

TOWN OF WARREN, RHODE ISLAND

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018



**Kate Michaud
Manager**

**Fung Y. Chan
Finance Director**

TOWN OF WARREN, RHODE ISLAND

June 30, 2018

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June 30, 2018

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Introductory Section

List of Town Officials

TOWN OF WARREN, RHODE ISLAND

For the Year Ended June 30, 2018

TOWN COUNCIL

Keri M. Cronin, President
John W. Hanley, Vice President
Joseph A. DePasquale
P. Brandt Heckert
Steven P. Calenda

TOWN MANAGER	Kate Michaud
TOWN SOLICITOR	Anthony DeSisto
TOWN CLERK	Julie Coelho
TAX ASSESSOR	Kristopher Leadom
FINANCE DIRECTOR	Fung Y. Chan
PUBLIC WORKS DIRECTOR	Jan Malik
POLICE CHIEF	Peter T. Achilli
FIRE CHIEF	James A. Sousa
BUILDING/ZONING OFFICIAL	Tony Carvalho
HARBOR MASTER	Edward Cabral

Financial Section

Independent Auditor's Report
Management Discussion and Analysis
Basis Financial Statements
Required Supplementary Information
Supplementary Information

CERTIFIED PUBLIC ACCOUNTANTS
126 President Avenue
Fall River, MA 02720
TEL. (508) 675-7889
FAX (508) 675-7859
www.hague-sahady.com

Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Warren, Rhode Island

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Warren, Rhode Island, as of and for the year ended June 30, 2018, 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.

Auditor's 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 auditor's 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, each major fund, and the aggregate remaining fund information of the Town of Warren, Rhode Island, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress for OPEB, schedules of contributions for pension plans, schedule of changes in pension liability, schedule of investment return for the local police and fire pension plan, and the schedule of proportionate share of the net pension liability as outlined on pages listed within the table of contents 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 Warren, Rhode Island's basic financial statements. The introductory section, combining and individual non-major fund financial statements and the tax collectors annual report 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 financial statements and the MTP2 Annual Municipal Transparency Portal are the responsibility of management and were derived from and related 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 financials 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 financial statements, and the MTP2 Annual Municipal Transparency Portal are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2019, on our consideration of the Town of Warren, Rhode Island' 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 Warren, Rhode Island' internal control over financial reporting and compliance.

Hague, Sahady & Co., CPA's, PC.

Fall River, Massachusetts
March 28, 2019

Town of Warren, Rhode Island

Management Discussion & Analysis (MD&A) For the Year Ended June 30, 2018

Management's Discussion and Analysis

As management of the Town of Warren (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018. We encourage readers to consider this information in addition to the statements and notes.

The Town complies with financial reporting requirements issued by the *Governmental Accounting Standards Board (GASB)*. GASB is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Users of these financial statements, such as investors and rating agencies, rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users can assess the financial condition of one government compared to others.

Financial Highlights:

- The assets of the Town of Warren exceeded its liabilities as of June 30, 2018, by \$17,709,206 (net position). Of this amount, \$4,373,415 (unrestricted) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town of Warren's total net position increased by \$1,000,894 for the current fiscal year.
- As of June 30, 2018, the Town of Warren's governmental funds reported combined ending fund balances of \$38,243,817, an increase of \$25,997,386. This increase is due to total bonded debt of \$26,029,000 during the fiscal year for public improvements.
- As of June 30, 2018, the total fund balance for the General Fund was \$17,178,264 or approximately 43% of total general fund expenditures. However, \$9,248,587 of this fund balance was committed to meet general fund capital expenditures. Also \$1,850,000 was reserved for education.
- As of June 30, 2018, the unassigned fund balance for the General Fund was \$7,892,085, an decrease of \$670,373 over the prior year.
- The Town of Warren's total debt for its governmental activities is \$38,147,764 a 36% increase during 2018. The Town paid down principal of \$1,323,965 on existing bond issues.
- For the purposes of this audit, the Transfer Station fund has been included with the General Fund and is not considered a proprietary fund.

Town of Warren, Rhode Island

Management Discussion & Analysis (MD&A) For the Year Ended June 30, 2018

Overview of the Financial Statements:

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

- 1) Government-wide Financial Statements
- 2) Fund Financial Statements
- 3) Notes to the Basic Financial Statements.

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

Government-Wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the cash flows*. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions and activities of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions and activities that are intended to recover all or a significant portion of their costs through user fees or charges (*business-type activities*). The governmental activities include general government, public safety, public works, parks and recreation.

The government-wide financial statements include on the activities of the Town of Warren.

The government-wide financial statements can be found on pages 12 to 14 of this report.

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. Fund accounting is used 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 fiduciary funds.

Town of Warren, Rhode Island

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2018

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

Because the focus of governmental funds financial statements 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. The governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains individual governmental funds. Information is presented separately in the governmental fund balance and the governmental fund statement of revenues expenditures, and changes in fund balances for the General fund, RIDOT Top Water St. Project, are considered major funds. Data from the remaining special revenue funds, capital project funds and permanent trust funds are combined into a single, aggregate presentation. Individual fund data for each of the non-major governmental funds is provided in the for the combining statements as supplementary information.

The basic governmental fund financial statements can be found on pages 15 to 16 of this report.

The Town of Warren adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance within this budget.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statements because the resources of the funds are not available to support the Town's own functions and activities. The accounting used for fiduciary funds is much like that used for proprietary funds.

- Private purpose trust funds, postemployment benefits trust fund, and agency funds are reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the captions "Private Purpose Trust Funds", "Postemployment Benefits Trust", and "Agency Funds", respectively. The Postemployment Benefits Trust fund was established to hold the assets that will fund the long-term liability associated with town retirees' health benefits.

The fiduciary fund financial statements can be found on pages 19 to 20 of this report.

Town of Warren, Rhode Island

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2018

Notes to the 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.

Other information: In addition to the basic financial statements and the accompanying notes, *required supplementary information* presents a budgetary comparison schedule for the general fund to demonstrate compliance with the budget.

Supplementary Information: In addition to the required supplementary information, this report also presents other supplementary information concerning remaining budgetary comparison information, combining non-major and individual fund financial statements, tax collector's annual report, and the MTP2 Municipal Transparency Portal. This other supplementary information can be found immediately following the required supplementary information.

Government-wide Financial Analysis:

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Warren, assets exceeded liabilities by \$17,709,206 at the close of Fiscal Year ended June 30, 2018.

Statement of Net Position June 30, 2018 and 2017

	Governmental Activities		
	2018	2017	Change
Current and Other Assets	\$ 40,491,343	\$ 14,249,935	\$ 26,241,408
Capital Assets	<u>30,161,646</u>	<u>30,413,517</u>	<u>(251,871)</u>
Total Assets	<u>70,652,989</u>	<u>44,663,452</u>	<u>25,989,537</u>
Deferred Outflows of Resources	1,871,535	1,634,042	237,493
Long-Term Debt	49,797,483	18,358,728	31,438,755
Other Liabilities	<u>3,138,421</u>	<u>10,161,816</u>	<u>(7,023,395)</u>
Total Liabilities	<u>52,935,904</u>	<u>28,520,544</u>	<u>24,415,360</u>
Deferred Inflows of Resources	1,891,406	1,068,639	822,767
Net Position			
Invested in Capital Assets	12,096,670	16,526,188	(4,429,518)
Restricted	1,239,121	35,412	1,203,709
Unrestricted	<u>4,373,415</u>	<u>146,711</u>	<u>4,226,704</u>
Total Net Position	<u>\$ 17,709,206</u>	<u>\$ 16,708,311</u>	<u>\$ 1,000,894</u>

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Town of Warren, Rhode Island

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2018

The general capital assets (e.g., land, buildings, machinery, and equipment) of the governmental activities of the Town of Warren less outstanding debt equal \$12,096,670. A portion of the outstanding debt of the governmental activities was incurred for the installation of infrastructure.

Included within the total net position are net investment in capital assets of \$12,096,670 and restricted net assets of \$1,239,121 as of June 30, 2018, leaving an unrestricted balance of \$4,373,415. In comparison, governmental activity net position as of June 30, 2017, as stated in the FY17 Financial Statements totaled \$16,708,311.

Even though the net position is available for future spending, the net investment in capital assets is reported net of related debt. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Additional portions of the Town of Warren's net position are also subject to external restrictions on how they may be used.

Governmental activities. Governmental activities increased the Town's net position by \$1,000,894.

	Governmental Activities		
	Activities 2018	Activities 2017	Change
Revenues			
Program Revenues:			
Charges for Service	\$ 158,327	\$ 69,459	\$ 88,868
Grants	1,003,393	-	1,003,393
General Revenues:			
Property Taxes	23,754,735	23,848,890	(94,155)
Intergovernmental	1,352,083	1,120,215	231,868
Licenses, Fees, Permits and Fines	1,636,093	1,807,759	(171,666)
Investment Earnings	233,036	244,652	(11,616)
Miscellaneous	163,744	136,614	27,130
Total revenue	<u>28,301,411</u>	<u>27,227,589</u>	<u>1,073,822</u>
Expenses			
General government	5,157,118	4,337,626	819,492
Town offices	999,411	919,696	79,715
Financial administration	239,284	230,126	9,158
Public safety	3,900,782	2,712,904	1,187,878
Fire safety	968,324	932,227	36,097
Waste water treatment	1,833,989	1,649,828	184,161
Highway Department	3,030,676	2,995,182	35,494
Grants and Contribution	300,348	295,260	5,088
Education	10,463,672	10,030,740	432,932
Interest on Debt	406,913	300,079	106,834
Total expenses	<u>27,300,517</u>	<u>24,403,668</u>	<u>2,896,849</u>
Increase(decrease) in net assets	1,000,894	2,824,921	(1,824,027)
Net Position- Beginning	<u>16,708,312</u>	<u>13,883,390</u>	<u>2,824,922</u>
Net Position- Ending	<u>\$ 17,709,206</u>	<u>\$ 16,708,311</u>	<u>\$ 1,000,894</u>

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Town of Warren, Rhode Island

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2018

Financial Analysis of Governmental Funds:

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

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

As of June 30, 2018, the Town of Warren's total governmental funds reported a combined ending fund balance of \$38,243,817, an increase of \$25,997,385 in comparison with the prior year. The unassigned fund balance of \$7,214,517 is available for spending at the government's discretion. The remainder of the fund balance is non-spendable to indicate that it is not available for new spending because it represents un-expendable inventory items, those governmental funds with a deficit fund balance and the permanent funds. The committed fund balances has been designated to fund appropriations of the subsequent fiscal year. The restricted fund balance has been assigned all non-major governmental funds fund balances as it is restricted for the legal use of each fund. \$1,850,000 has also been reserved for Education.

The General Fund is the chief operating fund of the Town of Warren. As of June 30, 2018, the total fund balance of the general fund was \$17,178,264 (a increase of \$4,598,724), of which \$7,892,085 was unassigned. The Unassigned fund balance represents approximately 38.5% of total General Fund expenditures. The 2018 annual budget for the Town of Warren's general fund identified the re-appropriation of \$2,291,203 fund balance which represents capital and special appropriations.

Deficiency of revenues over expenditures before other financing sources was \$150,244. Actual revenues and other sources were higher than budgeted revenues in the general fund by \$17,190 before transfers. Actual expenditures were lower than budgeted expenditures by \$155,223 before transfers. However, it should be noted that \$1,850,000 of these lower budgeted expenditures were due to a reserve for Education.

General Fund Budget Highlights

The Town of Warren's tax rate changed from \$19.97 per thousand dollars of assessed value from FY 2016-17 to \$18.81 FY 2017-18.

The Town has received voter approval for a major Wastewater Treatment facility upgrade of approximately \$20M funded through the RI Clean Water Financing Agency. Once completed, it is estimated that this will increase the total Debt Service of the Town by approximately \$1.4M per year.

Town of Warren, Rhode Island

Management Discussion & Analysis (MD&A) For the Year Ended June 30, 2018

Capital Asset and Debt Administration

Capital Assets – The Town of Warren's investment in capital assets for its governmental activities as of June 30, 2018, amounts to \$30,161,646 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, and infrastructure. Additional information on the Town of Warren's capital assets can be found in Note 4 to the financial statements, which accompany this report.

Several major additions to the Town's capital assets related to its governmental fund activities were realized during the year, including: infrastructure repairs and improvements, Department of Public Works equipment and sewer infrastructure projects.

	Governmental Activities	
	2018	2017
Land	\$ 2,310,646	\$ 2,295,170
Building and improvements	17,418,404	17,217,941
Motor vehicles	8,340,992	7,759,638
Equipment	11,242,274	10,854,976
Infrastructure	46,397,491	45,244,458
Total capital assets	85,709,807	83,372,183
Less: Accumulated depreciation	55,548,161	52,958,666
Net capital assets	\$ 30,161,646	\$ 30,413,517

Long-term debt - At the end of the current fiscal year, the Town of Warren has total general obligation debt outstanding of \$38,622,764 entirely backed by the full faith and credit of the government.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its total equalized valuation. As of June 30, 2018, the Town of Warren's ratio of Town Debt to net taxable valuation is 3.0%. The current debt limitation for the Town of Warren is \$37,203,912, which significantly exceeds the Town of Warren's current outstanding general obligation debt.

Additional information of the Town of Warren's long-term debt can be found in Note 6 to the financial statements and also in the statistical section of this report.

Town of Warren, Rhode Island

Management Discussion & Analysis (MD&A) For the Year Ended June 30, 2018

Total debt consists of the following:

	Debt Administration	
	Governmental Activities	
	2018	2017
General obligation bonds	\$ 38,147,764	\$ 13,887,329
Capital leases	<u>475,000</u>	<u>-</u>
Total	<u>\$ 38,622,764</u>	<u>\$ 13,887,329</u>

Please refer to Notes **5** and **6** for further discussion of the major capital and debt activities.

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the Town's fiscal year 2018 budget:

- ***Pension Costs***
- ***Health Insurance***
- ***Regional Economics***
- ***State Aid Projections***

Request for Information

This financial report is designed to provide a general overview of the Town of Warren's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed in writing to the Treasurer's Office, Town Hall, 514 Main Street, Warren, RI 02885.

Town of Warren, Rhode Island

Statement of Net Position

June 30, 2018

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalent	\$ 17,916,370
Investments	21,590
Cash Escrow	20,504,000
Receivables, net	337,784
Other receivables	57,652
Inventories	37,592
Intergovernmental	1,616,355
Non-current assets:	
Capital assets (non-depreciable)	2,310,646
Depreciable assets, net	<u>27,851,000</u>
Total capital assets	<u>30,161,646</u>
Total assets	<u>70,652,989</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related outflows	1,871,535
OPEB related outflows	<u>11,992</u>
Total assets and deferred outflows of resources	<u><u>\$ 72,536,516</u></u>

The notes to the financial statements are an integral part of this statement

Town of Warren, Rhode Island

Statement of Net Position

June 30, 2018

	Governmental Activities
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 769,354
Accrued liabilities	519,802
Accrued interest	151,077
Current portion of long-term liabilities	1,698,188
Non-current liabilities:	
Capital leases	379,542
Bonds payable	36,546,853
Bond premium, net	169,942
Compensated absences	1,590,391
Net pension liability (NPL)	6,556,038
Net OPEB liability (NOL)	<u>4,554,717</u>
 Total liabilities	 <u>52,935,904</u>
 DEFERRED INFLOWS OF RESOURCES	
 Pension related inflows	 <u>1,891,406</u>
 Total deferred inflows of resources	 <u>1,891,406</u>
 NET POSITION	
Net investment in capital assets	12,096,670
Restricted	1,239,121
Unrestricted	<u>4,373,415</u>
 Total liabilities, deferred inflows or resources and net position	 <u>\$ 72,536,516</u>

The notes to the financial statements are an integral part of this statement

Town of Warren, Rhode Island

Statement of Activities

For the Year Ended June 30, 2018

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities					
General government	\$ 5,157,118	\$ 15,237	\$ 633,958	\$ -	\$ (4,507,923)
Town offices	999,411	-	-	-	(999,411)
Financial administration	239,284	-	-	-	(239,284)
Public safety	3,900,782	-	369,435	-	(3,531,347)
Fire safety	968,324	77,225	-	-	(891,099)
Waste water treatment	1,833,989	65,865	-	-	(1,768,124)
Highway department	3,030,676	-	-	-	(3,030,676)
Grants and contributions	300,348	-	-	-	(300,348)
Education	10,463,672	-	-	-	(10,463,672)
Interest on debt	406,913	-	-	-	(406,913)
	<u>27,300,517</u>	<u>158,327</u>	<u>1,003,393</u>	<u>-</u>	<u>(26,138,797)</u>
			General revenues		
			Property taxes		23,754,735
			Intergovernmental		1,352,083
			Licenses, fees, permits and fines		1,636,093
			Investment income		233,036
			Miscellaneous		163,744
					<u>27,139,691</u>
			Total general revenues		<u>27,139,691</u>
			Changes in net position		1,000,894
			Net position - July 1, 2017		<u>16,708,312</u>
			Net position - June 30, 2018		<u>17,709,206</u>

The notes to the financial statements are an integral part of this statement

Town of Warren, Rhode Island

Governmental Funds

Balance Sheet

June 30, 2018

	Major Fund		Non-Major	Total
	General Fund	RIDOT TIP Water St Project	Other Governmental Funds	Governmental Funds
Assets				
Cash and cash equivalents	\$ 17,397,376	\$ (418,658)	\$ 937,652	\$ 17,916,370
Investments	-	-	21,590	21,590
Cash escrow	-	-	20,504,000	20,504,000
Receivables:				
Property taxes, net	337,784	-	-	337,784
Intergovernmental	192,448	776,203	647,704	1,616,355
Other	57,652	-	-	57,652
Inventory	<u>37,592</u>	<u>-</u>	<u>-</u>	<u>37,592</u>
Total assets	<u>18,022,852</u>	<u>357,545</u>	<u>22,110,946</u>	<u>40,491,343</u>
Deferred outflows of resources				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resource	<u>\$ 18,022,852</u>	<u>\$ 357,545</u>	<u>\$ 22,110,946</u>	<u>\$ 40,491,343</u>
Liabilities				
Accounts payable and accrued expenses	590,658	178,696	\$ -	\$ 769,354
Other liabilities	<u>-</u>	<u>-</u>	<u>519,802</u>	<u>519,802</u>
Total liabilities	<u>590,658</u>	<u>178,696</u>	<u>519,802</u>	<u>1,289,156</u>
Deferred inflows of resources				
Deferred property taxes	253,930	-	-	253,930
Other deferred revenue	<u>-</u>	<u>704,440</u>	<u>-</u>	<u>704,440</u>
Total deferred inflows of resources	<u>253,930</u>	<u>704,440</u>	<u>-</u>	<u>958,370</u>
Fund balance				
Nonspendable	37,592	-	-	37,592
Restricted	-	-	21,743,121	21,743,121
Committed	9,248,587	-	-	9,248,587
Assigned	-	-	-	-
Unassigned	<u>7,892,085</u>	<u>(525,591)</u>	<u>(151,977)</u>	<u>7,214,517</u>
Total fund balance	<u>17,178,264</u>	<u>(525,591)</u>	<u>21,591,144</u>	<u>38,243,817</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 18,022,852</u>	<u>\$ 357,545</u>	<u>\$ 22,110,946</u>	<u>\$ 40,491,343</u>

The notes to the financial statements are an integral part of this statement

Town of Warren, Rhode Island

Governmental Funds

Statement of Revenue, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2018

	Major Fund		Non-Major	Total
	General Fund	RIDOT TIP Water St Project	Other Governmental Funds	Governmental Funds
Revenues				
General property taxes	\$ 23,808,667	\$ -	\$ -	\$ 23,808,667
Investment income	233,036	-	-	233,036
Licenses, fees, permits and fines	1,636,093	-	15,237	1,651,330
Water and sewer use fees	65,865	-	-	65,865
Intergovernmental	647,643	-	1,003,393	1,651,036
Other revenue	89,646	-	181,723	271,369
Total revenues	26,480,950	-	1,200,353	27,681,303
Expenditures				
General government	4,185,401	-	194,068	4,379,469
Town offices	999,411	-	-	999,411
Financial administration	239,284	-	-	239,284
Public safety	2,374,848	525,591	476,418	3,376,857
Fire safety	641,445	-	9,615	651,060
Waste water treatment	1,361,546	-	-	1,361,546
DPW department	2,042,641	-	-	2,042,641
Grants and contributions	300,348	-	-	300,348
Education	10,463,672	-	-	10,463,672
Capital and special appropriations	2,337,177	-	-	2,337,177
Debt service				
Principal	1,323,965	-	-	1,323,965
Interest	407,430	-	-	407,430
Total expenditures	26,677,168	525,591	680,101	27,882,860
Excess (deficiency) of revenues over expenditures	(196,218)	(525,591)	520,252	(201,557)
Other financing sources (uses)				
Bond proceeds	5,525,000	-	20,504,000	26,029,000
Bond premiums	169,942	-	-	169,942
Other financing sources (uses)	5,694,942	-	20,504,000	26,198,942
Excess of revenue and other sources over expenditures and other uses	5,498,724	(525,591)	21,024,252	25,997,385
Fund balance, July 1, 2017	11,679,540	-	566,892	12,246,432
Fund balance, June 30, 2018	<u>\$ 17,178,264</u>	<u>\$ (525,591)</u>	<u>\$ 21,591,144</u>	<u>\$ 38,243,817</u>

The notes to the financial statements are an integral part of this statement

Town of Warren, Rhode Island
 Reconciliation of the Governmental Funds Balance Sheet
 Total Fund Balances to the Statement of Net Position
June 30, 2018

Total governmental fund balances	\$ 38,243,817
Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets, net	30,161,646
Unavailable property tax revenues (net of an allowance for uncollectables) are recorded in the funds, but are not deferred under the measurement focus employed in the Statement of Net Position	
	958,370
Other long-term assets related to net pension activity and other postemployment benefits and therefore, are deferred inflows of resources in the funds.	
	(1,891,406)
Other long-term assets related to net pension activity and other postemployment benefits and therefore, are deferred outflows of resources in the funds.	
	1,883,527
In the statement of activities, interest is accrued on outstanding long-term debt whereas in governmental funds interest is not reported until due.	
	(151,077)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds	
Bonds and notes payable	(38,147,764)
Bond premium	(169,942)
Capital leases	(421,212)
Compensated absences	(1,645,998)
Other postemployment benefits	(4,554,717)
MERS net pension liability	<u>(6,556,038)</u>
Net position of governmental activities	<u>\$ 17,709,206</u>

The notes to the financial statements are an integral part of this statement

Town of Warren, Rhode Island

Reconciliation of the Statement of Revenues, Expenditures and Changes in Funds Balances of Governmental Funds to the State of Activities *For the Year Ended June 30, 2018*

Net change in fund balances - total governmental funds	\$ 25,997,385
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 capital outlays exceeded depreciation in the current period.	(251,871)
Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.	650,508
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(24,851,589)
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.	517
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the current financial resources, and therefore, are not reported as expenditures in the governmental funds.	45,060
The other postemployment benefit expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds	43,684
The net pension liability expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds	434,577
To record the change in deferred outflows of resources related to pension as required by GASB Statement No. 68 and GASB No.75	256,005
Adjustment to the deferred inflows of resources. The increase from prior year balances is reflected in the Statement of Activities and Changes in Net Position	<u>(1,323,382)</u>
Change in net position of governmental activities	<u>\$ 1,000,894</u>

The notes to the financial statements are an integral part of this statement

Town of Warren, Rhode Island

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2018

	<u>OPEB Trust</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>	<u>Total Fiduciary Funds</u>
Assets				
Cash and cash equivalents	\$ -	\$ 410,206	\$ 14,860	\$ 425,066
Investments, at fair value				
Equities	284,457	-	-	284,457
Fixed income	463,261	-	-	463,261
Mutual funds	65,019	-	-	65,019
Total assets	<u>812,737</u>	<u>410,206</u>	<u>14,860</u>	<u>1,237,803</u>
Deferred outflows of resources				
None	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 812,737</u>	<u>\$ 410,206</u>	<u>\$ 14,860</u>	<u>\$ 1,237,803</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits held	-	-	14,860	14,860
Total liabilities	<u>-</u>	<u>-</u>	<u>14,860</u>	<u>14,860</u>
Deferred inflows of resources				
None	-	-	-	-
Net Position				
Restricted	<u>812,737</u>	<u>410,206</u>	<u>-</u>	<u>1,222,943</u>
Total net position	<u>812,737</u>	<u>410,206</u>	<u>-</u>	<u>1,222,943</u>
Total liabilities and net position	<u>\$ 812,737</u>	<u>\$ 410,206</u>	<u>\$ 14,860</u>	<u>\$ 1,237,803</u>

The notes to the financial statements are an integral part of this statement

Town of Warren, Rhode Island
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2018

	<u>OPEB Trust</u>	<u>Private Purpose Trust Funds</u>	<u>Total Fiduciary Funds</u>
Additions			
Employer contributions	\$ 204,420	\$ -	\$ 204,420
Plan member contributions	-	-	-
Investment income (net of related fees)	<u>34,009</u>	<u>18,805</u>	<u>52,814</u>
Total additions	<u>238,429</u>	<u>18,805</u>	<u>257,234</u>
Deductions			
Benefits paid	204,420	-	204,420
Administrative expenses	2,007	-	2,007
Social services	<u>-</u>	<u>89,992</u>	<u>89,992</u>
Total deductions	<u>206,427</u>	<u>89,992</u>	<u>296,419</u>
Changes in fund equity held in trust for individuals, organizations, and other governments	32,002	(71,187)	(39,185)
Net position, July 1, 2017	<u>780,735</u>	<u>481,393</u>	<u>1,262,128</u>
Net position, June 30, 2018	<u>\$ 812,737</u>	<u>\$ 410,206</u>	<u>\$ 1,222,943</u>

The notes to the financial statements are an integral part of this statement

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Warren, Rhode Island (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The *Governmental Accounting Standards Board* (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant Town accounting policies:

A. Reporting Entity

Primary Government

The Town of Warren, Rhode Island, (the "Town") was founded in 1746 and incorporated in 1747. The Town covers 8.7 square miles and is located in southeastern New England. The Town operates under a "Council-Manager" form of government, with a five member Town Council headed by a Council President and a Town Manager. The Town Manager exercises the executive power of Town government and is responsible to the Town Council for day to day operation of the Town's affairs. All legislative powers of the Town are vested in the Town Council except such powers that are reserved by Charter to the Financial Town Meeting, including the ordering of any tax making appropriations.

With the Town of Warren's Charter Amendment adopted on November 4, 2008, elected officials serve two year terms, elected at large at the regular biennial elections during even number years. The Town Council is granted all powers to enact, amend, or repeal ordinances relating to the Town's property, affairs and government. The Council has the power to create offices, departments or agencies of the Town, to preserve public peace, health and safety, to establish personnel policies, giving effect to any vote of the Financial Town Meeting authorizing the issuance of bonds and providing for an annual audit of the Town's accounts.

An Act was passed at the January 1991 session of the General Assembly which authorized the Towns of Warren and Bristol to form a regional school district of all public schools in the Towns of Bristol and Warren. The regional school district includes all grades and programs currently provided and any other grades and programs specified by the regional school committee.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the Town's financial statements.

The effect of inter-fund activity has been eliminated from the government wide statements.

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting entity, the Town applied the criteria prescribed by 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 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.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The statements distinguish between governmental and business-type activities. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

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 inflow of resources, fund equity, revenues, and expenditures. Funds are organized into two major categories: governmental and fiduciary. Nonmajor funds are aggregated and displayed in a single column.

Major Fund Criteria

A fund is considered major if it is the primary operating fund of the Town or it meets the following criteria:

- (a) If the total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), and

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund. Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- a. *Charges to customers* or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- b. *Grants and contributions* that are restricted to meeting the operational requirements of a particular function or segment.
- c. *Grants and contributions* that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and the enterprise fund. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fund Financial Statements (continued)

when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt which is recognized when due, and the non current portion of compensated absences, capital leases, landfill post closure care costs, net pension liability, and postemployment benefits which are recognized when the obligations are expected to be liquidated with current expendable available resources.

In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, moneys must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures incurred. In the other, moneys are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The Town considers property taxes as available if they are due and collected within 60 days after fiscal year-end. Licenses and permits, user charges, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received. Investment earnings are recorded as earned.

The Town reports the following major governmental funds:

- The *General fund* is the primary operating fund of the Town. It is used to account for all financial resources, except those that are legally or administratively required to be accounted for in another fund.
- The *RIDOT TIP Water St. Project fund* is a capital project fund used to account for the construction costs of the Water Street.
- The *Nonmajor governmental funds* consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the nonmajor governmental funds column on the governmental fund financial statements. The following describes the general use of these fund types:
 - The *Special Revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.
 - The *Capital Projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise and trust funds).

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

- The *Permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held by the Town in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

- The *Private-Purpose Trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund (nonmajor governmental funds), under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *Other Postemployment Benefits Trust fund (OPEB)* is used to account for assets held that will fund the long-term liability associated with the Town's retiree's health benefits.
- The *Agency fund* is used to account for assets held in a purely custodial capacity.

D. Cash and Investments

Government-Wide and Fund Financial Statements

Cash and Cash Equivalents

Cash and cash equivalents are carried at cost. Cash equivalents include amounts invested in certificate of deposits 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 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. Cash applicable to a particular fund is readily identifiable. Cash in excess of current requirements is invested in short term treasury securities or as investments. State statutes authorize governments to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

Investments

The Town invests in various types of investments which are stated at fair value based on quoted market prices. There are no investments reported at amortized cost.

(continued) 25

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

E. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds. Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement. Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 3 – Fair Market Value of Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

In the government wide statement, receivables consist of all revenues earned at year end and not received yet. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. In the fund financial statements, material receivables such as property taxes, grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not yet available are deferred in the fund financial statements in accordance with

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Accounts Receivable (continued)

modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis.

Amounts due from federal and state sources represent receivables on grant awards and state aid not received as of the balance sheet date. *Real Estate, Personal Property Taxes and Tax Liens*

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recognized when the qualifying expenditures are incurred, and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

G. Accounts Payable

Payable balances consist primarily of amounts due to vendors. Accrued expenses consist primarily of accrued salaries and benefits to employees.

H. Property Taxes

Real and personal property taxes are based on values assessed as of December 31 (lien date) and an enforceable lien is attached on the property as of July 1 (levy date). Taxes may be paid in full or in equal installments on August 1, November 1, February 1, and May 1 following the levy date. Taxes due and unpaid after the respective due dates are subject to interest and penalties. The Town has the ultimate right to foreclose on property for which taxes have not been paid by the following July 1 when the next year's tax is levied. 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.

I. Inventories

Government-Wide and Fund Financial Statements

Inventories of the governmental funds and the sanitation enterprise fund are recorded as expenditures at the time of purchase. Such inventories are not material in total to the basic financial statements, and therefore are not reported.

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Prepaid items

The cost of prepaid items is recorded under the consumption method whereby the expenditures/expense is recorded when consumed rather than purchased. Prepaid expenditures recorded in governmental type funds do not reflect current appropriate resources and, thus, an equivalent portion of the fund balance is non-spendable.

K. Capital Assets and Depreciation

Capital assets, which include land, vehicles, buildings and improvements, capital improvements, machinery and equipment, infrastructure (roadways and similar items), and construction in progress are reported in the applicable governmental or business-type activities column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets if material.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of five years or greater.

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

Asset Class	Estimated Useful Life (in years)
Buildings and land improvements	25 - 40
Infrastructure	25 - 40
Equipment and heavy machinery	10 - 20
Motor vehicles	5 - 10
Office equipment	5 - 10
Other assets	5 - 10

Capital asset costs are recorded as expenditures in the fiscal year of purchase for the various funds.

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances".

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are not eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

M. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as operating transfers in and operating transfers out.

Government-Wide Financial Statements

Operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

Fund Financial Statements

Operating transfers between and within funds are not eliminated from the individual fund statements and are reported as operating transfers in and operating transfers out.

N. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

resources (expense/ expenditure) until then. The Town reported deferred outflows of resource related to pensions in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town reported deferred inflows of resource related to pensions in this category.

Governmental Funds Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents assets that have been recorded in the governmental fund financial statements but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

O. Unearned Revenue

Unearned revenue is recorded for governmental fund receivables that are measurable and available, but have not met the criteria for revenue recognition, such as grant awards. These are recorded as unearned revenue in the government wide and the fund statements. These amounts are not considered deferred inflows since qualifying expenditures for reimbursement have not been incurred as of year-end.

P. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

Net position is classified into 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.

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net position has been “restricted” for the following:

- *Permanent funds-expendable* represents amounts held in trust for which the expenditures are restricted by various trust agreements.
- *Permanent funds-nonexpendable* represents amounts held in trust for which only investment earnings may be expended.
- *Other specific purposes* represent restrictions placed on assets from outside parties.

c. *Unrestricted net position* – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements (Fund Balances)

The Town uses the following criteria for fund balance classification:

- For *non-spendable* fund balance: includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- For *restricted* fund balance: when constraints placed on the use of the resources are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

For *committed* fund balance: (1) the government’s highest level of decision-making authority and (2) the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment.

- For *assigned* fund balance: (1) the body or official authorized to assign amounts to a specific purpose and (2) the policy established by the governing body pursuant to which the authorization is given.
- For *unassigned* fund balance: is the residual classification for the general fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The Town uses the following criteria for fund balance policies and procedures:

- When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the unrestricted amount will be considered to have been spent.
- When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the least restricted amount will be considered to have been spent.

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Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Q. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. The proprietary fund has no long-term debt outstanding as of June 30, 2018.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

R. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Rhode Island General Laws (MGL).

S. Compensated Absences

Employees are granted vacation and sick leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their current rates of pay. The amount recorded is the unused days earned at the current rate of pay. For governmental activities the general fund is used to satisfy this liability as it becomes due.

Town Employees

Under the terms of various contracts and agreements, Town employees are entitled to varying amounts of vacation based on length of service. Town employees may also carry forward up to two weeks of vacation days succeeding years.

Town employees earn 1.5 days sick leave per month worked and may be accumulated to a maximum of 180 days. Upon retirement or termination of employment, employees will be paid 75% of their accumulated sick time at the employee's current rate of pay.

Full time Town employees retiring between the ages of 62 and 65 will continue to receive medical insurance coverage until age 65. Full-time Town employees retiring at the age 65 will have applicable medical coverage paid for by the Town for a period of three years.

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

S. Compensated Absences *(continued)*

Police

Police are entitled to varying amounts of vacation based on length of service. Police can accumulate vacation days up to 120 days and carry them forward to the next year. Any vacation time in excess of 120 days not used or redeemed will be forfeited.

Police earn 1.5 days of sick leave for each month in which they work a minimum number of hours. Sick leave may be accumulated to a maximum of 180 days. Each year, on June 30, the police are paid 75% of the days in excess of 180 days in the form of a lump sum cash payment. Upon retirement or termination, police have a vested interest in their accumulated sick time based on prorated schedule.

The amount of earned but not unpaid vacation and sick leave relating to governmental fund employees is recorded as a long-term debt in the government-wide financial statements.

Government-Wide Financial Statements

The total amount to be paid in future years is presented in the governmental activities column of the government-wide statement of net position. The liability for vacation leave is based on the amount earned but not used; for sick leave, it is based on the amount accumulated at the balance sheet date (vesting method).

Governmental Fund Financial Statements

The portion of the liability related to unused sick and vacation time that has matured or is due as of June 30, 2017 is recorded in the governmental fund financial statements.

T. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System (MERS) of Rhode Island and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

U. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could vary from estimates that were used.

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

V. Total Column

Government-Wide Financial Statements

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not comparable to the consolidated financial information.

W. Recently Issued Accounting Standards

For the year ending June 30, 2018, the Town implemented the following pronouncements issued by the GASB:

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

GASB Statement No. 81, Irrevocable Split-Interest Agreements

GASB Statement No. 85, Omnibus 2017

GASB Statement No. 86, Certain Debt Extinguishment Issues

The implementation of GASB Statement Nos. 81, 85 and 86 had no material reporting impact for the Town.

X. Recently Issued Accounting Standards Not Yet Effective

Effective for the fiscal year ending June 30, 2021, the Town will be required to adopt the provisions of Statement No. 87 of the GASB, Leases ("GASB 87"). GASB 87 requires recognition of lease assets and liabilities for leases that previously were classified as operating leases and recognize as inflows of resources or outflows of resources based on the payment provisions of the contract. The Town is currently evaluating the effects of GASB 87 on its financial statements. The following GASB standards will also be evaluated by the Town:

GASB 83 - Certain Asset Retirement Obligations,

GASB 84 - Fiduciary Activities,

GASB 88 - Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements,

GASB 89 - Accounting for Interest Cost Incurred Before the End of a Construction Period, and

GASB 90 - Majority Equity Interests.

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Basis of Accounting

The Town Council adopts an annual budget for the General Fund. The Town Council is authorized to transfer budgeted amounts within and among departments and to authorize emergency expenditures. Any revisions that alter total expenditures must be approved by the taxpayers by a vote at the Financial Town Meeting. Management cannot make any transfers without prior Council approval. The governing Council made no supplemental budgetary appropriation during the year. The budget for the General Fund is presented in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budgeted and Actual. All annual appropriations lapse at year end unless specifically approved for carryover to the following year by the taxpayers by a vote at the Financial Town Meeting. The budget for the General Fund is appropriated at the individual account level, also known as the line item level.

The Town does not budget for the combined Special Revenue Funds or the Capital Project Funds since budgetary control is maintained on an individual basis. Since grant periods may differ from the Town's year, a comparison of budgetary information may not be meaningful and has not been presented in the accompanying financial statements.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to preserve that portion of the applicable appropriation, is employed in the General Fund Budget. Encumbrances do not constitute expenditures or liabilities.

Excess of Expenditures over Appropriations

For the year ended June 30, 2018, expenditures exceeded budget at the department level as follows:

General Government	\$ 47,042
Fire Safety	\$ 21,367
Public Works	\$ 13,628

B. Deficit Fund Balances

Several individual fund deficits exist within the special revenue funds. These individual deficits will be eliminated through subsequent activity during fiscal year 2018.

The following funds were in a deficit fund balance position as of June 30, 2018:

<u>Fund Name</u>	<u>Fund Deficit</u>
Road Duty	\$ 7,237
Planning Challenge Grant	1,827
Emergency Siren Fund	88,639
Burr's Hill Park Tennis Courts	33,398
Stormwater Permitting	15,000
Jamiel's Park DEM Grant	<u>5,876</u>
	<u>\$ 151,977</u>

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 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 federal regulations must be collateralized. The Town does not have a formally adopted investment policy.

Cash and cash equivalents

The Town's deposits are in various financial institutions and are carried at cost, which approximates fair value. The carrying amount of deposits is separately displayed on the balance sheet as "Cash and cash equivalents" and includes \$590 of petty cash.

At June 30, 2018 the Town's carrying amount of deposits was \$15,226,996 and the bank balance was \$16,122,820. Of the balance, \$750,000 was covered by Federal Depository Insurance. The remaining balance, \$15,372,820 was collateralized with securities held by the pledging financial institutions, or its trust department or agent but not in the Town's name.

Proceeds from revenue bonds of \$20M are classified as restricted assets on the *statement of net position* because they are maintained on a separate escrow account.

Deposits

Custodial and Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The collateralization of certificates of deposit or repurchase agreements must be in an amount of at least 102% of fair value to the amount of the deposit is the Town's investment policy for custodial credit risk.

Credit Risk

As of June 30, 2018, the Town's investments in money markets are not rated, as the fund invests in short-term obligations.

Concentration of Credit Risk

The Town places the following limits on the maximum percent of portfolio it may invest in any one specific instrument. The portfolio must, at all times, be comprised of at least three separate investment instruments; with no one instrument holding more than 50% of the total fund principal. Furthermore, at least 30% of the invested funds must be in instruments that can be redeemed by the Town on demand within one day.

Investments

The Town invests in various types of investments which are stated at fair value. The Finance Director has control over investment decisions. Neither the Town Charter nor any other legally contracted agreements limits the type of investments that may be made.

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 3 – CASH AND INVESTMENTS (continued)

Investments (continued)

At June 30, 2018 the Town held the following investments:

Other Governmental Funds:

Common Stock \$ 21,590

Private Purpose Trusts:

Corporate Bonds	\$ 20,507
US Treasury Bonds	8,613
US Treasury Note	24,887
Common Stocks	271,965
Mutual Funds	28,445
Cash	1,434
Other Holdings	<u>54,356</u>
Total Private Purpose	\$ 410,207

OPEB Trust Fund:

Mutual Funds \$ 812,737

Total Investments **\$ 1,244,534**

Credit Risk

The Town does not have a formal policy which addresses the credit risks associated with its investments. The following investments are subject to credit risk:

<u>Description</u>	<u>Standard & Poor's</u>	<u>Moody's Investor Service</u>
Commercial Bonds	AA-	A1

Interest Rate Risk

It is the policy of the Town to limit the length of its investment maturities in order to manage the exposure to fair value losses arising from increasing interest rates. The Town has investments in corporate bonds which have interest rates that are fixed for long periods and are subject to more variability in their fair value as a result of future changes in interest rates. The Town does not have a formal policy which addresses the interest rate risks associated with its investments. The following investments are subject to interest rate risk:

<u>Description</u>	<u>Interest</u>	<u>Maturity</u>	<u>Fair Value</u>
Corporate Bonds	4.45%	1/15/2020	\$ 20,507
US Treasury Bonds	2.25%	8/15/2046	\$ 8,613

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 3 – CASH AND INVESTMENTS (continued)

Investments (continued)

Fair Value of Financial Instruments

GASB 72 establishes a hierarchy of inputs for use in the measurement of fair value, maximizing the use of observable inputs and minimizing the use of unobservable inputs by requiring that the most observable inputs be used when available. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about assumptions market participants would use in pricing the asset or liability. (The unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

<u>Description</u>	<u>Fair Value at June 30, 2018</u>	<u>Fair Value Measurement</u>		
		<u>Quote Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Corporate Bonds	\$ 20,507	\$ 20,507	\$ -	\$ -
US Treasury Bonds	8,613	8,613	-	-
US Treasury Note	24,887	24,887	-	-
Common Stocks	293,555	293,555	-	-
Mutual Funds	28,445	28,445	-	-
Cash	1,434	1,434	-	-
Other Holdings	54,356	54,356	-	-
	<u>\$ 431,797</u>	<u>\$ 431,797</u>	<u>\$ -</u>	<u>\$ -</u>

Concentration of Credit Risk

The Town does not have a formal policy that limits the amount that may be invested in any one issuer. All of the trust funds' investments are held in an internal investment pool. Net investment income for the year is allocated to each trust fund based on the ratio of each fund's fund balance to the total combined fund balance at the beginning of the year. Operating transfers out to trust beneficiaries are allocated to the trust funds for which the withdrawals are allowable. Each withdrawal is allocated to the applicable funds at the beginning of the year.

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 4 – RECEIVABLES

In the government-wide statements, receivables consist of all revenues earned at year-end that are not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of the receivables.

The Town recognizes property tax revenues in accordance with Section P70, "Property Taxes" of the Codification of Governmental Accounting and Financial Reporting Standards on the Fund statements. Unpaid property taxes amounted to \$670,050 as of June 30, 2018 and are recorded as a receivable, net of allowance for uncollectible property taxes of \$337,784. Major receivable balances for the governmental activities include property taxes at 93%, and intergovernmental grants, aid and other receivables at 7% of the balance.

The portion of the property tax receivable, which is not collected within the 60 days immediately following June 30, 2018 are recorded as unavailable revenue and amounted to \$337,784. This unavailable revenue amount is deferred and will be recognized as an inflow of resources in the year(s) in which the amounts become available.

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 the cessation of collection effort.

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Retirements</i>	<i>Ending Balance</i>
Governmental Activities:				
Nondepreciable Assets:				
Land	\$ 2,295,170	\$ 15,476	\$ -	\$ 2,310,646
Total Nondepreciable Assets	<u>2,295,170</u>	<u>15,476</u>	<u>-</u>	<u>2,310,646</u>
Depreciable Assets:				
Infrastructure	45,244,458	1,153,033	-	46,397,491
Buildings and Improvements	17,217,941	200,463	-	17,418,404
Machinery and Equipment	10,854,976	387,298	-	11,242,274
Vehicles	7,759,638	581,354	-	8,340,992
	<u>81,077,013</u>	<u>2,322,148</u>	<u>-</u>	<u>83,399,161</u>
Total Capital Assets	<u>83,372,183</u>	<u>2,337,624</u>	<u>-</u>	<u>85,709,807</u>
Less Accumulated Depreciation	<u>52,958,666</u>	<u>2,589,495</u>	<u>-</u>	<u>55,548,161</u>
Governmental Activities Capital Assets, Net	<u>\$ 30,413,517</u>	<u>\$ (251,871)</u>	<u>\$ -</u>	<u>\$ 30,161,646</u>

Capital Asset additions by department consisted of the following:

General Government	\$ 602,602
Public Safety	194,515
Waste Water	173,687
Fire Safety	360,173
Highway Department	1,006,647
Total Additions	<u>\$ 2,337,624</u>

Depreciation expense was charged to the following functions:

General Government	\$ 693,584
Public Safety	164,143
Waste Water	472,443
Fire Safety	317,264
Highway Department	942,061
Total Depreciation Expense	<u>\$ 2,589,495</u>

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 6 – LONG-TERM DEBT

The ratio of Town debt to net taxable valuation at June 30, 2018 was as follows:

Net taxable valuation: \$1,240,130,394

Town debt outstanding: \$38,147,764

Ratio of Town debt to net taxable valuation: 3%

Schedule of long-term bond requirements:

<u>Fiscal Year Ending June 30,</u>	<u>General Obligation Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 1,600,912	\$ 531,559	\$ 2,132,471
2020	2,429,767	769,551	3,199,318
2021	2,325,615	839,065	3,164,680
2022	2,343,488	791,474	3,134,962
2023	2,047,424	741,159	2,788,583
2024-2028	9,835,025	3,008,940	12,843,965
2029-2033	9,175,031	1,789,499	10,964,530
2034-2038	8,390,502	564,280	8,954,782
	<u>\$ 38,147,764</u>	<u>\$ 9,035,527</u>	<u>\$ 47,183,291</u>

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 6 – LONG-TERM DEBT (continued)

<i>Purpose</i>	<i>Date Issued</i>	<i>Interest Rate</i>	<i>Maturity Date</i>	<i>Authorized and Issued</i>	<i>Outstanding June 30, 2017</i>	<i>New Issues</i>	<i>Retirements</i>	<i>Subsidized Retirements</i>	<i>Outstanding June 30, 2018</i>	<i>Current Portion</i>
Public improvements	04/01/02	1.27%	9/1/03-22	\$ 1,800,000	\$ 657,475	\$ -	\$ 101,509	\$ -	\$ 555,966	\$ 104,608
Public improvements	12/15/05	1.11-1.56%	9/1/06-25	905,000	449,000	-	46,000	-	403,000	47,000
Public improvements	05/01/08	3.50%	5/15/09-28	3,885,000	130,000	-	130,000	-	-	-
Public improvements	08/15/09	2.25-4.75%	8/15/10-29	1,985,000	775,000	-	175,000	-	600,000	175,000
Public improvements	03/11/11	0.42-3.33%	9/1/20-39	2,000,000	1,470,854	-	79,456	-	1,391,398	81,303
Public improvements	04/12/12	2.00-3.63%	1/15/13-32	2,220,000	1,470,000	-	155,000	-	1,315,000	160,000
Public improvements	04/12/12	2.00-3.00%	1/15/13-24	2,415,000	1,255,000	-	250,000	-	1,005,000	250,000
Public improvements	10/13/13	2.00-4.50%	8/15/14-23	3,195,000	2,805,000	-	130,000	-	2,675,000	130,000
Public improvements	06/02/16	3.00-4.00%	8/15/16-27	3,400,000	3,175,000	-	180,000	-	2,995,000	315,000
Public improvements	06/02/16	0.48-2.24%	9/1/17-35	1,700,000	1,700,000	-	77,000	-	1,623,000	78,000
Public improvements	04/25/18	1.11%-2.93%	9/1/18-33	20,000,000	-	20,000,000	-	444,600	19,555,400	-
Public improvements	06/12/18	2.00%-4.00%	2/15/19-38	5,525,000	-	5,525,000	-	-	5,525,000	260,000
Public improvements	12/13/17	1.53%-2.93%	12/13/17-33	504,000	-	504,000	-	-	504,000	-
Total General Obligation Bonds				<u>49,534,000</u>	<u>13,887,329</u>	<u>26,029,000</u>	<u>1,323,965</u>	<u>444,600</u>	<u>38,147,764</u>	<u>1,600,911</u>
Other liabilities:										
Compensated absences					1,691,058	-	45,060	-	1,645,998	55,607
Capital leases					-	475,000	53,788	-	421,212	41,670
Net OPEB obligation					4,598,401	-	43,684	-	4,554,717	-
Net pension liability					6,990,615	-	434,577	-	6,556,038	-
Total Long-Term Liabilities					<u>\$ 27,167,403</u>	<u>\$ 26,504,000</u>	<u>\$ 1,901,074</u>	<u>\$ 444,600</u>	<u>\$ 51,325,729</u>	<u>\$ 1,698,188</u>

Schedule of long-term liabilities by purpose is as follows:

	<u>Amount</u>	<u>Percent</u>
Public improvements	38,147,764	74.3%
Compensated absences	1,645,998	3.2%
Capital leases	421,212	0.8%
Net OPEB obligation	4,554,717	8.9%
Net pension liability	6,556,038	12.8%

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Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 7 – CAPITAL LEASES

In October 18, 2017, the Town entered into a capital lease agreement between Municipal Leasing Consultants and the Town of Warren for the use of LED Streetlights.

Schedule of payments for capital leases are as follows:

<i>Fiscal Year</i>			
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Amount</u>
			<u>Outstanding</u>
2018	\$ 53,788	\$ -	\$ 53,788
2019	41,670	12,118	53,788
2020	42,869	10,919	53,788
2021	44,102	9,686	53,788
2022	45,371	8,417	53,788
2023	46,676	7,112	53,788
2024	48,019	5,769	53,788
2025	49,400	4,388	53,788
2026	50,822	2,966	53,788
2027	52,283	1,504	53,787
	<u>\$ 475,000</u>	<u>\$ 62,879</u>	<u>\$ 537,879</u>

NOTE 8 - OPERATING LEASES

In January of 2016, the Town entered into a 36-month lease agreement for a copier. The lease requires a base monthly rental charge of \$265. Lease expense incurred under the terms of this agreement was \$3,180 for the fiscal year ended June 30, 2018.

NOTE 9 – FUND BALANCES

In accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Town has classified governmental fund balances at June 30, 2018 as follows:

Non-Spendable Fund Balance		
Inventory		\$ <u>37,592</u>
Total Non-Spendable Fund Balance		37,592
Restricted Fund Balance		
Restricted for Special Revenue Funds		969,304
Restricted for Permanent Funds		38,661
Restricted for Capital Project		<u>20,735,156</u>
Total Restricted Fund Balance		21,743,121
Committed Fund Balance		
Committed for General Government		<u>9,248,587</u>
Total Committed Fund Balance		9,248,587
Unassigned Fund Balance		
Fund Balance not designated for future expenditures		<u>7,214,517</u>
Total Fund Balance		<u>\$ 38,243,817</u>

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 10 – INTERFUND TRANSFERS

The principal purpose of interfund transfers is to provide financing source to various funds that may not have the ability to cover all costs with revenue generated by the fund. The Town did not have any interfund transfers for the year ended June 30, 2018.

NOTE 11 - PENSION PLANS

(a) Defined Benefit Plans

General Information about the Pension Plan

Plan Description - The Municipal Employees' Retirement System (MERS) - an agent multiple employer defined benefit pension plan - provides certain retirement, disability and death benefits to plan members and beneficiaries. MERS was established under Rhode Island General Law and placed under the management of the Employee's Retirement System of Rhode Island (ERSRI) Board to provide retirement allowances to employees of municipalities, housing authorities, water and sewer districts, and municipal police and fire persons that have elected to participate. Benefit provisions are subject to amendment by the General Assembly.

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

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

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

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

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 11 - PENSION PLANS *(continued)*

(a) Defined Benefit Plans (continued)

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

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

General employees

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

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

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

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

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

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

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 11 - PENSION PLANS *(continued)*

(a) Defined Benefit Plans (continued)

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

Police and Fire employees

Members are eligible to retire when they are at least 50 years old and have a minimum of 25 years of contributing service or if they have 27 years of contributing service at any age. Members with less than 25 years of contributing service are eligible for retirement on or after their Social Security normal retirement age.

Members who, as of June 30, 2012, had at least 10 years of contributing service, had attained age 45, and had a prior Retirement Date before age 52 may retire at age 52.

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

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

Prior to July 1, 2012, members designated as police officers or firefighters were eligible for retirement at or after age 55 with credit for at least 10 years of service or at any age with credit for 25 or more years of service. Members were also eligible to retire and receive a reduced benefit if they are at least age 50 and have at least 20 years of service. If the municipality elected to adopt the 20-year retirement provisions for police officers and/or firefighters, then such a member was eligible to retire at any age with 20 or more years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

A monthly benefit is paid equal to 2.00% of the member's monthly FAC for each year of service, up to 37.5 years (75% of FAC maximum).

If the optional 20-year retirement provisions were adopted by the municipality prior to July 1, 2012: benefits are based on 2.50% of the member's FAC for each year of service prior to July 1, 2012 and 2.00% of the member's FAC for each year of service after July 1, 2012. The benefit cannot exceed 75% of the member's FAC.

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 11 - PENSION PLANS *(continued)*

(a) Defined Benefit Plans (continued)

Other benefit provisions

Active members (including future hires), members who retire after July 1, 2015 and after attaining age 57 with 30 years of service will have a benefit equal to the greater of their current benefit described in (a) and (b) above and one calculated based on a 2.25% multiplier for all years of service.

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

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

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

- a. The COLA will be suspended for any unit whose funding level is less than 80%; however, an interim COLA may be granted in four-year intervals while the COLA is suspended. The first interim COLA may begin January 1, 2018.
- b. Effective July 1, 2015, the COLA is determined based on 50% of the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%, plus 50% of the lesser of 3.0% or last year's CPI-U increase for a total maximum increase of 3.50%. Previously, it was the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%
- c. The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on every fourth-year provision described in (i) above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$25,000 for 2013, \$25,000 for 2014, \$25,168 for 2015, \$25,855 for 2016, and \$26,098 for 2017.

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 11 - PENSION PLANS (continued)

(a) Defined Benefit Plans (continued)

Employees covered by benefit terms

At the June 30, 2016 valuation date, the following employees were covered by the benefit terms:

	General Employees	Police and Fire	Total
Retirees and Beneficiaries	31	21	52
Inactive, Non-retired Members	8	6	14
Active Members	42	23	65
Total	81	50	131

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 2% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. Public safety employees are required to contribute 10% of their salaries. The Town of Warren contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The Town of Warren contributed \$274,239 to the General Employee Plan and \$446,988 to the Police and Fire Plan in the year ended June 30, 2018 which was 12.22% and 26.89 % of annual covered payroll, respectively.

Net Pension Liability (Asset) - The total pension liability was determined by actuarial valuations performed as of June 30, 2016 and rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement.

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2017 measurement date (June 30, 2016 valuation rolled forward to June 30, 2017)	
Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Actuarial Assumptions	
Investment Rate of Return	7.00%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.5 %
Mortality	Mortality – variants of the RP-2014 mortality tables - for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.
Cost of Living Adjustments	A 2% COLA is assumed after January 1, 2014.

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 11 - PENSION PLANS *(continued)*

(a) Defined Benefit Plans (continued)

The actuarial assumptions used in the June 30, 2016 valuation rolled forward to June 30, 2017 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2015.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2017 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Global equity:		
U.S. equity	20.60%	6.85%
International developed	15.90%	6.71%
International emerging markets	3.50%	8.91%
Private Growth		
Private Equity	11.30%	9.62%
Non-Core RE	2.20%	5.17%
OPP Private Credit	1.50%	9.62%
Income		
High Yield Infrastructure	1.00%	4.26%
REITS	1.00%	5.17%
Liquid Credit	2.80%	4.26%
Private Credit	3.20%	4.26%
Crisis Protection Class		
Treasury Duration	4.00%	0.83%
Systematic Trend	4.00%	3.81%
Inflation Protection		
Core Real Estate	3.60%	5.17%
Private Infrastructure	2.40%	5.57%
TIPs	1.00%	1.72%
Natural Resources	1.00%	3.98%
Volatility Protection		
IG Fixed Income	11.50%	2.12%
Absolute Return	6.50%	3.81%
Cash	3.00%	0.83%

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 11 - PENSION PLANS *(continued)*

(a) Defined Benefit Plans (continued)

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

Discount rate - The discount rate used to measure the total pension liability of the plans was 7.0 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.

	Changes in the Net Pension Liability (Asset)		
	General Employees		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2017	\$ 6,928,492	\$ 4,951,343	\$ 1,977,149
Changes for the Year:			
Service cost	170,491	-	170,491
Interest on the total pension liability	512,158	-	512,158
Changes in benefits	-	-	-
Difference between expected and actual experience	(34,094)	-	(34,094)
Changes in assumptions	347,514	-	347,514
Employer contributions	-	244,089	(244,089)
Employee contributions	-	66,363	(66,363)
Net investment income	-	581,317	(581,317)
Benefit payments, including employee refunds	(369,921)	(369,921)	-
Administrative expense	-	(5,492)	5,492
Other changes	-	6,273	(6,273)
Net changes	626,148	522,629	103,519
Balances as of June 30, 2018	\$ 7,554,640	\$ 5,473,972	\$ 2,080,668

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Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 11 - PENSION PLANS *(continued)*

(a) Defined Benefit Plans (continued)

Changes in the Net Pension Liability (Asset)			
Police and Fire			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2017	\$ 14,436,704	\$ 9,423,238	\$ 5,013,466
Changes for the Year:			
Service cost	295,838	-	295,838
Interest on the total pension liability	1,070,906	-	1,070,906
Changes in benefits	-	-	-
Difference between expected and actual experience	(1,023,113)	-	(1,023,113)
Changes in assumptions	830,953	-	830,953
Employer contributions	-	438,977	(438,977)
Employee contributions	-	166,658	(166,658)
Net investment income	-	1,117,629	(1,117,629)
Benefit payments, including employee refunds	(611,762)	(611,762)	-
Administrative expense	-	(10,559)	10,559
Other changes	-	(25)	25
Net changes	562,822	1,100,918	(538,096)
Balances as of June 30, 2018	\$ 14,999,526	\$ 10,524,156	\$ 4,475,370

Changes in the Net Pension Liability (Asset)			
Aggregate Data of All Plans			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2017	\$ 21,365,196	\$ 14,374,581	\$ 6,990,615
Changes for the Year:			
Service cost	466,329	-	466,329
Interest on the total pension liability	1,583,064	-	1,583,064
Changes in benefits	-	-	-
Difference between expected and actual experience	(1,057,207)	-	(1,057,207)
Changes in assumptions	1,178,467	-	1,178,467
Employer contributions	-	683,066	(683,066)
Employee contributions	-	233,021	(233,021)
Net investment income	-	1,698,946	(1,698,946)
Benefit payments, including employee refunds	(981,683)	(981,683)	-
Administrative expense	-	(16,051)	16,051
Other changes	-	6,248	(6,248)
Net changes	1,188,970	1,623,547	(434,577)
Balances as of June 30, 2018	\$ 22,554,166	\$ 15,998,128	\$ 6,556,038

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Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 11 - PENSION PLANS (continued)

(a) Defined Benefit Plans (continued)

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.0 percent, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is I-percentage-point lower or I-percentage-point higher than the current rate.

General Employees Plan:

General Employees Plan:		
1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (7.00%)
\$ 2,952,881	\$ 2,080,668	\$ 1,431,179

Police and Fire Plan:

Police and Fire Plan:		
1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (7.00%)
\$ 6,192,427	\$ 4,475,370	\$ 3,196,932

Pension plan fiduciary net position - detailed information about the pension plan's fiduciary net position is available in the separately issued ERSR1 financial report.

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

For the year ended June 30, 2018, the employer recognized pension expense of \$274,239 for General Employees and \$446,988 for Police and Fire. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

General Employees Plan:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 201,959
Changes of assumptions	297,589	-
Net difference between projected and actual earnings on pension plan investments	328,418	237,416
Town contributions subsequent to measurement date	274,239	-
System contributions subsequent	\$ 900,246	\$ 439,375
Net amount of deferred outflows and (inflows) excluding Town contributions subsequent to measurement date		\$ 186,632

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Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 11 - PENSION PLANS (continued)

(a) Defined Benefit Plans (continued)

Police and Fire Plan:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 962,021
Changes of assumptions	628,375	35,573
Net difference between projected and actual earnings on pension plan investments	617,153	454,437
Town contributions subsequent to measurement date	<u>446,988</u>	<u>-</u>
System contributions subsequent	<u>\$ 1,692,516</u>	<u>\$ 1,452,031</u>
Net amount of deferred outflows and (inflows) excluding Town contributions subsequent to measurement date		<u>\$ (206,503)</u>

Total Aggregate Data from All Plans:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,163,980
Changes of assumptions	925,964	35,573
Net difference between projected and actual earnings on pension plan investments	945,571	691,853
Town contributions subsequent to measurement date	<u>721,227</u>	<u>-</u>
System contributions subsequent	<u>\$ 2,592,762</u>	<u>\$ 1,891,406</u>
Net amount of deferred outflows and (inflows) excluding Town contributions subsequent to measurement date		<u>\$ (19,871)</u>

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 11 - PENSION PLANS (continued)

(a) Defined Benefit Plans (continued)

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

General employees:

<u>Year Ending June 30</u>	
2019	\$ 16,263
2020	83,944
2021	32,792
2022	(30,250)
2023	40,625
Thereafter	<u>43,258</u>
	<u>\$ 186,632</u>

Police and Fire:

<u>Year Ending June 30</u>	
2019	\$ (143,306)
2020	33,028
2021	(9,148)
2022	(87,077)
2023	-
Thereafter	<u>-</u>
	<u>\$ (206,503)</u>

Total Aggregate:

<u>Year Ending June 30</u>	
2019	\$ (127,043)
2020	116,972
2021	23,644
2022	(117,327)
2023	40,625
Thereafter	<u>43,258</u>
	<u>\$ (19,871)</u>

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 11 - PENSION PLANS *(continued)*

(b) Defined Contribution Plan

Plan Description

Certain employees participating in the defined benefit plan, as described above, may 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.

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

The Town of Warren recognized pension expense of \$15,319, for the fiscal year ended June 30, 2018.

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

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

In addition to the pension benefits described in Note 10, the Town provides post-employment benefits (health insurance) in accordance with union contract provisions.

For the year ended June 30, 2018 seven (7) municipal retirees met the eligibility requirements for Town provided coverage. The Town pays 100% of the cost of these benefits on a pay-as-you-go basis, which amounted to approximately \$206,427

Eligibility

All employees are eligible for retiree health benefits once they meet the Rhode Island Municipal Employees Retirement System (MERS) retirement eligibility requirements as described below.

Employees eligible to retire as of 7/1/2012 are not impacted by the new eligibility requirements described below: Prior to 7/1/2012, employees were eligible to retire at the earlier of:

- (i) age 58 with 10 years of service or
- (ii) 30 years of service (no age requirement)

Employees who were not eligible to retire as of 7/1/2012:

- a) Members with less than five years of contributing service credit on 6/30/2012 may retire at their social security retirement age
- b) Members with at least five years of contributing service credit on 6/30/2012 may retire at an individually determined age, which is the result of interpolating the member's prior Retirement Date (described in previous paragraph) and the retirement age applicable to members hired after 6/30/2012 (described in item (a) above)
- c) Members with at least ten years of contributing service credit on 6/30/2012 may retire at their prior retirement date (described in previous paragraph) if they continue to work and contribute until that date

All members who are within five years of reaching their retirement eligibility date (described in the paragraphs above) may retire at any time if they have at least 20 years of service.

Benefits

The medical benefits available to retirees are the same as active employees. The Town purchases its health insurance through Blue Cross Blue Shield (BCBS) of Rhode Island, and its health plans are operated on a fully-insured arrangement.

Surviving spouse is eligible for COBRA coverage upon death of retiree.

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

Description	Active Employees	Inactive or Beneficiaries Receiving Benefits	Total
Number	62	7	69

Contributions- The Annual Required Contribution (ARC) for OPEB consists of two pieces: *Normal Cost* (the cost of benefits earned each year which should be accrued in that year) plus *Past Service Cost* (a catch-up accrual to amortize the unfunded accrued liability). The actuarial valuation selected a 30-year amortization period for past service costs (this is the maximum period by GASB).

The annual OPEB expense for governmental activities for the fiscal year ended June 30, 2018 was \$206,427.

Investments

Investment Policy- OPEB Benefits Plan's policy in regard to the allocation of invested assets is established and may be amended by the Town's Board of Directors by a majority vote of its members. It is the policy of the Town to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Town's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Rate of Return- For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 4.16%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Town

During the year, the Town implemented GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans (OPEB). This Statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. The components of the net OPEB liability of the Town at June 30, 2018, were as follows:

Total OPEB liability	\$ 4,960,727
Plans fiduciary net position	812,737
Town's net OPEB liability	\$ 4,147,990
 Plan net position as a percentage of the total OPEB liability	 16.4%

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

The Town's net OPEB liability will be required to be recorded on the Government-Wide Financial Statement of Net Position at June 30, 2018.

Actuarial assumptions- The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increase	3.50% per year
Investment rate of return	4.16%
Healthcare cost trend rates	8.00% decreasing to 4%

Mortality rates were based on the SOA RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017. The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2016 to June 30, 2017.

The long-term expected rate of return on OPEB plan investment is assumed to be 3.50%. This was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are then combined to produce the long-term expected rate of return by weighting them based on the target asset allocation percentage and adding in expected inflation (1.90%). The best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation
U.S Equity	24.50%
Non-U.S Equity	10.50%
U.S. Aggregate Bonds	21.00%
Intermediate-Term Credit	12.60%
Short-Term Credit	8.40%
Intermediate-Term TIPS	15.00%
REITs	<u>8.00%</u>
Total	<u>100.00%</u>
Asset Class	Expected Real Rate of Return
U.S Equity	8.00%
Non-U.S Equity	8.60%
U.S. Aggregate Bonds	3.60%
Intermediate-Term Credit	4.20%
Short-Term Credit	3.90%
Intermediate-Term TIPS	2.70%
REITs	<u>6.80%</u>
Total	<u>5.42%</u>

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Discount rate- The discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments are selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown:

	Impact of 1% Change in Discount Rate		
	1% Decrease (3.37%)	Current discount rate (4.37%)	1% Increase (5.37%)
Total OPEB liability	4,574,723	4,147,990	3,765,020

Sensitivity of the net OPEB liability to changes in the discount rate- The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.16%) or 1 percentage point higher (5.16%) than the current discount rate:

	Impact of 1% Change in Healthcare Trend Rate		
	1% Decrease (8.00% decreasing to 4.00%)	Current trend rate (9.00% decreasing to 5.00%)	1% Increase (10.00% decreasing to 6.00%)
Total OPEB liability	3,632,774	4,147,990	4,752,136

Deferred Outflows and Inflows of Resources Related to OPEB Plan:

Deferred outflows of resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 11,992
Deferred inflows of resources	
Differences between actual and expected experience	<u> -</u>
Total	<u>\$ 11,992</u>

Year ended June 30:

2019	\$ 3,405
2020	3,405
2021	3,405
2022	1,777
2023	-
Thereafter	<u> -</u>
Total	<u>\$ 11,992</u>

Town of Warren, Rhode Island

Notes to Financial Statements

June 30, 2018

NOTE 13- RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of Town assets; errors and omissions; injuries to employees; and natural disasters. These risks are insured through the Town's participation in the RI Interlocal Risk Management Trust (Trust), a public entity risk pool operated for the benefit of the State's various public entities. The Town pays an annual premium for Worker's Compensation, Property and Liability, and Excess Liability insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

The Town is also involved in several lawsuits which are not covered by the risk management insurance. Legal Counsel has expressed an opinion as to the ultimate outcome of all the cases, and as a result, an accrued contingency has been recorded in the accompanying financial statements.

NOTE 14 - CONTINGENCIES AND COMMITMENTS

The Town has a contract with a commercial management company for the operations and maintenance of the sewer treatment facility and pump stations. The contract is renewable annually every July 1, with the annual cost determined through the Town's annual budget process.

The Town has an agreement with the local water authority which requires annual rental payments for fire hydrants. The agreement expires June 30, 2018 and requires annual payments of \$400 per hydrant. The minimum payments under this agreement for each of the years remaining in the agreement are expected to be approximately \$75,600.

During the ordinary course of its operations, the Town is a party to various claims, legal actions and complaints. In the opinion of the Town's management and legal counsel, the ultimate resolution of any legal actions will not result in a material loss to the Town

NOTE 15 -TAX ABATEMENTS

The Town of Warren does not have any tax abatements to be disclosed according to GASB Statement No. 77.

NOTE 16 -SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 28, 2019, the date the financial statements were available to be issued. As a result of this review, there were no material subsequent events noted.

Required Supplementary Information

Town of Warren, Rhode Island

Required Supplementary Information

Statement of Revenues and Expenditures (Non-GAAP Budgetary Basis)

Budget and Actual

For the Year Ended June 30, 2018

	Encumbrances Carried from FY17	Budget Amounts		Total Available	Actual Amounts (Budgetary Basis)	Encumbrances Carried to FY18	Variance Favorable (Unfavorable)
		Original	Final				
Revenues:							
General property taxes and interest	\$ -	\$ 23,880,598	\$ 23,880,598	\$ 23,880,598	\$ 23,808,667	\$ -	\$ (71,931)
Intergovernmental	-	623,069	623,069	623,069	647,643	-	24,574
Licenses, fees, permits and fines	-	1,620,111	1,620,111	1,620,111	1,636,093	-	15,982
Water and sewer user fees	-	64,500	64,500	64,500	65,865	-	1,365
Interest and investment income (loss)	-	216,000	216,000	216,000	233,036	-	17,036
Other revenues	-	93,862	93,862	93,862	89,646	-	(4,216)
Total revenues	-	26,498,140	26,498,140	26,498,140	26,480,950	-	(17,190)
Expenditures:							
General government	-	4,138,359	4,133,359	4,133,359	4,185,401	-	(52,042)
Town offices	-	1,022,315	1,083,046	1,083,046	999,411	-	83,635
Financial administration	-	261,097	277,602	277,602	239,284	-	38,318
Public safety	-	2,490,723	2,493,002	2,493,002	2,374,848	-	118,154
Fire safety	-	618,305	620,078	620,078	641,445	-	(21,367)
Waste water treatment	-	1,419,077	1,419,077	1,419,077	1,361,546	-	57,531
Public works	-	2,025,765	2,029,013	2,029,013	2,042,641	-	(13,628)
Grants and contributions	-	291,685	302,398	302,398	300,348	-	2,050
Education	-	13,316,000	12,313,672	12,313,672	10,463,672	-	1,850,000
Debt services	-	1,826,893	1,826,893	1,826,893	1,731,395	-	95,498
Capital	-	-	-	-	2,291,203	-	(2,291,203)
Total expenditures	-	27,410,219	26,498,140	26,498,140	26,631,194	-	(133,054)
Excess (deficiency) of revenues over expenditures	-	(912,079)	-	-	(150,244)	-	(150,244)
Other financing sources and (uses):							
Transfer to other funds							
Debt proceeds	-	-	-	-	5,648,968	-	5,648,968
Total other financing sources and uses	-	-	-	-	5,648,968	-	5,648,968
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	\$ -	\$ (912,079)	\$ -	\$ -	\$ 5,498,724	\$ -	\$ 5,498,724
Adjustment of budgetary basis to U.S. GAAP					(5,648,968)		
Excess of revenue and other financing sources over expenditures and other financing uses, U.S. GAAP basis					5,498,724		
Fund balance, beginning of year					11,679,540		
Fund balance, end of year					\$ 17,178,264		

See independent auditor's report

Town of Warren, Rhode Island

Required Supplementary Information

Statement of Revenues and Expenditures (Non-GAAP Budgetary Basis)

Budget and Actual

For the Year Ended June 30, 2018

	Encumbrances Carried from FY17	Budget Amounts Original	Final	Total Available	Actual Amounts (Budgetary Basis)	Encumbrances Carried to FY18	Variance Favorable (Unfavorable)
General property taxes:							
Real estate, tangible and motor vehicle	\$ -	\$ 23,880,598	\$ 23,880,598	\$ 23,880,598	\$ 23,808,667	\$ -	\$ 71,931
Total general property taxes	-	23,880,598	23,880,598	23,880,598	23,808,667	-	71,931
Intergovernmental and departmental:							
Excise tax/state	-	92,183	92,183	92,183	94,349	-	(2,166)
PILOT - BCWA	-	95,000	95,000	95,000	94,598	-	402
Restaurant (meals) tax	-	290,000	290,000	290,000	320,386	-	(30,386)
Telephone tax transfer	-	135,886	135,886	135,886	133,129	-	2,757
Tax sale revenue	-	10,000	10,000	10,000	5,181	-	4,819
Total intergovernmental and departmental	-	623,069	623,069	623,069	647,643	-	(24,574)
Licenses, fees, permits and fines:							
Government center rent	-	9,636	9,636	9,636	10,471	-	(835)
Marriage, birth & death certificate	-	12,375	12,375	12,375	11,264	-	1,111
Municipal court revenue	-	50,000	50,000	50,000	50,927	-	(927)
Municipal lien certificates	-	10,000	10,000	10,000	9,378	-	622
MVQ - Head start rental	-	42,000	42,000	42,000	97,767	-	(55,767)
PILOT - Housing authority	-	35,000	35,000	35,000	47,713	-	(12,713)
Police fines and penalties	-	18,000	18,000	18,000	23,957	-	(5,957)
Police AFIS fingerprinting	-	-	-	-	(310)	-	310
Police reports	-	3,000	3,000	3,000	3,803	-	(803)
Police VIN checks	-	11,000	11,000	11,000	10,770	-	230
Revenue - Building/plumbing permits & fees	-	185,500	185,500	185,500	161,167	-	24,333
Revenue - Business taxes & licenses	-	54,000	54,000	54,000	52,685	-	1,315
Revenue - Completion fees	-	10,000	10,000	10,000	1,630	-	8,370
Revenue - Dog & kennel licenses	-	1,100	1,100	1,100	625	-	475
Revenue - Harbor	-	105,000	105,000	105,000	104,421	-	579
Revenue - Pavilion rental	-	5,000	5,000	5,000	4,400	-	600
Revenue - Photo copy	-	4,500	4,500	4,500	3,852	-	648
Revenue - Probate court fees	-	16,000	16,000	16,000	12,795	-	3,205
Revenue - Realty transfers	-	100,000	100,000	100,000	135,369	-	(35,369)
Revenue - Recording fees	-	90,000	90,000	90,000	85,809	-	4,191
Road cut permits	-	1,000	1,000	1,000	576	-	424
Road duty revenue	-	56,000	56,000	56,000	77,250	-	(21,250)
Third party billing	-	520,000	520,000	520,000	559,441	-	(39,441)
Zonning, fire & planning fees	-	51,000	51,000	51,000	30,896	-	20,104
Transfer station	-	230,000	230,000	230,000	139,437	-	90,563
Total licenses, fees, permits and fines	-	1,620,111	1,620,111	1,620,111	1,636,093	-	(15,982)
Water and sewer user fees:							
Sewer use fees	-	62,000	62,000	62,000	59,715	-	2,285
Sewer permits	-	2,500	2,500	2,500	6,150	-	(3,650)
Total water and sewer fees	-	64,500	64,500	64,500	65,865	-	(1,365)
Interest:							
Property tax interest	-	200,000	200,000	200,000	201,194	-	(1,194)
General fund investment earnings	-	16,000	16,000	16,000	31,842	-	(15,842)
Total interest	-	216,000	216,000	216,000	233,036	-	(17,036)
Other:							
Other miscellaneous receipts	-	10,000	10,000	10,000	5,784	-	4,216
Other sources/social services/senior center	-	83,862	83,862	83,862	83,862	-	-
Total other	-	93,862	93,862	93,862	89,646	-	4,216
Total Operating Revenue	-	26,498,140	26,498,140	26,498,140	26,480,950	-	17,190
Other financing sources:							
Debt proceeds	-	-	-	-	5,648,968	-	-
Total other financing sources	-	-	-	-	5,648,968	-	-
Total revenue and other financing sources	\$ -	\$ 26,498,140	\$ 26,498,140	\$ 26,498,140	\$ 32,129,918	\$ -	\$ 17,190

See independent auditor's report

Town of Warren, Rhode Island

Required Supplementary Information

Statement of Revenues and Expenditures (Non-GAAP Budgetary Basis)

Budget and Actual

For the Year Ended June 30, 2018

	Encumbrances Carried from FY17	Budget Amounts Original	Final	Total Available	Actual Amounts (Budgetary Basis)	Encumbrances Carried to FY18	Variance Favorable (Unfavorable)
Expenditures:							
General Government							
Advertising	\$ -	\$ 20,000	\$ 20,000	\$ 20,000	\$ 31,680	\$ -	\$ (11,680)
Attendance premiums	-	93,000	93,000	93,000	111,070	-	(18,070)
Computer services	-	4,000	4,000	4,000	3,961	-	39
Copying expense	-	7,500	7,500	7,500	7,235	-	265
Utility - parks	-	8,000	8,000	8,000	8,234	-	(234)
Employee benefits	-	1,370,000	1,370,000	1,370,000	1,396,613	-	(26,613)
Financing expenses	-	5,000	5,000	5,000	1,850	-	3,150
Fire hydrants	-	76,000	76,000	76,000	57,000	-	19,000
GASB 45	-	4,750	4,750	4,750	4,750	-	-
Government center	-	91,000	91,000	91,000	93,663	-	(2,663)
Government center custodian	-	50,291	50,291	50,291	50,294	-	(3)
League of cities & towns	-	5,000	5,000	5,000	4,522	-	478
Longevity	-	226,884	226,884	226,884	208,182	-	18,702
MV quirk	-	52,275	52,275	52,275	49,093	-	3,182
Postage	-	10,000	10,000	10,000	7,396	-	2,604
Property & liability insurance	-	583,157	583,157	583,157	609,530	-	(26,373)
Retiree benefit adjustment	-	6,024	6,024	6,024	4,728	-	1,296
Social security tax	-	397,612	397,612	397,612	402,625	-	(5,013)
Street lighting	-	237,000	237,000	237,000	228,383	-	8,617
Telephone	-	7,500	7,500	7,500	6,863	-	637
Town audit	-	27,875	27,875	27,875	27,875	-	-
Town employee pension cost	-	704,000	704,000	704,000	721,669	-	(17,669)
Town hall expenses	-	61,200	61,200	61,200	59,281	-	1,919
Town hall custodian	-	50,291	50,291	50,291	50,296	-	(5)
Unemployment reserve account	-	15,000	15,000	15,000	3,282	-	11,718
Uncollectible reserve	-	25,000	20,000	20,000	35,326	-	(15,326)
Total General Government	-	4,138,359	4,133,359	4,133,359	4,185,401	-	(52,042)
Town Offices:							
Boards and Commissions							
Administrative officer	-	11,255	11,255	11,255	4,978	-	6,277
Conservation board expense	-	1,200	1,200	1,200	1,528	-	(328)
Economic development	-	-	-	-	350	-	(350)
Historical commission	-	2,000	2,000	2,000	1,393	-	607
Juvenile hearing board	-	2,000	2,000	2,000	1,950	-	50
Planning board expenses	-	1,800	1,800	1,800	1,793	-	7
Planning/Zoning stenographer	-	2,500	2,500	2,500	2,770	-	(270)
Tree commission	-	550	550	550	550	-	-
Zoning board expenses	-	1,900	1,900	1,900	5,627	-	(3,727)
Total licenses, fees, permits and fines	-	23,205	23,205	23,205	20,939	-	2,266
Building Inspector							
Building official salary	-	58,925	67,088	67,088	66,498	-	590
Building official clerk	-	39,403	39,403	39,403	38,974	-	429
Building office expense	-	4,500	4,500	4,500	4,477	-	23
Computer services	-	1,800	1,800	1,800	1,742	-	58
Outside services	-	3,400	3,400	3,400	1,000	-	2,400
Code enforcement inspector	-	19,500	19,500	19,500	10,940	-	8,560
Plumbing/electrical inspector salary	-	11,818	11,818	11,818	11,818	-	-
Total Building Inspector	-	139,346	147,509	147,509	135,449	-	12,060
Town Clerk							
Town clerk salary - non - union	-	56,775	64,640	64,640	64,640	-	-
Deputy town clerk - non-union	-	46,679	53,145	53,145	53,853	-	(708)
Clerks salary - union	-	78,806	78,806	78,806	78,548	-	258
Document management	-	6,500	6,500	6,500	6,500	-	-
Document preservation	-	5,000	5,000	5,000	5,000	-	-
Indexing/computer filling	-	15,000	15,000	15,000	14,873	-	127
Historic indexing & imaging	-	5,000	5,000	5,000	2,416	-	2,584
Computer services	-	2,500	2,500	2,500	1,542	-	958
Probate judge	-	3,224	3,224	3,224	280	-	2,944
General and operating expense	-	14,700	14,700	14,700	12,981	-	1,719
Canvasser's expense	-	6,500	6,500	6,500	3,661	-	2,839
Board of canvassers salary	-	1,625	1,625	1,625	1,219	-	406
Election officials salary	-	4,000	4,000	4,000	-	-	4,000
Total Town Clerk	-	246,309	260,640	260,640	245,513	-	15,127

See independent auditor's report

Town of Warren, Rhode Island

Required Supplementary Information

Statement of Revenues and Expenditures (Non-GAAP Budgetary Basis)

Budget and Actual

For the Year Ended June 30, 2018

	Encumbrances Carried from FY17	Budget Amounts Original	Final	Total Available	Actual Amounts (Budgetary Basis)	Encumbrances Carried to FY18	Variance Favorable (Unfavorable)
Municipal Court							
Municipal court judge salary	\$ -	\$ 8,595	\$ 8,595	\$ 8,595	\$ 6,446	\$ -	\$ 2,149
Municipal court computer services	-	900	900	900	900	-	-
Municipal court expenses	-	1,200	1,200	1,200	902	-	298
Municipal court clerk salary	-	16,476	16,476	16,476	19,693	-	(3,217)
Total Municipal Court	-	27,171	27,171	27,171	27,941	-	(770)
Harbor Master							
Harbor master salary	-	20,445	20,445	20,445	16,601	-	3,844
Asst. harbor master salary	-	6,150	6,150	6,150	5,742	-	408
Operating expenses	-	15,000	15,000	15,000	12,300	-	2,700
Dock maintenance expense	-	3,000	3,000	3,000	3,000	-	-
Total Harbor Master	-	44,595	44,595	44,595	37,643	-	6,952
Town Manager							
Town manager salary	-	76,889	87,542	87,542	87,758	-	(216)
Town manager expense	-	3,200	3,200	3,200	3,158	-	42
Computer services	-	1,800	1,800	1,800	1,800	-	-
Part time clerk salary - non - union	-	11,724	11,724	11,724	12,580	-	(856)
Town manager clerk salary - union	-	39,403	39,403	39,403	41,029	-	(1,626)
Clerk's overtime	-	5,000	5,000	5,000	739	-	4,261
Website	-	3,000	3,000	3,000	3,000	-	-
Department head - bonus	-	7,500	-	-	-	-	-
PT grant writer/coordinator	-	17,785	17,785	17,785	12,965	-	4,820
Total Town Manager	-	166,301	169,454	169,454	163,029	-	6,425
Town Offices							
Council contingency	-	16,000	16,000	16,000	4,481	-	11,519
Town hall council chambers sound system	-	3,000	3,000	3,000	-	-	3,000
Town council laptop	-	2,500	2,500	2,500	2,500	-	-
Planning/zoning solicitor	-	24,540	24,540	24,540	24,383	-	157
Town council salary	-	6,150	6,150	6,150	4,613	-	1,537
Town sergeant salary	-	100	100	100	75	-	25
Town solicitor salary	-	99,081	99,081	99,081	100,605	-	(1,524)
Tree warden	-	3,152	3,152	3,152	5,914	-	(2,762)
Total Town Offices	-	154,523	154,523	154,523	142,571	-	11,952
Town Planner							
Town planner salary	-	57,139	65,054	65,054	54,999	-	10,055
Computer services	-	750	750	750	750	-	-
General & office expense	-	1,250	1,250	1,250	1,225	-	25
GIS mapping software/equipment	-	7,000	7,000	7,000	6,100	-	900
Grant - matching funds	-	10,250	10,250	10,250	2,224	-	8,026
Development	-	2,000	2,000	2,000	392	-	1,608
Large format printer	-	4,000	4,000	4,000	3,608	-	392
Total Town Planner	-	82,389	90,304	90,304	69,298	-	21,006
Recreation							
General and office expense	-	16,310	16,310	16,310	15,594	-	716
Life guards salary	-	8,640	8,640	8,640	5,414	-	3,226
AED's	-	3,800	3,800	3,800	3,676	-	124
Band concerts	-	3,500	3,500	3,500	3,500	-	-
Park supervisor salary	-	42,600	42,600	42,600	35,633	-	6,967
Recreation director salary	-	16,477	16,477	16,477	20,272	-	(3,795)
Total Recreation	-	91,327	91,327	91,327	84,089	-	7,238
Senior Center							
Senior center director salary	-	33,544	33,544	33,544	33,544	-	-
Senior center - meal site manager	-	1,678	1,676	1,676	1,678	-	(2)
Senior center - computer services	-	1,000	1,000	1,000	1,000	-	-
Senior center - maintenance	-	2,798	2,798	2,798	2,798	-	-
Total Senior Center	-	39,020	39,018	39,018	39,020	-	(2)
Social Services							
Social services director salary	-	15,264	15,264	15,264	13,931	-	1,333
Computer services	-	900	900	900	872	-	28
Substance abuse - grant match	-	3,136	3,136	3,136	3,136	-	-
Social service expense	-	16,000	16,000	16,000	15,980	-	20
Total Senior Center	-	35,300	35,300	35,300	33,919	-	1,381
Total Town Offices	-	1,022,315	1,083,046	1,055,875	999,411	-	84,405

See independent auditor's report

Town of Warren, Rhode Island

Required Supplementary Information

Statement of Revenues and Expenditures (Non-GAAP Budgetary Basis)

Budget and Actual

For the Year Ended June 30, 2018

	Encumbrances Carried from FY17	Budget Amounts Original	Final	Total Available	Actual Amounts (Budgetary Basis)	Encumbrances Carried to FY18	Variance Favorable (Unfavorable)
Financial Administration							
Treasury							
Financial director salary	\$ -	\$ 68,569	\$ 78,069	\$ 78,069	\$ 79,572	\$ -	\$ (1,503)
Financial clerks salary - union	-	78,806	78,806	78,806	76,660	-	2,146
Office expense	-	5,322	5,322	5,322	5,313	-	9
Computer services	-	3,500	3,500	3,500	3,500	-	-
Payroll processing & services	-	11,900	11,900	11,900	11,550	-	350
Clearing	-	-	-	-	(31,584)	-	31,584
Outside services	-	24,000	24,000	24,000	22,720	-	1,280
Total Treasury	-	192,097	201,597	201,597	167,731	-	33,866
Assessor							
Tax assessor salary	-	50,565	57,570	57,570	58,335	-	(765)
Computer services	-	900	900	900	-	-	900
Office expense	-	5,690	5,690	5,690	2,870	-	2,820
Outside services	-	11,845	11,845	11,845	10,348	-	1,497
Total Assessor	-	69,000	76,005	76,005	71,553	-	4,452
Total Financial Administration	-	261,097	277,602	277,602	239,284	-	38,318
Fire Safety							
Fire chief salary	-	69,898	71,671	71,671	74,423	-	(2,752)
Fire/EMS coordinator	-	39,403	39,403	39,403	37,888	-	1,515
EMA/EMS director (fire chief)	-	5,043	5,043	5,043	5,073	-	(30)
Apparatus repair	-	25,000	25,000	25,000	25,000	-	-
Assistant chiefs/deputy	-	5,030	5,030	5,030	6,546	-	(1,516)
Baker street station	-	6,000	6,000	6,000	5,724	-	276
Clothing	-	1,500	1,500	1,500	1,500	-	-
Communications	-	15,066	15,066	15,066	15,066	-	-
Company fees	-	14,680	14,680	14,680	14,679	-	1
Company stewards	-	11,250	11,250	11,250	11,250	-	-
Computer services	-	3,000	3,000	3,000	3,000	-	-
Equipment expenses	-	46,000	46,000	46,000	46,000	-	-
Firefighter gear	-	10,685	10,685	10,685	10,685	-	-
Fuel/diesel	-	28,000	28,000	28,000	35,183	-	(7,183)
Medical supplies	-	30,000	30,000	30,000	30,000	-	-
Operating expenses	-	65,000	65,000	65,000	66,422	-	(1,422)
Rescue stipend	-	150,000	150,000	150,000	162,305	-	(12,305)
Station upkeep	-	12,000	12,000	12,000	11,982	-	18
Training expenses	-	11,000	11,000	11,000	10,205	-	795
Outside services	-	14,500	14,500	14,500	13,638	-	862
Firefighter detail/storm	-	5,250	5,250	5,250	4,878	-	372
Self-contained breathing apparatus (5-year)	-	50,000	50,000	50,000	49,998	-	2
Total Fire Safety	-	618,305	620,078	620,078	641,445	-	(21,367)
Grants & Contributions							
Discover Warren	-	2,500	2,500	2,500	2,500	-	-
Bristol County Baysiders	-	-	1,200	1,200	-	-	1,200
Bristol Warren Education Foundation	-	1,000	1,000	1,000	1,000	-	-
East Bay enter	-	10,000	15,000	15,000	15,000	-	-
East Bay community action program	-	15,000	17,000	17,000	17,000	-	-
George Hail Library	-	255,035	257,548	257,548	257,548	-	-
Kickemuit River Council	-	850	850	850	-	-	850
Memorial day	-	2,800	2,800	2,800	2,800	-	-
Warren water quality testing	-	1,000	1,000	1,000	1,000	-	-
Eastern RI conservation district	-	1,000	1,000	1,000	1,000	-	-
Visiting nurses	-	1,000	1,000	1,000	1,000	-	-
Warren/Bristol arts night	-	1,500	1,500	1,500	1,500	-	-
Total Grants & Contributions	-	291,685	302,398	302,398	300,348	-	2,050

See independent auditor's report

Town of Warren, Rhode Island

Required Supplementary Information

Statement of Revenues and Expenditures (Non-GAAP Budgetary Basis)

Budget and Actual

For the Year Ended June 30, 2018

	Encumbrances Carried from FY17	Budget Amounts		Total Available	Actual Amounts (Budgetary Basis)	Encumbrances Carried to FY18	Variance Favorable (Unfavorable)
		Original	Final				
Public Safety							
Police chief salary	\$ -	\$ 86,426	\$ 88,618	\$ 88,618	\$ 88,618	\$ -	\$ -
Serving officers salary - union	-	1,286,135	1,286,135	1,286,135	1,273,140	-	12,995
Police over - time	-	291,695	291,695	291,695	256,767	-	34,928
Holiday pay	-	79,536	79,536	79,536	73,596	-	5,940
Police shift differential	-	18,719	18,719	18,719	12,079	-	6,640
Advanced degree incentive	-	9,400	9,400	9,400	8,950	-	450
Incentive education act	-	17,424	17,424	17,424	-	-	17,424
Administrative assistant salary	-	17,699	17,786	17,786	17,442	-	344
AFIS maintenance contract	-	4,000	4,000	4,000	2,237	-	1,763
Clothing allowance	-	35,700	35,700	35,700	35,700	-	-
Communications expense	-	11,561	11,561	11,561	10,958	-	603
Computer services	-	19,844	19,844	19,844	19,816	-	28
Disability expense	-	94,999	94,999	94,999	76,431	-	18,568
Equipment replacement	-	5,581	5,581	5,581	5,155	-	426
Fuel	-	50,000	50,000	50,000	55,715	-	(5,715)
In-service training	-	19,252	19,252	19,252	18,266	-	986
General & operating expenses	-	60,766	60,766	60,766	60,352	-	414
Communications serv/maint contract	-	19,800	19,800	19,800	19,800	-	-
Firearms replacement	-	-	-	-	-	-	-
Dispatcher salary - union	-	225,140	225,140	225,140	222,957	-	2,183
Dispatch overtime	-	32,770	32,770	32,770	22,699	-	10,071
Dispatchers differential	-	3,250	3,250	3,250	2,871	-	379
Dispatcher clothing allowance	-	4,000	4,000	4,000	4,000	-	-
Dispatcher holiday pay	-	14,503	14,503	14,503	12,882	-	1,621
Animal control officer salary - union	-	45,942	45,942	45,942	46,626	-	(684)
Assist. animal control officer salary	-	15,720	15,720	15,720	12,629	-	3,091
Animal control overtime	-	2,809	2,809	2,809	1,934	-	875
Animal control clothing allowance	-	550	550	550	550	-	-
General & operating expenses	-	17,502	17,502	17,502	12,678	-	4,824
Total Public Safety	-	<u>2,490,723</u>	<u>2,493,002</u>	<u>2,493,002</u>	<u>2,374,848</u>	-	<u>118,154</u>
Public Works							
Director salary	-	71,305	73,113	73,113	66,720	-	6,393
Foreman salary	-	56,775	58,215	58,215	15,440	-	42,775
Contractual salary - union	-	967,000	967,000	967,000	942,509	-	24,491
DPW - overtime	-	65,000	65,000	65,000	31,660	-	33,340
Clothing allowance	-	13,200	13,200	13,200	13,200	-	-
Part - time salary	-	47,314	47,314	47,314	51,482	-	(4,168)
Computer services	-	3,500	3,500	3,500	3,450	-	50
Engineering service	-	4,000	4,000	4,000	3,370	-	630
Equipment expenses	-	94,000	94,000	94,000	123,403	-	(29,403)
Emergency drainage	-	-	-	-	96,807	-	(96,807)
Field maintenance	-	5,000	5,000	5,000	2,756	-	2,244
Fuel	-	50,000	50,000	50,000	56,707	-	(6,707)
Mosquito abatement	-	1,500	1,500	1,500	510	-	990
General expenses	-	95,000	95,000	95,000	94,238	-	762
Outside services	-	25,500	25,500	25,500	24,772	-	728
Lamp post restoration	-	5,000	5,000	5,000	1,879	-	3,121
Trash collection	-	165,240	165,240	165,240	179,208	-	(13,968)
Transfer station - general expenses	-	13,000	13,000	13,000	13,534	-	(534)
Transfer station - overtime	-	11,890	11,890	11,890	11,890	-	-
Transfer station - tipping fees	-	255,541	255,541	255,541	231,353	-	24,188
Transfer station - utilities & fuel	-	20,000	20,000	20,000	25,123	-	(5,123)
Transfer station - equipment maintenance	-	45,000	45,000	45,000	45,000	-	-
Tree management plan	-	1,000	1,000	1,000	-	-	1,000
Market street parking lot lease	-	10,000	10,000	10,000	7,630	-	2,370
Total Department of Public Works	-	<u>2,025,765</u>	<u>2,029,013</u>	<u>2,029,013</u>	<u>2,042,641</u>	-	<u>(13,628)</u>

See independent auditor's report

Town of Warren, Rhode Island

Required Supplementary Information

Statement of Revenues and Expenditures (Non-GAAP Budgetary Basis)

Budget and Actual

For the Year Ended June 30, 2018

	Encumbrances Carried from FY17	Budget Amounts Original	Final	Total Available	Actual Amounts (Budgetary Basis)	Encumbrances Carried to FY18	Variance Favorable (Unfavorable)
Water Treatment							
Operation contract	\$ -	\$ 693,077	\$ 693,077	\$ 693,077	\$ 705,859	\$ -	\$ (12,782)
Plant operation expense	-	446,000	446,000	446,000	431,229	-	14,771
RI water resource permit	-	5,000	5,000	5,000	3,000	-	2,000
Sludge disposal	-	180,000	180,000	180,000	160,573	-	19,427
Waste water district manager	-	55,000	55,000	55,000	21,154	-	33,846
Waste water mgt district expense	-	40,000	40,000	40,000	39,731	-	269
Total Water Treatment	-	1,419,077	1,419,077	1,419,077	1,361,546	-	57,531
Capital Expenditures							
Capital - Open Space	500,000	-	-	500,000	-	-	500,000
Capital	-	-	-	-	2,291,203	-	(2,291,203)
Capital - Emergency truck purchase	-	-	-	-	-	-	-
Total Capital	500,000	-	-	500,000	2,291,203	-	(1,791,203)
Debt Service	-	1,826,893	1,826,893	1,826,893	1,731,395	-	95,498
Education General Cost (Net)	-	13,316,000	12,313,672	12,313,672	10,463,672	-	1,850,000
Total Expenditures	500,000	27,410,219	26,498,140	26,970,969	26,631,194	-	367,716
Other Financing Sources/ (Uses):							
Transfer out	-	-	-	-	45,974	-	(45,974)
Total Other Financing Sources/(Uses)	-	-	-	-	45,974	-	(45,974)
Total Expenditures and Other Financing Sources/ (Uses)	\$ 500,000	\$ 27,410,219	\$ 26,498,140	\$ 26,970,969	\$ 26,677,168	\$ -	\$ 321,742

See independent auditor's report

Town of Warren, Rhode Island
Notes to Budget and Actual Comparison
For the Year Ended June 30, 2018

BUDGETARY DATA

The Town Council adopts an annual budget for the General Fund. The Town Council is authorized to transfer budgeted amounts within and among departments and to authorize emergency expenditures. Any revisions that alter total expenditures must be approved by the taxpayers by a vote at the Financial Town Meeting. Management cannot make any transfers without prior Council approval. The governing Council made no supplemental budgetary appropriation during the year. The budget for the General Fund is presented in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budgeted and Actual. All annual appropriations lapse at year end unless specifically approved for carryover to the following year by the taxpayers by a vote at the Financial Town Meeting. The budget for the General Fund is appropriated at the individual account level, also known as the line item level.

The Town does not budget for the combined Special Revenue Funds or the Capital Project Funds since budgetary control is maintained on an individual basis. Since grant periods may differ from the Town's year, a comparison of budgetary information may not be meaningful and has not been presented in the accompanying financial statements.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to preserve that portion of the applicable appropriation, is employed in the General Fund Budget. Encumbrances do not constitute expenditures or liabilities.

Budgetary Data:	<u>General Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	\$ (150,244)
The proceeds from the issuance of general obligation bonds are budgetary resources but are classified as other financing sources, rather than revenue, for GAAP reporting	<u>5,648,968</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	<u>\$ 5,498,724</u>

See accompanying notes to required supplementary information

See independent auditor's report

Town of Warren, Rhode Island
Required Supplementary Information
Municipal Employees' Retirement System of Rhode Island
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2018

Measurement period ending June 30,	MERS - Town									
	Schedule of Changes in Net Pension Liability and Related Ratios									
	Last 10 Fiscal Years (to be built prospectively)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability										
Service Cost	\$ 170,491	\$ 153,923	\$ 148,875	\$ 165,795	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on the Total Pension Liability	512,158	500,166	488,988	478,136						
Changes of benefit terms	-	-	103,895	-						
Difference between expected and actual experience of the Total Pension Liability	(34,094)	(107,368)	(183,753)	-						
Changes of assumptions	347,514	-	-	(62,439)						
Benefit payments, including refunds of employee contributions	(369,921)	(420,292)	(402,697)	(453,981)						
Net change in total pension liability	626,148	126,429	155,308	127,511						
Total pension liability – beginning	6,928,492	6,802,063	6,646,755	6,519,244						
Total pension liability – ending (a)	\$ 7,554,640	\$ 6,928,492	\$ 6,802,063	\$ 6,646,755	\$ -					
Plan Fiduciary Net Position										
Contributions – employer	\$ 244,089	\$ 240,331	\$ 255,456	\$ 270,622	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions – employee	66,363	61,437	40,020	40,521						
Net investment income	581,317	(1,719)	118,361	671,865						
Benefit payments, including refunds of employee contributions	(369,921)	(420,292)	(402,697)	(453,981)						
Pension Plan Administrative Expense	(5,492)	(4,623)	(5,028)	(4,207)						
Other	6,273	25,640	1	(1)						
Net change in plan fiduciary net position	522,629	(99,226)	6,113	524,819						
Plan fiduciary net position – beginning	4,951,343	5,050,569	5,044,456	4,519,637						
Plan fiduciary net position – ending (b)	\$ 5,473,972	\$ 4,951,343	\$ 5,050,569	\$ 5,044,456	\$ -					
Net Pension Liability/(Asset) - Ending (a) - (b)	2,080,668	1,977,149	1,751,494	1,602,299						
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	72.46%	71.46%	74.25%	75.89%						
Covered Employee Payroll	\$2,149,952	\$1,890,947	\$1,906,207	\$1,999,936	\$ -					
Net Pension Liability as a Percentage of Covered Employee Payroll	96.78%	104.56%	91.88%	80.12%						

See accompanying notes to required supplementary information

See independent auditor's report

Town of Warren, Rhode Island
Required Supplementary Information
Municipal Employees' Retirement System of Rhode Island
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2018

MERS - Police & Fire Department
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Fiscal Years (to be built prospectively)

Measurement period ending June 30,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability										
Service Cost	\$ 170,491	\$ 153,923	\$ 148,875	\$ 165,795	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on the Total Pension Liability	512,158	500,166	488,988	478,136						
Changes of benefit terms	-	-	103,895	-						
Difference between expected and actual experience of the Total Pension Liability	(34,094)	(107,368)	(183,753)	-						
Changes of assumptions	347,514	-	-	(62,439)						
Benefit payments, including refunds of employee contributions	(369,921)	(420,292)	(402,697)	(453,981)						
Net change in total pension liability	626,148	126,429	155,308	127,511						
Total pension liability – beginning	6,928,492	6,802,063	6,646,755	6,519,244						
Total pension liability – ending (a)	\$ 7,554,640	\$ 6,928,492	\$ 6,802,063	\$ 6,646,755	\$ -					
Plan Fiduciary Net Position										
Contributions – employer	\$ 244,089	\$ 240,331	\$ 255,456	\$ 270,622	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions – employee	66,363	61,437	40,020	40,521						
Net investment income	581,317	(1,719)	118,361	671,865						
Benefit payments, including refunds of employee contributions	(369,921)	(420,292)	(402,697)	(453,981)						
Pension Plan Administrative Expense	(5,492)	(4,623)	(5,028)	(4,207)						
Other	6,273	25,640	1	(1)						
Net change in plan fiduciary net position	522,629	(99,226)	6,113	524,819						
Plan fiduciary net position – beginning	4,951,343	5,050,569	5,044,456	4,519,637						
Plan fiduciary net position – ending (b)	\$ 5,473,972	\$ 4,951,343	\$ 5,050,569	\$ 5,044,456	\$ -					
Net Pension Liability/(Asset) - Ending (a) - (b)	2,080,668	1,977,149	1,751,494	1,602,299						
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	72.46%	71.46%	74.25%	75.89%						
Covered Employee Payroll	\$ 2,149,952	\$ 1,890,947	\$ 1,906,207	\$ 1,999,936	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Employee Payroll	96.78%	104.56%	91.88%	80.12%						

See accompanying notes to required supplementary information

See independent auditor's report

Town of Warren, Rhode Island
 Required Supplementary Information
Municipal Employees' Retirement System of Rhode Island
Schedule of Contributions
 For the Year Ended June 30, 2018

MERS - Town
 Schedule of Contributions

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 274,239	\$ 244,089	\$ 240,331	\$ 255,456
Contributions in relation to the actuarially determined contribution	<u>274,239</u>	<u>244,089</u>	<u>240,331</u>	<u>255,456</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	2,246,700	2,149,952	1,890,947	1,906,207
Contributions as a percentage of covered-employee payroll	12.21%	11.35%	12.71%	13.40%

Notes:

1.) Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

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

See accompanying notes to required supplementary information

See independent auditor's report

Town of Warren, Rhode Island
 Required Supplementary Information
Municipal Employees' Retirement System of Rhode Island
Schedule of Contributions
 For the Year Ended June 30, 2018

MERS - Police & Fire Department
 Schedule of Contributions

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 446,988	\$ 438,977	\$ 443,482	\$ 491,829
Contributions in relation to the actuarially determined contribution	<u>446,988</u>	<u>438,977</u>	<u>443,482</u>	<u>491,829</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	1,662,569	1,590,975	1,590,975	1,609,012
Contributions as a percentage of covered-employee payroll	26.89%	27.59%	27.87%	30.57%

Notes:

1.) Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

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

See accompanying notes to required supplementary information

See independent auditor's report

Town of Warren, Rhode Island
Required Supplementary Information
Employees' Retirement System of Rhode Island
Notes to the Pension Schedule
For the Year ended June 30, 2018

The amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year end.

The schedules are intended to show information for 10 years – additional years will be displayed as they become available.

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.

Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

Employers participating in the Teachers' Survivors Benefit Plan contribute at a rate established by RI General Laws, Section 16-16-35.

June 30, 2017 measurement date –

As part of the 2017 Actuarial Experience Investigation Study for the six-year period ending June 30, 2016 as approved by the System Board on May 15, 2017, certain assumptions were modified and reflected in the determination of the net pension liability (asset) at the June 30, 2017 measurement date. The following summarizes the more significant changes in assumptions:

- Decreased the general inflation assumption from 2.75% to 2.50%;
- Decreased the nominal investment return assumption from 7.50% to 7.00%;
- Decreased the general wage growth assumption from 3.25% to 3.00%;
- Decreased salary increase assumptions; and
- Updated the post-retirement mortality tables to variants of the RP-2014 table. For the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

June 30, 2016 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2016 measurement date compared to the June 30, 2015 measurement date.

See accompanying notes to required supplementary information

See independent auditor's report

Town of Warren, Rhode Island
Required Supplementary Information
Employees' Retirement System of Rhode Island
Notes to the Pension Schedule
For the Year ended June 30, 2018

June 30, 2015 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2015 measurement date compared to the June 30, 2014 measurement date

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

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and municipal general employees will contribute 8.25% (9.25% for units with a COLA provision) and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service. Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.
- MERS public safety employees may retire at age 50 with 25 years of service, or any age with 27 years of service. MERS public safety employees will contribute 9.00% (10.00% for units with a COLA provision)
- 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. Also, members who earn less than \$35,000 per year will not be required to pay the administrative fees to the defined contribution plan.
- Members who retired from a COLA eligible plan before July 1, 2012 will received a one-time cost of living adjustment of 2% of the first \$25,000 paid as soon as administratively possible.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 year rather than 5 year intervals.
- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5.5% (5yr Return - 5.5%, with a max of 4%) and 50% calculated using previous year's CPI-U (max of 3%) for a total max COLA of 3.5%. This COLA is calculated on the first \$25,855, effective 01/01/16, and indexed as of that date as well. (The indexing formula is run annually regardless of funding level each year.)
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

See accompanying notes to required supplementary information

See independent auditor's report

Town of Warren, Rhode Island

Required Supplementary Information

Other Post-Employment Benefits

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios

For the Year ended June 30, 2018

	June 30, 2018	June 30, 2017
Total OPEB liability		
Service cost	\$ 160,194	\$ 219,675
Interest on net OPEB liability and service cost	205,673	170,401
Differences between actual and expected experience	(85,761)	(351,830)
Changes of assumptions	-	(194,295)
Benefit payments, including refunds	(204,420)	(212,194)
 Net change in total OPEB liability	 75,686	 (368,243)
 Total OPEB liability - beginning	 4,885,041	 5,253,284
Total OPEB liability - ending	\$ 4,960,727	\$ 4,885,041
 OPEB fiduciary net position		
Benefit payments, including refunds	\$ (204,420)	\$ (212,194)
Trust administrative expenses	(2,007)	(1,740)
Contributions - employer	204,420	212,194
Contribution - Active employees	-	-
Net investment income	34,009	33,023
 Net change in plan fiduciary net position	 32,002	 31,283
 Plan fiduciary net position - beginning	 780,735	 749,452
Plan fiduciary net position - ending	\$ 812,737	\$ 780,735
 Plan's net pension liability - ending	 \$ 4,147,990	 \$ 4,104,306

Actuarial Valuation Date	Fiduciary Net Position	Total OPEB Liability (TOL)	Net OPEB Liability (NOL)	Funded Ratio	Covered Payroll	NOL as a % of Covered Payroll
6/30/2018	812,737	4,960,727	4,147,990	16.38%	3,605,868	115.03%
6/30/2017	780,735	4,885,041	4,104,306	15.98%	3,483,930	117.81%

*Second year of implementation of GASB 75, only two years of the ten required data is available

See accompanying notes to required supplementary information

See independent auditor's report

Town of Warren, Rhode Island
Required Supplementary Information
Schedule of Investment Returns and Schedule of Contributions
For the Year ended June 30, 2018

	June 30, 2018	June 30, 2017
Annual money-weighted rate of return, net of investment expense	5.50%	3.50%

*Second year of implementation of GASB 75, only two years of the ten required data is available

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009
Actuarial determined contribution	\$ 366,102	\$ 341,832	\$ 315,847	\$ 315,847	\$ 420,724	\$ 420,724	\$ 423,829	\$ 383,807	\$ 383,807	\$ 383,807
Contributions in relation to the actuarially determined contribution	204,420	212,194	161,228	139,938	140,903	135,814	100,687	58,296	69,875	-
Contribution deficiency (excess)	\$ 161,682	\$ 129,638	\$ 154,619	\$ 175,909	\$ 279,821	\$ 284,910	\$ 323,142	\$ 325,511	\$ 313,932	\$ 383,807
Covered-employee payroll	\$ 3,605,868	\$ 3,483,930	\$ 3,302,667	\$ 3,302,667	\$ 2,935,090	\$ 2,935,090	\$ 2,935,090	\$ 3,019,466	\$ 3,019,466	\$ 3,019,466
Contributions as a percentage of covered-employee payroll	5.67%	6.09%	4.88%	4.24%	4.80%	4.63%	3.43%	1.93%	2.31%	0.00%

** Actuarial determined contributions are based on the Annual Required Contributions calculated in the prior GASB 45 actuarial valuations.

See accompanying notes to required supplementary information

See independent auditor's report

Town of Warren, Rhode Island
Required Supplementary Information
Other Post-Employment Benefits
Notes to Other Post-Employment Benefits
For the Year ended June 30, 2018

Notes to Required Supplementary Information:

Valuation Date:	July 1, 2017 with results actuarially projected on a "no gain/no loss" basis to get to the June 30, 2018 measurement date. Liabilities as of July 1, 2017 are based on a actuarial valuation date of July 1, 2017.
Actuarial Cost Method:	Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where: <ul style="list-style-type: none">•service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and•annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to Payroll Growth.
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, June 30, 2018.
Actuarial Assumptions:	
Investment Rate of Return:	4.37%, net of OPEB plan investment expense
Medical inflation	For medical/rx benefits, the trend rates have been reset to an initial rate of 8.50% decreasing by 0.50% annually to an ultimate rate of 5.00% For medical/rx benefits and 4.5% decreasing by 0.5% annually to an ultimate rate of 3.0% for dental benefit. These changes caused an increase in liabilities for the Town.
Inflation:	2.75% per year
Salary Increases:	3.50% annually as of June 30, 2017 and for future periods
Pre-Retirement Mortality:	SOA RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017
Medical benefits	Same benefit options are available to retirees as active employees Town of Warren purchases their health insurance through BCBS of Rhode Island, and their health plans are operated on a fully-insured arrangement. Their premium rates are determined based on a 80/20 split of the pool-wide and their own claims experience.

See accompanying notes to required supplementary information

See independent auditor's report

Other Supplementary Information

Non-Major Government Funds:

Enterprise Zone - accounts for activity of the regional Enterprise Zone coordinator and related economic development initiatives.

Senior Center - accounts for revenues and expenditures related to activities at the Senior Center.

Road Duty - accounts for monies received for sworn constables and off-duty police assignments and resulting wage disbursements.

Tourister Peer Review - funds held for payment of engineering reviews related to the American Tourister Project.

Rec. Department Donation - accounts for revenue from donations towards the recreation department activity.

In-Line Skate Rink - accounts for revenues and expenditures related to the towns skating rink.

Gun Buy Back - accounts for revenues and expenditures of periodic gun buy-back programs.

WPD RI Senatorial Grant - accounts for grant revenues and expenditures for reconstruction expenditures due to accidents.

Recycling Grant - accounts for grant monies and expenditures related to recycling activities.

Planning Challenge Grant - accounts for revenue and expenditures related to the implementation of the State's official land use plan and the State's long range transportation plan.

Historical Cemetery Grant - accounts for the grant revenues and expenditures to maintain historical cemetery.

Community Gardens - accounts for revenues and expenditures for the use of the Town's Open Space for Community Gardens. Townspeople pay rent for a plot of land to farm as they see fit.

USDA Police Vehicle - accounts for the revenues and expenditures for the purchases of police vehicles.

ACO Donations - accounts for donations for ACO activities.

Cops That Care - accounts for revenues and expenditures related to activities for Cops That Care program.

Social Services Donation - accounts for donations to be used for various social service activities.

Marijuana Grant - accounts for revenue and expenditures related to the activities preventing and reducing the use of marijuana and other drugs by youths.

Warren Beautification Donation - accounts for activity related to the Beautification Donation Program.

Baker Street Museum - accounts for revenues and expenditures related to operations of the Warren Fire Museum on Baker Street.

Non-Major Government Funds (continued)

Animal Spaying- accounts for revenues and expenditures related to the spaying and neutering of animals.

Police Bike Patrol Grant - Senate grant funds for revenues and expenses related to conducting bike path and street/foot patrols.

AFIS Live Scan Fed Grant - accounts for revenues and expenditures related to the AFIS Live Scan Fed Grant.

RI State Byrne Justice Grant- accounts for revenues and expenditures related to cell service fees for police vehicles' mobile data terminals and command staff investigators' cell phone service fees.

Memorial Tree Fund - accounts for expenditures related to Memorial Tree.

Stormwater Permitting - accounts for revenues and expenditures related to the Phase II Stormwater requirements by DEM.

Recreational Trails Grant - accounts for revenues and expenditures related to Recreation Trails Grant.

Summer Concerts - accounts for activity related to the Summer Concerts Program.

Project Playground - accounts for the revenues and expenditures related to equipment and upkeep of the community playground located in Hugh Cole Recreation Area (Town Open Space).

Jamiel's Park Picnic Shelter - accounts for activity related to the picnic shelter located in Jamiel's Park.

Jamiel's Park Softball Field- accounts for activity related to the softball field located in Jamiel's Park.

Substance Abuse - accounts for State grant funding of substance abuse prevention program.

Fire Inspections - accounts for revenues and expenditures for periodic fire inspections.

Jamiel's Park Grant DEM Grant- accounts for revenues and expenditures related to \$300,000 State Recreation Grant awarded in 2006 for facility improvements at the Jamiel's Park Recreation Development (Town Open Space).

Fire State Med Plans - accounts for revenues and expenditures related to the authorization and procurement of vaccinations and/or medications as dictated by the RI Center of Emergency Management and Response.

FEMA Sandy Event Grant - accounts for revenues and expenditures for the construction and maintenance of Honor Roll monument.

Community Development Block Grant - accounts for revenues and expenditures related to federally funded Community Development Block Grant programs.

Non-Major Government Funds (continued):

Veterans Honor Roll - accounts for revenues and expenditures related to the maintenance of Veteran Honor Roll memorial.

Government Center - accounts for activity related to operation of Government Center.

Ship Shape - accounts for revenues and expenditures related to the incentive to clean up storefront and the exteriors of homes.

Holiday Committee - accounts for activity for the holiday committee at the Town Hall.

Narcotics - accounts for revenues and expenditures of police participation with Narcotics Strike Force.

Employee Charity Fund - accounts for employees pay for Friday Casual Day participation.

Document Preservation - Accounts for the revenues and expenditures to archive documents.

Police Trust - accounts for revenues and expenditures of Police Trust, dedicated to public safety needs.

Sara B. Burtis - accounts for revenues and expenditures of Sara B. Burtis Trust.

Town of Warren, Rhode Island

Non-Major Governmental Funds

Combined Balance Sheet

June 30, 2018

	Special Revenue	Permanent Trust	Capital Projects	Total Non-Major Governmental Funds
Assets				
Cash and cash equivalents	\$ 689,425	\$ 17,071	\$ 231,156	\$ 937,652
Restricted Cash	-	-	20,504,000	20,504,000
Investments	-	21,590	-	21,590
Due from other governments	647,704	-	-	647,704
Total assets	1,337,129	38,661	20,735,156	22,110,946
Deferred outflows of resources				
None	-	-	-	-
Total assets and deferred outflows of resources	\$ 1,337,129	\$ 38,661	\$ 20,735,156	\$ 22,110,946
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	519,802	-	-	519,802
Total liabilities	519,802	-	-	519,802
Deferred inflows of resources				
None	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balance				
Restricted	969,304	38,661	20,735,156	21,743,121
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(151,977)	-	-	(151,977)
Total fund balance	817,327	38,661	20,735,156	21,591,144
Town liabilities, deferred inflows of resources, and fund balances	\$ 1,337,129	\$ 38,661	\$ 20,735,156	\$ 22,110,946

Town of Warren, Rhode Island

Non-Major Governmental Funds

Combined Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2018

	Special Revenue	Permanent Funds	Capital Projects	Total Non-Major Governmental Funds
Revenues				
Federal and state grant income	\$ 1,003,393	\$ -	\$ -	\$ 1,003,393
Charges for services	-	15,237	-	15,237
Other revenue	180,734	989	-	181,723
Investment income	-	-	-	-
Total revenue	<u>1,184,127</u>	<u>16,226</u>	<u>-</u>	<u>1,200,353</u>
Expenditures				
General government	181,096	12,972	-	194,068
Public safety	476,413	5	-	476,418
Fire safety	9,615	-	-	9,615
Debt service	-	-	-	-
Capital and special appropriation	-	-	-	-
Total Expenditures	<u>667,124</u>	<u>12,977</u>	<u>-</u>	<u>680,101</u>
Excess (deficiency) of revenues over expenditures	517,003	3,249	-	520,252
Other financing sources (uses)				
Bond proceeds	-	-	20,504,000	20,504,000
Bond Premium	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>20,504,000</u>	<u>20,504,000</u>
Excess of revenue and other sources over expenditures and other uses	517,003	3,249	20,504,000	21,024,252
Fund balance, July 1, 2017	<u>300,324</u>	<u>35,412</u>	<u>231,156</u>	<u>566,892</u>
Fund balance, June 30, 2018	<u>\$ 817,327</u>	<u>\$ 38,661</u>	<u>\$ 20,735,156</u>	<u>\$ 21,591,144</u>

Town of Warren, Rhode Island

Special Revenue Funds

Combining Balance Sheet

June 30, 2018

	Road Duty	Gun Buy Back	RIDot Highway Safety	WPD RI Senatorial Grant	Recycling Grant	Planning Challenge Grant
Assets						
Cash and cash equivalents	\$ -	\$ 2,000	\$ -	\$ 150	\$ 72	\$ (2,920)
Federal and state grants receivable	10,373	-	-	-	-	5,213
Due from other funds	-	-	-	-	-	-
Total assets	10,373	2,000	-	150	72	2,293
Deferred outflows of resources						
None	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 10,373	\$ 2,000	\$ -	\$ 150	\$ 72	\$ 2,293
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	17,610	-	-	-	-	4,120
Due to other funds	-	-	-	-	-	-
Total liabilities	17,610	-	-	-	-	4,120
Deferred inflows of resources						
Unearned Revenue	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances						
Restricted	-	2,000	-	150	72	-
Committed	-	-	-	-	-	-
Unassigned	(7,237)	-	-	-	-	(1,827)
Total fund balances (deficits)	(7,237)	2,000	-	150	72	(1,827)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 10,373	\$ 2,000	\$ -	\$ 150	\$ 72	\$ 2,293

Town of Warren, Rhode Island

Special Revenue Funds

Combining Balance Sheet

June 30, 2018

	Historical Cemetery Fund	Community Gardens	ACO Donations	Emergency Siren Fund	Cops That Care	Social Services Donations
Assets						
Cash and cash equivalents	\$ 400	\$ 2,317	\$ 39,683	\$ (88,639)	\$ 22	\$ 42,842
Federal and state grants receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	400	2,317	39,683	(88,639)	22	42,842
Deferred outflows of resources						
None	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 400	\$ 2,317	\$ 39,683	\$ (88,639)	\$ 22	\$ 42,842
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Deferred inflows of resources						
Unearned Revenue	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances						
Restricted	400	2,317	39,683	-	22	42,842
Committed	-	-	-	-	-	-
Unassigned	-	-	-	(88,639)	-	-
Total fund balances (deficits)	400	2,317	39,683	(88,639)	22	42,842
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 400	\$ 2,317	\$ 39,683	\$ (88,639)	\$ 22	\$ 42,842

Town of Warren, Rhode Island

Special Revenue Funds

Combining Balance Sheet

June 30, 2018

	Marijuana Grant	Beautification Donation	Senior Center	Warren Animal Rescue	Baker Street Museum	Animal Spaying
Assets						
Cash and cash equivalents	\$ -	\$ 2,867	\$ 71,494	\$ 38,874	\$ 1,475	\$ 1,200
Federal and state grants receivable	5,082	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	5,082	2,867	71,494	38,874	1,475	1,200
Deferred outflows of resources						
None	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 5,082	\$ 2,867	\$ 71,494	\$ 38,874	\$ 1,475	\$ 1,200
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	5,082	-	200	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	5,082	-	200	-	-	-
Deferred inflows of resources						
Unearned Revenue	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances						
Restricted	-	2,867	71,294	38,874	1,475	1,200
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	-	2,867	71,294	38,874	1,475	1,200
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 5,082	\$ 2,867	\$ 71,494	\$ 38,874	\$ 1,475	\$ 1,200

Town of Warren, Rhode Island

Special Revenue Funds

Combining Balance Sheet

June 30, 2018

	Police Patrol	Bicycle Grant	AFIS Live Scan Fed Grant	RI State Justice Grant	Byrnes Grant	Memorial Tree Fund	Burr's Hill Park Tennis Courts	Stormwater Permitting
Assets								
Cash and cash equivalents	\$	2,751	\$ 250	\$	(5,100)	\$ 401	\$ -	\$ (15,000)
Federal and state grants receivable		-	-		5,100	-	63,481	20,000
Due from other funds		-	-		-	-	-	-
Total assets		2,751	250		-	401	63,481	5,000
Deferred outflows of resources								
None		-	-		-	-	-	-
Total assets and deferred outflows of resources	\$	2,751	\$ 250	\$	-	\$ 401	\$ 63,481	\$ 5,000
Liabilities								
Accounts payable	\$	-	\$ -	\$	-	\$ -	\$ -	\$ -
Accrued liabilities		-	-		-		96,879	20,000
Due to other funds		-	-		-		-	-
Total liabilities		-	-		-		96,879	20,000
Deferred inflows of resources								
Unearned Revenue		-	-		-		-	-
Total deferred inflows of resources		-	-		-		-	-
Fund Balances								
Restricted		2,751	250		-	401	-	-
Committed		-	-		-	-	-	-
Unassigned		-	-		-		(33,398)	(15,000)
Total fund balances (deficits)		2,751	250		-	401	(33,398)	(15,000)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$	2,751	\$ 250	\$	-	\$ 401	\$ 63,481	\$ 5,000

Town of Warren, Rhode Island

Special Revenue Funds

Combining Balance Sheet

June 30, 2018

	Tourist Peer Review	Recreational Trails Grant	Summer Concerts	Project Playground	Rec Department Donation	Picnic Shelter
Assets						
Cash and cash equivalents	\$ 483,224	\$ (45,033)	\$ 9,502	\$ 1,661	\$ 17,069	\$ 2,101
Federal and state grants receivable	-	90,523	-	-	-	67,755
Due from other funds	-	-	-	-	-	-
Total assets	483,224	45,490	9,502	1,661	17,069	69,856
Deferred outflows of resources						
None	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 483,224	\$ 45,490	\$ 9,502	\$ 1,661	\$ 17,069	\$ 69,856
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	45,490	-	-	-	67,755
Due to other funds	-	-	-	-	-	-
Total liabilities	-	45,490	-	-	-	67,755
Deferred inflows of resources						
Unearned Revenue	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances						
Restricted	483,224	-	9,502	1,661	17,069	2,101
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	483,224	-	9,502	1,661	17,069	2,101
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 483,224	\$ 45,490	\$ 9,502	\$ 1,661	\$ 17,069	\$ 69,856

Town of Warren, Rhode Island

Special Revenue Funds

Combining Balance Sheet

June 30, 2018

	Jamiel's Park Substance Abuse		Fire Inspections	Jamiel's Park DEM Grant	Fire State Meds Plan	In-Line Skate Rink	FEMA Sandy Event	Community Development Block Grant
Assets								
Cash and cash equivalents	\$ 20,254	\$ 72,621	\$ (18,102)	\$ 9,102	\$ 8,221	\$ 94	\$ 6,653	
Federal and state grants receivable	-	-	200,000	-	-	-	180,177	
Due from other funds	-	-	-	-	-	-	-	
Total assets	20,254	72,621	181,898	9,102	8,221	94	186,830	
Deferred outflows of resources								
None	-	-	-	-	-	-	-	
Total assets and deferred outflows of resources	\$ 20,254	\$ 72,621	\$ 181,898	\$ 9,102	\$ 8,221	\$ 94	\$ 186,830	
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Accrued liabilities	598	-	187,774	-	-	-	74,294	
Due to other funds	-	-	-	-	-	-	-	
Total liabilities	598	-	187,774	-	-	-	74,294	
Deferred inflows of resources								
Unearned Revenue	-	-	-	-	-	-	-	
Total deferred inflows of resources	-	-	-	-	-	-	-	
Fund Balances								
Restricted	19,656	72,621	-	9,102	8,221	94	112,536	
Committed	-	-	-	-	-	-	-	
Unassigned	-	-	(5,876)	-	-	-	-	
Total fund balances (deficits)	19,656	72,621	(5,876)	9,102	8,221	94	112,536	
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 20,254	\$ 72,621	\$ 181,898	\$ 9,102	\$ 8,221	\$ 94	\$ 186,830	

Town of Warren, Rhode Island

Special Revenue Funds

Combining Balance Sheet

June 30, 2018

	Veterans Honor Roll	Government Center	Ship Shape	Holiday Committee	Narcotics	Employee Charity Fund	Total Special Revenue Funds
Assets							
Cash and cash equivalents	\$ 19,238	\$ 39	\$ 800	\$ -	\$ 6,460	\$ 382	\$ 689,425
Federal and state grants receivable	-	-	-	-	-	-	647,704
Due from other funds	-	-	-	-	-	-	-
Total assets	19,238	39	800	-	6,460	382	1,337,129
Deferred outflows of resources							
None	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 19,238	\$ 39	\$ 800	\$ -	\$ 6,460	\$ 382	\$ 1,337,129
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-	519,802
Due to other funds	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	519,802
Deferred inflows of resources							
Unearned Revenue	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-
Fund Balances							
Restricted	19,238	39	800	-	6,460	382	969,304
Committed	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(151,977)
Total fund balances (deficits)	19,238	39	800	-	6,460	382	817,327
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 19,238	\$ 39	\$ 800	\$ -	\$ 6,460	\$ 382	\$ 1,337,129

Town of Warren, Rhode Island
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018

	Pub Safety Road Duty	Pub Safety Gun Buy Back	Pub Safety RIDot Highway Safety	Gen Gov WPD RI Senatorial Grant	Pub Works Recycling Grant	Gen Gov Planning Challenge Grant
Revenues						
Intergovernmental	\$ 356,584	\$ -	\$ 3,115	\$ -	\$ -	\$ -
Other income	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Total revenues	356,584	-	3,115	-	-	-
Expenditures						
General government	-	-	-	-	-	-
Public safety	377,667	-	-	-	-	-
Fire safety	-	-	3,115	-	-	-
Debt service	-	-	-	-	-	-
Capital and special appropriation	-	-	-	-	-	-
Total expenditures	377,667	-	3,115	-	-	-
Excess (deficiency) of revenue over expenditures	(21,083)	-	-	-	-	-
Other financing sources (uses)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(21,083)	-	-	-	-	-
Fund Balance, June 30, 2017	13,846	2,000	-	150	72	(1,827)

Town of Warren, Rhode Island
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018

	Historical Cemetery Fund	Community Gardens	ACO Donations	Emergency Siren Fund	Cops That Care	Social Services Donations
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	3,354	-	-	25,500
Investment income	-	-	-	-	-	-
Total revenues	-	-	3,354	-	-	25,500
Expenditures						
General government	-	-	-	-	-	116
Public safety	-	-	-	88,639	-	-
Fire safety	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital and special appropriation	-	-	-	-	-	-
Total expenditures	-	-	-	88,639	-	116
Excess (deficiency) of revenue over expenditures	-	-	3,354	(88,639)	-	25,384
Other financing sources (uses)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	3,354	(88,639)	-	25,384
Fund Balance, June 30, 2017	400	2,317	36,329	-	22	17,458
Fund Balance, June 30, 2018	\$ 400	\$ 2,317	\$ 39,683	\$ (88,639)	\$ 22	\$ 42,842

Town of Warren, Rhode Island
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018

	Marijuana Grant	Beautification Donation	Senior Center	Warren Animal Rescue	Baker Street Museum	Animal Spaying
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	(505)	48,764	2,859	-	183
Investment income	-	-	-	-	-	-
Total revenues	-	(505)	48,764	2,859	-	183
Expenditures						
General government	-	-	39,631	9,423	-	-
Public safety	-	-	-	-	-	-
Fire safety	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital and special appropriation	-	-	-	-	-	-
Total expenditures	-	-	39,631	9,423	-	-
Excess (deficiency) of revenue over expenditures	-	(505)	9,133	(6,564)	-	183
Other financing sources (uses)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(505)	9,133	(6,564)	-	183
Fund Balance, June 30, 2017	-	3,372	62,161	45,438	1,475	1,017
Fund Balance, June 30, 2018	\$ -	\$ 2,867	\$ 71,294	\$ 38,874	\$ 1,475	\$ 1,200

Town of Warren, Rhode Island
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018

	Police Patrol	Bicycle Grant	AFIS Live Scan Fed Grant	RI State Justice Grant	Byrnes Memorial Tree Fund	Burr's Hill Park Tennis Courts	Stormwater Permitting
Revenues							
Intergovernmental	\$ -		\$ -	\$ 7,680	\$ -	\$ -	\$ -
Other income	-		-	-	-	-	-
Investment income	-		-	-	-	-	-
Total revenues	-	-	-	7,680	-	-	-
Expenditures							
General government	-		-	-	-	33,398	-
Public safety	-		-	7,680	-	-	-
Fire safety	-		-	-	-	-	-
Debt service	-		-	-	-	-	-
Capital and special appropriation	-		-	-	-	-	-
Total expenditures	-	-	-	7,680	-	33,398	-
Excess (deficiency) of revenue over expenditures	-	-	-	-	-	(33,398)	-
Other financing sources (uses)							
Transfers In	-		-	-	-	-	-
Transfers Out	-		-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-	(33,398)	-
Fund Balance, June 30, 2017	2,751	250	-	-	401	-	(15,000)
Fund Balance, June 30, 2018	\$ 2,751	\$ 250	\$ -	\$ -	\$ 401	\$ (33,398)	\$ (15,000)

Town of Warren, Rhode Island
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018

	Tourist Peer Review	Recreational Trails Grant	Summer Concerts	Project Playground	Rec Department Donation	Picnic Shelter
Revenues						
Intergovernmental	\$ 542,946	\$ -	\$ -	\$ -	\$ -	\$ 62,790
Other income	-	-	6,300	-	12,815	-
Investment income	-	-	-	-	-	-
Total revenues	542,946	-	6,300	-	12,815	62,790
Expenditures						
General government	65,520	-	3,392	763	10,468	-
Public safety	-	-	-	-	-	-
Fire safety	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital and special appropriation	-	-	-	-	-	-
Total expenditures	65,520	-	3,392	763	10,468	-
Excess (deficiency) of revenue over expenditures	477,426	-	2,908	(763)	2,347	62,790
Other financing sources (uses)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	477,426	-	2,908	(763)	2,347	62,790
Fund Balance, June 30, 2017	5,798	-	6,594	2,424	14,722	(60,689)
Fund Balance, June 30, 2018	\$ 483,224	\$ -	\$ 9,502	\$ 1,661	\$ 17,069	\$ 2,101

Town of Warren, Rhode Island
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018

	Jamiel's Park		Jamiel's Park	Fire State	In-Line Skate	FEMA Sandy	Community
	Substance	Fire	Jamiel's Park	Fire State	In-Line Skate	FEMA Sandy	Community
	Abuse	Inspections	DEM Grant	Meds Plan	Rink	Event	Development
							Block Grant
Revenues							
Intergovernmental	\$ 14,822	\$ -	\$ -	\$ -	\$ 13,400	\$ -	\$ -
Other income	-	77,225	-	-	-	-	-
Investment income	-	-	-	-	-	-	-
Total revenues	14,822	77,225	-	-	13,400	-	-
Expenditures							
General government	8,782	-	-	-	5,179	-	-
Public safety	-	-	-	-	-	-	-
Fire safety	-	6,500	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital and special appropriation	-	-	-	-	-	-	-
Total expenditures	8,782	6,500	-	-	5,179	-	-
Excess (deficiency) of revenue over expenditures	6,040	70,725	-	-	8,221	-	-
Other financing sources (uses)							
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	6,040	70,725	-	-	8,221	-	-
Fund Balance, June 30, 2017	13,616	1,896	(5,876)	9,102	-	94	112,536
Fund Balance, June 30, 2018	\$ 19,656	\$ 72,621	\$ (5,876)	\$ 9,102	\$ 8,221	\$ 94	\$ 112,536

Town of Warren, Rhode Island
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018

	Veterans Honor Roll	Government Center	Ship Shape	Holiday Committee	Narcotics	Employee Charity Fund	Total Special Revenue Funds
Revenues							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 2,056	\$ -	\$ 1,003,393
Other income	-	-	-	4,204	-	35	180,734
Investment income	-	-	-	-	-	-	-
Total revenues	-	-	-	4,204	2,056	35	1,184,127
Expenditures							
General government	-	220	-	4,204	-	-	181,096
Public safety	-	-	-	-	2,427	-	476,413
Fire safety	-	-	-	-	-	-	9,615
Debt service	-	-	-	-	-	-	-
Capital and special appropriation	-	-	-	-	-	-	-
Total expenditures	-	220	-	4,204	2,427	-	667,124
Excess (deficiency) of revenue over expenditures	-	(220)	-	-	(371)	35	517,003
Other financing sources (uses)							
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(220)	-	-	(371)	35	517,003
Fund Balance, June 30, 2017	19,238	259	800	-	6,831	347	300,324
Fund Balance, June 30, 2018	\$ 19,238	\$ 39	\$ 800	\$ -	\$ 6,460	\$ 382	\$ 817,327

Town of Warren, Rhode Island

Capital Project Funds

Combining Balance Sheet

June 30, 2018

	RI Infrastructure Bank Bond 2016	Total
Assets		
Cash and cash equivalents	\$ 231,156	\$ 231,156
Due from other funds	-	-
Total assets	<u>231,156</u>	<u>231,156</u>
Deferred outflows of resources		
None	-	-
Total assets and deferred outflows of resources	<u>\$ 231,156</u>	<u>\$ 231,156</u>
Liabilities		
Accounts Payable and Accrued Expense	\$ -	\$ -
Due to Other funds	-	-
Total liabilities	<u>-</u>	<u>-</u>
Deferred inflows of resources		
None	-	-
Fund Balances		
Restricted	231,156	231,156
Assigned	-	-
Unassigned	-	-
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 231,156</u>	<u>\$ 231,156</u>

Town of Warren, Rhode Island
Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018

	RI Infrastructure Bank Bond 2016	Total
Revenues		
Federal and state grants	\$ -	\$ -
Other	-	-
Total revenues	-	-
Expenditures		
Public works	-	-
Capital and special appropriations	-	-
Total expenditures	-	-
Excess (deficiency) of revenue over expenditures	-	-
Other financing sources (uses)		
Bond proceeds	-	-
Transfer from (to) other funds	-	-
Total other financing sources (uses)	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-
Fund Balance, July 1, 2017	231,156	231,156
Fund Balance, June 30, 2018	\$ 231,156	\$ 231,156

Town of Warren, Rhode Island

Permanent Funds

Combining Balance Sheets

June 30, 2018

	Document Preservation	Police Trust	Sara B Buris	Total Permanent Funds
Assets				
Cash	\$ 13,995	\$ 3,076	\$ -	\$ 17,071
Investments	-	-	21,590	21,590
Due from state or federal government	-	-	-	-
Total assets	13,995	3,076	21,590	38,661
Deferred Outflows of Resources				
None	-	-	-	-
Total assets and deferred outflows of resources	\$ 13,995	\$ 3,076	\$ 21,590	\$ 38,661
Liabilities				
Accounts payable	-	-	-	-
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Deferred Inflows of Resources				
None	-	-	-	-
Total deferred inflow of resources	-	-	-	-
Fund balances (deficits), restricted	13,995	3,076	21,590	38,661
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 13,995	\$ 3,076	\$ 21,590	\$ 38,661

Town of Warren, Rhode Island

Permanent Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2018

	<u>Document Preservation</u>	<u>Police Trust</u>	<u>Sara B Buris</u>	<u>Total Permanent Funds</u>
Revenues				
Licenses, fees, permits and fines	\$ 15,237	\$ -	-	15,237
Investment income	-	-	989	989
Total revenues	<u>15,237</u>	<u>-</u>	<u>989</u>	<u>16,226</u>
Expenditures				
General government	8,236	-	4,736	12,972
Public safety	-	5	-	5
Fire safety				
Capital and special appropriations	-	-	-	-
Total expenditures	<u>8,236</u>	<u>5</u>	<u>4,736</u>	<u>12,977</u>
Excess (deficiency) of revenue over expenditures	7,001	(5)	(3,747)	3,249
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	7,001	(5)	(3,747)	3,249
Fund balance, July 1, 2017	<u>6,994</u>	<u>3,081</u>	<u>25,337</u>	<u>35,412</u>
Fund balance, June 30, 2018	<u>\$ 13,995</u>	<u>\$ 3,076</u>	<u>\$ 21,590</u>	<u>\$ 38,661</u>

Private Purpose Trusts

Town of Warren, Rhode Island

For the Year Ended June 30, 2018

Private-Purpose Trust Funds:

These trust funds account for gifts and bequests restricted as to use for the benefit of parties outside of the Town and cannot be used at the Town's discretion or to support the Town's general operations. Certain trusts benefit local educational organizations, social benefit groups, and other private parties.

Town of Warren, Rhode Island

Private Purpose Trust Funds

Combining Statement of Net Position

June 30, 2018

	Samuel P Colt	Joseph Martin Fund	Abby A Cole Fund	Alyum Farm Fund	Joseph W Smith Fund	C Richard Gardner Fund	Total
Assets							
Investments	\$ 120,903	\$ 86,359	\$ 30,225	\$ 56,134	\$ 99,313	17,272	\$ 410,206
Total assets	<u>\$ 120,903</u>	<u>\$ 86,359</u>	<u>\$ 30,225</u>	<u>\$ 56,134</u>	<u>\$ 99,313</u>	<u>\$ 17,272</u>	<u>\$ 410,206</u>
Liabilities							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net position							
Restricted for other purposes	<u>120,903</u>	<u>86,359</u>	<u>30,225</u>	<u>56,134</u>	<u>99,313</u>	<u>17,272</u>	<u>410,206</u>
Total liabilities and net position	<u>\$ 120,903</u>	<u>\$ 86,359</u>	<u>\$ 30,225</u>	<u>\$ 56,134</u>	<u>\$ 99,313</u>	<u>\$ 17,272</u>	<u>\$ 410,206</u>

Town of Warren, Rhode Island
Private Purpose Trust Funds
Combining Statement of Changes in Net Position
For the Year Ended June 30, 2018

	Samuel P Colt	Joseph Martin Fund	Abby A Cole Fund	Alyum Farm Fund	Joseph W Smith Fund	C Richard Gardner Fund	Total
Additions							
Donations	\$ 5,537	\$ 3,955	\$ 1,384	\$ 2,572	\$ 4,566	\$ 791	\$ 18,805
Investment Income	-	-	-	-	-	-	-
Total additions	<u>5,537</u>	<u>3,955</u>	<u>1,384</u>	<u>2,572</u>	<u>4,566</u>	<u>791</u>	<u>18,805</u>
Deductions							
Social services	<u>26,524</u>	<u>18,946</u>	<u>6,631</u>	<u>12,315</u>	<u>21,787</u>	<u>3,789</u>	<u>89,992</u>
Total deductions	<u>26,524</u>	<u>18,946</u>	<u>6,631</u>	<u>12,315</u>	<u>21,787</u>	<u>3,789</u>	<u>89,992</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(20,987)	(14,991)	(5,247)	(9,743)	(17,221)	(2,998)	(71,187)
Fund balance, July 1, 2017	<u>141,890</u>	<u>101,350</u>	<u>35,472</u>	<u>65,877</u>	<u>116,534</u>	<u>20,270</u>	<u>481,393</u>
Fund balance, June 30, 2018	<u>\$ 120,903</u>	<u>\$ 86,359</u>	<u>\$ 30,225</u>	<u>\$ 56,134</u>	<u>\$ 99,313</u>	<u>\$ 17,272</u>	<u>\$ 410,206</u>

Agency Funds

Town of Warren, Rhode Island

For the Year Ended June 30, 2018

Agency Funds:

These funds account for assets on behalf of other on a temporary basis.

Performance Bonds - accounts for monies held by the Town while contractors perform expected duties.

Town of Warren, Rhode Island

Agency Funds

Statement of Changes in Assets and Liabilities

For the Year Ended June 30, 2018

	Performance Bonds	Total
Assets		
Cash	14,860	\$ 14,860
Due from other funds	-	-
Total assets	\$ 14,860	\$ 14,860
Liabilities		
Accounts payable and accrued expenses	\$ -	\$ -
Due to Other Funds	-	-
Deposits Held in Custody	14,860	14,860
Total liabilities	\$ 14,860	\$ 14,860
	Performance Bonds	Total
Additions		
Other	\$ 15	\$ 15
Total revenue	15	15
Deductions		
Public Safety	-	-
Education	-	-
Parks, recreation, and other	-	-
Total expenditures	-	-
Other Financing Sources (Uses)		
Transfers in	-	-
Transfers out	-	-
Excess of Revenues and Other Sources		
Over Expenditures and Other Uses	15	15
Fund balance, July 1, 2017	14,845	14,845
Fund balance, June 30, 2018	\$ 14,860	\$ 14,860

Town of Warren, Rhode Island

Supplementary Information

Tax Collector's Annual Report

For the Year Ended June 30, 2018

Tax Year	Balance July 1, 2017	Assessments December 31, 2016	Additions	Adjustments/ Abatements	Amount to be collected	Current Year Collections	Balance June 30, 2018	July - August 2017			July - August 2018	
								Collections Subject to 60-day FY17 Accrual	September- June-18 Collections	Total FY18 Collections	Collections Subject to 60-day FY18 Accrual	
2017	\$ -	\$ 23,878,719	\$ 24,075	\$ (106,316)	\$ 23,796,478	\$ 23,544,463	\$ 252,015	\$ -	\$ 23,544,463	\$ 23,544,463	\$ 77,118	
2016	309,941	-	-	(3,154)	306,787	247,692	59,095	91,827	155,864	247,692	4,076	
2015	67,280	-	-	(795)	66,485	15,180	51,305	4,354	10,826	15,180	1,129	
2014	48,545	-	-	(2,413)	46,132	3,901	42,231	589	3,312	3,901	924	
2013	45,236	-	-	(2,181)	43,055	2,618	40,437	1,025	1,593	2,618	124	
2012	39,195	-	-	(2,275)	36,920	2,107	34,813	268	1,839	2,107	57	
2011	43,804	-	-	(2,583)	41,221	912	40,309	301	611	912	127	
2010	43,960	-	-	(1,543)	42,417	1,421	40,996	275	1,146	1,421	252	
2009	24,781	-	-	(1,036)	23,745	1,971	21,774	1,261	710	1,971	-	
2008 and prior	94,041	-	-	(661)	93,380	2,033	91,347	1,063	970	2,033	46	
	\$ 716,783	\$ 23,878,719	\$ 24,075	\$ (122,957)	\$ 24,496,620	\$ 23,822,298	\$ 674,322	\$ 100,964	\$ 23,721,334	\$ 23,822,298	\$ 83,854	

Allowance for Uncollectible Accounts \$ (332,266)

Net Property Tax Receivable \$ 342,056.00

Schedule of Most Recent Net Assessed Property Value by Category:

<u>Description of Property</u>	<u>Valuation</u>	<u>Levy</u>
Real Property	\$ 1,165,731,694	\$ 21,927,413
Motor Vehicles	91,193,446	2,371,030
Tangible	<u>30,780,800</u>	<u>578,987</u>
Total	1,287,705,940	24,877,430
Exemptions	<u>47,575,546</u>	<u>998,711</u>
Net assessed value	<u>\$ 1,240,130,394</u>	<u>\$ 23,878,719</u>

Town of Warren, Rhode Island
Supplementary Information
Annual Supplemental Transparency Portal (MTP2)
For the Year Ended June 30, 2018

OTHER SUPPLEMENTARY INFORMATION

The Annual Supplemental Transparency Report Schedules
required by the State of Rhode Island General Law § 45-12-22.2 and § 44-35-10

Annual Supplemental Transparency Report (MTP2) - Revenue

Annual Supplemental Transparency Report (MTP2) – Expenditures

Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Municipal

Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Education
Department

Notes to Supplementary Information – Annual Supplemental Transparency Report (MTP2)

Town of Warren, Rhode Island
 Supplementary Information
 Annual Supplemental Transparency Portal (MTP2)
 For the Year Ended June 30, 2018

<u>REVENUE</u>	<u>Municipal</u>
Current Year Levy Tax Collection	\$ 23,250,976
Last Year's Levy Tax Collection	247,692
Prior Years Property Tax Collection	30,143
Interest & Penalty	201,194
PILOT & Tax Treaty (excluded from levy) Collection	142,311
Other Local Property Taxes	-
Licenses and Permits	782,207
Fines and Forfeitures	74,884
Investment Income	31,842
Departmental	65,865
Rescue Run Revenue	559,441
Police & Fire Detail	433,834
Other Local Non-Property Tax Revenues	89,646
Tuition	-
Impact Aid	-
Medicaid	-
Federal Stabilization Funds	-
Federal Food Service Reimbursement	-
CDBG	-
COPS Grants	-
SAFER Grants	-
Other Federal Aid Funds	-
MV Excise Tax Reimbursement & Phase-out	374,205
State PILOT Program	-
Distressed Community Relief Fund	-
Library Resource Aid	-
Library Construction Aid	-
Public Service Corporation Tax	133,129
Meals & Beverage Tax / Hotel Tax	320,386
LEA Aid	-
Group Home	-
Housing Aid Capital Projects	-
Housing Aid Bonded Debt	-
State Food Service Revenue	-
Incentive Aid	-
Property Revaluation Reimbursement	-
Other State Revenue	-
Other Revenue	99,779
Local Appropriation for Education	-
Regional Appropriation for Education	-
Supplemental Appropriation for Education	-
Regional Supplemental Appropriation for Education	-
Other Education Appropriation	-
Rounding	-
Total Revenue	\$ 26,837,534
Financing Sources: Transfer from Capital Funds	\$ -
Financing Sources: Transfer from Other Funds	-
Financing Sources: Debt Proceeds	5,694,942
Financing Sources: Other	-
Rounding	-
Total Other Financing Sources	\$ 5,694,942

See independent auditor's report

Town of Warren, Rhode Island

Supplementary Information

Annual Supplemental Transparency Portal (MTP2)

For the Year Ended June 30, 2018

<u>EXPENDITURES</u>	General Government	Finance	Social Services	Centralized IT	Planning	Libraries	Public Works	Parks and Rec	Police Department
Compensation- Group A	\$ 416,004	\$ 226,996	\$ 52,260	\$ -	\$ 169,793	\$ -	\$ 1,258,299	\$ 61,319	\$ 1,584,098
Compensation - Group B	-	-	-	-	-	-	-	-	-
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	739	-	-	-	-	-	31,660	-	256,767
Overtime - Group B	-	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	377,667
Active Medical Insurance - Group A	98,889	65,926	16,481	-	49,444	-	362,592	-	395,555
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	-
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	6,383	4,256	1,064	-	3,192	-	23,406	-	25,533
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	-
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	36,905	20,102	4,628	-	15,036	-	114,234	5,430	163,020
Life Insurance	1,312	874	219	-	656	-	4,810	-	5,247
State Defined Contribution- Group A	4,160	2,770	523	-	1,698	-	13,667	-	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	-	-	-	-	-	-	187,501
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	48,841	25,832	5,947	-	19,322	-	148,194	-	412,494
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	159,420	79,335	1,872	-	26,250	-	28,034	-	37,885
Materials/Supplies	23,202	8,183	15,980	-	9,702	-	58,228	7,176	60,352
Software Licenses	-	19,507	-	-	6,100	-	-	-	14,926
Capital Outlays	2,291,203	-	-	-	-	-	98,686	-	-
Insurance	609,530	-	-	-	-	-	-	-	-
Maintenance	10,996	7,331	2,798	-	7,331	-	2,756	-	35,229
Vehicle Operations	-	-	-	-	-	-	180,110	-	55,715
Utilities	14,410	9,607	-	-	9,607	-	35,950	13,143	32,367
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	228,383	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	40,078	-	-
Trash Removal & Recycling	-	-	-	-	-	-	506,108	-	-
Claims & Settlements	-	-	-	-	-	-	-	-	-
Community Support	42,800	-	-	-	-	-	-	-	-
Other Operation Expenditures	80,096	36,749	3,136	-	2,224	257,548	1,369,176	-	18,266
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 3,844,890	\$ 507,468	\$ 104,908	\$ -	\$ 320,355	\$ 257,548	\$ 4,504,371	\$ 87,068	\$ 3,662,622

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Town of Warren, Rhode Island
Supplementary Information
Annual Supplemental Transparency Portal (MTP2)
For the Year Ended June 30, 2018

<u>EXPENDITURES</u>	<u>Fire</u>	<u>Centralized</u>	<u>Public Safety</u>	<u>Education</u>	<u>Debt</u>	<u>OPEB</u>	<u>Total</u>
	<u>Department</u>	<u>Dispatch</u>	<u>Other</u>	<u>Appropriation</u>			<u>Municipal</u>
Compensation- Group A	\$ 79,496	\$ 258,246	\$ 85,255	\$ -	\$ -	\$ -	\$ 4,191,766
Compensation - Group B	40,995	-	-	-	-	-	40,995
Compensation - Group C	-	-	-	-	-	-	-
Compensation -Volunteer	194,780	-	-	-	-	-	194,780
Overtime- Group A	-	22,699	1,934	-	-	-	313,799
Overtime - Group B	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	377,667
Active Medical Insurance - Group A	8,241	82,407	16,481	-	-	-	1,096,016
Active Medical Insurance- Group B	8,241	-	-	-	-	-	8,241
Active Medical Insurance- Group C	-	-	-	-	-	-	-
Active Dental Insurance- Group A	532	5,319	1,064	-	-	-	70,749
Active Dental Insurance- Group B	532	-	-	-	-	-	532
Active Dental Insurance- Group C	-	-	-	-	-	-	-
Payroll Taxes	10,670	24,879	7,721	-	-	-	402,625
Life Insurance	219	1,093	219	-	-	-	14,649
State Defined Contribution- Group A	-	2,582	853	-	-	-	26,253
State Defined Contribution - Group B	410	-	-	-	-	-	410
State Defined Contribution - Group C	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	-	-	-	-	187,501
Other Benefits- Group B	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-
State Defined Benefit Pension - Group A	20,008	29,388	9,702	-	-	-	719,728
State Defined Benefit Pension - Group B	4,665	-	-	-	-	-	4,665
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-
Purchased Services	88,704	-	-	-	-	-	421,500
Materials/Supplies	157,105	-	-	-	-	-	339,928
Software Licenses	-	-	-	-	-	-	40,533
Capital Outlays	-	-	-	-	-	-	2,389,889
Insurance	-	-	-	-	-	-	609,530
Maintenance	73,019	-	3,000	-	-	-	142,460
Vehicle Operations	60,183	-	-	-	-	-	296,008
Utilities	16,184	-	-	-	-	-	131,268
Contingency	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	228,383
Revaluation	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	40,078
Trash Removal & Recycling	-	-	-	-	-	-	506,108
Claims & Settlements	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	42,800
Other Operation Expenditures	22,307	-	24,978	-	-	-	1,814,480
Local Appropriation for Education	-	-	-	10,463,672	-	-	10,463,672
Regional Appropriation for Education	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	1,323,965	-	1,323,965
Municipal Debt- Interest	-	-	-	-	407,430	-	407,430
School Debt- Principal	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	206,427	206,427
Retiree Dental Insurance- Total	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-
Total Expenditures	\$ 786,291	\$ 426,613	\$ 151,207	\$ 10,463,672	\$ 1,731,395	\$ 206,427	\$ 27,054,835

Financing Uses: Transfer to Capital Funds	\$ -
Financing Uses: Transfer to Other Funds	-
Financing Uses: Payment to Bond Escrow Agent	-
Financing Uses: Other	-
Total Other Financing Uses	\$ -
Net Change in Fund Balance¹	5,477,641
Fund Balance¹- beginning of year	\$11,693,386
Funds removed from Reportable Government Services (RGS)	-
Funds added to Reportable Government Services (RGS)	-
Prior period adjustments	-
Misc. Adjustment	-
Fund Balance¹ - beginning of year adjusted	11,693,386
Rounding	-
Fund Balance¹ - end of year	\$ 17,171,027

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

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Town of Warren, Rhode Island
 Supplementary Information
 Annual Supplemental Transparency Portal (MTP2)
 For the Year Ended June 30, 2018

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ² (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ² (Deficit)	Ending Fund Balance ² (Deficit)
General Fund	\$ 26,480,950	\$ 5,694,942	\$ 26,631,194	\$ 45,974	\$ 5,498,724	\$ 11,679,540	\$ -	\$ 11,679,540	\$ 17,178,264
Road Duty	356,584	-	377,667	-	(21,083)	129,700	-	129,700	108,617
Totals per audited financial statements	\$ 26,837,534	\$ 5,694,942	\$ 27,008,861	\$ 45,974	\$ 5,477,641	\$ 11,809,240	\$ -	\$ 11,809,240	\$ 17,286,881
<u>Reconciliation from financial statements to MTP2</u>									
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	\$ 26,837,534	\$ 5,694,942	\$ 27,054,835	\$ -	\$ 5,477,641	\$ 11,693,386	\$ -	\$ 11,693,386	\$ 17,171,027

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

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Town of Warren, Rhode Island
Supplementary Information
Annual Supplemental Transparency Portal (MTP2)
For the Year Ended June 30, 2018

Notes to Supplementary Information – *Annual Supplemental Transparency Report (MTP2)*

NOTE 1. Basis of Presentation

The *Annual Supplemental Transparency Report (MTP2)* is a supplemental schedule required by the State of Rhode Island General Laws 45-12-22.2 and 44-35-10. This supplementary schedule included within the audit report is part of a broader project to create a municipal transparency portal (MTP) website to host municipal financial information in a centralized location.

The format of the *Annual Supplemental Transparency Report (MTP2)* was prescribed by the State Department of Revenue (Division of Municipal Finance), Office of the Auditor General, and the Department of Education.

NOTE 2. Reportable Government Services

Data consistency and comparability are among the key objectives of the State’s Municipal Transparency portal. Consistent with that goal, the State has defined “reportable government services”, RGS, to include those operational revenues, expenditures, and transfers related to activities which are essential to the achievement of municipal operations. The determination of RGS may be different from the activities included within the legally adopted budget of the municipality. In practice, some communities report certain RGS in separate funds (e.g., special revenue funds, enterprise funds) rather than the municipality’s general fund. The *Annual Supplemental Transparency Report (MTP2)* includes a reconciliation to the fund level statements.

NOTE 3. Allocations

The State reporting requires expenditures to be reported by departments, as defined by the State. Some of the departmental groupings are not consistent with the departments reflected in the City’s (or Town’s) budget and accounting system. To report these costs, the City (or Town) made allocations of costs to the State’s departmental groupings based on a reasonable basis.

NOTE 4. Employee Groups - Compensation and Benefit Costs

Compensation includes salaries, longevity, stipends, clothing allowance/maintenance, shift differential, out-of-rank, holiday pay and bonuses.

For Public Safety departments (i.e., police, fire, and centralized dispatch) and the Education Department, compensation and most benefits costs are reported in the following employee groupings:

Group A: This group consists of employees who serve the primary function of the department.

- Police Department - police officers (e.g., uniform personnel - including, leadership positions)
- Fire Department - fire fighters (e.g., uniform personnel - including, leadership positions)
- Centralized Dispatch Department - civilian dispatchers only
- Education Department - professional staff providing direct services to students
- For the remaining departments - all employees’ compensation and benefits are reported under Group A

Group B: For Police and Fire Departments, compensation and benefits paid to its administrative employees and civilian dispatch employees are reported under Group B. The Education Department reports compensation and benefits paid to executive/mid-level educational administration employees under Group B.

Group C: This group is only used for the Education Department and it includes administrative and support staff.

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Town of Warren, Rhode Island
Supplementary Information
Annual Supplemental Transparency Portal (MTP2)
For the Year Ended June 30, 2018

NOTE 4. Employee Groups - Compensation and Benefit Costs (Continued)

Other post-employment benefits (OPEB) are not reported by employee groups on the MTP2. They are reported in total as either (1) contributions to a qualified OPEB trust or (2) the amount paid for medical and dental insurance for retirees when an OPEB trust fund has not been established. The detail employee group information for the Education Department can be found on the State's Municipal Transparency portal website.

NOTE 5. Education Revenue and Expenditures

The revenues and expenditures presented on the MTP2 under the Education Department is consistent with existing Uniform Chart of Accounts (UCOA) guidelines. Each MTP account code has been mapped to the corresponding UCOA code or group of UCOA codes to facilitate the preparation of the MTP reporting.

Additional guidance and definitions regarding the State's Municipal Transparency Portal can be found on the State Division of Municipal Finance website: <http://www.municipalfinance.ri.gov/>.

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Independent Auditor's Report on Internal Control Over Financial Reporting and On
Compliance And Other Matters Based On An Audit Of Financial Statements
Performed In Accordance With *Government Auditing Standards*

The Honorable Town Council
Town of Warren
Warren, Rhode Island

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Warren (Town), as of and for the year fiscal ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 28, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hague, Sahady & Co., CPA's, P.C.

Fall River, Massachusetts
March 28, 2019

See independent auditor's report