



Town of West Warwick, Rhode Island

**Annual Financial Statements
For the Fiscal Year Ended June 30, 2017**



Mark Carruolo, Interim Town Manager

John T. Cimino, Finance Director

TOWN OF WEST WARWICK

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TOWN OF WEST WARWICK, RHODE ISLAND

FOR THE YEAR ENDED JUNE 30, 2017

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TOWN OF WEST WARWICK, RHODE ISLAND

LIST OF TOWN OFFICIALS

AS OF JUNE 30, 2017



TOWN COUNCIL

David Gosselin, Jr. President (Ward 2)
John F. D'Amico, Vice President (Ward 5)
Angelo A. Padula, Jr. (Ward 1)
Jason K. Messier (Ward 3)
Jason E. Licciardi, Sr. (Ward 4)

INTERIM TOWN MANAGER

Mark Carruolo

SCHOOL COMMITTEE

Steven Lawton, Chairperson
Luis R. Colon, Jr., Vice-Chairperson
Rene E. Coutu, Clerk
Susan St. Amand
Patricia A. Keenan

DEPARTMENT DIRECTORS & OFFICIALS

Town Finance Director
Superintendent of Schools
Director of Financial Operations - School Department
Town Solicitor
Town Clerk
Chief of Police
Fire Chief
Tax Assessor
Acting Director of Public Works
Town Planner/Economic Development Coordinator
Building Official
CDBG Coordinator
Interim Superintendent of Sewer Treatment Plant
Director of Human Resources
Director of Federal Programming and Innovative Practice
Director of Property & Maintenance - School Department
Special Education Director - School Department
Director of Technology - School Department

John T. Cimino
Karen Tarasevich
Joseph Spagna
Timothy Williamson
Marianne Kelly
Colonel John Magiera
Joseph Baris, Jr.
Christine Brochu
David Lombardi
Mark Carruolo
George Dumont
Elaine Mansour
Bernie Bishop
Melissa LeBlanc
Keith Remillard
Kenneth Townsend
Jessica M. Perry
Jim Monti

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TOWN OF WEST WARWICK

FINANCIAL SECTION

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

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, 2017, 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.

Basis for Qualified Opinion on Governmental Activities

As discussed in Note 9 to the financial statements, due to circumstance beyond management's control relating to participation in the Employees' Retirement System of the State of Rhode Island, management has not updated the Town's proportionate share of the plan's collective net pension liability, pension expense, and certain deferred outflows of resources and deferred inflows of resources from the amounts presented in the June 30, 2016 financial statements, which were as of the June 30, 2015 measurement date. Accounting principles generally accepted in the United States of America require that these components of the financial statements be presented at correct amounts as of the current measurement date, which for the 2017 financial statements is June 30, 2016. The amounts by which this departure would affect the liabilities, net position, expenses, deferred outflows and deferred inflows of the Town's governmental activities has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Town of West Warwick, Rhode Island, as of June 30, 2017, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, except for the financial statements of the governmental activities referred to in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphases-of-Matter

Early Accounting Guidance Adoption

As described in Note 1 to the financial statements, during fiscal year ended June 30, 2017, the Town elected to early implement new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of budgetary comparison information, Schedule of Changes in Town's Net Pension Liability and Related Ratios, Schedule of Town's Contributions and Investment Returns, Schedule of School District's Proportionate Share of the Net Pension Liability, Schedule of School District's Contributions, Schedule of Changes in Town's Net OPEB Liability and Related Ratios, Schedule of Town's Contributions and accompanying notes on pages 4 through 12, and pages 84 through 97 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.

Required Supplementary Information (Continued)

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, the agency fund financial statements, annual supplemental transparency report and accompanying notes, and the schedule of property taxes receivable are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund statements, the agency fund financial statements, annual supplemental transparency report and accompanying notes, and the schedule of property taxes receivable are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund statements, the agency fund financial statements, annual supplemental transparency report and accompanying notes, and the schedule of property taxes receivable 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 January 9, 2018, 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
January 9, 2018

TOWN OF WEST WARWICK, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2017

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, 2017. 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 \$6,985,876 as a result of this year's current operations. Most of this decrease was due to the increases in the Town long-term obligations such as the net pension and OPEB liabilities (along with related deferred inflows and outflows of resources) totaling \$4,234,715. On a government-wide basis the liabilities and deferred inflows of resources exceeded the Town's assets and deferred outflows of resource creating a net position deficiency of \$143,588,127. Net position of the business-type activities increased by \$123,042, while the net position of Governmental Activities decreased by \$7,108,918.
- ❖ The Town's Government-wide (governmental and business-type activities) operating expenses were \$118,977,291, while revenues collected were \$111,991,415.
- ❖ As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$10,270,203. -2.05% of this amount, -\$210,232 is unassigned.
- ❖ At the end of the current fiscal year, the General Fund's unassigned fund balance was \$217,055 or 0.6% 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 \$1,085,620. As of June 30, 2017, the General Fund's committed fund balance was \$145,247 or 0.4% of the fiscal 2017 General Fund operating budget. The Town Council, as the highest level of authority, can elect to remove the commitment which was placed on this \$145,247 fund balance amount and make the funds available for general operating costs of the Town.

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.