

CITY OF WARWICK, RHODE ISLAND

ANNUAL FINANCIAL REPORT
JUNE 30, 2018

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Introductory Section



CITY OF WARWICK, RHODE ISLAND

MAYOR

Joseph J. Solomon

CITY COUNCIL

James Mcelroy
Richard K. Corley
Anthony Sinapi
Timothy J. Howe
Edgar Ladouceur
Stephen P. McAllister
Steve Merolla
Jeremy Rix
Donna M. Travis

SCHOOL COMMITTEE

Karen A. Bachus, Chairperson
Kyle D. Adams
Judith L. Cobden
Nathaniel L. Cornell
David Testa

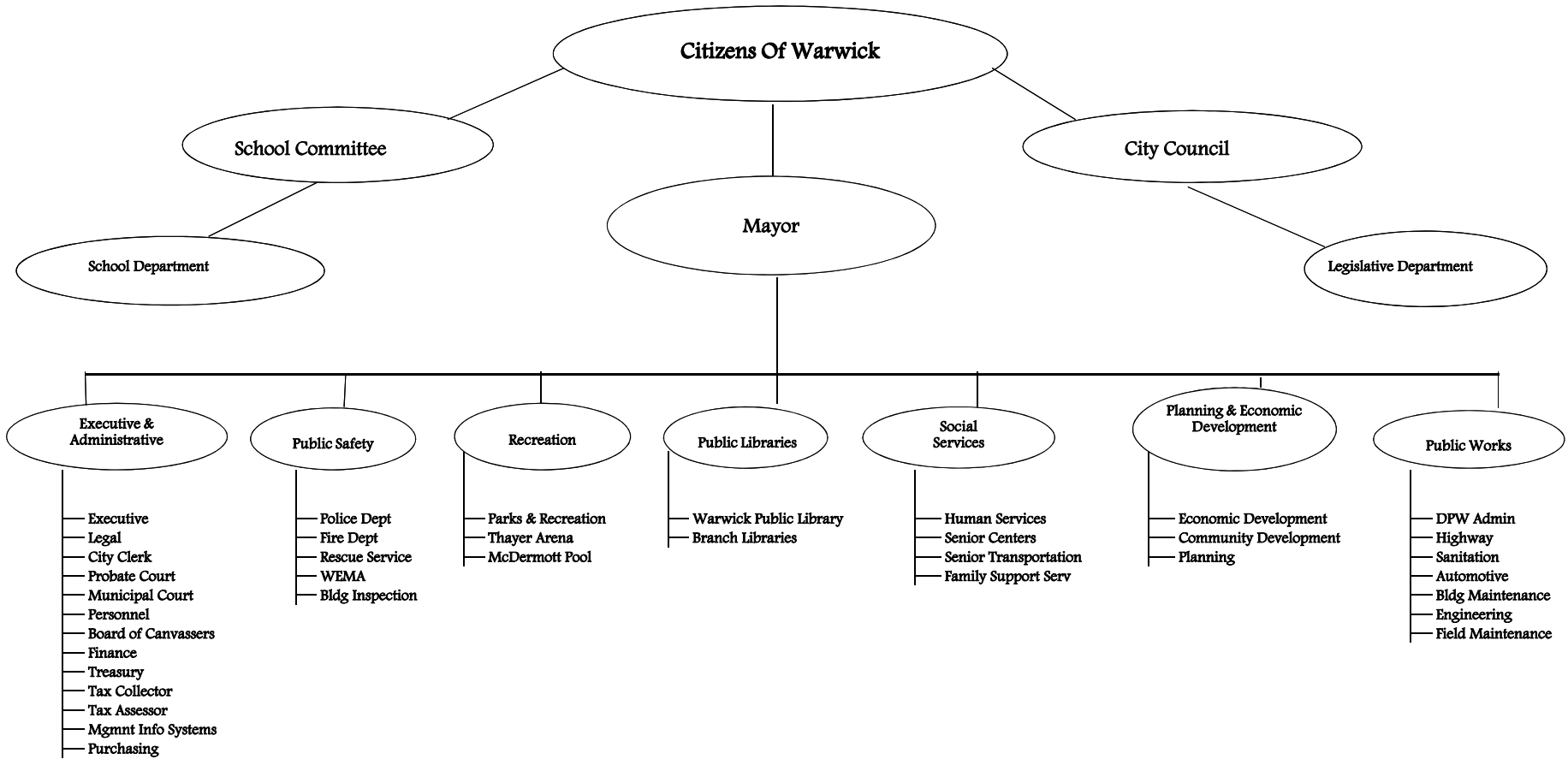
FINANCE DEPARTMENT

Brian M. Silvia, Finance Director
Lynne Y. Prodger, City Treasurer
Kathy D. Damicis, City Controller

SCHOOL ADMINISTRATION

Philip Thornton, Superintendent
Anthony Ferrucci, Director of Finance & Operations
Robert Baxter, School Controller

THE CITY OF WARWICK, RHODE ISLAND GOVERNMENT ORGANIZATIONAL CHART





Financial Section

Independent Auditors' Report

To the Honorable President
and Members of the City Council
City of Warwick, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Warwick, Rhode Island, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Warwick, Rhode Island's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Warwick, Rhode Island, as of June 30, 2018 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.

Change in Accounting Principle

As discussed in Note 20 to the financial statements, during the fiscal year ended June 30, 2018, the City of Warwick, Rhode Island, adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position of the City of Warwick, Rhode Island, has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, 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, which 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 City of Warwick, Rhode Island's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, the Annual Supplemental Transparency Report and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the Annual Supplemental Transparency Report 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 nonmajor fund financial statements and schedules and the Annual Supplemental Transparency Report are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections 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 July 23, 2019 on our consideration of the City of Warwick, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the City of Warwick, Rhode Island's 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 City of Warwick, Rhode Island's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

Cranston, Rhode Island
July 23, 2019

CITY OF WARWICK, RHODE ISLAND MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Warwick, we offer readers of the City of Warwick's financial statements this overview and analysis of the financial activities of the City of Warwick for the fiscal year ended June 30, 2018. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and with the City's financial statements which follow.

Included within our discussion will be a series of comparative tables, serving to more clearly illustrate changes in the City's financial position. These tables will reflect governmental activities, business-type activities, and total activities for the 2017 and 2018 fiscal years.

FINANCIAL HIGHLIGHTS

At the close of the fiscal year, the liabilities of the City of Warwick exceeded its assets by \$609,299,387 (*Net Position*).

The City had a restatement related to the implementation of GASB #75 of its July 1, 2017 opening net position. This decreased the City's net position by \$246,309,020 in fiscal year 2017. The City's total net position decreased by \$15.8 million during fiscal year 2018. One key factor was a \$9.5 million decrease in the City's net pension liabilities which was offset by an increase in the net deferred pension inflows of \$13.6 million, and a decrease in the deferred pension outflows which totaled \$10.3 million. The City's total long-term debt decreased by \$12.0 million and year-end accounts payable and accrued liabilities increased by \$1.4 million. Additionally, the City's net OPEB liability decreased by \$4,248,215, thus having a positive impact on the City's net position.

At the close of the current fiscal year, the City's governmental funds reported *combined* ending fund balances of \$36,918,875, a decrease of \$5,843,509 from the prior year. This was primarily due to appropriated fund balance drawdowns for budgeted revenue within the general fund and from the reserve for education.

Fiscal 2018 operating results for the general fund reflected a net decrease in total fund balance of \$1,583,943 resulting in an ending fund balance of \$27,436,676. The fund's ending unassigned fund balance increased by \$104,489 to a total of \$22,671,446 or 7.33% of the total 2018 final budgeted expenditures.

The City's overall investment in capital assets (net of accumulated depreciation) decreased by \$133,811 during this year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Warwick's basic financial statements. The City's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the financial statements. This report also contains other supplementary information including combining statements for non-major governmental funds, enterprise funds, and other fiduciary funds.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report on the City's *net position* and how it has changed. Net position - the difference between the City's assets and liabilities - is one way to measure the City's financial health.

- Over time, increases or decreases in the City's net position are indicators of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as changes in the City's property tax base and the condition of the City's roads.

The government-wide financial statements of the City are divided into two categories.

- *Governmental activities* - Most of the City's basic services are included here, such as education, public safety, library, recreation, social services, public works and general administration. Property taxes, charges for services and state funding finance most of these activities.
- *Business-Type activities* - The City charges fees to customers to cover the costs of certain services it provides. The City's water and sewer systems are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds - not the City as a whole. 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 City, 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 City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

Governmental Funds - Most of the basic services provided by the City are reported in governmental funds, which focus on (1) how money flows into and out of those funds and (2) the balances remaining at year end that are available for spending during the next year. These funds are reported using an accounting method called the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations that helps the reader to determine whether or not there are more or fewer financial resources that can be spent in the near future to finance City programs.

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. To facilitate this comparison, a reconciliation between the governmental funds statements and the government-wide statements has been provided.

The City maintains seventy-eight governmental funds and two are considered major funds for presentation purposes. Each major fund is presented in a separate column in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The two major governmental funds are the General Fund and the School Unrestricted Fund.

The basic governmental fund financial statements can be found on pages 17-20 of this report.

Proprietary Funds - The City of Warwick maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its sewer and water operations. *Internal Service Funds* are used to accumulate and allocate costs internally among functions. The City uses internal service funds to account for the workers compensation self insurance fund and the healthcare self insurance funds. Because this operation benefits predominantly governmental rather than business activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 21-23 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 statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary funds financial statements can be found on pages 24-25 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 follow the basic financial statements.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This section includes budgetary comparison schedules, as well as information concerning the City's progress in funding its obligation to provide pension benefits to employees. Required supplementary information follows the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial health. The City's combined net position (government and business-type activities) totaled (\$609,299,387) as of June 30, 2018. The largest portion of the City's net position reflects its investment in capital assets such as land, building, equipment, and infrastructure, less any related outstanding debt. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (as restated)	2018	2017 (as restated)	2018	2017 (as restated)
	Current assets	\$ 76,748,043	\$ 82,594,573	\$ 46,788,900	\$ 47,100,661	\$ 123,536,943
Capital assets	124,968,775	120,860,387	186,022,924	190,265,123	310,991,699	311,125,510
Other noncurrent assets			20,992,003	23,432,912	20,992,003	23,432,912
Total assets	<u>201,716,818</u>	<u>203,454,960</u>	<u>253,803,827</u>	<u>260,798,696</u>	<u>455,520,645</u>	<u>464,253,656</u>
Deferred outflows of resources	<u>69,353,013</u>	<u>78,858,359</u>	<u>1,377,292</u>	<u>2,254,059</u>	<u>70,730,305</u>	<u>81,112,418</u>
Current liabilities	31,170,972	30,524,303	13,859,166	14,251,956	45,030,138	44,776,259
Long-term liabilities	902,339,186	917,772,915	97,299,083	109,564,870	999,638,269	1,027,337,785
Total liabilities	<u>933,510,158</u>	<u>948,297,218</u>	<u>111,158,249</u>	<u>123,816,826</u>	<u>1,044,668,407</u>	<u>1,072,114,044</u>
Deferred inflows of resources	<u>67,947,094</u>	<u>41,589,503</u>	<u>22,934,836</u>	<u>25,154,162</u>	<u>90,881,930</u>	<u>66,743,665</u>
Net Position:						
Invested in capital assets, net of related debt	75,011,932	72,636,198	109,768,380	104,730,106	184,780,312	177,366,304
Restricted	3,552,500	6,998,200	5,516,046	5,473,902	9,068,546	12,472,102
Unrestricted	<u>(808,951,853)</u>	<u>(787,207,800)</u>	<u>5,803,608</u>	<u>3,877,759</u>	<u>(803,148,245)</u>	<u>(783,330,041)</u>
Total Net Position	\$ <u>(730,387,421)</u>	\$ <u>(707,573,402)</u>	\$ <u>121,088,034</u>	\$ <u>114,081,767</u>	\$ <u>(609,299,387)</u>	\$ <u>(593,491,635)</u>

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net position. At the end of the current fiscal year, the City's unrestricted net position total was negative – this was primarily due to the full accrual of the current net pension liabilities for all six city pension plans. This accrual included Warwick's portion of the net pension liability for the state controlled teacher pension plan.

Changes in Net Position

During fiscal 2018, the government's total net position decreased by \$15,807,752, to a June 30, 2018 year end net position of (\$609,299,387):

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 16,677,953	\$ 16,296,571	\$ 32,954,249	\$ 35,130,876	\$ 49,632,202	\$ 51,427,447
Operating grants and contributions	51,833,022	57,561,506			51,833,022	57,561,506
Capital grants and contributions		198,900	8,880	2,775,948	8,880	2,974,848
General revenues:						
Property taxes	228,372,805	231,060,821			228,372,805	231,060,821
Interest on property tax	2,087,162	2,093,896			2,087,162	2,093,896
State aid/in lieu of tax	10,015,034	7,667,081			10,015,034	7,667,081
Investment earnings	335,537	73,582	89,016	35,800	424,553	109,382
Tax titles	35,073	15,628			35,073	15,628
Insurance	157,875	169,230			157,875	169,230
Miscellaneous	9,585,432	6,992,822			9,585,432	6,992,822
Total revenues	<u>319,099,893</u>	<u>322,130,037</u>	<u>33,052,145</u>	<u>37,942,624</u>	<u>352,152,038</u>	<u>360,072,661</u>
Expenses:						
Executive and administrative	9,940,222	9,171,861			9,940,222	9,171,861
Public safety	115,089,539	116,575,178			115,089,539	116,575,178
Recreation	3,041,448	3,402,704			3,041,448	3,402,704
Public libraries	5,948,080	5,872,625			5,948,080	5,872,625
Social services	2,406,427	2,189,915			2,406,427	2,189,915
Planning and E/D	3,746,698	3,152,144			3,746,698	3,152,144
Public works	21,010,874	22,454,206			21,010,874	22,454,206
Education	179,337,008	183,235,365			179,337,008	183,235,365
Debt interest	1,393,616	1,305,527			1,393,616	1,305,527
Sewer fund			16,179,771	15,723,730	16,179,771	15,723,730
Water fund			9,866,107	10,273,789	9,866,107	10,273,789
Total expenses	<u>341,913,912</u>	<u>347,359,525</u>	<u>26,045,878</u>	<u>25,997,519</u>	<u>367,959,790</u>	<u>373,357,044</u>
Increase in Net Position	(22,814,019)	(25,229,488)	7,006,267	11,945,105	(15,807,752)	(13,284,383)
Net Position July 1	(707,573,402)	(445,301,166)	114,081,767	111,402,934	(593,491,635)	(333,898,232)
Restatements for GASB No. 75 Implementation		(237,042,748)		(9,266,272)	-	(246,309,020)
Net Assets at End of Year	<u>\$ (730,387,421)</u>	<u>\$ (707,573,402)</u>	<u>\$ 121,088,034</u>	<u>\$ 114,081,767</u>	<u>\$ (609,299,387)</u>	<u>\$ (593,491,635)</u>

Governmental Activities.

Governmental activities decreased the City's net position by \$22.8 million. Key elements are as follows:

1. The City's net position increased by \$8.8 million due to a decrease in the City's accrued net pension liabilities which include six city and school pension plans. Accordingly the City's net position decreased by \$23.1 million following an increase of net deferred outflows (assets) relating to pension expense amortizations.
2. Per GASB75, the City accrued additional other post-employment benefits which decreased the City's net position by \$3.9 million. Accordingly the City's net position increased by \$14.1 million following decreases of deferred inflows (liabilities) relating to other post-employment benefit amortizations.
3. General Fund GAAP surplus decreased the City's net position by 1.6 million. Additionally, surpluses in the non-major governmental funds decreased the net position by \$4.2 million.
4. Capital asset additions (net of CIP) totaled \$11.4 million while fiscal 2018 depreciation expense amounted to \$7.3 million resulting in a \$4.1 increase to net position.

5. Changes in deferred revenue accruals decreased the City's net position by \$1.6 million and increases in compensated absences decreased net position by \$438,643.

Business-type Activities.

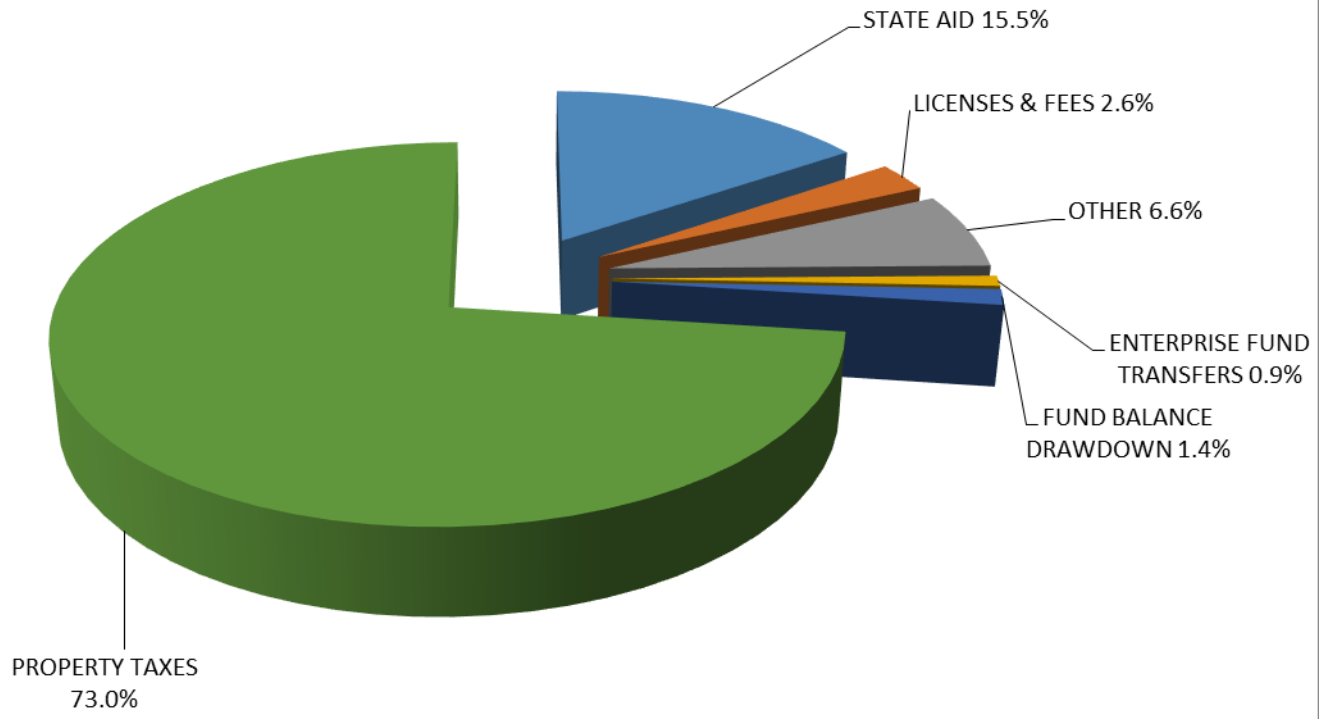
Business-type activities increased the City's net position by \$7.0 million to an overall ending balance amount of \$121.1 million. The key elements are as follows:

1. The Sewer Department reflected an overall increase in net position of \$6.5 million. The ending net position for the Sewer Department was \$104.5 million.
2. The Sewer Assessment Fund's ending net position totaled \$4.4 million, a decrease of \$1.0 million from the prior year.
3. The Water Department reflected a net position increase of \$1.2 million to an ending balance of \$5.9 million.
4. The Non-Major Enterprise Funds reflected an overall increase in net position of \$228,337, to an ending balance of \$6.2 million.

Financial Analysis of the Government's Funds

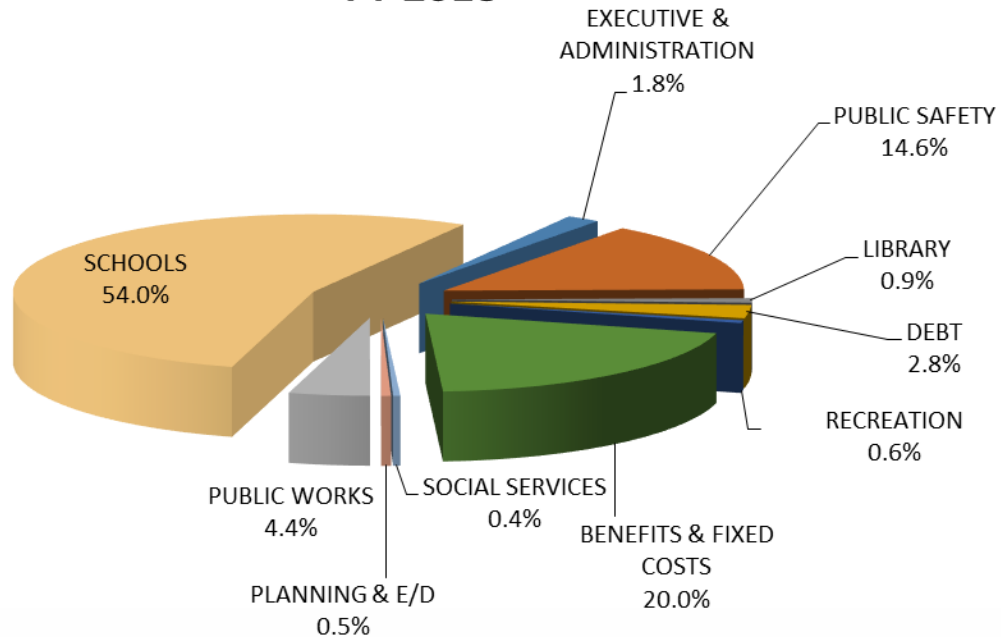
As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$36,918,875, a decrease of \$5,843,509 in comparison with the prior year balances. \$22,646,110 or 61.3% of this the total fund balance represents unassigned fund which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it is considered nonspendable, or has been restricted, assigned or committed.

GENERAL FUND REVENUE FY 2018



Note: Transfers to and from other funds have been integrated into their respective categories.

GENERAL FUND EXPENDITURES FY 2018



The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$22,671,446. The total fund balance was \$27,436,676. As a measure of the general fund liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The unassigned fund balance represents 7.33% of total general fund budgeted expenditures. During fiscal 2018, the unassigned fund balance of the City's general fund increased by \$104,489. This is a 0.46% increase from the prior year unassigned fund balance.

Proprietary Funds:

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position of the Sewer Department amounted to \$104,505,096. The funds invested in capital assets total \$99,083,356, restricted funds total \$5,516,046, and unrestricted net position totals (\$94,306).

The net position of the Sewer Assessment Fund totaled \$4,433,550. This entire amount is unrestricted.

The net position of the Water Department totaled \$5,934,837. Of this, \$10,636,523 represents the investment in capital assets while the unrestricted portion totals (\$4,701,686). During fiscal 2018 Water's net position increased by \$1,240,737.

The unrestricted net position of the workers compensation internal service fund amounted to \$529,621. Total current liabilities was reduced by \$22,258, due to a reduction in claims payable. The net position of the City's medical healthcare internal service fund totaled \$1,088,443. The fund's net position balance is primarily composed of cash reserves which were previously held in escrow by health insurers when the City was self-insured, as well as a premium offset credit.

The Warwick School Department's medical healthcare internal service fund reflected a net position balance which totaled \$1,464,630. This balance represents a combination of \$1,444,200 in escrow cash reserves held by the insurers, plus \$1,252,686 in surplus funds (excess of premiums paid vs. claims paid) held by WB Community Health, less outstanding IBNR claims totaling \$1,232,256.

General Fund Budgetary Highlights

During fiscal 2019, the City's original budget of \$305,271,737 was increased by \$4.2 million to \$309,490,408. The following budgetary adjustments were made during the year:

- A budget transfer in the amount of \$1,218,671 represented the re-appropriation of the fiscal 2017 school surplus to the School Department. The prior year education reserve funded this transfer.
- A budget transfer in the amount of \$3,000,000 was approved, providing the additional funds to the school department, with the funding source being a drawdown from the City's unrestricted fund balance.

Capital Assets and Debt Administration

Capital Assets.

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounted to \$310,991,699 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery & equipment, roads and construction in progress. During this year, the City's overall investment in capital assets (net of accumulated depreciation) decreased by approximately \$133,811.

Major capital asset additions during the current fiscal year included the following:

1. Fire Code Improvements-Variou City Buildings - \$421,507
2. School Consolidation Improvements - \$10,860,932
3. Road Resurfacing - \$980,154

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 18,693,825	\$ 18,680,138	\$	\$	\$ 18,693,825	\$ 18,680,138
Land improvements	11,082,066	11,082,066			11,082,066	11,082,066
Buildings	138,317,024	137,552,253	2,900,797	2,900,797	141,217,821	140,453,050
Infrastructure	201,286,165	200,306,010	5,998,893	5,771,244	207,285,058	206,077,254
Equipment	21,312,905	20,869,769	298,746,134	283,284,225	320,059,039	304,153,994
Licensed vehicles	31,882,562	32,252,110			31,882,562	32,252,110
Artwork	62,950	62,950			62,950	62,950
Construction in progress	10,860,933	2,098,857	3,011,298	16,781,582	13,872,231	18,880,439
	433,498,430	422,904,153	310,657,122	308,737,848	744,155,552	731,642,001
Less accumulated depreciation	(308,529,655)	(302,043,766)	(124,634,198)	(118,472,725)	(433,163,853)	(420,516,491)
Total	\$ 124,968,775	\$ 120,860,387	\$ 186,022,924	\$ 190,265,123	\$ 310,991,699	\$ 311,125,510

Additional information on the City's capital assets can be found in Note 8 of the notes to the financial statements of this report.

Long-term Debt.

At the end of the fiscal year, the City had total bonds and loans outstanding of \$133,934,768. It is broken down as follows:

▪ General Fund Bonds Payable	\$ 45,912,531
▪ Water Bonds Payable	\$ 67,668
▪ Sewer Bonds Payable	\$ 8,551,801
▪ Sewer SRF Loans Payable	\$ 79,402,768

General obligation bonds are backed by the full faith and credit of the City, including the City's power to levy additional taxes to ensure repayment of the debt. Accordingly, all general obligation debt currently outstanding was approved by a vote of the citizens. During fiscal 2019, the City of Warwick's general fund general obligation debt reflected a net decrease of \$641,909. Sewer debt decreased by \$11,014,750, and water debt decreased by \$26,671.

The City's bond ratings are as follows:

Moody'sA1
Standard & Poors.....AA

State statute limits the amount of bonds a governmental entity can issue to 3% of its total assessed valuation. The current debt limitation for the City is \$278,457,754. As of June 30, 2018 the City's current outstanding general fund debt falls under the debt limitation by \$232,545,223.

Additional information on the City's long-term debt can be found in Note 10 of the notes to the financial statements and in the statistical tables.

Economic Factors and Next Year's Budgets and Rates

- Warwick's average unemployment rate is 3.5%.
- Median family income in Warwick was \$87,369.
- Warwick ranks third in population among Rhode Island's 39 cities and towns.

The following factors were considered in preparing the City's operating budget for the 2018-19 fiscal year.

- The School Department budget will increase to \$165.4 million.
- The City's health care coverage will be administered by WB Community Health.
- Initially \$3.8 million was drawn from the City's fund balance and designated for the FY2018 operating budget.

The following factors were considered in preparing the City's operating budget for the 2019-20 fiscal year.

- The School Department budget will increase to \$165.9 million.
- The City's health care coverage will be administered by WB Community Health.
- Initially \$2.4 million was drawn from the City's fund balance and designated for the FY2018 operating budget.

Currently, the unassigned fund balance in the general fund totals \$22,671,446. While the City has maintained its commitment toward ensuring a steady growth for the City surplus, it has sometimes been necessary to utilize part of this surplus to ease the burden on its taxpayers. In the final fiscal 2019 budget, the tax rate for residential property remained constant at \$20.80, the commercial and industrial tax rate remained constant at \$31.19, and the tangible personal property rate remained constant at \$41.59. Per Rhode Island law, the inventory tax was phased out and the motor vehicle tax rate remained constant at \$34.60.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Controller, City of Warwick Treasurer's Office, 3275 Post Road, Warwick, RI 02886-7145.



Basic Financial Statements

CITY OF WARWICK, RHODE ISLAND
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 23,711,947	\$ 29,139,326	\$ 52,851,273
Restricted cash and cash equivalents	3,552,500	5,516,046	9,068,546
Receivables, net:			
Accrued interest receivable	379,266		379,266
Property tax receivable	6,292,557		6,292,557
Water and sewer use fees		8,526,036	8,526,036
Sewer assessments		4,248,637	4,248,637
Due from federal & state government	12,534,243	16,511,941	29,046,184
Other receivables	6,525,999	6,455	6,532,454
Internal balances	17,258,770	(17,258,770)	-
Other assets	4,790,243		4,790,243
Prepays	258,318		258,318
Deposits with agent	1,444,200	99,229	1,543,429
Total current assets	<u>76,748,043</u>	<u>46,788,900</u>	<u>123,536,943</u>
Noncurrent assets:			
Sewer assessments receivable		20,992,003	20,992,003
Capital assets:			
Nondepreciable assets	18,756,775		18,756,775
Construction in progress	10,860,933	3,011,298	13,872,231
Depreciable capital assets, net	95,351,067	183,011,626	278,362,693
Total noncurrent assets	<u>124,968,775</u>	<u>207,014,927</u>	<u>331,983,702</u>
Total assets	<u>201,716,818</u>	<u>253,803,827</u>	<u>455,520,645</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	88,185	92,800	180,985
Deferred outflows - related to pensions	69,264,828	1,284,492	70,549,320
Total deferred outflows of resources	<u>69,353,013</u>	<u>1,377,292</u>	<u>70,730,305</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	20,081,887	1,943,118	22,025,005
Accrued interest payable	512,334	765,094	1,277,428
Due to federal & state government	172,830		172,830
Accrued compensated absences	2,458,000		2,458,000
Unearned revenues	2,331,927		2,331,927
Current portion of long-term debt	5,613,994	11,150,954	16,764,948
Total current liabilities	<u>31,170,972</u>	<u>13,859,166</u>	<u>45,030,138</u>
Noncurrent liabilities:			
Other liabilities	4,788,634		4,788,634
Accrued compensated absences	9,826,551	401,369	10,227,920
Unearned revenues		107,565	107,565
Retroactive payroll liability	1,172,565		1,172,565
Long-term debt	46,800,706	77,168,325	123,969,031
Net other post-employment benefits liability	391,834,850	13,994,736	405,829,586
Net pension liability	447,915,880	5,627,088	453,542,968
Total noncurrent liabilities	<u>902,339,186</u>	<u>97,299,083</u>	<u>999,638,269</u>
Total liabilities	<u>933,510,158</u>	<u>111,158,249</u>	<u>1,044,668,407</u>
DEFERRED INFLOWS OF RESOURCES			
Advance collections - taxes and sewer assessments	51,905	633,665	685,570
Unavailable revenue - sewer assessments		20,992,003	20,992,003
Deferred inflows - related to OPEB	14,120,244	484,338	14,604,582
Deferred inflows - related to pensions	53,774,945	824,830	54,599,775
Total deferred inflows of resources	<u>67,947,094</u>	<u>22,934,836</u>	<u>90,881,930</u>
NET POSITION			
Net investment in capital assets	75,011,932	109,768,380	184,780,312
Restricted for:			
Debt service payments	3,552,500	5,516,046	9,068,546
Unrestricted	(808,951,853)	5,803,608	(803,148,245)
Total Net Position	<u>\$ (730,387,421)</u>	<u>\$ 121,088,034</u>	<u>\$ (609,299,387)</u>

The accompanying notes are an integral part of the financial statements

CITY OF WARWICK, RHODE ISLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Function/Program Activities	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Legislative, judicial and general administrative	\$ 9,940,222	\$ 2,675,160	\$	\$	\$ (7,265,062)	\$	\$ (7,265,062)
Public safety	115,089,539	8,190,826	602,411		(106,296,302)		(106,296,302)
Recreation	3,041,448	959,641			(2,081,807)		(2,081,807)
Public libraries	5,948,080	40,720	874,307		(5,033,053)		(5,033,053)
Social services	2,406,427	92,073	61,628		(2,252,726)		(2,252,726)
Planning and economic development	3,746,698	2,057,016	1,334,141		(355,541)		(355,541)
Public works	21,010,874	241,015	32,623		(20,737,236)		(20,737,236)
Education	179,337,008	2,421,502	48,927,912		(127,987,594)		(127,987,594)
Interest on long-term debt	1,393,616				(1,393,616)		(1,393,616)
Total governmental activities	<u>341,913,912</u>	<u>16,677,953</u>	<u>51,833,022</u>	<u>-</u>	<u>(273,402,937)</u>	<u>-</u>	<u>(273,402,937)</u>
Business-type activities:							
Sewer	16,179,771	21,863,140		8,880		5,692,249	5,692,249
Water	9,866,107	11,091,109				1,225,002	1,225,002
Total business-type activities	<u>26,045,878</u>	<u>32,954,249</u>	<u>-</u>	<u>8,880</u>	<u>-</u>	<u>6,917,251</u>	<u>6,917,251</u>
Total	<u>\$ 367,959,790</u>	<u>\$ 49,632,202</u>	<u>\$ 51,833,022</u>	<u>\$ 8,880</u>	<u>(273,402,937)</u>	<u>6,917,251</u>	<u>(266,485,686)</u>
General revenues:							
Property taxes					228,372,805		228,372,805
Interest on property taxes					2,087,162		2,087,162
State aid and in lieu of taxes not restricted for a specific purpose					10,015,034		10,015,034
Unrestricted investment earnings					335,537	89,016	424,553
Tax titles					35,073		35,073
Insurance proceeds					157,875		157,875
Miscellaneous					9,585,432		9,585,432
Total general revenues					<u>250,588,918</u>	<u>89,016</u>	<u>250,677,934</u>
Change in net position					(22,814,019)	7,006,267	(15,807,752)
Net Position at Beginning of Year, as Restated					(707,573,402)	114,081,767	(593,491,635)
Net Position at End of Year					<u>\$ (730,387,421)</u>	<u>\$ 121,088,034</u>	<u>\$ (609,299,387)</u>

The accompanying notes are an integral part of the financial statements

CITY OF WARWICK, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General</u>	<u>School Unrestricted Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 19,264,593	\$ 8,403	\$ 3,797,587	\$ 23,070,583
Restricted cash and cash equivalents			3,552,500	3,552,500
Property tax receivable	6,292,557			6,292,557
Due from federal and state governments	4,249,059	433,408	7,851,776	12,534,243
Other receivables	1,849,426	283,952	3,109,935	5,243,313
Due from other funds	25,093,996	13,791,659	2,296,448	41,182,103
Prepaid items	258,318			258,318
Other assets	4,611,943		178,300	4,790,243
Total Assets	<u>\$ 61,619,892</u>	<u>\$ 14,517,422</u>	<u>\$ 20,786,546</u>	<u>\$ 96,923,860</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenditures	\$ 2,934,194	\$ 14,478,931	\$ 1,256,272	\$ 18,669,397
Due to state and federal governments	172,795		35	172,830
Due to other funds	20,402,115		4,609,661	25,011,776
Other liabilities	4,785,091	38,491	3,543	4,827,125
Total liabilities	<u>28,294,195</u>	<u>14,517,422</u>	<u>5,869,511</u>	<u>48,681,128</u>
Deferred inflows of resources:				
Unavailable revenues - taxes	4,572,172			4,572,172
Unavailable revenues - other	1,264,944		5,434,836	6,699,780
Advance tax collections	51,905			51,905
Total deferred inflows of resources	<u>5,889,021</u>	<u>-</u>	<u>5,434,836</u>	<u>11,323,857</u>
Fund balances:				
Nonspendable	258,318			258,318
Restricted			9,507,535	9,507,535
Committed for education	157,447			157,447
Assigned	4,349,465			4,349,465
Unassigned	22,671,446		(25,336)	22,646,110
Total fund balances	<u>27,436,676</u>	<u>-</u>	<u>9,482,199</u>	<u>36,918,875</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 61,619,892</u>	<u>\$ 14,517,422</u>	<u>\$ 20,786,546</u>	<u>\$ 96,923,860</u>

(Continued on next page)

CITY OF WARWICK, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$	36,918,875
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	433,498,430	
Less accumulated depreciation		<u>(308,529,655)</u>	
Net capital assets			124,968,775

Other long-term assets and deferred outflows are not available to pay for current-period expenditures and, therefore, are deferred in the funds:

Property tax receivables greater than 60 days	4,572,172
Interest receivable on property taxes	379,266
Other departmental revenues	4,367,853
Deferred outflows related to pensions	69,264,828
Deferred charges on refunding	88,185

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.

3,082,694

Long-term liabilities, including bonds payable and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(45,912,531)
Unamortized bond issue premium	(1,708,570)
Capital lease	(4,793,599)
Compensated absences	(12,284,551)
Retroactive payroll due in more than one year	(1,172,565)
Interest payable on bonds and loans	(512,334)
Net pension liability	(447,915,880)
Deferred inflows related to pensions	(53,774,945)
Net OPEB obligation	(391,834,850)
Deferred inflows related to OPEB	<u>(14,120,244)</u>

Net Position of Governmental Activities (Exhibit I)	\$	<u>(730,387,421)</u>
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The accompanying notes are an integral part of the financial statements

**CITY OF WARWICK, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund	School Unrestricted Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
General property taxes	\$ 227,930,585	\$	\$	\$ 227,930,585
Interest on taxes	2,087,162			2,087,162
Intergovernmental revenue	8,504,592	40,021,671	8,365,872	56,892,135
Medicaid		1,574,189		1,574,189
State contribution to pension plan		7,409,776		7,409,776
Charges for services	8,889,931	1,295,429	4,142,853	14,328,213
Investment income	331,164	1,500	2,038	334,702
Contributions and private grants			193,364	193,364
Other revenues	<u>14,881,044</u>	<u>30,592</u>	<u>404,852</u>	<u>15,316,488</u>
Total revenues	<u>262,624,478</u>	<u>50,333,157</u>	<u>13,108,979</u>	<u>326,066,614</u>
Expenditures:				
Executive and administrative	5,589,908		132,402	5,722,310
Public safety	45,865,829		2,737,722	48,603,551
Recreation	1,872,055			1,872,055
Public libraries	2,924,841		130,384	3,055,225
Social services	1,196,571		23,471	1,220,042
Planning and economic development	1,699,767		1,361,806	3,061,573
Public works	13,357,754		685,384	14,043,138
Employee benefits, fixed costs and capital	61,737,378			61,737,378
Education		164,451,136	17,853,298	182,304,434
State contribution to pension plan		7,409,776		7,409,776
Debt service:				
Principal			6,648,671	6,648,671
Interest and other costs			1,442,950	1,442,950
Total expenditures	<u>134,244,103</u>	<u>171,860,912</u>	<u>31,016,088</u>	<u>337,121,103</u>
Excess (Deficiency) of Revenues over Expenditures	<u>128,380,375</u>	<u>(121,527,755)</u>	<u>(17,907,109)</u>	<u>(11,054,489)</u>
Other Financing Sources (Uses):				
Proceeds from capital leases			321,207	321,207
Premium on revenue bonds issued			429,773	429,773
Proceeds from revenue bonds			4,460,000	4,460,000
Transfers in	564,426	122,012,274	9,482,733	132,059,433
Transfers out	<u>(130,528,744)</u>	<u>(484,519)</u>	<u>(1,046,170)</u>	<u>(132,059,433)</u>
Total other financing sources (uses)	<u>(129,964,318)</u>	<u>121,527,755</u>	<u>13,647,543</u>	<u>5,210,980</u>
Net Change in Fund Balances	(1,583,943)	-	(4,259,566)	(5,843,509)
Fund Balances at Beginning of Year	<u>29,020,619</u>	<u>-</u>	<u>13,741,765</u>	<u>42,762,384</u>
Fund Balances at End of Year	<u>\$ 27,436,676</u>	<u>\$ -</u>	<u>\$ 9,482,199</u>	<u>\$ 36,918,875</u>

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CITY OF WARWICK, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because of the following:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (5,843,509)
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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.

Capital outlay	11,361,372
Depreciation expense	(7,252,984)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes collected after 60 days	339,932
Property interest and lien revenue - accrual basis change	102,288
Other departmental revenues	1,208,044
Deferred outflows related to pensions	(9,463,840)

The issuance of long-term debt (e.g., bonds, leases) 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 transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bonds issued	(4,460,000)
Premium on issued bonds	(429,773)
Bond payments	5,101,909
Capital lease issued	(321,207)
Capital lease payments	1,433,570
Accrued interest	(21,709)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Deferred inflows related to pensions	(13,641,993)
Deferred inflows related to OPEB	(14,120,244)
Amortization of bond premiums	225,741
Deferred charges on refunding	(41,506)
Change in compensated absences	438,643
Change in retroactive payroll	25,576
Change in net pension liability	8,853,508
Change in net OPEB obligation	3,909,691

The net expense of the internal service funds is reported with governmental activities.	<u>(217,528)</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ (22,814,019)</u>
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The accompanying notes are an integral part of the financial statements

CITY OF WARWICK, RHODE ISLAND
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities - Enterprise Funds					Governmental
	Major Funds					Internal
	Sewer Fund	Sewer Assessment Fund	Water Fund	Nonmajor Enterprise Funds	Total	Service Funds
Assets:						
Current assets:						
Cash and cash equivalents	\$ 14,072,672	\$ 3,561,789	\$ 10,322,118	\$ 1,182,747	\$ 29,139,326	\$ 641,364
Restricted cash and cash equivalents	5,516,046				5,516,046	
Water and sewer use fees	5,250,767		3,275,269		8,526,036	
Sewer assessments		4,248,637			4,248,637	
Due from federal and state government	11,936,334			4,575,607	16,511,941	
Other receivables				6,455	6,455	1,282,686
Due from other funds	8,318,746		140,507	5,775,706	14,234,959	1,088,443
Inventory			99,229		99,229	
Total current assets	<u>45,094,565</u>	<u>7,810,426</u>	<u>13,837,123</u>	<u>11,540,515</u>	<u>78,282,629</u>	<u>3,012,493</u>
Noncurrent assets:						
Sewer assessments receivable		20,992,003			20,992,003	
Construction in progress	2,962,797			48,501	3,011,298	
Depreciable capital assets, net	172,303,613		10,708,013		183,011,626	
Deposits with agent					-	1,444,200
Total noncurrent assets	<u>175,266,410</u>	<u>20,992,003</u>	<u>10,708,013</u>	<u>48,501</u>	<u>207,014,927</u>	<u>1,444,200</u>
Total assets	<u>220,360,975</u>	<u>28,802,429</u>	<u>24,545,136</u>	<u>11,589,016</u>	<u>285,297,556</u>	<u>4,456,693</u>
Deferred outflows of resources:						
Deferred charge on refunding	89,885		2,915		92,800	
Deferred outflows - related to pensions	642,246		642,246		1,284,492	
Total deferred outflows of resources	<u>732,131</u>	<u>-</u>	<u>645,161</u>	<u>-</u>	<u>1,377,292</u>	<u>-</u>
Liabilities:						
Current liabilities:						
Accounts payable and accrued expenses	725,445		1,134,173	83,500	1,943,118	
Accrued interest payable	761,444		3,650		765,094	
Due to other funds	16,087,414	2,743,211	7,372,139	5,290,965	31,493,729	
Accrued claims - IBNR					-	1,373,999
Current portion of long-term debt	11,124,892		26,062		11,150,954	
Total current liabilities	<u>28,699,195</u>	<u>2,743,211</u>	<u>8,536,024</u>	<u>5,374,465</u>	<u>45,352,895</u>	<u>1,373,999</u>
Noncurrent liabilities:						
Accrued compensated absences	195,772		205,597		401,369	
Unearned revenue	107,565				107,565	
Net other post-employment benefits obligation	6,997,368		6,997,368		13,994,736	
Net pension liability	2,813,544		2,813,544		5,627,088	
Bonds and loans payable	77,119,982		48,343		77,168,325	
Total noncurrent liabilities	<u>87,234,231</u>	<u>-</u>	<u>10,064,852</u>	<u>-</u>	<u>97,299,083</u>	<u>-</u>
Total liabilities	<u>115,933,426</u>	<u>2,743,211</u>	<u>18,600,876</u>	<u>5,374,465</u>	<u>142,651,978</u>	<u>1,373,999</u>
Deferred inflows of resources:						
Advanced collections		633,665			633,665	
Deferred inflows - revenue		20,992,003			20,992,003	
Deferred inflows - related to OPEB	242,169		242,169		484,338	
Deferred inflows - related to pension	412,415		412,415		824,830	
Total deferred inflows of resources	<u>654,584</u>	<u>21,625,668</u>	<u>654,584</u>	<u>-</u>	<u>22,934,836</u>	<u>-</u>
Net Position:						
Net investment in capital assets	99,083,356		10,636,523	48,501	109,768,380	
Restricted for debt service payments	5,516,046				5,516,046	
Unrestricted	(94,306)	4,433,550	(4,701,686)	6,166,050	5,803,608	3,082,694
Total Net Position	<u>\$ 104,505,096</u>	<u>\$ 4,433,550</u>	<u>\$ 5,934,837</u>	<u>\$ 6,214,551</u>	<u>\$ 121,088,034</u>	<u>\$ 3,082,694</u>

The accompanying notes are an integral part of the financial statements

CITY OF WARWICK, RHODE ISLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds					Governmental
	Major Funds				Total	Activities
	Sewer Fund	Sewer Assessment Fund	Water Fund	Nonmajor Enterprise Funds		Internal Service Fund
Operating Revenues:						
Assessments and user fees	\$ 15,710,104	\$ 4,818,055	\$ 10,701,227	\$ 719,402	\$ 31,948,788	\$
Other revenues	574,631	(6)	389,882	40,954	1,005,461	45,229,810
Total operating revenues	<u>16,284,735</u>	<u>4,818,049</u>	<u>11,091,109</u>	<u>760,356</u>	<u>32,954,249</u>	<u>45,229,810</u>
Operating Expenses:						
Contract services	298,074		254,968		553,042	45,034,872
Salaries and benefits	3,801,182		3,062,596		6,863,778	
Materials and supplies	884,977		13,732	28,147	926,856	
Depreciation and amortization	6,171,092		675,958		6,847,050	
Operations	2,783,251		5,850,918	803	8,634,972	
Worker's compensation claims					-	413,764
Total operating expenses	<u>13,938,576</u>	<u>-</u>	<u>9,858,172</u>	<u>28,950</u>	<u>23,825,698</u>	<u>45,448,636</u>
Operating Income (Loss)	<u>2,346,159</u>	<u>4,818,049</u>	<u>1,232,937</u>	<u>731,406</u>	<u>9,128,551</u>	<u>(218,826)</u>
Nonoperating Revenues (Expenses):						
Intergovernmental					-	
Interest income	68,550	3,161	15,735	1,570	89,016	1,298
Interest expense	(2,209,745)		(7,935)		(2,217,680)	
Capital contributions	8,880				8,880	
Loan issuance costs	(2,500)				(2,500)	
Total nonoperating revenues (expenses)	<u>(2,134,815)</u>	<u>3,161</u>	<u>7,800</u>	<u>1,570</u>	<u>(2,122,284)</u>	<u>1,298</u>
Income (Loss) Before Contributions and Transfers	211,344	4,821,210	1,240,737	732,976	7,006,267	(217,528)
Transfers In	15,729,768		35,938		15,765,706	
Transfers Out	(9,473,887)	(5,751,242)	(35,938)	(504,639)	(15,765,706)	
Total contributions and transfers	<u>6,255,881</u>	<u>(5,751,242)</u>	<u>-</u>	<u>(504,639)</u>	<u>-</u>	<u>-</u>
Change in Net Position	6,467,225	(930,032)	1,240,737	228,337	7,006,267	(217,528)
Net Position at Beginning of Year, as Restated	<u>98,037,871</u>	<u>5,363,582</u>	<u>4,694,100</u>	<u>5,986,214</u>	<u>114,081,767</u>	<u>3,300,222</u>
Net Position at End of Year	<u>\$ 104,505,096</u>	<u>\$ 4,433,550</u>	<u>\$ 5,934,837</u>	<u>\$ 6,214,551</u>	<u>\$ 121,088,034</u>	<u>\$ 3,082,694</u>

The accompanying notes are an integral part of the financial statements

CITY OF WARWICK, RHODE ISLAND
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds					Governmental
	Major Funds					Activities
	Sewer Fund	Sewer Assessment Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash Flows from Operating Activities:						
Receipts from customers and users	\$ 16,617,860	\$ 5,733,820	\$ 11,163,542	\$ 719,402	\$ 34,234,624	\$
Payments to suppliers	(4,477,361)		(5,987,135)	(498,730)	(10,963,226)	
Payments to employees	(3,325,623)		(3,280,379)		(6,606,002)	
Receipts from insurance charges					-	45,658,083
Receipts from other operating services	574,631	(6)	389,882	40,954	1,005,461	436,022
Payments for claims					-	(45,625,282)
Net cash provided by (used in) operating activities	<u>9,389,507</u>	<u>5,733,814</u>	<u>2,285,910</u>	<u>261,626</u>	<u>17,670,857</u>	<u>468,823</u>
Cash Flows from Noncapital Financing Activities:						
Interfund borrowings (payments)	(43,994)	3,191,246	(11,672)	1,003,298	4,138,878	(468,823)
Transfers in from other funds	15,729,768		35,938		15,765,706	
Transfers to other funds	(9,473,887)	(5,751,242)	(35,938)	(504,639)	(15,765,706)	
Net cash provided by (used in) noncapital financing activities	<u>6,211,887</u>	<u>(2,559,996)</u>	<u>(11,672)</u>	<u>498,659</u>	<u>4,138,878</u>	<u>(468,823)</u>
Cash Flows from Capital and Related Financing Activities:						
Additions to property, plant and equipment	(2,516,392)		(88,459)		(2,604,851)	
Capital contributions	8,880				8,880	
Principal paid on bonds, loans and leases	(11,014,750)		(26,271)		(11,041,021)	
Loan issuance costs	(2,500)				(2,500)	
Interest paid on bonds, loans and leases	(2,237,124)		(7,014)		(2,244,138)	
Other nonoperating	1,938,883				1,938,883	
Net cash provided by (used in) capital and related financing activities	<u>(13,823,003)</u>	<u>-</u>	<u>(121,744)</u>	<u>-</u>	<u>(13,944,747)</u>	<u>-</u>
Cash Flows from Investing Activities:						
Interest on investments	69,600	3,161	15,735	1,570	90,066	1,298
Net Increase (Decrease) in Cash and Cash Equivalents	1,847,991	3,176,979	2,168,229	761,855	7,955,054	1,298
Cash and Cash Equivalents at Beginning of Year	17,740,727	384,810	8,153,889	420,892	26,700,318	640,066
Cash and Cash Equivalents at End of Year	<u>\$ 19,588,718</u>	<u>\$ 3,561,789</u>	<u>\$ 10,322,118</u>	<u>\$ 1,182,747</u>	<u>\$ 34,655,372</u>	<u>\$ 641,364</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Operating income (loss)	\$ 2,346,159	\$ 4,818,049	\$ 1,232,937	\$ 731,406	\$ 9,128,551	\$ (218,826)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	6,171,092		675,958		6,847,050	
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	907,756	3,587,111	462,315		4,957,182	874,195
(Increase) decrease in due from other funds	(2,760,977)		63,659		(2,697,318)	
(Increase) decrease in inventory			(12,798)		(12,798)	
(Increase) decrease in deposits with agent						(9,900)
(Increase) decrease in deferred outflows - related to pensions	398,623		460,042		858,665	
Increase (decrease) in accounts payable and accrued expenses	(196,307)		154,880	(469,780)	(511,207)	
Increase (decrease) in due to other funds	2,446,225		(73,258)		2,372,967	
Increase (decrease) in advanced collections		(230,437)			(230,437)	
Increase (decrease) in accrued compensated absences	17,249		(24,900)		(7,651)	
Increase (decrease) in net other post-employment benefits obligation	(169,262)		(169,262)		(338,524)	
Increase (decrease) in net pension liability	(9,343)		(697,391)		(706,734)	
Increase (decrease) in deferred inflows - revenue		(2,440,909)			(2,440,909)	
Increase (decrease) in deferred inflows - related to pension	238,292		213,728		452,020	(176,646)
Total adjustments	<u>7,043,348</u>	<u>915,765</u>	<u>1,052,973</u>	<u>(469,780)</u>	<u>8,542,306</u>	<u>687,649</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 9,389,507</u>	<u>\$ 5,733,814</u>	<u>\$ 2,285,910</u>	<u>\$ 261,626</u>	<u>\$ 17,670,857</u>	<u>\$ 468,823</u>

The accompanying notes are an integral part of the financial statements

CITY OF WARWICK, RHODE ISLAND
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets			
Cash	\$ 6,743,202	\$ 117,468	\$ 1,382,054
Investments, at fair value:			
Mutual funds	318,395,311		
Equity investments	82,664,094		
Index funds	72,216,910		
Fixed income securities	56,544,779		
Group annuity contracts	4,275,997		
Accrued interest receivable	9,569		
Other receivable	-	38,537	56,013
Total assets	<u>540,849,862</u>	<u>156,005</u>	<u>1,438,067</u>
Liabilities:			
Accounts payable and accrued expenses	327,593		155,084
Due to federal and state governments			97,308
Deposits held in custody for others			1,185,675
Total liabilities	<u>327,593</u>	<u>-</u>	<u>1,438,067</u>
Net Position:			
Restricted for Pension Benefits and Trust Purposes	<u>\$ 540,522,269</u>	<u>\$ 156,005</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

CITY OF WARWICK, RHODE ISLAND
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Funds</u>
Additions		
Contributions:		
Employer	\$ 33,022,675	\$ 38,252
Plan members	6,656,638	
Other income - transfers/miscellaneous		16,729
Total contributions	<u>39,679,313</u>	<u>54,981</u>
Investment income:		
Investment earnings	44,470,445	227
Less investment expense	<u>(1,602,347)</u>	
Net investment income	<u>42,868,098</u>	<u>227</u>
Total additions	<u>82,547,411</u>	<u>55,208</u>
Deductions:		
Benefits	44,994,860	
Administrative expense	<u>260,248</u>	<u>41,566</u>
Total deductions	<u>45,255,108</u>	<u>41,566</u>
Change in Net Position	37,292,303	13,642
Net Position at Beginning of Year	<u>503,229,966</u>	<u>142,363</u>
Net Position at End of Year	<u>\$ 540,522,269</u>	<u>\$ 156,005</u>

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Warwick, Rhode Island (the City) have been prepared in conformity with principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government and financial reporting principles. The following notes to the basic financial statements are an integral part of the City's Financial Report.

A. Reporting Entity

The City was established in 1642 and incorporated in 1931. In some matters, including the issuance of short- and long-term debt, the City is governed by the general laws of the State of Rhode Island. The City operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police, fire and inspections), public works (sanitation, highways and streets, engineering and building maintenance), education, parks and recreation, social services and general administrative services.

The City complies with generally accepted accounting principles (GAAP). GAAP include all relevant Government Accounting Standards Boards (GASB) pronouncements. In the government-wide statement of net assets and statement of activities, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Enterprise funds also apply the same principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting entity, the City 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:

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

The following entity was considered for classification as a component unit:

- Warwick School Department

Although Warwick School Department met certain criteria of the tests listed above, it is not deemed to have separate legal status apart from the City. As a result, the financial data of the Warwick School Department has been included as a major special revenue fund within the City's financial statements.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities report information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange 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 three major categories: governmental, proprietary and fiduciary. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements. A fund is considered a major fund if it is the primary operating fund of the City or meets the following criteria:

- 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% of the corresponding total for all funds of that category or type, and
- 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% of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

The *General Fund* is the City's primary operating fund of the City 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.

The *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.

The *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.

The *Permanent Funds* account for assets held by the City pursuant to trust agreements. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

**CITY OF WARWICK, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

The *Proprietary Funds* are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. Operating revenues of the proprietary funds consist of customer/taxpayer charges for uses and services and certain other miscellaneous revenue. Operating expenses for the enterprise funds include costs of providing services, including administration and depreciation on capital assets. All other expense items not meeting the above criteria are reported as non-operating expenses. The City has three internal service funds which are used to pay insurance expenses relating to workers and employee fringe benefits claims.

The *Agency Funds* account for assets held by the City in a purely custodial capacity for various student groups, funds held in probate and funds held in escrow for other parties.

The *Pension Trust Funds* account for the funding and payment of pension benefits provided to police officers, fire fighters and municipal and school employees.

The *Private Purpose Trust Funds* account for resources legally in trust held by the City under various trust arrangements for the benefit of certain individuals and groups.

Major Funds

The City reports the following major funds:

Fund	Brief Description
Governmental	
General Fund:	See above description
School Unrestricted Fund:	The fund is used to report all financial transactions of the City of Warwick’s School Department, which are not legally required to be accounted for separately. The set aside funds: School Debt Service Fund, Early Childhood, Literacy, Student Equity, Language Assistance, Technology, Building Use, Adult Continuing Education, Athletic Gate Receipts. Summer School and Commercial Foods are included in this fund.
Proprietary	
Sewer Fund:	Accounts for sewer use fees and the expenses associated with providing sewer services to City residents.
Sewer Assessment Fund:	Accounts for special assessments related to the construction of the City’s sewer system, which are payable over 20 years.
Water Fund:	Accounts for water use fees and the expenses associated with water services to City residents.

Measurement Focus

On the government-wide statement of net position and the statement of activities both governmental and business-like activities are presented using the economic resources management focus as defined in item (b) below and the accrual basis of accounting. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- 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 City considers property taxes as available if they are collected within 60 days after year end.
- The proprietary funds and private purpose trust funds utilize "economic resources" measurement focus and the accrual basis of accounting. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flow. All inflows of resources associated with their activities are reported. Fund equity is classified as net position.
- Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic 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.

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 proprietary funds, private purpose trust funds, police, fire & city and school employees' pension trust funds, and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded as when the liability is incurred or the economic asset is used.

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

**CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

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

C. Cash

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 City'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 City pools cash resources of its various funds to facilitate the management of cash and maximize investment returns.

D. Investments

Investments are reported at fair value. Investments are disclosed in accordance with GASB Statement No. 40, *Deposits and Investments Risk Disclosures*.

E. Accounts and Taxes Receivable

Receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes, other receivables and intergovernmental receivable. Business-type activities report service fees as its major receivables.

Accounts receivable and taxes receivable are shown net of an allowance for uncollectible accounts. The allowances are calculated based on the age of the individual receivables. In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes collected within 60 days of year-end, grants, and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions earned/measurable 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. Proprietary fund material receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivables are based upon historical trends and the periodic aging of accounts receivable. The allowance for uncollectible accounts receivable amounted to \$11,546,161 for the general fund and \$256,253 for business-type activities at June 30, 2018.

Major receivable balances for the governmental activities include property taxes, amounts due from federal and state government and other receivables (49% of total government receivables). Business-type activities report service fees as its major receivables.

F. Unbilled Services Receivable

Sewer and water revenue is recorded when earned. Customers are billed quarterly. The estimated value of services provided but unbilled at year end has been included in the accompanying financial statements.

G. Property Taxes

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

H. Inventory

Inventory is maintained on a periodic system and is stated at cost (first in, first out method of inventory valuation). Inventory consists primarily of materials and supplies. Inventory maintained in governmental funds are recorded as expenditures when at the time of purchase.

I. Capital Assets

The accounting treatment for property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

The government-wide financial statements include all infrastructure assets in accordance with GASB Statement No. 34.

Depreciation of all exhausted capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position.

Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Description</u>	<u>Useful Life</u>
Land improvements	20 years
Buildings	50 years
Roads and resurfacing	20 years
Bridges	50 years
Traffic signals	10 years
Main extensions	75 years
Pumping stations and hydrants	50 years
Wastewater collection system	50-75 years
Meters	20-40 years
Distribution lines	65 years
Machinery, equipment and furniture	5-30 years
Vehicles	5-8 years

Government-Wide Financial Statements

All capital assets are value at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are being recorded at their estimated fair value at the date of donation. Capital assets that are not being depreciated are placed in service using the replacement method of cost for any new assets and the expense is charged to depreciation.

Fund Financial Statements

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

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. The City also reports deferred inflows of resources related to pensions and OPEB in the government-wide statement of net position. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). In addition, for governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, other City billings and solid waste management receivables. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

K. Inter-fund Transactions

Inter-fund activity within and among the funds of the City 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.

Nonreciprocal 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 nonoperating revenues and expenses.

Inter-fund reimbursements are repayments from the fund responsible for particular expenditures or expenses to other funds that initially paid for them. Reimbursements are not displayed separately within the financial statements.

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.

L. Taxes Collected in Advance

Tax collected in advance pertains to property taxes levied on June 30, 2018 (for fiscal year 2019) and paid prior to June 30, 2018. These advance payments could not be recognized as revenue in fiscal year 2018 and instead were reported as deferred inflows at June 30, 2018.

M. Self-Insurance

The City's self-insurance costs for health and general liabilities are accounted for in the City's internal service funds. Claims incurred but not paid, including those which have not been reported, are accounted for as expenses and accrued claims in those funds when incurred.

N. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in governmental funds. Open encumbrances at year end are reported as restricted, committed or assigned, and should not result in separate display of the encumbered amount within those classifications. Encumbrances do not constitute expenditures or liabilities under generally accepted accounting principles.

O. Net Position/Fund Balance Classifications

Government-Wide Statements

Net position is classified as net assets and displayed in three components:

- 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.
- 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.
- 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 nonspendable, restricted, committed, assigned or unassigned. These categories are described below:

- Nonspendable - 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.
- 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 City Council is the highest level of decision-making authority and utilizes City Ordinances as a formal procedure to commit fund balance. In addition, the passage of the budget by the taxpayers at the annual financial City meeting is considered the commitment of funds for the line items included in the fiscal budget.
- 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 delegate the authority to assign amounts to be used for specific purposes. The Mayor through the City Council has the authority to assign fund balance. Fund balance assigned by the Finance Director is documented through issuance of a memorandum
- Unassigned Fund Balance - Is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The unassigned fund balance may also include negative balances for any governmental funds if the expenditures exceed amounts restricted, committed or assigned for specific purposes.

Application of Funds

The following policy has been established by the City 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 City and jeopardize the continuation of necessary public service. The policy ensures that the City maintains an adequate fund balance and reserves in order to:

- Provide sufficient cash flow for daily financial needs
- Provide funds for unforeseen expenditures related to emergencies
- Offset significant economic downturns or revenue shortfalls
- Maintain investment grade bond ratings

The City maintains a spending policy in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This policy states when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available, it shall be the policy of the City is to consider restricted amounts to have been used first. When expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the City that committed funds would be spent first, followed by assigned amounts and then unassigned amounts.

Proprietary fund equity is classified the same as in the government-wide statements.

P. Judgments and Claims

Liabilities for legal cases and other claims against governmental funds are recorded when the ultimate liability can be estimated and such cases are expected to be liquidated with expendable available financial resources. Proprietary fund types record these liabilities using the accrual basis of accounting.

Q. Compensated Absences

Under the terms of various contracts and agreements, City employees are granted vacation, sick and personal leave in varying amounts based on length of service and bargaining unit. Unused vacation leave is paid upon an employee's termination. Up to one-half of unused sick-leave is paid upon termination, retirement or death depending on bargaining unit. Severance pay and personal days are also paid to terminating employees depending on bargaining unit. The liability is calculated at the rate of pay in effect at June 30, 2017. The City estimates the long-term versus short-term amount of earned but unpaid vacation and sick leave relating to governmental fund employees and records it in the applicable section of the liabilities in the government-wide financial statements.

R. 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 City's various pension plans (described in greater detail in Note 14) and additions to/deductions from the pension plans net position have been determined on the same basis as they are reported by the pension plans. 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.

S. Total Other Postemployment Benefits other than Pensions (OPEB) Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period.

T. 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.

U. Recent Accounting Pronouncements

The GASB has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements.

GASB Statement No. 83, *Certain Asset Retirement Obligations*

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

GASB Statement No. 84, *Fiduciary Activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity, and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

GASB Statement No. 87, *Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data and Budgetary Compliance

In accordance with the Warwick City charter, the City has formally established budgetary accounting control for the General Fund and the School Unrestricted Fund, which is a Special Revenue Fund. The General Fund is subject to an annual operating budget submitted and recommended by City Mayor and adopted by the City Council. The City Council must hold a public hearing on the budget prior to adoption and may make changes to the budget. The General Fund Budget must be adopted no later than June 15. Should the City Council take no formal action on or prior to such day, the budget as submitted by the Mayor, shall be deemed to have been finally adopted by the City Council. The School Unrestricted Fund is subject to an annual operating budget provisionally approved by the School Committee, forwarded to the Mayor, for his review and possible amendment, with final adoption by the City Council. The annual operating budgets; appropriation amounts are supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. The City's General Fund and School Unrestricted Fund annual operating budgets are in conformance with the legally enacted budgetary basis, which is not in conformance with accounting principles generally accepted in the United States of America. The accompanying budgetary comparison schedules are reflected on the budgetary basis. The difference between the budgetary basis and the accounting principles generally accepted in the United States of America basis is explained below.

The City of Warwick makes use of an encumbrance system. Encumbrances are commitments related to unperformed contracts for goods and services. When a purchase order or commitment is placed, the City reduces the amount of the budgetary authority remaining in a budget category and records an encumbrance. When goods or services are received, the encumbrance balance is reduced and an expenditure and liability is recorded. The City's outstanding encumbrances at year-end are carried forward as a component of committed fund balance.

Appropriations in addition to those contained in the annual operating budgets, except for the purpose of meeting a public emergency, are made upon the recommendation of the City Mayor and by a resolution adopted by the favorable votes of at least five members of the council. Amendments to the operating budgets that do not result in additional appropriations may be made within departments by means of a transfer. The Director of Finance, subject to approval of the Mayor, may at any time transfer any unencumbered appropriation balance or portion thereof between general classifications of expenditures within an office, department or agency. At the request of the Mayor and within the last three months of the fiscal year, the Council may by resolution transfer any unencumbered appropriation balance or portion thereof from one office, department or agency to another. The level at which General Fund expenditures may not legally exceed appropriations is at the department level. The Schools Unrestricted Fund, a Special Revenue Fund, does not have a legal level of control over expenditures, except that total expenditures may not exceed available revenues. Appropriations which are not expended or encumbered lapse at year end.

**CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

B. Excess of Expenditures over Appropriations

For the year ended June 30,2018, expenditures exceeded appropriations in the following categories:

Probate court	\$	13,345
Finance administration		25,707
Fire department		1,613,006
Organized crime/drug enforcement task force		2,888
Alcohol and highway safety enforcement		28,621
Administrative division		7,729
Sanitation division		137,261
Employee benefits		86,151
Insurance		193,214
Postage		15,329
Fixed costs		44,157
Pension		152,989
Operating transfer to school unrestricted fund		10,350

3. CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Deposits

Substantially, all of the City's cash and cash equivalents are held in public deposit institutions. Pursuant to Section 35-10-1 of the Rhode Island General Laws, as of October 1, 1991, public deposit institutions are required to insure accounts that hold public funds in excess of the \$250,000 that is guaranteed by FDIC. At times, the City pools cash resources of its various funds to facilitate the management of cash and maximize investment returns.

B. Deposit Custodial Credit Risk

Custodial credit risk in the case of deposits is the risk that in the event of a bank failure, the City's deposits may not be returned. The State of Rhode Island requires that certain uninsured deposits be collateralized. Section 35-10.1-7 of the General Laws of the State of Rhode Island, dealing with the collateralization of public deposits, requires that all time deposits with maturities of greater than 60 days and all deposits in institutions that do not meet the minimum capital requirements of its federal regulator must be collateralized. The City does not have a formal deposit policy for custodial credit risk, but is governed by State laws as described above.

As of June 30, 2018, the City's entire bank balance of \$55,419,181 was covered by either FDIC insurance or collateral held in the City's name.

C. Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. As of June 30, 2018, cash equivalents amounted to \$17,588,715. The cash equivalents consisted of money market type mutual funds held at banking institutions and were not rated.

4. INVESTMENTS

The City invests in various types of investments, which are stated at fair value, except for nonparticipating interest earning investment contracts, which are recorded at amortized cost. By Charter the Finance Director and Treasurer have the authority to make investments subject to rules and regulations that the City Council may prescribe by ordinance. The Finance Director shall have the authority to purchase and invest prudently in the following investments for funds other than pension funds:

- Obligations of the United States government, and its agencies and instrumentalities.
- Certificates of deposit and other evidence of deposit at banks, credit unions, and savings and loan associations with offices in the State.
- Bankers' acceptance of banks with offices in the State.
- Commercial paper of banks with offices in the State.
- Repurchase agreements whose underlying collateral consists of U.S. government agency securities and U.S. government sponsored corporations, plus the above, and which are offered by banks with offices in the State.
- Money market funds whose portfolios consist of the above instruments, and any other investments specifically approved by the City council.
- No-load open-end diversified management investment companies incorporated under Rhode Island General Laws designed exclusively for all State government entities, agencies and instrumentalities.

Interest Rate Risk

This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City has no investments that are subject to interest rate risk.

Credit Risk

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The City has no formal investment policy that limits investment choices for its pension funds.

Concentration of Credit Risk

The City does not have a formal investment policy that limits the amount that can be invested with one issuer. Currently, the City has no investments, to which this requirement applies, in any one issuer that represents more than 5% of the total investments.

Custodial Credit Risk

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

**CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

The following is a schedule of the City's Investments by classification:

	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
		<u>Less than 1</u>	<u>1-10</u>	<u>More than 10</u>
Interest-bearing investments at fair value:				
Fixed income securities	\$ 56,544,779	\$ -	\$ 56,544,779	\$ -
Equity investments	82,664,094			
Mutual funds	318,395,311			
Index funds	72,216,910			
Group annuity contracts	<u>4,275,997</u>			
Total Investments	<u>\$ 534,097,091</u>			

Presented below is the ratings of the City's fixed income securities:

<u>Average Rating</u>	<u>Fixed Income Securities</u>
AAA	\$ 3,343,758
AA	1,679,482
A	7,305,303
BBB	12,975,766
BB	396,630
B	573,223
Unrated	<u>30,270,617</u>
	<u>\$ 56,544,779</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The City has the following recurring fair value measurements as of June 30, 2017:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Fixed income securities	\$ 56,544,779	\$ -	\$ 56,544,779	\$ -
Equity investments	82,664,094	82,664,094		
Mutual funds	72,216,910	72,216,910		
Index funds	318,395,311	318,395,311		
Group annuity contracts	<u>4,275,997</u>			<u>4,275,997</u>
Total Investments by Fair Value	<u>\$ 534,097,091</u>	<u>\$ 473,276,315</u>	<u>\$ 56,544,779</u>	<u>\$ 4,275,997</u>

**CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Legal Debt Margin

The City's legal debt margin as set forth by the State Statute is limited to 3% of total taxable assessed value, which approximates \$278,457,754. As of June 30, 2018, the City's debt applicable to the debt limitation is under the debt limit by \$232,545,223. All other City debt has been incurred through special statutory authority which consists of approval by the legislature and voter referendum.

6. PROPERTY TAXES

The City is responsible for assessing, collecting and distributing property taxes in accordance with enabling state legislation.

Net property taxes levied for the fiscal year 2018 were based on a gross assessed value of approximately \$9,647,107,318 less exemptions of \$365,182,189 for a net assessed valuation of \$9,281,925,129 at December 31, 2016 and amounted to a levy of \$230,002,820. After abatements and adjustments, the net levy amounted to \$223,451,549. Collections through June 30, 2018 amounted to \$223,451,549, which represents approximately 97.4% of the adjusted tax levy.

The City 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 as of June 30, 2018 amount to \$18,808,835 and are recorded as a receivable, net of an allowance for uncollectible property taxes of \$12,516,278.

Those net property taxes receivable, which were not collected within the 60 days immediately following June 30, 2018 are recorded as deferred and amounted to \$4,572,171. Property taxes recognized as revenue on the fund statements for the fiscal year ended June 30, 2018 (due to their collection within the 60 days immediately following June 30, 2018) amounted to \$1,720,385. Taxes are due in equal quarterly installments on July 15, October 15, January 15 and April 15 during fiscal year.

7. RECEIVABLES

Below is the detail receivables as of year end for each major fund and the aggregate remaining funds, including the applicable allowances for uncollectible accounts:

	<u>General</u>	<u>School Restricted Fund</u>	<u>Sewer Fund</u>	<u>Sewer Assessment Fund</u>	<u>Water Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:							
Property taxes	\$ 17,838,718						\$ 17,838,718
Water and sewer use fees			5,401,264		3,381,025		8,782,289
Sewer assessment				25,240,640			25,240,640
Due from federal and state	4,249,059	433,408	11,936,334			12,427,383	29,046,184
Other receivable	1,849,426	283,952				4,503,195	6,636,573
Gross receivables	<u>23,937,203</u>	<u>717,360</u>	<u>17,337,598</u>	<u>25,240,640</u>	<u>3,381,025</u>	<u>16,930,578</u>	<u>87,544,404</u>
Less allowance for uncollectibles	<u>(11,546,161)</u>		<u>(150,497)</u>		<u>(105,756)</u>		<u>(11,802,414)</u>
Net Total Receivables	<u>\$ 12,391,042</u>	<u>\$ 717,360</u>	<u>\$ 17,187,101</u>	<u>\$ 25,240,640</u>	<u>\$ 3,275,269</u>	<u>\$ 16,930,578</u>	<u>\$ 75,741,990</u>

**CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

8. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Nondepreciable assets:					
Land	\$ 18,680,138	\$ 13,687	\$ -	\$ -	\$ 18,693,825
Construction in progress	2,098,857	8,762,076	-	-	10,860,933
Artwork	62,950	-	-	-	62,950
Total nondepreciable assets	<u>20,841,945</u>	<u>8,775,763</u>	<u>-</u>	<u>-</u>	<u>29,617,708</u>
Depreciable assets:					
Land improvements	11,082,066	-	-	-	11,082,066
Buildings	137,552,253	764,771	-	-	138,317,024
Infrastructure	200,306,010	980,155	-	-	201,286,165
Machinery and equipment	20,869,769	443,136	-	-	21,312,905
Motor vehicles	32,252,110	397,547	767,095	-	31,882,562
Total depreciable assets	<u>402,062,208</u>	<u>2,585,609</u>	<u>767,095</u>	<u>-</u>	<u>403,880,722</u>
Less accumulated depreciation for:					
Land improvements	9,457,184	255,291	-	-	9,712,475
Buildings	67,470,296	3,083,200	-	-	70,553,496
Infrastructure	181,624,495	1,708,392	-	-	183,332,887
Machinery and equipment	19,576,938	430,963	-	-	20,007,901
Motor vehicles	23,914,853	1,775,138	767,095	-	24,922,896
Total accumulated depreciation	<u>302,043,766</u>	<u>7,252,984</u>	<u>767,095</u>	<u>-</u>	<u>308,529,655</u>
Depreciable capital assets, net	<u>100,018,442</u>	<u>(4,667,375)</u>	<u>-</u>	<u>-</u>	<u>95,351,067</u>
Governmental Activities Capital Assets, Net	<u>\$ 120,860,387</u>	<u>\$ 4,108,388</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,968,775</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:					
Nondepreciable assets:					
Construction in progress	\$ 16,781,582	\$ 1,631,170	\$ -	\$ (15,401,454)	\$ 3,011,298
Total nondepreciable assets	<u>16,781,582</u>	<u>1,631,170</u>	<u>-</u>	<u>(15,401,454)</u>	<u>3,011,298</u>
Depreciable assets:					
Buildings	2,900,797	-	-	-	2,900,797
Machinery, equipment and furniture	5,771,244	241,875	14,226	-	5,998,893
Water distribution system and wastewater collection system	283,284,222	731,806	671,348	15,401,454	298,746,134
Total depreciable assets	<u>291,956,263</u>	<u>973,681</u>	<u>685,574</u>	<u>15,401,454</u>	<u>307,645,824</u>
Less accumulated depreciation for:					
Buildings	1,133,239	44,518	-	-	1,177,757
Machinery, equipment and furniture	3,895,205	404,172	14,226	-	4,285,151
Water distribution system and wastewater collection system	113,444,278	6,398,360	671,348	-	119,171,290
Total accumulated depreciation	<u>118,472,722</u>	<u>6,847,050</u>	<u>685,574</u>	<u>-</u>	<u>124,634,198</u>
Depreciable capital assets, net	<u>173,483,541</u>	<u>(5,873,369)</u>	<u>-</u>	<u>15,401,454</u>	<u>183,011,626</u>
Business-Type Activities Capital Assets, Net	<u>\$ 190,265,123</u>	<u>\$ (4,242,199)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,022,924</u>

**CITY OF WARWICK, RHODE ISLAND
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Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Executive and administration	\$ 60,379
Public safety	1,517,112
Recreation	398,079
Public libraries	229,330
Social services	59,459
Planning and economic development	82,297
Public works	2,700,501
Education	<u>2,205,827</u>
 Total Governmental Activities and Depreciation Expense	 \$ <u>7,252,984</u>
 Business-type activities:	
Water	\$ 675,958
Sewer	<u>6,171,092</u>
 Total Business-Type Activities Depreciation Expense	 \$ <u>6,847,050</u>

9. LONG-TERM LIABILITIES

A. Long-Term Liabilities

Long-term liability activity for the governmental activities for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance (as restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Long-term debt:					
General obligation bonds	\$ 46,554,440	\$ 4,460,000	\$ 5,101,909	\$ 45,912,531	\$ 4,170,196
Capital lease payable	5,905,962	321,207	1,433,570	4,793,599	1,443,798
Plus amortized premium bonds	1,504,538	429,773	225,741	1,708,570	
Total long-term debt	<u>53,964,940</u>	<u>5,210,980</u>	<u>6,761,220</u>	<u>52,414,700</u>	<u>5,613,994</u>
Other long-term liabilities:					
Compensated absences	12,723,194		438,643	12,284,551	2,458,000
Accrued retroactive payroll	1,198,141		25,576	1,172,565	
Net pension liability	456,769,388		8,853,508	447,915,880	
Total OPEB liability	395,744,541	7,929,591	11,839,282	391,834,850	
Total other long-term liabilities	<u>866,435,264</u>	<u>7,929,591</u>	<u>21,157,009</u>	<u>853,207,846</u>	<u>2,458,000</u>
Governmental Activities Long-Term Liabilities	<u>\$ 920,400,204</u>	<u>\$ 13,140,571</u>	<u>\$ 27,918,229</u>	<u>\$ 905,622,546</u>	<u>\$ 8,071,994</u>

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	<u>Beginning Balance (as restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities:					
Long-term debt:					
Bonds payable	\$ 10,133,560		\$ 1,514,091	\$ 8,619,469	\$ 1,311,805
Loans payable	88,876,654		9,473,886	79,402,768	9,839,149
Amortized premium on bond	350,086		53,044	297,042	
Net pension liability	6,333,822		706,734	5,627,088	
Total OPEB liability	<u>14,333,260</u>	<u>560,100</u>	<u>898,624</u>	<u>13,994,736</u>	
Total long-term debt	<u>120,027,382</u>	<u>560,100</u>	<u>12,646,379</u>	<u>107,941,103</u>	<u>11,150,954</u>
Other long-term liabilities:					
Compensated absences	<u>409,020</u>		<u>7,651</u>	<u>401,369</u>	
Business-Type Activities Long-Term Liabilities					
	<u>\$ 120,436,402</u>	<u>\$ 560,100</u>	<u>\$ 12,654,030</u>	<u>\$ 108,342,472</u>	<u>\$ 11,150,954</u>

Payments on the bonds and capital leases payable that pertain to the City's Governmental Activities are made by the Debt Service Fund. The compensated absences liability attributable to the Governmental Activities will be liquidated by the City's General Fund and School Unrestricted Fund. The net pension obligation and net other post-employment benefits obligation attributable to the Governmental Activities will be liquidated by the City's General Fund and School Unrestricted Fund. The accrued retroactive payroll will be paid by the School Unrestricted Fund.

B. Schedule of Bonds and Loans Payable

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Authorized and Issued</u>	<u>Outstanding Principal July 1, 2017</u>	<u>Less Maturities During Year</u>	<u>New Issues</u>	<u>Outstanding Principal June 30, 2018</u>
Governmental Funds								
General fund:								
School	4/30/2008	3.5/4.2	8/1/2017	\$ 9,740,114	\$ 542,022	\$ 542,022		\$ -
School - RIHEBC	6/15/2010	5.75%	4/1/2027	3,908,000	3,908,000			3,908,000
School - RIHEBC	11/15/2010	6.29%	4/1/2027	4,212,000	4,212,000			4,212,000
School	5/26/2011	3.0/5.0	1/15/2022	8,713,480	4,779,813	994,434		3,785,379
School - RIHEBC	6/15/2013	3.52%	5/15/2033	4,295,000	3,435,000	215,000		3,220,000
School - RIHEBC	8/6/2014	3.63%	5/5/2034	3,370,000	2,960,000			2,825,000
School - refunding	8/12/2015	1.5/4.0	8/1/2025	7,140,621	6,033,910	696,875		5,337,035
School - RIHEBC	8/17/2016	3.72%	5/15/2036	4,755,000	4,625,000	175,000		4,450,000
School - RIHEBC	10/16/2017	3.72%	4/16/2032	4,460,000	-	120,000	4,460,000	4,340,000
Highway/drainage - refunding	4/30/2008	3.5/4.2	8/1/2017	685,646	88,989	88,989		-
Highway/drainage - refunding	8/12/2015	1.5/4.0	8/1/2025	1,125,836	951,279	109,857		841,422
Fire	4/30/2008	3.5/4.2	8/1/2017	424,435	40,449	40,449		-
Open space - refunding	4/30/2008	3.5/4.2	8/1/2017	870,396	91,011	91,011		-
Open space - refunding	5/26/2011	3.0/5.0	1/15/2022	2,085,827	1,188,287	237,065		951,222
City buildings	5/26/2011	3.0/5.0	1/15/2022	1,266,653	753,715	143,244		610,471
City buildings	8/12/2015	2.0/4.5	8/1/2035	3,455,000	3,331,040	127,139		3,203,901
Library - refunding	4/30/2008	3.5/4.2	8/1/2017	2,546,610	242,697	242,697		-
Recreation	4/30/2008	3.5/4.2	8/1/2017	870,396	91,011	91,011		-
Recreation - refunding	5/26/2011	3.0/5.0	1/15/2022	1,830,556	905,555	211,111		694,444
Recreation - refunding	8/12/2015	1.5/4.0	8/1/2025	1,509,106	1,274,599	147,125		1,127,474
Public safety	8/12/2015	1.5/4.0	8/1/2025	3,928,436	3,320,128	383,525		2,936,603
Transportation	4/30/2008	3.5/4.2	8/1/2017	1,004,699	101,124	101,124		-
Fire station	8/12/2015	2.0/4.5	8/1/2035	1,980,000	1,908,960	72,861		1,836,099
Animal shelter - refunding	5/26/2011	3.0/5.0	1/15/2022	610,184	301,851	70,370		231,481
Municipal road and bridge loan	7/17/2014	.76/3.3	9/1/2034	1,600,000	1,468,000	66,000		1,402,000
Total Governmental Funds Bonds Payable				<u>\$ 76,387,995</u>	<u>\$ 46,554,440</u>	<u>\$ 5,101,909</u>	<u>\$ 4,460,000</u>	<u>\$ 45,912,531</u>

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	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Authorized and Issued</u>	<u>Outstanding Principal July 1, 2017</u>	<u>Maturities During Year</u>	<u>New Issues</u>	<u>Outstanding Principal June 30, 2018</u>
Enterprise Funds								
Bonds payable:								
Water:								
Water - refunding	5/26/2011	3.0/5.0	1/15/2022	\$ 319,171	\$ 196,983	\$ 35,938	\$ -	\$ 161,045
Water - refunding	8/12/2015	1.5/4.0	8/1/2025	(128,393)	(105,049)	(11,672)	-	(93,377)
Total water bonds payable				190,778	91,934	24,266	-	67,668
Sewer:								
Sewer - refunding	4/30/2008	3.5/4.2	8/1/2017	3,066,990	242,697	242,697	-	-
Sewer - refunding	5/26/2011	3.0/5.0	1/15/2022	2,164,129	1,148,796	247,838	-	900,958
Sewer - refunding	8/12/2015	1.5/4.0	8/1/2025	10,234,394	8,650,133	999,290	-	7,650,843
Total sewer bonds payable				15,465,513	10,041,626	1,489,825	-	8,551,801
Total Enterprise Funds Bonds Payable				\$ 15,656,291	\$ 10,133,560	\$ 1,514,091	\$ -	\$ 8,619,469
Loans payable:								
Sewer - RIIB Loan	6/26/1998	2.57	9/1/2019	\$ 10,200,000	\$ 1,882,177	\$ 608,455	\$ -	\$ 1,273,722
Sewer - RIIB Loan	8/25/1999	2.84	9/1/2019	14,750,000	3,001,112	972,529	-	2,028,583
Sewer - RIIB Loan	12/19/2000	2.90	9/1/2020	20,232,323	5,020,883	1,201,893	-	3,818,990
Sewer - RIIB Loan	4/25/2002	1.25	9/1/2022	12,000,000	4,367,371	675,320	-	3,692,051
Sewer - RIIB Loan	10/24/2002	1.00	9/1/2022	20,000,000	7,357,028	1,151,569	-	6,205,459
Sewer - RIIB Loan	11/13/2003	1.34	9/1/2024	20,000,000	8,905,000	1,035,000	-	7,870,000
Sewer - RIIB Loan	12/30/2004	1.40	9/1/2025	20,000,000	9,889,000	1,016,000	-	8,873,000
Sewer - RIIB Loan	12/15/2005	1.41	9/1/2026	5,000,000	2,500,000	250,000	-	2,250,000
Sewer - RIIB Loan	12/21/2006	1.27	9/1/2027	9,500,000	5,225,000	475,000	-	4,750,000
Sewer - RIIB Loan	12/12/2007	1.69/2.15	9/1/2026	6,942,000	4,166,000	347,000	-	3,819,000
Sewer - RIIB Loan	10/6/2009	1.26/3.35	9/1/2029	1,169,026	762,183	58,120	-	704,063
Sewer - RIIB Loan	3/6/2014	2.71	9/1/2034	7,000,000	6,434,000	286,000	-	6,148,000
Sewer - RIIB Loan	7/30/2015	.69/2.89	9/1/2034	10,574,900	10,116,900	462,000	-	9,654,900
Sewer - RIIB Loan	6/2/2016	.37/2.41	9/1/2035	8,000,000	8,000,000	356,000	-	7,644,000
Sewer - RIIB Loan	4/13/2017	.71/2.57	9/1/2036	3,730,000	3,730,000	-	-	3,730,000
Sewer conduit	4/30/2008	4.85	3/1/2028	4,000,000	2,645,000	190,000	-	2,455,000
Sewer conduit	6/26/2012	3.29	9/1/2022	2,400,000	1,529,000	235,000	-	1,294,000
Sewer conduit/admin	3/31/2015	1.95	9/1/2034	3,500,000	3,346,000	154,000	-	3,192,000
Total Enterprise Funds Bonds Payable				\$ 178,998,249	\$ 88,876,654	\$ 9,473,886	\$ -	\$ 79,402,768

C. Debt Maturity

Debt service requirements at June 30, 2018 were as follows:

Governmental Activities

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019	\$ 4,170,196	\$ 1,252,821	\$ 5,423,017
2020	4,303,700	1,121,877	5,425,577
2021	4,423,341	1,006,853	5,430,194
2022	3,419,415	901,014	4,320,429
2023	2,691,551	800,429	3,491,980
2024-2028	17,448,328	2,832,930	20,281,258
2029-2033	6,966,000	1,205,683	8,171,683
2034-2037	2,490,000	137,901	2,627,901
	\$ 45,912,531	\$ 9,259,508	\$ 55,172,039

Note - does not include voluntary payments to School RIHEBC bond sinking fund

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Business-Type Activities

Year Ended June 30,	Principal	Interest	Total Debt Service
2019	\$ 1,311,805	\$ 226,459	\$ 1,538,264
2020	1,349,300	194,486	1,543,786
2021	1,381,659	163,383	1,545,042
2022	1,216,585	132,514	1,349,099
2023	1,131,449	94,746	1,226,195
2024-2027	<u>2,228,671</u>	<u>100,011</u>	<u>2,328,682</u>
	<u>\$ 8,619,469</u>	<u>\$ 911,599</u>	<u>\$ 9,531,068</u>

School RIHEBC Bonds

The proceeds from the bonds were used to finance the acquisition, construction, furnishing and equipping of schools and school facilities, including but not limited to various school renovation projects, and to pay the costs of issuance. The \$3,908,000 bond and \$4,212,000 bond require sinking fund deposits to be held on deposit by the trustee and will be paid to the bondholders in full May 2027 for both bonds. While these sinking fund deposits do not allow the City to present these payments as retirements of the respective debt, the City has effectively accumulated \$3,045,000 to retire the debts in 2027. These restricted funds are shown as restricted fund balance within the debt service fund.

The future sinking fund deposit required to amortize the 2010 Revenue Bonds of \$3,908,000 and \$4,212,000 are as follows:

<u>\$3,908,000 Revenue Bond</u>			<u>\$4,212,000 Revenue Bond</u>		
Year Ended June 30,	Required Sinking Fund Deposits Principal	Actual Sinking Fund Deposits	Year Ended June 30,	Required Sinking Fund Deposits Principal	Actual Sinking Fund Deposits
2012	\$ 244,250	\$ 244,250	2012	\$ 263,250	\$ 263,250
2013	244,250	244,250	2013	263,250	263,250
2014	244,250	244,250	2014	263,250	263,250
2015	244,250	244,250	2015	263,250	263,250
2016	244,250	244,250	2016	263,250	263,250
2017	244,250	244,250	2017	263,250	263,250
2018	244,250	244,250	2018	263,250	263,250
2019	244,250		2019	263,250	
2020	244,250		2020	263,250	
2021	244,250		2021	263,250	
2022	244,250		2022	263,250	
2023	244,250		2023	263,250	
2024	244,250		2024	263,250	
2025	244,250		2025	263,250	
2026	244,250		2026	263,250	
2027	<u>244,250</u>		2027	<u>263,250</u>	
Total	<u>\$ 3,908,000</u>	<u>\$ 1,709,750</u>	Total	<u>\$ 4,212,000</u>	<u>\$ 1,842,750</u>

**CITY OF WARWICK, RHODE ISLAND
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D. Loans Payable

The City has entered into nineteen loan agreements with the Rhode Island Infrastructure Bank, formerly known as Rhode Island Clean Water Finance Agency. The loan proceeds are to be used by the City for the extension and upgrade of the City's sewer system. The Bank advances loan proceeds to the City periodically to reimburse the City for capital costs incurred on the projects. The following loan agreements were active as of June 30, 2018:

<u>Agreement Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>
June 26, 1998	\$ 10,200,000	2.57%	September 1, 1999-2019
August 25, 1999	14,750,000	2.84%	September 1, 2002-2019
December 19, 2000	20,232,323	2.90%	September 1, 2001-2020
April 25, 2002	12,000,000	1.25%	September 1, 2002-2022
October 24, 2002	20,000,000	1.00%	September 1, 2004-2022
November 13, 2003	20,000,000	1.34%	September 1, 2005-2024
December 30, 2004	20,000,000	1.40%	September 1, 2006-2025
December 15, 2005	5,000,000	1.41%	September 1, 2007-2026
December 21, 2006	9,500,000	1.27%	September 1, 2008-2027
December 12, 2007	6,942,000	1.185-1.645%	September 1, 2009-2028
April 30, 2008	4,000,000	4.85%	September 1, 2009-2028
October 6, 2009	1,169,026 *	2.16%	September 1, 2010-2029
June 26, 2012	2,400,000	3.29%	September 1, 2012-2022
March 6, 2014	7,000,000	2.71%	September 1, 2014-2034
March 31, 2015	3,500,000	1.95%	September 1, 2015-2034
July 30, 2015	10,574,900	2.16%	September 1, 2015-2034
June 2, 2016	8,000,000	1.74%	September 1, 2016-2035
April 13, 2017	3,730,000	1.90%	September 1, 2018-2037

* SFR/Stimulus Loan is shown net of \$178,601 principal forgiveness the City pays an additional 0.5% finance fee on all loans except for the loan dated April 30, 2008

The loan proceeds are to be used by the City for the extension and upgrade of the sewer system. The Bank pays project invoices certified by the City directly to the contractors or reimburses the City for costs incurred on the projects. As of June 30, 2018, loans payable of \$79,402,768 are reflected in the Sewer Fund. A due from the Rhode Island Infrastructure Bank of \$11,936,334 is shown for that portion of the loans, which has not been advanced as of June 30, 2018. The City is responsible to draw down and to repay the full amount of the loan.

**CITY OF WARWICK, RHODE ISLAND
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The debt service through maturity for the above loans is as follows:

<u>Fiscal Year Ending June</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 9,839,149	\$ 1,841,348
2020	10,046,111	1,611,013
2021	8,543,796	1,399,396
2022	7,378,378	1,229,951
2023	7,529,974	1,076,166
2024-2028	20,865,603	3,586,430
2029-2033	9,961,857	1,604,416
2034-2037	5,237,900	218,316
	<u>\$ 79,402,768</u>	<u>\$ 12,567,036</u>

Interest, at the fixed rates indicated above, is calculated monthly based on the loan balances outstanding. The City has not completely drawn down all of the loans as of June 30, 2018. The interest through maturity shown above is based upon estimated amortization schedules prepared by Rhode Island Infrastructure Bank. The Rhode Island Infrastructure Bank loans dated December 30, 2004, December 15, 2005, December 21, 2006, December 12, 2007, April 30, 2008, October 6, 2009, June 26, 2012, March 6, 2014 and March 31, 2015, July 30, 2015, June 2, 2016 and April 13, 2017 are revenue loans. The revenue loans are secured by the revenues derived from the operation of the City's wastewater collection system.

E. Debt Service Requirements

The City's business-type debt service requirement relating to outstanding bond and loan obligations consist of the following:

<u>Fiscal Year Ending June</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2019	\$ 11,150,954	\$ 2,067,807	\$ 13,218,761
2020	11,395,411	1,805,499	13,200,910
2021	9,925,455	1,562,779	11,488,234
2022	8,594,963	1,362,465	9,957,428
2023	8,661,423	1,170,912	9,832,335
2024-2028	23,094,274	3,686,441	26,780,715
2029-2033	9,961,857	1,604,416	11,566,273
2034-2037	5,237,900	218,316	5,456,216
	<u>\$ 88,022,237</u>	<u>\$ 13,478,635</u>	<u>\$ 101,500,872</u>

**CITY OF WARWICK, RHODE ISLAND
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F. Bonds Authorized but Unissued

The following table sets forth amounts, purposes and statutorily authorized, but unissued general obligation debt of the City.

<u>Purpose</u>	<u>Statutory Authorization</u>	<u>Authorized But Unissued Debt</u>
Incinerator purposes	P.L. Ch. 33-1966	\$ 1,900,000 *
Energy conservation	P.L. Ch. 65-1980	600,000
Sewer improvements	P.L. Ch. 223-1994	417,677
Open space	P.L. Ch. 77-2000	175,000
Open space	P.L. Ch. 125/479-2006	2,000,000
Recreation	P.L. Ch. 77-2000	500,000
Parks and recreation	P.L. Ch. 74/147-2006	3,500,000
Drainage	P.L. Ch. 78-2002	3,000,000
Building repairs	P.L. Ch. 426/527-2006	5,500,000
Mickey Stevens Sports Complex	P.L. Ch. 385-2006	7,000,000
School renovations	P.L. Ch. 142/7962 & 142/2677	40,000,000
		<u>\$ 64,592,677</u>

* The City does not plan to issue the \$1,900,000 authority for incinerator purposes

G. Capital Lease Commitments

The City's capital lease program consists of two leases for the purchase of various vehicles and equipment valued at \$8,742,878. Depreciation expense for the year on those assets was \$1,044,941. The City may purchase leased vehicles and equipment as set forth in the lease agreements. Leases are renewed annually based on the City's appropriation of funds sufficient to pay the obligations under the lease agreements.

Obligations of Governmental Activities under capital leases at June 30, 2018 were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Lease Payment Required</u>
2019	\$ 1,544,186
2020	1,122,257
2021	766,625
2022	429,209
2023	366,593
2024-2026	885,186
Future minimum rental commitments	5,114,056
Interest portion of payments	320,457
Principal Portion of Payments	<u>\$ 4,793,599</u>

**CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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10. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances represent short-term advances from one fund (primarily the General Fund) to another fund. The advances may represent balances resulting from operating advances or reimbursement for expenditures paid by one fund or may simply be the result of pooling financial resources to maximize income. The composition of interfund balances at June 30, 2018 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 25,093,996	\$ 20,402,115
School Unrestricted Fund	<u>13,791,659</u>	
Nongovernmental Funds:		
Special detail fund	99,147	
City Clerk restricted fund	954,141	
Emergency operations - City	128,657	
Warwick Public library restricted fund		57,781
Open space land acquisition	32,623	
Sewer connection grant		4,713
Mooring fee reserve fund	8,011	
Senior center gift shop	3,448	
Federal asset forfeiture fund		5,975
State asset forfeiture fund		8,827
Community development block grant		57,811
IDEA		2,462,322
IDEA preschool		85,378
Title I		1,253,932
Title II		311,748
Title III		4,331
Perkins Voc (even year)		230,686
Homeless (even year)		18,383
Fresh fruit/veg program		32,215
General assembly skilss USA	3,500	
Big yellow bus	1,970	
Emergency repairs - tech	354,526	
Career and tech repairs	104,406	
CTE categorical odd year	43,066	
CTE categorical even year	206,349	
CTE reserve odd year	57	
CTE reserve even year	10,909	
CTE trust	19,260	
Full day kindergarten	880	
Leadership champions		1,076
CS4RI Teals innovation office grant	20	
Champlin audio/video	179	
Champlin Winman	61	
Champlin Aldrich Gorton	3,306	
Feinstein	95,785	
Feinstein Scott-Comm fund	2,281	
Rhode Island foundation	1,960	
United Way	589	
Toshiba America grant	10,000	
Gen. Youth Foundation	221	

**CITY OF WARWICK, RHODE ISLAND
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Staples Foundation	541	
Shapiro Fund for Warwick	2,363	
Kula foundation	6	
Target	1,241	
Education development center	1,444	
Dorothy Rich association	314	
RI Interlocal trust	133	
Stop & Shop	2,913	
IGT charitable contributions	2,131	
Carter Family Spark Grant	10	
Cedar Hill Library books	42	
PTO donations	3,912	
C.A.S.I.T. Italian program	4,715	
James Manson memorial	5,000	
Scott Tech donations	2,824	
Esther Chester donation		1,597
Mary Maini memorial fund	50	
Carol Gray memorial fund	23	
Patricia St. Amant	5,472	
Day one your voice your data	1,000	
City/Town contribution sports	8,425	
Injury fund	202	
Donations performing arts	3,600	
Donations - instructional supplies	14,884	
Holliman Yearbook	1,790	
Technology self insurance		13,606
School food service fund	140,537	
2000 Open Space bond fund		176
2006 School bond fund		23,191
2002 Drainage bond fund		7,000
2006 City buildings bond fund		28,913
Capital leases	7,524	
Total nongovernmental funds	<u>2,296,448</u>	<u>4,609,661</u>
Major Enterprise Funds:		
Sewer fund	8,318,746	16,087,414
Sewer assessment fund		2,743,211
Water fund	140,507	7,372,139
Total major enterprise funds	<u>8,459,253</u>	<u>26,202,764</u>
Nonmajor Enterprise Funds:		
Emergency operations enterprise funds	357,580	4,902,136
On-Site revolving loan fund	3,713	
Sewer infrastructure replacement fund		3,829
Sewer renewal & replacement fund	2,414,413	385,000
Water renewal & replacement fund	750,000	
Water restricted emergency fund	250,000	
Water infrastructure replacement fund	2,000,000	
Total nonmajor enterprise funds	<u>5,775,706</u>	<u>5,290,965</u>
Internal Service Funds:		
Healthcare Management City	<u>1,088,443</u>	
Totals	<u>\$ 56,505,505</u>	<u>\$ 56,505,505</u>

**CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

11. FUND BALANCES

As stated in Note 1, fund balance may be classified as one of five categories: nonspendable, restricted, committed, assigned or unassigned. See Note 1 of these financial statements for definitions of these five fund balance categories. The detail of the composition of nonspendable, restricted, committed and assigned fund balance is as follows:

	<u>General</u>	<u>School Unrestricted Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances:				
Nonspendable for:				
Prepaid expenses	\$ 258,318			\$ 258,318
Restricted for:				
Entitlement Community program of U.S. Housing			320,239	320,239
CDBG Seed program			77,190	77,190
Drug related property seizure			108,046	108,046
Open space acquisition			329,096	329,096
Library operations			123,831	123,831
Pilgrim Senior Center			27,698	27,698
Sewer connections assistance			28,446	28,446
Tourism			147,139	147,139
Public safety			31,410	31,410
Emergency operations FEMA			128,657	128,657
Waterfront safety			239,693	239,693
Maintenance of historical records			950,121	950,121
Education			1,073,797	1,073,797
Open Space acquisition			336,013	336,013
School capital improvements			648,091	648,091
Road and bridge improvements			316,047	316,047
Capital leases			7,524	7,524
Municipal building improvements			1,061,997	1,061,997
Debt service			3,552,500	3,552,500
Committed for:				
Education	157,447			157,447
Assigned for:				
Subsequent year's budget	3,800,000			3,800,000
Other	549,465			549,465
Unassigned	22,671,446		(25,336)	22,646,110
Total Fund Balances	<u>\$ 27,436,676</u>	<u>\$ -</u>	<u>\$ 9,482,199</u>	<u>\$ 36,918,875</u>

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 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

12. INTER-FUND TRANSFERS

The principal purpose of inter-fund transfers is to provide a financing source to various funds that may not have the ability to cover all costs with revenue generated by the fund. The composition of inter-fund transfers for the year ended June 30, 2018 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General fund	\$ 564,426	\$ 130,528,744
School unrestricted fund	122,012,274	484,519
Sewer fund	15,729,768	9,473,887
Sewer assessment fund		5,751,242
Water fund	35,938	35,938
Nonmajor Funds:		
Enterprise funds		504,639
Special revenue funds	966,263	1,046,170
Debt service fund	<u>8,516,470</u>	
Total	<u>\$ 147,825,139</u>	<u>\$ 147,825,139</u>

13. DEFINED BENEFIT PENSION PLANS

A. City Employees' Pension Plan

Summary of Significant Accounting Policies

Basis of Accounting

The City Employees' Pension Trust Fund's financial statements are prepared using the accrual basis of accounting. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City Employees' Pension Plan and additions to and deductions from the Plan's net position have been determined on the same basis as they are reported by the Plan. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and when the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Plan Description

The City Employees' Pension Plan covers all City employees not covered by other plans. Nonelected employees are eligible to participate after six months of employment. Elected officials are eligible on the date they assume their elected position. The City Employees' Pension Plan is a single employer defined benefit pension plan that was established in 1965. The Municipal Retirement Board is responsible for the administration of the plan. The Board is comprised of (11) members consisting of the City's Finance

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Director, Personnel Director, Municipal Union President, Chairperson of the City Finance Committee, (1) Union Employee, (1) Non-Union Employee, (1) Municipal Retiree and (4) Members of the Public. The pension plan is reported as a Pension Trust Fund in the City’s financial statements. The City does not issue a separate publicly available financial report that includes financial statements and required supplementary information (RSI) for the City Employees' Pension Plan.

As of July 1, 2017, employee membership data related to the pension plan was as follows:

Active Plan Members	369
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	379
Inactive Plan Members Entitled to, but not Yet Receiving Benefits	<u>31</u>
	<u><u>779</u></u>

The following benefit provisions and contribution requirements were established and may be amended by City Ordinance.

Benefit Provisions

Members in the plan who have attained age 65 and have reached their fifth anniversary of participation may retire. The normal monthly retirement benefit is equal to 2.5% of their final average monthly compensation multiplied by years of creditable service. Final average monthly compensation is one-twelfth of the average of the highest three consecutive years of base compensation. However, no elected member will receive less than one-twelfth of the sum of \$1,500 plus \$200 multiplied by years of creditable service; the sum not to exceed \$5,500. Effective September 1, 1994, the plan compensation is equal to the sum of base compensation and longevity pay. Eligibility for early retirement is after age 55 with at least 10 years of creditable service or any member whose age plus service totals 80 or more. Effective for new hires after July 1, 2012, the eligibility requirement changes to the attainment of age 59 with 25 years of service, or age 65 if vested. Additionally, the monthly retirement benefit decreases to 2% of final average monthly compensation multiplied by years of creditable service. Benefits will be calculated based upon the average of the last three years of service. Effective September 1, 1994, an elected official is eligible upon the attainment of age 55 with at least six years of service. The retirement benefit for early retirement is determined under the normal retirement formula above reduced for commencement prior to age 65. The reduction is equal to 1/2% per month for the first sixty months prior to age 65 plus 1/3% per month in excess of sixty. If the sum of the retired member’s years of age plus service is at least equal to 80, there is no reduction for early commencement. The provision for late retirement is continued employment beyond normal retirement. The retirement benefit for late retirement is the same as the normal retirement benefit formula determined as of the member’s actual retirement date.

Upon termination of employment, a nonelected member is eligible for a benefit deferred to retirement age after 10 years of creditable service. An elected member is eligible after six years of creditable service. The benefit is the same as early retirement. For all members except elected officials, the benefit amount determined under the normal retirement formula is increased by 3% per year between termination and retirement. In lieu of receiving retirement benefits, a member may receive a lump-sum payment of his or her accumulated contributions with interest at any time prior to the commencement of retirement benefits.

A nonelected member who leaves employment prior to completing 10 years of creditable service or an elected member who leaves prior to completing 6 years of creditable service will receive a lump-sum payment of his or her accumulated contributions with interest.

**CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

A nonelected member who has completed 10 years of creditable service or an elected member who has completed 6 years of creditable service, and who is totally disabled as determined by the City's medical board is eligible for disability retirement. The disability retirement benefit formula is the same as normal retirement but reduced by worker's compensation payments.

Any married nonelected member with 10 years creditable service or any married elected member with 6 years of creditable service who dies while still employed after age 50 is eligible for pre-retirement death benefits. The benefit is the same as vested deferred or early retirement with reduction for each month by which benefit commencement precedes age 65 and further reduced to reflect the optional form of payment which provides payments at the same rate to the surviving spouse. A member's surviving spouse may elect to receive a lump-sum payment equal to the member's accumulated contributions with interest in lieu of the annuity described above.

Any terminated member with a deferred vested benefit or an active member not eligible for the surviving spouse's annuity described above is eligible for death benefits before retirement benefits equal to one lump-sum pay of the member's accumulated contributions with interest.

Effective September 1, 1994, a member may, in lieu of receiving one half of his or her accumulated sick pay in cash at termination or retirement, receive a pension service credit for unused sick pay (6-month maximum).

Contributions

The City's annual contribution to the plan is based upon an actuarially determined amount recommended by an independent actuary. During fiscal 2018, this contribution amounted to 26.2% of covered payroll. In addition, the nonelected plan members contribute 8.5% of their annual base compensation and longevity compensation. Elected plan members contribute 8.5% of their annual base compensation plus \$20.00 per month. Administrative costs are included in the actuarial valuation as part of the normal cost and financed through contributions.

Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by a majority vote of the Municipal Pension Board members. It is the policy of the City to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy is long term and strategic in nature. The policy refrains from dramatically shifting asset class allocations over short time spans, and it seeks to be fully invested using cash equivalents for liquidity purposes.

The long-term rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of future real rates of return are developed for each major asset class. These ranges are combined to produce the expected long-term rate of return by weighing the expected future rates of return by the target asset allocation percentage plus expected inflation.

**CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income core	37.50%	3.90%
Large cap domestic equity	30.00%	7.80%
Small cap domestic equity	12.50%	8.25%
International equity developed	13.75%	7.80%
International equity emerging	5.00%	8.75%
Commodities	1.25%	4.65%

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.08%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The City's net pension liability was measured as of June 30, 2018. The components of the net pension liability of the City at June 30, 2018 were as follows:

Total pension liability	\$ 176,855,366
Plan fiduciary net position	<u>134,055,398</u>
City's Net Position Liability	<u>\$ 42,799,968</u>
Plan fiduciary net position as a percentage of the total pension liability	75.80%

Actuarial Assumptions

The following actuarial assumptions were used in the actuarial valuation dated July 1, 2017 and were rolled forward to the measurement date of June 30, 2018.

Actuarial cost method	Entry Age Normal Actuarial Cost Method
Inflation	2.25%
Salary increases	3.00% to 7.00% including inflation
Investment rate of return	6.90%
Mortality rates	Based upon the RP-2000 Healthy Annuitant Mortality Tables for Males and Females, as appropriate, projected with Scale AA from 2000

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NOTES TO FINANCIAL STATEMENTS
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Measurement of the Net Pension Liability

Discount Rate

The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

A single discount rate of 6.90% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.90%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these 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.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2017	\$ 170,101,420	\$ 124,934,249	\$ 45,167,171
Changes for the year:			
Service cost	3,470,808		3,470,808
Interest	11,508,757		11,508,757
Differences between expected and actual experience	1,973,093		1,973,093
Contributions - employer		6,194,245	(6,194,245)
Contributions - employee		1,888,875	(1,888,875)
Net investment income		11,247,563	(11,247,563)
Benefit payments, including refunds of contributions	(10,198,712)	(10,198,712)	-
Administrative expense		(21,413)	21,413
Other charges		10,591	(10,591)
Net changes	<u>6,753,946</u>	<u>9,121,149</u>	<u>(2,367,203)</u>
Balances as of June 30, 2018	\$ <u>176,855,366</u>	\$ <u>134,055,398</u>	\$ <u>42,799,968</u>

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

Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the plan's net pension liability if it was calculated using a single discount rate that is 1 percentage point lower (5.90%) or 1 percentage point higher (7.90%) than the single discount rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City Employees' Pension Plan	\$ 63,241,170	\$ 42,799,968	\$ 25,608,671

**CITY OF WARWICK, RHODE ISLAND
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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the City Employee Pension Plan recognized pension expense of \$8,662,109. As of June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,670,663	\$ 175,674
Changes of assumptions	2,831,772	
Net difference between projected and actual earning on pension plan investments	<u>5,267,498</u>	<u>6,098,033</u>
Total	<u>\$ 9,769,933</u>	<u>\$ 6,273,707</u>

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

<u>Year Ended June 30,</u>	<u>Net Deferred Outflows (Inflows) Resources</u>
2019	\$ 3,924,546
2020	1,427,740
2021	(1,373,868)
2022	<u>(482,192)</u>
	<u>\$ 3,496,226</u>

B. Police I and Fire Pension Plan

Summary of Significant Accounting Policies

Basis of Accounting

The Police I and Fire Pension Trust Fund's financial statements are prepared using the accrual basis of accounting. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Police I and Fire Pension Plan and additions to and deductions from the Plan's net position have been determined on the same basis as they are reported by the Plan. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and when the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

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Plan Description

The City of Warwick’s Police I and Fire Pension Plan covers all City Police Officers that were appointed before February 1, 1971, and all permanent members of the City’s Fire Department appointed before May 29, 1992. The Police I and Fire Pension Plan is a single-employer defined benefit pension plan that was established in 1953. There is no separate financial report issued for the pension plan. The pension plan is reported as a Pension Trust Fund in the City’s financial statements. The City does not issue a separate publicly available financial report that includes financial statements and required supplementary information (RSI) for the Police I and Fire Pension Plan.

As of July 1, 2017, employee membership data related to the pension plan was as follows:

Active Plan Members	24
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	406
Inactive Plan Members Entitled to, but not Yet Receiving Benefits	-
	<u>430</u>

The following benefit provisions and contribution requirements were established and may be amended by City Ordinance.

Benefit Provisions - Police Officers

Benefits provided to remaining active police officers are in accordance with the City’s Code of Ordinances. Retirement, death, and disability benefits payable to retired members and beneficiaries are indexed in accordance with the base salary increases provided to active members of the police force.

Benefit Provisions - Firefighters

Participating firefighters in the plan who have completed 20 years of service may retire. The normal annual retirement benefit is equal to 50% of highest annual salary plus 1% of salary for each year of service in excess of 20 years (maximum 10). For pension purposes, annual salary includes regular, longevity and holiday pay.

Any firefighter retiring after July 23, 1996 may also irrevocably elect to have his or her pension calculated under the City’s Fire II Pension Plan. The Fire II benefit formula is 50% of the final year’s compensation. Plus 2% for each year of service from 20 to 25 years, plus 3% for each year of service from 25 to 30 years with a fixed compounded cost of living adjustment.

A participant who is unable to perform active duty as a firefighter, which the Board of Public Safety finds to be permanently incapacitating, is eligible to receive disability retirement benefits. The service-related disability retirement benefit for disabilities involving heart, lung, cancer or other social security disabilities is 66 2/3% of the highest annual salary, reduced for each dollar of earned income in excess of the salary the member would earn as an active employee, to a minimum of 50% of annual salary. The other service related and nonservice related benefit is 50% of annual salary.

A member is eligible for a return of contributions without interest for terminations prior to the completion of 10 years of service. For termination after the completion of 10 years of service, but prior to eligibility for retirement, the employee is eligible for a deferred benefit equal to 2 1/2% of annual salary at termination, multiplied by the number of full years of service, payable on the 20th anniversary of employment.

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The Plan provides death benefits to a participant's spouse and dependents if the participant dies while actively employed. Per City Ordinance, the service-related death benefit is 50% of the deceased member's average salary, payable to the surviving spouse until death or earlier remarriage. However, it must be noted that Rhode Island State Law, Chapter 45-21-4, raises the percentage to 67.5%. For nonservice-related death, the annual benefit is 30% of the deceased member's highest annual salary, payable to the surviving spouse until death or remarriage. The benefit for surviving children is 10% of the deceased member's highest annual salary, payable to each surviving child until age 18 (or for life if such child becomes permanently disabled prior to the member's death). The maximum family death benefit for service-related death is 75% of the deceased member's highest annual salary and for nonservice-related deaths 50% of the highest annual salary.

A lump-sum payment equal to the member's accumulated contributions without interest shall be paid to the estate of any active member who dies with no surviving spouse or children.

Benefits provided to remaining active police officers and firefighters are in accordance with the proposed restatement of Section 15-19 of the City's Code of Ordinances. Retirement, death and disability benefits payable to retired members and beneficiaries are indexed in accordance with the base salary increases provided to active members of the police force.

Funding Policy

Active plan members contribute 7% of their covered earnings (regular, holiday and longevity). In addition, the City is required to contribute an actuarially determined amount each year, calculated in accordance with its pension ordinances. The statutory contribution level includes a 40-year amortization of the unfunded actuarial liability as a level percentage of payroll. During fiscal 2018, this contribution amounted to \$17,934,399. Administrative costs are netted against investment return in the actuarial valuation.

Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Plan's fiduciary custodian, the City Finance Director. It is the policy of the City to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy is long term and strategic in nature. The policy refrains from dramatically shifting asset class allocations over short time spans, and it seeks to be fully invested using cash equivalents for liquidity purposes.

The long-term rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of future real rates of return are developed for each major asset class. These ranges are combined to produce the expected long-term rate of return by weighing the expected future rates of return by the target asset allocation percentage plus expected inflation.

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Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income core	37.50%	3.90%
Large cap domestic equity	30.00%	7.80%
Small cap domestic equity	12.50%	8.25%
International equity developed	13.75%	7.80%
International equity emerging	5.00%	8.75%
Commodities	1.25%	4.65%

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.47%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the City at June 30, 2018 were as follows:

Total pension liability	\$ 296,861,721
Plan fiduciary net position	<u>73,738,390</u>
City's Net Position Liability	<u>\$ 223,123,331</u>
Plan fiduciary net position as a percentage of the total pension liability	24.84%

Actuarial Assumptions

The following actuarial assumptions were used in the July 1, 2017 valuation and rolled forward to the measurement date of June 30, 2018.

Actuarial cost method	Entry Age Normal Actuarial Cost Method
Inflation	2.25%
Salary increases	3.50% to 13.50% including inflation
Investment rate of return	6.90%
Mortality rates	Based upon the RP-2000 Healthy Annuitant Mortality Tables for Males and Females, as appropriate, projected with Scale AA from 2000

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Measurement of the Net Pension Liability

Discount Rate

The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

A single discount rate of 6.90% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.90%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these 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.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2017	\$ 294,066,490	\$ 71,756,352	\$ 222,310,138
Changes for the year:			
Service cost	653,640		653,640
Interest	19,565,475		19,565,475
Differences between expected and actual experience	4,604,032		4,604,032
Contributions - employer		17,934,399	(17,934,399)
Contributions - employee		175,440	(175,440)
Net investment income		5,911,507	(5,911,507)
Benefit payments, including refunds of contributions	(22,027,916)	(22,027,916)	-
Administrative expense		(22,453)	22,453
Other charges		11,061	(11,061)
Net changes	<u>2,795,231</u>	<u>1,982,038</u>	<u>813,193</u>
Balances as of June 30, 2018	\$ <u>296,861,721</u>	\$ <u>73,738,390</u>	\$ <u>223,123,331</u>

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

Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the plan's net pension liability if it was calculated using a single discount rate that is 1 percentage point lower (5.90%) or 1 percentage point higher (7.90%) than the single discount rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Police I & Fire Pension Plan	\$ 254,820,139	\$ 223,123,331	\$ 196,904,858

**CITY OF WARWICK, RHODE ISLAND
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JUNE 30, 2018**

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

For the year ended June 30, 2018, the Police I and Fire Pension Plan recognized pension expense of \$20,677,257. As of June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earning on pension plan investments	\$ 3,210,269	\$ 3,693,753
Total	<u>\$ 3,210,269</u>	<u>\$ 3,693,753</u>

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

<u>Year Ended June 30,</u>	<u>Net Deferred Outflows (Inflows) Resources</u>
2019	\$ 836,037
2020	57,544
2021	(1,158,341)
2022	(218,724)
2023	
Thereafter	
	<u>\$ (483,484)</u>

C. Police Pension II Plan

Summary of Significant Accounting Policies

Basis of Accounting

The Police II Pension Trust Fund's financial statements are prepared using the accrual basis of accounting. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Police II Pension Plan and additions to and deductions from the Plan's net position have been determined on the same basis as they are reported by the Plan. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and when the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

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Plan Description

The City of Warwick, Rhode Island's Police II Pension Plan covers all City Police Officers that were appointed after February 1, 1971. The Police Pension II Plan is a single-employer defined benefit pension plan that was established in 1971. There is no separate financial report issued for the pension plan. The pension plan is reported as a Pension Trust Fund in the City's financial statements.

The City does not issue a separate publicly available financial report that includes financial statements and required supplementary information (RSI) for the Police II Pension Plan.

As of July 1, 2017 employee membership data related to the pension plan was as follows:

Active Plan Members	158
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	184
Inactive Plan Members Entitled to, but not Yet Receiving Benefits	<u>4</u>
	<u>346</u>

The following benefit provisions and contribution requirements were established and may be amended by City Ordinance.

Benefit Provisions

Members in the plan who have completed 20 years of service may retire. The normal annual retirement benefit is equal to 50% of annual salary at retirement plus incremental increases of 2% per year between the 20th and 25th years, and annual increases of 3% between the 26th and 30th years. For pension purposes, annual salary includes regular, longevity and holiday pay.

Effective for new hires after July 1, 2012, the eligibility requirement increases to 25 years of service. Additionally, the retirement benefit will now be calculated at a rate of 50% of the average salary from the last three years of service, plus an additional 2% for every year of service from year 10 to retirement. The maximum pension benefit decreases from 75% after 30 years to 70% after 30 years.

A member who is unable to perform active as a result of disability, which the Board of Public Safety finds to be permanently incapacitating, is eligible to receive disability retirement benefits. The service-related disability retirement benefit is 66 2/3% of the highest annual salary, reduced for each dollar of earned income in excess of the salary the member would earn as an active employee, to a minimum of 50% of annual salary. The nonservice-related benefit is 50% of annual salary.

A member who leaves employment prior to completing ten years of service will receive a lump-sum payment of accumulated contributions without interest. For termination after the completion of 10 years of service, but prior to eligibility for retirement, the employee is eligible for a deferred benefit equal to 2 1/2% of annual salary at termination, multiplied by the number of full years of service, payable on the 20th anniversary of employment.

The Plan provides death benefits to a participant's spouse and dependents if the participant dies while actively employed. Per City Ordinance, the service related death benefit is 50% of the deceased member's average salary, payable to the surviving spouse until death or earlier remarriage. However, it must be noted that Rhode Island State Law, Chapter 45-21-4, raises the percentage to 67.5%. For nonservice-related death, the annual benefit is 30% of the deceased member's highest annual salary,

**CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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payable to the surviving spouse until death or remarriage. The benefit for surviving children is 10% of the deceased member's highest annual salary, payable to each surviving child until age 18 (or for life if such child becomes permanently disabled prior to the member's death). The maximum family death benefit for service-related death is 75% of the deceased member's highest annual salary and for nonservice-related deaths 50% of the highest annual salary.

A lump-sum payment equal to the member's accumulated contributions without interest shall be paid to the estate of any active member who dies with no surviving spouse or children.

Funding Policy

Active plan members contribute a percentage of their covered earnings (regular, holiday and longevity) equal to 1/3 of the actuarially determined contribution rate. The City is required to contribute 2/3 of the actuarially determined contribution rate. For fiscal year 2018, employees were required to contribute 15.12% and the City was required to contribute 30.24% of covered earnings. The statutory contribution level includes a 20, 25 and 30-year amortization of the unfunded actuarial liability as a level percentage of payroll. Administrative costs are netted against investment return in the actuarial valuation.

Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Plan's fiduciary custodian, the City Finance Director. It is the policy of the City to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy is long term and strategic in nature. The policy refrains from dramatically shifting asset class allocations over short time spans and it seeks to be fully invested using cash equivalents for liquidity purposes.

The long-term rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of future real rates of return are developed for each major asset class. These ranges are combined to produce the expected long-term rate of return by weighing the expected future rates of return by the target asset allocation percentage plus expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income core	37.50%	3.90%
Large cap domestic equity	30.00%	7.80%
Small cap domestic equity	12.50%	8.25%
International equity developed	13.75%	7.80%
International equity emerging	5.00%	8.75%
Commodities	1.25%	4.65%

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Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.55%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the City at June 30, 2018 were as follows:

Total pension liability	\$ 243,261,152
Plan fiduciary net position	<u>206,142,558</u>
City's Net Position Liability	\$ <u>37,118,594</u>
Plan fiduciary net position as a percentage of the total pension liability	84.74%

Actuarial Assumptions

The following actuarial assumptions, used in the valuation dated July 1, 2017, and rolled forward to the measurement date of June 30, 2018.

Actuarial cost method	Entry Age Normal Actuarial Cost Method
Inflation	2.25%
Salary increases	3.50% to 13.50% including inflation
Investment rate of return	6.90%
Mortality rates	Based upon the RP-2000 Healthy Annuitant Mortality Tables for Males and Females, as appropriate, projected with Scale AA from 2000

Measurement of the Net Pension Liability

Discount Rate

The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

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A single discount rate of 6.90% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.90%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these 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.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2017	\$ 234,308,479	\$ 193,183,186	\$ 41,125,293
Changes for the year:			
Service cost	4,693,492		4,693,492
Interest	15,998,841		15,998,841
Differences between expected and actual experience	(2,080,926)		(2,080,926)
Assumption changes			-
Contributions - employer		4,179,364	(4,179,364)
Contributions - employee		2,089,682	(2,089,682)
Net investment income		16,368,484	(16,368,484)
Benefit payments, including refunds of contributions	(9,658,734)	(9,658,734)	-
Administrative expense		(19,924)	19,924
Other charges		500	(500)
Net changes	<u>8,952,673</u>	<u>12,959,372</u>	<u>(4,006,699)</u>
Balances as of June 30, 2018	\$ <u>243,261,152</u>	\$ <u>206,142,558</u>	\$ <u>37,118,594</u>

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

Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the plan's net pension liability if it was calculated using a single discount rate that is 1 percentage point lower (5.90%) or 1 percentage point higher (7.90%) than the single discount rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
	Police Pension Plan II	\$ 73,067,151	\$ 37,118,594

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

For the year ended June 30, 2018, the Police II Pension Plan recognized pension expense of \$10,553,096. As of June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 325,317	\$ 1,645,047
Changes of assumptions	6,332,574	
Net difference between projected and actual earning on pension plan investments	<u>8,146,870</u>	<u>9,016,798</u>
Total	<u>\$ 14,804,761</u>	<u>\$ 10,661,845</u>

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

<u>Year Ended June 30,</u>	<u>Net Deferred Outflows (Inflows) Resources</u>
2019	\$ 5,145,004
2020	3,197,397
2021	(3,231,178)
2022	(968,307)
Thereafter	
	<u>\$ 4,142,916</u>

D. Fire II Pension Plan

Summary of Significant Accounting Policies

Basis of Accounting

The Fire II Pension Trust Fund’s financial statements are prepared using the accrual basis of accounting. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fire II Pension Plan and additions to and deductions from the Plan’s net position have been determined on the same basis as they are reported by the Plan. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and when the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Plan Description

The City of Warwick’s Fire Pension II Plan covers all City firefighters who were appointed after May 29, 1992. The Fire Pension II Plan is a single employer defined benefit pension plan that was established in 1992. The pension plan is reported as a Pension Trust Fund in the City’s financial statements. The City does not issue a separate, publicly available report that includes financial statements and required supplementary information (RSI) for the Fire II Pension Plan.

As of July 1, 2017, employee membership data related to the pension plan was as follows:

Active Plan Members	195
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	17
Inactive Plan Members Entitled to, but not Yet Receiving Benefits	<u>-</u>
	<u><u>212</u></u>

The following benefit provisions and contribution requirements were established and may be amended by City Ordinance.

Benefit Provisions

A member who has completed 20 years of service may retire. Such member shall receive an annual benefit equal to 50% of their last year’s salary, plus 2% of their average salary for each of service from 20-25, plus 3% for each year of service from 25-30. For pension purposes, annual salary includes regular, holiday and longevity pay.

Effective for new hires after July 1, 2012, the eligibility requirement increases to 25 years of service. Additionally, the retirement benefit will now be calculated at a rate of 50% of the average salary from the last three years of service, plus an additional 2% for every year of service from year 10 to retirement. The maximum pension benefit decreases from 75% after 30 years to 70% after 30 years. Currently, this new benefit provision is being contested by the Local 2748 International Association of Firefighters AFL-CIO.

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A member who is unable to perform active duty as a result of disability, which the Board of Public Safety finds to be permanently incapacitating, is eligible to receive disability retirement benefits. The annual benefit for a service-related disability involving any heart, lung, cancer or other social security disability is 66-2/3% of the member's average salary, reduced for each dollar of earned income in excess of the salary the member would earn as an active employee, to a minimum of 50% of salary. The benefit for other service-related and nonservice-related disabilities is 50% of the member's average salary.

The Plan provides death benefits to a participant's spouse and dependents if the participant dies while actively employed. Per City Ordinance, the service-related death benefit is 50% of the deceased member's average salary, payable to the surviving spouse until death or earlier remarriage. However, it must be noted that Rhode Island State Law, Chapter 45-21-4, raises the percentage to 67.5%. For nonservice related death, the annual benefit is 30% of the deceased member's highest annual salary, payable to the surviving spouse until death or remarriage. The benefit for surviving children is 10% of the deceased member's highest annual salary, payable to each surviving child until age 18 (or for life if such child becomes permanently disabled prior to the member's death). The maximum family death benefit for service-related death is 75% of the deceased member's highest annual salary and for nonservice related deaths 50% of the highest annual salary.

A lump-sum payment equal to the member's accumulated contributions without interest shall be paid to the estate of any active member who dies with no surviving spouse or children.

Any member who terminates employment with 10 years or more of creditable service, but less than 20 years of creditable service, shall receive an annual benefit commencing at normal retirement age equal to 2.5% of average salary multiplied by full years of service at termination.

Any member who terminates employment prior to the completion of ten years of creditable service will receive a lump-sum payment of his or her accumulated contributions without interest.

Funding Policy

Active plan members contribute a percentage of their covered earnings (regular, holiday and longevity) equal to 1/3 of the actuarially determined contribution rate. The City is required to contribute 2/3 of the actuarially determined contribution rate. Administrative costs are netted against investment return in the actuarial valuation. For fiscal year 2017, employees were required to contribute 10.72% and the City was required to contribute 21.43% of covered earnings.

Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Plan's fiduciary custodian, the City Treasurer. It is the policy of the City to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy is long term and strategic in nature. The policy refrains from dramatically shifting asset class allocations over short time spans, and it seeks to be fully invested using cash equivalents for liquidity purposes.

The long-term rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of future rates of return are developed for each major asset class. These ranges are combined to produce the expected long-term rate of return by weighing the expected future rates of return by the target asset allocation percentage plus expected inflation.

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Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income core	37.50%	3.90%
Large cap domestic equity	30.00%	7.80%
Small cap domestic equity	12.50%	8.25%
International equity developed	13.75%	7.80%
International equity emerging	5.00%	8.75%
Commodities	1.25%	4.65%

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.80%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the City at June 30, 2018 were as follows:

Total pension liability	\$ 85,565,712
Plan fiduciary net position	<u>73,583,027</u>
City's Net Position Liability	<u>\$ 11,982,685</u>
Plan fiduciary net position as a percentage of the total pension liability	86.00%

Actuarial Assumptions

The following actuarial assumptions were used in the actuarial valuation dated July 1, 2017 and rolled forward to the measurement date of June 30, 2018.

Actuarial cost method	Entry Age Normal Actuarial Cost Method
Inflation	2.25%
Salary increases	3.50% to 13.50% including inflation
Investment rate of return	6.90%
Mortality rates	Based upon the RP-2000 Healthy Annuitant Mortality Tables for Males and Females, as appropriate, projected with Scale AA from 2000

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Measurement of the Net Pension Liability

Discount Rate

The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

A single discount rate of 6.90% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.90%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these 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.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2017	\$ 74,128,449	\$ 64,558,640	\$ 9,569,809
Changes for the year:			
Service cost	4,844,310		4,844,310
Interest	5,250,580		5,250,580
Benefit changes	2,321,185		2,321,185
Differences between expected and actual experience	(135,069)		(135,069)
Contributions - employer		3,561,858	(3,561,858)
Contributions - employee		1,780,929	(1,780,929)
Net investment income		4,543,343	(4,543,343)
Benefit payments, including refunds of contributions	(843,743)	(843,743)	-
Administrative expense		(18,000)	18,000
Net changes	<u>11,437,263</u>	<u>9,024,387</u>	<u>2,412,876</u>
Balances as of June 30, 2018	<u>\$ 85,565,712</u>	<u>\$ 73,583,027</u>	<u>\$ 11,982,685</u>

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

Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the plan's net pension liability (asset) if it was calculated using a single discount rate that is 1 percentage point lower (5.90%) or 1 percentage point higher (7.90%) than the single discount rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Fire II Pension Plan	\$ 25,904,202	\$ 11,982,685	\$ (3,111,672)

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

For the year ended June 30, 2018, the Fire II Pension Plan recognized pension expense of \$7,142,434. As of June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 331,846	\$ 566,371
Changes of assumptions	3,980,001	
Net difference between projected and actual earning on pension plan investments	<u>2,518,991</u>	<u>2,438,894</u>
Total	<u>\$ 6,830,838</u>	<u>\$ 3,005,265</u>

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

<u>Year Ended June 30,</u>	<u>Net Deferred Outflows (Inflows) Resources</u>
2019	\$ 1,095,849
2020	549,362
2021	(411,598)
2022	401,360
2023	388,719
Thereafter	<u>1,801,881</u>
	<u>\$ 3,825,573</u>

E. Warwick Public School Employees’ Pension Plan

Summary of Significant Accounting Policies

Basis of Accounting

The Warwick Public School Employees’ Pension Trust Fund’s financial statements are prepared using the accrual basis of accounting. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Warwick Public School Employees’ Pension Plan and additions to and deductions from the Plan’s net position have been determined on the same basis as they are reported by the Plan. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and when the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Plan Description

The Warwick Public School Employees’ Pension Plan, a single-employer defined benefit public employee pension plan. There is no separate financial report issued for this plan, however it is audited as part of the City of Warwick’s Pension Trust Funds and is reported within the City’s Annual Financial Report. All eligible Warwick Public School employees other than teachers are eligible to participate on the first of the month after completing three months of service. A person is eligible if they are (a) employed 20 hours or more per week and covered under the collective bargaining agreement, or (b) employed 20 hours or more per week in a noncertified management position, or (c) an elected School Committee member. There are two committees that oversee the administration of this plan. The Executive Administration Board is comprised of the School’s Chief Budget Officer, the Director of Human Resources and the Warwick Independent Employees’ Union President. The Executive Administration Board delegates investment responsibilities to the Pension Investment Administration Committee, which is comprised of (2) Warwick Public School Administrative Employees, the Chief Budget Officer, the Controller, and (2) Warwick Independent Employees’ Union Representatives, who are appointed by the Union leadership.

As of July 1, 2017, employee membership data related to the pension plan was as follows:

Active Plan Members	336
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	146
Inactive Plan Members Entitled to, But not Yet Receiving Benefits	<u>25</u>
	<u>507</u>

Benefit Provisions

Participants are eligible for normal retirement at the later of age 62 or 10 years of plan participation or at any age upon completion of 32 years of service with 10 years of plan participation. The normal retirement benefit is 1.67% of average monthly earnings times years of participation, plus .33% times the average monthly earnings times years of participation exceeding 20 years. The normal form of benefit is a life annuity. Average monthly earnings are the monthly average of total compensation for the 3 consecutive years of highest compensation over the last 10 years.

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The yearly annuity amount for a School Committee member who becomes a retired member is \$1,000 plus 4.8% times the salary amount for each plan year in which one made mandatory employee contributions.

The plan also provides death and disability benefits.

The following table summarizes the plan's requirements and benefits:

Plan Provisions

Effective Date:	July 1, 1965
Plan Year Beginning:	July 1, 2018
Requirements	Minimum Age: 0 Minimum months of service: 3
Eligible Class	An elected school committee member or a member covered by the collective bargaining agreement.
Entry Dates	1 st day of the month coinciding with or next following the date the plan requirements are met.
Employee Contributions	5% of earnings
Normal Retirement Date	First day of the month coinciding with or next following attainment of age 62, or if later, the 10 th anniversary of plan entry, or 32 years of service with 10 years of plan participation.
Normal Retirement Benefit	1.67% of the member's average monthly earnings multiplied by years of participation, plus .33% times average monthly earnings times years of participation greater than 20.
Average Monthly Earnings	Monthly average of total compensation for the 3 consecutive years of highest compensation of the previous 10 years.
Maximum Annual Benefit	\$215,000 as adjusted per IRC Sec 415 for retirement age other than social security retirement age and annuity form.
Normal Form of Benefit	Life Annuity
Accrued Benefit	Normal Retirement Benefit based on earnings and participation to date.
Early Retirement Benefit	Minimum Age: 52 Minimum Service: 10 years Benefit Amount: Accrued benefit, reduced by 7% for each year by which early retirement precedes normal retirement.
Pre-Retirement Death Benefit	Member contributions with interest, plus a \$5,000 lump-sum benefit.
Disability Benefit	Determined in the same manner as the normal retirement benefit.
Vest Termination Benefit	Upon termination after 10 years of service, 100% of the accrued benefit, deferred until the normal retirement date. A school committee member is vested after six years of plan participation.

**CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Contributions

Plan members contribute 5% of earnings during the year. The School Department contributes based upon an annual actuarial valuation. During fiscal 2018, the School Department's contribution totaled \$1,152,310. Administrative costs are included in the actuarial valuation as part of the normal cost and financed through contributions.

Investments

Investment information has been provided by USI Advisors.

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Warwick School Committee by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan'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.

This is an ongoing plan with a perpetual time horizon. For this reason, long-term capital market assumptions (20+ years) are applicable to approximate future real rate of return expectations. A modified building blocks methodology was used because being able to identify historical return premiums of asset classes in the context of varying market environments provides a reasonable basis to estimate the performance of asset classes going forward.

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity-Large Cap	25.00%	6.52%
US Equity-Small/Mid Cap	15.00%	7.70%
Non-US Equity - Developed	10.00%	6.81%
Non-US Equity - Emerging	5.00%	9.17%
US Corporate Bonds - Core	15.00%	2.10%
US Corporate Bonds - High Yield	5.00%	4.26%
Non-US Debt - Emerging	4.00%	4.41%
US Treasuries (cash equivalents)	12.00%	0.79%
TIPS (Inflation Protected)	4.00%	1.74%
Real Estate	5.00%	5.25%

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.74%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**CITY OF WARWICK, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
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Net Pension Liability

The City's net pension liability was measured as of June 30, 2018. The components of the net pension liability of the City at June 30, 2018 were as follows:

Total pension liability	\$ 57,021,715
Plan fiduciary net position	<u>53,002,896</u>
City's Net Position Liability	<u>\$ 4,018,819</u>
Plan fiduciary net position as a percentage of the total pension liability	92.95%

Actuarial Assumptions

The following actuarial assumptions were used in the June 30, 2018 actuarial valuation:

Actuarial cost method	Individual Entry Age Normal Actuarial Cost Method
Amortization method	Level Amortization
Salary increases	3.00%
Investment rate of return	7.00%
Mortality rates	Prescribed IRS Static Mortality Tables for the Year of the Valuation

Measurement of the Net Pension Liability

Discount Rate

The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

A single discount rate of 7.0% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.0%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these 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.

**CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2017	\$ 53,267,565	\$ 48,797,539	\$ 4,470,026
Changes for the year:			
Service cost	1,101,378		1,101,378
Interest	3,727,866		3,727,866
Differences between expected and actual experience	1,105,363		1,105,363
Assumption changes	85,298		85,298
Contributions - Employer		1,152,310	(1,152,310)
Contributions - Employee		721,712	(721,712)
Net investment income		4,797,201	(4,797,201)
Benefit payments, including refunds of contributions	(2,265,755)	(2,265,755)	-
Administrative expense		(200,111)	200,111
Net changes	<u>3,754,150</u>	<u>4,205,357</u>	<u>(451,207)</u>
Balances as of June 30, 2018	<u>\$ 57,021,715</u>	<u>\$ 53,002,896</u>	<u>\$ 4,018,819</u>

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

Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the plan's net pension liability (asset) if it was calculated using a single discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the single discount rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
	Warwick School Employees	\$ 10,529,138	\$ 4,018,819

**CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

For the year ended June 30, 2018, the Warwick Public School Employees Pension Plan recognized pension expense of \$1,403,504. As of June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,424,373	\$ 188,129
Changes of assumptions	182,638	
Net difference between projected and actual earning on pension plan investments	<u>996,504</u>	<u>2,563,530</u>
Total	<u>\$ 3,603,515</u>	<u>\$ 2,751,659</u>

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

<u>Year Ended June 30,</u>	<u>Net Deferred Outflows (Inflows) Resources</u>
2019	\$ 441,647
2020	209,577
2021	(190,642)
2022	209,648
Thereafter	
	<u>\$ 851,856</u>

F. Warwick Public School Teachers' Pension Plan

Summary of Significant Accounting Policies

Basis of Accounting

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

Plan Description

Certain employees of the Warwick Public School system participate in a cost-sharing multiple-employer defined benefit pension plan - the Employees' Retirement System plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

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

Benefit Provisions

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

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

Cost of living adjustments are provided but are currently suspended until the collective plans administered by ERSRI reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments are provided at four-year intervals commencing with the plan year ending June 30, 2016.

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

Funding Policy

The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2018, Warwick Public School System Teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 who must contribute 11% of their annual covered salary. The State and Warwick Public Schools are required to contribute at an actuarially determined rate, 40% of which is to be paid by the State and the remaining 60% is to be paid by Warwick Public Schools; the rates were 9.95% and 13.18% of annual covered payroll for the fiscal year ended June 30, 2018 for the State and Warwick Public Schools, respectively. Warwick Public Schools contributed \$10,176,528, \$10,619,358 and \$10,888,514 for the fiscal years ended June 30, 2018, 2017 and 2016, respectively, equal to 100% of the required contributions for each year.

**CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

At June 30, 2018, Warwick Public Schools reported a liability of \$140,460,773 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by Warwick Public Schools as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with Warwick Public Schools were as follows:

Warwick Public School's proportionate share of the Net Pension Liability	\$ 134,499,571
State of Rhode Island's proportionate share of the Net Pension Liability	<u>101,649,361</u>
Total Net Pension Liability	<u>\$ 236,148,932</u>

The net pension liability was measured as of June 30, 2016, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016. Warwick Public School's proportion of the net pension liability was based on a projection of Warwick Public School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2017, Warwick Public School's proportion was 4.26%.

For the year ended June 30, 2018, Warwick Public Schools recognized gross pension expense of \$17,047,415 and revenue of \$7,913,091 for support provided by the State. At June 30, 2018, Warwick Public Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$	\$ 3,188,667
Changes of assumptions	11,746,600	2,119,503
Net difference between projected and actual earning on pension plan investments	10,406,876	7,009,327
Changes in proportion and differences between employer contributions and proportionate share of contributions		15,896,049
Contributions subsequent to the measurement date	<u>10,176,528</u>	
Total	<u>\$ 32,330,004</u>	<u>\$ 28,213,546</u>

**CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

\$10,176,528 reported as deferred outflows of resources related to pensions resulting from Warwick Public School’s contributions in fiscal year 2018 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Net Deferred Outflows (Inflows) Resources</u>
2019	\$ (1,458,810)
2020	780,434
2021	(876,811)
2022	(3,240,939)
2023	(1,180,798)
Thereafter	<u>(83,146)</u>
	<u>\$ (6,060,070)</u>

Actuarial Assumptions

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

Inflation	2.75%
Salary increases	3.50% to 13.50%
Investment rate of return	7.50%

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

The actuarial assumptions used in the June 30, 2015 valuation rolled forward to June 30, 2016 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, 2013.

**CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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Investments

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 23 sources. The June 30, 2015 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

<u>Asset Class</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, Money Market	<u>3.00%</u>	0.82%
	<u><u>100.00%</u></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.

Measurement of the Net Pension Liability

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. 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.

**CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the plan's net pension liability if it was calculated using a single discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the single discount rate (7.5%):

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
School Teacher's Pension Plan	\$ 169,033,825	\$ 134,499,571	\$ 108,777,047

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

G. Combining Schedule of Net Position - Pension Trust Funds

	<u>Police Pension I and Fire Pension</u>	<u>Police Pension II</u>	<u>Fire Pension II</u>	<u>City Employees Pension</u>	<u>Other School Department Employees</u>	<u>Total</u>
Assets:						
Cash	\$ 2,127,247	\$ 1,820,713	\$ 973,069	\$ 1,485,924	\$ 336,249	\$ 6,743,202
Investments, at fair value:						
Mutual funds	40,726,414	114,713,828	40,330,279	74,234,140	48,390,650	318,395,311
Equity investments	12,040,931	35,246,167	12,407,200	22,969,796		82,664,094
Index funds	10,248,044	30,915,896	10,862,553	20,190,417		72,216,910
Fixed income securities	8,647,911	23,581,183	9,054,821	15,260,864		56,544,779
Group annuity contracts					4,275,997	4,275,997
Accrued interest receivable	2,948	2,667	1,340	2,614		9,569
Total assets	<u>73,793,495</u>	<u>206,280,454</u>	<u>73,629,262</u>	<u>134,143,755</u>	<u>53,002,896</u>	<u>540,849,862</u>
Liabilities:						
Accounts payable and accrued expenses	55,105	137,896	46,235	88,357		327,593
Total liabilities	<u>55,105</u>	<u>137,896</u>	<u>46,235</u>	<u>88,357</u>	<u>-</u>	<u>327,593</u>
Net Position:						
Held in Trust for Pension Benefits	<u>\$ 73,738,390</u>	<u>\$ 206,142,558</u>	<u>\$ 73,583,027</u>	<u>\$ 134,055,398</u>	<u>\$ 53,002,896</u>	<u>\$ 540,522,269</u>

**CITY OF WARWICK, RHODE ISLAND
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H. Combining Schedule of Changes in Net Position – Pension Trust Funds

	<u>Police Pension I and Fire Pension</u>	<u>Police Pension II</u>	<u>Fire Pension II</u>	<u>City Employees Pension</u>	<u>Other School Department Employees</u>	<u>Total</u>
Additions:						
Contributions						
Employer	\$ 17,934,399	\$ 4,179,864	\$ 3,561,857	\$ 6,194,245	\$ 1,152,310	\$ 33,022,675
Plan members	175,440	2,089,682	1,780,929	1,888,875	721,712	6,656,638
Total contributions	<u>18,109,839</u>	<u>6,269,546</u>	<u>5,342,786</u>	<u>8,083,120</u>	<u>1,874,022</u>	<u>39,679,313</u>
Investment income:						
Investment earnings	6,163,870	17,057,670	4,769,988	11,681,716	4,797,201	44,470,445
Less investment expense	(252,363)	(689,186)	(226,645)	(434,153)		(1,602,347)
Net investment income	<u>5,911,507</u>	<u>16,368,484</u>	<u>4,543,343</u>	<u>11,247,563</u>	<u>4,797,201</u>	<u>42,868,098</u>
Total additions	<u>24,021,346</u>	<u>22,638,030</u>	<u>9,886,129</u>	<u>19,330,683</u>	<u>6,671,223</u>	<u>82,547,411</u>
Deductions:						
Benefits	22,027,916	9,658,734	843,743	10,198,712	2,265,755	44,994,860
Administrative and other expense	11,392	19,924	17,999	10,822	200,111	260,248
Total deductions	<u>22,039,308</u>	<u>9,678,658</u>	<u>861,742</u>	<u>10,209,534</u>	<u>2,465,866</u>	<u>45,255,108</u>
Change in Net Position	1,982,038	12,959,372	9,024,387	9,121,149	4,205,357	37,292,303
Net Position at Beginning of Year	<u>71,756,352</u>	<u>193,183,186</u>	<u>64,558,640</u>	<u>124,934,249</u>	<u>48,797,539</u>	<u>503,229,966</u>
Net Position at End of Year	<u>\$ 73,738,390</u>	<u>\$ 206,142,558</u>	<u>\$ 73,583,027</u>	<u>\$ 134,055,398</u>	<u>\$ 53,002,896</u>	<u>\$ 540,522,269</u>

14. DEFINED CONTRIBUTION PLAN

Defined Contribution Plan Description

Employees participating in the defined benefit plan with less than 20 years of service as of June 30, 2012, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 5% of their annual covered salary and employers contribute between 1% and 1.5% of annual covered salary depending on the employee's total years of service as of June 30, 2012. 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.

Warwick Public Schools recognized pension expense of \$497,979 for the fiscal year ended June 30, 2018.

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

15. OTHER POST-EMPLOYMENT BENEFITS

A. Other Post-Employment Benefits - City

Plan Description

The City administers a single-employer defined benefit healthcare plan. The plan provides medical/drug and dental (police officers only) benefits for eligible retirees and their dependents through the City group health and dental insurance plans, which cover both active and retired members. Benefit provisions are established and amended by union contract, through negotiations between the City and respective unions. The plan does not issue a publicly available financial report.

Funding Policy

Contribution requirements are negotiated between the City and the respective unions. The City is required to contribute the cost of medical/drug and dental benefits, less the amount of any applicable co-payments in effect at the time of retirement. For the year ended June 30, 2018, the plan operated on a pay-as-you-go basis and no provision has been made to fund future benefits to be provided to plan members. For the fiscal year ended June 30, 2018, the City contributed \$11,482,709 to the plan.

At June 30, 2018, membership consisted of:

	City, Police, Fire
Active employees	711
Retired	938
Total	1,649

Total OPEB Liability

The City's total OPEB liability of \$352,383,048 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.00%
Salary increases	3.00%
Discount rate	2.98%
Healthcare cost trend rates	8.0% for 2018, decreasing 0.5% per year to an ultimate rate of 5.0% for 2024 and later years
Mortality	RP-2014 mortality table, MP-2016 projection

The discount rate was based on the S & P Municipal Bond 20-year High Grade Rate Index as of June 30, 2018.

**CITY OF WARWICK, RHODE ISLAND
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JUNE 30, 2018**

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances as of July 1, 2017	\$ 356,880,279
Changes for the year:	
Service cost	10,631,235
Interest	10,463,940
Difference between expected and actual experience	(14,109,697)
Benefit payments	<u>(11,482,709)</u>
Net change in total OPEB liability	<u>(4,497,231)</u>
Balances as of June 30, 2018	\$ <u>352,383,048</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.98%) or 1 percentage point higher (3.98%) than the current discount rate:

	<u>1% Decrease (1.98%)</u>	<u>Current Discount Rate (2.98%)</u>	<u>1% Increase (3.98%)</u>
Total OPEB Liability	\$ 382,709,935	\$ 352,383,048	\$ 322,056,160

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.0% decreasing to 4.0%) or 1 percentage point higher (9.0% decreasing to 6.0%) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 306,180,959	\$ 352,383,048	\$ 406,389,475

**CITY OF WARWICK, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$19,331,463. At June 30, 2018, the City reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$	\$ 12,345,985

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>		
2019	\$	1,763,712
2020		1,763,712
2021		1,763,712
2022		1,763,712
2023		1,763,712
Thereafter		<u>3,527,425</u>
	\$	<u>12,345,985</u>

B. Other Post-Employment Benefits - School

Plan Description

The Warwick School Department administers a single-employer defined benefit healthcare plan. The plan provides medical/drug benefits for eligible retirees and their dependents through the City's group health and dental insurance plans, which cover both active and retired members. Benefit provisions are established and amended by union contract, through negotiations between the City and respective unions. The plan does not issue a publicly available financial report. All benefits terminate at age 65.

Teaching Employees are eligible for benefits after serving the district for 20 to 30 years depending on their date of hire. Other district employees are required to reach age 62 and have 25 years of service. Teaching employees contribute 20 to 60% for coverage depending on their date of hire. Other employees will contribute 20% for coverage. Spouses of teaching employees are not covered by the plan. Spouses of other district employees will contribute 20% for coverage. Surviving beneficiaries continue to receive access to the district's medical coverage through COBRA after the death of the retired employee. Survivors are required to pay the full cost of benefits.

**CITY OF WARWICK, RHODE ISLAND
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 JUNE 30, 2018**

Funding Policy

Contribution requirements are negotiated between the Warwick School Department and the respective unions. The Warwick School Department is required to contribute the cost of medical/drug and dental benefits, less the amount of any applicable co-payments in effect at the time of retirement. For the year ended June 30, 2018, the plan operated on a pay-as-you-go basis, and no provision has been made to fund future benefits to be provided to plan members. For the fiscal year ended June 30, 2018, the Warwick School Department contributed \$812,604 for its employees.

At June 30, 2018, membership consisted of:

	<u>School</u>
Active employees	1,295
Retired	<u>62</u>
Total	<u><u>1,357</u></u>

Total OPEB Liability

The Warwick School Department’s total OPEB liability of \$53,466,538 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.00%
Salary increases	3.00%
Discount rate	2.98%
Healthcare cost trend rates	8.0% for 2018, decreasing 0.5% per year to an ultimate rate of 5.0% for 2024 and later years
Mortality	RP-2014 mortality table, MP-2016 projection

The discount rate was based on the S & P Municipal Bond 20-year High Grade Rate Index as of June 30, 2018.

**CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances as of July 1, 2017	\$ 53,197,522
Changes for the year:	
Service cost	2,069,696
Interest	1,573,178
Difference between expected and actual experience	(2,581,254)
Benefit payments	<u>(812,604)</u>
Net change in total OPEB liability	<u>249,016</u>
Balances as of June 30, 2018	\$ <u><u>53,446,538</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Warwick School Department, as well as what the Warwick School Department's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.98%) or 1 percentage point higher (3.98%) than the current discount rate:

	<u>1% Decrease (1.98%)</u>	<u>Current Discount Rate (2.98%)</u>	<u>1% Increase (3.98%)</u>
Total OPEB Liability	\$ 59,317,614	\$ 53,446,538	\$ 47,575,463

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Warwick School Department, as well as what the Warwick School Department's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.0% decreasing to 6.0%) or 1 percentage point higher (9.0% decreasing to 8.0%) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 44,581,657	\$ 53,446,538	\$ 64,154,894

**CITY OF WARWICK, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Warwick School Department recognized OPEB expense of \$3,320,217. At June 30, 2018, the Warwick School Department reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Difference between expected and actual experience	\$	\$ 2,258,597

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Net Deferred Outflows (Inflows) Resources</u>
2019	\$ 322,657
2020	322,657
2021	322,657
2022	322,657
2023	322,657
Thereafter	<u>645,312</u>
	<u>\$ 2,258,597</u>

16. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Litigation

Liabilities for legal cases and other claims against governmental funds are recorded in the governmental funds when the ultimate liability can be estimated and such cases are expected to be settled with available expendable financial resources.

At June 30, 2018, the City had several lawsuits pending. The total maximum damages being sought from the City to these cases are not known. In the opinion of the City officials and the City's legal counsel, the City's ultimate liability with respects to these cases, if any, will be immaterial.

**CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Commitments

The City had several outstanding construction projects as of June 30, 2018. These projects are evidenced by contractual commitments with contractors and include:

<u>Contract</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>	<u>Funding Source(s)</u>
Bayside	\$ 1,605,758	\$ 764,319	SRF Capital Contracts
NW Gorton's Pond	256,256	111,041	SRF Capital Contracts
Governor Francis III	765,143	4,830,399	SRF Capital Contracts
AWT II Phopserus Removal/Upgrade	15,001,286	303,984	SRF Capital Contracts
East Natick III	39,097	122,043	SRF Capital Contracts
Primary Clarifier	149,715	78,130	SRF Capital Contracts
Fire Code Compliance Program	120,780	17,920	GO Bond
Fire Code Compliance Program	<u>221,310</u>	<u>73,490</u>	GO Bond
	<u>\$ 18,159,345</u>	<u>\$ 6,301,326</u>	

Grants

The City has received federal and state grants for specific purposes that are subject to audit by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. City officials believe such allowances, if any, would be immaterial.

17. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; and natural disasters. As a result, the City participates in a nonprofit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.), which provides coverage for property/liability claims. Upon joining the Trust, the City signed a participation agreement which outlines the rights and responsibilities of both the Trust and the City. The agreement states that for premiums paid by the City, the Trust will assume financial responsibility for the City's losses up to the maximum amount of insurance purchased, minus the City's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its Members.

There have been no significant reductions in insurance coverage during the year ended June 30, 2018 as compared to the previous year. The claims incurred did not exceed insurance coverage this year.

**CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

The changes in workers' compensation claims liability are as follows:

	<u>Beginning Fiscal Year Liability</u>		<u>Current Year Claims and Changes in Estimate</u>		<u>Claim Payments</u>		<u>Balance Fiscal Year End</u>
2016-2017	\$ 218,950	\$	388,607	\$	443,556	\$	164,001
2017-2018	164,001		413,764		436,022		141,743

For its employer health insurance coverage, the School Department has chosen to participate in the Health Benefit Project provided by the WB Community Health, an independent, nonprofit organization. The School Department is also self-insured for the dental insurance coverage through WB Community Health. Deposits made to the Collaborative are treated as expenditures when it is probable that a claim has been incurred, and include estimates amounts for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim and health care trends, and other economic and social factors.

The City is fully insured for its employee health plan through the Rhode Island Interlocal Risk Management Trust, Inc., effective July 1, 2013. The City's employee dental plan is provided by Blue Cross on a fully insured basis. Prior to July 1, 2013, the City was self-insured with participation in WB Community Health.

An analysis of claims activity is presented below:

	<u>Liability July 1,</u>		<u>Claims and Changes in Estimates</u>		<u>Claims Payments</u>		<u>Liability June 30,</u>
School City	\$ 1,220,675	\$	22,289,468 20,851,583	\$	22,123,499 20,851,583	\$	1,386,644 -
2016-2017	<u>\$ 1,220,675</u>	<u>\$</u>	<u>43,141,051</u>	<u>\$</u>	<u>42,975,082</u>	<u>\$</u>	<u>1,386,644</u>
School City	\$ 1,386,644	\$	22,995,755 22,039,117	\$	23,150,143 22,039,117	\$	1,232,256 -
2017-2018	<u>\$ 1,386,644</u>	<u>\$</u>	<u>45,034,872</u>	<u>\$</u>	<u>45,189,260</u>	<u>\$</u>	<u>1,232,256</u>

18. ABATEMENTS

The City has two tax agreements in place in conjunction with the City's tax stabilization ordinance for Warwick Intermodal and Historic Districts. The tax relief relative to these agreements does not begin until fiscal year 2019.

**CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

19. ON-BEHALF PAYMENTS

The amount recognized in the School Unrestricted Fund revenues and education expenditures for contributions made by the state on behalf of the City’s teachers to the State Employees’ Retirement System of Rhode Island was \$7,409,776.

20. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning of net position of the governmental activities as a result of implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Sewer Fund</u>	<u>Water Fund</u>
Net position as previously reported at June 30, 2017	\$ (470,530,654)	\$ 123,348,039	\$ 102,463,344	\$ 9,534,899
Eliminate Net OPEB Obligation reported per GASB No. 45	158,701,793	5,066,988	2,741,157	2,325,831
Record beginning total OPEB liability per GASB No. 75	<u>(395,744,541)</u>	<u>(14,333,260)</u>	<u>(7,166,630)</u>	<u>(7,166,630)</u>
Net Position as Restated at July 1, 2017	<u>\$ (707,573,402)</u>	<u>\$ 114,081,767</u>	<u>\$ 98,037,871</u>	<u>\$ 4,694,100</u>

21. SUBSEQUENT EVENTS

During fiscal year 2019, the City of Warwick received a partial summary judgment in favor of the plaintiffs, ruling that they are entitled to receive a COLA that includes a component based on the holiday pay of active firefighters. The Court has not ruled on the amount of damages owed to retirees dating back to the holiday pay increase of 2015 or entered a final judgment. The City has calculated an amount owed to be estimated at \$591,600.

The Warwick School Department is projecting an un-audited year-end deficit for Fiscal Year 2019 in the amount of \$3,148,800. This amount assumes the School Department will not be funding its portion of 2006 school bond principal and interest payments or receiving the subsequent school housing aid from these payments, which amounts to a net amount of \$1,492,262.



Required Supplementary Information

CITY OF WARWICK, RHODE ISLAND
SCHEDULE OF REVENUES AND EXPENDITURES (NON-GAAP BUDGETARY BASIS)
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budgeted Revenues	Final Budgeted Revenues	Actual Amounts (Budgetary Basis)	Variance
General Property Taxes	\$ 230,264,242	\$ 230,264,242	\$ 227,930,585	\$ (2,333,657)
Intergovernmental:				
Telephone tax	1,056,511	1,056,511	1,033,439	(23,072)
Aid to school buildings	856,689	856,689	885,176	28,487
Tax in lieu	1,690,561	1,690,561	1,687,863	(2,698)
Motor vehicle tax phase-out	964,536	964,536	3,093,847	2,129,311
Departmental grant income	1,757,092	1,757,092	1,804,267	47,175
State municipal incentive aid			-	-
Total intergovernmental	<u>6,325,389</u>	<u>6,325,389</u>	<u>8,504,592</u>	<u>2,179,203</u>
Licenses and fees:				
Licenses - police/miscellaneous	346,485	346,485	334,020	(12,465)
Municipal fees	2,040,000	2,040,000	2,446,530	406,530
Building permits	882,000	882,000	1,032,512	150,512
Advertising and zoning fees	26,000	26,000	25,886	(114)
Recreational fees	850,000	850,000	904,783	54,783
Parking violation and fines	195,000	195,000	231,730	36,730
Department processing/program fees	533,000	533,000	379,361	(153,639)
Total licenses and fees	<u>4,872,485</u>	<u>4,872,485</u>	<u>5,354,822</u>	<u>482,337</u>
Other revenue:				
Tax titles	50,000	50,000	35,073	(14,927)
Interest on taxes	1,950,000	1,950,000	2,087,162	137,162
Interest on investments/capital projects	1,400	1,400	331,164	329,764
Housing authority	138,000	138,000	149,245	11,245
Airport parking tax	500,000	500,000	500,000	-
Airport miscellaneous income	800,000	800,000	957,119	157,119
Airport surcharge	1,000,000	1,000,000	1,430,037	430,037
Airport EDC	778,000	778,000	784,239	6,239
Municipal court	250,000	250,000	168,255	(81,745)
Hotel tax	1,874,214	1,874,214	2,034,329	160,115
Meal tax	2,850,000	2,850,000	3,188,368	338,368
Pilot Program - Johnson & Wales	40,000	40,000	-	(40,000)
School back charge - lease purchase/tipping fee	17,000	17,000	17,295	295
School RIHEBC Debit reimbursement	1,330,949	1,330,949	1,531,414	200,465
Enterprise fund back charges	2,662,871	2,662,871	2,837,940	175,069
Other	3,115,938	3,115,938	3,343,570	227,632
Total other revenue	<u>17,358,372</u>	<u>17,358,372</u>	<u>19,395,210</u>	<u>2,036,838</u>
Total revenues	<u>258,820,488</u>	<u>258,820,488</u>	<u>261,185,209</u>	<u>2,364,721</u>
Other financing sources:				
School re-appropriated surplus		1,218,671	1,218,671	-
Fund balance drawdown	1,295,271	4,295,271	4,295,271	-
Rescue service fees	2,400,000	2,400,000	2,748,435	348,435
Transfers - in from school	42,755,978	42,755,978	42,923,775	167,797
Total other financing sources	<u>46,451,249</u>	<u>50,669,920</u>	<u>51,186,152</u>	<u>516,232</u>
Total Revenues and Other Financing Sources	\$ <u>305,271,737</u>	\$ <u>309,490,408</u>	\$ <u>312,371,361</u>	\$ <u>2,880,953</u>

(Continued on next page)

CITY OF WARWICK, RHODE ISLAND
SCHEDULE OF REVENUES AND EXPENDITURES (NON-GAAP BUDGETARY BASIS)
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budgeted Expenditure	Final Budgeted Expenditure	Actual Amounts (Budgetary Basis)	Variance
Executive and administrative:				
Executive department	\$ 409,889	\$ 409,889	\$ 386,282	\$ 23,607
Legal department	453,350	453,350	370,977	82,373
City clerk	418,352	418,352	234,589	183,763
Probate court	117,762	117,762	131,107	(13,345)
Municipal court	109,304	109,304	88,115	21,189
Personnel department	344,920	344,920	333,241	11,679
	<u>1,853,577</u>	<u>1,853,577</u>	<u>1,544,311</u>	<u>309,266</u>
Legislative and citizens representation:				
Legislative department	307,279	307,279	212,623	94,656
Board of canvassers	178,910	178,910	175,702	3,208
	<u>486,189</u>	<u>486,189</u>	<u>388,325</u>	<u>97,864</u>
Financial management:				
Finance administration	441,987	441,987	467,694	(25,707)
Treasury	418,393	418,393	382,731	35,662
Management information services	1,372,942	1,372,942	1,261,006	111,936
Purchasing	234,581	234,581	232,200	2,381
City tax collection	870,336	870,336	596,158	274,178
City assessment	863,684	863,684	708,551	155,133
Board of assessment review	15,150	15,150	4,533	10,617
	<u>4,217,073</u>	<u>4,217,073</u>	<u>3,652,873</u>	<u>564,200</u>
Total executive and administrative	<u>6,556,839</u>	<u>6,556,839</u>	<u>5,585,509</u>	<u>971,330</u>
Public safety department:				
Animal shelter	219,011	219,011	207,777	11,234
Police department	20,354,737	20,354,737	19,913,285	441,452
Fire department	22,200,483	22,200,483	23,813,489	(1,613,006)
Organized crime/drug enforcement task force	21,500	21,500	24,388	(2,888)
Alcohol and highway safety enforcement	90,000	90,000	118,621	(28,621)
Police grants	76,646	76,646	3,464	73,182
Emergency management	217,242	217,242	68,158	149,084
Building inspection and minimum housing	953,574	953,574	771,672	181,902
Board of public safety	56,729	56,729	56,667	62
Total public safety	<u>44,189,922</u>	<u>44,189,922</u>	<u>44,977,521</u>	<u>(787,599)</u>

(Continued on next page)

CITY OF WARWICK, RHODE ISLAND
SCHEDULE OF REVENUES AND EXPENDITURES (NON-GAAP BUDGETARY BASIS)
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budgeted Expenditure	Final Budgeted Expenditure	Actual Amounts (Budgetary Basis)	Variance
Recreation:				
Parks and recreation	\$ 529,292	\$ 529,292	\$ 429,910	\$ 99,382
William Thayer memorial ice rink	992,607	992,607	936,973	55,634
McDermott swimming pool	514,417	514,417	494,421	19,996
	<u>2,036,316</u>	<u>2,036,316</u>	<u>1,861,304</u>	<u>175,012</u>
Public library	2,950,955	2,950,955	2,924,841	26,114
Social services:				
Human services administration	438,729	438,729	416,072	22,657
Senior center	520,088	520,088	498,923	21,165
Senior transportation	275,411	275,411	274,404	1,007
	<u>1,234,228</u>	<u>1,234,228</u>	<u>1,189,399</u>	<u>44,829</u>
Planning department	807,484	807,484	734,478	73,006
Community development	309,595	309,595	243,243	66,352
Tourism, culture and development	748,420	748,420	645,373	103,047
Public works department:				
Administrative division	221,075	221,075	228,804	(7,729)
Highway division	5,059,374	5,059,374	4,684,742	374,632
Sanitation division	2,283,226	2,283,226	2,420,487	(137,261)
Automotive Division	2,458,799	2,458,799	2,168,954	289,845
City building maintenance division	1,431,608	1,431,608	1,234,579	197,029
Engineering division	1,902,598	1,902,598	1,894,686	7,912
Recycling	74,500	74,500	57,651	16,849
Field maintenance	823,228	823,228	738,707	84,521
	<u>14,254,408</u>	<u>14,254,408</u>	<u>13,428,610</u>	<u>825,798</u>
Sewer review board	2,000	2,000	1,600	400
Employee benefits, special and capital:				
Employee benefits	27,251,568	27,251,568	27,337,719	(86,151)
Insurance	1,835,397	1,835,397	2,028,611	(193,214)
City council claims	20,000	20,000	17,970	2,030
Postage	74,550	74,550	89,879	(15,329)
Fixed costs	365,000	365,000	409,157	(44,157)
Pension	31,716,877	31,716,877	31,869,866	(152,989)
	<u>61,263,392</u>	<u>61,263,392</u>	<u>61,753,202</u>	<u>(489,810)</u>
Total expenditures	<u>134,353,559</u>	<u>134,353,559</u>	<u>133,345,080</u>	<u>1,008,479</u>
Other financing uses:				
Operating transfer to debt service fund	8,679,736	8,679,736	8,516,470	163,266
Operating transfer to school unrestricted fund	162,238,442	166,457,113	166,467,463	(10,350)
Total other financing uses	<u>170,918,178</u>	<u>175,136,849</u>	<u>174,983,933</u>	<u>152,916</u>
Total Expenditures and Other Financing Uses	<u>\$ 305,271,737</u>	<u>\$ 309,490,408</u>	<u>\$ 308,329,013</u>	<u>\$ 1,161,395</u>

CITY OF WARWICK, RHODE ISLAND
BUDGETARY COMPARISON SCHEDULE - SCHOOL GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance
Revenues:				
State and Federal School Aid	\$ 40,899,478	\$ 40,899,478	\$ 40,021,671	\$ (877,807)
Other school miscellaneous revenue	1,856,500	1,856,500	2,901,710	1,045,210
Appropriation from the City	119,482,464	122,482,464	120,951,080	(1,531,384)
Re-appropriation of fund balance - transfer from City		1,218,671	1,218,671	-
Total revenues	<u>162,238,442</u>	<u>166,457,113</u>	<u>165,093,132</u>	<u>(1,363,981)</u>
Expenditures:				
Education	<u>162,238,442</u>	<u>166,457,113</u>	<u>164,935,655</u>	<u>(1,521,458)</u>
Excess of Revenue over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,477</u>	<u>\$ 157,477</u>

CITY OF WARWICK, RHODE ISLAND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY DATA AND BUDGETARY COMPLIANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

B. Budgetary to GAAP Basis Reconciliation

The following reconciliation summarizes the difference for the City's General Fund and the School Unrestricted Fund between budgetary and GAAP basis accounting principles for the year ended June 30, 2018:

	<u>General Fund</u>	<u>School Unrestricted Fund</u>
Revenues and Other Financing Sources:		
Actual amounts (budgetary basis)	\$ 312,371,361	\$ 165,093,132
Difference - budget to GAAP		
The appropriated fund balance is a budgetary revenue but is not a current year revenue for financial reporting purposes		(157,477)
The appropriated fund balance drawdown is a budgetary revenue but is not a current year revenue for financial reporting purposes	(4,295,271)	
The appropriated fund balance from Reserve for Education is a budgetary revenue but is not a current year revenue for financial reporting purposes	(1,218,671)	
Transfer from other funds is a budgetary revenue, but is reported net of the related transfer to other funds for financial reporting purposes	(44,455,189)	
Rescue Service Fund revenue net of transfer to General Fund reported as revenue for GAAP purposes not included in Budget Basis revenues.	786,674	
The pension contributions made to the Employees Retirement System by the State of Rhode Island on behalf of the City of Warwick is not reported as budgetary revenue, but is a current year revenue for financial reporting purposes		<u>7,409,776</u>
Total Revenues and Other Financing Sources as Reported in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	<u>\$ 263,188,904</u>	<u>\$ 172,345,431</u>

CITY OF WARWICK, RHODE ISLAND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY DATA AND BUDGETARY COMPLIANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

B. Budgetary to GAAP Basis Reconciliation (Continued)

	<u>General Fund</u>	<u>School Unrestricted Fund</u>
Expenditures and Other Financing Sources:		
Actual amounts (budgetary basis)	\$ 308,329,013	\$ 164,935,655
Difference - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year supplies are received for financial reporting purposes.	112,349	
Transfer to School Department is reported at gross amount for budget purposes but is reported net of School revenue for GAAP.	(1,531,414)	
Transfer from other funds is a budgetary revenue, but is reported net of the related transfer to other funds for financial reporting purposes.	(42,923,775)	
Rescue Service Fund revenue net of transfer to General Fund reported as revenue for GAAP purposes not part of the budgetary basis expenditures.	786,674	
The pension contributions made to the Employees Retirement System by the State of Rhode Island on behalf of the City of Warwick is not reported as budgetary revenue, but is a current year revenue for financial reporting purposes.		<u>7,409,776</u>
Total Expenditures and Other Financing Sources as Reported in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	<u>\$ 264,772,847</u>	<u>\$ 172,345,431</u>

CITY OF WARWICK, RHODE ISLAND
SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS
CITY EMPLOYEES' PENSION PLAN
LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 3,470,808	\$ 3,265,824	\$ 2,604,452	\$ 2,361,164	\$ 1,368,801
Interest	11,508,757	11,177,444	11,143,830	10,681,187	9,817,470
Difference between actual and expected experience	1,973,093		(552,930)	1,619,642	8,308,519
Assumption changes			8,912,895		(354,818)
Benefit payments	<u>(10,198,712)</u>	<u>(9,301,086)</u>	<u>(8,862,354)</u>	<u>(8,367,787)</u>	<u>(7,872,056)</u>
Net change in total pension liability	6,753,946	5,142,182	13,245,893	6,294,206	11,267,916
Total pension liability - beginning	<u>170,101,420</u>	<u>164,959,238</u>	<u>151,713,345</u>	<u>145,419,139</u>	<u>134,151,223</u>
Total pension liability - ending (a)	<u>176,855,366</u>	<u>170,101,420</u>	<u>164,959,238</u>	<u>151,713,345</u>	<u>145,419,139</u>
Plan fiduciary net position:					
Contributions - employer	6,194,245	5,764,819	5,505,376	5,640,498	5,436,625
Contributions - employee	1,888,875	1,765,310	1,620,427	1,579,755	1,572,702
Net investment income (loss)	11,247,563	14,263,989	(1,578,910)	2,695,082	15,609,969
Benefit payments	(10,198,712)	(9,301,086)	(8,862,354)	(8,367,787)	(7,872,056)
Administrative expense	(21,413)	(34,671)	(33,370)	(34,244)	(28,582)
Other	10,591				
Net change in plan fiduciary net position	9,121,149	12,458,361	(3,348,831)	1,513,304	14,718,658
Plan fiduciary net position beginning	<u>124,934,249</u>	<u>112,475,888</u>	<u>115,824,719</u>	<u>114,311,415</u>	<u>99,592,757</u>
Plan fiduciary net position - ending (b)	<u>134,055,398</u>	<u>124,934,249</u>	<u>112,475,888</u>	<u>115,824,719</u>	<u>114,311,415</u>
Net Pension Liability (a-b)	<u>\$ 42,799,968</u>	<u>\$ 45,167,171</u>	<u>\$ 52,483,350</u>	<u>\$ 35,888,626</u>	<u>\$ 31,107,724</u>
Plan fiduciary net position as a percentage of the total pension liability	75.8%	73.4%	68.2%	76.3%	78.6%
Covered payroll	\$ 23,610,939	\$ 22,066,375	\$ 20,255,338	\$ 20,072,947	18,391,191
Net pension liability as a percentage of covered payroll	181.3%	204.7%	259.1%	178.8%	169.1%

Note:

The schedule is intended to show information for 10 years - additional years will be displayed as they become available

CITY OF WARWICK, RHODE ISLAND
SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS
POLICE I AND FIRE PENSION PLAN
LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 653,640	\$ 810,009	\$ 936,610	\$ 1,005,457	\$ 1,276,922
Interest	19,565,475	19,645,595	20,076,965	20,085,394	22,543,132
Difference between actual and expected experience	4,604,032		1,862	(1,195,853)	(10,108,652)
Assumption changes			16,534,846		(26,630,682)
Benefit payments	(22,027,916)	(21,067,877)	(20,192,173)	(19,753,740)	(19,675,904)
Net change in total pension liability	2,795,231	(612,273)	17,358,110	141,258	(32,595,184)
Total pension liability - beginning	294,066,490	294,678,763	277,320,653	277,179,395	309,774,579
Total pension liability - ending (a)	<u>296,861,721</u>	<u>294,066,490</u>	<u>294,678,763</u>	<u>277,320,653</u>	<u>277,179,395</u>
Plan fiduciary net position:					
Contributions - employer	17,934,399	17,465,464	17,378,897	16,039,998	15,206,485
Contributions - member	175,440	219,770	266,831	284,810	321,061
Net investment income (loss)	5,911,507	9,138,696	(929,819)	1,380,201	9,803,078
Benefit payments	(22,027,916)	(21,067,877)	(20,192,173)	(19,753,740)	(19,675,904)
Administrative expense	(22,453)	(38,823)	(29,322)	(29,576)	(24,335)
Other	11,061	670			
Net change in plan fiduciary net position	1,982,038	5,717,900	(3,505,586)	(2,078,307)	5,630,385
Plan fiduciary net position - beginning	71,756,352	66,038,452	69,544,038	71,622,345	65,991,960
Plan fiduciary net position - ending (b)	<u>73,738,390</u>	<u>71,756,352</u>	<u>66,038,452</u>	<u>69,544,038</u>	<u>71,622,345</u>
Net Pension Liability (a-b)	<u>\$ 223,123,331</u>	<u>\$ 222,310,138</u>	<u>\$ 228,640,311</u>	<u>\$ 207,776,615</u>	<u>\$ 205,557,050</u>
Plan fiduciary net position as a percentage of the total pension liability	24.8%	24.4%	22.4%	25.1%	25.8%
Covered payroll	\$ 2,506,287	\$ 3,139,571	\$ 3,811,871	\$ 4,068,714	\$ 4,154,657
Net pension liability as a percentage of covered payroll	8902.5%	7080.9%	5998.1%	5106.7%	4947.6%

Note:

The schedule is intended to show information for 10 years - additional years will be displayed as they become available

CITY OF WARWICK, RHODE ISLAND
SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS
POLICE II PENSION PLAN
LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 4,693,492	\$ 4,744,240	\$ 3,884,441	\$ 3,770,366	\$ 3,762,837
Interest	15,998,841	15,258,836	14,589,705	13,811,883	13,520,113
Difference between actual and expected experience	(2,080,926)		329,603	738,684	(1,806,121)
Assumption changes			15,898,398		(3,961,813)
Benefit payments	(9,658,734)	(8,861,372)	(8,245,091)	(7,768,947)	(7,488,066)
Net change in total pension liability	8,952,673	11,141,704	26,457,056	10,551,986	4,026,950
Total pension liability - beginning	234,308,479	223,166,775	196,709,719	186,157,733	182,130,783
Total pension liability - ending (a)	<u>243,261,152</u>	<u>234,308,479</u>	<u>223,166,775</u>	<u>196,709,719</u>	<u>186,157,733</u>
Plan fiduciary net position:					
Contributions - employer	4,179,364	3,938,725	3,853,855	3,828,534	3,322,236
Contributions - member	2,089,682	2,008,027	1,931,974	1,914,267	1,661,118
Net investment income (loss)	16,368,484	22,689,311	(2,481,497)	4,075,102	24,147,499
Benefit payments	(9,658,734)	(8,861,372)	(8,245,091)	(7,768,947)	(7,488,066)
Administrative expense	(19,924)	(28,474)	(37,409)	(39,395)	(24,100)
Other	500				
Net change in plan fiduciary net position	12,959,372	19,746,217	(4,978,168)	2,009,561	21,618,687
Plan fiduciary net position - beginning	193,183,186	173,436,969	178,415,137	176,405,576	154,786,889
Plan fiduciary net position - ending (b)	<u>206,142,558</u>	<u>193,183,186</u>	<u>173,436,969</u>	<u>178,415,137</u>	<u>176,405,576</u>
Net Pension Liability (a-b)	<u>\$ 37,118,594</u>	<u>\$ 41,125,293</u>	<u>\$ 49,729,806</u>	<u>\$ 18,294,582</u>	<u>\$ 9,752,157</u>
Plan fiduciary net position as a percentage of the total pension liability	84.7%	82.4%	77.7%	90.7%	94.8%
Covered payroll	\$ 13,820,649	\$ 13,791,394	\$ 13,269,052	\$ 12,781,663	\$ 12,494,306
Net pension liability as a percentage of covered payroll	268.6%	298.2%	374.8%	143.1%	78.1%

Note:

The schedule is intended to show information for 10 years - additional years will be displayed as they become available

CITY OF WARWICK, RHODE ISLAND
SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS
FIRE II PENSION PLAN
LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 4,844,310	\$ 4,563,165	\$ 3,946,558	\$ 3,534,726	\$ 3,435,947
Interest	5,250,580	4,654,274	4,125,110	3,572,193	3,205,452
Benefit Changes	2,321,185				
Difference between actual and expected experience	(135,069)		(577,982)	482,842	(62,953)
Assumption changes			5,201,487		(1,341,914)
Benefit payments	(843,743)	(587,618)	(449,467)	(397,441)	(394,626)
Net change in total pension liability	11,437,263	8,629,821	12,245,706	7,192,320	4,841,906
Total pension liability - beginning	74,128,449	65,498,628	53,252,922	46,060,602	41,218,696
Total pension liability - ending (a)	<u>85,565,712</u>	<u>74,128,449</u>	<u>65,498,628</u>	<u>53,252,922</u>	<u>46,060,602</u>
Plan fiduciary net position:					
Contributions - employer	3,561,858	3,149,947	2,973,277	2,943,088	2,903,462
Contributions - member	1,780,929	1,574,973	1,486,639	1,471,544	1,451,731
Net investment income (loss)	4,543,343	7,834,412	(930,262)	782,789	5,483,041
Benefit payments	(843,743)	(587,618)	(449,467)	(397,441)	(394,626)
Administrative expense	(18,000)	(20,875)	(8,926)	(8,697)	(4,315)
Net change in plan fiduciary net position	9,024,387	11,950,839	3,071,261	4,791,283	9,439,293
Plan fiduciary net position - beginning	64,558,640	52,607,801	49,536,540	44,745,257	35,305,964
Plan fiduciary net position - ending (b)	<u>73,583,027</u>	<u>64,558,640</u>	<u>52,607,801</u>	<u>49,536,540</u>	<u>44,745,257</u>
Net Pension Liability (a-b)	<u>\$ 11,982,685</u>	<u>\$ 9,569,809</u>	<u>\$ 12,890,827</u>	<u>\$ 3,716,382</u>	<u>\$ 1,315,345</u>
Plan fiduciary net position as a percentage of the total pension liability	86.0%	87.1%	80.3%	93.0%	97.1%
Covered payroll	\$ 15,267,285	\$ 14,188,946	\$ 13,393,144	\$ 12,602,432	\$ 11,769,201
Net pension liability as a percentage of covered payroll	78.5%	67.4%	96.2%	29.5%	11.2%

Note:

The schedule is intended to show information for 10 years - additional years will be displayed as they become available

CITY OF WARWICK, RHODE ISLAND
SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS
WARWICK PUBLIC SCHOOLS EMPLOYEES' PENSION PLAN
LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 1,101,378	\$ 1,085,156	\$ 1,182,332	\$ 1,153,661	\$ 1,233,904
Interest	3,727,866	3,405,815	3,239,682	3,013,821	2,683,152
Difference between actual and expected experience	1,105,363	2,093,032	(363,953)	342,058	664,117
Assumption changes	85,298	81,200	113,452		67,700
Benefit payments	<u>(2,265,755)</u>	<u>(1,901,797)</u>	<u>(1,506,891)</u>	<u>(1,122,881)</u>	<u>(1,035,956)</u>
Net change in total pension liability	3,754,150	4,763,406	2,664,622	3,386,659	3,612,917
Total pension liability - beginning	<u>53,267,565</u>	<u>48,504,159</u>	<u>45,839,537</u>	<u>42,452,878</u>	<u>38,839,961</u>
Total pension liability - ending (a)	<u>57,021,715</u>	<u>53,267,565</u>	<u>48,504,159</u>	<u>45,839,537</u>	<u>42,452,878</u>
Plan fiduciary net position:					
Contributions - employer	1,152,310	2,044,880	1,968,941	1,752,679	2,160,500
Contributions - employee	721,712	803,054	732,245	766,137	743,492
Net investment income	4,797,201	5,414,063	936,885	1,487,522	3,977,291
Benefit payments	<u>(2,265,755)</u>	<u>(1,901,797)</u>	<u>(1,506,891)</u>	<u>(1,122,881)</u>	<u>(1,035,956)</u>
Administrative expense	<u>(200,111)</u>	<u>(205,899)</u>	<u>(173,084)</u>	<u>(95,056)</u>	<u>(83,496)</u>
Net change in plan fiduciary net position	4,205,357	6,154,301	1,958,096	2,788,401	5,761,831
Plan fiduciary net position beginning	<u>48,797,539</u>	<u>42,643,238</u>	<u>40,685,142</u>	<u>37,896,741</u>	<u>32,134,910</u>
Plan fiduciary net position - ending (b)	<u>53,002,896</u>	<u>48,797,539</u>	<u>42,643,238</u>	<u>40,685,142</u>	<u>37,896,741</u>
Net Pension Liability (a-b)	<u>\$ 4,018,819</u>	<u>\$ 4,470,026</u>	<u>\$ 5,860,921</u>	<u>\$ 5,154,395</u>	<u>\$ 4,556,137</u>
Plan fiduciary net position as a percentage of the total pension liability	93.0%	91.6%	87.9%	88.8%	89.3%
Covered payroll	\$ 13,435,984	\$ 12,914,407	\$ 12,567,847	\$ 13,918,915	13,335,646
Net pension liability as a percentage of covered payroll	29.9%	34.6%	46.6%	37.0%	34.2%

Note:

The schedule is intended to show information for 10 years - additional years will be displayed as they become available

**CITY OF WARWICK, RHODE ISLAND
SCHEDULE OF CITY CONTRIBUTIONS
CITY EMPLOYEES' PENSION PLAN
LAST FIVE FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 6,194,245	\$ 5,764,819	\$ 5,505,376	\$ 5,640,498	\$ 5,436,625
Actual contribution made in relation to the actuarially determined contribution	<u>6,194,245</u>	<u>5,764,819</u>	<u>5,505,376</u>	<u>5,640,498</u>	<u>5,436,625</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 23,610,939	\$ 23,610,939	\$ 20,255,338	\$ 20,072,947	\$ 18,391,191
Contributions as a percentage of covered payroll	26.2%	24.4%	27.2%	28.1%	29.6%

Notes to Schedule of Contributions

Valuation date July 1, 2017

Notes

Actuarially determined contribution rates are calculated as of June 30, effective for the fiscal year that begins 12 months after the valuation date.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	For funding purposes, the Entry Age Normal Actuarial Cost Method is used.
Single Equivalent Amortization Period	10 Years Closed
Amortization Period for New Gains/Losses	20 years Closed
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.25%
Salary Increases	3.00% to 7.00% including inflation
Investment rate of return	6.90%
Retirement age	Experienced-based table of rates that are specific to the type of eligibility condition.
Mortality	(Male) 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. (Female) 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

Other Information:

Notes

There were no benefit changes during the year.

The schedule is intended to show information for 10 years - additional years will be displayed as they become available

**CITY OF WARWICK, RHODE ISLAND
SCHEDULE OF CITY CONTRIBUTIONS
POLICE I AND FIRE PENSION PLAN
LAST FIVE FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 17,934,399	\$ 17,465,464	\$ 17,378,897	\$ 16,039,998	\$ 15,206,485
Actual contribution made in relation to the actuarially determined contribution	<u>17,934,399</u>	<u>17,465,464</u>	<u>17,378,897</u>	<u>16,039,998</u>	<u>15,206,485</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,506,287	\$ 3,139,571	\$ 3,811,871	\$ 4,068,714	\$ 4,154,657
Contributions as a percentage of covered payroll	715.6%	556.3%	455.9%	394.2%	366.0%

Notes to Schedule of Contributions

Valuation date July 1, 2017

Notes

Actuarially determined contribution rates are calculated as of June 30, effective for the fiscal year that begins 12 months after the valuation date.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	For funding purposes, the Entry Age Normal Actuarial Cost Method is used.
Single Equivalent Amortization Period	19 Years Closed
Amortization Period for New Gains/Losses	20 years Closed
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.25%
Salary Increases	3.50% to 13.50% including inflation
Investment rate of return	6.90%
Retirement age	Experienced-based table of rates that are specific to the type of eligibility condition.
Mortality	(Male) 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. (Female) 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

Other Information:

Notes

There were no benefit changes during the year.

The schedule is intended to show information for 10 years - additional years will be displayed as they become available

**CITY OF WARWICK, RHODE ISLAND
SCHEDULE OF CITY CONTRIBUTIONS
POLICE II PENSION PLAN
LAST FIVE FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 4,179,364	\$ 3,938,725	\$ 3,853,855	\$ 3,828,534	\$ 3,322,236
Actual contribution made in relation to the actuarially determined contribution	<u>4,179,364</u>	<u>3,938,725</u>	<u>3,853,855</u>	<u>3,828,534</u>	<u>3,322,236</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 13,820,649	\$ 13,791,394	\$ 13,269,052	\$ 12,781,663	\$ 12,494,306
Contributions as a percentage of covered payroll	30.2%	28.6%	29.0%	30.0%	26.6%

Notes to Schedule of Contributions

Valuation date July 1, 2017
Notes

Actuarially determined contribution rates are calculated as of June 30, effective for the fiscal year that begins 12 months after the valuation date.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method For funding purposes, the Entry Age Normal Actuarial Cost Method is used.
Single Equivalent Amortization Period 23 Years Closed
Amortization Period for New Gains/Losses 30 years Closed
Asset Valuation Method 5-Year Smoothed Market
Inflation 2.25%
Salary Increases 3.50% to 13.50% including inflation
Investment rate of return 6.90%

Retirement age Experienced-based table of rates that are specific to the type of eligibility condition.
Mortality (Male) 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.
(Female) 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

Other Information:
Notes

There were no benefit changes during the year.

The schedule is intended to show information for 10 years - additional years will be displayed as they become available

**CITY OF WARWICK, RHODE ISLAND
SCHEDULE OF CITY CONTRIBUTIONS
FIRE II PENSION PLAN
LAST FIVE FISCAL YEARS**

	<u>2017</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 3,561,858	\$ 3,149,947	\$ 2,973,277	\$ 2,943,088	\$ 2,903,462
Actual contribution made in relation to the actuarially determined contribution	<u>3,561,858</u>	<u>3,149,947</u>	<u>2,973,277</u>	<u>2,943,088</u>	<u>2,903,462</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 15,267,285	\$ 14,188,946	\$ 13,393,144	\$ 12,602,432	\$ 11,769,201
Contributions as a percentage of covered payroll	23.3%	22.2%	22.2%	23.4%	24.7%

Notes to Schedule of Contributions

Valuation date July 1, 2017
 Notes Actuarially determined contribution rates are calculated as of June 30, effective for the fiscal year that begins 12 months after the valuation date.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method For funding purposes, the Entry Age Normal Actuarial Cost Method is used.
 Single Equivalent Amortization Period 15 Years Closed
 Amortization Period for New Gains/Losses 20 years Closed
 Asset Valuation Method 5-Year Smoothed Market
 Inflation 2.25%
 Salary Increases 3.50% to 13.50% including inflation
 Investment rate of return 6.90%
 Retirement age Experienced-based table of rates that are specific to the type of eligibility condition.
 Mortality (Male) 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.
 (Female) 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

Other Information:
 Notes There were no benefit changes during the year.

The schedule is intended to show information for 10 years - additional years will be displayed as they become available

**CITY OF WARWICK, RHODE ISLAND
 SCHEDULE OF CITY CONTRIBUTIONS
 WARWICK PUBLIC SCHOOL EMPLOYEES' PENSION PLAN
 LAST FOUR FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,109,882	\$ 1,156,709	\$ 1,161,346	\$ 1,092,021	\$ 1,236,062
Actual contribution made in relation to the actuarially determined contribution	<u>1,152,310</u>	<u>2,044,880</u>	<u>1,968,941</u>	<u>1,752,679</u>	<u>2,160,500</u>
Contribution deficiency (excess)	<u>\$ (42,428)</u>	<u>\$ (888,171)</u>	<u>\$ (807,595)</u>	<u>\$ (660,658)</u>	<u>\$ (924,438)</u>
Covered payroll	\$ 13,435,984	\$ 12,914,407	\$ 12,567,847	\$ 13,918,915	\$ 13,335,646
Contributions as a percentage of covered payroll	8.6%	15.8%	15.7%	12.6%	16.2%

Notes to Schedule of Contributions

Valuation date July 1, 2018
 Notes Actuarially determined contribution rates are calculated as of the beginning of the fiscal year - July 1st.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method For funding purposes, the Entry Age Normal Actuarial Cost Method is used.
 Amortization Method Level percentage of payroll
 Remaining Amortization Period 30 years
 Asset Valuation Method Fair Market Value
 Salary Increases 3.00% per annum
 Investment rate of return 7.00%
 Retirement age 15% per year for ages 62 to 64, 100% at age 65
 Mortality Prescribed IRS Static Mortality Table for the year of the valuation

Other Information:
 Notes There were no benefit changes during the year.

The schedule is intended to show information for 10 years - additional years will be displayed as they become available

**CITY OF WARWICK, RHODE ISLAND
 SCHEDULE OF INVESTMENT RETURNS
 CITY PENSION PLANS
 LAST FOUR FISCAL YEARS**

	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense					
Police I and Fire Pension Plan	8.47%	14.23%	-1.94%	0.51%	15.35%
Police II Pension Plan	8.55%	13.17%	-1.40%	2.25%	15.70%
Fire II Pension Plan	6.80%	14.40%	-1.81%	1.31%	14.80%
City Employees Pension Plan	9.08%	12.78%	-1.37%	2.11%	15.73%
Warwick Public School Employees' Pension Plan	9.74%	12.61%	2.30%	1.97%	17.24%

Note:

The schedule is intended to show information for 10 years - additional years will be displayed as they become available

**CITY OF WARWICK, RHODE ISLAND
SCHEDULE OF CITY CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM - TEACHERS
LAST FOUR FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 10,176,528	\$ 10,619,358	\$ 10,888,514	\$ 10,546,876
Actual contribution made in relation to the actuarially determined contribution	<u>10,176,528</u>	<u>10,619,358</u>	<u>10,888,514</u>	<u>10,546,876</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 76,861,994	\$ 80,571,760	\$ 79,304,545	\$ 78,649,336
Contributions as a percentage of covered payroll	13.2%	13.2%	13.7%	13.4%

Notes:

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

CITY OF WARWICK, RHODE ISLAND
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EMPLOYEES' RETIREMENT SYSTEM - TEACHERS
LAST FOUR FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's Proportion of the Net Pension Liability	4.264%	4.708%	4.840%	5.003%
Employer's Proportionate Share of the Net Pension Liability	\$ 134,499,571	\$ 140,460,773	\$ 133,250,179	\$ 121,776,253
State's Proportionate Share of the Net Pension Liability	<u>101,649,361</u>	<u>96,195,004</u>	<u>91,032,340</u>	<u>83,507,586</u>
Total Net Pension Liability	<u>\$ 236,148,932</u>	<u>\$ 236,655,777</u>	<u>\$ 224,282,519</u>	<u>\$ 205,283,839</u>
Employer's Covered Payroll	\$ 76,861,994	\$ 80,571,760	\$ 79,304,545	\$ 78,649,336
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	174.99%	174.33%	168.02%	154.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.00%	54.10%	57.60%	61.40%

Notes:


- 1) The amounts presented for each fiscal year were determined as of 6/30 measurement date prior to the fiscal year-end
- 2) The schedule is intended to show information for 10 years - additional years will be displayed as they become available

CITY OF WARWICK, RHODE ISLAND
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR

	<u>2018</u>
<u>City Plan</u>	
Total OPEB liability:	
Service cost	\$ 10,631,235
Interest	10,463,940
Changes of benefit terms	
Differences between expected and actual experience	(14,109,697)
Changes of assumptions and other inputs	
Benefit payments	<u>(11,482,709)</u>
Net change in total OPEB liability	(4,497,231)
Total OPEB liability - beginning	<u>356,880,279</u>
Total OPEB Liability - Ending	<u>\$ 352,383,048</u>
<u>School Plan</u>	
Total OPEB liability:	
Service cost	\$ 2,069,696
Interest	1,573,178
Changes of benefit terms	
Differences between expected and actual experience	(2,581,254)
Changes of assumptions and other inputs	
Benefit payments	<u>(812,604)</u>
Net change in total OPEB liability	249,016
Total OPEB liability - beginning	<u>53,197,522</u>
Total OPEB Liability - Ending	<u>\$ 53,446,538</u>

Note:

The schedule is intended to show information for 10 years - additional years will be displayed as they become available



**Supplemental,
Combining and
Individual
Fund Statements
and Schedules**



**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

Special Revenue Restricted City Funds- These funds are used to account for revenues from specific taxes or other earmarked revenue sources which by law are designated to finance particular functions or activities of government, and which therefore cannot be diverted to other uses. The following is a list of special revenue funds in this section:

Special Detail Fund - Established to account for the rescue service fees and any related expenditures.

City Clerk Restricted Fund - Established to account for fees and expenditures related to the enhancement of the vital statistic and land evidence systems.

Emergency Operations City - Established to account for the revenues and expenditures associated with the March 2010 Flood Disaster.

Warwick Public Library Restricted Fund - Established to account for receipt and disbursements of grants/donations and related expenditures for library operations.

Open Space Land Dedication Fund - Established to account for residential subdivision fees and related expenditures for public recreation land acquisitions in districts containing these subdivisions.

Sewer Connection Grant - Established to account for the receipt and disbursement of funds relating to a grant program which assists residents with the cost of new sewer connections.

Excess Hotel Tax Fund - Established to reserve economic development portion of state hotel tax exceeding current year tourism related expenditures.

Mooring Fee Reserve Fund - Established to account for waterfront safety fees and related expenditures.

Senior Center Gift Shop - Established to account for receipts and expenditures related to the operation of Pilgrim Senior Center.

JAG Grant - Established to account for grant proceeds received from the U.S. Department of Justice for the purpose of enhancing law enforcement operations and public safety.

Drug Seizure Fund - Established to account for proceeds from drug related property seizures and related anti-drug expenditures.

State Asset Forfeiture - Established to account for proceeds from drug related property seizures and related anti-drug expenditures.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED):

Community Development Block Grant - Established to account for the annual Entitlement Community program of the U.S. Department of Housing and Urban Development and related expenditures addressing housing and community development needs throughout Warwick. It provides assistance to the low and moderate income population of the City of Warwick.

Lead Reduction Program - Established to account for a grant received from the U.S. Department of Housing and Urban Development. Expenses relate to oversight and monitoring of lead reduction programs for low and moderate income residents of the City of Warwick.

Disaster Recovery Program - Established to account for a grant received from the U.S. Department of Housing and Urban Development. Expenses relate to assisting individuals and businesses affected by the March 2010 flood, with regard to repairing and rehabilitating housing units and public facilities.

School Restricted Funds - Funds established to account for federal, state, and private grant monies used for the benefit of the Warwick School Department. The following is a list of the School funds included in this section:

- IDEA
- IDEA Pre-School
- Title I
- Title II
- E2T2 Training Consortium Title III
- Perkins Voc Even Year/Perkins Voc Odd Year
- Homeless Even Year/Homeless Odd Year
- Fresh Fruit/Veg Program
- Skills USA
- Big Yellow Bus
- Scott Tech Donations
- Esther Chester Donations
- Mary Maini Memorial Fund
- City/Town Contributions Sports
- Walmart
- Full Day Kindergarten
- Injury Fund
- Emergency Repairs-Tech
- Feinstein
- Rhode Island Foundation
- Dorothy Rich Association
- Holliman Yearbook
- Cedar Library Books
- PTO Donations
- Education Development Center
- School Food Service Fund
- Champlin Aldrich Gorton
- Champlin Audio/Video
- Art Talks Sherman
- C.A.S.I.T Italian Program
- United Way
- Wireless Classroom Initiative
- CTE
- Stop & Shop
- Carol Gray Memorial Fund
- Champlin Winman
- CS4RI Teals Innovation Office Grant
- Target
- Shapiro Fund for Warwick
- Generation Youth Foundation
- English Learner Categorical
- IGT Charitable Contribution
- Patricia St. Amant Afterschool
- Technology Self Insurance
- Leadership Minigrant
- Staples Foundation

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS:

The Capital Project Funds account for all resources used for the acquisition and/or construction of capital facilities by the City, except those financed by the Enterprise Funds.

2000 Open Space Bond Fund -to acquire and preserve open space within the City.

2006 Fire Station Bond Fund - to account for capital improvements related to the fire station.

2006 School Bond Fund -to account for capital improvements related to schools.

2002 Drainage Bond Fund - to account for various improvements to the drainage system of the City.

2006 City Buildings Bond Fund - to account for capital improvements related to municipal facilities.

Capital Leases Fund - to account for expenditures relating to the City's lease purchase program for the acquisition of capital equipment and vehicles.

Road Bridge Fund - to account for expenditures relating to road and bridge work.

DEBT SERVICE FUND:

- The Debt Service Fund is used to account for the payment of interest and principal on all general long-term debt other than that payable from the Enterprise Funds.

**CITY OF WARWICK, RHODE ISLAND
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

EXHIBIT A-1

	<u>Special Revenue Restricted City</u>	<u>Special Revenue Restricted School</u>	<u>Capital Projects Funds</u>	<u>Debt Service Fund</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 1,480,382	\$ 1,530	\$ 2,315,675	\$	\$ 3,797,587
Restricted cash and cash equivalents				3,552,500	3,552,500
Due from federal and state governments	2,448,037	4,944,439	459,300		7,851,776
Accounts receivable	3,102,909	26	7,000		3,109,935
Due from other funds	1,226,027	1,062,897	7,524		2,296,448
Other assets		178,300			178,300
Total Assets	<u>\$ 8,257,355</u>	<u>\$ 6,187,192</u>	<u>\$ 2,789,499</u>	<u>\$ 3,552,500</u>	<u>\$ 20,786,546</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued expenditures	\$ 172,268	\$ 723,457	\$ 360,547	\$	\$ 1,256,272
Due to federal and state governments	35				35
Due to other funds	135,107	4,415,274	59,280		4,609,661
Other liabilities	3,543				3,543
Total liabilities	<u>310,953</u>	<u>5,138,731</u>	<u>419,827</u>	<u>-</u>	<u>5,869,511</u>
Deferred Inflows of Resources:					
Unavailable revenues - other	<u>5,434,836</u>				<u>5,434,836</u>
Fund Balances:					
Restricted	2,511,566	1,073,797	2,369,672	3,552,500	9,507,535
Unassigned		(25,336)			(25,336)
Total fund balances	<u>2,511,566</u>	<u>1,048,461</u>	<u>2,369,672</u>	<u>3,552,500</u>	<u>9,482,199</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,257,355</u>	<u>\$ 6,187,192</u>	<u>\$ 2,789,499</u>	<u>\$ 3,552,500</u>	<u>\$ 20,786,546</u>

**CITY OF WARWICK, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018**

EXHIBIT A-2

	Special Revenue Restricted City	Special Revenue Restricted School	Capital Projects Funds	Debt Service Fund	Total
Revenues:					
Intergovernmental revenues	\$ 1,194,561	\$ 7,171,311	\$	\$	\$ 8,365,872
Charges for services	3,016,780	1,126,073			4,142,853
Investment income	2,038				2,038
Contributions and private grants	32,623	160,741			193,364
Other revenue	344,852	60,000			404,852
Total revenues	<u>4,590,854</u>	<u>8,518,125</u>	-	-	<u>13,108,979</u>
Expenditures:					
Executive and administration	132,402				132,402
Public safety	2,666,885		70,837		2,737,722
Public libraries	130,384				130,384
Social services	23,471				23,471
Planning and economic development	1,348,119		13,687		1,361,806
Public works			685,384		685,384
Education		10,260,489	7,592,809		17,853,298
Debt service:					
Principal				6,648,671	6,648,671
Interest and other costs			82,651	1,360,299	1,442,950
Total expenditures	<u>4,301,261</u>	<u>10,260,489</u>	<u>8,445,368</u>	<u>8,008,970</u>	<u>31,016,088</u>
Excess (Deficiency) of Revenues over Expenditures	<u>289,593</u>	<u>(1,742,364)</u>	<u>(8,445,368)</u>	<u>(8,008,970)</u>	<u>(17,907,109)</u>
Other Financing Sources (Uses):					
Proceeds from capital lease			321,207		321,207
Premium on revenue bonds issued			429,773		429,773
Proceeds of revenue bonds			4,460,000		4,460,000
Transfers in	481,744	484,519		8,516,470	9,482,733
Transfers out	(1,046,170)				(1,046,170)
Total other financing sources (uses)	<u>(564,426)</u>	<u>484,519</u>	<u>5,210,980</u>	<u>8,516,470</u>	<u>13,647,543</u>
Net Change in Fund Balances	(274,833)	(1,257,845)	(3,234,388)	507,500	(4,259,566)
Fund Balances at Beginning of Year	<u>2,786,399</u>	<u>2,306,306</u>	<u>5,604,060</u>	<u>3,045,000</u>	<u>13,741,765</u>
Fund Balances at End of Year	<u>\$ 2,511,566</u>	<u>\$ 1,048,461</u>	<u>\$ 2,369,672</u>	<u>\$ 3,552,500</u>	<u>\$ 9,482,199</u>

CITY OF WARWICK, RHODE ISLAND
 COMBINING BALANCE SHEET
 SPECIAL REVENUE RESTRICTED CITY
 JUNE 30, 2018

EXHIBIT A-3

	Special Detail Fund	City Clerk Restricted Fund	Emergency Operations City	Warwick Public Library Restricted Fund	Open Space Land Dedication	Sewer Connection Grant	Excess Hotel Tax Fund	Mooring Fee Reserve Fund
ASSETS								
Cash and cash equivalents	\$	\$	\$	\$ 201,648	\$ 296,473	\$ 34,159	\$ 147,139	\$ 231,682
Accounts receivable	512,329							
Due from federal and state governments								
Due from other funds	99,147	954,141	128,657		32,623			8,011
Total Assets	\$ 611,476	\$ 954,141	\$ 128,657	\$ 201,648	\$ 329,096	\$ 34,159	\$ 147,139	\$ 239,693
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenditures	\$ 67,737	\$ 4,020	\$	\$ 20,036	\$	\$ 1,000	\$	\$
Due to federal and state governments				57,781		4,713		
Due to other funds								
Other liabilities								
Total liabilities	67,737	4,020	-	77,817	-	5,713	-	-
Deferred Inflows of Resources:								
Unavailable revenues - other	512,329							
Fund Balances:								
Restricted	31,410	950,121	128,657	123,831	329,096	28,446	147,139	239,693
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 611,476	\$ 954,141	\$ 128,657	\$ 201,648	\$ 329,096	\$ 34,159	\$ 147,139	\$ 239,693

(Continued on next page)

CITY OF WARWICK, RHODE ISLAND
 COMBINING BALANCE SHEET (CONTINUED)
 SPECIAL REVENUE RESTRICTED CITY
 JUNE 30, 2018

EXHIBIT A-3

	Senior Center Gift Shop	Police JAG Grant	Federal Asset Forfeiture Fund	State Asset Forfeiture Fund	Community Development Block Grant	Home Improvement Loan Escrow Account	Lead Hazard Reduction Program	HUD Disaster Recovery Grant	Total
ASSETS									
Cash and cash equivalents	\$ 26,201		\$ 84,995	\$ 59,360	\$ 320,275	\$ 78,450			\$ 1,480,382
Accounts receivable					2,590,580				3,102,909
Due from federal and state governments					771,319			1,676,718	2,448,037
Due from other funds	3,448								1,226,027
Total Assets	<u>\$ 29,649</u>	<u>\$ -</u>	<u>\$ 84,995</u>	<u>\$ 59,360</u>	<u>\$ 3,682,174</u>	<u>\$ 78,450</u>	<u>\$ -</u>	<u>\$ 1,676,718</u>	<u>\$ 8,257,355</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued expenditures	\$ 1,951		\$ 17,964		\$ 53,195	\$ 1,260		\$ 5,105	\$ 172,268
Due to federal and state governments					35				35
Due to other funds			5,975	8,827	57,811				135,107
Other liabilities				3,543					3,543
Total liabilities	<u>1,951</u>	<u>-</u>	<u>23,939</u>	<u>12,370</u>	<u>111,041</u>	<u>1,260</u>	<u>-</u>	<u>5,105</u>	<u>310,953</u>
Deferred Inflows of Resources:									
Unavailable revenues - other					3,250,894			1,671,613	5,434,836
Fund Balances:									
Restricted	<u>27,698</u>		<u>61,056</u>	<u>46,990</u>	<u>320,239</u>	<u>77,190</u>			<u>2,511,566</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 29,649</u>	<u>\$ -</u>	<u>\$ 84,995</u>	<u>\$ 59,360</u>	<u>\$ 3,682,174</u>	<u>\$ 78,450</u>	<u>\$ -</u>	<u>\$ 1,676,718</u>	<u>\$ 8,257,355</u>

CITY OF WARWICK, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE RESTRICTED CITY
 FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT A-4

	Special Detail Fund	City Clerk Restricted Fund	Emergency Operations City	Warwick Public Library Restricted Fund	Open Space Land Dedication	Sewer Connection Grant	Excess Hotel Tax Fund	Mooring Fee Reserve Fund
Revenues:								
Intergovernmental revenues	\$	\$	\$	\$ 152,119	\$	\$	\$	\$
Charges for services	2,990,378							8,011
Investment income				270	600	79	297	455
Contributions and private grants					32,623			
Other revenue		102,350						
Total revenues	<u>2,990,378</u>	<u>102,350</u>	<u>-</u>	<u>152,389</u>	<u>33,223</u>	<u>79</u>	<u>297</u>	<u>8,466</u>
Expenditures:								
Executive and administration		132,402						
Public safety	2,526,637		39,756					
Public libraries				130,384				
Social services								
Planning and economic development						8,000		
Total expenditures	<u>2,526,637</u>	<u>132,402</u>	<u>39,756</u>	<u>130,384</u>	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>463,741</u>	<u>(30,052)</u>	<u>(39,756)</u>	<u>22,005</u>	<u>33,223</u>	<u>(7,921)</u>	<u>297</u>	<u>8,466</u>
Other Financing Sources (Uses):								
Transfers in								
Transfers out	(564,426)							
Total other financing sources (uses)	<u>(564,426)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(100,685)	(30,052)	(39,756)	22,005	33,223	(7,921)	297	8,466
Fund Balances at Beginning of Year	132,095	980,173	168,413	101,826	295,873	36,367	146,842	231,227
Fund Balances at End of Year	<u>\$ 31,410</u>	<u>\$ 950,121</u>	<u>\$ 128,657</u>	<u>\$ 123,831</u>	<u>\$ 329,096</u>	<u>\$ 28,446</u>	<u>\$ 147,139</u>	<u>\$ 239,693</u>

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CITY OF WARWICK, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 SPECIAL REVENUE RESTRICTED CITY
 FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT A-4

	Senior Center Gift Shop	Police JAG Grant	Federal Asset Forfeiture Fund	State Asset Forfeiture Fund	Community Development Block Grant	Home Improvement Loan Escrow Account	Lead Hazard Reduction Program	HUD Disaster Recovery Grant	Total
Revenues:									
Intergovernmental revenues	\$	\$ 19,707	\$ 3,343	\$ 21,167	\$ 900,178	\$	\$	\$ 98,047	\$ 1,194,561
Charges for services	18,391								3,016,780
Investment income	54		202	81					2,038
Contributions and private grants									32,623
Other revenue	5,861		8,629		228,012				344,852
Total revenues	<u>24,306</u>	<u>19,707</u>	<u>12,174</u>	<u>21,248</u>	<u>1,128,190</u>	<u>-</u>	<u>-</u>	<u>98,047</u>	<u>4,590,854</u>
Expenditures:									
Executive and administration									132,402
Public safety		19,707	71,241	9,544					2,666,885
Public libraries									130,384
Social services	23,471								23,471
Planning and economic development					824,178	417,894		98,047	1,348,119
Total expenditures	<u>23,471</u>	<u>19,707</u>	<u>71,241</u>	<u>9,544</u>	<u>824,178</u>	<u>417,894</u>	<u>-</u>	<u>98,047</u>	<u>4,301,261</u>
Excess (Deficiency) of Revenues over Expenditures	835	-	(59,067)	11,704	304,012	(417,894)	-	-	289,593
Other Financing Sources (Uses):									
Transfers in						481,744			481,744
Transfers out					(481,744)				(1,046,170)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(481,744)</u>	<u>481,744</u>	<u>-</u>	<u>-</u>	<u>(564,426)</u>
Net Change in Fund Balances	835	-	(59,067)	11,704	(177,732)	63,850	-	-	(274,833)
Fund Balances at Beginning of Year	26,863	-	120,123	35,286	497,971	13,340	-	-	2,786,399
Fund Balances at End of Year	<u>\$ 27,698</u>	<u>\$ -</u>	<u>\$ 61,056</u>	<u>\$ 46,990</u>	<u>\$ 320,239</u>	<u>\$ 77,190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,511,566</u>

CITY OF WARWICK, RHODE ISLAND
 COMBINING BALANCE SHEET
 SPECIAL REVENUE RESTRICTED SCHOOL FUNDS
 JUNE 30, 2018

EXHIBIT A-5

	IDEA	IDEA Preschool	Title I	Title II	Title III	Perkins Voc Ed	Homeless Child/Youth Even Year	Homeless Child/Youth Odd Year	Fresh Fruit/Veg Program
ASSETS									
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accounts receivable									
Due from federal and state governments	2,638,547	96,082	1,353,055	376,808	4,593	302,308	18,733		33,583
Due from other funds									
Other assets									
Total Assets	<u>\$ 2,638,547</u>	<u>\$ 96,082</u>	<u>\$ 1,353,055</u>	<u>\$ 376,808</u>	<u>\$ 4,593</u>	<u>\$ 302,308</u>	<u>\$ 18,733</u>	<u>\$ -</u>	<u>\$ 33,583</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued expenditures	\$ 176,225	\$ 10,704	\$ 99,123	\$ 65,060	\$ 262	\$ 71,622	\$ 5,996	\$	\$ 5,365
Due to other funds	2,462,322	85,378	1,253,932	311,748	4,331	230,686	18,383		32,215
Total liabilities	<u>2,638,547</u>	<u>96,082</u>	<u>1,353,055</u>	<u>376,808</u>	<u>4,593</u>	<u>302,308</u>	<u>24,379</u>	<u>-</u>	<u>37,580</u>
Fund Balances:									
Restricted							(5,646)		(3,997)
Unrestricted							(5,646)		(3,997)
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,646)</u>	<u>-</u>	<u>(3,997)</u>
Total Liabilities and Fund Balances	<u>\$ 2,638,547</u>	<u>\$ 96,082</u>	<u>\$ 1,353,055</u>	<u>\$ 376,808</u>	<u>\$ 4,593</u>	<u>\$ 302,308</u>	<u>\$ 18,733</u>	<u>\$ -</u>	<u>\$ 33,583</u>

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CITY OF WARWICK, RHODE ISLAND
 COMBINING BALANCE SHEET (CONTINUED)
 SPECIAL REVENUE RESTRICTED SCHOOL FUNDS
 JUNE 30, 2018

EXHIBIT A-5

	School Lunch Equipment	Gen-Assembly Skills USA	RI Arts Big Yellow Bus	Emergency Repairs- Tech	Career and Tech Repairs	CTE Categorical Odd Year	CTE Categorical Even Year	CTE Reserve Odd Year	CTE Reserve Even Year
ASSETS									
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accounts receivable									
Due from federal and state governments									
Due from other funds		3,500	1,970	354,526	104,406	43,066	206,349	57	10,909
Other assets									
Total Assets	\$ -	\$ 3,500	\$ 1,970	\$ 354,526	\$ 104,406	\$ 43,066	\$ 206,349	\$ 57	\$ 10,909
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued expenditures	\$	\$ 3,500	\$	\$	\$	\$	\$ 1,559	\$	\$ 8,474
Due to other funds									
Total liabilities	-	3,500	-	-	-	-	1,559	-	8,474
Fund Balances:									
Restricted			1,970	354,526	104,406	43,066	204,790	57	2,435
Unrestricted									
Total fund balances	-	-	1,970	354,526	104,406	43,066	204,790	57	2,435
Total Liabilities and Fund Balances	\$ -	\$ 3,500	\$ 1,970	\$ 354,526	\$ 104,406	\$ 43,066	\$ 206,349	\$ 57	\$ 10,909

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CITY OF WARWICK, RHODE ISLAND
 COMBINING BALANCE SHEET (CONTINUED)
 SPECIAL REVENUE RESTRICTED SCHOOL FUNDS
 JUNE 30, 2018

EXHIBIT A-5

	CTE Trust	Full Day Kindergarten	English Learner Categorical	Leadership Champions	CS4RI Teals Innovation Office Grant	Champlin Audio/Video	Champlin Winman	Champlin Aldrich Gorton	Feinstein
ASSETS									
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accounts receivable									
Due from federal and state governments					8,785				
Due from other funds	19,260	880			20	179	61	3,306	95,785
Other assets									
Total Assets	\$ 19,260	\$ 880	\$ -	\$ -	\$ 8,805	\$ 179	\$ 61	\$ 3,306	\$ 95,785
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued expenditures	\$ 5,000	\$	\$	\$	\$ 4,390	\$	\$	\$	\$ 3,439
Due to other funds				1,076					
Total liabilities	5,000	-	-	1,076	4,390	-	-	-	3,439
Fund Balances:									
Restricted	14,260	880			4,415	179	61	3,306	92,346
Unrestricted				(1,076)					
Total fund balances	14,260	880	-	(1,076)	4,415	179	61	3,306	92,346
Total Liabilities and Fund Balances	\$ 19,260	\$ 880	\$ -	\$ -	\$ 8,805	\$ 179	\$ 61	\$ 3,306	\$ 95,785

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CITY OF WARWICK, RHODE ISLAND
 COMBINING BALANCE SHEET (CONTINUED)
 SPECIAL REVENUE RESTRICTED SCHOOL FUNDS
 JUNE 30, 2018

EXHIBIT A-5

	Feinstein Scott-Comm Fund	Rhode Island Foundation	United Way	Toshiba Grant Science	Gen Youth Foundation Oak Beach	Staples Foundation	Shapiro Fund For Warwick	Kula Foundation	Target
ASSETS									
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accounts receivable									
Due from federal and state governments									
Due from other funds	2,281	1,960	589	10,000	221	541	2,363	6	1,241
Other assets									
Total Assets	<u>\$ 2,281</u>	<u>\$ 1,960</u>	<u>\$ 589</u>	<u>\$ 10,000</u>	<u>\$ 221</u>	<u>\$ 541</u>	<u>\$ 2,363</u>	<u>\$ 6</u>	<u>\$ 1,241</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued expenditures	\$	\$	\$	\$ 7,546	\$	\$	\$ 50	\$	\$
Due to other funds									
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,546</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>-</u>
Fund Balances:									
Restricted	2,281	1,960	589	2,454	221	541	2,313	6	1,241
Unrestricted									
Total fund balances	<u>2,281</u>	<u>1,960</u>	<u>589</u>	<u>2,454</u>	<u>221</u>	<u>541</u>	<u>2,313</u>	<u>6</u>	<u>1,241</u>
Total Liabilities and Fund Balances	<u>\$ 2,281</u>	<u>\$ 1,960</u>	<u>\$ 589</u>	<u>\$ 10,000</u>	<u>\$ 221</u>	<u>\$ 541</u>	<u>\$ 2,363</u>	<u>\$ 6</u>	<u>\$ 1,241</u>

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CITY OF WARWICK, RHODE ISLAND
 COMBINING BALANCE SHEET (CONTINUED)
 SPECIAL REVENUE RESTRICTED SCHOOL FUNDS
 JUNE 30, 2018

EXHIBIT A-5

	Education Development Center	Dorothy Rich Association	RI Interlocal Trust	Stop & Shop	IGT Charitable Contributions	Carter Family Spark Grant	Cedar Hill Library Books	PTO Donations
ASSETS								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$
Accounts receivable								
Due from federal and state governments								
Due from other funds	1,444	314	133	2,913	2,131	10	42	3,912
Other assets								
Total Assets	<u>\$ 1,444</u>	<u>\$ 314</u>	<u>\$ 133</u>	<u>\$ 2,913</u>	<u>\$ 2,131</u>	<u>\$ 10</u>	<u>\$ 42</u>	<u>\$ 3,912</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenditures	\$	\$	\$	\$	119	\$	\$	\$
Due to other funds								
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Restricted	1,444	314	133	2,913	2,012	10	42	3,912
Unrestricted								
Total fund balances	<u>1,444</u>	<u>314</u>	<u>133</u>	<u>2,913</u>	<u>2,012</u>	<u>10</u>	<u>42</u>	<u>3,912</u>
Total Liabilities and Fund Balances	<u>\$ 1,444</u>	<u>\$ 314</u>	<u>\$ 133</u>	<u>\$ 2,913</u>	<u>\$ 2,131</u>	<u>\$ 10</u>	<u>\$ 42</u>	<u>\$ 3,912</u>

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CITY OF WARWICK, RHODE ISLAND
 COMBINING BALANCE SHEET (CONTINUED)
 SPECIAL REVENUE RESTRICTED SCHOOL FUNDS
 JUNE 30, 2018

EXHIBIT A-5

	<u>C.A.S.I.T Italian Program</u>	<u>James Manson Memorial</u>	<u>Scott Tech Donations</u>	<u>Esther Chester Donation</u>	<u>Mary Mani Memorial Fund</u>	<u>Carol Gray Memorial Fund</u>	<u>Patricia St. Amant Afterschool</u>	<u>Day One Your Voice Your Data</u>
ASSETS								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$
Accounts receivable								
Due from federal and state governments								
Due from other funds	4,715	5,000	2,824		50	23	5,472	1,000
Other assets				178,300				
Total Assets	<u>\$ 4,715</u>	<u>\$ 5,000</u>	<u>\$ 2,824</u>	<u>\$ 178,300</u>	<u>\$ 50</u>	<u>\$ 23</u>	<u>\$ 5,472</u>	<u>\$ 1,000</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenditures	\$	\$	\$	\$	\$	\$	\$	\$
Due to other funds				1,597				
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Restricted	4,715	5,000	2,824	176,703	50	23	5,472	1,000
Unrestricted								
Total fund balances	<u>4,715</u>	<u>5,000</u>	<u>2,824</u>	<u>176,703</u>	<u>50</u>	<u>23</u>	<u>5,472</u>	<u>1,000</u>
Total Liabilities and Fund Balances	<u>\$ 4,715</u>	<u>\$ 5,000</u>	<u>\$ 2,824</u>	<u>\$ 178,300</u>	<u>\$ 50</u>	<u>\$ 23</u>	<u>\$ 5,472</u>	<u>\$ 1,000</u>

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CITY OF WARWICK, RHODE ISLAND
 COMBINING BALANCE SHEET (CONTINUED)
 SPECIAL REVENUE RESTRICTED SCHOOL FUNDS
 JUNE 30, 2018

EXHIBIT A-5

	City/Town Contribution Sports	Injury Fund	Donations Performing Arts	Donations Instructional Supplies	Holliman Yearbook	Technology Self Insurance	School Food Service Fund	Total
ASSETS								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	1,530	\$ 1,530
Accounts receivable		26						26
Due from federal and state governments							111,945	4,944,439
Due from other funds	8,425	202	3,600	14,884	1,790		140,537	1,062,897
Other assets								178,300
Total Assets	\$ 8,425	\$ 228	\$ 3,600	\$ 14,884	\$ 1,790	\$ -	\$ 254,012	\$ 6,187,192
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenditures	\$	\$	\$	\$	\$	1,011	254,012	\$ 723,457
Due to other funds						13,606		4,415,274
Total liabilities	-	-	-	-	-	14,617	254,012	5,138,731
Fund Balances:								
Restricted	8,425	228	3,600	14,884	1,790			1,073,797
Unrestricted						(14,617)		(25,336)
Total fund balances	8,425	228	3,600	14,884	1,790	(14,617)	-	1,048,461
Total Liabilities and Fund Balances	\$ 8,425	\$ 228	\$ 3,600	\$ 14,884	\$ 1,790	\$ -	\$ 254,012	\$ 6,187,192

**CITY OF WARWICK, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE RESTRICTED SCHOOL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018**

EXHIBIT A-6

	<u>IDEA</u>	<u>IDEA Preschool</u>	<u>Title I</u>	<u>Title II</u>	<u>Title III</u>	<u>Perkins Voc Ed</u>	<u>Homeless Child/Youth Even Year</u>	<u>Homeless Child/Youth Odd Year</u>	<u>Fresh Fruit/Veg Program</u>
Revenues:									
Intergovernmental revenues	\$ 2,986,588	\$ 107,121	\$ 1,525,739	\$ 397,993	\$ 5,772	\$ 284,650	\$ 18,733	\$ -	\$ 87,799
Charges for services									
Contributions and private grants									
Other revenue									
Total revenues	<u>2,986,588</u>	<u>107,121</u>	<u>1,525,739</u>	<u>397,993</u>	<u>5,772</u>	<u>284,650</u>	<u>18,733</u>	<u>-</u>	<u>87,799</u>
Expenditures:									
Salaries	1,986,193	67,986	1,014,419	197,229	1,824	167,048	11,700	1,500	
Employee benefits	865,062	35,213	436,138	72,053	258	71,309	9,895	115	
Purchased services	25,997		12,188	109,914	3,254	20,330	1,150	3,210	
Other purchased services			100		188	371			91,796
Supplies and materials			7,038	4,227	37		1,634		
Capital equipment and property						15,171			
Indirect costs	109,336	3,922	55,856	14,570	211	10,421		188	
Miscellaneous									
Total expenditures	<u>2,986,588</u>	<u>107,121</u>	<u>1,525,739</u>	<u>397,993</u>	<u>5,772</u>	<u>284,650</u>	<u>24,379</u>	<u>5,013</u>	<u>91,796</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-	-	-	(5,646)	(5,013)	(3,997)
Other Financing Sources:									
Transfers from other funds									
Net Change in Fund Balances	-	-	-	-	-	-	(5,646)	(5,013)	(3,997)
Fund Balances at Beginning of Year	-	-	-	-	-	-	-	5,013	-
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,646)</u>	<u>\$ -</u>	<u>\$ (3,997)</u>

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CITY OF WARWICK, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 SPECIAL REVENUE RESTRICTED SCHOOL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT A-6

	School Lunch Equipment	Gen-Assembly Skills USA	RI Arts BigYellow Bus	Emergency Repairs- Tech	Career and Tech Repairs	CTE Categorical Odd Year	CTE Categorical Even Year	CTE Reserve Odd Year	CTE Reserve Even Year
Revenues:									
Intergovernmental revenues	\$	\$ 3,500	\$	\$	\$	\$	\$ 150,000	\$	\$
Charges for services									
Contributions and private grants	4,239								
Other revenue									
Total revenues	<u>4,239</u>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
Expenditures:									
Salaries									
Employee benefits							122		
Purchased services						1,728	9,677		
Other purchased services		3,500							
Supplies and materials						1,951	23,851		
Capital equipment and property	4,239				1,043,942	7,813	92,042	6,117	
Indirect costs									
Miscellaneous					11,100				
Total expenditures	<u>4,239</u>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>1,055,042</u>	<u>11,492</u>	<u>125,692</u>	<u>6,117</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-	(1,055,042)	(11,492)	24,308	(6,117)	-
Other Financing Sources:									
Transfers from other funds									
Net Change in Fund Balances	-	-	-	-	(1,055,042)	(11,492)	24,308	(6,117)	-
Fund Balances at Beginning of Year	-	-	1,970	354,526	1,159,448	54,558	180,482	6,174	2,435
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,970</u>	<u>\$ 354,526</u>	<u>\$ 104,406</u>	<u>\$ 43,066</u>	<u>\$ 204,790</u>	<u>\$ 57</u>	<u>\$ 2,435</u>

(Continued on next page)

CITY OF WARWICK, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 SPECIAL REVENUE RESTRICTED SCHOOL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT A-6

	CTE Trust	Full Day Kindergarten	English Learner Categorical	Leadership Champions	CS4RI Teals Innovation Office Grant	Champlin Audio/Video	Champlin Winman	Champlin Aldrich Gorton	Feinstein
Revenues:									
Intergovernmental revenues	\$	\$	\$ 9,110	\$	\$ 8,785	\$	\$	\$	\$
Charges for services									
Contributions and private grants	50,000			538					31,042
Other revenue									
Total revenues	<u>50,000</u>	<u>-</u>	<u>9,110</u>	<u>538</u>	<u>8,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,042</u>
Expenditures:									
Salaries				1,500					
Employee benefits	246			114					
Purchased services	8,280				4,390				19,958
Other purchased services									3,023
Supplies and materials	8,474		9,110						20,511
Capital equipment and property	18,740						61,145		39,493
Indirect costs									
Miscellaneous									350
Total expenditures	<u>35,740</u>	<u>-</u>	<u>9,110</u>	<u>1,614</u>	<u>4,390</u>	<u>-</u>	<u>61,145</u>	<u>-</u>	<u>83,335</u>
Excess (Deficiency) of Revenues over Expenditures	14,260	-	-	(1,076)	4,395	-	(61,145)	-	(52,293)
Other Financing Sources:									
Transfers from other funds									
Net Change in Fund Balances	14,260	-	-	(1,076)	4,395	-	(61,145)	-	(52,293)
Fund Balances at Beginning of Year	-	880	-	-	20	179	61,206	3,306	144,639
Fund Balances at End of Year	<u>\$ 14,260</u>	<u>\$ 880</u>	<u>\$ -</u>	<u>\$ (1,076)</u>	<u>\$ 4,415</u>	<u>\$ 179</u>	<u>\$ 61</u>	<u>\$ 3,306</u>	<u>\$ 92,346</u>

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CITY OF WARWICK, RHODE ISLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
SPECIAL REVENUE RESTRICTED SCHOOL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT A-6

	Feinstein Scott-Comm Fund	Rhode Island Foundation	United Way	Toshiba Grant Science	Gen Youth Foundation Oak Beach	Staples Foundation	Shapiro Fund For Warwick	Kula Foundation	Target
Revenues:									
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	\$	\$	\$
Charges for services									
Contributions and private grants		(7,717)		10,000			3,000	6	
Other revenue									
Total revenues	-	(7,717)	-	10,000	-	-	3,000	6	-
Expenditures:									
Salaries		16,799							
Employee benefits		1,257							
Purchased services	340	10,005					1,200		
Other purchased services									
Supplies and materials	144	1,587		7,546	911		637		
Capital equipment and property						1,946			
Indirect costs									
Miscellaneous									
Total expenditures	484	29,648	-	7,546	911	1,946	1,837	-	-
Excess (Deficiency) of Revenues over Expenditures	(484)	(37,365)	-	2,454	(911)	(1,946)	1,163	6	-
Other Financing Sources:									
Transfers from other funds									
Net Change in Fund Balances	(484)	(37,365)	-	2,454	(911)	(1,946)	1,163	6	-
Fund Balances at Beginning of Year	2,765	39,325	589	-	1,132	2,487	1,150	-	1,241
Fund Balances at End of Year	\$ 2,281	\$ 1,960	\$ 589	\$ 2,454	\$ 221	\$ 541	\$ 2,313	\$ 6	\$ 1,241

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CITY OF WARWICK, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 SPECIAL REVENUE RESTRICTED SCHOOL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT A-6

	Education Development Center	Dorothy Rich Association	RI Interlocal Trust	Stop & Shop	IGT Charitable Contributions	Carter Family Spark Grant	Cedar Hill Library Books	PTO Donations
Revenues:								
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	\$	\$
Charges for services								
Contributions and private grants				768	2,667	997		5,248
Other revenue								
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>768</u>	<u>2,667</u>	<u>997</u>	<u>-</u>	<u>5,248</u>
Expenditures:								
Salaries								
Employee benefits								
Purchased services								
Other purchased services								
Supplies and materials				453		987		
Capital equipment and property	1,599				905			5,200
Indirect costs								
Miscellaneous			(133)					
Total expenditures	<u>1,599</u>	<u>-</u>	<u>(133)</u>	<u>453</u>	<u>905</u>	<u>987</u>	<u>-</u>	<u>5,200</u>
Excess (Deficiency) of Revenues over Expenditures	(1,599)	-	133	315	1,762	10	-	48
Other Financing Sources:								
Transfers from other funds								
Net Change in Fund Balances	(1,599)	-	133	315	1,762	10	-	48
Fund Balances at Beginning of Year	<u>3,043</u>	<u>314</u>	<u>-</u>	<u>2,598</u>	<u>250</u>	<u>-</u>	<u>42</u>	<u>3,864</u>
Fund Balances at End of Year	<u>\$ 1,444</u>	<u>\$ 314</u>	<u>\$ 133</u>	<u>\$ 2,913</u>	<u>\$ 2,012</u>	<u>\$ 10</u>	<u>\$ 42</u>	<u>\$ 3,912</u>

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CITY OF WARWICK, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 SPECIAL REVENUE RESTRICTED SCHOOL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT A-6

	C.A.S.I.T Italian Program	James Manson Memorial	Scott Tech Donations	Esther Chester Donation	Mary Mani Memorial Fund	Carol Gray Memorial Fund	Patricia St. Amant Afterschool	Day One Your Voice Your Data
Revenues:								
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	\$	\$
Charges for services								
Contributions and private grants	2,000	5,000					12,000	1,000
Other revenue								
Total revenues	<u>2,000</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>1,000</u>
Expenditures:								
Salaries								
Employee benefits							98	
Purchased services							3,030	
Other purchased services								
Supplies and materials							203	
Capital equipment and property			592				6,252	
Indirect costs								
Miscellaneous								
Total expenditures	<u>-</u>	<u>-</u>	<u>592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,583</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	2,000	5,000	(592)	-	-	-	2,417	1,000
Other Financing Sources:								
Transfers from other funds								
Net Change in Fund Balances	2,000	5,000	(592)	-	-	-	2,417	1,000
Fund Balances at Beginning of Year	<u>2,715</u>	<u>-</u>	<u>3,416</u>	<u>176,703</u>	<u>50</u>	<u>23</u>	<u>3,055</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 4,715</u>	<u>\$ 5,000</u>	<u>\$ 2,824</u>	<u>\$ 176,703</u>	<u>\$ 50</u>	<u>\$ 23</u>	<u>\$ 5,472</u>	<u>\$ 1,000</u>

(Continued on next page)

CITY OF WARWICK, RHODE ISLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
SPECIAL REVENUE RESTRICTED SCHOOL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT A-6

	City/Town Contribution Sports	Injury Fund	Donations Performing Arts	Donations Instructional Supplies	Holliman Yearbook	Technology Self Insurance	School Food Service Fund	Total
Revenues:								
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	\$ 1,585,521	\$ 7,171,311
Charges for services							1,126,073	1,126,073
Contributions and private grants	3,735	3,560	7,200	846	2,380	22,232		160,741
Other revenue						60,000		60,000
Total revenues	<u>3,735</u>	<u>3,560</u>	<u>7,200</u>	<u>846</u>	<u>2,380</u>	<u>82,232</u>	<u>2,711,594</u>	<u>8,518,125</u>
Expenditures:								
Salaries						58,280	405,707	3,930,185
Employee benefits						14,216	46,463	1,552,559
Purchased services				1,070	2,788		2,654,858	2,893,367
Other purchased services							18,923	117,901
Supplies and materials	300						1,447	91,048
Capital equipment and property			3,600			88,537	68,715	1,466,048
Indirect costs								194,504
Miscellaneous		3,560						14,877
Total expenditures	<u>300</u>	<u>3,560</u>	<u>3,600</u>	<u>1,070</u>	<u>2,788</u>	<u>161,033</u>	<u>3,196,113</u>	<u>10,260,489</u>
Excess (Deficiency) of Revenues over Expenditures	3,435	-	3,600	(224)	(408)	(78,801)	(484,519)	(1,742,364)
Other Financing Sources:								
Transfers from other funds							484,519	484,519
Net Change in Fund Balances	3,435	-	3,600	(224)	(408)	(78,801)	-	(1,257,845)
Fund Balances at Beginning of Year	4,990	228	-	15,108	2,198	64,184	-	2,306,306
Fund Balances at End of Year	<u>\$ 8,425</u>	<u>\$ 228</u>	<u>\$ 3,600</u>	<u>\$ 14,884</u>	<u>\$ 1,790</u>	<u>\$ (14,617)</u>	<u>\$ -</u>	<u>\$ 1,048,461</u>

CITY OF WARWICK, RHODE ISLAND
 COMBINING BALANCE SHEET
 CAPITAL PROJECT FUNDS
 JUNE 30, 2018

EXHIBIT A-7

	2000 Open Space Bond Fund	2006 Fire Station Bond Fund	2006 School Bond Fund	2002 Drainage Bond Fund	2006 City Buildings Bond Fund	Capital Leases	Road and Bridge Fund	Total
ASSETS								
Cash and cash equivalents	\$ 336,189	\$ 101,662	\$ 796,617	\$	\$ 1,081,207	\$	\$	\$ 2,315,675
Due from federal and state governments							459,300	459,300
Due from other funds						7,524		7,524
Other receivables				7,000				7,000
Total Assets	<u>\$ 336,189</u>	<u>\$ 101,662</u>	<u>\$ 796,617</u>	<u>\$ 7,000</u>	<u>\$ 1,081,207</u>	<u>\$ 7,524</u>	<u>\$ 459,300</u>	<u>\$ 2,789,499</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenditures	\$	\$	\$ 125,335	\$	\$ 91,959	\$	\$ 143,253	\$ 360,547
Due to other funds	176		23,191	7,000	28,913			59,280
Total liabilities	<u>176</u>	<u>-</u>	<u>148,526</u>	<u>7,000</u>	<u>120,872</u>	<u>-</u>	<u>143,253</u>	<u>419,827</u>
Fund Balances:								
Restricted	<u>336,013</u>	<u>101,662</u>	<u>648,091</u>	<u></u>	<u>960,335</u>	<u>7,524</u>	<u>316,047</u>	<u>2,369,672</u>
Total Liabilities and Fund Balances	<u>\$ 336,189</u>	<u>\$ 101,662</u>	<u>\$ 796,617</u>	<u>\$ 7,000</u>	<u>\$ 1,081,207</u>	<u>\$ 7,524</u>	<u>\$ 459,300</u>	<u>\$ 2,789,499</u>

CITY OF WARWICK, RHODE ISLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT A-8

	<u>2000 Open Space Bond Fund</u>	<u>2006 Fire Station Bond Fund</u>	<u>2006 School Bond Fund</u>	<u>2002 Drainage Bond Fund</u>	<u>2006 City Buildings Bond Fund</u>	<u>Capital Leases</u>	<u>Road and Bridge Fund</u>	<u>Total</u>
Expenditures:								
Executive and administration								
Public safety	\$	\$	\$	\$	\$	70,837	\$	\$ 70,837
Planning and economic development	13,687							13,687
Public works					291,761	250,370	143,253	685,384
Education			7,592,809					7,592,809
Debt service			82,651					82,651
Total expenditures	<u>13,687</u>	<u>-</u>	<u>7,675,460</u>	<u>-</u>	<u>291,761</u>	<u>321,207</u>	<u>143,253</u>	<u>8,445,368</u>
Deficiency of Revenues over Expenditures	<u>(13,687)</u>	<u>-</u>	<u>(7,675,460)</u>	<u>-</u>	<u>(291,761)</u>	<u>(321,207)</u>	<u>(143,253)</u>	<u>(8,445,368)</u>
Other Financing Sources:								
Proceeds from capital lease						321,207		321,207
Premium on revenue bonds issued			429,773					429,773
Proceeds of revenue bonds			4,460,000					4,460,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>4,889,773</u>	<u>-</u>	<u>-</u>	<u>321,207</u>	<u>-</u>	<u>5,210,980</u>
Net Change in Fund Balances	(13,687)	-	(2,785,687)	-	(291,761)	-	(143,253)	(3,234,388)
Fund Balances at Beginning of Year	349,700	101,662	3,433,778	-	1,252,096	7,524	459,300	5,604,060
Fund Balances at End of Year	<u>\$ 336,013</u>	<u>\$ 101,662</u>	<u>\$ 648,091</u>	<u>\$ -</u>	<u>\$ 960,335</u>	<u>\$ 7,524</u>	<u>\$ 316,047</u>	<u>\$ 2,369,672</u>



Nonmajor Enterprise Funds

NONMAJOR ENTERPRISE FUNDS

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise or where the City has decided that periodic determination of net income is appropriate for capital maintenance, management control, accountability, public policy or other purposes.

The following is a list of Nonmajor enterprise funds in this section:

Emergency Operations Enterprise Fund - Accounts for the revenue and expenditures associated with the 2010 flood.

On-Site Revolving Loan Fund - Established to account for the receipt and disbursement of funds relating to a loan/grant program for residents who need to replace their existing septic systems.

Sewer Infrastructure Replacement Fund - Established to provide a funding source for scheduled sewer infrastructure repairs or expansion.

Sewer Renewal & Replacement Fund - Established to provide a funding source for the replacement of sewer equipment and vehicles.

Water Renewal & Replacement Fund - Established to provide a funding source for the replacement of water equipment and vehicles.

Water Restricted Emergency Fund - Established to provide a funding source for emergency water infrastructure repairs.

Water Infrastructure Replacement Fund - Established to provide a funding source for scheduled water infrastructure repairs or expansion.

CITY OF WARWICK, RHODE ISLAND
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 JUNE 30, 2018

EXHIBIT B-1

	Emergency Operations Enterprise Fund	On-Site Revolving Loan Fund	Sewer Infrastructure Replacement Fund	Sewer Renewal & Replacement Fund	Water Renewal & Replacement Fund	Water Restricted Emergency Fund	Water Infrastructure Replacement Fund	Total
ASSETS								
Current assets:								
Cash and cash equivalents	\$	\$	\$ 57,430	\$ 1,093,659	\$ 116	\$ 198	\$ 31,344	\$ 1,182,747
Accounts receivable, net								
Other receivables		6,455						6,455
Due from federal and state government	4,575,607							4,575,607
Due from other funds	357,580	3,713		2,414,413	750,000	250,000	2,000,000	5,775,706
Total current assets	<u>4,933,187</u>	<u>10,168</u>	<u>57,430</u>	<u>3,508,072</u>	<u>750,116</u>	<u>250,198</u>	<u>2,031,344</u>	<u>11,540,515</u>
Noncurrent assets:								
Construction in process			48,501					48,501
Total Assets	<u>\$ 4,933,187</u>	<u>\$ 10,168</u>	<u>\$ 105,931</u>	<u>\$ 3,508,072</u>	<u>\$ 750,116</u>	<u>\$ 250,198</u>	<u>\$ 2,031,344</u>	<u>\$ 11,589,016</u>
LIABILITIES AND FUND BALANCES								
Current Liabilities:								
Accounts payable and accrued expenditures	\$ 15,000	\$	\$	\$ 68,500	\$	\$	\$	\$ 83,500
Due to other funds	4,902,136		3,829	385,000				5,290,965
Total current liabilities	<u>4,917,136</u>	<u>-</u>	<u>3,829</u>	<u>453,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,374,465</u>
Net Position:								
Net investment in capital assets			48,501					48,501
Unrestricted	16,051	10,168	53,601	3,054,572	750,116	250,198	2,031,344	6,166,050
Total net position	<u>16,051</u>	<u>10,168</u>	<u>102,102</u>	<u>3,054,572</u>	<u>750,116</u>	<u>250,198</u>	<u>2,031,344</u>	<u>6,214,551</u>
Total Liabilities and Fund Balances	<u>\$ 4,933,187</u>	<u>\$ 10,168</u>	<u>\$ 105,931</u>	<u>\$ 3,508,072</u>	<u>\$ 750,116</u>	<u>\$ 250,198</u>	<u>\$ 2,031,344</u>	<u>\$ 11,589,016</u>

CITY OF WARWICK, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT B-2

	Emergency Operations Enterprise Fund	On-Site Revolving Loan Fund	Sewer Infrastructure Replacement Fund	Sewer Renewal & Replacement Fund	Water Renewal & Replacement Fund	Water Restricted Emergency Fund	Water Infrastructure Replacement Fund	Total
Operating Revenues:								
Assessments and user fees	\$	\$	\$	\$ 719,402	\$	\$	\$	\$ 719,402
Other revenue	16,051		24,903					40,954
Total operating revenues	<u>16,051</u>	<u>-</u>	<u>24,903</u>	<u>719,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>760,356</u>
Operating Expenses:								
Materials and supplies			5,800	22,347				28,147
Operations			803					803
Total operating expenses	<u>-</u>	<u>-</u>	<u>6,603</u>	<u>22,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,950</u>
Operating Income (Loss)	16,051	-	18,300	697,055	-	-	-	731,406
Nonoperating Revenues:								
Interest income			59	1,447			64	1,570
Income (Loss) Before Transfers	<u>16,051</u>	<u>-</u>	<u>18,359</u>	<u>698,502</u>	<u>-</u>	<u>-</u>	<u>64</u>	<u>732,976</u>
Transfers:								
Operating transfers in								-
Operating transfers out				(504,639)				(504,639)
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>(504,639)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(504,639)</u>
Net Change in Fund Balances	16,051	-	18,359	193,863	-	-	64	228,337
Fund Balances at Beginning of Year	<u>-</u>	<u>10,168</u>	<u>83,743</u>	<u>2,860,709</u>	<u>750,116</u>	<u>250,198</u>	<u>2,031,280</u>	<u>5,986,214</u>
Fund Balances at End of Year	<u>\$ 16,051</u>	<u>\$ 10,168</u>	<u>\$ 102,102</u>	<u>\$ 3,054,572</u>	<u>\$ 750,116</u>	<u>\$ 250,198</u>	<u>\$ 2,031,344</u>	<u>\$ 6,214,551</u>

CITY OF WARWICK, RHODE ISLAND
STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Emergency Operations Enterprise Fund</u>	<u>On-Site Revolving Loan Fund</u>	<u>Sewer Infrastructure Replacement Fund</u>	<u>Sewer Renewal & Replacement Fund</u>	<u>Water Renewal & Replacement Fund</u>	<u>Water Restricted Emergency Fund</u>	<u>Water Infrastructure Replacement Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:								
Receipts from customers and users	\$ 16,051	\$ -	\$ 24,903	\$ 719,402	\$ -	\$ -	\$ -	\$ 719,402
Receipts from other operating services	(538,280)	-	(6,603)	46,153	-	-	-	40,954
Payments to suppliers	(522,229)	-	18,300	765,555	-	-	-	(498,730)
Net cash provided by (used in) operating activities	<u>(522,229)</u>	<u>-</u>	<u>18,300</u>	<u>765,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>261,626</u>
Cash Flows from Noncapital Financing Activities:								
Interfund borrowings	522,229	-	22,705	458,364	-	-	-	1,003,298
Transfers in from other funds	-	-	-	(504,639)	-	-	-	-
Transfers to other funds	-	-	-	(46,275)	-	-	-	(504,639)
Net cash provided by (used in) noncapital financing activities	<u>522,229</u>	<u>-</u>	<u>22,705</u>	<u>(46,275)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>498,659</u>
Cash Flows from Capital and Related Financing Activities:								
Additions to property, plant and equipment	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:								
Interest on investments	-	-	59	1,447	-	-	64	1,570
Net cash provided by (used in) investing activities	<u>-</u>	<u>-</u>	<u>59</u>	<u>1,447</u>	<u>-</u>	<u>-</u>	<u>64</u>	<u>1,570</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	-	41,064	720,727	-	-	64	761,855
Cash and Cash Equivalents at Beginning of Year	-	-	16,366	372,932	116	198	31,280	420,892
Cash and Cash Equivalents at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,430</u>	<u>\$ 1,093,659</u>	<u>\$ 116</u>	<u>\$ 198</u>	<u>\$ 31,344</u>	<u>\$ 1,182,747</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:								
Operating income (loss)	\$ 16,051	\$ -	\$ 18,300	\$ 697,055	\$ -	\$ -	\$ -	\$ 731,406
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation and amortization	-	-	-	-	-	-	-	-
Change in assets and liabilities:								
(Increase) decrease in due from other funds	-	-	-	-	-	-	-	-
Increase (decrease) in accounts payable and accrued items	(538,280)	-	-	68,500	-	-	-	(469,780)
Increase (decrease) in due to other funds	-	-	-	-	-	-	-	-
Total adjustments	<u>(538,280)</u>	<u>-</u>	<u>-</u>	<u>68,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(469,780)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (522,229)</u>	<u>\$ -</u>	<u>\$ 18,300</u>	<u>\$ 765,555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,626</u>



Pension Trust Funds And Private Purpose Trust Funds

TRUST FUNDS

PENSION TRUST FUNDS:

Four trust funds held for the City employees and one school department fund held for the school employees.

PRIVATE PURPOSE TRUST FUNDS:

Private Purpose Trust Funds are all trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The following is a list of Private Purpose Trust Funds:

Employee Benefit Trust Fund - To account for money held for various municipal union employee benefits.

Neighbors Helping Neighbors - To account for charitable donations and expenses related to local community programs.

Jeanette Cram Scholarship Fund - Established to assist student majoring in various fields.

**CITY OF WARWICK, RHODE ISLAND
 COMBINING STATEMENT OF NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2018**

EXHIBIT C-1

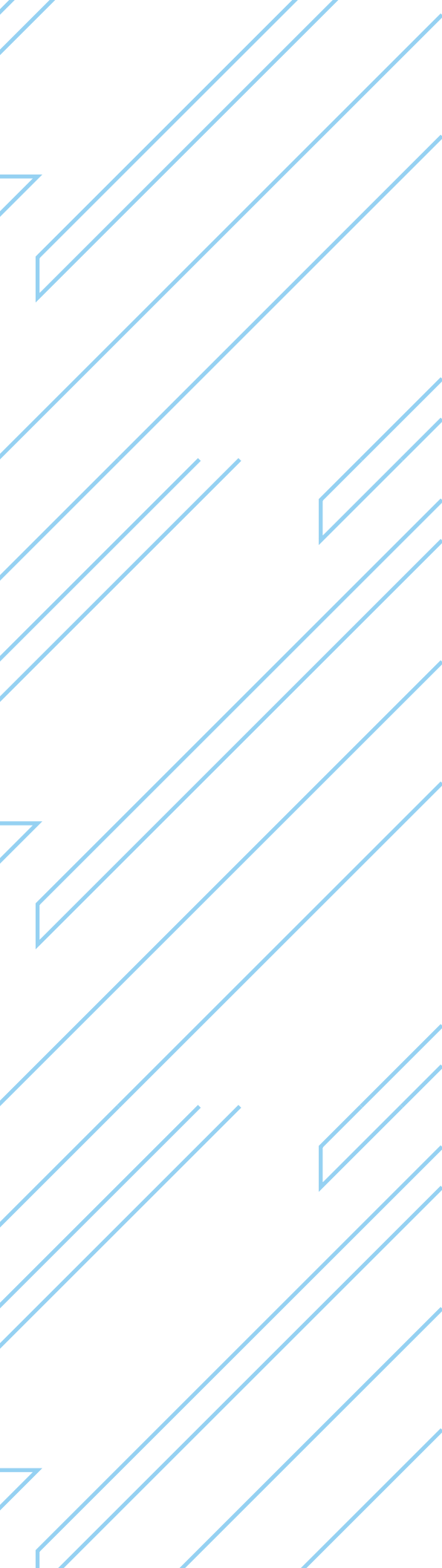
	Employee Benefit Trust Fund	Neighbors Helping Neighbors	Jeanette Cram Scholarship Fund	Total
ASSETS				
Cash and cash equivalents	\$ 86,791	\$ 7,108	\$ 23,569	\$ 117,468
Accounts receivable	<u>30,859</u>	<u>7,678</u>	<u> </u>	<u>38,537</u>
Total Assets	<u>\$ 117,650</u>	<u>\$ 14,786</u>	<u>\$ 23,569</u>	<u>\$ 156,005</u>
LIABILITIES				
Accounts payable	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Held in Trust for Other Purpose	<u>117,650</u>	<u>14,786</u>	<u>23,569</u>	<u>156,005</u>
Total Liabilities and Net Position	<u>\$ 117,650</u>	<u>\$ 14,786</u>	<u>\$ 23,569</u>	<u>\$ 156,005</u>

**CITY OF WARWICK, RHODE ISLAND
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018**

EXHIBIT C-2

	Employee Benefit Trust Fund	Neighbors Helping Neighbors	Jeanette Cram Scholarship Fund	Total
Additions:				
Payroll deductions	\$ 30,954	\$ 7,298	\$	\$ 38,252
Investment income	181	21	25	227
Other income	7,098	9,631		16,729
Total additions	<u>38,233</u>	<u>16,950</u>	<u>25</u>	<u>55,208</u>
Deductions	<u>21,565</u>	<u>19,000</u>	<u>1,001</u>	<u>41,566</u>
Change in Net Position	16,668	(2,050)	(976)	13,642
Net Position at Beginning of Year	<u>100,982</u>	<u>16,836</u>	<u>24,545</u>	<u>142,363</u>
Net Position at End of Year	<u>\$ 117,650</u>	<u>\$ 14,786</u>	<u>\$ 23,569</u>	<u>\$ 156,005</u>

Agency Funds



AGENCY FUNDS

Agency Funds were established to function as clearing mechanisms for cash resources which are collected and disbursed to authorized recipients. The following is a list of Agency Funds included in this section:

Treasurers Agent - Established to account for money held in trust for various parties.

Funds in Registry of Probate Court - Established to account for funds held for various estates.

Sewer Line Agency - Established to account for monies held for private parties in connection with various sewer construction projects.

Realty Tax Fund - Established to account for tax revenues generated from sale of realty.

Student Activity Funds - To account for monies received and expended for various student activities and groups.

**CITY OF WARWICK, RHODE ISLAND
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018**

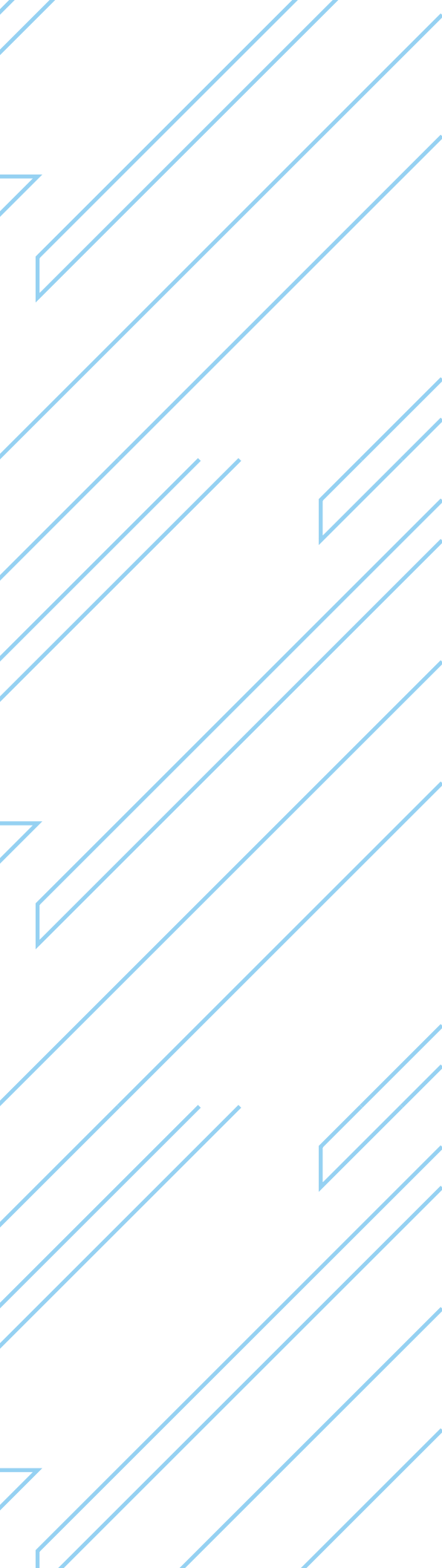
	<u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2018</u>
Treasurer's Agent				
Assets:				
Cash and cash equivalents	\$ 298,294	\$ 246,603	\$ 73,940	\$ 470,957
Due from other funds	11,373	328,625	283,985	56,013
Total Assets	<u>\$ 309,667</u>	<u>\$ 575,228</u>	<u>\$ 357,925</u>	<u>\$ 526,970</u>
Liabilities:				
Accounts payable and accrued expenditures	\$ 6,496	\$ 73,348	\$ 52,915	\$ 26,929
Deposits Held in Custody	303,171	351,208	154,338	500,041
Total Liabilities	<u>\$ 309,667</u>	<u>\$ 424,556</u>	<u>\$ 207,253</u>	<u>\$ 526,970</u>
Funds in Registry of Probate Court				
Assets:				
Cash and cash equivalents	\$ 63,701	\$ 15,897	\$ 53,743	\$ 25,855
Liabilities:				
Deposits held in custody for others	\$ 63,701	\$ 15,897	\$ 53,743	\$ 25,855
Sewer Line Agency				
Assets:				
Cash and cash equivalents	\$ 224,415	\$ 24,733	\$ 61,681	\$ 187,467
Accounts receivable	24,270	77,995	102,265	-
Total Assets	<u>\$ 248,685</u>	<u>\$ 102,728</u>	<u>\$ 163,946</u>	<u>\$ 187,467</u>
Liabilities:				
Accounts payable and accrued expenditures	6,916	78,457	77,994	7,379
Deposits held in custody for others	241,769	73,522	135,203	180,088
Total Liabilities	<u>\$ 248,685</u>	<u>\$ 151,979</u>	<u>\$ 213,197</u>	<u>\$ 187,467</u>

(Continued on next page)

**CITY OF WARWICK, RHODE ISLAND
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
Realty Tax Fund				
Assets:				
Cash and cash equivalents	\$ 252,343	\$ 2,794,971	\$ 2,829,230	\$ 218,084
Liabilities:				
Due to federal and state government	\$ 131,647	\$ 1,457,788	\$ 1,492,127	\$ 97,308
Accounts payable	120,696	1,337,183	1,337,103	120,776
Total Liabilities	\$ 252,343	\$ 2,794,971	\$ 2,829,230	\$ 218,084
Student Activity				
Assets:				
Cash and cash equivalents	\$ 443,854	\$ 788,555	\$ 752,718	\$ 479,691
Liabilities:				
Deposits held in custody for others	\$ 443,854	\$ 788,555	\$ 752,718	\$ 479,691
Total All Agency Funds				
Assets:				
Cash	\$ 1,282,607	\$ 3,870,759	\$ 3,771,312	\$ 1,382,054
Accounts receivable	35,643	406,620	386,250	56,013
Total Assets	\$ 1,318,250	\$ 3,870,759	\$ 3,771,312	\$ 1,438,067
Liabilities:				
Accounts payable	\$ 134,108	\$ 1,488,988	\$ 1,468,012	\$ 155,084
Due to federal and state government	131,647	1,457,788	1,492,127	97,308
Deposits held in custody for others	1,052,495	1,229,182	1,096,002	1,185,675
Total Liabilities	\$ 1,318,250	\$ 4,175,958	\$ 4,056,141	\$ 1,438,067

Combining Schedules



CITY OF WARWICK, RHODE ISLAND
COMBINING BALANCE SHEET - FUNDS WHICH COMPRISE THE CITY'S GENERAL FUND
JUNE 30, 2018

	<u>General Fund City</u>	<u>Rescue Service Fees Fund</u>	<u>Total General Fund City</u>
ASSETS			
Cash and cash equivalents	\$ 18,758,828	\$ 505,765	\$ 19,264,593
Property taxes receivable	6,292,557		6,292,557
Due from federal and state governments	4,249,059		4,249,059
Other receivables	84,759	1,764,667	1,849,426
Due from other funds	26,092,360	(998,364)	25,093,996
Prepaid items	258,318		258,318
Other assets	4,611,943		4,611,943
Total Assets	<u>\$ 60,347,824</u>	<u>\$ 1,272,068</u>	<u>\$ 61,619,892</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenditures	\$ 2,927,070	\$ 7,124	\$ 2,934,194
Due to federal and state governments	172,795		172,795
Due to other funds	20,402,115		20,402,115
Other liabilities	4,785,091		4,785,091
Total liabilities	<u>28,287,071</u>	<u>7,124</u>	<u>28,294,195</u>
Deferred Inflows of Resources:			
Unavailable revenues - taxes	4,572,172		4,572,172
Unavailable revenues - other		1,264,944	1,264,944
Advance tax collections	51,905		51,905
Total deferred inflows of resources	<u>4,624,077</u>	<u>1,264,944</u>	<u>5,889,021</u>
Fund Balances:			
Nonspendable	258,318		258,318
Committed for education	157,447		157,447
Assigned	4,349,465		4,349,465
Unassigned	22,671,446		22,671,446
Total fund balances	<u>27,436,676</u>	<u>-</u>	<u>27,436,676</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 60,347,824</u>	<u>\$ 1,272,068</u>	<u>\$ 61,619,892</u>

**CITY OF WARWICK, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FUNDS WHICH COMPRISE THE CITY'S GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018**

	<u>General Fund City</u>	<u>Rescue Service Fees Fund</u>	<u>Total General Fund City</u>
Revenues:			
General property taxes	\$ 227,930,585	\$	\$ 227,930,585
Interest on taxes	2,087,162		2,087,162
Intergovernmental revenues	8,504,592		8,504,592
Charges for services	5,354,822	3,535,109	8,889,931
Investment income	331,164	-	331,164
Other revenue	14,881,044	-	14,881,044
Total revenues	<u>259,089,369</u>	<u>3,535,109</u>	<u>262,624,478</u>
Expenditures:			
Executive and administration	5,589,908		5,589,908
Public safety	45,079,155	786,674	45,865,829
Recreation	1,872,055		1,872,055
Public libraries	2,924,841		2,924,841
Social services	1,196,571		1,196,571
Planning and economic development	1,699,767		1,699,767
Public works	13,357,754		13,357,754
Employee benefits, fixed costs and capital	61,737,378		61,737,378
Total expenditures	<u>133,457,429</u>	<u>786,674</u>	<u>134,244,103</u>
Excess of Revenues over Expenditures	<u>125,631,940</u>	<u>2,748,435</u>	<u>128,380,375</u>
Other Financing Sources (Uses):			
Transfers in	3,312,861	(2,748,435)	564,426
Transfers out	<u>(130,528,744)</u>		<u>(130,528,744)</u>
Total other financing uses	<u>(127,215,883)</u>	<u>(2,748,435)</u>	<u>(129,964,318)</u>
Net Change in Fund Balances	(1,583,943)	-	(1,583,943)
Fund Balances at Beginning of Year	<u>29,020,619</u>	<u>-</u>	<u>29,020,619</u>
Fund Balances at End of Year	<u>\$ 27,436,676</u>	<u>\$ -</u>	<u>\$ 27,436,676</u>

**CITY OF WARWICK, RHODE ISLAND
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2018**

	<u>Workers' Compensation Fund</u>	<u>Healthcare Management School Department</u>	<u>Healthcare Management City</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 641,364	\$	\$	\$ 641,364
Accounts receivable	30,000	1,252,686		1,282,686
Due from other funds			1,088,443	1,088,443
Deposit with agent		1,444,200		1,444,200
Total current assets	<u>671,364</u>	<u>2,696,886</u>	<u>1,088,443</u>	<u>4,456,693</u>
Liabilities:				
Current liabilities:				
Claims payable	<u>141,743</u>	<u>1,232,256</u>		<u>1,373,999</u>
Net Position:				
Unrestricted	<u>529,621</u>	<u>1,464,630</u>	<u>1,088,443</u>	<u>3,082,694</u>
Total Net Position	<u>\$ 529,621</u>	<u>\$ 1,464,630</u>	<u>\$ 1,088,443</u>	<u>\$ 3,082,694</u>

CITY OF WARWICK, RHODE ISLAND
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Workers' Compensation Fund</u>	<u>Healthcare Management School Department</u>	<u>Healthcare Management City</u>	<u>Total</u>
Operating Revenues:				
Proceeds from reinsurance	\$	\$ 22,468,907	\$	\$ 22,468,907
Workers' compensation	436,022			436,022
Healthcare insurance premiums			22,324,881	22,324,881
Total operating revenues	<u>436,022</u>	<u>22,468,907</u>	<u>22,324,881</u>	<u>45,229,810</u>
Operating Expenses:				
Claims - Healthcare		22,995,755	22,039,117	45,034,872
Workers' compensation claims	413,764			413,764
Total operating expenses	<u>413,764</u>	<u>22,995,755</u>	<u>22,039,117</u>	<u>45,448,636</u>
Operating Income (Loss)	22,258	(526,848)	285,764	(218,826)
Nonoperating Revenue:				
Interest Income	<u>1,298</u>			<u>1,298</u>
Change in Net Position	23,556	(526,848)	285,764	(217,528)
Net Position at Beginning of Year	<u>506,065</u>	<u>1,991,478</u>	<u>802,679</u>	<u>3,300,222</u>
Net Position at End of Year	<u>\$ 529,621</u>	<u>\$ 1,464,630</u>	<u>\$ 1,088,443</u>	<u>\$ 3,082,694</u>

CITY OF WARWICK, RHODE ISLAND
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Workers' Compensation Fund</u>	<u>Healthcare Management School Department</u>	<u>Healthcare Management City</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Receipts from insurance charges	\$ 436,022	\$ 23,150,143	\$ 22,507,940	\$ 45,658,083
Receipts from other operating services	436,022			436,022
Payments for claims	<u>(436,022)</u>	<u>(23,150,143)</u>	<u>(22,039,117)</u>	<u>(45,625,282)</u>
Net cash provided by (used in) operating activities	<u>-</u>	<u>-</u>	<u>468,823</u>	<u>468,823</u>
Cash Flows from Noncapital Financing Activities				
Interfund borrowings			<u>(468,823)</u>	<u>(468,823)</u>
Cash Flows from Investing Activities:				
Interest on investments	<u>1,298</u>			<u>1,298</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,298	-	-	1,298
Cash and Cash Equivalents at Beginning of Year	<u>640,066</u>	<u>-</u>	<u>-</u>	<u>640,066</u>
Cash and Cash Equivalents at End of Year	<u>\$ 641,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 641,364</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 22,258	\$ (526,848)	\$ 285,764	\$ (218,826)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Change in assets and liabilities:				
(Increase) decrease in accounts receivable		691,136	183,059	874,195
(Increase) decrease in deposits with ager		(9,900)		(9,900)
Increase (decrease) in claims payable	<u>(22,258)</u>	<u>(154,388)</u>		<u>(176,646)</u>
Total adjustments	<u>(22,258)</u>	<u>526,848</u>	<u>183,059</u>	<u>687,649</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 468,823</u>	<u>\$ 468,823</u>

CITY OF WARWICK, RHODE ISLAND
COMBINING STATEMENT OF NET POSITION - PROPRIETARY FUNDS SEWER
JUNE 30, 2018

	Sewer Funds			
	Sewer Revenue Fund	1994 Sewer Bond Fund	Sewer SRF Bond Fund	Total
Assets:				
Current assets:				
Cash and cash equivalents	\$ 14,072,672	\$ 35,979	\$ 5,480,067	\$ 14,072,672
Restricted cash and cash equivalents				5,516,046
Accounts receivable, net:				
Sewer use fees	5,250,767			5,250,767
Due from federal and state government			11,936,334	11,936,334
Due from other funds	7,676,618		642,128	8,318,746
Total current assets	<u>27,000,057</u>	<u>35,979</u>	<u>18,058,529</u>	<u>45,094,565</u>
Noncurrent assets:				
Construction in progress			2,962,797	2,962,797
Depreciable capital assets, net	33,018,452	8,485,569	130,799,592	172,303,613
Total noncurrent assets	<u>33,018,452</u>	<u>8,485,569</u>	<u>133,762,389</u>	<u>175,266,410</u>
Total assets	<u>60,018,509</u>	<u>8,521,548</u>	<u>151,820,918</u>	<u>220,360,975</u>
Deferred Outflows of Resources:				
Deferred charge on refunding	89,885			89,885
Deferred outflows - net pension liability amortizations	642,246			642,246
Total deferred outflows or resources	<u>732,131</u>	<u>-</u>	<u>-</u>	<u>732,131</u>
Liabilities:				
Current Liabilities:				
Accounts payable and accrued expenses	459,572	378	265,495	725,445
Accrued interest payable	761,444			761,444
Due to other funds	15,729,834		357,580	16,087,414
Current portion of long-term debt	1,285,743		9,839,149	11,124,892
Total current liabilities	<u>18,236,593</u>	<u>378</u>	<u>10,462,224</u>	<u>28,699,195</u>
Noncurrent Liabilities:				
Unearned revenue			107,565	107,565
Accrued compensated absences	195,772			195,772
Total other post-employment benefits liability	6,997,368			6,997,368
Net pension liability	2,813,544			2,813,544
Bonds and loans payable	7,556,363		69,563,619	77,119,982
Total noncurrent liabilities	<u>17,563,047</u>	<u>-</u>	<u>69,671,184</u>	<u>87,234,231</u>
Total liabilities	<u>35,799,640</u>	<u>378</u>	<u>80,133,408</u>	<u>115,933,426</u>
Deferred Inflows of Resources:				
Deferred inflows - related to OPEB	242,169			242,169
Deferred inflows - related to pensions	412,415			412,415
Total deferred inflows of resources	<u>654,584</u>	<u>-</u>	<u>-</u>	<u>654,584</u>
Net Position:				
Net investment in capital assets	24,266,231	8,521,170	66,295,955	99,083,356
Restricted for debt service payments		35,979	5,480,067	5,516,046
Unrestricted	30,185	(35,979)	(88,512)	(94,306)
Total Net Position	<u>\$ 24,296,416</u>	<u>\$ 8,521,170</u>	<u>\$ 71,687,510</u>	<u>\$ 104,505,096</u>

CITY OF WARWICK, RHODE ISLAND
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS SEWER
FOR THE YEAR ENDED JUNE 30, 2018

	Sewer Funds			
	Sewer Revenue Fund	1994 Sewer Bond Fund	Sewer SRF Bond Fund	Total
Operating Revenues:				
Assessments and user fees	\$ 15,710,104	\$	\$	\$ 15,710,104
Other revenues	574,631			574,631
Total operating revenues	<u>16,284,735</u>	<u>-</u>	<u>-</u>	<u>16,284,735</u>
Operating Expenses:				
Contract services	298,074			298,074
Salaries and benefits	3,801,182			3,801,182
Materials and supplies	884,977			884,977
Depreciation and amortization	1,773,448	345,631	4,052,013	6,171,092
Operations	2,783,226		25	2,783,251
Total operating expenses	<u>9,540,907</u>	<u>345,631</u>	<u>4,052,038</u>	<u>13,938,576</u>
Operating Income (Loss)	<u>6,743,828</u>	<u>(345,631)</u>	<u>(4,052,038)</u>	<u>2,346,159</u>
Nonoperating Revenues (Expenses):				
Interest income	23,096	73	45,381	68,550
Interest expense	(2,209,745)			(2,209,745)
Capital contributions			8,880	8,880
Loan issuance costs			(2,500)	(2,500)
Total nonoperating revenues (expenses)	<u>(2,186,649)</u>	<u>73</u>	<u>51,761</u>	<u>(2,134,815)</u>
Income (Loss) Before Transfers	<u>4,557,179</u>	<u>(345,558)</u>	<u>(4,000,277)</u>	<u>211,344</u>
Transfers:				
Transfers in	6,255,881		9,473,887	15,729,768
Transfers out	(9,473,887)			(9,473,887)
Total transfers	<u>(3,218,006)</u>	<u>-</u>	<u>9,473,887</u>	<u>6,255,881</u>
Change in Net Position	1,339,173	(345,558)	5,473,610	6,467,225
Net Position at Beginning of Year, as Restated	<u>22,957,243</u>	<u>8,866,728</u>	<u>66,213,900</u>	<u>98,037,871</u>
Net Position at End of Year	<u>\$ 24,296,416</u>	<u>\$ 8,521,170</u>	<u>\$ 71,687,510</u>	<u>\$ 104,505,096</u>

CITY OF WARWICK, RHODE ISLAND
COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS SEWER
FOR THE YEAR ENDED JUNE 30, 2018

	Sewer Funds			
	Sewer Revenue Fund	Sewer 1994 Sewer Bond Fund	Sewer SRF Bond Fund	Total
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 16,617,860	\$	\$	\$ 16,617,860
Payments to suppliers	(4,296,951)	1	(180,411)	(4,477,361)
Payments to employees	(3,325,623)			(3,325,623)
Receipts from other operating services	574,631			574,631
Net cash provided by (used in) operating activities	<u>9,569,917</u>	<u>1</u>	<u>(180,411)</u>	<u>9,389,507</u>
Cash Flows from Noncapital Financing Activities:				
Interfund borrowings			(43,994)	(43,994)
Transfers in from other funds	6,255,881		9,473,887	15,729,768
Transfers to other funds	(9,473,887)			(9,473,887)
Net cash provided by (used in) noncapital financing activities	<u>(3,218,006)</u>	<u>-</u>	<u>9,429,893</u>	<u>6,211,887</u>
Cash Flows from Capital and Related Financing Activities:				
Additions to property, plant and equipment	(792,221)	(1)	(1,724,170)	(2,516,392)
Capital contributions			8,880	8,880
Principal paid on bonds, loans and leases	(1,540,865)		(9,473,885)	(11,014,750)
Loan issuance costs			(2,500)	(2,500)
Interest paid on bonds, loans and leases	(2,237,124)			(2,237,124)
Other nonoperating			1,938,883	1,938,883
Net cash provided by (used in) capital and related financing activities	<u>(4,570,210)</u>	<u>(1)</u>	<u>(9,252,792)</u>	<u>(13,823,003)</u>
Cash Flows from Investing Activities:				
Interest on investments	23,096	73	46,431	69,600
Net Increase (Decrease) in Cash and Cash Equivalents	1,804,797	73	43,121	1,847,991
Cash and Cash Equivalents at Beginning of Year	<u>12,267,875</u>	<u>35,906</u>	<u>5,436,946</u>	<u>17,740,727</u>
Cash and Cash Equivalents at End of Year	<u>\$ 14,072,672</u>	<u>\$ 35,979</u>	<u>\$ 5,480,067</u>	<u>\$ 19,588,718</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 6,743,828	\$ (345,631)	\$ (4,052,038)	\$ 2,346,159
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,773,448	345,631	4,052,013	6,171,092
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	907,756			907,756
(Increase) decrease in due from other funds	(2,760,977)			(2,760,977)
(Increase) decrease in deferred outflows - related to pensions	398,623			398,623
Increase (decrease) in accounts payable and accrued expenses	(15,922)	1	(180,386)	(196,307)
Increase (decrease) in due to other funds	2,446,225			2,446,225
Increase (decrease) in accrued compensated absences	17,249			17,249
Increase (decrease) in net other post - employment benefits obligation	(169,262)			(169,262)
Increase (decrease) in net pension liability	(9,343)			(9,343)
Increase (decrease) in deferred inflows - related to pension and OPEB	238,292			238,292
Total adjustments	<u>2,826,089</u>	<u>345,632</u>	<u>3,871,627</u>	<u>7,043,348</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 9,569,917</u>	<u>\$ 1</u>	<u>\$ (180,411)</u>	<u>\$ 9,389,507</u>

CITY OF WARWICK, RHODE ISLAND
COMBINING STATEMENT OF NET POSITION - PROPRIETARY FUNDS WATER
JUNE 30, 2018

	Water Funds			Total
	Water Revenue Fund	2000 Water Bond Fund	1994 Water Bond Fund	
Assets:				
Current assets:				
Cash and cash equivalents	\$ 10,322,118	\$	\$	\$ 10,322,118
Accounts receivable, net:				
Water use fees	3,275,269			3,275,269
Due from other funds	117,163	23,344		140,507
Inventory	99,229			99,229
Total current assets	<u>13,813,779</u>	<u>23,344</u>	<u>-</u>	<u>13,837,123</u>
Noncurrent assets:				
Depreciable capital assets, net	8,816,561	827,204	1,064,248	10,708,013
Total noncurrent assets	<u>8,816,561</u>	<u>827,204</u>	<u>1,064,248</u>	<u>10,708,013</u>
Total assets	<u>22,630,340</u>	<u>850,548</u>	<u>1,064,248</u>	<u>24,545,136</u>
Deferred Outflows of Resources:				
Deferred charge on refunding		2,915		2,915
Deferred outflows - related to pensions	642,246			642,246
Total deferred outflows or resources	<u>642,246</u>	<u>2,915</u>	<u>-</u>	<u>645,161</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued expenses	1,134,173			1,134,173
Accrued interest payable	3,650			3,650
Due to other funds	7,372,139			7,372,139
Current portion of long-term debt		26,062		26,062
Total current liabilities	<u>8,509,962</u>	<u>26,062</u>	<u>-</u>	<u>8,536,024</u>
Noncurrent liabilities:				
Accrued compensated absences	205,597			205,597
Bonds and loans payable		48,343		48,343
Total other post-employment benefits liability	6,997,368			6,997,368
Net pension liability	2,813,544			2,813,544
Total noncurrent liabilities	<u>10,016,509</u>	<u>48,343</u>	<u>-</u>	<u>10,064,852</u>
Total liabilities	<u>18,526,471</u>	<u>74,405</u>	<u>-</u>	<u>18,600,876</u>
Deferred Inflows of Resources:				
Deferred inflows - related to OPEB	242,169			242,169
Deferred inflows - related to pensions	412,415			412,415
Total deferred inflows of resources	<u>654,584</u>	<u>-</u>	<u>-</u>	<u>654,584</u>
Net Position:				
Net investment in capital assets	8,816,561	755,714	1,064,248	10,636,523
Unrestricted	(4,725,030)	23,344		(4,701,686)
Total Net Position	<u>\$ 4,091,531</u>	<u>\$ 779,058</u>	<u>\$ 1,064,248</u>	<u>\$ 5,934,837</u>

**CITY OF WARWICK, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN NET POSITION - PROPRIETARY FUNDS WATER
 FOR THE YEAR ENDED JUNE 30, 2018**

	Water Funds			Total
	Water Revenue Fund	2000 Water Bond Fund	1994 Water Bond Fund	
Operating Revenues:				
Assessments and user fees	\$ 10,701,227	\$	\$	\$ 10,701,227
Other revenues	387,877	1,925	80	389,882
Total operating revenues	<u>11,089,104</u>	<u>1,925</u>	<u>80</u>	<u>11,091,109</u>
Operating Expenses:				
Contract services	254,968			254,968
Salaries and benefits	3,062,596			3,062,596
Materials and supplies	13,732			13,732
Depreciation and amortization	587,372	68,698	19,888	675,958
Operations	5,850,918			5,850,918
Total operating expenses	<u>9,769,586</u>	<u>68,698</u>	<u>19,888</u>	<u>9,858,172</u>
Operating Income (Loss)	<u>1,319,518</u>	<u>(66,773)</u>	<u>(19,808)</u>	<u>1,232,937</u>
Nonoperating Revenues (Expenses):				
Interest income	15,735			15,735
Interest expense	(7,014)	(833)	(88)	(7,935)
Total nonoperating revenues (expenses)	<u>8,721</u>	<u>(833)</u>	<u>(88)</u>	<u>7,800</u>
Income (Loss) Before Transfers	<u>1,328,239</u>	<u>(67,606)</u>	<u>(19,896)</u>	<u>1,240,737</u>
Transfers:				
Transfers In		35,938		35,938
Transfers Out	(35,938)			(35,938)
Total transfers	<u>(35,938)</u>	<u>35,938</u>	<u>-</u>	<u>-</u>
Change in Net Position	1,292,301	(31,668)	(19,896)	1,240,737
Net Position at Beginning of Year, as Restated	<u>2,799,230</u>	<u>810,726</u>	<u>1,084,144</u>	<u>4,694,100</u>
Net Position at End of Year	<u>\$ 4,091,531</u>	<u>\$ 779,058</u>	<u>\$ 1,064,248</u>	<u>\$ 5,934,837</u>

CITY OF WARWICK, RHODE ISLAND
COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS WATER
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Water Funds</u>			<u>Total</u>
	<u>Water Revenue Fund</u>	<u>2000 Water Bond Fund</u>	<u>1994 Water Bond Fund</u>	
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 11,163,542	\$	\$	\$ 11,163,542
Payments to suppliers	(5,987,135)			(5,987,135)
Payments to employees	(3,280,379)			(3,280,379)
Receipts from other operating services	387,877	1,925	80	389,882
Net cash provided by (used in) operating activities	<u>2,283,905</u>	<u>1,925</u>	<u>80</u>	<u>2,285,910</u>
Cash Flows from Noncapital Financing Activities:				
Interfund borrowings		(11,672)		(11,672)
Transfers in from other funds		35,938		35,938
Transfers to other funds	(35,938)			(35,938)
Net cash provided by (used in) noncapital financing activities	<u>(35,938)</u>	<u>24,266</u>	<u>-</u>	<u>(11,672)</u>
Cash Flows from Capital and Related Financing Activities:				
Additions to property, plant and equipment	(88,459)			(88,459)
Principal paid on bonds, loans and leases		(26,191)	(80)	(26,271)
Interest paid on bonds, loans and leases	(7,014)			(7,014)
Net cash provided by (used in) capital and related financing activities	<u>(95,473)</u>	<u>(26,191)</u>	<u>(80)</u>	<u>(121,744)</u>
Cash Flows from Investing Activities:				
Interest on investments	15,735			15,735
Net Increase (Decrease) in Cash and Cash Equivalents	2,168,229	-	-	2,168,229
Cash and Cash Equivalents at Beginning of Year	8,153,889	-	-	8,153,889
Cash and Cash Equivalents at End of Year	<u>\$ 10,322,118</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,322,118</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 1,319,518	\$ (66,773)	(19,808)	\$ 1,232,937
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	587,372	68,698	19,888	675,958
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	462,315			462,315
(Increase) decrease in due from other funds	63,659			63,659
(Increase) decrease in inventory	(12,798)			(12,798)
(Increase) decrease in deferred outflows - related to pensions	460,042			460,042
Increase (decrease) in accounts payable and accrued expenses	154,880			154,880
Increase (decrease) in due to other funds	(73,258)			(73,258)
Increase (decrease) in accrued compensated absences	(24,900)			(24,900)
Increase (decrease) in net OPEB liability	(169,262)			(169,262)
Increase (decrease) in net pension liability	(697,391)			(697,391)
Increase (decrease) in deferred inflows - related to pension and OPEB	213,728			213,728
Total adjustments	<u>964,387</u>	<u>68,698</u>	<u>19,888</u>	<u>1,052,973</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 2,283,905</u>	<u>\$ 1,925</u>	<u>80</u>	<u>\$ 2,285,910</u>



Other Schedules

**CITY OF WARWICK, RHODE ISLAND
SCHEDULE OF TAX COLLECTIONS
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Assessment of</u>	<u>Balance July 1, 2017</u>	<u>Current Year Assessment</u>	<u>Additions & Adjustments</u>	<u>Abatements</u>	<u>Amounts Written Off</u>	<u>Amount to be Collected</u>	<u>Current Year Collections</u>	<u>Balance June 30, 2018</u>
2017	\$	\$ 230,002,820	\$ 235,206	\$ 859,444	\$	\$ 229,378,582	\$ 223,414,873	\$ 5,963,709
2016	4,586,240		27	45,381		4,540,886	2,905,041	1,635,845
2015	2,029,267			13,555		2,015,712	698,229	1,317,483
2014	1,068,783			43,783		1,025,000	216,980	808,020
2013	698,168			13,356		684,812	103,267	581,545
2012	903,965			576		903,389	93,514	809,875
2011	841,175			32		841,143	43,036	798,107
2010	398,967					398,967	14,553	384,414
2009	184,982			(1,193)		186,175	(35,111)	221,286
2008	220,689					220,689	(48,396)	269,085
2007	376,366					376,366	2,264	374,102
2006	321,737					321,737	(4,681)	326,418
2005	307,318					307,318	(2,827)	310,145
2004	301,495					301,495	450	301,045
2003	244,432					244,432	1,116	243,316
2002	243,452					243,452	710	242,742
2001	276,151					276,151	368	275,783
2000	332,669			134		332,535	91	332,444
1999	1,388,737					1,388,737		1,388,737
1998	1,395,178					1,395,178		1,395,178
1997	395,948					395,948		395,948
1996	433,608					433,608		433,608
	<u>\$ 16,949,327</u>	<u>\$ 230,002,820</u>	<u>\$ 235,233</u>	<u>\$ 975,068</u>	<u>\$ -</u>	<u>\$ 246,212,312</u>	<u>\$ 227,403,477</u>	18,808,835
						Allowance for doubtful accounts		<u>(12,516,278)</u>
						Net property tax receivable		<u>\$ 6,292,557</u>

Schedule of Most Recent Net Assessed Property Value by Category

<u>Description of Property</u>	<u>Valuation</u>	<u>Levy</u>		
Real property	\$ 8,315,177,024	\$ 186,806,921	Current year collections	\$ 227,403,477
Motor vehicles	812,081,178	22,152,407	Adjustment/refunds in transit	(22,351)
Tangible personal property	519,849,116	21,043,492	Revenue received 60 days subsequent to fiscal year ended June 30, 2018	<u>1,720,385</u>
Total	<u>9,647,107,318</u>	<u>230,002,820</u>		229,101,511
Exemptions	365,182,189		Prior year revenue received 60 days subsequent to fiscal year ended June 30, 2017	<u>(1,170,926)</u>
Net Assessed Value	<u>\$ 9,281,925,129</u>	<u>\$ 230,002,820</u>	Current year property tax revenue	<u>\$ 227,930,585</u>

**CITY OF WARWICK, RHODE ISLAND
ANALYSIS OF PRIOR YEAR TAX COLLECTIONS
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Tax Years</u>	<u>Collections (Refunds Netted)</u>	<u>Less Prior Year 60 Day Collections</u>	<u>Less Adjustments Refunds and Redemptions in Transit</u>	<u>Plus Current Year 60 Day Collections</u>	<u>Balance June 30, 2018</u>
2017	\$ 223,414,873	\$	\$ (2,661)	\$ 1,522,856	\$ 224,935,068
2016	2,905,041	(1,011,699)	(18,242)	113,715	1,988,815
2015	698,229	(77,988)	(180)	52,952	673,013
2014	216,980	(37,756)		16,492	195,716
2013	103,267	(18,432)		8,258	93,093
2012	93,514	(14,705)	(1,251)	2,792	80,350
2011	43,036	(13,513)		2,469	31,992
2010	14,553	(1,252)		(2,121)	11,180
2009	(35,111)	(742)		999	(34,854)
2008	(48,396)	(1,243)		16	(49,623)
2007	2,264	(583)		97	1,778
2006	(4,681)	4,772		279	370
2005	(2,827)	2,490	(17)	887	533
2004	450	(42)		568	976
2003	1,116	(85)			1,031
2002	710	(26)			684
2001	368	(50)		39	357
2000	91	(72)		87	106
	<u>\$ 227,403,477</u>	<u>\$ (1,170,926)</u>	<u>\$ (22,351)</u>	<u>\$ 1,720,385</u>	<u>\$ 227,930,585</u>

} \$ 2,995,517
Prior Year Collections



Annual Supplemental Transparency Report

City of Warwick
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

Exhibit J-1

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 223,414,873	\$ -
Last Year's Levy Tax Collection	2,905,041	-
Prior Years Property Tax Collection	1,610,671	-
Interest & Penalty	2,087,162	-
PILOT & Tax Treaty (excluded from levy) Collection	-	-
Other Local Property Taxes	-	-
Licenses and Permits	1,292,886	-
Fines and Forfeitures	149,196	-
Investment Income	333,869	-
Departmental	4,179,111	-
Rescue Run Revenue	2,748,435	-
Police & Fire Detail	637,134	-
Other Local Non-Property Tax Revenues	-	-
Tuition	-	1,195,166
Impact Aid	-	-
Medicaid	-	1,574,189
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	1,549,678
CDBG	269,461	-
COPS Grants	216,145	-
SAFER Grants	-	-
Other Federal Aid Funds	276,352	5,414,396
MV Excise Tax Reimbursement & Phase-out	3,093,847	-
State PILOT Program	1,687,863	-
Distressed Community Relief Fund	-	-
Library Resource Aid	722,188	-
Library Construction Aid	126,341	-
Public Service Corporation Tax	1,033,439	-
Meals & Beverage Tax / Hotel Tax	5,222,697	-
LEA Aid	-	39,146,992
Group Home	-	-
Housing Aid Capital Projects	-	-
Housing Aid Bonded Debt	885,176	689,286
State Food Service Revenue	-	35,843
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	362,172	162,285
Other Revenue	9,370,421	1,673,689
Local Appropriation for Education	-	122,482,464
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	\$ 262,624,479	\$ 173,923,989
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	2,253,287	1,218,671
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
Total Other Financing Sources	\$ 2,253,287	\$ 1,218,671

City of Warwick
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

Exhibit J-1

EXPENDITURES	General		Social	Centralized	Planning	Libraries	Public	Parks and	Police
	Government	Finance	Services	IT			Works	Rec	Department
Compensation- Group A	\$ 1,262,765	\$ 2,111,487	\$ 784,144	\$ 338,670	\$ 1,673,851	\$ 1,958,864	\$ 6,701,541	\$ 924,491	\$ 14,646,819
Compensation - Group B	-	-	-	-	-	-	-	-	1,512,556
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	17,657	15,051	77	317	4,011	16,198	507,369	38,857	1,439,846
Overtime - Group B	-	-	-	-	-	-	-	-	1,314,117
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	524,790	685,142	247,817	102,042	459,191	422,747	1,720,145	524,790	3,161,088
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	1,078,735
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	34,320	44,807	16,207	6,673	30,030	27,647	112,493	34,320	176,227
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	70,546
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	179,198	233,953	84,621	34,844	156,798	144,354	587,372	179,198	1,239,537
Life Insurance	1,779	2,323	840	346	1,557	1,433	5,833	1,779	9,082
State Defined Contribution- Group A	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	-	-	-	-	-	-	-
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	540,589	705,769	255,278	105,114	473,015	435,474	1,771,929	540,589	6,740,699
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	1,111,210
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	390,066	428,231	364,084	125,250	755,357	329,802	418,484	117,326	203,173
Materials/Supplies	57,083	58,374	17,191	88,464	28,047	404,076	215,797	58,502	290,633
Software Licenses	-	-	-	393,858	-	-	-	-	-
Capital Outlays	-	-	-	-	-	-	-	-	-
Insurance	2,028,610	-	-	-	-	-	-	-	-
Maintenance	-	-	-	-	-	86,436	1,678,741	95,361	45,733
Vehicle Operations	-	562	23,938	1,455	5,666	-	839,698	3,276	393,282
Utilities	-	-	65,344	366,839	4,459	191,584	369,640	688,870	211,843
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	1,430,623	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	191,706	-	-
Trash Removal & Recycling	-	-	-	-	-	-	-	-	-
Claims & Settlements	427,128	-	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	-	-	-
Other Operation Expenditures	80,000	136,914	-	31,530	24,255	3,260	1,140,214	-	67,136
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 5,543,985	\$ 4,422,613	\$ 1,859,543	\$ 1,595,403	\$ 3,616,237	\$ 4,021,876	\$ 17,691,586	\$ 3,207,360	\$ 33,712,261

City of Warwick
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

Exhibit J-1

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ 19,842,953	\$ -	\$ 177,532	\$ -	\$ -	\$ -	\$ 50,423,117	\$ 75,614,622
Compensation - Group B	614,502	-	-	-	-	-	2,127,058	7,322,546
Compensation - Group C	-	-	-	-	-	-	-	18,184,940
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	1,760,520	-	2,651	-	-	-	3,802,555	-
Overtime - Group B	228,384	-	-	-	-	-	1,542,501	-
Overtime - Group C	-	-	-	-	-	-	-	534,004
Police & Fire Detail	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	4,013,093	-	72,887	-	-	-	11,933,735	11,707,909
Active Medical Insurance- Group B	174,930	-	-	-	-	-	1,253,665	933,662
Active Medical Insurance- Group C	-	-	-	-	-	-	-	4,224,460
Active Dental insurance- Group A	211,063	-	4,767	-	-	-	698,553	570,417
Active Dental Insurance- Group B	11,440	-	-	-	-	-	81,986	46,125
Active Dental Insurance- Group C	-	-	-	-	-	-	-	230,532
Payroll Taxes	1,020,434	-	24,889	-	-	-	3,885,200	7,530,167
Life Insurance	15,047	-	247	-	-	-	40,267	-
State Defined Contribution- Group A	-	-	-	-	-	-	-	447,012
State Defined Contribution - Group B	-	-	-	-	-	-	-	33,282
State Defined Contribution - Group C	-	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	-	-	-	-	-	1,150,376
Other Benefits- Group B	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	23,664
Local Defined Benefit Pension- Group A	18,934,921	-	75,082	-	-	-	30,578,459	87
Local Defined Benefit Pension - Group B	180,196	-	-	-	-	-	1,291,406	82,395
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	1,694,868
State Defined Benefit Pension- Group A	-	-	-	-	-	-	-	9,971,216
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	878,307
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-
Purchased Services	931,690	-	81,828	-	-	-	4,145,292	21,814,900
Materials/Supplies	245,919	-	15,783	-	-	-	1,479,870	1,662,025
Software Licenses	-	-	-	-	-	-	393,858	868,822
Capital Outlays	-	-	43,166	-	-	-	43,166	3,903,631
Insurance	-	-	-	-	-	-	2,028,610	493,305
Maintenance	35,180	-	-	-	-	-	1,941,451	319,932
Vehicle Operations	354,825	-	-	-	-	-	1,622,703	524,124
Utilities	311,291	-	20,352	-	-	-	2,230,222	2,964,875
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	1,430,623	-
Revaluation	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	191,706	-
Trash Removal & Recycling	-	-	-	-	-	-	-	-
Claims & Settlements	-	-	-	-	-	-	427,128	6,170
Community Support	-	-	-	-	-	-	-	-
Other Operation Expenditures	352,627	-	-	-	-	-	1,835,935	247,927
Local Appropriation for Education	-	-	-	122,482,464	-	-	122,482,464	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	3,770,340	-	3,770,340	-
Municipal Debt- Interest	-	-	-	-	481,593	-	481,593	-
School Debt- Principal	-	-	-	-	2,878,331	-	2,878,331	-
School Debt- Interest	-	-	-	-	878,705	-	878,705	-
Retiree Medical Insurance- Total	-	-	-	-	-	8,665,430	8,665,430	526,690
Retiree Dental Insurance- Total	-	-	-	-	-	149,610	149,610	4,725
OPEB Contribution- Total	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 49,239,018	\$ -	\$ 519,182	\$ 122,482,464	\$ 8,008,969	\$ 8,815,040	\$ 264,735,537	\$ 174,517,716

Financing Uses: Transfer to Capital Funds	\$ -	\$ -
Financing Uses: Transfer to Other Funds	1,218,671	1,688,861
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ 1,218,671	\$ 1,688,861
Net Change in Fund Balance¹	(1,076,442)	(1,063,917)
Fund Balance1- beginning of year	\$32,065,619	\$2,306,306
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	-
Misc. Adjustment	-	-
Fund Balance¹ - beginning of year adjusted	32,065,619	2,306,306
Rounding	-	-
Fund Balance¹ - end of year	\$ 30,989,177	\$ 1,242,389

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

City of Warwick
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Municipal
Fiscal Year Ended June 30, 2018

Exhibit J-2

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ² (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ² (Deficit)	Ending Fund Balance ¹ (Deficit)
General Fund	\$ 262,624,478	\$ 564,426	\$ 134,244,103	\$ 130,528,744	\$ (1,583,943)	\$ 29,020,619	\$ -	\$ 29,020,619	\$ 27,436,676
Debt Service Fund	-	8,516,470	8,008,970	-	507,500	3,045,000	-	3,045,000	3,552,500
Totals per audited financial statements	\$ 262,624,478	\$ 9,080,896	\$ 142,253,073	\$ 130,528,744	\$ (1,076,443)	\$ 32,065,619	\$ -	\$ 32,065,619	\$ 30,989,176
<u>Reconciliation from financial statements to MTP2</u>									
Reclassify portion transfer of municipal appropriation to Education Department as expenditure on MTP2	\$ -	\$ -	\$ 122,012,274	\$ (122,012,274)	\$ -	\$ -	\$ -	\$ -	\$ -
Elimination of transfer between debt service and general fund	-	(8,516,470)	-	(8,516,470)	-	-	-	-	-
Portion of Municipal Appropriation for Education reported net on financial statements but expense on MTP2	-	-	470,190	-	(470,190)	-	-	-	(470,190)
Remaining committed for education transferred by school back to city and reflected as committed for education as a fund balance for the city but for school purposes to end FY18	-	157,447	-	-	157,447	-	-	-	157,447
Debt service Transfer to city reported as net in audit and reflected as a source for MTP2	-	1,531,414	-	-	1,531,414	-	-	-	1,531,414
Re-appropriated fund balance transferred from city to school and reported net on audit and as use on MTP2	-	-	-	1,218,671	(1,218,671)	-	-	-	(1,218,671)
Rounding	1	-	-	-	1	-	-	-	1
Totals Per MTP2	\$ 262,624,479	\$ 2,253,287	\$ 264,735,537	\$ 1,218,671	\$ (1,076,442)	\$ 32,065,619	\$ -	\$ 32,065,619	\$ 30,989,177

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

City of Warwick
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Education Department
Fiscal Year Ended June 30, 2018

Exhibit J-3

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
School Unrestricted Fund	\$ 50,333,157	\$ 122,012,274	\$ 171,860,912	\$ 484,519	\$ -	\$ -	\$ -	\$ -	\$ -
School Special Revenue Funds	8,518,125	484,519	10,260,489	-	(1,257,845)	2,306,306	-	2,306,306	1,048,461
Totals per audited financial statements	\$ 58,851,282	\$ 122,496,793	\$ 182,121,401	\$ 484,519	\$ (1,257,845)	\$ 2,306,306	\$ -	\$ 2,306,306	\$ 1,048,461

Reconciliation from financial statements to MTP2

Remaining committed for education transferred back to City and reflected as committed for education as a fund balance for the city but for school purposes to end FY18	\$ -	\$ -	\$ -	\$ 157,447	\$ (157,447)	\$ -	\$ -	\$ -	\$ (157,447)
Municipal Appropriation for Education reported as a transfer on financial statements but revenue on MTP2	122,012,274	(122,012,274)	-	-	-	-	-	-	-
Portion of Municipal Appropriation for Education reported net on financial statements but revenue on MTP2	470,190	-	-	-	470,190	-	-	-	470,190
State contributions on behalf of pension are reported as revenues and expenditures on financial statements only	(7,409,776)	-	(7,409,776)	-	-	-	-	-	-
Debt service transfer to city reported as net in audit and reflected as a source for MTP2	-	-	-	1,531,414	(1,531,414)	-	-	-	(1,531,414)
Re-appropriated fund balance transferred from city to school and reported net on Audit and as source on MTP2	-	1,218,671	-	-	1,218,671	-	-	-	1,218,671
Transfer (of 484k from School Unrestricted to the Lunch Fund) is reported as an Other Financing Sources and Use for GAAP while it is not reported in UCOA.	-	(484,519)	-	(484,519)	-	-	-	-	-
For financial statements, indirect cost charges and recovery are reported in federal grant funds and also actual expenditures & reimbursement reported in School Unrestricted Fund. Reported as unrestricted revenue but not expense in restricted funds.	-	-	(194,503)	-	194,503	-	-	-	194,503
Rounding	19	-	594	-	(575)	-	-	-	(575)
Totals Per MTP2	\$ 173,923,989	\$ 1,218,671	\$ 174,517,716	\$ 1,688,861	\$ (1,063,917)	\$ 2,306,306	\$ -	\$ 2,306,306	\$ 1,242,389

Reconciliation from MTP2 to UCOA

Committed for Education fund balance available from FY 17 reflected as Revenue for UCOA	\$ 1,218,671	\$ (1,218,671)	\$ -	\$ -
Debt Service transfer reflected as expense for UCOA and use for MTP2	-	-	1,531,411	(1,531,411)
Remaining fund balance transferred back to city and reported net in UCOA	(157,447)	-	-	(157,447)
Rounding	3,708	-	400	(3)
Totals per UCOA Validated Totals Report	\$ 174,988,921	\$ -	\$ 176,049,527	\$ -

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

**CITY OF WARWICK, RHODE ISLAND
NOTES TO SUPPLEMENTARY INFORMATION
ANNUAL SUPPLEMENTAL TRANSPARENCY REPORT (MTP2) JUNE 30, 2018**

1. BASIS OF PRESENTATION

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

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

2. REPORTABLE GOVERNMENT SERVICES

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

3. ALLOCATIONS

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

4. EMPLOYEE GROUPS - COMPENSATION AND BENEFIT COSTS

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

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

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

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

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

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

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

5. EDUCATION REVENUE AND EXPENDITURES

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

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



Statistical Section

Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

CITY OF WARWICK, RHODE ISLAND
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Net investment in capital assets	\$ 64,184,519	\$ 64,258,323	\$ 62,802,492	\$ 61,079,076	\$ 61,133,149	\$ 65,104,705	\$ 69,871,522	\$ 71,704,906	\$ 72,636,198	\$ 75,011,932
Restricted	1,947,766	1,433,298	1,331,626	2,159,153	2,736,581	3,382,875	4,120,308	6,278,740	6,998,200	3,552,500
Unrestricted	(45,907,021)	(62,378,508)	(82,266,981)	(96,854,156)	(110,905,795)	(133,284,704)	(475,399,557)	(523,284,812)	(787,207,800)	(808,951,853)
Total governmental activities net position	<u>20,225,264</u>	<u>3,313,113</u>	<u>(18,132,863)</u>	<u>(33,615,927)</u>	<u>(47,036,065)</u>	<u>(64,797,124)</u>	<u>(401,407,727)</u>	<u>(445,301,166)</u>	<u>(707,573,402)</u>	<u>(730,387,421)</u>
Business-type activities:										
Net investment in capital assets	63,148,905	67,391,392	72,213,574	79,287,133	81,963,905	85,294,240	90,353,683	95,748,013	104,730,106	109,768,380
Restricted	3,010,672	3,094,095	3,094,452	3,194,281	3,194,302	3,672,082	3,910,099	5,204,470	5,473,902	5,516,046
Unrestricted	4,542,008	5,450,484	4,268,908	4,415,400	8,790,829	10,773,438	880,173	10,450,451	3,877,759	5,803,608
Total business-type activities net position	<u>70,701,585</u>	<u>75,935,971</u>	<u>79,576,934</u>	<u>86,896,814</u>	<u>93,949,036</u>	<u>99,739,760</u>	<u>95,143,955</u>	<u>111,402,934</u>	<u>114,081,767</u>	<u>121,088,034</u>
Total:										
Net investment in capital assets	127,333,424	131,649,715	135,016,066	140,366,209	143,097,054	150,398,945	160,225,205	167,452,919	177,366,304	184,780,312
Restricted	4,958,438	4,527,393	4,426,078	5,353,434	5,930,883	7,054,957	8,030,407	11,483,210	12,472,102	9,068,546
Unrestricted	(41,365,013)	(56,928,024)	(77,998,073)	(92,438,756)	(102,114,966)	(122,511,266)	(474,519,384)	(512,834,361)	(783,330,041)	(803,148,245)
Total Net Position	<u>\$ 90,926,849</u>	<u>\$ 79,249,084</u>	<u>\$ 61,444,071</u>	<u>\$ 53,280,887</u>	<u>\$ 46,912,971</u>	<u>\$ 34,942,636</u>	<u>\$ (306,263,772)</u>	<u>\$ (333,898,232)</u>	<u>\$ (593,491,635)</u>	<u>\$ (609,299,387)</u>

Source: City of Warwick Comprehensive Annual Financial Report

**CITY OF WARWICK, RHODE ISLAND
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)**

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental activities:										
Executive and administration	\$ 8,069,697	\$ 9,031,312	\$ 8,068,528	\$ 7,189,863	\$ 8,163,964	\$ 7,898,442	\$ 8,389,533	\$ 10,576,119	\$ 9,171,861	\$ 9,940,222
Public safety	89,041,058	89,614,158	94,727,477	96,094,909	99,913,493	104,020,192	101,268,696	131,390,376	116,575,178	115,089,539
Recreation	3,330,999	3,353,999	3,593,994	3,627,775	3,185,691	2,549,088	3,044,788	3,188,917	3,402,704	3,041,448
Public libraries	4,420,849	4,333,950	4,906,998	4,958,759	4,843,416	5,116,596	4,829,752	5,692,619	5,872,625	5,948,080
Social services	2,875,875	2,658,015	2,290,428	2,254,293	2,103,904	2,160,896	2,021,311	2,399,689	2,189,915	2,406,427
Planning and E/D	3,405,639	3,856,439	2,790,778	2,777,531	3,139,802	3,114,804	2,880,454	2,843,733	3,152,144	3,746,698
Public works	21,994,345	21,609,069	20,766,889	22,147,778	21,788,643	21,842,422	21,946,560	21,396,595	22,454,206	21,010,874
Education	174,286,188	171,897,294	175,633,555	170,207,856	170,690,028	173,500,902	173,887,234	185,531,670	183,235,365	179,337,008
Cafeteria operations	3,005,016	2,647,559								
Interest on long-term debt	2,360,516	2,347,813	1,906,529	2,296,097	1,800,222	1,586,055	1,706,620	1,439,426	1,305,527	1,393,616
Total governmental activities expenses	<u>312,790,182</u>	<u>311,349,608</u>	<u>314,685,176</u>	<u>311,554,861</u>	<u>315,629,163</u>	<u>321,789,397</u>	<u>319,974,948</u>	<u>364,459,144</u>	<u>347,359,525</u>	<u>341,913,912</u>
Business-type activities:										
Sewer	15,215,618	15,759,558	24,390,931	14,704,964	14,824,243	14,807,198	15,082,034	14,654,521	15,723,730	16,179,771
Water	9,646,628	9,427,381	10,522,632	10,118,651	10,153,770	10,096,249	10,905,708	11,353,471	10,273,789	9,866,107
Total business-type activities expenses	<u>24,862,246</u>	<u>25,186,939</u>	<u>34,913,563</u>	<u>24,823,615</u>	<u>24,978,013</u>	<u>24,903,447</u>	<u>25,987,742</u>	<u>26,007,992</u>	<u>25,997,519</u>	<u>26,045,878</u>
Total Primary Government Expenses:	<u>\$ 337,652,428</u>	<u>\$ 336,536,547</u>	<u>\$ 349,598,739</u>	<u>\$ 336,378,476</u>	<u>\$ 340,607,176</u>	<u>\$ 346,692,844</u>	<u>\$ 345,962,690</u>	<u>\$ 390,467,136</u>	<u>\$ 373,357,044</u>	<u>\$ 367,959,790</u>
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Executive and administration	\$ 2,209,444	\$ 2,246,025	\$ 2,123,034	\$ 2,110,147	\$ 2,316,005	\$ 2,221,129	\$ 2,309,876	\$ 2,587,832	\$ 2,510,646	\$ 2,675,160
Public safety	6,970,909	7,371,438	6,906,078	7,122,121	6,482,419	7,193,150	7,676,780	8,911,292	8,089,932	8,190,826
Recreation	900,225	894,380	957,604	962,086	932,052	960,133	979,791	1,022,252	947,484	959,641
Public libraries	40,736	37,070	32,495	33,369	33,597	30,420	39,297	41,583	46,608	40,720
Social services	126,658	139,649	135,116	137,727	113,106	117,136	105,514	113,126	99,415	92,073
Planning and E/D	1,681,609	2,081,026	1,573,526	1,995,266	1,727,813	1,918,114	1,837,993	2,003,280	2,046,514	2,057,016
Public works	332,001	364,942	356,417	325,721	211,458	223,442	252,276	188,936	218,387	241,015
Education	3,497,123	3,776,975	4,522,161	1,970,205	1,860,301	1,186,216	2,093,869	2,337,922	2,337,585	2,421,502
Cafeteria operations	1,368,341	1,045,893								
Operating grants and contributions	51,258,003	53,474,747	51,863,051	53,699,759	55,546,646	59,427,759	57,836,909	62,997,136	57,561,506	51,833,022
Capital grants and contributions			1,066,557	152,292	1,409,223	524,461	125,710	209,781	198,900	-
Total governmental activities program revenues	<u>68,385,049</u>	<u>71,432,145</u>	<u>69,536,039</u>	<u>68,508,693</u>	<u>70,632,620</u>	<u>73,801,960</u>	<u>73,258,015</u>	<u>80,413,140</u>	<u>74,056,977</u>	<u>68,510,975</u>
Business-type Activities:										
Charges for Services:										
Sewer	12,352,153	16,494,263	14,058,609	13,320,223	16,314,418	16,099,887	17,903,575	17,204,995	17,669,726	17,045,091
Sewer assessment	5,646,954	5,414,375	5,193,582	5,962,350	6,660,728	5,222,858	5,316,633	5,188,394	5,005,799	4,818,049
Water	8,767,956	7,918,224	10,482,771	9,771,177	10,138,836	9,067,023	10,746,621	11,026,490	12,455,351	11,091,109
Operating grants and contributions					42,183					
Capital grants and contributions	1,238,170	541,403	2,694,761	3,073,848	349,939			841,929	2,775,948	8,880
Total governmental activities program revenues	<u>28,005,233</u>	<u>30,368,265</u>	<u>32,429,723</u>	<u>32,127,598</u>	<u>33,506,104</u>	<u>30,389,768</u>	<u>33,966,829</u>	<u>34,261,808</u>	<u>37,906,824</u>	<u>32,963,129</u>
Total Primary Government Program Revenues	<u>\$ 96,390,282</u>	<u>\$ 101,800,410</u>	<u>\$ 101,965,762</u>	<u>\$ 100,636,291</u>	<u>\$ 104,138,724</u>	<u>\$ 104,191,728</u>	<u>\$ 107,224,844</u>	<u>\$ 114,674,948</u>	<u>\$ 111,963,801</u>	<u>\$ 101,474,104</u>

(Continued on next page)

**CITY OF WARWICK, RHODE ISLAND
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS (CONTINUED)
GOVERNMENTAL ACTIVITIES
(Accrual Basis of Accounting)**

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense) Revenue:										
Governmental activities	\$ (244,405,133)	\$ (239,917,463)	\$ (245,149,137)	\$ (243,046,168)	\$ (244,996,543)	\$ (247,987,437)	\$ (246,716,933)	\$ (284,046,004)	\$ (273,302,548)	\$ (273,402,937)
Business-type activities	3,142,987	5,181,326	(2,483,840)	7,303,983	8,528,091	5,486,321	7,979,087	8,253,816	11,909,305	6,917,251
Total Primary Government Net Expense	\$ (241,262,146)	\$ (234,736,137)	\$ (247,632,977)	\$ (235,742,185)	\$ (236,468,452)	\$ (242,501,116)	\$ (238,737,846)	\$ (275,792,188)	\$ (261,393,243)	\$ (266,485,686)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property taxes	\$ 195,204,676	\$ 201,516,576	\$ 205,826,048	\$ 213,334,334	\$ 216,802,269	\$ 214,125,691	\$ 217,134,855	\$ 223,200,281	\$ 231,060,821	\$ 228,372,805
Interest on property taxes	1,728,716	(1,273,017)	1,571,198	1,737,961	1,562,589	2,146,222	2,206,502	2,096,950	2,093,896	2,087,162
State aid & in lieu of tax	21,121,217	17,352,666	6,817,475	6,896,729	7,120,046	7,861,860	7,693,925	8,187,664	7,667,081	10,015,034
Investment earnings	156,876	59,581	2,319	(21,741)	(32,851)	5,652	5,925	18,346	73,582	335,537
Tax titles	20,334	155,168	97,308	78,373	258,929	217,160	55,085	25,427	15,628	35,073
Insurance proceeds			496,997	39,914	96,463	133,052	427,898	170,101	169,230	157,875
Miscellaneous	4,470,760	5,194,338	5,016,367	5,479,807	6,449,112	6,034,137	7,098,886	7,001,236	6,992,822	9,585,432
Transfers	100,000			17,727	(42,522)	(297,396)	15,000			
Total governmental activities	<u>222,802,579</u>	<u>223,005,312</u>	<u>219,827,712</u>	<u>227,563,104</u>	<u>232,214,035</u>	<u>230,226,378</u>	<u>234,638,076</u>	<u>240,700,005</u>	<u>248,073,060</u>	<u>250,588,918</u>
Business-type Activities:										
Investment earnings	180,981	34,442	20,424	8,917	19,175	7,007	6,547	5,459	35,800	89,016
Insurance proceeds			6,104,379							
Transfers	(100,000)			(17,727)	42,522	297,396	(15,000)			
Total Business-type Activities	<u>80,981</u>	<u>34,442</u>	<u>6,124,803</u>	<u>(8,810)</u>	<u>61,697</u>	<u>304,403</u>	<u>(8,453)</u>	<u>5,459</u>	<u>35,800</u>	<u>89,016</u>
Total Primary Government:	\$ 222,883,560	\$ 223,039,754	\$ 225,952,515	\$ 227,554,294	\$ 232,275,732	\$ 230,530,781	\$ 234,629,623	\$ 240,705,464	\$ 248,108,860	\$ 250,677,934
Change in Net Position:										
Governmental activities	\$ (21,602,554)	\$ (16,912,151)	\$ (25,321,425)	\$ (15,483,064)	\$ (12,782,508)	\$ (17,761,059)	\$ (12,078,857)	\$ (43,345,999)	\$ (25,229,488)	\$ (22,814,019)
Business-type activities	3,223,968	5,215,768	3,640,963	7,295,173	8,589,788	5,790,724	7,970,634	8,259,275	11,945,105	7,006,267
Total Primary Government	\$ (18,378,586)	\$ (11,696,383)	\$ (21,680,462)	\$ (8,187,891)	\$ (4,192,720)	\$ (11,970,335)	\$ (4,108,223)	\$ (35,086,724)	\$ (13,284,383)	\$ (15,807,752)

CITY OF WARWICK, RHODE ISLAND
FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Reserved	\$ 3,225,420	\$ 7,945,894	\$	\$	\$	\$	\$	\$	\$	\$
Nonspendable			216,869	217,244	214,650	211,476	210,507	280,583	249,434	258,318
Restricted						3,600,000	3,000,000		1,295,271	
Committed			2,401,774	3,322,613	4,689,278	4,560,680	4,339,212	3,425,023	4,908,957	157,447
Assigned										4,349,465
Unreserved/Unassigned	5,916,723	6,862,566	5,981,718	8,253,978	11,852,791	10,803,865	8,151,517	18,486,180	22,566,957	22,671,446
Total General Fund	<u>\$ 9,142,143</u>	<u>\$ 14,808,460</u>	<u>\$ 8,600,361</u>	<u>\$ 11,793,835</u>	<u>\$ 16,756,719</u>	<u>\$ 19,176,021</u>	<u>\$ 15,701,236</u>	<u>\$ 22,191,786</u>	<u>\$ 29,020,619</u>	<u>\$ 27,436,676</u>
All Other Governmental Funds:										
Reserved	\$ 1,749,289	\$ 1,471,318	\$	\$	\$	\$	\$	\$	\$	\$
Restricted			9,587,064	7,754,049	8,803,655	6,858,453	10,888,224	12,759,365	13,741,765	9,507,535
Committed										
Assigned			46,950	40,656	35,685					
Unreserved/Unassigned in:										
School unrestricted fund								(26,136)		
Special revenue funds	653,589	2,565,535	(13)							(25,336)
Capital project funds	383,425	2,420,408	(888,044)	(628,477)	(1,425,201)	(2,787,894)	(5,676,144)	(852,908)		
Total All Other Governmental Funds	<u>\$ 2,786,303</u>	<u>\$ 6,457,261</u>	<u>\$ 8,745,957</u>	<u>\$ 7,166,228</u>	<u>\$ 7,414,139</u>	<u>\$ 4,070,559</u>	<u>\$ 5,212,080</u>	<u>\$ 11,880,321</u>	<u>\$ 13,741,765</u>	<u>\$ 9,482,199</u>
Total All Governmental Funds	<u>\$ 11,928,446</u>	<u>\$ 21,265,721</u>	<u>\$ 17,346,318</u>	<u>\$ 18,960,063</u>	<u>\$ 24,170,858</u>	<u>\$ 23,246,580</u>	<u>\$ 20,913,316</u>	<u>\$ 34,072,107</u>	<u>\$ 42,762,384</u>	<u>\$ 36,918,875</u>

**CITY OF WARWICK, RHODE ISLAND
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
General property taxes	\$ 194,214,398	\$ 202,494,106	\$ 204,577,041	\$ 212,007,763	\$ 216,054,096	\$ 214,148,180	\$ 213,689,646	\$ 227,581,622	\$ 231,148,289	\$ 227,930,585
Interest on taxes	1,376,875	1,228,767	1,357,578	1,392,844	1,682,473	2,494,254	2,221,716	2,403,234	2,206,364	2,087,162
Intergovernmental revenues	63,643,865	62,224,022	53,821,511	52,037,242	54,946,587	57,042,872	55,935,932	57,470,500	55,113,851	58,466,324
State Contribution to pension plan	6,319,011	5,928,125	5,747,000	6,251,800	6,223,212	6,342,485	6,968,124	11,053,803	7,250,385	7,409,776
Charges for services	12,531,573	12,844,595	11,657,310	11,606,395	11,709,095	12,560,899	11,751,428	14,940,665	15,602,935	14,328,213
Investment income	152,401	58,314	2,093	1,474	(35,582)	4,962	5,184	17,653	72,745	334,702
Contributions and private grants	187,375	139,515	106,860	164,652	522,410	306,079	202,245	198,878	229,191	193,364
Other revenue	11,126,985	11,581,585	9,909,777	10,309,384	11,045,445	12,074,905	12,415,989	12,246,157	12,228,003	15,316,488
Total revenue	289,552,483	296,499,029	287,179,170	293,771,554	302,147,736	304,974,636	303,190,264	325,912,512	323,851,763	326,066,614
Expenditures:										
Executive and administration	4,872,291	5,816,066	4,957,805	4,519,720	4,508,874	4,645,528	5,256,264	6,231,635	5,631,395	5,722,310
Public safety	41,233,284	40,755,519	42,308,559	43,062,869	44,127,815	45,078,068	48,443,800	51,378,290	48,342,109	48,603,551
Recreation	1,812,641	1,780,946	1,895,427	1,576,349	1,516,612	1,491,348	1,609,025	1,671,852	1,775,404	1,872,055
Public libraries	2,588,469	2,571,020	2,631,152	2,580,684	2,627,093	2,664,349	2,649,211	2,777,726	2,973,205	3,055,225
Social services	2,079,240	1,854,240	1,393,507	1,262,235	1,197,505	1,188,989	1,304,766	1,172,435	1,201,714	1,220,042
Planning and economic development	2,716,404	3,242,502	2,578,289	2,169,881	2,593,625	2,461,805	2,032,789	2,069,975	2,346,268	3,061,573
Public works	11,687,121	12,491,980	14,237,550	12,423,819	13,694,798	14,474,028	14,342,186	15,775,825	13,103,634	14,043,138
Employee benefits, fixed costs and capital	40,692,687	41,079,075	43,757,666	46,057,032	50,772,566	51,176,951	54,065,009	55,241,714	56,103,500	61,737,378
Education	165,475,272	163,419,363	169,004,878	165,316,678	167,622,445	169,221,031	169,089,102	168,197,758	174,954,593	182,304,434
Cafeteria operations*	3,005,016	2,647,559	-	-	-	-	-	-	-	-
State contribution to pension plan	6,319,011	5,928,125	5,747,000	6,251,800	6,223,212	6,342,485	6,968,124	11,053,803	7,250,385	7,409,776
Debt service-principal	6,444,241	6,920,994	5,965,182	5,226,115	4,570,722	5,082,483	5,962,158	5,650,593	6,679,050	6,648,671
Debt service-interest	2,313,451	2,300,365	2,169,590	1,726,854	1,761,508	1,749,891	1,668,544	1,072,561	1,597,661	1,442,950
Bond issuance costs/paying agent fees	-	-	200,420	1,500	30,659	24,561	102,828	185,506	-	-
Total expenditures	291,239,128	290,807,754	296,847,025	292,175,536	301,247,434	305,601,517	313,493,806	322,479,673	321,958,918	337,121,103
Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	(1,686,645)	5,691,275	(9,667,855)	1,596,018	900,302	(626,881)	(10,303,542)	3,432,839	1,892,845	(11,054,489)
Other Financing Sources (Uses):										
Transfers from other funds	136,243,765	133,734,780	129,552,412	127,682,960	126,600,068	127,325,885	129,885,749	128,876,427	131,428,314	132,059,433
Transfers to other funds	(136,357,020)	(133,996,780)	(129,552,412)	(127,665,233)	(126,642,590)	(127,623,281)	(129,870,749)	(128,876,427)	(131,428,314)	(132,059,433)
Proceeds from bonds	-	3,908,000	6,047,524	-	4,353,015	-	5,055,278	5,500,000	5,243,469	4,889,773
Proceeds from capital lease	-	-	-	-	-	-	2,900,000	4,252,088	1,527,826	321,207
Total other financing sources (uses)	(113,255)	3,646,000	6,047,524	17,727	4,310,493	(297,396)	7,970,278	9,752,088	6,771,295	5,210,980
Net Change in Fund Balances	\$ (1,799,900)	\$ 9,337,275	\$ (3,620,331)	\$ 1,613,745	\$ 5,210,795	\$ (924,277)	\$ (2,333,264)	\$ 13,184,927	\$ 8,664,140	\$ (5,843,509)
Debt Service as a Percentage of Noncapital Expenditures	3.01%	3.20%	2.79%	2.42%	2.16%	2.31%	2.54%	2.14%	2.64%	2.46%

*During fiscal year 2011, Cafeteria Operations were combined with Education.

Source: City of Warwick Comprehensive Annual Financial Report

CITY OF WARWICK, RHODE ISLAND
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)

Real Property						
Fiscal Year			Less		Estimated Actual Value	Tax Rate Res/Comm
	Residential	Commercial	Tax-Exempt Property	Total Taxable Assessed Value		
2009	\$ 8,082,766,300	\$ 3,188,308,100	\$ 94,720,900	\$ 11,176,353,500	\$ 11,176,353,500	\$13.41/\$20.12
2010	8,097,688,900	3,203,401,900	64,803,000	11,236,287,800	9,135,193,333	\$14.14/\$21.21
2011	6,286,650,600	2,808,766,770	64,485,000	9,030,932,370	9,030,932,370	\$17.48/\$26.22
2012	6,261,960,200	2,641,178,770	53,032,287	8,850,106,683	8,850,106,683	\$17.69/\$26.53
2013	6,265,223,524	2,553,709,270	149,903,604	8,669,029,190	8,669,029,190	\$18.14/\$27.21
2014	5,774,315,608	2,308,836,275	113,410,569	7,969,741,314	7,969,741,314	\$19.79/\$29.68
2015	5,690,034,009	2,243,081,450	177,862,624	7,755,252,835	7,755,252,835	\$20.06/\$30.09
2016	5,705,887,951	2,203,319,107	187,393,314	7,721,813,744	7,721,813,744	\$20.75/\$31.13
2017	6,085,854,763	2,239,830,661	188,575,915	8,137,109,509	8,137,109,509	\$20.24/\$30.36
2018	6,099,011,724	2,216,165,300	193,343,996	8,121,833,028	8,121,833,028	\$20.80/\$31.19
Personal Property						
Fiscal Year			Less		Estimated Actual Value	Tax Rate Tangible/Inventory
	Tangible Personal Property		Tax-Exempt Property	Total Tangible Taxable Assessed Value		
2009		\$ 464,491,800	\$ 12,000	\$ 464,479,800	\$ 464,479,800	\$26.82/\$0.00
2010		468,844,000	2,000	468,842,000	468,842,000	\$28.28/\$0.00
2011		449,384,970	12,000	449,372,970	449,372,970	\$34.96/\$0.00
2012		462,434,140		462,434,140	462,434,140	\$35.38/\$0.00
2013		503,931,303		503,931,303	503,931,303	\$36.28/\$0.00
2014		525,385,537		525,385,537	525,385,537	\$39.58/\$0.00
2015		533,705,181		533,705,181	533,705,181	\$40.12/\$0.00
2016		550,124,141		550,124,141	550,124,141	\$40.12/\$0.00
2017		525,450,291		525,450,291	525,450,291	\$40.48/\$0.00
2018		519,849,116		519,849,116	519,849,116	\$41.59/\$0.00

Notes: Fiscal 2017 reflects the results of a full revaluation.

Source: Tax Assessor's Official Tax Certification List

TABLE 5

CITY OF WARWICK, RHODE ISLAND
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY (CONTINUED)
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	Motor Vehicles	Personal Property			Estimated Actual Value	Tax Rate Motor Vehicles
		Less Tax-Exempt Property	Less M/V Phaseout	Total Motor Vehicle Taxable Assessed Value		
2009	\$ 777,437,990	\$ 14,629,711	\$ 357,954,774	\$ 404,853,505	\$ 404,853,505	\$34.60
2010	706,836,093	13,698,497	357,188,715	335,948,881	335,948,881	\$34.60
2011	742,645,169	12,867,015	363,655,976	366,122,178	366,122,178	\$34.60
2012	680,792,673	12,652,167	13,342,221	654,798,285	654,798,285	\$34.60
2013	839,853,603	11,918,651	178,494,733	649,440,219	649,440,219	\$34.60
2014	854,260,308	14,343,446	180,950,469	658,966,393	658,966,393	\$34.60
2015	862,802,922	16,384,579	181,107,718	665,310,625	665,310,625	\$34.60
2016	873,371,912	16,067,882	184,942,595	672,361,435	672,361,435	\$34.60
2017	916,573,616	16,636,180	187,835,342	712,102,094	712,102,094	\$34.60
2018	812,081,178	15,317,856	156,520,338	640,242,984	640,242,984	\$34.60
Total All						
Fiscal Year	Assessed Value	Estimated Actual Value	Ratio			
2009	\$ 12,045,686,805	\$ 12,045,686,805	100.00%			
2010	12,041,078,681	9,939,984,214	121.14%			
2011	9,846,427,518	9,846,427,518	100.00%			
2012	9,967,339,108	9,967,339,108	100.00%			
2013	9,822,400,712	9,822,400,712	100.00%			
2014	9,154,093,244	9,154,093,244	100.00%			
2015	8,954,268,641	8,954,268,641	100.00%			
2016	8,944,299,320	8,944,299,320	100.00%			
2017	9,374,661,894	9,374,661,894	100.00%			
2018	9,281,925,128	9,281,925,128	100.00%			

Notes: Fiscal 2017 reflects the results of a full revaluation.
 Source: Tax Assessor's Official Tax Certification List

TABLE 6

CITY OF WARWICK, RHODE ISLAND
PROPERTY TAX RATES
(PER \$1,000 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS
(Unaudited)

<u>Fiscal Year</u>		<u>General Fund</u>	<u>Fiscal Year</u>		<u>General Fund</u>
2009	Real Estate Residential	13.41	2014	Real Estate Residential	19.79
	Real Estate Commercial	20.12		Real Estate Commercial	29.68
	Tangible Personal Property	26.82		Tangible Personal Property	39.58
	Manufacturers' Machinery			Manufacturers' Machinery	
	Motor Vehicles	34.60		Motor Vehicles	34.60
2010	Real Estate Residential	14.14	2015	Real Estate Residential	20.06
	Real Estate Commercial	21.21		Real Estate Commercial	30.09
	Tangible Personal Property	28.28		Tangible Personal Property	40.12
	Manufacturers' Machinery			Manufacturers' Machinery	
	Motor Vehicles	34.60		Motor Vehicles	34.60
2011	Real Estate Residential	17.48	2016	Real Estate Residential	20.75
	Real Estate Commercial	26.22		Real Estate Commercial	31.13
	Tangible Personal Property	34.96		Tangible Personal Property	41.50
	Manufacturers' Machinery			Manufacturers' Machinery	
	Motor Vehicles	34.60		Motor Vehicles	34.60
2012	Real Estate Residential	17.69	2017	Real Estate Residential	20.24
	Real Estate Commercial	26.53		Real Estate Commercial	30.36
	Tangible Personal Property	35.38		Tangible Personal Property	40.48
	Manufacturers' Machinery			Manufacturers' Machinery	
	Motor Vehicles	34.60		Motor Vehicles	34.60
2013	Real Estate Residential	18.14	2018	Real Estate Residential	20.80
	Real Estate Commercial	27.21		Real Estate Commercial	31.19
	Tangible Personal Property	36.28		Tangible Personal Property	41.59
	Manufacturers' Machinery			Manufacturers' Machinery	
	Motor Vehicles	34.60		Motor Vehicles	34.60

Source: City of Warwick Tax Assessor - Official Tax Certification List

TABLE 7

CITY OF WARWICK, RHODE ISLAND
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
(Unaudited)

Fiscal Year	Population	Personal Income	Median Family Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2009	85,925	\$ 2,011,504,250	\$ 59,445	\$ 23,410	10,525	9.18%
2010	84,760	2,597,724,480	75,029	30,648	10,507	11.50%
2011	82,672	2,477,762,512	72,337	29,971	10,277	10.30%
2012	82,672	2,515,047,584	73,504	30,422	9,977	10.12%
2013	82,698	2,662,958,298	76,695	32,201	9,675	8.80%
2014	81,971	2,639,548,171	76,695	32,201	9,409	8.00%
2015	81,963	2,777,644,107	78,263	33,889	9,277	5.86%
2016	81,699	2,872,291,743	82,937	35,157	9,130	4.73%
2017	81,576	2,916,423,576	84,421	35,751	8,897	4.02%
2018	82,672	3,096,975,792	87,369	37,461	9,124	4.50%

Sources: US Census Bureau, Population Finder and FactFinder
US Census Bureau, 2010-2015 American Community Survey (5 Year Estimates)
RI Department of Labor and Training

CITY OF WARWICK, RHODE ISLAND
PRINCIPAL EMPLOYERS
JUNE 30, 2018
(Unaudited)

Employer	Number of Employees	Rank	Percentage of Total City Employment
Met Life	1,000-4,999	1	2.3%-11.3%
Kent Hospital / Acute Rehab	1,000-4,999	2	2.3%-11.3%
J Arthur Trudeau Memorial	1,000-4,999	3	2.3%-11.3%
Kent County Memorial Hospital	1,000-4,999	4	2.3%-11.3%
Community College of RI	500-999	5	1.1%-2.3%
Bentley Providence	500-999	6	1.1%-2.3%
Infiniti of Warwick	500-999	7	1.1%-2.3%
Kenney Manufacturing	500-999	8	1.1%-2.3%
Interstate Electrical Service Corp	500-999	9	1.1%-2.3%
J Arthur Trudeau Memorial Ctr	500-999	10	1.1%-2.3%

Source: Employ RI

R.I. Department of Labor and Training-Total Employment Statistics

(Historical data for nine years prior was unavailable)

TABLE 9

CITY OF WARWICK, RHODE ISLAND
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Municipal Administration	93	93	92	90	88	87	86	86	87	91
Public Safety										
Police Civilians	79	79	78	78	78	77	75	75	77	77
Officers	175	175	172	172	167	163	164	163	163	163
Fire Civilians	12	12	12	12	12	12	11	11	11	12
Firefighters/Officers	227	227	220	220	221	220	209	209	209	217
Municipal	17	17	16	16	15	16	16	16	17	17
	22	22	22	22	22	22	22	22	22	23
Library/Recreation	66	66	65	65	67	67	67	67	66	67
Developmental Resources	16	16	15	16	16	16	16	16	17	19
Public Works										
Administration	3	3	3	3	3	3	3	3	3	4
Maintenance/Automotive	40	40	40	40	39	38	39	39	39	42
Engineering	4	4	4	4	4	4	4	4	4	4
Sanitation/Recycling	23	23	23	23	23	23	23	24	24	24
Highway	61	61	61	61	61	61	62	61	61	62
Water	33	33	33	33	34	35	35	35	35	35
Sewer	33	33	33	29	30	31	32	32	32	33

Source: City of Warwick Finance Department - Personnel Supplements

Note: This count is based on budgeted positions, not all were filled

CITY OF WARWICK, RHODE ISLAND
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Legislative and Executive										
Number of Resolutions	163	161	132	139	124	134	122	158	214	222
Number of Ordinances	18	32	29	19	30	22	21	32	38	47
Number of Meetings	26	28	26	30	27	27	29	22	22	22
Board of Elections										
Number of Registered Voters	61,603	61,522	59,546	60,189	59,470	62,059	60,315	60,239	61,133	59,928
Purchasing										
Number of bid contracts	353	338	358	323	364	327	301	329	317	301
Number of purchase orders issued	3,687	3,711	3,985	4,027	3,950	3,673	3,665	3,549	3,374	3,152
Building Department										
Number of Permits Issued	5,894	5,523	5,966	4,959	4,797	4,553	4,521	4,709	5,210	4,152
Permit Value	106,449,751	102,000,006	85,372,333	57,740,168	54,478,286	52,690,863	63,980,377	59,519,775	53,664,975	47,712,906
Public Safety										
Calls for Service	80,224	80,341	84,736	109,587	90,490	90,469	84,669	93,796	90,509	78,136
Arrests	2,561	2,733	2,990	3,057	3,431	3,325	3,325	3,284	3,290	3,559
Accidents	3,844	4,449	4,851	4,795	5,180	4,374	4,374	4,607	4,653	4,929
Parking Violations	141	130	213	6,304	215	12,085	12,085	12,477	10,973	12,455
EMS Responses	13,972	13,031	12,888	11,774	11,833	11,084	9,637	10,932	9,953	10,411
Highway and Sanitation										
Miles of Streets-Local Paved	396	396	396	396	396	400	400	398	398	398
Miles of Streets-State Paved	69	69	69	69	69	70	70	68	68	68
Miles of Streets-Private Paved	20	20	20	20	20	20	20	19	19	19
Refuse Collected (Annual Tonnage)	25,785	25,367	25,344	24,520	24,855	25,305	23,797	24,747	27,050	25,897
Recyclables Collected (Annual Tonnage)	10,056	10,281	10,152	9,863	10,074	10,476	8,940	8,801	8,939	9,372
Public Skating Admissions-Thayer Arena	5,144	5,144	5,144	6,322	7,233	6,313	6,940	6,578	6,137	6,193
McDermott Pool Daily Passes	4,177	4,177	4,177	6,136	6,217	944	1,119	1,225	1,082	953
McDermott Pool Monthly Passes	770	770	770	626	488					
McDermott Pool Seasonal Passes	293	293	293							
Library										
Registered Borrowers	30,897	34,895	35,554	35,120	36,813	38,121	39,336	40,827	45,451	40,169
Print Materials	132,321	140,565	141,369	143,787	148,106	176,576	166,323	180,516	185,293	194,376
Non-Print	20,849	18,000	17,373	16,683	15,384	14,751	13,168	22,827	11,920	15,861
Ebooks and AV Materials	87,743	73,156	55,799	46,024						
Circulation	574,553	570,575	573,079	603,897	558,313	523,382	521,543	494,773	445,656	386,078
Programs	1,196	1,022	969	1,302	743	709	574	841	864	894
Program Attendance	28,062	32,883	18,616	13,952	12,342	11,826	11,119	14,942	15,013	13,061
Water										
Total Connections	26,966	26,969	26,896	26,959	26,903	26,967	26,827	26,657	27,132	27,109
New Connections	72	97	57	146	36	188	42	14	25	34
Water Main Breaks	34	30	29	34	26	21	21	47	28	29
Average Daily Consumption (Gallons)	5.712M	5.875M	5.479M	5.477M	4.395M	4.87	6.248M	5.513M	5.554M	6.314M
Wastewater										
Average Daily Sewer Treatment (Gallons)	4.9M	4.8M	4.5M	4.6M	4.8M	4.8M	4.71M	5.41M	4.82M	5.13M
Accounts Billed	22,635	22,405	22,222	21,966	21,728	21,544	20,999	20,532	20,133	19,769

Source: Various City Departments

CITY OF WARWICK, RHODE ISLAND
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government										
City Hall	2	2	2	2	2	2	2	2	2	2
Human Services	2	2	8	8	8	8	8	8	8	8
Public Works	2	2	2	2	2	2	2	2	2	2
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	10	10	10	10	9	9	9	9	9	9
Highway										
Streets (miles)	490	490	490	490	490	490	490	490	490	490
Streetlights	8834	8834	8,834	8834	8834	8834	8834	8834	8834	8834
Traffic Lights (City)	27	27	27	27	27	27	27	27	27	27
Library										
Main	1	1	1	1	1	1	1	1	1	1
Branches	3	3	3	3	3	3	3	3	3	3
Recreation										
Parks	9	9	9	9	9	9	9	9	9	9
Bathing Beaches	6	6	6	6	6	6	6	6	6	6
Ice Arenas	2	2	2	2	2	2	2	2	2	2
Pools	1	1	1	2	2	2	2	2	2	2
Water/Wastewater										
Fire Hydrants	1996	1996	1,772	1772	1772	1772	1772	1772	1772	1769
Max Daily Capacity (Gallons)-Water	13.0M	13.0M	12.0M	13.3M	13.3M	13.3M	13.3M	13.3M	13.3M	13.3M
Max Daily Capacity (Gallons)-Sewer	7.7M	7.7M	7.7M	7.7M	7.7M	7.7M	7.7M	7.7M	7.7M	7.7M
Education										
Elementary Schools	16	16	16	17	17	17	17	17	17	17
Middle Schools	2	2	2	3	3	3	3	3	3	3
High Schools	2	2	2	3	3	3	3	3	3	3
Career/Technical	1	1	1	1	1	1	1	1	1	1

Source: Various City Departments

Source: Various City Departments