

# Town of West Warwick 2016 Financial Statements

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**Presented by  
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**MARCUM**  
ACCOUNTANTS ▲ ADVISORS

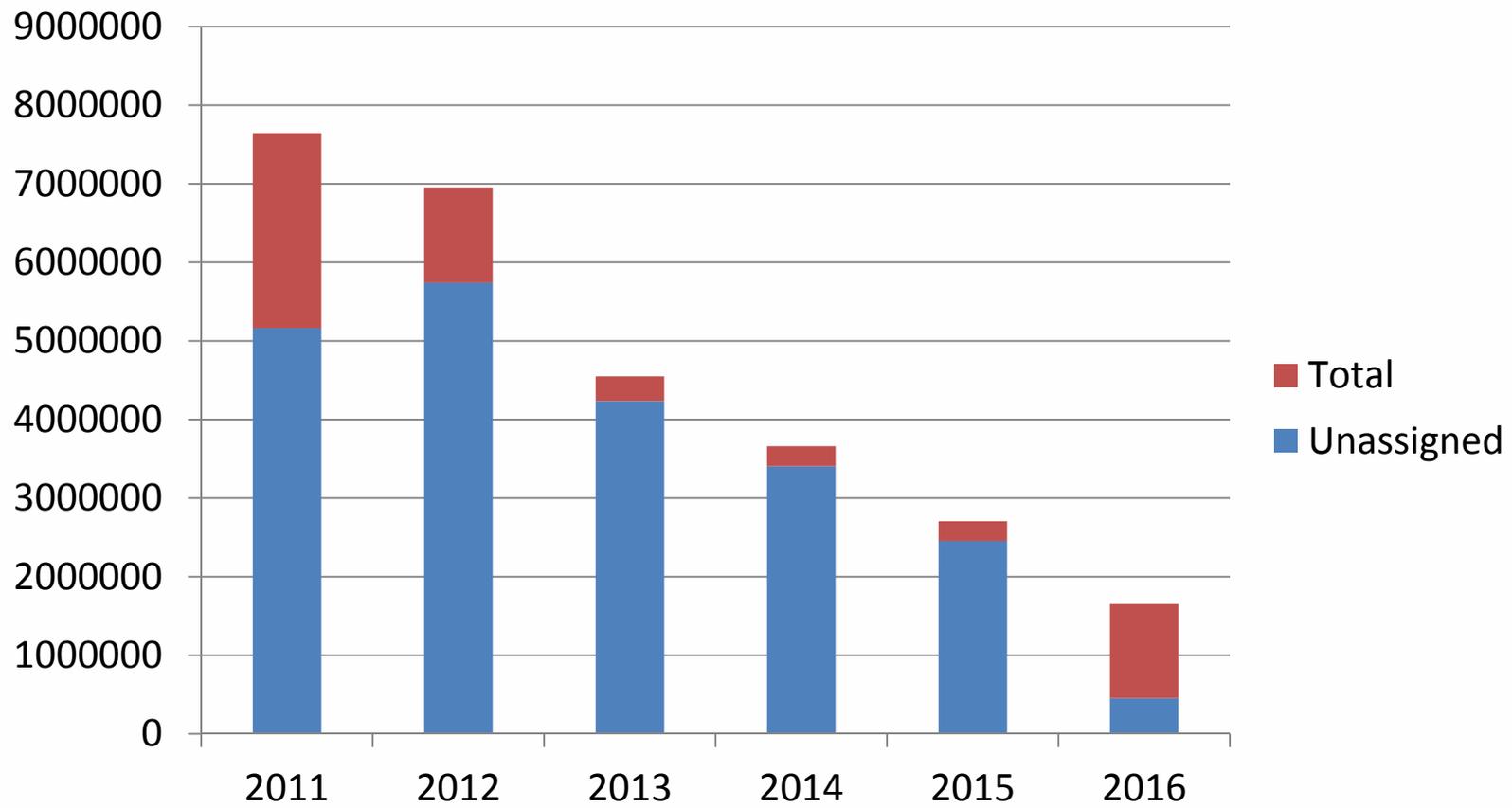
## Introduction

- Presentation will review the Town's 2016 financial statement audit and financial results
- Feel free to ask questions at any time

## Town General Fund

- Total Fund Balance decreased by \$1,052,487
- Budgeted change was increase of \$200,000
- Unassigned Fund Balance = \$453,494
- Unassigned Fund Balance represents less than 1% of Operating Budget
- Current level is well below healthy target of 8-16% of budgeted expenditures
- Performance is better than projections in 5-Year Plan

# Fund Balance: last 6 years



## Results of Operations

- Revenues were below budget by \$791,716
- Property taxes \$679,819 below what was anticipated
  - Lag in collection of prior year balances
  - Collection of current year assessment below budget assumption
- Tax collection percentages:
  - *96.9% collection of current year assessment*
  - *Budget was based on 97.5% collection factor*
  - *99.8% collection of current and prior assessments outstanding when compared to current assessment*

## Results of Operations (continued)

- Expenditures were \$260,771 above appropriated amounts
- Significant unfavorable results in these areas:
  - ***Employee benefits (FICA, severance, health)***
  - ***Insurance***
  - ***Telephone***
  - ***Contractual services***
  - ***Debt service***
  - ***Street lighting***
  - ***Finance, assessor and human resources***

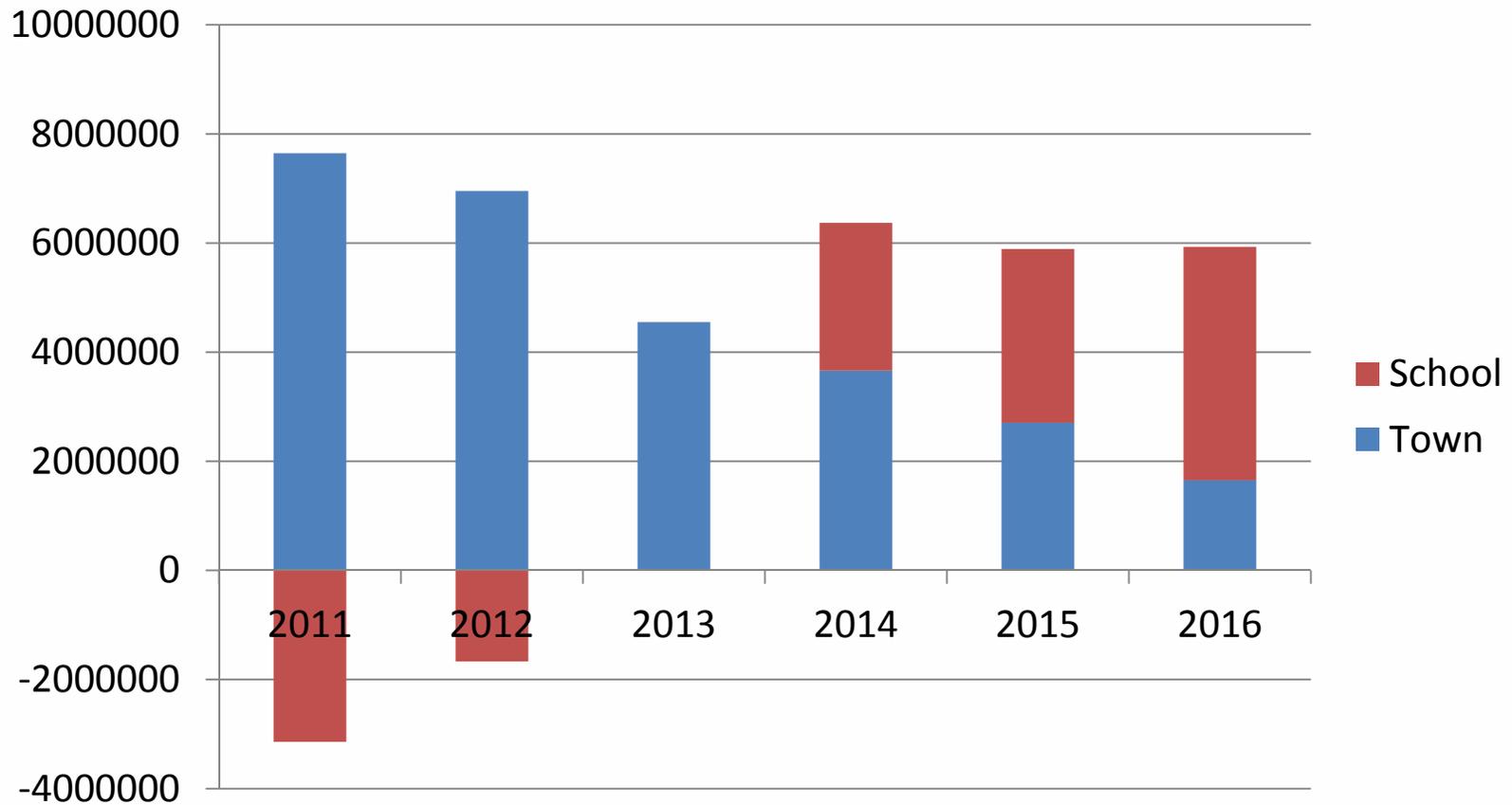
## School Department

- Unrestricted fund ended year with fund balance of \$4,275,973, with \$4,063,988 committed for educational purposes and \$211,985 unspendable
- Fund balance is accumulation of all prior year balances, including current year increase of \$1,092,408
- School grant/restricted funds recognized \$2,328,510 in expenditures to supplement operations
- Revenues were \$162,056 above anticipated amounts

## School Department (continued)

- Expenditures were \$1,330,352 below appropriations
- Expenditures for capital outlay totaled \$1,176,291
  - Accumulated fund balance being reinvested in capital assets (building improvements, student-related technologies - avoiding long-term borrowings)
- School Lunch Fund recognized net income of \$125,342

# Combined Fund Balance: Town General Fund & School Unrestricted Fund – last 6 years



## Wastewater Authority

- Revenues amounted to \$7,283,323, down from prior year revenue of \$8,118,428
- Expenses were \$7,658,785, up from prior year amount of \$7,630,733
- Net income of \$848,593
- Fund has net assets of \$42,427,349 – with \$33,225,341 of that invested in capital assets (net of related debt) used in operations and balance of \$9,202,008 unrestricted

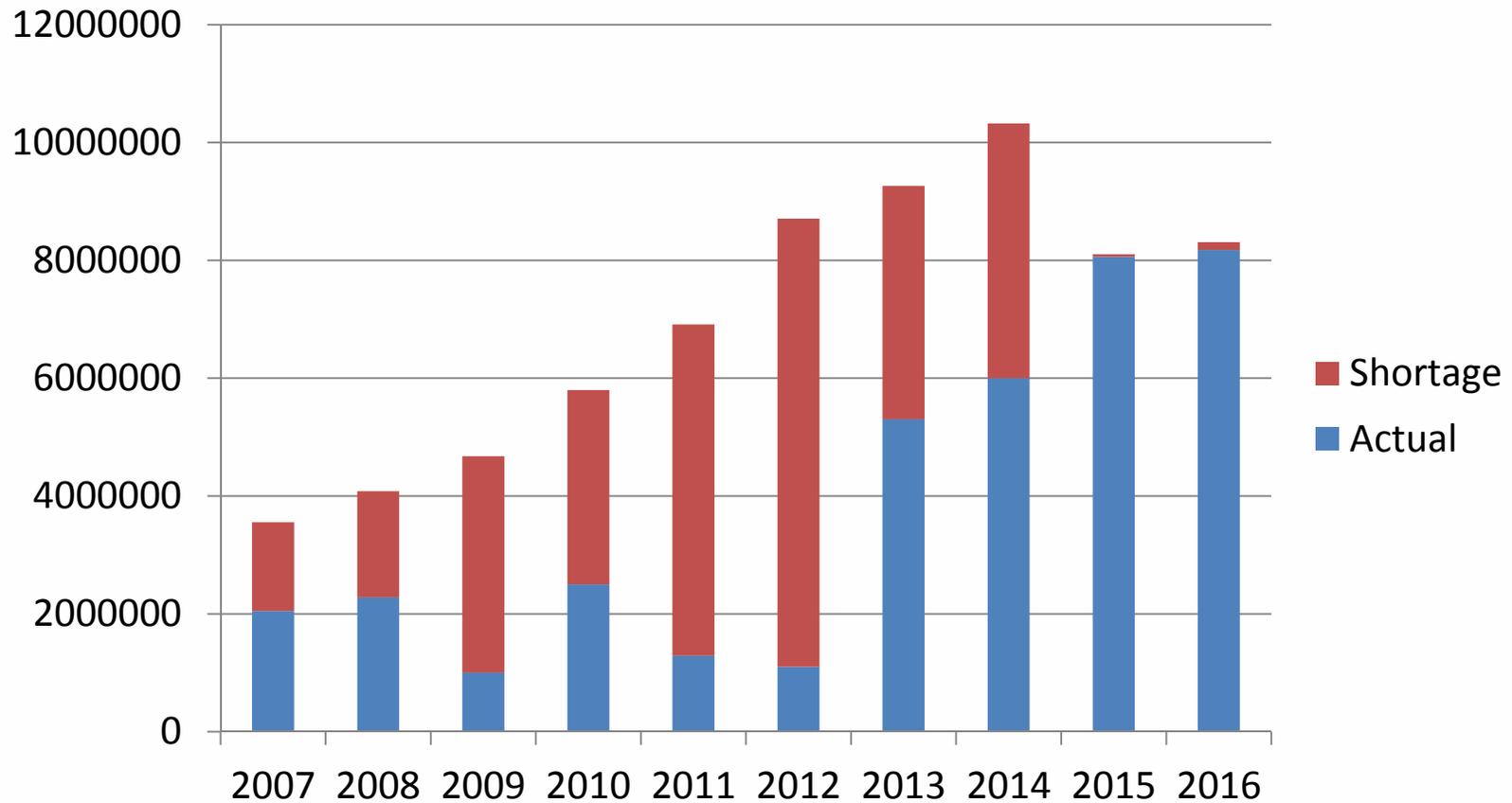
## Town Pension Plan

- Funded status has varied:
  - 19.35% funded as of 7/1/2014 – per FS, assets reported at fair values
    - 18.9% per actuarial valuation
  - 19.56% funded as of 7/1/2015 – per FS, assets reported at fair values
    - 19.8% per actuarial valuation
  - 18.38% funded as of 7/1/2016 – per FS, assets reported at fair values
    - 20.1% per actuarial valuation

## Town Pension Plan (continued)

- \$127.5 million Net Pension Liability at 7/1/2016 – Town implemented GASB No. 68 effective 7/1/2014
- Funding has been budgeted at 100% of Annually Required Contribution (ARC) based on preliminary actuarial reports for each of past two fiscal years.
- Prior to 2015 funding was significantly below ARC
- Net investment earnings have lagged expectations each of past two years
  - 2016 – 5.92%
  - 2015 – 5.01%

# Town pension funding – last 10 years



## Other Post–Employment Benefits

- Town plan ended year with accumulated balance of \$1,338,815 available for benefits
- Based on latest actuarial data available, combined unfunded liability is approximately \$54 million
- Combined actuarially determined contribution was approximately \$4.9million while actual contributions aggregated \$4.1million
- While full funding of benefits is highly recommended, it is not currently required by law or accounting standards

## Findings, Recommendations and Other

- Communication with Those Charged with Governance
- Adoption of latest COSO Internal Control Standards
- Implementation of internal risk-assessments and monitoring of controls over significant transaction cycles

Questions?





Thank You.

