>\$ 1,371,220</u>

The \$29,664 reported as deferred outflows of resources related to pensions resulting from the School's contributions in fiscal year 2016 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ending June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Net Deferred Inflows of Resources
2018	\$ 200,998
2019	200,998
2020	400,694
2021	255,098
2022	40,904
Thereafter	(328)

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

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

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

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

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Discount Rate

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

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

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

		1% Decrease	Current	1% Increase
		(6.50%)	Discount Rate	(8.50%)
			(7.50%)	
Net Pension Asset	\$	3,879,100	\$	4,888,524
				\$ 5,714,416

Pension Plan Fiduciary Net Position

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

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 leaves 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

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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 Pension 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.

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.

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Schedule of Plan Net Position

	Police Pension Trust	OPEB Trust	Total
Assets:			
Cash and cash equivalents	\$ 613,140	\$ 86,151	\$ 699,291
Investments, at fair value	32,229,668	2,352,499	34,582,167
Other accounts receivable	114,490	6,548	121,038
Due from other funds		355,121	355,121
Total assets	<u>32,957,298</u>	<u>2,800,319</u>	<u>35,757,617</u>
Liabilities:			
Due to other funds	<u>355,121</u>		<u>355,121</u>
Net Position:			
Restricted for Pension and OPEB Benefits	<u>\$ 32,602,177</u>	<u>\$ 2,800,319</u>	<u>\$ 35,402,496</u>

Schedule of Changes in Plan Net Position

	Police Pension Trust	OPEB Trust	Total
Additions:			
Contributions:			
Employer	\$ 1,720,000	\$ 400,000	\$ 2,120,000
Plan members	388,742		388,742
Total contributions	<u>2,108,742</u>	<u>400,000</u>	<u>2,508,742</u>
Net investment income:			
Net appreciation in fair value of investments	2,627,859	266,002	2,893,861
Interest and dividends	764,185		764,185
	<u>3,392,044</u>	<u>266,002</u>	<u>3,658,046</u>
Total additions	<u>5,500,786</u>	<u>666,002</u>	<u>6,166,788</u>
Deductions:			
Benefits	2,248,159		2,248,159
Police retiree health care	(643)	691,914	691,271
Administrative expense	55,310	22,640	77,950
Total deductions	<u>2,302,826</u>	<u>714,554</u>	<u>3,017,380</u>
Change in Net Position	3,197,960	(48,552)	3,149,408
Net Position at Beginning of Year, as Restated	<u>29,404,217</u>	<u>2,848,871</u>	<u>32,253,088</u>
Net Position at End of Year	<u>\$ 32,602,177</u>	<u>\$ 2,800,319</u>	<u>\$ 35,402,496</u>

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Investment Policy

The Town has established an investment policy for the prudent investment of 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. The following investment types are prohibited: special placements, venture capital, derivatives, commodities, futures and options. Securities cannot be purchased on margin and short sales cannot be conducted. The fund is not allowed to borrow money.

The following was the Board's adopted asset allocation policy as of June 30, 2017:

<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, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.26%. 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, 2017 were as follows:

Total pension liability	\$ 46,752,164
Plan fiduciary net position	<u>32,601,961</u>
Total Net Pension Liability	<u><u>\$ 14,150,203</u></u>
Plan fiduciary net position as a percentage of the total pension liability	69.73%

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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.

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, 2017 (see discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
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. 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.

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Changes in Net Pension Liability

	Police		
	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2016	\$ 44,419,188	\$ 29,259,450	\$ 15,159,738
Changes for the year:			
Service cost	974,655		974,655
Interest on the total pension liability	3,320,232		3,320,232
Difference between expected and actual experience	(978,160)		(978,160)
Changes in assumptions	1,264,408		1,264,408
Employer contributions		1,720,000	(1,720,000)
Employee contributions		388,426	(388,426)
Net investment income		3,482,244	(3,482,244)
Benefit payments, including employee refunds	(2,248,159)	(2,248,159)	-
Net changes	2,332,976	3,342,511	(1,009,535)
Balances as of June 30, 2017	\$ 46,752,164	\$ 32,601,961	\$ 14,150,203

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:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 20,777,240	\$ 14,150,203	\$ 8,345,914

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

For the year ended June 30, 2017, the Town recognized pension expense of \$2,107,300. At June 30, 2017, 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	\$ 31,591	\$ 1,046,815
Changes of assumptions	1,513,797	556,952
Net difference between projected and actual earning on pension plan investments	<u>1,558,524</u>	<u>1,034,420</u>
Total	<u>\$ 3,103,912</u>	<u>\$ 2,638,187</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 Ending June 30,</u>	<u>Net Deferred Outflows of Resources</u>
2018	\$ 319,659
2019	319,659
2020	120,937
2021	(342,238)
2022	47,708

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.

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, 2017 and 2016, were \$282,226 and \$316,453, 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 non-salaried general employees participate in the Plan.

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017: 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, 2017, 2016 and 2015 was \$1,134,521, \$1,031,248 and \$976,725, 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, 2017 were \$151,921.

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.

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Management of the post-employment benefits plan is vested with the Town Manager, Director of Human Resources and Director of Finance. Funds are managed by a third-party investment management firm.

At June 30, 2017, plan membership consisted of the following:

	<u>Participants</u>
Retirees	44
Active employees	<u>49</u>
Total	<u><u>93</u></u>

Contributions

Required contributions to the Plan are determined by an actuarial calculation. The Town Manager proposes the Plan contribution as part of the Town's annual budget process. The final budgeted amount is approved by the Town Council.

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 premium as they contributed at the time of their retirement.
- Employees hired on or after July 1, 1993 and retiring after at least 20 years of active service will be eligible to receive Town-provided medical insurance for the retiring member only (single plan). The retired member will pay 17.5% percent of the cost of health care coverage at the fully mature working rate or monthly premium cost. After the retired member reaches the age of 65, the Town will be under no obligation to provide medical insurance coverage.

Investments

Investment Policy

The Town is responsible for directing and monitoring the investment and management of the Assets. Under the Plan document, the Town has the power to make such rules and regulations as may be necessary for the administration of the Plan and the Fund and the investment and reinvestment of the Assets. As such, the Town is authorized to delegate certain responsibilities to professional experts in various fields. These include Investment Managers, Custodians, and other specialists such as attorneys, auditors, actuaries, retirement plan consultants, and others to assist the Town in meeting its responsibilities and obligations to administer Plan assets prudently.

The investment Plan assets shall be diversified to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. Cash is to be employed productively at all times, by investment in short term cash equivalents to provide safety, liquidity, and return.

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

The Investment Policy, while not formal, is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
Cash and equivalents	0 - 10%
Equities	35 - 75%
Fixed income	25 - 50%

Rate of Return

For the year ended June 30, 2017 the annual money-weighted rate of return on investments, net of investment expense, was 9.63%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Town

During the year, the Town implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans (OPEB)*. This statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. The components of the net OPEB liability of the Town at June 30, 2017, were as follows:

Total OPEB liability	\$ 30,748,509
Plan fiduciary net position	<u>2,800,049</u>
Town's Net OPEB Liability	<u><u>\$ 27,948,460</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	9.11%

The Town of Westerly's net OPEB liability will be required to be recorded on the government-wide financial statement of net position at June 30, 2018.

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per year
Projected Salary Increases	3.25%
Investment Rate of Return	7.25%
Healthcare Cost Trend Rate	Initial rate of 9.0% decreasing by 0.5% annually to an ultimate rate of 5.0%

Mortality rates were based on RPH-2016 Total Dataset Mortality Table fully generational using scale MP-2016.

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Discount Rate

The discount rate used to measure the total OPEB liability was 3.60%. 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 investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

		1% Decrease (2.60%)	Current Discount Rate (3.60%)		1% Increase (4.60%)
Net OPEB liability	\$	33,721,660	\$	27,948,460	\$ 23,463,432

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

		1% Decrease (8.0% decreasing to 4.0%)	Healthcare Cost Trend Rates (9.0% decreasing to 5.0%)		1% Increase (10.0% decreasing to 6.0%)
Net OPEB liability	\$	23,602,992	\$	27,948,460	\$ 33,439,831

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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)	\$ 1,822,687
Interest on net OPEB obligation	204,480
Adjustment to annual required contribution	<u>(306,786)</u>
Annual OPEB cost	1,720,381
Contributions made	<u>(400,000)</u>
Change in net OPEB obligation	1,320,381
Net OPEB obligation, beginning of year	<u>5,112,009</u>
Net OPEB Obligation, End of Year	<u><u>\$ 6,432,390</u></u>

The current year expenditures for these post employment 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
6/30/2017	\$ 1,720,381	\$ 400,000	23.3 %	\$ 6,432,390
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

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Funding Status and Funding Progress

The funded status of the plan as of June 30, 2017, 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
6/30/2017	\$ 2,998,870	\$ 28,169,918	\$ (25,171,048)	10.6 %	\$ 3,668,707	(686.1) %
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)

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, 2017.

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.

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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 re-evaluated 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 they are 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:

Fiscal Year		Accrued Liability Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Accrued Liability Claim Payments		Accrued Liability End of Fiscal Year
2016-17	\$	608,623	\$ 11,145,248	\$ 10,804,033	\$	949,838
2015-16		538,236	11,348,783	11,278,396		608,623

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.

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

15. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning net position and fund balance for Governmental Activities, General Fund, Sewer Fund, Police Pension Trust and OPEB Trust:

	<u>Governmental Activities</u>	<u>General Fund</u>	<u>Sewer Fund</u>	<u>Police Pension Trust</u>	<u>OPEB Trust</u>
Net position/fund balance as previously reported at June 30, 2016	\$ 52,962,469	\$ 11,633,039	\$ 17,005,081	\$ 30,377,146	\$ 1,875,942
To correct overstated capital asset balances	(1,234,564)				
To correct overstated capital lease	29,928				
To correct overstated receivable balance	(138,589)	(138,589)			
To correct sewer assessment balance			(112,488)		
To reflect OPEB Trust assets reported within Police Pension Trust				(972,929)	972,929
Net Position/Fund Balance as Restated at July 1, 2016	<u>\$ 51,619,244</u>	<u>\$ 11,494,450</u>	<u>\$ 16,892,593</u>	<u>\$ 29,404,217</u>	<u>\$ 2,848,871</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, 2017

	<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	\$ 62,169,433	\$ 62,169,433	\$ 62,811,154	\$ 641,721
Motor vehicle - excise tax	4,820,167	4,820,167	5,111,656	291,489
Personal property taxes	1,293,331	1,293,331	1,361,749	68,418
Prior year property taxes	842,642	842,642	1,043,616	200,974
Pilot - Housing authority	15,000	15,000	33,305	18,305
Pro-ration	65,000	65,000	77,540	12,540
Tax interest, lien fees and other	458,000	458,000	567,064	109,064
Total property taxes	<u>69,663,573</u>	<u>69,663,573</u>	<u>71,006,084</u>	<u>1,342,511</u>
Intergovernmental revenues:				
State motor vehicle - excise tax phase out	216,507	216,507	220,009	3,502
State grant-in-aid - general	2,135,605	2,135,605	2,165,076	29,471
State grant-in-aid - library	284,845	284,845	318,145	33,300
State grant-in-aid - school operation	9,070,990	9,070,990	8,902,762	(168,228)
State grant-in-aid - school housing aid	1,864,927	1,864,927	1,864,928	1
Total intergovernmental revenues	<u>13,572,874</u>	<u>13,572,874</u>	<u>13,470,920</u>	<u>(101,954)</u>
Licenses and permits	<u>552,665</u>	<u>552,665</u>	<u>505,827</u>	<u>(46,838)</u>
Fines and penalties	<u>184,650</u>	<u>184,650</u>	<u>256,463</u>	<u>71,813</u>
Use of property and money	<u>518,822</u>	<u>518,822</u>	<u>547,949</u>	<u>29,127</u>
Other revenues	<u>1,365,267</u>	<u>1,365,267</u>	<u>1,406,055</u>	<u>40,788</u>
Recreation	<u>280,179</u>	<u>280,179</u>	<u>239,660</u>	<u>(40,519)</u>
Solid waste revenue	<u>2,213,500</u>	<u>2,213,500</u>	<u>2,492,851</u>	<u>279,351</u>
Total revenues	<u>88,351,530</u>	<u>88,351,530</u>	<u>89,925,809</u>	<u>1,574,279</u>

(Continued on next page)

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, 2017

	<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	\$ 203,737	\$ 203,737	\$ 203,737	\$ -
Total Revenues and Other Financing Sources	<u>\$ 88,555,267</u>	<u>\$ 88,555,267</u>	90,129,546	<u>\$ 1,574,279</u>
Budgetary revenues are different than GAAP revenues because:				
Capital lease issue			1,039,625	
Revenues for funds not reported as budgetary revenues, but included for financial reporting purposes:				
Revaluation Fund revenues			52	
Santo Algiere revenues			3,500	
Mentor and Juvenile Fund revenues			150	
School Unrestricted Fund revenues			1,773,914	
State of Rhode-Island on-behalf of the Town payments to the Employees Retirement System			2,427,201	
Athletic Fund revenues			14,331	
Miscellaneous Donation Fund revenues			<u>19,941</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>95,408,260</u>	

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, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Legislative, judicial and general administrative:				
Legislative:				
Town council	\$ 75,413	\$ 75,413	\$ 93,973	\$ (18,560)
Finance board	850	850	1,386	(536)
Judicial:				
Legal services	210,479	210,479	259,648	(49,169)
Probate court	81,490	81,490	81,533	(43)
Municipal court	12,417	13,863	12,416	1,447
Administrative:				
Board of canvassers	212,088	214,233	213,188	1,045
Town clerk	338,989	341,712	344,311	(2,599)
Town manager	418,179	369,357	263,420	105,937
Finance department	874,803	875,685	878,881	(3,196)
Assessment administration	368,340	373,178	357,177	16,001
Management information systems	306,113	315,147	348,875	(33,728)
Human resources	198,192	200,292	227,918	(27,626)
Benefits:				
Pension and OPEB	2,301,400	2,301,400	2,301,261	139
Total legislative, judicial and general administrative	5,398,753	5,373,099	5,383,987	(10,888)
Public works:				
Town buildings	811,258	813,234	762,219	51,015
Public works administration	209,262	221,667	251,700	(30,033)
Tree warden	6,122	6,122	3,146	2,976
Highway and drainage	1,669,952	1,671,257	1,542,723	128,534
Snow and ice control	196,350	196,350	228,729	(32,379)
Street lighting	450,000	450,000	463,349	(13,349)
Sanitation	2,322,815	2,323,976	2,234,791	89,185
Equipment maintenance	383,092	389,092	348,280	40,812
Engineering	93,472	93,472	81,740	11,732
Total public works	6,142,323	6,165,170	5,916,677	248,493
Public safety:				
Police department	6,198,292	6,196,770	6,379,967	(183,197)
Animal shelter	164,104	175,869	173,989	1,880
Technology	178,983	180,267	183,029	(2,762)
Total public safety	6,541,379	6,552,906	6,736,985	(184,079)
Expenditures:				
Health and welfare:				
Subsidies	1,055,795	1,055,795	1,092,846	(37,051)
Conservation and development:				
Conservation commission	19,500	19,500	17,101	2,399
Municipal land trust	10,000	10,000	10,000	-
Total conservation and development	29,500	29,500	27,101	2,399

(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, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Parks and recreation:				
Recreation and leisure	\$ 293,137	\$ 294,649	\$ 304,152	\$ (9,503)
Town beach operation	289,296	289,800	310,239	(20,439)
Celebration of public events	2,732	2,732	2,749	(17)
Maintenance	615,500	615,500	421,060	194,440
Total parks and recreation	<u>1,200,665</u>	<u>1,202,681</u>	<u>1,038,200</u>	<u>164,481</u>
Planning and zoning:				
Planning and zoning/codes/grants	<u>811,303</u>	<u>801,867</u>	<u>654,810</u>	<u>147,057</u>
Capital improvements/restricted programs:				
Restricted programs	1,187,000	1,187,000	674,391	512,609
Capital improvements	988,184	992,884	822,676	170,208
Total capital improvements/restricted programs	<u>2,175,184</u>	<u>2,179,884</u>	<u>1,497,067</u>	<u>682,817</u>
Debt service:				
Town debt service	3,718,026	3,718,026	3,718,760	(734)
School debt service	6,384,536	6,384,536	6,381,816	2,720
Total debt service	<u>10,102,562</u>	<u>10,102,562</u>	<u>10,100,576</u>	<u>1,986</u>
Education	<u>54,781,801</u>	<u>54,781,801</u>	<u>54,613,573</u>	<u>168,228</u>
Total expenditures	<u>88,239,265</u>	<u>88,245,265</u>	<u>87,061,822</u>	<u>1,183,443</u>
Other Financing Uses:				
Transfers out	<u>316,002</u>	<u>316,002</u>	<u>1,638,455</u>	<u>(1,322,453)</u>
Total Expenditures and Other Financing Uses	<u>\$ 88,555,267</u>	<u>\$ 88,561,267</u>	<u>88,700,277</u>	<u>\$ (139,010)</u>
Budgetary expenditures are different than GAAP expenditures because:				
Change in encumbrances			(452,249)	
Equipment purchased through capital lease			1,039,625	
Expenditures for funds not reported as budgetary expenditures, but are included in GAAP expenditures:				
FSA Fund expenditures			1,262	
Santo Algiere Fund expenditures			49,856	
General fund transfer to Santo Algiere			(400,000)	
Mentor & Juvenile Fund expenditures			269	
Storm Fund transfers			(120,728)	
School Unrestricted Fund expenditures			1,002,891	
School Unrestricted Fund transfers out			131,637	
State of Rhode-Island on-behalf of the Town payments to the Employees Retirement System			2,427,201	
Athletic Fund expenditures			15,351	
Miscellaneous Donation Fund expenditures and transfers			16,261	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 92,411,653</u>	

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	1.51113%	1.53100236%	1.59668%
Town's proportionate share of the net pension liability	\$ 45,085,674	\$ 42,148,536	\$ 38,863,318
State's proportionate share of the net pension liability associated with the school district	<u>30,877,067</u>	<u>28,794,557</u>	<u>26,650,367</u>
Total	\$ <u>75,962,741</u>	\$ <u>70,943,093</u>	\$ <u>65,513,685</u>
Town's covered employee payroll	\$ 22,919,294	\$ 22,561,209	\$ 24,523,661
Town's proportionate share of the net pension liability as a percentage of its covered employee payroll	50.83%	53.53%	63.10%
Plan fiduciary net position as a percentage of the total pension liability	61.40%	56.49%	61.40%

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 THREE FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 3,020,763	\$ 3,097,654	\$ 3,491,094
Contributions in relation to the actuarially determined contribution	<u>3,020,763</u>	<u>3,097,654</u>	<u>3,491,094</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 22,919,294	\$ 22,561,209	\$ 24,523,661
Contributions as a percentage of covered- employee payroll	13%	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 THREE FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:			
Service cost			
Interest on the total pension liability	\$ 64,320	\$ 60,047	\$ 65,369
Changes of benefit terms		(108)	
Difference between expected and actual experience of the Total Pension Liability	64,388	140,725	
Changes of assumptions			5,469
Benefit payments, including refunds of employee contributions	(145,691)	(141,691)	(141,905)
Net change in total pension liability	(16,983)	58,973	(71,067)
Total pension liability - beginning	930,441	871,468	942,535
Total pension liability - ending	913,458	930,441	871,468
Plan fiduciary net position:			
Contributions - employer	181,400	181,261	183,142
Net investment income	2,011	6,300	29,732
Benefit payments, including refunds of employee contributions	(145,691)	(141,691)	(141,905)
Pension plan administrative expense	(2,400)	(254)	(186)
Net change in plan fiduciary net position	35,320	45,616	70,783
Plan fiduciary net position - beginning	268,845	223,229	152,446
Plan fiduciary net position - ending	304,165	268,845	223,229
Net Pension Liability - Ending	\$ 609,293	\$ 661,596	\$ 648,239
Plan fiduciary net position as a percentage of the total pension liability	33.30%	28.89%	25.62%
Covered-employee payroll	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A	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 THREE FISCAL YEARS**

	2017	2016	2015
Actuarially determined contribution	\$ 181,400	\$ 181,400	\$ 183,142
Contributions in relation to the actuarially determined contribution	181,400	181,400	183,142
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A	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 FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Service cost	\$ 974,655	\$ 917,082	\$ 851,843	\$ 851,843
Interest	3,320,232	3,224,788	3,036,062	2,890,153
Difference between expected and actual experience	(978,160)	47,387	(499,006)	
Changes of assumptions	1,264,408	(835,428)	991,037	
Benefit payments, including refunds of member contributions	<u>(2,248,159)</u>	<u>(2,029,473)</u>	<u>(1,795,715)</u>	<u>(1,797,326)</u>
Net change in total pension liability	2,332,976	1,324,356	2,584,221	1,944,670
Total pension liability - beginning	<u>44,419,188</u>	<u>43,094,832</u>	<u>40,510,611</u>	<u>38,565,941</u>
Total pension liability - ending	<u>46,752,164</u>	<u>44,419,188</u>	<u>43,094,832</u>	<u>40,510,611</u>
Plan fiduciary net position:				
Contributions - employer	1,720,000	1,713,800	1,716,400	1,816,000
Contributions - employee	388,426	382,932	384,672	355,912
Net investment income	3,482,244	129,896	1,255,952	2,968,145
Benefit payments, including refunds of member contributions	<u>(2,248,159)</u>	<u>(2,029,473)</u>	<u>(1,795,715)</u>	<u>(1,797,326)</u>
Net change in plan fiduciary net position	3,342,511	197,155	1,561,309	3,342,731
Plan fiduciary net position - beginning	<u>29,259,450</u>	<u>29,062,295</u>	<u>27,500,986</u>	<u>24,158,255</u>
Plan fiduciary net position - ending	<u>32,601,961</u>	<u>29,259,450</u>	<u>29,062,295</u>	<u>27,500,986</u>
Net Pension Liability - Ending	<u>\$ 14,150,203</u>	<u>\$ 15,159,738</u>	<u>\$ 14,032,537</u>	<u>\$ 13,009,625</u>
Plan fiduciary net position as a percentage of the total pension liability	69.73%	65.87%	67.44%	67.89%
Covered-employee payroll	\$ 4,077,370	\$ 4,077,370	\$ 3,802,837	\$ 3,497,794
Net pension liability as a percentage of covered-employee payroll	347.04%	371.80%	369.00%	371.94%

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$ 1,667,700	\$ 1,713,800	\$ 1,716,400	\$ 1,816,000	\$ 1,272,700	\$ 1,225,170	\$ 1,161,510	\$ 1,164,310	\$ 954,660	\$ 1,651,100
Contributions in relation to the actuarially determined contribution	<u>1,720,000</u>	<u>1,713,800</u>	<u>1,716,400</u>	<u>1,816,000</u>	<u>1,586,044</u>	<u>1,225,170</u>	<u>1,275,000</u>	<u>1,275,000</u>	<u>1,098,750</u>	<u>1,300,000</u>
Contribution Deficiency (Excess)	\$ <u>(52,300)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(313,344)</u>	\$ <u>-</u>	\$ <u>(113,490)</u>	\$ <u>(110,690)</u>	\$ <u>(144,090)</u>	\$ <u>351,100</u>
Covered-employee payroll	\$ 4,077,370	\$ 4,077,370	\$ 3,802,837	\$ 3,497,794	\$ 3,039,511	\$ 2,847,036	\$ 2,838,895	\$ 2,854,895	\$ 2,624,354	\$ 2,624,354
Contributions as a percentage of covered-employee payroll	42.18%	42.03%	45.13%	51.92%	52.18%	43.03%	44.91%	44.66%	41.87%	49.54%

Notes to Schedule

Valuation date: July 1, 2015

Measurement date: June 30, 2017

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	7.25%, 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-2016

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

	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	11.26%	0.45%	4.46%	12.20%

Notes to Schedule

1.) 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 THREE FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension asset	4.90954266%	5.13115531%	5.15362918%
Town's proportionate share of the net pension asset	\$ 4,888,524	\$ 4,790,221	\$ 6,407,029
Town's covered employee payroll	\$ 22,919,294	\$ 22,561,209	\$ 24,523,661
Town's proportionate share of the net pension liability as a percentage of its covered employee payroll	468.8%	471.0%	382.8%
Plan fiduciary net position as a percentage of the total pension liability	153.3%	146.6%	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 THREE FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 29,664	\$ 30,144	\$ 30,983
Contributions in relation to the actuarially determined contribution	<u>29,664</u>	<u>30,144</u>	<u>30,983</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 22,919,294	\$ 22,561,209	\$ 24,523,661
Contributions as a percentage of covered- employee payroll	0.13%	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.

TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OTHER POST-EMPLOYMENT BENEFITS PLAN
LAST FISCAL YEAR*

	<u>2017</u>
Total OPEB liability:	
Service cost	\$ 1,254,229
Interest	1,331,128
Changes of benefit terms	(11,013,747)
Differences between expected and actual experience	(5,228,968)
Changes of assumptions	383,434
Benefit payments	(691,914)
Net change in total OPEB liability	<u>(13,965,838)</u>
Total OPEB liability - beginning	44,714,347
Total OPEB liability - ending	<u>30,748,509</u>
Plan fiduciary net position:	
Contributions - employer	400,000
Net investment income (loss)	271,666
Benefit payments	(691,914)
Administrative expense	(22,640)
Net change in plan fiduciary net position	<u>(42,888)</u>
Plan fiduciary net position - beginning	2,842,937
Plan fiduciary net position - ending	<u>2,800,049</u>
Net OPEB Liability - Ending	<u>\$ 27,948,460</u>
Plan fiduciary net position as a percentage of the total OPEB liability	9.11%
Covered-employee payroll	3,668,707
Net OPEB liability as a percentage of covered-employee payroll	761.81%

Notes to Schedule

- 1.) 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 - OTHER POST-EMPLOYMENT BENEFITS PLAN
LAST NINE FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	\$ 1,912,794	\$ 2,784,810	\$ 936,800	\$ 966,300	\$ 922,800	\$ 907,530	\$ 464,700	\$ 459,200	\$ 433,200
Contributions in relation to the actuarially determined contribution	<u>400,000</u>	<u>386,000</u>	<u>429,600</u>	<u>429,600</u>	<u>467,920</u>	<u>985,328</u>	<u>425,000</u>	<u>425,000</u>	<u>366,250</u>
Contribution Deficiency (Excess)	<u>\$ 1,512,794</u>	<u>\$ 2,398,810</u>	<u>\$ 507,200</u>	<u>\$ 536,700</u>	<u>\$ 454,880</u>	<u>\$ (77,798)</u>	<u>\$ 39,700</u>	<u>\$ 34,200</u>	<u>\$ 66,950</u>
Covered-employee payroll	\$ 3,668,707	\$ 3,406,417	\$ 3,307,201	\$ 3,384,654	\$ 3,039,511	\$ 2,847,036	\$ 2,838,895	\$ 2,854,292	\$ 2,976,831
Contributions as a percentage of covered-employee payroll	10.9%	11.3%	13.0%	12.7%	15.4%	34.6%	15.0%	14.9%	12.3%

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percentage of salary, closed
Amortization period	28 years remaining
Asset valuation method	Fair market value
Inflation	3.00%
Healthcare cost trend rates - Medical/RX	2018 - 9.00%; 2019 - 8.50%; 2020 - 8.00%; Ultimate 5.00%
Healthcare cost trend rates - Dental	2018 - 5.00%; 2019 - 4.75%; 2020 - 4.50%; Ultimate 3.50%
Healthcare cost trend rates - Part B	2018 - 5.00%; 2019 - 5.00%; 2020 - 5.00%; Ultimate 5.00%
Salary increases	3.0% per annum plus merit/productivity increases
Investment rate of return	7.25%
Mortality	RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016

Notes to Schedule

1.) 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 INVESTMENT RETURNS
 OTHER POST-EMPLOYMENT BENEFITS PLAN
 LAST FISCAL YEAR**

2017

Annual Money-weighted rate of return,
 net of investment expense

9.63%

Notes to Schedule

- 1.) 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, 2017

	General Fund Town	School Unrestricted Fund	Eliminations	Total General Fund
ASSETS				
Cash and cash equivalents	\$ 4,059,123	\$ 3,249,845	\$	\$ 7,308,968
Property taxes receivable	733,746			733,746
Due from federal and state governments	1,528,166			1,528,166
Other receivables	875,645	243,465		1,119,110
Due from other funds	3,550,465	1,182,662	(8,202)	4,724,925
Prepaid items	1,945,227	19,253		1,964,480
Total Assets	<u>\$ 12,692,372</u>	<u>\$ 4,695,225</u>	<u>\$ (8,202)</u>	<u>\$ 17,379,395</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 480,455	\$ 636,731	\$	\$ 1,117,186
Accrued liabilities		944,557		944,557
Due to state and federal governments	120,996			120,996
Due to other funds	8,761	106,614	(8,202)	107,173
Unearned revenue		25,961		25,961
Total liabilities	<u>610,212</u>	<u>1,713,863</u>	<u>(8,202)</u>	<u>2,315,873</u>
Deferred inflows of resources				
Unavailable revenues - taxes	461,197			461,197
Unavailable revenues - solid waste assessments	15,636			15,636
Unavailable revenues - other billings	27,845			27,845
Advance tax collections	67,787			67,787
Total deferred inflows of resources	<u>572,465</u>	<u>-</u>	<u>-</u>	<u>572,465</u>
Fund balances:				
Nonspendable	1,945,227	19,253		1,964,480
Restricted		2,962,109		2,962,109
Committed	999,360			999,360
Unassigned	8,565,108			8,565,108
Total fund balances	<u>11,509,695</u>	<u>2,981,362</u>	<u>-</u>	<u>14,491,057</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,692,372</u>	<u>\$ 4,695,225</u>	<u>\$ (8,202)</u>	<u>\$ 17,379,395</u>

TOWN OF WESTERLY, RHODE ISLAND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	School Unrestricted Fund	Eliminations	Total General Fund
Revenues:				
Property taxes, interest and lien fees	\$ 71,006,084	\$	\$	\$ 71,006,084
Intergovernmental and departmental revenues	16,206,931	4,221,056		20,427,987
Licenses and permits	505,827	14,331		520,158
Fines and penalties	256,463			256,463
Interest on investments	70,392			70,392
Other revenues	1,883,814			1,883,814
Total revenues	<u>89,929,511</u>	<u>4,235,387</u>	<u>-</u>	<u>94,164,898</u>
Expenditures:				
Current:				
Legislative, judicial and general administrative	5,190,160			5,190,160
Public works	5,778,947			5,778,947
Public safety	6,735,759			6,735,759
Health and welfare	1,093,115			1,093,115
Conservations and development	27,101			27,101
Parks and recreation	1,069,603			1,069,603
Planning and zoning	654,428			654,428
Education		58,075,277		58,075,277
Debt Service	10,013,728			10,013,728
Capital improvements/restricted programs	1,890,785	633,386		2,524,171
Total expenditures	<u>32,453,626</u>	<u>58,708,663</u>	<u>-</u>	<u>91,162,289</u>
Excess (Deficiency) of Revenues over Expenditures	<u>57,475,885</u>	<u>(54,473,276)</u>	<u>-</u>	<u>3,002,609</u>
Other Financing Sources (Uses):				
Issuance of capital leases	406,239	633,386		1,039,625
Transfers in	324,465	54,709,278	(54,830,006)	203,737
Transfers out	(55,852,028)	(227,342)	54,830,006	(1,249,364)
Total other financing sources (uses)	<u>(55,121,324)</u>	<u>55,115,322</u>	<u>-</u>	<u>(6,002)</u>
Net Change in Fund Balances	2,354,561	642,046	-	2,996,607
Fund Balances at Beginning of Year, as Restated	<u>9,155,134</u>	<u>2,339,316</u>	<u>-</u>	<u>11,494,450</u>
Fund Balances at End of Year	<u>\$ 11,509,695</u>	<u>\$ 2,981,362</u>	<u>\$ -</u>	<u>\$ 14,491,057</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, 2017

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues and Use of Fund Balance:				
Town appropriation	\$ 45,710,811	\$ 45,710,811	\$ 45,710,811	\$ -
State aid	9,070,990	9,070,990	8,902,762	(168,228)
Medicaid reimbursement	1,172,500	1,172,500	1,335,838	163,338
Tuition	42,500	42,500	68,769	26,269
Program revenues TSSCC	190,000	190,000	246,916	56,916
Rental	105,000	105,000	119,706	14,706
Transportation fees	5,000	5,000	2,685	(2,315)
Miscellaneous	24,981	24,981		(24,981)
Total revenues	<u>56,321,782</u>	<u>56,321,782</u>	<u>56,387,487</u>	<u>65,705</u>
Use of fund balance	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total revenues and use of fund balance	<u>56,521,782</u>	<u>56,521,782</u>	<u>56,587,487</u>	<u>65,705</u>
Expenditures:				
Wages and benefits	46,289,046	46,203,596	45,508,043	695,553
Contract services	1,133,545	1,157,945	1,102,356	55,589
Tuition	3,875,000	3,875,000	3,943,221	(68,221)
Repair and maintenance	1,134,689	1,195,189	1,204,374	(9,185)
Utilities and fuel	1,515,002	1,515,002	1,220,795	294,207
Technology	566,500	647,928	513,610	134,318
Other operations	2,008,000	1,927,122	1,764,037	163,085
Total expenditures	<u>56,521,782</u>	<u>56,521,782</u>	<u>55,256,436</u>	<u>1,265,346</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>1,331,051</u>	<u>1,331,051</u>
Other Financing Sources (Uses):				
Transfers in			95,705	95,705
Transfers out			(227,342)	(227,342)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(131,637)</u>	<u>(131,637)</u>
Excess of Revenues, Other Financing Sources and Use of Fund Balance over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>1,199,414</u>	<u>\$ 1,199,414</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			(200,000)	
Change in encumbrance			(360,028)	
Revenues and expenditures not reported as budgetary items, but are included for GAAP reporting:				
Athletic Fund			(1,020)	
Miscellaneous Donations Fund			3,680	
Total Net Change in Fund Balance - GAAP basis - Exhibit A-2			<u>\$ 642,046</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 Sandy	State grant	Disaster recovery
CDBG (2015, 2014, 2013, 2012, 2011)	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
CDBG DR	Federal grant	Disaster Recovery
CDBG 2016	Federal grant	Miscellaneous projects
NEIWPCC Grant	State grant	Clean water
Pride Grant	State grant	Town beautification project
Working Cities Grant	State grant	Town improvements
TDML Grant	State grant	Water improvement project
Pump Out Boat	State grant	Clean water
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
Capital Projects EBF	Bonds	Energy efficiency projects
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, 2017**

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	CDBG 2014	CDBG 2015
ASSETS										
Cash and cash equivalents	\$ 22,794	\$ 100,635	\$ 1,364	\$ 74,796	\$ 40,911	\$ 2,770	\$ 1,934	\$	\$ 1,862	\$
Accounts and other receivables	47,169			390						
Due from federal and state governments	112,311				463			40,887	36,341	192
Due from other funds	106,614									
Bond proceeds receivable										
Total Assets	<u>\$ 288,888</u>	<u>\$ 100,635</u>	<u>\$ 1,364</u>	<u>\$ 75,186</u>	<u>\$ 41,374</u>	<u>\$ 2,770</u>	<u>\$ 1,934</u>	<u>\$ 40,887</u>	<u>\$ 38,203</u>	<u>\$ 192</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 288,888	\$ 902	\$	\$ 43,435	\$	\$	\$	\$ 10,700	\$ 38,203	\$
Accrued liabilities										
Due to other funds								30,187		192
Deferred revenue		1,000								
Total liabilities	<u>288,888</u>	<u>1,902</u>	<u>-</u>	<u>43,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,887</u>	<u>38,203</u>	<u>192</u>
Fund Balances:										
Restricted			1,364	31,751	41,374					
Committed		98,733				2,770	1,934			
Unassigned										
Total fund balances	<u>-</u>	<u>98,733</u>	<u>1,364</u>	<u>31,751</u>	<u>41,374</u>	<u>2,770</u>	<u>1,934</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 288,888</u>	<u>\$ 100,635</u>	<u>\$ 1,364</u>	<u>\$ 75,186</u>	<u>\$ 41,374</u>	<u>\$ 2,770</u>	<u>\$ 1,934</u>	<u>\$ 40,887</u>	<u>\$ 38,203</u>	<u>\$ 192</u>

(Continued on next page)

**TOWN OF WESTERLY, RHODE ISLAND
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

EXHIBIT B-1

	Special Revenue Funds									
	CDBG 2013	CDBG 2012	CDBG 2011	Substance Abuse	SOR Grant	Byrne Grant	Federal Forfeiture	Juvenile Justice	Underage Drinking	Seatbelt Grants
ASSETS										
Cash and cash equivalents	\$	\$	\$	\$ 6,433	\$	\$	\$ 130,305	\$	\$	\$ 10,228
Accounts and other receivables		183				13,795				
Due from federal and state governments	4,890			4,900	2,090					
Due from other funds										
Bond proceeds receivable										
Total Assets	<u>\$ 4,890</u>	<u>\$ 183</u>	<u>\$ -</u>	<u>\$ 11,333</u>	<u>\$ 2,090</u>	<u>\$ 13,795</u>	<u>\$ 130,305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,228</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	\$ 183	\$	\$ 493	\$	\$ 4,147	\$	\$	\$	\$
Accrued liabilities										
Due to other funds	4,890				901	2,654		177	429	
Deferred revenue										
Total liabilities	<u>4,890</u>	<u>183</u>	<u>-</u>	<u>493</u>	<u>901</u>	<u>6,801</u>	<u>-</u>	<u>177</u>	<u>429</u>	<u>-</u>
Fund Balances:										
Restricted				10,840	1,189	6,994	130,305			10,228
Committed										
Unassigned								(177)	(429)	
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,840</u>	<u>1,189</u>	<u>6,994</u>	<u>130,305</u>	<u>(177)</u>	<u>(429)</u>	<u>10,228</u>
Total Liabilities and Fund Balances	<u>\$ 4,890</u>	<u>\$ 183</u>	<u>\$ -</u>	<u>\$ 11,333</u>	<u>\$ 2,090</u>	<u>\$ 13,795</u>	<u>\$ 130,305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,228</u>

(Continued on next page)

**TOWN OF WESTERLY, RHODE ISLAND
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

EXHIBIT B-1

	Special Revenue Funds								
	Town 100 Year Anniversary	Town Beautification	HMGP 4027 Property Elevation	Brandywine Village Fund	Highway Safety Grant	RIEMA Grant	EPA Brownfields Fund	Substance Abuse Grant	CERT Fund
ASSETS									
Cash and cash equivalents	\$ 958	\$ 3,359	\$	\$	\$	\$	\$ 18,818	\$	\$
Accounts and other receivables					7,317				
Due from federal and state governments			379,084					89,281	5,000
Due from other funds									
Bond proceeds receivable									
Total Assets	\$ 958	\$ 3,359	\$ 379,084	\$ -	\$ 7,317	\$ -	\$ 18,818	\$ 89,281	\$ 5,000
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$ 20,620	\$
Accrued liabilities					207			2,373	
Due to other funds			379,034	60	8,476			62,316	16,355
Deferred revenue									
Total liabilities	-	-	379,034	60	8,683	-	-	85,309	16,355
Fund Balances:									
Restricted			50				18,818	3,972	
Committed	958	3,359							
Unassigned				(60)	(1,366)				(11,355)
Total fund balances	958	3,359	50	(60)	(1,366)	-	18,818	3,972	(11,355)
Total Liabilities and Fund Balances	\$ 958	\$ 3,359	\$ 379,084	\$ -	\$ 7,317	\$ -	\$ 18,818	\$ 89,281	\$ 5,000

(Continued on next page)

**TOWN OF WESTERLY, RHODE ISLAND
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

EXHIBIT B-1

	Special Revenue Funds								
	REIMA Project A Storm Readiness	CDBG DR	CDBG 2016	NEIWPCC Grant	Pride Grant	Working Cities Grant	TMDL Grant	Pump Out Boat	RIEMA HMGP
ASSETS									
Cash and cash equivalents	\$	\$	\$	\$	\$ 10,750	\$ 10,962	\$	\$ 4,627	\$
Accounts and other receivables									
Due from federal and state governments	13,283	12,645							15,443
Due from other funds									
Bond proceeds receivable									
Total Assets	<u>\$ 13,283</u>	<u>\$ 12,645</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,750</u>	<u>\$ 10,962</u>	<u>\$ -</u>	<u>\$ 4,627</u>	<u>\$ 15,443</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 3,479	\$	\$	\$ 615	\$ 475	\$	\$	\$ 2,526	\$
Accrued liabilities									
Due to other funds	9,804	12,645		3,199			6,820		15,443
Deferred revenue									
Total liabilities	<u>13,283</u>	<u>12,645</u>	<u>-</u>	<u>3,814</u>	<u>475</u>	<u>-</u>	<u>6,820</u>	<u>2,526</u>	<u>15,443</u>
Fund Balances:									
Restricted					10,275	10,962		2,101	
Committed									
Unassigned				(3,814)			(6,820)		
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,814)</u>	<u>10,275</u>	<u>10,962</u>	<u>(6,820)</u>	<u>2,101</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 13,283</u>	<u>\$ 12,645</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,750</u>	<u>\$ 10,962</u>	<u>\$ -</u>	<u>\$ 4,627</u>	<u>\$ 15,443</u>

(Continued on next page)

**TOWN OF WESTERLY, RHODE ISLAND
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

EXHIBIT B-1

	Capital Project Funds						Total
	Capital Project Fund	Capital Projects EBF	Land Acquisition Fund	GIS System	Canal Street Acquisition	DEM Riverfront Park	
ASSETS							
Cash and cash equivalents	\$ 2,157,939		264,295	\$ 20,087	\$	45,800	\$ 2,931,627
Accounts and other receivables					120,216		189,070
Due from federal and state governments							716,810
Due from other funds							106,614
Bond proceeds receivable		1,310,707					1,310,707
Total Assets	<u>\$ 2,157,939</u>	<u>\$ 1,310,707</u>	<u>264,295</u>	<u>\$ 20,087</u>	<u>\$ 120,216</u>	<u>\$ 45,800</u>	<u>\$ 5,254,828</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 94,994			\$	60,910	\$	570,570
Accrued liabilities							2,580
Due to other funds		351,204			313,521		1,218,307
Deferred revenue			191,097				192,097
Total liabilities	<u>94,994</u>	<u>351,204</u>	<u>191,097</u>	<u>-</u>	<u>374,431</u>	<u>-</u>	<u>\$ 1,983,554</u>
Fund Balances:							
Restricted			73,198	20,087			373,508
Committed	2,062,945	959,503				45,800	3,176,002
Unassigned					(254,215)		(278,236)
Total fund balances	<u>2,062,945</u>	<u>959,503</u>	<u>73,198</u>	<u>20,087</u>	<u>(254,215)</u>	<u>45,800</u>	<u>3,271,274</u>
Total Liabilities and Fund Balances	<u>\$ 2,157,939</u>	<u>\$ 1,310,707</u>	<u>264,295</u>	<u>\$ 20,087</u>	<u>\$ 120,216</u>	<u>\$ 45,800</u>	<u>\$ 5,254,828</u>

TOWN OF WESTERLY, RHODE ISLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

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	CDBG 2014	CDBG 2015
Revenues:										
Intergovernmental revenues	\$ 622,372	\$	\$	\$	\$ 2,834	\$	\$ 19,748	\$ 57,672	\$ 75,142	\$ 5,942
Charges for services	308,367	94,667	653	33,609						
Investment income										
Contributions and private grants		21,046								
Other revenue										
Total revenues	<u>930,739</u>	<u>115,713</u>	<u>653</u>	<u>33,609</u>	<u>2,834</u>	<u>-</u>	<u>19,748</u>	<u>57,672</u>	<u>75,142</u>	<u>5,942</u>
Expenditures:										
Current:										
Legislative, financial, judicial and general administrative				124,911			11,849			
Public works										
Public safety					463			57,672		
Health and welfare		38,834	264						75,142	5,942
Conservation and development										
Education	951,895									
Debt service										
Capital outlay										
Total expenditures	<u>951,895</u>	<u>38,834</u>	<u>264</u>	<u>124,911</u>	<u>463</u>	<u>-</u>	<u>11,849</u>	<u>57,672</u>	<u>75,142</u>	<u>5,942</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(21,156)</u>	<u>76,879</u>	<u>389</u>	<u>(91,302)</u>	<u>2,371</u>	<u>-</u>	<u>7,899</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):										
Issuance of bonds										
Transfers in	106,614									
Transfers out		(60,000)					(53,212)			
Total other financing sources (uses)	<u>106,614</u>	<u>(60,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,212)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	85,458	16,879	389	(91,302)	2,371	-	(45,313)	-	-	-
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 98,733</u>	<u>\$ 1,364</u>	<u>\$ 31,751</u>	<u>\$ 41,374</u>	<u>\$ 2,770</u>	<u>\$ 1,934</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2017

EXHIBIT B-2

	Special Revenue Funds									
	CDBG 2013	CDBG 2012	CDBG 2011	Substance Abuse	SOR Grant	Byrne Grant	Federal Forfeiture	Juvenile Justice	Underage Drinking	Seatbelt Grants
Revenues:										
Intergovernmental revenues	\$ 4,891	\$ 31,183	\$ 1	\$ 5,900	\$	\$ 13,795	\$	\$	\$	\$
Charges for services										
Investment income							1,462			
Contributions and private grants				75						
Other revenue										
Total revenues	<u>4,891</u>	<u>31,183</u>	<u>1</u>	<u>5,975</u>	<u>-</u>	<u>13,795</u>	<u>1,462</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:										
Current:										
Legislative, financial, judicial and general administrative										
Public works										
Public safety						9,428	9,044			
Health and welfare	4,891	31,183		2,061						
Conservation and development										
Education										
Debt service										
Capital outlay										
Total expenditures	<u>4,891</u>	<u>31,183</u>	<u>-</u>	<u>2,061</u>	<u>-</u>	<u>9,428</u>	<u>9,044</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>1</u>	<u>3,914</u>	<u>-</u>	<u>4,367</u>	<u>(7,582)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):										
Issuance of bonds										
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>3,914</u>	<u>-</u>	<u>4,367</u>	<u>(7,582)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances at Beginning of Year	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>6,926</u>	<u>1,189</u>	<u>2,627</u>	<u>137,887</u>	<u>(177)</u>	<u>(429)</u>	<u>10,228</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,840</u>	<u>\$ 1,189</u>	<u>\$ 6,994</u>	<u>\$ 130,305</u>	<u>\$ (177)</u>	<u>\$ (429)</u>	<u>\$ 10,228</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, 2017

EXHIBIT B-2

	Special Revenue Funds								
	Town 100 Year Anniversary	Town Beautification	HMGP 4027 Property Elevation	Brandywine Village Fund	Highway Safety Grant	RIEMA Grant	EPA Brownfields Fund	Substance Abuse Grant	CERT Fund
Revenues:									
Intergovernmental revenues	\$	\$	\$ 402,186	\$	\$ 26,656	\$	\$ 20,000	\$ 89,184	\$ 5,000
Charges for services									
Investment income									
Contributions and private grants									
Other revenue									
Total revenues	-	-	402,186	-	26,656	-	20,000	89,184	5,000
Expenditures:									
Current:									
Legislative, financial, judicial and general administrative									
Public works			402,136						
Public safety					28,022				16,355
Health and welfare								85,212	
Conservation and development							1,182		
Education									
Debt service									
Capital outlay									
Total expenditures	-	-	402,136	-	28,022	-	1,182	85,212	16,355
Excess (Deficiency) of Revenues over Expenditures	-	-	50	-	(1,366)	-	18,818	3,972	(11,355)
Other Financing Sources (Uses):									
Issuance of bonds									
Transfers in									
Transfers out									
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	-	-	50	-	(1,366)	-	18,818	3,972	(11,355)
Fund Balances at Beginning of Year	958	3,359	-	(60)	-	-	-	-	-
Fund Balances at End of Year	\$ 958	\$ 3,359	\$ 50	\$ (60)	\$ (1,366)	\$ -	\$ 18,818	\$ 3,972	\$ (11,355)

(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, 2017

EXHIBIT B-2

	Special Revenue Funds								
	REIMA Project A Storm Readiness	CDBG DR	CDBG 2016	NEIWPCC Grant	Pride Grant	Working Cities Grant	TMDL Grant	Pump Out Boat	RIEMA HMGP
Revenues:									
Intergovernmental revenues	\$ 13,283	\$ 9,161	\$	\$	\$	\$ 15,000	\$	\$ 53,482	\$ 2,629
Charges for services									
Investment income									
Contributions and private grants					15,000				
Other revenue									
Total revenues	<u>13,283</u>	<u>9,161</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>53,482</u>	<u>2,629</u>
Expenditures:									
Current:									
Legislative, financial, judicial and general administrative									
Public works									
Public safety									2,629
Health and welfare		9,161				4,038			
Conservation and development				3,814	4,725		6,820		
Education									
Debt service									
Capital outlay	13,283							51,381	
Total expenditures	<u>13,283</u>	<u>9,161</u>	<u>-</u>	<u>3,814</u>	<u>4,725</u>	<u>4,038</u>	<u>6,820</u>	<u>51,381</u>	<u>2,629</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,814)</u>	<u>10,275</u>	<u>10,962</u>	<u>(6,820)</u>	<u>2,101</u>	<u>-</u>
Other Financing Sources (Uses):									
Issuance of bonds									
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>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,814)</u>	<u>10,275</u>	<u>10,962</u>	<u>(6,820)</u>	<u>2,101</u>	<u>-</u>
Fund Balances at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,814)</u>	<u>\$ 10,275</u>	<u>\$ 10,962</u>	<u>\$ (6,820)</u>	<u>\$ 2,101</u>	<u>\$ -</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, 2017

EXHIBIT B-2

	Capital Project Funds						Total
	Capital Project Fund	Capital Projects EBF	Land Acquisition Fund	GIS System	Canal Street Acquisition	DEM Riverfront Park	
Revenues:							
Intergovernmental revenues	\$	\$		\$	\$	\$	\$ 1,476,061
Charges for services							437,296
Investment income							1,462
Contributions and private grants							36,121
Other revenue			90,525				90,525
Total revenues	-	-	90,525	-	-	-	2,041,465
Expenditures:							
Current:							
Legislative, financial, judicial and general administrative							124,911
Public works							413,985
Public safety							123,613
Health and welfare							256,728
Conservation and development							16,541
Education							951,895
Debt service		39,293					39,293
Capital outlay	634,120	351,204			254,215		1,304,203
Total expenditures	634,120	390,497	-	-	254,215	-	3,231,169
Excess (Deficiency) of Revenues over Expenditures	(634,120)	(390,497)	90,525	-	(254,215)	-	(1,189,704)
Other Financing Sources (Uses):							
Issuance of bonds		1,350,000					1,350,000
Transfers in	826,748						933,362
Transfers out			(90,525)				(203,737)
Total other financing sources (uses)	826,748	1,350,000	(90,525)	-	-	-	2,079,625
Net Change in Fund Balances	192,628	959,503	-	-	(254,215)	-	889,921
Fund Balances at Beginning of Year	1,870,317	-	73,198	20,087	-	45,800	2,381,353
Fund Balances at End of Year	\$ 2,062,945	\$ 959,503	73,198	\$ 20,087	\$ (254,215)	\$ 45,800	\$ 3,271,274

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, 2017

	Health Fund	Self Insurance Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 2,296,948	\$ 596	\$ 2,297,544
Due from other funds	559		559
Prepaid expenses	3,427,167		3,427,167
Total current assets	<u>5,724,674</u>	<u>596</u>	<u>5,725,270</u>
Liabilities:			
Current liabilities:			
Due to other funds	3,042,817		3,042,817
Claims payable	949,838		949,838
Total current liabilities	<u>3,992,655</u>	<u>-</u>	<u>3,992,655</u>
Net Position:			
Unrestricted	\$ <u>1,732,019</u>	\$ <u>596</u>	\$ <u>1,732,615</u>

TOWN OF WESTERLY, RHODE ISLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Health Fund	Self Insurance Fund	Total
Operating Revenues:			
Charges for services	\$ 10,642,521	\$	\$ 10,642,521
Other	43,250		43,250
Total operating revenues	<u>10,685,771</u>	<u>-</u>	<u>10,685,771</u>
Operating Expenses:			
Claims	<u>11,141,253</u>	<u>3,995</u>	<u>11,145,248</u>
Operating Income (Loss)	(455,482)	(3,995)	(459,477)
Net Position at Beginning of Year	<u>2,187,501</u>	<u>4,591</u>	<u>2,192,092</u>
Net Position at End of Year	<u>\$ 1,732,019</u>	<u>\$ 596</u>	<u>\$ 1,732,615</u>

TOWN OF WESTERLY, RHODE ISLAND
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Health Fund	Self Insurance Fund	Total
Cash Flows from Operating Activities:			
Receipts from insurance charges	\$ 10,791,417	\$	\$ 10,791,417
Receipts from other operating services	43,250		43,250
Payments for claims	<u>(11,106,665)</u>	<u>(3,995)</u>	<u>(11,110,660)</u>
Net cash provided by (used in) operating activities	<u>(271,998)</u>	<u>(3,995)</u>	<u>(275,993)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(271,998)	(3,995)	(275,993)
Cash and Cash Equivalents at Beginning of Year	<u>2,568,946</u>	<u>4,591</u>	<u>2,573,537</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,296,948</u>	<u>\$ 596</u>	<u>\$ 2,297,544</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ <u>(455,482)</u>	\$ <u>(3,995)</u>	\$ <u>(459,477)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Change in assets and liabilities:			
(Increase) decrease in due from other funds	148,896		148,896
(Increase) decrease in other assets	(806,626)		(806,626)
Increase (decrease) in due to other funds	499,999		499,999
Increase (decrease) in claims payable	<u>341,215</u>		<u>341,215</u>
Total adjustments	<u>183,484</u>	<u>-</u>	<u>183,484</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (271,998)</u>	<u>\$ (3,995)</u>	<u>\$ (275,993)</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	Robert 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, 2017**

	<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	\$ 1,453	\$ 84	\$	\$	\$	\$	\$	\$ 5
Investments			11,861	42,444	60,036	3,690	1,882	1,359
Due from other funds		800						
	<u>1,453</u>	<u>884</u>	<u>11,861</u>	<u>42,444</u>	<u>60,036</u>	<u>3,690</u>	<u>1,882</u>	<u>1,364</u>
Total Assets	\$ <u>1,453</u>	\$ <u>884</u>	\$ <u>11,861</u>	\$ <u>42,444</u>	\$ <u>60,036</u>	\$ <u>3,690</u>	\$ <u>1,882</u>	\$ <u>1,364</u>
LIABILITIES								
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$
Due to other funds			7,993	791	5,610	47	280	
	<u>-</u>	<u>-</u>	<u>7,993</u>	<u>791</u>	<u>5,610</u>	<u>47</u>	<u>280</u>	<u>-</u>
Total Liabilities	-	-	7,993	791	5,610	47	280	-
NET POSITION								
Held in Trust for Other Purpose	<u>1,453</u>	<u>884</u>	<u>3,868</u>	<u>41,653</u>	<u>54,426</u>	<u>3,643</u>	<u>1,602</u>	<u>1,364</u>
Total Liabilities and Net Position	\$ <u>1,453</u>	\$ <u>884</u>	\$ <u>11,861</u>	\$ <u>42,444</u>	\$ <u>60,036</u>	\$ <u>3,690</u>	\$ <u>1,882</u>	\$ <u>1,364</u>

(Continued on next page)

TOWN OF WESTERLY, RHODE ISLAND
COMBINING STATEMENT OF NET POSITION (CONTINUED)
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2017

	<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>Robert F. Serra Fund</u>	<u>Interfund Eliminations</u>	<u>Total</u>
ASSETS								
Cash and cash equivalents	\$	\$	\$	\$ 8	\$	\$	\$	\$ 1,550
Investments	2,336	1,269	1,365	23,235	15,157	2,167		166,801
Due from other funds							(800)	-
Total Assets	<u>\$ 2,336</u>	<u>\$ 1,269</u>	<u>\$ 1,365</u>	<u>\$ 23,243</u>	<u>\$ 15,157</u>	<u>\$ 2,167</u>	<u>\$ (800)</u>	<u>\$ 168,351</u>
LIABILITIES								
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$ -
Due to other funds	52	750	300		619	324	(800)	15,966
Total Liabilities	52	750	300	-	619	324	(800)	15,966
NET POSITION								
Held in Trust for Other Purpose	2,284	519	1,065	23,243	14,538	1,843		152,385
Total Liabilities and Net Position	<u>\$ 2,336</u>	<u>\$ 1,269</u>	<u>\$ 1,365</u>	<u>\$ 23,243</u>	<u>\$ 15,157</u>	<u>\$ 2,167</u>	<u>\$ (800)</u>	<u>\$ 168,351</u>

TOWN OF WESTERLY, RHODE ISLAND
COMBINING STATEMENT OF CHANGES IN NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

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>	<u>Class of 1886</u>
Additions:								
Investment income	\$ 9	\$ 5	\$ 801	\$ 2,811	\$ 2,369	\$ 249	\$ 127	\$ 92
Contributions		400						
Total additions	<u>9</u>	<u>405</u>	<u>801</u>	<u>2,811</u>	<u>2,369</u>	<u>249</u>	<u>127</u>	<u>92</u>
Deductions:								
Miscellaneous			2,000		1,011	50	35	
Change in Net Position	9	405	(1,199)	2,811	1,358	199	92	92
Net Position at Beginning 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>	<u>1,272</u>
Net Position at End of Year	<u>\$ 1,453</u>	<u>\$ 884</u>	<u>\$ 3,868</u>	<u>\$ 41,653</u>	<u>\$ 54,426</u>	<u>\$ 3,643</u>	<u>\$ 1,602</u>	<u>\$ 1,364</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, 2017

EXHIBIT D-2

	Otis P. Chapman Fund	Francis Pat Coyle Memorial	Betty Zerbarini Fund	Berardinelli Trust Fund	John J. & Mary C. Smith Scholarship	Robert F. Serra Fund	Total
Additions:							
Investment income	\$ 158	\$ (64)	\$ 92	\$ 1,569	\$ 1,023	\$ 121	\$ 9,362
Contributions							400
Total additions	<u>158</u>	<u>(64)</u>	<u>92</u>	<u>1,569</u>	<u>1,023</u>	<u>121</u>	<u>9,762</u>
Deductions:							
Miscellaneous			100		125		3,321
Change in Net Position	158	(64)	(8)	1,569	898	121	6,441
Net Position at Beginning of Year	<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>
Net Position at End of Year	<u>\$ 2,284</u>	<u>\$ 519</u>	<u>\$ 1,065</u>	<u>\$ 23,243</u>	<u>\$ 14,538</u>	<u>\$ 1,843</u>	<u>\$ 152,385</u>

TOWN OF WESTERLY, RHODE ISLAND
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2017</u>
Title II - P.W.E.A				
Assets:				
Cash	\$ 1	\$	\$	\$ 1
Investments	<u>3,100</u>	<u>225</u>		<u>3,325</u>
Total Assets	<u>\$ 3,101</u>	<u>\$ 225</u>	<u>\$ -</u>	<u>\$ 3,326</u>
Liabilities:				
Deposits held in custody for others	<u>\$ 3,101</u>	<u>\$ 225</u>	<u>\$ -</u>	<u>\$ 3,326</u>
Babcock Middle School Student Activity Fund				
Assets:				
Cash	<u>\$ 28,314</u>	<u>\$ 48,427</u>	<u>\$ 49,967</u>	<u>\$ 26,774</u>
Liabilities:				
Deposits held in custody for others	<u>\$ 28,314</u>	<u>\$ 48,427</u>	<u>\$ 49,967</u>	<u>\$ 26,774</u>
Westerly High School Student Activity Fund				
Assets:				
Cash	<u>\$ 213,104</u>	<u>\$ 327,338</u>	<u>\$ 308,353</u>	<u>\$ 232,089</u>
Liabilities:				
Deposits held in custody for others	<u>\$ 213,104</u>	<u>\$ 327,338</u>	<u>\$ 308,353</u>	<u>\$ 232,089</u>
Construction Escrow Deposits				
Assets:				
Cash	<u>\$ 101,197</u>	<u>\$ -</u>	<u>\$ 10,437</u>	<u>\$ 90,760</u>
Liabilities:				
Deposits held in custody for others	<u>\$ 101,197</u>	<u>\$ -</u>	<u>\$ 10,437</u>	<u>\$ 90,760</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, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
Probate Escrow				
Assets:				
Cash	\$ <u>10,119</u>	\$ <u>41</u>	\$ <u>-</u>	\$ <u>10,160</u>
Liabilities:				
Deposits held in custody for others	\$ <u>10,119</u>	\$ <u>41</u>	\$ <u>-</u>	\$ <u>10,160</u>
Total All Agency Funds				
Assets:				
Cash	\$ 352,735	\$ 375,806	\$ 368,757	\$ 359,784
Investments	<u>3,100</u>	<u>225</u>		<u>3,325</u>
Total Assets	\$ <u>355,835</u>	\$ <u>376,031</u>	\$ <u>368,757</u>	\$ <u>363,109</u>
Liabilities:				
Deposits held in custody for others	\$ <u>355,835</u>	\$ <u>376,031</u>	\$ <u>368,757</u>	\$ <u>363,109</u>
Total Liabilities	\$ <u>355,835</u>	\$ <u>376,031</u>	\$ <u>368,757</u>	\$ <u>363,109</u>

Other Schedules

**TOWN OF WESTERLY, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

Fiscal Year	Balance July 1, 2016	Current Year Assessment	Additions	Adjustments & Abatements	Amounts Written Off	Amount to be Collected	Current Year Collections	Balance June 30, 2017
2016	\$	\$ 70,444,369	\$ 93,441	\$ 117,898	\$	\$ 70,419,912	\$ 70,062,864	\$ 357,048
2015	1,070,121		517	7,271		1,063,367	853,784	209,583
2014	323,407		-	8,475		314,932	101,933	212,999
2013	244,177		-	6,185		237,992	44,696	193,296
2012	233,725		-	7,081		226,644	28,654	197,990
2011	199,376		-	7,302		192,074	19,286	172,788
2010	169,684		-	6,030		163,654	8,477	155,177
2009	50,983		-	2,048		48,935	1,891	47,044
2008	56,832		-	2,288		54,544	1,608	52,936
2007	68,380		-	2,745	64,555	1,080	1,080	-
	<u>\$ 2,416,685</u>	<u>\$ 70,444,369</u>	<u>\$ 93,958</u>	<u>\$ 167,323</u>	<u>\$ 64,555</u>	<u>\$ 72,723,134</u>	<u>\$ 71,124,273</u>	1,598,861
						Allowance for doubtful accounts		<u>(865,115)</u>
						Net property tax receivable	\$	<u>733,746</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 conditions.

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 conditions.

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.

TABLE 1

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

	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015 Restated	2016 Restated	2017
Governmental activities:										
Net investment in capital assets	\$ 66,693,303	\$ 68,746,769	\$ 70,358,546	\$ 70,008,175	\$ 71,011,628	\$ 72,528,400	\$ 82,591,557	\$ 83,443,820	\$ 86,169,198	\$ 91,221,136
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	6,453,686
Unrestricted	11,328,955	10,806,705	9,195,972	9,272,111	10,051,174	14,787,475	(37,643,132)	(35,741,526)	(42,181,757)	(42,281,476)
Total governmental activities net position	<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>51,589,315</u>	<u>55,393,346</u>
Business-type activities:										
Net investment in capital assets	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	31,019,004
Unrestricted	9,382,408	7,514,990	7,014,809	6,219,520	5,376,027	5,751,583	7,163,504	8,059,250	8,357,137	8,257,819
Total business-type activities net position	<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>38,387,986</u>	<u>39,276,823</u>
Total:										
Net investment in capital assets	93,386,280	96,734,774	98,516,840	98,736,512	101,206,351	103,243,345	111,828,233	112,929,736	116,200,047	122,240,140
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	6,453,686
Unrestricted	<u>20,711,363</u>	<u>18,321,695</u>	<u>16,210,781</u>	<u>15,491,631</u>	<u>15,427,201</u>	<u>20,539,058</u>	<u>(30,479,628)</u>	<u>(27,682,276)</u>	<u>(33,824,620)</u>	<u>(34,023,657)</u>
Total Net Position	<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>\$ 89,977,301</u>	<u>\$ 94,670,169</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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
Legislative, judicial & general administrative	\$ 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	\$ 6,148,593
Public works	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	6,962,464
Public safety	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	9,023,890
Health and welfare	886,803	1,647,960	1,237,875	802,416	944,618	2,648,904	1,193,857	932,767	1,625,117	1,444,325
Conservation and development	57,013	83,398	63,593	61,603	66,841	13,723	8,058	24,852	18,168	44,730
Parks and recreation	670,797	671,243	715,016	851,085	855,819	835,358	1,162,690	1,400,753	1,295,865	1,309,351
Planning and zoning	300,666	315,979	311,526	317,731	328,874	659,533	762,142	743,772	782,652	198,784
Public education	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	62,428,690
Other										
Capital improvements/restricted programs										
Interest	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	3,435,937
Total governmental activities	<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>	<u>90,996,764</u>
Business-type activities:										
Water	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	4,239,920
Sewer	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	3,719,113
Beach	279,941	271,973	255,673	263,071	275,930	279,307				
Total business-type activities	<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>	<u>7,959,033</u>
Total Expenses	<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>	<u>\$ 98,955,797</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Legislative, judicial & general administrative	\$ 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	\$ 1,164,508
Public works	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	2,901,374
Public safety	317,389	338,429	360,359	409,070	236,944	331,011	261,017	384,141	361,958	507,607
Health and welfare						46,226	51,367	49,498	38,606	95,320
Conservation and development			5,250	23,451	22,512	18,914	34,504	11,876	16,759	7,577
Parks and recreation	136,770	143,383	163,233	163,476	176,045	132,186	223,944	226,461	300,888	239,660
Planning and zoning	674,096	63,457	76,959	74,779	62,967	68,532	75,703	67,330	65,508	52,239
Public education	1,209,848	1,424,345	1,266,433	1,499,327	1,561,476	885,397	794,130	825,349	822,436	836,314
Other										
Capital improvements/restricted programs										
Operating grants and contributions	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	16,052,500
Capital grants and contributions	301,712	498,774		735,857	577,744		129,017	482,120	91,443	147,507
Total governmental activities program revenues	<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>	<u>22,004,606</u>
Business-type activities:										
Charges for services:										
Water	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	4,867,342
Sewer	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	3,661,087
Beach	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>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>	<u>8,528,429</u>
Total Program Revenues	<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>	<u>\$ 30,533,035</u>

(Continued on next page)

TABLE 2

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

	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (68,992,158)
Business-type activities	628,924	(1,010,344)	(988,419)	(872,884)	(8,544)	289,087	781,763	555,265	582,352	569,396
Total Net Expense	\$ (61,817,786)	\$ (62,633,929)	\$ (60,824,570)	\$ (64,616,403)	\$ (64,938,262)	\$ (62,133,953)	\$ (64,670,030)	\$ (66,371,132)	\$ (72,880,529)	\$ (68,422,762)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 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	\$ 70,244,120
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	2,735,220
Unrestricted investment earnings	1,055,249	510,798	212,778	157,636	33,906	55,779	30,786	32,886	50,854	71,802
Miscellaneous	62,343	277,017	414,437	129,642	127,607	84,964	133,290	247,693	146,118	31,120
Transfers	(738,532)	(695,931)	(649,764)	(640,824)	(629,388)	(604,580)	850,232	(376,895)	(369,522)	(316,002)
Loss on disposal of capital assets										
Total governmental activities	61,209,824	64,029,232	63,499,127	64,744,917	65,405,448	66,571,913	69,020,829	70,951,941	70,932,379	72,766,260
Business-type activities:										
Unrestricted investment earnings	130,235	62,955	8,763	6,814	2,049	2,111	2,121	6,826	3,434	3,439
Miscellaneous										
Transfers	738,532	695,931	649,764	640,824	629,388	604,580	(850,232)	376,895	369,522	316,002
Loss/gain on disposal of capital assets	1,497,569									
Total business type activities	2,366,336	758,886	658,527	647,638	631,437	606,691	(848,111)	383,721	372,956	319,441
Total	\$ 63,576,160	\$ 64,788,118	\$ 64,157,654	\$ 65,392,555	\$ 66,036,885	\$ 67,178,604	\$ 68,172,718	\$ 71,335,662	\$ 71,305,335	\$ 73,085,701
Change in Net Position										
Governmental activities	\$ (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)	\$ 3,774,102
Business-type activities	2,995,260	(251,458)	(329,892)	(225,246)	622,893	895,778	(66,348)	938,986	955,308	888,837
Total	\$ 1,758,374	\$ 2,154,189	\$ 3,333,084	\$ 776,152	\$ 1,098,623	\$ 5,044,651	\$ 3,502,688	\$ 4,964,530	\$ (1,575,194)	\$ 4,662,939

TABLE 3

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

	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unreserved	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	1,964,480
Restricted				5,073,701	3,812,873	2,410,035	2,651,915	899,551	2,016,389	2,962,109
Committed				53,184	222,802	188,496	187,137	631,100	1,023,198	999,360
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	5,498,327	8,565,108
Total General Fund	<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>\$ 11,494,450</u>	<u>\$ 14,491,057</u>
All Other Governmental Funds:										
Reserved	\$ 30,703	\$ 358,515	\$	\$	\$	\$	\$	\$	\$	\$
Unreserved, reported in:										
Special revenue funds	1,104,125	3,827,266								
Capital project funds	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	3,491,577
Committed			3,200,511	2,791,812	2,718,537	2,718,537	2,829,359	1,993,649	2,052,305	3,176,002
Unassigned			(7,024,340)	(2,293,989)	(34,313)	(34,313)	(644,817)	(56,941)	(86,125)	(296,685)
Total All Other Governmental Funds	<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>	<u>\$ 6,370,894</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

TABLE 4

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
General property taxes	\$ 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	\$ 71,006,084
Intergovernmental revenues	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	23,674,677
Recreation										
Licenses and permits	705,272	520,627	470,593	405,455	433,773	987,140	924,890	892,998	1,004,702	957,454
Fines and penalties	170,050	190,165	174,040	199,297	165,168	170,433	164,292	189,849	248,243	257,925
Interest on investments	1,046,500	509,652	212,743	157,553	33,906	52,418	27,407	29,172	49,446	70,392
Other revenues	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	2,183,082
Total revenues	82,630,193	83,063,136	81,413,589	83,336,772	85,383,262	92,953,882	92,284,341	94,567,589	94,964,562	98,149,614
Expenditures:										
Current:										
Legislative, judicial and general administrative	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	5,315,071
Public works	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	6,192,932
Public safety	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	6,859,372
Health and welfare	862,972	1,603,577	1,198,722	757,683	906,923	2,633,209	3,189,709	1,509,542	1,572,619	1,436,949
Conservation and development	44,068	44,213	46,096	45,776	51,311	20,724	8,058	28,591	16,756	43,642
Parks and recreation	600,031	593,784	549,637	680,016	722,607	853,703	988,760	1,169,251	1,431,213	1,130,853
Planning and zoning	255,638	236,329	237,589	236,902	226,453	680,536	784,507	749,471	771,227	654,428
Public education	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	60,841,322
Other										
Capital improvements/restricted programs	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	5,879,811
Debt service:										
Principal	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	5,874,438
Interest	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	4,178,583
Total expenditures	94,322,007	83,644,508	81,293,829	102,180,117	98,134,769	96,169,131	96,351,564	100,430,302	97,184,368	98,407,401
Excess of revenues over (under) expenditures	(11,691,814)	(581,372)	119,760	(18,843,345)	(12,751,507)	(3,215,249)	(4,067,223)	(5,862,713)	(2,219,806)	(257,787)
Other Financing Sources (Uses):										
Bond and loan proceeds	9,104,712		3,855,000	11,496,000	14,645,000	6,500,000				1,350,000
Lease proceeds		1,259,784	396,970	258,003	761,413	1,208,876	2,347,516	778,992	1,194,433	1,039,625
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	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	1,137,099
Transfers to other funds	(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)	(1,453,101)
Total other financing sources	8,380,865	563,853	3,542,206	11,277,215	14,962,420	7,297,870	3,227,265	6,776,971	1,169,911	2,073,623
Net Change in Fund Balances	\$ (3,310,949)	\$ (17,519)	\$ 3,661,966	\$ (7,566,130)	\$ 2,210,913	\$ 4,082,621	\$ (839,958)	\$ 914,258	\$ (1,049,895)	\$ 1,815,836
Debt Service as a Percentage of Noncapital Expenditures	7.65%	8.63%	9.49%	9.60%	11.04%	10.87%	10.87%	11.13%	11.93%	10.88%

Source: Town of Westerly Annual Financial Statements

TABLE 5

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
2017	\$ 5,668,135,260	\$ 1,119,592,185	\$ -	\$ 220,615,299	\$ 100,261,288	\$ 5,908,081,456	11.59	29.67
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

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

Levy Year	Real Estate and Personal Property	Motor Vehicle
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
2017	11.59	29.67

Source: Finance Department, Westerly, Rhode Island

TABLE 7

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

2017				2008			
Name	Assessed Value	Rank	% Net Taxable Grand List	Name	Assessed Value	Rank	% Net Taxable Grand List
National Grid	\$ 32,796,801	1	0.566%	Washington Trust Company	\$ 21,902,196	1	0.347%
Ocean House Hotel Partners, LLC	\$ 26,644,500	2	0.460%	Franklin Plaza, LLC	\$ 20,990,880	2	0.332%
Washington Trust Company	\$ 22,699,261	3	0.392%	Royce, Charles M.	\$ 19,117,000	3	0.303%
Westerly Ventures, LLC	\$ 21,954,400	4	0.379%	Shelter Harbor Golf Club	\$ 18,072,169	4	0.286%
Westerly Associates, LLC	\$ 17,385,200	5	0.300%	National Grid	\$ 17,833,793	5	0.282%
George W. Whitney Rev. Tr et al	\$ 16,484,600	6	0.285%	Kahuna Rhode Island, LLC	\$ 16,149,200	6	0.256%
Misquamicut Club	\$ 16,391,100	7	0.283%	Bluff Avenue, LLC	\$ 15,853,600	7	0.251%
Shelter Harbor Golf Club	\$ 13,378,009	8	0.231%	Home Depot USA, Inc.	\$ 15,766,100	8	0.250%
Harbor Land Strategic Realty, LLC	\$ 13,258,600	9	0.229%	Misquamicut Club	\$ 15,656,100	9	0.248%
Lamm, Peter & Deborah S.	\$ 12,492,600	10	0.216%	Holmgren, John J. & Antoinette	\$ 13,580,200	10	0.215%

NET ASSESSED VALUE AS OF 12/31/16: \$5,787,727,445

NET ASSESSED VALUE AS OF 12/31/07: \$6,318,166,893

TABLE 8

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

Fiscal Year	Taxes Levied (Net Abatements)	Collected within the Fiscal Year Amount	% of Levy	Collected in Subsequent Years	Total Collections Amount	Balance Remaining	% of Levy
2008	\$ 56,226,442	\$ 55,596,246	98.88%	\$ 565,641	\$ 56,161,887	\$ 64,555	99.89%
2009	58,934,410	57,978,492	98.38%	902,982	58,881,474	52,936	99.91%
2010	59,188,131	58,104,182	98.17%	1,036,905	59,141,087	47,044	99.92%
2011	62,941,885	61,760,687	98.12%	1,026,021	62,786,708	155,177	99.75%
2012	63,528,578	61,369,984	96.60%	1,985,806	63,355,790	172,788	99.73%
2013	65,309,604	63,930,910	97.89%	1,180,704	65,111,614	197,990	99.70%
2014	67,067,280	64,645,348	96.39%	2,228,636	66,873,984	193,296	99.71%
2015	67,067,280	66,274,258	98.82%	580,023	66,854,281	212,999	99.68%
2016	69,019,265	67,949,144	98.45%	860,557	68,809,701	209,564	99.70%
2017	70,405,475	70,048,427	99.49%	-	70,048,427	357,048	99.49%

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	Per Capita
	General Obligation Bonds	Notes and Loan Payable	Capital Leases	General Obligation Bonds	Loans Payable	Capital Leases		
2017	\$ 48,160,000	\$ 21,034,374	\$ 2,220,065	\$	\$ 2,760,519	\$ 2,459,388	\$ 76,634,346	3,383
2016	51,145,000	22,703,812	2,342,516		3,307,808	2,491,760	81,990,896	3,890
2015	59,347,000	20,476,250	2,503,007		3,944,878	2,594,000	88,865,135	4,069
2014	52,955,000	26,052,688	2,844,049		4,569,370	20,000	86,441,107	3,795
2013	56,233,678	27,732,124	1,379,633	1,671,322	5,181,638	12,507	92,210,902	4,047
2012	53,710,000	29,411,562	860,400	1,790,000	5,782,025	23,840	91,577,827	3,988
2011	57,875,000	15,351,000	776,135	1,935,000	6,370,864		82,307,999	3,614
2010	62,015,000	3,855,000	1,388,312	2,080,000	6,948,482		76,286,794	3,348
2009	65,815,000		2,132,323	2,225,000	7,515,192		77,687,515	3,306
2008	69,315,350		1,877,460	2,479,650	8,071,301		81,743,761	3,497

TABLE 10

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
2017	\$ 48,160,000	\$ 21,034,374	\$ 69,194,374	1.17%	\$ 3,055
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

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total assessed value	\$ <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>	\$ <u>5,908,081,456</u>
Debt Limit (1)	\$ 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	\$ 177,242,444
Amount of Debt Subject to Limit	<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>	<u>28,209,907</u>
Legal Debt Margin	\$ <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>	\$ <u>149,032,536</u>
Legal Debt Margin as a Percentage of the Debt Limit	82.06%	83.11%	82.13%	69.07%	81.47%	81.63%	83.28%	84.08%	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

TABLE 12

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

	For the Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Population	22,651	22,651	22,683	22,727	22,720	22,787	22,858	22,949	23,418	N/A
Median Age	N/A	45.6 years	45.1 years	44.5 years	44.1 years	44.2 years	42.7 years	42.0 years	44.3 years	N/A
High School Graduate Attainment (ages 18+)	N/A	89.50%	89.80%	88.80%	87.10%	86.90%	86.70%	85.90%	85.00%	N/A
Bachelor's Degree Attainment (ages 25+)	N/A	31.60%	31.60%	31.90%	30.40%	29.40%	29.60%	30.00%	29.70%	N/A
Median Household Income (past 12 months)	N/A	\$60,800	\$61,500	\$62,381	\$60,532	\$59,008	\$60,432	\$57,462	\$55,662	N/A
Per Capita Income (past 12 months)	N/A	N/A	\$35,694	\$35,420	\$33,854	\$33,698	\$33,210	\$31,756	\$31,895	N/A

Source: United States Census Bureau (including American Community Survey)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Public School Enrollment	2,851	3,007	2,997	2,996	3,037	3,021	3,079	3,021	3,180	3,301

Source: Westerly Public Schools

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Unemployment Rate	4.70%	5.90%	7.00%	8.90%	10.20%	11.30%	10.80%	10.60%	8.40%	6.20%

Source: Rhode Island Department of Labor and Training

TABLE 13

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

	For the Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
Town Manager	2	2	2	2	2	2	2	2	2	2
Town Solicitor	-	-	-	-	-	-	-	1	2	2
Finance	7	9	9	9	9	9	9	10	10	10
Town Clerk	7	7	7	7	5	5	5	5	5	5
Development Services	9.5	4	4	4	4	4	4	4	4	4
Assessment	5	5	5	5	5	5	5	5	6	6
Other	-	16	16	16	16	16	16	16	16	16
Human Resources	3.5	-	-	-	-	-	-	-	-	-
Information Technology	3	-	-	-	-	-	-	-	-	-
Animal Shelter	3	-	-	-	-	-	-	-	-	-
Tax Collections	4	-	-	-	-	-	-	-	-	-
Purchasing	0.5	-	-	-	-	-	-	-	-	-
Public Safety										
Sworn Officers	50	45	50	50	48	50	50	50	50	51
Support	11	11	11	11	12	12	12	12	12	12
Public Health										
Public Works	45	45	45	45	43	43	43	44	44	44
Water & Sewer	28	28	28	29	29	29	29	30	30	30
Public Welfare										
Recreation	1.5	2	2	2	1	1	1	1	1	2
Public Education										
Teachers	297	302	302	310	307	304	302	300	312	340
Pupil Support	230	234	234	233	235	208	208	191	207	251
Administration	39	38	38	34	38	37	37	37	37	41

TABLE 14

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

	For the Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013 (Revised)	2012	2011	2010	2009	2008
General Government										
Marriage Licenses Issued	219	195	185	212	212	178	185	196	183	202
Death Certificates Recorded	313	357	368	287	325	310	304	334	341	376
Land Records Recorded	5,907	5,764	5,450	6,302	7,162	6,559	5,237	6,670	6,959	6,271
Registered Voters	18,014	17,728	17,224	17,729	17,422	16,724	16,528	16,381	16,440	16,475
Elections & Referenda's	2	2	2	1	2	1	1	1	1	1
Planning & Development										
Building Permits Issued	2,230	2,399	1,984	2,482	976	693	779	762	750	838
Cost of Construction	54,592,394	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
Police										
Arrest	1,316	1,099	1,198	1,061	972	997	1,015	1,037	1,236	1,008
Parking Violations	626	1,754	1,860	1,196	1,223	1,232	1500+/-	n/a	n/a	n/a
Calls for Service	42,793	34,704	30,948	28,825	30,139	27,355	28,000+/-	n/a	n/a	n/a
Public Works										
Street Resurfacing (miles)	1	9	6	7	7	7	n/a	n/a	n/a	n/a
Transfer station refuse (tons)	9,760	10,077	12,692	13,383	11,881	18,251	16,324	18,182	17,581	25,353
Transfer station recyclables (tons)	5,093	4,410	4,343	4,159	3,739	3,528	3,200	3,632	3,590	3,829
Parks & Recreation										
Programs Offered	70	68	63	61	61	63	59	n/a	n/a	n/a
Beach Passes Issued	2,756	2,591	2,552	2,454	2,061	2,206	2,042	1,941	1,849	1,865
Education										
Number of Students	2,642	3,018	2,936	2,986	2,977	3,021	3,079	3,021	3,180	3,301
Water										
New Connections	59	69	76	86	46	49	53	64	60	110
Water Main Breaks	22	22	38	18	17	25	22	17	28	23
Avg daily consumption (thousands of gallons)	3,477	3,559	3,287	3,440	3,321	3,297	3,427	3,298	3,867	3,418
Sewer										
Average daily treatment (thousands of gallons)	2,167	2,195	2,060	2,227	2,120	2,020	2,250	2,520	2,670	2,390
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

TABLE 15

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

Function/Program	For the Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	55	52	47	46	46	46	43	43	41	41
Fire										
Fire Prevention is covered by five separate self-taxing Fire Districts										
Public Works										
Streets (miles)	156	156	156	145	145	145	145	143	143	141
Street Lights	3028	3153	3152	3150	3150	3150	3,150	3,150	3,148	3,146
Register Vehicles	115	103	107	103	103	103	99	95	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	1	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	4	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	47	48	48	43	49	49	49	49	46	38
Water										
Water Mains (miles)	207	207	207	207	207	207	207	206	206	206
Fire Hydrants	1092	1091	1091	1091	1085	1085	1085	1064	1047	1037
Sewer										
Sanitary Sewers (miles)	61	61	61	61	61	61	61	61	61	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