



# Town of West Warwick, Rhode Island

Annual Financial Statements  
For the Year Ended June 30, 2015



**John T. Cimino, Finance Director**



**Frederick J. Presley, Town Manager**



Prepared by: Finance Department

# TOWN OF WEST WARWICK

## INTRODUCTORY SECTION

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  - LIST OF TOWN OFFICIALS
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TOWN OF WEST WARWICK, RHODE ISLAND

YEAR ENDED JUNE 30, 2015

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YEAR ENDED JUNE 30, 2015

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CONCLUDED)

**TOWN OF WEST WARWICK, RHODE ISLAND**



**TOWN COUNCIL**

David Gosselin, Jr. President (Ward 2)  
Edward Giroux, Vice President (Ward 3)  
Angelo A. Padula, Jr. (Ward 1)  
David M. Kenahan (Ward 4)  
Brian E. Tucker (Ward 5)

**TOWN MANAGER**

Frederick J. Presley

**SCHOOL COMMITTEE**

Steven Lawton, Chairperson  
Christopher Messier, Vice-Chairperson  
Rene E. Coutu, Clerk  
Patricia A. Keenan  
Luis R. Colon, Jr.

**DEPARTMENT DIRECTORS & OFFICIALS**

Town Finance Director	John T. Cimino
Superintendent of Schools	Karen Tarasevich
Director of Financial Operations - School Department	Joseph Spagna
Town Solicitor	Timothy Williamson
Town Clerk	Marianne Kelly
Chief of Police	Colonel Richard Silva
Fire Chief	Joseph Baris, Jr.
Tax Assessor	Raymond Beattie, Jr.
Acting Director of Public Works	David Lombardi
Town Planner/Economic Development Coordinator	Mark Carruolo
Building Official	Kerry Anderson
CDBG Coordinator	Elaine Mansour
Superintendent of Sewer Treatment Plant	Thomas Ciolfi
Director of Property & Maintenance - School Department	Kenneth Townsend
Special Education Director - School Department	Paul Vigeant
Director of Technology - School Department	Jim Monti

# TOWN OF WEST WARWICK

## FINANCIAL SECTION

- INDEPENDENT AUDITORS' REPORT
  - MANAGEMENT'S DISCUSSION AND ANALYSIS
  - BASIC FINANCIAL STATEMENTS
  - REQUIRED SUPPLEMENTARY INFORMATION
  - OTHER SUPPLEMENTARY INFORMATION
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***INDEPENDENT AUDITORS' REPORT***

To the Honorable Members of the  
Town Council  
Town of West Warwick, 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 West Warwick, Rhode Island as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of West Warwick, Rhode Island, as of June 30, 2015, 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.

## *Emphasis of Matter*

As discussed in Note 1 to the financial statements, the Town of West Warwick, Rhode Island implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB No. 27* and GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB No. 68*. As discussed in Note 13 to the financial statements, management analyzed the requirements of GASB No. 68 and 71, and determined that the beginning net position should be restated. The net position has been reduced by \$100,773,292 to reflect the net pension liability as of June 30, 2014. Our opinion is not modified with respect to these matters.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of budgetary comparison information, Funding Progress for OPEB Plan, Changes in Net Pension Liability and Related Ratios, and Employer Contributions, Investment Returns, and Employer's Net Pension Liability on pages 4 through 11, and pages 79 through 88 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of West Warwick, Rhode Island's financial statements. The combining and individual non-major fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

***Other Matters (Continued)***

***Other Information (Continued)***

The combining and individual non-major fund statements 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 non-major fund statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The List of Town Officials has 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 it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2016, on our consideration of the Town of West Warwick, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of West Warwick, Rhode Island's internal control over financial reporting and compliance.

*Marcum LLP*

Providence, Rhode Island  
February 23, 2016

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

As management of the Town of West Warwick, we offer readers of the Town of West Warwick's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the Town's financial statements that follow this section.

**Financial Highlights**

- ❖ The Town's government-wide net position decreased by \$4,359,406 as a result of this year's current operations. Most of this decrease was due to the increases in the Town liabilities such as the net pension liability of \$626,377 and the net OPEB obligation of \$805,079. On a government-wide basis the liabilities of the Town of West Warwick exceeded its assets at the close of the most recent fiscal year by \$97,393,020. Net position of the business-type activities increased by \$792,013, while the net position of Governmental Activities decreased by \$5,151,419.
- ❖ The Town's Government-wide (governmental and business-type activities) operating expenses were \$110,716,446 while revenues collected were \$106,357,039.
- ❖ As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,803,305. Over 25% of this amount, \$2,181,291 is unassigned and available for use within the Town's designation and fiscal policies.
- ❖ At the end of the current fiscal year, the General Fund's unassigned fund balance was \$2,453,825 or 2.8% of the total General Fund budgetary expenditures for the fiscal year. In accordance with generally accepted accounting principles (GAAP), the current fiscal year's expenditures and transfers exceeded revenues and transfers by \$954,168. On a budgetary basis of accounting, expenditures and transfers exceeded revenues and transfers by \$137,897. The final fiscal year 2015 actual budgetary basis revenues included an allocation/use of fund balance of \$510,921 which cannot be included in the Fund Financial Statements but is included in the Budgetary Comparison Schedule.
- ❖ The Town Implemented GASB 68- Accounting and Financial Reporting for Pensions in the current fiscal year. Implementation of this GASB resulted in a restatements of the Towns governmental activities beginning net position of \$95,219,282 and the business type activities net position of \$5,554,013.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town of West Warwick's basic financial statements. These basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

**Government-wide financial statements** – are designed to provide readers with a broad overview of the Town's finances in a manner that is similar to a private-sector business. They are presented on the accrual basis of accounting where revenues and expenditures are recognized on the date they were occurred rather than on the date they were collected or paid.

The *Statement of Net Position* presents information on all of the Town's assets, deferred outflow of resources, liabilities, and deferred inflow of resources with the difference between these 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 which shows how the Town's net position changed during the fiscal year. All changes in net position are reported when 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 the 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 West Warwick, which are supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Town's governmental activities include general government, public safety, public works, public assistance, development, recreation, public libraries, education, senior center activities, and interest on long-term debt. The business-type activities of the Town include the West Warwick Sewer Authority, Municipal Court, School Lunch Program and the Civic Center.

The government-wide financial statements are reported on Pages 12 through 13.

**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 West Warwick, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories-governmental funds and proprietary funds.

**Governmental Funds** - Governmental Funds (Pages 14-16) 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 current sources and uses 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 funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of West Warwick maintains 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 Unrestricted Fund, and Debt Service Fund which are considered to be major funds. Data from the other non-major 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 elsewhere in this report.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

**Proprietary Funds** - The Town of West Warwick's Proprietary Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town has four Enterprise Funds. The Sewer Authority, which accounts for the Town's sewer system, the Municipal Court which collects and levies fines and fees, the School Lunch Program which accounts for the activity of the School's food service program and the Civic Center which accounts for the operations of the Civic Center Complex.

The Town's internal service funds represent an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town is self-insured in its health coverage, and the Internal Service Fund reports the actual claims as well as the Town's contribution to the Fund along with employee deductions for the benefit program. The Internal Service Fund is combined with the Governmental Activities in the Government-Wide Financial Statements.

Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The Proprietary Fund financial statements provide separate information for the Sewer Authority, Municipal Court, and School Lunch Program since all of these funds were considered by the Town to be major funds.

The proprietary fund financial statements are presented on Pages 18 through 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 of West Warwick's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

The Fiduciary Fund financial statements can be found on Pages 22 through 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 statements are presented on Pages 24 through 75.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information pertinent to the Town of West Warwick's operations. Required Supplementary information is presented on Pages 79 through 88.

The combining statements referred to earlier in connection with non-major governmental funds and fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules are presented on Pages 89 through 103.

**Government-wide Financial Analysis**

As noted earlier, over time net position may serve as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the case of the Town of West Warwick, liabilities and deferred inflows exceeded assets and deferred outflows by \$97,393,020 as of June 30, 2015.

Listed below is a comparison of the current and prior fiscal year's statement of net position.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>ASSETS</b>						
Current assets	\$ 17,812,283	\$ 17,386,935	\$ 10,008,354	\$ 10,316,500	\$ 27,820,637	\$ 27,703,435
Noncurrent assets	41,884,630	43,363,968	66,184,955	58,263,560	108,069,585	101,627,528
<b>Total Assets</b>	<u>59,696,913</u>	<u>60,750,903</u>	<u>76,193,309</u>	<u>68,580,060</u>	<u>135,890,222</u>	<u>129,330,963</u>
<b>Deferred outflows of resources</b>	<u>4,216,419</u>	<u>-</u>	<u>58,238</u>	<u>-</u>	<u>4,274,657</u>	<u>-</u>
<b>LIABILITIES</b>						
Current liabilities	8,112,360	7,731,193	5,576,720	2,431,011	13,689,080	10,162,204
Noncurrent liabilities	192,195,453	93,353,412	21,680,975	18,075,666	213,876,428	111,429,078
<b>Total Liabilities</b>	<u>200,307,813</u>	<u>101,084,605</u>	<u>32,940,162</u>	<u>20,506,677</u>	<u>233,247,975</u>	<u>121,591,282</u>
<b>Deferred inflows of resources</b>	<u>4,309,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,309,922</u>	<u>-</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets	18,704,147	22,377,376	37,130,722	33,344,852	55,834,869	55,722,228
Restricted	1,878,134	1,685,214	-	-	-	1,685,214
Unrestricted	(161,286,684)	(64,396,292)	6,180,661	14,728,531	(155,106,023)	(49,667,761)
<b>Total Net Position</b>	<u>\$ (140,704,403)</u>	<u>\$ (40,333,702)</u>	<u>\$ 43,311,383</u>	<u>\$ 48,073,383</u>	<u>\$ (97,393,020)</u>	<u>\$ 7,739,681</u>

The largest portion of the Town's net position \$55,834,869 reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire these assets that are still outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Analysis of the Town of West Warwick's Operations**

The following analysis provides a summary of the Town's operations for the year ended June 30, 2015. The Town first implemented GASB Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments for the fiscal year ended June 30, 2004. Comparative data is presented in the following schedules. Governmental activities decreased the Town's net position by \$5,151,419 for the current period, while business-type activities increased the Town's net position by \$792,013. Overall, the Town's net position decreased by \$4,359,406, over the prior year's net position.

The net change in fund balance for the fiscal year ended June 30, 2015 was a decrease of \$326,838 for the Town's governmental fund types. In the statement of activities, expenses for capital items are not recorded as expense but shown on the balance sheet, which resulted in a decrease of \$1,074,578 net of depreciation to our net position. Governmental Funds report principal repayments on debt obligations as expenditures; however the repayment has no effect on the net position, which decreased net position by \$2,404,607. Reductions in net position included an increase in the Town's net pension liability of \$626,377 and the Town was required to record their liability for "Other Post Employment Benefits" per GASB 45, this liability resulted in reduction of net position of \$805,079. See Exhibit B-3 on Page 17 for more detailed explanation of differences between changes in fund balance of the Governmental Funds and changes in net position of the Governmental Activities.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

The following presents a summary of the Changes in Net Position for the current and prior fiscal year.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Changes in Net Position**

	Governmental Activities			Business-Type Activities		
	2015	2014	Change	2015	2014	Change
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 6,349,669	\$ 5,006,773	\$ 1,342,895	\$ 8,639,985	\$ 6,798,107	\$ 1,841,878
Operating grants and contributions	29,076,015	26,525,105	2,550,910	1,015,811	1,184,391	(168,580)
Capital grants and contributions	84,853	202,664	(117,811)	-	-	-
General revenues						
Property taxes	59,361,483	57,124,066	2,237,417	-	-	-
Unrestricted investment earnings	10,632	12,540	(1,908)	1,085	10,662	(9,577)
State Aid	1,458,203	1,308,124	150,079	-	-	-
Miscellaneous	359,304	394,835	(35,531)	-	-	-
<b>Total Revenues</b>	<u>96,700,159</u>	<u>90,574,107</u>	<u>6,126,051</u>	<u>9,656,881</u>	<u>7,993,160</u>	<u>1,663,721</u>
<b>Expenses</b>						
General government	15,172,106	10,801,190	555,192	-	-	-
Public safety	17,249,775	20,420,240	(3,170,465)	-	-	-
Public works	3,852,155	3,634,335	217,820	-	-	-
Education	59,530,272	54,121,018	5,409,254	-	-	-
Public assistance, development, recreation, and senior center	3,773,674	3,746,984	26,690	-	-	-
Community development	-	-	-	-	-	-
Public libraries	944,960	946,609	(1,649)	-	-	-
Interest on long-term debt	731,145	892,641	(161,496)	-	-	-
Sewer Authority	-	-	-	8,011,574	7,807,913	203,661
Municipal Court	-	-	-	220,911	180,332	40,579
School Lunch Program	-	-	-	1,186,249	1,161,192	25,057
Civic Center	-	-	-	43,625	-	43,625
<b>Total Expenses</b>	<u>101,254,087</u>	<u>94,563,017</u>	<u>2,875,346</u>	<u>9,462,359</u>	<u>9,149,437</u>	<u>312,922</u>
Increase (Decrease) in Net Position	(4,553,928)	(3,988,910)	(565,018)	194,522	(1,156,277)	1,350,799
Transfers	(597,491)	-	(597,491)	597,491	-	597,491
<b>Increase (Decrease) in Net Position</b>	(5,151,419)	(3,988,910)	(1,162,509)	792,013	(1,156,277)	1,948,290
<b>Net Positions - beginning</b>	(40,333,702)	(34,730,357)	(5,603,345)	48,073,383	71,048,315	(22,974,932)
<b>Restatement</b>	(95,219,282)	(1,614,435)	(93,604,847)	(5,554,013)	(21,818,655)	16,264,642
<b>Net Positions - ending</b>	<u>\$ (140,704,403)</u>	<u>\$ (40,333,702)</u>	<u>\$ (100,370,701)</u>	<u>\$ 43,311,383</u>	<u>\$ 48,073,383</u>	<u>\$ (4,762,000)</u>

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

**Financial Analysis of the Town of West Warwick's Funds**

**Governmental Funds** -The focus of the Town of West Warwick'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, the unassigned fund balance may serve as a useful measure of the Town'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 combined ending fund balances of \$8,803,305. Approximately 25% of the total amount, or \$2,181,291 constituted unassigned fund balances. The remainder of the fund balance is non-spendable, restricted, and committed specific purposes.

For a more detailed review of changes in fund balances, see the statement of revenues, expenditures and changes in fund balances on Page 16 and Note 7 on Pages 50 through 53.

**Proprietary Funds** -The Town of West Warwick's proprietary fund statements provide the same type of information as presented in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds totaled \$6,180,661 while the net investment in capital assets was \$37,130,722 for a total net position of \$43,311,383. This net position consisted of \$41,578,756 for the Sewer Authority, \$132,738 for the Municipal Court, \$1,046,023 for the School Lunch Program, and \$553,866 for the Civic Center.

**General Fund Budgetary Highlights**

For the year ended June 30, 2015, the General Fund revenues before other financing sources were under budget by \$853,030. Revenues and other financing sources were under budget projections by \$20,894. General Fund expenditures and other financing uses were under budget by \$96,077. This resulted in an \$116,971 budgetary deficit in the General Fund for the year ended June 30, 2015. See details on Pages 79-82.

**Revenues**

General property taxes - were under budget by \$843,488 due to a decrease in collections of delinquent taxes during the operating year.

Intergovernmental revenues - were over budget by \$27,197 due to conservative budgeting for state aid revenues based on the Governor's Budget.

Departmental revenues - were under budget by \$42,371 due to an unexpected change in operations at the Civic Center Complex.

**Expenditures**

General Government – was over budget by 186,052 due to Pension requirements.

Public Safety - was over budget by \$62,252 due to covering long-term vacancies.

Public Works and Other Expenditures – were under budget by \$27,908 and \$26,673 respectively, due to departmental cost reductions.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

**The Town of West Warwick's Capital Assets**

The Town of West Warwick's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounts to \$99,962,634 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, machinery and equipment, vehicles, plant facilities, infrastructure, extensions and mains, and construction in progress.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Capital Assets (Net of Accumulated Depreciation) (in 000's)**

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 9,269	\$ 9,400	\$ 433	\$ 302	\$ 9,702	\$ 9,702
Land Improvements	74	-	534	579	608	579
Buildings and improvements	15,292	15,582	30,493	29,663	45,785	45,245
Machinery, Equipment and Vehicles	1,616	1,799	7,116	7,967	8,732	9,766
Infrastructure	15,634	16,583	19,502	12,017	35,136	28,600
<b>Net Capital Assets</b>	<b>\$ 41,885</b>	<b>\$ 43,364</b>	<b>\$ 58,078</b>	<b>\$ 50,528</b>	<b>\$ 99,963</b>	<b>\$ 93,892</b>

Additional information on the Town of West Warwick's capital assets is located in Note 5 of the notes to the financial statements on Pages 46-47.

**The Town of West Warwick's Debt Administration**

At the end of the current fiscal year, the Town of West Warwick's Governmental Activities had a total bonded debt of \$23,118,000. Of this amount, 100% comprises bonded debt backed by the full faith and credit of the government. The following is a summary of the Town's long-term debt.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Bonds, Notes, and Lease Purchase Obligations (in 000's)**

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 23,118	\$ 20,653			\$ 23,118	\$ 20,653
Lease Purchase Obligations	62	123			62	123
General Revenue Notes	-	-	\$ 23,150	\$ 19,386	23,150	19,386
<b>Totals</b>	<b>\$ 23,180</b>	<b>\$ 20,776</b>	<b>\$ 23,150</b>	<b>\$ 19,386</b>	<b>\$ 46,330</b>	<b>\$ 40,162</b>

Note 6, Pages 47-49 provide additional information on the Town's long-term debt obligations.

The Town's general obligation bond rating as assigned by Moody's Investors Service is Baa2 while Fitch Rating Service is BBB-. The State of Rhode Island imposes a limit of 3 percent of the fair value of all taxable Town property on the general obligation debt that a municipality can issue. The Town of West Warwick's limit is approximately

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

\$62,000,000 at year-end. The Town's outstanding general obligation debt is \$23,118,000 at year-end, of which none is subject to the legal debt margin.

**Economic Factors, Next Year's Budgets and Rates, and Other Important Developments**

The Town of West Warwick's total General Fund budget for fiscal year 2016 amounts to \$89,542,098 which reflects an increase of \$3,185,999 or 3.69% above the fiscal year 2015 budget of \$86,356,099. Of the Town's 2016 budget, 60% is budgeted for education expenditures and 40% is budgeted for general government. The State of Rhode Island is budgeted to contribute \$21,954,439 to the Town's education department based on State Aid in fiscal 2016.

The Town's tax rate for fiscal year 2016 is \$25.96 per \$1,000 of assessed value with 40% allocated for general government and 60% allocated for education. For fiscal year 2015 the Town's tax rate was \$25.39 per \$1,000 of assessed value with 40% allocated for general government and 60% allocated for education.

In fiscal 2014, Management worked in conjunction with the State of Rhode Island Department of Revenue, in an unofficial capacity, to develop a Five Year Budget Plan and Pension Funding Improvement Plan (FIP) based on successfully negotiated concessions from its labor groups and retirees, as well as voter approved tax increases. The Five Year Budget Plan, FIP, Five Year Union Contracts, and an agreement with the retirees were all approved and adopted by the Town Council.

The Town has also made broad changes to its health plans and negotiated higher employee and future retiree contributions. The pension and health care reforms were part of the Town's plan to reduce its long-term liabilities and achieve full funding of the annual required contribution (ARC) for its' Town administered pension plan. The Town plan was only 17% funded as of July 1, 2013 and had an unfunded liability of \$128 million. The agreed upon reforms, including suspension of cost-of-living adjustments (COLAs) for the next five fiscal years, resulted in a reduction of the ARC from \$10.7 million to \$8 million for fiscal 2015 and lowered the future annual rate of growth in the ARC. The reduction allowed the Town to achieve 100% funding of the ARC in Fiscal 2015. Additionally, an increase in the Town's annual funding of other post-employment benefit (OPEB) costs above pay-as-you-go is expected for Fiscal 2016 and future years as part of the Five Year Budget Plan. The pension and OPEB changes were part of five-year employment contracts with its labor groups, effective July 1, 2014. Employees agreed to no salary increases over this period, with wage re-opener clauses in years four and five in the event the Town meets certain financial improvement thresholds.

On June 5, 2015, Fitch Ratings affirmed the Town's BBB- rating and revised the Rating Outlook from Stable to Positive Rating Outlook. In their words, "Moderate tax revenue increases, significant pension reform efforts and improved oversight and expenditure controls in the school fund have helped management achieve a more structured and stable financial profile. Such efforts should provide for continued stabilized operating performance and improved financial flexibility."

On August 7, 2015, Moody's affirmed the Town's Baa2 rating and the outlook remained stable. According to their Press Release, the outlook assumes that the town will continue its efforts to maintain adequate reserve levels and to address its large pension and OPEB liabilities through the full funding of its pension OPEB liabilities."

**Request for Information**

The financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the Town's finances and to show the Town's accountability for the tax dollars received. If you have questions about this report or need additional financial information, contact the Finance Director's Office, Town of West Warwick, 1170 Main Street, West Warwick, RI 02893.

John T. Cimino  
Finance Director

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# TOWN OF WEST WARWICK

## BASIC FINANCIAL STATEMENTS

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**TOWN OF WEST WARWICK, RHODE ISLAND**

**EXHIBIT A-1**

**Statement of Net Position  
June 30, 2015**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 15,264,851	\$ 1,299,347	\$ 16,564,198
Restricted cash	-	2,209,098	2,209,098
Investments	1,708,884	-	1,708,884
Accounts receivable, net	3,337,107	2,182,709	5,519,816
Internal balances	(4,317,198)	4,317,198	-
Due from federal and state governments	1,566,402	-	1,566,402
Prepays	252,237	-	252,237
<b>Total Current Assets</b>	<b>17,812,283</b>	<b>10,008,352</b>	<b>27,820,635</b>
<b>Noncurrent Assets:</b>			
Assessment and fees receivable	-	2,212,575	2,212,575
Municipal debt service assessment receivables	-	5,894,376	5,894,376
Capital assets not being depreciated	9,268,414	432,700	9,701,114
Capital assets, net of accumulated depreciation	32,616,216	57,645,304	90,261,520
<b>Total Noncurrent Assets</b>	<b>41,884,630</b>	<b>66,184,955</b>	<b>108,069,585</b>
<b>TOTAL ASSETS</b>	<b>59,696,913</b>	<b>76,193,307</b>	<b>135,890,220</b>
<b>Deferred outflows of resources</b>			
Pension-related deferred outflows of resources	4,216,419	58,238	4,274,657
<b>Total deferred outflows of resources</b>	<b>4,216,419</b>	<b>58,238</b>	<b>4,274,657</b>
<b>LIABILITIES:</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued expenses	4,480,328	3,560,580	8,040,908
Due to federal and state governments	56,029	-	56,029
Unearned revenue	1,293,520	48,140	1,341,660
Current portion of compensated absences	500,000	40,000	540,000
Current portion of bonds	1,782,483	1,928,000	3,710,483
<b>Total Current Liabilities</b>	<b>8,112,360</b>	<b>5,576,720</b>	<b>13,689,080</b>
<b>Noncurrent Liabilities:</b>			
Compensated absences	5,865,000	124,900	5,989,900
Net pension liability and OPEB obligations	164,932,453	6,016,542	170,948,995
General obligation bonds, net	21,398,000	21,222,000	42,620,000
<b>Total Noncurrent Liabilities</b>	<b>192,195,453</b>	<b>27,363,442</b>	<b>219,558,895</b>
<b>TOTAL LIABILITIES</b>	<b>200,307,813</b>	<b>32,940,162</b>	<b>233,247,975</b>
<b>Deferred inflows of resources</b>			
Pension related deferred inflow of resources	4,309,922	-	4,309,922
<b>Total deferred inflows of resources</b>	<b>4,309,922</b>	<b>-</b>	<b>4,309,922</b>
<b>NET POSITION:</b>			
Net investment in capital assets	18,704,147	37,130,722	55,834,869
Restricted	1,878,134	-	1,878,134
Unrestricted	(161,286,684)	6,180,661	(155,106,023)
<b>TOTAL NET POSITION</b>	<b>\$ (140,704,403)</b>	<b>\$ 43,311,383</b>	<b>\$ (97,393,020)</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**TOWN OF WEST WARWICK, RHODE ISLAND**

**EXHIBIT A-2**

**Statement of Activities  
For the Year Ended June 30, 2015**

<b>Functions/Programs:</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>		
		<b>Charges for Services, Fees &amp; Licenses</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Governmental activities:</b>							
General government	\$ 15,172,106	\$ 3,529,377	\$ 15,590	\$ -	\$ (11,627,139)		\$ (11,627,139)
Public safety	17,249,775	1,794,613	95,069	-	(15,360,093)		(15,360,093)
Public works	3,852,155	9,619	-	-	(3,842,536)		(3,842,536)
Public assistance, development, recreation	3,610,674	68,301	521,845	-	(3,020,528)		(3,020,528)
Public libraries	944,960	17,622	186,548	-	(740,790)		(740,790)
Education	59,530,272	892,889	27,338,105	84,853	(31,214,425)		(31,214,425)
Senior center activities	163,000	-	-	-	(163,000)		(163,000)
Interest on long-term debt	731,145	37,247	918,858	-	224,960		224,960
<b>Total governmental activities</b>	<b>101,254,087</b>	<b>6,349,668</b>	<b>29,076,015</b>	<b>84,853</b>	<b>(65,743,551)</b>		<b>(65,743,551)</b>
<b>Business-type activities:</b>							
Sewer Authority	8,011,574	8,027,862	90,566	-	-	\$ 106,854	106,854
Municipal Court	220,911	222,947	-	-	-	2,036	2,036
School Lunch Program	1,186,249	389,176	925,245	-	-	128,172	128,172
Civic Center	43,625	-	-	-	-	(43,625)	(43,625)
<b>Total business-type activities</b>	<b>9,462,359</b>	<b>8,639,985</b>	<b>1,015,811</b>	<b>-</b>	<b>-</b>	<b>193,437</b>	<b>193,437</b>
<b>Total</b>	<b>\$ 110,716,446</b>	<b>\$ 14,989,653</b>	<b>\$ 30,091,826</b>	<b>\$ 84,853</b>	<b>(65,743,551)</b>	<b>193,437</b>	<b>(65,550,114)</b>
<b>General revenues:</b>							
Property taxes					59,361,483		59,361,483
Motor vehicle phase-out taxes					233,530		233,530
Utilities taxes					359,305		359,305
State Aid to distressed communities					783,095		783,095
Hotel, meals, and beverage tax					441,578		441,578
Unrestricted investment earnings					10,632	1,085	11,717
Transfers in (out)					(597,491)	597,491	-
<b>Total general revenues and transfers</b>					<b>60,592,132</b>	<b>598,576</b>	<b>61,190,708</b>
<b>Change in Net Position</b>					<b>(5,151,419)</b>	<b>792,013</b>	<b>(4,359,406)</b>
<b>Net Position - beginning of year (As Restated)</b>					<b>(135,552,984)</b>	<b>42,519,370</b>	<b>(93,033,614)</b>
<b>Net Position - end of year</b>					<b>\$ (140,704,403)</b>	<b>\$ 43,311,383</b>	<b>\$ (97,393,020)</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT B-1

*Balance Sheet  
Governmental Funds  
June 30, 2015*

	General Fund	School Unrestricted Fund	Debt Service Fund	NonMajor Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 14,816,081	\$ 630	\$ 169,250	\$ 278,890	\$ 15,264,851
Investments	-	-	1,708,884	-	1,708,884
Taxes receivable, net	2,550,010	-	-	-	2,550,010
Other receivables, net	339,781	381,784	-	65,532	787,097
Due from federal and state governments	435,926	22,945	-	1,107,531	1,566,402
Prepays	252,237	-	-	-	252,237
Due from other funds	374,654	5,892,670	-	1,098,779	7,366,102
<b>TOTAL ASSETS</b>	<b>\$ 18,768,689</b>	<b>\$ 6,298,029</b>	<b>\$ 1,878,134</b>	<b>\$ 2,550,732</b>	<b>\$ 29,495,583</b>
<b>LIABILITIES:</b>					
Accounts payable and accrued expenses	\$ 1,267,336	\$ 758,874	\$ -	\$ 80,105	\$ 2,106,314
Cash overdraft	-	1,366,827	-	-	1,366,827
Due to federal & state governments	-	-	-	56,029	56,029
Due to other funds	11,031,778	988,763	-	1,375,932	13,396,473
Unearned revenue	1,290,398	-	-	3,122	1,293,520
<b>TOTAL LIABILITIES</b>	<b>13,589,512</b>	<b>3,114,464</b>	<b>-</b>	<b>1,515,188</b>	<b>18,219,163</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable tax and EMS revenue	2,473,115	-	-	-	2,473,115
<b>FUND BALANCES:</b>					
Non-spendable	252,237	-	-	-	252,237
Restricted	-	-	1,878,134	324,438	2,202,572
Committed	-	3,183,565	-	983,640	4,167,205
Unassigned	2,453,825	-	-	(272,534)	2,181,291
<b>TOTAL FUND BALANCES</b>	<b>2,706,062</b>	<b>3,183,565</b>	<b>1,878,134</b>	<b>1,035,544</b>	<b>8,803,305</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 18,768,689</b>	<b>\$ 6,298,029</b>	<b>\$ 1,878,134</b>	<b>\$ 2,550,732</b>	<b>\$ 29,495,583</b>

(CONTINUED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT B-1 (Continued)

*Balance Sheet  
Governmental Funds  
June 30, 2015*

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*Amounts reported for governmental activities in the Statement of Net Position are different because of the following:*

<i>Total Fund Balance reported in Exhibit B-1</i>	\$ 8,803,305
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the Governmental Fund Balance Sheet.	41,884,630
Net OPEB Obligation and Net Pension Obligations are reported on the Statement of Net Position as a long-term obligation at June 30, 2015 but these obligations are not reported on the Fund Statements.	(164,932,453)
Net pension related deferred inflows	(93,503)
Long-term debt liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities are reported in the Statement of Net Position - debt and compensated absences.	(29,351,207)
Unearned tax revenues (net of an allowance for uncollectibles) are recorded in the funds, but are not recorded under the measurement focus employed in the Statement of Net Position.	2,473,115
Internal Service Funds are recorded as Proprietary Funds in the Fund Statements but are recorded as Governmental Activities on the Government-Wide Statement of Net Position.	892,986
Interest accrued on long-term debt obligations is reported as a liability in the Statement of Net Position but does not get reported in the Fund Statements.	(187,000)
Net premium on refunding has been recorded as a long-term obligation on the Statement of Net Position while the amount does not get reported on the Fund Statements.	<u>(194,276)</u>
<i>Total Net Position reported in Exhibit A-1</i>	<u><u>\$(140,704,403)</u></u>

(CONCLUDED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**TOWN OF WEST WARWICK, RHODE ISLAND**

**EXHIBIT B-2**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2015**

	General Fund	School Unrestricted Fund	Debt Service Fund	NonMajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Property taxes	\$ 59,142,049	\$ -	\$ -	\$ -	\$ 59,142,049
Intergovernmental	2,875,171	20,978,219	-	2,982,447	26,835,837
Licenses, fees, fines, charges, and assessments	2,431,461	-	-	841,783	3,273,244
Medicaid	-	490,110	-	-	490,110
Investment income (loss)	10,632	-	37,247	59,492	107,371
Contributions and grants	-	-	-	384,835	384,835
State on behalf pension contribution	-	2,205,970	-	-	2,205,970
Other miscellaneous	44,611	229,904	-	28,995	303,510
<b>TOTAL REVENUES</b>	<b>64,503,924</b>	<b>23,904,203</b>	<b>37,247</b>	<b>4,297,552</b>	<b>92,742,926</b>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
General government	12,672,439	-	-	-	12,672,439
Public Safety	11,993,070	-	-	671,192	12,664,262
Public Services	3,189,532	-	-	209,286	3,398,818
Library	630,153	-	-	239,201	869,354
Education	-	53,867,889	-	2,531,281	56,399,170
Senior Center	163,000	-	-	-	163,000
Public assistance, development & recreation	3,032,255	-	-	532,789	3,565,044
<b>Debt Service</b>	<b>2,423,978</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,423,978</b>
<b>Capital Outlays</b>	<b>187,812</b>	<b>-</b>	<b>-</b>	<b>128,396</b>	<b>316,208</b>
<b>TOTAL EXPENDITURES</b>	<b>34,292,239</b>	<b>53,867,889</b>	<b>-</b>	<b>4,312,145</b>	<b>92,472,273</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<b>30,211,685</b>	<b>(29,963,686)</b>	<b>37,247</b>	<b>(14,593)</b>	<b>270,653</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,040,375	30,637,811	155,673	-	31,833,859
Transfers out	(32,206,228)	(200,000)	-	(25,122)	(32,431,350)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(31,165,853)</b>	<b>30,437,811</b>	<b>155,673</b>	<b>(25,122)</b>	<b>(597,491)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(954,168)</b>	<b>474,125</b>	<b>192,920</b>	<b>(39,715)</b>	<b>(326,838)</b>
<b>FUND BALANCE BEGINNING OF YEAR</b>	<b>3,660,230</b>	<b>2,709,440</b>	<b>1,685,214</b>	<b>1,075,259</b>	<b>9,130,143</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 2,706,062</b>	<b>\$ 3,183,565</b>	<b>\$ 1,878,134</b>	<b>\$ 1,035,544</b>	<b>\$ 8,803,305</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

*Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds (Exhibit B-2) to the Statement of Activities (Exhibit A-2)  
Year Ended June 30, 2015*

<b>Net Change in Fund Balances - Total Governmental Funds (Exhibit B-2):</b>	<b>\$ (326,838)</b>
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital expenditures in the current period.	(1,074,578)
Transfer of capital assets to business-type activities from governmental activities decreases net position of governmental activities in the statement of activities, but are not reported in the governmental funds because they are not financial resources.	(397,490)
Governmental funds report principal repayments on debt obligations as an expenditure. However, the repayment of principal has no effect on the net position.	(2,404,607)
Increase in the Net OPEB Obligation is reported as an expense for governmental activities but is not reported as an expenditure in the fund financial statements until it is paid with measurable and available resources. This is the increase in the Net OPEB Obligation for fiscal 2015.	(805,079)
Increase in the Net Pension Liability is reported as an expense for governmental activities but is not reported as an expenditure in the fund financial statements until it is paid with measurable and available resources. This is the increase in the Net Pension Liability for fiscal 2015.	(626,377)
Governmental funds report premiums received on debt financing as other financing sources when received. However, the Statement of Activities amortizes these premiums over the life of the obligations and records the amortization as a credit to expenses. This is the amortization amount for fiscal 2015.	16,440
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds. Net unearned tax revenue decreased from fiscal 2014.	80,629
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds. Net unearned EMS Rescue revenue decreased from fiscal 2014.	96,382
Accrued interest on long-term debt obligations is reported in the governmental activities but is not reported in the government fund statements. This is the decrease in accrued interest expense from fiscal 2014.	71,000
Increase in compensated absences. The governmental fund reflects this activity when it will be paid with measurable and available resources. The change from prior year balances is reflected in the statement of activities and changes in net position. Increase in compensated absences.	(131,000)
The activity reported in the Internal Service Fund is presented with the Proprietary Fund Statements. However, this activity is reported as a component of the Governmental Activities in the Statement of Activities. This is the net activity reported for fiscal 2015.	<u>350,099</u>
<b>Change in Net Position of Governmental Activities in the Statement of Activities (Exhibit A-2)</b>	<b><u>\$ (5,151,419)</u></b>

Statement of Net Position  
Proprietary Funds  
June 30, 2015

	Business-type Activities-Enterprise Funds					
	Sewer Authority	Municipal Court	School Lunch Program	Civic Center	Totals	Internal Service Fund
<b>ASSETS:</b>						
<i>Current Assets:</i>						
Cash and cash equivalents	\$ 819,482	\$ -	\$ 479,865	\$ -	\$ 1,299,347	\$ -
Restricted cash	2,202,718	-	6,380	-	2,209,098	-
Assessments and fees receivable, net	1,426,448	33,805	74,712	-	1,534,965	-
Municipal debt service assessment receivables	647,744	-	-	-	647,744	-
Due from other funds	4,460,928	116,360	381,755	-	4,959,043	1,713,173
<b>Total Current Assets</b>	<b>9,557,320</b>	<b>150,165</b>	<b>942,712</b>	<b>-</b>	<b>10,650,197</b>	<b>1,713,173</b>
<i>Noncurrent Assets:</i>						
Assessments and fees receivable, net	2,212,575	-	-	-	2,212,575	-
Municipal debt service assessment receivables	5,894,376	-	-	-	5,894,376	-
Capital assets not being depreciated	301,600	-	-	131,100	432,700	-
Capital assets, net of accumulated depreciation	56,370,715	-	210,078	1,064,511	57,645,304	-
<b>Total Noncurrent Assets</b>	<b>64,779,266</b>	<b>-</b>	<b>210,078</b>	<b>1,195,611</b>	<b>66,184,955</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>74,336,586</b>	<b>150,165</b>	<b>1,152,790</b>	<b>1,195,611</b>	<b>76,835,152</b>	<b>1,713,173</b>
<i>Deferred outflows of resources</i>						
Pension-related deferred outflows of resources	58,238	-	-	-	58,238	-
<b>Total deferred outflows of resources</b>	<b>58,238</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58,238</b>	<b>-</b>
<b>LIABILITIES:</b>						
<i>Current Liabilities:</i>						
Accounts payable and accrued expenses	3,436,486	17,427	106,667	-	3,560,580	820,187
Due to other funds	-	-	100	641,745	641,845	-
Unearned revenue	48,140	-	-	-	48,140	-
Current portion of compensated absences	40,000	-	-	-	40,000	-
Current portion of bonds	1,928,000	-	-	-	1,928,000	-
<b>Total Current Liabilities</b>	<b>5,452,626</b>	<b>17,427</b>	<b>106,767</b>	<b>641,745</b>	<b>6,218,565</b>	<b>820,187</b>
<i>Noncurrent Liabilities:</i>						
General obligation bonds, net of current portion	21,222,000	-	-	-	21,222,000	-
Net pension liability and OPEB obligation	6,016,542	-	-	-	6,016,542	-
Compensated absences	124,900	-	-	-	124,900	-
<b>Total Noncurrent Liabilities</b>	<b>27,363,442</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,363,442</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>32,816,068</b>	<b>17,427</b>	<b>106,767</b>	<b>641,745</b>	<b>33,582,007</b>	<b>820,187</b>
<b>NET POSITION:</b>						
Net investment in capital assets	35,725,033	-	210,078	1,195,611	37,130,722	-
Unrestricted	5,853,723	132,738	835,945	(641,745)	6,180,661	892,986
<b>TOTAL NET POSITION</b>	<b>\$ 41,578,756</b>	<b>\$ 132,738</b>	<b>\$ 1,046,023</b>	<b>\$ 553,866</b>	<b>\$ 43,311,383</b>	<b>\$ 892,986</b>

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT C-2

Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2015

	Business-type Activities-Enterprise Funds					
	Sewer Authority	Municipal Court	School Lunch Program	Civic Center	Totals	Internal Service Fund
<b>OPERATING REVENUES:</b>						
Charges for usage, service, and assessments	\$ 8,027,734	\$ 222,947	\$ -	\$ -	\$ 8,250,681	\$ 12,174,442
Food sales	-	-	389,176	-	389,176	-
Intergovernmental	90,566	-	925,245	-	1,015,811	-
Other revenues	128	-	-	-	128	-
<b>Total Operating Revenues</b>	<b>8,118,428</b>	<b>222,947</b>	<b>1,314,421</b>	<b>-</b>	<b>9,655,796</b>	<b>12,174,442</b>
<b>OPERATING EXPENSES:</b>						
Salaries and benefits	2,451,587	105,891	-	-	2,557,478	11,270,094
Other operating expenses	2,582,146	105,883	1,095,438	1,785	3,785,252	554,249
Depreciation and amortization	2,358,009	-	46,605	41,840	2,446,454	-
Materials, supplies, repairs and maintenance	238,991	9,137	44,206	-	292,334	-
<b>Total Operating Expenses</b>	<b>7,630,733</b>	<b>220,911</b>	<b>1,186,249</b>	<b>43,625</b>	<b>9,081,518</b>	<b>11,824,343</b>
<b>OPERATING INCOME (LOSS)</b>	<b>487,695</b>	<b>2,036</b>	<b>128,172</b>	<b>(43,625)</b>	<b>574,278</b>	<b>350,099</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Interest income	1,085	-	-	-	1,085	-
Interest expense	(380,841)	-	-	-	(380,841)	-
<b>Net Nonoperating Revenues</b>	<b>(379,756)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(379,756)</b>	<b>-</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>107,939</b>	<b>2,036</b>	<b>128,172</b>	<b>(43,625)</b>	<b>194,522</b>	<b>350,099</b>
Transfers in	-	-	-	200,000	200,000	-
Capital contribution	-	-	-	397,491	397,491	-
<b>Total contributions and transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>597,491</b>	<b>597,491</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>107,939</b>	<b>2,036</b>	<b>128,172</b>	<b>553,866</b>	<b>792,013</b>	<b>350,099</b>
<b>TOTAL NET POSITION - BEGINNING (as restated)</b>	<b>41,470,817</b>	<b>130,702</b>	<b>917,851</b>	<b>-</b>	<b>42,519,370</b>	<b>542,887</b>
<b>TOTAL NET POSITION - ENDING</b>	<b>\$ 41,578,756</b>	<b>\$ 132,738</b>	<b>\$ 1,046,023</b>	<b>\$ 553,866</b>	<b>\$ 43,311,383</b>	<b>\$ 892,986</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended June 30, 2015

	Business-type Activities- Enterprise Funds					Internal Service Fund
	Sewer Authority	Municipal Court	School Lunch Program	Civic Center	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash received from customers	\$ 8,068,245	\$ 210,342	\$ 1,249,255	\$ -	\$ 9,527,842	\$ 11,934,941
Cash paid to suppliers for goods and services and other operating payments	54,740	(117,191)	(1,130,276)	(1,785)	(1,192,727)	(554,249)
Cash paid for employees and benefits	(2,347,060)	(105,891)	-	-	(2,452,951)	(11,380,692)
<i>Net cash provided by (used in ) operating activities</i>	<u>5,775,925</u>	<u>(12,740)</u>	<u>118,979</u>	<u>(1,785)</u>	<u>5,882,164</u>	<u>-</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
(Increase) decrease in due from other funds	(2,400,309)	12,740	(121,153)	-	(2,508,722)	-
Increase (decrease) in due to other funds	(363,160)	-	100	201,785	(363,060)	-
<i>Net cash (used in) provided by noncapital financing activities</i>	<u>(2,763,469)</u>	<u>12,740</u>	<u>(121,053)</u>	<u>201,785</u>	<u>(2,871,782)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Acquisition of capital assets	(8,723,282)	-	(35,591)	(200,000)	(8,758,873)	-
Principal paid on bonds	3,764,000	-	-	-	3,764,000	-
Interest paid on bonds	(357,756)	-	-	-	(357,756)	-
<i>Net cash used in capital and related financing activities</i>	<u>(5,317,038)</u>	<u>-</u>	<u>(35,591)</u>	<u>(200,000)</u>	<u>(5,352,629)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Investment income	1,085	-	-	-	1,085	-
<i>Net cash provided by investing activities</i>	<u>1,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,085</u>	<u>-</u>

TOWN OF WEST WARWICK, RHODE ISLAND

Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended June 30, 2015

	Business-type Activities- Enterprise Funds					
	Sewer Authority	Municipal Court	School Lunch Program	Civic Center	Totals	Internal Service Fund
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(2,303,497)	-	(37,665)	-	(2,341,162)	-
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR</b>	5,325,697	-	523,910	-	5,849,607	-
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR</b>	<u>\$ 3,022,200</u>	<u>\$ -</u>	<u>\$ 486,245</u>	<u>\$ -</u>	<u>\$ 3,508,445</u>	<u>\$ -</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Operating income (loss)	\$ 487,695	\$ 2,036	\$ 128,172	\$ (43,625)	\$ 617,903	350,099
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation and amortization expense	2,358,009	-	46,605	41,840	2,404,614	-
(Increase) Decrease in assessments and fees receivable	247,922	(12,605)	(63,576)	-	171,741	(239,501)
Decrease in due from federal and state governments	-	-	-	-	-	-
Decrease in municipal debt service assessments receivable	(346,245)	-	-	-	(346,245)	-
Decrease in prepaid expenses	-	-	-	-	-	-
Increase (decrease) in accounts payable and accrued expenses	2,875,877	(2,171)	9,368	-	2,883,074	(110,598)
Increase (decrease) in compensated absences, net pension liability and OPEB obligation	104,527	-	-	-	104,527	-
Decrease unearned revenue	48,140	-	(1,590)	-	46,550	-
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 5,775,925</u>	<u>\$ (12,740)</u>	<u>\$ 118,979</u>	<u>\$ (1,785)</u>	<u>\$ 5,882,164</u>	<u>\$ -</u>
Non-cash investing, capital and financing activities:						
Contribution of capital assets from governmental fund	\$ -	\$ -	\$ -	\$ 397,490	\$ -	\$ -

During the fiscal year ended June 30, 2015 the Civic Center Fund received capital assets transferred from the Governmental Activities totaling \$397,490. The transfer and value of the capital assets constitutes a non cash transaction and accordingly, the value of such has been omitted from the Statement of Cash Flows.

(CONCLUDED)

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT D-1

*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*June 30, 2015*

	Employee Retirement Trust Fund	OPEB Trust Fund	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 33,140	\$ -	\$ 157,671
Other receivables	8,779		
<i>Investments, at fair value:</i>			
Money market funds	3,795,535		
Equity mutual funds	14,182,282	239,263	
Fixed income mutual funds	9,175,654		
Common and collective mutual funds	1,801,754		
Prepaid expenditures	25,000		
<b>TOTAL ASSETS</b>	<u>29,022,144</u>	<u>239,263</u>	<u>157,671</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	160		
Deposits held in custody for others			157,671
<b>TOTAL LIABILITIES</b>	<u>160</u>		<u>157,671</u>
<b>NET POSITION</b>			
Restricted for pensions	<u>\$ 29,021,984</u>	<u>\$ 239,263</u>	<u>\$ -</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

TOWN OF WEST WARWICK, RHODE ISLAND

Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 For the year ended June 30, 2015

	Employee Retirement Trust Fund	OPEB Trust Fund
<b>ADDITIONS:</b>		
Contributions		
Employee contributions	\$ 1,727,794	\$ -
Employer contributions	8,062,234	239,263
Total contributions	<u>9,790,028</u>	<u>239,263</u>
<b>Investment earnings:</b>		
Realized and unrealized gains on investments	40,377	
Interest and dividends	596,257	
Less Investment management fees	(32,167)	
Total investment earnings	<u>604,467</u>	
<b>Total additions</b>	<u>10,394,495</u>	<u>239,263</u>
<b>DEDUCTIONS:</b>		
Benefits paid	9,183,839	
Professional fees	93,019	
Other operating expenses	77,107	
<b>TOTAL DEDUCTIONS</b>	<u>9,353,965</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	1,040,530	239,263
NET POSITION - BEGINNING OF YEAR	27,981,454	-
<b>NET POSITION - END OF YEAR</b>	<u>\$ 29,021,984</u>	<u>\$ 239,263</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of West Warwick, Rhode Island (the Town) complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements.

***Reporting Entity***

The Town is governed largely under the Home Rule Charter approved by the electorate on November 4, 1986 and effective December 5, 1988. In some matters, including the issuance of short and long-term debt, the General Laws of the State of Rhode Island govern the Town. The Town is run under a Town Council/Town Manager form of government. The Town provides the following services as authorized by its charter: Public Safety (police, fire, traffic safety, inspections, zoning and building), Public Works (sanitation, highways and streets, engineering and building maintenance), Parks and Recreation, Education, Social Services, and General Administrative Services.

This report includes all of the Funds of the Town of West Warwick. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 61. Under GASB Statement No. 61, a legally separate entity is required to be included as a component unit if it is fiscally dependent upon the primary government and there is a financial benefit or burden relationship present. The primary government is financially accountable if it appoints the voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A potential component unit has a financial benefit or burden relationship with the primary government if, for example, any one of the following conditions exists:

- a. The primary government is legally entitled to or can otherwise access the organization's resources.
- b. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
- c. The primary government is obligated in some manner for the debt of the organization.

The financial statements do not include any component units.

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Recently Issued Accounting Standards***

During the year ended June 30, 2015 the Town implemented the following new accounting pronouncements:

- GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, effective for the year ending June 30, 2015.
- GASB Statement No. 69 – *Government Combinations and Disposals of Government Operations*, effective for the year ending June 30, 2015.
- GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective for the year ending June 30, 2015.

The following are recently issued governmental accounting standards which will be applicable in future years:

- GASB Statement No. 72 – *Fair Value Measurement and Application*, effective year ending June 30, 2016.
- GASB Statement No. 73 – *Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement No. 68*. And amendments for certain provisions of GASB Statements No. 67 and No. 68, effective for the Town's year ending June 30, 2016.
- GASB Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for the year ending June 30, 2017.
- GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for year ending June 30, 2018.
- GASB Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for year ending June 30, 2016.
- GASB Statement No. 77 – *Tax Abatement Disclosures*, effective for the Town's year ending June 30, 2016.
- GASB Statement No. 78 – *Pensions provided through Certain Multiple-Employer Defined Benefit Plans*, effective for the Town's year ending June 30, 2017.
- GASB Statement No. 79 – *Certain External Investment Pools and Pool Participants*, effective for the Town's year ending June 30, 2016.

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Basis of Presentation***

***Government-Wide Financial Statements***

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

***Fund Financial Statements***

Fund financial statements of the reporting entity are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements. A fund is considered a major fund if it is the primary operating fund of the Town or meets the following criteria:

- (a) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type,

and

- (b) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

***Governmental Funds***

**General Fund**

The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Governmental Funds (Continued)***

**Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are committed, restricted or assigned to expenditures for specific purposes other than debt service or capital projects.

**Capital Project Funds**

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**Proprietary Funds**

Proprietary funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The Proprietary Funds include Enterprise and Internal Service Funds. The Town currently maintains four Enterprise Funds and one Internal Service Fund. The Internal Service Fund is used to account for the operations and activity of the Town's medical plan for employees and retirees. The costs of the benefits are allocated to the various Town departments, including the School Department.

**Fiduciary Funds (Not Included in Government-Wide Statements)**

**Agency Funds**

Agency funds account for assets held by the Town in a purely custodial capacity. The reporting entity includes seven agency funds (all of which are Student Activity Funds) at June 30, 2015. Since Agency Funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

**Pensions**

Pension Trust Funds are used to account for resources legally held in trust for use for payment of pension benefits, and cannot be used at the Town's discretion or to support the Town's general operations. The reporting entity has one such trust fund, Employee Retirement Plan. The Pension Committee oversees this Fund.

TOWN OF WEST WARWICK, RHODE ISLAND

*NOTES TO FINANCIAL STATEMENTS*

*JUNE 30, 2015*

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fiduciary Funds (Not Included in Government-Wide Statements) (Continued)**

**OPEB Trust Fund**

The Other Post Employment Benefits (OPEB) trust fund is used to account for payments of postemployment benefits that the Town provides to qualified retirees in accordance with union contract provisions.

***Major and Non-Major Funds***

The funds are further classified as major or non-major as follows:

<u>Fund</u>	<u>Brief Description</u>
<b>Major:</b> General Fund:	See above for description
<b>Special Revenue Funds:</b> School Unrestricted Fund	This fund is used to report all financial transactions of the West Warwick School Department, which are not legally required to be accounted for separately.
Debt Service Fund	This fund is used to report the annual principal payments made on the Town's Qualified Zone Academy Bonds (QZAB) debt obligation. These payments will remain held in escrow until the future maturity of the debt obligation. The fund balance is deemed legally restricted for future retirement of the bond. This Fund does not meet the definition of a Major Fund; however management has elected to treat it as a major fund.
<b>Proprietary Funds:</b> Sewer Authority	Accounts for the overseeing of the sewer operations of the Town of West Warwick which also includes services provided to some of the surrounding communities.
Municipal Court	Accounts for the activity and operations of the Town's court system which deals with fees, fines and other assessments initiated by the Public Safety Departments. This fund did not meet the criteria for reporting as a Major Fund however, management elected to present it as a major fund.

TOWN OF WEST WARWICK, RHODE ISLAND

*NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015*

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Major and Non-Major Funds (Continued)***

<u>Fund</u>	<u>Brief Description</u>
School Lunch Program	Accounts for the operations of the school breakfast and lunch program of the West Warwick School Department. This fund did not meet the criteria for reporting as a major fund however, management elected to present it as a major fund.
Civic Center	Accounts for the operation of the Civic Center Complex which has two buildings housing an Ice Rink and multiple sports courts. This fund did not meet the criteria for reporting as a major fund however, management elected to present it as a major fund.
<b><i>Non-Major:</i></b>	
Special Revenue Funds:	The Town of West Warwick maintains forty-nine (49) Special Revenue Funds which have been classified as Non-Major Governmental Funds. These forty-nine (49) Funds include twenty-eight (28) maintained by the Town and twenty-one (21) maintained by the School Department. The details of these Funds may be found in the combining fund in the other supplementary information section of these statements.
Capital Project Funds:	The Town currently maintains five (5) Capital Project Funds. The details of these Funds may be found in the combining fund statements in the other supplementary information section of these statements.

TOWN OF WEST WARWICK, RHODE ISLAND

*NOTES TO FINANCIAL STATEMENTS*  
*JUNE 30, 2015*

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Measurement Focus***

On the government-wide Statement of Net Position and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below and the accrual basis of accounting.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- (a) All governmental funds utilize a "current financial resources" measurement focus and the modified accrual basis of accounting. Only current financial assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The Town considers property taxes as available if they are collected within 60 days after year end. Grant revenue (for expenditure reimbursement grants) of the governmental funds is generally recognized as revenue when earned as long as the payment is expected to be received within twelve months after year end. Substantially all other revenue of the governmental funds is recognized utilizing the modified accrual method of accounting and as such is recognized as revenue when received.
- (b) The proprietary funds and fiduciary funds utilize "economic resources" measurement focus and the accrual basis of accounting. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources associated with their activities are reported. Fund equity is classified as net position.
- (c) Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Basis of Accounting***

In the Government-Wide Statement of Net Position and Statement of Activities both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds, agency funds, and fiduciary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal operation. The principal operating revenues of the enterprise funds are charges for services provided in accordance with the fund's purpose. Operating expenses for the enterprise funds include the costs of providing the services, including administration and depreciation on capital assets. All other revenue and expense items not meeting these criteria are reported as non-operating revenues and expenses.

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance***

**Cash and Cash Equivalents**

Cash and cash equivalents are carried at cost. Cash equivalents include all amounts invested in certificates of deposit as management believes that these certificates can be accessed at any point in time. 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 which hold public funds in excess of the \$250,000 which 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.

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance  
(Continued)***

**Investments**

The Town invests in various types of investments, which are stated at fair value. Realized and unrealized gains and losses are reported as investment income. The Town invests in Government Securities, Commercial Paper and various corporate stocks and bonds which are held in the Town's Governmental Funds and Fiduciary Funds.

**Accounts Receivable**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes and intergovernmental receivables. Business-type activities report service and special assessment fees as its major receivables. In addition, at June 30, 2015 the Town's Sewer Authority also reported a debt service assessment receivable of \$6,542,120 due from local communities. This receivable represents the portion of long-term debt obligations which are reported as a liability of the Town of West Warwick, but which are to be reimbursed by surrounding communities in accordance with provisions of executed inter-municipal agreements.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes collected within 60 days of year-end and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions earned/measurable but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Proprietary fund receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

The Town uses the allowance method for reporting potential uncollectable accounts in the Government-Wide Statements as well as the Fund Statements. However in the Fund Statements the allowance may also be applied to the unearned revenue balance rather than impacting the operations. At June 30, 2015 the Town has estimated the allowance for doubtful accounts as follows: Allowance for delinquent taxes - \$1,146,000; Allowance for EMS Rescue Billings - \$1,060,000; Allowance for Municipal Court receivables - \$225,174.

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance  
(Continued)***

**Property Taxes**

Real and personal property taxes are based on values assessed as of each December 31 (lien date) and attach as an enforceable lien on property as of July 1 (levy date). Taxes are due in equal quarterly installments on July 15<sup>th</sup>, October 15<sup>th</sup>, January 15<sup>th</sup>, and April 15<sup>th</sup> following the levy date. The taxpayer may elect to pay the taxes in full or pay quarterly as noted above. 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 dating back to July 15<sup>th</sup>. 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. Property tax revenues are recorded in accordance with the modified accrual basis of accounting in the fund financial statements.

**Prepays**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets. Prepays recorded in governmental type funds do not reflect current appropriated resources and, as such is reported as non-spendable fund balance.

**Capital Assets**

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements as discussed below.

In the government-wide financial statements, long-lived assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. The Town established a capitalization threshold of \$10,000 for an individual item with a useful life in excess of one year. The government-wide financial statements include all infrastructure assets.

Depreciation of all exhaustible capital assets is recorded, as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the estimated useful life using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance  
(Continued)***

Land improvements	5 - 10 years
Buildings and improvements	10 - 40 years
Machinery, Equipment and Vehicles	5 - 10 years
Infrastructure	25-35 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in the government-wide statements.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that later date. At June 30, 2015 the Town of West Warwick, Rhode Island reports deferred outflows related to the pension in the government-wide statement of net position. A deferred outflow of resources related to the 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 and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate section represents the acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until a later date. At June 30, 2015 the Town of West Warwick, Rhode Island had three items that qualified as a deferred inflow of resources in the governmental funds balance sheet. The unearned tax revenue represents property taxes receivables which are assessed on December 31, 2014 and prior and are not collected within 60 days of June 30, 2015 and the unearned EMS rescue fees that were for services provided prior to June 30, 2015 but are not recognized as revenue since they are considered unavailable as of June 30, 2015.

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)***

**Deferred Outflows/Inflows of Resources (Continued)**

Net unearned tax revenue and EMS revenue included in the fund financial statements were \$2,208,258 and \$264,857 at June 30, 2015, respectively. These amounts are considered unavailable and will be recognized as an inflow of resources in the year(s) in which the amounts become available. The Town also reports a deferred inflow of resources related to pensions in the government-wide statement of net position. 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 include 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).

**Interfund Transactions**

Interfund activity within and among the funds of the Town have been classified and reported as follows:

Reciprocal interfund activities:

- Interfund loans are reported as interfund receivables in the lending fund and interfund payables in borrower funds.
- Interfund services are reported as revenues in the seller fund and as expenditures or expenses in the purchasing fund.

Non-reciprocal interfund activities:

- Interfund transfers are reported in governmental funds as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds transfers are reported after nonoperating revenues and expenses.
- Interfund reimbursements are repayments from the fund responsible for particular expenditures or expenses to other funds that initially paid for them. Reimbursements are not displayed separately within the financial statements.

**Fund Balance Transactions**

The re-appropriation of prior year's fund balances in the General Fund and the School Department Unrestricted Fund is reported as another financing source in the current year for budgetary purposes. These are budgetary basis revenue items only and do not impact the Fund Statements or the Government-Wide Statements.

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Equity Classifications***

**Government-Wide Statements**

Equity is classified as net position and displayed in three components:

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

**Fund Financial Statements**

Governmental fund equity is classified as fund balance. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balance is classified as non-spendable, restricted, committed, assigned, or unassigned. These categories are defined below:

- Non-spendable Fund Balance – includes the amount of fund balance that cannot be spent because it is either (a) not in spendable form or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash within one year.
- Restricted Fund Balance – includes amounts that are restricted to specific purposes. Fund balance is reported as restricted when constraints placed in the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed Fund Balance – includes amounts that can be used only for the specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government 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 Resolutions as a formal procedure to commit fund balance.

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance  
(Continued)***

**Fund Financial Statements (Continued)**

- Assigned Fund Balance – includes amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. As of June 30, 2015 the Town has not adopted a formal Fund Balance policy and as such has not defined the level at which fund balance may be assigned.
- Unassigned Fund Balance – is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The unassigned fund balance may also include negative balances for any governmental funds if the expenditures exceed amounts restricted, committed or assigned for specific purposes.

**Application of Funds**

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

**Minimum Fund Balance**

The Town’s Home Rule Charter, Section 509, requires the Town to maintain an unassigned fund balance in the General Fund equal to 5% of the annual operating budget. This unassigned fund balance shall be used as a source of funds to meet Town obligations in anticipation of tax receipts, anticipated state and federal aid. The unassigned fund balance may also be used as a contingency fund for emergency appropriations. In the event that this unassigned fund balance is less than 5%, the Town Manager shall include in the budget recommendations a sum of no less than .35% of the operating budget until such time as the unassigned fund balance of the General Fund is restored to 5%.

TOWN OF WEST WARWICK, RHODE ISLAND

*NOTES TO FINANCIAL STATEMENTS*  
*JUNE 30, 2015*

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)*

**Compensated Absences**

It is the policy of the Town (including the School Department) to permit employees to accumulate earned but unused vacation and sick leave benefits, which will be paid to the employee upon separation from Town service. Compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available resources are reported as long-term debt in the government-wide financial statements. Long-term debt and other obligations financed by the proprietary funds and governmental funds are reported as liabilities in the appropriate funds. A liability for compensated absences is recorded in the governmental funds only if the liability had matured at June 30, 2015 as a result of employee resignation or retirements. Compensated absences recorded in the Governmental Activities at June 30, 2015 totaled \$6,365,000 (\$3,193,000 for Town personnel and \$3,172,000 for School Department personnel).

**Reconciliation of Government-wide and Fund Financial Statements**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$29,545,483 are as follows:

Bonds and lease purchase obligations	\$ 23,180,483
Compensated absences	<u>6,365,000</u>
Total	<u>\$ 29,545,483</u>

Another element of that reconciliation states that, “Net OPEB Obligations and Net Pension Obligations are reported on the Statement of Net Position as a long-term obligation at June 30, 2015 but these obligations are not reported on the Fund Statements.” The details of this \$164,932,453 are as follows:

Net Pension Liability	\$ 148,895,806
Net OPEB Obligation	<u>16,036,647</u>
Total	<u>\$ 164,932,453</u>

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this (\$1,081,848) difference are as follows:

Capital outlays	\$ 1,020,045
Depreciation expense	<u>(2,101,893)</u>
Net Adjustment	<u><u>\$ (1,081,848)</u></u>

Another element of that reconciliation states that, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.” The details of this \$80,629 difference are as follows:

Net unearned tax revenue - ending	\$ 2,208,258
Net unearned tax revenue – beginning	<u>(2,127,629)</u>
Net adjustment (increase net position)	<u><u>\$ 80,629</u></u>

***Use of Estimates***

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

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**2. BUDGETARY PROCESS**

In accordance with the West Warwick Home Rule Charter, the Town has formally established budgetary accounting control for its General Fund and the School Unrestricted Fund, which is presented as a Special Revenue Fund. The General Fund is subject to an annual operating budget that is prepared by the administration of the Town Manager and submitted to the Town Council for approval. The General Fund budget is then presented at the Financial Town meeting to the Citizens of the Town for their approval. The School Unrestricted Fund is subject to an annual operating budget approved by the School Committee and adopted in total by the Town Council as part of the General Fund budget. The annual operating budgets' appropriation amounts are supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. The General Fund and School Unrestricted Special Revenue Fund's annual operating budgets are prepared on the budgetary basis of accounting which is not in conformity with Generally Accepted Accounting Principles. The budget to actual presentation included in the required supplementary information is reflected utilizing the budgetary basis of accounting. Other than the Town's General Fund, the only other Governmental Fund that has a legally adopted budget is the School's Unrestricted Fund. Therefore the required supplementary information includes budget versus actual comparisons for the Town's General Fund and the School's Unrestricted Fund only.

Appropriations in addition to those contained in the annual operating budgets, except for the purpose of meeting a public emergency, are made upon the recommendation of the Town Manager with the Director of Finance's certification as to the General Fund surplus to meet such appropriations and with the Town Council's approval and approval of the citizens at a Financial Town Meeting. During the fiscal year ended June 30, 2015 the Town Council and School Committee passed several resolutions authorizing the appropriation of fund balance reserves for fiscal 2015 expenditures. These resolutions were considered to be additional appropriations for fiscal 2015.

Amendments to the operating budgets that do not result in additional appropriations may be made within departments by means of a transfer. The Finance Director has authority to make such transfers within departments for the first nine months of the fiscal year. Any other departmental transfers made and transfers made outside of the departmental level in the last three months of the fiscal year require Town Council approval through passage of an ordinance. There were one transfer of budgeted line items during fiscal 2015. A transfer of \$30,000 from the OPEB line to the technology for the hardware upgrade to the financial system and a transfer of \$300,000 from the OPEB line to Property Services were approved by the School Committee.

**3. CASH AND INVESTMENTS**

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.

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**3. CASH AND INVESTMENTS (CONTINUED)**

***Deposits***

The carrying amount of the Town's cash and cash equivalents at June 30, 2015 was \$18,964,106 (including Fiduciary Funds) while the bank balance was approximately \$18,783,235. Of the bank balance, approximately \$1,518,000 was covered by federal depository insurance while the remaining balance was collateralized.

At June 30, 2015 the Town's cash and cash equivalents, including restricted cash, were comprised of the following:

General Fund	\$14,816,082
School Unrestricted Fund	631
Debt Service Fund	169,250
Non-Major Special Revenue Funds	188,012
Non-Major Capital Project Funds	90,876
Sewer Authority Fund	3,022,200
School Lunch Program Fund	486,245
Employee Retirement Trust Fund	33,140
Student Activity Agency Funds	<u>157,671</u>
 Total Cash and Cash Equivalents	 <u><u>\$18,964,107</u></u>

***Investments***

Investments of all idle funds must be made through national banks or trust companies, provided that the financial conditions and integrity of said institution or institutions are verifiable and can be monitored. The investment of funds shall be in direct obligations of the United States Government and "money market instruments" rated "A" or better. Investments in any one institution cannot exceed five percent of that institution's capital and surplus as set forth in the institutions most recent audited financial statements. All investments are made as would be done by prudent persons of discretion and intelligence in such matters who are seeking a reasonable income and preservation of capital.

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**3. CASH AND INVESTMENTS (CONTINUED)**

***Investments (Continued)***

At June 30, 2015 the Town's investments totaled \$30,903,372 (including those held in Fiduciary Funds) and consisted of the following:

	Fair Value	Interest Rate	Maturity	Rating
Money Market Mutual Funds.....	\$ 3,795,535	N/A	N/A	Not Rated
U.S. Government Agency GNMA, FNMA, FHLMC Pools...	1,708,884	0-4.60%	10/2014 - 4/2017	AAA
Domestic Equity Mutual Funds.....	6,503,921	N/A	N/A	Not Rated
International Equity Mutual Funds.....	3,119,729	N/A	N/A	Not Rated
Closed End Equity Mutual Funds.....	4,558,632	N/A	N/A	Not Rated
Taxable Fixed Income Mutual Funds.....	9,175,654	N/A	N/A	Not Rated
Common Equity Small Cap Mutual Funds.....	1,801,754	N/A	N/A	Not Rated
Real Estate Investment Trust	239,263	N/A	N/A	Not Rated
<b><i>Total Investments</i></b> .....	<b><u>\$ 30,903,372</u></b>			

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Town limits its exposure to fair value losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The Town invests operating funds primarily in shorter-term securities, money market funds, or similar investment pools although the Town does not have a formal policy relating to a specific investment related risk.

***Concentrations***

The Town policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific industry and/or with a specific maturity.

***Custodial Credit Risk***

Custodial credit risk is the risk that in the event of financial institution failure, the Town's deposits and/or investments may not be returned. The Town does not believe that it has a significant custodial credit risk as substantially all investments securities are registered and held in the name of the Town. Additionally, the Town places deposits in financial institutions that are FDIC insured up to \$250,000, rated "well capitalized" on its most recent audited financial statement/SEC filings if deposits exceed \$250,000, and if the capital ratios are currently acceptable but appear to be in jeopardy, the Town will engage an outside rating agency to determine status of the institution. The Town also ensures that virtually all uninsured deposits greater than \$250,000 are collateralized.

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**3. CASH AND INVESTMENTS (CONTINUED)**

***Credit Risk***

Generally credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk exposure.

**4. PROPERTY TAXES AND ASSESSMENTS RECEIVABLE**

The Town assesses taxes each December 31<sup>st</sup> and the levy thereon may be paid in full on or before July 15<sup>th</sup>, or quarterly, on or before July 15<sup>th</sup>, October 15<sup>th</sup>, January 15<sup>th</sup>, and April 15<sup>th</sup>, without penalty, at the taxpayer's option.

During the year ended June 30, 2015, the Town received \$233,530 from the State of Rhode Island as payment in accordance with legislation regarding the phase-out of motor vehicle tax. Under the law, excise tax on motor vehicles and trailers were originally supposed to be phased out entirely over a seven-year period commencing with the 1999-2000 fiscal year. Based on fiscal problems with the State budget over the last several years the program has been reduced to a maximum exemption of \$6,000 as of June 30, 2007 in accordance with legislation passed as part of the State's budget for the fiscal year ended June 30, 2007. The phase-out program freezes the tax rate at \$39.00 which was the rate in fiscal year 1997-1998. The exemption remained at \$6,000 per vehicle for the 2007-2008 and 2008-2009 fiscal years. During fiscal 2010 the State reduced the reimbursement amount for the 3<sup>rd</sup> and 4<sup>th</sup> quarters of the fiscal year. Effective July 1, 2010 the State reduced the exemption amount to \$500 per vehicle however the Town was required to maintain the rate frozen at \$28.47 per thousand of assessed value.

The State of Rhode Island had also passed legislation to phase-out wholesale and retail inventory tax over a ten-year period effective July 1, 1999. The phase-out of this tax was supposed to be supplemented through an increase in General Revenue Sharing (GRS). The GRS was supposed to be increased from the effective rate of 1% on June 30, 1998 to 4.7% on June 30, 2009. Based on fiscal problems with the State budget over the last few years the program did not increase as scheduled in the 2006, 2007, 2008, or 2009 fiscal years. In fiscal 2004, 2.7% of total State tax revenues were earmarked for GRS to cities and towns. In fiscal 2005 an additional \$1 million was added to the total GRS to cities and towns rather than the planned increase to 3% of the State tax revenues. In fiscal 2006 GRS was increased to 3% of the State tax revenues. In Fiscal 2007 GRS was increased by \$137,875 and then cut by \$10,000,000 in fiscal 2008. During the 2009 fiscal year GRS was cut by another \$25,111,876 through the final adopted supplemental State budget. In fiscal 2010 the Governor's budget eliminated all GRS to Cities and Towns resulting in a loss of over \$25,000,000 to local communities.

An automatic lien is placed on the taxpayer's property if payment has not been received by the due date. Interest is charged on past due accounts at a rate of 12% per annum calculated on the unpaid portion of the total tax and is retroactive to July 15<sup>th</sup> annually.

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**4. PROPERTY TAXES AND ASSESSMENTS RECEIVABLE (CONTINUED)**

Net property taxes levied for the fiscal year 2015 were based on a net assessed value of approximately \$2,061,023,812 at December 31, 2014 and amounted to approximately \$58,547,000. Collections through June 30, 2015 amounted to approximately \$57,000,000, which represents approximately 97% of the total tax levy.

Unpaid property taxes and other general fund assessments as of June 30, 2015 \$2,550,010 are recorded as a receivable, net of an allowance for uncollectible property taxes of \$1,146,000. Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2015 are recorded as unearned tax revenue and amounted to \$2,208,258 at June 30, 2015. Property taxes recognized as revenue on the Fund statements for the fiscal year ended June 30, 2015 (due to their collection within the 60 days immediately following June 30, 2015) amounted to \$341,753.

The allowance for uncollectible accounts is based on that portion of current and delinquent taxes receivable which is estimated to be doubtful of collection. This provision does not constitute an abandonment of claim or cessation of collection efforts.

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balances 7/1/2014	Additions	Retirements & Disposals	Balances 6/30/2015
Governmental Activity				
Nondepreciable Assets:				
Land	\$ 9,399,514	\$ -	(a) \$ 131,100	\$ 9,268,414
Depreciable Assets:				
Land improvements	-	78,125	(a) -	78,125
Buildings and improvements	33,364,742	609,319	(a) 1,567,000	32,407,061
Machinery, Equipment and Vehicles	9,893,748	332,601	(a) 73,000	10,153,349
Infrastructure	53,070,000	-	-	53,070,000
Total Cost	<u>105,728,004</u>	<u>1,020,045</u>	<u>1,771,100</u>	<u>104,976,949</u>
Accumulated Depreciation:				
Land improvements	-	3,760	-	3,760
Buildings and improvements	17,782,640	632,708	(a) 1,300,610	17,114,738
Machinery, Equipment and Vehicles	8,094,496	516,425	(a) 73,000	8,537,921
Infrastructure	36,486,900	949,000	-	37,435,900
Total Accumulated Depreciation	<u>62,364,036</u>	<u>2,101,893</u>	<u>1,373,610</u>	<u>63,092,319</u>
Net Capital Assets	<u>\$ 43,363,968</u>	<u>\$ (1,081,848)</u>	<u>\$ 397,490</u>	<u>\$ 41,884,630</u>

(a) Decrease represents capital assets contributed to business-type activities.

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015**

**5. CAPITAL ASSETS (CONTINUED)**

Depreciation expense for the year ended June 30, 2015 was charged to the following functions/programs of the Town:

Governmental Activities	
General government	\$ 967,796
Public safety	269,400
Public works	76,162
Public assistance, development, recreation	45,630
Library	43,743
Education	<u>699,162</u>
Total	<u>\$ 2,101,893</u>

	Balances 7/1/2014	Additions	Retirements & Disposals	Balances 6/30/2015
Business-type Activity				
Nondepreciable Assets:				
Land	\$ 301,600 (a)	\$ 131,100	\$ -	\$ 432,700
Depreciable Assets:				
Land improvements	1,024,400	-	-	1,024,400
Buildings and improvements	38,023,925 (a)	2,992,525	-	41,016,450
Machinery, Equipment and Vehicles	14,084,119 (a)	108,592	-	14,192,711
Infrastructure	<u>45,070,000 (a)</u>	<u>8,137,718</u>	-	<u>53,207,718</u>
Total Cost	<u>98,504,044</u>	<u>11,369,935</u>	-	<u>109,873,979</u>
Accumulated Depreciation:				
Land improvements	445,230	44,820	-	490,050
Buildings and improvements	8,360,710 (a)	2,162,601	-	10,523,311
Machinery, Equipment and Vehicles	6,116,670 (a)	960,644	-	7,077,314
Infrastructure	<u>33,053,300</u>	<u>652,000</u>	-	<u>33,705,300</u>
Total Accumulated Depreciation	<u>47,975,910</u>	<u>3,820,065</u>	-	<u>51,795,975</u>
Net Capital Assets	<u>\$ 50,528,134</u>	<u>\$ 7,549,870</u>	\$ -	<u>\$ 58,078,004</u>

(a) Increase includes net capital assets contributed from governmental activities of \$397,490.

TOWN OF WEST WARWICK, RHODE ISLAND

*NOTES TO FINANCIAL STATEMENTS*

*JUNE 30, 2015*

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**5. CAPITAL ASSETS (CONTINUED)**

Depreciation expense for the year ended June 30, 2015 was charged to the following Business-type Activities:

Business-type Activities	
Sewer Authority	\$ 2,358,009
School Lunch Program	46,606
Civic Center	<u>41,840</u>
 Total	 <u><u>\$ 2,446,455</u></u>

In 2015, the assets related to the Town's Civic Center were transferred out of the General Fund and into a separate fund classified as a proprietary fund. Additions per the Capital Asset Schedule for business activities includes approximately \$1,373,610 of accumulated depreciation transferred into the Civic Center proprietary fund.

**6. LONG-TERM DEBT**

**(a) General**

All of the Town's general obligation debt (now outstanding or authorized but unissued) has been authorized pursuant to the General Laws of the State of Rhode Island or special acts of the State Legislature. Each special act provides for approval thereof by the electors of the Town.

The Rhode Island General Laws provide that no Town shall, without special statutory authority, incur any debt which would increase its aggregate indebtedness beyond 3% of the taxable property of the Town. Tax anticipation notes are not included in the computation of the legal debt limit. Debt may be incurred in excess of the three percent limit with the approval of the State Director of Administration. At June 30, 2015 all of the Town's bonds and notes outstanding or authorized but unissued are either specifically exempt from the three percent debt limit or are within such limit.

At June 30, 2015 the 3% debt limit of the Town was approximately \$62,000,000 based on the net assessed value of property at December 31, 2013 of approximately \$2,061,000,000.

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**6. LONG-TERM DEBT (CONTINUED)**

**(b) Long-Term Debt Outstanding and Activity (Continued):**

At June 30, 2015, the Town's long-term debt outstanding and activity consisted of the following:

Description	Date Issued	Original Principal	Maturity Date	Interest Rate	June 30, 2014 (As Restated)	Additions	Retirements	Outstanding June 30, 2015	Due Within One Year
Governmental Activities									
General Obligation Bonds									
Open Space Bond	8/15/1993	\$ 800,000	6/30/2014	7%-7.45%	\$ -	\$ -	\$ -	\$ -	\$ -
2005 Town Bond	10/1/2505	2,100,000	10/14/2025	4%-5%	1,220,000	-	110,000	1,110,000	110,000
2005 Qualified Zone Academy Bonds	11/29/2005	3,688,000	11/29/2021	1.47%	3,688,000	-	-	3,688,000	-
2009 Refunding Bonds Series B	8/20/2009	2,370,000	4/1/2018	2%-3.5%	990,000	-	255,000	735,000	250,000
2009 Series A	8/20/2009	6,500,000	4/1/2029	2.75%-5%	5,485,000	-	270,000	5,215,000	280,000
2007 Road Bonds	7/15/2007	5,000,000	7/15/2027	4.5%-5.25%	3,500,000	-	250,000	3,250,000	250,000
2002 School Improvements	3/1/2002	10,500,000	3/1/2022	3.5%-5.5%	5,770,000	-	5,770,000	-	-
2014 RIHEBC	7/10/2014	9,780,000	5/25/2029	3%-4.125%	-	9,780,000	660,000	9,120,000	830,000
Total General Obligation Bonds		<u>\$40,738,000</u>			<u>20,653,000</u>	<u>9,780,000</u>	<u>7,315,000</u>	<u>23,118,000</u>	<u>1,720,000</u>
Lease Purchase Obligations									
Capital lease	1/21/2011	<u>\$ 386,724</u>	3/21/2016	6%	<u>122,876</u>	<u>-</u>	<u>60,393</u>	<u>62,483</u>	<u>62,483</u>
Other Long-Term Obligations									
Net Pension liability					151,044,898	-	2,149,092	148,895,806	-
Net OPEB obligation					15,231,568	805,079	-	16,036,647	-
Bond premium					210,716	-	16,440	194,276	-
Compensated absenses					6,234,000	131,000	-	6,365,000	500,000
Total Other Long-Term Obligations					<u>172,721,182</u>	<u>936,079</u>	<u>2,165,532</u>	<u>171,491,729</u>	<u>500,000</u>
Governmental Activities Long-Term Obligations					<u>\$193,497,058</u>	<u>\$ 10,716,079</u>	<u>\$ 9,540,925</u>	<u>\$194,672,212</u>	<u>\$ 2,282,483</u>

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**6. LONG-TERM DEBT (Continued)**

**(b) Long-Term Debt Outstanding and Activity (Continued):**

Description	Date Issued	Original Principal	Maturity Date	Interest Rate	Outstanding June 30, 2014 (As Restated)	Additions	Retirements	Outstanding June 30, 2015	Due Within One Year
Business-type Activities									
General Revenue Bonds/Notes									
RI Clean Water Finance Agency	3/9/2006	\$ 7,719,000	9/1/2025	1.11%-1.565%	\$ 4,970,000	\$ -	\$ 371,000	\$ 4,599,000	\$ 379,000
RI Clean Water Finance Agency	6/5/2003	20,923,000	9/1/2023	0%	10,834,000	-	1,120,000	9,714,000	1,077,000
RI Clean Water Finance Agency	12/21/2006	500,000	9/1/2026	1.185%-1.355%	345,000	-	24,000	321,000	24,000
RI Clean Water Finance Agency	12/12/2007	1,675,000	9/1/2028	1.185%-1.645%	1,313,000	-	76,000	1,237,000	78,000
RI Clean Water Finance Agency	12/30/2004	3,000,000	9/1/2025	0.78%-1.55%	1,924,000	-	144,000	1,780,000	147,000
RI Clean Water Finance Agency	7/24/2014	5,500,000	9/1/2034	0.29%-2.91%	-	5,500,000	1,000	5,499,000	223,000
Total Bonds Obligations		<u>\$ 39,317,000</u>			<u>19,386,000</u>	<u>5,500,000</u>	<u>1,736,000</u>	<u>23,150,000</u>	<u>1,928,000</u>
Net Pension liability					5,554,013	128,454	-	5,682,467	-
Net OPEB obligations					317,566	16,509	-	334,075	-
Compensated absences					147,100	17,800	-	164,900	40,000
Business-Type Activities, Long-Term Liabilities					<u>\$ 25,404,679</u>	<u>\$ 5,662,763</u>	<u>\$ 1,736,000</u>	<u>\$ 29,331,442</u>	<u>\$ 1,968,000</u>

TOWN OF WEST WARWICK, RHODE ISLAND

*NOTES TO FINANCIAL STATEMENTS*

JUNE 30, 2015

6. *LONG-TERM DEBT (CONTINUED)*

*(c) Municipal Debt Service Assessments Receivable*

The Town of West Warwick has entered into several Inter-Municipal Agreements with surrounding local communities. Under the provisions of these agreements, the participating communities are responsible for certain costs and improvements to the wastewater/sewer treatment facility and operations. In addition to the normal operating costs and assessments these local communities are also responsible for portions of the outstanding debt obligations and interest which is due annually on these debt obligations. The portion of the debt obligations to be paid by the local communities in accordance with the Inter-Municipal Agreements has been recorded as a special assessments receivable and revenue when the project was completed and the obligation entered into. At June 30, 2015 the amount of the municipal debt service assessment receivable which is expected to be collected in future years totaled \$6,542,120. Of this amount, \$579,581 is expected to be received in fiscal 2016 to help cover the principal balance due of \$1,928,000 during fiscal 2016.

*(d) Debt Service Requirements*

The Town's future debt service requirements relating to outstanding bond and lease obligations consist of the following and are planned to be raised through future property tax levies, fee assessments, and state aid for school housing and improvements. The future maturities presented below does not include the amortization of the bond premium.

Year Ending June 30	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2016	\$ 1,720,000	\$ 799,923	\$ 1,928,000	\$ 495,742	\$ 4,943,665
2017	1,750,000	741,819	1,940,000	457,511	4,889,330
2018	1,781,000	680,459	1,955,000	417,633	4,834,092
2019	1,576,000	617,769	1,970,000	375,869	4,539,638
2020	1,611,000	570,974	1,988,000	332,275	4,502,249
2021-2025	9,822,483	1,796,978	9,170,000	976,423	21,765,884
2026-2030	3,835,000	634,475	2,521,000	354,859	7,345,334
2031-2035	1,085,000	114,262	1,678,000	121,337	2,998,599
Total	<u>\$23,180,483</u>	<u>\$ 5,956,659</u>	<u>\$23,150,000</u>	<u>\$ 3,531,649</u>	<u>\$55,818,791</u>

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**6. LONG-TERM DEBT (CONTINUED)**

**(d) Debt Service Requirements (Continued)**

The 2005 Qualified Zone Academy Bonds outstanding totaling \$3,688,000 at June 30, 2015 requires annual interest and principal payments. However, under the terms of this debt obligation the principal payments are held in escrow until the maturity of the debt in fiscal 2022. Accordingly, the principal payment is not reflected as a current maturity obligation until fiscal 2022 when the payment will be applied to the outstanding debt obligation. As of June 30, 2015 the Town is maintaining a Debt Service Fund to reflect the restricted cash and investments which are being maintained for the future retirement of this debt obligation. As of June 30, 2015 the amount of fund balance available for the future payment of this outstanding principal debt obligation was \$1,878,134. Annual principal payments to be made to the debt service fund total approximately \$230,500.

**7. FUND EQUITY BALANCES**

**(a) Fund Balances**

As stated in Note 1, Fund Balance may be classified as one of five categories: Non-spendable, Restricted, Committed, Assigned, or Unassigned. See Note 1 of these financial statements for definitions of these five Fund Balance categories. The detail of the composition of Non-spendable, Restricted, and Committed Fund Balance follows.

At June 30, 2015 *Non-spendable Fund Balance* consisted of the following:

Major Governmental Funds

General Fund

Deposits with Health Insurance Administrator	\$ 240,600
Prepaid expenditures	<u>11,640</u>
Total Non-Spendable Fund Balance	<u><u>\$ 252,240</u></u>

TOWN OF WEST WARWICK, RHODE ISLAND

*NOTES TO FINANCIAL STATEMENTS*  
*JUNE 30, 2015*

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**7. FUND EQUITY BALANCES (CONTINUED)**

*(a) Fund Balances (Continued)*

At June 30, 2015 *Restricted Fund Balance* consisted of the following:

Major Governmental Funds

Debt Service Fund

Future retirement of debt obligations	<u>\$ 1,878,134</u>
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Non-Major Governmental Funds

Special Revenue Funds

Education	\$ 85,738
Tower Rent Revolving Trust	45,852
Tricentennial Committee	1,009
Benjamin R. Vaughn	1,101
Economic Development	15,865
JAG Peer to Peer	7
JAG ARRA	5,699
Meds Contract	6,160
CDBG	32,820
DARE	8,594
Drug Evidence	89,358
Assistance to Firefighters	13
Brambley Bill Fund	13,066
Dog Pound Fund	9,628
Demolition Revolving Fund	2,065

Capital Project Funds

Education	<u>7,463</u>
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Total Non-Major Governmental Funds	<u>\$ 324,438</u>
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TOWN OF WEST WARWICK, RHODE ISLAND

*NOTES TO FINANCIAL STATEMENTS*  
*JUNE 30, 2015*

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7. **FUND EQUITY BALANCES (CONTINUED)**

At June 30, 2015 *Committed Fund Balance* consisted of the following:

Major Governmental Funds

School Unrestricted Fund

Educational programs	<u>\$ 3,183,565</u>
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Non-Major Governmental Funds

Special Revenue Funds

Public Safety	\$ 436,753
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Capital Project Funds

Fire Safety Equipment	<u>546,887</u>
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Total Non-Major Governmental Funds	<u>\$ 983,640</u>
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**(b) Fund Deficits**

The following funds had deficit fund equity balances at June 30, 2015. These deficit fund balances are reported as unassigned fund balance/deficit at June 30, 2015.

Non-Major Governmental Funds

Special Revenue Funds

Open Space and Recreation Fund	\$ 18,701
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Jag Fund	2,248
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Library Grants Fund	204,028
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Homeland Security Fund	924
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Police Highway Grant Fund	2,987
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Stormwater Utility Grant Fund	9,234
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Capital Project Funds

Road Bond Fund	<u>39,474</u>
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Total Non-Major Governmental Funds	<u>\$ 277,596</u>
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The deficit fund equity balances noted above will be eliminated through the future issuance of bond obligations, grant funding, and/or transfer from the Town's General Fund.

TOWN OF WEST WARWICK, RHODE ISLAND

*NOTES TO FINANCIAL STATEMENTS*  
*JUNE 30, 2015*

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7. *FUND EQUITY BALANCES (CONTINUED)*

*(b) Fund Deficits (Continued)*

The following individual funds recognized operating deficits for the year ending June 30, 2015:

Major Governmental Funds	
General Fund	<u>\$ 954,168</u>
Business-Type Activities	
Sewer Authority	<u>\$ 194,705</u>
Non-Major Governmental Funds	
Special Revenue Funds	
Open Space and Recreation Fund	\$ 8,768
Jag Fund	539
Library Grants Fund	35,031
DARE Fund	395
Stormwater Utility Grant Fund	9,234
OPEB Contributions	168,170
RTT PQI Grant	686
State UCOA Fund	40,000
CTE Catergorical Fund	11,641
Pre-School	<u>5,281</u>
Total Deficits Non-Major Governmental Activities	<u>\$ 279,745</u>

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**8. INTERFUND BALANCES AND TRANSFERS**

Interfund balances represent short-term 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 or may simply be the result of pooling financial resources to maximize investment income/return. The composition of interfund balances at June 30, 2015 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Funds		
Major Governmental Funds		
General Fund	\$ 374,654	\$11,031,778
School Unrestricted	5,892,670	988,763
Total Major Governmental Funds	<u>6,267,324</u>	<u>12,020,541</u>
Non-Major Governmental Funds		
Town Special Revenue Funds	543,545	391,878
School Special Revenue Funds	91,760	879,151
Capital Project Funds	457,274	98,706
Total Governmental Funds	<u>1,092,579</u>	<u>1,369,735</u>
Proprietary Funds		
Sewer Authority	4,460,928	-
Municipal Court Fund	116,362	-
Internal Service Fund	1,713,173	-
Civic Center	-	641,745
School Lunch Program	381,755	100
Total Proprietary Funds	<u>6,672,218</u>	<u>641,845</u>
Total All Funds	<u>\$14,032,121</u>	<u>\$14,032,121</u>

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**8. INTERFUND BALANCES AND TRANSFERS (CONTINUED)**

The principal purpose of interfund transfers is to provide a financing source to various funds that may not have the ability to cover all operating costs or capital expenditures with revenue generated by the fund. The composition of interfund transfers for the year ended June 30, 2015 is as follows:

	General Fund	Debt Service Fund	School Unrestricted Fund	Non-Major Governmental Funds	Proprietary Funds	Total Transfer
General Fund	\$ 1,024,510	\$ 155,673	\$30,428,554	\$ -	\$ 597,491	\$32,206,228
Non-Major Governmental	15,865	-	9,257	-	-	25,122
<i>Total Transfer In</i>	<u>\$ 1,040,375</u>	<u>\$ 155,673</u>	<u>\$30,437,811</u>	<u>\$ -</u>	<u>\$ 597,491</u>	<u>\$32,231,350</u>

**9. PENSION PLANS**

The Town has adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. These changes enhance the Plan's accounting and disclosure for the pension and expand the Required Supplemental Information (RSI) data with new schedules. These were issued to improve the financial reporting by state and local government pension plans. The following provides information required to be disclosed under GASB Statement No. 68.

The Town contributes to two defined benefit pension plans - the Employees' Retirement System of the Town of West Warwick (ERS), a single employer plan; and the Employees' Retirement System of the State of Rhode Island (the System), a cost-sharing multiple employer plan. The ERS is presented in the accompanying financial statements as a pension trust fund. A separate financial statement is not issued.

***(a) Employee Retirement System of the Town of West Warwick (ERS)***

***Plan Description***

The Town of West Warwick maintains a single-employer public employees' retirement plan which covers all employees of the Town except for Certified School Department personnel which are covered by the Employees' Retirement System administered by the State of Rhode Island. The plan was established and is maintained in accordance with the Town Charter.

TOWN OF WEST WARWICK, RHODE ISLAND

*NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015*

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**9. PENSION PLANS (CONTINUED)**

*(a) Employee Retirement System of the Town of West Warwick (ERS) (Continued)*

*Plan Description (Continued)*

The Plan pays both normal retirement benefits as well as preretirement and postretirement death benefits. Effective July 1, 2014 Fire personnel receive normal retirement benefits equal to 2.2% of average annual compensation for each of the first 25 years of service and 3% of average pay for up to 5 additional years with a maximum benefit of 70% of average pay. Calculation of average pay effective July 1, 2014 is the monthly average of the highest three consecutive years of employment. Prior to July 1, 2014 Police hired on or after July 1, 2011 receive a benefit equal to 2.5% of average annual compensation multiplied by credited service up to 20 years, plus 2% of average annual compensation multiplied by up to ten additional years of service with a maximum of 70% of average pay at 30 years of service. These benefits remain unchanged for members who have 20 years of service as of June 30, 2014. For all others the police benefit has changed to 2.5% of average pay for the first 20 years of service plus 1% of average pay for the next 5 years of service plus 2.5% of average pay for up to 6 additional years of service. The maximum benefit of 70% will be attained at 31 years of service. Effective July 1, 2014 all other employees covered under this plan earn a benefit equal to 2.4% of average annual compensation for each year of service after July 1, 2014 and 2.5% for years prior to July 1, 2014.

The Plan also provides for cost of living adjustments (COLA) as follows: Police and Fire members 2.25% simple COLA suspended for first 7 years of retirement then continuing for 15 years thereafter. For "civilian" Fire members the 15 year 2.25% simple COLA will be suspended for the first 7 years of retirement or up until age 67, if earlier. Municipal Union, Waste Water, and School (Council 94) receive a COLA of 2% suspended for first 5 years of retirement followed by 15 years of a compounded COLA.

A lump sum preretirement death benefit equal to \$400 times the number of years of service, with a minimum of \$2,000 and a maximum of \$8,000 is payable to the employee's beneficiary. If a survivor's pension is not payable, an additional amount equal to employee contributions with credited interest is payable to the employee's beneficiary. If the employee dies after 10 years of service and while married, his/her spouse will receive a monthly pension equal to the amount which would be payable if he/she had retired with a 50% joint and survivor annuity.

A lump sum postretirement death benefit is payable to a participant's beneficiary in an amount equal to the greater of \$400 times years of service, with a maximum of \$8,000, reducing by 25% per year following retirement to a minimum of \$2,000, or the excess of the employee's contributions plus credited interest to the retirement date over any benefits already paid. In addition, a spouse's pension equal to 67.5% of the participant's pension is payable until the earlier of the spouse's death or remarriage, or to surviving dependent children under age 18.

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**9. PENSION PLANS (CONTINUED)**

*(a) Employee Retirement System of the Town of West Warwick (ERS) (Continued)*

***Plan Description (Continued)***

Membership of the ERS plan consisted of the following at June 30, 2015, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	341
Inactive members entitled to but not yet receiving benefits	33
Active plan members	299
Total members	<u>673</u>

***Plan Administration***

In accordance with the Plan Document, management of the Plan is overseen by the West Warwick Pension Board, which consists of seven members. Per the Plan Document, the Pension Board shall hold regular meetings at least once every calendar quarter. The primary responsibilities of the members of the Pension Board are to oversee and administer investment-related actions and decision with respect to the assets of the ERS Plan.

***Investment Policy***

The Town's Pension Board establishes the pension plan's policy regarding asset allocation. Plan assets are managed with a long-term view. The following was the Plan's adopted asset allocation policy as of June 30, 2015:

Asset Class	Target Allocation
Fixed Income	30.0%
Domestic Equity	35.0%
International Equity	12.0%
Alternatives	11.0%
Cash	<u>12.0%</u>
Total	<u>100%</u>

TOWN OF WEST WARWICK, RHODE ISLAND

*NOTES TO FINANCIAL STATEMENTS*  
*JUNE 30, 2015*

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**9. PENSION PLANS (CONTINUED)**

*(a) Employee Retirement System of the Town of West Warwick (ERS) (Continued)*

***Rate of Return***

For the year ended June 30, 2015 the annual money-weighted rate of return on pension plan investments, net of pension plan expense was 5.01%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00%
Salary increases, including inflation	2.00 % / 3.50%
Investment rate of return, including inflation, and net of investment expense	7.50%

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015**

**9. PENSION PLANS (CONTINUED)**

**(a) Employee Retirement System of the Town of West Warwick (ERS) (Continued)**

**Rate of Return (Continued)**

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Fixed Income	2.55%
Domestic Equity	7.84%
International Equity	7.94%
Alternatives	3.92%
Cash	0.98%

The long-term expected rate of return on the pension plan investments was determined using a building block method in which expected future real rates of return 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, 2015 are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>	<u>Weighted Real Rate of Return</u>
Fixed Income	30.0%	2.55%	0.77%
Domestic Equity	35.0%	7.84%	2.74%
International Equity	12.0%	7.94%	0.95%
Alternatives	11.0%	3.92%	0.43%
Cash	12.0%	0.98%	0.12%
Total	<u>100%</u>		<u>5.01%</u>

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**9. PENSION PLANS (CONTINUED)**

**(a) Employee Retirement System of the Town of West Warwick (ERS) (Continued)**

***Discount Rate***

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

***Contributions***

Police officers, Fire and others are required to contribute 9% of their salary to the Plan. The Town's contributions to the ERS for the years ended June 30, 2015, 2014 and 2013 were \$8,062,234, \$6,000,000, and \$5,301,352, respectively.

***Net Pension Liability***

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The net pension liability consisted of the following components at June 30, 2015:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Total pension liability	\$148,137,164	\$144,408,140
Plan fiduciary net position	<u>(29,021,984)</u>	<u>(27,981,454)</u>
Net pension liability	<u>\$119,115,180</u>	<u>\$116,426,686</u>
Plan fiduciary net position as a percent of the total pension liability	19.59%	19.38%

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015**

**9. PENSION PLANS (CONTINUED)**

**(a) Employee Retirement System of the Town of West Warwick (ERS) (Continued)**

**Net Pension Liability (Continued)**

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2014	\$144,408,140	\$ 27,981,454	\$116,426,686
Changes for the year:			
Service Cost	2,258,766	-	2,258,766
Interest	10,651,438	-	10,651,438
Differences between expected and actual experience	-	-	-
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Contributions - employer	-	8,062,234	(8,062,234)
Contributions - member	-	1,727,794	(1,727,794)
Contributions - nonemployer contributing member	-	-	-
Net investment income	-	636,634	(636,634)
Benefit payments, including refunds	(9,181,180)	(9,183,839)	2,659
Administration expenses	-	(202,293)	202,293
Other changes	-	-	-
Net Changes	3,729,024	1,040,530	2,688,494
Balance at June 30, 2015	\$148,137,164	\$ 29,021,984	\$119,115,180

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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**9. PENSION PLANS (CONTINUED)**

**(a) Employee Retirement System of the Town of West Warwick (ERS) (Continued)**

**Net Pension Liability (Continued)**

Additional information as of the latest actuarial valuation follows:

Valuation Date	6/30/2014
Actuarial cost method	Entry Age Method
Amortization cost method	Unfunded Actuarial Accrued Liability as a level % of pay.
Remaining amortization period	25 years
Asset valuation method	5-year smoothing of gains/losses

	Actuarial assumptions:
Investment rate of return	7.50%
Inflation rate	2.0%
Projected salary increases	2% compounded annually through June 30, 2018; 3.50% compounded annually thereafter

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**9. PENSION PLANS (CONTINUED)**

***(a) Employee Retirement System of the Town of West Warwick (ERS) (Continued)***

***Net Pension Liability (Continued)***

Mortality rates for healthy retirees were based on RP-2000 Combined Blue Collar Mortality Table with generational projection per Scale AA and RP-2000 Combined Mortality Table with generational projection per Scale AA. Disabled retiree mortality rates were based on RP-2000 Disabled Mortality Table with generational projection per Scale AA.

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

The following represents the net pension liability, calculated using the discount rate of 7.50%, as well as what the 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 (7.50%)	1% Increase (8.50%)
Net pension liability	\$135,426,242	\$119,115,180	\$104,422,519

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

For the year ended June 30, 2015, the Town recognized pension expense of \$1,472,080. At June 30, 2015, 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	\$ -	\$ -
Changes of assumption	-	-
Net difference between projected and actual earnings on pension plan investments	1,220,924	-
Total	<u>\$ 1,220,924</u>	<u>\$ -</u>

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**9. PENSION PLANS (CONTINUED)**

***(a) Pension Plan of the Town of West Warwick (Continued)***

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

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

Year ended June 30:	
2016	\$ 305,231
2017	305,231
2018	305,231
2019	305,231
Thereafter	<u>-</u>
	<u>\$ 1,220,924</u>

**Payable to the Plan**

At June 30, 2015, the Town reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

***(b) Teacher's Pension Plan – Employees' Retirement System (ERS)***

**General Information about the Pension Plan**

***Plan Description***

Certain employees of the West Warwick School Department 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>.

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**9. PENSION PLANS (CONTINUED)**

***(b) Teacher's Pension Plan – Employees' Retirement System (ERS) (Continued)***

**General Information about the Pension Plan (Continued)**

***Benefit Provisions***

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

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

Cost of living adjustments are provided but are currently suspended until the collective plans covering state employees and teachers reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments are provided at five-year intervals.

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

***Contributions***

The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the Plan. For fiscal 2015, West Warwick School Department teachers were required to contribute 3.75% of their annual covered salary. The state and the West Warwick School Department 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 West Warwick School Department; the rates were 9.19 and 13.41% of annual covered payroll for the year ended June 30, 2015 for the state and West Warwick School Department, respectively. The West Warwick School Department contributed \$3,054,000, \$2,970,000 and \$2,714,000 for the fiscal years ended June 30, 2015, 2014 and 2013, respectively, equal to 100% of the required contributions for each year.

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2015

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**9. PENSION PLANS (CONTINUED)**

**(b) Teacher's Pension Plan – Employees' Retirement System (ERS) (Continued)**

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

At June 30, 2015, the West Warwick School Department reported a net pension liability of \$35,463,093 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the West Warwick School Department 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 West Warwick School Department were as follows:

West Warwick School Department proportionate share of the net pension liability	\$35,463,093
State's proportionate share of the net pension liability associated with the West Warwick School Department	<u>24,318,677</u>
Total Net Pension Liability	<u>\$59,781,770</u>

The net pension liability was measured as of June 30, 2014, 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, 2013 rolled forward to June 30, 2014. The West Warwick School Department proportion of the net pension liability was based on a projection of the West Warwick 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, 2014 the West Warwick School Department proportion was 1.46%.

Subsequent to June 30, 2014 (the measurement date), 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.

The amended benefit provisions in the newly enacted legislation and settlement agreement have not been reflected in the determination of the net pension liability at June 30, 2014 (the measurement date). These amended benefit provisions are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rate from 3.75% to 11% and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan.

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**9. PENSION PLANS (CONTINUED)**

**(b) Teacher's Pension Plan – Employees' Retirement System (ERS) (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)**

- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 year rather than 5 year intervals.
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

These amendments are not considered to have a material effect on the net pension liability had they been retroactively applied to the calculation of the total pension liability at June 30, 2013 rolled forward to June 30, 2014. An actuarial analysis of the pension settlement provisions enacted by the General Assembly and approved by the Court indicated that the funded ratio at June 30, 2014 for teachers (determined on a funding basis) decreased from 59.6% to 58.2%.

For the year ended June 30, 2015 the West Warwick School Department recognized gross pension expense of \$4,155,794 and revenue of \$1,690,539 for support provided by the State. At June 30, 2015 the West Warwick School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources	
Contributions subsequent to the measurement date	<u>\$ 3,053,734</u>
Deferred inflows of resources	
Change of assumptions	\$ 1,256,170
Net difference between projected and actual earnings on pension plan investments	<u>3,053,751</u>
Total	<u>\$ 4,309,921</u>

\$3,053,734 reported as deferred outflows of resources related to pensions resulting from the West Warwick School Department contributions in fiscal year 2015 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**9. PENSION PLANS (CONTINUED)**

**(b) Teacher's Pension Plan – Employees' Retirement System (ERS) (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)**

Year Ended June 30	
2016	\$ 941,290
2017	\$ 941,290
2018	\$ 941,290
2019	\$ 941,290
2020	\$ 177,852
Thereafter	\$ 366,909
	<u>\$ 4,309,921</u>

**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 6.50%
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, 2013 valuation rolled forward to June 30, 2014 and the calculation of the total pension liability at June 30, 2014 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms. The June 30, 2014 expected arithmetic returns over the medium term by asset class as developed by the State Investment Commission's investment consultant, which are generally consistent with the averages utilized by the actuary, are summarized in the following table:

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**9. PENSION PLANS (CONTINUED)**

**(b) Teacher's Pension Plan – Employees' Retirement System (ERS) (Continued)**

**Actuarial Assumptions (Continued)**

Asset Class	Target Allocation	Medium-term expected real rate of return
Global Equity	38%	6.05%
Private Equity	7%	9.05%
Equity Hedge Funds	8%	4.75%
Absolute Return Hedge	7%	2.95%
Real Return	14%	3.85%
Real Estate	8%	4.45%
Core Fixed	15%	0.25%
Cash	3%	-0.50%
	<hr/> 100%	

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

***Discount Rate***

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

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

The following presents the net pension liability calculated using the discount rate of 7.5 percent as well as what the 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.

TOWN OF WEST WARWICK, RHODE ISLAND

*NOTES TO FINANCIAL STATEMENTS*  
*JUNE 30, 2015*

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9. *PENSION PLANS (CONTINUED)*

*(b) Teacher's Pension Plan – Employees' Retirement System (ERS) (Continued)*

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

1.00% Decrease	Current Discount Rate	1.00% Increase
6.50%	7.50%	8.50%
\$ 44,413,141	\$ 35,463,093	\$ 26,329,398

**Pension Plan Fiduciary Net Position**

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

*(c) Teachers Defined Contribution Pension Plan*

*Plan Description*

Employees participating in the defined benefit plan, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 5% of their annual covered salary and employers contribute 1% of annual covered salary. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

As previously indicated in the disclosure of recently-enacted pension legislation, the employer contribution for certain qualifying employees will increase slightly beginning in fiscal 2016.

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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**9. PENSION PLANS (CONTINUED)**

***(c) Teachers Defined Contribution Pension Plan***

***Plan Description (Continued)***

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

The funding policy is outlined in RIGL chapter 36-10.3 (which can be amended by the Rhode Island General Assembly). Active plan members must contribute 5% of his/her compensation and the Town is required to contribute 1%. The plan members and Town (School Department) contributed approximately \$1,176,000 and \$235,000, respectively, during the fiscal year ended June 30, 2015.

Although the Town (School Department) is required to contribute 1% towards the plan for certified teachers, the School Department receives reimbursement from the State of Rhode Island for .4% of 1% of the required contributions. For financial reporting purposes, the State's share of the contribution is reflected as on-behalf payments and is included as both revenue and expenditures in the accompanying financial statements. The on-behalf contributions for the defined contribution plan for the fiscal year ended June 30, 2015 amounted to approximately \$94,000.

The System issues an annual financial report that includes financial statements and required supplementary information for all of the plans it administers. The reports can be obtained at [www.ersri.org](http://www.ersri.org).

**10. OTHER POST EMPLOYMENT BENEFITS**

***Plan Description***

In addition to the pension benefits described in Note 9, the Town provides post-employment health care benefits to employees in accordance with their respective collective bargaining agreements. These benefits are for continued full family or individual health care for the employee groups as described below. As of June 30, 2015 the Town has established an OPEB Trust Fund for these benefits. The OPEB benefits include health and dental coverage.

As a result of new collective bargaining agreements, there have been substantive plan provisions which are reflected in the June 30, 2014 actuarial valuation. A copy of the actuarial report can be obtained in the Finance Department at West Warwick Town Hall. The report should be reviewed for complete details of all substantive changes since the June 30, 2014 actuarial valuation.

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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**10. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

***Eligibility***

Police officers are eligible to retire once they have 20 years of service. For those hired on or after July 1, 2014 retiree health benefits will commence at age 50. Firefighters hired prior to July 1, 2014 are eligible to retire at the earlier of age 62 or age 50 with 25 years of service. Those hired on or after July 1, 2014 are eligible at the earlier of age 62 or age 55 with 25 years of service. Four grandfathered firefighters are eligible to retire upon attaining age 62.5 or 20 years of service. Police officers are eligible to retire once they have 20 years of service. For those hired on/after July 1, 2014 retiree health benefits will commence at age 50. Municipal union employees (including Wastewater and School Non-Certified personnel) are eligible to retire at the earlier of age 62 with 12 years of service or 25 years of service. For those hired on or after July 1, 2014, if they retire with 25 years of service, retiree health benefits will commence at age 55. School certified employees are eligible to retire once they have 15 years of service or 25 years of service or 28 years of service (with no age requirements). The cost sharing requirements differ at each eligibility requirement. Municipal non-union and library employees are not eligible for health benefits at retirement. Firefighters and police officers are eligible for lifetime subsidized retiree health benefits. Municipal union and municipal non-union are eligible for subsidized medical benefits until Medicare eligibility and lifetime free dental benefits. School non-certified employees are eligible for lifetime retiree health benefits but they are only eligible for five years of free retiree health benefits if they have 20 years of service at retirement. School certified employees are eligible to either, four years of subsidized retiree health benefits or until Medicare eligibility depending on years of service.

The Town provides lifetime dental benefits to all retiree groups, with the exception of School certified personnel who retire with less than 25 years of service.

Retirees may be required to contribute towards the benefits at various levels dependent upon the terms of the respective collective bargaining agreements.

***Number of Participants***

As of June 30, 2014 (most recent actuarial valuation) there were 295 retirees participating with coverage. The composition of the retirees participating with coverage as of June 30, 2014 was as follows: Fire 62; Police 57; Department Head 5; Sewer Authority 6; Municipal 40; School certified 104; and School non-certified 21. The average age of retirees with coverage was 61 at June 30, 2014. At June 30, 2014 the number of current active employees with coverage totaled 511. The breakdown of active employees was as follows: Fire 68; Police 45; Sewer Authority 18; Municipal 50; School certified 261; and School non certified 69. The average age of active employees with coverage was 44.9 at June 30, 2014.

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**10. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

***Funding Policy***

The Annual Required Contribution (ARC) for the post-employment benefits program consists of two components: a normal cost and a past service cost. The normal cost is the portion of the actuarial present value of the benefits and expenses which is allocated to a valuation year by the actuarial cost method (cost of benefits earned each year). The past service cost represents a catch-up accrual to amortize the unfunded liability. The Town's actuary has selected a 30 year amortization period for capturing the past service costs.

The ARC for the year ended June 30, 2015 was calculated as follows:

Normal Cost	\$ 962,014
Amortization of past service cost for 30 years	3,488,338
Interest to end of year	<u>262,457</u>
ARC for the year ended June 30, 2015	<u>\$ 4,712,809</u>

The ARC noted above was allocated \$1,068,178 to the School Department; \$1,410,650 to the Fire Department; \$1,383,547 to the Police Department; and \$850,434 to the other Town Departments including the Sewer Authority.

The Town's annual OPEB cost and the net OPEB obligation (NOO) as of and for the year ended June 30, 2015 was as follows:

Annual Required Contribution	\$ 4,712,809
Interest on NOO	1,166,185
NOO amortization adjustment to ARC	<u>(1,038,372)</u>
Annual OPEB cost	4,840,622
Annual employer contribution for pay-as-go	(3,779,772)
Annual employer contribution for pre-funding	<u>(239,262)</u>
Increase in NOO	821,588
NOO at beginning of the year	<u>15,549,134</u>
NOO at June 30, 2015	<u>\$16,370,722</u>

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**10. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

***Funding Policy (Continued)***

The increase and the NOO for the year-ended June 30, 2015 are allocated as follows:

Governmental Activities	
Net OPEB Obligation at beginning of year	\$15,231,568
Increase in NOO for fiscal 2014	<u>805,079</u>
NOO at June 30, 2015	<u><u>\$16,036,647</u></u>
Business-Type Activities - Sewer Authority	
Net OPEB Obligation at beginning of year	\$ 317,566
Increase in NOO for fiscal 2014	<u>16,509</u>
NOO at June 30, 2015	<u><u>\$ 334,075</u></u>

***Trend Information***

Fiscal Year	Annual OPEB Cost	Percentage of OPEB Contribution	Net OPEB Obligation	Employer Contributions
2012	\$ 7,529,858	64.6%	\$11,919,373	\$ 4,865,794
2013	\$ 7,523,306	70.5%	\$14,138,963	\$ 5,303,716
2014	\$ 4,933,858	70.3%	\$15,549,134	\$ 3,467,681
2015	\$ 4,840,622	78.1%	\$16,370,722	\$ 3,779,772

***Funded Status of Plan***

The required supplementary information which follows the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the OPEB benefits with a valuation date of June 30, 2015.

Actuarial value of assets	\$ 239,263	Actuarial Accrued Liability (AAL)	\$ 56,153,938
Unfunded AAL	\$56,153,938	Funded Ratio	0.00%
Covered Payroll	Not Applicable	Unfunded AAL as % of Payroll	Not Applicable

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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**10. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

*Actuarial Assumptions*

The following actuarial assumptions were utilized in completing the actuarial valuation as of June 30, 2015:

- A. **Measurement Date:** June 30, 2014; results were actuarially rolled-back to July 1, 2013 on a “no gain/loss” basis.
- B. **Discount Rate:** 7.5% fully-funded
- C. **Payroll Growth:** 2.0% per year for valuation purposes; 2.5% for amortization purposes.
- D. **Cost Method:** Entry Age Normal Level % Salary
- E. **Amortization:** Level percent of pay over thirty years based on a closed group
- F. **Employer Funding Policy:** Pay-as-you-go cash basis
- G. **Health Care Coverage Election Rate:** 100% active employees with current coverage are assumed continued at retirement. 100% of retirees with current coverage are assumed to continue coverage.
- H. **Spouse Coverage:** 85% of employees are assumed to be married at retirement. Husbands are assumed to be three years older than wives. All retirees who currently have family coverage are assumed to have spouses.
- I. **Mortality:** Police/Fire: RP-2000 Combined Mortality Table with Blue Collar adjustment fully generational using Scale AA. All others: RP-2000 Combined Mortality Table fully generational using Scale AA.
- J. **Health Care Trend Rates:** 2015 medical and dental 9% and 5% respectively; 2016 medical and dental 8.5% and 4.75%, respectively. Trends for medical continue to decrease in 2017 through 2023 by .5% annually going from 8% to 5%. While dental trends decrease from 5.00% in 2015 to 4.75% in 2016 to 4.50% for 2017 to 4.25% for 2018 and 4.00% for 2019 through 2023.

The June 30, 2014 actuarial report assumed a discount rate of 7.5% due to the fact that the Town is in the process of establishing an OPEB Trust Fund. However, the actuary acknowledged that if the Town does not establish and begin funding the OPEB Trust Fund during fiscal 2015 then the discount rate would revert back to 4%. If a 4% discount rate was used in the fiscal 2014 valuation the AAL would have increased from approximately \$58 million to \$89 million.

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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**11. RISK MANAGEMENT**

The Town of West Warwick is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees and natural disasters. As a result, the Town participates in a non-profit, public entity risk pool (Rhode Island Inter-local Risk Management Trust, Inc.) that provides coverage for property/liability claims and workers' compensation claims. Upon joining the Trust, the Town signed a participation agreement that outlines the rights and responsibilities of both the Trust and the Town. The agreement states that for premiums paid by the Town, the Trust will assume financial responsibility for the Town's losses up to the maximum amount of insurance purchased, minus the Town's deductible amounts. The policy is not retrospectively rated, but rather, premiums are based on the ultimate cost of the groups experience to date. The pool is allowed to make additional assessments for claims that are reasonably possible and estimable.

The Trust provides this insurance coverage through a pooled, self-insurance mechanism, which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above losses the Trust retains internally for payment from the pooled contributions of its members. Under the participation agreement, the Town is insured for a maximum of \$5,000,000 per occurrence. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years, and are not expected to increase the Trust coverage in future fiscal years. There were no reductions in the insurance coverage during the fiscal year up to and through the date of this report.

***Health Care***

The Town has a cost-plus financing plan in order to finance the costs of its health and dental insurance benefits. Under this cost-plus plan the Town pays for the actual cost of covered health care and dental services plus a fee to the provider for the administration of the program.

The Town currently maintains stop loss insurance to protect the taxpayers from catastrophic loss resulting from excessive health insurance claims. At June 30, 2015 the stop loss insurance contract covered all claims exceeding \$175,000 per individual on an annual basis.

The Town's Finance Department oversees the self-insured program for all employees and claims payment services are provided by Blue Cross and Blue Shield of Rhode Island (Plan Administrator). At June 30, 2015 the Town has estimated a liability for incurred but not reported claims (IBNR) based on actual claims paid subsequent to year end but related to claims incurred prior to July 1, 2015. Approximate changes in the balances of self-insured claims liabilities were as follows:

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**11. RISK MANAGEMENT (CONTINUED)**

Incurred but not reported claims (IBNR), June 30, 2014	\$ 658,806
Approximate amount of incurred claims	9,099,566
Paid claims including amount in accounts payable at June 30, 2015	<u>(9,251,595)</u>
Estimated IBNR Claims outstanding at June 30, 2015	<u>\$ 506,777</u>
Incurred but not reported claims (IBNR), June 30, 2013	\$ 594,073
Approximate amount of incurred claims	9,671,730
Paid claims including amount in accounts payable at June 30, 2014	<u>(9,606,997)</u>
Estimated IBNR Claims outstanding at June 30, 2014	<u>\$ 658,806</u>

The IBNR claims outstanding at June 30, 2015 are comprised of approximately \$224,543 and \$282,234 related to Town and School employees, respectively.

At June 30, 2015 the Town has a deposit with the Plan Administrator totaling \$240,600. This deposit was required as part of the contract with the Plan Administrator to ensure reimbursement of claims is made in a timely manner. This deposit has been classified as a prepaid of the General Fund and as such has been included in non-spendable fund balance in the governmental activities of the Fund Statements.

***Unemployment***

The Town is self-insured for unemployment benefits. As of June 30, 2015 management does not believe that there are any incurred but not reported claims that are required to be accrued in the Fund Statements of the Government-Wide Statement of Net Position.

**12. COMMITMENTS AND 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. The government-wide statements would include all estimated claims regardless of when they are expected to be settled. At June 30, 2015 the Town (including the School Department) had a number of legal cases and claims in process. These cases include claims made by Unions. Management and legal counsel have reviewed these outstanding claims and determined that the estimated liability, if any, that may result from these claims would not materially affect the basic financial statements of the Town. As such, the Statement of Net Position at June 30, 2015 does not include any liability for claims, judgments, or unasserted claims.

**TOWN OF WEST WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**12. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

The Town (including the School Department) has received grants from various federal and state agencies for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursement to the grantor agencies for expenditures disallowed under the terms of the grant agreement. Town officials are of the opinion that such disallowances, if any, would be immaterial.

**13. RESTATEMENT**

The net position of the Governmental Activities has been restated as of June 30, 2014 to reflect the implementation of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 and GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date*. The following reflects the effect of implementation of GASB Statement No. 68, GASB Statement No. 71:

Governmental activities	
Net Position, June 30, 2014 as originally stated	\$ (40,333,702)
GASB 68 implementation	<u>(95,219,282)</u>
Net Position, July 1, 2014 as restated	<u><u>\$ (135,552,984)</u></u>
Business-type activities	
Net Position, June 30, 2014 as originally stated	\$ 48,073,383
GASB 68 implementation	<u>(5,554,013)</u>
Net Position, July 1, 2014 as restated	<u><u>\$ 42,519,370</u></u>

**14. SUBSEQUENT EVENTS**

Subsequent to year end, the Town of West Warwick entered into two Bond Anticipation Notes (BAN's) to be used for the construction of wind turbines to provide 100% of the electricity needs for the Town, School and Wastewater facilities. Bond Anticipation Note, Series 2015-1 for \$6,000,000 is dated August 13, 2015 and has a maturity date of May 11, 2016. Bond Anticipation Note, Series 2015-2 for \$12,000,000 is dated August 13, 2015 and has a maturity date of August 11, 2016. The Town is in the process of seeking permanent financing for this project.

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# TOWN OF WEST WARWICK

## REQUIRED SUPPLEMENTARY INFORMATION



TOWN OF WEST WARWICK, RHODE ISLAND

RSI - 1

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
General Fund - Budgetary Basis  
For the Year Ended June 30, 2015

	Final Budget	Actual Revenues	Positive (Negative) Variance
<b>General property taxes</b>			
Property taxes	\$ 59,425,537	\$ 58,534,672	\$ (890,865)
PILLOT - WW Housing Authority	60,000	53,418	(6,582)
Penalty & interest on taxes	500,000	553,959	53,959
<b>Total general property taxes</b>	<u>59,985,537</u>	<u>59,142,049</u>	<u>(843,488)</u>
<b>Intergovernmental revenues</b>			
State aid for education	20,891,055	20,978,219	87,164
School housing aid	1,141,005	918,858	(222,147)
State meals tax	337,025	331,836	(5,189)
State hotel tax	79,003	109,742	30,739
Incentive aid	138,805	-	(138,805)
State general revenue sharing	-	138,805	138,805
Distressed communities	675,775	783,095	107,320
Motor vehicle phase-out	197,021	233,530	36,509
Public utilities tax	366,504	359,305	(7,199)
<b>Total intergovernmental revenues</b>	<u>23,826,193</u>	<u>23,853,390</u>	<u>27,197</u>
<b>Interest income:</b>			
Interest - short-term investments	5,000	10,632	5,632
<b>Departmental &amp; miscellaneous:</b>			
Town Clerk	600,000	631,559	31,559
Building Official	260,000	250,139	(9,861)
DPW/Recycling	7,000	9,619	2,619
Planning & CDBG	3,500	14,590	11,090
Police department	10,000	23,791	13,791
Municipal Court	10,000	9,290	(710)
Fire Rescue Fees	975,000	875,789	(99,211)
Fire plans review	25,000	17,327	(7,673)
Road opening permit - Zoning Board	8,000	4,325	(3,675)
Field rentals - Parks and Recreation	12,000	10,830	(1,170)
Sewer administrative fees	311,650	311,650	-
School crossing guards	121,005	99,769	(21,236)
Civic Center	126,000	93,118	(32,882)
QSCB Subsidy	54,214	33,288	-
Employee co-pay	-	4,882	4,882
Dog pound collection	3,000	139	(2,861)
Police copy machine/miscellaneous	3,000	-	(3,000)
Other revenue- lien certificates, permits etc.	-	41,356	41,356
Miscellaneous	10,000	44,611	34,611
<b>Total departmental revenues</b>	<u>2,539,369</u>	<u>2,476,072</u>	<u>(42,371)</u>
<b>Total revenues before other financing sources</b>	<u>86,356,099</u>	<u>85,482,143</u>	<u>(853,030)</u>
<b>Other financing sources</b>			
Transfers in from other funds	-	15,865	15,865
Appropriated fund balance	-	816,271	816,271
<b>Total other financing sources</b>	<u>-</u>	<u>832,136</u>	<u>832,136</u>
<b>Total revenue and other financing sources</b>	<u>86,356,099</u>	<u>86,314,279</u>	<u>(20,894)</u>

**TOWN OF WEST WARWICK, RHODE ISLAND**

**RSI - 1 (Continued)**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**

**General Fund - Budgetary Basis**

**For the Year Ended June 30, 2015**

	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Positive (Negative) Variance</u>
<b>General Government:</b>			
FICA expense	1,057,529	1,118,491	(60,962)
Sell back	50,000	-	50,000
Retirement - Severance	100,000	151,973	(51,973)
Excess loss	163,039	-	163,039
Dental	523,827	523,827	-
Health	4,095,568	4,091,129	4,439
Life Insurance	17,500	17,839	(339)
Pension	5,431,185	5,580,460	(149,275)
ICMA Contribution	8,713	39,547	(30,834)
Workers Compensation	350,000	383,324	(33,324)
General Liability	345,000	391,798	(46,798)
RI League of Cities and Towns	11,776	11,776	-
Unemployment expense	71,750	(6,866)	78,616
Pawtuxet River Authority	5,000	5,000	-
Telephone	45,000	95,436	(50,436)
Computer Services	70,000	25,279	44,721
Advertising	40,000	34,428	5,572
Cafeteria Plan Payments	46,000	39,509	6,491
Postage	-	741	(741)
Nyhart - Actuary expenditure	15,000	14,400	600
Consulting	15,000	88,762	(73,762)
Bank/Miscellaneous charges	14,500	65,586	(51,086)
Annual AV fees	10,000	-	10,000
<b>Total General Government</b>	<u>12,486,387</u>	<u>12,672,439</u>	<u>(186,052)</u>
<b>Public Works:</b>			
Salaries and wages	1,388,211	1,394,941	(6,730)
Supplies and expenses	80,000	104,543	(24,543)
Major needs - winter	175,000	130,587	44,413
Solid Waste	350,000	316,555	33,445
Petroleum	107,730	134,950	(27,220)
Fleet Maintenance	188,680	191,018	(2,338)
Trash Removal	719,818	702,151	17,667
Construction & drainage	100,000	108,110	(8,110)
Other costs	108,000	106,676	1,324
<b>Total Public Works</b>	<u>3,217,439</u>	<u>3,189,531</u>	<u>27,908</u>

TOWN OF WEST WARWICK, RHODE ISLAND

RSI - 1 (Continued)

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 General Fund - Budgetary Basis  
 For the Year Ended June 30, 2015

	Final Budget	Actual Expenditures	Positive (Negative) Variance
<b>Public Safety:</b>			
Police Department	5,450,137	5,468,675	(18,538)
Fire Department	6,480,681	6,524,395	(43,714)
<b>Total Public Safety</b>	<b>11,930,818</b>	<b>11,993,070</b>	<b>(62,252)</b>
<b>Senior Center:</b>			
West Warwick Senior Center	163,000	163,000	-
<b>Capital:</b>			
Town Hall improvements		89,416	(89,416)
Lease fire truck		64,645	(64,645)
Civic Center fire upgrades		150,801	(150,801)
Police capital		77,038	(77,038)
Fire capital		44,475	(44,475)
IT Improvements		142,125	(142,125)
Council Ward Improvements		59,026	(59,026)
Parks and Recreation		12,350	(12,350)
DPW		10,072	(10,072)
Operating Capital Improvements	675,290	0	675,290
<b>Total Capital</b>	<b>675,290</b>	<b>649,948</b>	<b>25,342</b>
<b>Debt Service:</b>			
Redemption of Bonds and Notes	2,660,628	2,348,978	311,650
Financing cost and other use	-	10,355	(10,355)
<b>Total Debt Service</b>	<b>2,660,628</b>	<b>2,359,333</b>	<b>301,295</b>
<b>Library:</b>			
Salaries and wages	395,751	389,969	5,782
FICA expense	30,434	34,314	(3,880)
Medical	57,038	34,401	22,637
Pension	50,000	50,000	-
Books	2,000	5,588	(3,588)
Membership	28,227	28,875	(648)
Building maintenance contract	11,750	11,750	-
Utilities	58,175	56,875	1,300
Miscellaneous	10,625	18,382	(7,757)
<b>Total Library</b>	<b>644,000</b>	<b>630,154</b>	<b>13,846</b>

TOWN OF WEST WARWICK, RHODE ISLAND

RSI-1 (Continued)

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Fund - Budgetary Basis

For the Year Ended June 30, 2015

	Final Budget	Actual Expenditures	Positive (Negative) Variance
<b>Other Expenditures:</b>			
Town Manager	322,565	286,391	36,174
Town Planner	91,725	68,836	22,889
Town Council	50,000	62,058	(12,058)
Town Clerk	259,589	241,946	17,643
Board of Canvassers	87,105	86,914	191
Legal	302,500	263,523	38,977
EMA	8,350	6,244	2,106
Town Sargeant	700	600	100
Finance	317,341	410,261	(92,920)
Tax collector	227,988	229,368	(1,380)
Tax assessor	154,234	152,915	1,319
Board of assessment review	1,996	1,389	607
Recycling	202,976	192,976	10,000
Town Engineer	20,000	9,202	10,798
Street lighting	385,000	425,933	(40,933)
Building official	361,131	343,313	17,818
Zoning	4,550	4,367	183
Housing Board	6,650	6,225	425
Parks	254,528	239,794	14,734
<b>Total Other Expenditures</b>	<u>3,058,928</u>	<u>3,032,255</u>	<u>26,673</u>
<b>Other Financing Uses:</b>			
Transfer to School Department	51,519,609	51,606,773	(87,164)
Transfer to Other Funds	-	155,673	(155,673)
<b>Total Other Financing Uses</b>	<u>51,519,609</u>	<u>51,762,446</u>	<u>(242,837)</u>
<b>Total Expenditures and other financing uses</b>	<u>86,356,099</u>	<u>86,452,176</u>	<u>(96,077)</u>
<b>Deficiency of revenues and other financing sources under expenditures and other financing uses</b>	<u>\$ -</u>	<u>(137,897)</u>	<u>\$ (116,971)</u>
<b>Reconciliation to GAAP Basis - Exhibit B-2:</b>			
Less appropriated fund balance reported as financing source		<u>(816,271)</u>	
<b>Deficiency of revenues and other financing sources under expenditures and other financing uses - GAAP</b>		<u>\$ (954,168)</u>	

**TOWN OF WEST WARWICK, RHODE ISLAND**

**RSI-2**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
School Unrestricted Fund - Budgetary Basis**

**For the Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
State aid - Intergovernmental	\$ 20,891,055	\$ 20,891,055	\$ 20,978,219	\$ 87,164
Medicaid	450,000	450,000	490,110	40,110
Other revenues	119,384	119,384	239,161	119,777
<b>Total revenues</b>	<u>21,460,439</u>	<u>21,460,439</u>	<u>21,707,490</u>	<u>247,051</u>
<b>Expenditures:</b>				
Salaries	29,508,443	29,508,443	28,741,983	766,460
Employee benefits	15,340,744	15,010,744	14,016,609	994,135
Purchased services	5,988,051	5,988,051	6,494,179	(506,128)
Supplies and materials	1,401,224	1,401,224	1,271,145	130,079
Other	46,813	46,813	43,200	3,613
Capital outlay	233,550	563,550	1,094,803	(531,253)
<b>Total expenditures</b>	<u>52,518,825</u>	<u>52,518,825</u>	<u>51,661,919</u>	<u>856,906</u>
<b>Excess of revenues over (under) expenditures before other financing sources (uses)</b>	<u>(31,058,386)</u>	<u>(31,058,386)</u>	<u>(29,954,429)</u>	<u>1,103,957</u>
<b>Other financing sources (uses):</b>				
Operating transfer from Town appropriation	31,058,386	31,058,386	30,628,554	(429,832)
Transfer to other funds	0	0	(200,000)	(200,000)
Use of accumulated fund balance - prior year designation	0	0	898,290	898,290
<b>Total other financing sources (uses)</b>	<u>31,058,386</u>	<u>31,058,386</u>	<u>31,326,844</u>	<u>268,458</u>
<b>Excess of revenues and other financing sources over expenditures and other financing uses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>1,372,415</u>	<u>\$ 1,372,415</u>

**Reconciliation to GAAP Basis - Exhibit B-2:**

Less appropriated fund balance reported as a financing source	<u>(898,290)</u>
<b>Excess of revenues and other financing sources over expenditures and other financing uses - GAAP basis</b>	<u>\$ 474,125</u>

TOWN OF WEST WARWICK, RHODE ISLAND

RSI-3

**Required Supplementary Information  
Schedule of Funding Progress OPEB Plan  
UNAUDITED**

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability (UAL)	Funded Ratio	Covered Payroll	UAL as a Percentage of Covered Payroll
<b>Town of West Warwick - Other Post-Employment Benefit Program</b>							
	7/1/2011	\$ -	\$ 107,329,661	\$ (107,329,661)	0%	N/A	N/A
	7/1/2012	\$ -	\$ 107,329,661	\$ (107,329,661)	0%	N/A	N/A
	7/1/2013	\$ -	\$ 57,953,063	\$ (57,953,063)	0%	N/A	N/A

**The unfunded actuarial accrued liability (UAAL) at July 1, 2013 is attributable to the following departments of the Town:**

Department head	\$ 336,286
School Department	11,792,962
Fire Department	17,903,170
Police Department	16,745,096
General Municipal	9,487,527
Sewer Department	1,688,022
<b>Total UAAL</b>	<b>\$ 57,953,063</b>

**The following represents the Annual Required Contributions and the Net OPEB Obligation:**

Fiscal Year Ending	Annual Required Contributions	Annual OPEB Cost	Employer Contributions	Net OPEB Obligation
6/30/2012	\$ 7,552,618	\$ 7,529,858	\$ 4,865,794	\$ 11,919,373
6/30/2013	\$ 7,552,618	\$ 7,523,306	\$ 5,303,716	\$ 14,138,963
6/30/2014	\$ 4,803,612	\$ 4,933,828	\$ 3,467,681	\$ 15,549,134

**The information included in this schedule of funding progress was obtained from the actuarial valuation report dated October 23, 2014 prepared by the Town's Actuary. This valuation as of July 1, 2014 is the most recent report available.**

TOWN OF WEST WARWICK, RHODE ISLAND

RSI-4

**Required Supplementary Information**  
**Schedule of Changes in Town's Net Pension Liability and Related Ratios**  
**UNAUDITED**

	<u>2015</u>	<u>2014</u>
Total pension liability:		
Service cost	\$ 2,258,766	\$ 2,815,702
Interest	10,651,438	11,467,012
Effect of economic/demographic gains or (losses)	-	(12,421,981)
Differences between expected and actual experience	-	(493,359)
Changes in assumptions	-	(2,583,350)
Benefit payments	<u>(9,181,180)</u>	<u>(8,964,488)</u>
Net change in total pension liability	3,729,024	(10,180,464)
Total pension liability - beginning	144,408,140	154,588,604
Total pension liability - ending (a)	<u>\$ 148,137,164</u>	<u>\$ 144,408,140</u>
Plan fiduciary net position:		
Contribution - employer	\$ 8,062,234	\$ 5,224,510
Contribution - employee	1,727,794	1,374,448
Net investment income	636,635	3,293,691
Benefit payments, including refunds of employee contributions	(9,183,839)	(9,020,829)
Administrative expenses	(202,293)	(287,237)
Other	-	-
Net change in plan fiduciary net position	1,040,530	584,583
Plan fiduciary net position - beginning	27,981,454	27,396,871
Plan fiduciary net position - ending (b)	<u>\$ 29,021,984</u>	<u>\$ 27,981,454</u>
Plan's net pension liability - ending (a)-(b)	<u>\$ 119,115,180</u>	<u>\$ 116,426,686</u>
Plan fiduciary net position as a percentage of the total pension liability	19.59%	19.38%
Covered-employee payroll	\$ 14,203,313	\$ 13,956,326
Net pension liability as a percentage of covered-employee payroll	838.64%	834.22%

**Notes:**

The information in this schedule is intended to show 10 years. As of June 30, 2015 only two years are available.

TOWN OF WEST WARWICK, RHODE ISLAND

RSI-5

*Required Supplementary Information*  
*Schedules of Employer Contributions, Investment Returns, and Employer's Net Pension Liability*  
**UNAUDITED**

**Schedule of Town's Contributions**

	Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution (Deficiency) Excess	Covered Payroll	Actual Contribution as a % of Covered Payroll
<b>Employee Retirement Trust Fund</b>	2015	\$8,103,839	\$8,062,234	(\$41,605)	\$ 14,203,313	56.76%
	2014	\$10,322,474	\$5,224,510	(\$5,097,964)	\$ 13,956,326	37.43%
	2013	\$9,264,065	\$5,301,352	(\$3,962,713)	\$ 14,855,258	35.69%
	2012	\$8,708,689	\$1,100,592	(\$7,608,097)	\$ 15,164,989	7.26%
	2011	\$6,912,110	\$1,289,098	(\$5,623,012)	\$ 16,303,378	7.91%
	2010	\$5,799,056	\$2,500,000	(\$3,299,056)	\$ 16,891,909	14.80%
	2009	\$4,676,096	\$1,000,000	(\$3,676,096)	\$ 17,047,080	5.87%
	2008	\$4,082,436	\$2,279,340	(\$1,803,096)	\$ 16,862,318	13.52%
	2007	\$3,553,780	\$2,051,206	(\$1,502,574)	\$ 15,720,077	13.05%
	2006	\$3,100,394	\$1,470,276	(\$1,630,118)	\$ 14,781,683	9.95%
	2005	\$2,617,422	\$500,000	(\$2,117,422)	\$ 14,354,371	3.48%

**Schedule of Investment Returns**

	Year Ended June 30	Actual Money Weighted Rate of Return, Net of Investment Expenses
<b>Employee Retirement Trust Fund</b>	2015	5.01%
	2014	15.20%

**Schedule of Employer's Net Pension Liability**

	Year Ended June 30	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
<b>Employee Retirement Trust Fund</b>	2015	\$148,137,164	\$29,021,984	\$119,115,180	19.59%	\$ 14,203,313	838.64%
	2014	\$144,408,140	\$27,981,454	\$116,426,686	19.38%	\$ 13,956,326	834.22%

The information in these schedules is intended to show 10 years. However as of June 30, 2015 only two years are available for two of the components.

TOWN OF WEST WARWICK

RSI - 6

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF SCHOOL DISTRICT PROPORTIONATE SHARE  
 OF THE NET PENSION LIABILITY  
 June 30, 2015

Employees' Retirement System

	<u>2015</u>
Employer's proportion of the net pension liability	1.46%
Employer's proportionate share of the net pension liability	\$ 35,463,093
State's proportionate share of the net pension liability associated with the school district	<u>24,318,677</u>
Total	<u>\$ 59,781,770</u>
Employer's covered employee payroll	\$ 22,772,066
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	156%
Plan fiduciary net position as a percentage of the total pension liability	61.40%

**Notes:**

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

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

TOWN OF WEST WARWICK  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS  
 30-Jun-15

RSI - 7

Employees' Retirement System

	2015
Actuarially determined contribution	\$ 3,053,734
Contributions in relation to the actuarially determined contribution	3,053,734
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 22,772,066
Contributions as a percentage of covered- employee payroll	13.41%

**Notes:**

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

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

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# **TOWN OF WEST WARWICK**

## **OTHER SUPPLEMENTARY INFORMATION**

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# TOWN OF WEST WARWICK

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for proceeds of specific revenues sources that are committed or restricted to expenditures for specific purposes other than debt service or capital projects. The following special revenue funds are reported as nonmajor governmental funds.

- Tricentennial Committee
- Benjamin R. Vaughn
- JAG Peer to Peer
- Bramley Bill Fund
- Riverwalk Fund
- Open Space Recreation
- JAG ARRA Fund
- JAG Fund
- Meds Contract Fund
- Economic Development Revolving Loan Fund
- Library Grants
- Homeland Security
- Community Development Block Grant
- Annie Livsey Fund
- CDBG Disaster Recovery
- Revolving Fund
- DARE Fund
- Drug Evidence Fund
- Tower Rent Revolving Fund
- Police Detail Car Fund
- Police Highway Grant
- Assistance to Firefighters
- Economic Development Administration
- OPEB Contributions
- School Restricted Funds

(CONTINUED)

# TOWN OF WEST WARWICK

## NONMAJOR GOVERNMENTAL FUNDS (Continued)

### CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition of capital facilities and other capital assets. The following capital project funds are reported as nonmajor governmental funds.

- EMS Rescue Fund
- School QZAB Bond Fund
- School Fire Code Renovations Fund
- School Bond Fund
- Road Bond Fund

(CONTINUED)

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TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT 1

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	<u>SPECIAL REVENUE FUNDS</u>									
	Tricentennial Committee	Benjamin R. Vaughn	JAG Peer to Peer	Bramley Bill Fund	Riverwalk Fund	Open Space Recreation	JAG ARRA Fund	JAG Fund	JAG Fund Local	
<b>ASSETS</b>										
Cash and cash equivalents	\$ 1,009	\$ 1,101	\$ -	\$ 1,005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivable				-						
Due from federal & state governments				-						
Due from other funds			7	12,452	5,062		5,699	2,865		
<b>TOTAL ASSETS</b>	<b>\$ 1,009</b>	<b>\$ 1,101</b>	<b>\$ 7</b>	<b>\$ 13,457</b>	<b>\$ 5,062</b>	<b>\$ -</b>	<b>\$ 5,699</b>	<b>\$ 2,865</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES</b>										
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 391	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to federal & state governments				-						
Due to other funds						18,701		5,113		
Unearned revenue										
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>391</b>	<b>-</b>	<b>18,701</b>	<b>-</b>	<b>5,113</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>										
Restricted	1,009	1,101	7	13,066	-	-	5,699			-
Committed	-	-	-	-	-	-	-			-
Unassigned	-	-	-	-	5,062	(18,701)	-	(2,248)		-
<b>TOTAL FUND BALANCES</b>	<b>1,009</b>	<b>1,101</b>	<b>7</b>	<b>13,066</b>	<b>5,062</b>	<b>(18,701)</b>	<b>5,699</b>	<b>(2,248)</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,009</b>	<b>\$ 1,101</b>	<b>\$ 7</b>	<b>\$ 13,457</b>	<b>\$ 5,062</b>	<b>\$ -</b>	<b>\$ 5,699</b>	<b>\$ 2,865</b>	<b>\$ -</b>	<b>\$ -</b>

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT 1 (Continued)

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	<u>SPECIAL REVENUE FUNDS</u>										
	<u>Meds Contract Fund</u>	<u>Economic Development Revolving Loan Fund</u>	<u>Library Grants</u>	<u>Homeland Security</u>	<u>Community Development Block Grant</u>	<u>Annie Livsey Fund</u>	<u>Stormwater Utility Grant Fund</u>	<u>Revolving Fund</u>	<u>Dog Pound Fund</u>	<u>Bulletproof Vest Partnership Fund</u>	<u>DARE Fund</u>
<b>ASSETS</b>											
Cash and cash equivalents	\$ -	\$ 15,865	\$ 14,350	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,594
Accounts and other receivable	-	-	-	-	-	-	-	-	-	-	-
Due from federal & state governments	-	-	-	-	177,866	-	-	-	-	-	-
Due from other funds	6,160	-	-	-	-	-	378,569	9,628	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 6,160</b>	<b>\$ 15,865</b>	<b>\$ 14,350</b>	<b>\$ -</b>	<b>\$ 177,866</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 378,569</b>	<b>\$ 9,628</b>	<b>\$ -</b>	<b>\$ 8,594</b>
<b>LIABILITIES</b>											
Accounts payable and accrued expenses	\$ -	\$ -	\$ 2,989	\$ -	\$ 1,539	\$ -	\$ -	\$ 16,621	\$ -	\$ -	\$ -
Due to federal & state governments	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	215,389	924	140,385	-	9,234	-	-	-	-
Unearned revenue	-	-	-	-	3,122	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>218,378</b>	<b>924</b>	<b>145,046</b>	<b>-</b>	<b>9,234</b>	<b>16,621</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>											
Restricted	6,160	15,865	-	-	32,820	-	-	-	9,628	-	8,594
Committed	-	-	-	-	-	-	361,948	-	-	-	-
Unassigned	-	-	(204,028)	(924)	-	-	(9,234)	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>6,160</b>	<b>15,865</b>	<b>(204,028)</b>	<b>(924)</b>	<b>32,820</b>	<b>-</b>	<b>(9,234)</b>	<b>361,948</b>	<b>9,628</b>	<b>-</b>	<b>8,594</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,160</b>	<b>\$ 15,865</b>	<b>\$ 14,350</b>	<b>\$ -</b>	<b>\$ 177,866</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 378,569</b>	<b>\$ 9,628</b>	<b>\$ -</b>	<b>\$ 8,594</b>

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT 1 (Continued)

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	SPECIAL REVENUE FUNDS										
	Drug Evidence Fund	Tower Rent Revolving Fund	Police Detail Car Fund	Police Highway Grant	Assistance to Fire Fighters	Demolition Revolving Fund	Greene Cemetery Fund	OPEB Contributions	School Restricted Funds	Total Special Revenue Funds	EMS Rescue Fund
<b>ASSETS</b>											
Cash and cash equivalents	\$ 146,090	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 188,014	\$ 90,876
Accounts and other receivable											
Due from federal & state governments									923,465	1,101,331	
Due from other funds	368	45,852	74,805		13	2,065			91,760	635,305	456,011
<b>TOTAL ASSETS</b>	<b>\$ 146,458</b>	<b>\$ 45,852</b>	<b>\$ 74,805</b>	<b>\$ -</b>	<b>\$ 13</b>	<b>\$ 2,065</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,015,225</b>	<b>\$ 1,924,650</b>	<b>\$ 546,887</b>
<b>LIABILITIES</b>											
Accounts payable and accrued expenses	\$ 1,071	\$ -	\$ -	\$ 855	\$ -	\$ -	\$ -	\$ -	\$ 50,339	\$ 73,805	\$ -
Due to federal & state governments	56,029									56,029	
Due to other funds				2,132					879,148	1,271,026	
Unearned revenue										3,122	
<b>TOTAL LIABILITIES</b>	<b>57,100</b>	<b>-</b>	<b>-</b>	<b>2,987</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>929,487</b>	<b>1,403,982</b>	<b>\$ -</b>
<b>FUND BALANCES</b>											
Restricted	89,358	45,852	-		13	2,065	-	-	85,738	316,975	-
Committed			74,805							436,753	546,887
Unassigned				(2,987)						(233,060)	
<b>TOTAL FUND BALANCES</b>	<b>89,358</b>	<b>45,852</b>	<b>74,805</b>	<b>(2,987)</b>	<b>13</b>	<b>2,065</b>	<b>-</b>	<b>-</b>	<b>85,738</b>	<b>520,668</b>	<b>546,887</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 146,458</b>	<b>\$ 45,852</b>	<b>\$ 74,805</b>	<b>\$ -</b>	<b>\$ 13</b>	<b>\$ 2,065</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,015,225</b>	<b>\$ 1,924,650</b>	<b>\$ 546,887</b>

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT 1 (Continued)

Combining Balance Sheet  
Nonmajor Governmental Funds  
30-Jun-15

	<u>CAPITAL PROJECT FUNDS</u>					Total NonMajor Governmental Funds
	School QZAB Bond Fund	School Fire Code Renovations Fund	School Bond Fund	Road Bond Fund	Total Capital Project Funds	
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 90,876	\$ 278,890
Accounts and other receivable			65,532		65,532	65,532
Due from federal & state governments	6,200				6,200	1,107,531
Due from other funds	7,419	44			463,474	1,098,779
<b>TOTAL ASSETS</b>	<b>\$ 13,619</b>	<b>\$ 44</b>	<b>\$ 65,532</b>	<b>\$ -</b>	<b>\$ 626,082</b>	<b>\$ 2,550,732</b>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ -	\$ -	\$ 6,300	\$ -	\$ 6,300	\$ 80,105
Due to federal & state governments					-	56,029
Due to other funds	6,200		59,232	39,474	104,906	1,375,932
Unearned revenue					-	3,122
<b>TOTAL LIABILITIES</b>	<b>6,200</b>	<b>-</b>	<b>65,532</b>	<b>39,474</b>	<b>111,206</b>	<b>1,515,188</b>
<b>FUND BALANCES</b>						
Restricted	7,419	44		-	7,463	324,438
Committed	-	-		-	546,887	983,640
Unassigned			-	(39,474)	(39,474)	(272,534)
<b>TOTAL FUND BALANCES</b>	<b>7,419</b>	<b>44</b>	<b>-</b>	<b>(39,474)</b>	<b>514,876</b>	<b>1,035,544</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 13,619</b>	<b>\$ 44</b>	<b>\$ 65,532</b>	<b>\$ -</b>	<b>\$ 626,082</b>	<b>\$ 2,550,732</b>

**TOWN OF WEST WARWICK, RHODE ISLAND**

**EXHIBIT 2**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2015**

	<b>SPECIAL REVENUE FUNDS</b>								
	<u>Tricentennial Committee</u>	<u>Benjamin R. Vaughn</u>	<u>JAG Peer to Peer</u>	<u>Bramley Bill Fund</u>	<u>Riverwalk Fund</u>	<u>Open Space Recreation</u>	<u>JAG ARRA Fund</u>	<u>JAG Fund</u>	<u>JAG Fund</u>
<b>REVENUES:</b>									
Intergovernmental	\$ -	\$ -	\$ 6,381	24,717	\$ -	\$ -	\$ -	\$ -	\$ -
Fees, Fines, Charges and Assessments	-	-	-	-	-	27,500	-	-	-
Investment income (loss)	-	-	-	-	-	-	-	-	-
Contributions and grants	-	-	-	-	5,062	139,330	-	-	14,004
Other miscellaneous	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>6,381</b>	<b>24,717</b>	<b>5,062</b>	<b>166,830</b>	<b>-</b>	<b>-</b>	<b>14,004</b>
<b>EXPENDITURES:</b>									
<b>Current:</b>									
Public safety	-	-	6,381	24,271	-	-	-	539	14,004
Public services	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-
Public assistance, development, & recreation	-	-	-	-	-	175,598	-	-	-
<b>Capital outlays</b>									
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>6,381</b>	<b>24,271</b>	<b>-</b>	<b>175,598</b>	<b>-</b>	<b>539</b>	<b>14,004</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>446</b>	<b>5,062</b>	<b>(8,768)</b>	<b>-</b>	<b>(539)</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers out	-	-	-	-	-	-	-	-	-
Transfer in	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>446</b>	<b>5,062</b>	<b>(8,768)</b>	<b>-</b>	<b>(539)</b>	<b>-</b>
<b>Fund balances, beginning of year</b>	<b>1,009</b>	<b>1,101</b>	<b>7</b>	<b>12,620</b>	<b>-</b>	<b>(9,933)</b>	<b>5,699</b>	<b>(1,709)</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 1,009</b>	<b>\$ 1,101</b>	<b>\$ 7</b>	<b>\$ 13,066</b>	<b>\$ 5,062</b>	<b>\$ (18,701)</b>	<b>\$ 5,699</b>	<b>\$ (2,248)</b>	<b>\$ -</b>

TOWN OF WEST WARWICK, RHODE ISLAND

Exhibit 2 (Continued)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2015

	<b>SPECIAL REVENUE FUNDS</b>										
	Contract Fund	Economic Development Revolving Loan Fund	Library Grants	Homeland Security	Community Development Block Grant	Annie Livsey Fund	Stormwater Utility Grant Fund	Revolving Fund	Dog Pound Fund	Bulletproof Vest Partnership Fund	DARE Fund
<b>REVENUES:</b>											
Intergovernmental	\$ -	\$ -	\$ 184,230	\$ -	\$ 373,334	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees, Fines, Charges and Assessments	-	-	17,622	-	-	-	-	507,715	-	-	-
Investment income (loss)	-	-	-	-	-	-	-	-	-	-	-
Contributions and grants	-	-	2,318	-	-	9,181	-	2,450	9,628	10,727	-
Other miscellaneous	-	-	-	-	12,881	-	-	-	-	-	2,500
<b>Total revenues</b>	-	-	204,170	-	386,215	9,181	-	510,165	9,628	10,727	2,500
<b>EXPENDITURES:</b>											
<b>Current:</b>											
Public safety	-	-	-	-	-	-	-	506,181	-	10,727	-
Public services	-	-	-	-	-	9,181	9,234	-	-	-	-
Library	-	-	239,201	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-	-
Public assistance, development, & recreation	-	-	-	-	353,396	-	-	-	-	-	2,895
<b>Capital outlays</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	-	-	239,201	-	353,396	9,181	9,234	506,181	-	10,727	2,895
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	-	(35,031)	-	32,819	-	(9,234)	3,984	9,628	-	(395)
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers out	-	-	-	-	(15,865)	-	-	-	-	-	-
Transfer in	-	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	-	(15,865)	-	-	-	-	-	-
<b>Net change in fund balances</b>	-	-	(35,031)	-	16,954	-	(9,234)	3,984	9,628	-	(395)
<b>Fund balances, beginning of year</b>	6,160	15,865	(168,997)	(924)	15,866	-	-	357,964	-	-	8,989
<b>Fund balances, end of year</b>	\$ 6,160	\$ 15,865	\$ (204,028)	\$ (924)	\$ 32,820	\$ -	\$ (9,234)	\$ 361,948	\$ 9,628	\$ -	\$ 8,594

TOWN OF WEST WARWICK, RHODE ISLAND

Exhibit 2 (Continued)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2015

	SPECIAL REVENUE FUNDS									
	Drug Evidence Fund	Tower Rent Revolving Fund	Police Detail Car Fund	Police Highway Grant	Assistance to Fire Fighters	Demolition Revolving Fund	Greene Cemetery Fund	OPEB Contributions	School Restricted Funds	Total Special Revenue Funds
<b>REVENUES:</b>										
Intergovernmental	\$ -	\$ -	\$ -	\$ 36,791	\$ -	\$ -	\$ -	\$ -	\$ 2,356,994	\$ 2,982,447
Fees, Fines, Charges and Assessments	33,068	-	83,989	-	-	24,766	-	-	-	694,660
Investment income (loss)	-	-	-	-	-	-	-	-	-	-
Contributions and grants	-	-	-	-	-	-	900	-	84,853	278,453
Other miscellaneous	-	-	-	-	-	-	-	-	13,614	28,995
<b>Total revenues</b>	<b>33,068</b>	<b>-</b>	<b>83,989</b>	<b>36,791</b>	<b>-</b>	<b>24,766</b>	<b>900</b>	<b>-</b>	<b>2,455,461</b>	<b>3,984,555</b>
<b>EXPENDITURES:</b>										
<b>Current:</b>										
Public safety	24,491	-	66,000	18,598	-	-	-	-	-	671,192
Public services	-	-	-	-	-	22,701	-	168,170	-	209,286
Library	-	-	-	-	-	-	-	-	-	239,201
Education	-	-	-	-	-	-	-	-	2,424,899	2,424,899
Public assistance, development, & recreation	-	-	-	-	-	-	900	-	-	532,789
Capital outlays	-	-	-	515	-	-	-	-	41,562	42,077
<b>Total expenditures</b>	<b>24,491</b>	<b>-</b>	<b>66,000</b>	<b>19,113</b>	<b>-</b>	<b>22,701</b>	<b>900</b>	<b>168,170</b>	<b>2,466,460</b>	<b>4,119,443</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>8,577</b>	<b>-</b>	<b>17,989</b>	<b>17,678</b>	<b>-</b>	<b>2,065</b>	<b>-</b>	<b>(168,170)</b>	<b>(11,000)</b>	<b>(134,889)</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers out	-	-	-	-	-	-	-	-	(9,257)	(25,122)
Transfer in	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,257)</b>	<b>(25,122)</b>
<b>Net change in fund balances</b>	<b>8,577</b>	<b>-</b>	<b>17,989</b>	<b>17,678</b>	<b>-</b>	<b>2,065</b>	<b>-</b>	<b>(168,170)</b>	<b>(20,257)</b>	<b>(160,011)</b>
<b>Fund balances, beginning of year</b>	<b>80,781</b>	<b>45,852</b>	<b>56,816</b>	<b>(20,665)</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>168,170</b>	<b>105,995</b>	<b>680,679</b>
<b>Fund balances, end of year</b>	<b>\$ 89,358</b>	<b>\$ 45,852</b>	<b>\$ 74,805</b>	<b>\$ (2,987)</b>	<b>\$ 13</b>	<b>\$ 2,065</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 85,738</b>	<b>\$ 520,668</b>

TOWN OF WEST WARWICK, RHODE ISLAND

Exhibit 2 (Continued)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2015

	<u>CAPITAL PROJECT FUNDS</u>						Total NonMajor Governmental Funds
	EMS Rescue Fund	School QZAB Bond Fund	School Fire Code Renovations Fund	School Bond Fund	Road Bond Fund	Total Capital Project Funds	
<b>REVENUES:</b>							
Intergovernmental							\$ 2,982,447
Fees, Fines, Charges and Assessments	\$ 147,123	\$ -	\$ -	\$ -	\$ -	\$ 147,123	841,783
Investment income (loss)	-	-	-	59,492	-	59,492	59,492
Contributions and grants	-	106,383	-	-	-	106,383	384,835
Other miscellaneous	-	-	-	-	-	-	28,995
<b>Total revenues</b>	<b>147,123</b>	<b>106,383</b>	<b>-</b>	<b>59,492</b>	<b>-</b>	<b>312,997</b>	<b>4,297,552</b>
<b>EXPENDITURES:</b>							
<b>Current:</b>							
Public safety						-	671,192
Public services						-	209,286
Library						-	239,201
Education		106,383				106,383	2,531,281
Public assistance, development, & recreation						-	532,789
<b>Capital outlays</b>	<b>32,868</b>			<b>53,451</b>		<b>86,319</b>	<b>128,396</b>
<b>Total expenditures</b>	<b>32,868</b>	<b>106,383</b>	<b>-</b>	<b>53,451</b>	<b>-</b>	<b>86,319</b>	<b>4,312,145</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>114,255</b>	<b>-</b>	<b>-</b>	<b>6,040</b>	<b>-</b>	<b>226,678</b>	<b>(14,593)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers out	-	-	-	-	-	-	(25,122)
Transfer in	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25,122)</b>
<b>Net change in fund balances</b>	<b>114,255</b>	<b>-</b>	<b>-</b>	<b>6,040</b>	<b>-</b>	<b>226,678</b>	<b>(39,715)</b>
<b>Fund balances, beginning of year</b>	<b>432,632</b>	<b>7,419</b>	<b>44</b>	<b>(6,040)</b>	<b>(39,474)</b>	<b>394,581</b>	<b>1,075,259</b>
<b>Fund balances, end of year</b>	<b>\$ 546,887</b>	<b>\$ 7,419</b>	<b>\$ 44</b>	<b>\$ -</b>	<b>\$ (39,474)</b>	<b>\$ 621,259</b>	<b>\$ 1,035,544</b>

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT 3

*Combining Balance Sheet  
School Restricted Funds  
Reported As NonMajor Governmental Funds  
June 30, 2015*

	<u>SPECIAL REVENUE FUNDS</u>								
	<u>IDEA</u>	<u>Title I</u>	<u>Title II</u>	<u>Title III</u>	<u>Perkins</u>	<u>FFVP</u>	<u>RI Emergency Management</u>	<u>Race To The Top</u>	
<b>ASSETS</b>									
Due from federal & state governments	\$ 345,234	\$ 378,673	\$ 134,378	\$ 9,704	\$ 29,386	\$ 15,585	\$ -	\$ 1,937	
Due from other funds	-	-	-	-	-	-	311	-	
<b>TOTAL ASSETS</b>	<u>\$ 345,234</u>	<u>\$ 378,673</u>	<u>\$ 134,378</u>	<u>\$ 9,704</u>	<u>\$ 29,386</u>	<u>\$ 15,585</u>	<u>\$ 311</u>	<u>\$ 1,937</u>	
<b>LIABILITIES</b>									
Accounts payable and accrued expenditures	\$ 7,073	\$ 10,343	\$ 4,322	\$ 5,417	\$ 8,594	\$ -	\$ -	\$ -	
Due to other funds	338,161	368,330	130,056	4,287	20,792	15,585	-	1,937	
<b>TOTAL LIABILITIES</b>	<u>345,234</u>	<u>378,673</u>	<u>134,378</u>	<u>9,704</u>	<u>29,386</u>	<u>15,585</u>	<u>-</u>	<u>1,937</u>	
<b>FUND BALANCES</b>									
Restricted	-	-	-	-	-	-	311	-	
<b>TOTAL FUND BALANCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>311</u>	<u>-</u>	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 345,234</u>	<u>\$ 378,673</u>	<u>\$ 134,378</u>	<u>\$ 9,704</u>	<u>\$ 29,386</u>	<u>\$ 15,585</u>	<u>\$ 311</u>	<u>\$ 1,937</u>	

**TOWN OF WEST WARWICK, RHODE ISLAND**

**Exhibit 3 (Continued)**

**Combining Balance Sheet  
School Restricted Funds  
Reported As NonMajor Governmental Funds  
June 30, 2015**

	<b>SPECIAL REVENUE FUNDS</b>							
	<u>School Lunch Equipment</u>	<u>ARRA Energy EECBG</u>	<u>RTTT PQI Grant</u>	<u>State Grants</u>	<u>Big Yellow School Bus</u>	<u>State UCOA Fund</u>	<u>Federal RI Council of Humanities</u>	<u>CTE Categorical Fund</u>
<b>ASSETS</b>								
Due from federal & state governments	\$ 7,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds		1,162	-	3,649	830	-	1,959	9,247
<b>TOTAL ASSETS</b>	<b>\$ 7,000</b>	<b>\$ 1,162</b>	<b>\$ -</b>	<b>\$ 3,649</b>	<b>\$ 830</b>	<b>\$ -</b>	<b>\$ 1,959</b>	<b>\$ 9,247</b>
<b>LIABILITIES</b>								
Accounts payable and accrued expenditures	\$ 7,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,166
Due to other funds		-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>7,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,166</b>
<b>FUND BALANCES</b>								
Restricted	-	1,162	-	3,649	830	-	1,959	4,080
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>1,162</b>	<b>-</b>	<b>3,649</b>	<b>830</b>	<b>-</b>	<b>1,959</b>	<b>4,080</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,000</b>	<b>\$ 1,162</b>	<b>\$ -</b>	<b>\$ 3,649</b>	<b>\$ 830</b>	<b>\$ -</b>	<b>\$ 1,959</b>	<b>\$ 9,247</b>

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT 3 (Continued)

*Combining Balance Sheet  
School Restricted Funds  
Reported as NonMajor Governmental Funds  
June 30, 2015*

	Corporate Grants	Private Grants	Google Donations	DMS Play	Pre-School	Total School Restricted Funds
<b>ASSETS</b>						
Due from federal & state governments	\$ 1,568	\$ -	\$ -	\$ -	\$ -	\$ 923,465
Due from other funds	10,510	51,325	935	2,183	9,649	91,760
<b>TOTAL ASSETS</b>	<u>\$ 12,078</u>	<u>\$ 51,325</u>	<u>\$ 935</u>	<u>\$ 2,183</u>	<u>\$ 9,649</u>	<u>\$ 1,015,225</u>
<b>LIABILITIES</b>						
Accounts payable and accrued expenditures	\$ 2,388	\$ 36	\$ -	\$ -	\$ -	\$ 50,339
Due to other funds	-	-	-	-	-	879,148
<b>TOTAL LIABILITIES</b>	<u>2,388</u>	<u>36</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>929,487</u>
<b>FUND BALANCES</b>						
Restricted	9,690	51,290	935	2,183	9,649	85,738
<b>TOTAL FUND BALANCES</b>	<u>9,690</u>	<u>51,290</u>	<u>935</u>	<u>2,183</u>	<u>9,649</u>	<u>85,738</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 12,078</u>	<u>\$ 51,325</u>	<u>\$ 935</u>	<u>\$ 2,183</u>	<u>\$ 9,649</u>	<u>\$ 1,015,225</u>

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT 4

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
School Restricted Funds  
Reported As NonMajor Governmental Funds  
For the Year Ended June 30, 2015**

	<u>SPECIAL REVENUE FUNDS</u>							
	<u>IDEA</u>	<u>Title I</u>	<u>Title II</u>	<u>Title III</u>	<u>Perkins</u>	<u>FFVP</u>	<u>RI Emergency Management</u>	<u>Race To The Top</u>
<b>REVENUES:</b>								
Intergovernmental	\$ 887,590	\$ 990,257	\$ 300,244	\$ 14,359	\$ 29,386	\$ 46,400	\$ -	\$ 52,507
Contributions and grants	-	-	-	-	-	-	-	-
Other miscellaneous	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>887,590</b>	<b>990,257</b>	<b>300,244</b>	<b>14,359</b>	<b>29,386</b>	<b>46,400</b>	<b>-</b>	<b>52,507</b>
<b>EXPENDITURES:</b>								
Salaries	588,534	665,348	192,359	11,077	8,809	-	-	6,763
Employee benefits	252,695	251,324	68,295	847	673	-	-	517
Purchased services	5,968	35,186	36,712	1,467	-	46,400	-	45,227
Supplies and materials	39,635	29,142	2,002	244	5,634	-	-	-
Other expenses	-	-	876	724	-	-	-	-
Capital outlays	758	-	-	-	14,270	-	-	-
<b>Total expenditures</b>	<b>887,590</b>	<b>981,000</b>	<b>300,244</b>	<b>14,359</b>	<b>29,386</b>	<b>46,400</b>	<b>-</b>	<b>52,507</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>9,257</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers out	-	(9,257)	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(9,257)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances, beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>311</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 311</b>	<b>\$ -</b>

**TOWN OF WEST WARWICK, RHODE ISLAND**

**EXHIBIT 4 (Continued)**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
School Restricted Funds  
Reported As NonMajor Governmental Funds  
For the Year Ended June 30, 2015**

	<b>SPECIAL REVENUE FUNDS</b>							
	School Lunch Equipment	ARRA Energy EECBG	RTTT PQI Grant	State Grants	Big Yellow School Bus	State UCOA Fund	Federal RI Council of Humanities	CTE Categorical Fund
<b>REVENUES:</b>								
Intergovernmental	\$ 7,000	\$ -	\$ 17,396	\$ -	\$ 800	\$ -	\$ -	\$ 11,055
Contributions and grants		-	-	-	-	-	-	-
Other miscellaneous		-	-	-	-	-	14	-
<b>Total revenues</b>	<b>7,000</b>	<b>-</b>	<b>17,396</b>	<b>-</b>	<b>800</b>	<b>-</b>	<b>14</b>	<b>11,055</b>
<b>EXPENDITURES:</b>								
Salaries		-	-	-	-	-	-	-
Employee benefits		-	-	-	-	-	-	-
Purchased services		-	-	-	270	-	-	-
Supplies and materials	7,000	-	18,082	-	-	40,000	-	-
Other expenses		-	-	-	-	-	-	-
<b>Capital outlays</b>		-	-	-	-	-	-	22,696
<b>Total expenditures</b>	<b>7,000</b>	<b>-</b>	<b>18,082</b>	<b>-</b>	<b>270</b>	<b>40,000</b>	<b>-</b>	<b>22,696</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>-</b>	<b>(686)</b>	<b>-</b>	<b>530</b>	<b>(40,000)</b>	<b>14</b>	<b>(11,641)</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers out		-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>		<b>-</b>	<b>(686)</b>	<b>-</b>	<b>530</b>	<b>(40,000)</b>	<b>14</b>	<b>(11,641)</b>
<b>Fund balances, beginning of year</b>	<b>-</b>	<b>1,162</b>	<b>686</b>	<b>3,649</b>	<b>300</b>	<b>40,000</b>	<b>1,945</b>	<b>15,721</b>
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ 1,162</b>	<b>\$ -</b>	<b>\$ 3,649</b>	<b>\$ 830</b>	<b>\$ -</b>	<b>\$ 1,959</b>	<b>\$ 4,080</b>

**TOWN OF WEST WARWICK, RHODE ISLAND**

**EXHIBIT 4 (Continued)**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
School Restricted Funds  
Reported As NonMajor Governmental Funds  
For the Year Ended June 30, 2015**

	<u>Corporate Grants</u>	<u>Private Grants</u>	<u>Google Donations</u>	<u>DMS Play</u>	<u>Pre-School</u>	<u>Total School Restricted Funds</u>
<b>REVENUES:</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,356,994
Contributions and grants	12,552	71,401	900	-	-	84,853
Other miscellaneous	-	-	-	-	13,600	13,614
<b>Total revenues</b>	<b>12,552</b>	<b>71,401</b>	<b>900</b>	<b>-</b>	<b>13,600</b>	<b>2,455,461</b>
<b>EXPENDITURES:</b>						
Salaries	1,100	21,123	-	-	4,519	1,499,632
Employee benefits	84	3,458	-	-	346	578,239
Purchased services	9,347	500	-	-	-	181,077
Supplies and materials	464	7,798	-	-	13,645	163,646
Other expenses	255	450	-	-	-	2,305
<b>Capital outlays</b>	<b>-</b>	<b>3,467</b>	<b>-</b>	<b>-</b>	<b>371</b>	<b>41,562</b>
<b>Total expenditures</b>	<b>11,250</b>	<b>36,796</b>	<b>-</b>	<b>-</b>	<b>18,881</b>	<b>2,466,460</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,302</b>	<b>34,605</b>	<b>900</b>	<b>-</b>	<b>(5,281)</b>	<b>(11,000)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	-	-	-	-	-	(9,257)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,257)</b>
<b>Net change in fund balances</b>	<b>1,302</b>	<b>34,605</b>	<b>900</b>	<b>-</b>	<b>(5,281)</b>	<b>(20,257)</b>
<b>Fund balances, beginning of year</b>	<b>8,388</b>	<b>16,685</b>	<b>35</b>	<b>2,183</b>	<b>14,930</b>	<b>105,995</b>
<b>Fund balances, end of year</b>	<b>\$ 9,690</b>	<b>\$ 51,290</b>	<b>\$ 935</b>	<b>\$ 2,183</b>	<b>\$ 9,649</b>	<b>\$ 85,738</b>

# TOWN OF WEST WARWICK

## AGENCY FUNDS

Agency funds are used to account for assets held by the Government as an agent for individuals, private organizations, and other governments. The following fund was reported in this section.

- **Student Activity Funds** – Maintained to account for funds held in various school programs on behalf of the students and/or school clubs/groups.

**TOWN OF WEST WARWICK, RHODE ISLAND**

Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Year ended June 30, 2015

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b><u>Student Activity Funds</u></b>				
ASSETS:				
Cash	\$ 150,396	\$ 286,094	\$ 278,819	\$ 157,671
TOTAL ASSETS	<u>\$ 150,396</u>	<u>\$ 286,094</u>	<u>\$ 278,819</u>	<u>\$ 157,671</u>
LIABILITIES:				
Deposits held in custody for others	\$ 150,396	\$ 286,094	\$ 278,819	\$ 157,671
TOTAL LIABILITIES	<u>\$ 150,396</u>	<u>\$ 286,094</u>	<u>\$ 278,819</u>	<u>\$ 157,671</u>