

TOWN OF WARREN, RHODE ISLAND

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020



Kate Michaud
Manager

Fung Y. Chan
Finance Director

TOWN OF WARREN, RHODE ISLAND

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For the Year Ended June 30, 2020

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Introductory Section

List of Town Officials

TOWN COUNCIL

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

Town Manager	Kate Michaud
Town Solicitor	Anthony DeSisto
Town Clerk	Julie Coelho
Tax Assessor	Kristopher Leadem
Finance Director	Fung Y. Chan
Public Works Director	Jan Malik
Police Chief	Roy Borges
Fire Chief	James A. Sousa
Building/Zone Official	Tony Carvalho
Harbor Master	Edward Cabral

Financial Section

Independent Auditor's Report

Management Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Supplementary Information

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Independent Auditor's Report

To the Honorable Town Council
Town of Warren, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Warren (“the Town”), Rhode Island, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Warren, Rhode Island, as of June 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, Schedule of Funding Progress for OPEB, Schedules of Contributions of Pension Plans, Schedule of Changes in Pension Liability, and Schedule of Investment Return for the local police and fire pension plan, as outlined on pages listed within the table of contents presented to supplement of the basic financial statement. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Warren, Rhode Island's basic financial statements. The introductory section, combining and individual non-major fund financial statements, the tax collectors annual report, and Annual Supplemental Transparency Report (MTP2) as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2020, on our consideration of the Town of Warren, Rhode Island' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Warren, Rhode Island' internal control over financial reporting and compliance.

Hague, Sabady & Co. PC

Fall River, Massachusetts
December 29, 2020

TOWN OF WARREN, RHODE ISLAND

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2020

As management of the Town of Warren (“the Town”), we offer readers of the Town’s financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. We encourage readers to consider this information in addition to the statements and notes.

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

Financial Highlights

- The Town assets plus deferred outflow of resources exceeded its liabilities and deferred inflow of resources as of June 30, 2020, by \$1,890,731 (net position).
- The Town of Warren’s total net position decreased by \$4,138,356 for the current fiscal year.
- The governmental net position decreased by \$4,394,396 and the business-type net position increased by \$256,040.
- As of June 30, 2020, the Town of Warren’s governmental funds reported combined ending fund balances of \$17,606,667, a decrease of \$8,579,443 from fiscal year 19 fund balance of \$26,186,110.
- As of June 30, 2020, the total fund balance for the General Fund was \$11,072,391 or approximately 36% of total general fund expenditures.
- As of June 30, 2020, the unassigned fund balance for the General Fund was \$8,836,571, a decrease of \$1,108,831 over the prior year unassigned fund balance of \$9,945,402.
- The Town of Warren’s total debt for its governmental activities is \$36,096,685 a 6% decrease during 2020. The Town paid down principal of \$2,427,370 on existing bond issues.
- For the purpose of this audit, the Transfer Station Fund has been included with the General Fund and is not considered a proprietary fund.
- During FY 20 the Town established an enterprise fund for sewer operations
- As of June 30, 2020, the fund balance for the sewer fund was \$256,040 or approximately 20% of total sewer fund expenditures.

TOWN OF WARREN, RHODE ISLAND

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2020

Overview of the Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

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

The Statement of Net Position and Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. They take into account all revenues recognized and expenses incurred even if cash has not been received or paid.

The government-wide financial statements can be found on pages 13 to 16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on the *near-term inflows and outflow of spendable resources*, as well as on *balances*

TOWN OF WARREN, RHODE ISLAND

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2020

Overview of the Financial Statements (continued)

Governmental Funds (continued)

of spendable resources available at the end of the fiscal year. Such information may be useful in the evaluation of a government's near-term financing requirements.

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

The Town maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. The General Fund, 504K RIIB Bond, 20M RIIB Bond and RIDOT Top Water St. Project are considered major funds. Data from the remaining special revenue funds, capital project funds and permanent trust funds are combined into a single, aggregate presentation. Individual fund data for each of the non-major governmental funds combining statements is provided as supplementary information.

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

The Town of Warren adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for to demonstrate compliance with budgets and are presented on pages 66 to 73 of this report.

Proprietary Funds

Proprietary funds are used to account for business like activities provided to the general public (enterprise funds) or within the government (internal service funds). These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The Town has one enterprise fund, the sewer fund. The Town has no internal service fund.

The proprietary fund financial statements can be found on pages 21 to 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 included in the government-wide financial statements because the resources of the funds are not available to support the Town's own functions and activities. The accounting used for fiduciary funds is much like that used for proprietary funds.

TOWN OF WARREN, RHODE ISLAND

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2020

Overview of the Financial Statements (continued)

Fiduciary Funds (continued)

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

The fiduciary fund financial statements can be found on pages 24 and 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 can be found on pages 26 to 65 of this report.

Other Information

In addition to the basic financial statements and the accompanying notes, *required supplementary information*, which presents schedules relating to the Town's pension and other postemployment benefits plan, as well as budgetary comparison schedules for the General Fund to demonstrate compliance with its respective budget. Required supplementary information can be found on pages 66 to 82 of this report.

Supplementary Information

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

TOWN OF WARREN, RHODE ISLAND

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2020

Government-Wide Financial Analysis

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Warren, assets and deferred outflows exceeded liabilities and deferred inflows by \$1,890,731 as of June 30, 2020.

**Statement of Net Position
June 30, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 19,608,456	\$ 28,766,853	\$ 306,599	\$ -	\$ 19,915,055	\$ 28,766,853
Capital assets	31,579,803	29,007,695	-	-	31,579,803	\$ 29,007,695
Total assets	51,188,259	57,774,548	306,599	-	51,494,858	57,774,548
Deferred outflows of resources	1,628,271	2,065,156	-	-	1,628,271	\$ 2,065,156
Liabilities						
Long-term debt	46,529,711	50,558,591	-	-	46,529,711	\$ 50,558,591
Other liabilities	3,850,677	2,381,673	50,559	-	3,901,236	\$ 2,381,673
Total liabilities	50,380,388	52,940,264	50,559	-	50,430,947	52,940,264
Deferred inflows of resources	801,451	870,353	-	-	801,451	\$ 870,353
Net position						
Net investment in capital assets	(5,342,975)	(10,359,430)	-	-	(5,342,975)	\$ (10,359,430)
Restricted	7,563,561	13,369,808	-	-	7,563,561	\$ 13,369,808
Unrestricted	(585,895)	3,018,709	256,040	-	(329,855)	\$ 3,018,709
Total net position	\$ 1,634,691	\$ 6,029,087	\$ 256,040	\$ -	\$ 1,890,731	\$ 6,029,087

TOWN OF WARREN, RHODE ISLAND

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2020

The general capital assets (e.g., land, building, machinery and equipment) of the governmental activities of the Town less outstanding debt equal \$(5,342,975). A portion of the outstanding debt of the governmental activities was incurred for the installation of infrastructure.

Included within the total net position are net investment in capital assets of \$(5,342,975) and restricted net position of \$7,563,561 as of June 30, 2020, leaving an unrestricted balance of \$(329,855). In comparison, governmental activities net position as of June 30, 2019, as stated in the FY19 financial statement totaled \$6,029,087.

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

Analysis of the Town's Net Position:

Governmental activities decreased the Town's net position by \$(6,286,206).

Business-type activities increased the Town's net position by \$256,040.

Changes in Net Position for the period ending June 30, 2020 and June 30, 2019

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges for service	\$ 42,311	\$ 98,301	\$ 1,551,704	\$ -	\$ 1,594,015	\$ 98,301
Grants	255,541	620,824	-	-	\$ 255,541	620,824
General Revenues					\$ -	-
Property taxes	23,829,160	23,479,781	-	-	\$ 23,829,160	23,479,781
Intergovernmental	794,465	1,341,638	-	-	\$ 794,465	1,341,638
Licenses, fees, permits and fines	1,824,529	1,782,996	-	-	\$ 1,824,529	1,782,996
Investment earnings	297,644	314,145	-	-	\$ 297,644	314,145
Miscellaneous	824,874	712,967	-	-	\$ 824,874	712,967
Total revenues	<u>\$ 27,868,524</u>	<u>\$ 28,350,652</u>	<u>\$ 1,551,704</u>	<u>\$ -</u>	<u>\$ 29,420,228</u>	<u>\$ 28,350,652</u>
Expenses						
General government	3,934,793	3,227,699	-	-	3,934,793	3,227,699
Town offices	1,359,755	1,362,252	-	-	1,359,755	1,362,252
Financial Administration	345,583	294,896	-	-	345,583	294,896
Public safety	3,374,940	3,230,560	-	-	3,374,940	3,230,560
Fire safety	629,282	575,326	-	-	629,282	575,326
Waste water treatment	212,783	2,441,139	1,295,664	-	1,508,447	2,441,139
Highway department	2,142,678	2,535,339	-	-	2,142,678	2,535,339
Grants and contribution	343,094	318,944	-	-	343,094	318,944
Capital and other appropriation	8,983,591	13,733,972	-	-	8,983,591	13,733,972
Education	11,895,279	11,572,814	-	-	11,895,279	11,572,814
Interest on debt	932,952	658,055	-	-	932,952	658,055
Total expenses	<u>34,154,730</u>	<u>39,950,996</u>	<u>1,295,664</u>	<u>-</u>	<u>35,450,394</u>	<u>39,950,996</u>
Increase(decrease) in net position	(6,286,206)	(11,600,344)	256,040	-	(6,030,166)	(11,600,344)
Net position-beginning restated	<u>7,920,897</u>	<u>17,629,431</u>	<u>-</u>	<u>-</u>	<u>7,920,897</u>	<u>17,629,431</u>
Net position-ending	<u>\$ 1,634,691</u>	<u>\$ 6,029,087</u>	<u>\$ 256,040</u>	<u>\$ -</u>	<u>\$ 1,890,731</u>	<u>\$ 6,029,087</u>

TOWN OF WARREN, RHODE ISLAND

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2020

Financial Analysis of Governmental Funds

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

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

As of June 30, 2020, the Town of Warren's total governmental funds reported a combined ending fund balance of \$17,606,667, a decrease of \$8,579,443 in comparison with the prior year. The unassigned fund balance of \$7,862,886 is available for spending at the government's discretion. The remainder of the fund balance is non-spendable to indicate that it is not available for new spending because it represents unexpendable inventory items, those governmental funds with a deficit fund balance and the permanent funds. The committed fund balance has been designated to fund appropriations of the subsequent fiscal year. The restricted fund balance has been assigned all non-major governmental funds fund balances as it is restricted for the legal use of each fund.

General Fund Budgetary Highlights

The Town of Warren's tax rate changed from \$18.86 per thousand in FY 18-19 to \$19.11 per thousand dollars of assessed value in FY2019-20.

The Town has received voter approval in FY18 for a major Waste water treatment facility upgrade of approximately \$20M funded through the RI Clean Water Financing Agency. Once completed, it is estimated that this will increase the total Debt Service of the Town by approximately \$1.4M per year.

Capital Asset and Debt Administration

Capital Assets

The Town of Warren's investment in capital assets for its governmental activities as of June 30, 2020, amounts to \$31,579,803 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvement other than buildings, machinery and equipment, and infrastructure. Additional information on the Town of Warren's capital assets can be found in Note 5 to the financial statements, which accompany this report.

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

TOWN OF WARREN, RHODE ISLAND

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2020

Capital Asset and Debt Administration (continued)

Capital Asset (continued)

	Governmental Activities	
	2020	2019
Land	\$ 3,073,866	\$ 2,536,436
Infrastructure	49,341,589	47,579,638
Building and improvements	18,690,675	18,575,082
Equipment	12,026,437	11,717,182
Vehicles	9,572,018	9,011,206
Total capital assets	92,704,585	89,419,544
Less: accumulated depreciation	61,124,782	60,411,849
Net capital assets	<u>\$ 31,579,803</u>	<u>\$ 29,007,695</u>

Additional information about the Town’s capital assets can be found in Note 5 to the basic financial statements.

Long-Term Debt

At the end of the current fiscal year, the Town of Warren has total general obligation debt outstanding of \$11,579,145 entirely backed by the full faith and credit of the government.

State statutes limit the amount of general obligation debt a governmental entity may issue to three 3% of its total equalized valuation. As of June 30, 2020, the Town of Warren’s ratio of Town Debt to net taxable valuation is 2.8%. The current debt limitation for the Town is \$38,645,018 which significantly exceeds the Town of Warren’s current outstanding general obligation debt.

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

Total debt consists of the following:

	Debt Administration	
	Governmental Activities	
	2020	2019
General obligation bonds	\$ 11,579,145	\$ 12,825,000
RIIB Loan	\$ 24,517,540	\$ 25,721,853
Capital leases	336,673	379,542
Total	<u>\$ 36,433,358</u>	<u>\$ 38,926,395</u>

TOWN OF WARREN, RHODE ISLAND

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2020

Economic Factors and Next Year's Budget and Rates

In fiscal year 2020 both operating revenues and expenditures finished the year under budget. The town was funding the capital expenditures of \$3.3M from its fund balance reserve ending the fiscal year with a deficit of \$3.1M.

The major operating revenue short fall was from general property taxes not meeting the budgetary projections of \$23.9M. Restaurant (meal) tax came in \$62K under budget. Decrease in general property taxes and restaurant (meal) tax is related to the COVID 19 pandemic and the state of emergency declared by the State of Rhode Island. Various licenses and fees came in under budget. A majority of the shortfall was from the transfer station revenues not meeting the budgeted projection of \$220K (short fall of \$101K). In the past the Town accepted out of town disposals for a fee but discontinued the practice because expenditures outpaced revenues. Building and plumbing permits and fee revenues were over budgeted amounts by \$140K. Revenues for interest and other revenues came in over budget by \$57K and \$53K respectively.

The operating expenditures came in under budget. Positive budget variances occurred in the public safety category of \$273K (primarily due to savings in overtime). There was also positive budget variance in the Town Offices category of \$121K (primarily due to lower than anticipated costs).

For fiscal year 2021 the Town will continue to fund the capital expenditures of \$2.5M with its fund balance reserve. The school appropriation increased by 4.4%. The fiscal year 2021 budget came to \$28,357,450 representing an increase of \$958,582 over the fiscal year 20 budget. The tax rate decreased from \$19.11 in fiscal year 2020 to \$17.36 in fiscal year 2021

Request for Information

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

TOWN OF WARREN, RHODE ISLAND

Statement of Net Position

June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalent	\$ 12,614,262	\$ 266,331	\$ 12,880,593
Investments	15,836	-	15,836
Cash escrow	4,948,207	-	4,948,207
Receivables, net	566,474	40,268	606,742
Other receivables	577,064	-	577,064
Inventories	55,600	-	55,600
Intergovernmental	831,013	-	831,013
Non-current assets			
Capital assets (non-depreciable)	3,073,866	-	3,073,866
Depreciable assets, net	<u>28,505,937</u>	<u>-</u>	<u>28,505,937</u>
Total capital assets	<u>31,579,803</u>	<u>-</u>	<u>31,579,803</u>
Total assets	<u>51,188,259</u>	<u>306,599</u>	<u>51,494,858</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related outflows	<u>1,628,271</u>	<u>-</u>	<u>1,628,271</u>
Total assets and deferred outflows of resources	<u>\$ 52,816,530</u>	<u>\$ 306,599</u>	<u>\$ 53,123,129</u>

The accompanying notes are an integral part of this statement

TOWN OF WARREN, RHODE ISLAND

Statement of Net Position

June 30, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 702,867	\$ 50,559	\$ 753,426
Accrued liabilities	107,324	-	107,324
Accrued interest	321,892	-	321,892
Current portion of long-term liabilities	2,718,594	-	2,718,594
Non-current liabilities			
Capital leases	292,571	-	292,571
Bonds payable	33,516,070	-	33,516,070
Bond premium, net	167,528	-	167,528
Compensated absences	1,612,979	-	1,612,979
Net pension liability (NPL)	7,044,042	-	7,044,042
Net OPEB liability (NOL)	3,896,521	-	3,896,521
Total liabilities	<u>50,380,388</u>	<u>50,559</u>	<u>50,430,947</u>
DEFERRED INFLOWS OF RESOURCES			
OPEB related inflows	12,189	-	12,189
Pension related inflows	789,262	-	789,262
Total deferred inflows of resources	<u>801,451</u>	<u>-</u>	<u>801,451</u>
NET POSITION			
Net investment in capital assets	(5,342,975)	-	(5,342,975)
Restricted	7,563,561	-	7,563,561
Unrestricted	(585,895)	256,040	(329,855)
Total Net Position	1,634,691	256,040	1,890,731
Total liabilities, deferred inflows of resources and net position	<u>\$ 52,816,530</u>	<u>\$ 306,599</u>	<u>\$ 53,123,129</u>

The accompanying notes are an integral part of this statement

TOWN OF WARREN, RHODE ISLAND

Statement of Activities

For the Year Ended June 30, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business - Type Activities	Total
Governmental Activities							
General government	\$ 3,934,793	\$ 18,672	\$ 21,183	\$ -	\$ (3,894,938)	\$ -	\$ (3,894,938)
Town offices	1,359,755	-	-	-	(1,359,755)	-	(1,359,755)
Financial administration	345,583	-	-	-	(345,583)	-	(345,583)
Public safety	3,374,940	-	188,735	-	(3,186,205)	-	(3,186,205)
Fire safety	629,282	23,639	-	-	(605,643)	-	(605,643)
Waste water treatment	212,783	-	-	-	(212,783)	-	(212,783)
Highway department	2,142,678	-	45,623	-	(2,097,055)	-	(2,097,055)
Grants and contributions	343,094	-	-	-	(343,094)	-	(343,094)
Capital and special appropriation	8,983,591	-	-	-	(8,983,591)	-	(8,983,591)
Education	11,895,279	-	-	-	(11,895,279)	-	(11,895,279)
Interest on debt	932,952	-	-	-	(932,952)	-	(932,952)
Total governmental activities	<u>34,154,730</u>	<u>42,311</u>	<u>255,541</u>	<u>-</u>	<u>(33,856,878)</u>	<u>-</u>	<u>(33,856,878)</u>
Business-Type Activities							
Sewer Fund	<u>1,295,664</u>	<u>1,551,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,040</u>	<u>256,040</u>
Total business-type activities	<u>1,295,664</u>	<u>1,551,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,040</u>	<u>256,040</u>
Total Town of Warren	<u><u>35,450,394</u></u>	<u><u>1,594,015</u></u>	<u><u>255,541</u></u>	<u><u>-</u></u>	<u><u>(33,856,878)</u></u>	<u><u>256,040</u></u>	<u><u>(33,600,838)</u></u>

TOWN OF WARREN, RHODE ISLAND

Statement of Activities

For the Year Ended June 30, 2020

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
Total Town of Warren	(33,856,878)	256,040	(33,600,838)
General Revenues			
Property taxes	23,829,160	-	23,829,160
Intergovernmental	794,465	-	794,465
Licenses, fees, permits and fines	1,824,529	-	1,824,529
Investment income	297,644	-	297,644
Other Revenue	824,874	-	824,874
Total general revenues	<u>27,570,672</u>	<u>-</u>	<u>27,570,672</u>
Changes in net position	(6,286,206)	256,040	(6,030,166)
Net position-July 1, 2019, restated	<u>7,920,897</u>	<u>-</u>	<u>7,920,897</u>
Net position-June 30, 2020	<u>\$ 1,634,691</u>	<u>\$ 256,040</u>	<u>\$ 1,890,731</u>

The accompanying notes are an integral part of this statement

TOWN OF WARREN, RHODE ISLAND

Governmental Funds

Balance Sheet

June 30, 2020

	Major Fund				Non-Major	Total
	General Fund	RIDOT TIP Water St Project	504K RIBB Bond Funds	20M RIBB Bond Funds	Other Governmental Funds	Governmental Funds
Assets						
Cash and cash equivalents	\$ 10,995,841	\$ (805,367)	\$ 2,088,919	\$ -	\$ 334,869	\$ 12,614,262
Investments	-	-	-	-	15,836	15,836
Cash escrow	-	-	-	4,948,207	-	4,948,207
Prepays	9,125	-	-	-	-	9,125
Receivables:						
Property taxes, net	566,474	-	-	-	-	566,474
Intergovernmental	187,642	-	-	-	643,371	831,013
Other	303,111	198,146	-	-	75,807	577,064
Inventory	46,475	-	-	-	-	46,475
Total assets	12,108,668	(607,221)	2,088,919	4,948,207	1,069,883	19,608,456
Deferred outflows of resources						
Deferred outflows	-	-	-	-	-	-
Total assets and deferred outflows of resources	12,108,668	(607,221)	2,088,919	4,948,207	1,069,883	19,608,456
Liabilities						
Accounts payable and accrued expenses	702,867	-	-	-	-	702,867
Other liabilities	-	-	-	-	107,324	107,324
Total liabilities	702,867	-	-	-	107,324	810,191
Deferred inflows of resources						
Deferred property taxes	333,410	-	-	-	-	333,410
Other deferred revenue	-	158,347	-	-	699,841	858,188
Total deferred inflows of resources	333,410	158,347	-	-	699,841	1,191,598
Fund balance						
Nonspendable	55,600	-	-	-	-	55,600
Restricted	-	-	2,088,919	4,948,207	470,835	7,507,961
Committed	1,922,720	-	-	-	-	1,922,720
Assigned	257,500	-	-	-	-	257,500
Unassigned	8,836,571	(765,568)	-	-	(208,117)	7,862,886
Total fund balance	11,072,391	(765,568)	2,088,919	4,948,207	262,718	17,606,667
Total liabilities, deferred inflows of resources, and fund balance	\$ 12,108,668	\$ (607,221)	\$ 2,088,919	\$ 4,948,207	\$ 1,069,883	\$ 19,608,456

TOWN OF WARREN, RHODE ISLAND

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

June 30, 2020

Total governmental fund balances	\$ 17,606,667
Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	
Capital assets, net	31,579,803
Unavailable property tax revenues (net of an allowance for uncollectibles) are recorded in the funds, but are not deferred under the measurement focus employed in the Statement of Net Position	1,191,598
Other long-term assets related to net pension activity and other postemployment benefits and therefore, are deferred inflows of resources in the funds	(789,262)
Other long-term assets related to net pension activity and other postemployment benefits and therefore, are deferred outflows of resources in the funds	1,616,082
In the statement of activities, interest is accrued on outstanding long-term debt whereas in governmental funds interest is not reported until due	(321,892)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds	
Bonds and notes payable	(36,096,685)
Bond premium	(167,528)
Capital leases	(336,673)
Compensated absences	(1,706,856)
Other postemployment benefits	(3,896,521)
MERS net pension liability	<u>(7,044,042)</u>
Net position of governmental activities	<u>\$ 1,634,691</u>

TOWN OF WARREN, RHODE ISLAND

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2020

	Major Fund			20M RIIB Bond Funds	Non-Major Other Governmental Funds	Total Governmental Funds
	General Fund	RIDOT TIP Water St Project	504K RIIB Bond Funds			
Revenues						
General property taxes	\$ 23,718,495	\$ -	\$ -	\$ -	\$ -	\$ 23,718,495
Investment income	297,644	-	-	-	-	297,644
Licenses, fees, permits and fines	1,805,856	-	-	-	18,673	1,824,529
Intergovernmental	1,137,454	-	-	-	203,105	1,340,559
Other revenue	147,681	585,892	-	-	336,077	1,069,650
Total revenues	27,107,130	585,892	-	-	557,855	28,250,877
Expenditures						
General government	4,259,769	-	-	-	276,976	4,536,745
Town offices	1,359,755	-	-	-	-	1,359,755
Financial administration	345,583	-	-	-	-	345,583
Public safety	2,512,263	371,219	-	-	264,067	3,147,549
Fire safety	794,384	-	-	-	39,289	833,673
DPW department	2,069,286	-	-	-	-	2,069,286
Grants and contributions	343,094	-	-	-	-	343,094
Education	11,895,279	-	-	-	-	11,895,279
Capital and special appropriations	3,316,427	-	-	5,667,164	-	8,983,591
Debt service	-	-	-	-	-	-
Principal	2,427,370	-	-	-	-	2,427,370
Interest	888,395	-	-	-	-	888,395
Total expenditures	30,211,605	371,219	-	5,667,164	580,332	36,830,320
Excess (deficiency) of revenues over expenditures	(3,104,475)	214,673	-	(5,667,164)	(22,477)	(8,579,443)
Other financing sources (uses)						
Bond proceeds	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess of revenue and other sources over expenditures and other uses	(3,104,475)	214,673	-	(5,667,164)	(22,477)	(8,579,443)
Fund Balance, July 1, 2019 - restated	14,176,866	(980,241)	2,088,919	10,615,371	285,195	26,186,110
Fund Balance, June 30, 2020	\$ 11,072,391	\$ (765,568)	\$ 2,088,919	\$ 4,948,207	\$ 262,718	\$ 17,606,667

TOWN OF WARREN, RHODE ISLAND

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

For the Year Ended June 30, 2020

Net change in fund balance-total governmental funds	\$ (8,579,443)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	443,635
Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.	(382,353)
This issuance of long-term (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,488,904
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.	(44,557)
Some expenses reported in the Statement of Activities, such as compensated absences, do not require in the current financial resources, and therefore, are not reported as expenditures in the governmental funds.	148,379
The other postemployment benefit expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds	(83,743)
The net pension liability expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds.	90,955
To record the change in deferred outflows of resources related to pension as required by GASB Statement No. 68 and GASB No. 75	(449,074)
Adjustment to the deferred inflows of resources. The increase from prior year balances is reflected in the Statement of Activities and Changes in Net Position	<u>81,091</u>
Change in net position of governmental activities	<u>\$ (6,286,206)</u>

TOWN OF WARREN, RHODE ISLAND

Proprietary Fund

Statement of Net Position

June 30, 2020

	<u>Sewer Fund</u>
Assets	
Cash and cash equivalents	\$ 266,331
Receivables, net:	
User fees, net	<u>40,268</u>
 Total assets	 <u>306,599</u>
 Deferred outflows of resources	
Deferred outflows	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 306,599</u>
 Liabilities	
Accounts payable	<u>50,559</u>
 Total liabilities	 <u>50,559</u>
 Deferred inflows of resources	
Deferred inflows	<u>-</u>
 Total deferred inflows of resources	 <u>-</u>
 Net position	
Net investment in capital assets	
Restricted	-
Unrestricted	<u>256,040</u>
 Total net position	 <u>\$ 256,040</u>

The accompanying notes are an integral part of this statement

TOWN OF WARREN, RHODE ISLAND

Proprietary Fund

Statement of Revenue, Expenses and Changes in Net Position

For the Year Ended June 30, 2020

	<u>Sewer Fund</u>
Operating revenues	
User fees and charges	<u>\$ 1,551,704</u>
Total operating revenues	<u>1,551,704</u>
Operating expenses	
Maintenance and servicing	<u>1,295,664</u>
Total operating expenses	<u>1,295,664</u>
Operating income (loss)	<u>256,040</u>
Income (loss) before transfers	<u>256,040</u>
Change in net position	256,040
Net position, July 1, 2019	<u>-</u>
Net position, June 30, 2020	<u><u>\$ 256,040</u></u>

The accompanying notes are an integral part of this statement

TOWN OF WARREN, RHODE ISLAND

Proprietary Fund

Statement of Cash Flows

For the Year Ended June 30, 2020

	Sewer Enterprise
Cash flows from operating activities:	
Cash received from customers	1,511,436
Payments to suppliers and employees	<u>(1,245,105)</u>
Net cash provided (used) by operating activities	<u>266,331</u>
Cash flows from noncapital financing activities:	
Grant revenue	-
Transfers in (out)	<u>-</u>
Net cash provided by noncapital financing activities	<u>-</u>
Cash flows from capital and related financing activities:	
Purchases and construction of capital assets	-
Acquisition of capital debt	-
Acquisition of interim loan payable	-
Principal payments on capital debt	-
Debt administrative costs	-
Interest paid on capital debt	<u>-</u>
Net cash used by capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest and dividends	<u>-</u>
Net cash used by investing activities	<u>-</u>
Net increase in cash and cash equivalents	266,331
Balances-beginning of the year	-
Balances-end of the year	<u><u>266,331</u></u>
Displayed as:	
Cash and short-term investments	<u>266,331</u>
Total cash and short-term investments	<u><u>266,331</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	256,040
Adjustments to reconcile net income to net cash provided by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in user charges receivables, net	(40,268)
Increase (decrease) in accounts payable and accrued expenses	<u>50,559</u>
Net cash provided (used) by operating activities	<u><u>266,331</u></u>

The accompanying notes are an integral part of this statement

TOWN OF WARREN, RHODE ISLAND

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2020

	OPEB Trust Funds	Private Purpose Trust Funds	Agency Funds
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ 4,833
Investments, at fair value			
Mutual funds	926,077	300,889	-
Total assets	<u>926,077</u>	<u>300,889</u>	<u>4,833</u>
Deferred outflows of resources			
None	-	-	-
Total assets and deferred outflows of resources	<u>926,077</u>	<u>300,889</u>	<u>4,833</u>
Liabilities			
Deposits held	-	-	4,833
Total liabilities	<u>-</u>	<u>-</u>	<u>4,833</u>
Deferred inflows of resources			
Deferred inflows	-	-	-
Net position			
Restricted	926,077	300,889	-
Total net position	<u>926,077</u>	<u>300,889</u>	<u>-</u>
Total liabilities and net position	<u>\$ 926,077</u>	<u>\$ 300,889</u>	<u>\$ 4,833</u>

The accompanying notes are an integral part of this statement

TOWN OF WARREN, RHODE ISLAND

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2020

	OPEB Trust Funds	Private Purpose Trust Funds
Additions		
Employer contributions	\$ 194,653	\$ -
Investment income (net of related fees)	58,952	-
Other	-	20,294
Total additions	<u>253,605</u>	<u>20,294</u>
Deductions		
Administrative expenses	2,221	-
Benefits paid	194,653	-
Social services	-	85,022
Total deductions	<u>196,874</u>	<u>85,022</u>
Changes in fund equity held in trust for individuals, organizational, and other governments	56,731	(64,728)
Net position, July 1, 2019	<u>869,346</u>	<u>365,617</u>
Net position, June 30, 2020	<u>\$ 926,077</u>	<u>\$ 300,889</u>

The accompanying notes are an integral part of this statement

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

Primary Government

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

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

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

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

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

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting entity, the Town applied the criteria prescribed by GASB Statement No. 61. Under GASB Statement No. 61, a legally separate entity is required to be included as a component unit if it is fiscally dependent upon the primary government and there is a financial benefit or burden relationship present. The primary government is financially accountable if it appointed 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 of the following conditions exists:

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity (continued)

Primary Government (continued)

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

Basis of Presentation

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major and other funds). Both the government-wide and fund financial statements required to categorize primary activities.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the Town as a whole and distinguish between governmental and business-type activities. They include all funds of the Town except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (public safety, public works, etc.). The functions are also supported by general government revenues (property, certain intergovernmental revenues, fines, permits, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

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

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Major Fund Criteria

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

- (a) If the total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least ten (10%) of the corresponding total for all funds of that category or type; and
- (b) Total assets plus deferred outflows or resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least (5%) of the corresponding total for all governmental and enterprise funds combined.

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

Measurement focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

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

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

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements.

Fund Financial Statements

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus, Basis of Accounting and Financial Statement Presentation (continued)

Fund Financial Statements (continued)

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

In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually

unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. Those resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

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

The Town reports the following major governmental funds:

- The **General Fund** is the primary operating fund of the Town. It is used to account for all financial resources, except those that are legally or administratively required to be accounted for in another fund.
- The **RIDOT TIP Water St. Project Fund** is a capital project fund used to account for the construction costs of the Water Street project.
- The **504K RIIB Bond** is a capital project fund used to account for the construction costs of related to the efficient buildings fund
- The **20M RIIB Bond** is a capital project fund used to account for the construction costs of the wastewater treatment facility upgrades
- The **Nonmajor Governmental Funds** consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the nonmajor governmental funds column on the governmental fund financial statements. The following describes the general use of these fund types:
 - The **Special Revenue Fund** is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.
 - The **Capital Projects Fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise and trust funds).
 - The **Permanent Fund** is used to account for financial resources that are legally restricted to the extent that only earning, not principal, may be used for purposes that support the governmental programs.

Proprietary Fund Financial Statement

Proprietary funds are used to account for business-like activities provided to the general public (enterprise funds) or within the government (internal service funds). These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The Town has one enterprise fund, the sewer fund. The Town has no internal service funds.

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (continued)

Fiduciary Fund Financial Statement

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

The following fiduciary fund types are reported as follows:

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

Cash and Investments

Government-Wide and Fund Financial Statements

Cash and Cash Equivalents

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

Investments

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

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurement

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

- Level 1: Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.
- Level 2: Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.
- Level 3: Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgement or estimation. In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement. Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgement used in measuring fair value. It is reasonable possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 3- Fair Market Value of Investments.

Accounts Receivable

Government-Wide and Fund Financial Statements

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

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

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intergovernmental Receivables

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

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

Accounts Payable

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

Property Taxes

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

Inventories

Government-Wide and Fund Financial Statements

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

Prepaid Items

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

Capital Assets and Depreciation

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

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets and Depreciation (continued)

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

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

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

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

Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

Interfund Transfers

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

Government-Wide Financial Statements

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

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interfund Transfers (continued)

Fund Financial Statements

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

Government-Wide Financial Statements

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The Town reported deferred outflows of resources related to pensions in this category.

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

Governmental Funds Financial Statements

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

Unearned Revenue

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

Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

Net position is classified into three components:

- (a) *Net Investment in Capital Assets*: consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (b) *Restricted Net Position*: Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position and Fund Equity (continued)

Net Position has been “restricted” for the following:

- (1) *Permanent funds-expendable*: represents amounts held in trust for which the expenditures are restricted by various trust agreements.
 - (2) *Permanent funds-non-expendable*: represents amounts held in trust for which only investment earning may be expended
 - (3) *Other specific purposes*: represent restrictions placed on assets from outside parties.
- (c) *Unrestricted net position*: All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

The Town uses the following criteria for fund balance classification:

- For *non-spendable* fund balance: includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- For *restricted* fund balance: when constraints places on the use of the resources are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- For *committed* fund balance: (1) the government’s highest level of decision-making authority and (2) the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment.
- For *assigned* fund balance: (1) the body or official authorized to assign amounts to a specific purpose and (2) the policy established by the governing body pursuant to which the authorization is given.
- For *unassigned* fund balance: it is the residual classification for the general fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes it may be necessary to report a negative unassigned fund balance.

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

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

Long-Term Debt

Government-Wide and Proprietary Fund Financial Statements

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

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

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

Investment Income

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

Compensated Absences

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

Town Employees

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

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

Full time Town employees retiring between the ages of 62 and 64 will continue to receive medical insurance coverage until the age of 65. Full time Town employees retired at the age of 65 will have applicable medical coverage paid for by the Town for a period of three years.

Police

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

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

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

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

The portion of the liability related to unused sick and vacation time that has matured or is due as of June 30, 2020 is recorded in the governmental fund financial statements.

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pensions

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

Use of Estimates

Government-Wide and Fund Financial Statements

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

Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

Recently Issued Accounting Standards

Accounting standards that the Town is currently reviewing for applicability and potential impacts in future financial statements include:

Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance". GASB Statement No.95 was effective immediately and postponed the effective dates of certain GASB Statements and Implementation Guides for one year from their respective original effective dates to provide relief to governments and other stakeholders in light of the COVID-19 pandemic. The adoption of this statement provided for early adoption of any postponed GASB statements and implementation guides.

The GASB issued Statement No. 83, Certain Asset Retirement Obligations in November 2016. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The requirements of this Statement are effective for periods beginning after June 15, 2019. In Fiscal year 2020, the Town determined that these requirements are not expected to affect the financial reporting for the Town.

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The GASB issued Statement No. 83, Certain Asset Retirement Obligations in November 2016. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The requirements of this Statement are effective for periods beginning after June 15, 2019. In fiscal year 2020, the Town determined that these requirements are not expected to affect the financial reporting for the Town.

The GASB issued Statement No. 84, Fiduciary Activities in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2019. The Town will be evaluating the future impact of this standard.

The GASB issued Statement No. 87, Leases in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2021. The Town will be evaluating the future impact of this standard.

The GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of Construction Period. This Statement requires that interest cost incurred before the end of construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. Changes adopted to conform to the provisions of this Statement should be applied prospectively. The Town will be evaluating the future impact of this standard.

The GASB issued Statement No. 90, Major Equity Interests, an amendment of GASB Statements No. 14 and No. 61 in August 2018. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The Town will be evaluating the future impact of this standard.

The GASB issued statement No.91 Conduit Debt Obligations is effective for reporting periods beginning after December 15, 2021. The Town will be evaluating the future impact of this standard.

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 2- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Basis of Accounting

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

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

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

Excess of Expenditures Over Appropriations

For the year ended June 30, 2020, expenditures exceed budget at the department level as follows:

General Government	\$	44,544
Dispatch	\$	997

Deficit Fund Balances

Several individual fund deficits exist within the special revenue funds and the RI DOT TIP Water St Project. These individual deficits will be eliminated through subsequent activity during fiscal year 2021.

<u>Fund Name</u>	<u>Fund Deficit</u>
Road Duty	\$ (97,185)
Planning Challenge Grant	(1,827)
Tourister Peer Review	(1,238)
Recreational Trails Grant	(45,033)
Burr's Hill Park Tennis Courts	(15,824)
Stormwater Permitting	(15,000)
Water St. Subsurface Infiltration	(13,908)
Jamie's Park DEM Grant	(18,102)
RI DOT TIP Water St Project	(765,568)
	<u>\$ (973,685)</u>

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 3-CASH AND INVESTMENTS

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

Cash and Cash Equivalents

The Town's deposits are in various financial institutions and are carried at cost, which approximates fair value. The carrying amount of deposits is separately displayed on the balance sheet as "Cash and cash equivalents" and includes \$840 of petty cash.

At June 30, 2020 the Town's carrying amount of deposits was:

	Carrying Amount
Total Deposits	\$ 12,884,586
Cash in Escrow	4,948,207
Petty Cash	840
Total Cash and Cash Equivalent	<u>\$ 17,833,633</u>

Proceeds from revenue bonds of \$4.9 M are classified as restricted assets on the *statement of net position* because they are maintained on a separate escrow account.

Custodial and Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The collateralization of certificates of deposit or repurchase agreements must be in an amount of at least 102% of fair value to the amount of the deposit is the Town's investment policy for custodial credit risk. At June 30, 2020 the bank balance subjected to custodial credit risk was:

	Bank Balance
Total Deposits	\$ 14,655,278
Insured by FDIC	750,000
Collateralized with securities held by pledging financial institution or its agent, but not in the Town's name	<u>13,905,278</u>
Total uninsured	<u>\$ -</u>

Credit Risk

As of June 30, 2020, the Town's investments in money markets are not rated, as of the fund invests in short-term obligations.

Concentration of Credit Risk

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

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 3-CASH AND INVESTMENTS (continued)

Investments

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

At June 30, 2020 the Town held the following Investments:

Private Purpose Trusts	
Corporate Bonds	\$ 31,943
US Treasury Bonds	57,129
Common Stock	160,377
Mutual Funds	8,790
Cash and Other Holdings	42,650
Total Private Purpose	<u>300,889</u>
Permanent Funds	
Cash and Other Holdings	15,836
Total Permanent Funds	<u>15,836</u>
OPEB Trust Fund	
Mutual Funds	926,077
Total Investments	<u>\$ 1,242,802</u>

Credit Risk

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

<u>Description</u>	<u>Standard & Poor's</u>	<u>Moody's Investor Service</u>
Commercial Bonds	AA-/BBB-	A1/Baa2

Interest Credit Risk

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

<u>Description</u>	<u>Interest</u>	<u>Maturity</u>	<u>Fair Value</u>
Corporate Bonds	3.45% - 4.23%	3/15/2029	\$ 31,943
US Treasury Bonds	.0125% - 2.25%	1/15/2030	\$ 57,129

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 3-CASH AND INVESTMENTS (continued)

Fair Value of Financial Instruments

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

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

Description	Fair Value at June 30, 2020	Fair Value Measurement		
		Quote Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate Bonds	\$ 31,943	\$ 31,943	\$ -	\$ -
US Treasury Bonds	57,129	57,129	-	-
Common Stock	160,377	160,377	-	-
Mutual Funds	934,867	934,867	-	-
Cash and Other Holding:	58,486	-	-	58,486
Total Investment	\$ 1,242,802	\$ 1,184,316	\$ -	\$ 58,486

Concentration of Credit Risk

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

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 4-RECEIVABLES

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

The Town recognized property tax revenues in accordance with Section P70, "Property Taxes" of the Codification of Governmental Accounting and Financial Reporting Standards on the Fund Statements. Unpaid property taxes amounted to \$1,044,469 as of June 30, 2020 and are recorded as a receivable, net of allowance for uncollectible property taxes of \$477,995. Major receivable balances for the governmental activities include property taxes at 29%, and intergovernmental grants, aid and other receivables at 71% of the balance.

The portion of the property tax receivable, which is not collected within the 60 days immediately following June 30, 2020 are recorded as unavailable revenue and amounted to \$333,410. This unavailable revenue amount is deferred and will be recognized as an inflow of resources in the year(s) in which the amounts become available.

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

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 5-CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities				
Non-depreciable assets				
Land	\$ 2,536,436	\$ 537,430	\$ -	\$ 3,073,866
Total non-depreciable assets	<u>2,536,436</u>	<u>537,430</u>	<u>-</u>	<u>3,073,866</u>
Depreciable assets				
Infrastructure	47,579,638	1,761,951	-	49,341,589
Buildings and improvements	18,575,082	115,593	-	18,690,675
Machinery and equipment	11,717,182	309,255	-	12,026,437
Vehicles	9,011,206	560,812	-	9,572,018
	<u>86,883,108</u>	<u>2,747,611</u>	<u>-</u>	<u>89,630,719</u>
Total capital assets	<u>89,419,544</u>	<u>3,285,041</u>	<u>-</u>	<u>92,704,585</u>
Less accumulated depreciation	<u>58,283,376</u>	<u>2,841,406</u>	<u>-</u>	<u>61,124,782</u>
Governmental activities capital assets, net restated	<u>\$ 31,136,168</u>	<u>\$ 443,635</u>	<u>\$ -</u>	<u>\$ 31,579,803</u>

Capital asset additions by department consisted of the following:

General government	1,273,004
Public safety	152,518
Waste water	189,717
Fire safety	553,853
Highway department	1,115,949
Total additions	<u>\$ 3,285,041</u>

Depreciation expense was charged to the following functions:

General government	747,276
Public safety	152,827
Waste water	402,500
Fire safety	349,462
Highway department	1,189,341
Total depreciation expense	<u>\$ 2,841,406</u>

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 6-LONG-TERM DEBT

The ratio of Town debt to net taxable valuation at June 30, 2020 was as follows:

- Net taxable valuation: \$1,288,167,282
- Town debt outstanding: \$36,096,685
- Ratio of Town debt to net taxable valuation: 2.8%

Schedule of long-term bond requirements:

<u>Fiscal Year Ending June 30,</u>	<u>General Obligation Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	1,115,000	388,506	1,503,506
2022	1,110,000	357,713	1,467,713
2023	790,000	325,825	1,115,825
2024	800,000	301,663	1,101,663
2025-2029	3,620,000	1,103,639	4,723,639
2030-2034	2,750,000	538,613	3,288,613
2035-2038	1,394,145	121,688	1,515,833
	<u>\$ 11,579,145</u>	<u>\$ 3,137,647</u>	<u>\$ 14,716,792</u>

<u>Fiscal Year Ending June 30,</u>	<u>RIB Loan</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	1,220,615	489,004	1,709,619
2022	1,350,488	471,409	1,821,897
2023	1,374,424	451,466	1,825,890
2024	1,279,791	430,941	1,710,732
2025-2029	6,619,254	1,785,798	8,405,052
2030-2034	7,058,906	1,075,300	8,134,206
2035-2038	5,614,062	271,750	5,885,812
	<u>\$ 24,517,540</u>	<u>\$ 4,975,668</u>	<u>\$ 29,493,208</u>

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 6-LONG-TERM DEBT (continued)

General Obligation Bond	Date Issued	Interest Rate	Maturity Date	Authorized and Issued	Outstanding June 30, 2019	New Issues	Retirements	Subsidized Retirements	Outstanding June 30, 2020	Current Portion
Public improvements	08/15/09	2.25-4.75%	8/15/10-29	\$ 1,985,000	\$ 425,000	\$ -	\$ 175,000	\$ -	\$ 250,000	\$ 25,000
Public improvements	04/12/12	2.00-3.63%	1/15/13-32	2,220,000	1,155,000	-	160,000	-	995,000	170,000
Public improvements	04/12/12	2.00-3.00%	1/15/13-24	2,415,000	755,000	-	245,000	-	510,000	240,000
Public improvements	10/13/13	2.00-4.50%	8/15/14-23	3,195,000	2,545,000	-	135,000	-	2,410,000	140,000
Public improvements	06/02/16	3.00-4.00%	8/15/16-27	3,400,000	2,680,000	-	315,000	-	2,365,000	325,000
Public improvements	04/25/18	2.00%-4.00%	2/15/19-38	5,525,000	5,259,145	-	210,000	-	5,049,145	215,000
Total General Obligation Bond				<u>18,740,000</u>	<u>12,819,145</u>	<u>-</u>	<u>1,240,000</u>	<u>-</u>	<u>11,579,145</u>	<u>1,115,000</u>
Rhode Island Infrastructure Bank Clean Water Loan (RIIB)										
Public improvements	04/01/02	1.27%	9/1/03-22	1,800,000	451,358	-	107,802	-	343,556	111,093
Public improvements	12/15/05	1.11-1.56%	9/1/06-25	905,000	356,000	-	46,841	1,159	308,000	49,000
Public improvements	03/11/11	0.42-3.33%	9/1/20-39	2,000,000	1,310,095	-	80,913	15,784	1,213,398	84,999
Public improvements	06/02/16	0.48-2.24%	9/1/17-35	1,700,000	1,545,000	-	79,000	-	1,466,000	325,000
Public improvements	12/13/17	1.53-2.93%	12/13/17-33	504,000	504,000	-	29,000	-	475,000	29,000
Public improvements	06/12/18	1.11%-2.93%	9/1/18-33	20,000,000	19,555,400	-	842,814	-	18,712,586	856,523
Public improvements	11/01/18	0.93%-2.71%	11/1/18-38	2,000,000	2,000,000	-	1,000	-	1,999,000	10,000
Total RIIB				<u>28,909,000</u>	<u>25,721,853</u>	<u>-</u>	<u>1,187,370</u>	<u>16,943</u>	<u>24,517,540</u>	<u>1,465,615</u>
Total Outstanding LTD				<u>\$ 47,649,000</u>	<u>\$ 38,540,998</u>	<u>\$ -</u>	<u>\$ 2,427,370</u>	<u>\$ 16,943</u>	<u>\$ 36,096,685</u>	<u>\$ 2,580,615</u>
Other Liabilities										
Compensated absences					\$ 1,855,235	\$ -	\$ 148,379	\$ -	\$ 1,706,856	\$ 93,877
Capital leases					379,542	-	42,869	-	336,673	44,102
Net OPEB obligation					3,812,778	83,743	-	-	3,896,521	-
Net pension liability					7,134,997	-	90,955	-	7,044,042	-
Total long-term liabilities					<u>\$ 51,723,550</u>	<u>\$ 83,743</u>	<u>\$ 2,709,573</u>	<u>\$ 16,943</u>	<u>\$ 49,080,777</u>	<u>\$ 2,718,594</u>

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

	Amount	Percent
General Obligation Bond	\$ 11,579,145	23.6%
RIIB Debt	24,517,540	50.0%
Compensated absences	1,706,856	3.5%
Capital leases	336,673	0.7%
Net OPEB obligation	3,896,521	7.9%
Net pension liability	7,044,042	14.4%

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 7-CAPITAL LEASES

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

Schedule of payments for capital leases at June 30, 2020 were as follows:

Fiscal Year Ending June 30,	Capital Leases		Amount
	Principal	Interest	Outstanding
2021	44,102	9,686	53,788
2022	45,371	8,417	53,788
2023	46,676	7,112	53,788
2024	48,019	5,769	53,788
2025	49,400	4,388	53,788
2026-2027	103,105	4,470	107,575
	<u>\$ 336,673</u>	<u>\$ 39,842</u>	<u>\$ 376,515</u>

NOTE 8-OPERATING LEASES

In January of 2016, the Town entered into a 36-month lease agreement for a copier. The lease requires a base monthly rental charge of \$265. During the current fiscal year, the 36-month lease agreement expired, and the Town entered into a new 63-month lease agreement for a copier. The new lease agreement requires a rental charge of \$235. Lease expense incurred under the terms of these agreements was \$3,150 for the fiscal year ended June 30, 2020.

NOTE 9-FUND BALANCES

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town has classified governmental fund balances at June 30, 2020 as follows:

Non-spendable fund balance	
Inventory and prepaid	\$ 55,600
Total non-spendable fund balance	55,600
Restricted fund balance	
Restricted for special revenue funds	434,915
Restricted for permanent funds	35,920
Restricted for 20M RIIB Bond	4,948,207
Restricted for 504K RIIB Bond	2,088,919
Total restricted fund balance	7,507,961
Committed fund balance	
Committed for capital expenditure	1,922,720
Total committed fund balance	1,922,720
Assigned fund balance	
Budgeted use of fund balance	257,500
Total assigned fund balance	257,500
Unassigned fund balance	
Unassigned for RI DOT TIP Water	(765,568)
Unassigned for Special Revenue	(208,117)
Unassigned	8,836,571
Total Unassigned fund balance	7,862,886
Total fund balance	<u>\$ 17,606,667</u>

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 10-INTERFUND TRANSFERS

The principal purpose of interfund transfers is to provide financing source to various funds that may not have the ability to cover all costs with revenue generated by the fund. The Town did not have any interfund transfers for the year ended June 30, 2020.

NOTE 11-PENSION PLANS

Municipal Employees Retirement System, (MERS) Agent Plan Employer Units Agent Multiple Employer Defined Benefit Pension Plan

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

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

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

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

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

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

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 11-PENSION PLANS *(continued)*

Municipal Employees Retirement System, (MERS) Agent Plan Employer Units Agent Multiple Employer Defined Benefit Pension Plan *(continued)*

General employees

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

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

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

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

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

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

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

Police and Fire employees

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

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 11-PENSION PLANS (continued)

Municipal Employees Retirement System, (MERS) Agent Plan Employer Units Agent Multiple Employer Defined Benefit Pension Plan (continued)

Police and Fire employees (continued)

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

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

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

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

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

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

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

Other benefit provisions

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

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

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 11-PENSION PLANS (continued)

Municipal Employees Retirement System, (MERS) Agent Plan Employer Units Agent Multiple Employer Defined Benefit Pension Plan (continued)

Other benefit provisions (continued)

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

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

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

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

Employees covered by benefit terms

At the June 30, 2019 valuation date, the following employees were covered by the benefit terms:

	<u>General Employees</u>	<u>Police and Fire</u>	<u>Total</u>
Retirees and Beneficiaries	30	24	54
Inactive, Non-retired Members	10	6	16
Active Members	44	25	69
Total	84	55	139

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 1% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. Public safety employees are required to contribute 9% of their salaries. The Town of Warren contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The Town contributed \$305,742 for general employees and \$511,674 for police and Fire in the year ended June 30, 2020 which was 12.42% and 29.38% of annual covered payroll.

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 11-PENSION PLANS (continued)

Municipal Employees Retirement System, (MERS) Agent Plan Employer Units Agent Multiple Employer Defined Benefit Pension Plan (continued)

Net Pension Liability (Asset) - The total pension liability was determined by actuarial valuations performed as of June 30, 2018 and rolled forward to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement.

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2019 measurement date (June 30, 2018 valuation rolled forward to June 30, 2019)	
Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Actuarial Assumptions	
Investment Rate of Return	7.00%
Projected Salary Increases	General Employees - 3.50% to 7.50%; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.5 %
Mortality	Mortality – variants of the RP-2014 mortality tables - for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.
Cost of Living Adjustments	A 2% COLA is assumed after January 1, 2014.

The actuarial assumptions used in the June 30, 2018 valuation rolled forward to June 30, 2019 and the calculation of the total pension liability at June 30, 2019 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

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 34 sources. The June 30, 2019 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 11-PENSION PLANS (continued)

Municipal Employees Retirement System, (MERS) Agent Plan Employer Units Agent Multiple Employer Defined Benefit Pension Plan (continued)

Asset class	Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
Global Equity		
U.S. equity	22.10%	6.16%
International Developed Equity	13.20%	6.83%
Emerging Market Equity	4.70%	8.90%
Private Growth		
Private Equity	11.25%	9.81%
Non-Core Real Estate	2.25%	5.51%
Opportunistic Private Credit	1.50%	9.81%
Income		
High Yield Infrastructure	1.00%	3.98%
REITS	1.00%	5.51%
Liquid Credit	2.80%	3.98%
Private Credit	3.20%	3.98%
Crisis Protection Class		
Treasury Duration	4.00%	0.77%
Systematic Trend	4.00%	4.20%
Inflation Protection		
Core Real Estate	3.60%	5.51%
Private Infrastructure	2.40%	5.85%
TIPs	1.00%	1.37%
Natural Resources	1.00%	3.76%
Volatility Protection		
IG Fixed Income	11.50%	2.15%
Absolute Return	6.50%	4.20%
Cash	3.00%	0.77%
Total	100.00%	

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

Discount rate - The discount rate used to measure the total pension liability of the plans was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 11-PENSION PLANS (continued)

Municipal Employees Retirement System, (MERS) Agent Plan Employer Units Agent Multiple Employer Defined Benefit Pension Plan (continued)

	Changes in the Net Pension Liability (Asset)		
	General Employees		
	Total	Plan	
	Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2019	\$7,798,779	\$ 5,880,722	\$1,918,057
Changes for the Year			
Service cost	185,422	-	185,422
Interest on the total pension liability	538,825	-	538,825
Changes in benefits	-	-	-
Difference between expected and actual experience	(27,905)	-	(27,905)
Changes in assumptions	-	-	-
Employer contributions	-	272,398	(272,398)
Employee contributions	-	72,339	(72,339)
Net investment income	-	384,617	(384,617)
Benefit payments, including employee refunds	(387,981)	(387,981)	-
Administrative expense	-	(6,011)	6,011
Other changes	-	(4,412)	4,412
Net changes	308,361	330,950	(22,589)
Balances as of June 30, 2020	\$8,107,140	\$ 6,211,672	\$1,895,468

	Changes in the Net Pension Liability (Asset)		
	Police and Fire		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
Balances as of June 30, 2019	\$ 16,473,730	\$ 11,256,790	\$5,216,940
Changes for the Year:			
Service cost	404,957	-	404,957
Interest on the total pension liability	1,140,986	-	1,140,986
Changes in benefits	-	-	-
Difference between expected and actual experience	(274,933)	-	(274,933)
Changes in assumptions	-	-	-
Employer contributions	-	418,107	(418,107)
Employee contributions	-	192,428	(192,428)
Net investment income	-	733,320	(733,320)
Benefit payments, including employee refunds	(752,826)	(752,826)	-
Administrative expense	-	(11,460)	11,460
Other changes	-	6,981	(6,981)
Net changes	518,184	586,550	(68,366)
Balances as of June 30, 2020	\$ 16,991,914	\$ 11,843,340	\$5,148,574

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 11-PENSION PLANS (continued)

Municipal Employees Retirement System, (MERS) Agent Plan Employer Units Agent Multiple Employer Defined Benefit Pension Plan (continued)

	Changes in the Net Pension Liability (Asset)		
	Aggregate Data of All Plans		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2019	\$24,272,509	\$ 17,137,512	\$7,134,997
Changes for the Year:			
Service cost	590,379	-	590,379
Interest on the total pension liability	1,679,811	-	1,679,811
Changes in benefits	-	-	-
Difference between expected and actual experience	(302,838)	-	(302,838)
Changes in assumptions	-	-	-
Employer contributions	-	690,505	(690,505)
Employee contributions	-	264,767	(264,767)
Net investment income	-	1,117,937	(1,117,937)
Benefit payments, including employee refunds	(1,140,807)	(1,140,807)	-
Administrative expense	-	(17,471)	17,471
Other changes	-	2,569	(2,569)
Net changes	826,545	917,500	(90,955)
Balances as of June 30, 2020	<u>\$25,099,054</u>	<u>\$ 18,055,012</u>	<u>\$7,044,042</u>

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.0 percent, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

General Employees Plan:

1% Decrease (6.00%)	Current Discount Rate Rate (7.00%)	1% Increase (8.00%)
\$ 2,746,059	\$ 1,895,468	\$ 1,199,321

Police and Fire Plan:

1% Decrease (6.00%)	Current Discount Rate Rate (7.00%)	1% Increase (8.00%)
\$ 6,924,904	\$ 5,148,574	\$ 3,694,827

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

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 11-PENSION PLANS (continued)

Municipal Employees Retirement System, (MERS) Agent Plan Employer Units Agent Multiple Employer Defined Benefit Pension Plan (continued)

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

For the year ended June 30, 2020 the employer recognized pension expense of \$817,416. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

General Employees Plan

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 205,543
Changes of assumptions	197,739	-
Net difference between projected and actual earnings on pension plan investments		24,191
Town contributions subsequent to measurement date	305,742	-
	\$ 503,481	\$ 229,734
Net amount of deferred outflows and (inflows) excluding Town contributions subsequent to measurement date		\$ (31,995)

Police and Fire Plan

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 389,897	\$ 500,405
Changes of assumptions	223,219	11,095
Net difference between projected and actual earnings on pension plan investments		48,028
Town contributions subsequent to measurement date	511,674	-
	\$ 1,124,790	\$ 559,528
Net amount of deferred outflows and (inflows) excluding Town contributions subsequent to measurement date		\$ 53,588

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 11-PENSION PLANS (continued)

Municipal Employees Retirement System, (MERS) Agent Plan Employer Units Agent Multiple Employer Defined Benefit Pension Plan (continued)

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

Total Aggregate Data from All Plans

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 389,897	\$ 705,948
Changes of assumptions	420,958	11,095
Net difference between projected and actual earnings on pension plan investments	-	72,219
Town contributions subsequent to measurement date	817,416	-
	<u>\$ 1,628,271</u>	<u>\$ 789,262</u>
Net amount of deferred outflows and (inflows) excluding Town contributions subsequent to measurement date		<u>\$ 21,593</u>

\$21,593 reported as deferred outflows of resources related to pensions resulting from the Town of Warren contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period.

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

General Employees:

	<u>Year Ending June 30</u>
2021	\$ 5,560
2022	(57,482)
2023	13,393
2024	27,632
2025	(16,731)
Thereafter	<u>(4,367)</u>
	<u>\$ (31,995)</u>

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 11-PENSION PLANS (continued)

Municipal Employees Retirement System, (MERS) Agent Plan Employer Units Agent Multiple Employer Defined Benefit Pension Plan (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions Police and Fire:

<u>Year Ending June 30</u>	
2021	\$ 101,831
2022	23,902
2023	(50,786)
2024	(21,359)
2025	-
Thereafter	-
	<u>\$ 53,588</u>

Total Aggregate:

<u>Year Ending June 30</u>	
2021	\$ 107,391
2022	(33,580)
2023	(37,393)
2025	6,273
2025	(16,731)
Thereafter	(4,367)
	<u>\$ 21,593</u>

Defined Contribution Plan Description:

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

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

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 11-PENSION PLANS (continued)

Defined Contribution Plan Description (continued)

The Town of Warren recognized pension expense of \$28,409, for the fiscal year ended June 30, 2020.

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>.

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

In addition to the pension benefits described in Note 11, the Town provides post-employment benefits (health insurance) in accordance with union contract provisions.

For the year ended June 30, 2020 eleven (11) municipal retirees met the eligibility requirements for Town provided coverage. The Town pays 100% of the cost of these benefits on a pay-as-you-go basis, which amounted to approximately \$194,653.

Eligibility

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

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

- a) Prior to 7/1/2012, employees are eligible to retire at the earlier of
 - i. Age 58 with 10 years of service or,
 - ii. 30 years of service (no age requirement)

- b) Employees who were not eligible to retire as of 7/1/2012
 - i. Members with less than five years of contributing service credit on 06/30/2012 may retire at their social security retirement age
 - ii. Members with at least five (5) years of contributing service credit on 06/30/2012 may retire at an individually determined age, which is the result of interpolating the member's prior Retirement Date (described in Note 11) and the retirement age applicable to membered hired after 06/30/2012 (described Note 11)
 - iii. Members with at least ten (10) years of contributing service credit on (06/30/2012) may retire at their prior retirement date (described in Note 11) if they continue to work and contribute until that date

All membered who are within five years of reaching their retirement eligibility date (described in Note 11) may retire at any time if they have at least 20 years of service.

Benefits and Employee Contributions

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

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

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

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

Benefit and Employee Contributions (continued)

At July 30, 2019, plan membership consisted of the following:

<u>Description</u>	<u>Active Employees</u>	<u>Inactive or Beneficiaries Receiving Benefits</u>	<u>Total</u>
Number	68	11	79

Contributions

The Annual Required Contribution (ARC) for OPEB consists of two pieces;

- a) Normal Cost: the cost of benefits earned each year which should be accrued in that year, plus,
- b) Past Service: a catch-up accrual to amortize the unfunded accrued liability.

The actuarial valuation selected a 30-year amortization period for past service costs, which is the maximum period by GASB.

The annual OPEB expense for governmental activities for the fiscal year ended June 30, 2020 was \$194,653.

Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions

The projection of future benefits payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with the perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Some key assumptions are as follows:

<u>Description</u>	<u>Assumption</u>
Single Equivalent Discount Rate	3.55%, net of OPEB plan investment expense, including inflation.
Inflation	2.75% as of June 30, 2020 and for future periods
Investment rate of return	5.50%, net of OPEB plan investment expense, including inflation.
Salary increases	3.50% annually as of June 30, 2020 and for future periods

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

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

Actuarial Methods and Assumptions (continued)

Investments Policy

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

The long-term expected rate of return on OPEB plan investment is assumed to be 3.50%. This was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are then combined to produce the long-term expected rate of return by weighing them based on the target asset allocation percentage and adding in expected inflation (2.75%). The best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan’s target asset allocation as of Jun 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>
U.S Equity	24.50%	6.70%
Non-U.S Equity	10.50%	9.00%
U.S. Aggregate Bonds	21.00%	2.80%
Intermediate-Term Credit	12.60%	3.50%
Short-Term Credit	8.40%	3.30%
Intermediate-Term TIPS	15.00%	2.30%
REITs	8.00%	5.60%
Total	<u>100.00%</u>	<u>5.25%</u>

Discount Rate

The discount rate used to measure the total OPEB liability was 3.55%. The projection of cash flows used to determine the discount rate assumed that the Town contributions will be made at rates equal to the actuarially determined contributions rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return to OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

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

Changes in Net OPEB Liability

	Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2019	\$ 4,682,123	\$ 869,345	\$ 3,812,778
Service cost	163,730	-	163,730
Interest on net OPEB liability and service cost	202,806	-	202,806
Differences between actual and expected experience	(290,981)	-	(290,981)
Changes in assumptions	259,573	-	259,573
Benefit payments, including refunds	(194,653)	(194,653)	-
Trust administrative expenses	-	(2,221)	2,221
Contributions - employer	-	194,653	(194,653)
Net investment income	-	58,953	(58,953)
Net changes	<u>140,475</u>	<u>56,732</u>	<u>83,743</u>
Balances at June 30, 2020	<u>\$ 4,822,598</u>	<u>\$ 926,077</u>	<u>\$ 3,896,521</u>

The components of the net OPEB liability of the Town at June 30, 2020 were as follows:

Total OPEB liability	\$ 4,822,598
Plans fiduciary net position	<u>926,077</u>
Town's net OPEB liability	<u>\$ 3,896,521</u>

Plan net position as a percentage of the total OPEB liability	19.2%
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OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended June 30, 2020 the Town recognized OPEB expenses of \$194,653. At June 30, 2020 the Town's deferred outflow and inflows of resources related to OPEB were the following:

Deferred outflows of resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 5,182
Deferred inflows of resources	
Differences between actual and expected experience	<u>(17,371)</u>
Total	<u>\$ (12,189)</u>

Year ended June 30:

2021	\$ (1,639)
2022	(3,267)
2023	(5,044)
2024	<u>(2,239)</u>
Total	<u>\$ (12,189)</u>

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

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

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

The following presents the net OPEB liability of the Town, as well as what the Town’s net OPEB liability would be if it were calculated using a discount rate that are 1 percentage point lower (2.55%) or 1 percentage point higher (4.55%) than the current discount rate:

	Impact of 1% Change in Discount Rate		
	1% Decrease (2.55%)	Current discount rate (3.55%)	1% Increase (4.55%)
Total OPEB liability	4,287,235	3,896,521	3,540,529

The following presents the net OPEB liability of the Town, as well as what the Town’s net OPEB liability would be if it were calculated using healthcare cost trends rates that are 1 percentage point lower (3.5%) or 1 percentage point higher (5.5%) than the current discount rate:

	Impact of 1% Change in Healthcare Trend Rate		
	1% Decrease (3.50%)	Current trend rate (4.50%)	1% Increase (5.50%)
Total OPEB liability	3,386,927	3,896,521	4,495,498

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on investment, net of investment expense was %.

	June 30, 2020
Annual money-weighted rate of return, net of investment expense	5.25%

NOTE 13- RISK MANAGEMENT

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

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

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 14- CONTINGENCIES AND COMMITMENTS

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

The Town had an agreement with the local water authority which required annual rental payments for fire hydrants. The agreement expired June 30, 2022 and required annual payments of \$400 per hydrant. The minimum payment under this agreement for each of the years remaining in the agreement are expected to be approximately \$28,025.

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

NOTE 15- TAX ABATEMENTS

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

NOTE 16- SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 29, 2020, the date the financial statements were available to be issue. As a result of this review, there were no material subsequent events noted.

On March 9, 2020 the Governor of the State of Rhode Island declared a State of Emergency in response to limit the spread of COVID-19 Coronavirus, which the World Health Organization characterized as being a pandemic. As a result of the spread of COVID-19 there is considerable uncertainty around the duration of the pandemic accordingly, the financial impact related to State funding, other revenues, and other potential financial impacts cannot be reasonably estimated at this time. Management is carefully monitoring the situation.

NOTE 17- RESTATEMENT

	<u>Governmental Funds</u>	<u>RIDOT TIP Water St.</u>	<u>Special Revenue Fund</u>
Net position as previously reported at July 1, 2019	\$ 26,422,774	\$ (908,479)	\$ 401,651
To correct accounts receivable for amounts received in prior year	(71,762)	(71,762)	
To correct accounts receivable for amounts received in prior year	<u>(164,902)</u>	<u>-</u>	<u>(164,902)</u>
Net Position as restated as of July 1, 2019	<u>\$ 26,186,110</u>	<u>\$ (980,241)</u>	<u>\$ 236,749</u>

TOWN OF WARREN, RHODE ISLAND

Notes to the Financial Statements

June 30, 2020

NOTE 17- RESTATEMENT (continued)

The following is the restatement that occurred at the government wide level. This includes the adjustment above plus any additional adjustments

	<u>Governmental Activities</u>
Net position as previously reported at July 1, 2019	\$ 6,029,087
To correct fixed asset accumulated depreciation	2,128,473
To correct accounts receivable for amounts received in prior year	(71,761)
To correct accounts receivable for amounts received in prior year	<u>(164,902)</u>
Net Position as restated as of July 1, 2019	<u>\$ 7,920,897</u>

The following restatement occurred in order to reclassify fund 504K RIIB Bond and 20M RIIB Bond from nonmajor capital project funds to major funds. The change is outlined below

	<u>Major Governmental Funds</u>	<u>Nonmajor Capital Projects</u>
Net position as previously reported at July 1, 2019	\$ -	\$ 12,704,289
To reclassify nonmajor town capital project funds as major funds accordingly to GASB 34	<u>12,704,289</u>	<u>(12,704,289)</u>
Net Position as restated as of July 1, 2019	<u>\$ 12,704,289</u>	<u>\$ -</u>

TOWN OF WARREN, RHODE ISLAND

Required Supplementary Information

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2020

	Budget Amounts		Total Available	Actual Amounts (Budgetary Basis)	Variance Favorable (Unfavorable)
	Original	Final			
Revenues:					
General property taxes and interest	\$23,927,111	\$23,927,111	\$23,927,111	\$23,718,495	\$ (208,616)
Intergovernmental	1,216,902	1,216,902	1,216,902	1,137,454	\$ (79,448)
Licenses, fees, permits and fines	1,920,993	1,920,993	1,920,993	1,805,856	\$ (115,137)
Interest and investment income (loss)	240,000	240,000	240,000	297,644	\$ 57,644
Other revenues	93,862	93,862	93,862	147,681	53,819
Total revenues	<u>27,398,868</u>	<u>27,398,868</u>	<u>27,398,868</u>	<u>27,107,130</u>	<u>(291,738)</u>
Expenditures:					
General government	4,202,470	4,215,227	4,215,227	4,259,769	(44,542)
Town offices	1,474,059	1,480,300	1,480,300	1,359,755	120,545
Financial administration	393,457	393,457	393,457	345,583	47,874
Public safety	2,784,958	2,785,134	2,785,134	2,512,263	272,871
Fire safety	809,248	810,237	810,237	794,384	15,853
Waste water treatment	-	3,843	3,843	-	3,843
Public works	2,149,478	2,150,112	2,150,112	2,069,286	80,826
Grants and contributions	344,350	344,350	344,350	343,094	1,256
Education	11,895,279	11,895,279	11,895,279	11,895,279	-
Debt services	3,345,569	3,345,569	3,345,569	3,315,765	29,804
Capital**	-	-	-	3,316,427	(3,316,427)
Total expenditures	<u>27,398,868</u>	<u>27,423,508</u>	<u>27,423,508</u>	<u>30,211,605</u>	<u>(2,788,097)</u>
Excess (deficiency) of revenues over expenditures	-	(24,640)*	(24,640)	(3,104,475)	(3,079,835)
Other financing sources and (uses):					
Debt proceeds	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	<u>\$ -</u>	<u>\$ (24,640)</u>	<u>\$ (24,640)</u>	<u>\$ (3,104,475)</u>	<u>\$ (3,079,835)</u>
Adjustment of budgetary basis to U.S. GAAP				-	
Excess of revenue and other financing sources over expenditures and other financing uses, U.S. GAAP basis				(3,104,475)	
Fund balance, beginning of year				14,176,866	
Fund balance, end of year				<u>\$11,072,391</u>	

*This difference is do to prior year accounts payable being voided

**Capital expenditures are not budgeted for in the general fund. Capital expenditures are financed by reserves

TOWN OF WARREN, RHODE ISLAND

Required Supplementary Information

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2020

	Budget Amounts		Total	Actual	Variance
	Original	Final	Available	(Budgetary	Favorable
				Basis)	(Unfavorable)
General property taxes:					
Real estate, tangible and motor vehicle	\$ 23,927,111	\$23,927,111	\$23,927,111	\$23,718,495	\$ (208,616)
Total general property taxes	<u>23,927,111</u>	<u>23,927,111</u>	<u>23,927,111</u>	<u>23,718,495</u>	<u>(208,616)</u>
Intergovernmental and departmental:					
Excise tax/state	658,021	658,021	658,021	695,612	37,591
PILOT - BCWA	95,000	95,000	95,000	37,683	(57,317)
Restaurant (meals) tax	330,752	330,752	330,752	268,134	(62,618)
Telephone tax transfer	133,129	133,129	133,129	130,625	(2,504)
Tax sale revenue	-	-	-	5,400	5,400
Total intergovernmental and departmental	<u>1,216,902</u>	<u>1,216,902</u>	<u>1,216,902</u>	<u>1,137,454</u>	<u>(79,448)</u>
Licenses, fees, permits and fines:					
Government center rent	11,422	11,422	11,422	11,422	-
Marriage, birth & death certificate	11,000	11,000	11,000	12,067	1,067
Municipal court revenue	68,833	68,833	68,833	46,987	(21,846)
Municipal lien certificates	10,000	10,000	10,000	10,621	621
MVQ - Head start rental	65,000	65,000	65,000	70,986	5,986
PILOT - Housing authority	45,000	45,000	45,000	52,587	7,587
Police fines and penalties	73,000	73,000	73,000	29,696	(43,304)
Police AFIS fingerprinting	-	-	-	(1,047)	(1,047)
Police reports	2,938	2,938	2,938	3,423	485
Police VIN checks	8,500	8,500	8,500	6,595	(1,905)
Building/plumbing permits & fees	200,000	200,000	200,000	340,711	140,711
Business taxes & licenses	60,000	60,000	60,000	56,388	(3,612)
Completion fees	15,000	15,000	15,000	-	(15,000)
Dog & kennel licenses	1,100	1,100	1,100	460	(640)
Harbor	105,000	105,000	105,000	115,035	10,035
Pavilion rental	5,700	5,700	5,700	875	(4,825)
Photo copy	2,000	2,000	2,000	1,927	(73)
Probate court fees	6,000	6,000	6,000	16,380	10,380
Realty transfers	130,000	130,000	130,000	119,657	(10,343)
Recording fees	100,000	100,000	100,000	95,022	(4,978)
Road cut permits	500	500	500	-	(500)
Road duty revenue	104,000	104,000	104,000	52,575	(51,425)
Third party billing	625,000	625,000	625,000	631,289	6,289
Zoning, fire & planning fees	51,000	51,000	51,000	14,152	(36,848)
Transfer station	220,000	220,000	220,000	118,048	(101,952)
Total licenses, fees, permits and fines	<u>1,920,993</u>	<u>1,920,993</u>	<u>1,920,993</u>	<u>1,805,856</u>	<u>(115,137)</u>
Interest:					
Property tax interest	200,000	200,000	200,000	184,562	(15,438)
General fund investment earnings	40,000	40,000	40,000	113,082	73,082
Total interest	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>297,644</u>	<u>57,644</u>
Other:					
Other miscellaneous receipts	10,000	10,000	10,000	63,819	53,819
Other sources/social services/senior center	83,862	83,862	83,862	83,862	-
Total other	<u>93,862</u>	<u>93,862</u>	<u>93,862</u>	<u>147,681</u>	<u>53,819</u>
Total Operating Revenue	<u>27,398,868</u>	<u>27,398,868</u>	<u>27,398,868</u>	<u>27,107,130</u>	<u>(291,738)</u>
Other financing sources:					
Debt proceeds	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue and other financing sources	<u>\$ 27,398,868</u>	<u>\$27,398,868</u>	<u>\$27,398,868</u>	<u>\$27,107,130</u>	<u>\$ (291,738)</u>

TOWN OF WARREN, RHODE ISLAND

Required Supplementary Information

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2020

	Budget Amounts		Total	Actual	Variance
	Original	Final	Available	Amounts (Budgetary Basis)	Favorable (Unfavorable)
Expenditures:					
General Government					
Soc Security/Medicare	\$ 418,584	\$ 418,584	\$ 418,584	\$ 410,045	\$ 8,539
Advertising	20,000	20,000	20,000	19,250	750
Copier Expense	7,500	7,500	7,500	7,706	(206)
Insurance	636,490	636,490	636,490	662,585	(26,095)
League of Cities & Towns	4,435	4,435	4,435	4,435	-
Postage	10,000	10,000	10,000	15,873	(5,873)
Telephone Expense	7,500	7,500	7,500	7,673	(173)
Town Audit	25,000	25,000	25,000	23,000	2,000
Attendance Premiums	98,609	98,609	98,609	313,642	(215,033)
Computer Service/Website	30,000	30,000	30,000	57,463	(27,463)
Electricity/Water Parks	8,000	8,107	8,107	5,671	2,436
Employee Benefits	1,513,176	1,513,176	1,513,176	1,446,678	66,498
Financing Expenses	5,000	5,000	5,000	-	5,000
Fire Hydrants	76,000	76,000	76,000	19,000	57,000
GASB 45	5,400	5,400	5,400	2,700	2,700
Longevity	206,314	206,314	206,314	199,902	6,412
Mary V Quirk School	72,275	73,624	73,624	34,868	38,756
Retiree Benefit Adjustment	4,628	4,628	4,628	4,677	(49)
Street Lighting	189,600	200,902	200,902	203,591	(2,689)
Town Empl. Pension Costs	788,959	788,959	788,959	817,416	(28,457)
Unemployment reserve account	15,000	15,000	15,000	-	15,000
Uncollectible Reserve	60,000	60,000	60,000	3,596	56,404
Total General Government	4,202,470	4,215,227	4,215,227	4,259,771	(44,544)
Town Offices:					
Boards and Commissions					
Administrative officer	8,068	8,068	8,068	8,068	-
Conservation board expense	1,500	1,500	1,500	1,340	160
Juvenile hearing board	2,000	2,000	2,000	1,950	50
Planning board expenses	3,220	3,220	3,220	2,910	310
Planning/Zoning stenographer	5,000	5,000	5,000	2,215	2,785
Tree commission	550	550	550	550	-
Historical commission	3,500	3,500	3,500	2,473	1,027
Total Boards and Commissions	23,838	23,838	23,838	19,506	4,332
Building Inspector					
Building official salary	70,484	70,484	70,484	71,027	(543)
Building official clerk	39,378	39,378	39,378	39,378	-
Building office expense	4,500	4,500	4,500	4,413	87
Outside services	3,400	3,400	3,400	3,400	-
Plumbing/electrical inspector salary	12,114	12,114	12,114	12,207	(93)
Zoning/regulatory/econ devel liaison	5,912	5,912	5,912	5,910	2
Code enforcement inspector	19,988	19,988	19,988	9,615	10,373
Total Building Inspector	155,776	155,776	155,776	145,950	9,826
Town Clerk					
Town clerk salary - non-union	67,912	67,912	67,912	68,435	(523)
Clerks salary - union	78,757	78,757	78,757	78,757	-
Deputy town clerk - non-union	55,835	55,835	55,835	56,265	(430)
Municipal court judge salary	9,030	9,030	9,030	9,031	(1)
Municipal court clerk salary	17,310	17,310	17,310	18,721	(1,411)
Board of canvassers salary	1,625	1,625	1,625	1,645	(20)
Election officials salary	7,000	7,000	7,000	2,440	4,560
Housing court judge	3,224	3,224	3,224	3,206	18
General and operating expense	20,000	20,000	20,000	14,820	5,180
Computer services	3,500	3,500	3,500	1,090	2,410
Document management	12,000	12,000	12,000	5,882	6,118
Indexing/computer filling	20,000	20,000	20,000	18,485	1,515
Probate judge	3,305	3,305	3,305	-	3,305
Municipal court expenses	1,400	1,400	1,400	2,077	(677)
Canvasser's expense	6,500	6,500	6,500	1,708	4,792
Municipal court computer services	5,938	5,938	5,938	5,938	-
Historic indexing & imaging	5,000	5,000	5,000	-	5,000
Document preservation	5,000	5,000	5,000	-	5,000
Housing court expenses	1,320	1,320	1,320	1,560	(240)
Total Town Clerk	\$ 324,656	\$ 324,656	\$ 324,656	\$ 290,060	\$ 34,596

TOWN OF WARREN, RHODE ISLAND

Required Supplementary Information

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2020

	Budget Amounts		Total	Actual	Variance
	Original	Final	Available	Amounts (Budgetary Basis)	Favorable (Unfavorable)
Harbor Master					
Harbor master salary	\$ 21,480	\$ 21,480	\$ 21,480	\$ 21,652	\$ (172)
Asst. harbor master salary	7,175	7,175	7,175	7,075	100
Operating expenses	15,000	15,000	15,000	14,953	47
Dock maintenance expense	3,000	3,000	3,000	2,889	111
Total Harbor Master	46,655	46,655	46,655	46,569	86
Town Manager					
Town manager salary	91,974	91,974	91,974	92,681	(707)
Town manager clerk salary - union	39,378	39,378	39,378	36,685	2,693
Part time clerk salary - non - union	12,017	12,017	12,017	18,265	(6,248)
Full time floating clerk union	29,120	29,120	29,120	42,677	(13,557)
PT grant writer/coordinator	17,784	17,784	17,784	-	17,784
Town manager expense	3,200	3,200	3,200	3,106	94
Clerk's overtime	5,125	5,125	5,125	326	4,799
Website	3,000	3,000	3,000	3,200	(200)
Total Town Manager	201,598	201,598	201,598	196,940	4,658
Town Offices					
Council - Wages & Salaries	6,461	6,461	6,461	6,227	234
Council - Contingency	16,000	16,000	16,000	10,549	5,451
Govt Ctr - Wages & Sal Custodian Union	50,263	50,263	50,263	50,263	-
Govt Center - Operation Exp	111,000	115,439	115,439	85,529	29,910
Twn Sgnt - Wages & Salaries Non Union	100	100	100	100	-
Twn Hall Custdn - Wages & Salaries-Union	50,263	50,263	50,263	50,263	-
Tree Warden	3,312	3,312	3,312	3,337	(25)
Planning/Zoning Solicitor	25,154	25,154	25,154	25,153	1
Town Hall - Expenses	71,200	73,002	73,002	58,212	14,790
Solctr - Wages & Salaries Non Union	104,097	104,097	104,097	104,898	(801)
Zoning - General & Office Expense	-	-	-	63	(63)
Zoning - Board Fees	3,220	3,220	3,220	3,720	(500)
Town hall council chambers sound system	1,500	1,500	1,500	-	1,500
Total Town Offices	442,570	448,811	448,811	398,314	50,497
Town Planner					
Town planner salary	68,329	68,329	68,329	68,854	(525)
General & office expense	1,500	1,500	1,500	1,373	127
GIS mapping software/equipment	7,000	7,000	7,000	5,400	1,600
Development	2,000	2,000	2,000	1,379	621
Grant - matching funds	15,000	15,000	15,000	7,000	8,000
Total Town Planner	93,829	93,829	93,829	84,006	9,823
Recreation					
Recreation director salary	20,956	20,956	20,956	24,163	(3,207)
Park supervisor salary	45,990	45,990	45,990	38,478	7,512
Life guards salary	8,640	8,640	8,640	4,201	4,439
Recreation assistant director salary	4,500	4,500	4,500	3,728	772
Recreation park maintenance salary	-	-	-	132	(132)
Band concerts	3,500	3,500	3,500	3,500	-
General and office expense	20,002	20,002	20,002	24,291	(4,289)
Total Recreation	103,588	103,588	103,588	98,493	5,095
Senior Center					
Senior center director salary	38,546	38,546	38,546	38,828	(282)
Senior center - meal site manager	1,763	1,763	1,763	821	942
Senior center - computer services	1,000	1,000	1,000	960	40
Senior center - maintenance	2,940	2,940	2,940	2,940	-
Total Senior Center	44,249	44,249	44,249	43,549	700
Social Services					
Social services director salary	16,000	16,000	16,000	16,080	(80)
Social service expense	16,000	16,000	16,000	15,848	152
Substance abuse - grant match	4,400	4,400	4,400	4,400	-
Computer services	900	900	900	40	860
Total Social Services	37,300	37,300	37,300	36,368	932
Total Department Town Offices	\$ 1,474,059	\$ 1,480,300	\$ 1,480,300	\$ 1,359,755	\$ 120,545

TOWN OF WARREN, RHODE ISLAND

Required Supplementary Information

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2020

	Budget Amounts		Total	Actual	Variance
	Original	Final	Available	Amounts (Budgetary Basis)	Favorable (Unfavorable)
Financial Administration					
Treasury					
Financial director salary	\$ 82,021	\$ 82,021	\$ 82,021	82,652	\$ (631)
Financial clerks salary - union	78,757	78,757	78,757	78,757	-
Office expense	5,322	5,322	5,322	3,764	1,558
Outside services	75,925	75,925	75,925	27,457	48,468
Payroll processing & services	14,750	14,750	14,750	13,440	1,310
Clearing	51,123	51,123	51,123	59,904	(8,781)
Total Treasury	307,898	307,898	307,898	265,974	41,924
Assessor					
Tax assessor salary	60,484	60,484	60,484	60,950	(466)
Office expense	5,725	5,725	5,725	1,335	4,390
Outside services	-	-	-	16,964	(16,964)
Statistical revaluation	19,350	19,350	19,350	360	18,990
Total Assessor	85,559	85,559	85,559	79,609	5,950
Total Financial Administration	393,457	393,457	393,457	345,583	47,874
Fire Safety					
Wages & Salaries Non Union	75,299	75,299	75,299	75,879	(580)
Fire Prevention Marshall	45,050	45,050	45,050	45,396	(346)
Medical Director	3,000	3,000	3,000	3,000	-
EMS Coordinator	39,378	39,378	39,378	39,378	-
Assistant Chiefs/Deputy	8,000	8,000	8,000	8,000	-
EMA/EMS Director	5,169	5,169	5,169	5,169	-
General & Office Expense	65,000	65,972	65,972	62,937	3,035
Clothing Allowance	3,000	3,000	3,000	3,000	-
Fuel/Diesel	28,000	28,000	28,000	28,088	(88)
Computer Services	3,000	3,000	3,000	3,000	-
Outside Services	7,250	7,250	7,250	7,048	202
Equipment /Vehicles	54,000	54,000	54,000	53,056	944
Apparatus Repair	40,000	40,000	40,000	40,000	-
Baker Street Station	6,000	6,017	6,017	4,746	1,271
Communications	15,067	15,067	15,067	15,038	29
Fire Company Fees	17,500	17,500	17,500	17,500	-
Rescue Stipend	250,000	250,000	250,000	249,790	210
Training	18,000	18,000	18,000	17,967	33
Firefighter Gear	10,685	10,685	10,685	10,686	(1)
Medical Supplies	35,000	35,000	35,000	28,361	6,639
Company Stewards	13,600	13,600	13,600	13,600	-
Station Upkeep	12,000	12,000	12,000	12,000	-
Firefighter Details/Storm	5,250	5,250	5,250	904	4,346
Self-contained Breathing Appar.	50,000	50,000	50,000	49,841	159
Total Fire Safety	809,248	810,237	810,237	794,384	15,853
Grants & Contributions					
East Bay Center	17,500	17,500	17,500	17,500	-
East Bay community action program	17,000	17,000	17,000	17,000	-
George Hail Library	285,000	285,000	285,000	285,000	-
Memorial day	3,000	3,000	3,000	1,744	1,256
Visiting nurses	1,000	1,000	1,000	1,000	-
Discover Warren	2,500	2,500	2,500	2,500	-
Warren/Bristol arts night	1,750	1,750	1,750	1,750	-
Bristol County Baysiders	1,500	1,500	1,500	1,500	-
Eastern RI conservation district	1,000	1,000	1,000	1,000	-
Bristol Warren Education Foundation	1,000	1,000	1,000	1,000	-
Warren water quality testing	2,100	2,100	2,100	2,100	-
Neverland children's theater	500	500	500	500	-
Sense of pride	500	500	500	500	-
Warren Barrington Rotary club	2,000	2,000	2,000	2,000	-
Connect Greater Newport	5,000	5,000	5,000	5,000	-
Warren armory	3,000	3,000	3,000	3,000	-
Total Grants & Contributions	\$ 344,350	\$ 344,350	\$ 344,350	\$ 343,094	\$ 1,256

TOWN OF WARREN, RHODE ISLAND

Required Supplementary Information

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2020

	Budget Amounts Original	Final	Total Available	Actual Amounts (Budgetary Basis)	Variance Favorable (Unfavorable)
Public Safety					
Police					
Wages & Salaries Non Union	\$ 93,105	\$ 93,105	\$ 93,105	78,781	\$ 14,324
Wages & Salaries Union	1,457,616	1,457,616	1,457,616	1,472,220	(14,604)
SRO (Town Share)	20,558	20,558	20,558	-	20,558
Overtime	305,716	305,716	305,716	176,118	129,598
Part Time Clerk	18,686	18,686	18,686	18,638	48
Holiday Pay	99,565	99,565	99,565	88,235	11,330
Advanced Degree Incentive	11,050	11,050	11,050	11,300	(250)
Differential	21,450	21,450	21,450	12,948	8,502
General & Office Expense	64,467	64,467	64,467	63,475	992
Computer Services	22,000	22,000	22,000	27,068	(5,068)
Fuel/Diesel	51,500	51,500	51,500	33,303	18,197
AFIS Maint Contract	7,000	8,669	8,669	8,618	51
Clothing Allowance	40,250	40,250	40,250	41,549	(1,299)
Equipment /Vehicles	7,800	7,800	7,800	7,767	33
Communications/Serv/Maint Contract	21,000	21,000	21,000	18,031	2,969
Communications	13,440	13,440	13,440	11,341	2,099
Disability Expense	94,999	94,999	94,999	58,108	36,891
Incentive Education Act	17,550	17,550	17,550	12,787	4,763
Training	41,000	39,331	39,331	12,261	27,070
Total Police	2,408,752	2,408,752	2,408,752	2,152,548	256,204
Dispatch					
Wages & Salaries - Union	225,019	225,019	225,019	225,019	-
Overtime	33,590	33,590	33,590	34,698	(1,108)
Differential	3,332	3,332	3,332	3,660	(328)
Holiday Pay	14,866	14,866	14,866	14,427	439
Clothing Allowance	4,250	4,250	4,250	4,250	-
Total Dispatch	281,057	281,057	281,057	282,054	(997)
Animal Control					
Wages & Salaries - Union	45,913	45,913	45,913	45,913	-
Overtime	2,880	2,880	2,880	58	2,822
Asst Officer Part Time	17,187	17,187	17,187	14,120	3,067
General & Office Expens	18,569	18,745	18,745	15,897	2,848
Animal Shelter Repair	10,000	10,000	10,000	1,073	8,927
Clothing Allowance	600	600	600	600	-
Total Animal Control	95,149	95,325	95,325	77,661	17,664
Total Public Safety	2,784,958	2,785,134	2,785,134	2,512,263	272,871
Public Works					
Wages & Salaries Non Union	966,728	966,728	966,728	948,534	18,194
Wages & Salaries Union	76,814	76,814	76,814	82,718	(5,904)
Overtime	90,000	90,000	90,000	59,546	30,454
Part Time Wages & Salaries	23,575	23,575	23,575	41,700	(18,125)
General & Office Expense	100,000	100,000	100,000	143,600	(43,600)
Protective Equipment	3,500	3,500	3,500	2,660	840
Fuel/Diesel	51,250	51,509	51,509	59,154	(7,645)
Clothing Allowance	12,650	12,650	12,650	12,650	-
Equipment /Vehicles	150,000	150,000	150,000	64,963	85,037
Mosquito Control	1,500	1,500	1,500	1,328	172
Trash Collection	168,949	168,949	168,949	332,003	(163,054)
Recycling Collection	150,000	150,000	150,000	-	150,000
Engineering Service	4,000	4,000	4,000	-	4,000
Field Maintenance	5,125	5,125	5,125	1,320	3,805
Outside Services	20,000	20,000	20,000	18,548	1,452
Lamp Post Restoration	5,000	5,000	5,000	5,000	-
Market Street Parking Lot Least	10,000	10,000	10,000	4,000	6,000
Tree Management Plan	4,225	4,225	4,225	3,228	997
Turnpike and Bridges	-	-	-	2,031	(2,031)
Foreman salary	61,162	61,162	61,162	46,740	14,422
Total Public Works	1,904,478	1,904,737	1,904,737	1,829,723	75,014
Transfer Station					
General & Office	13,000	13,148	13,148	11,406	1,742
Overtime	12,000	12,000	12,000	10,080	1,920
Tipping Fees	200,000	200,000	200,000	218,077	(18,077)
Utilities & Fuel	20,000	20,226	20,226	-	20,226
Total Transfer Station	245,000	245,374	245,374	239,563	5,811
Total Department of Public Works	\$ 2,149,478	\$ 2,150,112	\$ 2,150,112	\$ 2,069,286	\$ 80,826

TOWN OF WARREN, RHODE ISLAND

Required Supplementary Information

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2020

	Budget Amounts		Total	Actual	Variance
	Original	Final	Available	Amounts (Budgetary Basis)	Favorable (Unfavorable)
Water Treatment					
Plant Operations	\$ -	\$ 3,843	\$ 3,843	\$ -	\$ 3,843
Total Water Treatment	<u>-</u>	<u>3,843</u>	<u>3,843</u>	<u>-</u>	<u>3,843</u>
Capital Expenditures					
Capital	-	-	-	3,316,427	(3,316,427)
Total Capital	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,316,427</u>	<u>(3,316,427)</u>
Debt Service	<u>3,345,569</u>	<u>3,345,569</u>	<u>3,345,569</u>	<u>3,315,765</u>	<u>29,804</u>
Education General Cost (Net)	<u>11,895,279</u>	<u>11,895,279</u>	<u>11,895,279</u>	<u>11,895,279</u>	<u>-</u>
Total Expenditures	<u>27,398,868</u>	<u>27,423,508</u>	<u>27,423,508</u>	<u>30,211,607</u>	<u>(2,788,099)</u>
Other Financing Sources/ (Uses):					
Transfer out	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Other Financing Sources/ (Uses)	<u>\$ 27,398,868</u>	<u>\$27,423,508</u>	<u>\$27,423,508</u>	<u>\$ 30,211,607</u>	<u>\$ (2,788,099)</u>

TOWN OF WARREN, RHODE ISLAND

Notes to Budget and Actual Comparison

For the Year Ended June 30, 2020

Budgetary Data

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

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

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

TOWN OF WARREN, RHODE ISLAND

Required Supplementary Information

Municipal Employees' Retirement System of Rhode Island (MERS)

Schedule of Changes in Net Pension Liability and Related Ratios

*Last Ten Years**

Measurement period ending June 30,	MERS - Town					
	Schedule of Changes in Net Pension Liability and Related Ratios Multiyear					
	Last 10 Fiscal Years (to be built prospectively)					
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	\$ 185,422	\$ 185,072	\$ 170,491	\$ 153,923	\$ 148,875	\$ 165,795
Interest on the Total Pension Liability	538,825	523,026	512,158	500,166	488,988	478,136
Benefit Changes	-	-	-	-	103,895	-
Difference between expected and Actual Experience	(27,905)	(113,212)	(34,094)	(107,368)	(183,753)	-
Assumption Changes	-	-	347,514	-	-	(62,439)
Benefit payments	(387,981)	(350,747)	(369,921)	(420,292)	(402,697)	(453,981)
Net change in total pension liability	308,361	244,139	626,148	126,429	155,308	127,511
Total pension liability – beginning	7,798,779	7,554,640	6,928,492	6,802,063	6,646,755	6,519,244
Total pension liability – ending (a)	<u>\$ 8,107,140</u>	<u>\$ 7,798,779</u>	<u>\$ 7,554,640</u>	<u>\$ 6,928,492</u>	<u>\$ 6,802,063</u>	<u>\$ 6,646,755</u>
Plan Fiduciary Net Position						
Contributions – employer	\$ 272,398	\$ 267,090	\$ 244,089	\$ 240,331	\$ 255,456	\$ 270,622
Contributions – employee	72,339	68,765	66,363	61,437	40,020	40,521
Pension Plan Net Investment Income	384,617	440,043	581,317	(1,719)	118,361	671,865
Benefit Payments	(387,981)	(350,747)	(369,921)	(420,292)	(402,697)	(453,981)
Pension Plan Administrative Expense	(6,011)	(5,858)	(5,492)	(4,623)	(5,028)	(4,207)
Other Changes in Plan Fiduciary Net Position	(4,412)	(12,543)	6,273	25,640	1	(1)
Net change in plan fiduciary net position	330,950	406,750	522,629	(99,226)	6,113	524,819
Plan fiduciary net position – beginning	5,880,722	5,473,972	4,951,343	5,050,569	5,044,456	4,519,637
Plan fiduciary net position – ending (b)	<u>\$ 6,211,672</u>	<u>\$ 5,880,722</u>	<u>\$ 5,473,972</u>	<u>\$ 4,951,343</u>	<u>\$ 5,050,569</u>	<u>\$ 5,044,456</u>
Net Pension Liability/(Asset) - Ending (a) - (b)	1,895,468	1,918,057	2,080,668	1,977,149	1,751,494	1,602,299
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	76.62%	75.41%	72.46%	71.46%	74.25%	75.89%
Covered Employee Payroll	\$2,389,457	\$2,299,037	\$2,149,952	\$1,890,947	\$1,906,207	\$1,999,936
Net Pension Liability as a Percentage of Covered Employee Payroll	79.33%	83.43%	96.78%	104.56%	91.88%	80.12%

See accompanying note to required supplementary information

See independent auditor's report

TOWN OF WARREN, RHODE ISLAND

Required Supplementary Information

Municipal Employees' Retirement System of Rhode Island (MERS)

Schedule of Changes in Net Pension Liability and Related Ratios

*Last Ten Years**

MERS - Police & Fire Department						
Schedule of Changes in Net Pension Liability and Related Ratios Multiyear						
Last 10 Fiscal Years (to be built prospectively)						
Measurement period ending June 30,	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	\$ 404,957	\$ 360,292	\$ 295,838	\$ 294,967	\$ 283,991	\$ 260,526
Interest on the Total Pension Liability	1,140,986	1,038,691	1,070,906	1,034,705	977,348	938,251
Benefit Changes	-	-	-	-	410,250	-
Difference between expected and Actual Experience	(274,933)	757,671	(1,023,113)	(205,745)	(275,870)	-
Assumption Changes	-	-	830,953	-	-	(84,529)
Benefit payments	<u>(752,826)</u>	<u>(682,450)</u>	<u>(611,762)</u>	<u>(671,615)</u>	<u>(601,274)</u>	<u>(608,108)</u>
Net change in total pension liability	518,184	1,474,204	562,822	452,312	794,445	506,140
Total pension liability – beginning	<u>16,473,730</u>	<u>14,999,526</u>	<u>14,436,704</u>	<u>13,984,392</u>	<u>13,189,947</u>	<u>12,683,807</u>
Total pension liability – ending (a)	<u>\$16,991,914</u>	<u>\$16,473,730</u>	<u>\$14,999,526</u>	<u>\$14,436,704</u>	<u>\$13,984,392</u>	<u>\$13,189,947</u>
Plan Fiduciary Net Position						
Contributions – employer	\$ 418,107	\$ 414,902	\$ 438,977	\$ 443,482	\$ 491,829	\$ 343,729
Contributions – employee	192,428	169,072	166,658	157,834	129,208	111,691
Pension Plan Net Investment Income	733,320	842,323	1,117,629	(3,271)	222,765	1,234,929
Benefit Payments	(752,826)	(682,450)	(611,762)	(671,615)	(601,274)	(608,108)
Pension Plan Administrative Expense	(11,460)	(11,213)	(10,559)	(8,799)	(8,939)	(7,733)
Other Changes in Plan Fiduciary Net Position	6,981	-	(25)	(1)	1	(1)
Net change in plan fiduciary net position	586,550	732,634	1,100,918	(82,370)	233,590	1,074,507
Plan fiduciary net position – beginning	<u>11,256,790</u>	<u>10,524,156</u>	<u>9,423,238</u>	<u>9,505,608</u>	<u>9,272,018</u>	<u>8,197,511</u>
Plan fiduciary net position – ending (b)	<u>\$11,843,340</u>	<u>\$11,256,790</u>	<u>\$10,524,156</u>	<u>\$ 9,423,238</u>	<u>\$ 9,505,608</u>	<u>\$ 9,272,018</u>
Net Pension Liability/(Asset) - Ending (a) - (b)	5,148,574	5,216,940	4,475,370	5,013,466	4,478,784	3,917,929
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69.70%	68.33%	70.16%	65.27%	67.97%	70.30%
Covered Employee Payroll	\$ 1,924,700	\$ 1,690,716	\$ 1,663,881	\$ 1,590,975	\$ 1,609,012	\$ 1,497,273
Net Pension Liability as a Percentage of Covered Employee Payroll	267.50%	308.56%	268.97%	315.12%	278.36%	261.67%

See accompanying note to required supplementary information

See independent auditor's report

TOWN OF WARREN, RHODE ISLAND

Required Supplementary Information

Municipal Employees' Retirement System of Rhode Island

Schedule of Contributions

*Last Ten Years**

**Municipal Employees' Retirement System - General Employee Plan
Schedule of Contributions Multiyear - Last 10 Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 305,742	\$ 303,997	\$ 267,090	\$ 244,089	\$ 240,331	\$ 255,456
Contributions in relation to the actuarially determined contribution	<u>305,742</u>	<u>303,997</u>	<u>267,090</u>	<u>244,089</u>	<u>240,331</u>	<u>255,456</u>
Contribution deficiency (excess)	-	-	-	-	-	-
Covered-employee payroll	\$ 2,461,141	\$2,389,457	\$ 2,299,037	\$ 2,149,952	\$ 1,890,947	\$ 1,906,207
Contributions as a percentage of covered-employee payroll	12.42%	12.72%	11.62%	11.35%	12.71%	13.40%

Notes:

- 1.) Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.
- 2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.
- 3.) The amounts presented for each fiscal year were determined as of June 30 measurement date prior to the fiscal year end.

See accompanying notes to required supplementary information

See independent auditor's report

TOWN OF WARREN, RHODE ISLAND

Required Supplementary Information

Municipal Employees' Retirement System of Rhode Island

Schedule of Contributions

*Last Ten Years**

**Municipal Employees' Retirement System - Police and Fire
Schedule of Contributions Multiyear - Last 10 Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 511,674	\$ 437,700	\$ 414,902	\$ 438,977	\$ 443,482	\$ 491,829
Contributions in relation to the actuarially determined contribution	<u>511,674</u>	<u>437,700</u>	<u>414,902</u>	<u>438,977</u>	<u>443,482</u>	<u>491,829</u>
Contribution deficiency (excess)	-	-	-	-	-	-
Covered-employee payroll	\$ 1,741,437	\$ 1,690,716	\$ 1,663,881	\$ 1,663,881	\$ 1,590,975	\$ 1,609,012
Contributions as a percentage of covered-employee payroll	29.38%	25.89%	24.94%	26.38%	27.87%	30.57%

Notes:

- 1.) *Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.*
- 2.) *Schedule is intended to show information for 10 years - additional years will be displayed as they become available.*
- 3.) *The amounts presented for each fiscal year were determined as of June 30 measurement date prior to the fiscal year end.*

See accompanying notes to required supplementary information

See independent auditor's report

TOWN OF WARREN, RHODE ISLAND

Required Supplementary Information

Employees' Retirement System of Rhode Island

Notes to the Pension Schedule

For the Year Ended June 30, 2020

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

June 30, 2019 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2019 measurement date compared to the June 30, 2018 measurement date.

June 30, 2018 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2018 measurement date compared to the June 30, 2017 measurement date.

June 30, 2017 measurement date –

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

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

June 30, 2016 measurement date –

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

June 30, 2015 measurement date –

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

TOWN OF WARREN, RHODE ISLAND

Required Supplementary Information

Employees' Retirement System of Rhode Island

Notes to the Pension Schedule

For the Year Ended June 30, 2020

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

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and municipal general employees will contribute 8.25% (9.25% for units with a COLA provision) and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service. Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.
- MERS public safety employees may retire at age 50 with 25 years of service, or any age with 27 years of service. MERS public safety employees will contribute 9.00% (10.00% for units with a COLA provision)
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan. Also, members who earn less than \$35,000 per year will not be required to pay the administrative fees to the defined contribution plan.
- Members who retired from a COLA eligible plan before July 1, 2012 will received a one-time cost of living adjustment of 2% of the first \$25,000 paid as soon as administratively possible.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 year rather than 5-year intervals.
- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5.5% (5yr Return - 5.5%, with a max of 4%) and 50% calculated using previous year's CPI-U (max of 3%) for a total max COLA of 3.5%. This COLA is calculated on the first \$25,855, effective 01/01/16, and indexed as of that date as well. (The indexing formula is run annually regardless of funding level each year.)
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

TOWN OF WARREN, RHODE ISLAND

Required Supplementary Information

Other Post-Employment Benefits

Schedule of Changes in Net OPEB Liability and Related Ratios

For the Year Ended June 30, 2020

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total OPEB liability				
Service cost	\$ 163,730	\$ 160,657	\$ 160,194	\$ 219,675
Interest on net OPEB liability and service cost	202,806	218,985	205,673	170,401
Differences between actual and expected experience	(290,981)	(375,597)	-	(351,830)
Changes of assumptions	259,573	(59,690)	(85,761)	(194,295)
Benefit payments, including refunds	<u>(194,653)</u>	<u>(222,959)</u>	<u>(204,420)</u>	<u>(212,194)</u>
Net change in total OPEB liability	140,475	(278,604)	75,686	(368,243)
Total OPEB liability - beginning	<u>4,682,123</u>	<u>4,960,727</u>	<u>4,885,041</u>	<u>5,253,284</u>
Total OPEB liability - ending	<u>\$ 4,822,598</u>	<u>\$ 4,682,123</u>	<u>\$ 4,960,727</u>	<u>\$ 4,885,041</u>
OPEB fiduciary net position				
Benefit payments, including refunds	\$ (194,653)	\$ (222,959)	\$ (204,420)	\$ (212,194)
Trust administrative expenses	(2,221)	(2,057)	(2,007)	(1,740)
Contributions - employer	194,653	222,959	204,420	212,194
Contribution - Active employees	-	-	-	-
Net investment income	<u>58,953</u>	<u>58,665</u>	<u>34,009</u>	<u>33,023</u>
Net change in plan fiduciary net position	56,732	56,608	32,002	31,283
Plan fiduciary net position - beginning	<u>869,345</u>	<u>812,737</u>	<u>780,735</u>	<u>749,452</u>
Plan fiduciary net position - ending	<u>\$ 926,077</u>	<u>\$ 869,345</u>	<u>\$ 812,737</u>	<u>\$ 780,735</u>
Plan's net pension liability - ending	<u>\$ 3,896,521</u>	<u>\$ 3,812,778</u>	<u>\$ 4,147,990</u>	<u>\$ 4,104,306</u>

*Fourth year of implementation of GASB 75, therefore only four years of the ten required data is available.

Actuarial Valuation Date	Fiduciary Net Position	Total OPEB Liability (TOL)	Net OPEB Liability (NOL)	Funded Ratio	Covered Payroll	NOL as a % of Covered Payroll
6/30/2020	926,077	4,822,598	3,896,521	19.20%	3,993,592	97.57%
6/30/2019	869,345	4,682,123	3,812,778	18.57%	3,858,543	98.81%
6/30/2018	812,737	4,960,727	4,147,990	16.38%	3,605,868	115.03%
6/30/2017	780,735	4,885,041	4,104,306	15.98%	3,483,930	117.81%

* Fourth year of implementation of GASB 75, only four years of the ten required data is available.

TOWN OF WARREN, RHODE ISLAND

Required Supplementary Information

Other Post-Employment Benefits

Schedule of Contributions and Investment Return

For the Year Ended June 30, 2020

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Actuarial determined contribution	\$ 379,815	\$ 392,994	\$ 366,102	\$ 341,832
Contributions in relation to the actuarially determined contribution	<u>194,653</u>	<u>222,959</u>	<u>204,420</u>	<u>212,194</u>
Contribution deficiency (excess)	<u>\$ 185,162</u>	<u>\$ 170,035</u>	<u>\$ 161,682</u>	<u>\$ 129,638</u>
Covered-employee payroll	\$ 3,993,592	\$ 3,858,543	\$ 3,605,868	\$ 3,483,930
Contributions as a percentage of covered-employee payroll	4.87%	5.78%	5.67%	6.09%

* Fourth year of implementation of GASB 75, only four years of the ten required data is available.

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Annual money-weighted rate of return, net of investment expense	5.25%	5.50%	5.50%	3.50%

* Fourth year of implementation of GASB 75, only four years of the ten required data is available.

TOWN OF WARREN, RHODE ISLAND

Required Supplementary Information

Notes to Other Post-Employment Benefits

For the Year Ended June 30, 2019

Notes to Required Supplementary Information:

Valuation Date:	July 1, 2019 with results actuarially projected on a "no gain/ no loss" basis to get on the June 30, 2020 measurement date. Liabilities as of July 1, 2019 are based on an actuarial valuation of July 1, 2019.
Cost Method:	Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where: <ul style="list-style-type: none">•Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and•Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to Payroll Growth.
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, June 30, 2020.
Discount Rate	4.27% as of July 1, 2019 and 3.55% as of June 30, 2020. Refer to the discussion of discount rates section for more information on selection of the discount rate.
Medical inflation	For medical/rx benefits, the trend rates have been reset to an initial rate of 8.50% decreasing by 0.50% annually to an ultimate rate of 5.00% For medical/rx benefits and 4.5% decreasing by 0.5% annually to an ultimate rate of 3.0% for dental benefit. These changes caused an increase in liabilities for the Town.
Inflation:	2.75% per year.
Salary Increases:	3.50% annually as of June 30, 2020 and for future periods.
Mortality	SOA RPH-2014 Total Dataset Mortality Table fully generational using Scale MP-2018

TOWN OF WARREN, RHODE ISLAND

Supplementary Information

Non-Major Government Funds

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

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

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

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

REC Department Donation: accounts for revenue from donations towards the recreation department activity

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

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

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

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

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

Historical Cemetery Grant: accounts for the gran revenues and expenditures to maintain historical cemetery.

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

USDA Police Vehicles: accounts for the revenues and expenditures for the purchases of police vehicles

ACO Donations: accounts for donations for ACO activities

Cops that Care: accounts for revenues and expenditures related to activities for *Cops that Care* program

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

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

Warren Beautification Donation: accounts for activity related to the *Beautification Donation Program*

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

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

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

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

TOWN OF WARREN, RHODE ISLAND

Supplementary Information

Non-Major Government Funds (continued)

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

Memorial Tree Fund: accounts for expenditures related to Memorial Tree

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

Recreational Trails Grant: accounts for revenues and expenditures related to Recreation Trail Grants

Summer Concerts: accounts for activity related to the Summer Concerts Program

Project Playground: accounts for the revenues and expenditures related to equipment and upkeep of the community playground located in Hugh Cole Recreation Area (Town open space)

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

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

Jamiel's Park Grant DEM Grant: accounts for revenues and expenditures related to \$300,000 State recreation grant awarded in 2006 for facility improvements at the Jamiel's Park Recreation Development (Town open space)

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

Fire Inspections: accounts for revenues and expenditures for periodic fire inspections

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

Community Development Block Grant: accounts for revenues and expenditures related to federally funded CDBG programs

Veterans Honor Roll: accounts for revenues and expenditures to the maintenance of Veteran's memorial

Government Center: accounts for activity related to operation of Government center

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

Holiday Committee: accounts for activity for the holiday committee at the Town Hall

Narcotics: accounts for revenues and expenditures for police participation with Narcotics Strike Force

Employee Charity Fund: accounts for employees pay for Friday casual day participation

Document Preservation: account for the revenues and expenditures to archive documents

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

Sara B. Burtis: accounts for revenues and expenditures of the Sara B. Burtis Trust

Relief fund: accounts for revenues and expenditures related to federally funded programs for COVID 19 relief

Unclaimed Estate: accounts for activity related to unclaimed estates.

TOWN OF WARREN, RHODE ISLAND

Supplementary Information

Non-Major Government Funds (*continued*)

Summer In-Person: accounts for revenues and expenditures related to RIDE in person summer learning opportunities

CDBG MicroE: accounts for revenues and expenditures related to federally funded CDBG Microenterprise stabilization program.

Stop Grant: accounts for revenue and expenditures related to the federally funded STOP Act Program.

TOWN OF WARREN, RHODE ISLAND

Non-Major Governmental Funds

Combining Balance Sheet

June 30, 2020

	Special Revenue	Permanent Trust	Total Non-Major Governmental Funds
Assets			
Cash and cash equivalents	\$ 314,785	\$ 20,084	\$ 334,869
Restricted cash	-	-	-
Investments	-	15,836	15,836
Intergovernmental	643,371	-	643,371
Other accounts receivable	75,807	-	75,807
Total assets	<u>1,033,963</u>	<u>35,920</u>	<u>1,069,883</u>
Deferred outflows of resources			
Deferred outflows	-	-	-
Total assets and deferred outflows of resources	<u>1,033,963</u>	<u>35,920</u>	<u>1,069,883</u>
Liabilities			
Accrued liabilities	107,324	-	107,324
Total liabilities	<u>107,324</u>	<u>-</u>	<u>107,324</u>
Deferred inflows of resources			
Deferred revenue	699,841	-	699,841
Total deferred inflows of resources	<u>699,841</u>	<u>-</u>	<u>699,841</u>
Fund Balance			
Restricted	434,915	35,920	470,835
Unassigned	(208,117)	-	(208,117)
Total fund balance	<u>226,798</u>	<u>35,920</u>	<u>262,718</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,033,963</u>	<u>\$ 35,920</u>	<u>\$ 1,069,883</u>

TOWN OF WARREN, RHODE ISLAND

Non-Major Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2020

	Special Revenue	Permanent Funds	Total Non-Major Governmental Funds
Revenues			
Intergovernmental	\$ 203,105	\$ -	\$ 203,105
Charges for services	-	18,673	18,673
Other revenue	335,009	1,068	336,077
Investment income	-	-	-
Total revenues	<u>538,114</u>	<u>19,741</u>	<u>557,855</u>
Expenditures			
General government	244,769	32,207	276,976
Public safety	264,007	60	264,067
Fire safety	39,289	-	39,289
Capital and special appropriations	-	-	-
Total expenditures	<u>548,065</u>	<u>32,267</u>	<u>580,332</u>
Excess (deficiency) of revenues over expenditures	(9,951)	(12,526)	(22,477)
Other financing sources (uses)			
Bond proceeds	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue and other sources over expenditures and other uses	(9,951)	(12,526)	(22,477)
Fund Balance, July 1, 2019, restated	<u>236,749</u>	<u>48,446</u>	<u>285,195</u>
Fund Balance, June 30, 2020	<u>\$ 226,798</u>	<u>\$ 35,920</u>	<u>\$ 262,718</u>

TOWN OF WARREN, RHODE ISLAND

Special Revenue Funds

Combining Balance Sheet

June 30, 2020

	<u>Road Duty</u>	<u>Gun Buy Back</u>	<u>RIDOT Highway Safety</u>	<u>WPD RI Senatorial Grant</u>	<u>Recycling Grant</u>	<u>Planning Challenge Grant</u>
Assets						
Cash and cash equivalents	\$ -	\$ 2,000	\$ (407)	\$ -	\$ 72	\$ (2,920)
Other accounts receivable	2,325	-	407	2,000	-	5,213
Federal and state grants receivable	-	-	-	-	-	-
Total assets	<u>2,325</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>72</u>	<u>2,293</u>
Deferred outflows of resources						
None	-	-	-	-	-	-
Total deferred outflows of resources	<u>2,325</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>72</u>	<u>2,293</u>
Liabilities						
Accrued liabilities	<u>99,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>99,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources						
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,120</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,120</u>
Fund Balance						
Restricted	-	2,000	-	2,000	72	-
Committed	-	-	-	-	-	-
Unassigned	<u>(97,185)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,827)</u>
Total fund balance (deficits)	<u>(97,185)</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>72</u>	<u>(1,827)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,325</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 72</u>	<u>\$ 2,293</u>

TOWN OF WARREN, RHODE ISLAND

Special Revenue Funds

Combining Balance Sheet

June 30, 2020

	<u>Historical</u>	<u>Community</u>	<u>ACO</u>	<u>Stop</u>	<u>Emergency</u>	<u>Dog</u>	<u>Cops that</u>	<u>Social</u>
	<u>Cemetery</u>	<u>Gardens</u>	<u>Donations</u>	<u>Grant</u>	<u>Siren Fund</u>	<u>Park</u>	<u>Care</u>	<u>Services</u>
	<u>Fund</u>							<u>Donations</u>
Assets								
Cash and cash equivalents	\$ 400	\$ 2,317	\$ 52,601	\$ (6,373)	\$ -	\$ 11,995	\$ 22	\$ 65,453
Other accounts receivable	-	-	-	7,201	-	-	-	-
Federal and state grants receivable	-	-	-	-	-	-	-	-
Total assets	<u>400</u>	<u>2,317</u>	<u>52,601</u>	<u>828</u>	<u>-</u>	<u>11,995</u>	<u>22</u>	<u>65,453</u>
Deferred outflows of resources								
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>400</u>	<u>2,317</u>	<u>52,601</u>	<u>828</u>	<u>-</u>	<u>11,995</u>	<u>22</u>	<u>65,453</u>
Liabilities								
Accrued liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources								
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance								
Restricted	400	2,317	52,601	-	-	11,995	22	65,453
Committed	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balance (deficits)	<u>400</u>	<u>2,317</u>	<u>52,601</u>	<u>-</u>	<u>-</u>	<u>11,995</u>	<u>22</u>	<u>65,453</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 400</u>	<u>\$ 2,317</u>	<u>\$ 52,601</u>	<u>\$ 828</u>	<u>\$ -</u>	<u>\$ 11,995</u>	<u>\$ 22</u>	<u>\$ 65,453</u>

TOWN OF WARREN, RHODE ISLAND

Special Revenue Funds

Combining Balance Sheet

June 30, 2020

	<u>Marijuana Grant</u>	<u>Beautification Donation</u>	<u>Drug Free Communities</u>	<u>Senior Center</u>	<u>Warren Animal Rescue</u>	<u>Baker Street Museum</u>	<u>Animal Spaying</u>
Assets							
Cash and cash equivalents	\$ -	\$ 2,867	\$ 56,593	\$ 64,986	\$ 50,193	\$ 1,475	\$ 1,493
Other accounts receivable	-	-	-	9,559	50	-	-
Federal and state grants receivable	5,082	-	-	-	-	-	-
Total assets	5,082	2,867	56,593	74,545	50,243	1,475	1,493
Deferred outflows of resources							
None	-	-	-	-	-	-	-
Total deferred outflows of resources	5,082	2,867	56,593	74,545	50,243	1,475	1,493
Liabilities							
Accrued liabilities	-	-	3,518	-	-	-	-
Total liabilities	-	-	3,518	-	-	-	-
Deferred inflows of resources							
Deferred revenue	5,082	-	53,075	-	-	-	-
Total deferred inflows of resources	5,082	-	53,075	-	-	-	-
Fund Balance							
Restricted	-	2,867	-	74,545	50,243	1,475	1,493
Committed	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balance (deficits)	-	2,867	-	74,545	50,243	1,475	1,493
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,082</u>	<u>\$ 2,867</u>	<u>\$ 56,593</u>	<u>\$ 74,545</u>	<u>\$ 50,243</u>	<u>\$ 1,475</u>	<u>\$ 1,493</u>

TOWN OF WARREN, RHODE ISLAND

Special Revenue Funds

Combining Balance Sheet

June 30, 2020

	<u>Police Bicycle Patrol Grant</u>	<u>AFIS Live Scan Fed Grant</u>	<u>RI State Byrnes Justice Grant</u>	<u>CDBG Mirco</u>	<u>Memorial Tree Fund</u>	<u>Burr's Hill Park Tennis Courts</u>	<u>Stormwater Permitting</u>
Assets							
Cash and cash equivalents	\$ 2,751	\$ 250	\$ 5,752	5,000	\$ 401	\$ (15,824)	\$ (15,000)
Other accounts receivable	-	-	725	-	-	-	-
Federal and state grants receivable	-	-	-	-	-	16,010	20,000
Total assets	<u>2,751</u>	<u>250</u>	<u>6,477</u>	<u>5,000</u>	<u>401</u>	<u>186</u>	<u>5,000</u>
Deferred outflows of resources							
None	-	-	-	-	-	-	-
Total deferred outflows of resources	<u>2,751</u>	<u>250</u>	<u>6,477</u>	<u>5,000</u>	<u>401</u>	<u>186</u>	<u>5,000</u>
Liabilities							
Accrued liabilities	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources							
Deferred revenue	-	-	-	-	-	16,010	20,000
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,010</u>	<u>20,000</u>
Fund Balance							
Restricted	2,751	250	6,477	5,000	401	-	-
Committed	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(15,824)	(15,000)
Total fund balance (deficits)	<u>2,751</u>	<u>250</u>	<u>6,477</u>	<u>5,000</u>	<u>401</u>	<u>(15,824)</u>	<u>(15,000)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,751</u>	<u>\$ 250</u>	<u>\$ 6,477</u>	<u>\$ 5,000</u>	<u>\$ 401</u>	<u>\$ 186</u>	<u>\$ 5,000</u>

TOWN OF WARREN, RHODE ISLAND

Special Revenue Funds

Combining Balance Sheet

June 30, 2020

	Summer In-Person	Unclaimed Estate	Tourister Peer Review	Recreational Trails Grant	Summer Concerts	Project Playground	Rec Department Donation	Water St Subsurface Infiltration	Picnic Shelter
Assets									
Cash and cash equivalents	\$ (726)	2,114	\$ (1,238)	\$ (45,033)	\$ 7,092	\$ 1,660	\$ 27,286	\$ (13,908)	\$ 2,101
Other accounts receivable	-	958	-	-	-	-	540	-	-
Federal and state grants receivable	726	-	-	45,490	-	-	-	228,000	67,755
Total assets	-	3,072	(1,238)	457	7,092	1,660	27,826	214,092	69,856
Deferred outflows of resources									
None	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	3,072	(1,238)	457	7,092	1,660	27,826	214,092	69,856
Liabilities									
Accrued liabilities	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-
Deferred inflows of resources									
Deferred revenue	-	-	-	45,490	-	-	-	228,000	67,755
Total deferred inflows of resources	-	-	-	45,490	-	-	-	228,000	67,755
Fund Balance									
Restricted	-	3,072	-	-	7,092	1,660	27,826	-	2,101
Committed	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(1,238)	(45,033)	-	-	-	(13,908)	-
Total fund balance (deficits)	-	3,072	(1,238)	(45,033)	7,092	1,660	27,826	(13,908)	2,101
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 3,072	\$ (1,238)	\$ 457	\$ 7,092	\$ 1,660	\$ 27,826	\$ 214,092	\$ 69,856

See independent auditor's report

TOWN OF WARREN, RHODE ISLAND

Special Revenue Funds

Combining Balance Sheet

June 30, 2020

	Jamiel's Park Substance Abuse	Fire Inspections	Jamiel's Park DEM Grant	Fire State Meds Plan	In-Line Skate Rink	FEMA Sandy Event	Community Development Block Grant
Assets							
Cash and cash equivalents	\$ 5,729	\$ 55,569	\$ (18,102)	\$ 13,102	\$ 236	\$ (45,094)	\$ 6,654
Other accounts receivable	1,636	-	-	-	-	45,193	-
Federal and state grants receivable	-	-	187,774	-	-	-	72,534
Total assets	<u>7,365</u>	<u>55,569</u>	<u>169,672</u>	<u>13,102</u>	<u>236</u>	<u>99</u>	<u>79,188</u>
Deferred outflows of resources							
None	-	-	-	-	-	-	-
Total deferred outflows of resources	<u>7,365</u>	<u>55,569</u>	<u>169,672</u>	<u>13,102</u>	<u>236</u>	<u>99</u>	<u>79,188</u>
Liabilities							
Accrued liabilities	1,708	-	-	-	-	-	1,760
Total liabilities	<u>1,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,760</u>
Deferred inflows of resources							
Deferred revenue	-	-	187,774	-	-	-	72,534
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>187,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,534</u>
Fund Balance							
Restricted	5,657	55,569	-	13,102	236	99	4,894
Committed	-	-	-	-	-	-	-
Unassigned	-	-	(18,102)	-	-	-	-
Total fund balance (deficits)	<u>5,657</u>	<u>55,569</u>	<u>(18,102)</u>	<u>13,102</u>	<u>236</u>	<u>99</u>	<u>4,894</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,365</u>	<u>\$ 55,569</u>	<u>\$ 169,672</u>	<u>\$ 13,102</u>	<u>\$ 236</u>	<u>\$ 99</u>	<u>\$ 79,188</u>

TOWN OF WARREN, RHODE ISLAND

Special Revenue Funds

Combining Balance Sheet

June 30, 2020

	Veterans' Honor Roll	Government Center	Relief Fund	Ship Shape	Holiday Committee	Narcotics	Employee Charity Fund	Total Special Revenue Funds
Assets								
Cash and cash equivalents	\$ 22,238	\$ 39	\$ -	\$ 800	\$ -	\$ 7,712	\$ 456	\$ 314,785
Other accounts receivable	-	-	-	-	-	-	-	75,807
Federal and state grants receivable	-	-	-	-	-	-	-	643,371
Total assets	<u>22,238</u>	<u>39</u>	<u>-</u>	<u>800</u>	<u>-</u>	<u>7,712</u>	<u>456</u>	<u>1,033,963</u>
Deferred outflows of resources								
None								
Total deferred outflows of resources	<u>22,238</u>	<u>39</u>	<u>-</u>	<u>800</u>	<u>-</u>	<u>7,712</u>	<u>456</u>	<u>1,033,963</u>
Liabilities								
Accrued liabilities	-	-	-	-	-	-	-	107,325
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,325</u>
Deferred inflows of resources								
Deferred revenue								699,840
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>699,840</u>
Fund Balance								
Restricted	22,238	39	-	800	-	7,712	456	434,915
Committed	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(208,117)
Total fund balance (deficits)	<u>22,238</u>	<u>39</u>	<u>-</u>	<u>800</u>	<u>-</u>	<u>7,712</u>	<u>456</u>	<u>226,798</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,238</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 800</u>	<u>\$ -</u>	<u>\$ 7,712</u>	<u>\$ 456</u>	<u>\$ 1,033,963</u>

See independent auditor's report

TOWN OF WARREN, RHODE ISLAND

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2020

	<u>Road Duty</u>	<u>Gun Buy Back</u>	<u>RIDOT Highway Safety</u>	<u>WPD RI Senatorial Grant</u>	<u>Recycling Grant</u>	<u>Planning Challenge Grant</u>
Revenues						
Intergovernmental	\$ -	\$ -	\$ 9,023	\$ -	\$ -	\$ -
Other income	173,175	-	-	-	-	-
Investment income	-	-	-	-	-	-
Total revenues	<u>173,175</u>	<u>-</u>	<u>9,023</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures						
General government	-	-	-	2,150	-	-
Public safety	213,520	-	9,023	-	-	-
Fire safety	-	-	-	-	-	-
Capital and special appropriation	-	-	-	-	-	-
Total expenditures	<u>213,520</u>	<u>-</u>	<u>9,023</u>	<u>2,150</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	(40,345)	-	-	(2,150)	-	-
Other financing sources (uses)						
Transfers in/out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) or revenues and other sources over expenditures and other uses	(40,345)	-	-	(2,150)	-	-
Fund Balance, July 1, 2019, restated	<u>(56,840)</u>	<u>2,000</u>	<u>-</u>	<u>4,150</u>	<u>72</u>	<u>(1,827)</u>
Fund Balance, June 30, 2020	<u>\$ (97,185)</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 72</u>	<u>\$ (1,827)</u>

TOWN OF WARREN, RHODE ISLAND

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2020

	Historical Cemetery Fund	Community Gardens	ACO Donations	Stop Grant	Emergency Siren Fund	Dog Park	Cops that Care	Social Services Donations
Revenues								
Intergovernmental	\$ -	\$ -	\$ -	\$ 7,201	\$ -	\$ -	\$ -	\$ -
Other income	-	-	10,950	-	-	19,660	-	-
Investment income	-	-	-	-	-	-	-	-
Total revenues	-	-	10,950	7,201	-	19,660	-	-
Expenditures								
General government	-	-	-	7,201	-	3,800	-	(9,013)
Public safety	-	-	-	-	-	-	-	-
Fire safety	-	-	-	-	-	-	-	-
Capital and special appropriation	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	7,201	-	3,800	-	(9,013)
Excess (deficiency) of revenue over expenditures	-	-	10,950	-	-	15,860	-	9,013
Other financing sources (uses)								
Transfers out	-	-	-	-	-	-	-	-
Excess (deficiency) or revenues and other sources over expenditures and other uses	-	-	10,950	-	-	15,860	-	9,013
Fund Balance, July 1, 2019, restated	400	2,317	41,651	-	-	(3,865)	22	56,440
Fund Balance, June 30, 2020	<u>\$ 400</u>	<u>\$ 2,317</u>	<u>\$ 52,601</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,995</u>	<u>\$ 22</u>	<u>\$ 65,453</u>

TOWN OF WARREN, RHODE ISLAND

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2020

	Marijuana Grant	Beautification Donation	Drug Free Communities	Senior Center	Warren Animal Rescue	Baker Street Museum	Animal Spaying
Revenues							
Intergovernmental	\$ -	\$ -	\$ 126,452	\$ -	\$ -	\$ -	\$ 92
Other income	-	-	-	37,645	11,419	-	-
Investment income	-	-	-	-	-	-	-
Total revenues	-	-	126,452	37,645	11,419	-	92
Expenditures							
General government	-	-	126,452	34,308	5,158	-	-
Public safety	-	-	-	-	-	-	-
Fire safety	-	-	-	-	-	-	-
Capital and special appropriation	-	-	-	-	-	-	-
Total expenditures	-	-	126,452	34,308	5,158	-	-
Excess (deficiency) of revenue over expenditures	-	-	-	3,337	6,261	-	92
Other financing sources (uses)							
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) or revenues and other sources over expenditures and other uses	-	-	-	3,337	6,261	-	92
Fund Balance, July 1, 2019, restated	-	2,867	-	71,208	43,982	1,475	1,401
Fund Balance, June 30, 2020	\$ -	\$ 2,867	\$ -	\$ 74,545	\$ 50,243	\$ 1,475	\$ 1,493

TOWN OF WARREN, RHODE ISLAND

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2020

	Police Bicycle Patrol Grant	AFIS Live Scan Fed Grant	RI State Byrnes Justice Grant	CDBG Micro	Memorial Tree Fund	Burr's Hill Park Tennis Courts	Stormwater Permitting
Revenues							
Intergovernmental	\$ -	\$ -	\$ 6,537	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	15,000	-	-	-
Investment income	-	-	-	-	-	-	-
Total revenues	-	-	6,537	15,000	-	-	-
Expenditures							
General government	-	-	-	10,000	-	-	-
Public safety	-	-	-	-	-	-	-
Fire safety	-	-	-	-	-	-	-
Capital and special appropriation	-	-	-	-	-	-	-
Total expenditures	-	-	-	10,000	-	-	-
Excess (deficiency) of revenue over expenditures	-	-	6,537	5,000	-	-	-
Other financing sources (uses)							
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) or revenues and other sources over expenditures and other uses	-	-	6,537	5,000	-	-	-
Fund Balance, July 1, 2019, restated	2,751	250	(60)	-	401	(15,824)	(15,000)
Fund Balance, June 30, 2020	\$ 2,751	\$ 250	\$ 6,477	\$ 5,000	\$ 401	\$ (15,824)	\$ (15,000)

TOWN OF WARREN, RHODE ISLAND

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2020

	Summer In-Person	Unclaimed Estate	Tourister Peer Review	Recreational Trails Grant	Summer Concerts	Project Playground	Rec Department Donation	Water St Subsurface Infiltration	Picnic Shelter
Revenues									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,475	\$ -	\$ -
Other income	726	17,189	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-
Total revenues	<u>726</u>	<u>17,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,475</u>	<u>-</u>	<u>-</u>
Expenditures									
General government	726	14,117	21,903	-	4,190	-	11,927	-	-
Public safety	-	-	-	-	-	-	-	-	-
Fire safety	-	-	-	-	-	-	-	-	-
Capital and special appropriation	-	-	-	-	-	-	-	-	-
Total expenditures	<u>726</u>	<u>14,117</u>	<u>21,903</u>	<u>-</u>	<u>4,190</u>	<u>-</u>	<u>11,927</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	-	3,072	(21,903)	-	(4,190)	-	8,548	-	-
Other financing sources (uses)									
Transfers out	-	-	-	-	-	-	-	-	-
Excess (deficiency) or revenues and other sources over expenditures and other uses	-	3,072	(21,903)	-	(4,190)	-	8,548	-	-
Fund Balance, July 1, 2019, restated	-	-	20,665	(45,033)	11,282	1,660	19,278	(13,908)	2,101
Fund Balance, June 30, 2020	<u>\$ -</u>	<u>\$ 3,072</u>	<u>\$ (1,238)</u>	<u>\$ (45,033)</u>	<u>\$ 7,092</u>	<u>\$ 1,660</u>	<u>\$ 27,826</u>	<u>\$ (13,908)</u>	<u>\$ 2,101</u>

TOWN OF WARREN, RHODE ISLAND

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2020

	Jamiel's Park Substance Abuse	Fire Inspections	Jamiel's Park DEM Grant	Fire State Meds Plan	In-Line Skate Rink	FEMA Sandy Event	Community Development Block Grant
Revenues							
Intergovernmental	\$ 430	\$ 19,639	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	4,000	-	45,193	-
Investment income	-	-	-	-	-	-	-
Total revenues	<u>430</u>	<u>19,639</u>	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>45,193</u>	<u>-</u>
Expenditures							
General government	-	-	-	-	-	94	-
Public safety	(3,396)	-	-	-	-	45,094	-
Fire safety	-	39,289	-	-	-	-	-
Capital and special appropriation	-	-	-	-	-	-	-
Total expenditures	<u>(3,396)</u>	<u>39,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,188</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	3,826	(19,650)	-	4,000	-	5	-
Other financing sources (uses)							
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) or revenues and other sources over expenditures and other uses	3,826	(19,650)	-	4,000	-	5	-
Fund Balance, July 1, 2019, restated	<u>1,831</u>	<u>75,219</u>	<u>(18,102)</u>	<u>9,102</u>	<u>236</u>	<u>94</u>	<u>4,894</u>
Fund Balance, June 30, 2020	<u>\$ 5,657</u>	<u>\$ 55,569</u>	<u>\$ (18,102)</u>	<u>\$ 13,102</u>	<u>\$ 236</u>	<u>\$ 99</u>	<u>\$ 4,894</u>

TOWN OF WARREN, RHODE ISLAND

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2020

	Veterans' Honor Roll	Government Center	Relief Fund	Ship Shape	Holiday Committee	Narcotics	Employee Charity Fund	Total Special Revenue Funds
Revenues								
Intergovernmental	\$ -	\$ -	\$ 13,256	\$ -	\$ -	\$ -	\$ -	\$ 203,105
Other income	-	-	-	-	-	-	52	335,009
Investment income	-	-	-	-	-	-	-	-
Total revenues	-	-	13,256	-	-	-	52	538,114
Expenditures								
General government	(1,500)	-	13,256	-	-	-	-	244,769
Public safety	-	-	-	-	-	(234)	-	264,007
Fire safety	-	-	-	-	-	-	-	39,289
Capital and special appropriation	-	-	-	-	-	-	-	-
Total expenditures	(1,500)	-	13,256	-	-	(234)	-	548,065
Excess (deficiency) of revenue over expenditures	1,500	-	-	-	-	234	52	(9,951)
Other financing sources (uses)								
Transfers out	-	-	-	-	-	-	-	-
Excess (deficiency) or revenues and other sources over expenditures and other uses	1,500	-	-	-	-	234	52	(9,951)
Fund Balance, July 1, 2019, restated	20,738	39	-	800	-	7,478	404	236,749
Fund Balance, June 30, 2020	\$ 22,238	\$ 39	\$ -	\$ 800	\$ -	\$ 7,712	\$ 456	\$ 226,798

TOWN OF WARREN, RHODE ISLAND

Permanent Funds

Combining Balance Sheet

June 30, 2020

	Document Preservation	Police Trust	Sara B Buris	Total Permanent Funds
Assets				
Cash	\$ 17,067	\$ 3,017	\$ -	\$ 20,084
Investments	-	-	15,836	15,836
Total assets	<u>17,067</u>	<u>3,017</u>	<u>15,836</u>	<u>35,920</u>
Deferred outflows of resources				
Deferred outflows	-	-	-	-
Total assets and deferred outflows of resources	<u>17,067</u>	<u>3,017</u>	<u>15,836</u>	<u>35,920</u>
Liabilities				
Accounts payable and accrued liabilities	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources				
Deferred inflows	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficits), restricted	17,067	3,017	15,836	35,920
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 17,067</u>	<u>\$ 3,017</u>	<u>\$ 15,836</u>	<u>\$ 35,920</u>

TOWN OF WARREN, RHODE ISLAND

Permanent Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2020

	<u>Document Preservation</u>	<u>Police Trust</u>	<u>Sara B Buris</u>	<u>Total Permanent Funds</u>
Revenues				
Licenses, fees, permits and fines	\$ 18,672	\$ -	\$ -	\$ 18,672
Investment income	-	-	1,068	1,068
Total revenues	<u>18,672</u>	<u>-</u>	<u>1,068</u>	<u>19,740</u>
Expenditures				
General government	27,731	-	4,475	32,206
Public safety	-	60	-	60
Total expenditures	<u>27,731</u>	<u>60</u>	<u>4,475</u>	<u>32,266</u>
Excess (deficiency) of revenues over expenditures	(9,059)	(60)	(3,407)	(12,526)
Other financing sources (uses)				
Transfers in/out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue and other sources over expenditures and other uses	(9,059)	(60)	(3,407)	(12,526)
Fund Balance, July 1, 2019	<u>26,127</u>	<u>3,077</u>	<u>19,243</u>	<u>48,446</u>
Fund Balance, June 30, 2020	<u><u>\$ 17,067</u></u>	<u><u>\$ 3,017</u></u>	<u><u>\$ 15,836</u></u>	<u><u>\$ 35,920</u></u>

See independent auditor's report

FIDUCIARY FUNDS

TOWN OF WARREN, RHODE ISLAND

Fiduciary Funds

Private Purpose Trust Funds

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

Agency Funds

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

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

TOWN OF WARREN, RHODE ISLAND

Private Purpose Trust Funds

Combining Statement of Net Position

June 30, 2020

	Samuel P. Colt Fund	Joseph Martin Fund	Abby A. Cole Fund	Alysum Farm Fund	Joseph W. Smith Fund	C. Richard Garnder Fund	Total
Assets							
Investments	\$ 88,683	\$ 63,345	\$ 22,171	\$ 41,174	\$ 72,847	\$ 12,669	\$ 300,889
Total assets	<u>88,683</u>	<u>63,345</u>	<u>22,171</u>	<u>41,174</u>	<u>72,847</u>	<u>12,669</u>	<u>300,889</u>
Liabilities							
Due to other funds	-	-	-	-	-	-	-
Net Position							
Restricted for other purposes	<u>88,683</u>	<u>63,345</u>	<u>22,171</u>	<u>41,174</u>	<u>72,847</u>	<u>12,669</u>	<u>300,889</u>
Total liabilities and net position	<u>\$ 88,683</u>	<u>\$ 63,345</u>	<u>\$ 22,171</u>	<u>\$ 41,174</u>	<u>\$ 72,847</u>	<u>\$ 12,669</u>	<u>\$ 300,889</u>

See independent auditor's report

TOWN OF WARREN, RHODE ISLAND

Private Purpose Trust Funds

Combining Statement of Changes in Net Position

June 30, 2020

	<u>Samuel P. Colt Fund</u>	<u>Joseph Martin Fund</u>	<u>Abby A. Cole Fund</u>	<u>Alysum Farm Fund</u>	<u>Joseph W. Smith Fund</u>	<u>C. Richard Garnder Fund</u>	<u>Total</u>
Additions							
Investment income	\$ 5,981	\$ 4,272	\$ 1,495	\$ 2,777	\$ 4,913	\$ 854	\$ 20,294
Total additions	<u>5,981</u>	<u>4,272</u>	<u>1,495</u>	<u>2,777</u>	<u>4,913</u>	<u>854</u>	<u>20,294</u>
Deductions							
Miscellaneous	<u>25,059</u>	<u>17,899</u>	<u>6,265</u>	<u>11,635</u>	<u>20,584</u>	<u>3,580</u>	<u>85,022</u>
Total Deductions	<u>25,059</u>	<u>17,899</u>	<u>6,265</u>	<u>11,635</u>	<u>20,584</u>	<u>3,580</u>	<u>85,022</u>
Excess of Revenues and Other Sources over Expenditures and Other Uses	(19,078)	(13,627)	(4,769)	(8,858)	(15,671)	(2,725)	(64,728)
Fund balance, July 1, 2019	<u>107,761</u>	<u>76,972</u>	<u>26,940</u>	<u>50,032</u>	<u>88,518</u>	<u>15,394</u>	<u>365,617</u>
Fund balance, June 30, 2020	<u>\$ 88,683</u>	<u>\$ 63,345</u>	<u>\$ 22,171</u>	<u>\$ 41,174</u>	<u>\$ 72,847</u>	<u>\$ 12,669</u>	<u>\$ 300,889</u>

See independent auditor's report

TOWN OF WARREN, RHODE ISLAND

Agency Funds

Statement of Changes in Assets and Liabilities

For the Year Ended June 30, 2020

	Performance Bonds
Assets	
Cash	\$ 4,833
Total assets	<u>4,833</u>
Liabilities	
Deposits held in custody	4,833
Total liabilities	<u>\$ 4,833</u>
	Performance Bonds
Additions	
Other	12
Total revenue	<u>12</u>
Deductions	
Other	10,054
Total expenditures	<u>10,054</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(10,042)</u>
Other Financing Sources (Uses)	
Transfers in/out	<u>-</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(10,042)
Fund Balance, July 1, 2019	<u>14,875</u>
Fund Balance, June 30, 2020	<u>\$ 4,833</u>

TOWN OF WARREN, RHODE ISLAND

Supplementary Information

Tax Collector's Annual Report

For the Year Ended June 30, 2020

Tax Year	Balance July 1, 2019	Assessments December 31, 2018	Additions	Adjustments/ Abatements	Amount to be Collected	Current Year Collections	Balance June 30, 2020	July-August 2019 Collections Subject to 60-day FY19 Accrual	September-June 2020 Collections	Total FY20 Cash Collections	July-August 2020 Collections Subject to 60-day FY20 Accrual
2019	\$ -	\$ 23,936,246	\$ 52,342	\$ 39,380	\$ 24,027,968	\$ 23,481,645	\$ 546,323	\$ -	\$ 23,481,645	\$ 23,481,645	\$ 102,260
2018	290,843		-	2,416	293,259	216,066	77,193	\$ 120,073	95,993	216,066	21,487
2017	51,687		-	146	51,833	10,309	41,524	3,978	6,331	10,309	373
2016	31,953		-	(54)	31,899	3,544	28,355	316	3,228	3,544	197
2015	38,789		-	(38)	38,751	2,579	36,172	659	1,920	2,579	340
2014	30,031		-	47	30,078	1,486	28,592	141	1,345	1,486	208
2013	35,884		-	-	35,884	1,170	34,714	-	1,170	1,170	111
2012	25,521		-	-	25,521	383	25,138	101	282	383	38
2011	36,529		-	-	36,529	757	35,772	-	757	757	146
2010 and prior	191,224		-	-	191,224	539	190,686	-	539	539	125
	\$ 732,461	\$ 23,936,246	\$ 52,342	\$ 41,897	\$ 24,762,946	\$ 23,718,478	\$ 1,044,469	\$ 125,268	\$ 23,593,210	\$ 23,718,478	\$ 125,285
							Allowance for Uncollectible Accounts			477,995	
							Net Property Tax Receivable			\$ 566,474	

See independent auditor's report

TOWN OF WARREN, RHODE ISLAND

Supplementary Information

Tax Collector's Annual Report

For the Year Ended June 30, 2020

Schedule of Most Recent Net Assessed Property Value by Category

Description of Property	Valuation	Levy
Real Property	\$ 1,181,261,248	\$ 21,940,948
Motor Vehicles	75,505,752	1,395,299
Tangible	<u>31,400,282</u>	<u>599,999</u>
Total	1,288,167,282	23,936,246
Exemptions	<u>50,624,508</u>	-
Net assessed value	<u><u>\$ 1,237,542,774</u></u>	<u><u>\$ 23,936,246</u></u>

Reconciliation of Current Year Property Tax Revenue

Current year collection	\$ 23,718,478
Add: Revenue collected 60 days subsequent to fiscal year ending June 30, 2020	125,285
Less: Revenue collected 60 days subsequent to fiscal year ending June 30, 2020	<u>125,268</u>
Current year property tax revenue	<u><u>\$ 23,718,495</u></u>

TOWN OF WARREN, RHODE ISLAND

Other Supplementary Information

Annual Supplemental Transparency Portal (MTP2)

For the Year Ended June 30, 2020

OTHER SUPPLEMENTAY INFORMATION

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

Annual Supplemental Transparency Report (MTP2) – Revenue

Annual Supplemental Transparency Report (MTP2) – Expenditures

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

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

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

TOWN OF WARREN, RHODE ISLAND

Other Supplementary Information

Annual Supplemental Transparency Portal (MTP2)

For the Year Ended June 30, 2020

<u>REVENUE</u>	<u>Municipal</u>
Current Year Levy Tax Collection	\$ 23,577,217
Last Year's Levy Tax Collection	141,278
Prior Years Property Tax Collection	-
Interest & Penalty	184,562
PILOT & Tax Treaty (excluded from levy) Collection	90,270
Other Local Property Taxes	-
Licenses and Permits	515,606
Fines and Forfeitures	93,063
Investment Income	113,082
Departmental	382,325
Rescue Run Revenue	631,289
Police & Fire Detail	225,750
Other Local Non-Property Tax Revenues	179,183
Tuition	-
Impact Aid	-
Medicaid	-
Federal Stabilization Funds	-
Federal Food Service Reimbursement	-
CDBG	-
COPS Grants	-
SAFER Grants	-
Other Federal Aid Funds	-
COVID - ESSER	-
COVID - CRF	-
COVID - CDBG	15,000
COVID - FEMA	45,193
COVID - Other	13,256
MV Excise Tax Reimbursement	94,349
State PILOT Program	-
Distressed Community Relief Fund	-
Library Resource Aid	-
Library Construction Aid	-
Public Service Corporation Tax	130,625
Meals & Beverage Tax / Hotel Tax	268,134
LEA Aid	-
Group Home	-
Housing Aid Capital Projects	-
Housing Aid Bonded Debt	-
State Food Service Revenue	-
Incentive Aid	-
Property Revaluation Reimbursement	52,308
Other State Revenue	-
Motor Vehicle Phase Out	601,264
Other Revenue	-
Local Appropriation for Education	-
Regional Appropriation for Education	-
Supplemental Appropriation for Education	-
Regional Supplemental Appropriation for Education	-
Other Education Appropriation	-
Rounding	-
Total Revenue	<u><u>\$ 27,353,754</u></u>
Financing Sources: Transfer from Capital Funds	\$ -
Financing Sources: Transfer from Other Funds	-
Financing Sources: Debt Proceeds	-
Financing Sources: Other	-
Rounding	-
Total Other Financing Sources	<u><u>\$ -</u></u>

See independent auditor's report

See accompanying notes to supplementary information

TOWN OF WARREN, RHODE ISLAND

Other Supplementary Information

Annual Supplemental Transparency Portal (MTP2)

For the Year Ended June 30, 2020

EXPENDITURES	General Government	Finance	Social Services	Centralized IT	Planning	Libraries	Public Works	Parks and Rec	Police Department
Compensation- Group A	\$ 731,999	\$ 233,621	\$ 57,723	\$ -	\$ 76,922	\$ -	\$ 1,300,441	\$ 70,701	\$ 1,788,428
Compensation - Group B	-	-	-	-	-	-	-	-	-
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	326	-	-	-	-	-	59,546	-	176,118
Overtime - Group B	-	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	213,520
Active Medical Insurance - Group A	147,491	65,552	16,388	-	16,388	-	393,310	-	376,922
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	-
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental Insurance- Group A	9,444	4,197	1,049	-	1,049	-	25,183	-	24,134
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	-
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	56,747	17,872	4,416	-	5,885	-	104,039	5,409	195,061
Life Insurance	1,772	788	197	-	197	-	4,726	-	4,529
State Defined Contribution- Group A	4,412	1,961	-	-	490	-	11,766	-	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	2,500	2,500	-	-	-	-	-	-	371,751
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	58,126	25,834	-	-	6,458	-	155,002	-	452,634
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	51,181	85,594	2,246	-	497	-	36,510	3,500	60,596
Materials/Supplies	49,734	5,100	15,848	-	1,373	-	50,740	24,291	63,475
Software Licenses	-	-	-	-	5,400	-	-	-	19,959
Capital Outlays	1,304,390	-	-	-	-	-	1,305,666	-	152,518
Insurance	662,585	-	-	-	-	-	-	-	-
Maintenance	63,518	-	2,940	-	-	-	4,548	-	44,226
Vehicle Operations	-	-	-	-	-	-	204,785	-	41,070
Utilities	24,151	3,722	778	-	910	-	21,447	5,671	41,303
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	203,591	-	-
Revaluation	-	360	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	16,920	-	-
Trash Removal & Recycling	-	-	-	-	-	-	332,003	-	-
Claims & Settlements	-	-	-	-	-	-	-	-	-
Community Support	68,094	-	-	-	-	-	-	-	-
Other Operation Expenditures	114,612	59,904	4,400	-	8,379	285,000	10,328	-	25,048
Tipping Fees	-	-	-	-	-	-	218,077	-	-
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	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 3,351,085	\$ 507,004	\$ 105,985	\$ -	\$ 123,948	\$ 285,000	\$ 4,458,630	\$ 109,571	\$ 4,051,293

See independent auditor's report

See accompanying notes to supplementary information

TOWN OF WARREN, RHODE ISLAND

Other Supplementary Information

Annual Supplemental Transparency Portal (MTP2)

For the Year Ended June 30, 2020

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal
Compensation- Group A	\$ 129,444	\$ 247,356	\$ 92,175	\$ -	\$ -	\$ -	\$ 4,728,810
Compensation - Group B	47,825	-	-	-	-	-	47,825
Compensation - Group C	-	-	-	-	-	-	-
Compensation -Volunteer	249,790	-	-	-	-	-	249,790
Overtime- Group A	-	34,698	58	-	-	-	270,746
Overtime - Group B	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-
Police & Fire Detail	904	-	-	-	-	-	214,424
Active Medical Insurance - Group A	32,776	81,940	16,388	-	-	-	1,147,155
Active Medical Insurance- Group B	16,388	-	-	-	-	-	16,388
Active Medical Insurance- Group C	-	-	-	-	-	-	-
Active Dental Insurance- Group A	2,099	5,247	1,049	-	-	-	73,451
Active Dental Insurance- Group B	1,049	-	-	-	-	-	1,049
Active Dental Insurance- Group C	-	-	-	-	-	-	-
Payroll Taxes	13,561	22,654	7,056	-	-	-	432,699
Life Insurance	591	985	197	-	-	-	13,982
State Defined Contribution- Group A	-	2,451	490	-	-	-	21,571
State Defined Contribution - Group B	-	-	-	-	-	-	-
State Defined Contribution - Group C	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	-	-	-	-	376,751
Other Benefits- Group B	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	39,360	32,292	6,458	-	-	-	776,165
State Defined Benefit Pension - Group B	19,680	-	-	-	-	-	19,680
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-
Purchased Services	81,272	1,235	544	-	-	-	323,174
Materials/Supplies	134,725	-	30,850	-	-	-	376,135
Software Licenses	-	-	-	-	-	-	25,359
Capital Outlays	553,853	-	-	-	-	-	3,316,427
Insurance	-	-	-	-	-	-	662,585
Maintenance	16,746	-	3,962	-	-	-	135,941
Vehicle Operations	121,145	-	-	-	-	-	367,000
Utilities	17,099	-	-	-	-	-	115,082
Contingency	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	203,591
Revaluation	-	-	-	-	-	-	360
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	16,920
Trash Removal & Recycling	-	-	-	-	-	-	332,003
Claims & Settlements	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	68,094
Other Operation Expenditures	28,967	-	-	-	-	-	536,638
Tipping Fees	-	-	-	-	-	-	218,077
Local Appropriation for Education	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	11,895,279	-	-	11,895,279
Supplemental Appropriation for Education	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	2,424,647	-	2,424,647
Municipal Debt- Interest	-	-	-	-	891,118	-	891,118
School Debt- Principal	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	188,358	188,358
Retiree Dental Insurance- Total	-	-	-	-	-	6,295	6,295
OPEB Contribution- Total	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-
Total Expenditures	\$ 1,507,272	\$ 428,857	\$ 159,227	\$ 11,895,279	\$ 3,315,765	\$ 194,653	\$ 30,493,569

Financing Uses: Transfer to Capital Funds	\$ -
Financing Uses: Transfer to Other Funds	-
Financing Uses: Payment to Bond Escrow Agent	-
Financing Uses: Other	-
Total Other Financing Uses	\$ -
Net Change in Fund Balance¹	(3,139,815)
Fund Balance¹- beginning of year	\$14,120,026
Funds removed from Reportable Government Services (RGS)	-
Funds added to Reportable Government Services (RGS)	-
Prior period adjustments	-
Misc. Adjustment	94
Fund Balance¹ - beginning of year adjusted	14,120,120
Rounding	-
Fund Balance¹ - end of year	\$ 10,980,305

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

See independent auditor's report

See accompanying notes to supplementary information

TOWN OF WARREN, RHODE ISLAND

Other Supplementary Information

Annual Supplemental Transparency Portal (MTP2)

For the Year Ended June 30, 2020

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 ³ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2019						\$ 14,120,026	-	\$ 14,120,026	
<i>No funds removed from RGS for fiscal 2020</i>						-	-	-	
<i>No funds added to RGS for Fiscal 2020</i>						-	-	-	
<i>No misc. adjustments made for fiscal 2020</i>						94	-	94	
Fund Balance¹ - per MTP-2 at June 30, 2019 adjusted						<u>\$ 14,120,120</u>	-	<u>\$ 14,120,120</u>	
General Fund	\$ 27,107,130	\$ -	\$ 30,211,603	\$ -	\$ (3,104,473)	\$ 14,176,863	\$ -	\$ 14,176,863	\$ 11,072,390
Road Duty	173,175	-	213,320	-	(40,345)	(56,839)	-	(56,839)	(97,184)
COVID Other - Provider Relief Fund	13,256	-	13,256	-	-	-	-	-	-
COVID FEMA	45,193	-	45,188	-	5	94	-	94	99
COVID CDBG	15,000	-	10,000	-	5,000	-	-	-	5,000
Totals per audited financial statements	<u>\$ 27,353,754</u>	<u>\$ -</u>	<u>\$ 30,493,369</u>	<u>\$ -</u>	<u>\$ (3,139,815)</u>	<u>\$ 14,120,120</u>	<u>\$ -</u>	<u>\$ 14,120,120</u>	<u>\$ 10,980,305</u>
Reconciliation from financial statements to MTP2									
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 27,353,754</u>	<u>\$ -</u>	<u>\$ 30,493,369</u>	<u>\$ -</u>	<u>\$ (3,139,815)</u>	<u>\$ 14,120,120</u>	<u>\$ -</u>	<u>\$ 14,120,120</u>	<u>\$ 10,980,305</u>

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

See independent auditor's report

See accompanying notes to supplementary information

TOWN OF WARREN, RHODE ISLAND

Supplementary Information

Notes to Annual Supplemental Transparency Portal (MTP2)

For the Year Ended June 30, 2020

NOTE 1- BASIS OF PRESENTATION

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

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

NOTE 2- REPORTABLE GOVERNMENT SERVICES

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

NOTE 3- ALLOCATIONS

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

NOTE 4- EMPLOYEE GROUPS – COMPENSATION AND BENEFIT COSTS

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

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

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

- Police Department- Police officers (e.g., uniform personnel including leadership positions)
- Fire Department- Fire fighters (e.g., uniform personnel including leadership positions)
- Centralized Dispatch Department- Civilian dispatchers only
- Education Department- Professional staff providing direct services to students
- 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.

See independent auditor's report

TOWN OF WARREN, RHODE ISLAND

Supplementary Information

Notes to Annual Supplemental Transparency Portal (MTP2)

For the Year Ended June 30, 2020

NOTE 4- EMPLOYEE GROUPS – COMPENSATION AND BENEFIT COSTS *(continued)*

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.

NOTE 5- EDUCATION REVENUE AND EXPENDITURE

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/>.

See independent auditor's report

See accompanying notes to supplementary information

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Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on An Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Honorable Town Council
Town of Warren
Warren, Rhode Island

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Warren, RI, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Warren, RI's basic financial statements, and have issued our report thereon dated December 29, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Hague, Sahady & Co. PC

Fall River, Massachusetts
December 29, 2020