



**Basic Financial Statements
And Supplementary Information**

For the year ended June 30, 2017

Prepared by:

Finance Department

Introductory Section

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List of Town Officials

TOWN OF WARREN, RHODE ISLAND

YEAR ENDED JUNE 30, 2017

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(concluded)

TOWN OF WARREN, RHODE ISLAND

June 30, 2017

TOWN COUNCIL

Joseph A. DePasquale
Keri M. Cronin
Christopher W. Stanley
John W. Hanley
Steven R. Thompson

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

Financial Section

Independent Auditors' Report
Management's Discussion and Analysis
of Financial Results
Basic Financial Statements
Required Supplementary Information
Supplementary Information

INDEPENDENT AUDITORS' REPORT

The Honorable Town Council
Warren, Rhode Island

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Warren, Rhode Island as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Warren, Rhode Island, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Note 1 to the financial statements, in fiscal 2017, the Town of Warren, Rhode Island adopted new accounting guidance, GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). Our opinion is not modified with respect to this matter. As described in Note 14, the implementation of GASB Statement 75 resulted in the restatement of the net position of the Governmental Activities in the Government-wide Statements as of June 30, 2016. The net position was restated to include the net OPEB Liability at the beginning of the fiscal year. The net position as of June 30, 2016 was decreased by \$2,927,582 as a result of the implementation of GASB Statement 75.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress for OPEB, schedule of contributions for pension plans, schedule of changes in net pension liability, schedule of investment return for the local police and fire pension plan, and schedule of proportionate share of the net pension liability on pages 4 through 10 and pages 58 through 63, 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 Warren, Rhode Island's basic financial statements. The introductory section, combining and individual non-major fund financial statements and the tax collectors annual report, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2018 on our consideration of the Town of Warren, Rhode Island's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Warren, Rhode Island's internal control over financial reporting and compliance.

Parmelee Poirier & Associates, LLP

Parmelee, Poirier & Associates, LLP
Warwick, Rhode Island
March 30, 2018

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Warren, we offer readers of the Town of Warren's financial statements this narrative overview and analysis of the financial activities of the Town of Warren for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the entire comprehensive annual financial report.

Financial Highlights

- The assets of the Town of Warren exceeded its liabilities as of June 30, 2017, by \$16,708,311 (*net position*). Of this amount, \$146,711 (*unrestricted*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town of Warren's total net position decreased by \$102,661 for the current fiscal year.
- As of June 30, 2017, the Town of Warren's governmental funds reported combined ending fund balances of \$12,246,431, an increase of \$681,982 in comparison with the prior year, primarily because of a successful judgment in the Bristol/Warren Regional School District court case.
- As of June 30, 2017, the total fund balance for the General Fund was \$11,679,540 or approximately 48% of total general fund expenditures. However, \$2,520,250 of this fund balance was committed to meet general fund capital expenditures; and an additional \$500,000 (authorized in FY 2013-14, expiring in June 2017) of this fund balance was committed to Open Space Acquisition. Also, \$2,600,000 was reserved for Education in the pending appeal of the Bristol/Warren Regional School District court case.
- As of June 30, 2017, the unassigned fund balance for the General Fund was \$8,562,458, an increase of \$1,855,022 over the prior year, primarily due to the following:
 - Excess of revenues over expenditures before other financing sources.
- The Town of Warren's total debt of its governmental activities to \$13,887,329 a 9.7% decrease during 2016. The Town paid down principal of \$1,488,648 on existing bond issues.
- For the purposes of this audit, the Transfer Station fund has been included with the General Fund, and is not considered a proprietary fund.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Warren's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the Government-wide financial statements distinguish functions of the Town of Warren that are principally 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 governmental activities of the Town of Warren include general government, public safety, public works, parks and recreation. The business type activities of the Town of Warren include the jointly-managed transfer station operation.

The Government-wide financial statements include only the activities of the Town of Warren.

The Government-wide financial statements can be found on pages 11 and 12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Warren, 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 of Warren can be divided into two categories: governmental funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the Government-wide financial statements. However, unlike the Government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spend-able 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Warren maintains 54 individual 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, RIDOT TIP Water St. Project, are considered major funds. Data from the remaining 52 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* later in this report.

The basic governmental fund financial statements can be found on pages 13, 14 and 15 of this report.

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 the resources of those funds are not available to support the Town of Warren's programs. The fiduciary funds maintained by the Town of Warren include several private-purpose trusts and agency funds.

The basic fiduciary fund financial statements can be found on pages 16 and 17 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 18 of this report.

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

The combining statements referred to earlier in connection with non-major governmental funds and other information related to the individual funds is presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Warren, assets exceeded liabilities by \$16,708,311 at the close of Fiscal Year ended June 30, 2017.

	Governmental Activities 2017	Governmental Activities 2016	Change	Percentage Change
Current and other assets	14,249,935	13,953,761	296,174	2.12%
Capital assets	30,413,517	30,402,675	10,842	0.04%
Total assets	44,663,452	44,356,436	307,016	0.69%
Deferred outflow of resources	1,634,042	1,266,851	367,191	28.98%
Long-term debt	18,358,728	18,032,046	326,682	1.81%
Other liabilities	10,161,816	9,775,279	386,537	3.95%
Total liabilities	28,520,544	27,807,325	713,219	2.56%
Deferred inflow of resources	1,068,639	1,004,990	63,649	6.33%
Net Position				
Invested in capital assets	16,526,188	15,026,698	1,499,490	9.98%
Restricted	35,412	36,516	(1,104)	-3.02%
Unrestricted	146,711	1,747,758	(1,601,047)	-91.61%
Total net position	\$ 16,708,311	\$ 16,810,972	\$ (102,661)	-0.61%

The general capital assets (e.g., land, buildings, machinery, and equipment) of the governmental activities of the Town of Warren less outstanding debt equal \$16,526,188. A portion of the outstanding debt of the governmental activities was incurred for the installation of infrastructure.

With the historical infrastructure costs included, the governmental activities have total net position of \$16,675,173. Included within the total net position are net investment in capital assets of \$16,526,188 and restricted net assets of \$35,412 as of June 30, 2017, leaving an unrestricted balance of \$146,711. In comparison, governmental activity net position as of June 30, 2016, as stated in the FY16 Financial Statements totaled \$16,810,972.

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

Governmental activities. Governmental activities increased the Town of Warren's net position by \$2,791,783.

	Government Activities			
	Activities 2017	Activities 2016	Change	Percentage Change
Revenues				
Program revenues-				
Charges for services	\$ 69,459	\$ 69,839	\$ 380	-1%
Grants	-	-		
General revenues-				
Property taxes	23,848,890	23,571,964	(276,926)	1%
Intergovernmental	1,120,215	1,393,447	305,370	-28%
Licenses, fees, permits and fines	1,807,759	1,579,028	(228,731)	13%
Investment earnings	244,652	217,655	(26,997)	11%
Miscellaneous	136,614	138,864	2,250	-2%
Transfers in/(out)				
Total revenues	27,227,589	26,970,797	(224,654)	1%
Expenses				
General government	4,337,626	5,172,240	834,614	-19%
Town offices	919,696	916,574	(3,122)	0%
Financial administration	230,126	234,506	4,380	-2%
Public safety	2,712,904	2,610,460	(102,444)	4%
Fire safety	932,227	721,777	(210,450)	23%
Waste water treatment	1,649,828	1,594,588	(55,240)	3%
Highway department	2,995,182	2,838,340	(156,842)	5%
Grants and contributions	295,260	288,624	(6,636)	2%
Education	10,030,740	11,425,896	1,395,156	-14%
Debt service	300,079	270,810	(29,269)	10%
Loss on disposal of capital assets	-	-	-	
Capital and special appropriations	-	-	-	
Unallocated depreciation	-	-	-	
Transfer station	-	-	-	
Total expenses	24,403,668	26,073,815	1,670,147	-7%
Increase/-decrease in net assets	2,824,921	896,982	(1,894,801)	68%
Net assets - beginning - as restated	13,883,390	15,913,991	2,030,601	-15%
Net assets - ending	\$ 16,708,311	\$ 16,810,973	\$ 135,800	-1%

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the Town of Warren'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 of Warren's financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2017, the Town of Warren's total governmental funds reported a combined ending fund balance of \$12,246,431, an increase of \$681,982 in comparison with the prior year. The unassigned fund balance of \$8,479,066 is available for spending at the government's discretion. The remainder of the fund balance is non-spendable to indicate that it is not available for new spending because it represents un-expendable inventory items, those governmental funds with a deficit fund balance and the permanent funds. The committed fund balances has been designated to fund appropriations of the subsequent fiscal year. The restricted fund balance has been assigned all non-major governmental funds fund balances as it is restricted for the legal use of each fund. \$2,600,000 has also been reserved for Education pending the appeal of the Bristol/Warren Regional School District court case.

The General Fund is the chief operating fund of the Town of Warren. As of June 30, 2017, the total fund balance of the general fund was \$11,679,540 (an increase of \$1,500,805), of which \$8,562,458 was unassigned. The Unassigned fund balance represents approximately 35.1% of total General Fund expenditures. The 2017 annual budget for the Town of Warren's general fund identified the re-appropriation of \$2,623,070 fund balance which represents capital and special appropriations carry-forwards of \$2,123,070 and Open Space Acquisition appropriations carry-forwards of \$500,000.

Excess of revenues over expenditures before other financing sources was \$1,500,805. Actual revenues and other sources were higher than budgeted revenues in the general fund by \$650,532 before transfers. Actual expenditures were lower than budgeted expenditures by \$2,598,891 before transfers. However, it should be noted that \$2,600,000 of these lower budgeted expenditures were due to a reserve for Education set up pending the appeal of the Bristol/Warren Regional School District court case.

General Fund Budgetary Highlights

Actual revenues and other sources were higher than budgeted revenues by \$650,532, primarily due to increased revenue in interest collected (\$236k), third party billing of rescue calls (\$111k), and transfer station fees (\$49k). Excluding the reserve for Education of \$2,600,000, actual expenses were flat to budget.

Capital Asset and Debt Administration

Capital assets. The Town of Warren's investment in capital assets for its governmental activities as of June 30, 2017, amounts to \$30,413,517 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, and infrastructure. Additional information on the Town of Warren's capital assets can be found in Note 4 to the financial statements, which accompany this report.

Town of Warren's Capital Assets

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

Long-term debt. At the end of the current fiscal year, the Town of Warren has total general obligation debt outstanding of \$13,887,329 entirely backed by the full faith and credit of the government.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its total equalized valuation. As of June 30, 2017, the Town of Warren's ratio of Town Debt to net taxable valuation is 1.51%. The current debt limitation for the Town of Warren is \$35,154,526, which significantly exceeds the Town of Warren's current outstanding general obligation debt.

Additional information of the Town of Warren's long-term debt can be found in note 7 to the financial statements and also in the statistical section of this report.

FY 2017-18 Budget Highlights

The Town of Warren's tax rate changed from \$19.97 per thousand dollars of assessed value from FY 2016-17 to \$18.81 FY 2017-18. The Town of Warren reserved \$2.6M in the FY 2016-17 Budget pending the appeal of the Bristol/Warren Regional School District court case. The Town also allocated \$500k from the General Fund surplus to fund capital projects.

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

Requests for Information

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

Basic Financial Statements

Government-Wide Financial Statements

TOWN OF WARREN, RHODE ISLAND**Statement of Net Position
June 30, 2017**

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 12,141,941
Investments	25,337
Receivables (net)	408,826
Other receivables	522,975
Inventories	13,440
Due from federal and state	1,137,416
Noncurrent assets	
Capital assets (non-depreciable)	2,295,170
Capital assets (net of depreciation)	28,118,347
TOTAL ASSETS	<u>44,663,452</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension amounts	1,627,522
Deferred OPEB amounts	6,520
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,634,042</u>
LIABILITIES	
Current liabilities	
Accounts payable	227,502
Accrued expenses	467,178
Escrow deposits	1,880
Unearned revenues	1,150,676
Current portion of long-term liabilities	1,323,965
Noncurrent liabilities	
Net OPEB liability	4,104,306
Net pension liability	6,990,615
Long-term liabilities (net)	14,254,422
TOTAL LIABILITIES	<u>28,520,544</u>
DEFERRED INFLOW OF RESOURCES	
Deferred pension amounts	568,024
Deferred OPEB amounts	500,615
TOTAL DEFERRED INFLOW OF RESOURCES	<u>1,068,639</u>
NET POSITION	
Net investment in capital assets	16,526,188
Restricted for permanent trust funds	35,412
Unassigned	146,711
TOTAL NET POSITION	<u>\$ 16,708,311</u>

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

TOWN OF WARREN, RHODE ISLAND

Statement of Activities

June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
General government	\$ 4,336,626	\$ -	\$ -	\$ (4,336,626)
Town offices	919,696	-	-	(919,696)
Financial administration	230,126	-	-	(230,126)
Public safety	2,712,904	-	-	(2,712,904)
Fire safety	932,227	-	-	(932,227)
Waste water treatment	1,649,828	69,459	-	(1,580,369)
Highway department	2,995,182	-	-	(2,995,182)
Grants and contributions	295,260	-	-	(295,260)
Education	10,030,740	-	-	(10,030,740)
Interest on long-term debt	300,079	-	-	(300,079)
Total governmental activities	<u>\$ 24,402,668</u>	<u>\$ 69,459</u>	<u>\$ -</u>	<u>(24,333,209)</u>
General revenues:				
				23,848,890
Property taxes				1,120,215
Intergovernmental				1,807,759
Licenses, fees, permits and fines				244,652
Interest earnings				136,614
Miscellaneous				
		Total general revenues		<u>27,158,130</u>
		Change in net position		2,824,921
		Net position - beginning (as restated)		<u>13,883,390</u>
		Net position - ending		<u>\$ 16,708,311</u>

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

Fund Financial Statements

TOWN OF WARREN, RHODE ISLAND

Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	RIDOT TIP Water St. Project	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 11,617,878	\$ -	\$ 524,063	\$ 12,141,941
Investments	-	-	25,337	25,337
Taxes receivables (net)	408,826	-	-	408,826
Other receivables	55,043	-	467,932	522,975
Due from other funds	213,507	-	-	213,507
Inventories	13,440	-	-	13,440
Due from federal & state	196,914	776,203	164,299	1,137,416
TOTAL ASSETS	<u>\$ 12,505,608</u>	<u>\$ 776,203</u>	<u>\$ 1,181,631</u>	<u>\$ 14,463,442</u>
LIABILITIES				
Accounts payable	\$ 200,742	\$ -	\$ 26,760	\$ 227,502
Accrued expenses	315,584	-	-	315,584
Unearned revenues	-	704,440	446,236	1,150,676
Escrow deposits	1,880	-	-	1,880
Due to other funds	-	71,763	141,744	213,507
TOTAL LIABILITIES	<u>518,206</u>	<u>776,203</u>	<u>614,740</u>	<u>1,909,149</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	307,862	-	-	307,862
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>307,862</u>	<u>-</u>	<u>-</u>	<u>307,862</u>
FUND BALANCES:				
Non-Spendable	96,832	-	35,412	132,244
Restricted	-	-	614,871	614,871
Committed	3,020,250	-	-	3,020,250
Unassigned	8,562,458	-	(83,392)	8,479,066
TOTAL FUND BALANCES	<u>11,679,540</u>	<u>-</u>	<u>566,891</u>	<u>12,246,431</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 12,505,608</u>	<u>\$ 776,203</u>	<u>\$ 1,181,631</u>	

Amounts reported for governmental activities in the statement of net position differ because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	30,413,517
Deferred outflows of resources for pension and OPEB plans are reported in the Statement of Net Position of Governmental Activities but are not reported on the Fund Statements	1,634,042
Long-term liabilities are not due and payable in the current period and therefore are not reported in the Fund Statement	(15,578,387)
Accrued interest related to issuance of long-term liabilities	(151,594)
Accrual of net OPEB liability	(4,104,306)
Unavailable property tax revenues (net of an allowance for uncollectables) are recorded in the funds, but are not deferred under the measurement focus employed in the Statement of Net Position	307,862
Accrual of net Pension Liability	(6,990,615)
Deferred inflows of resources for pension and OPEB plans are reported in the Statement of Net Position of Governmental Activities but are not reported on the Fund Statement	(1,068,639)
Net position of governmental activities	<u>\$ 16,708,311</u>

TOWN OF WARREN, RHODE ISLAND**Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds****For the year ended June 30, 2017**

	General Fund	RIDOT TIP Water St. Project	Other Governmental Funds	Total Governmental Funds
Revenues				
General property taxes	\$ 23,863,075	\$ -	\$ -	\$ 23,863,075
Interest and investment income	244,652	-	-	244,652
Licenses, fees, permits and fines	1,807,759	-	-	1,807,759
Water and sewer use fees	69,459	-	-	69,459
Intergovernmental	616,749	32,138	471,328	1,120,215
Other	92,398	-	44,216	136,614
Total revenues	<u>26,694,092</u>	<u>32,138</u>	<u>515,544</u>	<u>27,241,774</u>
Expenditures				
Current:				
General government	3,745,954	-	394,276	4,140,230
Town offices	919,696	-	-	919,696
Financial administration	230,126	-	-	230,126
Public safety	2,377,222	-	209,692	2,586,914
Fire safety	596,809	-	18,550	615,359
Waste water treatment	1,250,408	32,138	-	1,282,546
Highway department	1,870,243	-	-	1,870,243
Grants and contributions	295,260	-	-	295,260
Education	10,030,740	-	-	10,030,740
Debt Service:				
Principal	1,488,648	-	-	1,488,648
Interest and other costs	265,111	-	-	265,111
Capital:				
Capital and special appropriations	2,123,070	-	711,849	2,834,919
Total expenditures	<u>25,193,287</u>	<u>32,138</u>	<u>1,334,367</u>	<u>26,559,792</u>
Excess of revenues over (under) expenditures before transfers	<u>1,500,805</u>	<u>-</u>	<u>(818,823)</u>	<u>681,982</u>
Other financing sources/uses				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net other financing sources/uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,500,805	-	(818,823)	681,982
Fund balance - beginning of the year	<u>10,178,735</u>	<u>-</u>	<u>1,385,714</u>	<u>11,564,449</u>
Fund balance - ending of the year	<u>\$ 11,679,540</u>	<u>\$ -</u>	<u>\$ 566,891</u>	<u>\$ 12,246,431</u>

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

TOWN OF WARREN, RHODE ISLAND

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds (B-2) to the Statement of Activities (A-2)
For the year ended June 30, 2017**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds (B-2)	\$ 681,982
 Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	 10,842
 The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position. This amount is the net effect of these differences.	 1,488,648
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.	 (14,185)
 Adjustment to the deferred outflows of resources. The increase from prior year balances is reflected in the Statement of Activities and Changes in Net Position.	 367,191
 Adjustment to the estimated net pension liability. The governmental fund reflects this activity when it will be paid with measureable available resources. The increase from prior year balances is reflected in the Statement of Activities and Changes in Net Position.	 (760,337)
 Adjustment to the estimated OPEB obligation. The governmental fund reflects this activity when it will be paid with measureable available resources. The increase from prior year balances is reflected in the Statement of Activities and Changes in Net Position.	 1,148,978
 Adjustment to accrued compensated absences. The governmental fund reflects this activity when it will be paid with measureable available resources. The decrease from prior year balances is reflected in the Statement of Activities and Changes in Net Position.	 419
 Adjustment to accrued interest. The governmental fund reflects this activity when it will be paid with measureable available resources. The decrease from prior year balances is reflected in the Statement of Activities and Changes in Net Position.	 (34,968)
 Adjustment to the deferred inflows of resources. The increase from prior year balances is reflected in the Statement of Activities and Changes in Net Position.	 (63,649)
 Changes in net position of governmental activities in the Statement of Activities (A-2)	 <u>\$ 2,824,921</u>

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

TOWN OF WARREN, RHODE ISLAND**Statement of Changes in Net Position
Fiduciary Funds
For the year ended June 30, 2017**

	Private- Purpose Trusts	OPEB Trust Fund	Agency Funds
ASSETS			
Cash	\$ -	\$ -	\$ 14,846
Investments	481,393	780,735	-
Total Assets	481,393	780,735	14,846
LIABILITIES			
Deposits held in custody for others	-	-	14,846
Total Liabilities	-	-	14,846
NET POSITION			
Held in trust for post retirement benefits and other purposes	<u>\$ 481,393</u>	<u>\$ 780,735</u>	

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

TOWN OF WARREN, RHODE ISLAND

**Statement of Changes in Net Position
Fiduciary Funds
For the year ended June 30, 2017**

	Private- Purpose Trusts	OPEB Trust Fund
ADDITIONS:		
Investment income	\$ 49,459	\$ 33,294
Total additions	<u>49,459</u>	<u>33,294</u>
DEDUCTIONS:		
Portfolio management fees	87,509	2,011
Total deductions	<u>87,509</u>	<u>2,011</u>
CHANGE IN NET POSITION	(38,050)	31,283
Net position - beginning	-	749,452
Net position - ending	<u>\$ (38,050)</u>	<u>\$ 780,735</u>

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

Notes to Financial Statements

TOWN OF WARREN
Notes to the Financial Statements
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

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

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

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

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

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting entity, the Town applied the criteria prescribed by GASB Statement No.61. Under GASB Statement No. 61, a legally separate entity is required to be included as a component unit if it is fiscally dependent upon the primary government and there is a financial benefit or burden relationship present. The primary government is financially accountable if it appoints the voting majority of the organization’s governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the primary government. A potential component unit has a financial benefit or burden relationship with the primary government if, for example, any one of the following conditions exists:

(continued)

TOWN OF WARREN
Notes to the Financial Statements
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

REPORTING ENTITY (continued)

- (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.

Based on the criteria set in GASB 61, the town does not have any component units.

BASIS OF PRESENTATION AND ACCOUNTING

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 inflow of resources, fund equity, revenues, and expenditures. Funds are organized into two major categories: governmental 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 outflow of resources, liabilities, and deferred inflow of resources, revenues, or expenditures of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type
- (b) Total assets and deferred outflow of resources, liabilities, and deferred inflow of resources, revenues, or expenditures of the individual, governmental fund, or enterprise funds are at least 5 percent of the corresponding total for all governmental and enterprise funds combined

(continued)

TOWN OF WARREN
Notes to the Financial Statements
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF PRESENTATION AND ACCOUNTING (continued)

The funds of the financial reporting entity are described below:

Governmental Funds Types:

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.

Special Revenue Funds

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

Capital Project Fund

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

Fiduciary Fund Types (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 one agency fund: performance bonds. Since agency funds are custodial in nature they do not involve the measurement of results of operations.

OPEB Trust Fund

Other Post Employment Benefit (OPEB) Trust Fund is used to account for payments of postemployment benefits (health insurance) that the Town provides to qualified retirees in accordance with union contract provisions.

TOWN OF WARREN
Notes to the Financial Statements
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF PRESENTATION AND ACCOUNTING (continued)

Private Purpose Trust Funds

Private Purpose Trust Funds account for resources legally in trust held by the Town under various trust arrangements for the benefit of certain individuals or groups. These funds cannot be used at the Town's discretion or to support the Town's general operations. These trusts are for the benefit of local educational organizations, social benefit groups, and other private parties.

Major and Non-Major Funds:

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

Fund

Brief Description

Major:

General Fund

See the above description.

RI DOT TIP Water St. Project

To account for RI DOT grant award and expenditures.

Non-Major:

Special Revenue Funds:

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

Permanent Funds:

Police Trust, Document Preservation, and Sara B. Burtis

Agency Funds:

Performance Bonds

Measurement Focus

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

(continued)

TOWN OF WARREN
Notes to the Financial Statements
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF PRESENTATION AND ACCOUNTING (continued)

Measurement Focus (continued)

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 outflow of resources, liabilities, and deferred inflow of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The Town considers property taxes as available if they are collected within 60 days after year end. Grant revenue related to 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. All other revenue items, primarily permits and transfer station disposal fees, are considered to be measurable only when cash is received by the Town.
- b. The private purpose trust funds utilize a “economic resources” measurement focus and the accrual basis of accounting. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flow. All 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-type 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 assets used. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities, and deferred inflow of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

(continued)

TOWN OF WARREN
Notes to the Financial Statements
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF PRESENTATION AND ACCOUNTING (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 such as property taxes, are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, which are reported when due.

All agency funds, private purpose trust funds and OPEB trust 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 is used.

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

ASSETS, LIABILITIES, DEFERRED OUTFLOWS / INFLOWS OF RESOURCES AND NETPOSITION / FUND EQUITY

Cash and Cash Equivalents

Cash and cash equivalents are carried at cost. Cash equivalents include amounts invested in certificate of deposits as management believes that these certificates can be accessed at any point in time. Substantially, all of the Town’s cash and cash equivalents are held in public deposit institutions. Pursuant to Section 35-10-1 of the Rhode Island General Laws, as of October 1, 1991, public institutions are required to insure accounts which hold public funds in excess of the \$250,000 which is guaranteed by FDIC. At times, the Town pools cash resources of its various funds to facilitate the management of cash and maximize investment returns. Cash applicable to a particular fund is readily identifiable. Cash in excess of current requirements is invested in short term treasury securities or as investments. State statutes authorize governments to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

Investments

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

(continued)

TOWN OF WARREN
Notes to the Financial Statements
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ASSETS, LIABILITIES, DEFERRED OUTFLOWS / INFLOWS OF RESOURCES AND NETPOSITION / FUND EQUITY (continued)

Accounts Receivable

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

Amounts due from federal and state sources represent receivables on grant awards and state aid not received as of the balance sheet date.

Accounts Payable

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

Property Taxes

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

Inventory

The Town maintains an "inventory" of fuel for use by Town owned vehicles in various departments and for buses used by the Regional School District. Inventory is maintained on a periodic system and is stated at cost (first in, first out method of inventory valuation). Inventories in the Governmental Funds are recorded as expenditures when consumed.

Prepaid Items

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

(continued)

TOWN OF WARREN
Notes to the Financial Statements
 June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ASSETS, LIABILITIES, DEFERRED OUTFLOWS / INFLOWS OF RESOURCES AND NET POSITION / FUND EQUITY (continued)

Capital Assets and Depreciation

Government-Wide Statements

Long lived assets are accounted for as capital assets. They are reported in the Government-Wide Statement of Net Position and are not reported in the Governmental Fund Financial Statements.

All capital assets are capitalized at historical or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at the fair market value as of the date received. The Town follows the policy of capitalizing assets with a cost of \$5,000 or more and a useful life of more than one year.

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 calculated on the straight-line basis over the following useful lives:

<u>Description</u>	<u>Useful Life</u>
Buildings and land improvements	25 - 40 Years
Infrastructure	25 - 40 Years
Equipment and heavy machinery	10 - 20 Years
Motor vehicles	5 - 10 Years
Office equipment	5 - 10 Years
Other assets	5 - 10 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the government fund upon acquisition and capitalized 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 so it will not be recognized as an outflow of resources (expense/expenditures) until that later date. At June 30, 2017 the Town had two items that qualified as a deferred outflow of resources; deferred pension amounts and deferred OPEB amounts and both are reported on the Government-wide Statement of Net Position. The deferred pension amounts and OPEB amount totaled \$1,627,522 and \$6,520, respectively and relate to contributions to pension and OPEB plan made subsequent to the actuarial valuation date, net difference between projected and actual investment earnings, and changes in proportion and differences between employer contributions and proportionate share of contributions.

(continued)

TOWN OF WARREN
Notes to the Financial Statements
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ASSETS, LIABILITIES, DEFERRED OUTFLOWS / INFLOWS OF RESOURCES AND NETPOSITION / FUND EQUITY (continued)

Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate section represents the acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until a later date. At June 30, 2017 the Town had one item that qualified as a deferred inflow of resources in the governmental funds balance sheet. The unavailable tax revenue represents property taxes receivable which are assessed on December 31, 2015 or prior and are not collected within 60 days of June 30, 2017. Net unavailable property tax revenue included in the fund financial statements amounted to \$307,862. At June 30, 2017. This amount is deferred and will recognized as an inflow of resources in the year(s) in which the amounts become available.

The Town also had two items that qualified as a deferred inflow of resources in the Government-wide Statement of Net Position. The deferred pension amount and OPEB amount totaled \$568,024 and \$500,615, respectively and represent amounts to be amortized as a component of pension and OPEB expense in future years. The deferred inflows of resources reported on the Government-wide Financial Statements are related to pension plan and OPEB plan reporting requirements in accordance with GASB Statement #68 and #75, respectively. These deferred inflows consisted of the difference between actual and expected experience; difference between projected & actual earnings; and changes in assumptions.

Unearned Revenue

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

Inter-fund Transactions

Inter-fund activity within and among the funds of the Town have been classified and reported as follows:

Reciprocal Inter-fund Activities:

- Inter-fund loans are reported as inter-fund receivables in the lending fund and inter-fund payables in borrower funds.
- Inter-fund services are reported as revenues in the seller fund and as expenditures on expenses in the purchasing fund.

Non-Reciprocal Inter-fund Activities:

- Inter-fund 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 non-operating revenues and expenses.
- Inter-fund reimbursements are repayments from the fund responsible for a particular expenditure or expense or an expense to other funds that initially paid for them. Reimbursements are not displayed separately within the financial statements.

(continued)

TOWN OF WARREN
Notes to the Financial Statements
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ASSETS, LIABILITIES, DEFERRED OUTFLOWS / INFLOWS OF RESOURCES AND NETPOSITION / FUND EQUITY (continued)

- Inter-fund transactions are accounted for as expenditures/expenses when they constitute reimbursements from one fund to another. These transactions are accounted for as expenditures/expenses in the reimbursing fund and are recorded as reductions of expenditures/expenses in the fund receiving the reimbursement. All other inter-fund transactions are reported as transfers.

Net Position / Fund Balance Classification

Government-Wide Statements

Net Position is classified and displayed as three components:

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

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 described below:

- **Non-spendable** – Includes the amount of fund balances that cannot be spent because it is either not in spendable form or 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** – 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 Ordinances as a formal procedure to commit fund balance.

(continued)

TOWN OF WARREN
Notes to the Financial Statements
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ASSETS, LIABILITIES, DEFERRED OUTFLOWS / INFLOWS OF RESOURCES AND NETPOSITION / FUND EQUITY (continued)

Net Position / Fund Balance Classification (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 the governing body itself or 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.
- **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 General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may need to report a negative unassigned fund balance.

Application of Funds

The following policy has been established by the Town in order to address the implementation of Governmental Accounting Standards Board (GASB) Statement No., 54, Fund Balance Reporting and Governmental Funds Definitions. The policy is created in consideration of unanticipated events that could adversely affect the financial condition of the Town and jeopardize the continuation of necessary public service. The policy ensures that the Town maintains an adequate fund balance and reserves in order to:

- (a) Provide sufficient cash flow for daily financial needs
- (b) Provide funds for unforeseen expenditures related to emergencies
- (c) Offset significant economic downturns or revenue shortfalls

The Town maintains a formal spending policy in accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. It shall be the Finance Director’s responsibility to ensure the Town’s expenditures are appropriately classified based on the restrictions (both external and internal) of the revenue and fund balance(s) in accordance with the definitions listed above. See Note 9 for current year classification of fund balance.

Compensated Absences

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

Town Employees

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

(continued)

TOWN OF WARREN
Notes to the Financial Statements
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ASSETS, LIABILITIES, DEFERRED OUTFLOWS / INFLOWS OF RESOURCES AND NETPOSITION / FUND EQUITY (continued)

Compensated Absences (continued)

Town Employees (continued)

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

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

Police

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

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

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

Estimates

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

Pensions

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

(continued)

TOWN OF WARREN, RHODE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

"Total fund balances" of the Town's governmental funds (\$12,246,431) differs from "net position" of governmental activities (\$16,708,311) reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The effects of the differences are illustrated below.

	<u>Total Governmental Funds</u>	<u>Long-term Assets/ Liabilities (1)</u>	<u>Reclassifications and Eliminations (2)</u>	<u>Deferred Pension Amounts (3)</u>	<u>Statement Net Position Totals</u>
Assets					
Cash and cash equivalents	\$ 12,141,941	\$ -	\$ -	\$ -	\$ 12,141,941
Investments	25,337	-	-	-	25,337
Accounts receivable:					
Taxes receivable	408,826	-	-	-	408,826
Due from federal and state	1,137,416	-	-	-	1,137,416
Other receivables	522,975	-	-	-	522,975
Internal balances	213,507	-	(213,507)	-	-
Prepaid expenses	-	-	-	-	-
Inventories	13,440	-	-	-	13,440
Capital assets, non depreciable	-	2,295,170	-	-	2,295,170
Capital assets, depreciable	-	28,118,347	-	-	28,118,347
Total assets	<u>14,463,442</u>	<u>30,413,517</u>	<u>(213,507)</u>	<u>-</u>	<u>44,663,452</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,634,042</u>	<u>1,634,042</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	227,502	-	-	-	227,502
Accrued expenses	315,584	151,594	-	-	467,178
Unearned revenues	1,150,676	-	-	-	1,150,676
Deferred revenues	307,862	(307,862)	-	-	-
Escrow deposits	1,880	-	-	-	1,880
Internal balances	213,507	-	(213,507)	-	-
Long-term liabilities					
Due within one year	-	1,323,965	-	-	1,323,965
Due in more than one year	-	25,349,343	-	-	25,349,343
Total liabilities	<u>2,217,011</u>	<u>26,517,040</u>	<u>(213,507)</u>	<u>-</u>	<u>28,520,544</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,068,639</u>	<u>1,068,639</u>
Fund Balances/Net Position					
Total fund balances/net position	12,246,431	3,896,477	-	565,403	16,708,311
Total liabilities and fund balances/net position	<u>\$ 14,463,442</u>	<u>\$ 30,413,517</u>	<u>\$ (213,507)</u>	<u>\$ 1,634,042</u>	<u>\$ 46,297,494</u>

(1) When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the Town as a whole.

Cost of capital assets	\$ 83,372,183
Accumulated depreciation	52,958,666
	<u>\$ 30,413,517</u>

Because the focus of governmental funds is on short term financing, some assets will not be available to pay for current period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in the fund balance. Also, some expenditures in the governmental activities do not reflect current period charges.

Adjustment of deferred revenue	<u>\$ 307,862</u>
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Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term are reported in the statement of net position.

Bonds payable	\$ 13,887,329
Accrued interest payable	151,594
Accrued compensated absences	1,691,058
Net pension liability	6,990,615
Net OPEB obligation	4,104,306
	<u>\$ 26,824,902</u>

(2) Internal balances are neither considered assets nor liabilities under GASB 34.

	<u>\$ 213,507</u>
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(3) Certain pension elements are considered deferred outflows, including contributions made subsequent to the actuarial measurement date.

Pension Contributions	\$ 1,627,522
OPEB Contributions	6,520
	<u>\$ 1,634,042</u>

Certain pension elements such as pension expense are amortized in future periods. The amount of future amortizations are considered deferred inflows of resources.

Amortized pension amounts	\$ 568,024
Amortized OPEB amounts	500,615
	<u>\$ 1,068,639</u>

TOWN OF WARREN, RHODE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES

The "net change in the fund balances" for governmental funds (\$681,982) differs from the "change in net position" for governmental activities (\$2,824,921) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities

	Total Governmental Funds	Long-term Revenues/ Expenses (1)	Capital- related Items (2)	Long-term Debt Transactions (3)	Statement of Activities Totals
Revenues					
General property taxes	\$ 23,863,075	\$ (14,185)	\$ -	\$ -	\$ 23,848,890
Interest and investment income	244,652	-	-	-	244,652
Licenses, fees, permits, and fines	1,807,759	-	-	-	1,807,759
Water and sewer use fees	69,459	-	-	-	69,459
Intergovernmental	1,120,215	-	-	-	1,120,215
Other	136,614	-	-	-	136,614
Total revenues	\$ 27,241,774	(14,185)	-	-	27,227,589
Expenditures					
Current:					
General government	4,140,230	-	530,109	(692,602)	3,977,737
Town offices	919,696	-	-	-	919,696
Financial administration	230,126	-	-	-	230,126
Public safety	2,586,914	-	125,990	-	2,712,904
Fire safety	615,359	-	316,868	-	932,227
Waste water treatments	1,282,546	-	367,282	-	1,649,828
Highway department	1,870,243	-	1,124,939	-	2,995,182
Grants and contributions	295,260	-	-	-	295,260
Education	10,030,740	-	-	-	10,030,740
Debt Service:					
Principal	1,488,648	-	-	(1,488,648)	-
Interest and other costs	265,111	-	-	34,968	300,079
Capital:					
Capital and special appropriations	2,834,919	-	(2,476,030)	-	358,889
Total expenditures	26,559,792	-	(10,842)	(2,146,282)	24,402,668
Other financing uses/changes in net position					
Proceeds from long-term borrowings	-	-	-	-	-
Gain (loss) on sale of fixed assets	-	-	-	-	-
Net change for the year	\$ 681,982	\$ (14,185)	\$ 10,842	\$ 2,146,282	\$ 2,824,921

- (1) Reductions in deferred revenues that provide current financial resources to governmental funds are not reported as revenues in the statement of activities. State funded public service corporation tax revenues that are not accrued for in the governmental funds are reported as revenues in the statement of activities.

Deferred revenue - beginning	\$ (322,047)
Deferred revenue - ending	307,862
Change in deferred revenue	<u>\$ (14,185)</u>

- (2) When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.

Capital outlay (net of disposals)	\$ 2,476,030
Depreciation expense	(2,465,188)
Net adjustment	<u>\$ 10,842</u>

- (3) Repayment of bond principal is reported as an expenditure in the governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the Town as a whole, however, the principal payments reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities. Also long-term employee benefits that do not require the use current financial resources are not reported as expenditures in the governmental funds but are in the statement of activities. Bond issuance costs are reported as expenditures in governmental funds while in the government-wide financial statements they are capitalized and amortized over the life of the bond.

Decrease in interest accrued	\$ (34,968)
Decrease in compensated absences	419
Bond proceeds	-
Principal repayments	1,488,648
Amounts refunded	-
Increase in net OPEB	1,148,978
Increase in net pension liability	(760,337)
Changes in deferred outflows	367,191
Changes in deferred inflows	(63,649)
Net difference	<u>\$ 2,146,282</u>

TOWN OF WARREN
Notes to the Financial Statements
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

RECENTLY ISSUED ACCOUNTING STANDARDS

During the fiscal year ended June 30, 2017, the Town implemented the following new accounting pronouncements:

- GASB Statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other than Pension Plans.
- GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans.
- GASB Statement No. 77 – Tax Abatement Disclosures.
- GASB Statement No. 78 – Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.
- GASB Statement No. 79 – Certain External Investment Pools and Pool Participants.
- GASB Statement No. 80 – Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14.
- GASB Statement No. 82 – Pension Issues – an amendment of GASB Statements No. 67, 68, and No. 73.

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

- GASB Statement No. 81 – Irrevocable Split-Interest Agreements, effective for the fiscal year ending June 30, 2018.
- GASB Statement No. 83 – Certain Asset Retirement Obligations, effective for the fiscal year ending June 30, 2019
- GASB Statement No. 84 – Fiduciary Activities, effective for the fiscal year ending June 30, 2020.
- GASB Statement No. 85 – Omnibus 2017, effective for the fiscal year ending June 30, 2018.
- GASB Statement No. 86 – Certain Debt Extinguishment Issues, effective for the fiscal year ending June 30, 2018.
- GASB Statement No. 87 – Leases, effective for the fiscal year ending June 30, 2021.

The impact of these pronouncements on the Town's financial statements has not yet been determined.

(continued)

TOWN OF WARREN
Notes to the Financial Statements
June 30, 2017

NOTE 2 – BUDGETARY AND LEGAL COMPLIANCE

BUDGETARY DATA

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

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

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

Excess of Expenditures over Appropriations

For the year ended June 30, 2017, expenditures exceeded budget at the department level as follows:

Town Offices	\$7,537
Fire Safety	\$18,767

NOTE 3 - CASH AND INVESTMENTS

The State of Rhode Island requires that certain uninsured deposits be collateralized. Section 35-10.1-7 of the General Laws of the State of Rhode Island, dealing with the collateralization of public deposits, requires that all time deposits with maturities of greater than 60 days and all deposits in institutions that do not meet the minimum capital requirements of federal regulations must be collateralized. The Town does not have a formally adopted investment policy.

DEPOSITS

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

(continued)

TOWN OF WARREN
Notes to the Financial Statements
June 30, 2017

NOTE 3 - CASH AND INVESTMENTS (continued)

DEPOSITS (continued):

At June 30, 2017 the Town's carrying amount of deposits was \$12,141,941 and the bank balance was \$11,557,921. Of the balance, \$750,000 was covered by Federal Depository Insurance. The remaining balance, \$10,807,921 was collateralized with securities held by the pledging financial institutions, or its trust department or agent but not in the Town's name.

CUSTODIAL AND CREDIT RISK

Deposits

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

Credit Risk

As of June 30, 2017 the Town's investments in money markets are not rated, as the fund invests in short-term obligations.

Concentration of Credit Risk

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

Investments

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

At June 30, 2017 the Town held the following investments:

Governmental Funds:	
Common Stocks	<u>\$ 25,337</u>
 Private Purpose Trusts:	
Corporate Bonds	\$ 21,306
US Treasury Bonds	8,804
Common Stocks	415,842
Mutual Funds	30,083
Cash	<u>5,378</u>
Total Private Purpose	<u>\$ 481,413</u>
 OPEB Trust Fund:	
Mutual Funds	<u>\$ 780,735</u>
Total Investments	<u>\$1,287,485</u>

(continued)

TOWN OF WARREN
Notes to the Financial Statements
 June 30, 2017

NOTE 3 - CASH AND INVESTMENTS (continued)

CREDIT RISK

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

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

INTEREST RATE RISK

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

<u>Description</u>	<u>Interest</u>	<u>Maturity</u>	<u>Fair Value</u>
Corporate Bonds	4.45%	1/15/2020	\$ 21,306
US Treasury Bonds	2.25%	8/15/2046	8,804

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Fair Value Measurement Using:

<u>Description</u>	<u>Value at 6/30/2017</u>	<u>Quoted Prices in Active Markets for Identical Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Corporate Bonds	\$ 21,306	\$ 21,306	\$ -	\$ -
US Treasury Bonds	8,804	8,804	-	-
Common Stocks	441,179	441,179	-	-
Mutual Funds	810,818	810,818	-	-
Cash	5,378	5,378	-	-
		-	-	-
	<u>\$ 1,287,485</u>	<u>\$ 1,287,485</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

TOWN OF WARREN
Notes to the Financial Statements
 June 30, 2017

NOTE 3 - CASH AND INVESTMENTS (continued)

Concentration of Credit Risk

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

NOTE 4 – CAPITAL ASSETS

Governmental Activity Capital Assets	Balance June 30, 2016	Additions	Removals	Balance June 30, 2017
Land	\$ 2,295,170	\$ -	\$ -	\$ 2,295,170
Building and improvements	17,225,880	-	7,939	17,217,941
Motor vehicles	7,588,608	171,030	-	7,759,638
Equipment	10,671,615	183,361	-	10,854,976
Infrastructure	43,114,880	2,129,578	-	45,244,458
Total capital assets	80,896,153	2,483,969	7,939	83,372,183
Less: accumulated depreciation	50,493,478	2,465,188	-	52,958,666
Net capital assets	\$ 30,402,675	\$ 18,781	\$ 7,939	\$ 30,413,517

Capital asset additions by department consisted of the following:

Public Safety	\$ 238,323
Fire Safety	61,650
Waste Water Treatment	780,083
General Government	149,391
Highway Department	<u>1,254,522</u>
Total	<u>\$ 2,483,969</u>

Depreciation expense was charged to the following function/programs:

Public Safety	\$ 125,990
Fire Safety	316,868
Waste Water Treatment	367,282
General Government	530,109
Highway Department	<u>1,124,939</u>
Total	<u>\$ 2,465,188</u>

(continued)

TOWN OF WARREN
Notes to the Financial Statements
June 30, 2017

NOTE 5 – RECEIVABLES

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

The Town recognizes property tax revenues in accordance with Section P70, “*Property Taxes*” of the Codification of Governmental Accounting and Financial Reporting Standards on the Fund statements. Unpaid property taxes amounted to \$716,783 as of June 30, 2017 and are recorded as a receivable, net of allowance for uncollectible property taxes of \$307,957. Major receivable balances for the governmental activities include property taxes at 93%, and intergovernmental grants, aid and other receivables at 7% of the balance.

The portion of the property tax receivable, which is not collected within the 60 days immediately following June 30, 2017 are recorded as unavailable revenue and amounted to \$307,862. This unavailable revenue amount is deferred and will be recognized as an inflow of resources in the year(s) in which the amounts become available.

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

NOTE 6 - OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

In addition to the pension benefits described in Note 13, the Town provides post employment benefits (health insurance) in accordance with union contract provisions.

For the year ended June 30, 2017 seven (7) municipal retirees met the eligibility requirements for Town provided coverage. The Town pays 100% of the cost of these benefits on a pay-as-you-go basis, which amounted to approximately \$212,194

Eligibility

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

Employees eligible to retire as of 7/1/2012 are not impacted by the new eligibility requirements described below:

Prior to 7/1/2012, employees were eligible to retire at the earlier of:

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

(continued)

TOWN OF WARREN
Notes to the Financial Statements
June 30, 2017

NOTE 6 - OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

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

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

Benefits

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

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

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

Active plan members	62
Retired plan members	<u>7</u>
Total Participants	<u>69</u>

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

The annual OPEB expense for governmental activities for the fiscal year ended June 30, 2017 was \$306,763.

(continued)

TOWN OF WARREN
Notes to the Financial Statements
 June 30, 2017

**NOTE 6 - OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS
 (OPEB) (continued)**

Investments

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

Rate of Return- For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 4.16%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Town

During the year, the Town implemented GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans (OPEB). This Statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan’s fiduciary net position. The components of the net OPEB liability of the Town at June 30, 2017, were as follows:

Total OPEB Liability	\$	4,885,041
Plan Fiduciary Net Position		<u>(780,735)</u>
Net OPEB Liability		<u>\$ 4,104,306</u>
Plan fiduciary net position as a		
Percentage of the total OPEB liability		16%

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

Actuarial assumptions- The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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

(continued)

TOWN OF WARREN
Notes to the Financial Statements
 June 30, 2017

NOTE 6 - OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Mortality rates were based on the SOA RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017. The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2016.

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

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

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

Yield as of:	<u>July 1, 2017</u>	<u>June 30, 2017</u>
Bond Buyer Go 20-Bond Municipal Bond Index	2.85%	3.53%
S&P Municipal Bond 20-Year High Grade Rate Index	2.71%	3.13%
Fidelity 20-Year Go Municipal Bond Index	2.92%	3.56%
Bond Index Range	2.71% - 2.92%	3.13% - 3.56%

(continued)

TOWN OF WARREN
Notes to the Financial Statements
 June 30, 2017

**NOTE 6 - OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS
 (OPEB) (continued)**

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

	1% Decrease <u>(3.16%)</u>	Current Discount Rate <u>(4.16%)</u>	1% Increase <u>(5.16%)</u>
Net OPEB Liability	\$ 4,542,657	\$ 4,104,306	\$ 3,712,779

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates- The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (8.00% decreasing to 4.00%) or 1 percentage point higher (10.00% decreasing to 6.00%) than the current healthcare cost trend rates:

	1% Decrease <u>(8% Decreasing to 4%)</u>	Current Discount Rate <u>(9% Decreasing to 5%)</u>	1% Increase <u>(10% Decreasing to 6%)</u>
Net OPEB Liability	\$ 3,619,705	\$ 4,104,306	\$ 4,672,448

Deferred Outflows and Inflows of Resources Related to OPEB Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (178,104)
Changes of assumptions	-	(322,511)
Net difference between projected and actual earnings on pension plan investments	<u>6,520</u>	<u>-</u>
Total	\$ <u>6,520</u>	\$ <u>(500,615)</u>

(continued)

TOWN OF WARREN
Notes to the Financial Statements
 June 30, 2017

NOTE 6 - OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Annual Amortization of Deferred Outflows/Inflows:

The balances of June 30, 2017 of the deferred outflows/(inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

Year ended June 30:	
2018	\$ (43,880)
2019	(43,880)
2020	(43,880)
2021	(43,880)
2022	(45,510)
Thereafter	(273,065)
Total	\$ (494,095)

NOTE 7 - LONG TERM LIABILITIES

The ratio of Town debt to net taxable valuation at June 30, 2017 was as follows:

Net taxable valuation	\$1,171,817,550
Town debt outstanding	\$13,887,329
Ratio of Town debt to net taxable valuation	1.19%

Schedule of long-term bond requirements:

Year Ended	Principal	Interest	Total
2018	1,323,965	391,117	1,714,082
2019	1,340,912	354,255	1,695,167
2020	1,347,953	322,183	1,670,136
2021	1,225,092	290,904	1,515,996
2022	1,223,256	259,895	1,483,151
2023-2027	4,064,410	898,534	4,962,944
2028-2032	2,514,744	362,028	2,876,772
2033-2036	847,000	38,265	885,718
TOTAL	\$13,887,329	\$2,917,181	\$16,804,510

(continued)

TOWN OF WARREN, RHODE ISLAND
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 7- Long-Term Liabilities (continued)

The following are changes in governmental long-term liabilities at June 30, 2017:

	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance Outstanding June 30, 2016	New Issues	Retirements	Balance Outstanding June 30, 2017	Current Portion
Public improvements	04/01/02	\$ 1,800,000	1.27%	9/1/03-22	\$ 755,977	\$ -	\$ 98,502	\$ 657,475	\$ 101,509
Public improvements	12/15/05	905,000	1.11%-1.56%	9/1/06-25	494,000	-	45,000	449,000	46,000
Public improvements	05/07/07	1,690,000	4.05%	5/15/08-27	75,000	-	75,000	-	-
Public improvements	05/01/08	3,885,000	3.50%	5/15/09-28	260,000	-	130,000	130,000	130,000
Public improvements	08/15/09	1,985,000	2.25-4.75%	8/15/10-29	950,000	-	175,000	775,000	175,000
Public improvements	03/11/11	2,000,000	0.42-3.33%	9/1/20-39	1,676,000	-	205,146	1,470,854	79,456
Public improvements	04/12/12	2,220,000	2.00-3.63%	1/15/13-32	1,625,000	-	155,000	1,470,000	155,000
Public improvements	04/12/12	2,415,000	2.00-3.00%	1/15/13-24	1,510,000	-	255,000	1,255,000	250,000
Public improvements	10/13/13	3,195,000	2.00-4.50%	8/15/14-23	2,930,000	-	125,000	2,805,000	130,000
Public improvements	06/02/16	3,400,000	3.00-4.00%	8/15/16-27	3,400,000	-	225,000	3,175,000	180,000
Public improvements	06/02/16	1,700,000	0.48-2.24%	9/1/17-35	1,700,000	-	-	1,700,000	77,000
Total general obligation bonds		<u>\$ 25,195,000</u>			\$ 15,375,977	\$ -	\$ 1,488,648	\$ 13,887,329	\$ 1,323,965
Compensated absences					\$ 1,691,477	\$ -	\$ 419.00	\$ 1,691,058	\$ -
Total long-term liabilities					<u>\$ 17,067,454</u>	<u>\$ -</u>	<u>\$ 1,489,067</u>	<u>\$ 15,578,387</u>	<u>\$ 1,323,965</u>

Total interest expense paid on long term debt for the year ended June 30, 2017 was approximately \$151,594

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

	Amount	Percent
Public improvements	\$ 13,887,329	89.1%
Compensated absences	1,691,058	10.9%
	<u>\$ 15,578,387</u>	<u>100.0%</u>

TOWN OF WARREN
Notes to the Financial Statements
June 30, 2017

NOTE 8 - OPERATING LEASE

In January of 2016, the Town entered into a 36-month lease agreement for a copier. The lease requires a base monthly rental charge of \$265. Lease expense incurred under the terms of this agreement was \$3,180 for the fiscal year ended June 30, 2017.

NOTE 9 – FUND EQUITY

FUND DEFICITS

The following individual funds had a deficit fund balance at June 30, 2017:

Planning Challenge Grant	\$	1,827
Stormwater Permitting		15,000
Picnic Shelter		60,689
Jamiel’s Park DEM Grant		5,876

These deficits are expected to be funded through transfers from the Town’s general fund.

FUND BALANCES

In accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Town has classified governmental fund balances at June 30, 2017 as follows:

Non-Spendable fund balance

Permanent funds	\$35,412
Long-term advances	83,392
Inventory	13,440
TOTAL NON-SPENDABLE FUND BALANCE	<u>\$132,244</u>

Restricted fund balance

Restricted for special revenue funds	<u>\$614,871</u>
TOTAL RESTRICTED FUND BALANCE	<u>\$614,871</u>

Committed fund balance

Committed for FY 2017 capital budget	\$2,123,070
Committed for FY 2017 capital budget – Open Space	500,000
Committed for Education	397,180
TOTAL COMMITTED FUND BALANCE	<u>\$3,020,250</u>

(continued)

TOWN OF WARREN
Notes to the Financial Statements
June 30, 2017

NOTE 9 – FUND EQUITY (continued)

FUND BALANCES (continued)

Unassigned fund balance

Fund balance not designated for future expenditures	<u>\$8,446,928</u>
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TOTAL FUND BALANCE	<u>\$12,214,293</u>
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NOTE 10 - INTERFUND TRANSFERS

The principal purpose of interfund transfers is to provide financing source to various funds that may not have the ability to cover all costs with revenue generated by the fund. The Town did not have any interfund transfers for the year ended June 30, 2017.

NOTE 11- RISK MANAGEMENT

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

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

NOTE 12 – CONTINGENCIES AND COMMITMENTS

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

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

(continued)

TOWN OF WARREN
Notes to the Financial Statements
June 30, 2017

NOTE 12 – CONTINGENCIES AND COMMITMENTS (continued)

The Town has a commitment to fund its proportionate share of the 2016-2017 budget of the Bristol-Warren Regional School District in the amount of \$10,031,113 as well as appropriating a \$2,600,000 reserve committed for education relating to the appeal of the Bristol/Warren Regional School District court case.

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

NOTE 13 – PENSION PLANS

(a) Defined Benefit Plans

General Information about the Pension Plan

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

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

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

(continued)

TOWN OF WARREN
Notes to the Financial Statements
June 30, 2017

NOTE 13 – PENSION PLANS (continued)

(a) Defined Benefit Plans (continued)

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

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

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

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

General employees

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

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

(continued)

TOWN OF WARREN
Notes to the Financial Statements
June 30, 2017

NOTE 13 – PENSION PLANS (continued)

(a) Defined Benefit Plans (continued)

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

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

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

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

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

Police and Fire employees

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

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

(continued)

TOWN OF WARREN
Notes to the Financial Statements
June 30, 2017

NOTE 13 – PENSION PLANS (continued)

(b) Defined Benefit Plans (continued)

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

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

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

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

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

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

Other benefit provisions

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

(continued)

TOWN OF WARREN
Notes to the Financial Statements
 June 30, 2017

NOTE 13 – PENSION PLANS (continued)

(c) Defined Benefit Plans (continued)

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

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

a. The COLA will be suspended for any unit whose funding level is less than 80%; however, an interim COLA may be granted in four-year intervals while the COLA is suspended. The first interim COLA may begin January 1, 2018.

b. Effective July 1, 2015, the COLA is determined based on 50% of the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%, plus 50% of the lesser of 3.0% or last year's CPI-U increase for a total maximum increase of 3.50%. Previously, it was the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%

c. The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on the every fourth year provision described in (i) above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$25,000 for 2013, \$25,000 for 2014, \$25,168 for 2015, \$25,855 for 2016, and \$26,098 for 2017.

Employees covered by benefit terms

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

	<u>General</u>	<u>Police and Fire</u>	<u>Total</u>
	<u>Employees</u>		
Retirees and Beneficiaries	33	20	53
Inactive, Non-retired Members	10	6	16
Active Members	<u>41</u>	<u>24</u>	<u>65</u>
Total	84	50	134

(continued)

TOWN OF WARREN
Notes to the Financial Statements
 June 30, 2017

NOTE 13 – PENSION PLANS (continued)

(a) Defined Benefit Plans (continued)

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 2% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. Public safety employees are required to contribute 10% of their salaries. The Town of Warren contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The Town of Warren contributed \$266,480 to the General Employee Plan and \$437,510 to the Police and Fire Plan in the year ended June 30, 2017 which was 12.22% and 27.61% of annual covered payroll, respectively.

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

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2017 measurement date (June 30, 2016 valuation rolled forward to June 30, 2017)	
Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Actuarial Assumptions	
Investment Rate of Return	7.50%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.75%
Mortality	<ul style="list-style-type: none"> • Male Employees, MERS General and MERS P&F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. • Female Employees, MERS General and MERS P&F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
Cost of Living Adjustments	A 2% COLA is assumed after January 1, 2014.

(continued)

TOWN OF WARREN
Notes to the Financial Statements
 June 30, 2017

NOTE 13 – PENSION PLANS (continued)

(a) Defined Benefit Plans (continued)

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

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

<u>Type of Investment</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity:	38.00%	
U.S. Equity		6.98%
International Developed		7.26%
International Emerging Markets		9.57%
Equity Hedge Funds	8.00%	4.10%
Private Equity	7.00%	10.15%
Core Fixed Income	15.00%	2.37%
Absolute Return Hedge Funds	7.00%	4.10%
Infrastructure	3.00%	5.58%
Real Estate	8.00%	5.33%
Other Real Return Assets:	11.00%	
Master Limited Partnerships		4.97%
Credit		4.97%
Inflation Linked Bonds		1.76%
Cash, Overlay and Money Market	3.00%	0.82%
	<u>100.00%</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 of the plans 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.

(continued)

TOWN OF WARREN
Notes to the Financial Statements
 June 30, 2017

NOTE 13 – PENSION PLANS (continued)

(a) Defined Benefit Plans (continued)

Changes in the Net Pension Liability (Asset)			
General Employees Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2016	\$ 6,802,063	\$ 5,050,569	\$ 1,751,494
Changes for the Year			
Service cost	153,923	-	153,923
Interest on the total pension liability	500,166	-	500,166
Changes in benefits	-	-	-
Difference between expected and actual experience	(107,368)	-	(107,368)
Changes in assumptions	-	-	-
Employer contributions	-	240,331	(240,331)
Employee contributions	-	61,437	(61,437)
Net investment income	-	(1,719)	1,719
Benefit payments, including employee refunds	(420,292)	(420,292)	-
Administrative expense	-	(4,623)	4,623
Other changes	-	25,640	(25,640)
Net changes	126,429	(99,226)	225,655
Balances as of June 30, 2017	<u>\$ 6,928,492</u>	<u>\$ 4,951,343</u>	<u>\$ 1,977,149</u>

Changes in the Net Pension Liability (Asset)			
Police and Fire Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2016	\$ 13,984,392	\$ 9,505,608	\$ 4,478,784
Changes for the Year			
Service cost	294,967	-	294,967
Interest on the total pension liability	1,034,705	-	1,034,705
Changes in benefits	-	-	-
Difference between expected and actual experience	(205,745)	-	(205,745)
Changes in assumptions	-	-	-
Employer contributions	-	443,482	(443,482)
Employee contributions	-	157,834	(157,834)
Net investment income	-	(3,271)	3,271
Benefit payments, including employee refunds	(671,615)	(671,615)	-
Administrative expense	-	(8,799)	8,799
Other changes	-	(1)	1
Net changes	452,312	(82,370)	534,682
Balances as of June 30, 2017	<u>\$ 14,436,704</u>	<u>\$ 9,423,238</u>	<u>\$ 5,013,466</u>

(continued)

TOWN OF WARREN
Notes to the Financial Statements
 June 30, 2017

NOTE 13 – PENSION PLANS (continued)

(a) Defined Benefit Plans (continued)

Changes in the Net Pension Liability (Asset)			
Aggregate Data of All Plans	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2016	\$ 20,786,455	\$ 14,556,177	\$ 6,230,278
Changes for the Year			
Service cost	448,890	-	448,890
Interest on the total pension liability	1,534,871	-	1,534,871
Changes in benefits	-	-	-
Difference between expected and actual experience	(313,113)	-	(313,113)
Changes in assumptions	-	-	-
Employer contributions	-	683,813	(683,813)
Employee contributions	-	219,271	(219,271)
Net investment income	-	(4,990)	4,990
Benefit payments, including employee refunds	(1,091,907)	(1,091,907)	-
Administrative expense	-	(13,422)	13,422
Other changes	-	25,639	(25,639)
Net changes	<u>578,741</u>	<u>(181,596)</u>	<u>760,337</u>
Balances as of June 30, 2017	<u>\$ 21,365,196</u>	<u>\$ 14,374,581</u>	<u>\$ 6,990,615</u>

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5 percent, as well as what the employers' net pension liability (asset) 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.

General Employees Plan:

1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00% Increase (8.5%)
\$ 2,714,102	\$ 1,977,149	\$ 1,373,929

Police and Fire Plan:

1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00% Increase (8.5%)
\$ 6,526,769	\$ 5,013,466	\$ 3,774,951

(continued)

TOWN OF WARREN
Notes to the Financial Statements
 June 30, 2017

NOTE 13 – PENSION PLANS (continued)

(a) Defined Benefit Plans (continued)

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

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

For the year ended June 30, 2017, the employer recognized pension expense of \$210,169 for General Employees and \$456,528 for Police and Fire. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

General Employees Plan:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Contributions subsequent to valuation date	\$ 266,480	\$ -
Difference in experience	-	217,936
Differences in assumptions	-	-
Net Investment Returns	<u>319,579</u>	<u>-</u>
Total	<u>\$ 586,059</u>	<u>\$ 217,936</u>

Police and Fire Plan:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Contributions subsequent to valuation date	\$ 437,510	\$ -
Difference in experience	-	302,276
Differences in assumptions	-	47,812
Net Investment Returns	<u>603,953</u>	<u>-</u>
Total	<u>\$ 1,041,463</u>	<u>\$ 350,088</u>

Total Aggregate Data from All Plans:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Contributions subsequent to valuation date	\$ 703,990	\$ -
Difference in experience	-	520,212
Differences in assumptions	-	47,812
Excess(deficit) Investment Returns	<u>923,532</u>	<u>-</u>
Total	<u>\$ 1,627,522</u>	<u>\$ 568,024</u>

(continued)

TOWN OF WARREN
Notes to the Financial Statements
 June 30, 2017

NOTE 13 – PENSION PLAN (continued)

(a) Defined Benefit Plans (continued)

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

Year Ending June 30,	General Employees Net Deferred Outflows (Inflows) of Resources	Police and Fire Net Deferred Outflows (Inflows) of Resources	Total Net Deferred Outflows (Inflows) of Resources
2018	\$ 13,670	\$ (14,156)	\$ (486)
2019	13,669	(14,157)	(488)
2020	81,350	162,177	243,527
2021	30,198	120,001	150,199
2022	(32,842)	-	(32,842)
Thereafter	(4,402)	-	(4,402)
Total	\$ 101,643	\$ 253,865	\$ 355,508

(b) Defined Contribution Plan

Plan Description

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

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

The Town of Warren recognized pension expense of \$13,422, for the fiscal year ended June 30, 2017.

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

(continued)

TOWN OF WARREN
Notes to the Financial Statements
June 30, 2017

NOTE 14 – RESTATEMENT

The net position of the Governmental Activities at June 30, 2016 has been restated to reflect the cumulative effect resulting from the implementation of GASB Statement #75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The following reflects the effect of implementation of this new accounting standard:

Total Net Position, Government-wide Statement of Activities:

Balance at June 30, 2016, as originally reported.....	\$ 16,810,972
Recorded Net OPEB Liability at June 30, 2016.....	(5,253,284)
Add back Net OPEB Obligation recorded at June 30, 2016...	<u>2,325,702</u>
Balance at June 30, 2016, as restated.....	<u>\$ 13,883,390</u>

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 24, 2018, the date the financial statements were available to be issued. As a result of this review, there were no material subsequent events noted.

Required Supplementary Information

TOWN OF WARREN, RHODE ISLAND

Schedule of Revenues and Expenses (Non-GAAP Budgetary Basis)
Budget and Actual

General Fund
For the year ended June 30, 2017

	Continuing Appropriation June 30, 2016	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2017	Under Over (Unfavorable)
Revenues						
General property taxes	\$ -	\$ 23,866,897	\$ 23,866,897	\$ 23,863,075	\$ -	\$ (3,822)
Intergovernmental	-	644,701	644,701	616,749	-	(27,952)
Licenses, fees, permits and fines	-	1,355,100	1,355,100	1,807,759	-	452,659
Water and sewer use fees	-	64,500	64,500	69,459	-	4,959
Interest and investment income (loss)	-	8,500	8,500	244,652	-	236,152
Other	-	103,862	103,862	92,398	-	(11,464)
Total revenues	-	26,043,560	26,043,560	26,694,092	-	650,532
Expenditures						
General government	-	3,935,904	3,935,904	3,745,954	-	189,950
Town offices	-	986,537	986,537	919,696	-	66,841
Financial administration	-	245,645	245,645	230,126	-	15,519
Public safety	-	2,453,837	2,453,837	2,377,222	-	76,615
Fire safety	-	578,042	578,042	596,809	-	(18,767)
Waste water treatment	-	1,329,545	1,329,545	1,250,408	-	79,137
Public works	-	1,870,358	1,870,358	1,870,243	-	115
Grants and contributions	-	298,402	298,402	295,260	-	3,142
Education	-	12,631,113	12,631,113	10,030,740	-	2,600,373
Debt services	-	1,869,179	1,869,179	1,753,759	-	115,420
Cost of collections	-	25,000	25,000	-	-	25,000
Capital - Open Space	500,000	-	-	-	500,000	-
Capital	1,568,616	-	-	2,123,070	-	(554,454)
Total expenditures	2,068,616	26,223,562	26,223,562	25,193,287	500,000	2,598,891
Excess of revenues over (under) expenditures before other financing sources (uses)	(2,068,616)	(180,002)	(180,002)	1,500,805	(500,000)	3,249,423
Other financing sources (uses)						
Transfers in(out)	-	-	-	-	-	-
Net other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ (2,068,616)	\$ (180,002)	\$ (180,002)	1,500,805	\$ (500,000)	\$ 3,249,423

Reconciliation to Exhibit B-2:

Excess of revenues over expenditures, GAAP Basis	<u>\$ 1,500,805</u>
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TOWN OF WARREN, RHODE ISLAND

Schedule of Revenue and Expenses (Non-GAAP Budgetary Basis)
Budget and Actual

General Fund
For the year ended June 30, 2017

	Continuing Appropriation June 30, 2016	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2017	Under Over (Unfavorable)
General property taxes:						
Real estate, tangible and motor vehicle	\$ -	\$ 23,866,897	\$ 23,866,897	\$ 23,863,075	\$ -	\$ (3,822)
Total general property taxes	-	23,866,897	23,866,897	23,863,075	-	(3,822)
Intergovernmental and departmental:						
Excise tax/state	-	92,183	92,183	94,349	-	2,166
General state aid	-	50,381	50,381	-	-	(50,381)
PILOT - BCWA	-	95,000	95,000	70,757	-	(24,243)
Restaurant (meals) tax	-	276,000	276,000	299,795	-	23,795
Telephone tax transfer	-	131,137	131,137	131,578	-	441
Tax sale revenue	-	-	-	20,270	-	20,270
Total intergovernmental and departmental	-	644,701	644,701	616,749	-	(27,952)
Licenses, fees, permits and fines:						
Government center rent	-	10,000	10,000	7,227	-	(2,773)
Marriage, birth & death certificates	-	11,000	11,000	12,230	-	1,230
Municipal court revenue	-	45,000	45,000	65,442	-	20,442
Municipal lien certificates	-	-	-	9,258	-	9,258
MVQ - Head start rental	-	37,000	37,000	64,166	-	27,166
PILOT - Housing authority	-	35,000	35,000	67,128	-	32,128
Police fines and penalties	-	10,000	10,000	24,542	-	14,542
Police AFIS fingerprinting	-	-	-	(790)	-	(790)
Police reports	-	3,000	3,000	3,603	-	603
Police VIN checks	-	11,000	11,000	7,405	-	(3,595)
Revenue - Building/plumbing permits & fees	-	180,000	180,000	236,282	-	56,282
Revenue - Business taxes & licenses	-	55,000	55,000	55,066	-	66
Revenue - Completion fees	-	-	-	21,749	-	21,749
Revenue - Dog & kennel licenses	-	1,100	1,100	1,013	-	(87)
Revenue - Harbor	-	105,000	105,000	102,090	-	(2,910)
Revenue - Pavilion rental	-	3,500	3,500	7,065	-	3,565
Revenue - Photo copy	-	5,000	5,000	3,690	-	(1,310)
Revenue - Probate court fees	-	7,000	7,000	18,796	-	11,796
Revenue - Realty transfers	-	80,000	80,000	105,185	-	25,185
Revenue - Recording fees	-	82,000	82,000	94,385	-	12,385
Road cut permits	-	500	500	340	-	(160)
Road duty revenue	-	44,000	44,000	65,247	-	21,247
Third party billing	-	450,000	450,000	561,268	-	111,268
Zoning, fire & planning fees	-	10,000	10,000	56,340	-	46,340
Transfer station	-	170,000	170,000	219,032	-	49,032
Total licenses, fees, permits and fines	-	1,355,100	1,355,100	1,807,759	-	452,659
Water and sewer user fees:						
Sewer use fees	-	62,000	62,000	62,109	-	109
Sewer permits	-	2,500	2,500	7,350	-	4,850
Total water and sewer fees	-	64,500	64,500	69,459	-	4,959
Interest:						
Property tax interest	-	-	-	219,435	-	219,435
General fund investment earnings	-	8,500	8,500	25,217	-	16,717
Total interest	-	8,500	8,500	244,652	-	236,152
Other:						
Other miscellaneous receipts	-	20,000	20,000	8,536	-	(11,464)
Other sources/ social services/ senior center	-	83,862	83,862	83,862	-	-
Total other	-	103,862	103,862	92,398	-	(11,464)
Total Operating Revenue	-	26,043,560	26,043,560	26,694,092	-	650,532
Other financing sources:						
Transfer from fund balance	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Total revenue and other financing sources	-	26,043,560	26,043,560	26,694,092	-	650,532

TOWN OF WARREN, RHODE ISLAND

Schedule of Revenue and Expenses (Non-GAAP Budgetary Basis)
Budget and Actual

General Fund
For the year ended June 30, 2017

	Continuing Appropriation June 30, 2016	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2017	Under Over (Unfavorable)
EXPENDITURES:						
GENERAL GOVERNMENT						
ADVERTISING	\$ -	\$ 16,000	\$ 16,000	\$ 29,912	\$ -	\$ (13,912)
ATTENDANCE PREMIUMS	-	93,000	93,000	138,686	-	(45,686)
COMPUTER SERVICES	-	2,700	2,700	5,442	-	(2,742)
COPYING EXPENSE	-	7,500	7,500	5,444	-	2,056
ELECTRICITY/WATER AT PARKS	-	7,500	7,500	4,863	-	2,637
EMPLOYEE BENEFITS	-	1,220,000	1,220,000	1,209,110	-	10,890
FINANCING EXPENSES	-	5,000	5,000	-	-	5,000
FIRE HYDRANTS	-	76,000	76,000	76,000	-	-
GASB 45	-	4,750	4,750	-	-	4,750
GOVERNMENT CENTER	-	87,125	87,125	82,548	-	4,577
GOVERNMENT CENTER CUSTODIAN	-	49,065	49,065	29,772	-	19,293
LEAGUE OF CITIES & TOWNS	-	4,550	4,550	4,522	-	28
LONGEVITY	-	205,000	205,000	205,073	-	(73)
MARY V/ MAIN/ LIBERTY SCHOOLS	-	51,250	51,250	36,634	-	14,616
POSTAGE	-	10,000	10,000	9,359	-	641
PROP. & LIAB. INSURANCE	-	550,000	550,000	558,754	-	(8,754)
RETIREE BENEFIT ADJUSTMENT	-	6,024	6,024	5,180	-	844
SOCIAL SECURITY TAX	-	395,000	395,000	352,676	-	42,324
STREET LIGHTING	-	237,000	237,000	199,344	-	37,656
TELEPHONE	-	7,500	7,500	6,851	-	649
TOWN AUDIT	-	26,875	26,875	26,875	-	-
TOWN EMPL. PENSION COST	-	750,000	750,000	638,061	-	111,939
TOWN HALL EXPENSES	-	60,000	60,000	53,875	-	6,125
TOWN HALL CUSTODIAN	-	49,065	49,065	48,224	-	841
UNEMPLOYMENT RESERVE ACCT.	-	15,000	15,000	7,670	-	7,330
UNCOLLECTIBLE RESERVE	-	-	-	11,079	-	(11,079)
Total General Government	-	3,935,904	3,935,904	3,745,954	-	189,950
TOWN OFFICES						
Boards and Comissions						
ADMINISTRATIVE OFFICER	-	5,490	5,490	5,836	-	(346)
CONSERVATION BOARD EXPENSE	-	1,100	1,100	754	-	346
ECONOMIC DEVELOPMENT	-	1,300	1,300	400	-	900
HISTORICAL COMMISSION	-	1,550	1,550	1,556	-	(6)
JUVENILE HEARING BOARD	-	1,800	1,800	1,500	-	300
PLANNING BOARD EXPENSES	-	1,800	1,800	200	-	1,600
PLANNING/ZONING STENOGRAPHER	-	4,800	4,800	1,800	-	3,000
TREE COMMISSION	-	500	500	493	-	7
ZONING BOARD EXPENSES	-	1,800	1,800	1,048	-	752
Total Boards and Comissions	-	20,140	20,140	13,587	-	6,553
Building Inspector						
BUILDING OFFICAL SALARY	-	57,488	57,488	55,947	-	1,541
BLDG. OFFICIAL CLERK	-	32,947	32,947	32,947	-	-
BLDG. OFFICE EXPENSE	-	3,940	3,940	2,804	-	1,136
COMPUTER SERVICES	-	1,800	1,800	237	-	1,563
OUTSIDE SERVICES	-	30,250	30,250	745	-	29,505
PLUMBING & ELECTRICAL INSPECTOR	-	11,530	11,530	12,714	-	(1,184)
ZONING/REGULATORY/ECON DEV LIAISON	-	5,490	5,490	5,740	-	(250)
Total Building Inspector	-	143,445	143,445	111,134	-	32,311
Town Clerk						
TOWN CLERKS SALARY - NON UNION	-	55,390	55,390	55,390	-	-
DEPUTY TOWN CLERK	-	45,540	45,540	45,540	-	-
DOCUMENT MANAGEMENT	-	4,719	4,719	4,076	-	643
INDEXING/COMPUTER FILING	-	15,000	15,000	14,032	-	968
COMPUTER SERVICES	-	2,250	2,250	1,530	-	720
PROBATE JUDGE	-	3,145	3,145	3,145	-	-
TOWN CLERK'S OFFICE EXPENSE	-	14,368	14,368	14,217	-	151
TOWN CLERK'S STAFF	-	65,894	65,894	65,894	-	-
MUNICIPAL COURT JUDGE	-	8,385	8,385	8,385	-	-
COMPUTER SERVICES	-	900	900	155	-	745
MUNICIPAL COURT EXPENSES	-	1,200	1,200	1,125	-	75
MUNICIPAL COURT CLERKS	-	16,074	16,074	16,074	-	-
CANVASSER'S EXPENSE	-	9,500	9,500	4,044	-	5,456
BOARD OF CANVASSERS	-	1,625	1,625	1,625	-	-
ELECTION OFFICIAL'S PAY	-	15,000	15,000	11,849	-	3,151
Total Town Clerk	-	258,990	258,990	247,081	-	11,909

TOWN OF WARREN, RHODE ISLAND

Schedule of Revenue and Expenses (Non-GAAP Budgetary Basis)
Budget and Actual

General Fund
For the year ended June 30, 2017

	Continuing Appropriation June 30, 2016	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2017	Under Over (Unfavorable)
Harbor Master						
HARBOR MASTER PAY	\$ -	\$ 19,946	\$ 19,946	\$ 19,946	\$ -	\$ -
ASST. HARBOR MASTER PAY	-	6,000	6,000	6,137	-	(137)
OPERATING EXPENSES	-	15,000	15,000	15,039	-	(39)
DOCK MAINTENANCE EXPENSE	-	2,500	2,500	2,380	-	120
Total Harbor Master	-	43,446	43,446	43,502	-	(56)
Town Manager						
TOWN MANAGER SALARY	-	75,014	75,014	75,014	-	-
TOWN MANAGER EXPENSE	-	3,115	3,115	2,618	-	497
COMPUTER SERVICES	-	1,800	1,800	340	-	1,460
CLERK	-	11,438	11,438	9,052	-	2,386
OFFICE CLERK	-	32,947	32,947	32,947	-	-
CLERK'S OVERTIME	-	5,000	5,000	5,317	-	(317)
WEBSITE	-	3,000	3,000	11,700	-	(8,700)
PT GRANT WRITER/ COORDINATOR	-	17,351	17,351	396	-	16,955
Total Town Manager	-	149,665	149,665	137,384	-	12,281
Town Offices						
COUNCIL CONTINGENCY	-	15,964	15,964	18,744	-	(2,780)
PLANNING/ ZONING SOLICITOR	-	24,540	24,540	26,074	-	(1,534)
TOWN COUNCIL PAY	-	6,000	6,000	5,979	-	21
TOWN MODERATOR'S PAY	-	100	100	25	-	75
TOWN SERGEANT'S PAY	-	100	100	100	-	-
TOWN SOLICITOR'S PAY	-	97,138	97,138	98,042	-	(904)
TREE WARDEN	-	3,075	3,075	5,490	-	(2,415)
Total Town Offices	-	146,917	146,917	154,454	-	(7,537)
Town Planner						
TOWN PLANNER	-	55,745	55,745	55,745	-	-
COMPUTER SERVICES	-	750	750	-	-	750
GENERAL & OFFICE EXPENSE	-	1,000	1,000	912	-	88
GIS MAPPING SOFTWARE/EQUIPMENT	-	7,000	7,000	6,900	-	100
MATCH FOR GRANTS	-	10,250	10,250	9,828	-	422
BUSINESS OUTREACH SERVICES (EZ)	-	-	-	-	-	-
Total Town Planner	-	74,745	74,745	73,385	-	1,360
Recreation						
GENERAL AND OFFICE EXPENSE	-	14,600	14,600	14,641	-	(41)
LIFE GUARDS SALARY	-	9,625	9,625	3,353	-	6,272
PARK SUPERVISOR WAGES	-	38,700	38,700	35,821	-	2,879
RECREATION DIRECTOR WAGES	-	16,075	16,075	16,075	-	-
RECREATION BOARD SECRETARY	-	440	440	350	-	90
Total Recreation	-	79,440	79,440	70,240	-	9,200
Senior Center						
SENIOR CENTER DIRECTOR	-	32,726	32,726	32,726	-	-
SENIOR CENTER - MEAL SITE MANAGER	-	1,637	1,637	1,637	-	-
SENIOR CENTER - COMPUTER SERVICES	-	900	900	804	-	96
SENIOR CENTER MAINTENANCE	-	2,730	2,730	2,730	-	-
Total Senior Center	-	37,993	37,993	37,897	-	96
Social Services						
SOCIAL SERVICES DIRECTOR'S PAY	-	14,892	14,892	14,892	-	-
COMPUTER SERVICES	-	900	900	200	-	700
SOCIAL SERVICE EXPENSE	-	15,964	15,964	15,940	-	24
Total Social Services	-	31,756	31,756	31,032	-	724
TOTAL TOWN OFFICES	-	986,537	986,537	919,696	-	66,841
FINANCIAL ADMINISTRATION						
Treasury						
FINANCIAL DIRECTOR'S SALARY	-	66,897	66,897	64,899	-	1,998
FINANCIAL CLERKS	-	65,894	65,894	64,966	-	928
OFFICE EXPENSE	-	5,322	5,322	4,453	-	869
COMPUTER SERVICES	-	3,500	3,500	2,833	-	667
PAYROLL PROCESSING & SERVICES	-	11,900	11,900	8,935	-	2,965
OUTSIDE SERVICES	-	24,000	24,000	20,741	-	3,259
Total Treasury	-	177,513	177,513	166,827	-	10,686
Assessor						
TAX ASSESSOR'S SALARY	-	49,332	49,332	49,332	-	-
COMPUTER SERVICES	-	900	900	425	-	475
OFFICE EXPENSE	-	5,575	5,575	2,719	-	2,856
OUTSIDE SERVICES	-	12,325	12,325	10,823	-	1,502
Total Assessor	-	68,132	68,132	63,299	-	4,833
TOTAL FINANCIAL ADMINISTRATION	-	245,645	245,645	230,126	-	15,519

TOWN OF WARREN, RHODE ISLANDSchedule of Revenues and Expenses (Non-GAAP Budgetary Basis)
Budget and Actual

General Fund						
For the year ended June 30, 2017						
	Continuing Appropriation June 30, 2016	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2017	Under Over (Unfavorable)
FIRE SAFETY						
FIRE CHIEF SALARY	\$ -	\$ 68,193	\$ 68,193	\$ 68,193	\$ -	\$ -
FIRE/EMS COORINATOR	-	32,947	32,947	32,947	-	-
EMA/EMS DIRECTOR (FIRE CHIEF)	-	4,920	4,920	4,920	-	-
APPARATUS REPAIR	-	23,001	23,001	31,542	-	(8,541)
ASSISTANT CHIEFS/DEPUTY	-	3,773	3,773	3,773	-	-
BAKER STREET STATION	-	6,000	6,000	5,965	-	35
CLOTHING	-	1,500	1,500	1,500	-	-
COMMUNICATIONS	-	14,699	14,699	14,699	-	-
COMPANY FEES	-	14,680	14,680	14,680	-	-
COMPANY STEWARDS	-	11,250	11,250	11,250	-	-
COMPUTER SERVICES	-	2,475	2,475	2,412	-	63
EQUIPMENT EXPENSES	-	44,695	44,695	44,695	-	-
FIREFIGHTER GEAR	-	10,414	10,414	10,413	-	1
FUEL/DIESEL	-	30,000	30,000	19,882	-	10,118
MEDICAL SUPPLIES	-	28,560	28,560	31,772	-	(3,212)
OPERATING EXPENSES	-	63,000	63,000	68,807	-	(5,807)
RESCUE STIPEND	-	127,750	127,750	145,664	-	(17,914)
STATION UPKEEP	-	10,435	10,435	9,971	-	464
TRAINING EXPENSES	-	11,000	11,000	10,723	-	277
OUTSIDE SERVICES	-	13,500	13,500	7,751	-	5,749
FIREFIGHTER DETAILS/STORM	-	5,250	5,250	5,250	-	-
SELF-CONTAINED BREATHING APPARATUS (5-YEAR)	-	50,000	50,000	50,000	-	-
TOTAL FIRE SAFETY	-	578,042	578,042	596,809	-	(18,767)
GRANTS & CONTRIBUTIONS						
BAND CONCERTS	-	2,000	2,000	2,000	-	-
DISCOVER WARREN	-	2,500	2,500	2,500	-	-
BRISTOL COUNTY BAYSIDERS	-	1,200	1,200	1,200	-	-
EAST BAY CENTER	-	15,000	15,000	15,000	-	-
EAST BAY COMM. ACTION PROG.	-	17,000	17,000	17,000	-	-
GEORGE HAILIE LIBRARY	-	251,266	251,266	251,266	-	-
MEMORIAL DAY	-	2,800	2,800	2,794	-	6
EASTERN RI CONSERVATION DIST.	-	1,000	1,000	1,000	-	-
SUBSTANCE ABUSE - GRANT MATCH	-	3,136	3,136	-	-	3,136
VISITING NURSES	-	1,000	1,000	1,000	-	-
WARREN ARTS NIGHT	-	1,500	1,500	1,500	-	-
TOTAL GRANTS & CONTRIBUTIONS	-	298,402	298,402	295,260	-	3,142
PUBLIC SAFETY						
POLICE CHIEF SALARY	-	84,318	84,318	84,318	-	-
ADMINISTRATIVE ASSISTANT	-	17,352	17,352	17,352	-	-
ADVANCED DEGREE INCENTIVE	-	9,400	9,400	7,800	-	1,600
AFIS MAINTENANCE CONTRACT	-	4,000	4,000	3,730	-	270
CLOTHING	-	35,700	35,700	35,700	-	-
EQUIPMENT/VEHICLES	-	-	-	4,710	-	(4,710)
COMMUNICATIONS EXPENSE	-	10,510	10,510	10,510	-	-
COMPUTER SYSTEM COSTS	-	19,360	19,360	19,360	-	-
DISABILITY EXPENSE	-	92,681	92,681	90,519	-	2,162
EQUIPMENT REPLACEMENT	-	5,444	5,444	-	-	5,444
FUEL - CRUISER EXPENSE	-	54,000	54,000	33,488	-	20,512
HOLIDAY PAY	-	77,976	77,976	81,818	-	(3,842)
INCENTIVE EDUCATION ACT	-	17,424	17,424	4,958	-	12,466
IN-SERVICE TRAINING	-	18,782	18,782	11,438	-	7,344
OVER-TIME REGULAR	-	285,975	285,975	278,975	-	7,000
POLICE OPERATION EXPENSE	-	59,868	59,868	45,378	-	14,490
POLICE SHIFT DIFFERENTIAL	-	18,352	18,352	20,922	-	(2,570)
SERVING OFFICERS	-	1,260,765	1,260,765	1,260,765	-	-
COMMUNICATIONS SERV/MAINT CONTRACT	-	24,900	24,900	21,845	-	3,055
FIREARMS REPLACEMENT	-	5,000	5,000	4,787	-	213
DISPATCHERS	-	219,648	219,648	216,010	-	3,638
DISPATCH OVERTIME	-	31,970	31,970	31,970	-	-
DISPATCHERS DIFFERENTIAL	-	3,250	3,250	3,250	-	-
CLOTHING ALLOWANCE-DISP	-	4,000	4,000	4,000	-	-
HOLIDAY PAY - DISPATCHERS	-	14,149	14,149	12,578	-	1,571
ANIMAL CONTROL OFFICER	-	44,822	44,822	44,822	-	-
ASSIST. ANIMAL CONTROL OFFICER	-	13,658	13,658	9,219	-	4,439
OVERTIME	-	2,740	2,740	2,740	-	-
CLOTHING	-	550	550	550	-	-
GENERAL & OPERATING EXPENSES	-	17,243	17,243	13,710	-	3,533
TOTAL PUBLIC SAFETY	-	2,453,837	2,453,837	2,377,222	-	76,615

TOWN OF WARREN, RHODE ISLANDSchedule of Revenues and Expenses (Non-GAAP Budgetary Basis)
Budget and ActualGeneral Fund
For the year ended June 30, 2017

	Continuing Appropriation June 30, 2016	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2017	Under Over (Unfavorable)
PUBLIC WORKS						
DIRECTOR'S SALARY	\$ -	\$ 69,566	\$ 69,566	\$ 88,524	\$ -	\$ (18,958)
CLOTHING	-	12,650	12,650	12,650	-	-
COMPUTER SERVICES	-	3,465	3,465	3,465	-	-
CONTRACTUAL PAYROLL	-	902,049	902,049	893,556	-	8,493
ENGINEERING SERVICE	-	4,000	4,000	3,943	-	57
EQUIPMENT EXPENSES	-	92,250	92,250	92,148	-	102
FIELD MAINT	-	5,000	5,000	5,000	-	-
FOREMAN'S SALARY	-	55,390	55,390	57,327	-	(1,937)
FUEL/ DIESEL	-	55,000	55,000	32,710	-	22,290
MOSQUITO CONTROL	-	1,500	1,500	897	-	603
OPERATION'S EXPENSE	-	92,250	92,250	17,305	-	74,945
OTHER PART TIME/ DITCH CLEANING	-	46,160	46,160	29,156	-	17,004
OUTSIDE SERVICES	-	25,044	25,044	34,543	-	(9,499)
OVERTIME	-	60,000	60,000	60,000	-	-
TRASH COLLECTION	-	162,000	162,000	147,912	-	14,088
TIPPING FEES	-	200,000	200,000	196,585	-	3,415
TRANSFER STATION OVERTIME	-	11,600	11,600	11,600	-	-
GENERAL EXPENSES	-	8,000	8,000	120,117	-	(112,117)
VEHICLE & EQUIPMENT MAINTENANCE	-	44,434	44,434	46,181	-	(1,747)
UTILITIES & FUEL	-	20,000	20,000	16,624	-	3,376
TOTAL DEPARTMENT OF PUBLIC WORKS	-	1,870,358	1,870,358	1,870,243	-	115
WATER TREATMENT						
OPERATION CONTRACT	-	687,890	687,890	687,889	-	1
PLANT OPERATION EXPENSE	-	428,655	428,655	401,465	-	27,190
RI WATER RESOURCE PERMIT	-	5,000	5,000	470	-	4,530
SLUDGE DISPOSAL	-	180,000	180,000	132,589	-	47,411
WASTE WATER MGT DISTRICT EXPENSE	-	28,000	28,000	27,995	-	5
TOTAL WATER TREATMENT	-	1,329,545	1,329,545	1,250,408	-	79,137
COSTS OF COLLECTION	-	-	-	-	-	-
CAPITAL EXPENDITURES						
Capital - Open Space	500,000	-	-	-	500,000	-
Capital	1,568,616	-	-	2,123,070	(554,454)	-
Capital - Emergency truck purchase	-	-	-	-	-	-
TOTAL CAPITAL	2,068,616	-	-	2,123,070	(54,454)	-
DEBT SERVICE	-	-	-	1,753,759	-	(1,753,759)
EDUCATION GENERAL COST (NET)	-	12,631,113	12,631,113	10,030,740	-	2,600,373
Total Expenditures	2,068,616	24,329,383	24,329,383	25,193,287	(54,454)	1,259,166
Other financing sources/(uses):						
Transfer out	-	-	-	-	-	-
Total Other financing sources/(uses)	-	-	-	-	-	-
Total Expenditures and other financing sources/(uses)	\$ 2,068,616	\$ 24,329,383	\$ 24,329,383	\$ 25,193,287	\$ (54,454)	\$ 1,259,166

TOWN OF WARREN
Notes to Required Supplementary Information
June 30, 2017

BUDGETARY DATA

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

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

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

TOWN OF WARREN, RHODE ISLAND
Required Supplementary Information
For the Year Ended June 30, 2017

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MERS - Town
Schedule of Changes in Net Pension Liability and Related Ratios Multiyear

Measurement period ending June 30,	Last 10 Fiscal Years (to be built prospectively)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability										
Service Cost	\$ 153,923	\$ 148,875	\$ 165,795							
Interest on the Total Pension Liability	500,166	488,988	478,136							
Benefit Changes	-	103,895	-							
Difference Between Expected and Actual Experience	(107,368)	(183,753)	-							
Assumption Changes	-	-	(62,439)							
Benefit Payments	(420,292)	(402,697)	(453,981)							
Net Change in Total Pension Liability	126,429	155,308	127,511							
Total Pension Liability - Beginning	6,802,063	6,646,755	6,519,244							
Total Pension Liability - Ending (a)	\$ 6,928,492	\$ 6,802,063	\$ 6,646,755							
Plan Fiduciary Net Position										
Employer Contributions	\$ 240,331	\$ 255,456	\$ 270,622							
Employee Contributions	61,437	40,020	40,521							
Pension Plan Net Investment income	(1,719)	118,361	671,865							
Benefit Payments	(420,292)	(402,697)	(453,981)							
Pension Plan Administrative Expense	(4,623)	(5,028)	(4,207)							
Other Changes in Plan Fiduciary Net Position	25,640	1	(1)							
Net Change in Plan Fiduciary Net Position	(99,226)	6,113	524,819							
Plan Fiduciary Net Position - Beginning	5,050,569	5,044,456	4,519,637							
Plan Fiduciary Net Position - Ending (b)	\$ 4,951,343	\$ 5,050,569	\$ 5,044,456							
Net Pension Liability/(Asset) - Ending (a) - (b)	1,977,149	1,751,494	1,602,299							
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	71.46%	74.25%	75.89%							
Covered Employee Payroll	\$ 1,890,947	\$ 1,906,207	\$ 1,999,936							
Net Pension Liability as a Percentage of Covered Employee Payroll	104.56%	91.88%	80.12%							

TOWN OF WARREN, RHODE ISLAND
Required Supplementary Information
For the Year Ended June 30, 2017

MERS - Town
Schedule of Contributions Multiyear
Last 10 Fiscal Years

FY Ending June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
(a)	(b)	(c)	(d)	(e)	(f)
2014	\$ 270,622	\$ 270,622	\$ -	\$ 1,999,936	13.53%
2015	\$ 255,456	\$ 255,456	\$ -	\$ 1,906,207	13.40%
2016	\$ 240,331	\$ 240,331	\$ -	\$ 1,890,947	12.71%

TOWN OF WARREN, RHODE ISLAND
Required Supplementary Information
For the Year Ended June 30, 2017

MERS - Police & Fire Department
Schedule of Changes in Net Pension Liability and Related Ratios Multiyear

Last 10 Fiscal Years (to be built prospectively)

Measurement period ending June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability										
Service Cost	\$ 294,967	\$ 283,991	\$ 260,526							
Interest on the Total Pension Liability	1,034,705	977,348	938,251							
Benefit Changes	-	410,250	-							
Difference Between Expected and Actual Experience	(205,745)	(275,870)	-							
Assumption Changes	-	-	(84,529)							
Benefit Payments	(671,615)	(601,274)	(608,108)							
Net Change in Total Pension Liability	452,312	794,445	506,140							
Total Pension Liability - Beginning	13,984,392	13,189,947	12,683,807							
Total Pension Liability - Ending (a)	\$ 14,436,704	\$ 13,984,392	\$ 13,189,947							
Plan Fiduciary Net Position										
Employer Contributions	\$ 443,482	\$ 491,829	\$ 343,729							
Employee Contributions	157,834	129,208	111,691							
Pension Plan Net Investment income	(3,271)	222,765	1,234,929							
Benefit Payments	(671,615)	(601,274)	(608,108)							
Pension Plan Administrative Expense	(8,799)	(8,939)	(7,733)							
Other Changes in Plan Fiduciary Net Position	(1)	1	(1)							
Net Change in Plan Fiduciary Net Position	(82,370)	233,590	1,074,507							
Plan Fiduciary Net Position - Beginning	9,505,608	9,272,018	8,197,511							
Plan Fiduciary Net Position - Ending (b)	\$ 9,423,238	\$ 9,505,608	\$ 9,272,018							
Net Pension Liability/(Asset) - Ending (a) - (b)	5,013,466	4,478,784	3,917,929							
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	65.27%	67.97%	70.30%							
Covered Employee Payroll	\$ 1,590,975	\$ 1,609,012	\$ 1,497,273							
Net Pension Liability as a Percentage of Covered Employee Payroll	315.12%	278.36%	261.67%							

TOWN OF WARREN, RHODE ISLAND
Required Supplementary Information
For the Year Ended June 30, 2017

MERS - Police & Fire Department
Schedule of Contributions Multiyear
Last 10 Fiscal Years

FY Ending June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
(a)	(b)	(c)	(d)	(e)	(f)
2014	\$ 343,729	\$ 343,729	\$ -	\$ 1,497,273	22.96%
2015	\$ 491,829	\$ 491,829	\$ -	\$ 1,609,012	30.57%
2016	\$ 443,482	\$ 443,482	\$ -	\$ 1,590,975	27.87%

**TOWN OF WARREN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS MULTI YEAR

Last 10 Fiscal Years (to be built prospectively)

Measurement period ending June 30,	2017	2016
Total Pension Liability		
Service Cost	\$ 219,675	\$ -
Interest on the Total Pension Liability	170,401	-
Benefit Changes	-	-
Difference Between Expected and Actual Experience	(351,830)	-
Assumption Changes	(194,295)	-
Benefit Payments	(212,194)	-
Net Change in Total Pension Liability	<u>(368,243)</u>	-
Total Pension Liability - Beginning	5,253,284	-
Total Pension Liability - Ending (a)	<u>\$ 4,885,041</u>	<u>\$ 5,253,284</u>
Plan Fiduciary Net Position		
Employer Contributions	\$ 212,194	\$ -
Employee Contributions	-	-
Pension Plan Net Investment income	33,023	-
Benefit Payments	(212,194)	-
Pension Plan Administrative Expense	(1,740)	-
Other Changes in Plan Fiduciary Net Position	-	-
Net Change in Plan Fiduciary Net Position	<u>31,283</u>	-
Plan Fiduciary Net Position - Beginning	749,452	-
Plan Fiduciary Net Position - Ending (b)	<u>\$ 780,735</u>	<u>\$ 749,452</u>
Net Pension Liability/(Asset) - Ending (a) - (b)	<u>\$ 4,104,306</u>	<u>\$ 4,503,832</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	15.98%	14.27%
Covered Employee Payroll	\$ 3,483,930	\$ -
Net Pension Liability as a Percentage of Covered Employee Payroll	117.81%	N/A

Notes:

- 1.) Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.
- 2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

**TOWN OF WARREN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years (to be built prospectively)

Fiscal Year	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 341,832	\$ 315,847	\$ 315,847	\$ 420,724	\$ 420,724	\$ 423,829	\$ 383,807	\$ 383,807	\$ 383,807	N/A
Contributions in relation to the actuarially determined contribution	\$ 212,194	\$ 161,228	\$ 139,938	\$ 140,903	\$ 135,814	\$ 100,687	\$ 58,296	\$ 69,875	\$ -	N/A
Contribution deficiency (excess)	\$ 129,638	\$ 154,619	\$ 175,909	\$ 279,821	\$ 284,910	\$ 323,142	\$ 325,511	\$ 313,932	\$ 383,807	N/A
Covered-employee payroll	\$ 3,483,930	\$ 3,302,667	\$ 3,302,667	\$ 2,935,090	\$ 2,935,090	\$ 2,935,090	\$ 3,019,466	\$ 3,019,466	\$ 3,019,466	N/A
Contributions as a percentage of covered-employee payroll	6.09%	4.88%	4.24%	4.80%	4.63%	3.43%	1.93%	2.31%	0.00%	N/A

Other Supplementary Information

Non-Major Government Funds:

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

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

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

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

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

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

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

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

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

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

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

Non-Major Government Funds:

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

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

ACO Donations – accounts for donations for ACO activities.

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

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

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

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

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

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

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

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

Non-Major Government Funds:

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

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

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

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

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

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

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

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

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

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

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

Non-Major Government Funds:

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

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

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

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

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

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

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

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

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

Non-Major Government Funds:

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

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

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

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
For the year ended June 30, 2017

	Special Revenue Funds						
	Enterprise Zone	Senior Center	Road Duty	Tourister Peer Review	Rec Department Donation	In-Line Skate Rink	Gun Buy Back
ASSETS							
Cash and cash equivalents	\$ -	\$ 62,161	\$ 13,846	\$ 5,798	\$ 14,722	\$ -	\$ 2,000
Cash on deposit	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Due from federal and state Receivables (net)	-	-	-	-	-	-	-
TOTAL ASSETS	-	62,161	13,846	5,798	14,722	-	2,000
LIABILITIES							
Accounts payable	-	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-	-
FUND BALANCES							
Non-Spendable	-	-	-	-	-	-	-
Restricted	-	62,161	13,846	5,798	14,722	-	2,000
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	\$ -	\$ 62,161	\$ 13,846	\$ 5,798	\$ 14,722	\$ -	\$ 2,000

TOWN OF WARREN, RHODE ISLAND
**Combining Balance Sheet
 Non-Major Governmental Funds
 For the year ended June 30, 2017**

	Special Revenue Funds						
	WPD RI Senatorial Grant	Recycling Grant	Planning Challenge Grant	Historical Cemetery Fund	Community Gardens	USDA Police Vehicle	ACO Donations
ASSETS							
Cash and cash equivalents	\$ 150	\$ 73	\$ -	\$ 400	\$ 2,317	\$ -	\$ 36,329
Cash on deposit	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Due from federal and state Receivables (net)	-	-	5,213	-	-	-	-
TOTAL ASSETS	150	73	5,213	400	2,317	-	36,329
LIABILITIES							
Accounts payable	-	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-	-
Due to other funds	-	-	2,920	-	-	-	-
Unearned revenue	-	-	4,120	-	-	-	-
TOTAL LIABILITIES	-	-	7,040	-	-	-	-
FUND BALANCES							
Non-Spendable	-	-	-	-	-	-	-
Restricted	150	73	-	400	2,317	-	36,329
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	(1,827)	-	-	-	-
TOTAL FUND BALANCES	\$ 150	\$ 73	\$ (1,827)	\$ 400	\$ 2,317	\$ -	\$ 36,329

TOWN OF WARREN, RHODE ISLAND
**Combining Balance Sheet
 Non-Major Governmental Funds
 For the year ended June 30, 2017**

	Special Revenue Funds						
	Cops That Care	Social Services Donations	Marjuana Grant	Beautification Donation	Warren Animal Rescue	Baker Street Musuem	Animal Spaying
ASSETS							
Cash and cash equivalents	\$ 21	\$ 17,458	\$ -	\$ 3,372	\$ 45,438	\$ 1,475	\$ 1,017
Cash on deposit	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Due from federal and state Receivables (net)	-	-	5,082	-	-	-	-
TOTAL ASSETS	21	17,458	5,082	3,372	45,438	1,475	1,017
LIABILITIES							
Accounts payable	-	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	5,082	-	-	-	-
TOTAL LIABILITIES	-	-	5,082	-	-	-	-
FUND BALANCES							
Non-Spendable	-	-	-	-	-	-	-
Restricted	21	17,458	-	3,372	45,438	1,475	1,017
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	\$ 21	\$ 17,458	\$ -	\$ 3,372	\$ 45,438	\$ 1,475	\$ 1,017

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
For the year ended June 30, 2017

	Special Revenue Funds						
	Police Bicycle Patrol Grant	AFIS Live Scan Fed Grant	RI State Byrnes Justice Grant	Memorial Tree Fund	Burr's Hill Park Tennis Courts	Stormwater Permitting	Recreational Trails Grant
ASSETS							
Cash and cash equivalents	\$ 2,751	\$ 250	\$ -	\$ 401	\$ -	\$ -	\$ -
Cash on deposit	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Due from federal and state Receivables (net)	-	-	-	-	63,481	-	90,523
	-	-	-	-	-	20,000	-
TOTAL ASSETS	2,751	250	-	401	63,481	20,000	90,523
LIABILITIES							
Accounts payable	-	-	-	-	-	20,000	-
Accrued expenses	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	15,000	45,033
Unearned revenue	-	-	-	-	63,481	-	45,490
TOTAL LIABILITIES	-	-	-	-	63,481	35,000	90,523
FUND BALANCES							
Non-Spendable	-	-	-	-	-	-	-
Restricted	2,751	250	-	401	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(15,000)	-
TOTAL FUND BALANCES	\$ 2,751	\$ 250	\$ -	\$ 401	\$ -	\$ (15,000)	\$ -

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
For the year ended June 30, 2017

	Special Revenue Funds						
	Summer Concerts	Project Playground	Jamiel's Park Picnic Shelter	Jamiel's Park Softball Field	Substance Abuse	Fire Inspections	Jamiel's Park DEM Grant
ASSETS							
Cash and cash equivalents	\$ 6,594	\$ 2,424	\$ -	\$ -	\$ 13,615	\$ 1,896	\$ -
Cash on deposit	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Due from federal and state Receivables (net)	-	-	67,755	-	-	-	200,000
TOTAL ASSETS	6,594	2,424	67,755	-	13,615	1,896	200,000
LIABILITIES							
Accounts payable	-	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-	-
Due to other funds	-	-	60,689	-	-	-	18,102
Unearned revenue	-	-	67,755	-	-	-	187,774
TOTAL LIABILITIES	-	-	128,444	-	-	-	205,876
FUND BALANCES							
Non-Spendable	-	-	-	-	-	-	-
Restricted	6,594	2,424	-	-	13,615	1,896	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	(60,689)	-	-	-	(5,876)
TOTAL FUND BALANCES	\$ 6,594	\$ 2,424	\$ (60,689)	\$ -	\$ 13,615	\$ 1,896	\$ (5,876)

TOWN OF WARREN, RHODE ISLAND
**Combining Balance Sheet
 Non-Major Governmental Funds
 For the year ended June 30, 2017**

	Special Revenue Funds						
	Fire State Meds Plan	FEMA Sandy Event	Community Development Block Grant	Veterans Honor Roll	Government Center	Ship Shape	Holiday Committee
ASSETS							
Cash and cash equivalents	\$ 9,101	\$ 94	\$ 6,654	\$ 19,238	\$ 259	\$ 800	\$ -
Cash on deposit	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Due from federal and state	-	-	-	-	-	-	-
Receivables (net)	-	-	180,177	-	-	-	-
TOTAL ASSETS	9,101	94	186,831	19,238	259	800	-
LIABILITIES							
Accounts payable	-	-	1,760	-	-	-	-
Accrued expenses	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	72,534	-	-	-	-
TOTAL LIABILITIES	-	-	74,294	-	-	-	-
FUND BALANCES							
Non-Spendable	-	-	-	-	-	-	-
Restricted	9,101	94	112,537	19,238	259	800	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	\$ 9,101	\$ 94	\$ 112,537	\$ 19,238	\$ 259	\$ 800	\$ -

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
For the year ended June 30, 2017

	Special Revenue Funds		Capital Project Fund	Permanent Funds			GRAND TOTAL
	Narcotics	Employee Charity Fund	RI Infrastructure Bank Bond 2016	Document Preservation	Police Trust	Sara B. Burtis	
ASSETS							
Cash and cash equivalents	\$ 6,831	\$ 347	\$ -	\$ 11,994	\$ 3,081	\$ -	\$ 292,907
Cash on deposit	-	-	231,156	-	-	-	231,156
Investments	-	-	-	-	-	25,337	25,337
Due from federal and state Receivables (net)	-	-	-	-	-	-	164,299
	-	-	-	-	-	-	467,932
TOTAL ASSETS	6,831	347	231,156	11,994	3,081	25,337	1,181,631
LIABILITIES							
Accounts payable	-	-	-	5,000	-	-	26,760
Accrued expenses	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	141,744
Unearned revenue	-	-	-	-	-	-	446,236
TOTAL LIABILITIES	-	-	-	5,000	-	-	614,740
FUND BALANCES							
Non-Spendable	-	-	-	6,994	3,081	25,337	35,412
Restricted	6,831	347	231,156	-	-	-	614,871
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(83,392)
TOTAL FUND BALANCES	\$ 6,831	\$ 347	\$ 231,156	\$ 6,994	\$ 3,081	\$ 25,337	\$ 566,891

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2017

	Special Revenue Funds						
	Enterprise Zone	Senior Center	Road Duty	Tourister Peer Review	Rec Department Donation	In-Line Skate Rink	Gun Buy Back
REVENUES							
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees, permits and fines	-	-	-	-	-	-	-
Intergovernmental	-	42,284	186,658	21,000	5,315	-	-
Other	-	237	-	-	-	-	-
TOTAL REVENUES	-	42,521	186,658	21,000	5,315	-	-
EXPENDITURES							
General government	2,772	39,683	-	21,667	2,468	18,000	-
Public safety	-	-	175,082	-	-	-	-
Fire safety	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital and special appropriations	-	-	-	-	-	-	-
TOTAL EXPENDITURES	2,772	39,683	175,082	21,667	2,468	18,000	-
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	(2,772)	2,838	11,576	(667)	2,847	(18,000)	-
OTHER FINANCING SOURCES/USES							
Transfer in	-	-	-	-	-	-	-
NET OTHER SOURCES/USES	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(2,772)	2,838	11,576	(667)	2,847	(18,000)	-
FUND BALANCE - BEGINNING	2,772	59,323	2,270	6,465	11,875	18,000	2,000
FUND BALANCE - ENDING	\$ -	\$ 62,161	\$ 13,846	\$ 5,798	\$ 14,722	\$ -	\$ 2,000

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2017

	Special Revenue Funds						
	WPD RI Senatorial Grant	Recycling Grant	Planning Challenge Grant	Historical Cemetery Fund	Community Gardens	USDA Police Vehicle	ACO Donations
REVENUES							
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees, permits and fines	-	-	-	-	-	-	-
Intergovernmental	2,000	-	-	-	-	22,443	-
Other	-	-	-	-	-	-	1,986
TOTAL REVENUES	2,000	-	-	-	-	22,443	1,986
EXPENDITURES							
General government	3,507	-	1,827	-	-	-	-
Public safety	-	-	-	-	-	22,443	-
Fire safety	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital and special appropriations	-	-	-	-	-	-	-
TOTAL EXPENDITURES	3,507	-	1,827	-	-	22,443	-
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	(1,507)	-	(1,827)	-	-	-	1,986
OTHER FINANCING SOURCES/USES							
Transfer in	-	-	-	-	-	-	-
NET OTHER SOURCES/USES	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(1,507)	-	(1,827)	-	-	-	1,986
FUND BALANCE - BEGINNING	1,657	73	-	400	2,317	-	34,343
FUND BALANCE - ENDING	\$ 150	\$ 73	\$ (1,827)	\$ 400	\$ 2,317	\$ -	\$ 36,329

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2017

	Special Revenue Funds						
	Cops that Care	Social Services Donations	Marjuana Grant	Beautification Donation	Warren Animal Rescue	Baker Street Museum	Animal Spaying
REVENUES							
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees, permits and fines	-	-	-	-	-	-	-
Intergovernmental	-	-	16,738	-	-	-	205
Other	-	20,700	-	-	11,989	200	-
TOTAL REVENUES	-	20,700	16,738	-	11,989	200	205
EXPENDITURES							
General government	-	11,731	68,740	-	5,239	-	-
Public safety	-	-	-	-	-	-	-
Fire safety	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital and special appropriations	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	11,731	68,740	-	5,239	-	-
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	-	8,969	(52,002)	-	6,750	200	205
OTHER FINANCING SOURCES/USES							
Transfer in	-	-	-	-	-	-	-
NET OTHER SOURCES/USES	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	-	8,969	(52,002)	-	6,750	200	205
FUND BALANCE - BEGINNING	21	8,489	52,002	3,372	38,688	1,275	812
FUND BALANCE - ENDING	\$ 21	\$ 17,458	\$ -	\$ 3,372	\$ 45,438	\$ 1,475	\$ 1,017

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2017

	Special Revenue Funds						
	Police Bicycle Patrol Grant	AFIS Live Scan Fed Grant	RI State Byrnes Justice Grant	Memorial Tree Fund	Burr's Hill Park Tennis Courts	Stormwater Permitting	Recreational Trails Grant
REVENUES							
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees, permits and fines	-	-	-	-	-	-	-
Intergovernmental	-	-	11,674	-	-	-	-
Other	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	11,674	-	-	-	-
EXPENDITURES							
General government	-	-	-	-	-	41,923	33,026
Public safety	513	-	11,654	-	-	-	-
Fire safety	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital and special appropriations	-	-	-	-	-	-	-
TOTAL EXPENDITURES	513	-	11,654	-	-	41,923	33,026
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	(513)	-	20	-	-	(41,923)	(33,026)
OTHER FINANCING SOURCES/USES							
Transfer in	-	-	-	-	-	-	-
NET OTHER SOURCES/USES	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(513)	-	20	-	-	(41,923)	(33,026)
FUND BALANCE - BEGINNING	3,264	250	(20)	401	-	26,923	33,026
FUND BALANCE - ENDING	\$ 2,751	\$ 250	\$ -	\$ 401	\$ -	\$ (15,000)	\$ -

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2017

	Special Revenue Funds						
	Summer Concerts	Project Playground	Picnic Shelter	Jamiel's Park Softball Field	Jamiel's Park Substance Abuse	Fire Inspections	Jamiel's Park DEM Grant
REVENUES							
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees, permits and fines	-	-	-	-	-	-	-
Intergovernmental	-	-	-	25,628	20,044	5,220	-
Other	6,500	-	-	-	-	-	-
TOTAL REVENUES	6,500	-	-	25,628	20,044	5,220	-
EXPENDITURES							
General government	2,416	-	60,689	25,628	23,028	-	-
Public safety	-	-	-	-	-	-	-
Fire safety	-	-	-	-	-	18,550	-
Debt service	-	-	-	-	-	-	-
Capital and special appropriations	-	-	-	-	-	-	-
TOTAL EXPENDITURES	2,416	-	60,689	25,628	23,028	18,550	-
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	4,084	-	(60,689)	-	(2,984)	(13,330)	-
OTHER FINANCING SOURCES/USES							
Transfer in	-	-	-	-	-	-	-
NET OTHER SOURCES/USES	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	4,084	-	(60,689)	-	(2,984)	(13,330)	-
FUND BALANCE - BEGINNING	2,510	2,424	-	-	16,599	15,226	(5,876)
FUND BALANCE - ENDING	\$ 6,594	\$ 2,424	\$ (60,689)	\$ -	\$ 13,615	\$ 1,896	\$ (5,876)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2017

	Special Revenue Funds						
	Fire State Meds Plan	FEMA Sandy Event	Community Development Block Grant	Veterans Honor Roll	Government Center	Ship Shape	Holiday Committee
REVENUES							
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees, permits and fines	-	-	-	-	-	-	-
Intergovernmental	-	-	90,524	1,500	-	-	5,125
Other	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	90,524	1,500	-	-	5,125
EXPENDITURES							
General government	1,921	4,363	220	-	1,848	-	5,125
Public safety	-	-	-	-	-	-	-
Fire safety	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital and special appropriations	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,921	4,363	220	-	1,848	-	5,125
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	(1,921)	(4,363)	90,304	1,500	(1,848)	-	-
OTHER FINANCING SOURCES/USES							
Transfer in	-	-	-	-	-	-	-
NET OTHER SOURCES/USES	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(1,921)	(4,363)	90,304	1,500	(1,848)	-	-
FUND BALANCE - BEGINNING	11,022	4,457	22,233	17,738	2,107	800	-
FUND BALANCE - ENDING	\$ 9,101	\$ 94	\$ 112,537	\$ 19,238	\$ 259	\$ 800	\$ -

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2017

	Special Revenue Funds		Capital Project Fund	Permanent Funds			GRAND TOTAL
	Narcotics	Employee Charity Fund	RI Infrastructure Bank Bond 2016	Document Preservation	Police Trust	Sara B. Burtis	
REVENUES							
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees, permits and fines	-	-	-	-	-	-	-
Intergovernmental	40	17	-	14,913	-	-	471,328
Other	-	-	-	-	-	2,604	44,216
TOTAL REVENUES	40	17	-	14,913	-	2,604	515,544
EXPENDITURES							
General government	(166)	-	-	13,955	60	4,606	394,276
Public safety	-	-	-	-	-	-	209,692
Fire safety	-	-	-	-	-	-	18,550
Debt service	-	-	-	-	-	-	-
Capital and special appropriations	-	-	711,849	-	-	-	711,849
TOTAL EXPENDITURES	(166)	-	711,849	13,955	60	4,606	1,334,367
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	206	17	(711,849)	958	(60)	(2,002)	(818,823)
OTHER FINANCING SOURCES/USES							
Note issued	-	-	-	-	-	-	-
Transfer in	-	-	-	-	-	-	-
NET OTHER SOURCES/USES	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	206	17	(711,849)	958	(60)	(2,002)	(818,823)
FUND BALANCE - BEGINNING	6,625	330	943,005	6,036	3,141	27,339	1,385,714
FUND BALANCE - ENDING	\$ 6,831	\$ 347	\$ 231,156	\$ 6,994	\$ 3,081	\$ 25,337	\$ 566,891

Private-Purpose Trust Funds

Private-Purpose Trust Funds:

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

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Changes in Net Position
Private-Purpose Trusts
For the year ended June 30, 2017

	Samuel P. Colt Fund	Joseph Martin Fund	Abby A. Cole Fund	Asylum Farm Fund	Joseph W. Smith Fund	C. Richard Gardener Fund	Total
ASSETS							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	141,890	101,349	35,473	65,877	116,534	20,270	481,393
TOTAL ASSETS	141,890	101,349	35,473	65,877	116,534	20,270	481,393
LIABILITIES							
	-	-	-	-	-	-	-
NET POSITION							
Held in Trust for private purposes	\$ 141,890	\$ 101,349	\$ 35,473	\$ 65,877	\$ 116,534	\$ 20,270	\$ 481,393

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Changes in Net Position
Private-purpose Trusts
For the year ended June 30, 2017

	Samuel P. Colt Fund	Joseph Martin Fund	Abby A. Cole Fund	Asylum Farm Fund	Joseph W. Smith Fund	C. Richard Gardener Fund	Totals
ADDITIONS:							
Investment Income	\$ 14,583	\$ 10,416	\$ 3,646	\$ 6,770	\$ 11,961	\$ 2,083	\$ 49,459
DEDUCTIONS:							
Portfolio management fees	25,792	18,423	6,448	11,975	21,187	3,684	87,509
Other expenses	-	-	-	-	-	-	-
Total Deductions	25,792	18,423	6,448	11,975	21,187	3,684	87,509
CHANGE IN NET POSITION	(11,209)	(8,007)	(2,802)	(5,205)	(9,226)	(1,601)	(38,050)
Net Position - beginning	153,099	109,356	38,275	71,082	125,760	21,871	519,443
Net Position - ending	<u>\$ 141,890</u>	<u>\$ 101,349</u>	<u>\$ 35,473</u>	<u>\$ 65,877</u>	<u>\$ 116,534</u>	<u>\$ 20,270</u>	<u>\$ 481,393</u>

Agency Funds

Agency Funds:

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

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

TOWN OF WARREN, RHODE ISLAND**Statement of Changes in Assets and Liabilities****Agency Funds****For the year ended June 30, 2017**

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Performance Bonds</u>				
ASSET				
Cash	<u>\$ 18,740</u>	<u>\$ 14</u>	<u>\$ 3,908</u>	<u>\$ 14,846</u>
LIABILITY				
Deposits Held in Custody for Others	<u>\$ 18,740</u>	<u>\$ 14</u>	<u>\$ 3,908</u>	<u>\$ 14,846</u>

TOWN OF WARREN, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT
YEAR ENDED JUNE 30, 2017

Real Estate and Personal Property Taxes

<u>Tax Year</u>	<u>Balance July 1, 2016</u>	<u>Assessments December 31, 2015</u>	<u>Adjustments/ Abatements</u>	<u>Amount to be collected</u>	<u>Current Year Collections</u>	<u>Balance June 30, 2017</u>
2016	\$	23,887,696	\$ 32,898	\$ 23,920,593	\$ 23,610,653	\$ 309,941
2015	\$ 320,945	\$ -	\$ (716)	\$ 320,229	\$ 252,949	\$ 67,280
2014	\$ 70,623	\$ -	\$ (603)	\$ 70,020	\$ 21,475	\$ 48,545
2013	\$ 56,254	\$ -	\$ (291)	\$ 55,963	\$ 10,727	\$ 45,236
2012	\$ 46,922	\$ -	\$ (624)	\$ 46,299	\$ 7,104	\$ 39,195
2011	\$ 47,832	\$ -	\$ (1,164)	\$ 46,668	\$ 2,864	\$ 43,804
2010	\$ 46,618	\$ -	\$ (1,051)	\$ 45,567	\$ 1,607	\$ 43,960
2009	\$ 26,214	\$ -	\$ (147)	\$ 26,067	\$ 1,286	\$ 24,781
2008	\$ 21,821	\$ -	\$ (130)	\$ 21,691	\$ 975	\$ 20,716
2007 and prior	\$ 74,020	\$ -	\$ (605)	\$ 73,414	\$ 88	\$ 73,326
<hr/>						
	\$ 711,248	\$ 23,887,696	\$ 27,567	\$ 24,626,511	\$ 23,909,728	\$ 716,783
<hr/>						
<i>Allowance for Uncollectible Accounts</i>						\$ (307,957)
<hr/>						
<i>Net Property Tax Receivable</i>						<u>\$ 408,825</u>

Schedule of Most Recent Net Assessed Property Value by Category:

<u>Description of Property</u>	<u>Valuation</u>	<u>Levy</u>
<i>Real Property</i>	\$ 1,093,271,700	\$ 21,832,636
<i>Motor Vehicles</i>	\$ 91,331,174	\$ 2,374,611
<i>Tangible</i>	\$ 33,336,530	\$ 665,731
<i>Total</i>	\$ 1,217,939,404	\$ 24,872,977
<i>Exemptions</i>	\$ 46,121,854	\$ 1,009,892
<i>Net assessed value</i>	\$ 1,171,817,550	\$ 23,863,085
<i>Current Year Supplemental/Deferred ect.</i>		\$ 9,363
<i>Current Year Collectable</i>		<u>\$ 23,872,449</u>

TOWN OF WARREN, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT
YAER ENDED JUNE 30, 2017

Schedule of most recent net assessed property value by category:

Description of Property	Valuations	Levy
Real Property	\$ 1,093,271,700	\$ 21,832,636
Motor Vehicles	91,331,174	2,374,611
Tangible	33,336,530	665,731
Total	1,217,939,404	24,872,977
Exemptions	46,121,854	1,009,892
Current Year Assessment	<u>\$ 1,171,817,550</u>	<u>23,863,085</u>
Current Year Supplemental/Deferred etc.		9,363
Current Year Collectable		<u>\$ 23,872,449</u>
Reconciliation of current year property tax revenue:		
Current year collections		\$ 23,909,728
Revenue collected within 60 days subsequent to year ended June 30, 2016		100,964
		<u>24,010,693</u>
Prior year revenue received in current year		<u>(106,027)</u>
Current year real estate and personal property tax revenue		<u>\$ 23,904,665</u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Town Council
Town of Warren
Warren, Rhode Island

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Warren (Town), as of and for the year fiscal ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 30, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Parmelee Poirier & Associates, LLP

Parmelee Poirier & Associates, LLP
Warwick, Rhode Island
March 30, 2018