



Town of West Warwick, Rhode Island

**Annual Financial Statements
For the Fiscal Year Ended June 30, 2016**



Frederick J. Presley, Town Manager

John T. Cimino, Finance Director

TOWN OF WEST WARWICK

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

YEAR ENDED JUNE 30, 2016

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YEAR ENDED JUNE 30, 2016

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(CONCLUDED)

TOWN OF WEST WARWICK, RHODE ISLAND



TOWN COUNCIL

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

TOWN MANAGER

Frederick J. Presley

SCHOOL COMMITTEE

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

DEPARTMENT DIRECTORS & OFFICIALS

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

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TOWN OF WEST WARWICK

FINANCIAL SECTION

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

INDEPENDENT AUDITORS' REPORT

To the Honorable Members of the
Town Council
Town of West Warwick, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of West Warwick, Rhode Island as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of West Warwick, Rhode Island, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of budgetary comparison information, Funding Progress for OPEB Plan, Changes in Net Pension Liability and Related Ratios, and Employer Contributions, Investment Returns, and Employer's Net Pension Liability on pages 4 through 12, and pages 82 through 91 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual non-major fund statements, Annual Supplemental Transparency Report and accompanying notes and Schedule of Property Taxes Receivable are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund statements, Annual Supplemental Transparency Report and accompanying notes and Schedule of Property Taxes Receivable are fairly stated in all material respects in relation to the basic financial statements as a whole.

The List of Town Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2017, on our consideration of the Town of West Warwick, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of West Warwick, Rhode Island's internal control over financial reporting and compliance.

Marcum LLP

Providence, Rhode Island
February 15, 2017

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TOWN OF WEST WARWICK, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2016

As management of the Town of West Warwick, we offer readers of the Town of West Warwick's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the Town's financial statements that follow this section.

Financial Highlights

- ❖ The Town's government-wide net position decreased by \$4,902,670 as a result of this year's current operations. Most of this decrease was due to the increases in the Town long-term obligations such as the net pension liability (along with related deferred inflows and outflows of resources) totaling \$5,024,139 and the net OPEB obligation of \$622,115. On a government-wide basis the liabilities and deferred inflows of resources exceeded the Town's assets and deferred outflows of resource creating a net position deficiency of \$99,058,591. Net position of the business-type activities increased by \$739,322, while the net position of Governmental Activities decreased by \$5,641,992.
- ❖ The Town's Government-wide (governmental and business-type activities) operating expenses were \$129,244,818, while revenues collected were \$124,342,148.
- ❖ As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$14,185,332. 0.4% of this amount, \$57,733 is unassigned and available for use within the Town's designation and fiscal policies.
- ❖ At the end of the current fiscal year, the General Fund's unassigned fund balance was \$453,494 or 0.5% of the total General Fund budgetary expenditures for the fiscal year. In accordance with generally accepted accounting principles (GAAP), the current fiscal year's expenditures and transfers exceeded revenues and transfers by \$1,052,487. As of June 30, 2016, the General Fund's committed fund balance was \$994,361 or 1.1% of the fiscal 2016 General Fund operating budget. The Town Council, as the highest level of authority, can elect to remove the commitment which was placed on this \$994,361 fund balance amount and make the funds available for general operating costs of the Town.

Overview of the Financial Statements

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

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

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

TOWN OF WEST WARWICK, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2016

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

The *Statement of Net Position* presents information on all of the Town's assets, deferred outflow of resources, liabilities, and deferred inflow of resources with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information which shows how the Town's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods. Examples are uncollected taxes and earned but unused compensated absences.

Both of the government-wide financial statements distinguish functions of the Town of West Warwick, which are supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Town's governmental activities include general government, public safety, public works, public assistance, development, recreation, public libraries, education, senior center activities, and interest on long-term debt. The business-type activities of the Town include the West Warwick Wastewater Authority, Municipal Court, and the School Lunch Program.

The government-wide financial statements are reported on Pages 13 through 14.

Fund financial statements - A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of West Warwick, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories-governmental funds and proprietary funds.

Governmental Funds - Governmental Funds (Pages 15-18) are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of West Warwick maintains governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, School Unrestricted Fund, and Debt Service Fund which are considered to be major funds. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements which can be found in the supplementary information section of the audited financial statements.

TOWN OF WEST WARWICK, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2016

Proprietary Funds - The Town of West Warwick's Proprietary Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town has five Enterprise Funds. The Wastewater Authority accounts for the Town's Wastewater system. The Municipal Court collects and levies fines and fees. The School Lunch Program which accounts for the activity of the School's food service program. The Civic Center collects admission and concession stand revenues at the Town-owned venue. The Renewable Energy Efficiency is still under construction, but upon completion will provide clean energy to the Town's properties.

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

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

The proprietary fund financial statements are presented on Pages 19 through 22.

Fiduciary Funds - Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are *not* reflected in the government-wide financial statement because resources of those funds are *not* available to support the Town of West Warwick's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

The Fiduciary Fund financial statements can be found on Pages 23 through 24.

Notes to Financial Statements -The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are presented on Pages 25 through 81.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information pertinent to the Town of West Warwick's operations. Required Supplementary information is presented on Pages 82 through 91.

The combining statements referred to earlier in connection with non-major governmental funds and fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules are presented on Pages 92 through 106.

In addition, the Town was part of a pilot group of municipalities that worked with the State Department of Revenue in Fiscal 2016 to initiate reporting in accordance with the State's new transparency portal. The schedules related to these new State reporting requirements can be found on Pages 107 through 115.

Government-wide Financial Analysis

As noted earlier, over time net position may serve as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the case of the Town of West Warwick, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$99,540,173 as of June 30, 2016.

TOWN OF WEST WARWICK, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2016

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

TOWN OF WEST WARWICK, RHODE ISLAND
NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2016	(Restated) 2015	2016	2015	2016	(Restated) 2015
ASSETS						
Current assets	\$ 20,614,507	\$ 21,243,659	\$ 13,878,956	\$ 10,008,352	\$ 34,493,463	\$ 31,252,011
Noncurrent assets	46,476,006	41,884,630	83,984,101	66,184,955	130,460,107	108,069,585
Total Assets	<u>67,090,513</u>	<u>63,128,289</u>	<u>97,863,057</u>	<u>76,193,307</u>	<u>164,953,570</u>	<u>139,321,596</u>
Deferred Outflows of Resources	16,000,750	4,216,419	346,575	58,238	16,347,325	4,274,657
LIABILITIES						
Current liabilities	7,084,756	8,112,360	21,549,539	5,576,720	28,634,295	13,689,080
Noncurrent liabilities	215,083,080	192,389,730	32,609,388	27,363,442	247,692,468	219,753,172
Total Liabilities	<u>222,167,836</u>	<u>200,502,090</u>	<u>54,158,927</u>	<u>32,940,162</u>	<u>276,326,763</u>	<u>233,442,252</u>
Deferred Inflows of Resources	4,032,723	4,309,922	-	-	4,032,723	4,309,922
NET POSITION						
Net Investment in Capital Assets	20,250,393	21,941,246	34,537,983	37,130,722	54,788,376	59,071,968
Restricted	7,568,083	1,878,134	-	-	7,568,083	1,878,134
Unrestricted	(170,927,772)	(161,286,684)	9,512,722	6,180,661	(161,415,050)	(155,106,023)
Total Net Position	<u>\$ (143,109,296)</u>	<u>\$ (137,467,304)</u>	<u>\$ 44,050,705</u>	<u>\$ 43,311,383</u>	<u>\$ (99,058,591)</u>	<u>\$ (94,155,921)</u>

The Town's net position includes \$54,788,376 invested in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire these assets that are still outstanding and any restricted cash still remaining on these debt obligations. The Town uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Town's negative unrestricted net position of \$161,415,050 at June 30, 2016 is primarily attributable to the legacy costs related to unfunded pension liabilities and OPEB obligations which totaled approximately \$183,000,000 at June 30, 2016.

Analysis of the Town of West Warwick's Operations

The following analysis provides a summary of the Town's operations for the fiscal year ended June 30, 2016. Comparative data for fiscal 2016 and 2015 is presented in the table on the following page. Governmental activities decreased the Town's net position by \$5,641,992 for the current period, while business-type activities increased the Town's net position by \$739,322. Overall, the Town's net position decreased by \$4,902,670, over the prior year's net position.

The net change in fund balance for the fiscal year ended June 30, 2016 was an increase of \$1,950,651 for the Town's governmental fund types. In the statement of activities, expenses for capital items are not recorded as expense but shown on the balance sheet, which resulted in an increase of \$4,591,376 net of depreciation to our net position. Governmental Funds report principal repayments on debt obligations as expenditures; however the repayment has no effect on the net position, which increased net position by \$2,783,483. Reductions in net position included an increase in the Town's net pension liability and related deferred inflows and outflows of \$5,024,139. The Town also recorded the increase in the liability for "Other Post-Employment Benefits" per GASB Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, resulting in a reduction of net position of \$622,115. See Exhibit B-3 on Page 18 for more detailed explanation of differences between changes in fund balance of the Governmental Funds and changes in net position of the Governmental Activities. The following

TOWN OF WEST WARWICK, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2016

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

TOWN OF WEST WARWICK, RHODE ISLAND
Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2016	2015	Change	2016	2015	Change
Revenues						
Program revenues						
Charges for services	\$ 17,114,975	\$ 6,349,668	\$ 10,765,307	\$ 7,854,191	\$ 8,639,985	\$ (785,794)
Operating grants and contributions	32,401,742	29,076,015	3,325,727	1,342,647	1,015,811	326,836
Capital grants and contributions	238,961	84,853	154,108	1,886,849	-	1,886,849
General revenues						
Property taxes	61,073,913	59,361,483	1,712,430	-	-	-
Unrestricted investment earnings	492,221	10,632	481,589	13,425	1,085	12,340
State Aid	1,550,391	1,458,203	92,188	-	-	-
Miscellaneous	372,833	359,305	13,528	-	-	-
Total Revenues	113,245,036	96,700,159	16,544,877	11,097,112	9,656,881	1,440,231
Expenses						
General government	18,287,862	15,172,106	3,115,756	-	-	-
Public safety	18,664,704	17,249,775	1,414,929	-	-	-
Public works	3,880,681	3,852,155	28,526	-	-	-
Education	72,363,519	59,530,272	12,833,247	-	-	-
Public assistance, development, recreation, and senior center	3,647,796	3,773,674	(125,878)	-	-	-
Community development	-	-	-	-	-	-
Public libraries	1,000,276	944,960	55,316	-	-	-
Interest on long-term debt	1,052,190	731,145	321,045	-	-	-
Sewer Authority	-	-	-	8,335,004	8,011,574	323,430
Municipal Court	-	-	-	99,719	220,911	(121,192)
School Lunch Program	-	-	-	1,263,258	1,186,249	77,009
Civic Center	-	-	-	606,896	43,625	563,271
Renewable Energy Efficiency	-	-	-	42,913	-	42,913
Total Expenses	118,897,028	101,254,087	17,642,941	10,347,790	9,462,359	885,431
Increase (Decrease) in Net Position	(5,651,992)	(4,553,928)	(1,098,064)	749,322	194,522	554,800
Transfers	10,000	(597,491)	607,491	(10,000)	597,491	(607,491)
Increase (Decrease) in Net Position	(5,641,992)	(5,151,419)	(490,573)	739,322	792,013	(52,691)
Net Positions - beginning (Restated)	(137,467,304)	(132,315,885)	(5,151,419)	43,311,383	42,519,370	792,013
Net Positions - ending	\$ (143,109,296)	\$ (137,467,304)	\$ (5,641,992)	\$ 44,050,705	\$ 43,311,383	\$ 739,322

TOWN OF WEST WARWICK, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2016

Financial Analysis of the Town of West Warwick's Funds

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$14,185,332. Approximately 0.4% of the total amount, or \$57,733 constituted unassigned fund balances. The remainder of the fund balance is non-spendable, restricted, or committed specific purposes.

For a more detailed review of changes in fund balances, see the statement of revenues, expenditures and changes in fund balances on Page 17. For details of the composition of Fund Balance and the restrictions or committed purposes of the Fund Balance refer to Note 7 Pages 53 through 56.

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

Unrestricted net position of the enterprise funds totaled \$9,512,722 while the net investment in capital assets for these funds was \$34,537,983 resulting in a total net position of \$44,050,705. This net position consisted of \$42,427,349 for the Wastewater Authority, \$135,509 for the Municipal Court, \$1,171,365 for the School Lunch Program, \$359,395 for the Civic Center, and a net position deficit of (\$42,913) for the Renewable Energy Efficiency Fund which was newly created in fiscal 2016.

The Town also maintains an Internal Service Fund which is used to record the activity of the Town and School Department's self-insured medical and dental claims and activity. During the fiscal year ended June 30, 2016 the Internal Service Fund incurred a net loss of \$1,499,431. As a result, the net position as of June 30, 2016 was a cumulative deficit of \$606,445. The deficit net position will be covered through future increases in working rates charged to the various departments and potential reduction in claims activity.

General Fund Budgetary Highlights

For the year ended June 30, 2016, the General Fund revenues and other financing sources were under budget by \$791,716 (revenue shortfall - .8%) while expenditures and other financing uses were over budget by \$260,771 (.3% over expenditure). This resulted in budgetary basis deficit of \$1,052,587 for the fiscal year ended June 30, 2016. See details on Pages 81 through 84.

Revenues

General property taxes - were under budget by \$679,819 due to a decrease in collections of delinquent taxes during the operating year.

Intergovernmental revenues - were under budget by \$371,082 due to changes in anticipated state aid revenues put into effect after the preparation of the Town's budget.

Departmental revenues - were over budget by \$243,546 due to higher than expected revenues such as fees and permits.

Expenditures

General Government – was over budget by 66,936 due to higher than expected costs such as insurance and telephone equipment/services.

Public Works and Other Expenditures – were over budget by \$25,731 and \$209,030 respectively, due to departmental cost overruns.

TOWN OF WEST WARWICK, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2016

Capital Assets

The Town of West Warwick's investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounts to \$121,445,668 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, machinery and equipment, vehicles, plant facilities, infrastructure, extensions and mains, and construction in progress.

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

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 11,059	\$ 9,269	\$ 432	\$ 433	\$ 11,491	\$ 9,702
Land Improvements	88	74	489	534	577	608
Buildings and improvements	16,057	15,292	40,390	30,493	56,447	45,785
Machinery, Equipment and Vehicles	2,640	1,616	7,650	7,116	10,290	8,732
Infrastructure	16,632	15,634	26,009	19,502	42,641	35,136
Cafeteria Equipment	-	-	-	-	-	-
Plant facilities and equipment	-	-	-	-	-	-
Extensions and mains	-	-	-	-	-	-
Net Capital Assets	\$ 46,476	\$ 41,885	\$ 74,970	\$ 58,078	\$ 121,446	\$ 99,963

Additional information on the Town of West Warwick's capital assets is located in Note 5 of the notes to the financial statements on Pages 47 through 49.

Debt Administration

At the end of the current fiscal year, the Town of West Warwick's Governmental Activities had a total bonded debt of approximately \$27,438,000. Of this amount, 100% comprises bonded debt backed by the full faith and credit of the government. The following is a summary of the Town's long-term debt.

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

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	\$ 27,438	\$ 23,118			\$ 27,438	\$ 23,118
Lease Purchase Obligations	536	62	83	-	619	62
General Revenue Notes	-	-	\$ 28,222	\$ 23,150	28,222	23,150
Totals	\$ 27,974	\$ 23,180	\$ 28,305	\$ 23,150	\$ 56,279	\$ 46,330

TOWN OF WEST WARWICK, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2016

Note 6, Pages 49 through 53 provide additional information on the Town's long-term debt obligations.

The Town's general obligation bond rating as assigned by Moody's Investors Service is Baa2 and while Fitch Rating Service is BBB. The State of Rhode Island imposes a limit of 3 percent of the fair value of all taxable Town property on the general obligation debt that a municipality can issue. The Town of West Warwick's limit is approximately \$62,000,000 at year-end. The Town's outstanding general obligation debt is \$27,438,000 at year-end; of which none is subject to the legal debt margin.

At June 30, 2016 the Town also had \$17,800,000 of outstanding Bond Anticipation Notes (BANs). The proceeds from these BANs were utilized to pay for the costs associated with the wind turbine project. The wind turbine project was completed at the end of the fiscal year but was not placed into service until Fiscal 2017. The debt service requirements related to the BANs are anticipated to be covered through the sale of renewable energy credits and savings in utilities charges.

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

The Town of West Warwick's total General Fund budget for fiscal year 2017 amounts to \$92,151,787 which reflects an increase of \$2,609,689 or 2.91% above the fiscal year 2016 budget of \$89,542,098. Of the Town's 2017 budget, 60% is budgeted for education expenditures and 40% is budgeted for general government. The State of Rhode Island is budgeted to contribute \$22,827,356 to the Town's education department based on State Aid in fiscal 2017.

The Town's tax rate for Fiscal Year 2017 is \$25.84 per \$1,000 of assessed value with 40% allocated for general government and 60% allocated for education. For fiscal year 2016 the Town's tax rate was \$25.96 per \$1,000 of assessed value with 40% allocated for general government and 60% allocated for education.

During Fiscal Year 2017, the Town completed or started several projects as part of our green initiative goals. In August of 2016, West Warwick became the first Town in the state to have all of its electric energy supplied through renewable energy projects. This was made possible by the completion of the \$18 million, 4.5KW wind turbine project and the installation of solar arrays on both the Ice rink and field house.

With the completion of these projects, every Town-owned building, including all schools, Town Hall, Wastewater facility, ice rink, field house, library, and senior center are now using 100% renewable energy that we are producing. The estimated savings of this initiative over the next 20 years is in excess of \$20 million after debt service. Steps have also been taken towards the installation of electric charging stations and purchasing electric vehicles, with a long-term goal of having a complete electric vehicle fleet.

The Town has taken advantage of the state's Efficient Buildings Fund program and completed major building efficiency upgrades and are currently converting all of our street lights to more efficient LED lights. These projects are estimated to save the Town an additional \$150,000 - \$200,000 per year.

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

TOWN OF WEST WARWICK, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2016

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

On June 30, 2016, Fitch Ratings upgraded the Town's rating to BBB with the Rating Outlook of Stable, from the previous rating of BBB- with a positive outlook. In their words, "reflects the stabilization of operations through pension and OPEB reforms and long-term employee contracts. These actions, combined with a five year operating plan, have provided budget relief, a reduced burden on the tax base, and a lowering of the long-term liabilities associated with retiree benefits."

On August 7, 2015, Moody's affirmed the Town's Baa2 rating and the outlook remained stable. According to their Press Release, the outlook assumes that the Town will continue its efforts to maintain adequate reserve levels and to address its large pension and OPEB liabilities through the full funding of its pension OPEB liabilities. As of the issue date of this report, Moody's has not requested a ratings call with the Town.

Request for Information

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

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TOWN OF WEST WARWICK

BASIC FINANCIAL STATEMENTS

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT A-1

**Statement of Net Position
June 30, 2016**

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 15,104,250	\$ 4,462,716	\$ 19,566,966
Restricted cash	2,122,086	3,094,062	5,216,148
Investments	2,174,869	-	2,174,869
Accounts receivable, net	3,271,215	1,904,476	5,175,691
Internal balances	(4,070,702)	4,070,702	-
Due from federal and state governments	1,595,084	347,000	1,942,084
Prepays	417,705	-	417,705
Total Current Assets	20,614,507	13,878,956	34,493,463
Noncurrent Assets:			
Assessment and fees receivable	-	2,011,259	2,011,259
Municipal debt service assessment receivables	-	7,003,180	7,003,180
Capital assets not being depreciated	11,059,431	15,636,819	26,696,250
Capital assets, net of accumulated depreciation	35,416,575	59,332,843	94,749,418
Total Noncurrent Assets	46,476,006	83,984,101	130,460,107
TOTAL ASSETS	67,090,513	97,863,057	164,953,570
Deferred outflows of resources			
Pension-related deferred outflows of resources	16,000,750	346,575	16,347,325
Total deferred outflows of resources	16,000,750	346,575	16,347,325
LIABILITIES:			
Current Liabilities:			
Accounts payable and accrued expenses	3,377,343	1,465,078	4,842,421
Due to federal and state governments	80,979	-	80,979
Bond anticipation note	-	17,800,000	17,800,000
Unearned revenue	1,056,578	-	1,056,578
Current portion of compensated absences	500,000	40,000	540,000
Current portion of bonds	1,960,000	2,217,000	4,177,000
Current portion of capital leases	109,856	27,461	137,317
Total Current Liabilities	7,084,756	21,549,539	28,634,295
Noncurrent Liabilities:			
Net pension liability and OPEB obligations	182,640,237	6,421,826	189,062,063
Compensated absences, net	6,165,000	126,926	6,291,926
General obligation bonds, net	25,477,515	26,005,000	51,482,515
Capital lease obligations, net	426,281	55,636	481,917
Bond premium	374,047	-	374,047
Total Noncurrent Liabilities	215,083,080	32,609,388	247,692,468
TOTAL LIABILITIES	222,167,836	54,158,927	276,326,763
Deferred inflows of resources			
Pension related deferred inflows of resources	4,032,723	-	4,032,723
Total deferred inflows of resources	4,032,723	-	4,032,723
NET POSITION:			
Net investment in capital assets	20,250,393	34,537,983	54,788,376
Restricted	7,568,083	-	7,568,083
Unrestricted	(170,927,772)	9,512,722	(161,415,050)
TOTAL NET POSITION	\$ (143,109,296)	\$ 44,050,705	\$ (99,058,591)

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

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT A-2

Statement of Activities
For the Year Ended June 30, 2016

<u>Functions/Programs:</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services, Fees & Licenses</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental activities:							
General government	\$ 18,287,862	\$ 13,911,065	\$ 7,867	\$ -	\$ (4,368,930)		\$ (4,368,930)
Public safety	18,664,704	2,065,833	299,595	-	(16,299,276)		(16,299,276)
Public works	3,880,681	15,880	421,000	-	(3,443,801)		(3,443,801)
Public assistance, development, recreation	3,474,796	21,115	475,695	-	(2,977,986)		(2,977,986)
Public libraries	1,000,276	19,939	189,161	-	(791,176)		(791,176)
Education	72,363,519	1,063,428	30,124,151	238,961	(40,936,979)		(40,936,979)
Senior center activities	173,000	-	-	-	(173,000)		(173,000)
Interest on long-term debt	1,052,190	17,715	884,273	-	(150,202)		(150,202)
Total governmental activities	118,897,028	17,114,975	32,401,742	238,961	(69,141,350)		(69,141,350)
Business-type activities:							
Wastewater Authority	8,335,004	6,936,323	-	2,233,849	-	\$ 835,168	835,168
Municipal Court	99,719	112,490	-	-	-	12,771	12,771
School Lunch Program	1,263,258	392,953	995,647	-	-	125,342	125,342
Civic Center	606,896	412,425	-	-	-	(194,471)	(194,471)
Renewable Energy Efficiency	42,913	-	-	-	-	(42,913)	(42,913)
Total business-type activities	10,347,790	7,854,191	995,647	2,233,849	-	735,897	735,897
Total	\$ 129,244,818	\$ 24,969,166	\$ 33,397,389	\$ 2,472,810	(69,141,350)	735,897	(68,405,453)
General revenues:							
Property taxes					61,073,913	-	61,073,913
Motor vehicle phase-out taxes					231,779	-	231,779
Utilities taxes					372,833	-	372,833
State Aid to distressed communities					839,602	-	839,602
Hotel, meals, and beverage tax					479,010	-	479,010
Unrestricted investment earnings					492,221	13,425	505,646
Transfers in (out)					10,000	(10,000)	-
Total general revenues and transfers					63,499,358	3,425	63,502,783
Change in Net Position					(5,641,992)	739,322	(4,902,670)
Net Position - beginning of year (As Restated)					(137,467,304)	43,311,383	(94,155,921)
Net Position - end of year					\$ (143,109,296)	\$ 44,050,705	\$ (99,058,591)

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

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT B-1

*Balance Sheet
Governmental Funds
June 30, 2016*

	General Fund	School Unrestricted Fund	Debt Service Fund	NonMajor Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 13,755,048	\$ 654,898	\$ 358,235	\$ 336,069	\$ 15,104,250
Restricted cash	-	-	-	2,122,086	2,122,086
Investments	-	-	1,693,287	-	1,693,287
Taxes receivable, net	2,626,431	-	-	-	2,626,431
Other receivables, net	325,082	175,052	-	144,650	644,784
Due from federal and state governments	476,934	230,975	-	887,175	1,595,084
Prepays	205,720	211,985	-	-	417,705
Due from other funds	-	4,017,161	-	4,363,130	8,380,291
TOTAL ASSETS	\$ 17,389,215	\$ 5,290,071	\$ 2,051,522	\$ 7,853,110	\$ 32,583,918
LIABILITIES:					
Accounts payable and accrued expenses	\$ 833,491	\$ 1,014,098	\$ -	\$ 222,321	\$ 2,069,910
Due to federal & state governments	24,950	-	-	56,029	80,979
Due to other funds	11,493,605	-	-	1,367,376	12,860,981
Unearned revenue	1,053,456	-	-	3,122	1,056,578
TOTAL LIABILITIES	13,405,502	1,014,098	-	1,648,848	16,068,448
DEFERRED INFLOWS OF RESOURCES:					
Unavailable tax and EMS revenue	2,330,138	-	-	-	2,330,138
FUND BALANCES:					
Non-spendable	205,720	211,985	-	-	417,705
Restricted	-	-	2,051,522	5,516,561	7,568,083
Committed	994,361	4,063,988	-	1,083,462	6,141,811
Unassigned	453,494	-	-	(395,761)	57,733
TOTAL FUND BALANCES	1,653,575	4,275,973	2,051,522	6,204,262	14,185,332
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 17,389,215	\$ 5,290,071	\$ 2,051,522	\$ 7,853,110	\$ 32,583,918

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

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT B-1 (Continued)

*Balance Sheet
Governmental Funds
June 30, 2016*

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

Total Fund Balance reported in Exhibit B-1	\$ 14,185,332
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the Governmental Fund Balance Sheet	46,476,006
Deferred outflows related to pension plans, including differences between expected and actual experience, changes of assumptions, net difference between projected and actual earnings on pension plan investments, contributions subsequent to the measurement date, and changes in proportion and differences between employer contributions and proportionate share of contributions	16,000,750
Deferred inflows related to pension plans, including differences between expected and actual experience, changes of assumptions, and net difference between projected and actual earnings on pension plan investments	(4,032,723)
Long-term liabilities and related items are not due and payable in the current period and therefore are not reported in the funds. These liabilities are reported in the Statement of Net Position:	
Accrual for net pension liability and net OPEB obligation	(182,640,237)
Accrual for compensated absences	(6,665,000)
Bonds and notes payable	(27,437,515)
Capital lease obligations	(536,137)
Bond premium, net of amortization	(374,047)
Unavailable tax and EMS revenues (net of an allowance for uncollectibles) are recorded in the funds, but are not recorded under the measurement focus employed in the Statement of Net Position	2,330,138
Investments in connection with the issuance of Qualified Zone Academy Bonds, Series 2005. Town entered into a Forward Purchase Contract with a financial institution considered to be a derivative instrument as of fiscal 2016	481,582
Internal Service Funds are recorded as Proprietary Funds in the Fund Statements but are recorded as Governmental Activities on the Government-Wide Statement of Net Position	(606,445)
Interest accrued on long-term debt obligations is reported as a liability in the Statement of Net Position but does not get reported in the Fund Statements	<u>(291,000)</u>
Total Net Position reported in Exhibit A-1	<u><u>\$(143,109,296)</u></u>

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

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT B-2

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016**

	General Fund	School Unrestricted Fund	Debt Service Fund	NonMajor Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	\$ 61,169,013	\$ -	\$ -	\$ -	\$ 61,169,013
Intergovernmental	2,945,536	21,833,719	-	3,417,374	28,196,629
Licenses, fees, fines, charges, and assessments	2,621,444	-	-	1,125,357	3,746,801
Medicaid	-	623,691	-	-	623,691
Investment income (loss)	10,639	-	17,715	3	28,357
Contributions and grants	120,027	-	-	337,095	457,122
State on behalf pension contribution	-	2,330,944	-	-	2,330,944
Other miscellaneous	40,004	186,372	-	25,200	251,576
TOTAL REVENUES	66,906,663	24,974,726	17,715	4,905,029	96,804,133
EXPENDITURES:					
Current:					
General government	14,398,998	-	-	-	14,398,998
Public Safety	12,070,785	-	-	1,003,971	13,074,756
Public Services	3,279,615	-	-	74,055	3,353,670
Library	664,383	-	-	220,292	884,675
Education	-	54,510,872	-	2,328,510	56,839,382
Senior Center	173,000	-	-	-	173,000
Public assistance, development & recreation	3,442,890	-	-	395,538	3,838,428
Debt Service	2,660,215	-	-	107,725	2,767,940
Capital Outlays	645,552	-	-	5,679,771	6,325,323
TOTAL EXPENDITURES	37,335,438	54,510,872	-	9,809,862	101,656,172
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	29,571,225	(29,536,146)	17,715	(4,904,833)	(4,852,039)
OTHER FINANCING SOURCES (USES)					
Issuance of bonds, notes, and lease purchase obligations	150,515	-	-	7,426,137	7,576,652
Bond premium	-	-	-	216,038	216,038
Payment to refunding bond escrow agent	-	-	-	(1,000,000)	(1,000,000)
Transfers in	10,000	30,628,554	155,673	-	30,794,227
Transfers out	(30,784,227)	-	-	-	(30,784,227)
TOTAL OTHER FINANCING SOURCES (USES)	(30,623,712)	30,628,554	155,673	6,642,175	6,802,690
NET CHANGE IN FUND BALANCES	(1,052,487)	1,092,408	173,388	1,737,342	1,950,651
FUND BALANCE BEGINNING OF YEAR (AS RESTATED)	2,706,062	3,183,565	1,878,134	4,466,920	12,234,681
FUND BALANCE AT END OF YEAR	\$ 1,653,575	\$ 4,275,973	\$ 2,051,522	\$ 6,204,262	\$ 14,185,332

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

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT B-3

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds (Exhibit B-2) to the Statement of Activities (Exhibit A-2)
Year Ended June 30, 2016**

Net Change in Fund Balances - Total Governmental Funds (Exhibit B-2):	\$ 1,950,651
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 expenditures exceeded depreciation expense in the current period.	4,591,376
Governmental funds report bond, premium on bond, and capital lease proceeds as revenues. However, in the statement of activities, these funds are reported as additions to long-term debt.	(7,792,690)
Governmental funds report principal repayments on debt obligations as an expenditure. However, the repayment of principal has no effect on the net position.	2,783,483
Increase in the Net OPEB Obligation is reported as an expense for governmental activities but is not reported as an expenditure in the fund financial statements until it is paid with measurable and available resources. This is the increase in the Net OPEB Obligation for fiscal 2016.	(622,115)
Changes to the following accounts related to the Town's pension plans are reported as an expense for governmental activities but are not reported as an expenditure in the fund financial statements until they are paid with measurable and available resources:	
Increase in net pension liability	(17,085,669)
Increase in deferred outflows of resources	11,784,332
Decrease in deferred inflows of resources	277,199
Governmental funds report premiums received on debt financing as other financing sources when received. However, the Statement of Activities amortizes these premiums over the life of the obligations and records the amortization as a credit to expenses. This is the amortization amount for fiscal 2016.	36,267
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds. Net unavailable tax revenue decreased from fiscal 2015.	(95,100)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds. Net unavailable EMS Rescue revenue decreased from fiscal 2015.	(47,877)
Accrued interest on long-term debt obligations is reported in the governmental activities but is not reported in the government fund statements. This is the increase in accrued interest expense from fiscal 2015.	(104,000)
Increase in compensated absences. The governmental fund reflects this activity when it will be paid with measurable and available resources. The change from prior year balances is reflected in the statement of activities and changes in net position. Increase in compensated absences.	(300,000)
Investment income in connection with the issuance of Qualified Zone Academy Bonds, Series 2005. Town entered into a Forward Purchase Contract with a financial institution considered to be a derivative instrument as of fiscal 2016	481,582
The activity reported in the Internal Service Fund is presented with the Proprietary Fund Statements. However, this activity is reported as a component of the Governmental Activities in the Statement of Activities. This is the net activity reported for fiscal 2016.	(1,499,431)
Change in Net Position of Governmental Activities in the Statement of Activities (Exhibit A-2)	<u>\$ (5,641,992)</u>

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT C-1

Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-type Activities-Enterprise Funds					Totals	Governmental
	Wastewater Authority	Municipal Court	School Lunch Program	Civic Center	Renewable Energy Efficiency		Internal Service Fund
ASSETS:							
<i>Current Assets:</i>							
Cash and cash equivalents	\$ 3,446,989	\$ -	\$ 1,015,427	\$ 300	\$ -	\$ 4,462,716	\$ -
Restricted cash	3,077,537	-	16,525	-	-	3,094,062	-
Assessments and fees receivable, net	1,125,532	34,575	68,858	6,801	-	1,235,766	-
Municipal debt service assessment receivables	668,710	-	-	-	-	668,710	-
Due from federal and state governments	347,000	-	-	-	-	347,000	-
Due from other funds	2,127,516	133,969	30,362	-	2,552,968	4,844,815	409,988
Total Current Assets	10,793,284	168,544	1,131,172	7,101	2,552,968	14,653,069	409,988
<i>Noncurrent Assets:</i>							
Assessments and fees receivable, net	2,011,259	-	-	-	-	2,011,259	\$ -
Municipal debt service assessment receivables	7,003,180	-	-	-	-	7,003,180	-
Capital assets not being depreciated	301,600	-	-	131,100	15,204,119	15,636,819	-
Capital assets, net of accumulated depreciation	58,068,204	-	162,724	1,101,915	-	59,332,843	-
Total Noncurrent Assets	67,384,243	-	162,724	1,233,015	15,204,119	83,984,101	-
TOTAL ASSETS	78,177,527	168,544	1,293,896	1,240,116	17,757,087	98,637,170	409,988
<i>Deferred outflows of resources</i>							
Pension-related deferred outflows of resources	346,575	-	-	-	-	346,575	-
Total deferred outflows of resources	346,575	-	-	-	-	346,575	-
LIABILITIES:							
<i>Current Liabilities:</i>							
Accounts payable and accrued expenses	1,286,001	33,035	122,531	23,511	-	1,465,078	1,016,433
Due to other funds	-	-	-	774,113	-	774,113	-
Bond anticipation note	-	-	-	-	17,800,000	17,800,000	-
Current portion of compensated absences	40,000	-	-	-	-	40,000	-
Current portion of bonds	2,217,000	-	-	-	-	2,217,000	-
Current portion of Lease Obligation	-	-	-	27,461	-	27,461	-
Total Current Liabilities	3,543,001	33,035	122,531	825,085	17,800,000	22,323,652	1,016,433
<i>Noncurrent Liabilities:</i>							
General obligation bonds, net	26,005,000	-	-	-	-	26,005,000	-
Net pension liability and OPEB obligation	6,421,826	-	-	-	-	6,421,826	-
Compensated absences, net	126,926	-	-	-	-	126,926	-
Capital lease obligations, net	-	-	-	55,636	-	55,636	-
Total Noncurrent Liabilities	32,553,752	-	-	55,636	-	32,609,388	-
TOTAL LIABILITIES	36,096,753	33,035	122,531	880,721	17,800,000	54,933,040	1,016,433
NET POSITION:							
Net investment in capital assets	33,225,341	-	162,724	1,149,918	-	34,537,983	-
Unrestricted	9,202,008	135,509	1,008,641	(790,523)	(42,913)	9,512,722	(606,445)
TOTAL NET POSITION	\$ 42,427,349	\$ 135,509	\$ 1,171,365	\$ 359,395	\$ (42,913)	\$ 44,050,705	\$ (606,445)

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

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT C-2

**Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016**

	Business-type Activities-Enterprise Funds					Totals	Governmental
	Wastewater Authority	Municipal Court	School Lunch Program	Civic Center	Renewable Energy Efficiency		Internal Service Fund
OPERATING REVENUES:							
Charges for usage, service, and assessments	\$ 6,932,611	\$ 112,490	\$ -	\$ 403,111	\$ -	\$ 7,448,212	\$ 12,405,538
Food sales	-	-	392,695	9,314	-	402,009	-
Intergovernmental	347,000	-	995,647	-	-	1,342,647	-
Other revenues	3,712	-	258	-	-	3,970	-
Total Operating Revenues	<u>7,283,323</u>	<u>112,490</u>	<u>1,388,600</u>	<u>412,425</u>	<u>-</u>	<u>9,196,838</u>	<u>12,405,538</u>
OPERATING EXPENSES:							
Salaries and benefits	2,563,489	88,937	-	137,744	-	2,790,170	13,176,138
Other operating expenses	2,621,663	5,900	1,193,848	6,500	-	3,827,911	728,831
Depreciation and amortization	2,319,807	-	47,354	55,091	-	2,422,252	-
Materials, supplies, repairs and maintenance	153,826	4,882	22,056	407,561	-	588,325	-
Total Operating Expenses	<u>7,658,785</u>	<u>99,719</u>	<u>1,263,258</u>	<u>606,896</u>	<u>-</u>	<u>9,628,658</u>	<u>13,904,969</u>
OPERATING INCOME (LOSS)	<u>(375,462)</u>	<u>12,771</u>	<u>125,342</u>	<u>(194,471)</u>	<u>-</u>	<u>(431,820)</u>	<u>(1,499,431)</u>
NONOPERATING REVENUES (EXPENSES):							
Contributions from other communities	1,886,849	-	-	-	-	1,886,849	-
Interest income	13,425	-	-	-	-	13,425	-
Interest expense	(676,219)	-	-	-	(42,913)	(719,132)	-
Net Nonoperating Revenues	<u>1,224,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,913)</u>	<u>1,181,142</u>	<u>-</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>848,593</u>	<u>12,771</u>	<u>125,342</u>	<u>(194,471)</u>	<u>(42,913)</u>	<u>749,322</u>	<u>(1,499,431)</u>
Total transfers	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>
CHANGE IN NET POSITION	<u>848,593</u>	<u>2,771</u>	<u>125,342</u>	<u>(194,471)</u>	<u>(42,913)</u>	<u>739,322</u>	<u>(1,499,431)</u>
TOTAL NET POSITION - BEGINNING	<u>41,578,756</u>	<u>132,738</u>	<u>1,046,023</u>	<u>553,866</u>	<u>-</u>	<u>43,311,383</u>	<u>892,986</u>
TOTAL NET POSITION - ENDING	<u>\$ 42,427,349</u>	<u>\$ 135,509</u>	<u>\$ 1,171,365</u>	<u>\$ 359,395</u>	<u>\$ (42,913)</u>	<u>\$ 44,050,705</u>	<u>\$ (606,445)</u>

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

*Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016*

	Business-type Activities- Enterprise Funds					Governmental	
	Wastewater Authority	Municipal Court	School Lunch Program	Civic Center	Renewable Energy Efficiency	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:							
Cash received from customers	\$ 7,390,415	\$ 111,720	\$ 1,394,454	\$ 405,624	\$ -	\$ 9,302,213	\$ 13,708,723
Cash paid to suppliers for goods and services and other operating payments	(2,870,578)	4,826	(1,200,040)	(330,965)	-	(4,396,757)	(728,831)
Cash paid for employees and benefits	(2,462,156)	(88,937)	-	(114,233)	-	(2,665,326)	(12,979,892)
<i>Net cash provided by (used in) operating activities</i>	<u>2,057,681</u>	<u>27,609</u>	<u>194,414</u>	<u>(39,574)</u>	<u>-</u>	<u>2,240,130</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Transfers to (from) other funds	-	(10,000)	-	-	-	(10,000)	-
(Payments to) receipts from other funds	2,333,412	(17,609)	351,393	-	(2,552,968)	114,228	-
Payments to (receipts from) other funds	-	-	(100)	132,368	-	132,268	-
<i>Net cash provided by (used in) noncapital financing activities</i>	<u>2,333,412</u>	<u>(27,609)</u>	<u>351,293</u>	<u>132,368</u>	<u>(2,552,968)</u>	<u>236,496</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Contributions from other communities for capital acquisitions and debt service	757,079	-	-	-	-	757,079	-
Acquisition of capital assets	(6,124,849)	-	-	(92,494)	(15,204,119)	(21,421,462)	-
Proceeds from long-term debt obligations	7,000,000	-	-	-	-	7,000,000	-
Principal payments on long-term debt	(1,928,000)	-	-	-	-	(1,928,000)	-
Proceeds from bond anticipation note obligation, net	-	-	-	-	17,800,000	17,800,000	-
Interest and finance charges paid on debt obligations	(606,422)	-	-	-	(42,913)	(649,335)	-
<i>Net cash (used in) provided by capital and related financing activities</i>	<u>(902,192)</u>	<u>-</u>	<u>-</u>	<u>(92,494)</u>	<u>2,552,968</u>	<u>1,558,282</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:							
Investment income	13,425	-	-	-	-	13,425	-
<i>Net cash provided by investing activities</i>	<u>13,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,425</u>	<u>-</u>

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT C-3 (Continued)

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016**

	Business-type Activities- Enterprise Funds					Governmental	
	Wastewater Authority	Municipal Court	School Lunch Program	Civic Center	Renewable Energy Efficiency	Totals	Internal Service Fund
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,502,326	-	545,707	300	-	4,048,333	-
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	3,022,200	-	486,245	-	-	3,508,445	-
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	<u>\$ 6,524,526</u>	<u>\$ -</u>	<u>\$ 1,031,952</u>	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ 7,556,778</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ (375,462)	\$ 12,771	\$ 125,342	\$ (194,471)	\$ -	\$ (431,820)	(1,499,431)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:							
Depreciation and amortization expense	2,319,807	-	47,354	55,091	-	2,422,252	-
(Increase) Decrease in assessments and fees receivable	502,232	(770)	5,854	-	-	507,316	1,303,185
(Increase) Decrease in due from federal and state governments	(347,000)	-	-	-	-	(347,000)	-
(Increase) Decrease in deferred outflows of resources	(288,337)	-	-	-	-	(288,337)	-
Increase (decrease) in accounts payable and accrued expenses	(112,729)	15,608	15,864	91,306	-	10,049	196,246
Increase (decrease) in compensated absences, net pension liability and OPEB obligation	407,310	-	-	8,500	-	415,810	-
Decrease unearned revenue	(48,140)	-	-	-	-	(48,140)	-
Net cash provided by (used in) operating activities	<u>\$ 2,057,681</u>	<u>\$ 27,609</u>	<u>\$ 194,414</u>	<u>\$ (39,574)</u>	<u>\$ -</u>	<u>\$ 2,240,130</u>	<u>\$ -</u>

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

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT D-1

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Employee Retirement Trust Fund	OPEB Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 3,261,215	\$ -	\$ 184,246
<i>Investments, at fair value:</i>			
Equity mutual funds	19,650,987	1,338,815	-
Fixed income mutual funds	5,839,034	-	-
TOTAL ASSETS	<u>28,751,236</u>	<u>1,338,815</u>	<u>184,246</u>
LIABILITIES			
Accounts payable and accrued expenses	507	-	-
Deposits held in custody for others	-	-	184,246
TOTAL LIABILITIES	<u>507</u>	<u>-</u>	<u>184,246</u>
NET POSITION			
Restricted for pensions and other post-employment benefits	<u>\$ 28,750,729</u>	<u>\$ 1,338,815</u>	<u>\$ -</u>

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

TOWN OF WEST WARWICK, RHODE ISLAND

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2016

	Employee Retirement Trust Fund	OPEB Trust Fund
ADDITIONS:		
Contributions		
Employee contributions	\$ 1,894,424	\$ -
Employer contributions	8,179,980	1,085,629
Total contributions	<u>10,074,404</u>	<u>1,085,629</u>
Investment earnings		
Realized and unrealized gains (losses) on investments	(1,228,744)	15,076
Interest and dividends	435,933	-
Less Investment management fees	(125,427)	(1,153)
Total investment earnings	<u>(918,238)</u>	<u>13,923</u>
Total additions	<u>9,156,166</u>	<u>1,099,552</u>
DEDUCTIONS:		
Benefits paid	9,266,182	-
Other operating expenses	161,239	-
Total deductions	<u>9,427,421</u>	<u>-</u>
CHANGE IN NET ASSETS	(271,255)	1,099,552
NET POSITION - BEGINNING OF YEAR	29,021,984	239,263
NET POSITION - END OF YEAR	<u>\$ 28,750,729</u>	<u>\$ 1,338,815</u>

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

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

This report includes all of the Funds of the Town of West Warwick. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 61, *The Financial Reporting entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. Under GASB Statement No. 61, a legally separate entity is required to be included as a component unit if it is fiscally dependent upon the primary government and there is a financial benefit or burden relationship present. The primary government is financially accountable if it appoints the voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A potential component unit has a financial benefit or burden relationship with the primary government if, for example, any one of the following conditions exists:

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

The financial statements do not include any component units.

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Standards

During the year ended June 30, 2016 the Town implemented the following new accounting pronouncements:

- GASB Statement No. 72 – *Fair Value Measurement and Application*.
- GASB Statement No. 73 – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*.
- GASB Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

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

- GASB Statement No. 74 – *Financial Reporting for Postemployment Benefits Other Than Pensions* – The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2017.
- GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2018.
- GASB Statement No. 77 – *Tax Abatement Disclosures*, effective for the Town’s fiscal year ending June 30, 2017.
- GASB Statement No. 80 – *Blending Requirements for Certain Component Units* – an amendment of GASB Statement No. 14, effective for the Authority’s fiscal year ending June 30, 2017.
- GASB Statement No. 81 – *Irrevocable Split-Interest Agreements*, effective for the Town’s fiscal year ending June 30, 2017.
- GASB Statement No. 82 – *Pension Issues* – an Amendment of GASB Statements No. 67, No. 68, and No. 73, effective for the Town’s fiscal year ending June 30, 2017.
- GASB Statement No. 83 – *Certain Asset Retirement Obligations*, effective for reporting periods beginning after June 15, 2018.
- GASB Statement No. 84 – *Fiduciary Activities*, effective for reporting periods beginning after December 15, 2018.

Management has not yet evaluated the effect of any of these standards on the Town's financial statements.

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Government-wide Financial Statements

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

Fund Financial Statements

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

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

and

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds (Continued)

Special Revenue Funds

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

Capital Project Funds

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

Proprietary Funds

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

Fiduciary Funds (Not Included in Government-wide Statements)

Agency Funds

Agency funds account for assets held by the Town in a purely custodial capacity. The reporting entity includes seven agency funds (all of which are Student Activity Funds) at June 30, 2016. Since Agency Funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

Pensions

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

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds (Not Included in Government-wide Statements) (Continued)

OPEB Trust Fund

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

Major and Non-Major Funds

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

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

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major and Non-Major Funds (Continued)

<u>Fund</u>	<u>Brief Description</u>
School Lunch Program	Accounts for the operations of the school breakfast and lunch program of the West Warwick School Department. This fund did not meet the criteria for reporting as a major fund however, management elected to present it as a major fund.
Civic Center	Accounts for the operation of the Civic Center Complex which has two buildings housing an Ice Rink and multiple sports courts. This fund did not meet the criteria for reporting as a major fund however, management elected to present it as a major fund.
Renewable Energy Efficiency	Accounts for the operation of the Wind Turbines completed and placed in service in August 2016. This fund will also be used to account for the activity of future renewable energy and energy efficiency projects.

Non-Major:

Special Revenue Funds:	The Town of West Warwick maintains fifty-one (51) Special Revenue Funds which have been classified as Non-Major Governmental Funds. These fifty-one (51) Funds include twenty-eight (28) maintained by the Town and twenty-three (23) maintained by the School Department. The details of these Funds may be found in the combining fund statements in the other supplementary information section of these statements.
Capital Project Funds:	The Town currently maintains seven (7) Capital Project Funds. The details of these Funds may be found in the combining fund statements in the other supplementary information section of these statements.

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus

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

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

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

Basis of Accounting

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

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter (usually 60 days) to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, pension obligations, claims and judgments, and other post-employment benefits, which are reported when payment is due.

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

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

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

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

Cash and Cash Equivalents

Cash and cash equivalents are carried at cost. Cash equivalents include all amounts invested in certificates of deposit as management believes that these certificates can be accessed at any point in time. Substantially, all of the Town's cash and cash equivalents are held in public deposit institutions. Pursuant to Section 35-10-1 of the Rhode Island General Laws, as of October 1, 1991, public deposit institutions are required to insure accounts which hold public funds in excess of the \$250,000 which is guaranteed by FDIC. At times, the Town pools cash resources of its various funds to facilitate the management of cash and maximize investment returns.

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Investments

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

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risks associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of net position and activities.

Accounts Receivable

In the Government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes and intergovernmental receivables. Business-type activities report service and special assessment fees as its major receivables. In addition, at June 30, 2016 the Town's Wastewater Authority also reported a debt service assessment receivable of \$7,671,890 due from local communities. This receivable represents the portion of long-term debt obligations which are reported as a liability of the Town of West Warwick, but which are to be reimbursed by surrounding communities in accordance with provisions of executed inter-municipal agreements.

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

The Town uses the allowance method for reporting potential uncollectable accounts in the Government-wide Statements as well as the Fund Statements. However in the Fund Statements the allowance may also be applied to the unearned revenue balance rather than impacting the operations. At June 30, 2016 the Town has estimated the allowance for doubtful accounts as follows: Allowance for delinquent taxes - \$1,141,400; Allowance for EMS Rescue Billings - \$868,000; Allowance for Municipal Court receivables - \$229,000.

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Property Taxes

Real and personal property taxes are based on values assessed as of each December 31 (lien date) and attach as an enforceable lien on property as of July 1 (levy date). Taxes are due in equal quarterly installments on July 15th, October 15th, January 15th, and April 15th following the levy date. The taxpayer may elect to pay the taxes in full or pay quarterly as noted above. Taxes due and unpaid after the respective due dates are subject to interest at a rate of 12% per annum calculated on the unpaid portion of the total tax dating back to July 15th. An automatic lien is placed on the taxpayer's property if payment has not been received by the tax due date. Property taxes levied are recorded as receivables in the fiscal year of the levy. Property tax revenues are recorded in accordance with the modified accrual basis of accounting in the fund financial statements.

Prepays

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

Capital Assets

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

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

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

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets (Continued)

Land improvements	5 - 10 years
Buildings and improvements	10 - 40 years
Machinery, equipment and vehicles	5 - 10 years
Infrastructure	25-35 years

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that later date. At June 30, 2016 the Town of West Warwick, Rhode Island reports deferred outflows related to the pension in the Government-wide statement of net position. A deferred outflow of resources related to the pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate section represents the acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until a later date. None of these items constitute a deferred inflow of resources in the Government-wide statement of net position due to the differing bases of accounting and measurement focus applied therein. At June 30, 2016 the Town of West Warwick, Rhode Island had three items that qualified as a deferred inflow of resources in the governmental funds balance sheet. The unavailable tax and EMS revenue represents property taxes receivables which are assessed on December 31, 2015 and prior and are not collected within 60 days of June 30, 2016 and the unearned EMS rescue fees that were for services provided prior to June 30, 2016 but are not recognized as revenue since they are considered unavailable as of June 30, 2016.

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Outflows/Inflows of Resources (Continued)

Net unavailable tax revenue and EMS revenue included in the fund financial statements were \$2,113,158 and \$216,980 at June 30, 2016, respectively. These amounts are considered unavailable and will be recognized as an inflow of resources in the year(s) in which the amounts become available. The Town also reports a deferred inflow of resources related to pensions in the Government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

Interfund Transactions

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

Reciprocal interfund activities:

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

Non-reciprocal interfund activities:

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

Fund Balance Transactions

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

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Equity Classifications

Government-wide Statements

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

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

Fund Financial Statements

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

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

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Equity Classifications (Continued)

Fund Financial Statements (Continued)

- Assigned Fund Balance – includes amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. As of June 30, 2016 the Town has not adopted a formal Fund Balance policy and as such has not defined the level at which fund balance may be assigned.
- Unassigned Fund Balance – is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The unassigned fund balance may also include negative balances for any governmental funds if the expenditures exceed amounts restricted, committed or assigned for specific purposes.

Application of Funds

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

Minimum Fund Balance

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

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System plan (ERS) and the additions to/deductions from ERS' fiduciary net position have been determined on the same basis as they are reported by ERS. 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.

Compensated Absences

It is the policy of the Town (including the School Department) to permit employees to accumulate earned but unused vacation and sick leave benefits, which will be paid to the employee upon separation from Town service. Compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available resources are reported as long-term debt in the Government-wide financial statements. Long-term debt and other obligations financed by the proprietary funds and governmental funds are reported as liabilities in the appropriate funds. A liability for compensated absences is recorded in the governmental funds only if the liability had matured at June 30, 2016 as a result of employee resignation or retirements. Compensated absences recorded in the Governmental Activities at June 30, 2016 totaled \$6,665,000 (\$3,526,000 for Town personnel and \$3,139,000 for School Department personnel).

Reconciliation of Government-wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the Government-wide statement of net position. One element of that reconciliation states that, "Net OPEB Obligations and Net Pension Obligations are reported on the Statement of Net Position as a long-term obligation at June 30, 2016 but these obligations are not reported on the Fund Statements." The details of this \$182,640,237 are as follows:

Net Pension Liability	\$ 165,981,475
Net OPEB Obligation	<u>16,658,762</u>
Total	<u>\$ 182,640,237</u>

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the Government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$4,591,376 difference are as follows:

Capital outlays	\$ 6,743,783
Depreciation expense	<u>(2,152,407)</u>
Net Adjustment	<u>\$ 4,591,376</u>

Another element of that reconciliation states that, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.” The details of this \$142,977 difference are as follows:

	<u>Tax Revenues</u>	<u>EMS Revenues</u>	<u>Total</u>
Unavailable revenue - ending	\$ 2,113,158	\$ 216,980	\$ 2,330,138
Unavailable revenue – beginning	<u>(2,208,258)</u>	<u>(264,857)</u>	<u>(2,473,115)</u>
Net adjustment (decrease net position)	<u>\$ (95,100)</u>	<u>\$ (47,877)</u>	<u>\$ (142,977)</u>

Use of Estimates

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

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

2. BUDGETARY PROCESS

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

Appropriations in addition to those contained in the annual operating budgets, except for the purpose of meeting a public emergency, are made upon the recommendation of the Town Manager with the Director of Finance's certification as to the General Fund surplus to meet such appropriations and with the Town Council's approval and approval of the citizens at a Financial Town Meeting. During the fiscal year ended June 30, 2016 the School Committee passed several resolutions authorizing the appropriation of fund balance reserves for fiscal 2016 expenditures. These resolutions were considered to be additional appropriations for fiscal 2016.

Amendments to the operating budgets that do not result in additional appropriations may be made within departments by means of a transfer. The Finance Director has authority to make such transfers within departments for the first nine months of the fiscal year. Any other departmental transfers made and transfers made outside of the departmental level in the last three months of the fiscal year require Town Council approval through passage of an ordinance. There were no transfers of budgeted line items during fiscal 2016.

3. CASH AND INVESTMENTS

The State of Rhode Island requires that certain uninsured deposits be collateralized. Section 35-10.1-7 of the General Laws of the State of Rhode Island, dealing with the collateralization of public deposits, requires that all time deposits with maturities of greater than 60 days and all deposits in institutions that do not meet the minimum capital requirements of its Federal regulator must be collateralized.

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

3. CASH AND INVESTMENTS (CONTINUED)

Deposits

The carrying amount of the Town's cash and cash equivalents at June 30, 2016 was \$28,228,575 (including Fiduciary Funds) while the bank balance was \$31,083,707. Of the bank balance, approximately \$3,059,000 was covered by federal depository insurance while the remaining balance was collateralized.

At June 30, 2016 the Town's cash and cash equivalents, including restricted cash, were comprised of the following:

General Fund	\$13,755,048
School Unrestricted Fund	654,898
Debt Service Fund	358,235
Non-Major Special Revenue Funds	221,689
Non-Major Capital Project Funds	2,236,466
Sewer Authority Fund	6,524,526
School Lunch Program Fund	1,031,952
Civic Center Fund	300
Employee Retirement Trust Fund	3,261,215
Student Activity Agency Funds	184,246
Total Cash and Cash Equivalents	<u>\$28,228,575</u>

Investments

Investments are stated at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town follows the guidance for fair value measurements and disclosures in accordance with GASB Statement No. 72, "Fair Value Measurement and Application".

In determining fair value, the Town uses various valuation approaches, as appropriate in the circumstances. GASB Statement No. 72 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes 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 – Unadjusted quoted priced in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Unobservable inputs for the asset or liability (supported by little or no market activity). Inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

3. CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Town are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Town are deemed to be actively traded.

Fixed income securities: Valued using market quotations or prices obtained from independent pricing sources which may employ various pricing methods to value the investments, including matrix pricing based on quoted prices for securities with similar coupons, ratings and maturities.

Alternative investments: Valued on a monthly basis as reported by the fund. Alternative investments held by the Town are open-ended limited partnerships. These funds typically use a third party custodian to price the assets on a periodic basis. Liquidity is based on the investment strategy, the liquidity of the underlying investments and may have limited liquidity based on the terms outlined in the private placement memorandum. The funds held by the Town are deemed to be actively traded.

Derivative instruments are measured at fair value, as required by GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The Town's Forward Purchase Contract is recorded at fair value and is classified as Level 2 in the fair value hierarchy per GASB Statement No. 72, *Fair Value Measurement and Application*.

The following table summarizes the investments of the Town, at fair value, as of June 30, 2016:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments by fair value level				
Government agency bonds.....	\$ 1,693,287	\$ --	\$ --	\$ 1,693,287
Domestic equity mutual funds.....	6,681,614	--	--	6,681,614
International equity mutual funds.....	6,096,708	--	--	6,096,708
Balanced equity mutual funds.....	206,769	--	--	206,769
Closed end equity mutual funds.....	2,678,207	--	--	2,678,207
International fixed income mutual funds.....	1,576,349	--	--	1,576,349
Taxable fixed income mutual funds.....	4,262,684	--	--	4,262,684
Vanguard equity mutual funds.....	646,647	277,135	--	923,782
Vanguard fixed income mutual funds.....	--	307,928	--	307,928
Vanguard real estate investment trust funds.....	107,105	--	--	107,105
Forward Purchase Contract.....	--	481,582	--	481,582
Total investments by fair value level.....	<u>\$ 23,949,370</u>	<u>\$ 1,066,645</u>	<u>\$ --</u>	<u>25,016,015</u>
Investments measured at the net asset value (NAV)				
Alternative investments.....				3,987,690
Total investments measured at fair value.....				<u>\$ 29,003,705</u>

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

3. CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Net Asset Value

As a practical expedient, a government can use the NAV per share for investments in a nongovernmental entity that does not have a readily determinable fair value, e.g., a hedge fund. The NAV is not permitted for valuation if it is probable the government will sell the investment at a different price. Investments measured at NAV would be excluded from the fair value hierarchy (Level 1, 2 or 3).

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

At June 30, 2016 the Town's investments totaled \$29,003,705 (including those held in Fiduciary Funds) and consisted of the following:

	Fair Value	Interest Rate	Maturity	Rating
Government agency bonds.....	\$ 1,693,287	0 - 4.95%	7/2016 - 4/2017	Aa1 - Aaa
Domestic equity mutual funds.....	6,681,614	N/A	N/A	Not Rated
International equity mutual funds.....	6,096,708	N/A	N/A	Not Rated
Balanced equity mutual funds.....	206,769	N/A	N/A	Not Rated
Closed end equity mutual funds.....	2,678,207	N/A	N/A	Not Rated
International fixed income mutual funds.....	1,576,349	N/A	N/A	Not Rated
Taxable fixed income mutual funds.....	4,262,684	N/A	N/A	Not Rated
Vanguard equity mutual funds.....	923,782	N/A	N/A	Not Rated
Vanguard fixed income mutual funds.....	307,928	N/A	N/A	Not Rated
Vanguard real estate investment trust funds.....	107,105	N/A	N/A	Not Rated
Alternative investments.....	3,987,690	N/A	N/A	Not Rated
Forward Purchase Contract.....	481,582	4.85%	11/2021	Not Rated
Total Investments.....	<u>\$ 29,003,705</u>			

At June 30, 2016, the value of the Town’s investments in the Government-wide financial statements and the Pension Trust Fund were as follows:

	<u>Government-wide</u>	<u>Pension Trust Fund</u>	<u>Total</u>
Investments	<u>\$ 2,174,869</u>	<u>\$ 26,828,836</u>	<u>\$ 29,003,705</u>

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

3. CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

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

Concentrations

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

Custodial Credit Risk

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

Credit Risk

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

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

3. CASH AND INVESTMENTS (CONTINUED)

Derivative Investment

In connection with the issuance of its Qualified Zone Academy Bonds, Series 2005, the Town entered into a Forward Purchase Contract (Contract) with a financial institution. The contract is considered to be a derivative instrument. The contract provisions require the Town to purchase eligible securities selected by the financial institution on a periodic basis and provides the Town with a stated, fixed rate of return on those investments. The stated investment yield is 4.85% annually during the term of the contract, which was executed on December 15, 2005 and remains in effect until the redemption of the Series 2005 bonds on November 29, 2021.

Pursuant to the contract, the Town will make its annual bond sinking fund deposits of \$155,673 into a fund held in custody of the Town's fiscal agent, and the financial institution will sell qualified securities to the Fiscal Agent to be held in the fund. These qualified securities will be priced to provide the Town with a fixed yield of 4.85%, and mature annually in coordination with the Town's next sinking fund deposit, for continued investment in similar manner until redemption of the Series 2005 bonds.

From the Forward Purchase Contract, the Town is exposed to concentration of credit risk since the Town is required to purchase only selected investments but not necessarily diversify such holdings. The fair value of the Forward Purchase Contract is computed based on the present value of its future cash flows and is sensitive to interest rate changes. The term of the Contract coincides with the Town's outstanding Series 2005 bonds and maintenance of the sinking fund held to retire such indebtedness. The Contract provides for the payment of a termination amount under certain conditions (e.g., defeasance, default). The termination amount payable between the financial institution and the Town would vary depending on prevailing interest rates at the time the termination amount was calculated. Under certain market conditions, the termination amount payable by the Town could be substantial.

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

4. PROPERTY TAXES AND ASSESSMENTS RECEIVABLE

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

During the year ended June 30, 2016, the Town received \$231,779 from the State of Rhode Island as payment in accordance with legislation regarding the phase-out of motor vehicle tax. Under the law, excise tax on motor vehicles and trailers were originally supposed to be phased out entirely over a seven-year period commencing with the 1999-2000 fiscal year. Based on fiscal problems with the State budget over the last several years the program has been reduced to a maximum exemption of \$6,000 as of June 30, 2007 in accordance with legislation passed as part of the State's budget for the fiscal year ended June 30, 2007. The phase-out program freezes the tax rate at \$39.00 which was the rate in fiscal year 1997-1998. The exemption remained at \$6,000 per vehicle for the 2007-2008 and 2008-2009 fiscal years. During fiscal 2010 the State reduced the reimbursement amount for the 3rd and 4th quarters of the fiscal year. Effective July 1, 2010 the State reduced the exemption amount to \$500 per vehicle however the Town was required to maintain the rate frozen at \$28.47 per thousand of assessed value.

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

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

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

4. PROPERTY TAXES AND ASSESSMENTS RECEIVABLE (CONTINUED)

Net property taxes levied for the fiscal year 2016 were based on a net assessed value of approximately \$2,079,307,596 at December 31, 2014 and amounted to approximately \$60,467,000. Collections through June 30, 2016 amounted to approximately \$59,000,000, which represents approximately 98% of the total tax levy.

Unpaid property taxes and other general fund assessments as of June 30, 2016 \$2,626,431 are recorded as a receivable, net of an allowance for uncollectible property taxes of \$1,141,400. Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2016 are recorded as unearned tax revenue and amounted to \$2,113,158 at June 30, 2016. Property taxes recognized as revenue on the Fund statements for the fiscal year ended June 30, 2016 (due to their collection within the 60 days immediately following June 30, 2016) amounted to \$513,273.

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

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Balances</u> <u>7/1/2015</u>	<u>Additions</u>	<u>Retirements</u> <u>& Disposals</u>	<u>Balances</u> <u>6/30/2016</u>
Governmental Activity				
Nondepreciable Assets:				
Land	\$ 9,268,414	\$ -	\$ -	\$ 9,268,414
Construction in progress	-	1,791,017	-	1,791,017
Total Nondepreciable Assets	<u>9,268,414</u>	<u>1,791,017</u>	<u>-</u>	<u>11,059,431</u>
Depreciable Assets:				
Land improvements	78,125	17,850	-	95,975
Buildings and improvements	32,407,061	1,410,838	-	33,817,899
Machinery, equipment and vehicles	10,153,349	1,505,887	153,066	11,506,170
Infrastructure	53,070,000	2,018,191	-	55,088,191
Total Depreciable Assets	<u>95,708,535</u>	<u>4,952,766</u>	<u>153,066</u>	<u>100,508,235</u>
Total Capital Assets	<u>104,976,949</u>	<u>6,743,783</u>	<u>153,066</u>	<u>111,567,666</u>
Accumulated Depreciation:				
Land improvements	3,760	4,353	-	8,113
Buildings and improvements	17,114,738	645,873	-	17,760,611
Machinery, equipment and vehicles	8,537,921	481,472	153,066	8,866,327
Infrastructure	37,435,900	1,020,709	-	38,456,609
Total Accumulated Depreciation	<u>63,092,319</u>	<u>2,152,407</u>	<u>153,066</u>	<u>65,091,660</u>
Net Capital Assets	<u>\$ 41,884,630</u>	<u>\$ 4,591,376</u>	<u>\$ -</u>	<u>\$ 46,476,006</u>

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

5. CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year ended June 30, 2016 was charged to the following functions/programs of the Town:

Governmental Activities	
General government	\$ 938,272
Public safety	264,299
Public works	169,308
Public assistance, development, recreation	54,828
Library	42,663
Education	<u>683,037</u>
Total	<u>\$ 2,152,407</u>

	Balances 7/1/2015	Additions	Retirements & Disposals	Balances 6/30/2016
Business-type Activity				
Nondepreciable Assets:				
Land	\$ 432,700	\$ -	\$ -	\$ 432,700
Construction in progress	<u>8,137,718</u>	<u>7,066,401</u>	<u>-</u>	<u>15,204,119</u>
Total Nondepreciable Assets	<u>8,570,418</u>	<u>7,066,401</u>	<u>-</u>	<u>15,636,819</u>
Depreciable Assets:				
Land improvements	1,024,400	-	-	1,024,400
Buildings and improvements	40,430,885	11,380,612	-	51,811,497
Machinery, equipment and vehicles	14,778,275	866,897	-	15,645,172
Infrastructure	<u>45,070,000</u>	<u>-</u>	<u>-</u>	<u>45,070,000</u>
Total Depreciable Assets	<u>101,303,560</u>	<u>12,247,509</u>	<u>-</u>	<u>113,551,069</u>
Total Capital Assets	<u>109,873,978</u>	<u>19,313,910</u>	<u>-</u>	<u>129,187,888</u>
Accumulated Depreciation:				
Land improvements	490,050	44,820	-	534,870
Buildings and improvements	10,508,650	914,852	-	11,423,502
Machinery, equipment and vehicles	7,091,974	903,180	-	7,995,154
Infrastructure	<u>33,705,300</u>	<u>559,400</u>	<u>-</u>	<u>34,264,700</u>
Total Accumulated Depreciation	<u>51,795,974</u>	<u>2,422,252</u>	<u>-</u>	<u>54,218,226</u>
Net Capital Assets	<u>\$ 58,078,004</u>	<u>\$ 16,891,658</u>	<u>\$ -</u>	<u>\$ 74,969,662</u>

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

5. CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year ended June 30, 2016 was charged to the following Business-type Activities:

Business-type Activities	
Sewer Authority	\$ 2,319,807
School Lunch Program	47,354
Civic Center	55,091
	<hr/>
Total	<u>\$ 2,422,252</u>

6. SHORT-TERM AND LONG-TERM DEBT

(a) General Bond Anticipation Note

At June 30, 2016 the Town had two general obligation bond anticipation notes (BANs) totaling \$17,800,000. The notes mature on August 11, 2016 with interest at an annual rate of 0.9%. Proceeds from these BANs were utilized to refinance debt associated with the Town's Wind Turbine Project. Activity of the Town's BAN obligations was as follows for the fiscal year ended June 30, 2016.

Balance 7/1/2015	Additions	Retirements	Balance 6/30/2016
<u>\$ -</u>	<u>\$ 18,000,000</u>	<u>\$ 200,000</u>	<u>\$ 17,800,000</u>

(b) General

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

The Rhode Island General Laws provide that no Town shall, without special statutory authority, incur any debt which would increase its aggregate indebtedness beyond 3% of the taxable property of the Town. Tax anticipation notes are not included in the computation of the legal debt limit. Debt may be incurred in excess of the three percent limit with the approval of the State Director of Administration. At June 30, 2016 all of the Town's bonds and notes outstanding or authorized but unissued are either specifically exempt from the three percent debt limit or are within such limit.

At June 30, 2016 the 3% debt limit of the Town was approximately \$62,000,000 based on the net assessed value of property at December 31, 2014 of approximately \$2,079,000,000.

TOWN OF WEST WARWICK, RHODE ISLAND

*NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016*

6. SHORT-TERM AND LONG-TERM DEBT (CONTINUED)

(c) Long-Term Debt Outstanding and Activity (Continued):

At June 30, 2016, the Town's long-term debt outstanding and activity consisted of the following:

Description	Date Issued	Original Principal	Maturity Date	Interest Rate	Outstanding July 01, 2015 (As Restated)	Additions	Retirements	Outstanding June 30, 2016	Due Within One Year
Governmental Activities									
General Obligation Bonds									
2005 Town Bond	10/1/2005	\$ 2,100,000	10/14/2025	4%-5%	\$ 1,110,000	\$ -	\$ 1,110,000	\$ -	\$ -
2005 Qualified Zone Academy Bonds	11/29/2005	3,688,000	11/29/2021	1.47%	3,688,000	-	-	3,688,000	-
2009 Refunding Bonds Series B	8/20/2009	2,370,000	4/1/2018	2%-3.5%	735,000	-	250,000	485,000	245,000
2009 Series A	8/20/2009	6,500,000	4/1/2029	2.75%-5%	5,215,000	-	280,000	4,935,000	290,000
2007 Road Bonds	7/15/2007	5,000,000	7/15/2027	4.5%-5.25%	3,250,000	-	250,000	3,000,000	250,000
2014 RIHEBC	7/10/2014	9,780,000	5/25/2029	3%-4.125%	9,120,000	-	830,000	8,290,000	850,000
2015 Town Series A	11/12/2015	6,890,000	10/1/2035	2%-5%	-	6,890,000	-	6,890,000	310,000
RICWFA Revolving Fund Loan	5/28/2015	150,515	9/1/2024	0.75%-2.25%	-	150,515	1,000	149,515	15,000
Total General Obligation Bonds		<u>\$36,478,515</u>			<u>23,118,000</u>	<u>7,040,515</u>	<u>2,721,000</u>	<u>27,437,515</u>	<u>1,960,000</u>
Lease Purchase Obligations									
Capital lease	1/21/2011	\$ 386,724	3/21/2016	6%	62,483	-	62,483	-	-
Webster capital lease	2/5/2016	49,695	11/15/2018	n / a	-	49,695	-	49,695	16,423
US Bank capital lease	2/5/2016	486,442	8/12/2020	2.022%	-	486,442	-	486,442	93,433
Total Lease Purchase Obligations		<u>\$ 922,861</u>	<u>3/21/2016</u>		<u>62,483</u>	<u>536,137</u>	<u>62,483</u>	<u>536,137</u>	<u>109,856</u>
Other Long-Term Obligations									
Net Pension liability					148,895,806	17,085,669	-	165,981,475	-
Net OPEB obligation					16,036,647	622,115	-	16,658,762	-
Bond premium					194,276	216,038	36,267	374,047	-
Compensated absences					6,365,000	300,000	-	6,665,000	500,000
Total Other Long-Term Obligations					<u>171,491,729</u>	<u>18,223,822</u>	<u>36,267</u>	<u>189,679,284</u>	<u>500,000</u>
Governmental Activities Long-Term Obligations					<u>\$194,672,212</u>	<u>\$ 25,800,474</u>	<u>\$ 2,819,750</u>	<u>\$ 217,652,936</u>	<u>\$ 2,569,856</u>

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

6. SHORT-TERM AND LONG-TERM DEBT (Continued)

(c) Long-Term Debt Outstanding and Activity (Continued):

Description	Date Issued	Original Principal	Maturity Date	Interest Rate	Outstanding July 1, 2015	Additions	Retirements	Outstanding June 30, 2016	Due Within One Year
Business-Type Activities									
General Revenue Bonds/Notes									
RI Clean Water Finance Agency	3/9/2006	\$ 7,719,000	9/1/2025	1.11%-1.565%	\$ 4,599,000	\$ -	\$ 379,000	\$ 4,220,000	\$ 386,000
RI Clean Water Finance Agency	6/5/2003	20,923,000	9/1/2023	0%	9,714,000	-	1,077,000	8,637,000	1,077,000
RI Clean Water Finance Agency	12/30/2004	3,000,000	9/1/2025	0.78%-1.55%	1,780,000	-	147,000	1,633,000	150,000
RI Clean Water Finance Agency	12/21/2006	500,000	9/1/2026	1.185%-1.355%	321,000	-	24,000	297,000	25,000
RI Clean Water Finance Agency	12/12/2007	1,675,000	9/1/2028	1.185%-1.645%	1,237,000	-	78,000	1,159,000	79,000
RI Clean Water Finance Agency	7/24/2014	5,500,000	9/1/2034	0.29%-2.91%	5,499,000	-	222,000	5,277,000	224,000
RI Clean Water Finance Agency	7/30/2015	7,000,000	9/1/2034	1.95%-3.3%	-	7,000,000	1,000	6,999,000	276,000
Total Bond Obligations		<u>\$46,317,000</u>			<u>23,150,000</u>	<u>7,000,000</u>	<u>1,928,000</u>	<u>28,222,000</u>	<u>2,217,000</u>
Lease Purchase Obligations									
US Bank capital lease	2/5/2016	<u>\$ 486,442</u>	8/12/2020	2.022%	-	83,097	-	83,097	27,461
Other Long-Term Obligations									
Net Pension liability					5,682,467	436,452	-	6,118,919	-
Net OPEB obligations					334,075	-	31,168	302,907	-
Compensated absences					164,900	2,026	-	166,926	40,000
Total Other Long-Term Obligations					<u>6,181,442</u>	<u>438,478</u>	<u>31,168</u>	<u>6,588,752</u>	<u>40,000</u>
Business-Type Activities Long-Term Obligations					<u>\$29,331,442</u>	<u>\$ 7,521,575</u>	<u>\$ 1,959,168</u>	<u>\$34,893,849</u>	<u>\$ 2,284,461</u>

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

6. SHORT-TERM AND LONG-TERM DEBT (CONTINUED)

(d) Municipal Debt Service Assessments Receivable

The Town of West Warwick has entered into several Inter-Municipal Agreements with surrounding local communities. Under the provisions of these agreements, the participating communities are responsible for certain costs and improvements to the wastewater/sewer treatment facility and operations. In addition to the normal operating costs and assessments these local communities are also responsible for portions of the outstanding debt obligations and interest which is due annually on these debt obligations. The portion of the debt obligations to be paid by the local communities in accordance with the Inter-Municipal Agreements has been recorded as a special assessments receivable and revenue when the project was completed and the obligation entered into. At June 30, 2016 the amount of the municipal debt service assessment receivable which is expected to be collected in future years totaled \$7,671,890. Of this amount, \$668,710 is expected to be received in fiscal 2017 to help cover the principal balance due of \$2,244,461 during fiscal 2017.

(e) Debt Service Requirements

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

Year Ending June 30	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2017	\$ 2,069,856	\$ 958,681	\$ 2,244,461	\$ 656,451	\$ 5,929,449
2018	2,332,787	889,538	2,267,533	610,356	6,100,214
2019	2,150,556	813,581	2,290,103	562,279	5,816,519
2020	2,180,716	752,595	2,287,000	511,865	5,732,176
2021	2,213,722	692,493	2,311,000	459,997	5,677,212
2022-2026	9,636,015	2,269,257	9,877,000	1,520,930	23,303,202
2027-2031	4,640,000	1,051,904	3,792,000	770,316	10,254,220
2032-2036	2,750,000	275,732	3,236,000	200,029	6,461,761
Total	\$27,973,652	\$ 7,703,781	\$28,305,097	\$ 5,292,223	\$69,274,753

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

6. SHORT-TERM AND LONG-TERM DEBT (CONTINUED)

(e) Debt Service Requirements (Continued)

The 2005 Qualified Zone Academy Bonds outstanding totaling \$3,688,000 at June 30, 2016 requires annual interest and principal payments. However, under the terms of this debt obligation the principal payments are held in escrow until the maturity of the debt in fiscal 2022. Accordingly, the principal payment is not reflected as a current maturity obligation until fiscal 2022 when the payment will be applied to the outstanding debt obligation. As of June 30, 2016 the Town is maintaining a Debt Service Fund to reflect the restricted cash and investments which are being maintained for the future retirement of this debt obligation. As of June 30, 2016 the amount of fund balance available for the future payment of this outstanding principal debt obligation was \$2,051,522. In accordance with the fiscal agent agreement relating to the bonds, the Town is required to deposit \$155,673 into a sinking fund each year until November 2020. These deposits and the investment earnings thereon are expected to provide approximately \$3,500,000 in funding to be applied toward final redemption of the bonds in November 2021. The sinking fund assets, along with a final payment by the town of approximately \$188,000 on November 29, 2021, will fully redeem the bonds.

7. FUND BALANCES

(a) Fund Balances

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

At June 30, 2016 *Non-spendable Fund Balance* consisted of the following:

Major Governmental Funds

General Fund	
Deposits with Health Insurance Administrator	\$ 195,600
Prepaid expenditures	10,120
Total Non-Spendable Fund Balance, General Fund	<u>205,720</u>
School Unrestricted Fund	
Prepaid expenditures	211,985
Total Non-Spendable Fund Balance	<u>\$ 417,705</u>

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

7. FUND EQUITY BALANCES (CONTINUED)

(a) Fund Balances (Continued)

At June 30, 2016 *Restricted Fund Balance* consisted of the following:

Major Governmental Funds

Debt Service Fund

Future retirement of debt obligations	<u>\$ 2,051,522</u>
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Non-Major Governmental Funds

Special Revenue Funds

Education	\$ 152,898
Police investigations and police equipment	127,205
Economic Development	54,979
Public Safety	47,295
Equipment maintenance	45,852
Town Committees	2,115

Capital Project Funds

Education	2,035,280
General Government	3,041,424
Public Works	<u>9,513</u>

Total Non-Major Governmental Funds	<u>\$ 5,516,561</u>
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TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

7. FUND EQUITY BALANCES (CONTINUED)

At June 30, 2016 *Committed Fund Balance* consisted of the following:

Major Governmental Funds

General Fund

Capital Improvements	<u>\$ 994,361</u>
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School Unrestricted Fund

Educational programs	<u>\$ 4,063,988</u>
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Non-Major Governmental Funds

Special Revenue Funds

Public Safety	\$ 578,699
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Capital Project Funds

Fire Safety Equipment	<u>504,763</u>
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Total Non-Major Governmental Funds

	<u>\$ 1,083,462</u>
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(b) Fund Deficits

The following funds had deficit fund balance/net position balances at June 30, 2016. These deficit fund balances/net position balances are reported as unassigned fund balance/unrestricted net position at June 30, 2016.

Business-Type Activities

Renewable Energy Efficiency Fund	<u>\$ 42,913</u>
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Non-Major Governmental Funds

Special Revenue Funds

Open Space and Recreation Fund	\$ 44,328
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Library Grants Fund	215,220
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Homeland Security Fund	924
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Community Development Block Grant Fund	5,897
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Stormwater Utility Grant Fund	59,487
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Police Highway Grant Fund	8,024
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LEAP Fund	22,407
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Capital Project Funds

Road Bond Fund	<u>39,474</u>
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Total Deficits Non-Major Governmental Activities

	<u>\$ 395,761</u>
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Internal Service Fund

	<u>\$ 606,445</u>
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The deficit fund balances noted above will be eliminated through the future issuance of bond obligations, grant funding, and/or transfer from the Town's General Fund.

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

7. FUND EQUITY BALANCES (CONTINUED)

(b) Fund Deficits (Continued)

The following individual funds recognized operating deficits for the year ending June 30, 2016:

Major Governmental Funds	
General Fund	<u>\$ 1,052,487</u>
Business-Type Activities	
Civic Center	\$ 194,471
Renewable Energy Efficiency	42,913
Total Deficits Business-Type Activities	<u>\$ 237,384</u>
Non-Major Governmental Funds	
Special Revenue Funds	
Meds Contract Fund	\$ 199
Bramley Bill Fund	2,194
Open Space and Recreation Fund	25,627
Community Development Block Grant	38,171
Library Grants Fund	11,192
DARE Fund	979
Stormwater Utility Grant Fund	50,253
Police Highway Grant	5,037
LEAP Fund	22,407
Big Yellow School Bus	354
Private Grants	11,436
Capital Project Funds	
School Bond Fund	1,403,559
EMS Rescue	42,124
Total Deficits Non-Major Governmental Activities	<u>\$ 1,613,532</u>
Governmental Activities	
Internal Service Fund	<u>\$ 1,499,431</u>

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

8. INTERFUND BALANCES AND TRANSFERS

Interfund balances represent short-term advances from one fund (primarily the General Fund) to another fund. The advances may represent balances resulting from operating advances or reimbursement for expenditures paid by one fund on behalf of another fund or may simply be the result of pooling financial resources to maximize investment income/return. The composition of interfund balances at June 30, 2016 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Funds		
Major Governmental Funds		
General Fund	\$ -	\$11,493,605
School Unrestricted	4,017,161	-
Total Major Governmental Funds	<u>4,017,161</u>	<u>11,493,605</u>
Non-Major Governmental Funds		
Town Special Revenue Funds	706,931	492,532
School Special Revenue Funds	190,081	795,580
Capital Project Funds	3,466,118	79,264
Total Governmental Funds	<u>4,363,130</u>	<u>1,367,376</u>
Proprietary Funds		
Sewer Authority	2,127,516	-
Municipal Court Fund	133,969	-
School Lunch Program	30,362	-
Civic Center Fund	-	774,113
Renewable Energy Efficiency Fund	2,552,968	-
Internal Service Fund	409,988	-
Total Proprietary Funds	<u>5,254,803</u>	<u>774,113</u>
Total All Funds	<u>\$13,635,094</u>	<u>\$13,635,094</u>

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

8. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

The principal purpose of interfund transfers is to provide a financing source to various funds that may not have the ability to cover all operating costs or capital expenditures with revenue generated by the fund. The composition of interfund transfers for the year ended June 30, 2016 is as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>School Unrestricted Fund</u>	<u>Total Transfer Out</u>
General Fund	\$ -	\$ 155,673	\$30,628,554	\$30,784,227
Proprietary Funds	10,000	-	-	10,000
<i>Total Transfer In</i>	<u>\$ 10,000</u>	<u>\$ 155,673</u>	<u>\$30,628,554</u>	<u>\$30,794,227</u>

9. PENSION PLANS

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

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

Plan Description

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

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

9. PENSION PLANS (CONTINUED)

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

Plan Description (Continued)

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

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

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

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

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

9. PENSION PLANS (CONTINUED)

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

Plan Description (Continued)

Membership of the ERS plan consisted of the following at June 30, 2016, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	346
Inactive members entitled to but not yet receiving benefits	31
Active plan members	304
Total members	<u>681</u>

Plan Administration

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

Investment Policy

The Town's Pension Board establishes the pension plan's policy regarding asset allocation. Plan assets are managed with a long-term view. The following was the Plan's adopted asset allocation policy as of June 30, 2016:

Asset Class	Target Allocation
Fixed Income	21.0%
Domestic Equity	35.0%
International Equity	23.0%
Alternatives	17.0%
Cash	<u>4.0%</u>
Total	<u>100%</u>

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

9. PENSION PLANS (CONTINUED)

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

Rate of Return

For the year ended June 30, 2016 the annual money-weighted rate of return on pension plan investments, net of pension plan expense was 5.92%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Asset Class	Long-Term Expected Rate of Return
Fixed Income	2.25%
Domestic Equity	7.75%
International Equity	8.00%
Alternatives	5.00%
Cash	1.00%

The long-term expected rate of return on the pension plan investments was determined using a building block method in which expected future real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return	Weighted Real Rate of Return
Fixed Income	21.0%	2.25%	0.47%
Domestic Equity	35.0%	7.75%	2.71%
International Equity	23.0%	8.00%	1.84%
Alternatives	17.0%	5.00%	0.85%
Cash	4.0%	1.00%	0.04%
Total	100%		5.91%

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

9. PENSION PLANS (CONTINUED)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the contributions will be made at rates equal to the difference between actuarially determined contribution rates and member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Contributions

Police officers, Fire and others are required to contribute between 9% and 13% of their salary to the Plan. The Town's contributions to the ERS for the years ended June 30, 2016, 2015 and 2014 were \$8,179,980, \$8,062,234, and \$6,000,000, respectively.

Net Pension Liability

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The net pension liability consisted of the following components at June 30, 2016:

	<u>June 30, 2016</u>
Total pension liability	\$156,249,012
Plan fiduciary net position	<u>(28,711,899)</u>
Net pension liability	<u><u>\$127,537,113</u></u>
Plan fiduciary net position as a percent of the total pension liability	18.38%

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

9. PENSION PLANS (CONTINUED)

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

Net Pension Liability (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2015	\$148,137,164	\$ 29,021,984	\$119,115,180
Changes for the year:			
Service Cost	2,441,566	-	2,441,566
Interest	10,923,326	-	10,923,326
Differences between expected and actual experience	1,300,570	-	1,300,570
Changes in assumptions	2,751,398	-	2,751,398
Contributions - employer	-	8,179,980	(8,179,980)
Contributions - member	-	1,894,424	(1,894,424)
Net investment income	-	(954,050)	954,050
Benefit payments, including refunds	(9,266,182)	(9,266,182)	-
Administration expenses	-	(125,427)	125,427
Net Changes	8,150,678	(271,255)	8,421,933
Balance at June 30, 2016	\$156,287,842	\$ 28,750,729	\$127,537,113

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

9. PENSION PLANS (CONTINUED)

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

Net Pension Liability (Continued)

Additional information as of the latest actuarial valuation follows:

Valuation Date	6/30/2016
Actuarial cost method	Entry Age Method
Amortization cost method	Unfunded Actuarial Accrued Liability as a level % of pay.
Remaining amortization period	25 years
Asset valuation method	5-year smoothing of gains/losses

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

Mortality rates for healthy retirees were based on the following:

- Police and Fire - RP-2014 Blue Collar Mortality Table with Social generational improvements from 2006 based on assumptions from the 2015 SSA Trustees' Report
- Others - RP-2014 Mortality Table with generational improvements from 2006 based on assumptions from the 2015 SSA Trustees' Report

Disabled retiree mortality rates were based on RP-2014 Disabled Mortality Table with generational improvements from 2006 based on assumptions from the 2015 SSA Trustees' Report.

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

9. PENSION PLANS (CONTINUED)

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

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

The following represents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
Net pension liability	\$146,508,166	\$127,537,113	\$110,620,053

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

For the year ended June 30, 2016, the Town recognized pension expense of \$2,858,083. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,083,808	\$ -
Changes of assumption	2,292,832	-
Net difference between projected and actual earnings on pension plan investments	3,408,133	-
Total	<u>\$ 6,784,773</u>	<u>\$ -</u>

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

9. PENSION PLANS (CONTINUED)

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

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

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

Year ended June 30:	
2017	\$ 1,603,669
2018	1,603,669
2019	1,603,668
2020	1,298,439
2021	675,328
	<u>\$ 6,784,773</u>

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

General Information about the Pension Plan

Plan Description

Certain employees of the West Warwick School Department participate in a cost-sharing multiple-employer defined benefit pension plan - the Employees' Retirement System plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries. The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.ersri.org>.

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

9. PENSION PLANS (CONTINUED)

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

General Information about the Pension Plan (Continued)

Benefit Provisions

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

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

Cost of living adjustments are provided but are currently suspended until the collective plans covering state employees and teachers reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments are provided at five-year intervals commencing with the plan year ending June 30, 2016.

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

Contributions

The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the Plan. For fiscal 2016, West Warwick School Department teachers were required to contribute 3.75% of their annual covered salary. The state and the West Warwick School Department are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by West Warwick School Department; the rates were 9.41 and 13.73% of annual covered payroll for the year ended June 30, 2016 for the state and West Warwick School Department, respectively. The West Warwick School Department contributed approximately \$3,228,000, \$3,527,000 and \$2,970,000 for the fiscal years ended June 30, 2016, 2015 and 2014, respectively, equal to 100% of the required contributions for each year. The on-behalf contribution made by the State of Rhode Island for the defined benefit pension plan for the fiscal year ended June 30, 2016 was \$2,218,944. This amount has been included in the Fund Statements (School Unrestricted Fund) as revenue and education expenditures.

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

9. PENSION PLANS (CONTINUED)

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

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

At June 30, 2016, the West Warwick School Department reported a net pension liability of \$44,563,281 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the West Warwick School Department as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the West Warwick School Department were as follows:

West Warwick School Department proportionate share of the net pension liability	\$44,563,281
State's proportionate share of the net pension liability associated with the West Warwick School Department	<u>30,444,235</u>
Total Net Pension Liability	<u><u>\$75,007,516</u></u>

The net pension liability was measured as of June 30, 2015, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015. The West Warwick School Department proportion of the net pension liability was based on a projection of the West Warwick School Department long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2015 the West Warwick School Department proportion was 1.62%.

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

9. PENSION PLANS (CONTINUED)

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

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

For the year ended June 30, 2016 the Government-wide financial statements of the Town of West Warwick (attributable to the West Warwick School Department) recognized gross pension expense of \$9,712,253 and revenue of \$3,696,759 for support provided by the State of Rhode Island. At June 30, 2016 the West Warwick School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources	
Contributions subsequent to the measurement date	\$ 3,227,834
Net difference between projected and actual investment earnings	2,510,923
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,823,795
Total deferred outflows of resources	<u>\$ 9,562,552</u>
Deferred inflows of resources	
Differences between expected and actual experience	\$ 290,168
Changes of assumptions	1,198,013
Net difference between projected and actual earnings on pension plan investments	2,544,542
Total deferred inflows of resources	<u>\$ 4,032,723</u>

The \$3,227,834 reported as deferred outflows of resources related to pensions resulting from the West Warwick School Department contributions in fiscal year 2016 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

9. PENSION PLANS (CONTINUED)

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

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

Year Ended June 30	
2017	\$ 128,163
2018	128,163
2019	128,163
2020	976,343
2021	348,613
Thereafter	592,550
Total	<u>\$ 2,301,995</u>

Actuarial Assumptions

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

Inflation	2.75%
Salary increases	3.50% to 13.5%
Investment rate of return	7.50%

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

The actuarial assumptions used in the June 30, 2014 valuation rolled forward to June 30, 2015 and the calculation of the total pension liability at June 30, 2015 were consistent with the results of an actuarial experience study performed as of June 30, 2014.

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 23 sources. The June 30, 2015 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

9. PENSION PLANS (CONTINUED)

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

Actuarial Assumptions (Continued)

Asset Class	Target Allocation	Long-term expected real rate of return
Global Equity:	38.0%	-
U.S. Equity	-	6.93%
International Developed	-	7.32%
International Emerging Markets	-	9.52%
Equity Hedge Funds	8.0%	3.98%
Private Equity	7.0%	9.99%
Core Fixed Income	15.0%	2.18%
Absolute Return Hedge Funds	7.0%	3.98%
Infrastructure	3.0%	5.70%
Real Estate	8.0%	4.85%
Other Real Return Assets:	11.0%	-
Master Limited Partnerships	-	4.51%
Credit	-	4.51%
Inflation Linked Bonds	-	1.24%
Cash, Overlay, Money Market	3.0%	7.80%
Total	<u>100.0%</u>	

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

Discount Rate

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

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

9. PENSION PLANS (CONTINUED)

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Continued)

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

1.00% Decrease 6.50%	Current Discount Rate 7.50%	1.00% Increase 8.50%
\$ 55,881,996	\$ 44,563,281	\$ 35,297,311

Pension Plan Fiduciary Net Position

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

(c) Teachers Defined Contribution Pension Plan

Plan Description

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

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

9. PENSION PLANS (CONTINUED)

(c) Teachers Defined Contribution Pension Plan

Plan Description (Continued)

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

The Town (School Department) recognized pension expense of approximately \$280,000, for the fiscal year ended June 30, 2016.

Although the Town (School Department) is required to contribute 1% to 1.5% towards the plan for certified teachers, the School Department receives reimbursement from the State of Rhode Island for .4% of the required contributions. For financial reporting purposes, the State's share of the contribution is reflected as on-behalf payments and is included as both revenue and expenditures in the accompanying financial statements. The on-behalf contributions for the defined contribution plan for the fiscal year ended June 30, 2016 amounted to approximately \$112,000.

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

10. OTHER POST EMPLOYMENT BENEFITS

Plan Description

In addition to the pension benefits described in Note 9, the Town provides post-employment health care benefits to employees in accordance with their respective collective bargaining agreements. These benefits are for continued full family or individual health care for the employee groups as described below. As of June 30, 2016 the Town has established an OPEB Trust Fund for these benefits. The OPEB benefits include health and dental coverage.

A copy of June 30, 2016 actuarial valuation report can be obtained in the Finance Department at West Warwick Town Hall.

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

10. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Eligibility

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

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

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

Number of Participants

As of June 30, 2016 (most recent actuarial valuation) there were 348 retirees participating with coverage. The composition of the retirees participating with coverage as of June 30, 2016 was as follows: Fire 59; Police 59; Department Head 5; Wastewater Authority 7; Municipal 43; School certified 145; and School non-certified 30. The average age of retirees with coverage was 65 at June 30, 2016. At June 30, 2016 the number of current active employees with coverage totaled 516. The breakdown of active employees was as follows: Fire 67; Police 47; Wastewater Authority 16; Municipal 47; School certified 267; and School non certified 72. The average age of active employees with coverage was 46 at June 30, 2016.

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

10. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Funding Policy

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

The ARC for the year ended June 30, 2016 was calculated as follows:

Normal Cost	\$ 942,255
Amortization of past service cost for 30 years	3,390,440
Interest to end of year	<u>252,972</u>
ARC for the year ended June 30, 2016	<u>\$ 4,585,667</u>
<i>Obtained from OPEB report</i>	

The ARC noted above was allocated \$1,159,840 to the School Department; \$1,310,909 to the Fire Department; \$1,340,149 to the Police Department; and \$774,769 to the other Town Departments including the Wastewater Authority.

The Town's annual OPEB cost and the net OPEB obligation (NOO) as of and for the year ended June 30, 2016 was as follows:

Annual Required Contribution	\$ 4,585,667
Interest on NOO	1,227,804
NOO amortization adjustment to ARC	<u>(1,111,433)</u>
Annual OPEB cost	4,702,038
Annual employer contribution for pay-as-go	(3,025,462)
Annual employer contribution for pre-funding	<u>(1,085,629)</u>
Increase in NOO	590,947
NOO at beginning of the year	<u>16,370,722</u>
NOO at June 30, 2016	<u>\$16,961,669</u>

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

10. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Funding Policy (Continued)

The increase and the NOO for the year-ended June 30, 2016 are allocated as follows:

Governmental Activities	
Net OPEB Obligation at beginning of year	\$ 16,036,647
Increase in NOO for fiscal 2015	<u>622,115</u>
NOO at June 30, 2016	<u>\$ 16,658,762</u>
Business-Type Activities - Sewer Authority	
Net OPEB Obligation at beginning of year	\$ 334,075
Increase in NOO for fiscal 2015	<u>(31,168)</u>
NOO at June 30, 2016	<u>\$ 302,907</u>

Trend Information

Fiscal Year	Annual OPEB Cost	Percentage of OPEB Contribution	Net OPEB Obligation	Employer Contributions
2012	\$ 7,529,858	64.6%	\$ 11,919,373	\$ 4,865,794
2013	\$ 7,523,306	70.5%	\$ 14,138,963	\$ 5,303,716
2014	\$ 4,933,858	70.3%	\$ 15,549,134	\$ 3,467,681
2015	\$ 4,840,622	78.1%	\$ 16,370,722	\$ 3,779,772
2016	\$ 4,702,038	87.4%	\$ 16,961,669	\$ 4,111,091

Funded Status of Plan

The required supplementary information which follows the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the OPEB benefits with a valuation date of June 30, 2016 rolled-back to July 1, 2015 on a "no gain/loss" basis.

Actuarial value of assets	\$ 239,263	Actuarial Accrued Liability (AAL)	\$ 53,923,801
Unfunded AAL	\$ 53,684,538	Funded Ratio	0.44%
Covered Payroll	Not Applicable	Unfunded AAL as % of Payroll	Not Applicable

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

10. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

The following actuarial assumptions were utilized in completing the actuarial valuation as of June 30, 2016:

- A. **Measurement Date:** June 30, 2016; results were actuarially rolled-back to July 1, 2015 on a “no gain/loss” basis.
- B. **Discount Rate:** 7.5% fully-funded
- C. **Payroll Growth:** 2.0% per year increasing to 3.5% beginning on 2017 for valuation purposes; 2.5% for amortization purposes.
- D. **Inflation Rate:** 3.0% per year
- E. **Cost Method:** Entry Age Normal Level % Salary
- F. **Amortization:** Level % of pay over thirty years based on a closed group (28 years remaining as of June 30, 2016)
- G. **Employer Funding Policy:** a combination of employer contributions for pay-go cost and pre-funding.
- H. **Health Care Coverage Election Rate:** 100% active employees with current coverage are assumed continued coverage at retirement. 100% of retirees with current coverage are assumed to continue coverage in the future.
- I. **Spouse Coverage:** 85% of employees are assumed to be married at retirement. Husbands are assumed to be three years older than wives. All retirees who currently have family coverage are assumed to have spouses.
- J. **Mortality:** Police/Fire: RP-2014 Blue Collar Mortality Table with generational improvements from 2006 based on assumptions from the 2015 SSA Trustees’ Report. All others: RP-2014 Mortality Table with generational improvements from 2006 based on assumptions from the 2015 SSA Trustees’ Report.
- K. **Health Care Trend Rates:** 2017 medical and dental 9% and 5% respectively; 2018 medical and dental 8.5% and 4.75%, respectively. Trends for medical continue to decrease in 2019 through 2025 by .5% annually going from 8% to 5%. While dental trends decrease from 5.00% in 2017 to 4.75% in 2018 to 4.50% for 2019 to 4.25% for 2020 and 4.00% for 2021 through 2025.

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

11. RISK MANAGEMENT

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

The Trust provides this insurance coverage through a pooled, self-insurance mechanism, which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above losses the Trust retains internally for payment from the pooled contributions of its members. Under the participation agreement, the Town is insured for a maximum of \$4,000,000 per occurrence. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years, and are not expected to increase the Trust coverage in future fiscal years. There were no reductions in the insurance coverage during the fiscal year up to and through the date of this report.

Health Care

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

The Town currently maintains stop loss insurance to protect the taxpayers from catastrophic loss resulting from excessive health insurance claims. At June 30, 2016 the stop loss insurance contract covered all claims exceeding \$175,000 per individual on an annual basis.

The Town's Finance Department oversees the self-insured program for all employees and claims payment services are provided by Blue Cross and Blue Shield of Rhode Island (Plan Administrator). At June 30, 2016 the Town has estimated a liability for incurred but not reported claims (IBNR) based on actual claims paid subsequent to year end but related to claims incurred prior to July 1, 2016. Approximate changes in the balances of self-insured claims liabilities were as follows:

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

11. RISK MANAGEMENT (CONTINUED)

Health Care (Continued)

Incurred but not reported claims (IBNR), June 30, 2015	\$ 506,777
Amount of incurred claims	(10,909,285)
Paid claims including amount in accounts payable at June 30, 2016	<u>11,066,108</u>
Estimated IBNR Claims outstanding at June 30, 2016	<u>\$ 663,600</u>
Incurred but not reported claims (IBNR), June 30, 2014	\$ 658,806
Amount of incurred claims	9,099,566
Paid claims including amount in accounts payable at June 30, 2015	<u>(9,251,595)</u>
Estimated IBNR Claims outstanding at June 30, 2015	<u>\$ 506,777</u>

The IBNR claims outstanding at June 30, 2016 are comprised of approximately \$183,054 and \$480,546 related to Town and School employees, respectively.

At June 30, 2016 the Town has a deposit with the Plan Administrator totaling \$195,600. This deposit was required as part of the contract with the Plan Administrator to ensure reimbursement of claims is made in a timely manner. This deposit has been classified as a prepaid of the General Fund and as such has been included in non-spendable fund balance in the governmental activities of the Fund Statements.

Unemployment

The Town is self-insured for unemployment benefits. As of June 30, 2016 management does not believe that there are any incurred but not reported claims that are required to be accrued in the Fund Statements of the Government-wide Statement of Net Position.

12. COMMITMENTS AND CONTINGENCIES

Liabilities for legal cases and other claims against governmental funds are recorded in the governmental funds when the ultimate liability can be estimated and such cases are expected to be settled with available expendable financial resources. The Government-wide statements would include all estimated claims regardless of when they are expected to be settled. At June 30, 2016 the Town (including the School Department) had a number of legal cases and claims in process. These cases include claims made by Unions. Management and legal counsel have reviewed these outstanding claims and determined that the estimated liability, if any, that may result from these claims would not materially affect the basic financial statements of the Town. As such, the Statement of Net Position at June 30, 2016 does not include any liability for claims, judgments, or unasserted claims.

TOWN OF WEST WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

13. RESTATEMENT

The net position of the Governmental Activities and Governmental Funds has been restated as of June 30, 2015 to correct an error in the accounting and reporting of bond proceeds and capital asset activity, inadvertently omitted from the prior year financial statements. This correction pertains to the School Bond Fund and its related impact on the Government-wide financial statements.

Governmental activities	
Net Position, June 30, 2015 as originally stated	\$ (140,704,403)
Correction of prior year error	<u>3,237,099</u>
Net Position, July 1, 2015 as restated	<u><u>\$ (137,467,304)</u></u>
Governmental Funds	
Fund Balance, June 30, 2015 as originally stated	\$ 8,803,305
Correction of prior year error	<u>3,431,376</u>
Fund Balance, July 1, 2015 as restated	<u><u>\$ 12,234,681</u></u>

14. SUBSEQUENT EVENTS

Subsequent to year end, the Town of West Warwick reissued a Bond Anticipation Note (BAN) to be used to partially fund the construction of wind turbines to provide 100% of the electricity needs for the Town, School and Wastewater facilities. Bond Anticipation Note No. R-1 for \$12,116,000 is dated August 11, 2016 and has a maturity date of August 9, 2018. The Town is in the process of seeking permanent financing for this portion of the project.

To fund the remaining portion of the project, the Town entered into a loan agreement with the Rhode Island Infrastructure Bank for the principal sum of \$7,184,000. The loan is dated July 8, 2016 and has a maturity date of June 30, 2033.

Lastly, the Town entered into two capital lease agreements on September 27, 2016 with PNC Equipment Finance, LLC to obtain new fire trucks. The combined principal amount of the agreements totaled approximately \$754,000.

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TOWN OF WEST WARWICK

REQUIRED SUPPLEMENTARY INFORMATION



TOWN OF WEST WARWICK, RHODE ISLAND

Required Supplementary Information

RSI - 1

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Budgetary Basis
For the Year Ended June 30, 2016

	Original and Final Budget	Actual Revenues	Positive (Negative) Variance
General property taxes			
Property taxes	\$ 61,338,832	\$ 60,559,063	\$ (779,769)
PILOT - WW Housing Authority	60,000	71,800	11,800
Penalty & interest on taxes	450,000	538,150	88,150
Total general property taxes	61,848,832	61,169,013	(679,819)
Intergovernmental revenues			
State aid for education	21,954,439	21,833,719	(120,720)
School housing aid	1,141,005	884,273	(256,732)
State meals tax	346,809	349,418	2,609
State hotel tax	105,972	129,592	23,620
Incentive aid	138,039	138,039	-
Distressed communities	835,708	839,602	3,894
Motor vehicle phase-out	233,530	231,779	(1,751)
Public utilities tax	394,835	372,833	(22,002)
Total intergovernmental revenues	25,150,337	24,779,255	(371,082)
Interest income:			
Interest - short-term investments	5,000	10,639	5,639
Departmental & miscellaneous:			
Town clerk	600,000	652,697	52,697
Building official	260,000	293,080	33,080
DPW/recycling	5,000	15,880	10,880
Planning & CDBG	3,500	8,210	4,710
Police department	15,000	9,374	(5,626)
Municipal court	10,000	10,000	-
Fire rescue fees	950,000	1,005,699	55,699
Fire plans review	25,000	19,935	(5,065)
Road opening permit - Zoning Board	8,000	10,275	2,275
Field rentals - Parks and Recreation	12,000	11,335	(665)
Sewer administrative fees	316,775	316,775	-
School crossing guards	128,000	99,586	(28,414)
QSCB subsidy	54,214	-	(54,214)
Tax Assessor Reval/misc	141,440	130,152	(11,288)
Dog pound collection	4,000	-	(4,000)
Other revenue- lien certificates, permits etc.	-	38,446	38,446
Miscellaneous	5,000	160,031	155,031
Total departmental revenues	2,537,929	2,781,475	243,546
Total revenues before other financing sources	89,542,098	88,740,382	(801,716)
Other financing sources			
Transfers from other funds	-	10,000	10,000
Total revenue and other financing sources	\$ 89,542,098	\$ 88,750,382	\$ (791,716)

TOWN OF WEST WARWICK, RHODE ISLAND

Required Supplementary Information

RSI - 1 (Continued)

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

General Fund - Budgetary Basis

For the Year Ended June 30, 2016

	Original and Final Budget	Actual Expenditures	Positive (Negative) Variance
General Government:			
FICA expense	\$ 1,057,529	\$ 1,106,426	\$ (48,897)
Retirement - severance	100,000	118,474	(18,474)
Dental	523,827	533,728	(9,901)
Health	4,095,568	4,184,827	(89,259)
Life insurance	17,500	16,976	524
Pension	6,450,557	6,449,465	1,092
OPEB contribution	920,287	920,287	-
ICMA contribution	36,528	52,705	(16,177)
Workers compensation	350,000	351,546	(1,546)
General liability	350,000	391,331	(41,331)
RI League of Cities and Towns	11,776	11,776	-
Unemployment expense	15,000	4,915	10,085
Pawtuxet River Authority	5,000	5,000	-
Telephone	50,000	96,462	(46,462)
Computer services	50,000	8,208	41,792
Advertising	40,000	31,346	8,654
Postage	-	788	(788)
Consulting	40,000	74,930	(34,930)
Bank/miscellaneous charges	-	18,329	(18,329)
Code red	9,990	4,995	4,995
Open gov	8,500	9,000	(500)
Fund balance	200,000	-	200,000
Miscellaneous	-	7,484	(7,484)
Total General Government	14,332,062	14,398,998	(66,936)
Public Works:			
Salaries and wages	1,391,472	1,415,512	(24,040)
Supplies and expenses	76,000	60,950	15,050
Major needs - winter	165,000	165,000	-
Solid waste	350,000	335,742	14,258
Petroleum	100,000	17,189	82,811
Fleet maintenance	194,000	138,116	55,884
Trash removal	741,412	933,004	(191,592)
Construction & drainage	125,000	129,189	(4,189)
Other costs	111,000	84,913	26,087
Total Public Works	3,253,884	3,279,615	(25,731)

TOWN OF WEST WARWICK, RHODE ISLAND
Required Supplementary Information **RSI - 1 (Continued)**
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Budgetary Basis
For the Year Ended June 30, 2016

	Original and Final Budget	Actual Expenditures	Positive (Negative) Variance
Public Safety:			
Police department	5,551,581	5,429,986	121,595
Fire department	6,535,617	6,640,799	(105,182)
Total Public Safety	12,087,198	12,070,785	16,413
Senior Center:			
West Warwick Senior Center	173,000	173,000	-
Capital:			
Salaries and wages	-	14,884	(14,884)
Town hall improvements	-	16,139	(16,139)
Lease fire truck	64,645	-	64,645
Civic Center fire upgrades	-	6,000	(6,000)
Police capital	113,097	83,995	29,102
Fire capital	113,431	179,623	(66,192)
IT improvements	50,000	43,721	6,279
Council ward improvements	-	67,580	(67,580)
Parks and recreation	-	6,513	(6,513)
DPW	-	74,649	(74,649)
Operating capital improvements	164,117	7,838	156,279
Total Capital	505,290	500,942	4,348
Debt Service:			
Redemption of bonds and notes	2,518,595	2,649,519	(130,924)
Financing cost and other use	190,000	160,464	29,536
Total Debt Service	2,708,595	2,809,983	(101,388)
Library:			
Salaries and wages	408,159	408,159	-
FICA expense	31,000	31,000	-
Medical	48,390	48,390	-
Pension	50,000	50,000	-
Books	2,000	2,000	-
Membership	35,000	35,000	-
Building maintenance contract	11,750	11,058	692
Utilities	57,897	57,756	141
Repair and maintenance	14,045	14,045	-
Legal	2,700	2,700	-
Miscellaneous	4,275	4,275	-
Total Library	665,216	664,383	833

TOWN OF WEST WARWICK, RHODE ISLAND
Required Supplementary Information **RSI - 1 (Continued)**
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Budgetary Basis
For the Year Ended June 30, 2016

	Original and Final Budget	Actual Expenditures	Positive (Negative) Variance
Other Expenditures:			
Town manager	225,000	206,149	18,851
Town planner	116,565	113,963	2,602
Human resources	108,460	141,827	(33,367)
Town council	59,550	51,275	8,275
Town clerk	249,997	243,790	6,207
Board of canvassers	69,661	70,652	(991)
Legal	277,500	254,760	22,740
EMA	8,350	4,821	3,529
Town sergeant	700	550	150
Finance	332,300	425,865	(93,565)
Tax collector	240,066	239,570	496
Tax assessor	331,668	369,621	(37,953)
Board of assessment review	1,816	1,317	499
Recycling	202,946	202,991	(45)
Town engineer	20,000	12,081	7,919
Street lighting	350,000	485,492	(135,492)
Building official	365,321	337,372	27,949
Zoning	6,350	5,913	437
Housing board	6,650	3,175	3,475
Parks	260,960	270,604	(9,644)
Probate court	-	1,102	(1,102)
Total Other Expenditures	3,233,860	3,442,890	(209,030)
Other Financing Uses:			
Transfer to School Unrestricted fund	52,582,993	52,462,273	120,720
Total Expenditures and other financing uses	89,542,098	89,802,869	(260,771)
Deficiency of revenues and other financing sources under expenditures and other financing uses	\$ -	\$ (1,052,487)	\$ (1,052,487)

TOWN OF WEST WARWICK, RHODE ISLAND

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

RSI-2

For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
State aid - Intergovernmental	\$ 21,954,439	\$ 21,833,719	21,833,719	\$ -
Medicaid	450,000	450,000	623,691	173,691
Other revenues	198,007	198,007	186,372	(11,635)
Total revenues	<u>22,602,446</u>	<u>22,481,726</u>	<u>22,643,782</u>	<u>162,056</u>
Expenditures:				
Salaries	30,541,489	30,541,489	29,557,107	984,382
Employee benefits	14,681,241	14,681,241	13,615,156	1,066,085
Purchased services	6,681,876	6,561,156	6,474,896	86,260
Supplies and materials	1,440,414	1,440,414	1,291,142	149,272
Other	54,217	54,217	65,336	(11,119)
Capital outlay	231,763	231,763	1,176,291	(944,528)
Total expenditures	<u>53,631,000</u>	<u>53,510,280</u>	<u>52,179,928</u>	<u>1,330,352</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>(31,028,554)</u>	<u>(31,028,554)</u>	<u>(29,536,146)</u>	<u>1,492,408</u>
Other financing sources (uses):				
Operating transfer from Town appropriation	30,628,554	30,628,554	30,628,554	-
Transfer to other funds	-	-	-	-
Use of accumulated fund balance - prior year designation	400,000	400,000	517,690	117,690
Total other financing sources (uses)	<u>31,028,554</u>	<u>31,028,554</u>	<u>31,146,244</u>	<u>117,690</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	1,610,098	<u>\$ 1,610,098</u>
 Reconciliation to GAAP Basis - Exhibit B-2:				
Less use of fund balance reported as a financing source			<u>(517,690)</u>	
Excess of revenues and other financing sources over expenditures and other financing uses - GAAP basis			<u>\$ 1,092,408</u>	

TOWN OF WEST WARWICK, RHODE ISLAND

RS-3

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

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Town of West Warwick -							
Other Post-Employment Benefit Program							
	7/1/2011	\$ -	\$ 107,329,661	\$ (107,329,661)	0%	N/A	N/A
	7/1/2012	\$ -	\$ 107,329,661	\$ (107,329,661)	0%	N/A	N/A
	7/1/2013	\$ -	\$ 57,953,063	\$ (57,953,063)	0%	N/A	N/A
	7/1/2014	\$ -	\$ 56,153,938	\$ (56,153,938)	0%	N/A	N/A
	7/1/2015	\$ 239,263	\$ 53,923,801	\$ (53,684,538)	0.4%	N/A	N/A

The unfunded actuarial accrued liability (UAAL) at July 1, 2015 is attributable to the following departments of the Town:

Department heads	\$ 268,760
School Department	11,673,964
Fire Department	16,006,005
Police Department	15,886,443
General Municipal Department	8,396,564
Wastewater Authority Department	1,452,802
Total UAAL	\$ 53,684,538

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

Fiscal Year Ending	Annual Required Contributions	Annual OPEB Cost	Employer Contributions	Net OPEB Obligation
6/30/2012	\$ 7,552,618	\$ 7,529,858	\$ 4,865,794	\$ 11,919,373
6/30/2013	\$ 7,552,618	\$ 7,523,306	\$ 5,303,716	\$ 14,138,963
6/30/2014	\$ 4,803,612	\$ 4,933,828	\$ 3,467,681	\$ 15,549,134
6/30/2015	\$ 4,712,809	\$ 4,840,622	\$ 4,019,034	\$ 16,370,722
6/30/2016	\$ 4,585,667	\$ 4,702,038	\$ 4,111,091	\$ 16,961,669

The information included in this schedule of funding progress was obtained from the actuarial valuation report dated January 12, 2017 prepared by the Town's Actuary. This valuation as of July 1, 2015 is the most recent report available.

TOWN OF WEST WARWICK, RHODE ISLAND

RSI-4

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:			
Service cost	\$ 2,441,566	\$ 2,258,766	\$ 2,815,702
Interest	10,941,637	10,651,438	11,467,012
Effect of economic/demographic gains or (losses)	-	-	(12,421,981)
Differences between expected and actual experience	1,300,570	-	(493,359)
Changes in assumptions	2,751,398	-	(2,583,350)
Benefit payments	<u>(9,266,182)</u>	<u>(9,181,180)</u>	<u>(9,021,629)</u>
Net change in total pension liability	8,168,989	3,729,024	(10,237,605)
Total pension liability - beginning	148,080,023	144,350,999	154,588,604
Total pension liability - ending (a)	<u>\$ 156,249,012</u>	<u>\$ 148,080,023</u>	<u>\$ 144,350,999</u>
Plan fiduciary net position:			
Contribution - employer	\$ 8,179,980	\$ 8,062,234	\$ 6,000,000
Contribution - employee	1,885,444	1,748,791	1,318,539
Net investment income	(918,239)	592,127	3,265,405
Benefit payments, including refunds of employee contributions	(9,266,182)	(9,181,180)	(9,021,629)
Administrative expenses	(133,947)	(185,951)	(198,764)
Other	-	-	-
Net change in plan fiduciary net position	<u>(252,944)</u>	<u>1,036,021</u>	<u>1,363,551</u>
Plan fiduciary net position - beginning	28,964,843	27,928,822	26,565,271
Plan fiduciary net position - ending (b)	<u>\$ 28,711,899</u>	<u>\$ 28,964,843</u>	<u>\$ 27,928,822</u>
Plan's net pension liability - ending (a)-(b)	<u>\$ 127,537,113</u>	<u>\$ 119,115,180</u>	<u>\$ 116,422,177</u>
Plan fiduciary net position as a percentage of the total pension liability	18.38%	19.56%	19.35%
Covered-employee payroll	\$ 15,208,402	\$ 14,203,313	\$ 13,956,326
Net pension liability as a percentage of covered-employee payroll	838.60%	838.64%	834.19%

Notes:

The information in this schedule is intended to show 10 years. However, as of June 30, 2016 only three years are available.

TOWN OF WEST WARWICK, RHODE ISLAND

RSI-5

Required Supplementary Information
Schedules of Employer Contributions and Investment Returns
UNAUDITED

Schedule of Town's Contributions

	Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution (Deficiency) Excess	Covered Payroll	Actual Contribution as a % of Covered Payroll
Employee Retirement Trust Fund	2016	\$8,309,706	\$8,179,980	(\$129,726)	\$15,208,402	53.79%
	2015	\$8,103,839	\$8,062,234	(\$41,605)	\$14,203,313	56.76%
	2014	\$10,322,474	\$6,000,000	(\$4,322,474)	\$13,956,326	42.99%
	2013	\$9,264,065	\$5,301,352	(\$3,962,713)	\$14,855,258	35.69%
	2012	\$8,708,689	\$1,100,592	(\$7,608,097)	\$15,164,989	7.26%
	2011	\$6,912,110	\$1,289,098	(\$5,623,012)	\$16,303,378	7.91%
	2010	\$5,799,056	\$2,500,000	(\$3,299,056)	\$16,891,909	14.80%
	2009	\$4,676,096	\$1,000,000	(\$3,676,096)	\$17,047,080	5.87%
	2008	\$4,082,436	\$2,279,340	(\$1,803,096)	\$16,862,318	13.52%
	2007	\$3,553,780	\$2,051,206	(\$1,502,574)	\$15,720,077	13.05%

Schedule of Investment Returns

	Year Ended June 30	Actual Money Weighted Rate of Return, Net of Investment Expenses
Employee Retirement Trust Fund	2016	5.92%
	2015	5.01%
	2014	15.20%

Notes:

The information in these schedules is intended to show 10 years. However, as of June 30, 2016 only three years are available for two of the components.

TOWN OF WEST WARWICK, RHODE ISLAND

RSI-6

**Required Supplementary Information
Schedule of School District's Proportionate Share of the Net Pension Liability
Last Two Fiscal Years
UNAUDITED**

Employees' Retirement System

	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability	1.62%	1.46%
Employer's proportionate share of the net pension liability	\$ 44,563,281	\$ 35,463,093
State's proportionate share of the net pension liability associated with the school district	<u>30,444,235</u>	<u>24,318,677</u>
Total	<u>\$ 75,007,516</u>	<u>\$ 59,781,770</u>
Employer's covered employee payroll	<u>\$ 23,509,337</u>	<u>\$ 22,772,066</u>
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	190%	156%
Plan fiduciary net position as a percentage of the total pension liability	57.55%	61.40%

Notes:

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

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

TOWN OF WEST WARWICK, RHODE ISLAND

RSI-7

***Required Supplementary Information
Schedule of School District's Contributions
Last Two Fiscal Years
UNAUDITED***

Employees' Retirement System

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 3,227,832	\$ 3,527,225
Contributions in relation to the actuarially determined contribution	<u>3,227,832</u>	<u>3,527,225</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 23,509,337</u>	<u>\$ 22,772,066</u>
Contributions as a percentage of covered- employee payroll	13.73%	15.49%

Notes:

- 1.) Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.
- 2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

TOWN OF WEST WARWICK

OTHER SUPPLEMENTARY INFORMATION

TOWN OF WEST WARWICK

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

- Tricentennial Committee
- Benjamin R. Vaughn
- JAG Peer to Peer
- Bramley Bill Fund
- Riverwalk Fund
- Open Space Recreation
- JAG ARRA Fund
- JAG Fund
- Meds Contract Fund
- Economic Development Revolving Loan Fund
- Library Grants
- Homeland Security
- Community Development Block Grant
- Annie Livsey Fund
- Stormwater Utility Grant Fund
- Revolving Fund
- Dog Pound Fund
- Bulletproof Vest Partnership Fund
- DARE Fund
- Drug Evidence Fund
- Tower Rent Revolving Fund
- Police Detail Car Fund
- Police Highway Grant
- Assistance to Firefighters
- Demolition Revolving Fund
- Greene Cemetery Fund
- JAG Police Car Replacement
- LEAP Fund
- School Restricted Funds

(CONTINUED)

TOWN OF WEST WARWICK

NONMAJOR GOVERNMENTAL FUNDS (Continued)

CAPITAL PROJECTS FUNDS

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

- EMS Rescue Fund
- School QZAB Bond Fund
- Bond Fund
- School Fire Code Renovations Fund
- School Bond Fund
- Road Bond Fund
- Lease Purchase Capital Fund

(CONTINUED)

TOWN OF WEST WARWICK

AGENCY FUNDS

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

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

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT 1

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	SPECIAL REVENUE FUNDS										
	Tricentennial Committee	Benjamin R. Vaughn	JAG Peer to Peer	Bramley Bill Fund	Riverwalk Fund	Open Space Recreation	JAG ARRA Fund	JAG Fund	Meds Contract Fund	Economic Development Revolving Loan Fund	
ASSETS											
Cash and cash equivalents	\$ 1,011	\$ 1,104	\$ -	\$ 2,975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,865	
Restricted cash	-	-	-	-	-	-	-	-	-	-	
Accounts and other receivable	-	-	-	40	-	-	-	-	-	-	
Due from federal & state governments	-	-	-	-	-	-	-	-	-	-	
Due from other funds	-	-	394	9,538	10,124	-	5,699	3,534	5,961	-	
TOTAL ASSETS	\$ 1,011	\$ 1,104	\$ 394	\$ 12,553	\$ 10,124	\$ -	\$ 5,699	\$ 3,534	\$ 5,961	\$ 15,865	
LIABILITIES											
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 1,681	\$ -	\$ 9,955	\$ -	\$ -	\$ -	\$ -	
Due to federal & state governments	-	-	-	-	-	-	-	-	-	-	
Due to other funds	-	-	-	-	-	34,373	-	-	-	-	
Unearned revenue	-	-	-	-	-	-	-	-	-	-	
TOTAL LIABILITIES	-	-	-	1,681	-	44,328	-	-	-	-	
FUND BALANCES											
Restricted	1,011	1,104	394	10,872	10,124	-	5,699	3,534	5,961	15,865	
Committed	-	-	-	-	-	-	-	-	-	-	
Unassigned	-	-	-	-	-	(44,328)	-	-	-	-	
TOTAL FUND BALANCES	1,011	1,104	394	10,872	10,124	(44,328)	5,699	3,534	5,961	15,865	
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,011	\$ 1,104	\$ 394	\$ 12,553	\$ 10,124	\$ -	\$ 5,699	\$ 3,534	\$ 5,961	\$ 15,865	

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT 1 (Continued)

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	<u>SPECIAL REVENUE FUNDS</u>									
	<u>Library Grants</u>	<u>Homeland Security</u>	<u>Community Development Block Grant</u>	<u>Annie Livsey Fund</u>	<u>Stormwater Utility Grant Fund</u>	<u>Revolving Fund</u>	<u>Dog Pound Fund</u>	<u>Bulletproof Vest Partnership Fund</u>	<u>DARE Fund</u>	<u>Drug Evidence Fund</u>
ASSETS										
Cash and cash equivalents	\$ 13,735	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,615	\$ 179,384
Restricted cash	-	-	-	-	-	-	-	-	-	-
Accounts and other receivable	-	-	-	-	-	-	-	-	-	-
Due from federal & state governments	-	-	11,670	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	490,415	12,133	274	-	4,920
TOTAL ASSETS	\$ 13,735	\$ -	\$ 11,670	\$ -	\$ -	\$ 490,415	\$ 12,133	\$ 274	\$ 7,615	\$ 184,304
LIABILITIES										
Accounts payable and accrued expenses	\$ 11,371	\$ -	\$ 783	\$ -	\$ 6,156	\$ -	\$ -	\$ -	\$ -	\$ 1,070
Due to federal & state governments	-	-	-	-	-	-	-	-	-	56,029
Due to other funds	217,584	924	13,662	-	53,331	-	-	-	-	-
Unearned revenue	-	-	3,122	-	-	-	-	-	-	-
TOTAL LIABILITIES	228,955	924	17,567	-	59,487	-	-	-	-	57,099
FUND BALANCES										
Restricted	-	-	-	-	-	-	12,133	274	7,615	127,205
Committed	-	-	-	-	-	490,415	-	-	-	-
Unassigned	(215,220)	(924)	(5,897)	-	(59,487)	-	-	-	-	-
TOTAL FUND BALANCES	(215,220)	(924)	(5,897)	-	(59,487)	490,415	12,133	274	7,615	127,205
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,735	\$ -	\$ 11,670	\$ -	\$ -	\$ 490,415	\$ 12,133	\$ 274	\$ 7,615	\$ 184,304

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT 1 (Continued)

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	SPECIAL REVENUE FUNDS									
	Tower Rent Revolving Fund	Police Detail Car Fund	Police Highway Grant	Assistance to Fire Fighters	Demolition Revolving Fund	Greene Cemetery Fund	JAG Police Car Replacement	LEAP Fund	School Restricted Funds	Total Special Revenue Funds
ASSETS										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 221,689
Restricted cash	-	-	-	-	-	-	-	-	-	-
Accounts and other receivable	-	-	-	-	-	-	-	144,610	-	144,650
Due from federal & state governments	-	-	-	-	-	-	-	-	813,060	824,730
Due from other funds	45,852	88,284	-	813	28,990	-	-	-	190,081	897,012
TOTAL ASSETS	\$ 45,852	\$ 88,284	\$ -	\$ 813	\$ 28,990	\$ -	\$ -	\$ 144,610	\$ 1,003,141	\$ 2,088,081
LIABILITIES										
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,383	\$ 54,663	\$ 88,062
Due to federal & state governments	-	-	-	-	-	-	-	-	-	56,029
Due to other funds	-	-	8,024	-	-	-	-	164,634	795,580	1,288,112
Unearned revenue	-	-	-	-	-	-	-	-	-	3,122
TOTAL LIABILITIES	-	-	8,024	-	-	-	-	167,017	850,243	1,435,325
FUND BALANCES										
Restricted	45,852	-	-	813	28,990	-	-	-	152,898	430,344
Committed	-	88,284	-	-	-	-	-	-	-	578,699
Unassigned	-	-	(8,024)	-	-	-	-	(22,407)	-	(356,287)
TOTAL FUND BALANCES	45,852	88,284	(8,024)	813	28,990	-	-	(22,407)	152,898	652,756
TOTAL LIABILITIES AND FUND BALANCES	\$ 45,852	\$ 88,284	\$ -	\$ 813	\$ 28,990	\$ -	\$ -	\$ 144,610	\$ 1,003,141	\$ 2,088,081

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT 1 (Continued)

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	CAPITAL PROJECT FUNDS								Total NonMajor Governmental Funds
	EMS Rescue Fund	School QZAB Bond Fund	Bond Fund	School Fire Code Renovations Fund	School Bond Fund	Road Bond Fund	Lease Purchase Capital	Total Capital Project Funds	
ASSETS									
Cash and cash equivalents	\$ 114,380	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,380	\$ 336,069
Restricted cash	-	-	-	-	2,112,573	-	9,513	2,122,086	2,122,086
Accounts and other receivable	-	-	-	-	-	-	-	-	144,650
Due from federal & state governments	-	62,445	-	-	-	-	-	62,445	887,175
Due from other funds	390,383	7,419	3,068,272	44	-	-	-	3,466,118	4,363,130
TOTAL ASSETS	\$ 504,763	\$ 69,864	\$ 3,068,272	\$ 44	\$ 2,112,573	\$ -	\$ 9,513	\$ 5,765,029	\$ 7,853,110
LIABILITIES									
Accounts payable and accrued expenses	\$ -	\$ 30,277	\$ 26,848	\$ -	\$ 77,134	\$ -	\$ -	\$ 134,259	\$ 222,321
Due to federal & state governments	-	-	-	-	-	-	-	-	56,029
Due to other funds	-	32,168	-	-	7,622	39,474	-	79,264	1,367,376
Unearned revenue	-	-	-	-	-	-	-	-	3,122
TOTAL LIABILITIES	-	62,445	26,848	-	84,756	39,474	-	213,523	1,648,848
FUND BALANCES									
Restricted	-	7,419	3,041,424	44	2,027,817	-	9,513	5,086,217	5,516,561
Committed	504,763	-	-	-	-	-	-	504,763	1,083,462
Unassigned	-	-	-	-	-	(39,474)	-	(39,474)	(395,761)
TOTAL FUND BALANCES	504,763	7,419	3,041,424	44	2,027,817	(39,474)	9,513	5,551,506	6,204,262
TOTAL LIABILITIES AND FUND BALANCES	\$ 504,763	\$ 69,864	\$ 3,068,272	\$ 44	\$ 2,112,573	\$ -	\$ 9,513	\$ 5,765,029	\$ 7,853,110

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT 2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

SPECIAL REVENUE FUNDS

	Tricentennial Committee	Benjamin R. Vaughn	JAG Peer to Peer	Bramley Bill Fund	Riverwalk Fund	Open Space Recreation	JAG ARRA Fund	JAG Fund	Meds Contract Fund	Economic Development Revolving Loan Fund
REVENUES:										
Intergovernmental	\$ -	\$ -	\$ 4,634	\$ 36,126	\$ -	\$ -	\$ -	\$ 62,500	\$ -	\$ -
Fees, fines, charges and assessments	-	-	-	-	-	2,500	-	-	-	-
Investment income (loss)	-	3	-	-	-	-	-	-	-	-
Contributions and grants	-	-	-	-	5,062	-	-	-	-	-
Other miscellaneous	3	-	-	-	-	-	-	-	-	-
Total revenues	3	3	4,634	36,126	5,062	2,500	-	62,500	-	-
EXPENDITURES:										
Current:										
Public safety	-	-	4,247	38,320	-	-	-	56,718	-	-
Public services	1	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Public assistance, development, & recreation	-	-	-	-	-	28,127	-	-	199	-
Bond issuance cost	-	-	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-	-	-
Total expenditures	1	-	4,247	38,320	-	28,127	-	56,718	199	-
Excess (deficiency) of revenues over (under) expenditures	2	3	387	(2,194)	5,062	(25,627)	-	5,782	(199)	-
OTHER FINANCING SOURCES (USES)										
Issuance of bonds, notes and lease purchase obligations	-	-	-	-	-	-	-	-	-	-
Bond premium (net)	-	-	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	2	3	387	(2,194)	5,062	(25,627)	-	5,782	(199)	-
Fund balances, beginning of year (as restated)	1,009	1,101	7	13,066	5,062	(18,701)	5,699	(2,248)	6,160	15,865
Fund balances, end of year	\$ 1,011	\$ 1,104	\$ 394	\$ 10,872	\$ 10,124	\$ (44,328)	\$ 5,699	\$ 3,534	\$ 5,961	\$ 15,865

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT 2 (Continued)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

SPECIAL REVENUE FUNDS

	Library Grants	Homeland Security	Community Development Block Grant	Annie Livsey Fund	Stormwater Utility Grant Fund	Revolving Fund	Dog Pound Fund	Bulletproof Vest Partnership Fund	DARE Fund	Drug Evidence Fund
REVENUES:										
Intergovernmental	\$ 178,494	\$ -	\$ 325,646	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees, fines, charges and assessments	19,939	-	-	-	-	744,878	-	-	-	53,099
Investment income (loss)	-	-	-	-	-	-	-	-	-	-
Contributions and grants	10,667	-	-	9,510	7,000	2,500	2,505	4,346	-	-
Other miscellaneous	-	-	-	-	-	-	-	-	1,570	-
Total revenues	209,100	-	325,646	9,510	7,000	747,378	2,505	4,346	1,570	53,099
EXPENDITURES:										
Current:										
Public safety	-	-	-	-	-	618,911	-	4,072	-	15,252
Public services	-	-	-	9,510	57,253	-	-	-	-	-
Library	220,292	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Public assistance, development, & recreation	-	-	364,363	-	-	-	-	-	2,549	-
Bond issuance cost	-	-	-	-	-	-	-	-	-	-
Capital outlays										
Total expenditures	220,292	-	364,363	9,510	57,253	618,911	-	4,072	2,549	15,252
Excess (deficiency) of revenues over (under) expenditures	(11,192)	-	(38,717)	-	(50,253)	128,467	2,505	274	(979)	37,847
OTHER FINANCING SOURCES (USES)										
Issuance of bonds, notes and lease purchase obligations	-	-	-	-	-	-	-	-	-	-
Bond premium (net)	-	-	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	(11,192)	-	(38,717)	-	(50,253)	128,467	2,505	274	(979)	37,847
Fund balances, beginning of year (as restated)	(204,028)	(924)	32,820	-	(9,234)	361,948	9,628	-	8,594	89,358
Fund balances, end of year	\$ (215,220)	\$ (924)	\$ (5,897)	\$ -	\$ (59,487)	\$ 490,415	\$ 12,133	\$ 274	\$ 7,615	\$ 127,205

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT 2 (Continued)

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016**

	SPECIAL REVENUE FUNDS									
	Tower Rent Revolving Fund	Police Detail Car Fund	Police Highway Grant	Assistance to Fire Fighters	Demolition Revolving Fund	Greene Cemetery Fund	JAG Police Car Replacement	LEAP Fund	School Restricted Funds	Total Special Revenue Funds
REVENUES:										
Intergovernmental	\$ -	\$ -	\$ 19,767	\$ 154,878	\$ -	\$ -	\$ 14,844	\$ 414,000	\$ 2,206,485	\$ 3,417,374
Fees, fines, charges and assessments	-	86,204	-	-	34,216	-	-	-	-	940,836
Investment income (loss)	-	-	-	-	-	-	-	-	-	3
Contributions and grants	-	-	-	-	-	300	-	-	238,961	280,851
Other miscellaneous	-	-	-	-	-	-	-	-	23,627	25,200
Total revenues	-	86,204	19,767	154,878	34,216	300	14,844	414,000	2,469,073	4,664,264
EXPENDITURES:										
Current:										
Public safety	-	72,725	24,804	154,078	-	-	14,844	-	-	1,003,971
Public services	-	-	-	-	7,291	-	-	-	-	74,055
Library	-	-	-	-	-	-	-	-	-	220,292
Education	-	-	-	-	-	-	-	-	2,328,510	2,328,510
Public assistance, development, & recreation	-	-	-	-	-	300	-	-	-	395,538
Bond issuance cost	-	-	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	436,407	73,403	509,810
Total expenditures	-	72,725	24,804	154,078	7,291	300	14,844	436,407	2,401,913	4,532,176
Excess (deficiency) of revenues over (under) expenditures	-	13,479	(5,037)	800	26,925	-	-	(22,407)	67,160	132,088
OTHER FINANCING SOURCES (USES)										
Issuance of bonds, notes and lease purchase obligations	-	-	-	-	-	-	-	-	-	-
Bond premium (net)	-	-	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	-	13,479	(5,037)	800	26,925	-	-	(22,407)	67,160	132,088
Fund balances, beginning of year (as restated)	45,852	74,805	(2,987)	13	2,065	-	-	-	85,738	520,668
Fund balances, end of year	\$ 45,852	\$ 88,284	\$ (8,024)	\$ 813	\$ 28,990	\$ -	\$ -	\$ (22,407)	\$ 152,898	\$ 652,756

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT 2 (Continued)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	CAPITAL PROJECT FUNDS							Total	
	EMS Rescue Fund	School QZAB Bond Fund	Bond Fund	School Fire Code Renovations Fund	School Bond Fund	Road Bond Fund	Lease Purchase Capital	Total Capital Project Funds	Total NonMajor Governmental Funds
REVENUES:									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,417,374
Fees, fines, charges and assessments	184,521	-	-	-	-	-	-	184,521	1,125,357
Investment income (loss)	-	-	-	-	-	-	-	-	3
Contributions and grants	-	56,244	-	-	-	-	-	56,244	337,095
Other miscellaneous	-	-	-	-	-	-	-	-	25,200
Total revenues	184,521	56,244	-	-	-	-	-	240,765	4,905,029
EXPENDITURES:									
Current:									
Public safety	-	-	-	-	-	-	-	-	1,003,971
Public services	-	-	-	-	-	-	-	-	74,055
Library	-	-	-	-	-	-	-	-	220,292
Education	-	-	-	-	-	-	-	-	2,328,510
Public assistance, development, & recreation	-	-	-	-	-	-	-	-	395,538
Bond issuance cost	-	-	107,725	-	-	-	-	107,725	107,725
Capital outlays	226,645	56,244	2,956,889	-	1,403,559	-	526,624	5,169,961	5,679,771
Total expenditures	226,645	56,244	3,064,614	-	1,403,559	-	526,624	5,277,686	9,809,862
Excess (deficiency) of revenues over (under) expenditures	(42,124)	-	(3,064,614)	-	(1,403,559)	-	(526,624)	(5,036,921)	(4,904,833)
OTHER FINANCING SOURCES (USES)									
Issuance of bonds, notes and lease purchase obligations	-	-	6,890,000	-	-	-	536,137	7,426,137	7,426,137
Bond premium (net)	-	-	216,038	-	-	-	-	216,038	216,038
Payment to refunding bond escrow agent	-	-	(1,000,000)	-	-	-	-	(1,000,000)	(1,000,000)
Total other financing sources (uses)	-	-	6,106,038	-	-	-	536,137	6,642,175	6,642,175
Net change in fund balances	(42,124)	-	3,041,424	-	(1,403,559)	-	9,513	1,605,254	1,737,342
Fund balances, beginning of year (as restated)	546,887	7,419	-	44	3,431,376	(39,474)	-	3,946,252	4,466,920
Fund balances, end of year	\$ 504,763	\$ 7,419	\$ 3,041,424	\$ 44	\$ 2,027,817	\$ (39,474)	\$ 9,513	\$ 5,551,506	\$ 6,204,262

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT 3

**Combining Balance Sheet
School Restricted Funds
Reported As NonMajor Governmental Funds
June 30, 2016**

	SPECIAL REVENUE FUNDS								
	<u>IDEA</u>	<u>Title I</u>	<u>Title II</u>	<u>Title III</u>	<u>Perkins</u>	<u>FFVP</u>	<u>RI Emergency Management</u>	<u>ARRA Energy EECBG</u>	
ASSETS									
Due from federal & state governments	\$ 338,053	\$ 293,750	\$ 137,077	\$ 13,187	\$ 26,128	\$ 714	\$ -	\$ -	
Due from other funds	-	-	-	-	-	-	311	1,162	
TOTAL ASSETS	\$ 338,053	\$ 293,750	\$ 137,077	\$ 13,187	\$ 26,128	\$ 714	\$ 311	\$ 1,162	
LIABILITIES									
Accounts payable and accrued expenditures	\$ 1,103	\$ 1,743	\$ 2,136	\$ 7,383	\$ 3,442	\$ -	\$ -	\$ -	
Due to other funds	336,950	292,007	134,941	5,804	22,686	714	-	-	
TOTAL LIABILITIES	338,053	293,750	137,077	13,187	26,128	714	-	-	
FUND BALANCES									
Restricted	-	-	-	-	-	-	311	1,162	
TOTAL FUND BALANCES	-	-	-	-	-	-	311	1,162	
TOTAL LIABILITIES AND FUND BALANCES	\$ 338,053	\$ 293,750	\$ 137,077	\$ 13,187	\$ 26,128	\$ 714	\$ 311	\$ 1,162	

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT 3 (Continued)

**Combining Balance Sheet
School Restricted Funds
Reported As NonMajor Governmental Funds
June 30, 2016**

	<u>SPECIAL REVENUE FUNDS</u>								
	<u>State Grants</u>	<u>K-3 Formative Assessment</u>	<u>Civics GSE Educator</u>	<u>Big Yellow School Bus</u>	<u>Federal RI Council of Humanities</u>	<u>CTE Categorical Fund</u>	<u>Champlin Grant</u>	<u>Nordson Corporation Grant</u>	
ASSETS									
Due from federal & state governments	\$ -	\$ 1,243	\$ 2,478	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	3,649			476	1,959	9,608	78		18,000
TOTAL ASSETS	\$ 3,649	\$ 1,243	\$ 2,478	\$ 476	\$ 1,959	\$ 9,608	\$ 78	\$	\$ 18,000
LIABILITIES									
Accounts payable and accrued expenditures	\$ -	\$ 1,243	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,947	
Due to other funds	-	-	2,478	-	-	-	-	-	-
TOTAL LIABILITIES	-	1,243	2,478	-	-	-	-	-	5,947
FUND BALANCES									
Restricted	3,649	-	-	476	1,959	9,608	78		12,053
TOTAL FUND BALANCES	3,649	-	-	476	1,959	9,608	78		12,053
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,649	\$ 1,243	\$ 2,478	\$ 476	\$ 1,959	\$ 9,608	\$ 78	\$	\$ 18,000

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT 3 (Continued)

**Combining Balance Sheet
School Restricted Funds
Reported as NonMajor Governmental Funds
June 30, 2016**

	SPECIAL REVENUE FUNDS							Total School Restricted Funds
	Corporate Grants	Private Grants	Google Donations	Centreville Bank Donations	DMS Play	Pre-School	Summer School	
ASSETS								
Due from federal & state governments	\$ 430	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 813,060
Due from other funds	54,333	39,860	935	27,852	2,183	17,325	12,350	190,081
TOTAL ASSETS	\$ 54,763	\$ 39,860	\$ 935	\$ 27,852	\$ 2,183	\$ 17,325	\$ 12,350	\$ 1,003,141
LIABILITIES								
Accounts payable and accrued expenditures	\$ 3,429	\$ 6	\$ -	\$ 27,852	\$ -	\$ 379	\$ -	\$ 54,663
Due to other funds	-	-	-	-	-	-	-	795,580
TOTAL LIABILITIES	3,429	6	-	27,852	-	379	-	850,243
FUND BALANCES								
Restricted	51,334	39,854	935	-	2,183	16,946	12,350	152,898
TOTAL FUND BALANCES	51,334	39,854	935	-	2,183	16,946	12,350	152,898
TOTAL LIABILITIES AND FUND BALANCES	\$ 54,763	\$ 39,860	\$ 935	\$ 27,852	\$ 2,183	\$ 17,325	\$ 12,350	\$ 1,003,141

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT 4

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
School Restricted Funds
Reported As NonMajor Governmental Funds
For the Year Ended June 30, 2016**

	SPECIAL REVENUE FUNDS							
	<u>IDEA</u>	<u>Title I</u>	<u>Title II</u>	<u>Title III</u>	<u>Perkins</u>	<u>FFVP</u>	<u>RI Emergency Management</u>	<u>ARRA Energy EECBG</u>
REVENUES:								
Intergovernmental	\$ 910,413	\$ 888,576	\$ 299,749	\$ 20,339	\$ 26,128	\$ 48,796	\$ -	\$ -
Contributions and grants	-	-	-	-	-	-	-	-
Other miscellaneous	-	-	-	-	-	-	-	-
Total revenues	910,413	888,576	299,749	20,339	26,128	48,796	-	-
EXPENDITURES:								
Salaries	563,786	624,653	198,170	15,350	7,568	-	-	-
Employee benefits	263,560	221,780	79,316	1,158	543	-	-	-
Purchased services	69,561	40,038	22,163	1,638	-	48,796	-	-
Supplies and materials	3,106	2,105	-	594	10,453	-	-	-
Other expenses	-	-	100	1,599	700	-	-	-
Capital outlays	10,400	-	-	-	6,864	-	-	-
Total expenditures	910,413	888,576	299,749	20,339	26,128	48,796	-	-
Net change in fund balances	-	-	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	311	1,162
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 311	\$ 1,162

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT 4 (Continued)

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
School Restricted Funds
Reported As NonMajor Governmental Funds
For the Year Ended June 30, 2016**

	SPECIAL REVENUE FUNDS							
	<u>State Grants</u>	<u>K-3 Formative Assessment</u>	<u>Civics GSE Educator</u>	<u>Big Yellow School Bus</u>	<u>Federal RI Council of Humanities</u>	<u>CTE Categorical Fund</u>	<u>Champlin Grant</u>	<u>Nordson Corporation Grant</u>
REVENUES:								
Intergovernmental	\$ -	\$ 1,243	\$ 2,478	\$ 800	\$ -	\$ 7,963	\$ -	\$ -
Contributions and grants	-	-	-	-	-	-	38,395	18,000
Other miscellaneous	-	-	-	-	-	-	-	-
Total revenues	-	1,243	2,478	800	-	7,963	38,395	18,000
EXPENDITURES:								
Salaries	-	1,155	2,308	-	-	-	-	-
Employee benefits	-	88	170	-	-	-	-	-
Purchased services	-	-	-	1,154	-	-	-	5,947
Supplies and materials	-	-	-	-	-	2,435	38,317	-
Other expenses	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Total expenditures	-	1,243	2,478	1,154	-	2,435	38,317	5,947
Net change in fund balances	-	-	-	(354)	-	5,528	78	12,053
Fund balances, beginning of year	3,649			830	1,959	4,080	-	-
Fund balances, end of year	\$ 3,649	\$ -	\$ -	\$ 476	\$ 1,959	\$ 9,608	\$ 78	\$ 12,053

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT 4 (Continued)

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
School Restricted Funds
Reported As NonMajor Governmental Funds
For the Year Ended June 30, 2016**

	SPECIAL REVENUE FUNDS							Total School Restricted Funds
	<u>Corporate Grants</u>	<u>Private Grants</u>	<u>Google Donations</u>	<u>Centreville Bank Donations</u>	<u>DMS Play</u>	<u>Pre-School</u>	<u>Summer School</u>	
REVENUES:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,206,485
Contributions and grants	126,012	28,702	-	27,852	-	-	-	238,961
Other miscellaneous	-	-	-	-	-	11,277	12,350	23,627
Total revenues	126,012	28,702	-	27,852	-	11,277	12,350	2,469,073
EXPENDITURES:								
Salaries	9,022	14,359	-	-	-	-	-	1,436,371
Employee benefits	203	2,073	-	-	-	-	-	568,891
Purchased services	46,951	-	-	-	-	-	-	236,248
Supplies and materials	18,696	4,865	-	-	-	3,980	-	84,551
Other expenses	-	50	-	-	-	-	-	2,449
Capital outlays	9,496	18,791	-	27,852	-	-	-	73,403
Total expenditures	84,368	40,138	-	27,852	-	3,980	-	2,401,913
Net change in fund balances	41,644	(11,436)	-	-	-	7,297	12,350	67,160
Fund balances, beginning of year	9,690	51,290	935	-	2,183	9,649	-	85,738
Fund balances, end of year	\$ 51,334	\$ 39,854	\$ 935	\$ -	\$ 2,183	\$ 16,946	\$ 12,350	\$ 152,898

TOWN OF WEST WARWICK, RHODE ISLANDStatement of Changes in Assets and Liabilities
Agency Funds
Year ended June 30, 2016

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>Student Activity Funds</u>				
ASSETS:				
Cash	\$ 157,671	\$ 400,780	\$ 374,205	\$ 184,246
TOTAL ASSETS	<u>\$ 157,671</u>	<u>\$ 400,780</u>	<u>\$ 374,205</u>	<u>\$ 184,246</u>
LIABILITIES:				
Deposits held in custody for others	\$ 157,671	\$ 400,780	\$ 374,205	\$ 184,246
TOTAL LIABILITIES	<u>\$ 157,671</u>	<u>\$ 400,780</u>	<u>\$ 374,205</u>	<u>\$ 184,246</u>

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TOWN OF WEST WARWICK

OTHER EXHIBITS

Town of West Warwick
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2016

EXHIBIT 6

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Property Tax Collection	\$ 58,766,427	\$ -
Prior Year Property Tax Collection	1,833,918	-
Interest & Penalty	538,150	-
PILOT & Tax Treaty (excluded from certified levy)	-	-
Other Local Property Taxes	68,849	-
Licenses and Permits	956,052	-
Fines and Forfeitures	-	-
Investment Income	-	-
Departmental	661,881	-
Rescue Run Revenue	1,005,699	-
Police & Fire Detail	86,204	-
Other Local Non-Property Tax Revenues	-	-
Tuition	-	11,278
Impact Aid	-	-
Medicaid	-	623,691
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	962,446
CDBG	26,003	-
COPS Grants	8,980	-
SAFER Grants	-	-
Other Federal Aid Funds	19,767	2,195,243
MV Excise Tax Reimbursement	231,779	-
State PILOT Program	-	-
Distressed Community Relief Fund	839,602	-
Library Resource Aid	-	-
Library Construction Aid	-	-
Public Service Corporation Tax	372,833	-
Meals & Beverage Tax	349,418	-
Hotel Tax	129,592	-
LEA Aid	-	21,833,719
Housing Aid Capital Projects	884,273	-
Housing Aid Bonded Debt	-	-
State Food Service Revenue	-	19,523
Incentive Aid	138,039	-
Property Revaluation Reimbursement	130,152	-
Other State Revenue	-	67,486
Other Revenue	-	844,313
Local Appropriation for Education	-	30,628,554
Regional Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	<u>\$ 67,047,617</u>	<u>\$ 57,186,253</u>
Transfer from Capital Projects Funds	\$ -	\$ -
Transfer from Other Funds	10,000	-
Debt Proceeds	150,515	-
Other Financing Sources	-	-
Rounding	-	-
Total Other Financing Sources	<u>\$ 160,515</u>	<u>\$ -</u>

Totals might not add due to rounding

Town of West Warwick
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2016

EXHIBIT 6

EXPENDITURES	General Government	Finance	Social Services	Information Technology	Planning	Libraries	Public Works	Parks and Rec	Police Department
Compensation- Group A	\$ 869,058	\$ 625,151	\$ -	\$ -	\$ 74,460	\$ 384,061	\$ 1,433,293	\$ 134,988	\$ 3,794,081
Compensation - Group B	-	-	-	-	-	-	-	-	292,419
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	12,347	42,751	-	-	-	-	172,365	54,870	800,832
Overtime - Group B	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	193,551	128,894	-	-	-	48,390	394,716	35,458	746,087
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	272,503	16,744	-	-	1,795	-	45,927	3,511	92,615
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	-
Payroll Taxes	74,162	47,124	-	-	6,089	31,000	120,970	14,324	391,448
Life Insurance	4,471	4,542	-	-	1,399	-	6,020	545	19,750
Defined Contribution- Group A	-	-	-	-	-	-	-	-	-
Defined Contribution - Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	472,420	1,500	-	-	-	-	6,300	1,200	236,198
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Local Pension- Group A	487,500	243,750	-	-	24,375	50,000	731,251	24,375	1,934,598
Local Pension - Group B	-	-	-	-	-	-	-	-	520,853
State Pension- Group A	-	-	-	-	-	-	-	-	-
State Pension - Group B	-	-	-	-	-	-	-	-	-
Other Pension	52,705	-	-	-	-	-	-	-	-
Purchased Services	286,833	144,509	-	-	4,959	49,758	45,384	-	69,895
Materials/Supplies	50,118	44,014	-	-	34,044	-	67,501	78,928	35,377
Software Licenses	-	-	-	-	-	-	-	-	-
Capital Outlays	-	-	-	50,000	-	1,000	164,117	-	113,097
Insurance	-	-	-	-	-	-	-	-	-
Maintenance	31,805	-	-	-	-	14,045	-	619	3,746
Vehicle Operations	-	-	-	-	-	-	226,701	-	59,319
Utilities	166,903	-	-	-	-	57,756	1,617	-	100,032
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	485,492	-	-
Revaluation	-	176,800	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	445,658	-	-
Trash Removal & Recycling	-	-	-	-	-	-	1,268,747	-	-
Claims & Settlements	2,589	-	-	-	-	-	-	-	-
Community Support	15,286	-	-	-	-	-	-	-	-
Other Operation Expenditures	568,279	329	173,000	-	31,521	4,160	179,176	-	94,760
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional 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	\$ 3,560,531	\$ 1,476,110	\$ 173,000	\$ 50,000	\$ 178,643	\$ 640,171	\$ 5,795,234	\$ 348,817	\$ 9,305,106

Totals might not add due to rounding

Town of West Warwick
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2016

EXHIBIT 6

EXPENDITURES	Fire Department	Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ 4,595,661	\$ -	\$ 4,450	\$ -	\$ -	\$ -	\$ 11,915,203	\$ 26,178,386
Compensation - Group B	149,769	-	-	-	-	-	442,187	4,723,752
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	1,097,883	-	-	-	-	-	2,181,048	-
Overtime - Group B	-	-	-	-	-	-	-	170,582
Police & Fire Detail	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	993,370	-	-	-	-	-	2,540,467	3,685,622
Active Medical Insurance- Group B	-	-	-	-	-	-	-	1,113,780
Active Dental insurance- Group A	100,633	-	-	-	-	-	533,728	325,465
Active Dental Insurance- Group B	-	-	-	-	-	-	-	121,336
Payroll Taxes	457,199	-	-	-	-	-	1,142,317	2,317,711
Life Insurance	28,800	-	-	-	-	-	65,526	336,205
Defined Contribution- Group A	-	-	-	-	-	-	-	139,586
Defined Contribution - Group B	-	-	-	-	-	-	-	107
Other Benefits- Group A	94,157	-	-	-	-	-	811,775	336,708
Other Benefits- Group B	-	-	-	-	-	-	-	-
Local Pension- Group A	2,244,690	-	-	-	-	-	5,740,539	138,660
Local Pension - Group B	238,073	-	-	-	-	-	758,926	1,144,884
State Pension- Group A	-	-	-	-	-	-	-	3,585,313
State Pension - Group B	-	-	-	-	-	-	-	-
Other Pension	-	-	-	-	-	-	52,705	-
Purchased Services	79,568	-	-	-	-	-	680,906	7,231,552
Materials/Supplies	42,722	-	-	-	-	-	352,703	927,223
Software Licenses	-	-	-	-	-	-	-	307,218
Capital Outlays	178,076	-	-	-	-	-	506,290	1,355,221
Insurance	-	-	-	-	-	-	-	182,017
Maintenance	-	-	-	-	-	-	50,215	284,091
Vehicle Operations	122,342	-	-	-	-	-	408,362	10,484
Utilities	397,024	-	-	-	-	-	723,333	360,891
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	485,492	-
Revaluation	-	-	-	-	-	-	176,800	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	445,658	-
Trash Removal & Recycling	-	-	-	-	-	-	1,268,747	-
Claims & Settlements	-	-	-	-	-	-	2,589	9,500
Community Support	-	-	-	-	-	-	15,286	-
Other Operation Expenditures	32,872	-	371	-	-	-	1,084,468	1,404,199
Local Appropriation for Education	-	-	-	30,628,554	-	-	30,628,554	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	790,652	-	790,652	-
Municipal Debt- Interest	-	-	-	-	416,450	-	416,450	-
School Debt- Principal	-	-	-	-	845,955	-	845,955	-
School Debt- Interest	-	-	-	-	445,579	-	445,579	-
Retiree Medical Insurance- Total	-	-	-	-	-	1,701,812	1,701,812	820,351
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	34,093
OPEB Contribution- Total	-	-	-	-	-	920,287	920,287	60,000
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 10,852,839	\$ -	\$ 4,821	\$ 30,628,554	\$ 2,498,637	\$ 2,622,099	\$ 68,134,560	\$ 57,304,935

Transfer to Capital Project Funds	\$ -	\$ -
Transfer to Other Funds	155,673	-
Payment to Bond Escrow Agent	-	-
Other Financing Uses	-	-
Total Other Financing Uses	\$ 155,673	\$ -
Net Change in Fund Balance	(1,082,101)	(118,682)
Fund Balance - beginning of year	2,810,707	7,754,121
Fund Balance - end of year	\$ 1,728,606	\$ 7,635,439

Totals might not add due to rounding

Town of West Warwick
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Municipal
Fiscal Year Ended June 30, 2016

EXHIBIT 6

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance	Fund Balance/ (Deficit) - Beginning	Fund Balance/ (Deficit) - Ending
General Fund	\$66,906,663	\$160,515	\$37,335,438	\$30,784,227	(\$1,052,487)	\$2,706,062	\$1,653,575
Police Highway Grant Fund	19,767	0	24,804	0	(5,037)	(2,987)	(8,024)
JAG Peer to Peer Fund	4,634	0	4,247	0	387	7	394
Bulletproof Vest Partnership Fund	4,346	0	4,072	0	274	0	274
CDBG Community Development Fund	325,646	0	364,363	0	(38,717)	32,820	(5,897)
Police and Fire Details Fund	86,204	0	72,725	0	13,479	74,805	88,284
Totals per audited financial statements	\$67,347,260	\$160,515	\$37,805,649	\$30,784,227	(\$1,082,101)	\$2,810,707	\$1,728,606
<u>Reconciliation from financial statements to MTP2</u>							
Reclassify transfer of municipal appropriation to Education Department as on state report.	\$0	\$0	\$30,628,554	(\$30,628,554)	\$0	\$0	\$0
Program activity in CDBG Funds not reported on the MTP2 because they are for program revenues & expenditures and not for administration expenditures.	(299,643)	0	(299,643)	0	0	0	0
Miscellaneous variances between Financial Statements & MTP2, (rounding).	0	0	(0)	0	0	0	0
Totals Per MTP2	\$67,047,617	\$160,515	\$68,134,560	\$155,673	(\$1,082,101)	\$2,810,707	\$1,728,606

Town of West Warwick
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Education Department
Fiscal Year Ended June 30, 2016

EXHIBIT 6

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance	Fund Balance/ (Deficit) - Beginning	Fund Balance/ (Deficit) - Ending
School Unrestricted Fund	\$24,974,726	\$30,628,554	\$54,510,872	\$0	\$1,092,408	\$3,183,565	\$4,275,973
Enterprise Fund	1,388,600	0	1,263,258	0	125,342	1,046,023	1,171,365
School Special Revenue Funds (Restricted funds 21-24)	2,469,073	0	2,401,913	0	67,160	85,738	152,898
Wireless Classroom Project Fund	56,244	0	56,244	0	0	7,419	7,419
Capital Fire Safety Improvement Bond Fund	0	0	1,403,559	0	(1,403,559)	3,431,376	2,027,817
Totals per audited financial statements	\$28,888,643	\$30,628,554	\$59,635,846	\$0	(\$118,649)	\$7,754,121	\$7,635,472
<u>Reconciliation from financial statements to MTP2</u>							
Municipal appropriation for Education reported as a transfer on financial statements but an revenue on MTP2.	\$30,628,554	(\$30,628,554)	\$0	\$0	\$0	\$0	\$0
State on behalf pension contribution not included in MTP2.	(2,330,944)	0	(2,330,944)	0	0	0	0
Miscellaneous variances between Financial Statements & UCOA, (rounding).	(0)	0	33	0	(33)	0	(33)
Totals Per MTP2	\$57,186,253	\$0	\$57,304,935	\$0	(\$118,682)	\$7,754,121	\$7,635,439

NOTES TO OTHER SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 – BASIS OF PRESENTATION

The Annual Supplemental Transparency Report (MTP2) is a new supplemental schedule required by the State of Rhode Island, as a result of newly enacted legislation, Article 8 of the Appropriations Act (2016 House Bill 7454 sub A as amended). This supplementary schedule included within the audit report is part of a broader project to create a municipal transparency portal (MTP) on the Division of Municipal Finance 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) 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 Town's budget and accounting system. To report these costs, the Town made allocations of costs to the State's departmental groupings.

NOTE 4 – EMPLOYEE GROUPS

Group A - This item includes compensation (salaries, longevity, stipends, clothing, shift differential, out-of-rank, holiday pay, and bonuses) and benefits (medical and dental insurance, pension contributions, OPEB (pay-go and ADC contributions) for the primary work force of the department (Police Department: Police Officers, Fire Department: Fire Fighters, Education Department: Certified Employees, and Other Departments: All Employees).

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT 7

NOTES TO OTHER SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4 – EMPLOYEE GROUPS (CONTINUED)

Group B – This item would only include compensation (salaries, longevity, stipend, clothing, shift differential, out-of-rank, holiday pay, and bonuses) and benefits (medical and dental insurance, pension contributions, OPEB (pay-go and ADC contributions) for administrative and civilian dispatch employees in Police and Fire Departments and Non-Certified employees for Education Department.

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/>.

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT 8

**SCHEDULE OF PROPERTY TAXES RECEIVABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Tax Year</u>	<u>Residential Mill Rate</u>	<u>Property Taxes Receivable July 1, 2015</u>	<u>Current Year Assessment</u>	<u>Transfers Addendums (Net)</u>	<u>Abatements and Adjustments</u>	<u>Amount to be Collected</u>	<u>Collections</u>	<u>Property Taxes Receivable June 30, 2016</u>
2015	\$25.96		\$ 60,467,314	\$ 42,419	\$ (70,034)	\$ 60,439,699	\$ 58,621,543	\$ 1,818,156
2014	\$25.39	\$ 1,855,074		(4,239)	(5,534)	1,845,301	1,424,866	420,435
2013	\$24.67	453,876		1,026	(5,243)	449,659	134,486	315,173
2012	\$21.40	268,204		465	(6,225)	262,444	53,161	209,283
2011	\$21.40	179,393		170	(1,884)	177,679	25,249	152,430
2010	\$16.82	153,603		(64)	(1,306)	152,233	17,578	134,655
2009	\$15.92	120,035		(77)	(341)	119,617	15,358	104,259
2008	\$15.26	107,333		(3)	(293)	107,037	8,400	98,637
2007	\$18.63	75,627			(219)	75,408	18,081	57,327
2006	\$17.74	62,373			(40)	62,333	11,034	51,299
2005	\$17.31	51,810		62		51,872	538	51,334
2004	\$31.24	44,198				44,198	446	43,752
2003 and prior	various	324,484			(373)	324,111	13,020	311,091
Subtotal		3,696,010	\$ 60,467,314	\$ 39,759	\$ (91,492)	\$ 64,111,591	\$ 60,343,760	3,767,831
Less: allowance for uncollectable accounts		(1,146,000)						(1,141,400)
Net property taxes receivable		<u>\$ 2,550,010</u>						<u>\$ 2,626,431</u>

TOWN OF WEST WARWICK, RHODE ISLAND

EXHIBIT 8

**SCHEDULE OF PROPERTY TAXES RECEIVABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Schedule of Net Assessed Property Value by Category</u>			<u>Reconciliation of Current Year Property Tax Revenue</u>	
<u>Description of Property</u>	<u>Assessed December 31, 2014 (2015 tax roll)</u>			
	<u>Valuations</u>	<u>Levy</u>		
Real Property	\$ 1,779,854,500	\$ 50,129,990	Current year collections	\$ 60,343,760
Motor Vehicles	220,777,049	6,285,523	Revenue received 60 days subsequent to fiscal year ending June 30, 2016	<u>557,055</u>
Tangible Property	140,827,700	5,778,161	Subtotal	<u>60,900,815</u>
Total assessments	<u>2,141,459,249</u>	<u>62,193,674</u>	Prior year revenue received in current year fiscal year ending June 30, 2015 - 60 day rule	<u>(341,752)</u>
Exemptions and adjustments	<u>(62,151,652)</u>	<u>(1,726,360)</u>		
Net assessed value	\$ 2,079,307,597	\$ 60,467,314	Current year property tax revenue	\$ 60,559,063

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